

EU territorial governance: learning from institutional progress

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# EU territorial governance: learning from institutional progress

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## Abstract

EU territorial governance is a concept now familiar to European planners and decision makers. However, the lack of an official definition makes its relationship with planning activities and processes in the EU member countries unclear. Looking back at the recent history of various attempts to factor territory into the EU policy agenda, this article proposes a systematic review of institutional documents regarding, in a direct or indirect manner, EU territorial governance. The aim of the article is to assess the positioning of this concept in an institutional perspective from direct sources, in order to discuss possible implications for planning in the context of European integration.

## Keywords

Europe, EU, territorial, territory, spatial, governance, planning, institutional, institutionalisation, cohesion.

## Introduction

From an institutional point of view, governance has been defined as ‘the manner in which power is exercised in the management of [...] economic and social resources for development’ (World Bank, 1991, p. 1)<sup>1</sup>. In the same view, territorial governance is ‘the complex of policies by which public powers regulate – in accordance with the distribution of competences established by Constitution[s] – multiple land uses, combining the various relevant interests, without the attribution of a priority to any of them’ (Chiti, 2003, p. 93, my translation)<sup>2</sup>. The operation of territorial governance passes through spatial planning activities that are ruled by institutional planning systems in modern states (CEC, 1997a; Cullingworth & Caves, 2009). In other words, territorial governance is manifest across the globe as a complex formal and informal process of interactions, both vertical (between policy levels) and horizontal (between policy sectors and between public/private operators), that are allowed and conditioned by national spatial planning systems. In every country, at any point in space and time ‘the final output of such a process is the act of physical development (or, in some cases, the decision not to develop, but to leave the land as it is)’ (Hall, 2002, p. 3).

The European Union (EU) is of course a very peculiar institutional subject (Hix, 2005; Nugent, 2006), which is to be understood in the framework of current global economic competition in a long-term historical and geopolitical perspective (Brenner, 1999; Swyngedouw, 2000; Sassen, 2006). This implies, amongst other things, that the EU is led to organise some common territorial policy (Husson, 2002; Faludi, 2007b), although without disposing of a planning system (Janin Rivolin, 2005a, 2008). The EU therefore promotes various planning initiatives and processes of Community relevance, known under the flag of European spatial planning (Williams, 1996; Faludi, 2002a, b, 2009; Janin Rivolin, 2004; Waterhout, 2008; Dühr *et al.*, 2010). In order to achieve their final outputs (i.e., the acts of physical development or decisions not to develop), however, these have to match with aims and procedures established by the respective 27 planning systems, or as much as there are EU member countries at present (ESPON, 2007a, b). For their part, national planning systems in the EU are often seen as being cajoled into promoting domestic change and overseeing progressive convergence by

European spatial planning (Giannakourou, 1998, 2005; Dabinett & Richardson, 2005; Dühr *et al.*, 2007, 2010).

Overall, as the Ministers responsible for planning in the EU countries have recently observed, ‘at this moment, effective and structured EU territorial governance does not exist’ (MUDTCEU, 2007a, p. 51). EU territorial governance can be understood rather as a wider process of vertical and horizontal interactions of an informal nature, which are expected, or hoped, to make the EU countries’ spatial planning final outputs coherent with a shared Community perspective.

The above suggests that a backward reading and patient reconstruction of the institutional agenda addressing EU territorial governance may be of some help for European planners and decision makers. First and foremost, such an agenda is not portrayed explicitly by a legally established planning system, but needs to be carefully interpreted by reference to various sources. Second, the evidence of the intended and unintended effects of EU territorial governance (Janin Rivolin & Faludi, 2005) poses the need for a less evanescent reference framework to evaluate current policy developments and to propose future improvements. Finally, a shared awareness of the institutional framework of EU territorial governance may be helpful also in addressing planning system reforms in those European countries placing this aim in their respective agendas.

With this intent, the present article proposes a systematic review of institutional and official documents in order to learn how and why the concept of territorial governance gained ground on the EU level. The author is of course aware that further documentation – like material examples of territorial coordination on the EU level (e.g., Trans-European networks, water and river policies etc.,) and results of already existing European sectoral policies with a territorial impact, as well as background information derived from interviews or analysing process material (minutes etc.,) and critical literature – would allow for a more comprehensive and balanced point of view from which to evaluate the pros and successes against the cons and restrictions regarding this subject. That is not, however, the aim of this article. Indeed is it perhaps unrealistic to expect that such a subject could be adequately addressed in the scope of a single article.

The aim of this article then is rather to approach the topic of EU territorial governance, now recurring in the scientific and technical debate, from a systematic, and perhaps meticulous, reading (i.e., making a wide use of original quotations) of the core institutional texts, in order to learn what they can tell us about the ongoing institutionalisation of this concept. The reason motivating this proposal is the impression that such an effort is missing, or is addressed too superficially, in current research (e.g. ESPON, 2007b). The rationale behind the proposed approach, which will be further clarified in the following section, is that institutionalisation is not a simple formal façade, basically separated from the concreteness of real processes. If so, institutional documents can be assumed to be reliable and meaningful records of progress achieved and problems encountered in the domain of policies and practices. At a minimum, this contribution may be seen as a first step towards a sound research concept aimed at positioning EU territorial governance from an institutional perspective.

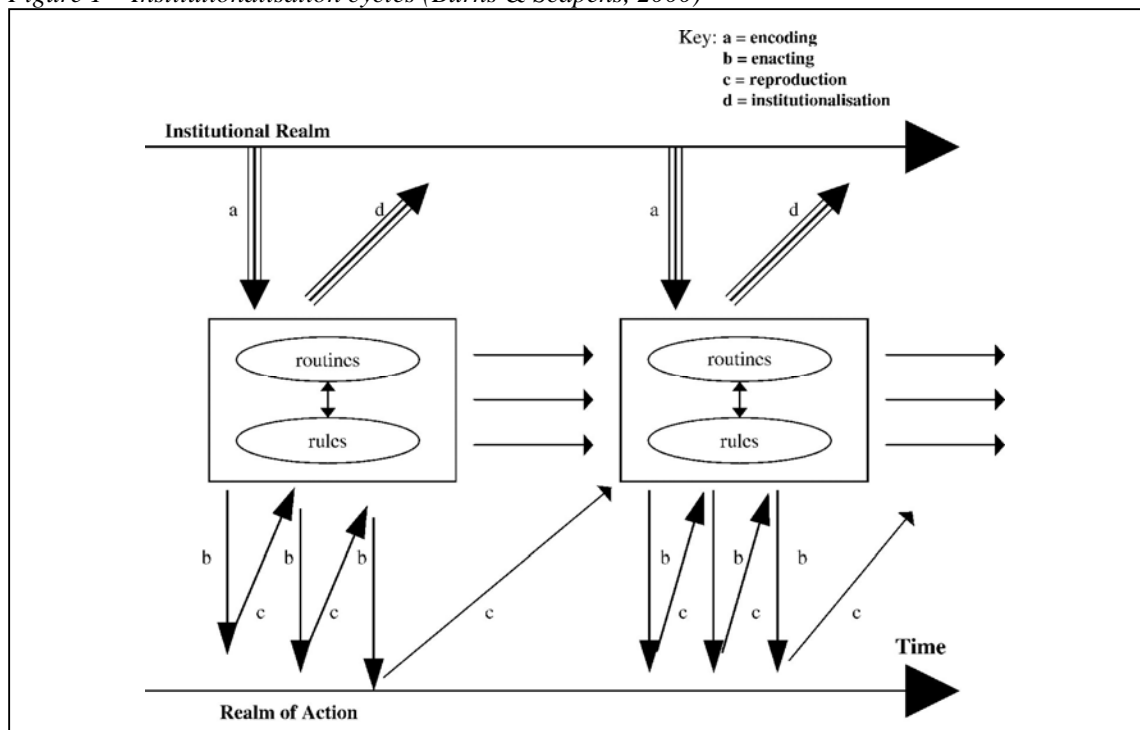
Against this backdrop, the present article proposes first a conceptual prospecting of the EU institutionalisation process which will help to identify and position the main institutional documents concerning, directly or indirectly, EU territorial governance. Accordingly, focus is placed on the evolution of European Treaties up to the recent Treaty of Lisbon (EU, 2008). These fundamental institutional texts do not mention EU territorial governance, but offer meaningful insights into how, especially through the ‘cohesion’ objective, this is currently understood from an institutional view. The article then analyses official Community documents regarding ‘governance’ and ‘territorial cohesion’ respectively (from the Commission’s *White Paper on European Governance* to the background document *Territorial cohesion: Unleashing the territorial potential*; CEC, 2001a, 2009b), pointing out that these concepts have been mutually linked for various reasons. Regulations on EU cohesion policy and strategic guidelines for the period 2007–2013 are scrutinised in a further section in the context of how the idea of EU territorial governance is dealt with in current EU structural policy. The following section will regard the emergence of the concept of EU territorial governance in the European intergovernmental discussion on spatial policy, from the ESDP (CEC, 1999) to the EU

Territorial Agenda (MUDTCEU, 2007a, b, c). After this review, a concluding section will sum up the main findings addressing some final considerations and open problems.

## Institutional progress in the EU

In general, institutions may be viewed as social constructs through which communities of individuals organise, with the spontaneity that historical conditions allow, their life in common, through structures and mechanisms of social order and cooperation governing their behaviour (Dahrendorf, 1968). Institutionalisation is widely understood in social theory as the process of making something (for example, a concept, a social role, particular values and norms, or modes of behaviour) become embedded within a social organisation, as an established custom or norm within that system (North, 1990). Addressing organisational management, Burns and Scapens (2000) have represented institutional progress as a non-linear cyclical product of supposed encoding, enacting, and reproduction activities between the ‘realm of action’ and the ‘institutional realm’ (Figure 1). This continuous and complex process would be framed by relations between rules and routines, established in a certain organisational context, which can be modified as a consequence of achieved institutionalisation, then starting to frame a successive cycle.

Figure 1 – Institutionalisation cycles (Burns & Scapens, 2000)



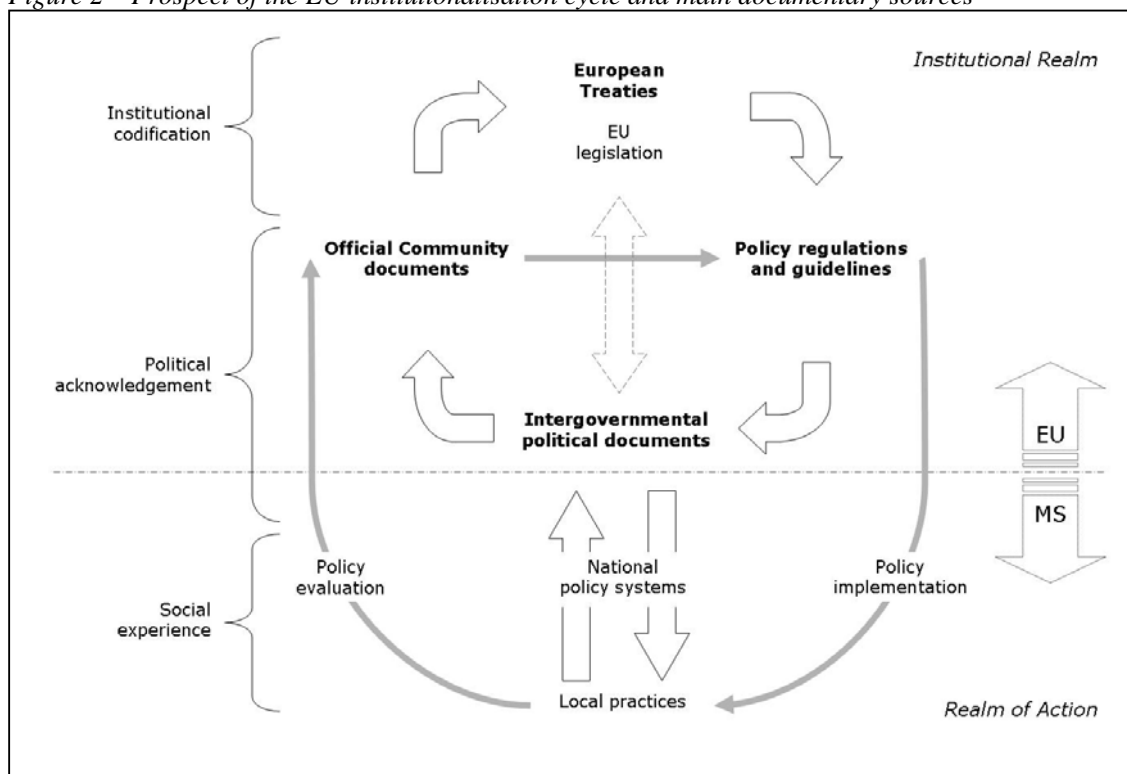
Although the above representation may appear somehow abstract, this does not contradict or neglect the centrality of individual choices and behaviours in social organisations, as is particularly stressed by the so-called ‘actor-centred institutionalism’ approach (Scharpf, 1997). It is rather an attempt to “give a place to disorder” arising from social complexity (Boudon, 1984), against which institutions are often misunderstood as formal and unanimated structures, basically separated from the confusion of real processes and supposedly aimed at reducing it to order. On the contrary, as Figure 1 suggests, institutional and real processes are mutually linked in accompanying social change and progress, although the nature of such a linkage is not at all linear, obvious and predictable. As can be seen from a brief survey of spatial planning processes the ‘intelligence of institutions’ can be never established *a priori* because it is at the same time and continuously the source and product of social experience (Gualini, 2001).

If one refers to the EU context this prospect is further complicated by at least two conceptual aspects. On the one hand, the institutionalisation process occurs in this case within a framework including simultaneously a supranational and several national dynamics, since the EU member countries are, of course, so many institutional contexts (even more rooted in a historical view) that take an active part in the process. This aspect is usually considered, at least indirectly, also by the classic supranational and intergovernmental theories of European integration (Hix, 2005; Nugent, 2006). They are indeed both used to describe it, albeit with different accents, as a delivering process occurring along an ascending and a descending phase (from the Member States to the EU level and *vice versa*). On the other hand, however, this ascending/descending process addressing EU decision-making cannot be identified with the overall institutionalisation process, as it has been represented above. To confuse the EU level with the 'institutional realm' and the national level with the 'realm of action' would be to excessively simplify and indeed mislead. One should rather observe that the supposed relationships between the institutional realm and the realm of action in the EU institutionalisation process have the potential to become increasingly asymmetric, fragmented and discontinuous, because of the mediation of national institutions (Radaelli, 2004).

Be that as it may, a conspicuous set of combinative 'middle-range theories' (Faludi, 2002b), based also on the experience of European spatial planning and highlighting the role that networking and epistemic communities have played in this field, have contributed in recent years to explain various aspects featuring the specific nature of institutional progress in the EU. Among these: 'multi-level governance' (Hooghe & Marks, 2001); 'discursive integration' (Böhme, 2002); the hidden face of 'innovation by practice' (Janin Rivolin & Faludi, 2005); the ongoing change of social models (Faludi, 2007b); and the progressive establishment of an EU planning community (Waterhout, 2008).

Taking into account these theories and previous reflections, a schematic prospect of the EU institutionalisation cycle could be drawn as in Figure 2. Here the mutual relationships between the realm of action and the institutional realm are supposed to pass through three distinct stages of 'social experience', 'political acknowledgement' and 'institutional codification', including overall the ascending and descending phases of the EU delivery process. While the social experience and institutional codification stages are particularly framed by the national (Member States) and supranational (EU) contexts respectively, intergovernmental mediation specifically occurs at the political acknowledgement stage. Moreover, a specific lifecycle of Community policies, connecting central decisions with local practices through progressive phases of policy implementation and evaluation (as is commonly visible, for instance, in the case of structural policy programming periods), is highlighted as an influential aspect of the overall institutionalisation process.

Figure 2 – Prospect of the EU institutionalisation cycle and main documentary sources



Although the proposed prospect may suffer the limitations of any schematic representation, it allows us at least to identify and position four main kinds of official documentary sources with respect to the institutional progress in the EU. First and foremost, European Treaties are the main source of the institutional foundations of the EU. Their evolution, as well as that of subsequent EU legislation, is not accidental but derived from a laborious and severe selection of proposals emerging from a multifaceted Community delivery process (Hix, 2005; Nugent, 2006). Here the European Commission has a leading role in fostering public debate and in structuring the agenda for final decisions of the European Council, where the Member States' heads of government are seated. In this light, the Commission's official documents (communications, papers, reports etc.) are without doubt a second precious source to help in interpreting concepts addressed by the Treaties and to reveal their often 'unsaid' meaning. Third, policy regulations and guidelines should be seen more as operational documents, which may explain how general principles and aims are expected to apply in practice. Last but not least, the intergovernmental political documents of the EU Member States can supply, their often informal nature notwithstanding, a more genuine account of how problems are perceived, solutions are shared and progress achieved in the European Community, as they are positioned at the crossroads of this very complex process. These four kinds of documentary sources will be scrutinised in the following sections, in order to learn how the concept of EU territorial governance gained ground in recent years.

## Governance and territory in the European Treaties

### ***European Treaties, constitutional horizons and recent reforms***

The European Union is based on the rule of law. This means that everything that it does is derived from treaties voluntarily and democratically agreed by all Member States. The institutional foundations of the EU were created in two treaties, namely: the *Treaty Establishing the European Community* (EC Treaty), originally signed in 1957 and modified substantially by the Single European Act, which entered in force on 1987; and the *Treaty on European Union* (EU Treaty), signed in 1992 and which entered in force one year later (EU, 2006).

These treaties have been modified and integrated several times in recent years – particularly with the treaties of Amsterdam (signed in 1997 and in force since 1999) and of Nice (signed in 2001 and in force since 2003) – pursuing the agreed political objectives of deeper EU integration and progressive enlargement. The Heads of State and Government of the then 25 EU Member States tried to impose a new deal on EU institutions in 2004, signing the *Treaty Establishing a Constitution for Europe* (EU, 2004). However, due to the interruption of the ratification process (after the French and Dutch referendum defeats), the EU Constitutional Treaty never entered into force.

Abandoning for the moment the constitutional path, a new comprehensive treaty amending the existing ones on the basis of various innovations proposed in the non-ratified constitutional text was signed in Lisbon in December 2007 (EU, 2008). This was finally ratified, not without difficulty, in all 27 Member States some two years later. According to the Treaty of Lisbon, the institutional foundations of the EU are now based on the *Treaty on European Union* (reformed EU Treaty) and the *Treaty on the Functioning of the European Union* (reformed EC Treaty).

### ***Which governance?***

The word ‘governance’ was not present in the EC Treaty or in the EU Treaty. It made its grand entrance only in the Constitutional Treaty where it was used twice (Arts. I-50 and III-292). Identical references are now present in the reformed Treaties.

First, governance appears where the new treaties establish that: ‘The 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’ (reformed EU Treaty, Art. 21, c. 2). Second, the new treaties make use of the concept of governance where they establish: ‘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’ (reformed EC Treaty, Art. 15, c. 1).

An obvious comment in this respect is that governance is a new concept for EU institutions, being applied for the very first time on the occasion of the elaboration of the Constitutional Treaty. A further observation draws attention to the general adoption of this concept in terms of ‘good governance’<sup>3</sup>, notwithstanding the diversity of specific purposes (i.e., international relations on the one hand, the relationship between institutions and civil society on the other). Finally, although the discussion regarding EU integration is usually focused on the vertical dimension of ‘multi-level governance’ (Hooghe & Marks, 2001), governance is conceived with special attention to its horizontal dimension in the reformed European Treaties: outside the EU, looking at international cooperation and ‘good global governance’; and inside the EU, looking at the participation of civil society in institutional processes. The governance concept is however never associated with the specific notions of territory, land use or spatial policy in the current treaties.

### ***Which territory?***

As mentioned in the introduction, the European Treaties do not contemplate the attainment of formal competences in respect of territorial or spatial policy at the EU level. However, the ‘economic and social cohesion’ principle, included after the Single European Act in order to mitigate the uncertain distributive effects of the then agreed Single European Market, envisaged in fact an implicit competence of this kind, albeit hidden under the hat of Community regional policy. The cohesion principle indeed established that, in pursuing integration, ‘the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions’ (EC Treaty, Art. 158). This mandate may explain the increasing engagement of Community institutions in urban and regional policies in cooperation with the Member States from the late 1980s and, finally, the basic institutional roots of European spatial planning (Williams, 1996; Janin Rivolin, 2004; Faludi, 2006; Governa *et al.*, 2009).

The territorial dimension of cohesion policy therefore also began to slip formally into the European Treaties. In particular, the Treaty of Amsterdam introduced the concept of ‘territorial cohesion’ in an apparently surreptitious manner in 1997 (Husson, 2002; Faludi, 2004, 2005). The EC Treaty adopted this term in Article 16, establishing that ‘given the place occupied by services of general economic interest in the shared values of the Union as well as their role in promoting social and territorial cohesion, the Community and the Member States [...] shall take care that such services operate on the basis of principles and conditions which enable them to fulfil their missions’. In a rather more comprehensive manner the elaboration of the Constitutional Treaty subsequently led to the full conversion of the ‘economic and social cohesion’ principle into the ‘economic, social and territorial cohesion’ objective, a change that the Lisbon Treaty welcomed integrally (Faludi, 2005, 2006, 2007b; Janin Rivolin, 2005a, b).

Accordingly, Article 3 of the reformed EU Treaty says, amongst other things, that the Union ‘shall promote economic, social and territorial cohesion, and solidarity among Member States’. With an identical definition, cohesion is the third of eleven areas of ‘shared competence between the Union and the Member States’ (reformed EC Treaty, Art. 4)<sup>4</sup>. The label and full text of the EC Treaty Title XVII (renumbered as XVIII in the reformed text) are modified consequently and the aforementioned Article 158 (Art. 174 in the reformed treaty) is integrated with the following words: ‘Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions’. Admittedly, it would be difficult to insist that the EU is not formally concerned with spatial planning issues. Finally, the so-called ‘enhanced cooperation’ (i.e., the disposition allowing narrow groups of EU countries to operate in specific policies without the participation of all Member States) ‘shall not undermine the internal market or economic, social and territorial cohesion’ (reformed EC Treaty, Art. 326).

Not to be forgotten, a further novelty introduced by the Treaty of Amsterdam was a general redefinition of Community environmental policy. Accordingly, the European Council was allowed to adopt, under a specific deliberative procedure based on the European Commission initiative<sup>5</sup>, ‘measures affecting [...] town and country planning’ and ‘land use’ (EC Treaty, Art. 175). The same is now established in Article 192 of the reformed EC Treaty.

Ultimately, although the European Treaties do not include competences in respect of territorial governance at the Community level, their evolution allows the emergence of a progressive agreement for cooperation between the Union and the Member States in order to share relevant aims and procedures in the field of spatial policy. If EU territorial governance is not formally institutionalised at present, the need for some kind of inter-institutional cooperation at Community level with the aim of achieving ‘territorial cohesion’ is now also formally established (Faludi, 2005, 2006, 2007b; Governa *et al.*, 2009).

## **Governance and territory in official Community documents**

### ***Territory from the point of view of European governance***

The commitment by the European Commission under Romano Prodi to the strengthening of EU democratic processes and to a more effective legitimisation of Community institutions in 2000–2004 contributed greatly to the appearance of the governance concept in the Constitutional Treaty and, subsequently, in the Lisbon Treaty. The *White Paper on European Governance* (CEC, 2001a) in particular presented a set of practical proposals addressing the need to increase participation, improve policy effectiveness and, more generally, redefine the role of EU institutions. The White Paper proposes five ‘principles of good governance’ – openness, participation, accountability, effectiveness and coherence – in addition to those of subsidiarity and proportionality that were already established in the Treaties (CEC, 2001a, pp. 10-11). These are overall addressed to a revision of both the dimensions – horizontal (relations between institutions and citizens and among policy sectors) and

vertical (relations among policy levels) – of the decision making and implementation process of European policies. In this framework, ‘Better involvement’ means also ‘Reaching out to citizens through regional and local democracy’ (CEC, 2001a, par. 3.1). This implies, as a counterpoint, a major accountability of the ‘overall policy coherence’, explained as follows:

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 [...]; 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 (CEC, 2001a, p. 13).

This recommendation is accompanied by an explicit mention of the ‘the European Spatial Development Perspective adopted in 1999 by Ministers responsible for spatial planning and territorial development. This work of promoting better coherence between territorial development actions at different levels should also feed the review of policies in view of the Sustainable Development Strategy’ (CEC, 2001a, pp. 13-14; see: CEC, 1999).

The acknowledgement of a crucial relationship between governance and territory is supported more specifically in the related report on *Multi-level governance* (CEC, 2001b), one of twelve operational studies developed for the White Paper preparation (CEC, 2002a). Indicatively, the word ‘territorial’ is used 116 times (and the word ‘spatial’ a further 16 times) in 65 pages. More concretely, the analytical part of this report (Part 1) deduces, on the basis of various national examples, that ‘the success of any attempt to ensure spatial consistency between public policies is mainly dependent on the following factors:

- 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’ (CEC, 2001b, p. 32).

The propositional part of the report (Part 2) comes coherently to five specific and well articulated recommendations<sup>6</sup>. The fourth one, addressed to ‘Organising the coordination of Community policies’, recommends the initiation of a specific Community debate on the impact of Community policies and the cost of failing to coordinate them. It should accompany the establishment of a method for coordinating Community policies and their impact on sustainable development and cohesion within the EU, based on two main tools (CEC, 2001b, pp. 42-44), namely:

1. The ‘European Scheme of Reference for Sustainable Development and Economic, Social and Territorial Cohesion’ (SERDEC), as an indicative, periodic strategic orientation document from the Commission for the coordination of Community policies and their impact, forming part of the inter-institutional agreement on the multi-annual financial perspective for the period concerned.
2. A specific procedure of ‘Strategic Impact Assessment’ (SIA) on the initiative of the Commission, inspired by the basic idea underlying the already established Strategic Environmental Assessment (SEA) of national or regional plans, and allowing a systematic assessment of the potential effects on coherence, sustainable development, and economic, social and territorial cohesion.

Admittedly, the *White Paper on European Governance* did not give room to these specific proposals, but these attracted the greatest attention in the European scientific and political discussions that followed (Faludi, 2004, 2005, 2006; Grasland & Hamez, 2005; Bachtler & Wren, 2006; Camagni, 2006). Most importantly, they seem to have somehow inspired the procedures of ‘New Cohesion Policy’, as the process for delivery of Structural Funds for the 2007–2013 period was then called (see next section). This process is for the first time based on *Community Strategic Guidelines on Cohesion*,

adopted by the European Council after the Commission's proposal (CEU, 2006). Meanwhile, the Commission has adopted the *Impact Assessment Guidelines* in order to coordinate its own works (CEC, 2005, 2009c).

More generally, the debate on European governance led to the producing of a concluding report by the Commission services (CEC, 2004a). Attributing the constitutional recognition of territorial cohesion to the White Paper (CEC, 2004a, pp. 12-13), this report mentions the experimental application phase of the 'target-based tripartite contracts and agreements' between the Community, the Member States and regional or local authorities. Also proposed by the White Paper (CEC, 2001a, p. 13), these tools had been defined by an apposite Commission communication (CEC, 2002b).

In brief, regarding such 'contracts' and 'agreements', whereas only the former are legally binding, both are finalised to ensure the necessary flexibility for implementing Community legislation and programmes 'with a strong territorial impact' (CEC, 2002b, p. 2). Committed to a double coherence with the EU Treaties and the concerned countries' Constitutions, they are:

justified when they offer *value added* by comparison with other instruments for the achievement of common objectives. This value added may lie in either the *simplification* resulting from the contract (where, for example, the contract reduces the number of detailed horizontal implementing measures required) or in the *political* benefits and *efficiency gains* resulting from closer *involvement* and *participation* of regional and local authorities in policies whose impact varies in accordance with, for example, geographical, climatic or demographic circumstances and which are thus likely to benefit from local knowledge and practice. In some cases, such simplification and increased participation of territorial authorities may also be expected to lead to *speedier performance* (CEC, 2002b, p. 3; italic in the original text).

The experimental phase mentioned by the report in particular encompasses three pilot agreements proposed by respective European cities: 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). On this basis, the first target-based tripartite agreement, addressed to 'improving through a better governance the implementation of EU policies adopted in the environment, transport and energy sectors' (Art. 3), was finally signed by the European Commission, the Italian government and Region of Lombardy on 15 October 2004 (European Commission *et al.*, 2004). Unfortunately however no further information is available on the results achieved or on other possible applications of this specific territorial governance tool.

### ***Governance from the point of view of territorial cohesion***

According to Article 159 of the EC Treaty (Art. 175 of the reformed Treaty), the European Commission has to periodically prepare 'a report [...] on the progress made towards achieving economic and social cohesion and on the manner in which the various means provided for [...] have contributed to it. This report shall, if necessary, be accompanied by appropriate proposals'. Four reports on cohesion have been published so far (CEC, 1996, 2001c, 2004b, 2007), while two further progress reports have been prepared in the last few years (CEC, 2008a, 2009a). The Commission has meanwhile also published a more specific *Green Paper on Territorial Cohesion* (CEC, 2008b, c) and presented some preliminary results of the subsequent consultation in a EU Conference background document (CEC, 2009b).

The first cohesion report does not use the concept of governance. However, the problem of structural policy effectiveness is clearly correlated to questions of 'how to strengthen subsidiarity by clarifying the respective roles of Member States and the Union, to broaden participation at regional and local level and to involve [...] the social partners', as well as 'how to maintain sufficient flexibility to respond to new opportunities and challenges' (CEC, 1996, p. 11).

The second cohesion report distinguishes itself by dedicating a considerable amount of analyses to 'territorial cohesion' (CEC, 2001c, section I.3, pp. 29-36) for the very first time in accordance with the

new deal imposed on cohesion policy by the then Regional Policy Commissioner Michel Barnier (Husson, 2002; Faludi, 2004). Moreover, it came at the right time to express a response to the work initiated by then recently published *White Paper on European Governance* (CEC, 2001c, p. 17). In this context, the concept of governance makes its first appearance in a final section (III.2), summing up results and prospects: ‘Partnership and decentralisation (the corollary of the former) 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’ (CEC, 2001c, p. 153).

This term showed its capacity to take root in the third report, entitled *A new partnership for cohesion* (CEC, 2004b) and was used by Commissioner Barnier in the preparation of the 2007–2013 ‘New Cohesion Policy’. In particular, one analytical subsection dedicated to ‘Regional governance and institutional performance in the knowledge-based economy’ opens with the assertion 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’ (CEC, 2004b, p. 58). Competitiveness matches with cohesion in this perspective, as these aspects are especially ‘important for less-favoured regions which tend to have deficient systems of governance and inadequate understanding of science and technology policy issues yet face significant economic, technological and social change’ (CEC, 2004b, p. 58).

Evidence in this regard suggests that ‘public policy can contribute to good governance, through promoting public and private partnerships and business networks, as well as improving the institutional capacity of regional authorities responsible for innovation’ (CEC, 2004b, p. 58). Ultimately, experience shows that ‘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)’ (CEC, 2004b, p. 59).

The report’s executive summary is therefore explicit in recommending that, in order to facilitate regional competitiveness, ‘good governance’ is understood at all levels in its horizontal dimension of ‘efficient institutions, productive relationships between the various actors involved in the development process and positive attitudes towards business and enterprise’ (CEC, 2004b, p. XIII). This approach is also fundamental to the achievement of cohesion, since a ‘lack of innovative capacity and regional governance’ is one of the main ‘structural deficiencies in key factors of competitiveness’ causing ‘disparities in output, productivity and access to jobs which persist between countries and regions’ (CEC, 2004b, p. XXVI). The report’s title, *A new partnership for cohesion*, alludes, in conclusion, to the need for a joint effort for ‘the definition of a strategic approach for the policy spelling out its priorities, ensuring coordination with the system of economic and social governance and allowing for a regular, open review of progress made’ (CEC, 2004b, p. XXVII). Against the usual difficulties experienced in the national contexts, the ‘delivery mechanism for cohesion policy has demonstrated its capacity to deliver quality projects of European interest on the ground while maintaining high standards in the management and control of public expenditure’, also because ‘it promotes good governance through closer public-private partnership’ (CEC, 2004b, p. XXXIV). ‘To promote better governance’ – the final recommendation says – ‘the social partners and representatives from civil society should become increasingly involved through appropriate mechanisms in the design, implementation and follow-up of the interventions’, equally in all Europe (CEC, 2004b, p. XXXVI).

In the fourth and last cohesion report (CEC, 2007), delivered after the major EU enlargements of 2004 and 2007, the notion of governance is used several times but without apparent change to the substance of what was discussed previously. In other words, this report seems to be focused on affirming the achieved recognition of vertical and horizontal governance as one crucial aspect for the functioning of cohesion policy. The then Commissioner Danuta Hübner remarks in her preface that, on the one hand, ‘regional development and convergence is best driven through multi-level governance, through the

coordinated actions of the Union, the Member States and local and regional authorities' (CEC, 2007, p. IV). On the other hand:

the value-added of cohesion policy goes well beyond the sheer size of the investment in the future which it supports. It empowers our citizens by offering them an opportunity both to have a say in their future and to contribute to the future of Europe. It encourages an integrated approach to development which improves the overall impact of sectoral policies. It promotes partnership as a key element of good governance (CEC, 2007, p. IV).

The *Fifth progress report on economic and social cohesion*, presenting an overview of the results of the consultation launched after the publication of the fourth report, observed afterwards that social and economic partners and civil society organisations especially 'point out the contribution of capacity building to the enforcement of principles of good governance and partnership' (CEC, 2008a, p. 6). One of three subsections illustrating the state of the debate is thus dedicated to 'The governance of cohesion policy' (subsection 2.2), informing us that 'a more strategic approach is supported by the majority of the contributions' (CEC, 2008a, p. 7). This implies, amongst other things, the need for 'further clarification in the allocation of responsibilities between the different institutional levels (Commission, Member State, regions and other players)', since 'cohesion policy is first and foremost a structural policy characterised by strategic planning with a medium and long-term perspective' (CEC, 2008a, p. 7). A more effective 'coordination between cohesion policy, other Community policies, and national policies' is therefore claimed in particular, 'Community sectoral policies should take better account of regional aspects' by this means (CEC, 2008a, p. 7).

This progress report also treats as 'generally welcomed' the formal recognition of territorial cohesion in the Lisbon Treaty then under ratification. However, since various stakeholders 'urge the Commission to develop a definition of territorial cohesion and indicators for better understanding this concept', it announced the forthcoming adoption of a *Green Paper on Territorial Cohesion*, launching a wider public debate on this specific topic (CEC, 2008a, pp. 5-6).

This Green Paper, the subtitle of which is *Turning territorial diversity into strength*, is based on the declared conviction that a shared understanding of the many issues raised by territorial cohesion 'could assist in improving the governance of cohesion policy, making it more flexible, more capable of adapting to the most appropriate territorial scale, more responsive to local preferences and needs and better coordinated with other policies, at all levels in conformity with the principle of subsidiarity' (CEC, 2008b, p. 4). '*Governance* plays a major role in ensuring territorial cohesion' is also one of the main observations made in the Commission Staff Working Document annexed to the Green Paper (CEC, 2008c, p. 3, italic in the original text). More generally, the Green Paper and its annex speak more explicitly and more frequently than previous cohesion reports about 'spatial planning' as a relevant instrument of cohesion policy. They also refer repeatedly to various intergovernmental activities in Europe in this field, from the ESDP (CEC, 1999) to the EU Territorial Agenda (MUDTCEU, 2007b). After all, 'EU cohesion programming apart, spatial planning is considered by many of the respondents the strongest mechanism at national level for coordination between actors in different sectors and administrative levels' (CEC, 2008c, pp. 4-5).

Finally, both of the most recent Commission documents concerning cohesion give an account of the ongoing debate fostered by the Green Paper. On the one hand, the *Sixth progress report on economic and social cohesion* dedicates its last section to this point (CEC, 2009a, pp. 11-14). Notably, it highlights that convergences on 'Better coordination and new territorial partnerships' (section 3.2) and 'Better cooperation' (section 3.3) are conditions for effective territorial cohesion. The majority of contributors are convinced that the hoped-for achievement of 'more multi-level governance [...] does not change the distribution of competences, especially as regards spatial planning' (CEC, 2009a, p. 13).

On the other hand, the background document *Territorial cohesion: Unleashing the territorial potential* was appositely prepared for the Conference on ‘Cohesion policy and territorial development: Make use of the territorial potential!’, organised by the Swedish Presidency at Kiruna in December 2009 (CEC, 2009b). Its aim is ‘to take stock of where we stand today in the debate launched by the Green Paper’, articulating the discourse around the ‘four main areas standing out as most relevant for fostering territorial cohesion’, namely: cooperation between territories for bolstering European integration; fostering liveable urban and rural communities and strengthening ‘territorial programming’ in cohesion policy; coordination of policies to achieve greater policy coherence; analysis and data collection for evidence-based policy making (CEC, 2009b, p. 3 and *passim*). Here problems of governance are mentioned with particular reference to territorial cooperation in its various dimensions (cross-border, transnational, interregional, across the EU’s external borders and in the application of the new legal instrument of the European Grouping of Territorial Cooperation or EGCT; see: EU, 2007). The conclusion is that, for ‘such a cooperation to function well, horizontal and vertical co-ordination issues need to be tackled. This involves not only an alignment of regulations, but also of local, regional, national and European strategies (through coordinated planning), as well as funding’ (CEC, 2009b, p. 21).

### **Urban governance**

It is worth noting that, anticipating the parallel discussions on ‘European governance’ and ‘territorial cohesion’, a specific notion of ‘urban governance’ emerged in Community debates a decade in advance. Significantly, the very first input to Community urban policy came in the early 1990s from the Commission’s DG Environment (and not DG Regional Policy that, with responsibility for cohesion policy, is considered the usual reference for spatial planning at Community level). DG Environment indeed published a *Green Paper on the Urban Environment* (CEC, 1990), containing proposals addressed ‘Towards a Community strategy for the urban environment’ (chapter 2). Particularly, a subsection dedicated to ‘Urban planning’ (section 5.1), as one of twelve ‘areas of action’, includes very explicit and meaningful critiques of the ‘strict zoning policies of the past decades’ and expresses the need for ‘a fundamental review of the principles on which town planning practice has been based’ in Europe (CEC, 1990, p. 40).

Capitalising on the success meanwhile achieved by the Urban Pilot Projects (initiated in 1989) and especially the URBAN Community Initiative (activated in 1994), the Commission’s DG Regional Policy (DG Regio) then got the upper hand in envisaging a possible EU *Urban Agenda* (CEC, 1997b). This paper by the Commission arranges previous DG Environment’s Green Paper topics in a more comprehensive (but also technically evanescent) framework, stressing the strategic role of urban development for EU integration and cohesion policy. Although the concept of governance is not used, the need to redefine both the vertical and horizontal relations of urban planning are quite clearly expressed. On the one hand, it is indeed ‘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’ (CEC, 1997b, p. 13). On the other hand, a ‘responsible citizenship’ and 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’ (CEC, 1997b, pp. 17-18).

Published a year later and presented at a sumptuous event organised by the Austrian Presidency in Vienna, the *Framework for action for Sustainable Urban Development in the European Union* (CEC, 1998) pushed the Community discussion on cities and urban policies on to a far more topical level. ‘Contributing to good urban governance and local empowerment’ is notably one of four ‘interdependent policy aims’ proposed in this framework for action (CEC, 1998, par. 3.4). Mutually linked in an axiomatic manner, good urban governance and local empowerment were here seen as ‘crucial factors for increasing the quality of life in towns and cities and for managing them in more sustainable ways’ (CEC, 1998, p. 21). So, it is finally spelled out very clearly: ‘Urban governance can be improved by better vertical integration of activities of different levels of government and better horizontal integration within and between various organisations at the local level and involvement of stakeholders and citizens in urban policies’ (CEC, 1998, p. 21).

## **Territorial governance according to the ‘New Cohesion Policy’**

The phrase ‘New Cohesion Policy’ is commonly used to indicate the new deal imposed on the EU structural policy after the European Council’s strategic decisions at the Lisbon and Gothenburg summits in 2000–2001 as well as in the context of progressive enlargement of the Union up to 27 Member States in 2004–2007. In brief, the strategic objective of making the EU the world’s most competitive, dynamic and knowledge-based economy, addressed to sustainable development in 2010 (the so-called ‘Lisbon-Gothenburg Strategy’) led, after the usual and unavoidable compromises, to the Community budget definition and consequent Structural Funds regulations for the period 2007–2013 (EU, 2007). Accordingly, the European Commission prepared the *Community Strategic Guidelines on Cohesion*, then approved by the European Council (CEU, 2006). This document constituted the basis for the elaboration of National Strategic Reference Frameworks and respective national and regional operational programmes in the Member States.

### **Current Structural Funds regulations**

As far as the new regulations on Structural Funds are concerned, the General Regulation (no. 1083/2006) establishes first and foremost that cohesion policy has three main objectives in 2007–2013: convergence; regional competitiveness and employment; European territorial cooperation (Art. 3). While the former two are derived from the integration and evolution of objectives pursued in previous programming periods, the latter is new, based on progress achieved by the INTERREG Community Initiative after more than 15 years of applications (Dühr *et al.*, 2007, 2010). It is particularly tasked with promoting integrated and sustainable spatial development in cross-border and transnational areas, as well as through interregional networks. The same article explains that, for all objectives, ‘assistance from the Funds shall, according to their nature, take into account specific economic and social features, on the one hand, and specific territorial features, on the other’. It shall ‘support sustainable urban development particularly as part of regional development and the renewal of rural areas and of areas dependent on fisheries through economic diversification. The assistance shall also support areas affected by geographical or natural handicaps which aggravate the problems of development...’ (Art. 3, c. 3). Urban development is also sustained for the very first time by the possibility of assigning Community resources to specific ‘financial engineering instruments’, which are ‘funds investing in public-private partnerships and other projects included in an integrated plan for sustainable urban development’ (Art. 44).

Defined among the established ‘Principles of assistance’ (Title I, Chapter IV), ‘partnership’ is especially intended as ‘close cooperation [...] between the Commission and each Member State’. The latter shall particularly involve, in accordance with current national rules and practices ‘(a) the competent regional, local, urban and other public authorities; (b) the economic and social partners; (c) any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women’ (Art. 11, c. 1).

Looking at more specific regulations, the European Regional Development Fund (ERDF) is the only fund extending its application to all three main objectives of the new cohesion policy. One of the preliminary remarks to be made about the new ERDF Regulation (no. 1080/2006) is that an efficient and effective implementation of the actions supported ‘depends on good governance and partnership among all the relevant territorial and socio-economic partners, and in particular regional and local authorities, as well as any other appropriate body during the various stages of implementation of the operational programmes co-financed by the ERDF’ (no. 7). After mentioning ‘the experience and strengths’ of the URBAN Community Initiative, developed in 1994–2006 across two programming periods, it is also stressed that ‘sustainable urban development should be reinforced by fully integrating measures in that field into the operational programmes co-financed by the ERDF, paying particular attention to local development and employment initiatives and their potential for innovation’ (no. 9).

In particular, Article 8 addresses ‘Sustainable urban development’, establishing that:

the ERDF may, where appropriate, support the development of participative, integrated and sustainable strategies to tackle the high concentration of economic, environmental and social problems affecting urban areas. These strategies shall promote sustainable urban development through activities such as: strengthening economic growth, the rehabilitation of the physical environment, brownfield redevelopment, the preservation and development of natural and cultural heritage, the promotion of entrepreneurship, local employment and community development, and the provision of services to the population taking account of changing demographic structures.

Sustainable urban development is furthermore indicated, in Article 6, as one of the specific targets of transnational and interregional territorial cooperation. The new European Social Fund (ESF) Regulation (no. 1081/2006), concerning the former two main objectives of cohesion policy (but not European territorial cooperation), refers to ‘good governance’ as a condition for ‘efficient and effective implementation of actions supported’ (preliminary remark no. 14). Coherently, Article 5 is entitled ‘Good governance and partnership’ and establishes that the ESF support ‘shall be designed and implemented at the appropriate territorial level taking into account the national, regional and local level according to the institutional arrangements specific to each Member State’ (Art. 5, c. 1). Particularly, these ‘shall ensure the involvement of the social partners and adequate consultation and participation of other stakeholders, at the appropriate territorial level, in the preparation, implementation and monitoring of ESF support’ (Art. 5, c. 2).

### ***The EU Council’s Community strategic guidelines***

‘Good governance’ is also evoked in the preliminary remarks of the European Council’s decision approving the *Community Strategic Guidelines on Cohesion*, according to the structural funds General Regulation (Title II, Chapter I). First, it is listed in a range of ‘conditions which favour investment’ (together with effective implementation of the internal market, administrative reforms, a business-friendly climate, and the availability of a highly skilled workforce) that, added to macroeconomic stability and structural reforms at the national level, are factors of successful implementation of cohesion policy (preliminary remark no. 8). Second, it is described as ‘essential at all levels for the successful implementation of cohesion policy’ (no. 16).

In the Guidelines document, ‘good governance’ appears again at the beginning of the second part, entitled, ‘The territorial dimension of cohesion’ (it is worth noting that the only other part of the Guidelines is a general introduction). This second part is articulated in sections respectively addressed to ‘The contribution of cities to growth and jobs’ (section 2.1), to ‘Support [for] the economic diversification of rural areas, fisheries areas and areas with natural handicaps’ (section 2.2) and to cross-border, transnational and interregional dimensions of territorial cooperation (sections 2.3 and 2.6). More interestingly, an unequivocal assertion introduces these sections: ‘One of the features of cohesion policy – in contrast to sectoral policies – lies in its capacity to adapt to the particular needs and characteristics of specific geographical challenges and opportunities. Under cohesion policy, geography matters’ (CEU, 2006, p. 28).

Therefore: ‘Taking on board the territorial dimension will help to develop sustainable communities and to prevent uneven regional development from reducing overall growth potential’ (CEU, 2006, p. 29). This means that ‘successful implementation of actions to promote territorial cohesion requires implementing mechanisms that can help to guarantee fair treatment for all territories based on their individual capacities as a factor of competitiveness. Thus, good governance is important to successfully addressing the territorial dimension’ (CEU, 2006, p. 29).

## **EU territorial governance in intergovernmental spatial policy documents**

### ***Background to the EU 'informal' spatial policy process***

Everything discussed above – i.e., the EU Treaties, the Commission's official papers and reports, the current Structural Funds regulations and European Council decisions – belongs to the *formal* process of Community policy. It is commonly accepted, however, that a major influence in factoring territory into the EU policy agenda came from a parallel high-level process, defined as *informal* because of the lack of Community competences in this field, but led by the Ministers responsible for spatial planning in each EU member country (Faludi & Waterhout, 2002; Janin Rivolin, 2004; Waterhout, 2008; Faludi, 2009). Their 'informal meetings', began in 1989 at Nantes in the presence of the then President of the European Commission, Jacques Delors, and continued, in cooperation with DG Regio, thereafter supported by almost all the EU Presidencies. This is perhaps the clearest sign of the increasing political awareness, albeit multifaceted and often controversial, of the necessity of coordinating territorial governance policies on the EU level.

Overall, this twenty-year intergovernmental discussion on EU spatial policy had two main stages of official and solemn agreement: the approval of the *European Spatial Development Perspective* (ESDP) followed by its Action Programme in 1999 (CEC, 1999; Presidency Finland, 1999); and the approval of a set of mutually related official documents in 2007, namely the *Territorial State and Perspective of the European Union*, the *Territorial Agenda of the European Union* and the *Leipzig Charter on Sustainable European Cities* (MUDTCEU, 2007a, b, c), followed by the *First Action Programme* for the EU Territorial Agenda implementation (Presidency Portugal, 2007).

Admittedly, the ESDP represented a milestone in the institutional acknowledgement of European spatial planning, although the notion of 'European spatial development policy' is clearly preferred in the document (CEC, 1999, *passim*). However, the concept of territorial governance is not used in the ESDP, nor is the more general notion of 'governance'. Terms such as 'partnership' and 'cooperation' are instead adopted several times in order to stress the importance of coordinating both vertical and horizontal relations for an effective EU spatial development policy. The same is true for the ESDP Action Programme which, in practice, proposed twelve actions addressed to accompany the ESDP 'application' in various ways<sup>7</sup>, but nothing like a structured coordination of European spatial planning. Among these actions, however, the European Spatial Planning Observation Network (ESPON) at least deserves special mention for its contribution to the structuring of an EU scientific community in this field (Davoudi, 2007; Faludi, 2008; Waterhout, 2008).

After some uncertain years, and capitalising on the institutional progress achieved during the 2000s (see previous sections), to which the ESDP messages had respectively contributed (Faludi, 2004, 2005, 2006; Janin Rivolin, 2005b), the intergovernmental discussion on European spatial planning – meanwhile widened from 15 up to 27 participant countries – expressed a new official position in 2007. First of all, the 'Informal Council' concerned has now acquired the label 'Ministers of Urban Development and Territorial Cohesion of the European Union'. Looking inside the new official documents, a more substantive novelty is the recurring and solid use of the notion of 'EU territorial governance'.

### ***EU territorial governance as an 'evidence-based' emerging topic***

The *Territorial State and Perspective of the European Union*, an 83-page 'evidence-based document' with a lot of maps, prepared since 2005 and then adopted as a background text for the EU Territorial Agenda (Faludi, 2009), is explicitly addressed in its title 'Towards a stronger European territorial cohesion in the light of [the] Lisbon and Gothenburg Agendas' (MUDTCEU, 2007a). Here 'territorial governance' is initially defined in simple and clear words as 'promoting horizontal and vertical policy coherence' (MUDTCEU, 2007a, p. 7). A specific section (1.4) in the introductory Part A ('Defining the Scope') is dedicated to the 'Governance Philosophy', where existing analogies and necessary

relationships between national countries and the EU in addressing territorial governance are eventually put down in black and white:

Territorial governance is the manner in which territories of a national state are administered and policies implemented, with particular reference to the distribution of roles and responsibilities among the different levels of government (supranational, national and sub-national) and the underlying processes of negotiation and consensus building. EU territorial governance is a special and growing challenge in this respect. It focuses on the impact of EU Policies on territorial developments, especially with a view to strengthening EU territorial cohesion (MUDTCEU, 2007a, p. 8).

In particular, territorial cohesion implies the necessity of ‘integrating the territorial dimension into EU and National Policies, and not creating a top-down and separate EU Territorial Policy’ (MUDTCEU, 2007a, p. 9). In other words, its formal recognition in the Treaties as a shared competence between the Union and the Member States ‘would not require a change in governance philosophy. Rather, it would create a stronger mandate and responsibility for both EU Member States and EU to promote a coherent approach to territorial development within EU (and National) Policies’ (MUDTCEU, 2007a, p. 9).

As Part B (‘Assessing the State’) of the document however acknowledges, ‘at this moment, effective and structured EU territorial governance does not exist. The EU policy process does not take the territorial dimension of EU policies into account in an explicit way’ (MUDTCEU, 2007a, p. 51). Hence, an effort would be required to learn from the ‘indirect impacts’ produced in the respective European countries, so as to coordinate in a more effective manner the ‘governance concepts introduced or promoted by the EU (sustainable development, additionality, subsidiarity, multi-annual programming, partnership), the support of new alliances (between the EU and cities/regions and trans-European alliances) and the availability of new data and know-how (ESPON, URBAN, INTERREG etc)’ (MUDTCEU, 2007a, p. 51). Besides the necessity of strengthening the horizontal coherence of the EU policy process, the ‘challenge of linking territorial development policies in the EU Member States and EU policies, so that they structurally reinforce each other in view of an effective exploitation of Europe’s territorial capital (vertical coherence)’ remains. ‘Traditionally this bottom up perspective on territorial governance in the EU has been rather weak’ indeed (MUDTCEU, 2007a, p. 58). The reason why ‘this is not an easy challenge’ depends particularly on the fact that the EU Member States ‘are facing serious obstacles like differences in policy cycles, objectives, priorities, distribution of responsibilities, processes of negotiation and consensus building of relevant EU policies and national and regional territorial development policies’ (MUDTCEU, 2007a, p. 58). Conclusions are summed up in the document’s final Part C (‘Developing Perspectives for the Future’):

Effective territorial governance is an important prerequisite for strengthening territorial cohesion. The key challenge appears to be that EU sectoral and economic policies and territorial development policies in the EU Member States need to reinforce each other in order to secure effective exploitation of Europe’s territorial capital. [...] After all, territorial governance is a very complex and sensitive issue (MUDTCEU, 2007a, p. 74).

Hence, ‘priorities for more coherent EU policies with territorial impacts’ (chapter 5) are set along two lines of action, namely the ‘integration of the territorial dimension into the EU policy process’ (section 5.1) and the identification of ‘national and regional territorial development strategies for improving territorial governance in the EU’ (section 5.2). These include, amongst others, the purpose of approaching the EU ‘Constitutional and Governance Affairs’ key dossier, in order to raise at higher and formal institutional level topics such as:

territorial coherence of sector policies with spatial implications at all levels; coherence and synergies between EU policies and national or regional spatial strategies; new forms of territorial governance by partnership and networking between regions and cities including cross-border, transnational and interregional cooperation and involvement of the economy; integrated and multi-level policy approaches for each specific territorial setting (MUDTCEU, 2007a, p. 76).

As stated in the Executive Summary, the main EU decision-makers will, ultimately, have to understand that ‘establishing wise and comprehensive territorial governance’ is not a task of minor importance, but rather is relevant to the Lisbon and Gothenburg Strategies as ‘the key political ambitions of the European Union’ (MUDTCEU, 2007a, p. 79).

### **Current EU Territorial Agenda and its Action Programme**

The *Territorial Agenda of the European Union* is certainly much less explicit than its evidence-based background document as far as the mentioned necessities and purposes are concerned. Although ambitiously addressed ‘Towards a More Competitive and Sustainable Europe of Diverse Regions’ (MUDTCEU, 2007b), its eleven pages communicate the overall impression of a polite set of solemn declarations, but certainly not an ambitious political document (Faludi, 2007a, 2009; Gualini, 2008). In this context, ‘what we call territorial governance’ is in fact moderated again to the less demanding idea of ‘process of cooperation’, consisting of ‘an intensive and continuous dialogue between all stakeholders of territorial development’ through which territorial cohesion should be (perhaps magically) achieved (MUDTCEU, 2007b, p. 2). Hence, territorial governance appears to be exploited in the EU Territorial Agenda like a sort of ready-to-use concept, to be addressed to get ‘cities and regions [...] firmly bound into governance processes for implementing the Lisbon Strategy’ (MUDTCEU, 2007b, p. 3); or to inspire ‘arrangements’ that are necessary to promote new forms of partnership between rural and urban areas (MUDTCEU, 2007b, p. 5); or to promote ‘Trans-European Risk Management’ (MUDTCEU, 2007b, p. 7); and so on.

Similarly, the *Leipzig Charter on Sustainable European Cities* limits governance to the idea of managing ‘integrated urban development’ (MUDTCEU, 2007c, p. 1). Specifically the necessity of ‘implementation-oriented planning tools’ implies the establishment of ‘modern, co-operative and effective governance structures [...] for improving the competitiveness of European cities’ (MUDTCEU, 2007c, p. 3). In this context, the creation of ‘high-quality public spaces’ is seen primarily, if not exclusively, as a problem of increasing ‘the interaction of architecture, infrastructure planning and urban planning’, for which the German expression ‘*Baukultur*’ (building culture) is appositely adopted (MUDTCEU, 2007c, p. 3). Hence, the complex challenge of EU territorial governance is ultimately boxed into a list of good purposes addressed to uncertain addressees: ‘Integrated urban development strategies, cooperative urban development management and good governance can contribute towards a purposeful use of the potential of European cities particularly with regard to competitiveness and growth, as well as to reducing disparities within and among neighbourhoods. They provide citizens with an opportunity for social and democratic participation’ (MUDTCEU, 2007c, p. 4).

Surprisingly enough, the subsequent *First Action Programme for the Implementation of the Territorial Agenda of the European Union* (Presidency Portugal, 2007) recovers the substance of more committed message conveyed by the *Territorial State and Perspectives* document with regard to EU territorial governance, overcoming the lukewarm nature of the EU Territorial Agenda itself and of the Leipzig Charter. The ‘professional’ quality of this document’s preparation (Faludi, 2009, p. 30) may be one explanation for this new change of course, without forgetting the usual fluidity of the EU policy process (Hix, 2005; Nugent, 2006) and, especially, of the intergovernmental debate in a ‘contested field’ like spatial planning (Faludi, 2001; Faludi & Waterhout, 2002).

Be that as it may, the First Action Programme declares first the ‘Political Commitment’ assumed by the EU Ministers: here ‘multi-level governance’ is indicated among five ‘guiding principles’<sup>8</sup>, which are ‘meant to inspire political action and to orientate the individual and shared implementation of the Territorial Agenda’ (Presidency Portugal, 2007, p. 1). ‘Strengthening multi-level territorial governance in the EU’ is therefore defined as ‘a fundamental tool for a balanced spatial development of the European Union’ (Presidency Portugal, 2007, p. 2). Interestingly, another guiding principle is ‘subsidiarity’, and the possibility of basing a virtuous EU territorial governance process on it (Janin Rivolin, 2005a) is envisaged: ‘A multi-level and coordinated approach between the European, national and regional/local levels, in line with the subsidiarity principle, is seen as a key factor of success for territorial governance, an issue that is central and cross-cutting in the implementation of the Territorial

Agenda' (Presidency Portugal, 2007, p. 5). In this light, 'new forms of territorial governance' are invoked as being suitable 'to foster a better integrated approach and a flexible cooperation between different territorial levels', and 'as essential to improving territorial cohesion as well as the construction of a sustainable model of development in light of the Lisbon and Gothenburg Strategies' (Presidency Portugal, 2007, pp. 5-6). Therefore, the adoption of the multi-level governance principle 'expresses the commitment to structure proper channels of communication, participation and cooperation in order to make the territorial assessment, planning and management a fully democratic, transparent and efficient process' in the whole Union (Presidency Portugal, 2007, p. 7).

Five 'lines of action' are finally established in order to fulfil the First Action Programme purposes within the 2007–2011 timeframe<sup>9</sup>. Among these, 'To strengthen multi-level territorial governance at European Union and Member States level' (LA3) is addressed especially to 'Design and implement a strategy to promote transparent decision-making processes in the administration and with public and private stakeholders as well as non-governmental organisations on territorial policies at EU and MS level' (Action 3.1). A 'governance system' for the implementation of the First Action Programme, articulated on three levels (i.e., the Presidency, the Ministers acting together, and the EU institutions and other stakeholders), is finally established (Presidency Portugal, 2007, p. 17).

## **Conclusions and remaining problems**

As mentioned in the introduction, the aim of the present contribution was a systematic review of institutional and official documents regarding EU territorial governance, in order to learn how and why this concept gained ground in recent years. A section discussing the nature and features of the EU institutional process has allowed us to identify four main kinds of documentary sources, which have been scrutinised accordingly in successive sections. Overall, what emerged from this review are these final considerations:

1. EU territorial governance is not addressed by the European Treaties in force, even after the Lisbon Treaty ratification (EU, 2006, 2008). Nonetheless, having agreed the political objective of deeper Community integration in the mid 1980s, the Treaties have included an, albeit implicit, necessity of common spatial policy under the cohesion principle. Twenty years of European spatial planning experiences of various kinds offer enough evidence to overcome any uncertainty on this point. A formal recognition of the territorial dimension of cohesion, proposed in the aborted Constitutional Treaty and renovated by the Treaty of Lisbon, is in this light the clearest sign that institutional progress has been achieved in this respect. The recent establishment of territorial cohesion as a shared competence between the EU and the Member States, as well as the simultaneous acceptance of the 'good governance' notion (another novelty of the Lisbon Treaty, albeit addressed to other purposes), may be seen as promising inputs towards new institutional developments for EU territorial governance.

2. Looking at this possible horizon, it is worth noting that earlier official Community documents addressing separately the institutional discussions on 'European governance' and on 'territorial cohesion' already showcased elements of mutual convergence between these two concepts. Moreover, the primacy of the 'urban governance' concept, achieved at Community level since the early 1990s, may strengthen the suspicion that EU integration really has a fundamental spatial dimension. Mutual relationships between governance and territorial cohesion were however seen to imply various problems, especially due to the alternate effectiveness of planning systems (CEC, 2001b) and to the obsolescence of traditional principles of regulative planning (CEC, 1990, 1997b, 1998). Practical solutions were therefore proposed for a more structured and permanent coordination of spatial policies at the EU level: from the SERDEC/SIA combination (CEC, 2001b) to the 'target-based tripartite contracts and agreements' (CEC, 2001a, 2002b, 2004a). Ultimately, an increasing awareness of the crucial importance of spatial planning practices for territorial cohesion policy in more recent Community consultations (CEC, 2008a, b, c, 2009a, b) might indicate that institutional ideas for a structured EU territorial governance process are progressing.

3. After all, some approaches and principles for territorial governance, albeit provisional and target-oriented, have meanwhile taken place in the last formulation of cohesion policy, as can be seen in the current Structural Funds regulations (EU, 2007) and Community strategic guidelines (CEU, 2006). On the one hand, European territorial cooperation and sustainable urban development are qualified, after fifteen years of experimental Community Initiatives and Pilot Projects, as key objectives of the 'New Cohesion Policy', for which the European Council agreed explicitly that 'geography matters' (CEU, 2006, p. 28). On the other hand, the 'good governance' principle is repeatedly invoked as an indispensable need (but in fact delegated to the Member States' wills and capacities) for redefining the quality of vertical and horizontal relations in public action, because of its intrinsic territorial dimension. In addition to the documents analysed, it is appropriate to mention that a more comprehensive 'place-based approach' is what an independent report commissioned by the DG Regio (Barca, 2009) indicates for improving EU cohesion policy after 2013<sup>10</sup>.

4. One might also observe that the various aspects so far recalled are relevant to the functioning of spatial planning systems which, as mentioned in the introduction to this paper, are regulated at national level in accordance with the respective institutional models. However, this competence is generally in the charge of Ministers who, in the EU context, are seated in a so called 'Informal Council', planning not being a formal Community competence. If this organism looks like something of an exception in the EU institutional process, one of the possible explanations is that spatial planning is a source of institutional innovation in Europe. Be that as it may, the twenty-year intergovernmental discussion on spatial planning has never been an isolated process, but has always developed in a sort of "dialectic harmony" with the Commission's DG Regio (Faludi & Waterhout, 2002; Faludi, 2009). Positions agreed in ministerial meetings over time, from the ESDP (CEC, 1999) to the EU Territorial Agenda (MUDTCEU, 2007a, b, c), are generally welcome also in formal Community discussions, sometimes influencing the main EU policy decisions. Hence, the discovery of EU territorial governance as an evidence-based topic and a new challenge in the Ministers' view (MUDTCEU, 2007a) should not be disregarded. The Ministers have in particular identified as a crucial obstacle to efficient and effective EU territorial governance 'differences in policy cycles, objectives, priorities, distribution of responsibilities, processes of negotiation and consensus building of relevant EU policies and national and regional territorial development policies' (MUDTCEU, 2007a, p. 58). Besides, the surprising aphasia on these problems in the EU *Territorial Agenda* (MUDTCEU, 2007b) suggests that an intergovernmental agreement for coordinating planning systems in a structured EU territorial governance process is not at hand. One should therefore conclude that, if a 'multi-level and coordinated approach between the European, national and regional/local levels, in line with the subsidiarity principle, is seen as a key factor of success for territorial governance' by the Ministers responsible for spatial planning in the EU countries (MUDTCEU, 2007c, p. 5), these same Ministers are not willing or able to commit themselves to shared reforms in order to guarantee such success for the immediate future.

This conclusion ultimately poses a higher level political problem and casts a shadow on the effectiveness of intergovernmental or open coordination, as opposed to the formal Community process, for the achievement of the main EU objectives. Also in EU territorial governance, as with decisions of greater topical interest such as recent measures for counteracting the global crisis, non-binding coordination is certainly easier and more appealing for public media (non-indictable commitments are never risky), but have proven to be elusive in the long run (electoral mandates are more pressing than informal agreements). Europe will not die, of course, from the myopia or lack of courage of a few leaders, because it seems to be well-rooted enough to survive. But there is a clear risk of locking it into simple survival, by going on deceiving Europeans with the magnificence of ideal horizons such as the Lisbon Strategy<sup>11</sup> and territorial cohesion.

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<sup>1</sup> ‘Governance, in general, has three distinct aspects: (i) the form of political regime (parliamentary/presidential, military/civilian, authoritarian/democratic); (ii) the processes by which authority is exercised in the management of a country's economic and social resources; and (iii) the capacity of governments to design, formulate, and implement policies, and, in general, to discharge government functions’ (World Bank, 1991, p. 23).

<sup>2</sup> ‘...as is instead the case of sector policies (e.g. the environment)’ (Chiti, 2003, p. 93, my translation).

<sup>3</sup> The United Nations Commission on Human Rights identifies transparency, responsibility, accountability, participation, and responsiveness as key attributes of good governance. For an updated disquisition on the term, see: Metha, 2006.

<sup>4</sup> What it does mean in practical terms is explained in Article 2 (c. 2): ‘When the Treaties confer on the Union a competence shared with the Member States in a specific area, the Union and the Member States may legislate and adopt legally binding acts in that area. The Member States shall exercise their competence to the extent that the Union has not exercised its competence. The Member States shall again exercise their competence to the extent that the Union has decided to cease exercising its competence’.

<sup>5</sup> ‘By way of derogation [...] the Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, the Economic and Social Committee and the Committee of the Regions, shall adopt...’ (EC Treaty, Art. 175).

<sup>6</sup> Namely: 1. Taking part in the European political agenda: setting up a local and regional dialogue upstream of decision-making; 2. Involving the Committee of the regions more effectively; 3. Partnership in the implementation of Community policies between the three levels of territorial actors: infranational/national/community; 4. Organising the coordination of Community policies; 5. Creating a Community legal instrument for cross-border, transnational and interregional cooperation (CEC, 2001b, pp. 33-46).

<sup>7</sup> The twelve actions to be pursued ‘on a voluntary basis’ according to the ESDP Action Programme, are: 1. ESDP policy orientations in Structural Funds mainstream programmes; 2. Interreg III and ESDP demonstration projects; 3. ESDP policy orientations in national spatial planning; 4. Spatial impacts of Community policies; 5. Territorial impact assessment; 6. Urban policy application and co-operation; 7. Establishing the ESPON co-operation; 8. ESDP as a basis for geography books for secondary schools; 9. ‘Future regions of Europe’ award; 10. Guide on integrated strategies for coastal regions; 11. Pan-European framework for spatial development; 12. Spatial impacts of enlargement on EU Member States and non-Member States (Presidency Finland, 1999). For a comprehensive account on the ESDP application results, see: ESPON, 2007a.

<sup>8</sup> The five guiding principles of the First Action Programme are namely: 1. Solidarity between regions and territories; 2. Multi-level governance; 3. Integration of policies; 4. Cooperation on territorial matters; 5. Subsidiarity (Presidency Portugal, 2007, pp. 7-8).

<sup>9</sup> These are namely: LA1. To implement the Territorial Agenda in the areas of competence of the Ministers at European Union and Member States level; LA2. To influence EU key dossiers and to give a territorial/urban dimension to sectoral policies; LA3. To strengthen multi-level territorial governance at European Union and Member States level; LA4. To compare and assess the territorial state, perspectives, trends and policy impacts in the European Union and Member States from the point of view of territorial cohesion and sustainable spatial development; LA5. To coordinate and monitor the First Action Programme implementation, assess and review the Territorial Agenda and the First Action Programme, and to develop a communication and awareness-raising strategy on territorial cohesion and sustainable spatial development (Presidency Portugal, 2007, p. 11).

<sup>10</sup> In particular, the Barca Report claims as indispensable a substantial ‘governance reform’, based on ‘a new type of contractual agreement between the Commission and Member States (or Regions) focused on performance and on the institutional conditions for intervention’ (Barca, 2009, p. XVIII).

<sup>11</sup> Incidentally, 2010 has come: what of the Lisbon Strategy’s expected results? While the EU leaders try to avoid answering this question, hiding the figures of internal failure behind those of global crisis, the deadline for a brand new ‘strategy for smart, sustainable and inclusive growth’ has been now shifted to 2020 (CEC, 2010).