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Policy entrepreneurs, multilevel governance and policy networks in the European polity: The case of the EUREGIO

Markus Perkmann

Abstract:

The article addresses the question how the European Commission can achieve successful policy implementation in a system that is characterised by loose multi-level policy networks and the absence of hierarchical command structures. This is shown with the example of EU regional policy, and cross-border co-operation in particular.

The main argument is that the system relies on successful grassroots policy entrepreneurship, leading local and regional agencies to position themselves as highly specialised and trusted implementation units. This article presents the case of a Dutch-German cross-border region, the EUREGIO, as a paradigmatic example for such successful policy entrepreneurship. It is argued that policy networks constitute an essential structural playing field for successful policy entrepreneurship.

Keywords:

European Union, EUREGIO, cross-border co-operation, Euroregion, policy entrepreneurship, policy networks



The EU is an atypical policy maker that has no implementation agency. European policies are implemented via multi-level networks relationships, involving European, national, regional and local authorities. Positioned within this variable and flexible policy space, the European Commission is often characterised as a policy entrepreneur that makes opportunistic use of its network capital.

However, the absence of clearly defined hierarchical relationships within these networks also poses a governance challenge to the European Commission when it comes to the implementation of policies: How can it motivate policy agencies on various levels to secure a high-quality and reliable implementation of its measures?

This article intends to show that grassroots policy entrepreneurship provides one of the mechanisms through which this governance problem is effectively solved within the context of the multi-level system. The absence of hierarchical bureaucratic control creates a field of opportunities for policy entrepreneurs at various levels of public administration to get involved in the implementation of European programmes.

This is demonstrated with the case of the EUREGIO, a Dutch-German cross-border region. The EUREGIO is a key case in European Cross-border Co-operation (CBC). It is the oldest Euroregion in Europe and so provides rich evidence on how cross-border regions emerge and develop. In addition, the EUREGIO had a central role in shaping the trajectory of CBC in Europe as a whole. The EUREGIO has become a model that has been replicated by many CBC initiatives elsewhere in Europe. Thus, the EUREGIO provides an ideal opportunity for going beyond the mere local dimension of CBC and address its European dimensions.

The article contributes to the literature in the three ways.

First, it presents an in-depth case study of the EUREGIO which is the oldest and one of the most advanced cross-border regions in Europe but has rarely been studied before.¹

Second, it seeks to contribute to the growing literature on border regions and cross-border co-operation (cf. Sum and Perkmann 2002).

Third, by studying the EUREGIO and its role in the implementation of EU regional policy measures, the article makes an attempt to open up a grass-root perspective to the literature on multilevel governance and policy networks in the European polity.

In terms of methodology, the EUREGIO case study is based on information obtained in interviews and printed or electronic materials. A total of twelve interviews were carried out over the period 1999-2000 with individuals involved in the EUREGIO. Apart from individuals associated with the EUREGIO secretariat, this involved civil servants at member municipalities and districts as well as the Dutch central government and the German *Länder* North Rhine-Westphalia and Lower Saxony. In addition, eight individuals associated with the European Commission and the Association of European Border Regions (AEBR) were interviewed in Brussels in the period 1998-2000. Interviews usually lasted 1-2 hours and were semi-structured.

Printed and electronically available information was used for preparing the interviews as well as for complementing the evidence provided by the latter. Of particular relevance were materials published either by the EUREGIO and other authorities involved, informal reports and strategy papers as well as material provided by the European Commission and the AEBR.

The arguments are presented as follows. In a first step, the structural features of non-sovereign policy-making in EU Cohesion Policy (regional policy) are described. This is followed by an overview on Euroregions and Interreg, a special EU programme for promoting cross-border co-operation. Secondly, an overview on the theoretical background of the argument is given, addressing theories of multi-level governance, policy networks and policy entrepreneurship.



The two main sections then focus on the case study of the EUREGIO. It is shown that this Euroregion established itself as specialised cross-border agency by pursuing a strategy of policy entrepreneurship. This meant controlling circumstances in various realms: (a) the establishment of a secretariat as organisational centre, (b) the creation, maintenance and exploitation of a network of local actors and (c) the creation, maintenance and exploitation of a network of supralocal authorities. A further theorisation of the case study material addresses the insertion of the EUREGIO *qua* policy implementation unit into EU Cohesion Policy, its effective institutionalisation as a cross-border agency and the ceremonial discourses sustaining this process. The article concludes that grassroots policy entrepreneurship can be seen as a necessary condition for successful policy-making in a non-hierarchical, multi-level systems such as the EU.

1. EU regional policy and Euroregions: Non-sovereign policy-making: partnership-based governance in the EU

Cohesion Policy, as the EU's regional policy has been termed, consists of a set of regional policy measures with spatially redistributive effects based on multi-sectoral interventions targeted at specific areas. Various funds, such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF) have been established since the 1970s.

Cohesion Policy is more than a mere redistributive instrument in favour of the weaker economies. If this were the case, supranational co-ordination would be unnecessary (Majone, Tame et al. 1996). Cohesion Policy is foremost a vehicle for initiating and intensifying the economic modernisation of the EU periphery, not least in the interest of the core counties (cf. Tömmel 1994). In this respect, the Commission has launched a variety of policy initiatives that have earned it a reputation as an innovative policy-maker.

However, the Commission has no implementation agency and therefore relies on the Member States to implement its measures. To retain some control over implementation, the principle of 'partnership' was introduced to provide a functional equivalent for hierarchical administrative implementation structures. As defined in EU regulations, this principle requires the member states and their designated bodies at national, regional and local levels to collaborate closely with the European Commission towards the implementation of EU measures.

Given the non-hierarchical relationship between the EU bureaucracy and the member state authorities, this co-operation is effectively co-ordinated via network relationships. This explains the fact that – despite its weak formal powers – the EU has a remarkable impact as a policy-maker. This is because, indirectly, the *procedural* requirements laid out in the regulations give the Commission a considerable say over the *substantial* content of policies. Partnership functions as an effective intervention instrument as it allows the Commission to exert influence at all stages of the policy process, i.e. initiation, policy design, implementation, as well as monitoring and evaluation (cf. Tömmel 1994: 113-114).

The Cohesion Policy regulations provide various incentives for agency co-operation and co-ordination and hence the creation of policy networks. For instance, in many programmes the Commission requires subnational actors to be involved in policy implementation. Many of the 'soft' interventions favoured by the Commission, such as the promotion of innovation in SMEs, vocational training, tourism and environmental measures, are among the competencies held by sub-national governments rather than central governments. In addition, the integrated programme approach requires horizontal co-ordination between sectoral agencies on various levels, such as between different departments of national or regional government.

Due to the requirement of unanimity, decision-making in the implementation networks relies on consensus-driven bargaining which provides a favourable context for efficiency-oriented administrative action (Heinelt 1996: 298) Another effect of the partnership principle is the multiplication of policy actors concerned with designing and implementing Cohesion Policy. Thus, different agencies on the central state, regional and local levels as well as, if required, semi-public actors have to co-operate or at least establish a division of labour.



Within Cohesion Policy, the programme aimed at promoting cross-border co-operation between border authorities ('Euroregions'), Interreg, provides an example for the multi-actor and multi-level character of implementation networks. The next section provides a brief description of Euroregions and their role within Interreg.

Euroregions and the EU Interreg programme

Euroregions are stable collaboration initiatives between contiguous subnational authorities across national borders. They have a long tradition in certain West-European areas, especially on the BENELUX-Germany border where this form of co-operation was 'invented' (Perkmann 1999).

The term Euroregion can refer both to the territorial unit created by the aggregate territories of the participating authorities, and to organisational entities, usually identified with the secretariat. Legally, the co-operation can take different forms, ranging from legally non-binding arrangements to public law bodies. Typically, a Euroregion ranges in size from 50 to 100km in width and has a population of around two million.

In terms of their activities, Euroregions are mainly concerned with administrative matters that demand cross-border co-ordination at the local or district level. Traditionally, such co-ordination concerned issues including spatial planning, transport and environmental externalities. More recently, the scope of Euroregional action has been widened to include initiatives in economic policy, the labour market and social and cultural issues.

Today, the majority of Euroregions benefits from funding provided by the Interreg programme and plays a role in its implementation. The current programme, Interreg III, is one among four *Community Initiatives*, i.e. a special type of programme over which the Commission exerts more control than in the so-called *National Initiatives* designed by the Member States.

For the period 2000-2006, Interreg III has a budget of € 4.875b (1999 prices), corresponding to approximately 2.3 per cent of the total Cohesion policy budget. 2 The programme relevant for Euroregions is Interreg IIIA, stipulating that all local areas located on external 3 and internal land borders, as well as some maritime areas, are eligible for project subsidies.

Interreg subsidises local cross-border projects undertaken collaboratively by local authorities and other organisations located in adjoining border areas. The objective is to develop cross-border social and economic centres through common development strategies as a result of which eligible projects must have a structural economic benefit to the border area.

The allocation of funds is governed by Steering Committees that involves local actors as well as higher-level authorities such as central states and/or regions from the participating countries. They are a formalised expression of the networks governing the implementation of Interreg. As Interreg is by far the most important source of funding for most CBC initiatives, they must comply with the modalities set out in the EU regulations. Therefore, effectively, many Euroregions function as implementation agencies for this specific type of transnational regional policy. The remainder of this article is basically concerned with the question how this alignment between the requirements of EU policy implementation and local policy entrepreneurship was created.

A governance challenge

The implementation of Cohesion Policy does not always proceed as smoothly and timely as, for instance, in the Dutch-German border area. Essentially, the Commission has a governance problem consisting in the challenge of creating or finding suitable ways of governing implementation in a non-hierarchical way.

In particular, this holds for Interreg which, in addition to the usual requirements, forces member state authorities to collaborate across borders. For instance, in Southern Europe, Interreg Operational Programmes often are mere *national* border region programmes, with national projects reciprocally agreed in the Steering Committees. For instance, only 7.3% of the resources available for CBC between Spain and Portugal went into 'genuine' cross-border activities under Interreg I (AEBR 1997: 12-13). The 'genuine' cross-border character of project



is a key requirement demanded by the EU and is therefore among the main criterion for judging policy 'success'.

From the viewpoint of the Commission, therefore, successful implementation is not as straightforward as it seems as it needs to rely on motivated and skilled partners to pursue this task. Equally, the successful implementation of EU policies poses a challenge for the Member States. Particularly in the Mediterranean countries, over the recent past a considerable share of the Structural Fund support could not be successfully allocated within the time horizons requested by the European Commission. In 1998, 698m ECU were withdrawn from regions and programmes which had not used finance effectively to others with better implementation performance.⁴

The governance problem the Member States face is how to successfully spend *all* available funds, i.e. the amounts agreed in the ex-ante negotiations between the Commission and the Member States. As the funds are paid out by the Commission only after projects have been completed, the Member States' first concern is to get potential project leaders to draw up and finalise as many projects as necessary to utilise all available funds.

The current case study on the EUREGIO shows how the governance problem was effectively tackled in the Dutch-German border area.

2. Theory: policy entrepreneurship, multi-level governance, policy networks

The theoretical background of this article is provided by new approaches to the study of public policies and in particular the European Union. These approaches go beyond the traditional feud between intergovernmentalists and neo-functionalists by adopting theoretical tools and frameworks that have not previously been used for the study of the EU. These include: policy networks and policy analysis (Peterson 1995), bureaucratic politics and policy-learning (Hooghe 1996), policy entrepreneurship (Majone, Tame et al. 1996), cross-level intergovernmental games (Scharpf 1994), 'post-neocorporatism' (Schmitter 1997) and, to a certain extent, state theory (Tömmel 1994; Kohler-Koch 1996).

Of particular relevance for this article are the concepts of (a) policy entrepreneurship, (b) policy networks and (c) multi-level governance. They are briefly described in the following.

Policy entrepreneurs can be defined as organisations that take advantage of windows of opportunity opened by other policy actors, for instance specific policy programmes. They are in constant search for possible problems for which they can offer a solution (Kingdon 1984; Majone, Tame et al. 1996).

Recent research on EU policy formation has repeatedly applied the concept of policy entrepreneurship to the European Commission (Pollack 1997, Cram 1997, Laffan 1997, Moravcsik 1999). The Commission is described as a policy agent capable of entrepreneurially exploiting the resources at its own disposal in order to generate new policies that are acceptable to various coalitions of member states. The Commission is indeed an innovative policy maker although it does not always excel at the implementation of its innovations (Metcalf 1992). The field of regional policy provides only one example for the Commission's ability to innovate.

Implicitly, the literature on policy entrepreneurship points to the various policy networks linking the Commission with a range of external actors. In fact, EU policy-making constitutes a rich empirical field for adopting the network concept. As the status of the Commission as a European 'government' is rather weak in terms of sovereign powers and material resources, its policy style is based on co-operation and negotiation implying a considerable degree of openness towards Member State authorities as well as organised interests.

Two main realms of EU policy-making have been studied empirically in terms of policy networks. A first strand of the literature focuses on regulatory sectors, such as transport, telecommunication, consumer protection, and the environment.⁵

A second strand focuses on the redistributive policy field of Cohesion Policy. In this latter case, the Commission is closely involved in the implementation of measures in co-operation



with Member State authorities. The resulting inter-governmental co-operation structures, formalised in the Monitoring and Steering Committees, constitute 'implementation networks'.⁶

The main emphasis of the existing work on implementation networks is on cross-national comparisons. Broadly speaking, these works can be associated with the literature on multi-level governance (MLG) (Hooghe 1996; Jachtenfuchs and Kohler-Koch 1996; König, Rieger et al. 1996; Benz and Eberlein 1999).

Empirically, this literature is mainly concerned with the impact of Cohesion Policy on the territorial organisation in the EU Member States with an explicit focus on the involvement of regional authorities into decision-making in various stages of the policy process. The primary hypothesis advanced by MLG theorists is that the patterns of decision-making and the actors involved vary with these different policy stages and from country to country.

Theoretically, MLG conceives the state as a relatively desegregated set of actors, and analyses intra-state processes of negotiation and decision-making rather than the 'big decisions' and major treaties (Marks 1996).

Given the interdependence between a variety of national and (increasingly) sub-national actors, the European polity is seen as an interconnected system of non-nested, interconnected political arenas in which the boundaries between domestic and international politics are increasingly blurred. Although the formal sovereignty of the Member States is retained, it is claimed that *de facto* the unilateral control of states over their territories continues to erode (Conzelmann 1998: 5). Thus, the EU is seen as a relatively independent multi-level political system, and not as a purely inter-governmental body (Marks 1996: 314)

While MLG approaches stress the distributed nature of decision-making processes in Cohesion Policy implementation, they take a rather agnostic stance towards policy networks.⁷ In this respect, a multi-country comparative study on Cohesion Policy directed by Heinelt provides some valuable insight on the dynamics of implementation networks (Heinelt and Smith 1996). It argues that, due to the multi-level nature of the Cohesion Policy, the dominant co-ordination mechanism is characterised by a hybrid network logic, characterised by consensus-driven negotiations (Heinelt 1996: 18). Heinelt notes the high stability and temporal continuity of these networks as well as their capacity to provide organised feedback loops in the multi-level policy arena (Heinelt 1996a: 25).

While all these works put emphasis on the European Commission and the formation/implementation of its policies, less attention has been paid to strategic action in the 'shadow' of European policies. This article attempts to fill this gap by arguing that the networked structure of EU policy-making enables and encourages 'grass-root' policy entrepreneurs to position themselves as policy addressees and implementation units.

In other words, the Commission's policy entrepreneurship is complemented by a policy entrepreneurship pursued by specialist local actors, as shown with the example of the EUREGIO below. This is identified as a crucial mechanism that allows the Commission to overcome its lack of immediate control over implementation. In this view, the EUREGIO acts as an implementation unit on behalf of the Commission without being formally controlled by the latter.

However, agents such as the EUREGIO do not exist *because* they fulfil this function from a top-down governance perspective. The EUREGIO came into existence long before EU regional policy was launched. Over time, however, the EUREGIO purposefully aligned itself with the opportunities created by the EU (and other supranational agents such as the Council of Europe). This points to a process of strategic alignment between the Commission as policy-maker and the EUREGIO as policy implementation unit, resulting in a symbiotic relationship rooted in mutual interest and mediated through network relationships.

The case study presented below will thus identify the mechanisms that provide the European Commission with highly motivated and experienced policy implementation agents. In addition to the medium-range concept of policy entrepreneurship, reference will be made to some concepts developed by the New Institutionalism as the EUREGIO effectively constitutes an institutional innovation.



3. Policy entrepreneurship in the EUREGIO

The main hypothesis underlying the argument in this article is that the 'action corridor' provided by European policies opens up opportunity structures for grass-root policy entrepreneurs.⁸ The potential reward consists in being recruited as implementation partner by the European Commission for the mutual benefit of both parties involved.

In the following, this is demonstrated with the case of the EUREGIO. The concern for cross-border matters or border areas shown by EU, central state and *Land* policy makers would not have automatically translated into the EUREGIO mobilisation without a considerable input by *local* actors. It was the policy entrepreneurship of a group of local actors that was at the root of the EUREGIO's development.

The objective was to create a local co-ordination arrangement across borders which could, for instance, be suitable for solving a problem such as implementing economic policy measures for border areas.

Such measures had previously been deployed by governmental commissions and other inter-state bodies which were regarded with scepticism by local border authorities as they were judged as slow and ponderous, undemocratic and exclusive vis-à-vis local actors (CoE 1972: 125). In this respect, the achievement of the EUREGIO consists in the fact that it succeeded in recruiting local forces into its CBC project.

In the following, three dimensions of successful policy entrepreneurship are addressed:

- (a) the development of organisational capabilities, involving the establishment of the EUREGIO secretariat as a resourceful organisation;
- (b) the formation and maintenance of network relationships in the immediate local environment, instrumental in perpetuating the flow of resources and reproducing the mandate of the EUREGIO over time;
- (c) the formation and maintenance of network relationships with higher level authorities, crucially the European Commission as well as central state and *Land* authorities.

The discussion is preceded by a short description of the recent history of the EUREGIO.

The EUREGIO: a brief history

The EUREGIO is a cross-border region stretching across the Dutch-German border in the area of Enschede (NL) and Gronau (DE).⁹ It has a population of approx. 2m, consisting of Dutch and German citizens on a balanced basis, and involves approx. 100 municipalities.

The origins of the EUREGIO date back to 1958 when municipal associations on both sides of the border organised a first cross-border conference. Both associations had been founded separately in the attempt to improve the local and regional infrastructures and it was thought that cross-border co-operation would prove mutually beneficial.

In 1966, the Work Group was founded to operate as the informal board of the cross-border region. On the basis of regular meetings, it attempted to shift the EUREGIO's work from purely project-based contacts towards a programmatic collaboration. At the same time, a secretariat was established, funded by membership fees, which at the time was distributed across two locations on each side of the border. Two studies, in the fields of culture and economic affairs respectively, gave the secretariats a programmatic basis for the further development of the EUREGIO.

In the mid-seventies, the Work Group was given a formal basis by means of a statute, and an action programme was developed. This formalisation process ended with the establishment of the Council in 1978, the first cross-border regional parliamentary assembly in Europe constituted by the political delegates of the member authorities.

In 1985, the separate administrative units were merged into a single secretariat, located in Gronau (DE), situated 75m from the border, employing both Dutch and German staff. On the programmatic side, a 'regional cross-border action programme' was presented in 1987, outlining the general strategy for the EUREGIO for a twenty year period. This was promoted by a Dutch-German agreement involving the Dutch central government and the adjoining



German Länder North Rhine-Westphalia and Lower Saxony. Funding was also provided by the European Commission. A Steering Committee was established, involving the partners in this agreement as well as the Dutch provinces, German districts¹⁰ and the EUREGIO.

This action programme constituted the main input for a first Operational Programme under EU Cohesion Policy for the period 1989-1992, funded as pilot project. When the European Commission launched Interreg I in 1990, the EUREGIO reacted with the speedy elaboration of a second Operational Programme and has since been instrumental in deploying Interreg policy measures in this area.

In terms of its organisational set-up, today the EUREGIO includes the following bodies: the Council, the Work Group, the secretariat and a number of 'working circles' in various policy fields. The Council is a para-parliamentary body with no formal legislative competencies, and is constituted by 64 elected politicians appointed by the member authorities. In the Council, formally the most authoritative among the EUREGIO bodies, issues of general political importance are discussed. The Work Group is a supervisory board with approx. 20 members, and is composed of elected senior civil servants and political office-bearers of the member authorities.

In addition, there are bodies that are directly related to the EUREGIO's role in deploying EU regional policy programmes aimed at promoting CBC, notably the Interreg Community Initiative.

These bodies include the Interreg Steering Committee which, in addition to EUREGIO representatives, includes representatives of higher-level authorities that are not EUREGIO members, including Dutch central government and German *Land* administrations. However, the EUREGIO is a full member of the Steering Committee and is entitled to propose its chairman.

The EUREGIO as organisation

From an organisational viewpoint, the nodal point of the EUREGIO is the secretariat, which over the last forty years has developed into an organisation with a high degree of specialist competence. Essentially, it developed the EUREGIO from a loose network with strong ceremonial elements into a regional policy agency.

Although it acts on behalf of more than 100 local authorities, for most of the time the EUREGIO has not been a public authority, at least not as a cross-border unit. This means, *inter alia*, that the secretariat has no formal competencies nor does it dispose over any guaranteed income streams. Thus, the range of tasks assumed by the EUREGIO, and in particular its secretariat, is relatively undefined. This enables the secretariat to act in an entrepreneurial fashion as long as it has the backing of the member authorities. This relative discretion in defining and expanding its tasks has been widely used by the EUREGIO secretariat.

This is reflected in its ability to generate a stable resource flow to maintain its operations. The EUREGIO disposes over a considerable income from sources not related to Interreg, notably from a membership fee charged to the member authorities, currently EUR .29 per inhabitant.

The proceeds from the membership fee enable the EUREGIO to pay the overheads out of its own budget. The secretariat proved rather successful in raising project-related funding long before Interreg was launched. In most cases, local funds were complemented by contributions from NRW and the European Commission. More recently, the secretariat successfully bid for pilot-projects from various DGs of the European Commission. As a result, today the secretariat operates a range of activities that strengthen its profile as cross-border regional advice and citizen's service centre.¹¹

Unlike other Euroregions, the secretariat always sought to avoid overdependence on the mostly temporary resources provided by non-local authorities. Although Interreg constituted a major boost in terms of financial revenues and organisational growth, the secretariat has managed to diversify its revenues and secure stable funding from local sources.

One of the EUREGIO's key achievements is to have established itself as a highly regarded regional development agency in the Dutch-German border area, carrying out important tasks



on behalf of the Commission. Based on its expertise and local connectedness, the secretariat exerts considerable informal influence upon EU programme implementation. First, it ensures that all available funds are effectively allocated by acting as a project animator.¹² Secondly, it has made itself indispensable as a network broker. As projects have to be genuine cross-border projects, project applicants need partners on the other side of the border; the relevant contacts are usually established by the secretariat.¹³ Thirdly, the secretariat is vital in turning initial ideas into project applications ready for submission to the Steering Committee.

With hindsight, the development of a strong organisational basis was crucial for providing the local actors with access to Interreg implementation. The EUREGIO secretariat managed to prepare itself for this task by steadily increasing its resource base. In the eighties, the member municipalities agreed to increase their financial contribution in the expectation that this would help to secure a substantial local impact on the allocation of future European funding. Thus, the EUREGIO grasped a strategic opportunity in a context where it was still undecided whether a large-scale CBC support programme would be launched. The result was that when Interreg was finally launched, with 15 staff members the EUREGIO secretariat was the natural candidate for programme management.¹⁴

The EUREGIO secretariat has gained a crucial role in acting as a strategy unit for a 'region in the making'. It positioned itself as an agency responsible for a range of tasks no other organisation could deal with, becoming the undisputed agency for 'mobilising the region'.¹⁵

The objective is the transformation of the cross-border area into a 'central location in North-western Europe' with 20m consumers within 150km (Gabbe 1985: 95).

Policy frameworks inspired by the idea of a homogenous region have existed since the early stages of the EUREGIO. Its perception as a 'functional unit in all spheres of life' between the Dutch Randstad and the German Ruhr originated in the late sixties, if not earlier (CoE 1972: 111). However, the realisation of such strategies was long hampered by lack of resources, as well as the still incomplete realisation of the Common Market. The launch of Interreg changed this situation by providing considerable resources for endogenous interventions co-ordinated at a regional level. In the late nineties, the EUREGIO had grown into an organisation directly and indirectly co-ordinating an annual expenditure of approx. EUR 4.5 per capita in the border region.

Why co-operate? the local environment of the EUREGIO

Given the ad-hoc nature of the EUREGIO, the secretariat is an organisational centre embedded into a wider inter-organisational local network.

The local network comprises the local member authorities of the EUREGIO. On the one hand, for these member authorities the secretariat is crucial in so far as it acts as Interreg programme manager and 'resource finder' for the area. On the other hand, the secretariat relies on the continual support of the member authorities to secure its reproduction/expansion *qua* organisation.

What were the conditions for securing the cohesion and long-term stability of the network underlying the EUREGIO? Euroregions are not mandatory administrative bodies and therefore depend on voluntary co-operation among local authorities. The emergence of the EUREGIO therefore needs to be analysed in terms of the circumstances that promote collective action among border municipalities and districts. The theoretical literature on networks provides various explanations for when networks will be stable and efficacious.¹⁶

First, there is the role of professional networks. The EUREGIO involves many civil servants drawn from participating local authorities. The technocratic nature of these networks enhances the stability of the EUREGIO and generates a constructive problem-solving climate prevailing in the different bodies. As noted by network theorists, such technocratic networks are usually more stable than purely 'topocratic' networks composed of politicians (Rhodes 1990; Benz 1995). However, compatible world views and problem-solving perspectives would in itself not necessarily guarantee a productive co-operation.

Second, therefore, to prevent conflicts, the secretariat sought to create a finely tuned balance of power between the interests represented by different types of authorities. In particular, it



attempted to prevent the EUREGIO being 'captured' by a small number of dominant authorities, such as the large urban centres. This encouraged smaller municipalities, particularly those further from the border, not to defect.

Third, the crucial role of the larger, district-type authorities (the German *Kreise* and the Dutch *regios*) in the EUREGIO network promoted the network dynamics by helping to restrict the number of (key) participants and secure the commitment of the smaller municipalities. In addition, access to Interreg funding constitutes a 'selective incentive' (Brouard 1996) for the municipalities to join the Euroregion although, *de jure*, municipalities are free to apply for Interreg support without being a member of the Euroregion. It seems, however, that for reasons of perceived fairness and moral obligation, such an option has not been considered by any municipality.

Fourth, network theorists often note that networks require a 'theme of interaction' (Héritier 1993) providing a common cognitive reference. The cross-border development programmes repeatedly proposed by the secretariat are decisive here, both as planning mechanisms and as social-integrative devices. In addition, by opening up a time horizon associated with a stream of resources to be distributed among a relatively large number of actors, they create incentives for these actors to co-operate and to expend resources for a secretariat. Thus, it is the substantive openness of the programme that contributes to keeping all options open for all participants although effectively only few will eventually benefit.

Fifth, the EUREGIO has always avoided major distributional conflicts. Networks are usually less functional for dealing with distributional or redistributional policy problems than with problems of 'production' (Beck 1997). Given the large subsidies from Interreg, conflicts over the allocation of funds among EUREGIO members might be expected.

In practice, however, the real problem is rather to ensure that all funds are effectively allocated. Access to EU funding involves initial costs for prospective project leaders, and the requirements are relatively demanding for smaller municipalities. Moreover, usually 20% of the project cost has to be funded by the applicants themselves. The allocation of Interreg funding is therefore not just a pure distribution game. The relative balance of demand for, and supply of, Interreg funds helps to avoid potential conflicts over the 'fair' functional and territorial distribution of means.

The balance between demand and supply is skilfully managed by the secretariat through its technical expertise and experience. There is no formula for distributing Interreg-support between the two countries or between different constituencies.¹⁷ The EUREGIO bodies, in particular the secretariat and the Work Group, enjoy an uncontested authority in this regard especially as they aim to distribute funds even-handedly. This is why decision-making on projects is usually non-conflictual, particularly as the general attitude of the member authorities is one of mutual back-scratching.

The EUREGIO as transnational network broker

The EUREGIO is an active participant in an extended network involving regional, national and European policy actors. These relationships were established long before the EUREGIO was given its mandate in Interreg implementation.

The Dutch central government and North Rhine-Westphalia have traditionally adopted a 'CBC friendly' attitude towards their border municipalities. In particular, on the German side, special measures for border areas in spatial planning and economic policy have been deployed since the sixties. In addition, North Rhine-Westphalia has experimented with a variety of innovative regional policy schemes, for instance the 'regional conferences'. These schemes sought to delegate regional support measures by recruiting municipalities and districts into the design and implementation of structural measures in problem areas (Voelzkow 1995).

Evidently, the regional mobilisation in border areas, brokered by Euroregions such as the EUREGIO, is similar to these regional conference. In any case, it may indicate that, within the NRW administration, regional action is in general regarded as desirable and productive.

Since its inception in the 50s, the EUREGIO skilfully exploited the opportunities in this general policy context by presenting itself as a community of pooled cross-border interests. The



EUREGIO lobbied supra-local actors, such as their central or *Land* authorities and later the European Commission. Many of these efforts consisted in the attempt to improve the border area's accessibility by providing better links to supraregional transport networks. This strategy of external representation succeeded because it influenced policy decisions on higher levels in favour of the area.

Long before Interreg was launched, the EUREGIO had been canvassing by the European Commission for CBC support. As early as 1972, the European Commission, together with national sponsors, helped to fund a first cross-border development plan for the EUREGIO. A similar solution was found for the 1987 action programme before the EUREGIO succeeded in attracting a substantial amount of European funding under art. 10 ERDF for a series of pilot projects at the end of the eighties. However, the 'big bang' for the EUREGIO was the launch of Interreg I in 1989 involving a major push in the EU's funding for cross-border projects. The introduction of Interreg meant that the EUREGIO's operations were expanded significantly as it was granted the programme management for the Interreg OP.

Today, the context for the supralocal relationships of the EUREGIO is provided by the policy practices of EU Cohesion Policy, in particular the 'partnership principle' as described above. Due to its expertise and authority in the local context, within these implementation network, the EUREGIO enjoys a status that goes far beyond its relatively weak formal position.

Formally, the Steering Committee is the ultimate instance in the decision-making process on the allocation of Interreg funds. Practically speaking, however, decisions are rarely imposed on the EUREGIO actors, effectively valuing the expertise and professionalism of the secretariat. This points to the presence of high trust relationships across these vertical networks, often constituted by long-term personal relationships and high ideological commitment to the cross-border co-operation cause.

But, apart from such motives created by the social embeddedness of network contacts, for the Dutch and NRW authorities there is also a strong administrative rationale for co-operating with the EUREGIO actors. A senior NRW official observed: '... you can't pull projects like a rabbit out of a hat'.¹⁸ As the need to secure the cross-border character of Interreg projects is absolutely taken seriously, the EUREGIO has a crucial role as a project animator to secure the successful allocation of Interreg funds. The reliance on the EUREGIO is reflected by the fact that the North Rhine-Westphalia and Dutch ministries do not in general co-ordinate their positions on specific projects prior to SC meetings.

4. Symbiotic alignment: the EUREGIO as a policy partner of the European Commission:

The EUREGIO as local agent of the European Commission

Although it might be an exaggeration to present the EUREGIO as local agent of the Commission, it performs vital policy functions for the deployment of Cohesion Policy in this part of the Dutch-German border area. Decision-making on Interreg projects is a two-step process involving a first preliminary approval in the local EUREGIO network and final approval in the supra-local network. Although many actors are involved and decisions must be unanimous on all levels and in all bodies, decision-making usually proceeds smoothly.

The interaction variables appear thus to be appropriately configured.¹⁹ In the following, the reasons for these productive network relationships are explored in more detail.

First, for Interreg-relevant decision-making, the local EUREGIO network operates in the 'shadow of hierarchy' cast by the Steering Committee.²⁰ To avoid rejection of project proposals by the *Land* or central government, the EUREGIO makes sure that projects have the structural economic impact required by the structural funds regulations.

Second, the relatively clear criteria for evaluating project proposals simplify the decision-making process by providing rules to be routinely followed.²¹ In case of doubt, the uncertainty-reducing function of these rules is complemented by the authority exerted by the Dutch and NRW governments as well as the European Commission.



Third, the EUREGIO secretariat performs a crucial interface function by mediating between the network of EUREGIO members and the supranational network crystallised in the SC. On the one hand, the supranational authorities trust in the secretariat's administrative expertise and its ability to prioritise the 'objective' quality of projects over the particularist interests of project applicants. On the other, the local authorities perceive the secretariat as their agent and representative vis-à-vis the higher-level authorities.

Fourth, both the local and supralocal networks are characterised by a prevailing 'problem-solving' orientation.²² All the participants are convinced that co-operation and consensual decision-making underpins the EUREGIO's success. Ultimately, the common 'problem' all actors want to 'resolve' is the successful expenditure of Interreg funds for projects of a more or less acceptable quality. The constructive climate orientated on problem-solving is helped by the shared 'world view' that CBC is something valuable and desirable for all participants as well as the long-term co-socialisation of many of the network members resulting in mutual trust.

In addition to these interaction-related variables, the particular constellation of interests among EUREGIO actors adds to the network-friendly contextual conditions of decision-making. The interest of the local authorities, i.e. access to a supplementary source of income, is best served if they (a) agree to each other's projects, and (b) accept the authority of the EUREGIO as 'project developer'. In the Steering Committee, this situation of 'generalised exchange' is repeated (Marin 1990). For instance, the districts, the provinces as well as ultimately the *Länder* and Dutch central ministries have no reason to object to project proposals on their partner's territories as long as they can assume that in the end a more or less equal distribution of the financial burden will be achieved.

Furthermore, both for the local and supra-local authorities the costs of non-decision making would be considerable as, due to the time restriction built into EU programmes, they would result in the loss of project funding. After all, policy interventions come at a 70% discount for senior national authorities, as the EU covers 50% of the projects costs, and another 20% are taken care of by the project leaders themselves. The situation is thus characterised by a typical pattern of 'joint decision-making' in which participants tend to overspend because they bear only part of the cost of policy measures (Scharpf 1988)

In this situation, the fact that participants share a problem-solving orientation is not only induced by 'network embeddedness' but is certainly enforced by considerations of rational utility maximisation. It is symptomatic for the predominant consensual orientation that it is extremely rare that network members use their formal veto power to block controversial decisions²³. All participants recognise that consensus is a *necessary* condition for retaining any capacity to act as unanimity is (practically) required in all EUREGIO bodies as well as (*de jure*) in the SC.

In game-theoretic terms, the situation is a 'battle of the sexes' (Scharpf 1993; Messner 1997). In such games, the pay-off for agreeing to a common solution outweighs the costs of being denied one's individual preferences – especially when they are iterative, i.e. temporary losses can be recouped later.

That the EUREGIO has avoided distributional conflicts contrasts with Beck's findings for the German-French PAMINA cross-border region. For its decision-making in the later stages of Interreg programming was hampered by (re-)distributive conflicts among the participating authorities (Beck 1997: 240-246)

The policy strategy Beck proposes to improve the problem solving capacity of the PAMINA tells us much about differences in CBC. He calls for an intermediary authority acting as a supervisory 'functional state' and enable local actors to 'co-operate in the shadow of hierarchy' (Scharpf 1996) and thereby resolve their co-ordination problems. According to Beck, such a 'quasi-institutionalised' authority could overrule the paralysing vetoes of powerful participants, initiate the search for problem-solving strategies and instigate possible co-operation projects (Beck 1997: 306)

Interestingly, the EUREGIO seems to be functioning well without such a hierarchically imposed instance. The reason for this is that it has a functional equivalent for such an authority: the



secretariat! How is this possible, given that the secretariat is a small agency with mostly informal 'competencies' and no hierarchical powers? The simple answer is that its role has been *institutionalised*.

The EUREGIO as institutional innovation

So far, the analysis took the context in which 'situational' network interactions occur for granted. These latter are based on rules, standard procedures, norms and expectations that are broadly shared among participants. These patterns tend to become more sedimented as network interaction continues.

It must be recalled that the EUREGIO is a voluntary co-operative arrangement with no constitutional or legislative foundation. But nevertheless the EUREGIO has become a natural part of local public administration in the area: 'Today the EUREGIO runs on its own'.²⁴ The most visible indication for the EUREGIO's institutionalisation is the undisputed cross-border character of its projects and the relative disinterest in which constituency benefits most therefrom. The significance of these rules becomes particularly clear if one compares the EUREGIO with Interreg implementation in other European areas where such genuine cross-border projects are exceptional. Instead, the EUREGIO is the 'natural' candidate for managing Interreg and tends to be identified with 'Interreg', at least on the local level.

How did this process of institutionalisation occur? The case evidence shows that the EUREGIO actors not only opportunistically exploited windows of opportunities but actively shaped the institutional space in which it was acting. In particular, this concerns the long-term alignment of the EUREGIO to the parameters of EU Cohesion Policy, thereby positioning itself as perfect policy addressee for EU CBC measures.

This can be inferred from various strategy documents released over the last 30 years. From the early beginnings, it was argued that the development of border regions could not be successfully induced without establishing stable structures for *local* CBC (CoE 1972: 131)

At that time, legal experts were rather pessimistic about the viability of locally rooted CBC structures. However, many of the obstacles were overcome by a pragmatic strategy of institution-building that resorted to constitutional, public or European law as little as possible. In fact, as many other Euroregions, the EUREGIO has been working in a grey (but not illegal) legal space for years but this has not hindered its effective stabilisation.

The launch of cross-border development programmes played a major role in this stabilisation of the EUREGIO as a cross-border agency. Not by accident, the idea of designing integrated, multi-sectoral programmes for border areas was closely connected to the emerging regional policy of the European Community from the mid-seventies onwards. The intention to devise such cross-border development concepts as well as their basic outline date back to 1976 when the idea first emerged in Dutch-German contacts and found support in the European Commission (Malchus 1986: 36). This was one year after the European Regional Development Fund (ERDF) had been established. In other words, the 'programme approach' to regional policy propagated by the European Commission was rapidly translated into a major catalyst for the mobilisation of border areas. Development programmes are a decisive factor here as they provide a cognitive reference for a new object of governance: they construct a 'cross-border region' as a target for intervention.

With the establishment of a Steering Committee in 1985, the 'Europeanisation' of the EUREGIO was taken even further. Such co-operative, multi-level and multi-sector decision bodies had been more or less successfully experimented with in previous European regional policy measures (Tömmel 1994). They effectively constitute a new institutional form for regional policy interventions.

In view of the many CBC initiatives that exist in Europe today, the institutionalisation of the EUREGIO does not stop at its local context. In fact, the EUREGIO was the strategic centre of a trans-European institutionalisation strategy that led to the proliferation of more than 70 Euroregions, most of them modelled after the EUREGIO, all over Europe. The key motivator in this respect was the Association of European Border Regions (AEBR), headquartered in the same building as the EUREGIO. Basically, over the last 40 years, the AEBR acted as an



institutional entrepreneur, making the 'Euroregion' into a generally accepted institutional form (Perkmann 2002).

Discourses and 'rational myths'

Institutionalist theorists have pointed out that symbolic signifiers, i.e. 'myths and ceremonies', play a crucial role in legitimating institutional models (Meyer and Rowan 1977). In this respect, the EUREGIO case provides some interesting evidence as to how its policy entrepreneurs employed symbolic discourses.

The central discourse is constituted around the concept of the *European border*. In the context of an integrating Europe, the 'border' assumes the quality of a special symbolic marker that was mobilised very effectively by the EUREGIO. By transcending national borders, the EUREGIO claimed to be contributing to European integration 'on the small scale'. Thus, the EUREGIO is perceived as the realisation of an integrated Europe that is close to the citizens, unbureaucratic and local.

Similar views are shared by the European Commission and some academic observers. For the European Commission, cross-border regions function as 'test beds for the construction of Europe' (Schulz 1998: 15). Schulze, a student of CBC in the Saar-Lor-Lux area, argues if European integration is understood as a bottom-up process, then cross-border regions could be possible basic units (Schulz 1998: 15). In a similar vein, Tränhardt maintains that border regions can very much be seen as the winners in European integration (Tränhardt 1993).

This symbolic mobilisation of the 'European' deserves some attention. After all, if the EUREGIO does not consist in much more than routine every-day administrative practices involving the implementation of a European Cohesion Policy programme, why does it involve such a strong symbolic mobilisation? There are two main implications to consider. First, the communities on both sides of the border sought to co-operate in the hope of gaining from commonly produced public goods. On a symbolic level, this meant that *commonalties* had to be emphasised at the expense of irreconcilable differences. The 'European' offered itself as the most obvious referent to be invoked as a common identity.

Secondly, and perhaps more importantly, the invocation of the 'European' referent served as a symbolic resource vis-à-vis higher-level actors, i.e. the Land and province authorities, the central governments and the European Commission. This was crucial insofar as the resulting symbolic support provided opportunities for the mobilisation of resources to be employed for CBC. Invoking the 'European' was effective not just vis-à-vis transnational addressees such as the European Commission or the CoE, but also with 'Euro-friendly' national and regional authorities.

This indicates that CBC, by invoking the European referent, offers a relatively harmless way of 'overcoming' national borders for central governments. In this way, for the CBC movement, the (open European) border has been turned into a symbolic resource that provides the sort of 'mythical' or 'ceremonial' legitimacy for institutional change emphasised by new institutionalist authors.

Conclusion

The main argument pursued in this article is twofold. On the one hand, a local agent, the EUREGIO, purposefully inserted itself into the implementation of Cohesion Policy through a strategy of policy entrepreneurship. On the other, for the European Commission, the EUREGIO came to constitute a partner whose expertise and authority significantly enhances the quality and reliability of local policy implementation.

The article sought to contribute to the discussion on the EU as a multi-level policy system by showing how policy actors, in this case on the local level, are actually constituted and how they are integrated in the policy-making process. As participation in the multi-level networks is only partially defined *a priori*, they offer opportunity structures for policy actors to get involved on the basis of a specific competence or their capacity to motivate and co-ordinate a plurality of local actors.



By using the concept of policy entrepreneurship, the emphasis was put on grassroots strategic agency positioning itself vis-à-vis the European Commission's policy programmes. The analysis thus shows that the often described policy entrepreneurship of the Commission is complemented by corresponding action within its wider policy space. It therefore offers an explanation for the perceived 'functioning' or relative 'success' of Cohesion Policy implementation in the specific case of the Dutch-German border area.

This must be seen in relation to the governance problem the European Commission (and the Member States) must overcome to secure successful policy implementation, if only in the sense that all available funds are actually allocated within the given period of time.

In conclusion, it has been shown how in the EU multi-level policy space successful policies rely on a fine balance of trusted network relationships, financial incentives and legal coercion. However, as demonstrated with the example of the EUREGIO, the opportunity for grassroots actors to engage in policy entrepreneurship is a crucial precondition for tackling the system's primary governance challenge: to find and motivate trusted actors with a high degree of competence and network capital.

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Endnotes

- 1 Cf. however, Schack (1998).
- 2 For more details, cf. http://europa.eu.int/comm/regional_policy/interreg3/index_en.htm.
- 3 Borders with non-EU members.
- 4 *inforegio* 17/12/1998, p. 12.
- 5 Héritier (1995); Mazey and Richardson (1993); Peterson (1995, 1997); for overviews on policy networks in the EU: Schumann (1993), Rhodes, Bache and George (1996) and Börzel (1997).
- 6 Cf. also the notion of 'implementation structures' (Hanf and O'Toole 1992).
- 7 Marks (1996b: 322) explicitly avoids a 'theoretical conceptualisation of the network notion'; critically, see Rhodes, Bache and George (1996).
- 8¹ The notion of 'action corridor' (*Gestaltungskorridor*) used by (Beck 1997: 33) which adds a restrictive aspect to the concept of 'opportunity structure'.
- 9 Among the four Dutch-German cross-border regions, the EUREGIO is situated in between the 'Ems Dollart Region' in the north, and the 'Euregio Rhein-Waal' and the 'euregio rhein-maas-nord' in the south.
- 10 In German: *Bezirksregierungen*.



11 The most important sources of income of the EUREGIO secretariat are the proceeds from the membership fee, approx. EUR 500,000, and Interreg project management ('technical assistance'), approx. EUR 400,000.

12 Personal communication, EUREGIO officials.

13 Personal communication, Regio Acherhoek official.

14 '... the EUREGIO was already there, it was obvious that they were going to do the programme management.' (Provincie Overijssel official).

15 Personal communication, EUREGIO officials.

16 Messner (1997) provides a useful classification of the 'problem dimensions' of network guidance which is loosely followed here: (a) decision blockades due to a large number of participants or veto positions; (b) the tendency towards conservative orientations of network actors; (c) a tension between disintegration and 'sclerosis'; (d) the difficulty of agreeing on the 'meta-criteria' for decision making; (e) a tendency towards a 'double' process of both intended and non-intended externalisation of negative side-effects.

17 Personal communications, officials at Provincie Overijssel, Regio Acherhoek and the Economy Ministry of North Rhine-Westphalia.

18 Personal communication, officials at the Economy Ministry of North Rhine-Westphalia.

19 In the language of network theory, the concept of 'interaction variables' (as opposed to actor-specific variables) refers to the circumstances under which network interaction occurs, such as the number of participants, the nature of the (policy) problem to be resolved or the decision-making mechanisms adopted.

20 On co-ordination in the 'shadow of hierarchy', cf. Scharpf (1996).

21 Theoretically, these cognitive references reduce the complexity of the decision-making process, thereby *ceteris paribus* raising the likelihood of agreement.

22 Technically speaking, mixed-motive games can only result in a Kaldor optimum if the actors adopt a problem-solving orientation (Messner 1997).

23 Personal communication, EUREGIO official.

24 Personal communications, German *Kreis* officials.