

Key-note Address:

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**MULTI-SYSTEM GOVERNANCE OR MULTI-LEVEL GOVERNMENT
IN EU COHESION POLICY?**

Why „Governance“?

We can regard “**policies**” as intentional activities of public actors (“the state”) to influence the behaviour and attitudes of various other relevant (public and/or private) actors in order to reach certain objectives. The “classical” set of activities for this purpose is „**government**“, i.e. legitimate formal rules of public actors (as “principal”) addressed to other actors (“agents”) in a **hierarchical** relation (laws, regulations – “**command**”), where the public policy maker has the power to **control** compliance of the norm addressees and **sanction** non-compliance.

In modern states government is always connected with, and limited to, a defined **territory** to which the power of jurisdiction applies.

This mode of government by „command & control & sanction“, however, is not feasible, whenever actors, whose behaviour is relevant for the successful implementation of a policy, are **outside the formal jurisdiction** of the policy maker. This might be the case –

- when such actors are located **outside the territory** of the policy maker;
- when actors of lower levels of hierarchy enjoy a certain degree of **legal autonomy** (e.g. private citizens’ rights; autonomous jurisdictions of regional and/or local authorities, not only but especially in federal states);
- when a policy requires the cooperation of relevant **actors at the same level of hierarchy** (e.g. different ministries/departments implementing a policy jointly; cross-border cooperation of states, regions or municipalities);
- when a policy requires a type of action or change of behaviour that, in practice, **cannot be enforced**, because it is based on attitudes (e.g. to be innovative, competitive, or truly cooperative) and/or when control and/or sanction is not feasible (e.g. because of insufficient information) and, thus, has to be exerted **voluntarily**.

In such cases (that are the norm rather than an exception in complex development policies such as EU Cohesion Policy) policy makers, in order to reach their policy objectives, cannot rely on government (only) but have to exert their coordinating influence on relevant actors by more or less informal, non-hierarchical communicative actions: “**governance**” = **governing beyond government**.

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Successful governance is multi-system governance

To understand (and act successfully in) governance processes, systems theory has proved to be extremely helpful, because it is able to explain the peculiar behaviour of people in social contexts that otherwise would appear bizarre or absurd. From a systemic view, policy making means acting in social systems and in most cases not just other social systems of a similar type, but **social systems of different characters**. For successfully dealing with other social systems it is crucial for a policy maker (or a policy making social system) to understand that social systems each have their own rationalities, system-specific languages, media preferred for communication, spatial patterns (territories, networks etc.), temporal rhythms, stability requirements and success criteria (interests) and that other systems may be quite different from those of the policy making system itself. This means that even in a coordinated policy (Programme, strategy) it is most likely that the social systems involved do not (or only to some degree) share the “joint objectives” officially declared for that policy, or do not understand the formulated wording in the same way.

When we talk about governance most people would agree that it is necessary to distinguish between **public** and **private** actors. It might also be a common understanding that – in the sphere of private actors – profit-oriented enterprises differ in their behaviour and rationality from non-profit organisations or private households.

It is, however, much less common to be aware that what is called “**the state**” is not a homogeneous system, but a **complex set of quite different social systems**, too.

In the case of multi-level policies involved **levels of government** (EU – national – regional – local) differ by their geographical scope of “**territory**” and, thus, by what their social system regards as “internal (relevant)” and “external (less/not relevant)”. Governments of different territories (states, regions) at the same level differ not only in their different territorial scope but often also in their legal systems, political and administrative culture or language.

But also territorial **governments** (in institutional terms) themselves are a complex of different social systems with quite different system characteristics and logics:

- **Politics** (success criterion: consent of voters, produced increasingly by mass media visibility; effectiveness depending on flexibility to react on rapidly changing public sentiments; time requirement therefore primarily short-term)
- **Bureaucracy** (success criterion: compliance with formal rules, verified by control; time requirement influenced by formal budget and programme cycles; effectiveness depending on continuity and regularity)
- **Technocracy** (success criterion: means-end rationality corresponding with “accepted professional wisdom”; time requirement: medium to long term; effectiveness depending on expertise and technical process management); in so-called **multi-sector** policies – such as Regional Policy or EU Cohesion Policy – very different and often conflicting rationalities of **different professions** (economists, environmentalists, engineers, lawyers, spatial planners, social workers, political scientists etc.) are involved and, thus, have to be coordinated.

In EU Cohesion Policy (and many other complex policies, too) these different social systems within “the state” (at all involved levels of government) and their different logics appear typically in the following sequence: programme designers (technocratic) → formal decision makers (political) → programme managers (bureaucratic) → controllers (bureaucratic) → evaluators (technocratic) → political communicators (political). Even if to some degree all public actors involved may use the same terminology, they use it with a quite different meaning in their respective system context. If the different system logics are not made explicit (which is definitely not the case in EU Cohesion Policy), this difficult mixture of

different system logics leads inevitably to misunderstandings, formal irregularities and deficient performance.

Successful policy making, especially in the mode of “governance”, would have to coordinate all these different (private and public) social systems towards joint action. “Multi-level governance” is only part of this coordination task, and certainly not the most difficult one. Therefore I would prefer to use the more general term “**multi-system governance**”.

Factors that facilitate and limit successful multi-system governance

Successful multi-system governance is only possible or at least more likely, when the following **favourable** conditions are given:

- The existence of common objectives or interests (“**win-win situation**”)
- Appropriate **formats** of communication / negotiation / learning: non-hierarchical partnership, right balance of informality and minimum formal commitment (rules of conduct), right balance of transparency and confidentiality, right balance between sufficient time for discourse and result orientation
- (possibly as a result of communication:) **respectful awareness** of different system contexts and constraints of partner systems
- **Stability** of relations between partners (both formal **institutional** framework and participating **persons**) → necessary to build up **trust**
- Sufficient **flexibility** in time and scope to use **windows of opportunity** for innovative solutions
- (especially for more complex institutional settings and/or difficult coordination tasks:) Persons or institutions acting as **coordinator** (mediator, interface, translator, “pontifex”); this role requires social skills as well as knowledge of, and acceptance by, systems to be coordinated; acceptance is more likely, if the coordinator is perceived by partners as non- (or rather: all-) partisan.

Multi-system governance, however, is no panacea. As for all policy making, there are **limits and constraint** that should be taken into account when policy makers design and implement a policy (and academic scholars or evaluators want to analyze it):

- High **complexity** of processes to be governed and systems involved also increase the complexity of government and governance structures, sometimes beyond an acceptable and manageable degree. Furthermore, policy design, negotiation (especially in partnership), implementation and impact chains need time. These **time requirements** (especially for complex development policies that would involve changes in system behaviour) very often conflict with the **time pressure** due to the urgency of problems. → Therefore the level of ambition of a policy should be limited to realistic goals. Unrealistic goals lead to failure and undermine the credibility of policies and policy makers. If necessary and possible, fast track procedures (which means in most cases: with reduced partnership!) might be considered for urgent tasks.
- The **resources** (budgets, number and qualification of staff, available knowledge and technologies, legal competences) of both partners and coordinators to fulfil their respective tasks are (always) **limited**. → Formal responsibilities should be congruent with the capability to actually fulfilling them; impossible tasks lead to frustration and/or are not taken serious.
- The win-win-situation required for an effective and sustainable cooperation of partners is not always given in all aspects of the relations between policy partners. Sometimes it can be strengthened by the invention of a “joint enemy” or external incentives (e.g. funding for transaction costs, premium for good performance). **Conflicting interests**

between cooperation partners are more likely in complex policy areas. If there are such conflicting interests, the requirement of formal consent (or veto rights) of all partners in decision making rules of a partnership is likely to create **lock-ins** (F.W. Scharpf's "trap of joint decision making") → It might be wise in partnerships to allow for room for autonomous decisions and foresee clear definitions of ultimate responsibility (if all are responsible, nobody is responsible), transparency and accountability.

- Non/all-partisan **coordinators** may be helpful or even necessary, but they are neither geniuses nor eunuchs: As all other partners, they have **limited capacities** as well as **personal motives** and **institutional interests** (e.g. to maintain their job, perpetuate their institution, grow in size and/or importance, monopolize information etc.) → The competences of coordinator vs. their partners should be clearly defined in scope and time. Do not expect miracles from coordinators (e.g. by delegating complicated, unpleasant or delicate tasks of partners to them, while restricting their budgets and staff).

What about governance in EU Cohesion policy?

If we apply these general considerations of multi-system governance to EU Cohesion Policy, the following picture appears:

The **complexity of public actors** involved in various degrees as policy makers (and thus relevant for successful policy implementation) is **extremely high**:

- As all EU policies it involves both EU and member states (represented in the Council) in decisions on the legal framework.
- The principle of shared management extends this **multi-level** aspect also to the implementation of the policy (programming, administration, control and audit).
- At EU as well as national levels the **multi-sector** approach of Cohesion Policy (not only in the most ambitious version of a comprehensive "place-based" development policy) requires the involvement of a large number of Directorates General and ministries.
- At least the regional policy strand of Cohesion Policy aims at involving also regional and local governments into this multi-level structure. Furthermore the principle of partnership requires the participation of social partners, NGOs etc. in programming and monitoring of programme implementation, too.
- In cross-border and transnational cooperation programmes and EU-wide network programmes these different levels of government are multiplied by several or all member states.

It is hardly surprising that this multitude of involved public actors (i.e. social systems with their own rationality and interests) leads to a multitude of policy objectives, often criticized as "**goal congestion**". This wide range of policy objectives (that in reality, of course, cannot be consistent and are often incompatible with each other) makes it difficult to assess, whether the policy or single programmes are successful. There are always objectives that are met and others not.

Cohesion Policy as multi-sector development policy addresses a wide range of public and private addressees (especially in its most ambitious form of a comprehensive "placed based" development policy, as envisaged by the latest reform proposed by the Commission for the period 2014-2020). Both the different public actors involved in policy making and the policy addressees cannot be governed by command & control alone. Thus, **Cohesion Policy is clearly a case for (multi-system) governance**. The principle of "partnership" as established in the regulations can be seen as a (though only formal) attempt to take account of this requirement.

In reality, however, the provisions for successful governance are rather poor. Although the regulations oblige member states to implement the partnership principle, the involved politicians and administrations are much more used to the familiar “command & control” mode and lack experience in true governance. At EU level neither suitable formats of informal and non-hierarchical communication between the various involved EU institutions and those of the member states nor all-partisan institutions for coordination have been established so far (DG REGIO as de-facto coordinator of Cohesion Policy is a major actor herself and not accepted as neutral moderator, neither by other DGs nor by member states). There is very little awareness and understanding of the systemic character of the policy and the involved public and private social systems with their different system-specific rationalities, languages and stability requirements (interests). Usually the latter are not openly discussed, but it is evident that hidden agendas influence policy implementation much more than official objectives.

Doubts can be raised, whether this extreme complexity of (public and private) actors with a multitude of diverging (open and hidden) objectives can be successfully governed at all, even by a most efficient ideal governance system, even less so by a deficient system as exists in reality. It is therefore to be expected that there will be - and indeed there are - mechanism to **reduce complexity**:

- In spite of the comprehensive and very ambitious view applied towards policy objectives (that would require all available instruments of policy intervention to be considered) Cohesion Policy is by no means comprehensive as regards policy instruments. It focuses only on **one single set of possible interventions: finance**. This input-oriented focus ignores that many of the claimed objectives cannot be reached by funding alone sufficiently well or at all.
- In spite of the wide range of declared objectives of Cohesion Policy there is, according to my observation, only **one dominant motive** that – although it does not appear in any official declaration of objectives – is shared by practically all actors involved: full **absorption of funds**. This objective is easy to quantify, suited for simple political mass-media communication (both at EU and member state levels), it justifies the existence of the growing bureaucratic management and control systems at all levels and pleases the beneficiaries.

Although there would be a need for governance to reach the (declared) objectives of Cohesion Policy more effectively, **government by command & control has always been dominant in policy implementation**. The concern with financial control and audit - gradually but significantly increased during the last decade - has even strengthened this bureaucratic government approach. Thus, communication among policy partners on Cohesion Policy issues - at EU, programme and project levels – is mostly dedicated to administrative questions of eligibility and irregularities, indicators and reporting, i.e. fulfilment of formal obligations, and very little to the reflection of policy content, quality of funded projects and activities, and their possible long-term impacts on development processes. This might have to do with the fact that the (hidden) overall objective (= maximize absorption of funds, minimize formal irregularities) can be more efficiently reached by a rather centralized government system than by a decentralized and fragmented governance system. The above mentioned criteria for governance do not apply.

So it could be summarized that the **existing system of Cohesion Policy** as the outcome of the power play among involved political and bureaucratic systems – in spite of the declared objectives and high aspirations of many very committed people involved – in reality is mainly a complicated **financial redistribution** mechanism, **politically necessary** to balance between a complex interplay of conflicting objectives, implemented by **bureaucratic multi-level government**, using **technocratic language** to justify and legitimize itself.

This sober and sceptical view on Cohesion Policy in general does not exclude the possibility that committed people acting successfully in niches at various levels and applying true governance and partnership may (and actually do) use the framework of Cohesion Policy for excellent work and important innovations, which might have significant positive impacts on the development of their systems in a wider context. So there is some consolation. But the niches have to be defended.

It remains to be seen, whether the negotiations between Commission, member states and European Parliament in the next one or two years will bring about any changes.