

## **Governance structures in the Baltic Sea Region – a curable headache.**

The European Council's decision to adopt an EU-internal strategy for the Baltic Sea Region (BSR) is a novelty and potentially an important instrument for the Union that is becoming increasingly heterogeneous as new enlargements continue. The objective is to deepen relevant EU-cooperation in a geographical area with a view to creating economic progress and well-being without decreasing the EU's cohesion and unity. Therefore, it is important to the European Commission, which is presently elaborating a proposal, to get all aspects right. The issue of *governance* has become a key question and a matter of concern of the Commission. It will be addressed at the BDF Summit 1-2 December.

Formally, implementation of the BSR-strategy is the responsibility of the Commission and of the EU-Member States of the Region. The Commission will not, however, be able to implement, monitor and vitalize the different policies and projects that are foreseen in the Strategy and its action plan. Therefore, regional bodies (cities, regions, private actors, regional organizations, NGOs etc.) will need to help or act on behalf of the Commission and the Member States. If implementation is kept only within closed inter-governmental circles there is a risk of gradually losing popular support and involvement which are – of course – important drivers for regional integration.

Who should do this job and help the Commission? To answer this question, it is necessary to study the institutions and organizations of the BSR (see State of the Region Report 2008). The BSR has a huge number of organizations and regional bodies that represent a very tightly knitted web of contacts and relations across the Baltic Sea. It is often regarded as a strength and a success that so many people cross the Baltic Sea have been mobilized and engaged on all levels and within most sectors. Without the very high level of popular participation, it would not have been possible to re-establish the BSR as quickly as it has been the case after the fall of the Iron Curtain. Today, the weakness is that the Region represents an "alphabet soup" with too many organizations. Few of them have sufficiently strong professional secretariats to play the role as centers of attention and influence. There is also an obvious fear of overlapping activities. The organizational structure of the BSR is characterized by a complex mixture of multilevel and horizontal governance where the need for *network management* is very strong. Otherwise coordinated action will be difficult.

Another critical issue is that some of the intergovernmental organizations of the BSR represent a different political phase of the Region's development. At the beginning of the 1990'ies, it was a diplomatic objective to discuss political questions among the countries on an equal basis. After 2004-enlargement, only Russia is a non-member of the EU. Due to the EU's single voice policy towards Russia, especially the Council of the Baltic Sea States (CBSS) is not well suited to follow this approach or to administer and implement purely EU-internal policies for the region. Other organizations in the BSR, such as the Energy Ministers' co-operation (BASREC), are in a similar situation. The need for reform is obvious in order to revitalize these organizations. The Heads of Government of the Region have recognized this fact.

Some observers call for strong handed top-down reforms that can provide streamlining and clearer channels of command. Strong institutions are seen as a prerequisite for stronger regional cooperation, coordination and integration. The EU strategy for the BSR deserves a new, strong institution. Others say that the BSR represent an almost post-modern way of networking that can prove to be highly efficient and flexible, if the necessary political will and trust is shown from the governments of the region.

The call for new institutions is not feasible from many perspectives. First of all, due to the political constraints that have been defined as part of the EU-strategy. In order to convince the EU-Member States outside the BSR, it has been decided not to propose new institutions or new financial instruments as part of the Strategy. Secondly, it is not feasible to impose organizational reform when many of the organizations are the result of a bottom-up development with strong civil society characteristics. It would almost be a political own-goal to propose giving up or merging different bodies. If the inclusiveness of existing forms of cooperation disappears, an important asset of the region-building is lost.

This is part of the Commission's headache, hence the Region's headache too. Given the no-new-institution-policy, how is it possible to create procedures and settings that can ensure that funds are not misused; that effective implementation takes place, and that engagement and involvement of the parties directly concerned is not lost? The Commission hopes to establish a *structured and sustainable discussion forum for all key players for the design, implementation and monitoring of policies and projects (including the action plan for the EU strategy for the Baltic Sea Region)*.

Discussions about better coordination and implementation are not new. It has been widely debated over the years. Baltic Development Forum, Vinnova, Nordic Council of Ministers and others have played an active part in this debate that resulted in the *Baltic Sea Initiative (BSI)* – the promotion of a “*network of networks*”. The objective was to promote economic development in the Baltic Sea Region through jointly coordinated actions. Today, the promotion of ad hoc *platforms of cooperation* is pursued more effectively but having the same objective; to involve the relevant networks. Baltic Development Forum and Baltic Sea States Sub-regional Co-operation took the initiative to create an *energy platform* in order to gather the different organizations active in this field, ensuring coordination of activities and common objectives. This has worked well, but the only problem has been that the government-level of BASREC has not been committed. Other platforms have also been created.

What seems to be needed in order make *ad hoc platforms* more efficient is *strong lead actor(s)* mainly within government or inter-governmental structures. Thereby the institutional capacity would improve, allowing at the same time relevant regional networks and stakeholders on lower levels to be active. Recently, Denmark and Sweden decided to take a leading role in fighting pollution of the Baltic Sea. It is promising, but it would be a mistake, if the many organizations in the region, including NGOs, were not taken on board. Platforms that allow for cross-sector and cross-level encounters and debates are needed since they represent a driver for new initiatives and progress. Hopefully such new models of co-operation could allay the Commission's concerns.

As Prof. Christian Ketels is stating in the 2008 State of the Region Report: what is needed is the will and ingenuity to find a model that is *evolutionary* enough to keep structures that are widely valued and also *revolutionary* enough to change them in a way that meets the new demands the BSR is facing. In other words, solutions to *governance* need to be region-specific. It is not possible to make one EU-standard.

*Baltic Development Forum* is ready to play an active role, offering its expertise and wide access to the many different stakeholders in the region (governments, regional and local authorities, private sector representatives, including banks, financial institutions, and NGOs) in ensuring that the BSR Strategy is monitored. Furthermore, organizations and platforms that know how to adjust to new agendas, design new projects and address new challenges are called.