ESPON Project 2.3.2

GOVERNANCE OF TERRITORIAL AND URBAN POLICIES FROM EU TO LOCAL LEVEL

First Interim Report

Submitted by University of Valencia, Lead Partner for ESPON 2.3.2

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1) THE CONCEPT OF GOVERNANCE

1.1 WHAT IS GOVERNANCE?[1]

1.1.1. Introduction

The ways in which cities are governed and organised both reflect and reinforce changes in the social, economic and spatial structure of urban areas. In its 1997 development report the World Bank demonstrated that the enormous differences between the performance of cities and states that exist in the same global world economy could be explained, at least partially, by differences in governance.

This recognition of the fact that the quality of life experienced by citizens depends largely on the quality of governance is, in fact, as old as civilisation itself. For example, seven centuries ago, in the city of Siena in Italy, Ambrogio Lorenzetti, painted two frescoes on the walls of Sala dei Nove, which was at the time the seat of the Government and is now Siena's Town Hall. The result of good government is depicted as a society which lives in harmony, while the outcome of bad government is a society ridden with violence and destruction.

Whilst many of the virtues that Lorenzetti associated with good government, such as justice, fairness, fortitude and prudence, have remained valid in the modern era, our understanding of the role and nature of urban government has changed considerably. Today, modern urban systems are characterised by complex patterns of interdependencies between actors, institutions, functional activities and spatial organisations. In the last two decades, the notion of *governance* has come to play a central role in explaining and conceptualising these changing relationships. The main thrust of this section is to provide the conceptual framework and the rationale for the empirical work that is to follow.

1.1.2. From government to governance

The concept of governance has found a central place in recent social science debate, focusing in particular on the transformation from *government* into what has come to be called *governance*. The concept of governance is not new, but has been progressively redefined through the years. Rhodes (1997) has outlined the way that the term was used in the past as synonymous with government, in contrast to its current interpretation, which refers to a different idea of public action and organisational structures that are partly opposed to the idea of government itself.

Various theoretical perspectives have tried to conceptualise this transformation and its outcome (Pierre, 1999 & 2000; Peters, 2000). For example, regulation theorists argue that the shift from government to governance is part of and a response to the wider process of socio-economic change manifested in a move away from a Fordist mass production system and an established Keynesian welfare state towards a 'post-Fordist' flexible specialisation (Piore and Sabel, 1984). Jessop (1997) argues that, central to these developments is the profound restructuring of state and its changing role in

[1] This paper draws partly on Chapter 7 (Polycentricity, Territorial Policies and Governance) of ESPON 1.1.1 Final Report, and partly on Davoudi, S. (2004), Keynote presentation at the Annual Congress of IFHP, Governance of Urban Change, September, Oslo.

governing the relationships between society and the economy. Related to this are the twin trends of 'globalisation' and 'localisation'. The 'denationalisation of the state', or the 'hollowing out' process, of the former leads to a continuing loss of state functions, while the process of the latter means localities are more able to develop their own trajectories of economic development within this global system.

These restructuring processes have marked a number of changes in governing structures of cities and regions, including:

- A relative decline in the role of the state in management of social and economic relationships
- The involvement of non-governmental actors in a range of state functions at a variety of spatial scales
- A change from hierarchical forms of government structures to more flexible forms of partnership and networking (Jessop, 1995; Marks, 1996; Stoker, 1997)
- A shift from provision by formal government structures to the contemporary sharing of responsibilities and service provision between the state and civil society (Stoker, 1991)
- The emergence of local/regional forms of governance as a result of mobilisation and construction of scale-specific state policies and institutions (Brenner, 2000)

In summary, the outcome of these restructuring processes is now widely understood as a shift from 'government' to 'governance'. Here, *government* refers to the dominance of state power organised through formal and hierarchical public sector agencies and bureaucratic procedures. *Governance*, on the other hand, refers to the emergence of overlapping and complex relationships, involving "new actors" external to the political arena (Painter and Goodwin, 1995). Healey et al (2002), argue that governance, in its *descriptive* sense, directs attention to the proliferation of agencies, interests, service delivery and regulatory systems. While in its *normative* sense, governance is defined as an alternative model for managing collective affairs. It is seen as "horizontal self-organisation among mutually interdependent actors" (Jessop, 2000, p.15), of whom government is only one and with only 'imperfect control' (Rhodes, 1997, p.8).

With urban systems today characterised by complex patterns of interdependencies, controlling, managing or even steering the complex, fragmented and often competing societal interests is beyond the capacity of the state as an agent of authority. City governments are no longer the key locus for integration of urban relationships but merely one of many actors competing for access to resources and control of policy agenda (Davoudi, 1995). In this context, urban governance is defined as "the actions and institutions within an urban region that regulate or impose conditions for its political economy" (Sellers, 2002, p.9).

1.1.3. The challenge of governance

The shift to governance has not only led to the fragmentation of local government, it has also led to disruption of established channels, networks and alliances through which local government linked to citizens and businesses. Hence, the challenge of governance is how to create new forms of integration out of fragmentation, and new forms of coherence out of inconsistency. As Stoker points out, governance is "a concern with governing, achieving collective action in the realm of public affairs, in conditions where

it is not possible to rest on recourse to the authority of the state" (Stoker, 2000, p.93). It is about how collective actors emerge from a diverse group of interests (Le Gales, 1998). A key concern is the availability of strategies of co-ordination to actors involved in the governing of places, in the context of a globalised market economy. The capacity to govern depends on "effective co-ordination of interdependent forces within and beyond the state" (Jessop, 1997, p.96).

In the context of a polycentric urban region, comprising a number of towns and cities that are historically and politically independent, actors are not only drawn from beyond the boundaries of the formal institutions of government, and spread among public, private and voluntary sectors. They also spread across the boundaries of different political and administrative jurisdictions that traditionally do not share a place-based identity. Moreover, the policy objective with which they are preoccupied, i.e. the development of a spatial planning strategy that enables and enhances polycentric development is highly complex, demanding and dependent on the actions of a wide range of actors outside the public sector. All this leads to a higher degree of fragmentation and poses an even greater challenge for effective governance. In other words, in the context of polycentric urban areas, creating favourable conditions to meet the challenge of collective action is even more problematic.

1.1.4. Why does governance matter?

Creating horizontal and vertical co-operation/coordination between various levels of government as well as between governmental and non-governmental organisations and achieving integration between disparate responsibilities has become the central focus of effective governance (see Figure 1).

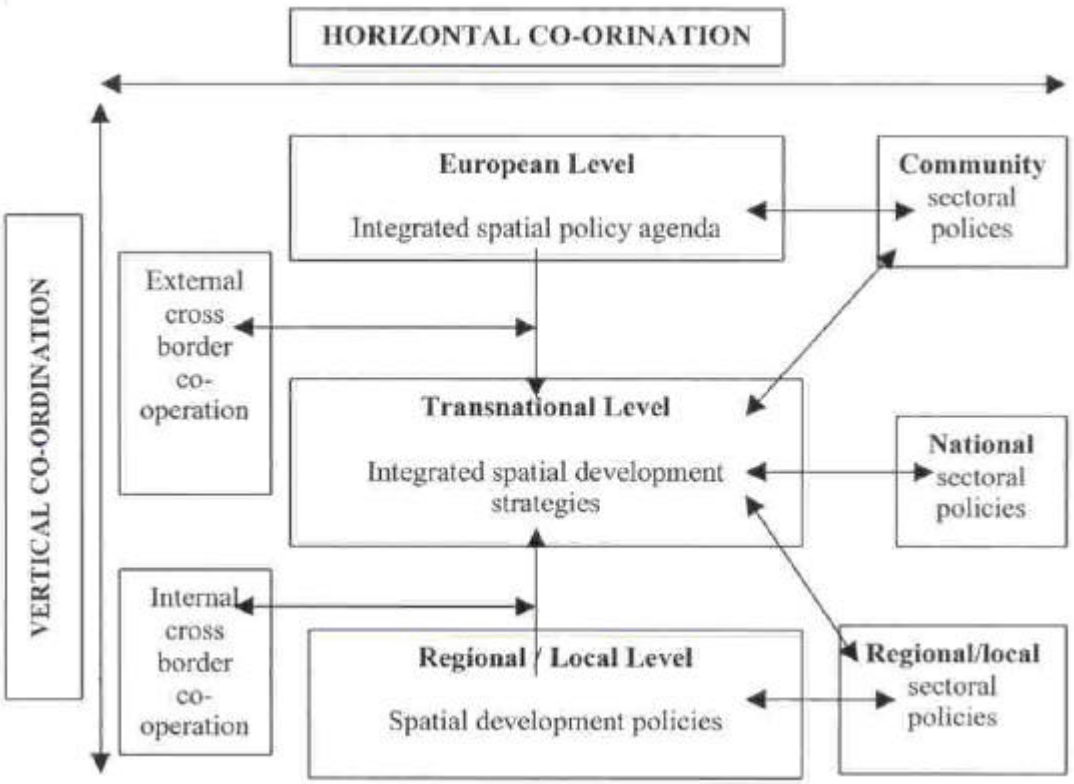


Figure 1: Ways of Coordination for Spatial Development
Source: adapted from Fig. 7, ESDP (1999 p.36))

Moreover, if the polycentric structure of urban systems is to be developed and sustained the quality of governance matters. This was recognised by the ESDP along with several other European, national and regional policy documents. Using the discourse of business competition and the role of clustering and networking in the economic competitiveness of firms, they argue that cities and regions can become mutually successful if they develop associational structures in their social relationships. The ESDP states that, "in smaller towns in less densely settled and economically weaker regions, co-operation between urban centres to develop functional complementarity may be the only possibility for achieving viable markets and maintaining economic institutions and services" (ESDP, 1999, para: 76). It also emphasises that, "a pre-requisite [therefore] is the voluntary nature of the co-operation and the equal rights of the partners (op cit, para. 74). Other proponents of polycentricity argue that by encouraging interaction between neighbouring cities and towns and by pooling together and sharing labour market and infrastructure facilities amongst them, economic innovation will be enhanced and functional synergies will be created (Priemus, 1994; Albrechts, 1998).

However, if such synergies are to be developed in European polycentric urban systems, there is a clear need for not only 'hard infrastructure', such as an efficient transport and telecommunications network between and within the Functional Urban Areas, but also 'soft infrastructure' including in particular the appropriate forms of institutional arrangements. Existence of effective governance relations is an important prerequisite for developing and sustaining economically, socially and environmentally balanced regions across Europe. The institutional structure and the nature of mechanisms for decision-making, co-operation and power partitioning can significantly influence the direction taken by European cities and regions and the successful implementation of ESDP's spatial policy objectives.

This is because, whilst industry, businesses and households operate on the basis of functionally defined areas particularly in polycentric urban areas, governance institutions are often organised and operate on the basis of administratively defined areas. It is in this context that the ESDP emphasises the need for building up co-operation and partnerships between towns and cities and their surrounding rural areas to enable the development of sustainable polycentric territories. Joint working arrangements which are capable of cutting across administrative and sectoral boundaries are seen as effective ways of creating integration and co-ordination in the midst of diversity and the multiplicity of actors, interests, powers, responsibilities and institutions.

There is a need for effective harmonisation and co-ordination of the operation of these institutions in order to develop their capacity for capturing the opportunities that are embedded in and arise from the polycentric development of European regions. As Sellers (2002, p.93) argues, "within an urban region that faces common problems, the multiple local jurisdictions that typically divide up the urban space often must coordinate with one another or come together in collective action. Throughout the advanced industrial world urban and regional planning has emerged as one of the most important local means to this end".

Meanwhile, urban governance frameworks are changing as a result of globalisation and socio-economic restructuring across Europe. National boundaries are becoming

increasingly irrelevant in the face of economic activity, environmental change and new technology. The linear top-down decision-making model is not working effectively any more and the borders between levels of government are no longer relevant. There is a wide spread recognition that a new form of governance which involves working across boundaries within the public sector as well as between the public, private and community sectors is underway. Many European cities and regions are experiencing a shift from a traditional model of hierarchical power to a system where power is shared and split between multiple stakeholders. Governments are no longer the exclusive holders of authority. The discourses of current governing bodies are peppered with terminologies such as: civil society, partnerships, network, cohesion and integration. These transformations have led to a number of processes, of which the most visible are the multiplicity of actors and interests involved in decision-making and the fragmentation of responsibilities.

1.1.5. Evaluating governance capacities

The discussion above has established that the key challenge of governance is to create the conditions that allow collective action to take place. Hence, the critical question for evaluation is: what are the key factors for creating such a condition? What are the key ingredients of a favourable climate in which collective action can emerge? What relational qualities are required for creating a capacity to govern (i.e. to get things done) in the midst of diversity?

Many commentators have tried to identify specific sets of relationships for assessing the performance of governance and its capacity to act collectively. For example, Amin and Thrift (1995) coined the concept of 'institutional thickness' and argued that the nature of institutional relations is a significant factor in the economic and social health of localities. Institutional thickness refers to five main factors: a plethora of civic associations; a high level of institutional interaction; a culture of collective representation which crosses individual interests; a strong sense of common purpose; and, a shared set of cultural norms and values. Coffey and Bailly (1996) used the concept of 'innovative milieu', which was first developed in the French-speaking world in the 1980s. This defines a broadly based local milieu, which encompasses economic, social, cultural and institutional factors that affect the competitive advantage of cities. This approach emphasises the significance of the complex web of relations that tie different actors and agencies together.

More recently, Innes et al (1994), in a study of growth management through consensus building in California, have argued that "consensus building achieves its coordination effects in great part by creating or amplifying three types of capital: social, intellectual, and political" (p.46). They use the term 'capital' as it represents "shared value that can grow as it is used. Once created, this capital lives on among participants even after the group [coalition] disbands, and facilitates future coordination" (op cit pp.46-47).

Drawing on this perspectives and adding a fourth form of capital, i.e. material capital, it can be concluded that the following set of capitals are key to the success of a self-organised voluntary coalition in terms of its ability to act collectively and to develop the capacity to achieve its goals and objectives:

- Intellectual capital: socially constructed knowledge resources
- Social capital: the nature of relations between actors

- Political capital: power relations and the capacity to mobilise and take action
- Material capital: financial and other tangible resources

Creating and enhancing new forms of governance and developing strategic capacity to capture new opportunities require progress towards all four forms of capital (for a review of the key factors affecting the development of these capitals see, Davoudi, 2004). This is particularly important in relation to spatial planning aimed at promoting a polycentric Europe. Given the new condition of governance, the capacity of institutions to create new relationships for engaging in purposeful, collective action is central to the success or failure of cities and regions in taking advantage of the globalised economy. According to van den Berg and Braun (2004), such 'organising capacity' is determined by seven key factors. These factors can be grouped into three categories:

- contextual factors such as the spatial and economic context binding actors together, and the structure and quality of the institutional framework
- substantive factors including clear vision and strategies for the development of a region, and
- factors relating to process including leadership of a group of interests for realising collective action, strategic networks between public and private actors, and wider stakeholder political and social support.

However, the conditions affecting capacity vary between different localities. As Healey (1998, p.1531) argues, "a key element of such capacity lies in the quality of local political culture some are well-integrated, well—connected, well informed and can mobilise readily to capture opportunities and enhance local conditions. Others are fragmented, lack the connections to sources of power and knowledge and the mobilisation capacity to organise to make a difference". In short, in some governance relations and institutional arrangements the four forms of capitals are well developed, whilst in others they are either non-existent or immature. The question that arises is whether and how policy intervention by the EU and Member States can help develop such capacities.

1.1.6. The role of policy intervention

Across Europe, governments have attempted to actively steer processes of coordination and collective action across public, private and voluntary sector boundaries (Stoker, 2000 p.98). The emphasis has been less on governments' authority to make decisions and more on creating the conditions for positive-sum partnerships. It is therefore possible for governments to establish a framework for effective collective action. At the local level, local government has an important role to play in promoting new forms of governance and enhancing local institutional capacities given that it is situated at the crossing point between the traditional vertical axis of power and public administration and the new horizontal axis of partnership between government, private and civil sector.

At the EU level, research on the impact of governance structures and institutional performance on delivery of the Structural Funds concluded that an important factor influencing the degree to which EU policies can be implemented is based on the institutional capacity of localities (Batterbury, 2002). Such capacity can be enhanced by EU action aimed at enabling local institutions to operate more effectively. Most EU policies are embedded in a system of multi-level governance where European, national,

regional and local government all play a role. These mediate policy implementation through local governance structures. In many EU countries, Structural Funds have effectively become a mechanism for regional capacity building, a role as important as the delivery of regional assistance itself (Grote, 1996). However, while some regions have been more successful in adapting to the requirements of EU policies, others have faced a difficult challenge due to a number of factors as mentioned above. The problems are exacerbated when institutions are faced with achieving new policy goals. The concept of polycentric development, simple as it may look, is a complex one with potential for being interpreted in different ways (Davoudi, 2002 & 2003). Key to the successful application of this policy framework is effective governance relations and a capacity to capture opportunities offered by polycentrism.

Hence, it is important that part of EU resources is explicitly allocated to enhancing governance relations at a variety of scales and building up institutional capacity by, for example, focusing on the four capitals mentioned above. Another key issue is the need for flexibility and differentiation in policy delivery in a way that enables a better 'fit' between policy goals, local conditions and institutional performance. This means that the Structural Funds, or indeed any other EU funding regime, needs to be better adapted to suit different institutional cultures and capacities across the EU.

The European Commission identified the reform of European governance[2] as one of its four strategic objectives in February 2000, and this led to the adoption of a White Paper on European Governance in July 2001 (CEC, 2001). The Commission had finally acknowledged the growing resistance to the classic 'Community method' mode of European governance (Gestel, 2004, p.11). It proposed 'renewing' the Community method by following a less top-down approach and complementing its policy tools more effectively with non-legislative instruments (CEC, 2001, p.4). In this regard it made four sets of proposals in the areas of:

- **Better involvement and more openness:** This involves making the way it works more open and communicating more actively with the general public by, for example, providing up-to-date, on-line policy information; strengthening interaction with regional and local governments by ensuring more involvement in policy shaping, greater flexibility and overall policy coherence; involving civil society by more effective and transparent consultation; developing a more systematic approach to working with key networks
- **Better policies, regulation and delivery:** This involves publishing guidelines on the collection and use of expert advice; improving the quality, effectiveness and simplicity of regulatory acts by, for example, making greater use of framework directives, 'primary' legislation, co-regulatory mechanisms, and the open method of coordination; simplifying exist EU law: defining criteria for the creation of new regulatory agencies; establishing criteria for investigating possible breaches of EU law
- **Global governance:** Improving dialogue with actors from third countries when developing proposals with an international dimension; and reviewing the Union's international representation to allow it to speak more often with a single voice

[2] 'Governance' is defined here as the rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence (CEC, 2001, p.8)

- **Refocused policies and institutions:** Focussing more strongly on policy coherence and identifying long-term objectives; and changing the way in which EU institutions work, including bringing forward to the next Inter-Governmental Conference proposals to refocus the Commission's executive responsibility.

The White Paper was subject to an eight-month public consultation, and at the end of 2002 the Commission reported on lessons from the public consultation and on progress achieved with regard to the initiatives proposed in the White Paper (CEC, 2002). The Commission, while acknowledging that there were concerns regarding the democratic legitimacy of EU institutions, considered that its objectives and approaches were generally supported by the consultation responses, in particular the need for:

- Improving bottom-up involvement in EU policy shaping and implementation
- Widening the choice of regulatory instruments to respond to governance challenges
- More focused European institutions with clearer responsibilities

The majority of the report was concerned with demonstrating how the Commission has developed and launched most of the proposed actions.

More recently, the Third Report on Economic and Social Cohesion stresses the importance of 'good' regional governance and effective institutional structures in improving regional competitiveness and hence regional attractiveness by facilitating cooperation by the public and private sectors (EC, 2004, p.58).

1.1.7. What is 'good' governance?

As shown above, the concept of governance is a complex one. It involves working across boundaries within the public sector as well as between the public, private and community sectors, with partnership and networking the keys to success. Governance operates at different levels and hence it is important to develop governance systems at the appropriate level. Moreover, it should be seen as a process rather than a product.

Although there has been a tendency to see urban governance simply in terms of urban management, i.e. the operation and maintenance of a city's infrastructure and services, it is increasingly recognised that governance processes are heavily politicised rather than simply managerial processes. Hence, good governance is about a desired standard of practice for which common values or norms can be identified.

Whilst there are dangers in trying to find one definition that can be used in all circumstances, definitions can work as guidelines that contextualise the implementation of good governance in various circumstances[3]. The United Nations Centre for Human Settlement (UNCHS) defines good governance as "an efficient and effective response to urban problems by accountable local governments working in partnership with civil society" (quoted in BSHF, 2000). In its Global Campaign on Urban Good Governance launched in 2002, UNCHS considers that the main characteristics of good urban governance are:

- **Sustainability**: balancing the social, economic and environmental needs of present and future generations

[3] For an overview of governance definitions see table 3 in chapter 3, and subchapter 4.4. of this FIR.

- **Subsidiarity**: assigning responsibilities and resources to the closest appropriate level
- **Equity** of access to decision-making processes and the basic necessities of urban life
- **Efficiency** in delivery of public services and in promoting local economic development
- **Transparency and accountability** of decision-makers and all stakeholders
- **Civic engagement and citizenship**: recognising that people are the principal wealth of cities, and both the object and the means of sustainable human development
- **Security** of individuals and their living environment

These principles are similar to those proposed in the White Paper on European Governance, which identifies five principles that underpin good governance (CEC, 2001, p.10-11). These are: openness, participation, accountability, effectiveness and coherence. Each principle is important for establishing more democratic governance, and applies to all levels of government – global, European, national, regional and local.

- *Openness*

The Institutions should work in a more open manner. Together with the Member States, they should actively communicate about what the EU does and the decisions it takes. They should use language that is accessible and understandable for the general public. This is of particular importance in order to improve confidence in complex institutions.

- *Participation*

The quality, relevance and effectiveness of EU policies depend on ensuring wide participation throughout the policy chain – from conception to implementation. Improved participation is likely to create more confidence in the end result and in the Institutions which deliver policies. Participation crucially depends on central governments following an inclusive approach when developing and implementing EU policies.

- *Accountability*

Roles in the legislative and executive processes need to be clearer. Each of the EU Institutions must explain and take responsibility for what it does in Europe. But there is also a need for greater clarity and responsibility from Member States and all those involved in developing and implementing EU policy at whatever level.

- *Effectiveness*

Policies must be effective and timely, delivering what is needed on the basis of clear objectives, an evaluation of future impact and, where available, of past experience. Effectiveness also depends on implementing EU policies in a proportionate manner and on taking decisions at the most appropriate level.

- *Coherence*

Policies and actions must be coherent and easily understood. The need for coherence in the Union is increasing: the range of tasks has grown; enlargement will increase diversity; challenges such as climate and demographic change cross the boundaries of the sectoral policies on which the Union has been built; regional and local authorities are increasingly involved in EU policies. Coherence requires political leadership and a

strong responsibility on the part of the Institutions to ensure a consistent approach within a complex system.

Each principle is important by itself. But they cannot be achieved through separate actions. Policies can no longer be effective unless they are prepared, implemented and enforced in a more inclusive way.

The application of these five principles reinforces those of

- *proportionality and subsidiarity*

From the conception of policy to its implementation, the choice of the level at which action is taken (from EU to local) and the selection of the instruments used must be in proportion to the objectives pursued. This means that before launching an initiative, it is essential to check systematically (a) if public action is really necessary, (b) if the European level is the most appropriate one, and (c) if the measures chosen are proportionate to those objectives.

Whilst there is a high degree of consensus about the principles of good governance, as shown above, it is notoriously difficult to measure good governance. Attempts to develop proxy indicators to help identify current practice and opportunities for improvement have had a mixed success. One such attempt is the Urban Governance Index (UGI) developed by UN-HABITAT (2004) as part of its current Global Campaign on Good Urban Governance. The UGI's five constituent indices of effectiveness, equity, participation, accountability and security, are assessed using a variety of indicators that measure inputs, processes, performance, perception, output and outcomes. It can be assumed that the five indices are common to all urban governance situations, but the selection of the indicators and their weightings can be varied according to the context. Given that governance is an evolving process, it can be difficult to set up permanent indicators. Hence, indicators should be used cautiously and circumspectly and evaluation should preferably be undertaken over a long period of time.

1.2. GOVERNANCE AND ECONOMIC DEVELOPMENT

The present section is primarily addressed to clarify the concept of governance. It first considers the role of the governance approach in the field of economic development studies (§1.2.1). Within this framework the rise of the governance is related to the debate on local development (§1.2.2), to the analysis of the different regulation models of local production systems (§1.2.3) and to the challenges of the post-fordism (§1.2.4).

1.2.1. Introduction

The growing interest in the concept of governance reflects the widespread idea that governing contemporary societies is becoming more and more difficult and demanding (Stoker, 2000). Complexity and fragmentation of late western capitalist societies actually imply a multiplicity of actors asking for representation in social and political complex and interrelated dynamics. The propagation of the concept of governance, however, is even related to more "structural" processes, obviously linked to the previous ones. Fiscal crisis in western democracies, with the definition of new strategies for services production and distribution, the need for a public-private coordination, the

economic globalisation and the growing importance of trans-national political institutions are elements of these processes, as underlined by Pierre (2000b).

Notwithstanding its recent success, the term governance has been at the centre of the debate for years, though it has been progressively redefined. Finer (quoted in Rhodes, 1997), at the beginning of the '70, referred to governance as a synonym of government. Currently governance is instead used to stress changes in the public action and in its organisational structures, seen as different and, in part, contrasting to the government action. As a synonym of *new modes of planning*, governance can be considered as a way to co-ordinate economic and social dynamics through the involvement and participation of a multiplicity of actors, thus modifying both policies and interventions objectives (from growth control to development promotion) and action procedures (from authoritative imposition of choices to negotiated consensus building).

The term governance can thus be defined and analysed from different point of view in relation to different governing procedures. Rhodes (2000) registers seven fields of elaboration and implementation of governing practices, to which correspond seven diverse yet interrelated definitions of the term governance:

a. governance as *minimal state*, to signal the "retreat" of the public subject in public services supply and the consequent rising of the market or the adoption of "mixed" quasi-market forms[4];
b. *corporate governance*, mainly used in the economic-entrepreneurial world to describe organisations direction and control procedures that, in public and private sectors, are based on the efficiency of organisational modes, on information exchange, on individual responsibility, on the clear distribution of tasks and functions;
c. governance as *new public management* regards the assumption of private work organisation principles and methodologies in the public sector, through evaluation methods and procedures of the institutional economics (i.e. the introduction of differentiated incentives according to results and market competition in public goods supply)[5];
d. *good governance*, as introduced by the World Bank in the late '80s to promote its objectives and intervention methodologies in developing countries, thus legitimising its intervention and the application of corporate governance principles in such contexts (Osmont, 1998);
e. governance as a *socio-cybernetic system*, referring to government systems characterised by a multiplicity of actors, their interdependency and the plurality of procedures that each of them can use in the "composition" of a multiplicity of interests (Kooiman, 1993; 2000);
f. governance as *new political economy*, with an approach based on the regulation theory to re-examine the traditional shapes of the society and of the economic organisation (Le Galès, 1998; Stoker, 1998b);

[4] According to this definition governance is «the acceptable face of [public] spending cuts» (Stoker, 1998a: 18).
[5] A research field in urban and territorial policies too has privileged an approach to governance centred on the concept of management. It is called urban and territorial management and it has purposes and operative procedures that explicitly refers to New Public Management (Decoutère *et al.*, 1996).

g. *network governance*, that allows to describe collective action organisation as variable networks composition, considering networks as a way to coordinate and organise subjects and their actions in different ways than the market (private sector) and hierarchy (public sector).

1.2.2. The governance of local economies

Each of the previous definitions and approaches has interesting elements in governance theories and practices that refer to economic development. The latter could be obviously interpreted from different point of view, but the main difference is in the unit of analysis used to understand economic development. According to Sforzi (2002: 440), for economic geographers and regional economists the main concern «has been the problem of industrial localization - that is, the universal factors responsible for the decision to locate a plant in a particular geographical site - rather than explanation of the process of industrialization to yield understanding of the variety of patterns assumed by local development». Influencing this attitude has been the fact that main interpretations, based on the standard economic theory, refer to a-spatial unity of analysis (i.e., the firm or the sector). Otherwise, other interpretations refer to spatial unity of analysis, i.e. the place or the local system in which firms and economic actors are localised. In this view, economic processes are interpreted from a territorial point of view, that is as territorially rooted or anchored processes (Veltz, 1996).

This research line is related to a critical reading of globalisation processes, stressing the combination of selective de-territorialisation and re-territorialisation due to these processes (Harvey, 1989a) and the growing importance of fixed assets (Amin, 2000) in producing competitive advantages in different places (Storper, 1997). Specifically, this interpretation of economic dynamics is related to the debate on local development, whose origins can be traced in:

- the acknowledgment of local and regional economies capacity to face international markets variability that strongly resemble the nineteenth-century flexible production (Piore and Sabel, 1984);
- the "re-discovery" of the role of external economies, proximity and relational goods in industrial districts development and, generally, of local production systems (Amin e Thrift, 1992; Storper, 1997; Crouch *et al.*, 2001);
- the territorial interpretation of technological innovation processes based on the concepts of *milieu innovateur* (Aydalot, 1986; Camagni, 1991), of milieu of innovation (Castells, 1989) and of learnig economy (Maskell *et al*, 1998).

Although the theme of local development is the focus of growing attention, it may nevertheless be considered as the *crossroads* of various theories and practices for the promotion of development (Becattini *et al.*, 2001). They are mainly related to *the social and political relationships* characterising the various development projects, the *economic relationships among enterprises, with markets and with the competitive environment*, the *specific characteristics of the places* and the ongoing changes in public policies, particularly with regard to the participation of local actors and the transition from authoritative imposition of choices to contractual construction of consensus around specific projects.

If we refer to a territorial interpretation of local development processes, Rhodes' last three definitions of governance are to be considered of particular interest. The socio-

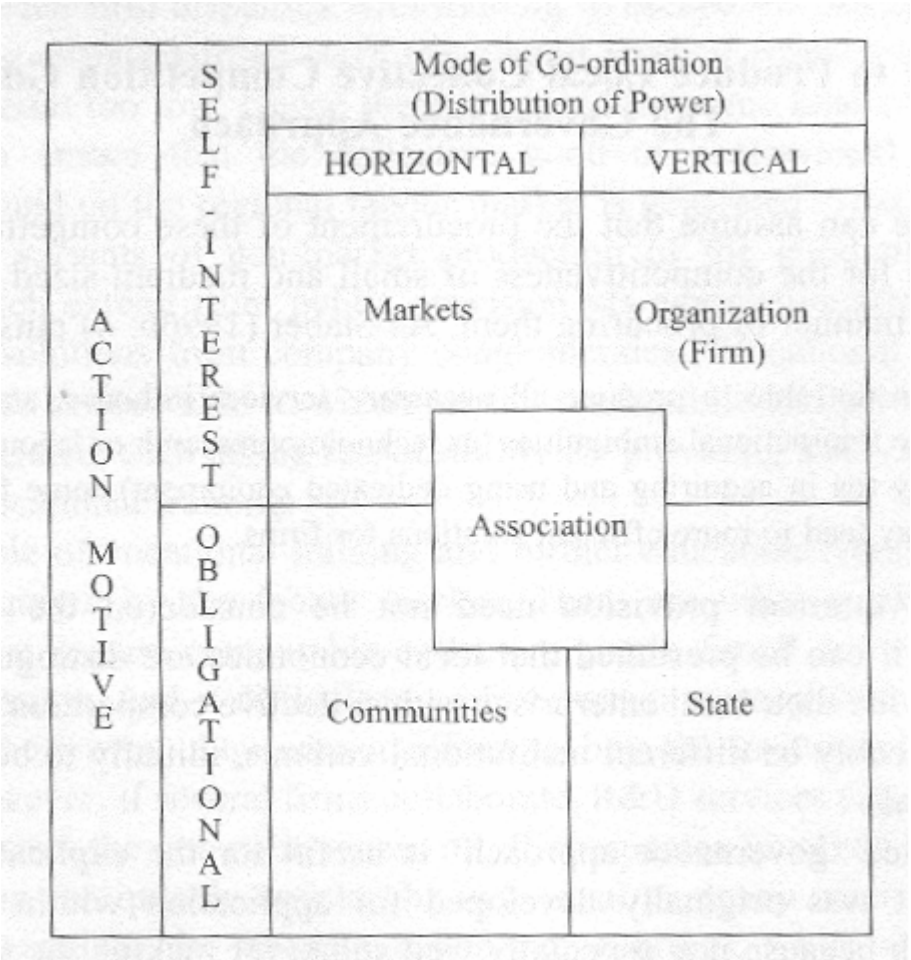
cybernetic approach allows to stress how urban and territorial transformation processes can be seen «as a 'common' result or outcome of the interacting intervention efforts of all involved actors. This pattern cannot be reduced to one actor or group of actor in particular» (Kooiman, 1993: 258). The limits that a single subject could find in guiding and implementing, alone, public policies are explicitly acknowledged, especially in present societies, more complex and fragmented than ever, in which a multiplicity of actors can take part in decisional processes and in collective choices, even if only exercising veto power. In the same time, the new political economy approach sees in governance the presence of organisational modes that allow getting through classic separations among different economic and social dynamics, among public, private and civil society, in specific. This acknowledgement favour the strengthening (not least institutionally) of organisational modes based on reciprocity and cooperation (Jessop, 1995). This interpretation regards network governance too. In its models, in fact, there is a « shifting from 'hard governance media' (such as money and law) towards 'soft' ones, i.e. negotiation, co-operation and discursive concordance; at the same time, substantial interventions are replaced by procedural mechanisms whereby the latter rely on and promote the auto-organizing capacities of network actors» (Perkmann, 1999: 621).

All the different approaches to governance redefine role and contents of public interest. The distinction between public and private interests weakens: public interest is not (only or simply) that is opposed to private interests. In fact, the distinction between public and private interst «does not allow to trace the limits between the State and the civil society, the former (public interest) enabling the latter (private interests) to act as a subject, according to its own rules. (…) There are no limits anymore, by definition, (…) it is not possible to conceive society as civil, that is as a group of persons (*sujets de droit*) opposed to the State, but (…) as a mix of groups and subjects, general and/or private interests whose management requires operating collective procedures» (Moor, 1994: 232-233, translated from French). Public policies, in this perspective, can be considered as social practices that refer to common goods, since these are both the *condition* and the *outcome* of the policies.

1.2.3. Local production systems and models of governance

"Environmental" factors, that relate governance models to the traditional government ones, do not only provide a stimulus to innovation and change in theories, but allow to identify challenges to be confronted to in practices. In this framework, Le Galès and Voelzkow (2001) underline how governance main task is to provide *local collective competition goods*, that is those fixed assets (tacit knowledge, specialised know how, services and facilities availability, institutional and social capital, etc.) that give competitive advantages to enterprises localised in a certain area. In this case, governance «refers to the entirety of institutions which coordinate or regulate action or transaction among (economic) subjects within an (economic) system» (*ibid.*: 5-6).
In this interpretation, governance is used to describe local economies internal functioning. Assuming that every society can be described as a specific combination of regulation modes, five regulation models has been identified (Hollingsworth and Boyer, 1997) (fig. 1):

Fig. 1 - Modes of governance according to Hollingsworth and Boyer



Source: Le Galès and Voelzkow, 2001

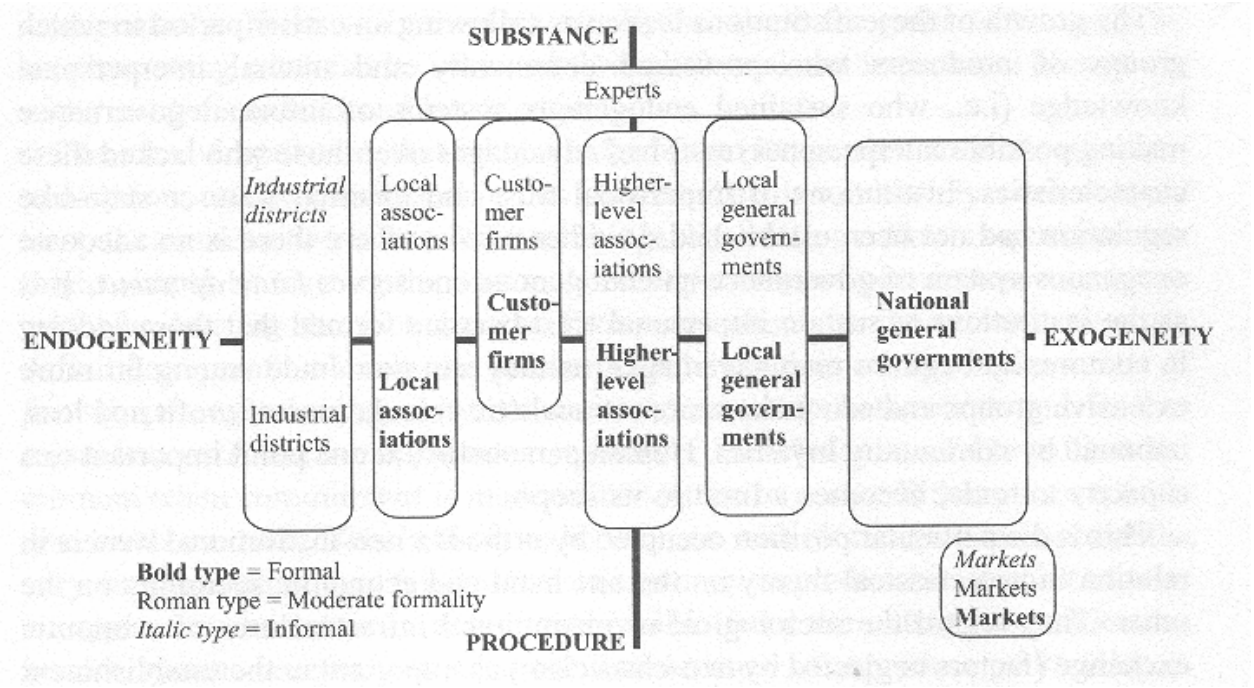
- *market*, that consider social actors as rational actors whose objective is to maximise individual benefit and profit research, according to the atomistic competition principle;
- *organisation (vertical integration)*, based on actors who, through fixed rights and responsibilities, enter in relations on a hierarchy principle;
- *state*, based on hierarchical control too, but with superior actors that exercise a coercive power;
- *community*, in which actors interact because they are part of the same group, based on solidarity;
- *association*, in which actors are represented by organisations built on functionally defined interests (enterprises, workers, professional, category associations, …) that interact through negotiated agreements.

These models are, in different ways, all existing in real cases of local economies governance, thus combining various regulation models. Governance approach allows to identify «the variety of ways in which certain tasks (i.e. the production of collective competition goods) can be assigned to market, enterprise organization, community, government bureaucracy and association. What will be worked out through market

exchanges in one local economy could be achieved by government entitlements in another» (Le Galès and Voelzkow, 2001: 9).

Adopting this approach, the study of the different regulation models in productive systems in Europe let identify the main characteristics of the various forms of governance of local economies (Crouch and Trigilia, 2001). They are represented by three main variables, expressed as continuum, that refer to different dimensions of the interaction: «the endogeneity/exogeneity variable relates to where the rules are made; substance/procedure refers to their content; formality/informality concerns how they are implemented» (*ibid.*: 224) (fig.2).

Fig. 2 - Forms of governance of local economies



Source: Crouch and Trigilia, 2001

1.2.4. Local development governance as a post-fordist regulation model

M. Mayer (1995) writes about three main changes in the current use of the governance idea. The first regards the involvement of a growing number of public, private and semi-public actors in local political action, with the resulting role redefinition of local bodies and authorities. The second change refers to the growing importance assumed by policies aiming at promoting local development and by *pro-active* action strategies to define cities and territories competitive profile. The third change regards the need to identify integrated intervention procedures, as it is acknowledged in the framework of the EU programmes.

Integration and inter-sectoriality, with the ongoing weakening of distinction among different action fields, have been considered elements often recalled in territorial policies. They refer, however, to non-realistic theoretical assumptions or to experiences where is clear the dependence of every policy issue to purely economic contents. Re-orienteering urban and territorial policies, anyway, towards the promotion of local development is resumed by many authors as the rise of the entrepreneurial city or "turn"

to the entrepreneurial mode of urban governance (Parkinson, 1991; Hall and Hubbard, 1996; Jessop, 1997). S. Fainstein (1991), debating the shift from regulative action modes to *pro-active* ones supporting development, stress that relation that link the changes in urban and territorial policies to the current redefinition of the economic development model.

In this framework, changes in principles, methodologies and collective action forms in the urban and territorial field seem strictly linked to the transition toward a new capitalistic accumulation regime (Harvey, 1989b) and to the crisis of the fordist model, considered not only as a model of production organisation, but as an economic and social regulation model (Goodwin and Painter, 1996). Governance it is then supposed to describe a regulation model of local economies able to be compared to post-fordist accumulation regime and, specifically, with the new forms of institutions and economic and social regulation (fig. 3). The main elements of change seem to be related to:

(a) the partial hollowing out of competencies and political functions of the nation-State (Jessop, 1994), with the following change in the State organisational structure that leads to pass the so called "pyramid State" in favour of the new organisation model of the "network State" (Bobbio, 1996);

(b) the presence of a new "growth model" (Mayer, 2000), characterised by «greater flexibility, (…) capital mobility, product specialization, short production runs and less stable uses of labor» (Fainstein, 1991; p. 32) that has different forms and rationales than in the past;

(c) the growing restlessness of western societies in late capitalism (Healey, 1995; 2000).

Fig. 3 – Fordist regulation vs post-fordist regulation

- National Sovereignties	- Supra-national bodies (EU, UNO, etc.)
- Interventist State	- Market economy
- Pyramid State	- Network State
- Public decisional chain hierarchy	- Competition/cooperation among powers
- "Telescope" territorial policies	- Weakly interconnected territorial policies

1.3. GOVERNANCE AS VERTICAL CO-ORDINATION

This section outlines the dimension of territorial governance as vertical co-ordination. This addresses to co-ordination among territories at different geographical levels, according to the principles of multilevel governance (§1.3.1) and to re-scaling processes (§1.3.2).

1.3.1. Multi-level governance

"[W]e are seeing the emergence of multi-level governance, a system of continuous negotiation among governments at several territorial tiers -supra-national, national, regional and local- as the result of broad process of institutional creation and decisional

reallocation that has pulled some previously centralized functions of the state up to the supra-national level and some down to the local/regional level" (Marks, 1993, p.392).

Changes in the World socio-economic scenario, globalisation processes and the transition from fordism to post-fordism show a changing framework in which territorial levels of belonging and collective action are redefined, subjects and places of policies and interventions increases, and the problem of transcalar connection and coordination is to be considered. These factors can be viewed together in the change of the political and organisational dynamics of the nation-State, a change that has often been stigmatised as the redefinition of sovereignty and territoriality principles that have traditionally characterised modern conception and organisation of the State. Trends towards denationalisation of the national territory and decentralisation of State sovereignty towards other institutions, from supra-national bodies to global capital market, actually define the formation of a trans-national government system linked to international fluxes, to market globalisation and new technologies introduction.

Although, as asserted by Sassen (1996), current State organisation is in many ways involved in this new trans-national government system, the latter reconfigure its role. The State is more and more often called to play the role of "balance" between local and global dynamics, between globalisation de-territorialisation processes and the selective re-territorialisation it determines (Rhodes, 2000). In this framework, we can speak of the rise of the so-called *new institutionalism*, in which the State subsists in a context of institutional networks, confronted to new challenges of public management (less bureaucracy and more free market) and social constructivism (a multiplicity of actors taking part in public policies formulation). According to Sibeon (2001), the success of governance refers to a post-national model of governing and policies elaboration. It «should not be intended as a proof of the decline of the State, but rather as the capacity and ability of the State to adapt to external changes (…). Governance (…) can thus be seen as the institutional answer to fast changes in the general context» (Pierre, 2000b: 3).

All these processes redefines, contextually, meaning and role of the local autonomy, too. This concept does not refer anymore to a purely autarkical process (Brown, 1992), but a complex relation between the local and the global levels, in which the local "plays" its self-representation capacity and, contemporarily, its external openness to take part to supra-local levels of networks relations (from the regional to the global levels) (Stoker, 2000).

In this view, territories are not only considered as spaces for the localisation of business and global level functions. Global networks do not only operate in a de-territorialized "spatial flux", but need to be rooted in specific places, being interested in local resources and competitive advantages. This can stimulate new territorial cohesion able to produce such advantages or to foster resisting and reinforced local identities (Castells, 1997). According to this interpretation, relation among local territories and other territorial levels is defined in a transcalar perspective that needs to adopt multi-level action forms to pursue the collective interest (Dematteis, 2001).

The concept of multi-level governance refers to the transcalar linkages and coordination between different actors and territorial levels. Transcalarity implied in this governance vision emphasise the role of networks as organisational mode of collective action,

stressing the different levels (local, regional, national, European) in which different actors interact through the networks, and recognize that actors relations, within and among levels, give problems of integration, cooperation and conflict.

In this framework, the concept of multi-level governance allow to deal with new problems that refer to the redefinition of meaning and role of the nation-State, the role of supra-national subjects and institutions, the sharpening problems related to social and territorial fragmentation (Kearns and Paddison, 2000). Considering governance in a multi-level perspective does not mean, as stressed by Stoker (2000), to recognize that governing modes and policy elaboration operates at different scales, but imply, above all, to understand the relations and interconnections among these. Focusing attention on interactions that connect phenomena, events and processes that occur at different level of social dynamics, and on the rules they refer to, governance can be seen, as stressed by Sibeon (2001), as the interpretation of the contingent outcome that comes from the changing and contingent interconnection among horizontal, vertical and diagonal relations across and within levels, rather than the study of direct and indirect governing effects. Features of the multi-level governance thus become the processes indeterminateness and non-linearity, the networks self-organisation, the non-hierarchical character of relations among involved actors.

Multi-level governance, however, is not free of contradictions and problems (Stoker, 2000). Networks organisations, in fact, are often close and excluding mechanisms. Networks strictness and impermeability could determine the scarce participation of weak actors and interests, while the almost exclusive role of formalised and institutionalised interactions can easily freeze social practices, weakening vitality and potentiality of the process. To face up these problems, Stoker consider the possibilities offered by the combination of top-down approaches, that guarantee the presence of institutionalisation processes that refer to a political leadership able to assure the accountability of the different actors involved, and bottom-up approaches, that allow to increase the value of innovations in social interactions.

1.3.2. Governance as re-scaling

According to the multi-level governance perspective the connection between the de-territorialisation processes of globalisation and the territorial reconfiguration it determines, produces *re-scaling* processes (Brenner, 1999), that is re-organisation, re-articulation, and re-definition of the territorial scales and the corresponding government levels implied in the transformations. Re-scaling implies, anyway, the preservation of a more or less strong and evident hierarchical organisation of the different territorial levels. A different perspective refers to the changes in existing "power geometries", through a *jumping of scales* process (Smith, 1984, 1993) in which scales of governance re-configuration is intended as the re-definition of spatial frameworks in which conflicts among opposite views of the territory develop and are mediated (Swyngedouw, 2000).
In these processes there is too a re-definition of meaning and role of the national level as a space of self-contained socio-economic relations and, simultaneously, increases the importance of supra- and infra-national territorial organisations levels. From the point of view of political functions, again, it is possible to see a similar process of change. According to Jessop (1994), for instance, current transformation of the nation-State result in the so-called "hollowing out of the State" in which «some State competencies are transferred to a growing number of macro-regional, pluri-national, international

bodies (…); others are devolved towards local or regional levels; others are more and more often implemented by horizontal power networks – local and regional – that go beyond the central State, connecting local or regional authorities in different nations» (*ibid.*: 264).

The dispersion of authority from the central government towards supra- and infra-national authorities or public-private networks imply two contrasting, yet coexisting, visions of multi-level governance (Hooghe e Marks, 2001):

- the first model refers to a shared authority of the central government with a limited number of clearly defined and delimited, never overlapping, authorities. The model is that of the federal State and the analysis unit is the level of government rather than a policy;
- the second model refers to a fluid and complex system of authorities and bodies, partially overlapping. In this case the different authorities can act simultaneously on different levels and are functionally specific (linked to some services supplying, for instance), rather than multi-task.

The first model refers to a hierarchical organisation of the territory, with a transformation, but not a complete change, of the Westphalian State model and with the identification of citizens with "their" level of government (what could be called territorial identity). The second model refers to the difficulties that the nation-State face in trying to maintain a strong position in the globalised economy, since «the nation-state has no obvious economic rationale and is opposed by economic forces» (Casella and Weingast, 1995: 13). These models allow to link explicitly multi-level governance forms with the dispersion/distribution of authority at different levels and in various forms. According to Hooghe and Marks (2001), the European Union could combine the two types of governance described, being a supra-national body with competencies and functions that elsewhere are distributed among different bodies, and, in the same time, the EU implements various policies for the Community territory, creating bodies and agencies with specific tasks that often act in overlapping territories.

Within this framework, two coordination methods are possible. The first consists in a progressive and well-regulated decentralisation process, with a defined list of competencies; the second regards a contractual-type method. This contractual, auto-regulatory framework must be flexible and adapted to the capacities of the local and regional authorities while respecting the principles of subsidiarity and proportionality.

1.4. GOVERNANCE AS HORIZONTAL CO-ORDINATION

This section regards governance as horizontal co-ordination, explained both as territorial policies co-ordination, i.e. interaction among policies (trans-sector) and actors (public/non public actors) (§1.4.1), and territorial relations that occur at the same territorial level (§1.4.2).

1.4.1. Governance as multi-actor and cross-sectoral action

Governance, as previously said, refers to an idea of public action and its organisational structures that is different, and partly opposed, to the idea of government. B. Dente (1999), separate governability, government and governance. The first is defined as the «capacity to produce coherent decisions, develop effective policies, or implement

programmes; it is possible, instead, to use governance to refer to the activity set up to this purpose and to government as a synonym of institutional structure. Governing will thus be effective if the set objectives will be reached or obtained any positive result, while an effective government will be the institutional mechanism that, in the same conditions, will help to reach the goal» (*ibid.*: 112, translated from italian). Governance is then considered as a set of actions, practices and processes that regard governing, while government refers to political institutions and their organisational structures. These terms refers to a different and partly alternative set of phenomena. Beside, they stress the shift from a juridical-formal vision of governing to an empirical survey of actors and mechanisms of interactions through which describe conflict and cooperative forms of policies building processes.

Governance is a wider phenomenon than governmental structures for Rosenau too (1992). Using governance to describe governing allow, in fact, to consider not only formal government organisations, but informal mechanisms too, that see the participation of a multiplicity of actors that permit to take decisions and implement a policy (see next section 1.5). Considering socio-cybernetic principles it is possible to have the paradox of governance without government (Rosenau e Czempiel, 1992): «you get governance without government when there are 'regulatory mechanisms' in a sphere of activity that actually work even though they are not endowed with formal authority» (Rhodes, 1997: 51).

If we consider, with Sibeon (2001), government as a hierarchical interaction mode among actors, driven by formalised rules and by the public subject authoritative role, and governance as a social activity in which no single actor is able to act alone, the distinction betweem these models seems, as it is, extremely weak. This distinction cannot be considered according to a dichotomy rationale that oppose the models, but refers to a continuum in which features of the government and governance models intersect. Imrie and Raco (1999), referring to urban and territorial policies see that governance theories and practices does not represent a radical change but a transition, partly following structures, political styles and action trajectories of government.

According to Rhodes (1997: 52-53), governance represent a set of collective action models and organisational forms for governing in which distinctive features are:

- *interdependency among organisations*: governance modes includes a wider set of phenomena than government ones, since, considering action and role of non-institutional actors, they go beyond classical separation among public, private and society spheres or among organisational forms based on hierarchy, market and cooperation/reciprocity among interacting subjects;
- *interaction among the members of the network*: in governance models a multiplicity of subjects interact to continously exchange resources and to favour the reach of common goals;
- *definition of negotiated and shared rules of the game*: interactions among actors are "regulated" through negotiation in a non-authoritarian way, even thanks to the role of trust in favouring exchanges among actors and objectives and action methodologies sharing;
- *relevant autonomy degree of networks with respect to the state* (or, generally, a superior public subject), thanks to its self-organisation features.

In governance actions, policies results are not considered as the outcome of a single subject action or as something imposed from "the above". They rather come from the interaction and negotiation of a multiplicity of subjects and interests, that interact with different purposes, implementing a multiplicity of actions. Interactions among different actors are the most diverse and combine, in different quantities and characteristics, complex sets of competitive, cooperative and conflict interactions. In governance models, besides, multi-actor interactions are regulated through a wide set of "social" modes of coordination, rather than by a limited set of hierarchically defined organisational procedures (Jessop, 1995). Governance actions are then based on the capacity to mobilise social capital specific features working on local actors networks (Kearns and Forrest, 2000). In this framework, adopting an "institutionalist" approach to governance, Healey (1997) stress the role of social networks in building actions[6]. The emphasis is «not merely on the interactive nature of governance processes but on the way social networks weave in and out of the formal institutions of government and develop governance mechanisms within themselves, and through the recognition that reasoning is a much wider activity than is captured in the model of technical-instrumental rationality and rational planning process» (*ibid.*: 204).

While, with an extreme simplification, in government the role of a public actor is central, a governance process involves by definition a complex set of public and non public actors, based on flexibility, on partnership, and on volunteer participation. This is a fundamental feature of horizontal governance which, especially within institutional discourses, tends to be forgotten and rather hidden back the "simple" problem of coordination among sector (public policies) (Janin Rivolin, 2005). Different subjects, even non-institutional ones, can thus play an active role in choices and collective interest actions definition: that is to say, there are many subjects that can play as actors in actions. In any specific policy area, all the actors need the others, since «no one has all the relevant knowledge or resources to make the policy work» (Rhodes, 1997: 50). In this perspective, governance is an action mode that allows the definition of concertation tables in which the building of interests, expectations and intentions expressed by different subjects is more important than pre-defined competencies hierarchy. Governance deals with the «resolution of (para-) political problems (in the sense of problems of collective goal-attainment or the realisation of collective purposes) in and through specific configurations of governmental (hierarchical) and extra-governmental (non-hierarchical) institutions, organizations and practices» (Jessop, 1995: 317).

In this framework the role of the public subject changes, actually, with the shift from a more decisional and regulative role to one of *pilotage*, direction of subjects interaction (Jessop, 1995). Governance thus become synonym of *steering*, that is guide of transformation dynamics and processes rather than have a direct control over them.
Using Sibeon's formula (2001), the public subject can thus be seen as a network manager who, by guiding or directing interactions and decisional processes, coordinate the different actors involved in interventions programming, designing and managing, stimulate interaction, remove blocks, connects subjects, build non-hierarchical relations among them, enhance social systems self-organising capacities. The public subject does

[6] The institutionalist approach assumed a central role in the analysis of current changes in urban and territorial policies. In this approach a great importance is given to local specific cultural and social conditions and factors, defined by A. Amin and N. Thrift (1995) as *institutional thickness*, that is the combination of a strong institutional presence with the sharing of rules, conventions and knowledge.

not play his part through his role and competencies in shaping sector projects, but in encouraging and following different forms of action that come from social interaction, from conflicts and differences composition, in the definition and management of political options allowing participative processes.

In complex multi-actor networks that occur in governance actions, the public subject then interacts with other subjects defining concerted, cooperative and negotiated action forms that substitute authoritative and conformative regulation forms. Public actor's action is not direct, but mediate through other public and private subject rationality and project capacity, uses concerted and negotiated intervention modes both in public-private partnership form, mostly directed to the activation of economic, cognitive and consensual resources, of the different actors involved, and in public-public partnership, directed to the inter-institutional coordination and cooperation (Bobbio, 1996).
In governance actions there are, however, differencies. Peters (2000), for instance, writing of the coordination of policies made by some subjects instead of others, underline the difference between the traditional steering conception of governance, in which State form of coordination of interaction among actors persist and the State defines priorities in policies, mediates among different actors and interests and it is thus perceived as "guide" of society and economy, and the new modes of governance, whose distinctive character is the plurality of types of interaction and of regulation modes, formal and informal, among public and private subjects.

1.4.2. Governance as territorial coordination

According to Davoudi (1995), if urban and territorial governance defines an action model based on different actors' interaction, it is anything new[7].

Some changes are effectively marking collective action mode in urban and territorial field, thus partly redefining governance in innovative ways. In the urban and territorial policies, the governance approach concerns changes in the forms and procedures of collective action recognising in particular the consolidation, including in practices, of the forms of partnership, inter-institutional co-operation, strategic planning (Healey et al., 1995; Healey, 1997; Bagnasco and Le Galès,2000a; Le Galès, 1998; 2002; Madanipour *et al.*, 2001). This change, which, while particularly manifest in territorial practices, affects all the fields of public action, may be summarised as a tendency towards the territorialisation of action models. On one hand, this is in relationship to the growing orientation of European countries towards the decentralisation of competencies and state powers. Even though the interpretations adopted with respect to its origins are controversial, this seems to be a response to the crisis of legitimacy and efficiency which central decision-making levels are undergoing, and seems to favour a movement of the decision-making centre of gravity towards lower levels (Cassese and Wright, 1996; Bobbio, 2002). On the other hand, it is evidence of the new (or renewed) centrality assumed by the reference to the local territory in theoretical reflections on collective action models and on intervention practices in both the city and the territory or, in others terms, in the view of urban and territorial policies as *place-focused* policies (Cars *et al*., 2002; Governa and Salone, 2004). The emphasis placed on the principle of "subsidiarity" is, moreover, a reflection of these processes, as is documented by Faure

[7] «"City" has traditionally been associated with governance, the arena where politicians and administrators manage and organise the city by articulating and translating political philosophies into programmes of action» (Davoudi, 1995, p. 225)

(1997). Current reference to this principle, in addition to protecting the economic decision-making and management ability of the low-level entity, organises the relationships among the public authorities and between the public authority and civil society, crossing, in fact, two converging movements: the movement towards joint planning and the movement towards territorialisation of collective action.

Within this general framework, the role of territories, at different geographical scales, is changing, also following the transformations in their relation with the general system of economic, social and political relations. This redefinition can be schematised as the passage from the concept of the territory as a static and passive space to an interpretation that consider the territory as a dynamic and active context, as an actor itself in the development processes on the base of the collective action of the subjects acting in it (Cox and Mair, 1991; Cox, 1997; Dematteis, 2001; Magnaghi, 2000). From this standpoint, the territory can play a fundamental role of intermediate level of structuration of local actors - economic interest, government institutions, technical agencies and so on - in arranging relationships with the global level. This "intentional" function of the territories allows us to suggest that «urban elites endeavour to make the city into a collective actor, a social and political actor possessing autonomy and strategies» (Bagnasco and Le Galès, 2000b: 25). In this framework governance is intended as the capacity to integrate and shape local interests, organisations, social groups and, in the same time, as the capacity to represent them to external actors, to develop more or less unified (and unifying) strategies in relation to the market, the State, other cities and other levels of government (Le Galès, 2002). The capacity, then, of public and private subjects to:

- build an organisational consensus involving the private sector in order to define common objectives and tasks;
- agree on the contribution by each partner to attain the objectives previously defined;
- agree on a common vision for the future of their territory.

Considering these elements of change, and the general framework in which they are set, urban and territorial governance can thus be defined as «a process of co-ordinating actors, social groups and institutions in order to reach objectives which have been collectively discussed and defined in fragmented, even nebulous environments» (Bagnasco and Le Galès, 2000b: 26). Related to this definition there is the hypothesis that the city (or its territory) can be conceptualised as a collective actor, whose governance actions define a specific organisational mode of a multiplicity of actors that interact for a common purpose, collectively defined.

According to these definitions, it is possible to signal the main aspects that define collective actions in the urban and territorial field as a governance action. First, governance is an organisational mode of collective action based on public and private actors partnerships and coalitions building, oriented towards a commonly defined objective. Second, the idea of governance is not only linked to the role of formal institutions (i.e. those that are constituted or represent public and private actors of government actions), rather is connected to the process of «*relation-building* through which sufficient consensus building and mutual learning can occur to develop *social, intellectual and political capital* to promote co-ordination and the flow of knowledge and competence among the various social relations co-existing within places» (Healey,

1997; p. 200). Third, urban and territorial governance, unlike economic governance, confront, or should do so, with the interests representation problem, thus considering among its objectives the specific social and political dimension of the collective action (Bagnasco and Le Galès, 2000a). Fourth, governance actions are considered as an outcome of a complex negotiated process in which resources are exchanged, shared (at least partly) objectives are defined, consensus is organised. Financial, cognitive, political and consensus resources are not the only characteristics that contribute to define such processes, there are formal and informal rules too that allow interactions between actors and the context in which they operate.

1.5. GOVERNANCE AND PUBLIC PARTICIPATION[8]

Public participation is a fundamental tenet of the concept of governance. In the White Paper on European Governance, it is one of the five principles that underpin good governance. It is one of the five indices of UN-HABITAT's Urban Governance Index. It is one of the three pillars of the Aarhus Convention. Consequently, this sub-chapter will examine in some detail what is meant by public participation. It analyses the development of the discourse around its use in spatial planning within contemporary representative democracies, leading to the recent promulgation of the Aarhus Convention. It examines the debate about what constitutes 'good' participation, and outlines a framework for particular strategies and different methods of participation.

1.5.1. Introduction

In Western industrialised societies, the primary device for enabling the public to voice their views has been through the normal channels of representative democracy by which the public elect politicians to represent their interests in local and central governments. The representative principle of government is based on the assumption that it is difficult, if not impossible, for the public to take part in making the day-to-day decisions in administration and government. Some commentators have gone even further and warned against the 'tyranny of the mob', arguing that popular involvement in policy-making will lead to poor decisions because 'uneducated' people lack judgment (Burke quoted in Williams, 1976:85). It is argued that, whilst the public can take part in *politics*, i.e. the debate on alternative forms of action, they are not supposed to be directly involved in *government*, where decisions are formally made (Jones and Ranson, 1989).

This principle, seen as an advantage of representative democracy, was applied across public policy-making at least until the 1960s. Within the planning system, for example, planning proposals were presented to the public as a *fait accompli*. The role of the public was to respond to the carefully formulated policies and plans of local authorities. Although there was machinery for objections and appeals, this was devised for special uses by a restricted range of interested parties. The lack of public participation was partly a result of the post-war political consensus, and partly because of the trust accorded to experts and professionals. Planners, like many other professionals, were perceived as being the guardians of the general public interest. The fact that there was a lack of political debate and participation was not widely seen as a problem.

[8] This chapter draws heavily on the following article: Davoudi, S., 1999, Sostenibilità: una nuova visione per il sistema britannico di pianificazione, *Urbanistica*, 112: 78-83

1.5.2. Changing role of public participation

In the 1960s these ideas began to be challenged. By then the political consensus had largely broken down and people had become dissatisfied with the lack of direct access to decision-making and the distribution of benefits and power within society (Hill, 1970). The physical orientation of planning and its failure to address wider social and economic problems was heavily criticised. The call for more effective mechanisms of participation than those traditionally employed became manifested in student protests in many Western countries in the late 1960s (Ward, 1994). In countries around the world these challenges led to an increasing role for public participation in the planning arena and in the governance of citizens' lives more generally.

In the United States, Paul Davidoff in his 1965 article 'Advocacy and Pluralism in Planning' articulated a role for advocacy planning, urging planners to provide professional assistance to disadvantaged groups. Advocacy planning was enthusiastically championed by Norman Krumholz, director of the Cleveland City Planning Commission between 1969 and 1979, and his 'equity planning' has been widely regarded in the United States as a model of best practice (see *Journal of American Planning Association* 1982: 163-83).[9] By the mid-1970s, local community involvement in spatial planning had become mandated in much of urban United States, although Silver claims that by this time the encouragement of continuous public participation in city planning meant that the *process* of planning had become more important than the plan itself (1985: 172).

In Britain, the government established the Committee on Public Participation in Planning under the Chairmanship of Arthur Skeffington, which led to the publication of an influential report called *People and Planning* in 1969, which advocated the setting up of community forums for consultation with local residents in the preparation of local plans (Brindley et al. 1996: 89). However, for those who demanded more effective public participation the report was not radical enough and the resultant consultative groups were seen as nothing more than a tokenistic gesture (Levin and Donnison, 1969).

In Spain, the Citizen Movement in Madrid was a successful neighbourhood mobilization of the 1970s involved with a variety of issues in the context of a country with no democratic institutions (Castells, 1983). In Japan, the late 1960s / early 1970s witnessed the appearance of a large number of citizens' movements (*shimin undo*) – territorially-defined protest movements, usually of an environmental nature, characterized by the participation of local residents, many of them women, who had never been involved in some activities before. Matsushita argues that the citizens' movements were involved with fundamental questions about the nature of Japanese society, such as who decides what constitutes the public interest and how public policy is to be determined (1978: 172). He sees their aim as a reversal of what he calls the 'control model' of top-down policy-making to create a 'citizen participation model', "where decisions originate with the citizen and flow out to the national level" (1978: 173).

However, during the 1970s, in the United States, the rise of the 'new federalism' signalled in some cities "a retreat from the experiments with direct democracy and a

[9] However, more critically, Leonie Sandercock sees equity planning as still, essentially, a process controlled by the planners - an attempt at 'top-down inclusionary politics' (1998: 174).

renewal of paternalistic efforts to manage public involvement" (Susskind and Elliot 1984: 188). While in the UK, the reality of post-Skeffington planning practice remained far from the aspiration of meaningful participation in decision-making processes. As documented by Tyme (1978), whilst specific projects in the 1970s, particularly road-buildings and redevelopment schemes, created heated discussions and vocal representations by the affected communities, formal public involvement remained focused on statutory procedures of plan preparation which was largely characterised dry, official and poorly attended consultation exercises.

In the Thatcher administration of the 1980s UK, with its emphasis on lifting the burden of planning constraints on market activities and a desire for speedier decision-taking, public participation in spatial planning became increasingly sidelined. Cases such as Coin Street Community Builders in the South Bank area of London, where the local community succeeded in altering developers' plans for office development into a plan for local needs housing development (Brindley et al, 1996) were isolated 'success' stories in a climate where the desire for a streamlined planning system undermined any serious attempts to provide meaningful public engagement in planning processes. While in the 1990s, it has been argued that the technocratic style of argumentations and the adversarial nature of public inquiries limited public participation to the most experienced and well-organised professional groups and alienated the public and voluntary organisations (Murdoch et al, 1996; Vigar et al, 2000; Davoudi, 2000).

However, Hamdi and Goethert, referring more to the developing world, argue that by the 1980s there was a 'new realism' in urban planning, related to the orthodox paradigm of 'providing' being replaced by an alternative paradigm of 'enabling' which, amongst other characteristics, promotes self-sufficiency and sees community-based organizations and NGOs as prime actors, professionals as catalysts, and governments as enablers (1997: 25-27). This view is supported by Friedmann in his prescription for 'alternative development', which sees an increasing role for civil society, with the state playing more of an enabling role (1992: 160). Chambers, meanwhile, sees the paradigm shift as being from 'things' to 'people', with the keyword of 'participation' replacing that of 'planning', and 'bottom-up' replacing 'top-down' (1995: 32).

1.5.3. 'Democratisation of democracy'

The streamlining of planning procedures referred to above, and hence public participation, has been taking place at a time when the multiplicity and complexity of contemporary lifestyles and interests call for more effective citizen participation. It is argued that the traditional democratic institutions that have been set up as part of the process of modernity have to be complemented by more direct citizen participation. There is a need for a more general extension of politics beyond use of the ballot box at periodic elections. It is argued that politicians and professionals cannot keep abreast of the growing diversity of interests in the population (Darke, 2000). Across Europe, there have been alarming drops in the turnouts at local elections. Many commentators see this as a decline in public interest in representative democracy and loss of confidence and trust in government.

However, although people might have lost interest in government and state, they still have faith in democracy. So, the critical issue is to find out new ways of re-engaging people in decision-making processes, making the transition from traditional forms of

government to the new paradigm of governance. As the sociologist Anthony Giddens (1994) suggests, there is a need for 'democratising democracy'. This democratisation of democracy is even more urgent when it comes to environmental decision-making because of the high levels of risk and uncertainty involved. The re-emergence of the environmental agenda in the 1990s with its focus on global sustainability issues has renewed the call for wider stakeholder involvement. A prime example of this is Local Agenda 21 (LA21), which seeks to implement sustainable development at the local scale. As a process, LA21 is concerned with changing the nature of local politics and moving beyond the traditional ways of involving the public in decision-making towards more effective public participation.

1.5.4. Aarhus Convention

The encouragement of public participation is also a major component of the Aarhus Convention, an important piece of European environmental legislation. Named after the Danish city where it was adopted on 25 June 1998 at the Fourth Ministerial Conference in the 'Environment for Europe' process under the auspices of the United Nations Economic Commission for Europe (UNECE), its full title is the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters. Kofi Annan, the UN Secretary-General has described it as "by far the most impressive elaboration of principle 10 of the Rio Declaration, which stresses the need for citizen's participation in environmental issues…. [and] the most ambitious venture in the area of environmental democracy so far undertaken under the auspices of the United Nations" (quoted on UNECE website[10]). The Convention grants the public rights and imposes on Parties and public authorities obligations regarding access to information, public participation and access to justice. It promotes greater accountability and transparency in environmental matters and by implication spatial planning matters.

The overall objective of the Convention is given in Article 1, which states,

> In order to contribute to the protection of the right of every person of present and future generations to live in an environment adequate to his or her health and well-being, each Party shall guarantee the rights of access to information, public participation in decision-making, and access to justice in environmental matters…
> (UNECE, 1999, Article 1)

Public participation is dealt with in Article 6, where the Convention sets out minimum requirements in various categories of environmental decision-making. With regards to public participation in decisions on specific activities or projects, it establishes requirements for decision-making on licensing or permitting certain types of activity. These activities are listed in an annex and are similar to those that would require an Environmental Impact Assessment or Integrated Pollution Prevention and Control licence. The public participation requirements include

- Timely and effective notification of the public concerned
- Reasonable timeframes for participation, including provision for participation at an early stage

[10] http://www.unece.org/env/pp/ accessed 16 December 2004

- A right for the public concerned to inspect information which is relevant to the decision-making free of charge
- An obligation on the decision-making body to take due account of the outcome of the public participation
- Prompt public notification of the decision, with the text of the decision and the reasons and considerations on which it is based being made publicly accessible

Public participation concerning plans, programmes and policies is dealt with in Article 7, which states,

> Each party shall make appropriate practical and/or other provisions for the public to participate during the preparation of plans and programmes relating to the environment, within a transparent and fair framework, having provided the necessary information to the public.
> (UNECE, 1999, Article 7)

Arguably, this could apply to any sectoral plans that have significant environmental implications. Finally, public participation during the preparation by public authorities of executive regulations and other legally binding rules that may have an effect on the environment are dealt with in Article 8.

The main thrust of the obligations contained in the Convention is towards public authorities, which are defined so as to cover governmental bodies from all sectors and at all levels, and bodies performing public administrative functions. If the European Union ratifies the Convention its provisions will also apply to EU institutions. The Convention entered into force on 30 October 2001, with the process of ratification still ongoing.

1.5.5. Participation and models of democracy

The crucial question remains, however, of how we measure the effectiveness of a specific public participation exercise; how can we distinguish between 'good' participation and 'bad' participation. This section provides a framework for addressing these questions.

The term 'participation' has become a watchword for both professionals and politicians involved in decision-making. Despite numerous contributions to the discussion of theory and practice the term has remained ambiguous. Back in the late 1970s, after reviewing a number of research projects and discussions in various countries, Fagence (1977) concluded that in all cases the following three interconnected issues emerged as the main concerns:

- 'Participation' means different things to different people,
- Its different interpretations are based on different political standings, and
- These different interpretations lead to different participation techniques

Fagence stated that the reason for the pervasive confusion of participation in democracy is "the view that participatory democracy is an idyllic behavioural pattern, a people-government relationship more appropriate to a bygone era of human and cultural development than to the generally complex scope and scale of society in the twentieth century" (op cit).

A much-quoted article by American writer Sherry Arnstein, published in 1969, used the metaphor of a 'ladder of participation' to portray different levels of citizen participation in local planning (Figure 1). At the bottom of the ladder there is the extreme situation of non-participation, where people have no say or power at all. The middle position is when people are informed about the decisions and are even consulted, but the authorities retain the right to make the final decisions. At the top of the ladder there is a high degree of participation, which empowers people to exercise control over what affects their lives.

Figure 1: Ladder of Public Participation

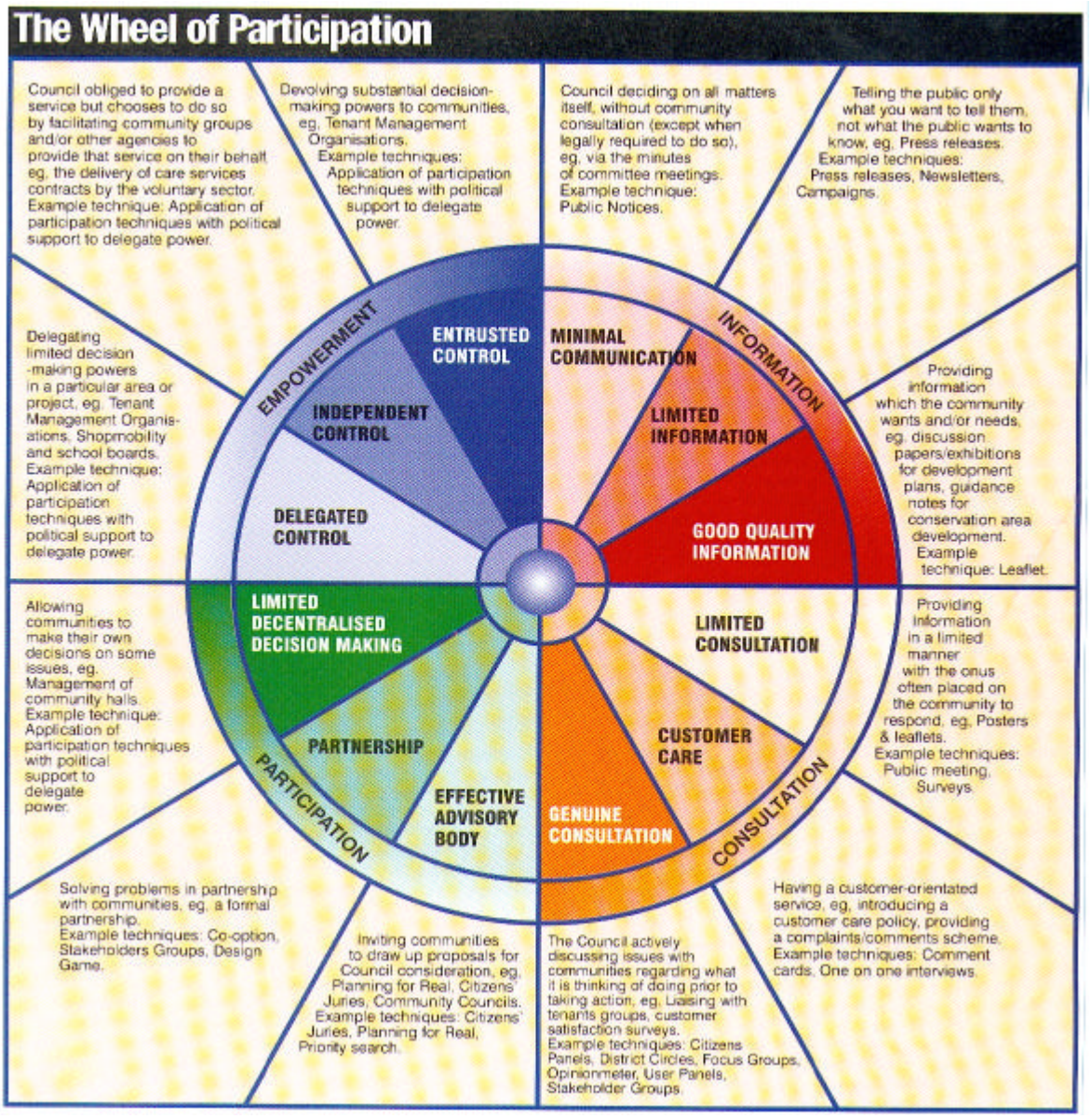
Citizen control	Degree of citizen power
Delegated power	
Partnership	
Placation	*Degree of tokenism*
Consultation	
Information	
Therapy	Non-participation
Manipulation	

Source: Adapted from Arnstein (1969)

Implicit in Arnstein's choice of metaphor is an inherent preference for climbing to the top and aiming for the maximum degree of participation in all decision-making processes. Thirty years later, a much less quoted article by planners in Scotland pointed to the development of another metaphor, 'the Wheel of Participation' (Figure 2). The wheel also identifies different levels of participation yet without implying preference to any specific one (Davidson, 1998). It points to different levels of community involvement without suggesting that the aim is always to climb to the top of the ladder.[11]

[11] Other methods of participation in the literature include that presented by Susskind and Elliot (1984) following research in a number of cities in Western Europe. They identified three distinct patterns of citizen participation, based on differing relationships between public officials and citizen groups, that they refer to as 'paternalism', 'conflict' and 'coproduction'. Another model is that constructed by Hamdi and

Figure 2: Wheel of Participation



Source: Davidson (1998)

However, making choices in any specific circumstances will inevitably raise questions about the desirable, or practically and politically acceptable, level of participation. It is clear that such questions cannot be addressed in isolation from wider political-philosophical debates relating to the purpose, nature and value of democracy. The way in which we interpret participation depends on the way in which we interpret democracy. Maximum participation was at the heart of the classical Athenian model of democracy, but, following Hague and McCourt (1974), it is more pertinent to the discussion of spatial planning to focus on two contrasting conceptions of democracy.

At one end of the spectrum is *democratic elitism*. This views democracy as competition between political elite for the periodic support of the public at large. Between elections,

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Goethert as their framework of participation for community-level Action Planning (1997: 66-71). Here, there are five levels of participation by the community – none, indirect, consultative, shared control and full control.

citizens have little part to play. They may criticise but are not expected to seek to govern. They must respect a 'division of labour' between themselves and government and must, using Schumpeter's phrase, refrain from 'back-seat driving' (Schumpeter, 1943:295). This is a technocratic view of democracy. It regards technocrats or professionals as people who know best and the ordinary individuals as lay people who do not have the capacity for understanding complex issues involved in decision making. From this standpoint public participation just taps into popular views without any real intention of changing the outcome of the policy process. Here, participation is used as a way of legitimising potentially controversial decisions, and getting wider support for decisions that have already been taken by politicians and officials.

At the other end of the spectrum is *participatory democracy*, explained at length by Pateman (1970) and Held (1987). One of the defining characteristics of this model is direct involvement of citizens in decision-making in key social institutions, including the state. This is seen not so much as a means to an end but as part of the ends. It is seen as a way of self-development of individuals, and the creation of a society where individuals can develop to their full potential (Thomas, 1996 after Held, 1987). In this model, policymaking takes place in a continuous interaction between citizens and the state. It is in effect the governance model. The emphasis is on avoiding techniques or methods that perpetuate the distinction between 'lay people' and 'professional experts'. Participatory democracy increases the capacity of individuals and communities to get involved and to exercise greater control over decisions that affect their lives. It aims to build social capital and to engage people not just as periodic voters but also as active citizens in the governance of places.

The process of capacity building, however, is not easy and takes time. For it to happen there are three important pre-requisites:

- Firstly, is the significance of being sensitive to the particular history, circumstances and aspiration of a community
- Secondly, is the importance of trust and confidence building, both within communities and between the community and outside agencies
- Thirdly, is the need for clarity and transparency in the decision-making process

1.5.6. Towards participation strategies

In order to engage people in decision-making processes and to achieve a coherent political debate a participation strategy is needed. Whilst the detailed parameters of such a strategy vary according to specific circumstances, there are a number of key dimensions which will underpin any particular strategy. An outline of these key dimensions (after Thomas, 1996) follows.

- *What is the subject of discussion?*

Any participation strategy should be sensitive to and influenced by the type of issues to be discussed. These can be categorized by a number of variables as identified by Alterman (1982), of which three are particularly important.

First is the degree of technical knowledge which people need in order to understand the debate and to participate effectively. As Alterman points out, people can participate in highly technical issues as long as appropriate methods are used and technical support is provided. For example, the Greater London Council provided financial support for local

communities so that they could put forward an alternative 'People's Plan' for the development of part of London's Docklands (Brownill, 1988). However, as Thomas (1996) points out, providing technical 'advice' does not always empower or educate those being advised. In some cases, "participants' interests are best served by challenging the assumptions and values embedded in current technical orthodoxy" (op cit, 183).

The second variable is timescale, and the tangibility of the outcome of public participation. It is often claimed that strategic, long term planning issues do not attract public attention and are "of the least importance and least interest to the local community" (Short et al, 1986:19), and that "residents remain more comfortable discussing the future of particular plots of land rather than strategic... objectives" (Thomas, 1996:183). A participation strategy should, therefore, be sensitive to the way in which people identify their interests with the subject of the participation. As a more appropriate way of engaging the public in debates over strategic issues, Friend and Hickling (1987) have suggested other participatory techniques, such as 'strategic choice'.

The third variable is the degree to which people are involved in setting up and controlling the agenda for debate and defining the nature of the issues to be discussed. For example, people may wish to discuss a Local Authority's waste management policy in order to be able to contextualise a specific agenda such as the location of a particular landfill site. Setting up a non-negotiable and narrow agenda will run the risk of curtailing constructive debates.

- *What is the purpose of participation?*

Wilcox (1994) suggests questions to be asked before formulating a participation strategy.

- Is public participation a mere formality to be done as quickly as possible?
- Is it to legitimise a decision which has already been taken?
- Is it to educate people?
- Is it part of a continuous dialogue between the stakeholders to achieve a more informed decision in a more democratic way?
- Is it about power-sharing?

Hampton (1977) developed a 'schema of participation', suggesting that in developing a particular participation technique, local planning authorities should pay attention to the following key aims of participation:

- Dispersing information to the public
- Gathering information from the public
- Promoting interaction between policy-makers and the public (quoted in Darke, 2000)

The first and second objectives form some of the principles of the democratic elitism model. The third objective, however, lies at the heart of participatory democracy which aims to 'enhance citizenship' and achieve a broader democratic goal alongside the more instrumental objective of making better plans (Darke, 2000). A stronger, longer-term relationship between citizens and the state helps to develop governance structures and

build greater capacity within local communities which will enable them to play an active role in policy-making.

- *Who is the public and how should they be involved?*

Far too often the term 'public' is used without a clear understanding of whom it refers to. The implicit assumption is that there is a single homogenous 'public'. However, as Wilcox (1994:7) reminds us "there isn't one 'community' but a multitude of different interests, each with their own agenda" (see section 1.4.1). The definition of the 'public' is central to the design of an effective public participation strategy. Identifying the 'public' means acquiring a sound understanding of its history, language, cultural background, values, interests, patterns of life, needs and aspirations. Without such understanding it is unlikely that an appropriate participation technique could be designed.

In addition to the need for being sensitive to specificity of the targeted audience, participation strategies need to distinguish between what the Skeffington Report called the 'joiners' and 'non-joiners' public. The former include those who are members of organised groups and hence capable of making their voices heard in policy-making processes. The latter are those who are often systematically excluded from participation. Capturing the latter's views requires a more pro-active approach to public participation by the local planning authority. Attempts to make the 'silent voices' of those beyond the 'planners' radar' heard have led to a number of recent experimentations with new techniques of public participation. Techniques such as citizens' juries, stakeholder dialogues, 'Planning for Real', community visioning, consensus conferences and community advisory groups are increasingly complementing the more traditional methods of consultation. (For an explanation of these methods, their advantages and disadvantages particularly in relation to waste planning see Davoudi and Petts, 2000).

- *At what stage in decision-making process should the public be involved?*

The timing of public participation has significant implications for its outcome. Experience has shown that end-of-pipe participation, when all decisions have already been made, has often turned policy-making arenas into battlegrounds, preventing constructive discussions among stakeholders (Davoudi, 2000). Furthermore, the public need to be informed about how their participation links into the action on the ground and how one episode is part of a longer-running dialogue rather than a series of disconnected invitations to public meetings (Thomas, 1996).

A common viewpoint is that public participation is time-consuming and causes delays in planning decisions at a time when planners are under pressure to speed up planning procedures. However, research by Bishop (DoE, 1995) shows that effective public participation does not extend the time for decision-making, and indeed can save time at the later stages of a formal public inquiry.

- *What is open to influence?*

  Clarity and transparency are two major pre-requisites for developing trust and long-term relationships between citizens and the state. This is particularly important with regards to clarity about what is and is not open to influence through public participation. Misleading people about the scope of their influence in decision-

making may lead to a lack of trust and cynicism in the long run. It is crucial that participants become fully aware of such limitations at the beginning.

- *Resources*

The scope and extent of public participation is always confined to what is feasible within the available resources. However, the critical point is that efforts and resources spent to involve people at an early stage and to seek consensus among stakeholders are likely to pay off at the end by reducing the amount of public opposition and hence cutting down the length and cost of formal public inquiries.

1.5.7. Conclusion

Since the publication of the White Paper on European Governance, there has been a consensus on the need for greater involvement in European affairs on behalf of civil society. This is particularly the case in environmental matters which makes a central focus of the Aarhus Convention.

Whilst the significance of public participation in spatial planning has waxed and waned over the last forty years, engaging the public in policy processes has remained a persistent concern. This has been accompanied by repeated dissatisfaction over the inadequacy of the way in which participation has been sought. Discussions about public participation are littered with references to distrust of professionals and their relationship with the public. Participation practices have often been perceived as leading to frustration and manipulation (Smith and Jones, 1981). This is despite the general shift in the 1990s towards a more inclusionary form of urban governance with a focus on the involvement of all stakeholders.

More recently, the call for consensual decision-making process has been given theoretical expression under the term 'collaborative planning' (Healey, 1997). It is clear that the traditional democratic institutions that have been set up as part of the process of modernity are not capable of accommodating the growing forms of direct actions. The sustainability agenda in particular has not only made us re-think the *outcome* of our decisions. It has also urged us to re-visit the *process* of making these decisions.

2) TERRITORIAL AND URBAN GOVERNANCE IN EU POLICY DOCUMENTS

The present review is primarily addressed to analysing how and to what extent the concept of governance is connected to territorial and urban policies in EU institutional documents (§ 2.1.1). Other sections will subsequently consider the appearance of governance respectively in territorial policy documents (§ 2.1.2), urban policy documents (§ 2.1.3) and territorial and urban action programmes (§ 2.1.4). A list of selected references (§ 2.1.5) will complete the review.

2.1. EU GOVERNANCE AND TERRITORIAL/URBAN POLICIES

The present section takes the Constitution for Europe as the starting point to consider institutional connections between governance and territorial/urban policies in EU and the relevant problems: in particular, the need of harmonising the Union's objective of territorial cohesion with the fundamental principles of subsidiarity and of proportionality (§ 2.1.1.1). A look back to the previous discussion on European Governance, culminated in the 2001 publication of the Commission White Paper, permits to focus on the conceptual limits of institutional definitions of territorial governance, as well as on possible suggestions to overcome them: above all, the operational concept of "open method of co-ordination" (OMC) (§ 2.1.1.2). An adaptation of OMC to planning policies would seem coherent with the agreed Lisbon and Gothenburg agendas for the future of Europe (§ 2.1.1.3). In conclusion, the existing examples of "target-based agreements" appear to be a reference suitable to the hypothesis of pursuing territorial cohesion through a shared framework of principles of multi-level governance (vertical subsidiarity) and of urban governance (horizontal subsidiarity) (§ 2.1.1.4).

2.1.1. Our common Constitution

The *Treaty establishing a Constitution for Europe*, now up for ratification (CRGMS, 2004), nominates "governance" twice. In Part I, under Title VI – *The democratic life of the Union*, Art. I-50 – *Transparency of the proceedings of Union institutions, bodies, offices and agencies* states, by the others, that «[i]n order to promote good governance and ensure the participation of civil society, the Union institutions, bodies, offices and agencies shall conduct their work as openly as possible». In Part III – *The policies and functioning of the Union*, under Title V – *The Union's external action*, Art. III-292 establishes that «[t]he Union shall define and pursue common policies and actions, and shall work for a high degree of cooperation in all fields of international relations, in order to: […] (h) promote an international system based on stronger multilateral cooperation and good global governance».

In both cases, the Constitutional Treaty refers to horizontal governance: *internally*, promoting the participation of civil society; and *externally*, pursuing cooperation in international relationships. No explicit connection is recognised between the concepts of governance and of territory; neither, more in particular, between governance and "territorial cohesion", which is the formal expression of EU territorial policy in the Constitution. However, reporting about the Constitutional Treaty, the recent Commission's Report on European governance (CEC, 2004a) also highlights Art I-3 – *The Union's objectives* establishing that EU «shall promote economic, social and

territorial cohesion, and solidarity among Member States». Of course, this aspect implies problems of vertical coordination as well.

Economic, social and territorial cohesion figures then in Art. I-14 – *Areas of shared competence* between the Union and the Member States, alongside with the internal market, social policy, agriculture and fisheries (excluding the conservation of marine biological resources, being a EU exclusive competence), environment, consumer protection, transport, trans-European networks, energy, area of freedom, security and justice, common safety concerns in public health matters. Here the so-called Community method applies: The Commission has the sole initiative in lawmaking and policy development proposals. The Council of Ministers and the European Parliament approve these proposals, whereas policy implementation is mainly through the Member States and the Commission with the European Court of Justice monitor implementation. The section entitled *Economic, social and territorial cohesion* in Part III of the Constitution (Arts. III-220 / 224) defines such Union's objective. In particular, Art. III-220 is the successor to Art. 158 in the existing treaty which has formed the basis for European regional policy since Maastricht: «In order to promote its overall harmonious development, the Union shall develop and pursue its action leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions».

Looking at the elementary premise that any territorial policy is implemented through local actions, a relevant observation is that, whether they appreciate it or not, all public authorities – from EU to local level – are equally concerned by territorial cohesion and already participate in this policy. In the absence of any constitutional reference to vertical governance, principles of subsidiarity and proportionality regulate relations between authorities of different level in the field of territorial policy. In particular, as established in Art. I-11 – *Fundamental principles*: «Under the principle of subsidiarity, in areas which do not fall within its exclusive competence, the Union shall act only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States, either at central level or at regional and local level, but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level. […] Under the principle of proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Constitution». The problem of applying subsidiarity and proportionality in spatial planning activities in the EU present several conceptual and practical difficulties, which have been already addressed to in European countries (DETR, 1999).

2.1.2. The background of the White Paper on governance

Before the European Convention began to work on the Constitutional Treaty, the Commission *White Paper on European Governance* (CEC, 2001a) had dealt with territorial policies especially in a section dedicated to "Overall policy coherence", where the ESDP was mentioned too: «The territorial impact of EU policies in areas such as transport, energy or environment should be addressed. These policies should form part of a coherent whole as stated in the EU's second cohesion report; there is a need to avoid a logic which is too sector-specific. In the same way, decisions taken at regional and local levels should be coherent with a broader set of principles that would underpin more sustainable and balanced territorial development within the Union» (*ibid.*, p. 13).

The importance of trans-sector approach and of sustainable development notwithstanding, one may consider the above statement misleading as for territorial governance for at least two reasons: first, the idea that *horizontal governance* relates only to a problem of coordinating sector policies (and not, even primarily, the relations between public and private actors, a topic emerging under the label of "urban governance"); second, the idea of *vertical governance* being a matter of conforming local and regional decisions to overall principles (an obsolete top-down approach to territorial policy, also in contradiction with subsidiarity). Curiously enough, the latter observation recalls an objection that the White Paper itself addresses to national governments, being «often perceived as not adequately involving regional and local actors in preparing their positions on EU policies. Each Member State should foresee adequate mechanisms for wide consultation when discussing EU decisions and implementing EU policies with a territorial dimension. The process of EU policy-making, in particular its timing, should allow Member States to listen to and learn from regional and local experiences» (*ibid.*, p. 12).

Be that as it may, the impression is that territorial policies are not adequately concerned by the five principles of good governance that, in general, the White Paper recognises in order to reinforce subsidiarity and proportionality: *openness*, *participation*, *accountability*, *effectiveness* and *coherence*. In particular, the need of harmonising the constitutional objective of territorial cohesion with the principles of subsidiarity and proportionality should have driven the attention to the "open method of co-ordination" (OMC), one of the novel governance modes touted by the White Paper. Indeed, this should permit to supplement with less top-down approaches and non-legislative instruments the so-called Community method by which the Commission makes proposals for the Council of Ministers and the European Parliament to approve before they become European law.

The White Paper set out the circumstances for using the open method of coordination: this «must not dilute the achievement of common objectives in the Treaty or the political responsibility of the institutions. It should not be used when legislative action under the Community method is possible; it should ensure overall accountability in line with the following requirements:

- It should be used to achieve defined Treaty objectives.
- Regular mechanisms for reporting to the European Parliament should be established.
- The Commission should be closely involved and play a coordinating role;
- The data and information generated should be widely available. It should provide the basis for determining whether legislative or programme-based action is needed in order to overcome particular problems highlighted» (*ibid.*, p. 22).

2.1.3. Implementing the Lisbon and Gothenburg agendas

Before appearing in the White Paper on European Governance, OMC had received official blessing at the Lisbon Summit of March 2000. There the so-called Lisbon Strategy was agreed: a commitment to bring about economic, social and environmental renewal in the EU, by a ten-year strategy to make the EU the world's most dynamic and competitive economy (Presidency Conclusions, 2000). Under such strategy, a stronger

economy should drive job creation alongside social and environmental policies that ensure sustainable development and social inclusion. These procedures reflect those applied previously in monetary policy where the Stability and Growth Pact has led to Broad Economic Policy Guidelines being issued by the Commission. As against the Stability and Growth Pact, these guidelines do not pose rigid requirements, but softer recommendations for which sanctions take the form of peer pressure, of financial markets, or of public opinion.

The Lisbon Strategy was confirmed and further reinforced at the following European Councils, especially the one held in Gothenburg in June 2001 (Presidency Conclusions, 2001). There the Lisbon agenda was completed by a special attention to sustainable development, an aim which the European Constitution now embraces in strict connection with territorial cohesion (Art. I-3). Thus, the Lisbon and Gothenburg agendas are also one main reference of the Commission budgetary plan for the 2007-2013 programming period (CEC, 2004b).

Now, it is clear enough that a competitive and sustainable economy passes through territory and, insofar, by an efficient and coordinated system of planning policies in Europe. OMC seems ideally suited for putting territorial cohesion policy as a shared competence of the Union and the Member States into practice. After all, one may admit that the development of the ESDP and of territorial cooperation through the Interreg initiative, and even of the urban policy of the Community through initiatives like Urban, the Urban Exchange and the Urban Audit, already operate along OMC lines (see, for these subjects, the following sections).

Indeed, OMC is tolerant of diversity and initiates learning by means of exchanges of best practices, the use of benchmarking, target-setting, periodic reporting and multilateral surveys. A key feature is its decentralised character. However, in some respects, for the purpose of territorial cohesion policy, the process needs to be modified, also as regards existing examples of the application of OMC. Economic policy, employment policy and social security are primarily matters of national concern. Territorial cohesion is different: regional and local governments, as well as other urban stakeholders, need to be involved which is also why Community regional policy insists on their participation.

New conceptualisations are needed taking account of a reality in which Community institutions, Member States and sub-national governments and other urban stakeholders operate side by side. OMC is one of the labels given to processes of mutual learning, but the emphasis is on the interaction between Community institutions and Member States. As far as territorial and urban policies are concerned, at least two directions of deeper reflection are needed:

a) vertical interaction across levels, including regional and local actors, may be addressed through the concept of *multi-level governance*;
b) horizontal interaction between sector policies and between public and private actors may be addressed through the concept of *urban governance*.

2.1.4. Operational examples: target-based contracts and agreements

Among the working groups preparing the White Paper on European Governance, Group 4c produced a report about *Multi-level governance: linking and networking the various*

regional and local levels (CEC, 2001b). One of its interesting findings concerned what the existing examples suggest for the success of attempts to ensure spatial consistency in territorial development policies:

- the existence of a basic agreement established at the political level on the major objectives;
- the institutional system of territorial policy within the political/administrative system and the quality of procedures set up to settle conflicts or establish a consensus;
- the availability of political and financial resources to organise communication and put in place processes to seek consensus and compromise (*ibid.*, p. 32).

The need of formal settlements to make territorial governance accountable and effective has led the Commission to propose target-based tripartite contracts and agreements between the Community, the States and the regional or local authorities as a flexible means of taking specific contexts into consideration when drawing up and implementing Community policies (CEC, 2002b). The basis idea is to give infra-national authorities the competence to implement specific actions to achieve objectives defined in Community legislation. In practice, the contracts refer to binding legal acts and the agreements to non-binding legal acts. In both cases, as the White Paper also anticipated, the aim is to ensure that legislation and programmes with a high territorial impact can be implemented more flexibly.

The first ever Target-based Tripartite Agreement, aiming at «improving through a better governance the implementation of EU policies adopted in the environment, transport and energy sectors» was signed in Milan on 15 October 2004 by the European Commission, Italy's government and the Region of Lombardy (European Commission, Italian Government, Lombardy Region, 2004). Last Commission report on governance mentions three further tripartite agreements in the environmental field presented by three European cities and currently being in an exploratory phase: one project in Birmingham (United Kingdom) concerning urban mobility, one in Lille (France) relating to the management of new urban zones and one in Pescara (Italy) on urban mobility and air quality (CEC, 2004a, p. 12).

At a minimum the terms are present to discuss whether the procedure of target-based contracts and agreements may constitute the formal way to adapt the open method of co-ordination to planning policies in the common scope of territorial cohesion. Of course, this would implicate multi-level governance and urban governance becoming the subjects of vertical and horizontal relationships to agree on.

2.2. GOVERNANCE IN EU TERRITORIAL POLICY DOCUMENTS

As far as territorial policy documents are particularly concerned, the three Reports on Economic and Social Cohesion, along which a territorial dimension of cohesion has progressively emerged, show a parallel evolution of the concept of governance (§ 2.1.2.1). This section focuses then on what the European Spatial Development Perspective (ESDP), representing so far the most important expression of European spatial planning, says about governance (§ 2.1.2.2).

2.2.1. The three Reports on Cohesion

In the first *Report on Economic and Social Cohesion* (CEC, 1996) "governance" is never mentioned. The closer content concerns the added value of EU policies relating to innovation and specific qualities of the delivery system of Structural Funds: «It has helped Member States to target resources on the worst-affected areas and problems. Solutions are organised to regional and social problems through medium-term programmes which are focused on investment and innovation. [...] The devolution of responsibilities is encouraged, in particular through partnerships formed with those who benefit most from the programmes. Additional financial resources are levered from public and private sources. A Europe-wide framework of opportunity has been created through co-operation across borders» (*ibid.*, p. 10).

Problems of governance relate, above all, to how making structural policies more effective. It means to recognise the importance of defining «how to strengthen subsidiarity, to broaden participation at regional and local level and to involve with the social partners [and] how to maintain sufficient flexibility to respond to new opportunities and challenges» (*ibid.*, p. 11).

The *Second Report on Economic and Social Cohesion* (CEC, 2001c) was published in the same period of the White Paper on European Governance. The Report gives attention to it in the conclusions: «It is important to consider the response to the greater need for coherence, complementarity and efficiency of Community policies and the instruments necessary to make this happen. This consideration forms part of the work initiated by the *White Paper on Governance*» (*ibid.*, p. 17). Apart from this, the only direct reference to "governance" concerns partnership and decentralisation: they «are the basic principles underlying a new approach to structural policy, which is more in line with the need for a new form of governance, in place of traditional management, to conceive and implement the programmes in question» (*ibid.*, p. 153).

The OMC concept addressed by the White Paper (§ 2.1.1.2) is presented exclusively as a method for the European Employment Strategy, that «is based on a number of key principles, which distinguishes the 'Luxembourg' open method of coordination from previous attempts to develop a credible European approach to employment policy» (*ibid.*, p. 89). Obviously, principles are the key ones: subsidiarity, convergence, management by objectives, country monitoring, integrated approach.

However, some considerations in the Second Report let perceive the will for a change of attitude. The section dedicated to the "Cohesion policy in an enlarged Union after 2006" recalls that «important modifications to the different aspects of the management of cohesion policy were made during the adoption of Agenda 2000. These were aimed at increasing decentralisation, promoting partnerships and integrating evaluation more effectively into the decision-making process. More rigorous financial management and control, based on a clearer and more meaningful division of responsibilities between the Member States and the Commission, was also introduced. […] The new system is only now beginning to be applied. The next Cohesion Report will contain a first assessment of results of the changes» (*ibid.*, pp. 12-13).

In the *Third Report on Economic and Social Cohesion* (CEC, 2004c), the term "governance" is connected to economic growth and regional development: «There is a

growing consensus about the importance for regional competitiveness of good governance – in the sense of efficient institutions, productive relationships between the various actors involved in the development process and positive attitudes towards business and enterprise. Nevertheless, regions still differ markedly in these respects and in their ability to develop their own competitive advantage given the expertise they possess» (*ibid.*, p. 7).

The Third Report highlights also the relation between innovation, performance, public policy and the institutional role: «it is widely accepted that good governance and an effective institutional structure are an important source of regional competitiveness through facilitating cooperation between the various parties involved in both the public and private sectors [...;] they can improve collective processes of learning and the creation, transfer and diffusion of knowledge and transfer […;] they can cement networks and public-private partnerships and so stimulate successful regional clusters as well as regional innovation strategies and policies» (*ibid.*, p. 58).

It also affirms the importance of an integrated and strategic approach: «good governance requires a shift from a traditional top-down approach towards a more open form involving all the relevant parties in a particular region. Such partnerships should extend to all the policy areas relevant for economic, scientific and social development (an integrated approach) and should ideally establish a long-term policy horizon (a strategic approach)» (*ibid.*, p. 59).

A further topic is flexibility of policies implementation, leading to the need for reflecting on the delivery system for structural funds: «While regional authorities recognise that checks and controls are designed to improve management and governance, the extent of the requirements is often seen as a burden for which the gain does not warrant the administrative costs involved. There is a perception of a lack of flexibility in the current programming period…» (*ibid.*, p. 165). It is highlighted in the report that the Committee of the Regions stressed this topic, adopting either a declaration asking to European institutions to strengthen the EU regional policy (Leipzig, May 2003), and a joint outlook report about governance and simplification of the Structural Funds after 2006 (July 2003).

This brief excursus along the three reports on cohesion shows an increasing interest for governance issues, which become to their turn more complex. However, governance and even good governance practices never clearly refers to "territorial governance". Summing up the above conceptual trend, local scale emerges as the most appropriate to develop new forms of governance, while territorial dimension becoming the intermediate level between local/regional actors and global processes.

In conclusion, the three cohesion reports may suggest that the progressive emergence of a territorial dimension of cohesion has led to define, albeit implicitly, some key-factors of territorial governance:

- the role of stakeholders as local key actor;
- the need of spatial visions as shared frameworks;
- the role of EU, national, regional and local levels of government as equally fundamental institutional structures for a balanced development;
- the importance of relationships between government levels.

2.2.2. The ESDP and territorial governance

The *European Spatial Development Perspective* (ESDP) (CEC, 1999) is the most important, although "informal", EU document on territorial policy. The ESDP does not speak about governance, but it refers to several territorial governance concepts.

First of all, it states the existence of a strong link between development strategies and territory: «Development projects in different Member States complement each other best, if they are directed towards common objectives for spatial development. Therefore, national spatial development policies of the Member States and sectoral policies of the EU require clear spatially transcendent development guidelines» (*ibid.*, p. 7).

When it defines the three factors that influence long-term spatial development trends (a. progressive economic integration and related increased co-operation between the Member States; b. growing importance of local and regional communities and their role in spatial development; c. anticipated enlargement of the EU and the development of closer relations with its neighbours), it confirms that for this reason national policies have to be opened to a EU coordination based on co-operation and integration through an active role of local and regional levels. «These three development factors […i]f used properly […] will provide the framework for the increased cohesion of the European territory» (*ibid.*).

In a perspective of vertical governance, with local level becoming crucial, the role of cities is emphasised: «Cities and regions are becoming more dependent, both on global trends and decisions at the Community level. European integration could benefit spatial development by encouraging the participation of cities and regions» (*ibid.*).

Moreover, the ESDP indicates territory as a framework for sector policies. Subsidiarity and horizontal governance contribute to improve spatial and economic development strategies: «The ESDP provides the possibility of widening the horizon beyond purely sectoral policy measures, to focus on the overall situation of the European territory and also take into account the development opportunities which arise for individual regions. New forms of co-operation proposed in the ESDP should, in future, contribute towards a co-operative setting up of sectoral policies – which up to now have been implemented independently – when they affect the same territory. The Community also requires the active co-operation of cities and regions in particular to be able to realise the objectives of the EU in a citizen-friendly way. This is how the subsidiarity principle, rooted in the Treaty on EU, is realised» (*ibid.*). These sentences suggest that, if territorial cohesion represents the shared objective, then territorial governance is the tool for reaching development.

The ESDP has often been said to represent a missed opportunity to launch a debate between the different levels on the ways in which public players can find innovative ways of working together. This was repeated also recently in the expert document of the sub-committee on spatial and urban development (SUD) within the Committee on the conversion of the regions *ESDP: managing the territorial dimension of EU policies after enlargement* (SUD, 2003) The chapter entitled "Integrating a territorial dimension into policies: governance" speaks about territorial governance primarily as a matter of vertical and horizontal co-ordination: «A European territorial development strategy

would present: a shared vision; a consistent framework for the development of the European regions; and common objectives and indicators. It could then be used and developed in national and regional strategies, coordinated at European level within the framework of the "open method of coordination". Regions and cities should be involved in this process. Territorial governance is not a case of strictly defined competence, but of subsidiarity and proportionality. This involves effective horizontal and vertical coordination, involving all stakeholders and aiming at a more effective and efficient allocation of resources» (*ibid.*, p. 20).

2.3. GOVERNANCE IN EU URBAN POLICY DOCUMENTS

After a general introduction about urban policy in the EU (§ 2.1.3.1), the concept of "urban governance" is handled in this section across the two main EU documents in this filed: *Towards an Urban Agenda in the European Union* (§ 2.1.3.2), and *Sustainable Urban Development in the European Union: a Framework for Action* (§ 2.1.3.3).

2.3.1. Urban policy in the EU

Of course, urban policy is not a EU formal competence. Nevertheless, urban issues have become more and more common concern for European institutions. These have gained importance in the EU policy agenda as part of a wider international trend. The diversity of experience and condition notwithstanding, European cities experience common trends and face similar challenges (from globalisation to economic restructuring, from social exclusion to environmental problems, etc.).

One of the main themes of EU urban policy discussed in the past decade is certainly "urban governance". In policy documents this topic is related to several dimensions, like *integrated approach, vertical and horizontal integration, participation of citizens, public and private partnership, transparency and flexibility, local action*. Good urban governance is generally considered to be preliminary to sustainable development in responding to global trends, institutional challenges and increasing local capacity to manage change.

A key-topic of urban governance is subsidiarity. In fact «the development of integrated approaches to urban management, acknowledged as essential for tackling complex and interrelated problems and maximising urban potential, is undermined by traditional sectoral approaches and by the fragmentation of powers and responsibilities amongst various levels of government» (CEC, 1998, p. 4). Subsidiarity is recognised a fundamental principle as to ensure that EU policies and actions contribute to more integrated responses to urban problems and that good urban governance is not impeded by counteracting rules and practices.

2.3.2. The Urban Agenda

The Commission Communication *Towards an Urban Agenda in the European Union* (CEC, 1997) never mentions "governance" nor "urban governance". Nevertheless, it represents the first official stage of discussion on such topics.

In fact, in the Urban Agenda the only answer to urban fragmentation of powers an bodies involved in urban management (*ibid.*, p. 7) appears to be vertical integration: «it

will be essential to engage all levels – which start from the district level to the conurbation level up to the European urban system – within a framework of interlinking relationships and shared responsibility and achieve better policy integration» (*ibid.*, p. 15).

But the Urban Agenda says more, when it highlights fragmentation being also an obstacle to participation of citizens and to "a responsible citizenship". Of course, matters related to the participatory process are not seen as easy tasks. In the follow up of the Communication, the «participation of European citizens in the future development of their towns and cities may need new mechanisms which can offer better access and feedback to decision making. This will take time and considerable effort from all those involved» (*ibid.*, p. 18).

2.3.3. The Framework for Action

The Communication *Sustainable Urban Development in the European Union: a Framework for Action* (CEC, 1998), later discussed in the Vienna seminar in November 1998 by many participants from the Member States, European institutions, non governmental organisations, is addressed to support targeted and coordinated actions in the European Community as for urban problems.

An innovation consists in the assumption of "good urban governance and local empowerment" being one of the four interdependent proposed policy aims together with:

a) strengthening economic prosperity and employment in towns and cities;
b) promoting equality, social inclusion and regeneration of urban areas;
c) protecting and improving the urban environment: towards local and global sustainability (*ibid.*, p. 6).

Urban governance emerges first of all from the necessity of improve:

- better vertical integration of activities of different levels of government
- a better horizontal integration within and between various organisations at the local level and involvement of stakeholders and citizens in urban policies (*ibid.*, p. 21).

It means flexible decision-making processes and new forms of coordination among all partners involved in urban matters, both public and private actors (including enterprises), to increase synergy and cooperation. Partnership is a key concept to face complex urban problems and to increase policy legitimacy and effectiveness: «Problem-solving is a shared responsibility requiring action on the part of all stakeholders» (*ibid.*, p. 5).

The Framework for Action identifies some EU policy goals to contribute to good urban governance and local empowerment:

- Increase information for local authorities and other urban actors, including citizens, on EU policies and build dialogue with them in the formulation of EU policies.
- Involve towns and cities more fully in the implementation of EU policies.

- Promote policy integration and synergy between and within all levels of government within functional urban areas.
- Support local capacity-building so as to increase the quality and effectiveness of urban governance, including exchange of good practice between cities, transnational co-operation and networks.
- Promote innovative approaches to the extension of local democracy, participation and empowerment and to partnership-building involving the private sector, communities and residents.
- Improve collection and use of comparative information on urban conditions across Europe, the diagnosis of urban problems and the identification of effective policy solutions, enabling actors at all government levels to tailor their policies to local needs and to monitor and assess the performance of their policies in terms of quantitative and qualitative outcomes on the ground (*ibid.*, p. 21).

For each goal, the Framework for Action sets out innovative models for action, based in particular on partnerships involving the public, private and voluntary sectors. It also encourages the networking of projects and tools and the dissemination of "good practices". The idea is not to apply predetermined solutions but to start from local conditions, taking account of the institutional context in each Member State.

The "last but not least" fundamental feature of urban governance is the need to develop the know-how of cities and to promote international learning on urban affairs. In fact, «research and exchange of experience can make an important contribution to improving urban governance by promoting strategy building, policy integration, partnership, and linkage within the wider functional urban areas and with regional strategies. In addition, the Commission envisages action to further strengthen public awareness, innovation and grass-roots participation as well as to improve comparative information on urban areas, including those in accession countries» (*ibid.*, p. 5).

2.4. GOVERNANCE IN TERRITORIAL AND URBAN ACTION PROGRAMMES

Community initiatives are the action programmes which the EU has directly addressed territorial and urban policies through. After a general introduction (§ 2.1.4.1), a survey on the governance concept regards especially Interreg (§ 2.1.4.2), Urban (§ 2.1.4.3), Leader (§ 2.1.4.4) and Equal (§ 2.1.4.5).

2.4.1. Community Initiatives

Community Initiatives (this section considers the ones of period 2000-2006) share, in different ways, the same consciousness about the change from a "government perspective" to a "governance perspective". This means the attempt to define new forms of policy-making, more coherently related to institutional changes occurred in the last decade in Europe: the rise of urban and territorial policies, based on integration among the economic, social, cultural, environmental spheres; the need to involve many actors and stakeholders; the new role of the State as director of different forms of governance, the rise of policies focused on negotiation and on consensus building, etc.

Of course, the principles contained in the official guidelines are related to practices: they are not strategic policy documents, but rather aim to advice on "how" managing a policy, according to the emergent governance perspective.

As Interreg III, Urban II, Leader Plus, Equal, Interact and Urbact are urban, regional and territorial policies, they refer to forms of governance which are usually and explicitly related to the local context, to the territorial "milieu" and to its networks of actors. The Commission recognises the importance of mainstreaming the urban dimension into Community policies and of introducing an explicit urban component into regional development programmes, but also fostered an integrated, territorial and participative approach.

In spite of what above said, however, the terms "urban governance" and "territorial governance" are not frequently used in the official documents of Community Initiatives.

2.4.2. Interreg and Interact

In the Interreg III initiative, *territorial governance* is meant especially as forms of coordination either among the relevant institutions at different territorial levels and a wide range of actors coming both from public and private sectors, as well as civil society. In the Communication from the Commission to the Member States (CEC, 2000a; 2004d), the word "governance" is not used, but in a "governance perspective" there are other interesting key-words: the prevalent aim of the initiative is the economic and social cohesion of the partner regions; to reach this objective, the initiative requires joint cross-border/transnational strategy and development programme. However, the most interesting advice we can found in the Interreg III guidelines, as well as in the Interact Programme (CEC, 2002c), is represented by the multiplicity of the meaning of coordination: words like partnership and bottom-up approach are frequently used, in correlation to the aim of «including not only institutional partners from national, regional and local authorities, but also economic and social partners and other relevant competent bodies» (CEC, 2004d). More generally, it stresses the relevance of cooperation «among cities and between urban and rural areas, with a view to promoting polycentric and sustainable development» (*ibid.*). To define a more systematic framework, the Interreg III initiative defines cooperation at a number of different levels:

A. Cross-border cooperation, «to develop cross-border economic and social centres through joint strategies for sustainable territorial development»;
B. Transnational cooperation, «to improve a higher degree of territorial integration across large grouping of European regions»;
C. Interregional cooperation, « to improve the effectiveness of policies and instruments for regional development and cohesion through networking» (*ibid.*).

2.4.3. Urban and Urbact

Referring to Urban II initiative and to its guidelines (CEC, 2000b), the term "governance" is not often used and usually with a very general meaning: for example, among other objectives, Urban II includes the need to «exchange experience and good urban practice in relation to economic, social, environmental and governance issues» (*ibid.*, p.3). In the annex 1, one of the indicative list of eligible measures is «improvements in governance», which assumes the meaning of improvements in local

governance capacity, in personnel training, in personnel knowledge of urban managements structures.

But in spite of the rare use of the word "governance", this Initiative aims to give some suggestions about new forms of governance. In fact it declares that its objectives are not only related to «sustainable economic and social regeneration strategies», but also to the «development of an integrated territorial approach» and to the building of «strong local partnerships to define challenges, strategy, priorities, resource allocation and to implement, monitor and evaluate the strategy». What is more, it is stated that «partnerships should be wide and effective and should be comprised of economic and social partners, NGOs and residents' groupings including those active in the field of the environment and other appropriate bodies». This is interesting in a perspective of governance, because it implies not only a inter-institutional kind of partnership, but also the involvement of the civil society. The EC uses the expression participatory governance, but it says also that «the strategies are required to demonstrate a commitment to organisational change, […] empowerment and capacity-building» (*ibid.*, p. 6).

The focus on urban regeneration and on the elimination of social exclusion allows to interpret the meaning of *urban governance* as active citizenship, local governance, citizen participation, bottom-up approach and empowerment.

In the Urbact Programme 2002-2006 (CEC, 2002a) the use of the word "governance" with general meaning prevails:

- «Weakness: the urban budget is small relative to the issues facing large cities. This limits its effects in terms of new forms of governance» (*ibid.*, p. 8);
- «Opportunities: helping concretise the European wish for social cohesion into action on the most pressing urban issues: social, economic, environmental, information society, systems of urban governance» (*ibid.*, p. 9);
- «Work themes could include working methods, for example: public-private partnership, citizen participation, governance of projects» (*ibid.*).

The need of governance is related to the subject of transferability of good practices and to the issue of networks, which represents the main aims of this programme. In this case the key-words in a perspective of governance are trans-national networks for exchanges of experience, dissemination of knowledge, creation of thematic networks, partnership, coordination.

2.4.4. Leader Plus

The Community Initiative using the issue of *territorial governance* with the widest meaning is probably Leader Plus (CEC, 2000c). As the other initiatives, it refers to key words like inter-territorial cooperation, trans-national cooperation, exchanges of experience and know-how, the exchange and transfer of experience through the creation of networks, the ability to include small-scale projects and support small-scale promoters, and to the need for a more integrated and territorial approach of policies. Coordination, participation, bottom-up approach, partnerships are not taken as objectives of Leader Plus initiative, but just as *instruments to build new forms of territorial governance*. This governance should be contextualised, territorialized and

based on «innovative, integrated and participative local schemes» (*ibid.*, p.1), implemented at local level. It emerges more clearly the idea of a *collective actor* which is able to mobilise and to act, in order to develop local territorial development, to define original forms of organisation of the local population and «to take control of the future of their area» (*ibid.*, p.2).

2.4.5. Equal

Finally, Equal (CEC, 2000d, 2003b), the Community Initiative founded by the European Social Fund (ESF) with the aim of creating experiences and strategies «to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation» (CEC, 2003b, p. 2) faces explicitly in its guidelines the issue of governance. Equal initiative aims to develop an «integrated approach to the multi dimensional problems of discrimination» (*ibid.*); therefore, it stresses the importance of *good governance* both to increase effectiveness of policies and to improve the mainstreaming of the outputs of Equal into policy at national and European level. At the local level, one of the pillar of the initiative and one of the causes of its success is partnership: «Equal partnerships bring together very disparate groups, many of whom have not previously collaborated, combining skills and resources among a multiplicity of actors within society» (*ibid.*, p. 3), and it should be able to foster «active participation by people exposed to discrimination or disadvantaged due to inequalities» (*ibid.*). It includes some interesting advices, like the importance of time to develop relationships based on trust, or the importance of learning by experience and of developing innovative strategies. However, the urban and territorial aspects of governance are less central.

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For further information on EU policy documents and the debate on governance launched by the Commission in its White Paper on July 2001, see the EU official web site: http://europa.eu.int/comm/governance/index_en.htm.

3) DATA AND INDICATORS

3.1. INTRODUCTION

One of the main aspects of the ESPON 2.3.2 project is the assessment of the existing forms of governance (including government) in the field of 'territorial and urban policies' (including planning) against different sets of outcomes.

Up until now the European Compendium of Spatial Planning Systems & Procedures is the only consistent and systematic approach to describe and compare the core policy field of interest here, the realm of planning. The compendium has done so with an extensive set of case studies and national reports, developed by territorial experts in the field. This case study approach implied a more qualitative approach towards the question, following different templates of interest. Up until now, no quantitative research similar in scope and scale has been attempted neither to describe the existing government and governance systems, nor to assess the effectiveness or impacts of governance.

Within the ESPON research projects especially the ones addressing the various territorial policies (e.g. transport, structural policies, agriculture policy) some quantitative data have been collected to assess the impact of policies. These however, did not put governance into their main focus. Only in the case of one study, according to our knowledge, something similar has been attempted: The AsPIRE project tried to assess the impact of 'aspatial' characteristics of peripherality in terms of their contribution to economic performance (see Lückenkötter et al. 2003). Some indicators analysed in this context related to business networks, the civil society, and governance. However, this very same project comes to the following important result, when considering governance: "In fact, finding any quantitative, regionalized data at all those describe or measure institutional structures and processes turns out to be a great challenge." (D18, p. 29) Besides this general problem a specific problem exists in terms of regional differentiation, as many data gained from surveys or other data collection exercises (e.g. World Bank, OECD) describe NUTS 0 level, at best. EU wide comparative data are hardly available, especially when looking towards 29 states.

One last point needs to be emphasised, addressing the current state of work. When intending to generate quantitative data and indicators for all 29 states relevant to this project, the most important work is the conceptual clarification at the beginning. The suggested methods (multivariate analyses) need a particularly carefully drafted set of hypotheses. These help identifying potential paths towards data collection and indicator building. At the moment this work has been done by two teams separately, the integration still needs to be done. These comments have to be kept in mind, when going into the details of the present chapter.

For the purpose to generate data and indicators, two main approaches will be selected by the ESPON 2.3.2 project: One following a more quantitative, the other following a qualitative approach. In between the two the project might be capable of identifying and assessing outcomes, e.g. highlighting 'good governance'. Overall, it is still too early to provide a thorough strategy for a precise assessment of the impacts of different forms of governance. For the following months a further discussion about cause and effects,

about conceptual issues has to be conducted. This will help further refine the first ideas outlined here.

This chapter represents two Deliverables of ESPON 2.3.2

- the collection of existing data sets related to governance conforms to D3, and
- the list of core indicators for a qualitative and/or a quantitative impact assessment conforms to D4.

The current comments on data and indicators have also to be seen in combination with other Work Packages, following later in the course of the project

- WP3 methodology of impact assessment analysis,
- WP4 case studies,
- WP5 analysis of governance trends.

In the remainder of this chapter, the following aspects will be dealt with:

- existing approaches towards governance and government will be looked at,
- the set of existing quantitative data and indicators will be looked at, especially the ones already collected in other ESPON projects,
- first ideas regarding questions of method will be outlined, in particular with a look towards the assessment of governance in territorial and urban policies, and lastly
- by comparing all previous sections- a starting set of indicators and data will be outlined, some of which need to be collected for the ESPON 2.3.2 project.

3.2. RISE OF GOVERNANCE

Governance is nothing new, it is as old as civilization itself. The term governance originates from the Latin word *gubernatia*, which carries with it the ideas of leading, steering and directing (Le Galès, 1998). It can be defined as 'collaborative interaction between stakeholders' (Jessop, 1997, p.95) or 'a process of coordination of actors, social groups and institutions in order to attain appropriate goals that have been discussed and collectively defined in fragmented, uncertain environments' (Le Galès, 1998, p.495). Whereas studies of governance were already commonplace in the corporate world since the beginning of the 1980s, the concept of governance became only *in schwung* in the European field of public management at the beginning of the 1990s.

The rise of governance can be attributed to the awareness that formal authority (and ownership) in modern capitalist democracies has increasingly been dispersed since World War II. Formal authority has been dispersed from central states both up to supranational institutions such as the European Union and down to sub-national governments. Governance must operate on different scales because of the territorial reach of policy externalities, which vary from the global (e.g. global warming) to the local such as land use conflicts or urban sprawl. Additionally, there has been an ideological shift from the organization of the provision of public goods by the state to more market-driven and society-driven approaches of welfare delivery. As a result, states alone can not solve common problems and the success of public policy therefore dependents on the availability and mobilization of resources and actors beyond those that are formally part of government (Painter, 1997:128). So, formal authority of

national states has moved upwards, downwards and side-wards (Hooghe & Marks, 2001). The key domains involved cover broadly economy and civil society, in addition to the state. The theme of governance addresses principally the interaction between the three domains, as depicted by the triangle in Figure 2.

- *Policy Network Approach to Multi-Level Governance*

According to Rhodes (1997, p.53), the explanatory power of governance is increasing because of four key features:

- Interdependence between organizations. Governance is broader than government, covering non-state actors. Changing the boundaries of the state meant the boundaries between public, private, and voluntary sectors became more shifting and opaque.
- Continuing interactions between network members, caused by the need to exchange resources and negotiate shared purposes.
- Game-like interactions, rooted in trust and regulated by rules of the games negotiated and agreed by network participants
- A significant degree of autonomy from the state. Networks are not accountable to the state; they are self-organizing. Although the state does not occupy a sovereign position, it can indirectly and imperfectly steer networks

Central in his notion of governance is the concept of networks. A *policy network* can be defined as a "a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that co-operation is the best way to achieve common goals" (Börzel, 1997, p2). According to Peterson (2003), there are three features of EU-governance that justify policy-network analysis. First of all, the EU can be considered as an extraordinarily differentiated polity in which decision rules and dominant actors vary greatly between different policy sectors. EU policy networks therefore tend to be discrete, distinct and largely disconnected from one another. Secondly, EU policy-making is highly technical with experts that bond together, seeking to depoliticise the policy process. Thirdly EU policy-making takes place in a labyrinth of committees that shape policy options before they are defined by the true political decision-makers such as the Commission, Council of Ministers or the Parliament. One can add to this that the EU is relatively weak in resources and relies heavily on private sector assets and expertise.

3.2.1. Identifying Good Governance

The concept of 'good governance' originates from large international organizations such as the World Bank, Organisation for Economic Cooperation and Development and the United Nations. It is a rather *normative concept* as it stresses the political, administrative and economic values of legitimacy and efficiency (Van Kersbergen & Van Waarden, 2001). More particularly good governance is aimed at reducing wasteful public spending, investing in primary health, education and social protection, promoting the private sector by regulatory reform, reinforcing private banking, reforming the tax system, and greater transparency and accountability in government and corporate affairs.

Within academic literature a separation has been made between good governance in the private sector, (corporate governance) and good governance in the public sector (new public management). Corporate governance is aimed at the improvement of accountability and transparency of the actions of management, but without fundamentally altering the basic structure of firms in which indifferent shareholders are the principle beneficiaries of the company (Hirst, 2000). In other words, corporate governance refers to the system by which business corporations are directed and controlled. The paradigm of New Public Management (NPM) transfers the ideas of corporate governance into the public sector. Inspired by the theoretical notions of the public choice approach and transaction costs economics, the NPM takes the market as the model for how a public administration should be organized and public policies implemented. Institutional reforms such as deregulation, outsourcing, tendering out and privatization facilitate then good governance in the public sector. Major critique on NPM is that it prioritizes performance over accountability to citizens. NPM therefore tends to ignore other rationalities besides economic rationality such as political and juridical rationality that determine policy decisions and outcomes (Arts & Goverde, forthcoming).

For this reason we want to make use of the concept of governance capacity and congruence, as it takes into account more aspects of good governance. It besides makes it possible to overcome methodological problems when researching governance empirically.

- *Governance Capacity:*

Governance capacity refers to the degree to which new forms of governance successfully prevent or solve societal and/or administrative problems. The level of success is of course dependent on certain criteria, which on their turn are pluri-form and debatable. An objective judgement about the success of governance then always explicitly needs to clarify from which perspective and on which criteria governance is measured. In order to do so Van Gestel, Goverde & Nelissen (2000, p22) distinguish indicative from effective governance capacity. The former takes a systemic perspectieve in the sense that governance capacity is both culturally and structurally bounded. Governance capacity as such refers to the potential possibilities (resources, legitimacy, power) that types of governance have in order to tackle societal and administrative problems. Whether this form of capacity will be fully used, depends on the behavior of other actors; their world-views, belief-systems and interpretations. The latter, effective capacity, on the other hand refers to the actual performance of governance. It takes an agency-perspective on the degree to which certain types of governance will lead to more or better solutions (policy) for societal problems.

The analytical distinction of the two forms of governance capacity can then be related to three administrative approaches to governance: legal/judicial, managerial and political. The *judicial approach* to governance capacity relates to the constitutional state and basic principles or ethical codes of behavior for public administrators. We can think about the protection of constitutional rights such as the right to assembly and protection of private property as well as the monopoly of violence by the state and an independent courts and judges. The *managerial approach* to governance capacity relates to demands for effective implementation/ execution of policy. Typical examples are in that respect necessity, efficiency, effectiveness, simplicity and enforcement of policy and

instruments. The *political approach* to governance capacity relates to values regarding democracy. Here the typical issues are accountability, representation, participation and transparency. Other aspects which are vital for the good functioning of democracy are the freedom of speech and assembly, periodical elections, multi-party system etc.

- *Congruence:*

Congruence (Boonstra 2004) means 'sufficient overlap and consistency between (1) policy actors (e.g. in terms of policy discourses, (2) the dimensions of a policy arrangement (e.g. the rules match the power relations and vice versa), and (3) the policy arrangement and its institutional context. In order for the policy arrangement to perform there is a certain level of congruence needed: strategically and structurally, internally as well as externally. Strategic congruence characterizes the relationships between involved parties and their coalitions within in the policy arrangement or network. It refers to congruence in terms of the different goals and interpretations of actors (and their strategies and calculations) and structures the decision-making process. Here we can think about the definition of a problem, the way a decision-making process is set up and how policy should be implemented. Structural congruence institutionalizes the policy-arrangement as it refers to what degree the different dimensions of the policy arrangement are in line with each other. This occurs from an analytical point of view when there is stability between involved actors, coalitions, rules of the game, mobilized resources and the substance of policy. In sum, congruence in policy arrangements is assumed to be a necessary precondition for any governance capacity.

In order to identify good governance it is crucial to have a list of principles and indicators in which the territory-in-view is analyzed. These principles and indicators allow for the assessment of territorial and urban policies from EU to local level. There are various understandings of good governance as put forward by institutions such as the World Bank (2003), European Commission (2001), United Nations (1997) and the OECD (1997).

The European Commission postulated five principles of good governance in their 2001 White Paper in order to solve the general distrust and lack of interest by the citizenry towards the European Union and its policies. These principles of good governance are: *openness, participation, accountability, effectiveness, coherence* (for more details see subchapter 1.1 of this FIR).

Yet these principles apply to European and global governance. The white paper is focussed on the issue of legitimacy of European institutions and their contribution to the global policy arena. It remains unspecified on how these principles of good governance should be applied to lower levels of the Member States of the European Union in the assessment of territorial and urban policies. Here, the principles of good governance as applied to metropolitan areas developed by the OECD provide more insights. Based upon broad principles which underlie any adequate system of government, *in casu* transparency, accountability, accessibility, representativeness, constitutionality and protection of fundamental freedoms, the OECD discerns the following principles for metropolitan governance:

Cities for Citizens: Cities should be developed not only to meet the needs of the economy but also to achieve a higher quality of life through measures that can also maintain and enhance the attractiveness and liveability of cities.

Coherence in Policy: The objectives and institutional frameworks of governance should be adapted to and focus on key local problems such as affordable housing, congestion, safety, urban sprawl which should be tackled simultaneously, taking into account linkages and trade-offs.

Co-ordination: Governance must reflect the potential and needs of the entire urban region. The roles and responsibilities of each level of government in respect of metropolitan areas should be clearly defined in order to facilitate policy coherence and cross-sectoral integration. Given the administrative fragmentation of most urban regions, co-ordination is also necessary among local authorities across jurisdictions, and between elected authorities and various regional boards or agencies with functional or sectoral responsibilities.

Endogenous Development: In stead of basing economic development mostly on attracting investment through financial and fiscal incentives, emphasis should be put on investment in infrastructures and human development to take best advantage of local resources. Metropolitan governance can contribute by setting priorities, taking a coherent approach to development based upon strengths and opportunities of a region.

Efficient financial Management: Metropolitan governance should allow for the costs of measures to be reflective of benefit received and assure complete transparency, accountability and monitoring. It should also guarantee that all parts of the urban region are considered in assessments of the appropriate level for and of the costs and benefits of public services.

Flexibility: In order to adapt as necessary to economic and social trends, technological innovation and spatial development, institutions have to be open to changes. A forward-looking, prospective approach is also indispensable to allow for flexibility as well as sound strategic planning.

Participation: Governance must allow for the participation of civil society, social partners and all levels of government involved in the metropolitan areas New technologies and methods of communication can encourage and support more inter-active policy environments, bringing government closer to people.

Particularity: Policies and institutions of government must be crafted to fit the unique circumstances of various parts of the country and to achieve the best cost efficiency of measures.

Social Cohesion: Metropolitan governance should promote a mix of population, non-segregated areas, accessibility and safety and the development of opportunity, and facilitate the integration of distressed urban areas.

Subsidiarity: Services must be delivered by the most local level unless it has no sufficient scale to reasonably deliver them, or spill-overs to other regions are important.

Sustainability: Economic, social and environmental objectives must be fully integrated and reconciled in the development policies of urban areas. It also implies greater co-operation between urban and rural areas.
(OECD, 1997, p160-161).

3.2.2. Territorial and Urban Policy in the European Union: towards social and economic cohesion

There are all kinds of EU policies and directives that have a direct territorial impact such as the T-Ten program, Common Agriculture Policy, Bird and Habitat guidelines, and most importantly the Structural Funds as part of Regional Policy. The regional

policy is aimed at creating economic and social cohesion among the regions of the Member States. In fact, the involvement of the Commission in territorial and urban policy matters is, besides growing, 'a-constitutional' (Tofarides, 2003). It is growing under all kinds of programs such as URBAN, LEADER and Interreg and because of the increased interests of individual cities and regions to directly focus on 'Brussels' as the center of regulation and for grants. Its a-constitutional since territorial policy and planning is not in the competence of the Commission as ratified in the Treaties of the European Community. So, while with the European Spatial Development Perspective (ESDP) of 1999 a frame of reference has been produced by the Member States on what direction spatial development within the European Union should take, a real coherent and integral form of spatial planning from the level of the Commission is lacking and also politically undesirable (cf. Faludi & Waterhout 2002).

On the other hand, with the introduction of the concept of 'territorial cohesion' as put forward in the Treaty of Amsterdam, the European Community could appropriate a more formal role in spatial planning. The concept of territorial cohesion originates from the French *aménagement du territoire* and initially focussed on concerns of territorial equity, with maintaining services and life styles in a single European market. But territorial cohesion is more and more held to mean in the White Paper on European Governance 'policies relating to one and the same territory being made compatible with each other' (Faludi, 2003).

The White Paper states:

"… the territorial impact of EU policies in areas such as transport, energy or environment should be addressed. These policies should from part of a coherent whole as stated in the EU's second cohesion report; there is a need to avoid a logic which is too sector-specific. In the same way, decisions taken at the regional and local levels should be coherent with a broader set of principles that would underpin more sustainable and balanced territorial development within the Union (CEC, 2001, p13)."

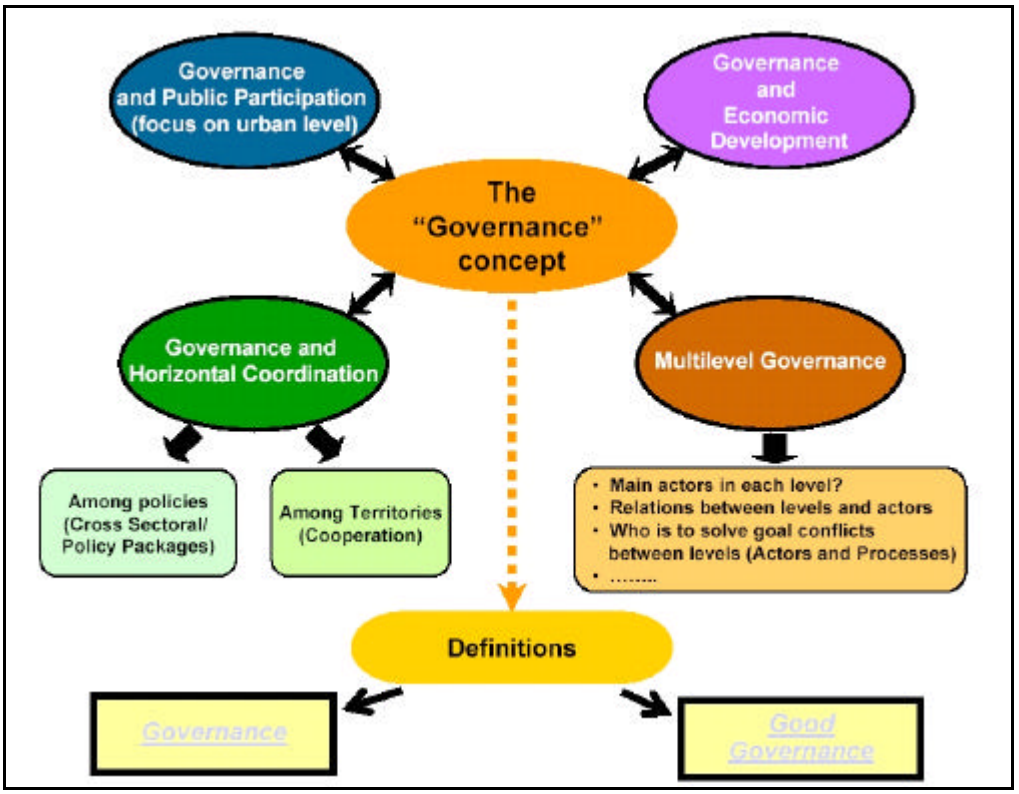
This implies that besides the substance of policy, also the procedural aspects of spatial development are taken into account. In other words territorial cohesion is as much about policies aimed at social and economic cohesion in space, as about co-ordination between levels of authority and between the different policy-sectors. When we look at the issue of (spatial) policy co-ordination in the EU, we immediately conclude that a wide variety of historically developed administrative and institutional structures and practices exist among the Member States. This variance results in different styles and forms of planning as has been recognized by the European Compendium on Spatial Planning (CEC, 1997). The two most outstanding planning traditions are the regional-economic approach and the comprehensive approach.

The *regional-economic approac*h originates from France in which "…spatial planning has a very broad meaning relating to the pursuit of wide social and economic objectives, especially in relation to disparities…between different regions…Where this approach…is dominant, central government inevitably plays an important role…" (CEC 1997, p36). *The comprehensive integrated approach* can be found in Germany and the Netherlands and "…is conducted through a very systematic and formal hierarchy of plans from national to local level, which co-ordinate public sector activity across different sectors but focus more specifically on spatial co-ordination than economic

development. (…) This tradition is necessarily associated with mature systems. It requires responsive and sophisticated planning institutions and mechanisms and considerable political commitment. … Public sector investments in bringing about the realization of the planning framework is also the norm" (CEC 1997, p36-37).

Salet (1994) developed an analytical approach that allows for the cross-national comparison of administrative institutional orders. His analysis is built around two coordinates, horizontal and vertical (multi level), around which governance is structured (cf. Figure 1). The first coordinate deals with the principal distribution of power between the central government and lower levels of the state (vertical coordination). It ranges from a pure unitary structure of governance to complete vertical separation of powers. One can talk of a unitary structure of governance when policy-implementation on lower levels of the state is completely subjected to central regulation. With a vertical separation of powers, policy-implementation is not discerned from one central point but in stead, it is part of the competence of autonomous layers of territorial administration. The second coordinate deals with the degree of horizontal integration of governance. It focuses on to what degree governance is procedural coherent or is produced rather fragmented through functional specialization. In the first case there is a formal policy arrangement between the different jurisdictional units that operate at the same level and who are responsible for policy implementation. In the case of functional specialization, segments of decentralized governments are directly involved in sectoral policy from the central level.

Figure 1: Approaches to defining Governance



3.3. DATA INVENTORY

The search for data and indicators covered a full range of different sources. Some of them originate from previous work done in ESPON or other European research projects (such as AsPIRE 2004).

Altogether, the following sources have been looked at

- ESPON; the data navigator of ESPON 3.1 provided a first overview on many data of the ESPON family (though it is still not complete!); promising projects seem to be 1.1.1, 1.1.2, 2.1.1, 2.2.1, 2.2.2, 2.3.1, 3.1 (for a preliminary overview and comments see Table 4 in Annex)
- AsPIRE; Data collected under AsPIRE covers governance and social capital indicators. The database provides indicators at different NUTS levels for EU 15 from different sources such as the World Bank, EUROSTAT, World Economic Forum, IMD World Competitiveness Yearbook, Gallup Millennium Survey and Eurobarometer.
- Mountain Study. Data collected under the Mountain study covers a wide range of geographic and socio-economic indicators mostly at NUTS 5 level for EU 25 mainly from EUROSTAT and national sources.

Not all indicators and data collected in the above list of projects can be related to the questions important for the ESPON 2.3.2 project. The important task therefore is to identify the specific aspects one is interested in when looking at 'governance'. Therefore a list of aspects regarding governance has been drafted, using definitions provided in the Tender Document of the 2.3.2 project (see Table 3 in Annex & Figure 2).

The tender document provides a first idea on several dimensions of potential governance indicators. When looking into the definitions of Table 3 (Annex) and trying to rearrange these for the purpose to identify indicators, one potential result might look like Table 1.

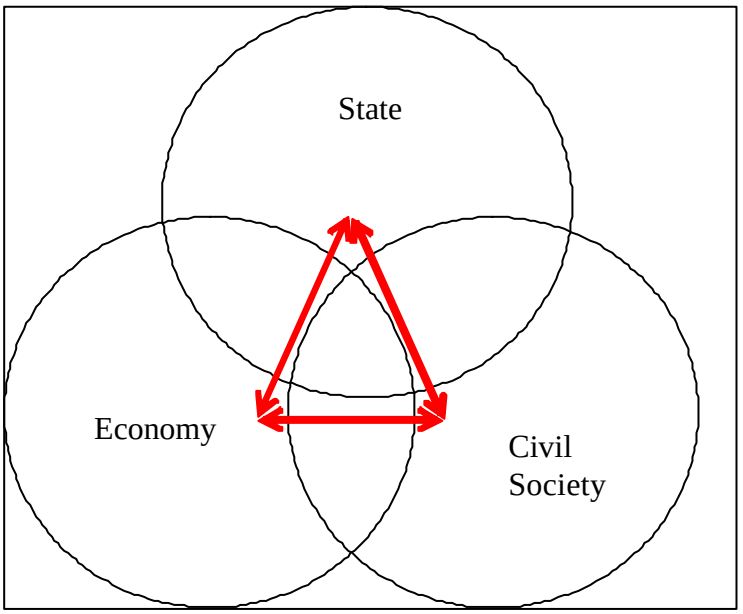
What is observable from Table 1 and 3 is the range of governance definitions and dimensions, here including government. The work on data and indicators needs to further differentiate here, focusing on those definitions in the arena at stake which is 'territorial and urban policies'. The final step of defining potential indicators therefore had to establish a system, which is both at the same time, (fairly) precise but also flexible. Following e.g. ideas from civil society discussion a broad division between three domains of governance/government has been defined, e.g. state, civil society, and economy (see Figure 2). The three domains overlap to varying degrees, f.i. depending on the situation in different countries (Dunford/Benko 1991). But without further considering these potential differences, the main element is the triangle or delta in the centre of Figure 2. The triangle stands for both, the governance realm as such, and for different characteristics of governance. Understood as a delta, e.g. the edges can be understood as scales, identifying the degree to which the state is dominating vis-à-vis the economy. Taking all three domains together, we might identify mixed systems with negotiated or 'nested' forms of governance (cf. section 3.2.1).

Table 1 – Dimensions for potential governance indicators

No.		**Aspect**	**Indicator?**
1 + 13 + 17		Scale, territorial setting, coherence	e.g. active administrative levels
2 + 3 + 10		New operational model vs. old operational model Formal/informal; binding/non-binding; … Contracts	e.g. constitutional set up, contractual agreements, planning systems
4		Actor perspective: State, economy, civil society	e.g. fora, round tables
5		Norms, processes, behaviour	e.g. values
6 + 14		Democratic representation (systems, institutions)	e.g. stability
7		'good governance'	*See part 3.5*
8 + 9		Information & dialogue	e.g. e-government
11		Trans-national approach	e.g. Interreg participation
12		OMC	
15 + 16		Networks, bottom-up vs. top-down	e.g. cluster
20 + 21		Metropolitan governance	e.g. FUA

When thinking of indicators, this general system needs additional qualification in two senses: For each domain two aspects can be conceived of, addressing structures on the one and processes on the other hand (see Figure 3). Finally, the ESPON 2.3.2 project relates to territorial and urban policies, which excludes all other policy areas – though the latter still needs to be clarified.

Figure 2: Towards Territorial Governance Indicators (IRPUD, 2004)



Last and addressing the spatial approach in the project, a spatial category has been introduced to the overall equation. Following approaches selected in other ESPON projects (e.g. 2.2.1) the spatial domain might differentiate between macro, meso, and micro scales, and/or might address differences between metropolitan and non-metropolitan areas.

Figure 3: Domains and Features of Governance to be represented by ***Indicators***

		Domain			
		State (S)	Economy (E)	Civil Society (CS)	Space (T)
Feature	Structure (S)	**ISS**	**IES**	**ICSS**	**ITS**
	Process (P)	**ISP**	**IEP**	**ICSP**	**ITP**

Source: IRPUD 2004

At the moment, a list of data and indicators being more appropriate to start with, than others still needs to be developed. In a first approach and on the basis of the deliberations introduced above, the list of potential data and indicators includes 106 items (See Table 5 at the end).

These data and indicators have been selected from currently available data sources:

- 18 Indicators fall into the STATE domain. They are available at levels NUTS 0 to NUTS 3. State indicators are rather complex indicators with the more interesting ones (e.g. Government Effectiveness Index, World bank) only available at NUTS 0, the level of the nation state. This requires additional data helping to scale down the indicator. Finally, the indicators cover EU 15 and EU 25+2+2.
- 38 Indicators fall into the ECONOMY domain. These indicators show a higher differentiation regarding NUTS levels, even down to NUTS 5. Overall however, all indicators for this domain fall into the 'dependent' side of our considerations, meaning that they are potentially reflecting outcomes in stead of antecedents (on this category see further down, section 3.4 Method).
- 44 Indicators fall into the domain CIVIL SOCIETY. NUTS levels covered by these indicators show a similar distribution as in the economy domain. Civil Society indicators are frequently based on surveys and represent e.g. opinion polls (e.g. Trust in Institutions, Eurobarometer). In this respect, the indicators are softer. Scope covers EU 15, rather than EU 25+2+2.
- 6 Indicators have been chosen for the domain SPACE. For this domain the ESPON 2.3.2 project might have to look for more indicators.

The 'structure' and 'process' characteristics have only been partially applied to the list, as yet. This additional characterisation has to be looked at with more detail, depending amongst other things on the hypotheses, the ESPON 2.3.2 project is going to develop.

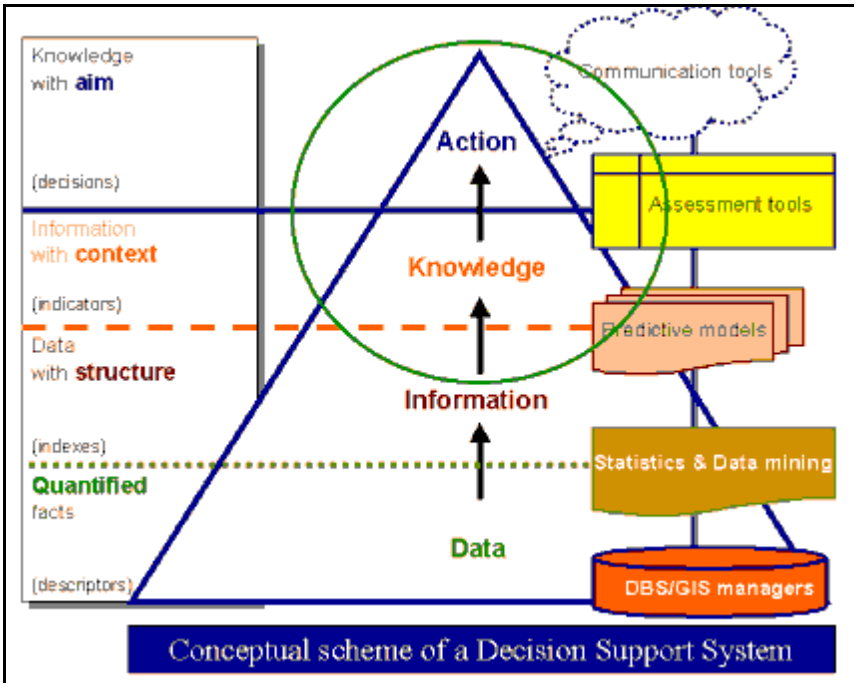
3.4. METHOD – TOWARDS A TERRITORIAL IMPACT ASSESSMENT

For the purpose to analyse and latterly assess the different forms of governance, including government the ESPON 2.3.2 project proposed a combination of quantitative and qualitative approaches. The work programme defined three Work Packages for this purpose:

- WP3 – developing tools for impact assessment
- WP4 – applying case studies
- WP5 - using cartographic methods for analysis.

Between all these Work Packages the project will probably be able to generate all information needed to develop some informed hypotheses on the impact of governance in the field of territorial and urban policies (see also Figure 4).

Figure 4: Conceptual scheme of a Decision Support System



Source: http://www.mcrit.com/ImagesAssembling/Asseembling5m.gif

The suggested method (multivariate cluster and regression analysis) tests hypotheses about expected relations between sets of dependent and independent variables. As already emphasised, important are therefore the expected relations between governance (including government) and different sets of outcomes. It is also clear, that the entirety of indicators listed in Table 5 (Annex) can not be addressed in a meaningful way by multivariate analyses.

3.4.1. Quantitative, indicator-based analysis

It has been proposed to pursue a quantitative approach, covering the whole of the EU25 territory. Its main objective will be to empirically test some of the key assumptions on

the relation of governance systems and their social and economic outcomes. This quantitative, indicator-based analysis will rely on the following working steps:

1) *Data collection*: Input- and output-indicators on both national and regional governance systems need to be collected. The range of available sources includes e.g. national governance indices (among them the voice and accountability indices and rule of law indices), voter data on national and regional elections, regional budget data, and selected indicators from the relevant pan-European population surveys (e.g. Eurobarometres, European Value Surveys). Besides, also indicators on the relevant EU and national programmes leading to new cooperation forms (e.g. LEADER, INTERREG) shall be included in order to allow for a separate "test" of their relevance. This working step will largely benefit from previous work already carried out at IRPUD in the course of the EU 5th FP research project AsPIRE (Aspatial Peripherality, Innovation and the Rural Economy) (see Lückenkötter et al. 2003).
2) *Definition of dependent variables*: The set of indicators on national and regional governance systems gathered in working step 1 can be used to "explain" the interregional variation of economic variables (e.g. level of GDP per capita, growth of GDP per capita, employment growth) or social variables (e.g. "life satisfaction"). Moreover, some of the interrelations between the pre-conditions of governance (e.g. social capital endowments, political constellations, degrees of civic engagement) and some of the existing forms of governance (e.g. city networks, regional fora etc.) could be explored. In this case, proxy-variables (such as number of regional cooperations per area) on the types and quality of governance systems would serve as dependent variables.
3) *Definition of samples*: The large number of spatial units (NUTS2-regions) included in the quantitative analysis makes it possible to analyse different samples of regions separately. On the basis of a typology, statistical analyses (see steps 4 and 5) could be carried out e.g. for large metropolitan areas, lagging / successful rural areas, peripheral areas, border regions respectively.
4) *Multi-variate cluster analyses*: The data set will be used for carrying out multi-variate cluster analyses, exploring the spatial patterns of regional governance. A result of this analysis could be the description of a number of typical, types of territories (e.g. relevance with respect to specific policies) with regard to their governance characteristics (e.g. "areas lacking integrative regional cooperation structures", or "areas with weak horizontal co-operations").
5) *Multiple regression analyses*: Eventually, the various governance indicators will be entered in a series of regression analyses, differentiated according to territorial type (samples) and factors to be explained (dependent variables). The outcomes of these final analysis steps will allow to assess some of the pre-conditions and economic/social outcomes of individual governance features. Again, this analysis could draw on similar research carried out in the context of the AsPIRE project.

3.4.2. Outputs

According to the description of the five working steps, the quantitative, indicator-based analyses on regional governance structures will result in four major outputs:

- a set of governance indicators for EU25, both at national (NUTS0) and regional (NUTS1, NUTS2) level;

- a set of maps indicating the spatial distribution of governance structures and features in EU25;
- an “inductive” classification of regions (NUTS2) according to the similarities of their governance features (cluster analysis), and
- an assessment on the economic and social relevance of a selection of governance indicators, differentiated according to region type (e.g. metropolitan area, rural areas, peripheral areas).

3.4.3. Qualitative Methods

For the qualitative approach towards identifying ‘governance’ aspects, a number of survey techniques are applicable. Two of which are recommended in particular, a) structured questionnaires, and b) case studies. The questionnaires are preferably linked to the National Overviews, covering a specific set of territorial levels and groups of actors. The case studies are already foreseen in the work programme (WP 4).

3.5. NEW DATA AND INDICATORS

The comparison between existing quantitative and qualitative data as well as with the conceptual issues which have been raised in this chapter lead to the following suggestions:

- The structuring of case studies should at least partially reflect the data needs of the project. In this respect, it is suggested to support the case study phase f.i. with questionnaires to a set of regional actors.
- Identifying new sources for data. In the coming weeks new data sources have to be inquired, including a first check of the appropriateness of the indicators suggested below.
- Developing a core set of indicators capable to describe governance in its impacts (whereas it seems to be clear that only general impacts might be found), which might be more appropriate than GDP per capita rise or the reduction of unemployment rates. What about values, behaviours, or satisfaction indicators?
- The current state of spatial differentiation is not well reflected in the set of indicators. In this respect, the ESPON 2.3.2 project needs to work on new indicators.

At the moment, the further work will therefore concentrate on the list of indicators, shown in Table 2. As has been addressed already elsewhere in this chapter, when looking for indicators capturing ‘governance’ different "antecedents" or preconditions will ultimately be available. Below list is a first approach towards this and as yet not entirely satisfying, a point for further refinement in the coming weeks. However, with the help of this concept it will be possible to gradually and discursively approach (including statistical tests) more refined sets of indicators, e.g. addressing different vectors of governance such as the degree of decentralisation, or the amount of vertical links.

Above indicators relate to several important aspects of governance:

- Governance needs a precondition, including government. Aspects covered here are the satisfaction with actual government and the numbers of public employees (however, the exact definition has to be identified). The cross border activities

can be seen as characterising 'trans-scalar' activities, so the openness towards other EU countries.

- Governance in the domain of economy might be captured with the numbers of regional clusters, being itself an expression of network (horizontal) activities, usually including many different private/public actors. E-government can be seen as approximation to new forms of governance, in the sense of new information and communication techniques. The regulatory burden index finally is composed of institutional arrangements, e.g. between state, capital and labour.
- The indicators for governance in civil society work towards perception, trust, and information&communication patterns. The 'attachment to region' indicator can be understood as an indicator for 'decentralisation'.
- Space might be captured at best with the structural indicator FUA (see ESPON 1.1.1), potentially extending to macro, meso, and micro aspects. The procedural aspect might be captured with indicators on 'flow' (still to be selected) characterising relations and exchange between different regions.

The target dimension (output) for the assessment of impacts or effectiveness still needs to be discussed. Again looking at this question from previous projects, GDP per capita figures might be useful (and probably the only available variable). Indicators on trust or related aspect (life satisfaction has been mentioned) might be equally interesting.

From a qualitative point of view, there are two levels of assessment of good governance of the territorial impact of policy:

- Policy decision-making phase: assessing good governance in terms of whether or not it allows to reach a higher level of synergy and integration of policies.
- Policy implementation phase: assessing the successfulness of governance through the evaluation of efficiency and effectiveness of policies in terms of whether the identified needs at a territorial level finally meet the citizens' and taxpayers' demands.

Table 2: Starting Set of Indicators

Domain	'antecedents'	'principle of good governance'	'output'
			GDP variation?
			Trust into Government?
State			
ISP1	Government effectiveness index [NUTS 0; EU15]	effectiveness	
ISP2	Cross border activities [NUTS 2; EU29]	trans-scalar	
ISS1	*Number of public employees?*		
	Existence of public hearings [yes-no, regional/local]	openness	
	Equity in tax system [yes-no, national/regional/local]	accountability	
	Sources of government funding [Taxes/ grants/ international aid/ borrowing, European/ national/ regional/ local]	accountability	
	Fairness in enforcing laws [+/- by experts, European/ national]	accountability	
	Use of referendum [yes-no, national/regional/local]	accountability	

	Governmental department size [Employees/1000 inhabitants, national/ regional/ local]	accountability	
	Codes of behavior for professional bodies, bureaucrats and politicians [yes-no, national]	accountability	
	Clarity of procedures and regulations [+/- by experts, National/regional]	openness	
	Annual publication of governmental budget [Yes- no, local]	openness	
	Legislation on decentralization [Yes-no, National]	accountability	
	Government structure [Federal-unitary, National]	accountability	
	Popular elected mayor [Yes-no, National/local]	accountability	
	voter turn-out during elections [Percentage, European/ national/ regional/ local]	accountability	
	Existence of ex-post evaluation [Yes-no, National/ regional/ local]	effectiveness	
	Use of cost-benefit analysis of projects [Yes-no, National/ regional/ local]	effectiveness	
	Existence of planning department [Yes-no, National/ regional/ local]	openness	
	Existence of strategic territorial-wide plan [Yes-no, National/ regional/ local/ transnational]	openness	
	Existence of social development plan [Yes-no, Regional/ local]	openness	
	legal conflicts on land use [Number/year, Regional/local]	effectiveness	
Economy			
IEP1	Number of regional clusters per region [NUTS 2; EU15]	Coherence	
IEP2	Overall e-government contact for SME [NUTS 0; EU15]	effectiveness	
IEP3	Regulatory burden Index [NUTS 0]	accountability	
	Economic growth and development [Annual change in GDP/GRP, National/ regional]	effectiveness	
Civil Society			
ICSP1	Influence of citizens on government [NUTS 2; EU15]	participation	
ICSP2	Trust in national government [NUTS 2; EU15]	accountability	
ICSP3	Attachment to region, country [NUTS 1; EU 15]	decentralisation	
ICSS4	Share of households having access to or using internet, www, compuserve [NUTS 2; EU15]	openness	
	Use of Internet to communicate policy and projects [yes-no, reglinal/local]	openness	
	Freedom of media and assembly [Yes- no, National]	openness	
	Access of public to all stages of	participation	

	policy cycle [Yes- no, National/ regional/ local]		
	Incorporation of excluded groups in the consultation [Yes-no, National/ regional/ local]	participation	
	Number of Non-Governmental Organizations, Civil Society organization [National/ regional]	participation	
	Consumer satisfaction of services (sewerage, water, electricity, garbage disposal, police and emergency) [Percentage, Regional/ Local]	effectiveness	
	Environmental quality [Percentage of noise, air and water pollution, Regional/local]	effectiveness	
Space			
ITS1	FUA [NUTS 3, EU 15]	coherence	
ITP1	*FLOW*	*relations*	
Without Domain			
	Tacit knowledge on power structure [+/- by experts, Regional/local]	accountability	
	Correspondence census/ statistical data collection with jurisdictional level [Yes-no per demographic and social economic indicator, National/ regional/ local]	openness	

NB: Definitions of some indicators need to be clarified. Also the availability of some data is open, e.g. with respect to NUTS levels and area coverage (EU15/EU 25+2+2).

Table 3 – Governance Definitions Tender Document

No.	Definition	Source	Remarks (p. Tender)
1	Governance: Analysis of articulations of scale and institutional settings in public management of territorial issues.	Hooges; Marks 2001 (liegt vor)	29
2	Governance highlights changes opposite to traditional interpretative patterns and traditional action schemes. Partly opposed to the idea of government itself. Governance refers to a different way of defining governing activities, implies a new operative model for the actors involved, for the decisional process.	Rhodes 1997 (liegt vor)	29
3	Government: activities supported by formal authorities Governance: activities supported by shared objectives.	Rosenau 2002: 3-6	29
4	Government actors: elected Governmental actors. Governance actors: non-governmental actors external to the political arena. Representatives of business-sector, of the mass-media, of supra-local institutions	Goodwin; Painter 1995	29
5	Governance: Group of norms, processes and behaviours that determine the quality of the powers being exercised at the European Scale	European Commission	29
6	Governance: Capacity of societies to adopt systems of representation, institutions, processes and social organs as well as instruments of democratic control and participation in decision making and collective responsibility.	White Paper 2001	29

7	Five principles to establish democratic governance: openness, participation, accountability, effectiveness, coherence	White Paper 2001	30
8	Governance: free access of documents and procedures to citizens	White Paper 2001	30
9	Governance: systematic informal dialogue	White Paper 2001	30
10	Governance: contractual agreements with regions an municipalities, so called three-party-contracts by objective	White Paper	30-31
11	Governance: Strengthening the framework for transnational cooperation between regional and local actors.	White Paper	31
12	OMC	u.a. Faludi 2004	31
13	Multi Level Governance: Trans-scalar linkage; relations and interconnections between scales	Stoker 2000	32
14	Involvement of new organisations in the design and implementation of policies. As well as the creation of new relations between public and private actors		33
15	Government -> Governance: from a hierarchical distribution to a new relation of networks		33
16	Government -> Governance: from top-down to bottom-up		33
17	Governance: Interdependencies between levels to guarantee coherence		33
18	Given the variety of systems that exist in the member states, the chosen method must be flexible enough to embrace this wide diversity of sy stems		34
19	Governance of a territory: a) Build an organisational consensus involving the private sector in order to define common objectives and tasks in the field of regional economic development b) agree on the contribution of each partner c) agree on a common vision for the future of their territory among all actors involved		35
20	Metropolitan Governance: Analysis of networks and cooperation between actors of metropolitan areas. Combines mechanisms of self-government of metropolitan authorities with those of conflict resolution between actors. Mix of government and networks based on negotiation.	Kreukels et al 2002 BR: 201/993	37
21	Metropolitan Governance benefits from: a) institutions of the metropolitan area b) typology of the network: polycentric or monocentric c) number and size of municipalities d) political considerations: political colour of the different municipalities, political culture, capacity for leadership, model of territorial structure (central or federal) e) supranational dynamics: globalized economy, international events	Text refers to eurocities.org	37
Not included in tender:			
22	Governance: Collecitve action arrangements designed to achieve some general benefit. Government: Formal organisations of the public sector	Healey 2004: 11 (DISP 158)	

23	Interconnected structuring systems of governance: strategy, structures and culture (Governance action model)	Thierstein et al. 2004: 34 (DISP 158), ähnlich Healey 2004:15 und 17 (DISP 158)	
24	Governance: The organization and administration of regional authorities and institutions on the most varied levels as well as the corresponding processes of decision-making, cooperation and exertion of influence.	OECD 2001 zitiert bei Thierstein et al. 2004: 34.	
25	Good metropolitan governance has to be understood as an interactive, multi-level learning process.	Thierstein et al. 2004: 34 (DISP 158)	

Table 4 – Data Inventory – Overview on relevant ESPON projects and potentially helpful indicators

Project				
ESPON 1.1.1	WP2 Polycentricty & sector policies	WP 5 Governance relationships	MEGA System and Categories PUSH / PIA system Questionnaire on - the use of polycentricity - institutional networking and partnership - interreg participation	
ESPON 1.1.2	WP 1 concepts	WP 2 indicators	Information on cooperation?	
ESPON 2.1.1	WP 6			
ESPON 2.2.1	WP 5			
ESPON 2.2.2	WP 7 Interreg		Information on ‚institutional capacity' in new member states, pre-accession - access to decision making processes and responsible actors	
ESPON 2.3.1			Rather contents than process?	
ESPON 3.1	Available Data	Impacts of public policy and governance	Territorial cohesion index Final Report Part B – Synthetic summary of ESPON projects – has been included in Table 3	

Table 5 – Data Inventory - reference to capture governance in urban and territorial policies

- on following pages provided -

Table 5: Data inventory - reference to capture governance in urban and territorial policies

Domain: State								
No	Indicator	Data Description	Aspect/ Stakeholder	Feature	Data availability			
					NUTS	Space	Time	Source
		Political Cohesion Index (Kaufmann et al. 2002)	State	Structure		EU15		AsPIRE Database G2
		Political Stability Index (Kaufmann et al. 2002)	State	Structure		EU15		AsPIRE Database G1
		Revenues of sub-national governments per inhabitant (EUROSTAT)	State	Structure	012	EU15		AsPIRE G4 (not part of AsPIRE Database)
		Share of employment in public adminstration	State	Structure		EU15		AsPIRE G5 (not part of AsPIRE Database)
		Taxing, spending and regulatory authority of sub-national governments (DPI 1995)	State	Structure	012	EU15		AsPIRE G3 (not part of AsPIRE Database)
		Government effectiveness index (Kaufmann et al. 2002)	State	Process	0	EU15		AsPIRE Database G9
		Government efficiency index (IMD 2002)	State	Process		EU15		AsPIRE G10 (not part of AsPIRE Database)
		Regulatory burden/quality index (Kaufmann et al. 2002)	State	Process	0	EU15		AsPIRE Database G8
		Cross border activities in border regions	State		012	EU29		ESPON Database 1.1.3
		Eligibility for INTERREG II Programmes (Yes/No)	State		0123	EU29	1999	ESPON Data Navigator 01-014
		Eligibility for Structural Funds per objective	State		0123	EU29	1999	ESPON Data Navigator 01-014
		R&D Expenditure (total and per 4 sectors:business, government, higher education, private non profit) (in Mio EUR and share in total GDP)	State		0123	EU 29	95-02	ESPON Data Navigator 07-073

		Regions participating in the Regional Innovation System (RIS) Programme of the EU	State		012	EU15		AsPIRE Database B2b
		Regions participating in the Regional Innovation System (RIS+) Programme of the EU	State		012	EU15		AsPIRE Database B2c
		Regions participating in the Regional Innovation System (RITTS) Programme of the EU	State		012	EU15		AsPIRE Database B2a
		Regions participating in the three regional innovation programmes of the EU	State		012	EU15		AsPIRE Database B2d
		Rule of law index (Kaufmann et al. 2002)	State		0	EU15		AsPIRE Database G13
		Unemployment Rates	State		0123	EU29	95-00	ESPON Database 3.1

Domain: Economy								
No	Indicator	Data Description	Aspect/ Stakeholder	Feature	Data availability			
					NUTS	Space	Time	Source
		Employment by sector (agriculture) in percent of all employed	Economy	Structure	0123	EU15		AsPIRE Database E3a
		Employment by sector (all sectors) in percent of all employed	Economy	Structure	0123	EU15		AsPIRE Database E3d
		Employment by sector (industry) in percent of all employed	Economy	Structure	0123	EU15		AsPIRE Database E3b
		Employment by sector (services) in percent of all employed	Economy	Structure	0123	EU15		AsPIRE Database E3c
		Employment change 1995-2000 in percent	Economy	Structure	0123	EU15		AsPIRE Database E5
		Employment of TOP 500 European Companies	Economy	Structure	0123 5	EU29	2000	ESPON Database 1.1.1
		GDP change 1995-2000 in percent	Economy	Structure	0123	EU15		AsPIRE Database E1g
		GDP change per capita 1995-2000 in percent	Economy	Structure	0123	EU15		AsPIRE Database E1h
		GDP in Mio. Euro	Economy	Structure	0123	EU15		AsPIRE Database E1a
		GDP in Mio. PPS	Economy	Structure	0123	EU15		AsPIRE Database E1b
		GDP per capita in Euro	Economy	Structure	0123	EU15		AsPIRE Database E1e
		GDP per capita in Euro in EU average	Economy	Structure	0123	EU15		AsPIRE Database E1f
		GDP per capita in PPS per inhabitant	Economy	Structure	0123	EU15		AsPIRE Database E1c
		GDP per capita in PPS per inhabitant in EU average	Economy	Structure	0123	EU15		AsPIRE Database E1d
		GDP per worker	Economy	Structure	0123	EU15		AsPIRE Database E2
		Location of TOP 1500 European Companies	Economy	Structure	0123 5	EU29	2000	ESPON Database 1.1.1

		Number of Employees (Agriculture)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Number of Employees (Industry)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Number of Employees (Services)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Number of Employees (total)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Number of female Employees (total)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Number of male Employees (total)	Economy	Structure	012	EU29	95-01	ESPON Data Navigator 03-032
		Turnover of TOP 500 European Companies	Economy	Structure	0123 5	EU29	2000	ESPON Database 1.1.1
		Unemployment rate	Economy	Structure	0123	EU15		AsPIRE Database E4
		World Competitiveness index (World Economic Forum 2002)	Economy	Structure				AsPIRE G11 (not part of AsPIRE Database)
		Control of corruption index (Kaufmann et al. 2002)	Economy	Process	0	EU15		AsPIRE Database G14
		Number of regional clusters per region	Economy	Process	0123	EU15		AsPIRE Database B5
		Active population in absolute numbers (by few age groups; by sex)	Economy		0123	EU 29	95-01	ESPON Data Navigator 03-031
		Activity Rates	Economy		0123	EU29	95-00	ESPON Database 3.1
		Employment by qualification and profession	Economy		012	EU29	95-00	ESPON Database 3.1
		Labour Force above the age of 55 (% of active population)	Economy		012	EU29	2000	ESPON Data Navigator 02-021
		Overall “e-government” contact for SMEs in percent of total(infos, emails and forms accumulated)	Economy		0	EU15		AsPIRE Database I33

		Population in “functional”/”strategic” age	Economy		0123	EU29	95+00	ESPON Database 1.1.3
		R&D Expenditure	Economy		012	EU29		ESPON Database 2.1.2
		R&D Expenditure (total and per 4 sectors:business, government, higher education, private non profit) (in Mio EUR and share in total GDP)	Economy		0123	EU 29	95-02	ESPON Data Navigator 07-073
		R&D personnel	Economy		012	EU29		ESPON Database 2.1.2
		Rule of law index (Kaufmann et al. 2002)	Economy		0	EU15		AsPIRE Database G13
		Unemployment Rates	Economy		0123	EU29	95-00	ESPON Database 3.1

Domain: Civil Society								
No	Indicator	Data Description	Aspect/ Stakeholder	Feature	Data availability			
					NUTS	Space	Time	Source
		Ageing / Dependencies	Civil Society	Structure	0123	EU29	95+00	ESPON Database 1.1.4
		Disposable income per capita	Civil Society	Structure		EU25		Mountain Study E-NS_18
		Honorary engagement in associations	Civil Society	Structure	012	EU15		AsPIRE Database S20
		Labour Force between age of 55 and 65	Civil Society	Structure	012	EU29	2000	ESPON Data Navigator 02-021
		Membership in associations	Civil Society	Structure	012	EU15		AsPIRE Database S21
		Population Growth	Civil Society	Structure	0123	EU29	95+00	ESPON Database 1.1.4
		Frequent political interest (Eurobarometer)	Civil Society	Process	01	EU15		AsPIRE Database S8b
		Influence of citizens on government	Civil Society	Process	012	EU15		AsPIRE Database G15
		Political discussion	Civil Society	Process		EU15		AsPIRE Database S17
		Satisfaction with democracy (Gallup Millenium Survey 2000)	Civil Society	Process	012	EU15		AsPIRE Database G16
		Trust in civil service (Eurobarometer)	Civil Society	Process	012	EU15		AsPIRE Database G12c
		Trust in Institutions (Eurobarometer) National and European	Civil Society	Process	01	EU15		AsPIRE Database S12
		Trust in justice system (Eurobarometer)	Civil Society	Process	012	EU15		AsPIRE Database G12a
		Trust in national government (Eurobarometer)	Civil Society	Process	012	EU15		AsPIRE Database G12d
		Trust in police (Eurobarometer)	Civil Society	Process	012	EU15		AsPIRE Database G12b
		Voice & accountability index (Kaufmann et al. 2002)	Civil Society	Process	0	EU15		AsPIRE Database G7

		Voter turnout at national elections	Civil Society	Process	0123	EU15		AsPIRE Database G17
		Voter turnout at regional elections	Civil Society	Process	0123	EU15		AsPIRE Database G18
		Access to internet by SMEs (share of SMEs connected to the internet in total number of SMEs)	Civil Society		0	EU15		AsPIRE Database I12
		Employment by qualification and profession	Civil Society		012	EU29	95-00	ESPON Database 3.1
		Frequency of listening radio daily	Civil Society		012	EU15		AsPIRE Database S2c
		Frequency of reading newspapers daily	Civil Society		012	EU15		AsPIRE Database S2b
		General trust in other persons	Civil Society		012	EU15		AsPIRE Database S10
		Household oriented infrastructure	Civil Society		012	EU29	2000	ESPON Database 1.1.2
		Internet users per capita (based on 1999 population)	Civil Society		0	EU15		AsPIRE Database I16
		Labour Force above the age of 55 (% of active population)	Civil Society		012	EU29	2000	ESPON Data Navigator 02-021
		Level of qualification: number of people with highest educational level	Civil Society			EU25		Mountain Study E-NS_11
		Number of inhabitants above the age of 60	Civil Society		0123 5	EU25		Mountain Study D-NS_2a
		Number of inhabitants below the age of 15	Civil Society		0123 5	EU25		Mountain Study D-NS_2b
		Population by age group (per year of age and sex)	Civil Society		012	EU 29	95-00	ESPON Data Navigator 02-021
		Population by age group and education level (differing size of age group; 3 education levels)	Civil Society		012	EU 29	99-02	ESPON Data Navigator 02-021
		Population Dependency rate (total population in relation to the population in the ages between 20-64)	Civil Society		012	EU29	95+00	ESPON Data Navigator 02-021
		Population in “functional”/”strategic” age	Civil Society		0123	EU29	95+00	ESPON Database 1.1.3
		Proportion of persons having used the internet to contact public	Civil Society		0	EU15		AsPIRE Database I32

		services						
		R&D Expenditure (total and per 4 sectors:business, government, higher education, private non profit) (in Mio EUR and share in total GDP)	Civil Society		0123	EU 29	95-02	ESPON Data Navigator 07-073
		Rule of law index (Kaufmann et al. 2002)	Civil Society		0	EU15		AsPIRE Database G13
		Share of households having access to or using a modem	Civil Society		012	EU15		AsPIRE Database I54
		Share of households having access to or using online services such as Compuserve, Internet or WWW	Civil Society		012	EU15		AsPIRE Database I55
		Share of households who use desktop computers (%)	Civil Society		0	EU15		AsPIRE Database I13a
		Share of households with internet connection (%)	Civil Society		0	EU15		AsPIRE Database I14
		Share of individuals using email (%)	Civil Society		0	EU15		AsPIRE Database I15
		Total employment	Civil Society		0123	EU29	95-00	ESPON Database 3.1
		Total number of foreign people	Civil Society			EU25		Mountain Study D-NS_5
		Unemployment Rates	Civil Society		0123	EU29	95-00	ESPON Database 3.1

Domain: Space								
No	Indicator	Data Description	Aspect/ Stakeholder	Feature	Data availability			
					NUTS	Space	Time	Source
		NUTS-References	0	0	0123	EU29		ESPON Database
		Attachment to region, country, EU (Eurobarometer)	Space	Process	01	EU15		AsPIRE Database S5
		Functional Urban areas (statement of functions)	Space		0123	EU29	2000	ESPON Data Navigator 01-013
		Number of doctors	Space			EU25		Mountain Study I-NS_12
		Number of schools	Space			EU25		Mountain StudyI-NS_18
		Typology of lagging regions (Based on GDP per inhabitant (EURO) and unemployment rate. Indicators are standardised, reversing scale for unemployment, aggregated by geometric mean. Ranked and classified: lagging regions (lowest index values up to 30 % of ESPON-Population), potentially lagging (up to 50%), non lagging (all others))	Space		012	EU 29	2000	ESPON Data Navigator 14-141

4) GUIDELINES FOR NATIONAL OVERVIEWS

4.1. INTRODUCTION: THE AIM OF NATIONAL OVERVIEWS

The ESPON 2006 Programme, at its section on Action 2.3.2, includes among its "primary research questions" the "assessment of strategies for the update of the EU Compendium of Spatial Planning Systems and Policies". It is clearly intended that the ESPON 2.3.2 project will be an important step towards an updated Compendium, conceived this time in a new perspective. This perspective will bear the influence ot the latest version of the European Spatial Development Perspective, the 3rd Cohesion Report and the White Paper on European Governance.

In our proposal for ESPON 2.3.2 we had clearly indicated that we shall prepare the ground for the updating of the Compendium, by assessing the strategies that will lead to a new, fully fledged Compendium. We had also indicated that among our recommendations we shall provide suggestions and orientations to a future possible revision of the EU Spatial Planning Compendium, an aim consistent with the stipulations of the ESPON 2006 Programme. We had of course in mind that according to our terms of reference, "the final aim of the project should not be to provide a comprehensive updated review of the governance chapter of the EU Compendium of Spatial Planning Systems and Policies, which would be too ambitious. However, the policy recommendations should in a way be drafted in the perspective of providing suggestions, orientations, to a future possible revision of the document".

More specifically, in describing Work Package 2 (Application of Governance Practices: An Overview at European and National Level), we included among its "deliverables" the following:

- "EU 29 mini-compendium on governance practices:
    - Wide approach to horizontal and vertical cooperation and coordination practices and tools (formal and informal, legal and non statutory – including civil society participation) existing in decision-making and application processes of territorially oriented policies at national level.
    - Identification of 'policy packages' on territorial development at national level.
    - Description and analysis of the Open Method of Coordination: an overview of situation in each state.
- Typology of territorial governance constellations... and planning systems in Europe…".

We had made it clear that "one of the primary issues envisaged for the research is a comprehensive overview of formal and informal cooperation and coordination tools and mechanisms (institutional and instrumental approach), relevant for the management of territorial and urban oriented development policies". It was our intention from the outset to produce an overview of "the great diversity of situations…through the elaboration of national reports using national policy documents and reports, secondary and specific bibliography". Work Package 2 was designed with the aim "to identify [at national level] existing and tentative groupings of relevant territorial and urban oriented policies (cross-sectoral approach of territorial development) [and of] …new ways of governance

– including the level of implication of civil society", at all phases of design and implementation.

As stressed in the proposal, particular attention was to be given to "experiences of governance at trans-national level, highlighting the progressive construction of a macro-region system". Furthermore, "from a vertical approach, national studies should take consideration of different policy traditions and regional planning systems. .. [E]ach national report must describe and analyse how far (or not) the Open Method of Coordination has been implemented". In Work Package 2, the national overviews will further become the first step in the selection of case studies, as intended in the original proposal.

It was with these initial binding intentions, which are only a part of the rich debate which grew later, that we proceeded to draft the guidelines [12] which were to be issued to all project partners to help them in their task of writing national overviews for 29 European countries. The guidelines were organized to cover as many aspects of governance as possible, within the limitations of time and available resources. Our argument was that the overviews should provide a good diagnosis and a picture of territorial governance, where the departures from old style spatial management and planning were evident. We kept in mind the need to produce a typology of situations and a synthesis of the national reports which will be attempted later, always within specific and tight time constraints. We were also aware that at a later stage, with the benefit of a large number of case studies, we shall be able to refine our conclusions.

Having in mind these constraints and future prospects, we insisted that far from exhausting all possible information, we should nevertheless capture the essence of the practices, processes, mechanisms and agencies, which are akin to the spirit of governance. We also agreed that we should not hide weaknesses or underplay the resistance to change. Equally, we should avoid being uncritical and over-respectful to policy and guidance emanating from whatever level of governance, EU or national. Given that we expect an impressive variety of situations, the various faces of government and governance are not by definition positive. The guidelines encourage the overview writers to throw light on the way the "governance debate" has generated positive and / or negative responses and on the factors that played a role in determining these attitudes.

This chapter includes first of all a section (4.2) with the guidelines themselves, which were deliberately kept concise and short. The guidelines allow the use of representative examples instead of a complete record of all available information, which might be prohibitively time consuming to compile and at the same time tedious to read. This approach will be developed further through the elaboration of case studies. Overview writers were encouraged not to hesitate to report that no progress towards governance

[12] The guidelines were drafted by two of the project's partners in close collaboration with the lead partner. They were the National Technical University of Athens (Laboratory for Spatial Planning and Urban Development) and the Delft University of Technology (OTB / Research Institute for Housing, Urban and Mobility Studies), and more specifically Louis Wassenhoven from NTUA and Dominic Stead and Bas Waterhout from OTB. L. Wassenhoven wishes to express his thanks to the NTUA research team (P. Sapountzaki, El. Gianniris, E. Asprogerakas, A. Pagonis and Ch. Petropoulou) for their assistance and observations.

has been made. Instead they were asked not to evade answering all questions, but to provide answers which convey the prevailing climate, without excessive detail.

The guidelines were accompanied by an annex (see section 4.3) which was more extensive, at least relative to the guidelines themselves. This annex contained notes designed to help overview authors in the their task. Once again, the intention was to avoid imposing excessive constraints, without however missing essential information. Naturally, both the guidelines and the explanatory notes aimed at making comparisons meaningful and feasible, to enable the compilation of a typology and classification, which also form part of Work Package 2. It goes without saying, that the guidelines and the explanatory notes became the object of an intense dialogue, by e-mail, between the partners involved and the lead partner. They were also checked by members of the project core group. Even so, they were re-adjusted on the basis of comments received from some partners, after they had been disseminated to all partners.

There was a second annex [13] attached to the guidelines (see section 4.4), which focused on definitions of the concept and content of governance. This theoretical text is by no means a substitute of chapter 1 of the present Interim Report, which is a more structured approach to the subject. It was felt however that it was essential to send to all partners, and send it at an early stage, a support instrument which would be of assistance in collecting the information necessary for the national overviews and in clarifying the spirit of the task at hand. Although this annex had such a clearly instrumental purpose, it is nevertheless included here as part of the work towards the 1st Interim Report.

4.2. STRUCTURE OF THE NATIONAL OVERVIEWS: GUIDELINES

Note: These guidelines were sent to all ESPON project 2.3.2 partners, to help them compile the national overviews and to ensure co-ordination and compatibility. They were accompanied with "guidance notes", appended as "Annex A" to the guidelines (see 4.3 in this chapter), and a set of "definitions, principles and criteria specifying the concept and the operational content of governance", appended as "Annex B" to the guidelines (see 4.4 in this chapter).

Structure of the national overviews

(20 – 40 pages)

Part I: Institutional context (11 pages)

1. Country profile (3 pages)

1.1. Essential socio-demographic and economic statistics
1.2. Spatial structure and urban system
1.3. Key spatial problems, conflicts and issues

[13] This annex was prepared by Popi Sapountzaki and Louis Wassenhoven of the NTUA team. The diagram was added by Joaquin Farinós of the Lead Partner.

2. General institutional structure of government (3 pages)

Levels of government, and for each level a description of:

- the structure of government departments
- the division of responsibilities / competences
- resources (tax system, main budgetary source, legislative abilities, etc)

3. The system of governance (5 pages)

3.1. Responses

Integration of governance concepts / principles / processes in national statutes and / or official policy statements. Changes in formal government / administration aiming to make them more open, transparent etc. to allow a modification in the direction of the principles of governance. New agencies to address innovations in the practice of governance. Impact of Structural Funds as mechanism to support new governance practices.

3.2. Debate and attitudes

- Debate on new governance approach and attitude towards the White Paper on European Governance (acceptance, criticism, rejection?).
- Rationale behind the introduction (or reluctance to introduce) of innovative governance approaches.
- The influence of national / regional / local political culture and / or tradition on the system of governance, and expected trends in the future.

3.3. Methods

- Introduction of new management / co-operation methods, such as the Open Method of Coordination.[14] Fields where such methods have been applied (e.g. employment, pensions, health care etc.).
- Guidelines, if any, issued to regulate operation of partnerships, public involvement / participation / consultation in line with governance principles. Use of examples.

3.4. Forms of co-operation

Examples of agreements, contracts, pacts, etc. between formal, informal, social, voluntary and/or, private agencies (in any combination), to enable better co-ordination (vertical, horizontal, lateral, diagonal) and effectiveness. Examples of

[14] The Open Method of Coordination (OMC) is a systemised soft law technique which, through a wide range of tools seeks to induce compliance with commonly agreed EU objectives, even without binding legislation or formal sanctions, in areas that may be wholly within the competence of the Member States. Examples include guidelines, indicators, benchmarking systems, networking and peer review.

government / university / research consortia set up to address territorial issues (e.g. innovation, knowledge dissemination etc.).

Part II: Territorial governance (28 pages)

4. Territorial competencies and responsibilities (7 pages)

4.1. Overview of planning legislation

4.2. Key institutions and important planning agencies at national level (public / semi-public / partnership etc.). Examples of similar agencies at regional or local level.

4.3. Roles and responsibilities of governmental layers and agencies

4.4. Roles and division of competencies between departments

4.5. Allocation of resources by agency / department

4.6. Centralization / decentralization / devolution of spatial planning

4.7. Involvement of politics in actual policy implementation

5. Cross-border and transnational co-operation (2 pages)

5.1. Arrangements for trans-national and cross-border co-operation, with emphasis on spatial planning (transboundary, transnational, within the EU, with non-EU countries, international networking of regions, cities, etc.). Use of examples.

5.2. Existence of cross-border joint planning agencies, joint plans or cross-border standing committees. Use of examples.

6. Instruments for spatial planning and policies with territorial effects (6 pages)

6.1. Planning instruments: What are they? Who has main responsibility? What is their territorial coverage? Are they binding or not? What is their emphasis (e.g. land use, location of activities, spatial development, infrastructures)? Spatial development monitoring systems.

6.2. Territorial and urban policies, which are explicitly related to the planning, management and / or governance of space (regional, urban etc.), as they appear in the latest relevant official documents and / or statements.

6.3. Sectoral policies (not mentioned in 6.2) with an important spatial impact, concerning e.g. transport, the environment, rural development etc. and any other relevant policy area, as they appear in the latest relevant official documents and / or statements, and short analysis of their territorial dimension. If possible, indicative discussion of the spatial impact of one sectoral policy of special significance.

6.4. Problems arising out of inadequate policy co-ordination. How do policies suffer from this lack of co-ordination?

6.5. Examples of policy packages (especially with spatial content), aimed at securing intersectoral policy integration and enhanced synergies (e.g. business location in the Netherlands – ABC policy)

7. Processes for spatial planning (5 pages)

7.1. Co-operation between official agencies and agencies outside formal government system (NGOs, citizen groups, trusts etc.)

7.2. Examples of existing professional and public "*fora*" for dialogue and debate

7.3. Examples of mechanisms of participation and spatial conflict resolution: the nature of existing procedures, within the formal system; categorization of actors invited to participate; available mechanisms for objection and arbitration.

7.4. Examples of existing informal and ad hoc mechanisms for planning and development, such as the involvement of agencies outside formal government system:

7.4.1. NGOs assigned observation / watchdog role (e.g. WWF)

7.4.2. Secondment arrangements between government and universities

7.4.3. Spatial development observatories

8. Approaches for horizontal and vertical cooperation and coordination (5 pages)

8.1. Relationships between different agencies at one level of government and between different levels of government with specific reference to spatial planning

8.2. Co-operation between agencies, departments, authorities and / tiers of government in relation to the production and implementation of planning instruments. Use of examples.

8.3. Relations with EU policies and / or programmes[15]

8.4. Examples of regional / local initiatives for integrated territorial planning (e.g. planning of functional urban regions, inter-municipal or inter-regional planning arrangements, transfer of responsibilities to jointly created bodies)

8.5. Examples of strategic planning initiatives, especially at regional and / or metropolitan level.

9. Final comments (2 pages)

9.1. Brief description of the style of planning which is characteristic of the country.

9.2. Conditions leading to shifts in governance.

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[15] Examples include:

- The influence and / or interaction between national instruments and EU policies / programmes / initiatives (e.g. Interreg, Urban or Leader), within the existing formal system of planning and EU / country relationship
- Spatial elements and provisions resulting from EU policies / legislation / programmes which have been incorporated in formal planning system
- Spaces administered under special EU status (e.g. Natura 2000 areas)

10. Proposed case studies (1 page)

Preliminary list of 3 – 5 possible case studies (at any level: local, Functional Urban Areas, Regional, National, Transnational), which best illustrate the issues touched upon in the previous sections of the guidelines and best reflect the current governance situation of the country and its overall development profile. The cases proposed should cover a variety of issues and situations. Each case should be accompanied by a description of a few lines.

11. Bibliography and websites

12. Scientific team responsible for national overview

4.3. GUIDANCE NOTES FOR WRITING THE NATIONAL OVERVIEWS

Note: These "guidance notes" were appended as "Annex A" to the guidelines for writing the national overviews, which were sent to all ESPON project 2.3.2 partners.

General

a) There should be particular, but not exclusive, emphasis throughout the document on important changes over the last 10 years, especially since the publication of the European Spatial Development Perspective (1999). The current situation should be compared against the EU Compendium of Spatial Planning Systems and Policies and other similar compendia [16] prepared before the publication of the ESDP. The national overviews should also highlight similarities between the planning system of the country concerned and the styles of planning identified in the EU Compendium of Spatial Planning Systems and Policies.

b) The main focus of the national overview should be on the level(s) of government with the main competence(s) for spatial planning. In some countries this may be the national level, in others this may be the regional level. ESPON 2.3.2 is about "governance of territorial and urban policies", hence we should approach the overviews through the "governance" lens. The term is described extensively in the White Paper on European Governance, in the ESPON 2.3.2 proposal (section 4.1), in Annex report C on "governing polycentrism" of ESPON project 1.1.1 and in an Annex B of these guidelines. However, notwithstanding remark (a) above, the overviews should not concentrate exclusively on processes, practices, instruments,

[16] For the Slovak Republic, Hungary, Slovenia, Bulgaria and Romania see Vision Planet (http://www.bbr.bund.de/raumordnung/europa/vplanet_download.htm), for Bulgaria and Romania see ESTIA (http://estia.arch.auth.gr/estia/eng), for Norway, Poland, Lithuania, Latvia and Estonia see VASAB (http://vasab.leontief.net), for Norway see also the Nordregio report by Kai Böhme entitled '*Nordic Echoes of European Spatial Planning: Discursive Integration in Practice*' (http://www.nordregio.se/publicat.htm), and for Switzerland see the Swiss National Planning Agency (http://www.are.admin.ch/are/en/raum/verkehrsinfra).

policies or agencies introduced after the publication of the White Paper, since such processes etc. may have existed earlier, even though at the time of their introduction there was no explicit reference to governance, as defined today. It goes without saying that we are interested in processes etc. of some importance and with clear relevance to the principles, which we associate with governance.

c) Attention should be given to the difference between formal and informal processes, practices, instruments, policies and agencies. "Fomal" is e.g. a policy or practice which is official, legislated and/or established, regardless of whether it follows an old formal government style or an innovative and novel approach, which is nearer to governance principles. It may or may not have been a recent introduction into official, legislated and/or established policy and practice. Besides, as mentioned above, quite a number of policies and practices did follow these principles, even before "governance" entered the official vocabulary. It would be however important to know whether they were adopted after the White Paper on European Governance and / or as a result of it. "Informal" is e.g. a policy or practice, which is voluntary or simply non – obligatory, i.e. is not compulsorily initiated and is rather the outcome of voluntary initiatives. Such policies, practices, agencies etc. are frequent and can have all the attributes which link them to governance principles, in the White Paper sense.

d) An *indicative* number of pages of text (excluding diagrams, etc) is identified per section: this is only meant as an indication of the relative proportion of material to be provided per section. The national overview is thus expected to amount to around 40 pages for a 'typical' overview, without sections 11 and 12 .

Part I: Institutional context

1. Country profile

Under "essential social, demographic and economic statistics", the national overview authors can include population and area of the country, national GDP, GDP per sector, population breakdown (sex, active / non active, ethnicity, urban / non urban), and employment (total and by sector). It would be preferable to draw this information from the latest EUROSTAT statistics, where possible, or from the latest UN statistics (last 10 years). If this information is obtained from recent similar projects and / or planning compendia, this should be clearly indicated.

For information on "spatial structure", the authors can direct the reader to other ESPON projects or similar studies, but it is important to provide here a brief comment on the broad, basic geographical structure of each country, the relative isolation of particular regions, the islands (number, population, area), mountain zones (population, area), protected areas and distant territories. Particular emphasis must be given to spatial problems and sources of spatial conflict (e.g. in peri-urban or tourist zones), which are the result of competing uses or of competition over the use of resources (e.g. water). A grouping into e.g. "urban / rural" or "islands / mountains / other" would be desirable, but individual partners may propose groupings which are more suitable to the conditions of each country.

2. General institutional structure of government

The headings of this section are self-explanatory. Revenue should be related to levels of government, depending of course on each country's system (centralized, federal etc.), but its sources should be broadly indicated in figures for each country as a whole (national taxation, regional / local taxation, special charges and dues, revenues from properties etc., depending on the country concerned). Public investment should be again subdivided according to source (central, regional, municipal), with a separate indication of EU sources (e.g. through the Community Support Frameworks, EU Initiatives etc.).

3. The system of governance

National overview authors are reminded of the introductory remarks in these guidelines, especially (b) and (c). (See page 1 of this Annex A).

According to Rhodes (1996), the concept of governance is currently used in contemporary social sciences with at least six different meanings:

1. the minimal State
2. corporate governance
3. new public management
4. good governance
5. social-cybernetic systems
6. self-organised networks

The European Commission established its own concept of governance in the White Paper on European Governance (CEC, 2001), in which the term 'European governance' refers to the rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence. These five 'principles of good governance' reinforce those of subsidiarity and proportionality.

3.1. Our interest here lies in the extent to which references to governance concepts, principles and processes have been incorporated in national legislation and policy statements, and when (date or period). Reference should be made to changes in the structure of government and administration at all levels to make them more consistent with the pursuit of governance objectives, and when (date or period). Of special interest are changes supported by the Structural Funds, as a mechanism for new multilevel (vertical) relations or horizontal ones (cross-sectoral, partnerships among organizations and private-public stakeholders) [17]. In addition to this information, more information is requested on whether new agencies have been created to promote the objectives of governance. Such agencies are not necessarily parts of the official government and administration and they may be created to ensure greater independence and impartiality.

3.2. Here we need information on the debate that has (or has not) taken place in each country, following the publication of the White Paper. Was it discussed? What views (positive or negative) have been expressed? We need to know the arguments used to

[17] Results of 2.2.1 ESPON project "Territorial Effets of Structural Funds" should be explored.

introduce (or hesitate / refuse to introduce) reforms and innovations in line with governance principles, before, but mainly after, the publication of the White Paper. In connection with the social and political culture and tradition of a country, the focus should be on how they have influenced decisions in relation to the above reforms and innovations, in a positive or negative way. Are these factors expected to change in the future? Difficulties and obstacles should be highlighted in this sub-section.

3.3. In this sub-section the emphasis is on whether specific steps were taken (e.g. by issuing guidance) to encourage the creation of partnerships and the involvement and participation of citizens, always with the aim of implementing reforms consistent with principles of governance, as interpreted in each country's conditions. We are concerned here with methods. To ensure better governance, management and more effective policy – making, a number of innovative management methods can be used. It is of interest to know whether such methods have been used. Of special importance is the use of the Open Method of Coordination, reference to which is made in the following sources:

- CNRS – UMR Géographie-cités (2004), *Critical Dictionnary of Polycentrism*, ESPON Project 1.1.1 (Potentials for Polycentric Development in Europe) / Annex report A (see section 4.5, under Coordination);
- Commission of the European Communities, *European Governance: A White Paper*, COM(2001) 428 final, 25.7.2001 (see section 3.2);
- Faludi, A. (2004), The Open Method of Coordination and 'post-reulatory' territorial cohesion policy, *European Planning Studies*, 12(7): 1019-1033;
- Gore, T. (2004), The Open Method of Coordination and policy mainstreaming: The European Employment Strategy and Regional Conversion Programmes in the UK, *European Planning Studies*, 12(1): 123-141.

Answers to these questions can rely on the use of examples.

3.4. A variety of instruments are being used in European countries to enable more effective co-operation between sectors and better co-ordination of effort. Although the names and content may differ, they have similar objectives. Information is requested on such instruments. A second concern here is the emergence of consortia and schemes of co-operation between "knowledge producers" (universities or research centres) and government, aiming, in a systematic way, at promoting objectives associated with the concept of governance, e.g. knowledge dissemination and the spreading of innovations. What is needed here is examples of such practices.

Part II: Territorial governance

4. Territorial competencies and responsibilities

National overview authors are reminded of the introductory remarks in these guidelines, especially (a). (See page 1 of this Annex A).

4.1 – 4.3. These sub-sections should be answered briefly, using a diagrammatic presentation, when and where this is possible. If the existing situation does not differ from that presented in recent projects and / or compendia, this should be pointed out and

the reference should be given. Changes since the last such project or compendium should be mentioned clearly. This is the place where planning agencies or bodies undertaking planning tasks will be presented. Apart from central government bodies, agencies at regional or local level should be mentioned, using examples. In addition to key institutions and agencies, there may be others, outside formal government, which deserve mentioning, even by way of examples. These may be e.g. *ad hoc* authorities or voluntary agencies or bodies with a partnership nature. Equally, they may be non-profit or non-governmental agencies set up to co-ordinate and integrate planning activities.

4.4. The division of responsibilities between departments of the same agency should be presented only for certain key agencies (e.g. the central government ministries primarily concerned with territorial issues) or for typical cases (e.g. a regional authority or a municipality). The exact presentation will inevitably vary according to the country concerned.

4.5. The issue of resource allocation should be addressed with reference to layers of government (e.g. central government, federated states or regional authorities, municipalities) and to individual key agencies and typical cases, as in 4.4. The exact presentation will inevitably vary according to the country concerned.

4.6. The best way to approach this question is by making a brief comment on how the issue has been approached in the particular circumstances of each country.

4.7. A brief comment is required on how politics (at any level) influence (or interfere with) the implementation of policies. The particular socio – political culture of the country concerned plays here an important role.

5. Cross-border and transnational co-operation

Information in this section is complementary to that supplied in the previous section. It can be answered with the use of examples.

5.1. Such arrangements are given special emphasis in the context of EU policies. The answer must include examples and the nature and tasks of these arrangements (see also next sub-section).

5.2. In addition to sub-section 5.1, this sub-section must provide information on specific agencies etc., entrusted with cross – border initiatives on a regular basis, which goes beyond *ad hoc* initiatives.

6. Instruments for spatial planning and policies with territorial effects

National overview authors are reminded of the introductory remarks in this Annex A, especially (a). In relation to policies (6.2 and 6.3) they are encouraged to comment on the openness of their formulation processes, the level of participation, their coherence and the accountability of actors involved.

6.1. This sub-section should be answered briefly, using a diagrammatic presentation, when and where this is possible. If the existing situation does not differ from that

presented in recent projects and / or compendia, this should be pointed out and the reference should be given. Changes since the last such project or compendium should be mentioned clearly. If particular instruments are considered of special importance in the context of ESPON project 2.3.2, then additional comments can be included.

In the *EU Compendium of Spatial Planning Systems and Policies* (table B.1, p. 52), spatial planning instruments were classified as follows: (a) National Policy and Perspectives (national perspectives, spatial planning guidance, sectoral plans / guidance); (b) Strategic (general strategic instruments, second level strategic instruments for part of an area, sectoral instruments, city region plans); (c) Framework (masterplan); and (d) Regulatory (regulatory zoning instruments, local building control instruments, implementation instruments).

6.2. Policies included here are those which have been officially adopted and have territorial management and governance as their explicit aim. Urban or metropolitan government is an example. The influence of similar policies of the European Union should be discussed briefly.

6.3. Policies included here are those which have been officially adopted to address other sectors, which indirectly affect national, regional or local space. Apart from the examples of sectors mentioned in the guidelines, it is of interest to consider the sectors mentioned in the European Spatial Development Perspective, as having an impact on spatial development. The influence of similar policies of the European Union should be discussed briefly. The spatial impact of sectoral policies can be discussed very briefly and in an indicative way, using one example of such policy.

6.4. The problem of inadequate sectoral policy co-ordination is extensively discussed in the European Spatial Development Perspective and in the 3rd Cohesion Report. Here we are keen to obtain information, in the form of comments, on how the lack of co-ordination affects spatial development in individual countries and on whether the principle of subsidiarity is adequately taken into account.

6.5. This sub-section is related to sub-section 6.3. However, here we should report on example(s) of specific policy packages (especially those with a territorial dimension) which have been implemented in order to overcome the friction of inconsistency between policies and actions, create more “value added” and achieve better results.

7. Processes for spatial planning

Although there may be overlaps between this section and sections 4 - 6, this section is necessary in order to bring out processes of “formal-informal” and “public-private” co-operation, of conflict resolution, of participation and dialogue and of “informal” mechanisms for planning and development. This information is categorized in sub-sections (see guidelines). Our aim is to throw light on the richness of initiatives which may or may not be of a statutory character. Such initiatives are a good reflection of the “governance culture” of each country. Often their existence is a telling comment on the difficulties encountered by official governments and administrations to respond to changing circumstances. Given the probable multitude of processes, initiatives etc., the section can be anwered through the use of examples.

8. Approaches for horizontal and vertical cooperation and coordination

This section is devoted to aspects not covered in previous sections and can be answered through the use of examples.

8.1 – 8.2. These sub-sections are about vertical and horizontal relationships within and between official agencies and tiers of government, with specific reference to spatial planning and planning instruments. The aim is to capture an essential dimension of effective governance. In contrast to section 7, the emphasis is on co-ordination within the government system.

8.3. Our interest here is to examine links and relations between the formal planning system of a country and EU policies and / or programmes, e.g. of the type explained in the footnote in the guidelines.

8.4. In this sub-section we aim to cover initiatives not mentioned elsewhere which promote integrated spatial planning. Certain types of such initiatives are already emerging and are closely related to European policies, e.g. the co-ordinated planning of functional urban regions.

8.5. A particular case of great interest, which may or may not be related to the previous sub-section, is instances of strategic planning at regional and / or metropolitan level. Such strategic planning exercises are not necessarily examples of statutory instruments. Strategic plans are often undertaken outside the formal planning system, as a response to the changing international context and the role of regions and cities in it.

9. Final comments

9.1. National overview authors are invited to describe here their perception of the style of planning which has prevailed gradually in each country. They can, if they wish, consult the classification of planning systems proposed in other sources, without being constrained by them. E.g. the authors of the EU Compendium of Spatial Planning Systems and Policies differentiate between the Regional Economic Planning approach, the Comprehensive Integrated approach, the Land Use Management approach and the (mostly Mediterranean) Urbanism tradition (European Commission, *The EU Compendium of Spatial Planning Systems and Policies*, Office for Official Publications of the European Communities, Luxembourg, 1997, pp. 36-37). A different classification is adopted in ESPON project 1.1.1 (CUDEM / Leeds Metropolitan University, *Governing Polycentrism*, Annex report C, ESPON project 1.1.1 / Potentials for Polycentric Development in Europe, 2004, ch. 2), which follows Newman and Thornley (Newman, P. and A. Thornley, *Urban Planning in Europe*, Routledge, London, 1996, ch. 3). Here, a distinction is made between planning systems which belong to the British, Napoleonic, Germanic, Scandinavian and East European families. In the context of ESPON 2.3.2, what is expected of the national overview authors is to describe in a nutshell the essential features of each country's system.

9.2. An equally short comment is expected in this sub-section. Here the emphasis is on the situation that produced responses conducive to "governance" as understood in the context of ESPON 2.3.2. The comments in the introduction to this Annex A are again

pertinent, especially (b) and (c). The relevant questions regarding these responses are: What was there in the given national culture or political system that produced them? What were the dynamics that led to their introduction? Being fully aware of the difficulty of answering these questions without producing a special study, we still think it worthwhile to provide some tentative suggestions. The reason is that it is not sufficient to know what "governance practices" are in place. We also have to address "contingent" shifts from government to governance regimes, to locate "governance occurrences and scenes", to reveal the forces generating these developments, to evaluate relevant structures, processes and outcomes in terms of "good governance principles" and finally to identify their territorial impacts at different spatial levels. We also have to take into account negative attitudes to governance, motivated by the belief that it contributes to the dismantling of the welfare state and to the surrender of elected government powers to mechanisms controlled by private interests. A good deal of this debate forms part of other sections of the overviews, but here we can dwell more on what has given birth to "governance practices" or on what circumstances created a favourable or unfavourable climate for their adoption.

4.4. CONCEPT AND CONTENT OF GOVERNANCE

Note: This text, with the title "Definitions, principles and criteria specifying the concept and the operational content of Governance", was appended as "Annex B" to the guidelines for writing the national overviews, which were sent to all ESPON project 2.3.2 partners.

4.4.1. Governance: Definitions and criteria

- The concept of Governance is a complex one. It involves working across boundaries within the public sector as well as between the public, private and community sectors. It is a process rather than a product. It operates at different levels and it is important to develop the Governance systems at the appropriate layer (ESPON, 2004).
- Urban Governance is not simply urban management. Governance processes are not simply managerial processes, instead they are heavily politicized (ESPON, 2004).
- Urban Governance may also be perceived as the set of actions and institutions within an urban region that regulate or impose conditions for its political economy (Sellers 2002)
- Eurocities (2002) perceive the structure of Governance as one of "spheres" of influence and expertise rather than tiers of subsidiarity in a hierarchy of powers.
- Governance implies not just a decentralization of government, but also an expansion of horizontal linkages in the political and administrative system.
- Governance, in its descriptive sense, directs attention to the proliferation of agencies, interests, service delivery and regulatory systems which are involved in making policies and taking actions (Healey *et al.*, 2002). In the normative sense, Governance is defined as an alternative model for managing collective affairs. It is seen as "horizontal self-organization among mutually interdependent actors" (Jessop, 2000). In such case, government is not the only actor and indeed has only imperfect control (Rhodes, 1997).

- For a definition of the meaning of Governance, Salet, Thornley and Kreukels (2003), turn to Gualini: "Governance is – in general terms – a notion that deals with the reframing of both 'formal' and 'working' relationships between ideal types of social order in realizing governing effects". The key words are "state" (public interest, hierarchy, coercion, monopoly of legitimate violence, territorial sovereignty), "market" (private interest, competition, exchange, failure in producing collective goods), "community" ('commons', reciprocity, cooperation, trust, solidarity), "firms" (corporate interest, hierarchy, principal – agent relationships, instruction – based relations, vertical integration), and "associations" (concertation of collective interests, collective self – regulation, 'private government').

- "The systems of governance of a society or community refer to the processes through which collective affairs are managed. Governance involves the articulation of rules of behaviour with respect to the collective affairs of a political community; and of principles for allocating resources among community members… [G]overnance activity is diffused through the multiplicity of social relations we have, and may take many forms. It is a matter of specific geography and history how responsibilities are distributed between formally-recognised government agencies and … other arenas of governance… [G]overnance is not the sole preserve of governments. We are all involved in some way, and have experience of managing collective affairs. This experience, though largely neglected by those writing on politics and planning, provides a resource though which new forms of governance can be invented" (Healey, 1997).

- The shift from government to Governance means a change in focus which is then placed more on processes and less on institutions. Hence Governance may be defined "as a process through which local political institutions implement their programmes in concert with civil society actors and interests, and within which these actors and interests gain influence over urban politics" (Pierre, 1997).

- "Governance refers … to any form of coordination of interdependent social relations – ranging from simple dyadic interactions to complex social divisions of labour. Three main forms are usually distinguished: the anarchy of exchange (for example, market forces), the hierarchy of command (for example, imperative coordination by the state) and the heterarchy of self-organization (for example, horizontal networks). Sometimes I will refer to this third form as governance… This involves the reflexive self-organization of independent actors involved in complex relations of reciprocal interdependencies, with such organization being based on continuing dialogue and resource-sharing to develop mutually beneficial joint projects and to manage the contradictions and dilemmas inevitably involved in such situations… Governance organized on this basis need not entail a complete symmetry in power relations or complete equality in the distribution of benefits: indeed, it is highly unlikely to do so almost regardless of the object of governance or the 'stakeholders' who actually participate in the governance process… Governance mechanisms and practices have key roles in modulating the scalar and spatial divisions of labour and allocating specific tasks to different time scales and periods" (Jessop 2002b: 52).

- Bob Jessop mentions typologies used to classify welfare regimes. He refers first to G. Esping – Andersen's typology: The liberal type, the conservative type, the social democratic regime and the the familial or Southern European regime. He then discusses a six-fold typology: Market liberal (subdivided into American and Antipodean variants), social democratic, conservative – corporativist (or Christian

Democratic), Mediterranean (or Southern European), and Confucian (or East Asian) (Jessop 2002b: 62-63). There is here an underlying parallel with classifications of planning systems.

- From the regime theory perspective, the problem of Governance understood as the challenge of collective action, can be resolved by forming governing coalitions or regimes that are informal, stable, have access to institutional resources, have sustained role in decision-making and draw on actions from public and non-public sectors (Stoker, 2000).
- "Metropolitan governance may be defined in simple terms as co-operative approaches in city – regions / metropolises between the stakeholders who can influence development strategies. Those co-operations may take on different forms and mostly a necessary reaction to the mismatch between the metropolitan challenges on one hand, and the fragmented political and administrative organization on the other hand" (Interact Network, 2004).
- "The theoretical framework of local governance explores the emergence of policy frameworks and institutions in which a wider range of (public, private and voluntary sector) actors are involved in regulating the local economy and society… In the open debate on the transformation of local government, a number of authors stress the central role of the local authority in organizing and mobilizing the modes of governance… The increased importance of non-state organizations in local politics constitutes, it is argued, a distinct local response to industrial and socio-political restructuring processes…" (Chorianopoulos, 2003).
- In the glossary of the French monthly *Le Monde Diplomatique* on "*Europe, frémissements au bord du gouffre*", governance (*gouvernance*) is defined as follows: "Issued from the anglo-saxon administration science, the concept of governance, or good governance, is used by the European Commission to evaluate, in particular, the democratic character of third states benefiting form European funds (countries of the East, non EU-member states, or countries of the South). Far from being neutral, the concept of governance, is inscribed in the liberal vision of the minimal state. By maintaining a confusion between 'good administration' and 'good government', it allows, in the name of 'democracy', the weakening of public power" (Translation from French. See website: http://www.monde-diplomatique.fr/cahier/europe/a1069).

4.4.2. Changes in the Political/Administrative system and structure signifying a shift from Government to Governance

- A relative decline in the role of State in the management of social and economic relationships.
- The involvement of non-governmental actors in a range of state functions at a variety of spatial scales.
- A change from hierarchical forms of government structures to more flexible forms of partnership and networking (Stoker, 1997).
- A shift from provisions by formal government structures to the contemporary sharing of responsibilities and service provision between the state and civil society (Stoker, 1991).

- The shift from “government” to “governance” has an interesting parallel with the movement from “modernism” to “postmodernism”, the characteristics of which are listed by Wigmans (2001).
- The emergence of new local / regional forms of Governance as a result of mobilization and construction of scale-specific state policies and institutions (Brenner, 2000).
- Brenner (2004) describes three successive approaches to urban governance: Spatial Keynesianism (1960s – early 1970s), endogenous development strategy (1970s – early 1980s) and urban locational policy (early 1980s to the present).
- Herrschel and Newman refer to arguments, which examine “city and regional issues froma a political and institutional perspective. Arguments here seek to clarify the complex relations between nation, region and locality and the changing relationships between public and private sectors in managing cities and regions. Core theoretical debates focus on a transition from government (concentrating on formal institutions) to governance (more flexible, networked arrangements involving private as well as public actors) and on ‘rescaling’ of states that can be seen in both a weakening of the traditional roles of nation states and increasing importance of regional and local scales” (Herrschel and Newman 2002: 12-13).

4.4.3. Sources and forces of motivation and initiation of Governance structures

- EU law and EU funding programmes (Grote, 1996).
- National / regional law or national / regional funding.
- Structural reforms of the political and administrative systems.
- From the part of local authorities (LAs), efforts:
    - To enhance local autonomy and political power,
    - To combat bureaucracy of the central state,
    - To contradict central public policies,
    - To address issues of mutual dependence and common interest,
    - To create critical mass in terms of infrastructure, personnel, expertise, economic and other resources,
    - To assume the role of a more influential player,
    - To achieve integration and coordination of sectoral and territorial policies.
- From the part of firms, state agencies, L.As etc., efforts to construct new “spaces of engagement” in order to secure the continued existence of their “spaces of dependence” (MacLeod, 1999).
- “[C]hanges in our cities can be depicted as the triumph of chaos and disorder… [W]hether this means that cities are ‘unruly’ and thus impermeable to the forces of governance is debatable, for urban complexity (like other complexities) is subject to human intervention… Thus, urban governance is not an attempt to regain control so much as an attempt to manage and regulate difference and to be creative in urban arenas which are themselves experiencing considerable change” (Kearns and Paddison, 2000).

- "[U]rban government in the 1990s faced a movement towards fragmentation and more differentiated forms of governance: local government became urban governance. New forms of urban governance were also triggered by local initiatives on a global scale" (Elander, 2002).
- Putting forward the views that "globalization takes shape in the world city" and that "urban society makes states", Roger Keil refers to Bob Jessop's notion of "governance of complexity" and argues that "regime-, regulation-, and discourse – theoretical approaches be merged critically and selectively into a theory of local governance. Only such a comprehensive approach … can do justice to 'the governance of complexity' " (Keil 2003: 290). He argues further that "the question of how agency must be understood in the context of governance of complexity poses a serious problem in a world where structural change seems to originate either abstractly in global flows of information and capital or concretely in the boardrooms of transnational corporations. Much of the current literature on world city formation still treats this process and its governance as mere derivatives of hegemonic material and discursive realms that are said to occur on the global level. This view of the political sphere of the world city is erroneous: for urban politics is also an important factor in world city formation" (Keil 2003: 291).

4.4.4. Policies and interventions generating new Governance structures

- Central government policies may steer processes of coordination and collective action across public, private and voluntary sector boundaries. Nevertheless, government cannot impose such policies, it must rather negotiate both policy-making and implementation with partners from the public, private and voluntary sectors.
- Government can steer Governance by using its moral authority to persuade others to work in partnership to solve problems and take action. Here the key tension is lack of legitimacy (Stoker, 2000).
- Government can steer Governance by subsidizing partnerships. Financial incentives are strong motivators for partnership (Stoker, 2000).
- Government can also steer Governance by setting up monitoring procedures to check the development of partnership. It can also organize cross-institutional learning by identifying and disseminating best practices. However, such plans and performance reviews can create over-rigid procedures which might stifle innovation and undermine the development of social capital (Rhodes, 1997). R. Rhodes also comments that some forms of governance systems can be characterized by "self-steering inter-organisational networks that are no longer under direct democratic control", thus resulting in significant reduction of local government powers and in a shift towards control by unelected agencies (Burns, 2000).
- Another way of encouraging partnerships is to provide for a forum in which learning can be facilitated through communication. However, a key dilemma is the limits to openness of the forum, i.e. who should be included and who excluded.
- Governance can be steered through the appointment of new agencies which consist of multiple stakeholders. However, there is the problem of who is appointed to join these agencies and how they can be held to account.

- In many EU countries, Structural Funds have effectively become a mechanism for regional capacity building.
- At the local level, local government has an important role to play in promoting new forms of Governance, given that it is situated at the crossing point between the traditional vertical axis of power and public administration and the new horizontal axis of partnership between government, private and civil sectors.
- "The concept of urban governance encompasses the view that local authorities today hjave to co-exist and collaborate with a much wider network of agencies and interest-groups than in the past, amongst them more organized and active business elites" (Bassett, Griffiths and Smith, 20020.
- The implementation of a strategy requires attention on three key aspects: (a) Governance context (governance system as it evolved through time, institutionalized or informal, liberal globalization, integration of strategies, articulation of metropolitan and local perspectives), (b) Governance forms (managing partnerships, citizen participation, projects and networks), (c) Development of underlying processes (leadership, decision making, building trust, managing power system, consensus building, conflict management, organizational learning, evaluation, monitoring) (Interact Network, 2004).
- The appearance of neoliberalism is a major force which induced adaptations to new conditions. Jessop (2002a) mentions 4 strategies to promote or adjust to global neoliberalism: Neoliberalism, neostatism, neocorporatism and neocommunitarianism.

4.4.5. What is Good Governance? Framework for evaluating Governance structures.

- The capacity of Governance initiatives to achieve a common goal to make a difference depends on the character and quality of three forms of capital and the ways these interact (Intellectual capital including knowledge resources, Social capital referring to trust and social understanding, and Political capital, i.e. the capacity to act collectively).
- Partnerships and networking are the keys to success. The United Nations Centre for Human Settlements (UNCHS) defines Good Governance as "an efficient and effective response to urban problems by accountable local governments working in partnership with civil society" (in BSHF, 2002). According to the above definition the main characteristics of Good Governance are: Sustainability (balancing the social, economic and environmental needs of present and future generations), Subsidiarity, Cooperation (developing collaboration between spheres of government and shared competencies), Equality of access in decision-making, Efficient delivery of services, Transparency and Accountability, Civic Engagement and Citizenship.
- Similar are the principles proposed by the White Paper on European Governance: Openness (enhanced communication and information about EU actions and decisions, using a language accessible to and understandable by the general public), Participation (from conception to implementation), Accountability (so that the roles in the legislative and executive processes become clearer), Coherence (presupposing political leadership and a strong responsibility on the part of the institutions to ensure a consistent approach within a complex system), and Effectiveness.

- Partnerships should be examined and evaluated in terms of their structure and process. The structure is the organizational entity of the partnership such as a committee, a local enterprise agency or a development company. In contrast, the process refers to the development of formal and informal linkages and networks between the individuals and organizations involved (Moore and Pierre, 1988).
- "Partnerships represent one form of co-operation or governance … It is based upon some kind of formal agreement … to implement a policy or a project. It gathers partners seeking a positive and concrete outcome from the co-operation, that they could not reach alone. The actual achievements … depend on … commitment, … the will to achieve a win-win outcome for all partners, .. trust and respect …, common belief .. in the value of the partnership…" (Interact Network, 2004).
- Partnerships are the site of potential conflict as well as the site of consensus construction. Hence, outcomes of partnership working depend on who has the power to determine consensus and where and how that consensus is achieved.
- "[T[he term 'partnership' belongs to a broader family of network concepts used in recent academic literature on urban policymaking and implementation. For example, sometimes a particular organizational unit of local government joins other actors in a coalition to develop a policy to solve a particular problem. This coalition may be just an ad hoc arrangement for one particular occasion ('an issue network') or it may be an element of a long-term strategy for a set of actors ('a policy community')" (Elander, 2002).
- Governance process evaluation involves queries about how issues are put on the agenda (what filters are used), how they are evaluated and proposals generated, how decisions are made on preferred options and the relationship between those who implement policies and those formulating them. Eurocities (2002) believe that the new Governance relations should bring together policy-making and policy implementation so that the social and political system as a whole obtains the capacity to learn and adapt.
- The roles and legitimacy of both the representative system and the Governance networks should be acknowledged and clearly defined. The representative system usually assumes the primary role in initiating and setting the parameters and scope of policies whilst Governance networks are more appropriate to the detailed work on policy development and implementation and should provide a stronger basis for the direct involvement of citizens.
- An appropriate distribution of resources is essential to guarantee normal operation of Governance networks (Eurocities, 2002).
- An improved flow of information is vital to the successful operation of Governance arrangements and the establishment of transparency, openness and trust in the relations between institutions, agencies and citizens.
- There is a need for a new approach to the management and work programme of Eurostat and the National Statistical Services including the introduction of a new platform of territorial levels of analysis. The status of city-regions as key elements in modern Europe must find clearer reflection in statistical territorial units.
- Horizontal co-ordination between sectoral issues is a prerequisite for effective Governance. In the view of Eurocities (2004), this concept should be "applied in relation to a wide range of policies that have consequences for cities. These include:

social and economic policies, especially in relation to issues such as employment, the integration of immigrants, and the provision of services of general interest; policies concerning the environment, transport and sustainable development; policies related to education, culture and heritage, urban security and the knowledge society".

4.4.6. Integration and co-ordination pressures

- The Vertical dimension of Environmental Policy Integration (VEPI), that is within the purview of Ministerial sectors. The mechanisms for achieving VEPI are: A report → a forum → a strategy →an action plan → a green budget → a monitoring programme (Lafferty, OECD 2002).
- The Horizontal dimension of Environmental Policy Integration (HEPI). It involves the extent to which a central authority has developed a comprehensive cross-sectoral strategy for EPI. This central authority can be the government (cabinet) itself, a particular body or commission which has been entrusted with an overarching responsibility for sustainable development or an inter-ministerial body assigned to handle what is considered to be important overarching issues. The mechanisms for achieving HEPI (integration within the purview of the government as a whole) are: A constitutional mandate → an overarching strategy → a politically responsible executive body including a strategic national forum → a mandated information agent and programme → a national action plan with targets and calendar → a programme for assessment, feedback and revision → a system for open petition and conflict resolution (Lafferty, OECD 2002).

5) WORKING HYPHOTESIS

5.1. REMINDING GLOBAL OBJECTIVES FOR 2.3.2. ESPON PROJECT

1. Elaborate a research framework which allows to comprehensively investigate the issue of governance, through:
   - *Theoretical work:*
   - *National & EU overviews:*
2. Definition of a set of indicators related to specific factors that characterise successful governance or obstruct it
3. Preparation of comparable Case Studies, with particular focus on governance at trans-national level. Benchmarking
4. Draw conclusions and strategic recommendations on improvement of governance at EU level

5.2. AN UNDERSTANDIG FOR GOVERNANCE: GOVERNANCE FOR SPATIAL PLANNING

Theoretical work shows that there are a lot of possible understandings and focus for *governance* concept. Whilst there are dangers in trying to find one definition that can be used in all circumstances, definitions can work as guidelines that contextualise the implementation of good governance in various circumstances. However, trying to find and adjusted meaning for territorial and urban governance, as a synonym of *new modes of planning*, governance can be considered as a way to co-ordinate economic and social dynamics through the involvement and participation of a multiplicity of actors, thus modifying both policies and interventions objectives (from growth control to development promotion) and action procedures (from authoritative imposition of choices to negotiated consensus building). Interest will therefore concentrate not only on institutions, formal structures, but on processes. So, for this report, the understanding of governance is the ability of key private and public actors to build organisational consensus, agree on contribution of each partner and agree on a common vision.

This meaning is near to the Roseneau (1992)[18] idea of governance: "activities supported by shared objectives", in opposition –as it is not our case- to government: "something related to activities supported by formal authorities".

The following question is: What to share among public and private actors?

a) Build an organisational consensus involving the private sector in order to define common objectives and tasks in the field of <u>regional economic development</u>

   Re-orienteering urban and territorial policies towards the promotion of local development is resumed by many authors as the rise of the entrepreneurial city or "turn" to the entrepreneurial mode of urban governance, debating the shift from regulative action modes to *pro-active* ones supporting development, stress that

[18] ROSENEAU J. N. (1992): "Governance, order, and change in world politics", in ROSENEAU J.N. E CZEMPIEL (ed), *Governance without Government: Order and Change in the World Politics*, Cambridge, Cambridge University Press, pp. 1-29.

relation that link the changes in urban and territorial policies to the current redefinition of the economic development model.

b) Agree on the contribution by each partner to attain the objectives previously defined, everyone they could be.

c) Agree on a common vision for the future of their territory among all levels and actors involved.

This definition of *Territorial Governance* is similar to the concept of *Spatial Development*, and strongly related to that of *Territorial Cohesion:*

- Spatial development does not imply a social structure of the territory (traditional idea of nation-state)
- It evokes agreement between stakeholders (public and private alike, and in the area of economy, public facilities or infrastructure) to ensure the spatial coherence of the different actions.
- Therefore, it implies a degree of decentralisation and multi-level governance of European policies through sub-national levels of democracy and public intervention.
- With regard to territorial cohesion, the governance issue underlines the central importance of institutional structures in delivering the public goods and services that determine the competitiveness of each territory and, in turn, national economic performance.

In the urban and territorial policies, the governance approach concerns changes in the forms and procedures of collective action recognising in particular the consolidation, including in practices, of the forms of partnership, inter-institutional co-operation, strategic planning. This change, which, while particularly shows in territorial practices, affects all the fields of public action, may be summarised as a tendency towards the territorialisation of action models. On the one hand towards the decentralisation of competencies and state powers. On the other hand, it is evidence of the new (or renewed) centrality assumed by the reference to the local territory; in others terms, in the view of urban and territorial policies as *place-focused* policies.

5.3. ABOUT STAKEHOLDER/ACTORS

Other following important question is: shared by whom? A common viewpoint is that public participation is time-consuming and causes delays in planning decisions at a time when planners are under pressure to speed up planning procedures. However previous research works show that effective public participation does not extend the time for decision-making, and indeed can save time at the later stages of a formal public inquiry. Participation is also a strategic question for UE, closely related to governance: «in order to promote good governance and ensure the participation of civil society, the Union institutions, bodies, offices and agencies shall conduct their work as openly as possible» (*Treaty establishing a Constitution for Europe*, Part I, under Title VI – *The democratic life of the Union*, Art. I-50 – *Transparency of the proceedings of Union institutions, bodies, offices and agencies*).

Maximum participation was at the heart of the classical Athenian model of democracy. Maybe that is the root for the view that participatory democracy is an idyllic behavioural pattern, a people-government relationship more appropriate.

In Spatial Planning field, participatory democracy increases the capacity of individuals and communities to get involved and to exercise greater control over decisions that affect their lives. It aims to build social capital and to engage people not just as periodic voters but also as active citizens in the governance of places. This is seen not so much as a means to an end but as part of the ends. In this model, policymaking takes place in a continuous interaction between citizens and the state. It is in effect the governance model. But 'participation' means different things to different people, its different interpretations are based on different political standings, and these different interpretations lead to different participation techniques.

A stronger, longer-term relationship between citizens and the state helps to develop governance structures and build greater capacity within local communities (sensitive to the particular history, circumstances and aspiration of a community) which will enable them to play an active role in policy-making. However, strategic, long term planning issues do not attract public attention.

An important question is identifying the different groups and interests and how should they be involved. A participation strategy should, therefore, be sensitive to the way in which people identify their interests with the subject of the participation. Participation strategies need to distinguish between 'joiners' and 'non-joiners' public. The former include those who are members of organised groups and hence capable of making their voices heard in policy-making processes. The latter are those who are often systematically excluded from participation. Capturing the latter's views requires a more pro-active approach to public participation by the local planning authority. The call for consensual decision-making process has been given theoretical expression under the term *'collaborative planning'*. Effective public participation does not extend the time for decision-making, and indeed can save time at the later stages of a formal public inquiry.

We probably could find different levels of situations: stakeholders that want to participate in spatial planning decisions, those that are not, and at the same time states interested in their involvement (for strategic planning or simply in order to justify problematic initiatives) or even without interest to 'make more difficult government task' when involving more and more actors that delay and make less 'professional' the decision making process.

Although people might have lost interest in government and state, they still have faith in democracy. So, the critical issue is to find out new ways of re-engaging people in decision-making processes, making the transition from traditional forms of government to the new paradigm of governance. Governance refers to the emergence of overlapping and complex relationships, involving new actors external to the political arena, an alternative model for managing collective affairs. It is seen as horizontal self-organisation among mutually interdependent actors whom government is only one, that need and lead the others, although most times with only 'imperfect control'.

The re-emergence of the environmental agenda in the 1990s with its focus on global sustainability issues has renewed the call for wider stakeholder involvement. The sustainability agenda in particular has not only made us re-think the *outcome* of our decisions. It has also urged us to re-visit the *process* of making these decisions. A prime example of this is Local Agenda 21, which seeks to implement sustainable development at the local scale.

5.4. GEOGRAPHICAL SCALES: A FAVOURITE ONE?

Main references to governance are made related to the Local level (cities, FUAs and metropolitan areas). At the local level, local government has an important role to play in promoting new forms of governance and enhancing local institutional capacities given that it is situated at the crossing point between the traditional vertical axis of power and public administration and the new horizontal axis of partnership between government, private and civil sector. Also in ESDP, local level becoming crucial, the role of cities is emphasised. Main attention will be paid to metropolitan areas and to strategic planning as an application of governance principles.

Also outstanding is Trans-national level. As in the case of FUAs and metropolitan areas, governance processes are particularly relevant in territory whose functional space is not corresponding to one formal, political, organised structure, with one authority having binding power.

Anyway, we must consider also new routines and modes in well delimited territories and well defined structures of government (as co-ordination between levels and sectorial departments in nation states –multilevel and cross-sectorial respectively). We understand a multi-level system of governance as a fluid and complex system of authorities and bodies, partially overlapping. In this case the different authorities can act simultaneously on different levels and are functionally specific (linked to some services supplying, for instance), but also can share competences and sovereignties. There is a need for effective harmonisation and co-ordination of the operation of these institutions in order to develop their capacity for capturing the opportunities that are embedded in and arise from the polycentric development of European regions, pursuing territorial cohesion through a shared framework of principles of multi-level governance (vertical subsidiarity) and of urban governance (horizontal subsidiarity)

		VERTICAL COOPERATION					
	GOVERNANCE	Local	FUA	Regional	National	Trans-national	EU
HORIZONTAL	Policies	→	↔	↔	↔	↔	←
	Territories (Neighbouring or not)	→	↔	↔	↔	↔	←
	Partnership/Participation	→	↔	↔	↔	↔	←

Each level is more appropriate to research a concrete aspect of governance: the Local-Sub regional for participation and policy packages, the National-Regional for multi-level and diagonal governance, the Transnational and UE level for guided top-down approach for new governance practices from institutional actors.

5.5. CASE STUDIES SELECTION

A national overview should allow us to identify cluster of countries being similar – broadly – in governance, urban policies and integrated planning. Also will offer an updated or reinterpreted picture of national planning systems and policy. Each National Report of 29 ESPON countries will present an overview of vertical/horizontal cooperation/coordination practices/tools to territorially oriented policies. As result of this task (WP2) territorial governance typologies will be developed: cluster of countries similar in urban and territorial governance.

Some relevant aspects for these national reports are:

- *Institutional context*: General institutional structure of government, Spatial structure, Key spatial problems, Inventory of official references on forms of governance (biding and not)
- *Strong institutionalisation for spatial planning*: Defined rules, competencies, instruments and resources for spatial planning (ECSP = Point of Departure) …
- *Soft institutionalisation*: New processes for spatial planning, approaches for horizontal and vertical cooperation and coordination

  Processes for spatial planning, approaches for horizontal and vertical cooperation and coordination:

  - Examples of policy packages aimed at securing inter-sectoral policy integration and enhanced synergies
  - Introduction of new management / co-operation methods, such as the Open Method of Coordination ….
  - Existence of a basic agreement established at the political level (leadership) …
- *Main Urban and Territorial Policies*: Level of innovativeness on governance in policies design and implementation phases.....

In addition to, and as a result of their national overview, each national team will propose a selection of study cases. The core team will organise and distribute them (50-60 cases) by:

- countries (planning tradition and polity system),
- levels (geographical/institutional),
- types of territories (e.g. urban, rural, rurban, coastal, large metropolitan areas, lagging / successful rural areas, peripheral areas, border regions)
- type of territorial or urban oriented policy, and
- type of stakeholder.

This proposal will be presented and discussed at the general meeting that will be held in Valencia, next 25-26 February 2005.

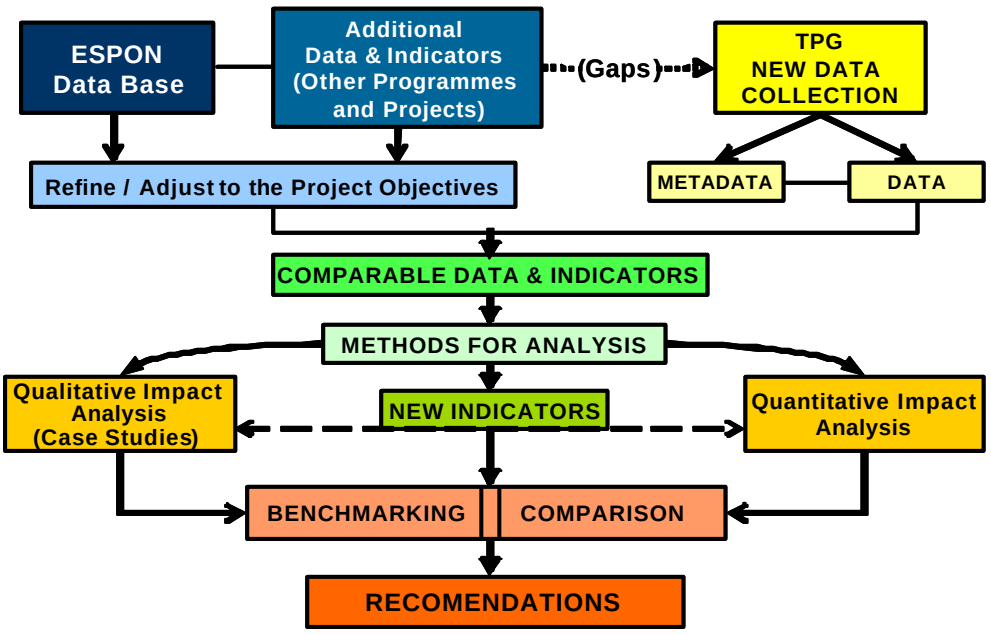
5.6. ASSESSMENT OF GOVERNANCE

The future of the territory and its cities depends to a large extent on the impulse they receive from the complex institutional and organisational apparatus. In other words, on the way in which new forms of governance are projected. This translates to research and extract conclusions regarding the different and most efficient forms of governance in practice; of good governance, (principles of openness, participation, accountability, effectiveness and coherence).

The key challenge of governance is to create the conditions that allow collective action to take place. Hence, the critical question for evaluation is: what are the key factors for creating such a condition? What are the key ingredients of a favourable climate in which collective action can emerge? What relational qualities are required for creating a capacity to govern in the midst of diversity?

Up until now, no quantitative research similar in scope and scale has been attempted neither to describe the existing government and governance systems, nor to assess the effectiveness or impacts of governance. As many data gained from surveys or other data collection exercises describe NUTS 0 level, at best. EU wide comparative data are hardly available, especially when looking towards 29 states. Within the ESPON research projects especially the ones addressing the various territorial policies, some quantitative data have been collected to assess the impact of policies. These however, did not put governance into their main focus.

METHODOLOGICAL OVERVIEW



- *Data and indicators*:

At the moment, a list of data and indicators being more appropriate to start with, than others still needs to be developed, is still quite open.

These data and indicators have been selected from currently available data sources:

- 18 Indicators fall into the STATE domain
- 38 Indicators fall into the ECONOMY domain
- 44 Indicators fall into the domain CIVIL SOCIETY
- 6 Indicators have been chosen for the domain SPACE. For this domain the ESPON 2.3.2 project might have to look for more indicators.

- *Method*:

The suggested method for territorial impact assessment is multivariate cluster and regression analysis. It tests hypotheses about expected relations between sets of dependent and independent variables through five working steps:

1. Data collection
2. Definition of dependent variables
3. Definition of samples
4. Multi-variable cluster analyses
5. Multiple regression analyses

According with this, the quantitative, indicator-based analyses on regional governance structures will result in four major outputs:

- a set of governance indicators for EU25, both at national (NUTS0) and regional (NUTS1, NUTS2) level;
- a set of maps indicating the spatial distribution of governance structures and features in EU25;
- an "inductive" classification of regions (NUTS2) according to the similarities of their governance features (cluster analysis), and
- An assessment on the economic and social relevance of a selection of governance indicators, differentiated according to region type (e.g. metropolitan area, rural areas, peripheral areas).

5.7. OUTLOOK

Because some delay in the beginning of the project and related matters regarding to the organization of work involving definitive TPG, some aspects to be included in this First Interim Report should be completed in January, for this reason will be included in the Mars 2005 report. Those are:

b) Presentation of a sound review of the relevant territorial and urban oriented policies to be addressed, and insights of "policy packages" with a high degree of synergy. (As a result of national overviews).
c) Selection and preparation of the case studies with reference to countries (Transnational, National, Regional/Local levels) and policy tradition and styles.

(Generic criteria have been proposed, but final selection will be decided in February 2005, also after synthesis and discussion of national overviews results).

Also for the Second Interim Report:

e) Presentation of first results, in terms of governance trends, tools and practices, based on a sound review of the accumulated amount of data and information. A specific part should be deserved to the description and analysis of the implementation of the Open Method of Coordination: added-value of the Open Method as well as limits should be addressed.

f) Presentation of first results on the basis of case studies.

g) Tentative of outlining models of governance, in relation to types of territories, types of policy packages, territorial level of the analysis…

h) Presentation of the achieved methodology for impact assessment of "good governance", including presentation of the definitive list of case studies, as a full element of the methodology, to illustrate and provide results on best practices and also limits of governance. Added-value of the methodology, in terms of the qualitative elements it allows to envisage, as well as limits should be presented.

i) Presentation of hypotheses on the territorial effects of governance of the territorial and urban oriented policies.

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