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The impact of EU development policy on the governance capability of peripheral regions

Abstract

The internal resource-based development of peripheral regions – which are still to be defined precisely and accepted universally – is a constant challenge for the European Union and the Member States, which is difficult to address in the form of a schematic recipe. An important aspect of this complex issue is the existence and success of local governance, which, based on its own internal characteristics alone, can mobilise a community, without which the chances of making further progress are bleak. Governance and the issue of peripheral regions together, at least at the EU level, are reflected in the EU's development policy. This paper, based on the analysis of EU documents and the Hungarian local and regional experience, aims to investigate whether the European Union is able to assist peripheral regions to catch up, and if so, in what form and through what mechanisms, and what conditions and requirements-related to governance – may be necessary for successful catching up, which may at the same time lead to the success or failure of EU objectives.

Keywords: peripheral regions, multi-level governance, partnership, cohesion policy, rural development policy, LEADER/CLLD

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Introduction

The study of the governance capacities of peripheral regions, or more precisely, the contribution of good governance to reducing or eliminating peripherality, is a highly complex and often politically sensitive issue. ‘Good governance’ is not neutral; rather, it is a normative concept embodying a strong value judgment, in which ‘good’ principles have generally embraced concepts such as transparency, efficiency, participation, responsibility and market economy, the rule of law, democracy and justice (Drechsler 2004). A prominent feature of development policy, as a tool for analysing peripheral specificities, is multi-level governance. This paper, therefore, seeks to address not the issue of good governance in general, but of multilevel governance within it.

Governance itself is a field that is studied from many different angles by several disciplines. Linking the specificities of peripheral regions – on the definition of which there is still no consensus – with governance issues creates a complex, even sophisticated, set of interrelationships that can be highlighted only within the limits of a certain scope, through a deeper analysis of a few selected components and of a particularly important and perhaps less investigated area.

In this case, the investigation and research are based on the analysis and evaluation of Community legislation and EU-level development policy documents, which raise the following thesis-like questions:

- whether EU-level policy and legislation can have an impact and contribute to the mitigation of peripherality at the local and regional levels within Member States, in particular through the definition of not only governance methods and philosophies, but also specific rights and obligations;
- what links exist between the individual principles (European values) and what conditions and limits may there be to the implementation of EU-level principles at the national, local and regional levels;
- whether there is a mechanism or method capable of transmitting and implementing European values and the objectives set at the EU level at the level of the smallest territorial units of the European Union, i.e. at the local and regional levels (LAU 1- LAU 2).

Research method

The backbone of the research was the analysis and evaluation of individual EU documents – more than 90 – which provide a basis for assessing the direction of Community-level policies, their development, and territorial and thematic focus. The documents are partly resolutions, partly opinions, and partly legislation, drawn up by the European Parliament, the Commission, the Committee of the Regions and the European Economic and Social Committee. In terms of proportion, the predominance is of opinions and resolutions without legally binding force, not because relatively few legal acts have been passed due to the seven-year development periods, but also because it is precisely these opinions and resolutions that can have a real impact on the development policy. In comparison, legislation is usually seen as the outcome of a process that, to a greater or lesser extent, reflects the development policy goals set out in various documents. To assess changes in development policy at the EU level and to determine the direction of development policy, it is appropriate to assign equal weight to legislation and other documents.

The literature analysis sought to gather the relevant findings on the topic, which, despite a relatively large background, were rather scarce, given the specific focus of the study, a situation not helped by the fragmentation of the literature (Philipp et al. 2019). The empirical findings – which cannot be presented in detail due to space constraints – were based on a representative survey covering the whole county – a telephone survey of the population and in-depth interviews in 50 municipalities, besides almost two decades of direct personal experience.¹

¹ The author has served as Deputy Mayor of a village of 150 people for 17 years, has been the head of a LEADER local action group since 2005, the Chairman of the Rural Development Subcommittee of the Rural Development Monitoring Committee of the Rural Development Programme for the 2007-2013 programming period, and since 2014 has been the President of the Hungarian Federation of National Leader Associations.

Legal basis and grounds for delimitation within Community policies and regulation

The link and bridge between local governance in peripheral regions and the European Union’s efforts to govern and help peripheral regions is development policy at the Community level. The pillars of this bridge are the principles, and the stability of the links between the pillars is ensured by the legal framework, the procedures, mechanisms, and methods for moving from one side of the bridge to the other (Figure 1). If any of these elements is (are) broken or incomplete (e.g. the methodology to ensure the passage across the bridge is not in place or is inadequate), the initiative may stall at the outset and, even with the best of intentions, may not reach the intended recipients, or may reach them only with great difficulty, overcoming obstacles, taking detours, or with a modified content that makes it impossible to achieve the original objective at the local level. Therefore, it is particularly important to monitor the state of this bridge and to continuously improve the mechanisms for ensuring that messages are delivered, and objectives achieved (as many opinions and recommendations have pointed out).

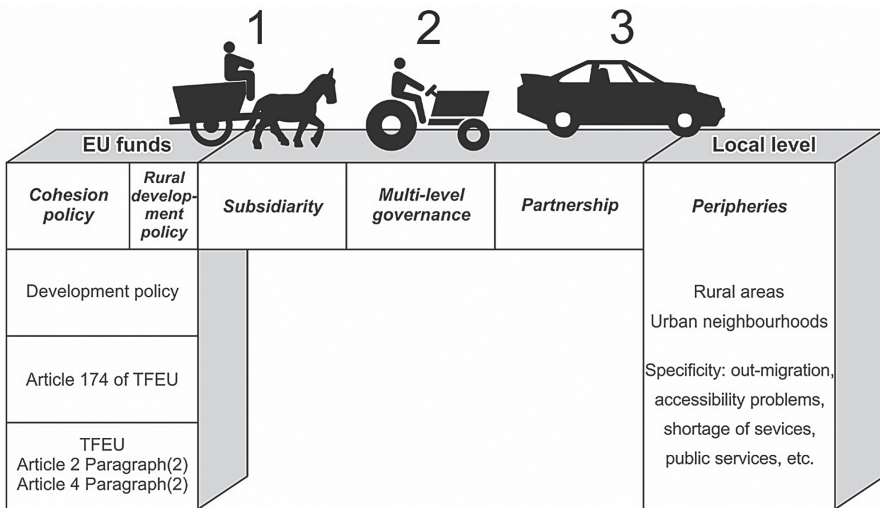


Figure 1: The foundations, elements and mechanisms of the link between the EU and the local level – 1: open coordination, 2: pacts, 3: CLLD/LEADER

The starting point for legislation at the Community level is Article 174 of the Treaty on the Functioning of the European Union, which aims to reduce territorial disparities, particularly in rural areas with demographic problems and remote areas with low population density, which, nowadays, are often associated with peripheral areas relying on endogenous resources (Braun-Shucksmith 2016). The EU aims to achieve this objective, in particular through the cohesion policy, which covers most of the development policy at the Community level. The cohesion policy is one of the EU's shared competencies, whereby the Member States may exercise their competencies to the extent that the Union does not, i.e. EU legislation precedes that of the Member States (Article 2(2) TFEU). However, EU development policy legislation can be considered sufficiently detailed to ensure that the obligations of certain principles (e.g. partnership) cannot be circumvented by the Member States. The principle of subsidiarity is the cornerstone of EU development policy and the functioning of the European Union as a whole, and not only highlights the fact that development policy on a European scale falls within the competence of the Union because it is better placed to deliver it than the individual Member States but also means that tasks, including the achievement of Community development objectives, must be organised on the smallest (optimal) territorial scale (Preamble of the Maastricht Treaty). Built on this primary legal basis, there are other (secondary) but equally important and statutory principles that underpin local and regional governance and participation in the implementation of EU development objectives (Mojca, 2020). Multi-level governance and partnership comprise such a principle, which is included in Article 5 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 for the programming period 2004-2020. The legal regulation, as an instrument, is worthy of special attention only because, regardless of whether it is soft, i.e. it is a principle, or hard, establishing specific rights and obligations (Manuel 2016), compliance with the law is (in principle) mandatory. This is so even in the Member States where the government does not consider local authorities and their representatives as partners and where multi-level governance is not part of the administrative-political culture, institutional system and procedures of the Member State. The criticism that can already be formulated against Community legislation as an instrument is that it falls far short of the possibilities offered by law as an instrument. It is not indifferent to the cases in which rules are applied in a dogmatic or

dispositive manner, to the cases in which unclear flexible terminology is used, to the cases in which the advantage of detailed, clear codification is taken, and to the frequency with which provisions are drawn up without sanctions (*lex imperfecta*) and with legal consequences. Article 5(5) of Regulation (EU) No 1303/2013, cited above, immediately undermined the European Code of Conduct on partnership, which had not yet been adopted (only envisaged), by providing in advance exemption from financial sanctions in the case of infringement. The question is, to what extent a Member State that does not wish to respect European values or only those that are in its interests, will accept a law that appears to be a moral imperative seriously if it does not fit in with its governance practices or is in direct conflict with them?

In addition, several resolutions and opinions indicate **the direction of development policy** at the Community level – and this direction – **linking cohesion policy, multi-level governance and partnership** can be regarded as unbroken for some time. One of the most expressive resolutions states that the cohesion policy aims to promote the harmonious and balanced development of the Union as a whole and its regions, by strengthening economic, social, and territorial cohesion, solidarity and sustainable growth, employment, social inclusion and reducing disparities within and between regions and the backwardness of the most underdeveloped regions.² The European Parliament reiterates its strong commitment to the principles of shared governance and partnership, which must be maintained and strengthened beyond 2020, as well as to multi-level governance and subsidiarity, which contribute to the added value of cohesion policy; it stresses that the added value of this policy lies primarily in its ability to consider national development needs and **the needs and specificities of different regions and territories** and **to bring the Union closer to its citizens**. (European Parliament resolution of 17 April 2018 (2019/C 390/07)). Besides emphasising certain principles, the resolution, quite logically, also indicates their usefulness, meaning and added value (taking local specificities and needs into account, strengthening the link between the community and the local level), but these values will be presented in detail

² EUROPEAN PARLIAMENT RESOLUTION of 24 November 2015 (2017/C 366/04), OPINION OF THE COMMITTEE OF THE REGIONS (2009/C 211/01), OPINION OF THE COMMITTEE OF THE REGIONS (2017/C 306/03), EUROPEAN PARLIAMENT RESOLUTION of 17 April 2018 (2019/C 390/07), etc.

later. A previous European Parliament resolution³ goes further by stating that territorial cohesion in Europe is a prerequisite for multi-level governance. Therefore, it calls for this principle to be made compulsory in the Member States in regulatory areas with a significant territorial impact, to ensure such a balanced territorial development that harmonises with the subsidiarity principle.

The links between subsidiarity, multi-level governance, partnership, and the interpretation of democratic values

The research focused on the examination of governance possibilities and characteristics of peripheral regions. Thus, special attention was paid to the role and interpretation of governance, more specifically to the role of multi-level governance formulated at the community level.

The Committee of the Regions' White Paper on Multi-level Governance (2009/C 211/01) and the Resolution of the Committee of the Regions on the Charter for Multi-level Governance (2014/C 174/01) are of particular importance and fundamental importance in defining the interfaces between the various principles.

According to the White Paper, "Respect for the principle of subsidiarity and multi-level governance are in dissociable: one indicates the responsibilities of the different tiers of government, whilst the other emphasises their interaction." (2009/C 211/01: 5) This statement merely draws attention to the differences in emphasis but does not investigate the fact that at each territorial level where the conditions for governance exist, it is not only the relationship between the actors, and the intensity and quality of this relationship, which is important. Equally important are the competencies and obligations which, although differentiated, must be assigned to each actor. However, the document also states that the implementation of multi-level governance is based on the observance of the principle of subsidiarity, **which prevents decisions from being concentrated at a single level of power** and ensures that policies are developed and implemented **at the most appropriate level**. The Committee

³ EUROPEAN PARLIAMENT RESOLUTION (2012/C 169 E/03) on good governance and EU regional policy

of the Regions is convinced that **governance is one of the most important keys to the success of the European integration process**. It sees multi-level governance as a coordinated action by the EU, the Member States, and regional and local authorities in partnership, to formulate and implement EU policies. Importantly, this definition is formulated from the viewpoint of an EU-level organisation, based on the subsidiary principle, with a restrictive conditionality. The narrowing down, i.e. the formulation and implementation of EU policies, is justified in this case because the Committee of the Regions does not consider itself entitled to define the conditions and requirements of multi-level governance for relations within the Member States. From the local level, however, this definition is far from satisfactory, since, in line with modern democratic thinking, multi-level governance must and can play a meaningful role not only in the formulation and implementation of EU policies, but also in other social processes, provided that local citizens, local authorities, and civil society organisations are recognised as policymaking and policy-shaping actors.

Some of the distinctive features of multi-level governance, a term created by Gary Marks in the literature in the early 1990s (Tortola 2017), are also highlighted in the literature when it is pointed out that no single actor has all the knowledge and information necessary to solve complex, dynamic, and multifaceted problems (Serafin 2019). In contrast to this approach, the more legalistic approach that characterises the documents under review may, with some simplification, consider multi-level governance as the sharing of rights and obligations, tasks and responsibilities and responsibilities for all these between actors operating at different territorial scales, where actors cooperate along a set of fixed procedures to achieve common goals. This approach, which emphasises the importance of normativity, does not, however, include statements on the quality of the actors, the relations of dependence (hierarchical or co-dependent), and the direction of the relations (bottom-up, top-down). These questions can best be answered by an understanding of the **partnership principle**.

European documents consider the recognition of actors as equal partners as a starting point, a cornerstone (European Parliament resolution 2012/C 169 E/03, Article 10). If any party plays a subordinate role in cooperation, it will sooner or later have an impact on activity, ambitions and innovative initiative—in short, on all the soft qualities linked to the individual or group that

can contribute to better governance and quality improvement at all territorial levels.

The additional positive effects of genuine partnership are felt in other areas as well. As are port points out, ensuring the legitimacy, effectiveness and visibility of EU policies requires the involvement of all actors. “This can only be achieved if regional and local authorities function as genuine ‘partners’ and not merely as intermediaries. Partnership goes beyond participation and consultation; it promotes a more dynamic approach and broader ownership. Consequently, the challenge of multi-level governance lies in the complementarity between institutional governance and partnership governance and in the sharing of responsibilities.”⁴

The benefits of linking governance, partnership, and democracy in the 21st century are interpreted in a recent Committee of the Regions opinion (2020/C 141/07) as the key to the authenticity of European democracy, with the involvement of citizens in the European process. According to the opinion, **European citizenship is based on participation**, which is also the basis for the organisation of European governance. It has two dimensions: representative democracy, which forms the basis, and participatory democracy, which complements it. Good European governance requires elected authorities and civil society players to work together in the interests of the community. Participatory democracy, which in principle must be respected in EU and Member State development policy interventions, is intended by the EU institutions to ensure that operational programmes are designed to take full account of the specific characteristics of a given territory and to respond best to its needs and challenges. In this process, social capital based on volunteering is indisputably linked to regional economic growth and is also a critical factor in reducing regional disparities (European Parliament resolution (2010/C 15 E/02) on governance and partnership on a national, regional and project basis in regional policy).

Regarding the future, the Committee of the Regions’ opinion (2019/C 275/01) stresses that if Europe wants to succeed in the paradigm shift to become sustainable by 2030, it must fully involve local and regional authorities, as they are responsible for 65% of the Sustainable Development Goals.

⁴ European Parliament Report A6-0356/2008 on governance and partnership at national and regional levels and a basis for projects in the sphere of regional policy

The different opinions and resolutions⁵ also determine the **direction of operation and development**, which not only mean compliance with subsidiarity but also draw attention to the lowest level among the actors involved in governance at several territorial levels, which rarely gets a prominent role, at least in central government policies. The documents clearly state that good multi-level governance must be based on a bottom-up approach. This position can be interpreted as a kind of protective function for the otherwise neglected bottom level. However, in the case of healthy, equal actors, the emphasis should be on constructive interactions, which, wherever they originate, should mean receptivity, and seeking and finding common solutions.

A milestone for Member States adhering to the rule of law and the development of partnership and multi-level governance is the Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds, which for the first (and perhaps last) time, contains binding provisions, establishing rights and obligations. Although the legislation document is intended to set only minimum standards for Member States,⁶ it is a major achievement in that it sets out in relative detail the criteria for ensuring the involvement of partners in monitoring committees and the development of the partnership agreement and operational programmes. The legal document includes principles for the partnership process, such as the early availability of documents and their entirety, ensuring sufficient time for consultation and feedback and information channels.

As mentioned, this EU legal document, like many others, does not prescribe any legal consequences in the event of a violation of its provisions. It is therefore reasonable to ask what the point is in drawing up such non-legislative documents (opinions, resolutions, etc.) if there are no consequences for non-compliance. In its (2013/C 44/04) opinion on the Draft Legislation, the European Economic and Social Committee pointed out that the implementation of the partnership principle had been sporadic and slow since its launch in 1988. The opinion found that the principle was more readily accepted

⁵ European Parliament Resolution (2012/C 169 E/03), European Parliament Resolution (2010/C 15 E/02), OPINION of the European Committee of the Regions (2019/C 275/01)

⁶ Opinion of the Committee of the Regions on 'Code of Conduct on Partnership' (2013/C 17/04)

in countries where partnership was an integral part of policymaking. The principle was strengthened when the European Commission was given greater direct responsibility for the cohesion policy and when Community initiatives such as EQUAL and LEADER were introduced.

In its resolution of 24 November 2015, the European Parliament had already expressed its concern that the mandatory **involvement** of partners, in line with the principles set out in the Common Provisions Regulation and the European Code of Conduct on Partnership, **is not being adequately implemented**. The Committee of the Regions' opinion of 2019 is much stronger in highlighting that, except for a few good examples, regions and local authorities are generally **not involved or only marginally involved in the preparation of the National Reform Programmes**. The Committee of the Regions believes that this questions the democratic nature and territorial legitimacy of the European Semester.

Although within development policy, the partnership principle can be implemented only at a certain spatial, territorial level or scale, thus forming a close and inseparable link with the principle of multi-level governance, the various EU documents **very rarely have a territorial focus**, although differentiation and assessment according to different types of space and different types of regions would be reasonable in the light of Article 174. One of the exceptions is the Parliament resolution on marginalised communities, in which the Parliament regrets that the Commission has approved partnership agreements that do not include a sufficient proportion of marginalised communities (Article 21).

A more recent (2020) opinion of the Committee of the Regions adopts a rather innovative approach, not only in dealing with the different territorial levels and municipalities but also in drawing attention to sub-municipal organisations. The opinion seeks to emphasise the key role of democratic and inclusive multi-level governance in partnership between all levels, including sub-municipal levels, where different models and entities exist with more or less formalised structures, competencies, and resources. The Committee of the Regions argues that their involvement in multi-level governance can be very useful for the development and effective implementation of policies and the legitimate functioning of a democratic system. The successful implementation of EU policies, according to the opinion, depends on sub-national communities assuming ownership of these policies and contributing to their

implementation.⁷ The extension of partnership, especially of multi-level governance, to informal organisations, may not only be a speck but rather a log in the eye of those who emphasise accountability and a transcended sense of democracy (Iancu 2013: 30), while experts who favour participatory democracy and advocate greater efficiency and wider involvement of society, rather than technocratic-style governance, may welcome it.

After presenting and analysing the various documents, it is now possible to summarise the essential elements of the partnership, its advantages, and disadvantages, as follows:

- One of the essential elements of partnership, as reflected in EU documents, is *participation*, which involves the wider society or, in the case of some policies, specific actors. Participation can be ensured through *involvement* – which can be regarded as the other essential element – but the forms of involvement are generally not specified in the documents. The third essential element is *equality*, a relationship of *mutual independence* between the parties.

Where the partnership principle is applied, the following benefits can be identified:

- legitimacy (reducing the democratic deficit, increasing the visibility, recognition and local support for development policy decisions and programmes);
- provision of missing expertise and information through governmental and non-governmental cooperation;
- taking local needs and specificities into account as much as possible, thus reducing territorial disparities;
- increased efficiency and sustainability (cheaper, more flexible, faster implementation and operation);
- increased transparency, and fewer opportunities for corruption;
- increased responsibility towards the community, both at individual and small group levels (real attitude formation and personal development).
- development of political culture and the opportunity for democratic values to flourish;

⁷ Opinion of the European Committee of the Regions (2020/C 141/07) — Towards sustainable neighbourhoods and small communities — Environment policy below municipal level

- a deepening of trust and credibility, which is the basis for healthy social development;
- the development of ambition, the strengthening of motivation and the incubation of innovative initiatives at the individual and community levels.

Undoubtedly, the partnership principle can have negative effects. Experience has shown that in development policy, this can primarily mean increased time requirements in the planning phase, due to the involvement and consultation (which is why many Member States start the planning process in good time, not only after the introduction of Community legislation, but very shortly before programmes can be submitted).

The Community-level evaluation of each principle suggests **that the achievement of development policy objectives at the Community level is subject to the ‘holy trinity’ of principles – multi-level governance and partnership based on subsidiarity – being exercised at the national, territorial, and local levels.** At the same time, the documents draw attention to threats to the implementation of the principles (such as comprehensive, unprofessional, and unjustified centralisation) and to the poor quality, or even total lack of implementation, which the Commission is called upon to investigate. However, there is no information on the existence of such an evaluation document.

Peripheral regions

Although peripheral regions have not specifically been defined in the EU-level documents (their labelling as remote, sparsely populated, or mountainous is far from covering this definition), this does not mean that – in accordance with Article 174 TFEU – the types of regions whose territorial catching up is reasonable or, in certain cases, particularly reasonable, are not addressed indirectly, i.e. based on certain **specificities and characteristics.** However, the individual resolutions and opinions deal not only with specificities, but also, in the context of the subject of the document in question, with the *territorial scale*, which seems particularly important because the content, type, instruments, and resource requirements of an intervention for a regional programme (NUTS II level) and an intervention for a smaller territorial unit (LAU 1), or even a part

of a municipality, are not the same. Almost all the territorial scales appear in the EU documents (although this does not imply a systematic conceptual treatment of the territorial scale, rather randomness) but the content analysis shows that the NUTS III territorial level and below is the most prominent, although the latter has not been defined more precisely.

The European Parliament resolution of 13 March 2018 (2019/C 162/03) deals with lagging regions, but this category includes not only NUTS II regions (as the largest territorial unit of the nomenclature generally used in planning), but also NUTS III regions⁸ below this level. The Resolution stresses the importance of good governance and efficient public administration in lagging regions, as they contribute significantly to creating the conditions for economic growth (cf. Bance et al. 2017). It considers that the involvement of all levels of government and stakeholders in the planning and implementation of strategies, specific programmes and actions targeting these regions is essential to create effective added value for citizens.

Another example of the extreme value of territorial scale is the Committee of the Regions' opinion (2020/C 141/07) on suburban neighbourhoods and small communities. The identification of peripheral areas by scale is therefore not a strong point of EU development policy, and this, besides the definition of more specific features, would also be very necessary to better define the boundary conditions for possible interventions.

However, there is little doubt that the common features identify a type of area associated with peripherality with a significant frequency, obviously not in an exclusive way. This is referred to in the Parliament's resolution stating that a common feature of marginalised communities may be **territoriality, e.g., in rural and lagging areas** (European Parliament resolution of 24 November 2015 (2017/C 366/04)).

Indeed, the specificities that can be used to characterise peripheral areas overlap significantly with those of rural areas, and more specifically with those of lagging rural regions:

- out-migration, ageing settlements, and significant depopulation,⁹

⁸ "4. Calls on the Commission to define lagging regions at NUTS III level, on the basis of general economic and social conditions, and to better target the financing of these areas in line with ESI fund programming cycles."

⁹ European Parliament resolution of 20 May 2021 on reversing demographic trends in EU regions using cohesion policy instruments (2020/2039(INI)).

- low education level,
- low income level,
- missing conditions for economic growth,
- higher than average unemployment,
- difficulties in the availability and accessibility of public services,
- poor information infrastructure,
- transport and public transport problems,
- diversity and, in this context, the failure of template interventions assuming homogeneity and insensitive to local specificities.

The European Parliament¹⁰ calls for better consideration of specific territorial characteristics such as the regions referred to in Article 174(3) TFEU, such as island, mountain, rural, cross-border, northernmost, coastal and peripheral regions when setting investment priorities. The resolution stresses the need to establish **customised strategies, programmes and actions** for these territorial units, or even to explore the possibility of introducing new specific agendas, following the example of the EU Urban Agenda and the Amsterdam Pact. This statement obviously goes beyond the need to identify peripheral areas by drawing attention to mechanisms for intervention, for tackling problems and for exploiting opportunities as well. However, the search for an EU-level path is a very important next chapter, which, before analysing the issue of peripheries as a territorial unit, can be concluded by saying that, in the absence of a uniform definition, the delimitation can be based on specificities, which in turn mean that rural areas, or more precisely, **a significant part of rural areas in Hungary, can be considered peripheral**. (The validity of this statement is confirmed by the delimitation system – based on national legislation – according to which 36 of the 174 LAU1 – level (district) units are lagging by their characteristics and geographical location and are all rural areas. This obviously does not exclude the existence of peripheral areas outside the countryside, in urban areas and districts, but they are predominantly rural, at least in the case of Hungary.)

¹⁰ EUROPEAN PARLIAMENT RESOLUTION of 17 April 2018 (2019/C 390/07) on strengthening economic, social and territorial cohesion in the European Union: the 7th report from the European Commission (2017/2279(INI))

Efforts to tackle peripherality at the EU and national levels

The fundamental question is whether there are, or even can be, mechanisms to translate and adapt the ideas, needs and requirements of partnership and multi-level governance at the community level to the local level, and whether the local-regional level can influence community decision-making (Paul 2014: 821). The answer can spontaneously be given by simply making one or more laws, and since they are legally binding for all, the problem is solved. But of course, the situation is not so simple. Rather, legislation at the Community level, as practical experience and the resulting concerns at the EU level show, is only a framework within which several additional requirements must be met for the effects of Community efforts to be felt on the ground. **Soft factors** include the political-social culture and government support, while **hard factors** include the availability of local capacity, the institutional background and the development of detailed national regulations to ensure implementation. Of course, the development, recommendation and application of specific methods and models for fine-tuning cannot be avoided, although, unfortunately, only a few successful attempts and results have been achieved in this field so far.

Therefore, to ensure that the objectives and expectations formulated at the Community level can be fulfilled within the Member States, it would not be harmful at all, if the means and mechanisms of implementation were defined precisely, or at least in a framework-like manner, at the Community level. This is particularly important in cases where the Member States are not really receptive to the establishment and operation of multi-level governance or partnership. Unfortunately, there has been a great deal of uncertainty in this respect at the Community level, for the past decade since the White Paper on multi-level governance was drawn up, with little subsequent progress in this area. In a 2018 resolution, the European Parliament also called on the Commission and the Member States **to set up cooperation mechanisms** and broad institutionalised cooperation platforms (Resolution of 17 April 2018 (2019/C 390/07)). The Committee of the Regions was considering the territorialisation of the open method of coordination, which was originally intended to strengthen cooperation between EU bodies and Member States, and its territorial extension (to regional and local levels) could be a way of deepening multi-level governance and involving a wider range of actors. A similar attempt was made to use the system of pacts, but in the absence of adequate elaboration

and detailed rules, at least in Hungary, it did not live up to expectations, to put it mildly. Neither in the various declarations nor in the individual initiatives (programmes, calls for tender, etc.) is there any method – with one exception – that the EU has adopted, and which provides an opportunity for Member States to achieve EU objectives and multi-level governance, even in peripheral regions. In the absence of an appropriate method – which works as a tool – not only multi-level governance but also EU objectives may remain a pipe dream without the support of Member States.

Although the European Union is not really strong in defining methods to tackle the disadvantages of peripheral (rural) areas, the picture is much more positive as regards the method to be used and, more specifically, the requirements to be met. One of **these requirements is an integrated (complex) approach**, which a relatively recent opinion of the Committee of the Regions states, is important through joint planning, which promotes the use of different instruments such as integrated territorial investment and community-led local development, which involve local and regional authorities in decision-making and implementation (Opinion of the Committee of the European Regions (2020/C 79/05)). At the EU level, the Parliament, the Committee of the Regions and the EESC have been calling for a closer, more integrated cooperation between the various EU funds since 2010, one minor result of which was the creation of a comprehensive common regulation for funds that otherwise operate along sectoral lines. Between 2014 and 2020, the integration of the European Agricultural Fund for Rural Development (EAFRD), as an instrument of the Common Agricultural Policy, into the Common Regulation could be seen as an important achievement. Unfortunately, however, the individual fund managers and their interests reflected in the legislation for each fund have proved to be strong enough to maintain sectoral separation and prevent integrated programmes and development methods from gaining significant ground, even with the best of intentions. As the EESC points out, **coordination between policies and funds was not sufficiently developed**, which led to a lack of coherence between policies, for which increased coordination between different ministries at the national level should have been established.¹¹

¹¹ NAT/806 Evaluation on the CAP's impact on territorial development of rural areas (Information report) 2021.04.15.

The Committee of the Regions' Opinion on the EU strategy for rural regeneration (2021/C 37/03) also emphasises the need to translate the new long-term vision for rural areas into a concrete policy framework, the rural strategy. **The rural strategy should be an integrated policy package.** It should ensure that mutually beneficial rural-urban linkages are integrated into all EU policies, in line with territorial cohesion objectives, and that **rural issues are mainstreamed into all EU policies.**

The question then arises as to whether there is a set of recommendations or methods at the Community level that includes an integrated approach to development, partnership and the possibility of multi-level governance to help peripheral regions. The Committee of the Regions' Opinion on 'Revitalisation of rural areas through smart villages' (2018/C 164/08) recognises the success of grassroots approaches to local development, such as LEADER and the more recent Community-Led Local Development (CLLD) (Paragraph 32). The CoR opinion on rural regeneration stresses the need to increase the involvement of local action groups in building such governance by involving rural stakeholders and citizens through grassroots initiatives such as LEADER/CLLD, **as these groups are able to represent the territory** and implement development policies adapted to the needs and requirements of areas that are depopulated or at demographic risk. According to the EESC's report on the evaluation of the impact of the CAP on the territorial development of rural areas, support for LEADER and community-led local development (CLLD) (EAFRD, M19) has proved to be **the most potentially effective** measure to help in diversifying the rural economy, creating new governance mechanisms, preserving historical and cultural heritage and promoting entrepreneurship (Paragraph 1.1). The citations of EU documents recognising the achievements of the CLLD/LEADER method could be extended, but perhaps the above statements are sufficient to demonstrate that a method exists and can be identified at the EU level that can meet several requirements simultaneously. This development method creates an opportunity for the implementation of the principle of subsidiarity, because it provides the possibility of establishing the territorial organisation closest to the settlement and the population (as the area of operation is no longer bound by administrative borders, functional areas can be created along common interests and characteristics):

- the implementation of the principle of partnership, because the membership and the decision-making level should ideally be made

up of 1/3-1/3-1/3 civil, business and local government representatives (the proportion of government and local government representatives should not exceed 49% by law);

- the implementation of the principle of multi-level governance, because, by virtue of EU law, the organisation is entitled to development funds, which it can decide on autonomously while contributing to the achievement of national and EU objectives;
- the implementation of complex, integrated regional and municipal development, because its local development programme is multi-sectoral, where development objectives are built on each other and work together to achieve the integrated development of the area as a whole.

LEADER started as an experimental Community initiative in the early 1990s, and thanks to its success (Nousiainen et al. 2015), it became the fourth (least funded) of the four main objectives (axes) of the CAP in the 2007–2013 period, thus entering the development policy mainstream with all its advantages, but mostly its disadvantages (Pollerman et al. 2014: 20; Bosworth et al. 2013). During 2014–2020, this development approach was also introduced in the cohesion policy under the name of community-led local development and became an optional instrument for territorial development during 2021–2027. At the same time, its importance in the CAP system, which is increasingly limited to the provision of agricultural support, seems to be declining, along with the role of the countryside. This trend is difficult to understand, as the reasons provided in paragraphs 46–51 of Council Regulation 1698/2005/EC (depopulation, the need for a multisectoral approach, support for the wider rural economy, the importance of transposing the principles of the LEADER approach into programmes, etc.) still have not become obsolete.

The LEADER/CLLD development method and its networking nature is a tool that can bring the EU level much closer to the citizens of the Member States (Pollerman et al. 2020) and greatly increase the chances of interactivity in the development and implementation of EU objectives. Nevertheless, this tool seems to have been underutilised until now.

For the LEADER/CLLD method to fulfil its mission, additional conditions must be met at the Member State level. The well-known seven principles (Cejudo-Navarro, 2020: 47) can ‘only’ ensure the validity (existence) of the approach, but not its success. For it to be successful, the following conditions must also be met:

- political support and effective partnership,
- room for manoeuvre,
- competencies and skills within the organisation,
- adequate funding,
- the procedures in place.

The presentation of each of these conditions could be the subject of separate studies, but due to space constraints, only a brief overview is provided here.

Political support is essential for the successful implementation of LEADER/CLLD, as already pointed out in the EESC report by Roman Haken (EESC Opinions 2011, 2015, 2018). If the central development policy philosophy is diametrically opposed to the LEADER approach, it is very difficult to achieve results in such a “headwind”, with a complete lack of public support. Hungary is a centralised state without a tradition of power-sharing between territorial levels. Experience has shown that, regardless of the governments, the political culture has not evolved in the three decades since the change of regime to a level conducive to a bottom-up, multi-level governance approach, and with it, power-sharing. In most modern states governance systems are not fragmented, nor are there multiple levels of government with their own roles and responsibilities (Popering-Verkerk et al. 2016).

A programme at the local-regional level can be successful if local actors are given a sufficient margin of discretion. If the central legislation is pre-determined, i.e. if there is ‘no room for manoeuvre’ at the local level, the programme cannot be successful either.

If there exists scope for action and political support, but the professionals, i.e. the competencies and skills within the organisation to develop and implement the programme are lacking, the success of the programme may again be in question.

If all the conditions are met, but no resources are available, the programme will again fail (this problem and the lack of confidence in bottom-up development methods is not unique to Hungary but is common to other Central and Eastern European countries) (Furmankiewicz 2012: 6).

If there is an adequate source of funding and all the above conditions are met, but the procedures are so complicated that they discourage potential beneficiaries or are too lengthy, which also calls into question the realistic

realisation of the development vision, even if all the previous conditions are met, the programme may still not be sufficiently successful.

In the case of Hungary, as these conditions are not met in whole or in part, this programme is not able to adequately ensure the achievement of the EU's objectives of catching up of the periphery and ultimately reducing the territorial disparities set out in Article 174 (Brown-Schucksmith, 2016: 186).

Conclusions

The principles established at the Community level and the related development policy recommendations are not only progressive, well-founded and well elaborated, but could also be opportunities to develop the governance potential of peripheral regions, and thus make the periphery catch up and reduce territorial disparities. Nevertheless, there can be a huge gap between the Community level ambitions and feasibility at the local level. One reason for this is that there are no legal guarantees for the implementation of the principles, no mechanisms that can effectively transfer messages from the Community level to the local level, and the local level is at the mercy of the current development policy course of the Member States. This is particularly critical in peripheral regions where, among many other weaknesses, human capacity available is a serious constraint on the application of principles such as multi-level governance. Peripheral areas do exist in cities, but they are more like parts of a municipality than separate areas. Peripheries are most characteristic of the countryside at the regional level, while the lobbying capability of the countryside at the EU and Member State levels is far below that of cities. The vast majority of EU-level documents also deal with cities, urban areas, urban development and management. Peripheral regions, including rural areas, have been marginalised in the EU-level development policy system. The EU's development policy support system in its current form is inadequate to help peripheral regions catch up. The narrow rural development fund focuses on agriculture, the regional development fund on cities and the social fund has very limited possibilities. While a development method has been in use for nearly two decades, with multi-level governance and partnership at its core, the conditions for its operation are not met in all Member States. This

method could offer an opportunity to bring the Community level closer to the local level, but this is unlikely to happen in all Member States without the effective assistance and involvement of the European Union. However, as this recognition does not seem to permeate the latest EU ideas (rural development pact, EU rural development action plan), the practical application of these ambitious principles remains uncertain, as does the impact of EU support and messages on the catching up of the peripheral regions.

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* Full list of documents available from the author.

INFORMATION REPORT OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE NAT/806

Evaluation on the CAP's impact on territorial development of rural areas

OPINION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (2018/C 129/06) on the benefits of a community-led approach to local development for integrated local and rural development (Rapporteur: Roman Haken)

OPINION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (2015/C 230/01) on community-led local development as an instrument of cohesion policy for local, rural, urban and peri-urban development in the period 2014-2020 (Rapporteur: Roman Haken)

OPINION OF THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE (2011/C 376/03) on LEADER as a local development instrument (Rapporteur: Roman Haken)

OPINION OF THE EUROPEAN COMMITTEE OF THE REGIONS on the EU strategy for rural regeneration (2021/C 37/03)

OPINION OF THE EUROPEAN COMMITTEE OF THE REGIONS (2020/C 141/07) Towards sustainable neighbourhoods and small communities – Environment policy below municipal level

OPINION OF THE EUROPEAN COMMITTEE OF THE REGIONS (2020/C 79/05) Improving administrative capacity of local and regional authorities to strengthen investments and structural reforms in 2021-2027

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