

# **The concept of Regional Governance in different national funding programmes**

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## **1 Introduction**

The term “Governance” and its resonance in political science have been reflected in the discussion on modern regional policy for some time now. On the one hand, the term „Regional Governance“ is used to analyse new forms of political coordination on the regional state-level adequately. On the other hand, hidden behind the term “Regional Governance” lie also scientific and political demands as to how regional policy can be effectively and efficiently shaped. “Regional Governance” is even understood to be a kind of healer of various fundamental challenges to political steering in a modern state (it is seen as bringing the answer to problems like the globalisation, existing democratic deficiencies, etc.). Even if there is no lack of normative claims calling for “Regional Governance”, analyses of its implementation are still rare.

This paper focuses on this and will, after an introduction discussing “Regional Governance”, first examine how the concept of “Regional Governance” is represented by political programmes involved in supporting rural areas to facilitate sustainable regional development (do the support programmes and their guidelines correspond to the standards set for “Regional Governance”?) as it is the case that rural areas, due to their political problem structure, seem to present “perfect” fields of application for concepts of “Regional Governance” in a particular manner. The central question of this text will then be if the concept of “Regional Governance” is “only” a normative claim, or if it can actually be supported by political

funding programmes to become a strong support to sustainable regional development. This text bases on the results of various current and completed research projects, all of which, in different ways, are concerned with the meaning of “Regional Governance” regarding rural area support policies in Germany.<sup>1</sup>

With the help of a concrete regional political support programme, namely the EU-Common Initiative LEADER+, the question of how far the standards of Regional Governance actually have any form of significance in their political implementation process will be critically put. The relation between the supported networks of rural partnerships and the traditional structures of the representative political system at local and regional level (Governance vs. Government) presents the main focus. As a conclusion to this paper, the concept of Regional Governance will be positioned critically within the discourse on the connection between examinations of Government and Governance.

I, as a whole support the theory that there can be, at least within regional policy, no “either or” between the Governance and Government perspectives. Both complement each other in practice (regional policy only works through mixing hierarchic top-down coordination and bottom up processes): Regional Governance seems to still need forms of hierarchic coordination to be implemented successfully.

## **2 Characteristics of „Regional Governance”**

Similarly to other policy fields in which political coordination problems arise, an increased use of the term “Governance” has, in the past few years, also come to be observed within regional policy. The term “Regional Governance” thereby signifies a set of different characteristics, which, together, constitute a new form of regional policy which seems to be able to support sustainable regional development (Benz et al. 2000, Benz and Fürst 2002).

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1 In detail I am referring to multiple research projects on regional policy for rural areas which the Institute of Forest Policy and Nature Conservation has been carrying out since 2001. First the completed “Nature conservation and regional development“ project carried out on behalf of the BMVEL (Böcher/Krott 2004), then the follow up project for the elaboration of guidelines for integrated rural development, also carried out on behalf of the BMVEL (Böcher/Elbe/Garrelts 2004, Böcher 2005a) as well as the accompanying research to the current “Regionen Aktiv” model project: The University of Göttingen, the Fern University in Hagen, SPRINT GbR and the OAR Regional Consulting GmbH are, together, scientifically accompanying the implementation of the support programme until the end of 2006.

Analogous to other fields of politics, this increased use of the term goes hand in hand with the realisation that earlier political coordination procedures are no longer able to solve regional problem situations adequately due to altered general conditions. Fürst (2004: 46) gives globalisation, the rise of the neo-liberal paradigm, the state's financial crisis and the increasing meticulous organisation of society combined with the corresponding fragmentation of societal coordination as examples of such altered general conditions.

One especially observes the boundaries/limits of state-hierarchical intervention abilities within regional policy; Müller (1998) points out that structural regional particularities on which complex institutional arrangements always have a great influence locally can hardly ever be coordinated "from above", neither by means of rights nor money. This diagnosis has become much clearer recently due to the more heated public debate about the problems caused by the development of former East Germany.

The financial support (which has for most parts taken on an indiscriminative character) of the five new federal states since 1990 has not brought the long awaited and expected upswing. Many funds have flowed into unnecessary investment which have not made any kind of sustainable contribution to the economic development of the new Federal States whatsoever (an example of this can be seen in the discussion in the SPIEGEL magazine entitled "Jammertal Ost" (The pitiful East) , DER SPIEGEL 39/2004). The development of a regional structural politic solely through the use of funding is no longer a viable recipe; it cannot in any case be maintained much longer due to the omnipresent financial crisis. Such phenomena have for a long time made it so that alternative political funding concepts for regional policy which are adequate for the present general conditions are discussed. In short, especially within the German discussion, everyone is talking about *Regional Governance*.

So what does Regional Governance actually mean? It is important for further discussion to first emphasize that Regional Governance is nowadays used in normative as well as analytical ways. Regional Governance is first and foremost a definition for a modern form of regional policy which stands out due to the following factors (see Benz/Fürst 2003; Wiechmann/von Löwis/Müller 2005, 16 ff.; Fürst 2004; Diller 2004, Knieling 2004 as well as Böcher 2003 and Böcher 2005b):

***a) Increase of the importance of the region as political coordination level***

Regional Governance enhances self responsibility of a region as a level of political coordination and decisions and implies an increase in the self steering abilities of regions. Political responsibility concerning important decisions regarding regional development should be left up to regional actors. This regional form of self steering touches upon the principles of free will, non formal institutionalisation and inter-sectorality (cooperation between politics, administration, citizens and economic and social partners) (Fürst 2004:48). The endogenous potential of a region and the knowledge of regional actors about immediate living circumstances should be enhanced due to this. An improved coordination of land use and a better impact of funding programmes should be achieved through the transition to the “regionalisation” of regional policy. Modern regional policy should stimulate self help and cooperative self steering processes and in doing so actively involve the regional population in political steering processes (Benz/Kilper/Fürst/Rehfeld 1999, Knieling 2004). In terms of Regional Governance, regional development is seen to be not so much of a sovereign state steering task as a management function oriented towards coming to negotiated agreements (Müller 1998, 33). “Region” in a political scientific context, should be seen as a social context in which the mobilisation of collaborative efforts and democratic self organisation take place. Ideally, alterations in constellations of actors take place through the dynamic inclusion of new actors in political processes. Regional policy represents a subsidiary and cooperative form of politics which may be able to provide an answer to the challenges presented by the modern state and to the loss of its central steering functions at the regional level.

***b) Replacement of the territorial principle by the functional principle***

Political responsibility for regions is no longer solely defined by administrative levels and borders (e.g. governmental districts), but rather also by the concept of Regional Governance which understands a region to be a dynamic area of cooperation for actors which is formed due to the density of social relations between regional actors (Böcher 2003). Through this, the dynamic area of cooperation is able to fulfil different tasks on which the regional actors mainly decide themselves (for example as an economic, tourist or nature protection region, von Löwis/Wiechmann/Müller 2005: 16). The regional actors themselves make the decision about their specific opinion on the possible criteria pertaining to the separation of a region. In order to do this, they must design models and development concepts as well as thematic development focuses independently and as a basic course of action.

*c) Intersectoral cooperation through weakly institutionalised regional networks and partnerships*

The potential of networks and cooperation between regional actors is central to the concept of Regional Governance (Benz 1996, Fürst/Schubert 1998, Fürst 2002, Diller 2002, Benz/Fürst 2003, von Löwis/Wiechmann, Müller 2005). The cooperation encompasses the horizontal level on the one hand (partnerships at regional level) and the vertical level on the other (partnerships between the region and higher political levels, which can for example clearly be seen in the EU structural policy's partnership principle)<sup>2</sup>.

Regional duties should also be fulfilled outside of traditional democratic institutions on the local and regional level through the cooperation of all relevant public and private actors in a region. The persons and groups which are linked by regional political networks should ideally stand out through a horizontal cooperation aimed at dealing with factual issues and which does not contain any form of distinctive hierarchy. Partnerships, trust and consent as well as a common vision or goal for fundamental regional political aims between participants ensure the necessary motivation in order to be able to be involved in solving regional problems (Fürst/Schubert 1998, Rehfeld 1998, Ray 2000, Moseley 2003). Cooperation between politics, economics, social actors and science (Fürst/Schubert 1998, 353) is required during the complex restructuring processes in the regions. Regional networks only demonstrate their full potential if the members fully trust each other, see each other as partners and orient their problem solving processes towards learning (Benz/Fürst 2002). Cooperation and networks in particular demonstrate the potential for Regional Governance due to the following qualities:

- Networks can be understood as being de-hierarchised producers of political coordination. Networks are able to take on the steering functions of the state and to produce political results which can no longer be generated by interventions by the central state if higher steering fails.
- Networks are based principally on social contacts and communication relations which, in manageable spatial contexts, are made easier by the proximity of the actors to each other. Common experiences in regions, common areas of competence and regional identities avail the stabilisation of cooperation and the building up of trust.

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2 One must however observe that the federal states are acting as partner regions within the EU structural policy's partnership principle, whereas within the rural development policy described here, the regions are smaller than the federal states.

Communication and the exchange of information, which are important prerequisites for innovation and learning, become closer within networks.

- Ways in which collective goods can be produced most effectively are often discussed in modern political theory and the potential presented by networks and social relationships of trust is, also in this context, more and more highlighted. Braun (1999, 260) sees self coordination as an efficient form of coordination, in comparison to hierarchy and market, for obtaining collective goods. This speaks in favour of a non centrally coordinated regional cooperation of actors through Regional Governance. This presents a very interesting aspect with regard to regional policy, within which the improvement of the regional socio-economical and ecological conditions of life is the collective good of the regional actors.

***d) Hierarchical steering of incentives through various instruments and forms***

The fact that more often than not, regional cooperation in the sense of Regional Governance does not come about naturally, and that it must usually first be initiated, is problematic (Knieling/Fürst/Danielzyk 2001). Different instruments which may act as potential incentives in building regional cooperation must then come into play. Within this context, Benz discusses “the hierarchical steering of incentives” (Benz 2000 153), which refers to the always important hierarchical potential of the State when initiating regional cooperation. This kind of incentive steering can be fulfilled through different forms: Higher state-levels often use competition as an instrument in order to identify regions as promising a successful development of Regional Governance (Elbe and Meyer 2005).

Financial incentives flow into a region in the form of funds if a region conforms to the special criteria of the competition and build up cooperation and networks. Diller (2004), in this context, talks about Regional Governance being in “the shadow of the hierarchy”. This reflects the important function the state and its hierarchical potential hold, in obligating regional actors to enter into cooperation and agreement with each other.

At the regional level, the regional management plays a crucial role for the establishment of cooperation and the evolvement of Regional Governance. Regional management forms the organizational and steering core at the centre of Regional Governance. Within regional management, the main task is to organise cooperation and netting processes and to identify

and integrate the relevant actors. A further task is also to net regional developments vertically by, for example, serving, for higher fund providers, as an interface to the developments within a region (Auel 2002).

Evaluation also seems to be an important instrument within the discussion about Regional Governance and the “shadow of hierarchy” (Böcher 2005b). For higher state levels they fulfil the aim of guaranteeing the observation of certain minimum standards, *despite* subsidiarity and regional self-coordination. *Within* a region, evaluations can help estimating the success of the region’s own efforts of cooperation and at the same time, be able to steer and coordinate an efficient deployment of resources. The growing meaning of evaluations within EU structural politics is self evident. Since 1988, the EU has been using evaluations as an institutional part of their programme and has been obligating member states to carry out evaluations on the basis of EU criteria, in order to guarantee the successful implementation of the EU regional policy.

#### ***e) Conclusion***

The most important characteristics of Regional Governance developed in the text above can be summarised as follows:

<b>Characteristics of Regional Governance</b>	
Increase in significance of the region as a level of self-coordination	<ul style="list-style-type: none"> <li>• Non-central self coordination</li> <li>• Free will principle</li> <li>• Use of endogenous potentials</li> </ul>
Replacement of the territorial principle by the functional principle	<ul style="list-style-type: none"> <li>• „Region“ determined by density of social relations</li> <li>• Function of a region is central, not (just) geographical or administrative delimitation</li> </ul>
Intersectoral cooperation through weakly institutionalised regional networks and partnerships.	<ul style="list-style-type: none"> <li>• Networks and cooperation through private and public actors</li> <li>• Joint visions</li> <li>• Development of regional development concepts</li> <li>• Intersectoral collaboration</li> </ul>
Steering of incentives through various instruments and forms	<ul style="list-style-type: none"> <li>• Competition as an instrument to identify and support „best practices“</li> <li>• Financial incentives through funds with preconditions</li> <li>• Steering through regional management as organizational core</li> <li>• Increase of the importance of evaluations</li> </ul>

#### *Own depiction*

These central characteristics of Regional Governance show that the concept is relatively imprecise since it comprises many different organizational principles known from other

contexts (Fürst 2003: 443). Attempts to define the concept often tend to lie rather at a normative than at an empirical-analytical level. On the one hand, Regional Governance can be used as an analytical framework to measure regional policy as an empirical phenomenon on the criteria given by Regional Governance. On the other hand, the description of Regional Governance seems nearly always to include a normative perspective: Regional Governance is described – without enough critical reflection – as worthwhile, although not enough empirical experience concerning success and practical problems with Regional Governance and its impacts on sustainable regional development has been gathered.

Two trends can therefore be distinguished within the research carried out on Regional Governance: Firstly, many authors tend to mix analytical and normative aspects instead of separating them, secondly, there are still not enough critical empirical studies on the effects of Regional Governance in the practice of regional policy with special regard to the relationship between Regional Governance and the traditionally relevant institutions of regional government.

These aspects will therefore be focussed on in the following: First I will point out the important role of Regional Governance, especially in sustainable regional development programmes like „Active Regions“ and „LEADER+“. The principles of both programmes will be analysed using the criteria on Regional Governance to show their practical relevance empirically. In a next step a critical reflection of the aims and realisation of Regional Governance is given based on a completed research project on the implementation of the EU common initiative LEADER+ in six German regions.

### **3 Sustainable regional development through Regional Governance? Regional Governance in the funding programmes “Active Regions” and “Leader+”**

For quite some time now the debate on Regional Governance has been demonstrating a strong effect on rural development policy: this seem to be an adequate field for the implementation of Regional Governance. This is caused by the far reaching structural changes in rural areas, and by the fact that the challenges of the modern state manifest themselves very strongly in rural regions: The reduced importance of agriculture as central source of income has caused an increased unemployment rate in many rural areas, followed by a migration of the younger and more highly educated part of the population. Scandals (such as the BSE-crisis) and

international competition have caused a change in the public demand of quality standards for agricultural products and put a stronger competitive pressure on agricultural. The role of agriculture is shifting from the mere production of food to multifunctionality including nature conservation and cultural functions (Knickel 2002). Under these conditions smaller agricultural holdings have no chance of securing their existence „only“ with the production of food. Rural areas therefore have to make use of other potentials for development, e.g. their recreational value for the urban population or the natural beauty of their region as touristy value. The discussion also focuses on the demand for *sustainable* regional development, which harmonizes the ecological functions of a region with the economic and social needs of the population (Bergmann 2000).

Political support programmes and measures are beginning to be put in place and are providing incentives for Regional Governance to achieve processes of sustainable rural development: The German funding programme „Active regions“ as well as the EU common initiative LEADER+. The German federal government, as part of its national sustainability strategy, has started the “Active Regions” (Regionen aktiv – Land gestaltet Zukunft) model project in which 18 German regions should develop examples of sustainable regional development by formulating individual development strategies and by establishing new forms of regional cooperation. The EU common initiative LEADER+ has been supporting (through funding) local project groups in 148 rural regions in Germany, aiming to realise innovative pilot strategies for sustainable regional development since 2000. Both funding programmes represent some kind of a “pilot strategy”. In 2004 even central parts of the Regional Governance idea (regional management as facilitator of sustainable rural development, regional development concepts as guiding framework for a regional development strategy) became part of the German agricultural mainstream policy programme „Improvement of the agricultural structure and coast protection”. Due to this, at present the representation of Regional Governance in German funding programmes seems to switch over from a model strategy to become a part of mainstream policies for rural areas. To support this, the BMVEL (German Ministry for Consumer Protection, Food, and Agriculture) recently edited a manual of integrated rural development which exemplifies the philosophy of rural development with the criteria of Regional Governance (Böcher 2005b).

### ***a) Principles of „Active Regions”***

For the BMVEL the concept of “Active Regions” is an example of „good governance“ in regional development (BMVEL 2004: 8). With „Active Regions“ it aims to contribute to an efficient and goal oriented development of rural areas, based on cooperative problem-solving and regional distribution of decisions and responsibilities (BMVEL 2004: 8). In 2001 a competition took place in which 206 German regions applied with their visions for a specific strategy of sustainable regional development. These visions contained a „definition“ of their region, visionary goals and details of how to establish regional partnerships (BMVEL 2004: 10). In a second round of the competition, an independent jury chose 33 regions which were invited to prepare regional development concepts (RDC). All regions had to orientate their visions and their RDC to the goals of „Active Regions“ as formulated by the BMVEL. Finally in March 2002 18 regions were chosen and the funding began. In total, until December 2005, 45 mio. € will be spent on regional management and regional development projects. The concept of “Active Regions” is closely related to Regional Governance: The Decision-making actor in the regions is the so called regional partnership, a network of regional actors, which assesses and chooses projects and advises in strategic decisions. The regional partnership is meant to represent all relevant social groups, public and private actors, local government and administration. Important for the steering of the regional development process is regional management, which can be financed up to 100% by „Active Regions” until the end of 2005 before it has to be co-financed by other sources. The function of the regional management is to build up a network between the most important regional actors, carry out public relations work, coordinate actions with other regions and support actors in the application process. The regional partnerships are supported by administrative partners which guarantee the legal conformity of grants etc. In addition to the regional structures, a federal project office was implemented to support the steering and implementation of “Active Regions” and to advise regional actors during workshops and network meetings. Besides the competition principle in the selection of regions, other external incentives should encite a competition between the regions in order to initiate „best practices“. Seven particularly successful regions were identified through a compulsory self evaluation method during the half-time evaluation which included success factors and compulsory progress reports and an external scientific assessment. Additional funds of 100,000€ each were granted to the seven regions. Further funds could be obtained in 2004 with the formulation, concretisation and operationalisation of goals for regional development.

***b) Principles of LEADER+***

The EU common initiative LEADER+, which has been in operation since 2000, in its programme both refers to the state of the regional policy debate and formulates strong guidelines, that must be adhered to during implementation in European regions (EU-Commission 2000): LEADER+ should be realised as an integrated, area-specific approach and as a pilot project. Local actors should be mobilised to develop their region together in „horizontal partnerships“, decentralisation potentials should be used and cooperation between regions should be supported through networking. All rural areas can be supported with LEADER+ funds. To prevent non discriminative support, the EU orders that the regions submit themselves to a rigorous selection competition between applicants. The goal is to support the most promising regional development concepts. The German federal states, representing the responsible political level for the implementation of LEADER+ had to report the number of regions they wanted to support and factually justify this number to the EU Commission. Within these regions so called „Local Action Groups“ (LAG) had to be established representing the regional actors and their interests. Within a region, the LAG should be the decision-making institution concerning all LEADER+-related decisions. These groups should be open to all citizens. Actors representing the regional or local government and administration may make up only 50% of the LAG members. These LAGs have broad competencies: It is their duty to formulate a homogenous regional development concept (RDC), which will serve as an application for support to the appropriate state administration office and as an institutional framework and model for all projects to be realised. The LAG also select those regional development projects which are actually to be funded by the EU. Furthermore, importance is laid on a modern understanding of „regions“: The EU commission explicitly refers to the possibility that if a higher regional coherence is linked to it, one should be able to differentiate the LEADER+ regions from administrative units within the EU. Actors in rural areas should define a vision of development for their region collectively by means of regional development concepts. The pilot strategies formulated within the regional development concepts must correspond to those standards defined by the EU Commission in its guidelines (EU-Commission 2000, 14.2). LEADER +, like „Active Regions“, demonstrates a regionalised strategy for achieving sustainable development of rural areas which supports with financial incentives the self-coordinated formulation of solution strategies in rural areas. LEADER+ also has a system of evaluations, which should be primarily carried out analogous to the evaluation principles of the EU structural policy.

LEADER+ also asks of the regional actors that they self evaluate in order to assess their own work.

Hahne (2004) sums up the main principles of Leader + as follows:

- Area related approach: search for a specific regional path of development on the basis of regional development potentials.
- Bottom up elaborated regional concept of development
- Local partnership between private and public actors
- Innovation: new answers to existing and future oriented questions
- Networking: Collaboration of independent actors for a common goal
- Sector overlapping integration
- Interterritorial cooperation

Source: *Hahne 2004*

***c) Regional Governance in “Active Regions” and LEADER+***

It is made clear even by the short introduction of the principles of the two support programmes that they present good examples (at least in their programmes) for the relevance in practice of the concept of Regional Governance in current German regional policy. The following overview relates the two support programmes to the elaborated characteristics of Regional Governance:

Regional Governance in “Active Regions” and LEADER+		
Aspects of Regional Governance	“Active Regions”	LEADER+
<b>Increase in significance of the region as level of political coordination</b>		
Non-central self steering	yes	yes
Free will principle	yes	yes
Use of endogenous potentials	yes	yes
<b>From a territorial to a functional principle</b>		
„Region“ is determined by the density of social relations	yes, actors define their regions themselves	yes, actors define their regions themselves
Functions of a region at the core, not geographical or administrative criteria	yes, regional actors define specific regional guiding principles and fields of action	yes, regional actors define specific regional guiding principles and fields of action
<b>Intersectoral cooperation in weakly institutionalised regional networks and partnerships</b>		
Networks and cooperation of public and private actors	Regional partnership	Local Action Groups
Common visions and guiding principles	Region had to formulate RDC to define Visions and guiding principles	Region had to formulate RDC to define Visions and guiding principles
Intersectoral cooperation	obligatory	obligatory
<b>Steering of incentives through different instruments and forms</b>		
Competitions for the identification and support of „best practices“	selective competition	selective competition
Financial incentives through condition-bound funds	yes	yes
Regional management as organisational core of steering	yes	yes
Increased importance of evaluations	yes, obligatory self-evaluation and scientific assessment	yes, obligatory external evaluation and demand of self-evaluation

*Own depiction*

One can see that both “Active Regions” and LEADER+ reflect all of the key aspects of Regional Governance. The EU’s and Germany’s regional policy for rural regions seems to have reached the state of the art (or the state of scientific term trends). The importance of Regional Governance for practical politics can be shown by the given examples. It can also be seen that the normative ideal of governance is mostly reflected in the programmatic level of specific programmes of regional development. No statement can be made on their importance for the practical implementation in regional policy. What is left of Regional Governance on the level of the practical implementation in the region? What is the relationship between normative aims of Regional Governance and their empirical characteristics?

In order to answer these questions, in the following chapter I will present some of the central results of a research project in which policy studies in six LEADER+ regions were carried out and which allows for the discussion of some conclusions for possible problems of the Regional Governance perspective.

#### **4 Regional Governance in practice: Some aspects of the implementation of the EU common initiative LEADER+**

Based on the most important results of a research project carried out at the University of Göttingen, which analysed the success factors and the implementation process of sustainable regional development in six LEADER+ regions<sup>3</sup>, some examples of possible difficulties in the practical implementation should be discussed. They will show the tensions between normative aims, formulated in Regional Governance and the respective programme conditions and the empirical reality. Although the experiences of six model regions are certainly not representative of the whole implementation of LEADER+ in Germany, they can serve as examples of possible practical difficulties for Regional Governance with high relevance also beyond these regions (about LEADER+ in general see e.g. Hahne 2004).

The EU common initiative LEADER+ is based on the experiences of two prior support periods (LEADER and LEADER II) and will run from 2000 to 2006. The LEADER-guidelines stated by the EU commission (EU-Commission 2000) have been operationalised in the state programs of the German federal states. These explicated the contents and conditions which applications of rural regions had to meet. LEADER+ gives support with the LAG regional networks of actors, who first have to formulate a coherent development concept (RDC) based on the LEADER-Principles, which they had to present in an competition with other interested regions at the federal state level. At the moment, LEADER+ is supporting 148 German regions with a budget of up to 247 mio. €. In this chapter I have shown that LEADER+ can serve as a perfect example for the practical relevance of Regional Governance – programmatically. But now the more important question arises, how does the practical realisation of the political implementation of LEADER+ correspond to the criteria of Regional Governance?

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3 The regions were: "Rügen", Mecklenburg-West Pomerania; "Uckermärkische Seen", Brandenburg; "Thüringer Wald", Thuringia; "Naturpark Dübener Heide", Saxony and Saxony-Anhalt, "Isenhagener Land", Lower-Saxony; and "Südlicher Steigerwald", Bavaria.

**a) *Some problematic aspects***

*The democratic legitimacy of regional governance*

According to EU Conditions, on the one hand state actors (local government, administration) may not make up the majority of the members of the LAG – the basic decision board in the centre of the LEADER+ implementation. On the other hand, the EU funds have to be co-financed from state funds to be made use of at all<sup>4</sup>.

Conflicts in regional and local politics can be observed: On the one hand, local politicians are interested in bringing EU financial support to the region through co-financing. On the other hand, they fear a loss of decision control of democratically legitimated organs in the distribution of funds due to the aforementioned LAG structure. This type of conflict with the institutions of Regional Governance is to be observed in almost all of the analysed regions. In one region the local parliament discussed the democratic legitimacy in detail and bound further activities of the LAG to the condition that the majority of the parliament votes for an implementation of LEADER+. This shows a problem of voluntary actor cooperation with low institutionalisation, as propagated by both of the concept of Regional Governance and LEADER+: on the one hand they have no clear democratic legitimacy but on the other hand they can make important decisions, in the case of LEADER+ about the distribution of several Mio. Euro support funds in a region. The democratically legitimized institutions and actors of regional *government* are usually sceptical about the support of actor networks, as they want to stabilise their own power and do not see enough democratic legitimacy in the LAG networks.

They see their power endangered from two sides: from the EU, which, with LEADER+, is forming new institutions and which can bind budget funds, but on the other hand from the LAG themselves, who can take important decisions even against elected politicians and the local administration. One possibility to react on the deficit of legitimacy would be to configure the LAG in such a way that they were open to all interested actors and citizens and that they represent all important regional actors as balanced as possible. In the implementation one can see that in some cases these conditions are not always met. The development process and the access to the LAG is not always open to the participation of new actors. On the contrary, there often exist regional actor networks from other contexts, which have no interest in including new actors in the process. Strong interests play a major role in these distributional conflicts, where the inclusion of new actors can endanger the realisation

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4 The cofinancing of support funds varies from federal state to federal state and is organised by the individual operational programme in the state.

of own goals. The following anonymous quote from an interview with an agricultural actor in one of the six model regions demonstrates this problem: *“Certainly the BUND (German friends of the earth) expressed interest in participating. But we don’t want it to join. Because in fact we cannot work well with nature protection organisations.”*

#### *Regional self-coordination versus hierarchical demonstrations of power*

In order for projects to actually be financed by LEADER+ funds, the LAG must first agree on their content. In order to do so, the LAG applies, within the context of their RDC, various assessment criteria which have been approved by the appropriate federal states. According to the EU, the aim is to approve only those projects which correspond to the EU guidelines and fit into a previously approved regional development concept. In order to then access funding, the projects must be, as a second step, examined by the authorisation agency and be deemed to conform to EU laws. The close examination against the EU guidelines for LEADER+ and other relevant EU stipulations (grant laws etc) comes to the fore here, although there exists no standardised mode of operation. In fact, in each of the federal states, the authorisation agencies are represented by different departments and levels. Here it is a certain experience that in some cases it is the authorisation agency and not always the LAG who actually decides about the projects and funds.

When funds flow, conflicts about their distribution arise: e.g. on the island of Rügen (a LEADER+-region) organisations who want to carry out projects within LEADER+ made contact with the authorisation agency directly, to hand in their application as soon as possible without contacting the LAG (not at all in the way defined by the EU).

A constant factor of insecurity is the question of co-financing: In the light of the drastic fiscal problems suffered by the parishes, districts and federal states, whether co-financing can be expected remains an open question for LEADER+. Co-finances based on parliamentary decisions are an important power factor for local politicians regarding the LAG: it can be used if the LAG's decisions do not meet the expectations of the political boards. The implementation of development projects only seems to be a result only from the discussions of regional actors within the LAG. With the required co-financing from state budgets and a conformity assessment (with a certain leeway) the implementation can rather be seen as the result of conflicts and cooperation between Regional Governance and government.

***b) Positive impacts of LEADER+***

Despite the possible important problems described above, it has to be highlighted that LEADER+ definitely can play an important role to initiate processes of sustainable rural development: In the research project we have found many positive effects of LEADER+ some of them should now be summed up in short:

*Establishment of new forms of cooperation and participation*

In all of the six regions new forms of participation processes can be observed. Due to strong incentives resulting from the available funds and the EU's LEADER+-guidelines the regions organised the participation of different actors and citizens in an innovative manner. It seems also that "weaker" interests like women, youth or nature protection – in spite of all possible problems described above - get better chances to be involved also due to the EU-guidelines which prescribe a broad participation of all regional actors. Therefore actors especially representing the aims of sustainability like nature protection or environmental NGOs cannot longer be excluded from the regional development process. In one of the regions a representative from the WWF was elected as the chairman of the LAG, although there have been strong conflicts between nature protection and tourism. It seems that the special design of LEADER+ supports such in principle weak actors to become more important within regional networks.

*Support of innovative intersectoral development projects*

Another important point is that LEADER+ supports only integrative projects which can lead to creative processes of finding innovative project ideas. In one of the regions nature protection actors designed a project in which emigrants from Russia should be integrated into regional social structures by using methods of nature education. The existing social problems between the rural inhabitants and the emigrants were tried to be overcome by the help of nature protection. In other regions nature protection actors designed projects in cooperation with tourism, where tourists should be attracted by special nature-related events or special natural attractions. In one region's forest a cultural alley was installed consisting of different "stations" with different wooden art objects. This alley is now a successful tourist attraction also leading to positive economic effects. Such projects in which nature protection helps to gain effects which are not normally the core of nature protection are very helpful to strengthen the general role of nature protection within regional development: Different actors see that natural goods can be a strong resource also for the social and economic development of rural

regions and that a sustainable use of these goods may lead to a sustainable regional development which does not have to be in contradiction to economic development.

These possible positive effects of LEADER+ result from the special design of the funding programme and the necessary combination of top-down steering through hierarchical incentives (LEADER+-guidelines, the available funds etc) and self-coordination on the regional level. It seems that LEADER+ is a good example for a successful combination of hierarchical incentives and self-coordination.

***c) Conclusion: LEADER+ and Regional Governance***

With a view to the discussions about Regional Governance as a concept with high potentials for regional policy, the principles of LEADER+ can be highlighted as a very innovative approach to support sustainable regional development. Nevertheless, the results of our research project show some possible gaps between LEADER+ ideals and their political realisation. The practical implementation of Regional Governance particularly faces problems as a result of the tense relationship between the supported network structures of regional partnerships and the traditional structures of the representative political system and local level (governance and government). The inappropriate democratic legitimacy of the LAG seems to weaken the governance structures in LEADER+. Nevertheless, the EU's hierarchical steering strengthens regional governance, as it gives an incentive, through financial means, for government and administration on a local level, to participate in LEADER+ despite their reservations and conflicts. Through its organisational prescriptions it also supports the involvement of weaker actors like nature protection, the organisation of creative processes of participation, and the design of innovative project ideas which have to integrate different sectoral interests. In the six regions we have investigated, such innovative projects lead to a change of understanding in the role of nature protection for regional development as well as a strengthening of the general concept of *sustainable* regional development in the regions.

## **5 Conclusions**

The term Regional Governance is currently a buzz word in the discussion on regional policy and how to initiate processes auf sustainable regional development. The transfer of responsibility, decentralisation and self-coordination seem to be promising attempts for successful regional planning, which have by now been reflected in the concepts of important

support programmes for rural areas such as LEADER+ and “Active Regions”. It seems to be a problem that Regional Governance is often used (sometimes unconsciously) in a normative way, formulating certain claims for regional policy with no consideration of their practical implementation. One also notices that, with a strongly normative use of the term fundamental problems – such as the possible lack of democratic legitimacy of the postulated weakly institutionalised networks or the different power potentials of actors within – receive too little attention. There is therefore still a high need for research on the effects of Regional Governance in practice.

This contribution has shown that this concept is in any case suitable for analysing the principles of political funding programmes - here it can be shown that Regional Governance plays an important role in relationship to programmes supporting strategies for sustainable regional development. It can also be shown (here with LEADER+ as an example), how the regional praxis of political implementation of Regional Governance can be considered. The criteria serve as measure for identifying regional political problems. It also became clear that in regional political practice tensions develop mostly between the relevant institutions of the existing traditional governmental structures and new forms of Regional Governance.

The example of these two funding programmes shows that there is no “either-or” decision possible between “governance” and “government”, actually they complement each other in practice: Regional policy, as represented in LEADER+ and “Active Regions”, also work only – as has been shown – in a combination of hierarchical top-down-steering (government) and a bottom-up approach (governance). Regional cooperation still needs an incentive from outside, e.g. support programs. So the level of how such programmes are able to really stimulate processes of sustainable rural development is still to a certain degree dependent on the institutions and actors representing regional government. So, in LEADER+ as well as in “Active Regions” the strong representatives of “government”, the EU-commission and the BMVEL, make sure that Regional Governance begins with the hierarchical steering of incentives. On the regional level itself these processes lead to conflicts with established structures and institutions of the political system. This leads to the question of how these representatives of government can be adequately integrated in the process of Regional Governance as a precondition for really achieving sustainable rural development by Regional Governance.

Regional Governance seems then to be more than a normative claim, if it is supported by political funding programmes which steer through hierarchical incentives. In such a case, Regional Governance is supported by funding programmes and can support processes of sustainable regional development. It seems that both, LEADER+ and “Active Regions”, are good examples for political funding programmes representing such a successful combination of regional government and governance.

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