

White Paper on Governance
Work Area n° 4
Coherence and cooperation in a Networked Europe

**REPORT OF WORKING GROUP
« NETWORKING PEOPLE FOR A GOOD
GOVERNANCE IN EUROPE »
(Group 4b)**

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EXECUTIVE SUMMARY : TEN KEY POINTS FOR A NETWORKED EUROPE

☞ 1. Networks are increasingly important for policy making and governance

Networks are increasingly recognised as a powerful tool to help solve many of the problems inherent to modern public policies. In particular, for policy making they can :

- deal rapidly and in a flexible way with very complex issues, including also the international dimension;
- involve a wide range of stakeholders in the debates, thus increasing the quality and the acceptability of these policies, taking into account the growing diversity of needs;
- exploit the pervasiveness of information and communication technologies.

☞ 2. Networks already are a reality for governance in Europe

Networks are already widely used by the European Union and its Member States in all policy areas and for many functions. They will become increasingly important for European Governance as they can provide the flexibility required to deal with the wide diversity and sometimes very fundamental differences existing between administrative cultures and structures in Europe. This is particularly important in view of the future enlargement to central and eastern European countries.

☞ 3. Four categories of networks working with/for the European Commission

After reviewing some fifty networks interacting with the European Union and analysing in detail more than twenty of the networks used by the European Commission in the formulation or implementation of its policies, four broad categories, having common features are proposed :

- Networks for Information and Assistance to citizens and organisations on Commission policies or programmes;
- Networks for consultation when defining or reviewing a policy or a programme;
- Networks for implementing and adapting EU policies such as programs or legislation
- Networks for developing policies/policy making (including regulation).

☞ 4. A particular role for the Commission in managing policy and regulatory networks

For the three first type of networks listed above, common features and issues appear to be rather independent from the type of policy involved.

On the contrary, networks for policy making appear to have major differences whether they relate to community policies (using the Community method for decision making) or with intergovernmental ones requiring consensus. This analysis could help in the debate relating to the possibility that networks could provide a bridge between intergovernmental policies (applying for example the open method of coordination) and community policies (that could be launched according to the reinforced co-operation method).

☞ 5. Break down sectorial and administrative barriers

Administrations are increasingly interacting in networks with experts, businesses and citizens, but they tend to do it in a very compartmentalised way, by sectors or areas (e.g. with sectorial DGs, Commission and Parliament Committees, Councils) without interacting with other sectors and the wider society. Breaking up the walls between sectors for consultation and policy making (in the Commission, in the European Parliament and in the Council) is a must to deal with today's issues of a growing complexity.

Opening up of sectorial networks to "general interest" groups such as Parliaments, the Economic and Social Committee or the Committee of the Regions representing wider views, would ensure a wider scrutiny and evaluation allowing to identify earlier conflicting interests and to address these issues from a wider point of view.

☞ 6. Tools for networks

Information and Communication Technologies are the tool which has allowed networks to blossom and tremendously increased their efficiency for all the functions identified. They are necessary and should be put at the service of each network, but they are not sufficient to have a network. The network must be first built around people and organisations, only then will these technologies boost its efficiency and links although, the way the network is organised and works may need to be re-examined and re-engineered. The development of trans-european transport networks (such as high-speed train) also played a role in allowing people to meet easier and more often.

☞ 7. Prepare the European Commission staff and processes for managing networks

In particular, the Commission (and probably other European Institutions), if it wants to use networks and interact with them more efficiently, should take advantage of the current internal reform process to make its structures and staff more network friendly (e.g. working in teams cutting across Directorate Generals, less hierarchical structure and more empowerment of staff, in particular of women who often tend to be good at animating networks, more transparency, more feed-back after consultation or interaction with the "outside world", more flexibility for allocating budgets to actions or over time...).

☞ 8. Networks as a tool for widening the circle of European actors

Tomorrow's European governance challenge will require the involvement of a majority of the 500 million citizens in a more bottom-up process. The 1 to 2 million Europeans directly involved in trans-european networks related to European policies have both the motivation and the required mastery of European affairs to facilitate the emergence of a organised European civil society. Networks are multipliers and activating their members could have a knock-on effect involving many more citizens in becoming European Actors.

The Commission could play the role of the network animator, structuring it, managing conflicts, providing the interaction tools, technical assistance and ensuring all respect the few basic common rules agreed by all, on which the network is based. It could even be steering it by providing an integrating "vision" for the network or anticipating possible crisis.

☞ 9. Networks for a successful enlargement

Networks can be effective confidence building mechanisms suited for developing new common policies or bringing in new members as it is foreseen in the Enlargement of the European Union. They have a greater propensity to change than hierarchical structures and can easier absorb new members.

Networks can provide control and enforcement (through peer pressure and usage of agreed indicators) as well as help and assistance (through peer support and exchange of personnel) through "soft" mechanisms not requiring laws, formal structures or large funding. They also tend to build awareness of mutual strength and constraints in a multilateral structure, between equal members. They can finally allow new members to view the solutions adopted or the approach taken by different Member States and be given, both confidence that different solutions can co-exist, and options for choosing the one most adapted to their needs and constraints.

☞ 10. Usage of networks for public policies should be studied further

The group feels that we are only at the start of the learning curve with respect to the use of networks as tools for public policies. It would recommend to review regularly the experience being developed in the usage of networks for Governance in Europe. Best practices should be identified and promoted across the European Union institutions and exchanged with Member States, who are also increasingly using networks for their public policies.

INTRODUCTION

The last few years have seen a proliferation of new forms of interaction between governments, economic and cultural interests and representatives of civil society, referred to as "networks". Networks are characterised by relationships which are neither hierarchical nor entirely autonomous. Although these type of networks have always existed, they are becoming increasingly widespread as they are able to provide solutions for conflicting priorities that characterise today's governance such as :

- Thinking long term but delivering results today on the basis of uncertain evidence;
- Achieving global scale but being locally responsive;
- Promoting teamwork and flexible structures, whilst ensuring a clear accountability;
- In addition, the pervasiveness of information and communication technologies, notably the Internet, have greatly facilitated the emergence of networked organisations and actions throughout Europe.

The European Union (EU) has promoted the emergence of such networks as part of its policies, for example in the search for common objectives, for exchanging best-practices, for implementing programmes or for the joint definition of objectives, methods and strategies.

The flexible character of networks and their ability to deal effectively and efficiently with the different cultures that characterise the European landscape favour the role of networks in the European context.

The increased role of networks for policy making or for implementing public policies is a reality of today's governance, allowing for a more flexible approach, seeking context sensitive solutions, involving citizens, businesses and other, often informal, social and political networks in both the formulation and implementation of different policies.

This increasing role networks play is generally seen as a positive development. At the same time, networks can carry a more negative image, linked to the risk that they become closed shops or clubs : taking decisions and exerting influence without considering the wider interests of stake-holders who are not influential members of the network. Linked to this is the risk of opacity between networks and the Commission during consultation practices, captured by a popular expression such as "powerful lobbies".

In the framework of the exercise leading to the preparation of the White Paper on Governance, this working group was asked to focus on this dual and sometime ambiguous reality of networks, in order to analyse how they can play a positive role by enhancing the efficiency, legitimacy and transparency of governance in Europe.

Its mandate was to review the networks of individuals and organisations interacting with the European Commission (EC) and to produce a typology of networks according to the different tasks they perform or the circumstances in which they operate (e.g. in crisis situations). The group was also asked to recommend architectures and management practices for ensuring that these networks are efficient and, at the same time, inclusive and representative in their membership whilst remaining transparent and accountable according to accepted democratic principles.

In the early stages of its work the group has selected and consulted experts on network theory and on usage of networks for public policy. The knowledge gained has been used to characterise the EU networks. Together with the review of some 30 publications, these first hearings allowed us to draw some initial lessons and propose, as requested in the mandate, a typology of EU networks, based on their function.

Subsequently, the group focused on the analysis of more than 20 of the networks interacting with the European Commission. The base material for this analysis has been provided by EC staff managing these networks, many of which were member of the working group. In parallel, a second round of hearings invited members of public administrations, from countries having very different administrative cultures and structures. These experts were asked to explain how networks are used in their national public policies and administrations. Also, they were all asked to comment on our definition of networks and the typology proposed. Finally, it was discussed how to tackle the two main issues identified in the group's mandate :

- How to avoid that, for some networks, efficiency goes at the expenses of transparency and democratic control, i.e. to make sure that networks remain open and transparent?
- How to ensure that networks include most of the individuals and organisations required for its efficiency, i.e. that networks are representative and inclusive?

In the final stage, after the group agreed a first draft report, a third group of experts was invited to comment on the answers given to the above questions and on some specific issues such as crisis management, networks of agencies implementing EU policies or the usage of information technologies or of independent moderators and referees.

As requested in the mandate, this report focuses on networks of people and organisations, not on computer or utilities networks. It starts with a review of findings of literature and hearings of experts on network theory to study networks used by the EC, proposing a typology of networks and analysing their functioning and characteristics. Parts 2 and 3 consider possible solutions to ensure that networks are efficient whilst remaining open, accountable, representative and inclusive.

The last part goes further than today's situation, suggesting possible ways for building a "Networked European Union", inter-linking people and organisations, structuring existing networks or creating new ones in order to contribute to good governance in Europe.

As a general conclusion the group agreed that networks can and should play a key role in connecting people and organisations to the European project. Thereby creating greater understanding of and commitment to the challenges posed by shaping the future of Europe.

However, this exercise made us also aware that, **at the European level, we are only at the start of the learning curve with respect to the use of networks as tools for public policies.** There is therefore the need to review regularly the experience being developed in the usage of networks for Governance in Europe. Best practices have to be identified and promoted across the European Union institutions and exchanged with Member States, who are also increasingly using networks for their public policies.

PART ONE: NETWORKS FOR PUBLIC POLICIES IN EUROPE

1. DEFINITIONS, CHARACTERISTICS AND MANAGEMENT ISSUES

In the relevant literature, many definitions of networks can be found. All are incomplete as they describe a fuzzy reality. For example, some authors¹ define networks as opposed to a pyramidal structure, but, according to others, the pyramid is also a form of network². Hearings of several experts in network management advocated that networks are not defined by the type of technology they use, nor by a given architecture or structure (a pyramid or a web), which are only components of the network.

In the view of the group, the networks working within the EU are best described as an interaction form between many individuals and/or organisations. When compared to the other two identified forms of interaction, the contract/market and the hierarchy, networks are an intermediate form which associates in a structured but loose way independent parties each of which controls part of the resources and skills needed by all to achieve a common objective. This is the definition of networks that the group has chosen as the basis for its work.

Annex I reviews in more detail the contribution of network theory to this report and the main features of networks. We present here only the main advantages and limits that networks may have compared with hierarchies :

- In hierarchies, members are bound by a detailed contract and very formalised processes dictate how higher levels interact with less powerful, lower ones. Networks associate more informally, based on common objectives, complementary resources and skills. Relationships occur for mutual benefit and are based on trust. Networks tend to operate by consensus between partners for whom information is the main power tool^{1,3}.
- Provided that objectives have been well defined and are agreed by all members, networks permit quick access to trusted sources of information and reductions in controls. They are more efficient than forecast, negotiation or authority in the face of uncertain, changing, complex or very diverse situations^{4,5}
- Networks are resilient to failure of a member, whilst in hierarchies or pyramidal networks, lack of performance from a member at the top can block all those that are under him (Cfr. Annex I for more details on network topology). In networks, skills of members tend to add complementing and supplementing each other, whilst in hierarchies individuals at the top make a difference, with the result that pyramids are conditioned by the absorption capacity, openness and creativity of top members.
- Networks require reciprocity, but this can be postponed : not the visible hand of the hierarchy nor the invisible one of the market, but the "continuous handshake"⁴. In networks trust is built slowly through common work, but "the books are kept open"⁶.

¹ "Comment organiser en réseau le système administratif communautaire", séminaire du réseau Europe 2020, Bonn, 1999

² "Data Networks topology", AAPT Networks, 1999

³ "Business Networks and the Knowledge Driven Economy", study by L. Lengrand and I. Chatrue for the EC, 1999

⁴ "La gestion de l'innovation en réseau", Rapport pour l'ANRT, T. Weil et F. Durieux, 2000

⁵ "Will the organisation disappear? Challenges of the new economy and future perspectives", E. Filos and E.P. Banahan, 2000

⁶ "Fluid network organisationTM", Presentation to the European Commission, L. Ledoux for Arthur D. Little, 2001

- Hierarchical organisations can have a reinforced impact, with the decision of a single being enacted by many. They are easy to set-up or disrupt but they tend to be rather inflexible. In networks, individuals are enriched by their diversity, with the suggestion of a single being multiplied by many, if they are convinced by this suggestion. Networks are flexible for reacting rapidly to changing circumstances but they take time both to set-up or to dismantle^{1,7,8}.
- Networks tend to be gender neutral as more of the nodes, be it a person or an organisation can propose their norms, values and cultural characteristics. It also appears that women rise easier to executive posts when managing networks (where trust building and team animation are required) than in pyramids, where power relationships dominate.

Another element emerging from networks theory relates to the fact that the efficiency of a network can greatly vary as a function of its objective. The same actors will perform very differently depending on the relationship between the level of importance they attribute to the task to be performed together and the level of trust built in the network.

2. A TYPOLOGY OF NETWORKS WORKING WITH/FOR THE EUROPEAN UNION

Networks are considered a powerful tool to help solve many of the problems inherent in

☞ Contribution on European governance of the Eurocities network : "The European Union is an example of this network approach to governance. At root its legitimacy and powers rest on the voluntary pooling of resources by states which have their own legitimacy but which recognise their inter-dependence and the mutual benefits of co-operation. Added to this basic network are a multitude of private, public and third sector agencies clustered around EU initiatives and institutions. Of course, the EU also sponsors many networks at the regional and local levels based on similar voluntary association."

European governance. **The review made by this group suggests that they are a reality, as they are already widely used by the European Union and its Member States in all policy areas and for many functions. They will become increasingly important for European Governance as they can provide the flexibility required to deal with the wide diversity and sometimes very fundamental differences existing between administrative cultures and structures in Europe. This is particularly important in view of the future enlargement to central and eastern European countries.**

However, networks are not the panacea, as some have suggested. They remain one possible solution amongst others and they tend to be more efficient for some roles than for others. In particular, they cannot replace the State of Law or the Community Method, but can rather support them and allow them to face the challenges posed by the greater diversity of today's societies and the speed at which changes take place.

In the particular case of the EU, networks allow two major challenges to be addressed¹ :

- Maintain the democratic nature of the Union and its legitimacy faced with the growing population and diversity, especially after enlargement.

⁷ "Virtual organisations : Technologies, Trends, Standards, and the Contribution of the European RTD programmes", E. Filos and V.K. Ouzounis, 2000

⁸ "SMEs and the Net. Raising awareness and knowledge networking", Final report of the Epsilon initiative for the EC, 2000

- Make subsidiarity operational. This concept tries, like networks, to allow administrations to retain their function and responsibilities whilst ensuring the pursuit of common goals or the performance of common projects. However, subsidiarity is a concept that cannot be measured or assessed. On the contrary, networks have been studied both in the private and in the public sector and can be defined, built, managed and their efficiency considered with respect to their possible functions.

Although instruments for managing networks exist for some policy networks and for most business networks (Cfr. Annex I) their usage has rarely been systematised^{1,9,10}. Solutions to the two challenges mentioned above might require a modification of some of the relationships between European actors. These will be addressed in more detail in part 4. The first three parts of this report will focus on the current usage of networks in the EU and seek to show how their role can be optimised for the benefit of a good Governance in Europe.

After careful consideration of different options, the group proposed that networks are characterised by their function, as the most determining factor affecting their description. After reviewing some fifty networks interacting with the European Union and analysing in detail more than twenty of the networks used by the European Commission in the formulation or implementation of its policies, four broad categories were proposed :

- **Networks for Information and Assistance to citizens and organisations on Commission policies or programmes**
- **Networks for consultation when defining or reviewing a policy or programme**
- **Networks for implementing and adapting EU policies such as programmes or legislation**
- **Networks for developing policies/policy making (including regulation)**

Table I in the next two pages reviews for each of the four categories, the main common issues relating to their membership, architecture and management (by the Commission or by the members themselves), advantages and limits for a democratic governance.

The validity of this typology was confirmed by participants in the hearings. At the same time, many of the issues to be addressed or lessons learned appear to be common to all type of networks, with their importance varying depending on the type of function performed. This is especially relevant given the fact that networks, once successful, have a tendency to extend the number of functions they perform.

This may be effective, but should be carefully monitored as, for example, responsibility and accountability, which, while they may be less pressing when using a network in a consultation phase, become paramount when implementing or designing policies.

⁹ "Reforming the Commission : will organisational efficiency produce effective governance?", European Institute for Public Affairs in Maastricht, L. Metcalfe, 2000

¹⁰ "Comprendre la problématique des réseaux européens", Document de travail pour le séminaire "Comment gérer l'UE en 2020", Réseau Europe 2020, 1999 (<http://www.europe2020.org>)

Table I : Characteristics of the 4 type of networks working with/for the European Commission

Characteristics → Network Type ↓	Membership	Architecture and Management by the Commission	Advantages	Limits
Information & Assistance 1. Euro Info Centres 2. Research SME National Contact Points (DG RTD) 3. OPET network promoting energy technologies	-Nominated by MS or recruited by EC -Generally perform same role for national policies	-Links to EC based on guidelines rather than contracts, little or no EC funding -EC initially at centre of star architecture. Efficient networks increasingly take a Web configuration -EC plays critical role by providing information & data-management tools	-Network effect multiplies impact and permits tailoring at local level -Exchange of best practices, peer pressure and peer support for performance, mutual training -EC policy is presented and promoted by local and credible contacts -Allow choice of members suited to local needs	-Conflicting priorities between local host organisation & EC needs may affect quality -Lack of EC leverage due to loose links & little control -EC is not free to replace non performing members -Lack of common identity and work practices
Networks for Consultation 4. West European Road Directors 5. Inter Citizen's Conference 6. Integr. Coastal Zone management 7. Consultative forum for the environment & sustainable development 8. Environmental Impact Assessment network 9. Consultation of NGOs for Environmental policy 10. Europ. Sustainable Cities Project	-Policy Dependant -Varying mix of Administrations, Experts and Stakeholders	-Wide range of setting up mechanisms ranging from top down EC initiative & funding to cooperation of pre-existing networks & no funding at all. -Need for balance between control by EC (ensuring quality) and network independence giving credibility	-Allows wider consultation than powerful Brussels based "lobbies" -Ensures that different national sensitivities are taken into account -May structure actors in Europe for higher level aggregate advice - May further be used for monitoring and, eventually, implementation	-How to recruit the most representative actors? -No binding obligation to contribute does not ensure participation from all members - Consultation is most effective at an early stage, but this requires a high level of trust between EC and network members

Abbreviations : MS - Member States; EC - European Commission; EU - European Union,

Characteristics → Network Type ↓	Membership	Architecture and Management by the Commission	Advantages	Limits
Networks Implementing policies 11. Joint Research Centre 12. National Education Agencies 13. Environmental policy in Spain 14. Future competition authorities network 15. Networks of organisations implementing EU Environmental policy (IMPEL) 16. EMEA (EU Medical evaluation Agency) 17. Innovation Relay Centres	<ul style="list-style-type: none"> -Policy dependant -Mainly national agencies -Increasing involvement of stakeholders and experts. 	<ul style="list-style-type: none"> -Programme implementation requires very structured & hierarchical networks, with corresponding contracts and EU funding. -Implementation of policies depend more on local/national actors. -The Commission role is very varied and depends on its mandate for each specific policy. 	<ul style="list-style-type: none"> -Networks for implementing programs allow flexible action at a local level -It is the only solution in some cases -Peer pressure and peer support permit achievement of results at the limit of policy making -Networks can be very effective for executing policies due to involvement of stakeholders 	<ul style="list-style-type: none"> -Different implementation by local actors can distort competition or affect policy outcomes from a EU point of view. -Too rigid structure and rules could endanger the network efficiency. -Possible lack of transparency & accountability
Networks for policy making <u>-Commun. Method:</u> 18. Committees for statistics 19. Waste, package & landfill Committees 20. Standardisation Bodies <u>-Intergov. Method :</u> 21. Administrative Cooperation network 22. Gas & Electricity Regulatory Fora	<ul style="list-style-type: none"> -Generally nominated representatives of national authorities 	<ul style="list-style-type: none"> -Very administrative management (programmes, meetings, priorities...), often little stakeholders involvement -Structured with strong hierarchical component (2 to 3 levels) -Madrid & Florence fora are more informal & involve stakeholders. -Standardisation bodies increasingly involve and consult stakeholders & users, but only national bodies have voting rights 	<ul style="list-style-type: none"> -Rapid emergence of options & selection of best policies through benchmarking -For common policies, establishing a network avoids diplomatic bargaining -Intergovernmental networks allow flexibility, links to local level, permits management through secretariat, exchange of best practices & peer pressure... 	<ul style="list-style-type: none"> -Slow decision making. Drive may vary as a function of changing presidency or EC priorities -Common policies require rules & structures, thus stiffening networks & limiting their efficiency -Lack of accountability & transparency in intergovernmental policies

Abbreviations : MS - Member States; EC - European Commission; EU - European Union

3. THE COMMISSION ROLE IN THE MANAGEMENT OF NETWORKS WORKING WITH/FOR THE EC

The role played by the Commission in different networks is very varied. Features common to each type of networks are presented in Table I above. In general the Commission is at the origin of the network and often plays the role of secretariat, defining the agenda of meetings and drafting minutes, providing resources for meetings and technical tools for interaction (communications tools, Web-server...). Generally the Commission is at the centre of a star shaped network (Cfr. Annex I for definition) and animates the network by defining or fostering the definition of common objectives and indicators.

The European Commission and its staff appear to have many of the requirements for efficiently managing networks : independence, competence, ability to understand the values and underlying assumptions (unwritten or unspoken rules) of the different members. On the other hand, managing networks requires empowerment of individuals and flexible structures, which are not typical characteristics of the Commission (Cfr. also point 3.1 below).

☞ *Euro-info Centres [1]* and SME National Contact Points [2] are networks for information and assistance of, respectively, businesses on all EU policies and SMEs on the EU research policy. They have formed working groups that exchange best-practices and train each-other, with the Commission only providing resources for meetings.*
***Numbers in brackets refer to Fiches prepared by Commission staff on networks mentioned in Tables I and Annex II.**

☞ *Under the so-called "New Approach" directives, pre-existing European standardisation bodies (CEN, CENELEC and ETSI) [20] received a mandate (Directive 98/34/EC, described in Memoranda of Understanding with the EC) for defining harmonised technical standards relating to the implementation of European Directives. These bodies comprise members of national standardisation bodies, but also other interested parties such as Associated Members (representing sectorial federations) and even, for ETSI, providers, user panels and consultancy companies. After adoption by the Commission and transposition in national systems, these standards, which are voluntary, allow manufacturers who apply them to have their products marketed in all the EU with a presumption of conformity with the corresponding, legally binding, essential product requirements. [See also report of group 2c for co-regulation issues]*

It is interesting to note that "efficient" networks can become to a large extent self-sustaining over time. They tend to adopt a more web-like architecture with more interactions between members. In these cases, the Commission can move to more strategic network management, ensuring that networks continue to respond to the purpose for which they were set-up.

Another, opposite, trend is for the Commission to use already existing networks so as to take advantage of their links to implement European policies. The challenge in these cases is to ensure they remain accountable to the EU Institutions and are managed in a transparent and effective way, so as to continue serving the purpose for which they were established.

Finally, it appears that when the intensity of co-ordination required by a function (from information and assistance to policy making) increases, the degree of control by the Commission and the hierarchical nature of the network (composed of increasing layers) tend to increase.

4. POLICY NETWORKS FOR DEVELOPING POLICIES OR REGULATIONS

Whilst for the three first type of networks listed in Table I, common features and issues appear to be rather independent from the type of policy involved, it seems that **networks for policy making have major differences whether they relate to community policies (using the Community method for decision making as in cases [18] to [20]) or with intergovernmental ones requiring consensus ([21] and [22]). This needs however further consideration as only a few cases have been examined to date.**

However, following discussion, the group has come up with some preliminary conclusions that could help in the debate relating to the possibility that networks could provide a bridge between intergovernmental policies (applying for example the open method of coordination) and community policies (that could be launched according to the reinforced co-operation method).

4.1 Committees

The group considers that Committees cannot be considered a network if they do not interact together beyond their Commission monitoring, management or advising role. Three indicators are :

- The architecture of links between members : Star when no interaction between members of Committees, Web-like if there is a network approach with growing interactions that go beyond the Committee mandate (Cfr. Annex I for more details);

☞ The Statistical Programme Committee [18] gathers Director Generals or Presidents of statistical institutes for States member of the EU or of the European Economic Area and of Eurostat. It assists the Commission in the coordination of Multiannual Statistical Programmes and exercises Comitology functions in the field of statistics. A network group prepares every meeting exchanging positions and proposing items for the agenda. Leadership groups including only some Member States explore with the Commission statistical developments in new areas.

- The fact that the members of the Committee also take part in working groups developing policies beyond their formal role as a Committee. They can then develop trust and common rules allowing them to interact beyond their formal role.
- The fact that most members of the Committee come from a social or professional group already sharing similar values and objectives (statisticians in Statistical Programme Committee, scientists in Research Regulatory Committees...). Then it is the Committee which is embedded in a pre-

existing and wider network (Cfr. Annex I for trust building).

4.2 Characteristics of policy networks involved in community policies

☞ Two type of Committees interact for what concern directives related to Waste, Packaging or Landfill [19]. Regulatory Committees made of representatives of Member States, prepare and vote on Commission proposals to implement and adapt the directives. Ad-hoc Committees for consultation and advice involve representatives of Industry, NGOs and regional/local authorities.

These networks tend to go towards a Web architecture, with increasing interaction between members. The role of the Commission is stronger in theory (manager/coordinator), it often acts as a honest broker and

community conflict resolution mechanisms (e.g. qualified majority voting) help in arbitrating conflicts.

Efficiency is often facilitated through the existence of a legal basis clarifying responsibilities, accountability, funding mechanisms and defining clearer objectives.

The major limit is that excessively efficient networks risk becoming a closed club, not open anymore to influence by other constituencies and not accountable to elected representative bodies (Cfr. point 2.5 below)

4.3 Characteristics of policy networks involved in Intergovernmental policies :

An interesting paradox is that these policy networks tend to be more star shaped with the Commission being at their centre, but, formally, in a much weaker position than in the above case. However, in "new policies" (Security, Justice and Internal Affairs) interactions between some Member States appear more intense.

☞ *The European Electricity Regulatory Forum (also called "Florence Forum") and the European gas Regulatory Forum ("Madrid Forum") were set-up in the directives foreseeing opening up these markets to competition [22]. They were asked to co-ordinate regulation across Member States and to develop systems for cross-border tariffs and management of interconnectors. Inclusion in the fora, besides Member State representatives, of representatives of regulatory bodies, industry, consumers, traders and power exchangers has allowed a very rapid definition of cross-border tariffication and guidelines for managing congested interconnectors.*

For both the networks studied, the main weakness lies in the lack of a legal base in the treaties, resulting in :

- a weaker role for the Commission rendering policy making much more difficult or arbitrary (with the risk that bigger players impose their views on others);
 - an unclear drive, submitted to the changing priorities of rotating presidencies;
- lack of funding mechanisms, often resorting to "ad-hoc" or temporary solutions.

However such networks have the advantage of being able to launch benchmark or pilot actions due to their flexibility. They can further become efficient if there is clear agreement on indicators/objectives. In this case they may have an advantage over Community Policies : that of a greater freedom for involving external parties as they are generally less bound by rather rigid structures and procedures. However they will then tend to be less accountable and transparent than the networks working under a Community legal framework.

5. TOOLS FOR NETWORKS

Information and Communication Technologies (ICT) are the tool which has allowed networks to blossom and to increase their efficiency for all the functions identified. They are necessary and should be put at the service of each network, but they are not sufficient to have a network. The network must be first built around people and organisations, only then will these technologies boost its efficiency and links although, the way the network is organised and works may need to be re-examined and re-engineered. The development of trans-european transport networks (such as high-speed train) also played a role in allowing people to meet more often¹¹.

First, ICT and tools such as message-boards and internet have greatly facilitated informal communication inside hierarchical structures, both horizontally (between branches) and vertically (inside a branch from bottom to top and vice versa), allowing them to generate more informal networks.

In a wider way, ICT have allowed wider consultation and involvement of stakeholders, providing a compromise solution permitting extensive and rapid consultation whilst retaining efficiency. The recent EU eEurope/Government on-line initiative aims at making Europe the most competitive and dynamic economy in the world building on the Internet. This initiative has provided the political drive to re-think the way public administrations work and co-operate among themselves, and interact with citizens and enterprise, in Member States as well as across Europe, through the use of Internet or Internet-based networks.

The transition to electronic service delivery not only involves changes to the systems, procedures and processes internal to public administration but also it affects the way in which citizens and enterprises deal with public administration, and with participation in the democratic process (i.e. eDemocracy).

☞ The Commission has used the Euro Info Centres (EICs, [1]) as intermediaries for the Business Feed-Back mechanism consisting in gathering, via a Web-Based tool, issues raised by businesses on a range of Internal Market and related policy areas under the "Dialogue with businesses" initiative. The experience and contacts of EICs allowed them to use a Web-based data-base tool to enter information in the data-base, without requiring additional work from the businesses. The database is sufficiently detailed and structured to produce easily readable results relevant for policy-making¹².

New forms of eGovernance are in fact emerging. It should be highlighted, however, that eGovernance is more than the provision of Web sites and online business processes. Public administrations must capitalise on their information assets and institutional memory and deal directly with their customers in new electronic business models, addressing also issues of social inclusion and the digital divide.

In conclusion, eGovernance is both to obtain and maintain a good balance between democracy, rules, laws and effectiveness.

¹¹ "Inter Citizens Conferences", web-site at <http://www.eurplace.org/orga/icc>, Jan.2001

¹² "Interactive Policy Making : Commission seeks to use internet in EU's policy-making process", Commission Press release IP/01/519 of 6 April 2001

PART TWO : HOW TO MAKE SURE THAT NETWORKS REMAIN OPEN AND ACCOUNTABLE ?

When reviewing the issues of efficiency, accountability and transparency, some general issues appeared, whilst other were specific to a given type of network.

A first important finding, is that networks tend to be better suited for some functions (information, consultation, implementation, monitoring), while hierarchies appear to be better for others (arbitration of conflicts, taking decisions, managing complexity, crisis management.)

Also, efficient Commission networks, are those where there is a clear convergence of objectives between members and the EU ([1],[2]) or where members are interdependent for achieving objectives ([12],[18]). **All good governance regimes (values, norms & principles orienting common behaviour) appear to be based on networks, but having a network is not sufficient to have good governance⁹.** This part gathers what the group considers to be the five major findings for ensuring that networks are efficient, whilst remaining transparent and accountable. More specific findings can be found in Annex III.

1. NETWORKS LINK AND INVOLVE PEOPLE

The human dimension is paramount : networks link people more than organisations and it is important to allow these people to meet, interact and know each-other in order to build trust and confidence which are essential to make networks efficient and effective.

☞ The European Agency for the Evaluation of Medicinal Products (EMEA - [16]) organises regularly conferences where national experts can review each others' methods (Europartnership quality groups), but also to meet and socialize. The best of them are sent to international conferences to present their contributions and the agency's. When called in for a meeting at EMEA, their travel is organised by EMEA, they receive a collect ticket and can use a "Bureau de passage" at the agency.

An efficient network is built either on people having already worked together or sharing similar values and objectives or by making people having different values and objectives work together on common tasks to exchange experiences, learn together and build trust. Transparency is then needed to allow voicing of all views and debate. Minority views should be acknowledged and decision taken on how to deal with or consider these views should be explained. This will give the network both accountability and legitimacy. In a later stage, there is the need to analyse and

express the common values/clearer objectives developed by the network (e.g. in a "mission statement"). Organising common social events and "caring" for the members through practical concerns can further add value to the network by increasing its attractiveness.

2. FORMALISE THE PROCESSES FOR INTERACTION, NOT THE DUTIES AND COMPETENCIES

☞ *In its concept of Fluid-Network Organisations™ the consultancy Arthur D. Little⁶, developed the concept of "Minimal Critical Rules" covering a few, clear and simple values and standards that must be obeyed by all members of the network to regulate its functioning and establish trust. One such rule might be that of all formalised processes, only a few must absolutely be respected by all. For others there should be some allowance for individual initiatives that would challenge them. These "breaches" would be "above the floating line" and could generate improvements whilst not endangering the network's existence. Breaches "below the floating line" should be penalised systematically and rapidly, resulting in the exclusion of the individuals or organisations responsible, if one wants to keep trust in the network.)*

Defining once and for all (in a constitution and after a long debate on subsidiarity) the respective role and list of competencies of each administration/level of government would fix too rigidly the duties of individuals and the boundaries between organisations. In such a static situation there would be only a limited role to be played by networks. According to our findings, it is much more efficient to steer networks through a few basic common rules, agreed by all. These should formalise in a flexible and possibly evolving way (networks are learning organisations) the processes and interaction between members and guidelines defining their responsibilities (Who does what, when and for whom?).

3. MANAGE NETWORKS THROUGH CLEAR, SHARED OBJECTIVES AND MEASURABLE INDICATORS

☞ *The network of SME National Contact Points [2] gathers organisations responsible for informing and assisting SMEs to participate in the EU Research programmes. They were chosen by each Member State according to Guidelines defined together with the EC. The Commission chairs the meetings, provides information and communication tools, but only reimburses costs for participating in meetings. The network gathers very different type of organisations ranging from private businesses for the UK, to national agencies in France, Sweden or Germany or Ministries in Italy or Spain. All have with the Commission, the common objective of allowing more SMEs to participate in the EU Research programmes. Participation of SMEs by country, region, industrial sector or programme is closely monitored by the Commission and the quality of proposals is regularly evaluated. All this information is rapidly provided to all members on an intranet and a Commission Help-desk is at hand to answer questions in 24 hours. The network can be credited for the tripling of the number of SMEs participating in Research programmes between 1994 and 1998, and in the reduction by 75% of the number of inaccurate proposals submitted to the Commission by SMEs.*

For a network to be efficient, its members need to agree on common objectives and evaluation criteria, based on measurable indicators. The group would therefore support the definition of clearer objectives for EU policies ("A project based Europe"). The type of networks involved, the level of administration/democratic control would vary depending on the policy. What should be defined are the procedures for choosing which networks to activate at which step and the required interactions. A project based European Union would facilitate usage of networks as it would give a common purpose and define the role of each partner depending on the project. Also, sharing information and collective decision making are key for individual and global success^{1 to 6}. Incentives should be built in network management tools, objectives or funding mechanisms to encourage/reward collaboration between members⁹.

4. PREPARE FOR MANAGING CRISIS

☞ The European Agency for the Evaluation of Medicinal Products (EMA – [16]) describes itself as a "network agency", mobilising all EU scientific resources to evaluate the quality and safety of Medical and Veterinary products and authorising their marketing. In case of crisis signalled by one of its members or the media (potential urgent safety hazard) it will rapidly decide if it is indeed a security hazard requiring an urgent recommendation by the Commission or a less stringent quality issue. Procedures for such crisis are not only detailed but publicly available on its Web-site¹³.

The Agency builds on the trust generated and on the quality of its advice to delegate to a small team crisis communication and decision making on behalf of EMA and of National Agencies, thus avoiding confrontations that could spur panic and mistrust. Its advice and recommendations are published before the Commission or Member States take decisions. In all cases both majority and minority views are published and acknowledged.

Besides the management of issues internal to the network, there is the need to plan for crisis taking place in the area or policy sector in which the network is active. Only networks in which trust and confidence are long established due to shared experiences and common understanding, having a clear objective or monitoring indicators can tackle crisis management. Combined with this, openness and transparency can facilitate facing up to crises. Even in such networks, crisis management must often be delegated to a smaller group of trusted members: clear plans must be laid down beforehand for who and in which way, during a crisis, will take decisions and how. Also, this team must define and communicate a common message towards the outside, as otherwise the risk is that confusion rather than clarity results.

¹³ "Crisis management plan regarding centrally authorised products for human use", by EMA at <http://www.ema.eu.int>, 1999.

5. BREAK DOWN SECTORIAL AND ADMINISTRATIVE BARRIERS

Administrations are increasingly interacting in networks with experts and private sector, but they tend to do it in a very compartmentalised way, by sectors or areas (e.g.

☞ In the European Parliament's "Report on BSE"¹⁴, at least ten major violations of the 5 conclusions of this chapter can be found. Two of these relate in particular to the last recommendation :

- Point I.4.7 : "The Commission had no provision for consulting independent, multidisciplinary advisory committees; had this been the case, it would have been easier to make a correct assessment of the evolution of the epidemic and the possible public health risks. [...] ...the recent creation, in the wake of the March 1996 crisis, of the multidisciplinary 'Weismann' and 'Interservices' committees (on the respective initiatives of Commissioners Fischler and Bonino) may be interpreted as a response to the need to fill a gap not covered by the previously-existing system of committees."

- Point I.4.17 : "Political pressure was exerted by the industrial sector in favour of lifting the embargo on semen, tallow and gelatine. The testimonies of the representatives of the Commission and the chairman of the Association of Gelatine Manufacturers of Europe, Mr Schrieber, are indicative of the low degree of transparency characterising the run-up to the adoption of Decision (EEC) 96/362 of 11 June 1996 (Annex 37). One may quote verbatim Mr Hoelgaard's words at his appearance of 29 October 1996: 'I wish to state publicly that the Gelatine Manufacturers of Europe deliberately withheld information from the Commission and the scientists'. [...] This does not rule out the Commission's bearing responsibility in relation to the adoption of the decision of 11 June 1996: the recitals concerned declare that gelatine produced by the methods mentioned presented no health risk, thus flying in the face of the scientific reports counselling prudence and the warnings of other DG VI (NoA : now DG Agriculture) officials."

with sectorial DGs, Commission and Parliament Committees, Councils) without interacting with other sectors and the wider society.

This can lead to vested manoeuvring of the Commission or by the Commission of "old boys" networks and lobbies. As a consequence sub-optimal choices can be made when arbitrating between sectorial interests and wider interests. For example, it is felt that the so-called "mad cow crisis" was deepened by a wish to protect the interests of the bovine sector, faced with low perceived health risks for the general public. Breaking up the walls between sectors for consultation and policy making (in the Commission, in the EP and in the Council) is a must to deal with today's issues of a growing complexity.

Complementary to this is the need to ensure opening up of sectorial networks to "general interest" groups (such as Parliaments, the Economic and Social Committee or the Committee of the Regions) representing wider views. This would ensure a wider scrutiny and evaluation allowing to identify earlier conflicting interests and to address these issues from a wider point of view.

¹⁴ "Report on alleged contraventions or maladministration in the implementation of community law in relation to Bovine Spongiform Encephalopathy (BSE)", European Parliament, 1997

PART THREE : HOW TO ENSURE THAT NETWORKS ARE REPRESENTATIVE AND INCLUSIVE ?

This part of the report analyses how to choose organisations and individuals to be members of a network for best performing each function.

As for the previous part, we will present here only recommendations that are common to all type of networks. Annex III addresses this issue for the 4 typologies defined in part 1.

☞ *The European Sustainable Cities Project has two dimensions [10] :*

- *The Expert Group on Urban Environment advises the Commission on inclusion of environmental objectives in land use and urban policies. It gathers experts from national ministries of EU Member States, from local government networks and cities and the EC. It has provided advice to the Commission and tools for governance, such as a tool box and case studies for the sustainable management of urban areas, a set of European Common Indicators for local sustainability, and recommendations for sustainable land use. This approach facilitates a better cooperation between the levels and ensures that EU actions on sustainable urban development meet the needs of European local and regional authorities.*
- *The European Sustainable Cities & Towns Campaign helps cities and towns engage in Local Agenda 21 processes and work towards sustainability. It also facilitates the implementation at local level of appropriate EU legislation and recommendations through collection and diffusion of good practice and other information, mutual support and promotion of the principle of sustainability to local authorities. Members are the more than 1200 European local and regional authorities who have signed the Aalborg Charter, which defines the principles of sustainability and the Campaign objectives, and calls upon the members to engage in Local Agenda 21 processes.*

First, when assessing the representativeness of a group, it is necessary to separate the individual, representing himself and his views, from persons with a mandate to represent the views of others (Cfr. reports by groups 1b and 2a). Members of networks can be^{1,15} :

- Local, national or European representatives/administrations. These tend to be nominated to participate in networks. An exception is networks involving local administrations, such as Eurocities, where elected representatives, such as mayors, may participate giving them a different, more democratically representative, role.
- Experts. They are generally associated by sectors/topics and can easily express "leaders/representatives" through mechanisms of peer referral/selection long established in the scientific and academic worlds.
- Actors/Stakeholders (businesses, NGOs, interest groups...) or their representative organisations. For them, legitimacy comes from being the target of a given policy, being involved in it or having to implement it. They are recruited by many different mechanisms. One of the most interesting is signing documents expressing their objectives, mandates, prior obligations and future commitments such as charters or codes of conduct. This should ensure a greater

¹⁵ Critical Choices. The United Nations, networks and the future of global governance", United Nations vision project on global public policy networks, W.H. Reinicke and F.M. Deng, 2000.

commitment of members and relevance of their advice.

The role of the Media was addressed only during one of the hearings. It appears to be growing, but too little is known about the contribution media can make in the different type of networks. This is a part that needs further consideration and requires special attention in the future due to the growing importance of media in governance and the track record of the Commission in relationships with the press.

1. WORKING WITH NETWORKS REQUIRES INDIVIDUALS POSSESSING SPECIFIC SKILLS

☞ *In his report on "Managing Innovation through Networks"⁴, T. Weill cites the need for networks to avoid "territorial" individuals. These tend to define themselves as a function of the resources or territory that they control, manage and are managed by specific objectives, tending to loose sight of the wider organisation interests if they contradict their specific ones. Networks should rather involve "reticular" individuals preferring to participate in projects and develop ideas, their goals concern the wider range of decisions they can influence. They will bring in outsiders and provide solutions "borrowing" idea "not invented here". They can easier assess when to sacrifice temporarily some of their "organisation' interests for those of a project or of the network in which they participate, in return for later, deferred, benefits.*

As a consequence networked organisations should detect and train such reticular individuals. One interesting recommendation by Weil is to look for persons having multiple cultures or career paths : an essential resource in European institutions. Also, since individuals are still often evaluated as a function of their personal achievements it is necessary for organisations wishing to use networks to move to methods such as 360° evaluations assessing the wider environment of individuals (their business relations, their clients and providers, their peers and even sometimes their competitors!).

Individuals working in networks have to manage possible conflicts between the priorities and objectives of the organisation to which they belong (government, administration, business, NGO...) and those of the network in which they participate. This requires specific skills for participants and additional ones for network managers.

In particular, the Commission (and probably other European Institutions), if it wants to use networks and interact with them more efficiently, should take advantage of the current internal reform process to make its structures and staff more network friendly (e.g. working in teams cutting across Directorate Generals, less hierarchical structure and more empowerment of staff, more transparency, more feed-back after consultation or interaction with the "outside world", more flexibility for allocating budgets to actions or over time...).

2. INVESTMENT IN NETWORKS IS HEAVY BUT IT PAYS BACK IN THE LONG TERM

☞ In an area such as Education where the Commission had no formal power, Ministers of Education first started to interlink their national agencies or ministries in the '70s to exchange information (Eurydice network), then, in the '80s to ensure mutual recognition of diplomas (NARIC network). When Education actions were launched at the end of the '80s these networks proved instrumental to ensure the success of programmes such as Erasmus who, over 10 years, has allowed more than a million European students to study in another European country. Now, these networks are so integrated in EU policy that they are one of the first domains where the Commission has entrusted a network of national agencies to manage parts of the more recent Socrates programmes [12] .

Networks take time to establish, but once they are established they can be used very swiftly and efficiently, even for different purposes from those for which they were established.

However, there is the danger that networks become "closed shops" after a certain time. Methods should be developed to ensure a regular replacement of individuals involved in it, if not even the "dismantling" of a network which does not fulfil or has ceased to fulfil its role.

Also, establishing networks takes time and requires particular skills ([16],[18]). Given current requirement for speed, it might be more efficient to identify and use existing networks. Benefits are reaped in a later stage when the network can respond more rapidly than a hierarchy, can undertake other tasks and can rapidly absorb new members.

3. USING INDEPENDENT EXPERTISE FOR ANIMATION AND REFEREEING

Independent professionals may play a critical role for different types of networks. They are typically persons or organisations not member of the network, with a good understanding of the relevant subjects and the skills to manage a wide diversity of stakeholders.

☞ On "civil society versus business" topics, the media, by definition, could play part of the moderation role. As advocated by the Commission in the eEurope Communication, Point 10, Government online¹⁶ :

"Member States and the Commission should extend the use of the Internet to ensure consultation and feedback on major political initiatives. The aim would be to go beyond simply publishing legislation and white papers on the Web and establish a discussion and feedback forum possibly with independent moderators."

This was confirmed during a hearing by the manager of a media portal for on-line information on EU policies. He claimed that the use of independent moderators can build trust and ensure a more efficient usage of, for example, tools such as internet-based consultation and debates. They can provide professional skills in moderation and editing that the Commission does not possess. Furthermore, they could animate or spur debates in areas very upstream from policy making, as in areas which are not yet officially on the Commission agenda.

The most efficient networks are "self-sustaining" and can find internally resources for their management, but that requires a high degree of a-priori agreement on objectives, processes, style, etc. In many cases it may be practical to use "outsiders" to animate and structure debates during consultation or arbitrate conflicts between different members of the network. These persons/organisations and their role need to be agreed or accepted by all members (e.g. as for the ombudsman for administrative rights). The Commission has so far played this role for policies applying the Community method, building on its right of initiative, but combining two very different tasks :

- Moderation, i.e. process and information management. This can be perceived by outsiders as possibly biased in a pre-conceived way.
- Refereeing : arbitrating conflicts and proposing solutions

In particular, for networks in intergovernmental policies, the absence of such "moderators" renders policy making much more difficult or arbitrary (with the risk that bigger players impose their views on others).

¹⁶ "eEurope, an information society for all", Communication on a Commission initiative for the Special European Council of Lisbon, 2000.

PART FOUR 4 : A NETWORKED EUROPEAN UNION

As mentioned in point 1.2 above, we have until now limited ourselves to "today's" Union, trying to optimise usage of networks, legal provisions and current procedures of the EU, for contributing to a better democratic governance in Europe.

However, some of the challenges posed by the modified social and economic environment, as well as by enlargement require that another approach is also envisaged: that of adapting procedures, methodologies, relationships between the different actors and stakeholders building Europe today to allow a greater role for networks.

1. WIDENING THE CIRCLE OF EUROPEAN ACTORS

☞ According to debates that took place in 5 EU capitals from April '99 to July 2000, launched by the Europe 2020 network¹⁷ : "La question clé, que l'on retrouve aussi à l'origine du débat sur la gouvernance, est la transition d'une Union construite "par le haut", lors de conférences diplomatiques débouchant sur des compromis parfois à sommes nulles, à la gouvernance d'une "Europe des acteurs", impliquant ses diverses composantes (gouvernements et élus de différents niveaux, entreprises, citoyens, partenaires sociaux). La solution passe par l'élargissement du cercle des acteurs impliqués dans la construction de l'UE.

Il semblerait qu'une des composantes essentielles de la bonne gouvernance soit la capacité à anticiper en identifiant les questions auxquelles il faudra répondre. Les gouvernements doivent donc se préoccuper du moyen, sinon du long terme, en lançant et pilotant les débats qui vont amener à identifier ou à définir les "politiques acceptables" en orientant ainsi parfois les choix de société. Ce qui importe est le processus, non les réponses à apporter.

Malheureusement les temps de la démocratie deviennent de plus en plus courts et d'élection en référendum nos gouvernants démocratiques ont de moins en moins le temps de susciter et gérer ce type de débat de société. La Commission a, pour l'instant, l'avantage de la durée et serait idéalement placée pour jouer ce rôle. L'identification des défis, la formulation de questions, l'amorçage et la gestion des débats sont une façon efficace de "gouverner" à laquelle le droit d'initiative en terme d'Union Européenne donne toute la légitimité démocratique requise.

One of the major challenges the EU will have to confront is how to activate strong, vast and sophisticated networks to manage a European Union that might total 500 million citizens in 2020.

They should allow a better quality debate and consultation of all stakeholders when defining new policies. Until the '90s, according to one of the hearings, a closed circle of no more than 20.000 persons (diplomats, members of European institutions, members or representative of national governments, academics, industrialists) has been involved in designing the EU top-down.

A major difficulty of today's governance in Europe is how to involve many more European "social leaders" and citizens in the debates taking place for redefining the objectives, the processes and the structure of the European Union.

Tomorrow's European governance challenge will require the involvement of most of the 500 million citizens in a more bottom-up process. The 1 to 2 million Europeans directly involved in trans-european networks related to European policies have both the motivation and the required

¹⁷ "The way forward to Europe 2020: future problems and present choices", www.europe2020.org

mastery of European affairs to facilitate the emergence of a organised European civil society. **Networks are multipliers and activating their members could have a knock-on effect involving many more citizens in becoming European Actors.**

2. HORIZONTAL SUBSIDIARITY : CREATING NETWORKS OF NATIONAL ADMINISTRATIONS

☞ "The European Central Bank (ECB) is an example of such a network, as it was created by the national central banks which participate in its decision making and are its operational arms [...] The ECB is not a super-structure created ex-nihilo and placed above national central bank which must obey its orders. It is a network generated by these banks themselves and its co-ordination/decision node just happens to be located in Frankfurt."¹

The current administrations at regional/national/European level have difficulties coping with the speed and breadth of changes. Managing a 500 million people democracy and dealing with complex cross-borders risks (war, crime, drugs, immigration, health and environmental hazards) will require that all governments and administrations interact more swiftly than in the current hierarchical mode.

Usage of such networks will require a move to government spheres instead of levels, organising each sphere according to a functional architecture. This will allow, for each country/region, interaction between ministries for European Affairs, between ministries dealing with the same policies (such as Europol or Eurojust), between Parliaments, between Regulation Authorities or Court of Auditors. These inter-linkages of institutions are already present in Federal States, but in the case of the EU it would not necessarily require a Federal structure.

The Commission could play the role of the network animator, structuring it, managing conflicts, providing the interaction tools, technical assistance and ensuring all respect the few basic common rules agreed by all, on which the network is based. It could even be steering it by providing an integrating "vision" for the network or anticipating possible crisis.

3. ACTIVE SUBSIDIARITY FOR INVOLVING THE REGIONS AND LOCAL PARTNERS

Many contributions¹⁸ and hearings (Hearing of local and regional authorities by group 3b) criticised the "hierarchical" subdivision of competencies between tiers structured in layers (be it in the decentralised German federal system or in the more centralised British one). In modern political issues all levels have a part to play. This is captured in the notion of "active subsidiarity" or "upward delegation from the bottom-up", whereby ad-hoc partnerships develop to tackle a given issue. As was mentioned in the hearing on local actors today's subsidiarity concept is both hierarchical and functional : *"In the current, "hierarchical" model of negative subsidiarity, competencies*

¹⁸ "Towards a new role for cities in a network europe?", contribution of the "Eurocities" association to the EC white paper on european governance, 2001

are allocated to the "most appropriate level", with, for example, the Union level tackling air traffic control and the local level waste collection. Applying the "active subsidiarity" method, partnerships (contracts ?) would be developed between the different policy levels (NoA : European, National, Regional and Local) to also tackle the local impact of air traffic (noise, pollution...) and the conformity of waste collection with wider recycling regulations and directives".

This would also help solving the problem occurring in federal states (Germany especially, but also Belgium and possibly Spain), where the federal level is often confronted with "closed packages" resulting from regional negotiations, already involving consultation at different levels of the social partners and civil society. The federal level has therefore little options for rejecting or modifying the proposed agreements. How to ensure responsibility and accountability at the federal level in these cases?

4. NETWORKS FOR ENLARGEMENT

☞ Innovation Relay Centres [17] are co-funded by the EC to promote innovation in all European regions, providing also transnational technology transfer services. Anticipating the EU enlargement, organisations in all candidate member states were selected to be Fellow members in 1996 and soon became full members, after signature of Association Agreements with Candidate Member States on research and innovation policies. Twinning agreements coupled each of these "new members" to one of the most performing members from the European Union Member States to transfer best practices and experience. Staff was also exchanged and delegated in both ways. These practices ensured the rapid take-up of stimulation projects on innovation under the Phare programme and participation in the EU research programmes.

Networks can be effective confidence building mechanisms suited for developing new common policies or bringing in new members as it is foreseen in the Enlargement of the European Union. They are also more tolerant to change than hierarchical structures and can easier absorb new members.

They can provide control and enforcement (through peer pressure and usage of agreed indicators) as well as help and assistance (through peer support and exchange of personnel) through "soft" mechanisms not requiring laws, formal structures or large funding. They also tend to build awareness of mutual strength and constraints in a multilateral structure, between equal members. They can finally allow new members to view the solutions adopted or the approach taken by different Member States and be given, both confidence that different solutions can co-exist, and options for choosing the one most adapted to their needs and constraints.

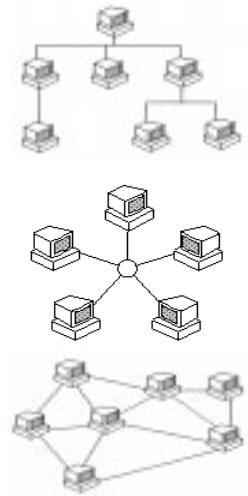
ANNEXES

Annex I : Definitions and Main characteristics of networks

Many definitions of networks exist. All are incomplete as they describe a fuzzy reality. For example, some authors define networks as opposed to a pyramidal structure¹, but the pyramid is also a form of network according to others².

This is clear if we look at lessons drawn from computer networks². They also allow to identify some of the assets of networks as a function of their architecture :

- Hierarchical networks simply map pyramidal structures. They are simple to manage but not very efficient for fast and flexible communication as all is controlled by the uppermost node. Also, malfunction of a node affects all nodes below.
- Star shaped networks have a central hub controlling and managing all communications. They are also rather simple to manage and, here, malfunction of a node does not affect the rest of the network. However, bottlenecks or failure can occur if performance of the central hub node is low or failing, because communication from one node to the other only happens via the central hub.
- Web-like networks link many actors between each other. They are relatively immune to bottlenecks and channel/node failures, but are more expensive and difficult to manage



The definition used in this report characterises networks as an interaction form between many individuals and/or organisations that is intermediary between the freedom and anarchy of the contract/market and structured hierarchies. Table II, next page, gathers and compares the main characteristics of these three type of interaction forms^{1,4,6,9,19}.

Policy networks in particular include all actors involved in the formulation and implementation of a policy in a given sector. They are characterised by predominantly informal interactions between public and private actors with distinctive but interdependent interests, who strive to solve problems of collective action on a central, non-hierarchical level²⁰

From a sociological point of view it is interesting to note that three type of relationships can be used to build trust^{4,21}:

- The "tribe" of individuals who share common values, language, religion, nation...
- Individuals who have been working together satisfactorily in the past (active partners)

¹⁹ "Evolution in Governance: what lessons for the Commission? A first assessment", Commission working paper of the Forward Studies Unit, N. Lebessis and J. Paterson, 1997

²⁰ "What's so special about policy networks? – An exploration of the concept and its usefulness in studying European Governance", European Integration Online Papers, T.A.Börzel, 1997

²¹ "The governance approach to european integration: network governance", M. Jachtenfuchs, 2000

- Individuals with whom a trust relationships exists because of other interactions (a common cause or experience, social ties, a common job or function in society ...)
Finally, it appears that, to describe a policy network, one should take into account three elements :
- The network itself, described by the actors who take an interest in a certain policy and decide to share their resources (both material and immaterial) and by the linkages they form to exchange these resources. The network can then be described by the intensity, type and frequency of interactions along these links.
- The networking method, gathering all the "governance structures", processes and rules for the interactions between the members (Exchange of information, Communication to the outside, sharing of resources ...)
- The network management, consists initially in the structuring of the network, helping it to define common objectives and defining the above processes, including each member roles and functions. Later, it might also cover issues such as the further animation of the network, fostering peer support and assistance or determining procedures for more complex tasks such as arbitrating conflicts and facing external crisis.

Table II : Networks, between the market and the hierarchy

Characteristic	The market	The network	The hierarchy
Normative base ⁴	Specific Contract	Complementary resources/skills	Work contract
Interaction means ⁴	Price	Relationships	Procedures
Conflict resolution ⁴	Negotiation, Legal action	Reciprocity, reputation	Hierarchical position
Strategy ⁶	Go where you want	Aligned aspiration and choice	Strategic plans
Organisation ⁶	Do what you like	Permeable boundaries	Job descriptions
Processes ⁶	Do as you like	Minimal critical rule	Standard operating procedures
Resources ⁶	Put information where you want	Flexible resource architecture	Centralised filing, individual pigeonholes
Degree of flexibility ⁴	High	Intermediate	Low
Degree of implication between parties ⁴	Low	Medium to High	Medium to High
Collaborative Climate ⁴	Precision, Suspicion Control	Open, Mutual benefits, Trust	Formal, Bureaucratic Control
Preferences and choice of partners ⁴	Independent	Interdependent	Dependent
Hybrid forms ⁴	- Repetitive transactions - Hierarchised contracts	- Hierarchy of statutes - Multiple partners - Formalised networks	- Informal organisation - Internal markets - Profit centres with transfer prices

Sources : - Powell cited by Weil in Ref. 4, Arthur D. Little in Ref. 6

Annex II : Managing networks to ensure efficiency, transparency, accountability and representativeness in specific cases (part 1)

Characteristics → Network Type ↓	Representativeness	Critical Success Factors	Possible Minimal critical rules	Transparency	Accountability
<p>Information & Assistance</p> <p>1. Euro Info Centres</p> <p>2. Research SME National Contact Points (DG RTD)</p> <p>3. OPET network promoting energy technologies</p>	<p>-Involve skilled members in communication</p> <p>- Collective learning is paramount to transfer best-practices and peer support.</p> <p>-Involving organisations who already play the role at local level is paramount.</p>	<p>-Involve organisations who play similar role at local level, but develop strong network identity</p> <p>-Define tasks & roles through flexible tools allowing different solutions in each MS</p> <p>-Develop common information material & communication tools</p> <p>-Identify weaker members + provide them EC & peer support</p>	<p>-Absence of fundamental conflict between objectives of local member organisation/individual and those of the network</p> <p>- Agreement to share information and best practices with other members</p>	<p>-Required on central funding from the EC + members' previous commitments</p> <p>-Total on public information, managed on confidential issues like to bilateral issues between EC & individual members (total transparency on conflicts, might contribute to trust and peer pressure, but might also weaken member status)</p>	<p>-EC must provide initial information & support tools.</p> <p>- Members elaborate these & tailor them to local needs, but their efficiency depends on local resources allocation</p> <p>-In case of low performance clear objectives, guidelines and indicators should allow to determine responsibilities and find solutions</p>
<p>Networks for Consultation</p> <p>4. West European Road Directors</p> <p>5. Inter Citizen's Conference</p> <p>6. Integr. Coastal Zone management</p> <p>7. Consultative forum for the environment & sustainable development</p> <p>8. Environmental Impact Assessment network</p> <p>9. Consultation of NGOs for Environmental policy</p> <p>10. Europ. Sustainable Cities Project</p>	<p>-Choose members as a function of their role for administration (nomination), expertise (peer group recognition) or commitment to achieve objectives of the network for stakeholders.</p> <p>-Especially for this type of networks democratic legitimacy lies in the breadth and quality of its constituency, not in the number of members.</p>	<p>-Assess the network functioning (objective, membership rules, funding arrangements, management...). Signature of a charter appears to be interesting.</p> <p>-Allow identification & expression of minority opinions.</p> <p>-Funding participation of weaker members ensure level playing field, but requires transparency to avoid manipulation or control</p> <p>-Ensuring a legal base for consulting the network might be sufficient in most cases.</p>	<p>-Transparency on individual commitments and mandates of Members</p> <p>-Maximum feed-back on individual inputs (but this confronts with the limited resources available at EC level for managing consultations).</p>	<p>-Is a must for efficiency</p> <p>-Very early stage consultations by the EC might require confidentiality, especially in some intergovernmental policies (Security, Justice and Internal affairs...)</p>	<p>-Increases with length of relationships with the EC. Signature of a charter would clarify prior commitments.</p> <p>-Another solution is the formalisation of a statute (as for EEIG for NGOs or for NGOs accredited by the Council of Europe) would facilitate this.</p> <p>- Accountability is and must be strengthened through binding document when legal provisions give network quasi-policy making powers as for Social Partners.</p>

Abbreviations : MS - Member States; EC - European Commission; EU - European Union, EEIG – European Economic Interest Grouping

Annex II : Managing networks to ensure efficiency, transparency, accountability and representativeness in specific cases (part 2)

Characteristics → Network Type ↓	Representativeness	Critical Success Factors	Possible Minimal critical rules	Transparency	Accountability
<p>Networks Implementing policies</p> <p>11. Joint Research Centre 12. National Education Agencies 13. Environmental policy in Spain 14. Future competition authorities network 15 : Networks of organisations implementing EU Environmental policy (IMPEL) 16. EMEA (EU Medical evaluation Agency) 17. Innovation Relay Centres</p>	<p>-Members tend to be nominated or to be the only option (when the role comes from the fact that the organisation plays the same role at national/regional level).</p>	<p>-Implementation through a network is a must when success of the policy depends on mutual collaboration. -Networks are also required in areas where there is no Community policy (Education in [12], Administration in [18]) -For implementation of EC programmes, networks require adequate funding and management methods. -Can strict rules and structure ensure equal opportunities and efficiency across the EU?</p>	<p>-Agreement on objectives, co-operation between MS. Clear definition of tasks and roles for implementing programmes. For Community policies the EC can also play the role of referee, arbitrating conflicts or proposing compromise solutions. - In intergovernmental policies, the EC is rather a secretariat and the network should agree on rules and methods for arbitrating conflicts.</p>	<p>Is paramount on funding and monitoring results to ensure functioning of implementation agencies (allowing for minority and dissenting views like for EMEA)</p>	<p>-For agencies implementing programmes it is ensured by allocation of tasks & responsibilities. -For EC policies, networks provide opinions & advice. Each member is accountable for its opinion (controlled by peer review). Final responsibility lies with the EC (for execution) or the Council (for legislation). -For intergovernmental policies, responsibility is shared & must be checked individually by national bodies.</p>
<p>Networks for policy making</p> <p><u>-Commun. Method:</u> 18. Committees for statistics 19. Waste, package & landfill Committees 20. Standardisation Bodies</p> <p><u>-Intergov. Method :</u> 21. Administrative Cooperation network 22. Gas & Electricity Regulatory Fora</p>	<p>-Members tend to be nominated or the only option & generally come from national or regional administrations. -Some networks ([20],[22]) also recruit members or allow participation by stakeholders, but do not allow them to vote. -Management skills are critical due to little flexibility in choosing or replacing members.</p>	<p>-EC role key for quality support & network structuring. -In EC Method, efficiency can be limited by heavy structure/regulation. -Networks can be ground-breaking in setting-up new policies through intergovernmental collaboration. -Funding by the EC is not paramount here, existence of legal base is more interesting.</p>	<p>-EC policies involve people longer & trust should be higher, but other factors (common jobs, pre-occupations) can generate trust for intergovernmental policies. -Reporting worst practices is an interesting anecdote [18]) -Even for policies where majority voting is an asset [20], consensus is reached in 95% of cases.</p>	<p>-Can be much greater in Community policies. -Can be a limit for intergovernmental policies. -Defining common and objective indicators is a must in intergovernmental policies. It may be avoided in Community ones.</p>	<p>-Is greater in EC method where "horizontal" scrutiny by Parliament & Committees is ensured. -Questionable for MS networks where power games can overcome weaker MS, where Ministers can take decisions without involving parliaments or their own administrations. -Active subsidiarity and sharing of competencies would be interesting (Cfr part 4).</p>

Annex III : Members and Mandate of the group

PILOT : Frans DE BRUINE, DG Information Society

RAPPORTEUR : Giorgio CLAROTTI, DG Research

SECRETARY : Michel SOUBIES, Governance Task-Force

MEMBERS : BARBAGLI Alessandro (INFSO); CESARINI Paolo (COMP); DALHEIMER Dorothe (COMP); FINETTI Manuela (ENTR); HAAGSMA Auke (MARKT); HINGEL Anders (EAC); KOSKIMAKI Pirjo-Liisa (TREN); KROEGER Martin (SG); LAUDATI Laraine (ESTAT); LEJEUNE Pascal (EAC); MANCINI Andrea (ENTR); MANCINI Maurizio (ADMIN); MIEGE Robin (JRC); MONGIN Bernard (SJ); PARKER Jonathan Duguid (ENV); PASCAL Olivier (INFSO); PEARE Derek (ESTAT); ZORITA DIAZ Raul (ENV).

MANDATE : Le programme de travail approuvé par la Commission le 11 octobre 2000 prévoit d'établir une **typologie des réseaux humains polycentriques**. Il conviendra aussi de formuler des recommandations pour mieux utiliser les réseaux comme instrument de la gouvernance.

- le groupe doit, dans un premier temps, faire un diagnostic du phénomène des réseaux comme « systèmes » de plus en plus utilisés par la Commission pour ses besoins de consultation, de définition d'objectifs, voire même de mise en œuvre de certains aspects de ses politiques.
- il doit ensuite définir une typologie de ces réseaux en fonction des différentes tâches qu'ils assument et/ou des différentes circonstances dans lesquelles ils agissent (par exemple situation de crise).
- il doit aussi proposer des architectures ainsi que des modes de pilotage et de fonctionnement de ces réseaux en précisant le rôle de la Commission et celui de(s) « tête(s) » de réseau. Ces propositions doivent être faites de manière à assurer, vis à vis du Parlement, du Conseil et d'une façon générale des organes représentatifs de la démocratie, la transparence et le « rendu de compte » adéquats.
- il doit enfin définir des méthodes pour la constitution de ces réseaux qui en assurent la représentativité avec une prise en compte de toutes les parties concernées choisies de manière impartiale et efficace.