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Local Network Governance

Perspectives and Problems for the German Rural Sector

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Abstract

As a result of the FMD- and the BSE-crisis and the increasing political pressure caused by the WTO-negotiations, the EU-Enlargement and the mid-term-review of the Agenda 2000/CAP, a radical change of agrarian policy (“Agrarwende”) occurred in Germany, giving the consumer perspective priority to producers interests and focusing not only on agriculture but on rural areas as a whole.

For supporting this policy, the new formed Federal Ministry of Consumer Protection, Food and Agriculture (BMVEL) initiated a nation-wide competition called “Regionen Aktiv” in autumn 2001. The development and implementation of Integrated Development Plans (IDP), done by local partnerships including the key rural interest groups in 18 “model-regions”, has been funded according to this program.

The paper presents both a summary of the experiences in these model-regions and an insight into some single regions of “Regionen Aktiv”, basing on mid-term evaluation results and further data collected by the authors during continuously advising. Moreover, some information on the EU-Initiative LEADER can be added, too.

Two main topics will be addressed here:

- “Governance of networks”: how far are the partners involved able to develop and to implement a durable and functional system of self-regulation of their cooperation?
- “Governance through networks”: how far are local partnerships of governmental and non-governmental organizations able to develop and to implement commonly shared policy-strategies that are both innovative and goal oriented?

Finally, some recommendations on measures for network regulation are made and presented for discussion.

Policy Networks, Governance, Civil-Society Organisations, Local Partnerships, Agrarian Policy, Rural Development

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1. Introduction

There are several reasons, why local governance is getting more and more into the focus of scientific interest. One important aspect is surely the political concept of “sustainable development”, which had been established as a global vision at the World Conference in Rio de Janeiro 1992. In Chapter 28 of the Agenda 21 – the main resolution of this conference signed by 178 governments – participation of stakeholders on a local and regional level is introduced as a key issue to implement sustainable development. From the political and scientific point of view, regions are the “carriers of hope” to achieve the vision of sustainable development because they allow participation (bottom-up approach) and reduction of complexity with a simultaneous integrated view. In addition, the local level seems to be small enough to organize participation and big enough to implement decisions.

The nation-wide competition “Regionen Aktiv” in Germany, initiated by the new formed Federal Ministry of Consumer Protection, Food and Agriculture (BMVEL) in autumn 2001, can be subsumed under this global movement towards regional governance up to a certain extend. However, there are also some other additional influences as, for example, the decentralising tendencies within the European Union and the will of the EU to support rural development all over Europe (e.g. by political programmes like LEADER+). The starting-point of the political initiative for “Regionen Aktiv” were the FMD- and the BSE-crises that lead – accompanied by WTO negotiations and the mid-term-review of Agenda 2000/CAP – to a radical change of agrarian policy (“Agrarwende”) in Germany. As a result, the consumer perspective is given priority to producers interests and the focus shifts away from agriculture to rural areas as a whole. “Regionen Aktiv” is designed to support this policy.

This paper offers an overview on the impacts of this political initiative in the participating regions, basing on mid-term evaluation results and personal experiences of the authors in accompanying this process. The rationale is the way of developing appropriate structures and management processes for “good governance” chosen by the 18 model regions. The research focus is laid especially on two aspects of local governance as visible outcomes of the competition:

- “*Governance of networks*”: how far are the partners involved able to develop and to implement a durable and functional system of self-regulation of their cooperation?
- “*Governance through networks*”: how far are local partnerships of governmental and non-governmental organizations able to develop and to implement commonly shared policy-strategies that are both innovative and goal oriented?

On a first step, some theoretical considerations concerning “good governance”, its key elements and some determinants regarding network performances and regional disparities will be presented (chapter 2). A short description of “Regionen Aktiv” and its main characteristics and goals is the topic for the following chapter (chapter 3). Some of the most visible differences of the regions are mentioned here. The results of mid-term-evaluation on “governance of networks” (chapter 4) and “governance through networks” (chapter 5) are discussed in view of the above mentioned theoretical reflections on determinants of network governance and regional disparity. Finally some conclusions of the “Regionen Aktiv” process both for theory and practice will be made.

2. Governance and Networks – Some Theoretical Reflections

The implementation of regional partnerships aim more or less explicitly on an improvement in regional decision-making that is in almost any discussion described by the term “good governance”. However, there are several different interpretations and varieties in the use of “good governance”. For the purpose of this paper, the following definition will be suggested: “Good governance” is the durable implementation of social institutions including all stakeholders in a common decision-making process to assure rational decisions for those opportunities that are a) optimising common goal-attainment, b) minimizing negative side-effects, c) perfectly reflecting all stakeholder interests, and d) implementable in the most effective and efficient way.

This definition emphasizes several different elements giving it, on one hand, a clear-cut position within actual scientific debates on this issue as well as, on the other hand, some starting points for operationalisations that are able to guide empirical research. These elements are:

- *Social institutions*: While understanding governance as a set of social institutions to produce decisions obligatory for actors involved in common action, collective arrangements such as contracts, rules, shared values, regular meetings and other organisational frameworks come into the focus of analysis. Moreover, this aspect highlights the important question how several different kinds of independent actors should be adequately included into decision-making and which kind of social institutions are able to guarantee equal participation chances. Therefore, policy network approaches are of certain interest (cf. Marin & Mayntz 1991; Marsh 1998; Rhodes 1997; Sørensen 2002).
- *Process of decision-making*: Highlighting the process of decision-making implies some relationship to action theories, particularly to rational-choice approaches (cf. Wiesenthal 1987). Here, governance will be mentioned primarily as a result of human action and not as an outcome of systemic development. Nevertheless, the autonomous dynamics of social systems (and its influence on governance) will not be denied: although the captain of a ship has the power and the ability to lay the course in whatever direction he or she wants, there are for sure some dependencies for him or her regarding to the autonomous dynamics of the ship (e.g. physical laws that hinder an advanced stop or turn) and the environmental conditions (e.g. stormy weather that limits the ability of movement). While setting the focus on decision processes, the input side of governance (what people are doing to govern) is the key element of analysis and the output side (whereto the governed system is moving) will be addressed as a more or less determined result of human action. For sure, the opposite viewpoint can be taken, too (cf. Sydow & Windeler 2000).
- *Intentional selection of opportunities*: Following the central idea of rational-choice theory, every decision has to be interpreted as a selection of one opportunity by comparing it with other (perceived) opportunities. By rational balancing the pros and cons of each alternative, the preference is laid on the solution supposed to be (relatively) the best from the individual perspective of the decision-maker. While analysing real decision situations, this assumption can be criticized for “over-rationalising” decision-making (and, therefore, simplifying the process). Here, this assumption has been taken for an idealistic intention of decision-making: By

comparing the observable process of decision-making with this ideal the deviation between reality and ideal will be the key variable to be explained – and not the resulting decision (being the explanatory objective of rational-choice theory).

- *Matching individual and common interests*: Probably the most important social aspect of “good governance” is its aim to balance individual and common interests in an optimised way. Common decisions should not harm the individual needs of each participant and all people whose interests might get harmed should be involved in the decision-making process. Such kind of perfect outcome of decision-making, reaching common goals with respect to all interests of all stakeholders, is only possible under certain and rare circumstances (“win-win-situations”). Nevertheless, the trial to optimise the balance between individual interests and collective goals should be a remarkable element of “good governance”.
- *Practical relevance and implementation of decisions*: Finally, the decision itself is not the most important outcome of “good governance”. Moreover, “good governance” assumes to be effective for laying new courses towards the aspired direction. Additionally, this steering competence should be reached in the most efficient way reducing both costs for decision-making and for implementing the needed measures for course correction.

However, by using “good governance” most authors are not relying on the *results* of decision-making but on the aspect of *social integration* for producing decisions. UN ESCAP (2004), for example, mentions eight basic characteristics for “good governance” of which six are directly pointing on social integration. Following these ideals, “good governance” has to be participatory, consensus oriented, accountable, transparent, responsive, equitable and inclusive.¹ Therefore, “good Governance” chiefly means to open the process of decision-making for stakeholders and to integrate their interests to a certain extent. State authorities – especially the government – will become only one actor among others during this process.

Nevertheless, there seems to be different positions how far civil-society should be included in decision-making reaching from pure consultancy to equal-righted membership in policy-networks. The first approach – implementing an open but strongly regulated consultation process before decision-making and giving all actors of civil-society the opportunity for a public statement but not the right to vote upon the offered opportunities – seems to be favoured, for example, by the European Commission during the discussion about the “White paper on European Governance” (cf. Commission of the European Communities 2001; Paran-Woolfe & Krüger 2001). Compared with the above mentioned criteria this approach seems to be rather limited. Opening the proposal process and making it more transparent by standardizing it will not change the process of decision-making itself and, therefore, governance remains untouched in the hand of parliaments. Such a solution is not different to the neo-corporatist tradition in several European countries (especially the Scandinavian states, Austria and Germany). In fact, it is no transfer from government to governance as requested not only in political discussions but also from a theoretical point of view, regarding actual social change.

¹ Additionally to these integrative aspects, UN ESCAP demands governance to follow the rules of law and to be effective and efficient (the only aspect pointing on the outcome of decision-making).

With the focus on national governments, two important aspects of modernization processes are challenging their decision-making capability (cf. Meyer 2004). According to *social differentiation* that “desegregate effective problem-solving capacity into a collection of sub-systems of actors with specialised tasks and limited competence and resources” (Hanf & O’Toole 1992: 166), the demand for co-ordination between state and non-state organisations within the national framework increases (cf. Mayntz 1994). Additionally, *globalisation* leading to world-wide integration forces co-ordination between national organisations – concerning both state and non-state actors - on a trans-national policy level (cf. Beck 1999; Prakash & Hart 2001).

One important result of this development is *decentralisation*, transferring decision-making competences from the national to the local level of the political system and integrating it through *multi-level governance* structures and processes (cf. Hooghe & Marks 2001). This process of “bringing-decisions-to-people-affected-by-it” is surely an improvement towards “good governance”, but it rises also new questions on co-ordination between the different levels of decision-making within the political system.

Following this argumentation, *multi-actor multi-level policy networks* have to be the solution for “good governance”. According to Börzel (1997: 1), policy networks can be defined “as a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that co-operation is the best way to achieve common goals”. The participation of both state and non-state actors is highlighted by the addition of multi-actor, while multi-level refers to the blending of local, regional, national and international stages of decision-making.

From the viewpoint of decision-making, such kind of networks have some visible advantages: they have the capability to produce more effective solutions by processing more relevant information, taking a greater variety of values into account, rising the acceptance of decisions, and being more flexible to adapt on changing situations (cf. Scharpf 1993). For doing so, they have to overcome the serious problems of horizontal self-coordination according to the general difficulties of collective action (cf. Heckelman & Olson 2003; Olson 2000).

In difference to other coordination principles (“market” and “hierarchy”, cf. Powell 1990), networks can be described as durable bargaining constellations linking formally independent actors in strategic dependency due to repeated interaction that are stabilised by trust in the reliability of each member and institutions regulating among others the process of decision-making (cf. Meyer 2004). According to this typical elements, several specific co-ordination problems occur, concerning the production of trust, the management of network communication, the balance of positive and negative co-ordination, and the institutionalisation of rules (cf. Meyer & Baltes 2003).

As a summary of her findings in about twenty years research on this issue, Mayntz (2003) stated three determinants for durability and effectiveness of network governance:

- *A strong state to ensure the functionality of self-regulation in policy networks*: Most policy-networks act “in the shadow of hierarchy” with the threat of state-intervention as an uniting force to co-operation. In such a constellation, the existence of powerful political authorities as “guardians of public welfare” is an essential requirement for effective self-regulation.
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- *A strong, functionally differentiated, and well-organized civil society:* Since modern societies are characterized by social differentiation and, as a result, increasing complexity, citizen interests have to be represented by corporate actors. Moreover, “to make negotiation with opposite interests and with state authorities both necessary and meaningful, interest organizations must be sufficiently autonomous and resourceful” (Mayntz 2003: 5). Obviously, the existence of such organizations is an important precondition for the existence of policy-networks.
- *A common identity of network members:* Any kind of collective action is in need of “at least a minimal sense of identification with, and responsibility for, the greater whole, in short, a common identity” (Mayntz 2003: 5). In other words: while social differentiation is leading towards individualisation of single elements, probably even towards atomisation, societies needs some integrative forces like, for example, cultural identity to stabilise the existing community.

According to this, one can expect some additional difficulties on the local level. As a first assumption, structural homogeneity of the “region” (in terms of administrative definitions for both the political system as well as for the organized civil-society and in terms of identification of the citizens) rises the possibility for building-up functional policy-networks. A second postulation is: while a decrease of “size” (of networks and of its member organisations) will obviously lead to more homogeneity, it will also shrink the resources available for common goal-attainment. Following this argumentation, small networks with small member organisations should have less problems with “governance of networks”, e.g. the process of decision-making, but also have more problems with “governance through networks”, e.g. the effectiveness of decision enforcement. The described elements of “good local network governance” and its relations are visualised in figure 1.

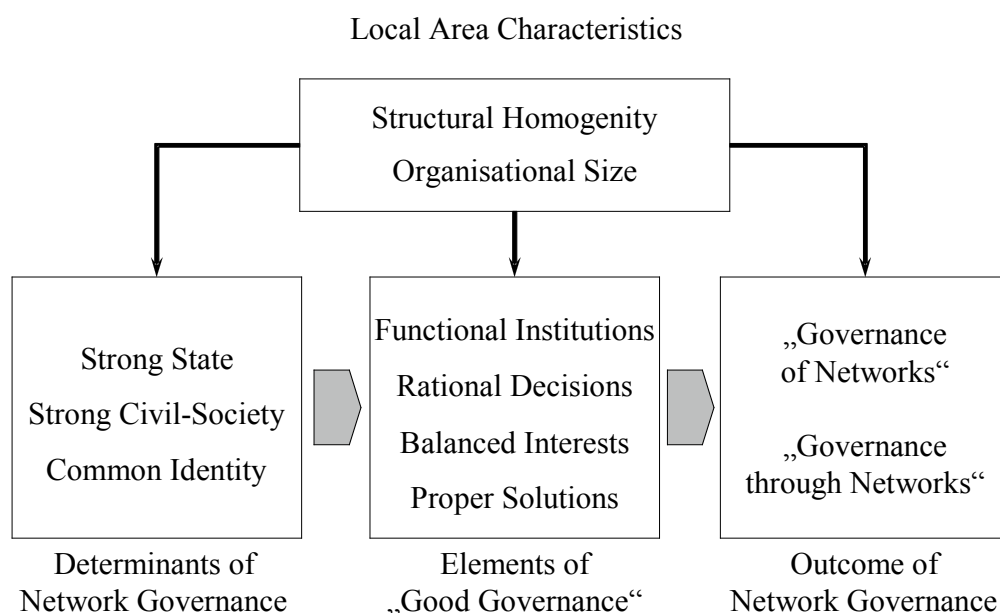


Figure 1 - Local Network Governance

As we will show in the next chapter, the “Regionen aktiv” competition offers an interesting example that can be used for testing these hypothesis.

3. The Nation-wide Competition “Regionen Aktiv”

The “Regionen Aktiv” model and demonstration project focuses on three main objectives: strengthening rural areas and creating additional sources of income; providing nature-friendly and environmentally compatible agriculture; focussing on a consumer perspective. It is based on three main principles according to the three determinants of network governance (strong state, strong civil-society and common identity):

1. *Programme-based instead of project-based funding*: Agreements between the Federal Ministry and the model regions provide the framework for the overall project. The Federal Government’s role is thus limited to setting the goals of the competition and to prescribing a set of minimum requirements as regards decision-making structures and self-assessment mechanisms (cf. BMVEL 2002). Nevertheless the regions are acting “in the shadow of hierarchy”. The aim is an improvement of funding for rural development without waving the control, using “Management by Objectives” and not the bureaucratic approach of “Input Controlling”. To assess their achievements and highlight the more detailed aspects of project management, the regions are required to set up a support and assessment system. Self-assessment enables the regions to draw conclusions from their successes and failures and use them in mapping out future activities (learning regions) (cf. BMVEL 2002).
2. *Regional Partnerships instead of top-down steering*: While the regions can select and implement the measures they estimate to be appropriate to achieve the goals of the scheme, they must ensure that the respective social groups are included in planning, implementation and assessment of the regional development process and in the distribution of available funding (cf. BMVEL 2002). Therefore, the regional partnerships are the key actors for the implementation of the new steering approach (necessity of common identity and strong civil-society). There are two levels of partnerships: the horizontal partnerships between local partners in the region and the vertical partnerships between BMVEL and the region.
3. *Regional Budget*: Every model region disposes of its own budget (2.1 million euros on average) provided by the BMVEL during the period from 2002 to 2005. The Integrated Development Plans (IDP) are binding for the allocation and the use of funding. The promotional spectrum is extremely broad-based, ranging from soft measures like regional management or promoting education and soft skills to hard measures like promoting investment or infrastructures and regionalised agri-environmental measures (cf. BMVEL 2002).

“Regionen Aktiv” is divided into three phases (cf. figure 2). In the first phase of the competition, regions were asked to develop a joint vision for the future development of their region. They had to describe three main topics: why they are a region (regional identity, common problems and opportunities), their vision for the future development and the planned structures of the regional partnership to implement their vision. In December 2001, an independent jury comprising representatives of the key interest groups for rural development on the federal level chose 33 regions out of a total of 206 submissions. These 33 regions were asked to concretise their joint vision in an

Integrated Development Plan. On 20th March 2002, the independent jury chose 18 model regions for the third stage there, the regions got the funding to put their IDPs into practice.

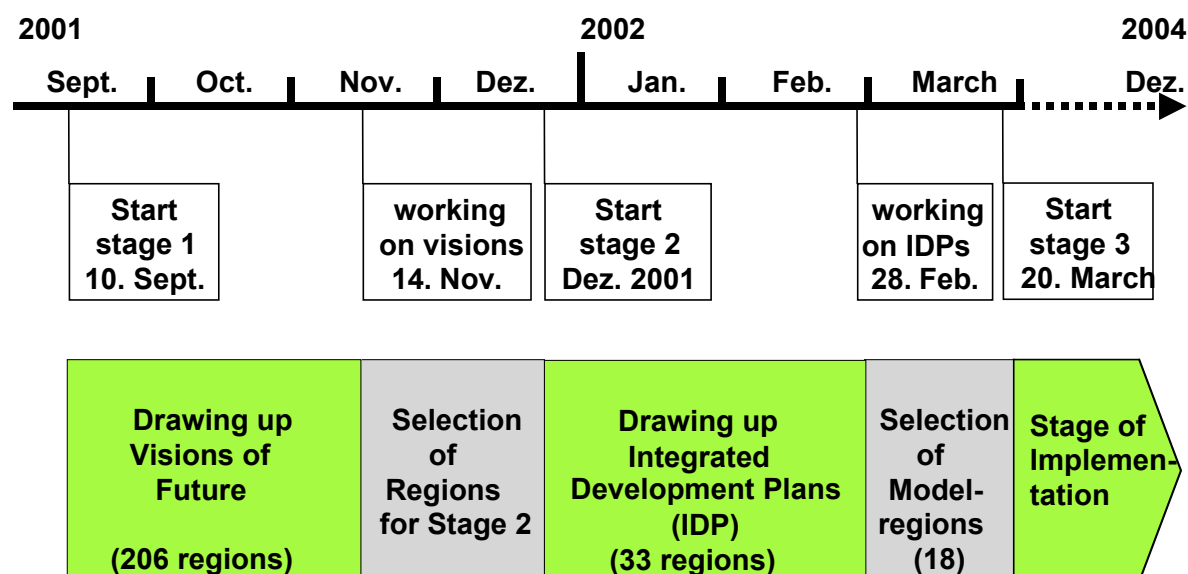


Figure 2: Phases of “Regionen Aktiv”

Although the criteria for selecting the “Regionen Aktiv” participants did not follow any representative sampling procedures, the chosen group of 18 regions is a good reflection of the regional variety in Germany. As figure 3 shows, the model regions are distributed across the whole country from north (Uthlande) to south (Chiemgau) and from east (Odermündung) to west (Saarland).

Moreover, the disparities of the selected regions are remarkable: while in two regions (Östliches Ruhrgebiet, Saarland) live more than 1 Mio. People, the four smallest ones (Bitburg-Prüm, Wendland, Barnim-Uckermark and Uthlande) have less than 100.000 inhabitants. By setting the focus on the aerial size, the most (Östliches Ruhrgebiet) and the less (Uthlande) populated regions have the common characteristic of an extension below 1.000 square kilometres, while the largest one (Mecklenburger Seenplatte) is nearly 6.000 square kilometres. Accordingly, the population density reflects the extreme points of the German spectrum from 30 person (Barnim-Uckermark) to 1.200 (Östliches Ruhrgebiet) per square kilometre.

The administrative and political definitions of the selected regions are similar diverse: while even one of the 16 German federal states (Saarland) is participating, one of the regions (Schwäbische Alb) only represents a single one of the 323 districts (“Landkreise”). Several partaking regions are not identical with administrative definitions and some of them include parts not only from different districts but also from different federal states (Eichsfeld, Lübecker Bucht, Schwäbisches Donautal, Weserland).

In sum, the structural diversity of the model regions is as big as possible in Germany and this can be demonstrated by a lot of other indicators too (e.g. the economic structure, labour market development, tourism, income etc.).



Figure 3: „Regionen Aktiv“ Model regions

On model region level, the local governance structures depend on three pillars. At first, there is the partnership itself including the key regional interest groups (agriculture, environment, craft and trades, administration²). Secondly, there is a professional regional management to support the partnership (100% aid intensity and max. 20% of the regional budget). And thirdly, a public body in the region assumes responsibility for the formal financial management and budget administration (for further details see chapter 4).

² By instruction of BMVEL, the participation of administration is restricted to a minority of less than 50% in decision-making institutions of the partnership.

The consequences for local governance are quite simple. Following the principles of subsidiary and decentralisation, the competitive “Regionen Aktiv” shifts competencies into the regions to local governance structures (regional partnerships). Because of the new program-orientated steering approach the partnerships are capable to select measures they see as appropriate to achieve their goals (Table 1 shows the differences towards the new steering approach) and the regional budget gives them the possibility to finance their selected measures.

Policy of funding “tomorrow” (Regionen Aktiv)	Policy of funding “yesterday”
Programme-orientated	Project-orientated
Enter into competition: Competition among the regions for the best programmes, competition within the selected regions for the best projects	“greyhound-principle” (first-come, first-serve basis) “watering can-principle”
Controlling in partnership: exertion of giving a frame (Federal Ministry) and detail-based control system (region) (subsidiarity / decentralisation)	Top-down controlling: giving a frame and detail-based control system takes central place by financiers.
“Trust is good”: continuous control and self-assessment by the partnership (evaluation and monitoring / controlling)	“control is better”: prior control, external assessment (in time: ex-ante, mid-term, ex-post)
Recipient of funding has active part: forms funding and selects own measures	Recipient of funding has passive part: uses funds and the financier generates lists of eligible measures
Stimulates endogenous resources and development	Emphasizes exogenous development
Target-orientated: Management by Objectives	Guideline-orientated: Input Controlling
Integrative target on spaces (regions)	Predominantly sectoral-orientated

Table 1: Differences in Steering Approach

The paper depends on three main data sources and information basis. The first experiences dealing with the conception stage and the implementation of “Regionen Aktiv” were made in two research projects at the Institute of Spatial Planning, University of Dortmund (IRPUD). The second pillar of information is based on the ongoing work of the authors and results from continuous consultancy and advising on both federal level and in some single regions due to workshops, interviews etc. The third pillar includes documents from the model regions (Integrated Developments Plans, Annual Report 2003, Mid-Term Evaluation), the final report of the scientific company research (2002-2003) (Knickel et al 2004) and major results of the EU-Initiative LEADER. Further information on the evaluation methods used and the information available are presented in Elbe & Meyer (2004).

By using these data sources, some results on governance of networks (chapter 4) and on governance through networks (chapter 5) following the theoretical considerations in chapter 2 will be presented here.

4. Governance of Networks

Governance of networks means the successful implementation of social institutions guaranteeing rational decision-making for self-regulation of participants' cooperation. As far as network membership is voluntary, the most important task of these institutions is the balance of different interests by appropriate communication management and by generally accepted rules leading to common agreements and joint action.

According to this, the durable institutionalisation of a functional framework for corporation was the first aspect in focus of the regional actors on their way to implement the Integrated Development Plan (IDP) as the backbone of "Regionen Aktiv". Due to LEADER+ and several other programmes, some regions involved in "Regionen Aktiv" had the possibility to use existing partnership structures, but in most cases multi-actor policy networks and its central instruments for governance had to be developed at the beginning of the process. Moreover, institution-building dominated the first two years and in a couple of cases it had been finished only straight before the mid-term report in late 2003.

Hence, the initial success of "Regionen Aktiv" was this formation of new partnership structures including several companies (from the agricultural as well as from other sectors), interest groups, governmental and non-governmental organisations. These networks were, in most cases, formally established as associations following the German "Vereinsrecht". According to these juristically implications, managing committees, governing bodies and several institutions for decision-making within this organisational framework had to be build up. None of the regions preferred an informal construction of their partnership: there had been no discussions about the need of some kind of formal structure and social institutions for network regulation.

In general, three different kinds of institutions had been constructed:

- The regional partnership (RP) as governing body and therefore the main institution for decision-making. Managing committees or boards had been installed for publicly representing the network association.
- The regional management (RM) as the administrative agency of "Regionen Aktiv". Among its tasks are the preparation of decisions and the support of the projects and its management.
- The public completion partner (AP) is held responsible for the financial settlement of the projects by the federal ministry and therefore controls the legal discharge of public money for "Regionen Aktiv" projects. Moreover, a sample of 5 per cent of all projects will be checked by the federal ministry for their legal treatment of public money and the observance of laws.

Additionally, several different forms of committees, working groups, commissions, boards etc. They had been formed and durable installed for including external competences, experts and key actors not involved in the regional partnership.

Summing up the general experiences during the first two years, one can draw the following conclusions on the *functional aspects* of these governance institutions. Concerning the *governing body of the regional partnership (RP)*, some critical

comments have been made on the efficiency of plenary sessions and full assemblies of members. Nevertheless, these opinions are exceptions, regarding chiefly some management problems in the beginning. The overwhelming majority of local actors highlight the important impacts of these meetings, bringing different regional interests and perspectives together. Especially the decentralised concept of governance, the participative process of institutional development and the constructive work of equally filled managing committees are widely seen as main advantages of the “Regionen Aktiv” process.

This positive feedback is largely an outcome of the work of the *regional management (RM)* and its preparation of member meetings. Additionally, most local actors are generally satisfied with the endeavour of the regional management that is, in most cases, not only an administrative agency but the driving force for the whole process. Nevertheless, there are several critical points concerning the institutionalisation of regional management, the division of labour between different organizational parts of management and the communicational process in general. Most of these critiques can be interpreted as a direct outcome of the difficulties in coordinating heterogeneous networks and not as a result of fundamental management failures or principally dysfunctional structures.

The statements on the great variety of other kinds of social institutions implemented during the first two years of “Regionen Aktiv” are as different as these institutions are. Only some few general remarks can be made: first, the attempt to re-activate the former working groups created to develop the IDP failed almost everywhere as a result of the increasing labour burden for – in most cases honorary working – delegates from civil-society groups and commercial enterprises. Second, some of the newly established working groups, committees, commissions etc. are not able to fulfil their defined function because the implementation process of other institutions (especially the regional management) is not yet finished. In Saarland, for example, three “decentred competence centres” (DKZ) were built to support the project coordination on a sub-regional level. Due to the delay in forming the regional management structures and the initial permission of projects, the DKZ are still not able to realize this task because of the early stage of project development (see Brandt 2004 for more details on this aspect). Nevertheless, in most regions these additional institutions seem to be good supplements to RP and RM.

In sum, the process of implementing functional institutions for governance of networks has to be judged as very successful in all regions. Besides some singular and temporal problems, appropriate structures, at least in view of the participating actors, had been developed to formalise the newly built partnerships. To justify their positive judgements on governance institutions, the stakeholders refer to the successful integration of all regional interest groups needed for the realisation of the IDP, the declining political resistance against this task, the openness of the partnership for new members and the fair communication and information transfer processes within the network (see Knickel et al. 2004 for detailed information on this aspect).

As mentioned above, the most difficult task for governance of networks is the process of *balancing different member interests* and aggregate it to a communally shared position. Conflict management is the key issue and the difficulties vary according several different aspects (e.g. number of opposing interests, the degree of contradiction,

the subjective ascribed importance of decisions etc.). While, in the worst case, conflicts between network members may lead to a breakdown of the whole network, some positive effects by initiating a continuous learning process can also be assumed.

In “Regionen Aktiv”, most actors stresses this positive aspect of their discussions on the development of network institutions, the acceptance of project ideas and the determination of concerted action. For better understanding of other interests, the inclusion of a wide range of opinion groups and the settlement of transparent democratic decision-structures, in some regions network members even accepted long-lasting and difficult communication processes. To a certain extend, the reason for this positive feedback is a selection effect because of the withdrawal of frustrated members (e.g. if their project ideas were rejected), but in general the number of actors leaving regional partnerships remained rather small. Although in a few networks particular interests are still dominating the process, the tensions and problems of forming a functional cooperation seem to be overcome in almost any region.

However, this does not mean that the sustainability of these newly implemented structures is already guaranteed. For sure, the financial support from the federal state is still the most important linkage between network members and the durable stabilisation of these regional partnerships will be primarily a result of effective governance through networks (see next chapter).

5. Governance through Networks

Governance through networks means the successful steering of contents and achieving common goals by networks of local partners. The main question is, how far these local partnerships of governmental and non-governmental organizations are able to develop and to implement commonly shared policy-strategies that are both innovative and goal oriented? The term “innovative“ is subsequently used only regarding the elements of “Regionen Aktiv” steering approach. The question on how far single projects in the model regions are “innovative” is not further validated. Thus, innovative elements for governance through networks in the above named terms are:

- competition among the regions (for the funding)
- competition within the regions (for the best projects)
- target-orientation
- instruments of self-control and learning in the regions (e.g. monitoring, evaluation).

The experiences gained from „Regionen Aktiv“ on developing and implementing innovative policy-strategies are highlighted referring to these four elements.

In the phase of *developing commonly shared policy-strategies* (phase 1 and 2 of the competition), drawing content and structure in paper form was quite simple for the applying regions. Nevertheless, the first obstacle was to overcome in this early phase: the favour of actors was to be gained for active participation in programme definition or at least for signing the Letter of Intend. The applying IDPs showed experience of some regions in writing IDPs (application professionals) or buying-in IDP-writing knowledge and regions which were new in this field and willing to make their way without external help (learning by doing).

The minimum content of the IDPs defined in the call for tenders was provided in varying quality by the regions. The chapter “Short Description of the Region” was to describe the common identity and it was clearly discernable which regions related their identity to grown structures (e.g. common history, natural landscape delineation) and thus were in advantage over “artificially formed” regions without grown community and rather general common problems as e.g. high rates of unemployment.

In the fields of regional analysis, objectives, regional development strategy and fields of action, the regions basically tried to comply the three BMVEL goals – although focussing on one of them was possible and yet preferable for many regions. Furthermore the regions to some extent phrased objectives which are out of achievement regarding the limited funding of “Regionen Aktiv”: fighting unemployment, stopping emigration. The objectives were phrased on project level or on a very abstract level.

The chapter on impact assessment, i.e. the structure for the assessment of the process and its impact on the achievement of the common agreement on objectives as well as of the effects on the further development of the region, was very well elaborated technically and theoretically and from a scientific point of view.

Most of the „partnerships“ were now meant to realize the theoretical structures (*“implement commonly shared policy-strategies”*):

- *Competition among the regions (for the funding)*: The competition between the selected model regions is limited to the so-called “performance and quality reserve” (achievement-bound reserve). The first tranche of this reserve was paid after the mid-term evaluation (100.000€). The second tranche will be paid in 2005 based on an assessment of objective achievement. Although the financial incentive is of a lower order, all the regions took the requisitions for the reserve seriously. The reserve is attributed to exert pressure due to its symbolic value.
- *Competition within the regions (for the best projects)*: Competition for the best projects seldom happened. Here, the aim was to activate potential project partners and to generate new project ideas. As normally more funding was accessible than projects to fund, most of the projects run unrivalled. Based on project selection systems developed by the different regions, more than 500 projects were realised up to now and most of them with pronounced grassroots’ orientation. Due to the high pressure of time, mainly with the beginning of the funding phase, feasibility and inventory studies dominated in the beginning with a recent strong emphasis on realisation and investment projects. As regards content, the emphasis of the projects is in regional and direct commercialisation as well as tourism. Partly, inter-sectoral initiatives and cooperation between enterprises were achieved.
- *Target-orientation*: A crucial principle of “Regionen Aktiv” is the steering of the regions by target-orientation. Up to now, the competition shows that the regions only achieve the operationalisation of their objectives to a very small extent. Although the requisitions were repeatedly stated (i.e. for the IDPs during the application, within the mid-term evaluation and right now within the second tranche of the performance and quality reserve), results are not satisfying up to now. In business sector as well as in public administration, this kind of steering mechanism is successfully practiced or implemented respectively for years now. One main reason for differences and problems by using the agreement on objectives within the framework of regional promotion is to be found in the actor’s structure at the implementation level. In business and administration, the resources for the implementation process are allocated. People get paid for it. In the model regions, the implementation is considerably depending on honorary work. The ideal type process (defining a mission statement, deriving objectives, defining products) does not result in direct benefit for the regional actors. It is much more a theoretical discussion as long as no real projects are currently running in the region. On the other hand, the BMVEL is lacking a binding system of management by objectives. It has to be questioned, to which extent objectives can be defined for the selected, heterogeneously structured rural areas in Germany. Nevertheless, a concretisation of the three main objectives of this competition should be made possible.
- *Instruments of self-control and learning in the regions (e.g. monitoring, evaluation)*: The structures for the instruments of monitoring and evaluation of the implementation process described in the chapter on impact assessment were only established in some isolated cases in the regions (e.g. Weserland, Ostfriesland). This lack of implementation of regional evaluation structures provoked a centralised mid-term evaluation by the BMVEL. With the aid of a guideline based on so-called

“Erfolgsfaktoren”³ (factors of success), the regions had to present a personal-information-type mid-term report. Subsequently, these mid-term reports were object of a comprehensive evaluation with the aim of paying the first tranche of the performance and quality reserve. As stated above, the main effect of this reserve is attributed not to the monetary but to the symbolic component of the reserve.

One has to remark two things: On the one hand, the high pressure of time promoted the approval of projects that would no longer be funded with regards to the up-to-date self-perception of the regions. On the other hand, regions are working hard on uniting single ideas into a comprehensive concept and pay more and more attention to monitoring of implementation results as well as profitability and sustainability but, leaving aside some exceptions, a synopsis of the evaluation results for the single projects is missing.

Recapitulating, it is claimed that regions with elevated needs of tuning and coordination dispose of more time for the development of project selection structures. But this does not reciprocally mean, that selected projects were “better” ones with regard to networking and sustainability. This arises the question on determinants that influence the quality of the project selection system away from the investigated main focus of governance structures and thus influence the projects themselves.

³ These factors of success are: Pressure of problems and will to find a solution; Project-design that supports win-win coalitions; Short term success; Manageable structures and opportunities for linkage; Powerful intercedes and partners; Learning aptitude and exchange of information; Transparency, process competence, and flexibility; Participation; Regional promoters as policy entrepreneurs; Critical mass of labour time and money for the regional management; Competent regional management (for details see Böcher 2004).

6. Conclusion

Within „Regionen Aktiv“, the *determinants of network governance* have once more formed the pre-requisite for “good governance”. Without a *strong state* (shadow of hierarchy), weaknesses in the area of target-orientation would have been much more significant. The most important result of state initiative is the formation and institutionalisation of regional partnerships – even if their sustainability is not yet guaranteed. Although in the area of target-orientation and impact assessment one has to state rather a muddling through than a systematic learning process, slight success is also visible for implementation of policy-strategies. The BMVEL’s constant provision of incentive and pressure has been a considerable component. Thus, the key question is how and when exactly one can ask which level of operationalisation of objectives from the regions. Certainly not too much in the beginning, when partnerships have to be established and some small but real success (projects) is essential for further cooperation.

Opposite to this positive external role of state authorities to network governance, the influence of state actors as network members can be described as following: the stronger the influence of state actors directly involved in policy networks on the process of decision-making, the less the willingness of civil-society groups to participate. Although a “strong state” as an outside force is needed to ensure cooperation in policy-networks, a “strong state” as a member of multi-actor policy networks seems to be problematic because of the risk of self-determined exclusion of the “strong civil-society”. Functional policy-networks need to be “in the shadow of hierarchy” not only in terms of regulation (as a threat for failing self-regulation in network negotiations) but also in terms of motivation (as an incentive for interest-based activities of non-governmental actors to participate in self-regulation). As an equal righted partner within the network, state authorities must keep the “hierarchy in the shadow”.

The partnerships within the regions require on her part a *common identity* to not shipwreck alongside some first small question at issue. This is particularly the case, when there is no longer a situation of “over-funding” for the projects and the partnerships are forced to assign priorities. The often cited win-win situations are rarely bound to be realized in practice. It is furthermore crucial to organize benefit for all the involved parties and at the same time a trade-off between personal and common benefits/objectives has to be provided. Therefore, building-up common identities still remains an important task although some regions have long-lasting traditional ties.

The *strong civil society* shows close interdependency with the common identity. Inherent problems like “self-service shopping” (“If you sanction my project, I will sanction yours!”) and lacking political legitimation can only be overcome within time by means of catharsis processes and pressure from outside. Doubtless, “strong civil society” actors increases the demand for good conflict management and therefore complicate the task for regional management. The new partnerships in the model regions form on her part further elements of a strong civil society. Partnerships actively attacking above-named problems will continue their activities beyond the funding phase of “Regionen Aktiv”. Those who will not further develop, will become unnecessary and disappear as soon as funds are exhausted.

In general, “Regionen Aktiv” was successful in implementing appropriate institutions for governance of networks and there are several hints, that they might be able to implement commonly shared policy-strategies. Nevertheless, there had been remarkable variations between the participating regions. Three key variables influencing this *regional differentiation* of governance performance should be mentioned here:

- *Cooperation experiences*: Disadvantages of some regions at the starting-point prolonged the process of institution building and made the management of conflicts to balance member interests more difficult. These disadvantages concern not only the lack of an appropriate infrastructure for network governance but also less experiences of key actors both in cooperation with each other as well as with regional developing programmes (sometimes also caused by the pressure of time and the three phases of Regionen Aktiv). Nevertheless, the effects seem to be concentrated on the time scale (e.g. duration of institution building) and do not automatically lead to quality differences in functionality of institutions or strategies.
- *Structural heterogeneity*: While some regions are administrative units, sometimes with a long historical tradition and a strong sense of regional identity, others are new formed entities that cross various political borders. Structural heterogeneous regions needed more time to develop a common identity and in some cases it is uncertain whether they will make it at all. Although the social institutions for governance of networks are not worse than those in other regions and conflict management is sometimes even easier because of the absent of traditional enmities, the success of “Regionen Aktiv” seems to be questionable. In these regions, the sustainability of partnerships is obviously more dependent from the outcome (and therefore from the effectiveness of governance through networks) of IDP. For governance of networks, the most difficult problem seems to be the balance of expense and return between the different administrative parts, which is not yet solved properly (e.g. Knickel et al. 2004).
- *Size*: Size is very important for governance of networks both in terms of the number of network members as for the geographic scale of the region itself. A rising number of network members endanger the efficiency of cooperation in general and of decision-making in particular. Limitation of network size, on the other hand, restricts the democratic potential of the new-build institutions and will probably lead to political resistance. The population size of the region corresponds with this problem: the more people live in a region, the more interest groups have to be involved in partnership. Moreover, geographic distances (sometimes strengthened by the effect of administrative borders) make the development of trust between members more difficult. Governance of networks seems to be easier in smaller regions with only a few number of actors to be involved in the network. Huge regions like the Ruhrgebiet, the Saarland or the Weserland probably need a multi-level structure of their regional networks that obviously result in additional difficulties for governance. Up to now, there is no evidence for better performance concerning governance through networks in these regions.

As a conclusion, the regional disparities mentioned in the theoretical part of this paper (chapter 2) seems to have more evidence for the speed than for the quality of the development of local network governance.

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