

# THE TERRITORIAL DIMENSION OF A COMPETITIVE GOVERNANCE IN SUSTAINABILITY

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## I. INTRODUCTION

By *governance* we mean an approach allowing for a spontaneous development of a territory or city potentials, exploiting its internal resources through the choice of shared projects and rules started by the public management ability in creating a competences/resources network among all concerned parties. Governance therefore means a *set of rules*; acting according to the urban and territorial governance, they contribute to build and achieve the strategic planning goals. The application of these procedures does not precede or follow the planning choices, but rather it proceeds concurrently with them right from the beginning, thus determining the choice of a technical-political work methodology that ensures the transparent and effective behaviour of the parties involved for the achievement of the (public and private) goals, up to the final fulfilment of a policy, programme, and planning.

In the field of territorial planning – regional, sub-regional and municipal – the public institution is responsible for determining rules through a plan or project. However in many European experiences this task has been transferred to private parties as common misunderstanding of governance.

This paper deals with the *rules* the planning choices of the political-institutional government are carried out on the territory through, dealing with different public and private parties (stakeholders) in order to make “consistent” and “subsidiary” all stances, practices and procedures to manage and adjust supply according to investors, enterprises, stakeholders and citizens’ interests, in deference to the state-citizenship “pact” and “best practice” process of EU city and territory. In the next pages, governance will also be observed in connection with the structure (method and process) by which goals are established (in a territorial or a master plan) that orientate the regulations choice, thus determining the appropriate cohesive, competitive, sustainable strategies to achieve them, and monitoring their performance.

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## II. PUBLIC GOVERNANCE AND TERRITORY

Since 2000 the stages of a territorial good governance process, in support of choices of competitive development in sustainability, have been identified as follows:

- Identification and co-ordination of involved actors into policies, plans and programs development for territory organization and management;
- Analysis of the modalities according to which the changes in the decisional processes (rules of governance) are produced;
- Pinpointing and assessment of *best practices* to implement and manage policies, programmes and planning in relation to a beforehand development<sup>1</sup>. In fact, the *public management* contents in the governance perspective were: centrality of the interactions with the players at different levels; social networks management and coordination; direction towards the economic-social “milieu”.

Contrary, concepts of governance and public management –corollary to sustainable development for territorial competitiveness– imply the outgrowing of the conventional coordination issues. They refer to transversal policies asking for participation and activeness of agency, either institutional and not, in order to achieve an integrated management that goes beyond the usual administrative responsibilities.

The ‘good governance’ logic, exceeding in evolutionary terms the *government* perspective, enhances flexible guidance and new ways of sharing and impulse territory administration. Thus coordination is highlighted at the lower subsidiary administrative levels, as well as better integration between local demand and supply policies, through the development of necessary new instruments (regulations, voluntary agreements). This approach towards an integrated and complex management of the governance is based upon a European federalist perspective and does not necessarily require the creation of new structures, which could otherwise multiply the institutional levels (in the meantime reducing their powers) and create conflicts with the pre-existent apparatus.

With the “White Book on Governance” (2001) the EU initiated the dialogue for the need to review this concept (basis for policies co-ordination), until then conceived as a top-down (centralist) process. Instead, in a federal/democratic perspective, the organization of the relations is consistent with a bottom-up approach that allows the definition of behavioural and instrumental rules among the players involved, thus reaching a closer outcome to the needs of users/citizens and the specificities of each territory<sup>2</sup>.

Public governance opens to network management, as well as the consultation and coordination bodies these new modalities of relationships are built through, but it does not offer any

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1 Transformation of organizational and managerial experiences into structures, processes and work methodologies is the main activity of the best practices individuation. That allowed selection of many examples among policy making processes, even making sometimes irrelevant policies contents.

2 This approach agrees with the concept of *empowerment*: this implies a high level of management autonomy in the interaction with the users/citizens, with a positive impact on the top-bottom interaction level, enhancing information exchange, availability and access, as well as the elaboration of new strategies.

standard solution. That is the reason why public actors play (almost exclusively) the role of starting engine for development and welfare. The main goal of governance lies in the detection and analysis of the interaction among governments and the social and productive players concerned. Therefore, as OECD already observed, local and global open forums promote exchanges in the perspective of comparative analysis and evaluative *benchmarking*<sup>3</sup>.

The push in favour of the territorial public governance – intended also as public service offer – is getting stronger and stronger, due to pressure coming from globalism and new technologies. In this new context the terms “government” and “welfare” are no longer able to define how citizenships and territories are organised and managed. “Governance” is a better term to explain the process through which the citizens address their needs, using government as an instrument.

Processes and instruments, such as decentralisation, deconcentration, devolution and privatisation, determine a reorganisation of government rules at national, regional, local levels. Public governance is measured according to its capability to engage new spatial and territorial relationships among central government, local bodies, private sector and citizens.

Metropolitan Areas have emerged as the “optimal environment” for the achievement of such change. In order to be competitive at the global level, and at the same time cooperative in choosing quality life as a main goal at local scale, MEGAs, capital cities and urban regions are key factors for cohesion, which competitiveness has to spring from (European Commission, 2001, 2004). In this way the structures of territorial governance must be able to manage both the environmental variable as originator of life quality, and the chance for development and management of the economy, sectoral included (Prezioso, 2006).

Implementing territorial governance at a particular level does not only mean to reform institutions, but also to plan the culture of governance: substituting the top-down rules of territorial planning administration with new typological and participated forms, and opening decisional and managerial processes to new players (stakeholders) with a legitimate position. Market forces alone cannot guarantee the integration of a territory’s environmental, social and economic relationships; therefore the capability is needed to create favourable conditions for a sustainable development through governance for the management of their right balance.

A strategic approach to the economic and social development of the territory and to its environmental sustainability is what has been called by OECD (2000) “entrepreneurial city”, that is a sort of city-enterprise. The broadening of this concept to the territory in the 2000-2006 period required an evaluation of its proactive capabilities: to aim at the convergence of political, economic and social resources into a consistent large area whole, in order to develop society and economy according to well defined strategic goals: consistency, competitiveness, coordination, impartiality, fiscal probity, flexibility, holism, peculiarity, participation, welfare, subsidiarity, sustainability.

The issue concerning what territorial level is more apt to implement specific policies for the territory, as well as what functions should be involved in a matter of governance, is a complex question. The answer varies depending on countries, areas and cities. For instance

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3 The term defines the process through which a performance is measured in respect of standard indicators.

the financing and delivery of primary infrastructures, health, education and environmental services bring economic profit when dealt at intra-metropolitan level. In this case governance must set rules for the behaviour of both private and public sectors (as in the case of the Rome Province General Territorial Plan (PGTP) - Prezioso, 2003).

In view of a growing role played by the private sector in the urban areas infrastructure investments, governments must search for the best economic returns from the investments incurred, whereas the private sector looks for the maximization of the financial result. This highlights how the different government levels need to develop a modern process of agreement with the private sector, so as to more precisely define the needs of the community and to ensure a qualitative result.

### III. TRENDS DOMINATING ECONOMIC-TERRITORIAL GOVERNANCE

Between 2003 and 2006, facing the hypotheses of a political-strategic intervention issued by the “Declarations” of Lisbon (2000, 2003 and 2005) and Gothenburg (2001), different orientations, approaches, proposals and initiatives emerged, sometimes in contrast with the previous ones, to be transformed into “new” rules of governance<sup>4</sup>:

- in Lisbon the following was agreed: to promote and support the transition towards a competitive knowledge economy, capable of bringing occupancy, growth and social cohesion, in compatibility with environmental respect; the application of common trends of economy policy to be measured by structural indicators; reforms applied through integrated strategies across all the different sectors traditionally referring to competitiveness; the growth in networks and high quality knowledge through national and regional investments, the competitiveness of the industry and service sectors (regulations, general policy laws, action plan on environmental technologies), the active ageing of the working population (permanence in labour, e-learning, welfare);
- in Gothenburg it was agreed to support sustainable public policies in order to: contrast and reduce climate change, public health risks, poverty and social marginalization, population ageing, natural resources depletion, pollution, traffic congestion and use of the territory; to promote an economic growth that would keep pace with social progress and environmental respect, also in terms of costs.

Intermediate review of the Lisbon and Gothenburg Strategy was coincident with the New Strategic Guidelines for cohesion policy. Through new rules and procedures –as the Open Method of Coordination– some of the main communitarian policies try to combine, objectives not always convergent with EU enlargement. That asked for conceiving a new generation of governance (Farinos, 2007), facing several challenges, mainly: the renewal of the European social model, investing in human capital and battling social isolation; and the choice of

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<sup>4</sup> The results of the trans-national research project *Territorial Dimension of the Lisbon/Gothenburg Strategy* (Prezioso, 2006), promoted by the *European Spatial Program Observatory* Network (ESPO) detected policies and common criteria to follow in order to develop simultaneously all over EU an economy based on competitive knowledge /Lisbon) and sustainable (Gothenburg) before 2010.

a micro and macro-economy policy to be adequate for a sustainable growth. Two complex and “ambitious” goals for European and local policy-makers, by then without enough theoretical and empirical reflections on needed “territorial dimensions” to accommodate new rules for a competitive and sustainable development.

Nevertheless some arguments from paradigms considered in the 90’s economic and geographic literature represented a good common background for speculations:

- Knowledge of useful *territorial potentials* and *economic advantages/disadvantages* for development; e.g. those results of the excessive geographic concentration of values or consequence of environmental and social non-values, in order to get a better territorial and economic cohesion overcoming information asymmetry;
- The role played by services of general interest and their full exploitation in urbanised regions as source of attraction for direct foreign investments in order to improve the human and physical capital performances (especially in the enlargement countries). These services are nowadays concentrated in the urban areas and metropolitan agglomerations with different levels of accessibility and availability.

For this purpose the European Spatial Development Perspective (ESDP, 1999) became an important common point of reference, suggesting the adoption of balanced and polycentric policies in the European territory planning, following criteria of *social and economic cohesion*, *natural resources and cultural heritage preservation*, and *competitiveness in sustainability*.

In this scenario, governance is now asked to draw, in a practical and operational way, how European regions and large areas may achieve these results, coordinating and politically administering the urban/territorial systems and the infrastructures that are key-factors for development. This is a way to address both the geographic concentration of innovative activities inside the Pentagon area, and the diversity of the European territories, as summarized in several regional typologies (urban, rural-urban, rural, etc.) and considerable regional disparities.

#### **IV. NEW INTERPRETATIVE TRENDS ON GOVERNANCE IN RELATION TO ECONOMIC-TERRITORIAL “RESOURCES”**

Governance becomes a fundamental instrument for European policy at regional and sub-regional scale towards a polycentric and co-operative development of the territory (Prezioso, 2006). Governance gives a consistent answer – in terms of rules – to many principles, including sustainability.

Looking for these goals, governance has been understood according to a broad catalogue of definitions coming from political, economic and business literature. For instance the European Commission highlighted the one linked to *productivity* (corporate governance), as *key for the competitiveness of European economy and enterprises*, trying to transfer results from business management to the urban government.

Nevertheless this similarity between business and city studies must be considered a scale mistake in geographic-economic terms (and consequently in terms of the search for the terri-

torial dimension). It is not possible to transfer the production management mechanisms to regional and sub-regional political-administrative levels.

Governance is rather helpful in the practical concretization of the endogenous capability to be competitive, i.e. the capability of single places to support their own development in terms of environmental sustainability, cohesion and integration (understood as broader relationships with citizens), aiming at the progressive achievement of virtuous positions. This role increases with decentralisation processes. Also communities are asked to rationalize their own interests right through governance<sup>5</sup>.

A different “bottom-up” idea of governance allows the transformation of the State role: from planner (top-down) to partner, to community tutor. It has to regulate social dynamics but this time in a more flexible way to manage public affairs, integrating ethical principles into the actions of “communities” when starting up initiatives in support of balanced and sustainable development looking at the projects quality.

*Urban and metropolitan economic governance* is a central issue in new processes and policies involving European territories. In this context Governance is also discussed (from a neo-weberian point of view) as a “plastic concept”, allowing a number of the players to maximize their goals (“hetero-hierarchical” governance, quite different from “multilevel governance”). This is especially true where the impact of the national and regional levels makes difficult to face “practically” the issues of sustainability and the impact of territorial plans and planning (mostly in Greece and Poland, or at sub-municipal level in the case of Great Britain). Therefore the discussion inevitably shifts on *polycentric governance* for the urban-rural territory. Hence, we have the strict interrelation between multilevel governance and public expenditure, also called ‘fiscal governance’. Among its most recent effects is the stimulation of debate on benefits and tax cuts for the enterprises locating their economic activities in small regions.

Governance acts as a principle on regional disparities in the industrial localisation and welfare, according to the so-called “footloose capital model”. The most used indicators are Nominal Income, Welfare and Industrial localisation, which have to be dealt in intra- and inter-regional (territorial) terms in order to achieve an integrated economic process.

*Territorial governance* found a broad implementation in France and Belgium (particularly in the Grenoble and Wallon regions) in the field of the so-called “ecological connectivity” associated with territorial planning. Local and regional authorities jointly operate through plans of preservation and upgrading of natural areas, integrating plan, investments, rules, management and powers into a single act<sup>6</sup>.

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5 Hence the need for new regulations and instruments besides Communitarian directions, especially useful for dealing with “hostile” contexts (see the issue of Italy-France “Corridor 5” that would have required the full application of European rules in matter of Environmental Impact Assessment), where governance allows the regulation of control systems implemented by safeguard authorities.

6 A considerable amount of regulatory instruments have been enrolled in order to empower the governance applied to ecologic networks and corridors (like in Rome PTPG) creating an adequate system of rules. This had a great impact both on the change of position of the responsible public institutions and on their (and the citizenship’s) level of participation. In these cases the governance rules have been fixed through the so-called ‘conferences’ among parties.

When dealing with natural resources, ecosystems governance is often flanked by water and bio-diversity governances (e.g. the experience of the exploitation of the Great Lakes in Québec). Besides natural resources, governance covers a fundamental role in the implementation and management of eco-tourism plans, marketing, low-impact productions and entertainment in parks and tropical forests (particularly in central Africa and Canada).

Territorial governance is often linked to “territorial compensation”, which is quite common in France and Italy as a support for a “lasting” (more than “sustainable”) development. In France however, to overcome the risk due to the discretionary power inherent in this act, the so-called “registres de légitimité” were created, that, although much disputed in the beginning, are now a fixed point of public governance. This formula, born in the USA from the experience of negotiation and the theories on territorial equity, is practically applied in big and high-impact projects (like a power plant in Long Island or an airport in Los Angeles).

Among the most recent paradigms of territorial governance the relations with the *development and management of rural and agriculture* stand up, conceived as a complex socio-economic process that has to be studied considering the different players whom the plan rules have to be “connected” to. It is a matter of developing forms of public-private “co-production” through the “apprentissage”, that is the process of “in progress” acquisition of new knowledge and operational ways (technical-economic, etc.) explaining the governance players’ behaviours concerning the realization of plans and projects. In a few words: to innovate; to help technological and organisational change; to transfer and receive change.

That means governance has to assume three dimensions at least: 1) technical (e.g. for the environment); 2) organisational (when dealing with businesses); 3) social and relational (e.g. by shaping citizenships and new professionals and a common language). The French Law on Agriculture (*Loi d’Orientation Agricole*) makes great use of governance at the implementation stage through the *Contrats Territoriaux d’Exploitation*, acting in various forms: wages, bank rates, cooperative forms, participated democracy, identification of property and use, etc.

Governance is considered an excellent way of *social relations management*. Many models have been developed for this purpose, including the most known ones: Coleman’s and the World Bank’s (2000), on the relations among power brokers too, etc., including those regulating the relations among stakeholders in Thai natural parks (Companion Modelling).

Some of the governance rules have almost become a categorical imperative: the certification of quality and certification about the territorial and environmental impact of the production process (ISO 9000:2000; 14000; EMAS), and mostly the *Corporate Social Responsibility*, that since 2002 has become a true national rule in Romania. These actions are considered helpful for a faster implementation of the principles of sustainable development and competitiveness, through an appropriate use of human and natural resources.

The *animation tables*<sup>7</sup> is one of the many forms of the governance performance of territorialization of the public policies (France, Spain, Italy, Slovenia). In this context governance

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7 Meetings set to involve and make local actors aware of the adoption of planning instruments or consistent territorial plans for the goals of sustainable development; their general aim is in the promotion and dissemination of territorial planning issues, in order to achieve a common and integrated strategy for the plan/project development.

takes on a transversal dimension: it declares the different competencies and responsibilities, it helps in the shared decisions and supports the joint decision in the set-up of the territorial projects.

In France these procedures are placed in the range of the so-called decentralization of powers and decisions, in deference to the local governance rules (e.g. the cooperation among municipalities, through the “pays” and the communities of municipalities), of the schemes of territorial consistency (SCOT) and the territorial maps. Governance becomes a place/means to develop the so-called “territorial play” (a different type/form of animation), where a variety of players with different status have full freedom of expression, playing the most suited role every time.

In order to make these participatory forms operational, there’s the need to give an official form to the documents produced on the governance tables (limitations imposed to single parties’ action, resolutions, regulations, and so on) and to the formal and informal communication media (such as bulletin, forum, blog, email, etc.). These instruments open the governance table to many categories that would be otherwise excluded, with a further impact on the planning policy choices.

Recent studies on governance give the so-called “mediators” a basic role in the process’s success, so that this is identified as a new professional figure. Neutrality and capability of territorial coverage, personal indifference regarding the plan/project to be realized, high level of knowledge and disposition to balanced relations makes it a “job” that’s not for everyone. In France, where they are quite common in the agricultural world, they have often been reason for conflicts rather than regulatory processes, for lacking the requisites of pursuing their own ambitions while respecting the citizens’ ones (firstly, the knowledge of the territory involved). Mediators have often taken the form of incubators and/or agencies of the regional economic culture (agencies, universities, science parks, Business Innovation Centre (BIC), etc.)

## V. HOW TO FIX THE RULES OF TERRITORIAL GOVERNANCE

Governance allows the simultaneous implementation of complex objectives, that become still more complex when treated and defined in global and local terms, when “working” in a systemic (i.e. regional) perspective and investigating its application in the economic-territorial analysis (Prezioso, 2003). For instance, assuming that a region is simultaneously capable of being “competitive in sustainability”, “metropolitan” and “polycentric”, governance will search and fix rules that are apt to:

- support market competition by own and endogenous factors that differentiate the territorial system from others;
- hold the key resources that are linked to the entrepreneurial energy and the innovative factors acting into a stable social system;
- accept market competition in deference to the rules (governance) that assure environmental, social, cultural and economic sustainability;
- enhance the co-operative and subsidiary organisational capacities, so much to inspire confidence towards the institutions;

- show capabilities of: producing and holding in the territory the maximum added value (economic competitiveness), exploiting resources also through local co-operation (social cohesion); promoting the environment as territorial “peculiarity”, at the same time providing for the active preservation and renovation of natural resources and heritage in a broad sense (environmental sustainability); helping territory to find its own position with respect to other territories and the external world in the globalisation rank (political competitiveness).

From this complex systemic approach, a simulation has been developed of *how* and *by which parameters* (since 2007 data) governance will contribute to enhance different territorial contexts, assessing ex-ante their degree of cohesion<sup>8</sup> with respect to competitiveness, assuring *stability* (static approach inside the countries), *convergence* (dynamic-comparative approach among indicators), *enhancement* of general life quality for the European population, and positive regional *performance* in terms of occupancy, income, productivity. Amartya Sen had epitomized that into a single word: *capability*.

This result is possible as a consequence of 4<sup>th</sup> generation<sup>9</sup> plans experiences, realized through a new model, called Sustainable Territorial Environmental Management Approach - STeMA (Prezioso, 2003, 2005), which houses a methodology to comprehend, assess and choose. Its implementation also is embodied by governance. Governance endorses the results by which STeMA elaborates a territorial strategic plan. These results are achieved through a full and consistent application of procedures of analysis, measure and preventive assessment, such as Strategic Environmental Assessment (SEA - Dir. CE/2001/42) as well as Impact Assessment (IA – proposal CE, June, 2005), used to detect both the territorial dimension (regional scale) and the spatial dimension (national scale) of this capability<sup>10</sup>.

STeMA provides governance with the respect of some essential conditions for the achievement of the expected results:

- Initial resources play an important role, but seemingly disadvantaged regions are not excluded from the start up of the development process;
- The concept of capability can be linked to that of “function of use” and therefore contribute to evaluating the most appropriate actions to be started through Structural Funds, monitoring their relative use performance over time;

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8 In this case cohesion indicates the capability of holding, cooperation, peaceful and productive coexistence of all the components of a productive system; but also the eligibility and efficiency shown by the institutions while putting into practice participatory governance rules, thus leading the business community to pursue with individual behaviour such goals as:

1. A positive and profitable integration into the social and economic circuit;
2. The development of proactive attitudes of inclusion in the community choices (up to taking upon itself individual and social responsibilities);
3. Contributing with the (formal and informal) institutions to the same administration of the community, sharing the “good practices”.

9 A new approach to sustainable strategic territorial planning, based on ex ante TIA application.

10 Experimentations performed in the STeMA context and its integration into statistic-economic literature turned out to be particularly useful in the stage of composition of the new governance rules (see Rome PTPG, 2003; ESPON project 3.3, 2004-2006; POLY.DEV Project, 2007).

- The territorial and economic factors that are potentially useful stand out, explaining how to activate expectations for each type of region;
- The development potentials and the territorial imbalances can be interpreted as the basis for start up of common trans-national cooperation projects for typology or development sector according to the objectives;
- Differences in development potentials reflect differences in European territories, hence the need to differentiate interventions (specifically with regard to the use of Structural Funds)
- Diversity can be explained only by a complex analysis of the indicators that measure its territorial dimension. Measuring ex-ante the territory means measuring the diversity in the territorial implementation of policies, plans, programmes, projects; that is, measuring governance.

## VI. GOVERNANCE DOMINIONS

Circumstances where governance assumed a primary role have been defined as a result of important experiences in urban and territorial Strategic Plans: 3<sup>rd</sup> generation plans (Metropolitan City of Barcelona and Metropolitan Region of Madrid, Lyon 2010, Metropolitan City of Bologna, Provincial Coordination Plan of Milan 2003) and 4<sup>th</sup> generation plans (Territorial Plan of the Rome Province 2003, Territorial Plan of the Veneto Region 2005, POLY.DEV Project 2007). Some recurring features common to both typologies can be considered:

- integration of economy into urban or territorial restructuring (value retrieval through dismantled industrial areas renovation, financing infrastructure projects, partnerships in projects to reorganise public utility networks, etc.);
- much more participation of (public and private) “players” contributing to intervention choices and urban policies definition;
- definition of new and up-to-date mechanisms of agreement about best instruments for projects discussion, preventive assessment and implementation, as well as for the achievement of investments’ high level of effectiveness/efficiency and return.

The essential features that transformed them into an experience of governance were:

- to appeal to investments with a strong innovative orientation (both in conceiving and implementation), which depend on the local *milieu* (for instance the presence of motivated entrepreneurial forces, capable of an international perspective, research and development of new technologies, etc.);
- adherence to the principles set by the European Commission (2007-2013): sustainable development, balanced competitiveness, social/economic cohesion and urban renewal.

These experiences confirm governance as a system to arrange differences, whereas the main urban area plays the role of competition engine and, at the same time, of socio-economic organizer of the cooperation network of the territories involved.

The presence of an up-to-date and innovative contractual framework (agreement progress) meets the governance criteria, thus administrations, where there is no such structure, have to intervene beyond the technical aspects of the administrative management of contracts and agreements, bringing the choices inside the governance rules range.

The urban, metropolitan, territorial governance ask for their own *milieu* in order to be ready to accept coordinated actions that are able to show a co-planning and co-operative will. This implies a pre-existent regulatory action capable of creating or consolidating values (economic, social, cultural, environmental) around a project/idea, while identifying the governance action recipients, that is the subjects who are eligible to claim a right of gaining access to the value (the stakeholders). On this point, a basic element for the values identification has to be carefully discussed again: the stakeholders/users list and their capacity to impact on territorial context and local public policies (particularly in Italy, France, Great Britain, Spain, Ireland and Netherlands).

Nevertheless possibilities that governance offers seem to be the only ones capable of developing new best practices into local administrations of urban and metropolitan areas. It can be rightly considered that the role of public authorities in this context is one of support, management and control, with greatest attention and sensitivity to public needs. This vision implies a more innovative interpretation of public management, since it derives governance from the crises of the Fordist model and the necessity of a new regulation of the post-Fordist one, which is asked to be more effective, efficient and transparent. At present *partnership* is the means to achieve these goals, a formal organisational structure or multi-agency, aiming at the strategic policy making declared in form of local political agenda (e.g. the local Agenda 21 for the cities).

## VII. THE IMPORTANCE OF A SUBSIDIARY GOVERNANCE

Governance has a special prominence in a context where the capability to be competitive in different areas and territories increasingly depends, besides the agglomerations processes of the activities realized over time, on the capability to exploit existent resources and competences, through an adequate use of acquaintances and networking.

For instance territorial governance, paraphrasing the terms of corporate governance, transfers at city level the relations among *board* (the public institution), *management* (the administrative-management system), *shareholders* (the citizens), *clients* (employees – business and citizens) and *stakeholders* (interest holders). Although not always pursuing identical goals they are all the same aiming at enhancing external scale economies (conceived as urban scope economies), economic relations, stability and reliability on markets and international investment flows. The relationships among the aforementioned parties vary according to the planning reference: preliminary or political/regional, definitive or programmatic/sub-regional, executive/managerial or municipal levels.

In the *preliminary level* policies are set and sectors of regional/local interest detected according to the policies defined at the higher level by the State or the EU. The role of the *board*, in this case embodied by the Region or the sub-region, is clearly active as a point of reference for other parties participating at the agreement “table”. The employees (for instance the technologies providers) make reference to it indeed, being clients of the board and there-

fore a part of the offer. The other party is constituted by the interest holders (e.g. the owner of the good in hand). The demand is instead expressed by the shareholders, the citizens, who pose general requests to the board: more parks, museums, better life quality, and so on. At this stage there is no certainty of the need for a “transversal” dialogue and/or confrontation among clients, shareholders and stakeholders. A privileged instrument of this process stage is the Programmatic Agreement that, after adequate analyses (such as Territorial IA or SEA) and a quality certification (ISO) concerning the process, is entered into by the parties and communicated to the shareholders, which hold what we would call an “objection right”. If not satisfied for any part of the agreement, they can oppose the procedure indeed, and ask for its modification up to a possible cancellation or to a rethinking of the same initial strategic choice of the board.

In the *definitive level* the board takes on a role of process control and, through the designation of an employee (planner) keeps relations with the other process parties. The planner becomes the point of reference for the parties, receives their inputs, elaborates them and promotes solutions that balance the supply of stakeholders and project sponsors with the demand of the shareholders/citizens. Typical instruments of this stage are the detailed Plan, the urban Projects and the implementation Plans that throughout their procedure have to get to propose some project alternatives (which unfortunately seldom happens). These options are first subjected to a SEA or EIA (Environmental Impact Assessment) study, in order to choose the best one, and then to obtain a quality certification. At this stage the role of the shareholders becomes more active, since they’re not confined to simply evaluating a process outcome, but contribute to the shaping of the project alternatives (see the participation of District Councils, Neighbours Committee, citizens’ associations, etc.)

At the *executive-managerial* level decisions are taken on what will be realized and how it will be managed. In this stage, the board holds a control position, whereby the planner/manager acts as point of convergence of the process. The planner has to receive input coming from the supply (businesses) and the demand (real users) aiming for the achievement of a balance between the satisfaction of the latter’s needs and rights and a right and even economic return for the former.

As in the first, in the two latter stages the shareholders have the right/duty to carefully analyse the outcomes of the project process and, if they disagree, to oppose to it by debating the choice(s) taken in the previous stages.

Nevertheless the process does not end with the fulfilment of the objective. Once it is positively achieved (and even all involved parts satisfied), it is indeed possible that users’ needs and/or rights may change, as may the stakeholders’ requirements. Therefore during management two other distinguishing features emerge that a process based on governance must include: *flexibility* and *dynamicity*. That is, the possibility to reconsider some of the variables, to redraw the process from any aforementioned stage, and modify it accordingly.

It is finally remarkable how the board also acts as “technical” interpreter of the shareholders’ needs, creating relevant offices and thus becoming bearer of further demand, by directly defining strategies in the preliminary stage or through planners/managers in the project and executive/management stages. The experiences under way highlight, mostly in Italy, a not complete coincidence between supply and demand. Therefore, in order to direct the system towards the governance, it is necessary to increase the diversity of the supply parties, so as

to reach a complete identity of purposes and create a competitive market. Since this theme is not new in territorial planning, it could be useful at this stage to ask for private funding to support and integrate the available public funds, in order to achieve a better result in the planning and implementation stages.

A further effort concerns the search for a formula (e.g. partnership) that would enhance the number and competitiveness of possible local and international investors, establishing criteria of judgement and selection over the demand parameters expressed by the territory and the local and global market.

The public body can carry out the role of control authority for the general rules observance towards a definitive implementation of governance:

- awareness of the resources' value to be employed in the transformation process;
- sharing of the attributed value with the product users;
- direct involvement of demanders into the choice;
- a planning that is common and consistent with the context;
- sustainability and preventive impact assessment of interventions;
- choice of the solution with the least impact;
- verification of compliance with current regulations;
- use of the protection measures;
- employment of suitable technologies;
- clearness in the project choices (time, goals, solutions).

## VIII. GOVERNANCE IMPACTS

The most important expected impact of governance development in EU regions is a major restructuring of EU cohesion policy through four priorities, namely *sustainability*, *convergence*, *competitiveness* and *territorial co-operation*. The governance use aims to bring it more in line with current needs (although it may still be doubtful whether sufficient preparation has been made for changing needs of new Member States), as well as to simplify and decentralise Structural Funds management.

In terms of governance goals and acquired expertise on territorial, social and economic development (Prezioso, 2003, 2007), it is necessary to drop a number of instruments (which helped to establish the Community added value), and substitute them with a unitary multilevel procedure, in order to obtain the following detailed rules:

1. to review and unify the methods of Impact Assessment (EIA DIR CEE/337/85; SEA DIR CE/42/2001; TIA, introduced in the Territorial Agenda 2007) in EU countries;
2. to include public institutions modernisation, urban renovation and town-country relations through new forms of co-operation;
3. to maintain synergy between competitiveness and sustainability in rural areas by drawing up appropriate strategic guidelines reducing impacts, including research in the study of new instruments to better meet the Lisbon/Gothenburg objectives in the EU (e.g. for SME start-ups and spin-offs using environmental technologies);

4. to apply Specific Environmental Concerns (as Kyoto and Climate Change) with an appropriate technological support (e.g. Integrated Pollution Prevention - IPPC, Best Available Techniques - BAT, etc.) particularly for investments delocalisation towards the new Eastern countries, both applying the Total Quality, Total Environmental Quality and Corporate Social Responsibility norms to enterprises and institutions actions, and restoring the possibility of mobilising the private sector;
5. to sustain cross-border co-operation by border and not by country, in order to encourage innovation and breathe new life into co-operation; to study specific strategies regarding the offer of 'research/education';
6. to reinstate interim evaluations of programmes in converging regions, in order to monitor the development of programmes at a sufficient expert level; to study in the same context life and environmental quality with regard to public expenditure for employment;
7. to publish reports on national progress, to avoid putting in place new bureaucratic procedures, setting up a genuine mid-term revision in the light of benefits from the Structural Funds;
8. to increase conditionality on the results of structural interventions instead of on macro-economic and micro-economic developments, which do not necessarily bear any relation to programmes including Social Quality and Cohesion principles;
9. to research specific, innovative and technological supporters for impact assessment, jointly with technical assistance for SMEs creation and development, considering the Access to Intellectual Property issue posed by research organisations;

As a result, governance is understood as an instrument geared to the needs of a development model in which solidarity and co-operation play an active role. Moreover, governance would define a more intense relationship with citizens, by designing a suitable scheme of institutional, territorial and metropolitan governance; that is a goal declared in the EU White Paper 2001. This highlighted among citizenships the relevance of political actors, which is expressed by creating political 'arenas', in a specific geographic scale perspective (Prezioso 1999 and 2003), namely (Fig. 1):

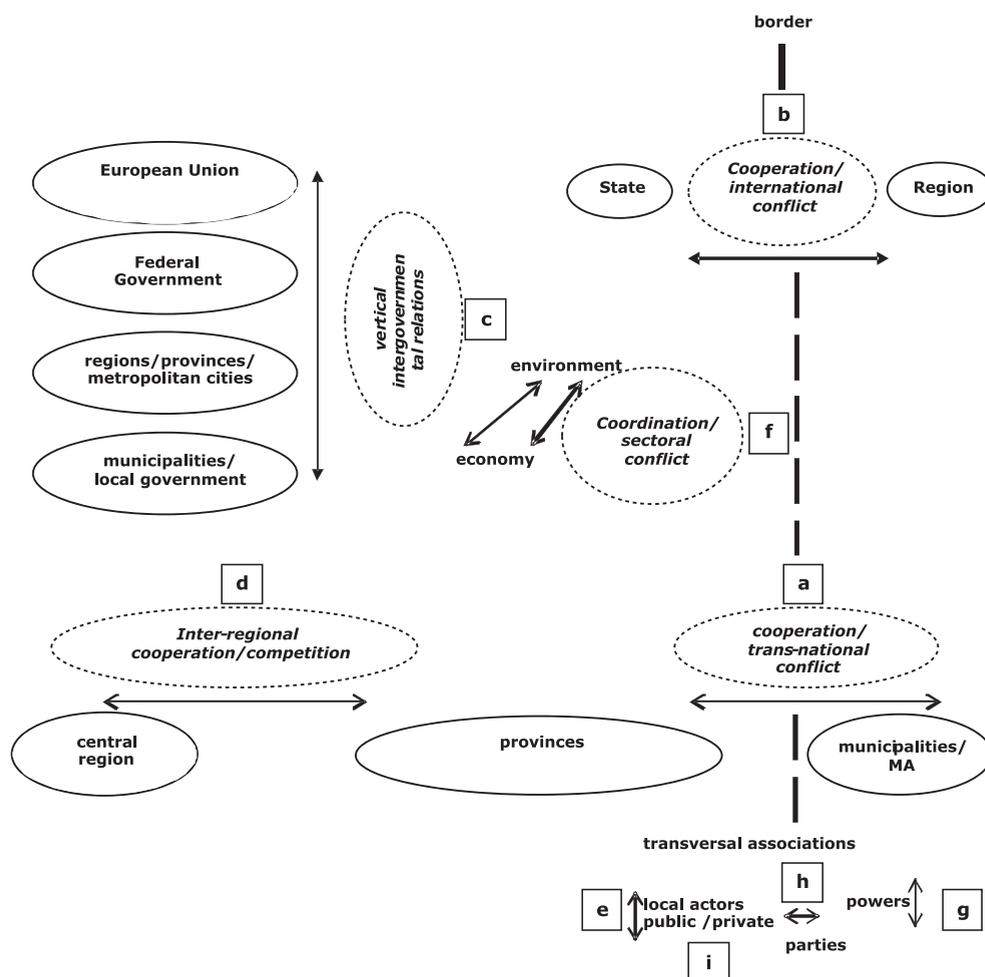
- a) sub-national
- b) international/continental
- c) inter-governmental of vertical relations
- d) intrastate of horizontal relations
- e) inter-local
- f) inter-sectoral
- g) relations between executive and legislative powers
- h) ideology/party competition
- i) public/private relations

## IX. SUMMARIZING

After the EU interpretation in 2001, governance has been the subject of several international and local debates, projects and experimental applications. Therefore governance contents and rules greatly expanded in the last few years to cover different contexts and geographical scales.

Nowadays governance is a fundamental instrument to achieve both sustainable development and competitiveness, including their relationships with citizens and citizenships.

**Fig. 1**  
POLITICAL ARENAS IN THE CONTEXT OF TRANSVERSAL COOPERATION BETWEEN INSTITUTIONAL SYSTEMS IN EU



Source: Prezioso (1999, 2003) - adapted to the general EU organisation.

These relations changed governance into a “bottom-up” process, by turning the State centralist and “top-down” institutional role into that of community tutor and regulator of social dynamics. This allowed to achieve a greater degree of freedom in public management, as well as to undertake positive initiatives for the sustainable, balanced and cohesive development, while looking at the same time to projects quality. That’s why some ethical principles were recently integrated into the public institutional action.

In conclusion, urban and metropolitan socioeconomic governance has become a central topic of the new European territorial processes, and ‘good governance rules’ are required and fixed in advance to make a sustainable and competitive territorial planning. In this context, a precise operative mission is assigned to the sub-regional and municipal private and public actors: to catch up on the local potential territorial cohesion and to offer a polycentric endogenous solution by planning actions.

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