



IGCOORD

POLICY BRIEF 1

Challenges and Opportunities of Intergovernmental Coordination

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1 Executive Summary

Most of the challenges that Europe is facing today are of a multilevel nature and cut across different policy areas. Climate change, for instances, affects local as much as national communities and concerns the housing, energy, transport, and other sectors. At the same time, given the vast diversity of governmental arrangements – from very small to very large states, with or without strong local, urban and regional governments, and with or without integrated cross-border areas –, **these challenges can only be tackled through intergovernmental coordination.**

At the minimum, intergovernmental coordination means that governments situated at different or identical levels of government communicate with and inform each other of their actions and plans. At the maximum, coordination amounts to joint decision-making that is collectively binding for all those involved. Ideally, such coordination allows governmental actors to increase both the effectiveness and legitimacy of public decisions. Drawing on a wide range of information makes for a better evidence base, whereas participation and deliberation strengthen the throughput and output side of decisions.

Nevertheless, achieving coordination between a multitude of executive actors located at both identical and different territorial levels (horizontal and vertical coordination, respectively) remains challenging. Just as the external effects and thus the interdependence of political actions beyond one's own borders have increased dramatically, so are governments confronted with strong asymmetries in terms of authority, resources, culture and political ideology.

In order to help policy-makers to learn from experience of other governments, this COST Action generates theoretically and empirically well-founded and practical hands-on knowledge on how to organize intergovernmental coordination in multiple settings. In this policy brief we provide a first outline of the basic challenges of coordination and give hints at paths – to be further developed in the near future – how to improve the efficiency of vertical and horizontal coordination.

2 The challenge of intergovernmental coordination

2.1 *The general challenge under conditions of Europeanization and regionalization*

Over the last few decades, Europe has become significantly more multilevel by shifting powers from the nation-state upwards to the EU and downwards to subnational governments: The EU is attracting ever more powers and impacts its citizens directly, and many traditional unitary states have enacted decentralization reforms empowering regional and local authorities (territorial autonomy) and/or ethnic, religious, linguistic, and cultural groups (non-territorial autonomy). In parallel, most contemporary challenges facing European citizens – immigration, climate change or economic policy, and of course most recently the Covid-19-pandemic – are fundamentally multilevel in nature. This requires political actors at European, national, regional and even local levels to collaborate and coordinate their policies across tiers of government (vertically), between governments at the same level (horizontally), and across state borders (transnationally).

Coordination in policy matters is, however, no easy feat to achieve. The growth and increasing complexity of state architectures (differentiation) as well as the rise of new problems that cut across traditional policy boundaries challenge the coordinative capacity of policy-makers more than ever before: there are both more actors to coordinate with and more issues on which to coordinate. Thus, governments and their departments at different levels, politicians, bureaucrats, parliamentarians and stakeholders from the economy and civil society all want to have a say. Yet they pursue potentially conflicting interests and form geometrically varying, temporarily shifting alliances. This makes negotiations complex, costly and time-consuming. Also, it is often not always obvious which and how many actors even need to be involved in the first place – which policy sectors, territorial units, levels and branches of government or political parties need to be consulted? Finally, most problems for which the public demands a solution – tackling both the causes and the effects of climate change, for instance – are not single-issue problems. Instead, they span various aspects and perspectives, for instance environmental protection, transport, housing, flood prevention and the promotion of renewable energy. So as different coordination processes occur simultaneously in different arenas, effective coordination also becomes a problem of agenda-setting. When coordination takes place in various networks,

institutions and processes, each tends to follow its own logic which is potentially at odds with coordination goals elsewhere.

2.2 The specific challenge of the Covid-19 pandemic

The problem of intergovernmental coordination gained exceptional importance during the Covid-19 pandemic and will prospectively continue to do so in the post-pandemic era, when the medium and long-term consequences need to be dealt with. The pandemic exposed more than any crisis before the crucial importance of coordination as well as the difficulties of attaining it: In a crisis situation marked by high insecurity, enormous time pressure and developmental dynamics as well as high risk decisions, policy makers need to come to quick and targeted joint decisions. Those decisions presuppose, however, answers to manifold questions, such as: Which (groups of) actors are involved? Who is responsible for what? Which external effects are created by the individual action of one government? How can efforts be effectively joined and pooled to counter negative externalities? How much uniform reaction is needed and where are responses tailored to regional needs more appropriate? That is, how can – on the one hand – various actors representing highly diverse interests come to agree on a joint path of action, how can they be motivated to rank the common good above particular interests and to achieve a compromise? Yet, at the same time, how much variation in policy responses is useful or necessary across a territory, what needs to be decided jointly, what can be left to individual territories? And who decides on individual or coordinated paths of action? Existing evidence on the pandemic management in all countries across the world exposes a great variety of answers to those questions. The best way to coordinate the pandemic management is, however, far from obvious. It requires the right mix of locally rooted and flexible reaction on the one hand and central coordination on the other.

2.3 Opportunities, or: How to address the challenge?

In settings as outlined above – marked, generally, by multi-dimensionality and increasing complexity, and specifically by crisis driven pressure for quick and effective decision-making – coordination is really the only way out. Only if the diverse knowledge and experience of different actors at different levels is pooled in a complimentary fashion can we acquire the capacity to solve collective problems. Bringing in multiple actors with a different background and territorial vision also strengthens the legitimacy of political decisions as well as their effectiveness. Yet we still lack systematic knowledge and lessons

learned on how best to organize, manage and implement intergovernmental coordination under various conditions.

Such knowledge is, however, crucial for policy-makers at all levels and all over Europe to successfully cope with everyday decision-making as well as with crisis management. In short: **The legitimacy and effectiveness of European governance depend crucially on the ability of governments to coordinate decision-making in an increasingly complex environment.** Put the other way, failure to achieve coordination jeopardizes the democratic legitimacy of elected governments. For example, regional politicians in devolved states such as Spain, the UK or Italy are still inexperienced in the practice of intergovernmental relations and struggle to establish functioning processes and institutions especially in the horizontal dimension. Similarly, municipal actors trying to optimize inter-municipal cooperation in order to respond to the quest set by the EU and to attract funds in old and new member-states alike look for guidance on how to structure optimal processes. Improved intergovernmental communication and coordination might also help in dealing in a peaceful and mutually productive manner with demands for more regional autonomy.

And while we may lack systematic knowledge on intergovernmental coordination, there is a great variety of daily examples all across Europe to learn from. The potential gains are huge; suffice to think of inter-municipal cooperation, regional “embassies” in Brussels, EU-sponsored cross-border cooperation or even transnational city networks. the same is true for academic research; knowledge may be scattered across disciplines, but this also provides an enormous opportunity to learn from each other’s theories, methods and evidence. Thus, disciplines such as political science, public administration, federalism and EU research as much as history, sociology, law, geography, political economy and public finance need to better communicate with each other.

Finally, the few insights that we do possess are mostly country- or level-specific, focussing on relations between two levels (e.g. local-national, regional-national, or national-European) at best. The challenges and opportunities for intergovernmental coordination are, however, structurally similar from the local to the European levels and can be expected to feed back into each other as arenas are increasingly linked. In short, while issues of coordination are on the research agendas of many different disciplines, a genuinely wholistic perspective is yet amiss. We know little about how to theoretically design, actually establish and practically improve intergovernmental coordination; how and when to involve which political actors; and how to ensure both legitimate and efficient decision-making and implementation of coordinated policies. But different pieces of the puzzle are out there and just can’t wait to be assembled.

3 What is intergovernmental coordination?

3.1 A working definition

Coordination has repeatedly been said to be the 'philosopher's stone' of public policy making¹, and rightly so. Coordination is a universal challenge of all organisations (within and between them) as soon as specialization and a multiplicity of actors come into play. With an increasing complexity of tasks and actor structures in modern states, the challenges of coordination have become ever more demanding. While coordination ultimately aims at reaching mutually compatible decisions and actions (coordination as an outcome or result), the way to this is through information, communication and negotiation (coordination as a process). The double-faced nature of coordination as both process and result makes it even more complicated to come to terms with this notion conceptually and in the practice of policy-making. There is no single best way how to achieve coordination, but it certainly implies interdependency, communication and interaction, and ultimately some kind of agreement.

In multi-level settings, coordination between governments of various territorial units – within and between states – is of particular importance. To be sure, inter-parliamentary coordination has improved in the past decades, equipping MPs with better information and helping them to orchestrate political action. But policy-implementation almost exclusively takes place in the realm of executives with their bureaucracy, and it is there that coordination has the most practical relevance. In this sense, this COST Action focuses mainly on challenges and options for coordination between governments or executive actors, while taking into account the role of other (groups of) actors in the broader network of executives.

3.2 Dimensions of coordination

Coordination, being a ubiquitous phenomenon of human action, typically occurs along various dimensions. It is useful to distinguish horizontal, vertical, sector-spanning, intra- and inter-organizational as well as trans-boundary coordination.

Horizontal coordination takes place between units at one and the same level. Those may be local, regional or national governments in the context of intergovernmental relations,

¹ See Peters, B. Guy (2015): Pursuing Horizontal Management. The Politics of Public Sector Coordination. Lawrence, KS: University Press of Kansas, p. 2 with further references

or, more broadly, various organizations, such as governmental departments, local offices and so on. Horizontal coordination is marked by a lack of hierarchy, so the actors involved need to agree on some form of commitment as it cannot be enforced externally.

Vertical coordination takes place between units that stand in a vertical (mostly hierarchical) relationship to each other, e.g. national governments and regional or local governments, or different hierarchical orders within one organization. Vertical coordination often overlaps with horizontal coordination, for instance when all regional units coordinate with the national government in an intergovernmental council. The vertical dimension inserts a certain asymmetry (of interests, authority and resources) and often a hierarchy into the coordination process. Higher-level units have the option of splitting a broad vertical and multilateral horizontal coordination process in a series of bilateral vertical negotiations, thereby strengthening their own negotiation power (*divide et impera*). Insofar as hierarchy is involved as a governance mechanism, vertical coordination situations may be easier to “solve” than horizontal coordination were all actors have the same formal weight.

Coordination spanning across policy-sectors is increasingly necessary, as all major policy problems of our days – from climate change and energy transition through sustainable resources management, urban development, demographic change, to global migration and terrorism – cut across traditional policy sectors. Hence the need to seek and establish institutions and procedures of coordination that secure sector-specific expertise, on the one hand, and the linkage of different aspects and perspectives of a policy, on the other.

The dimensions of *intra-, inter- or trans-boundary coordination* clearly overlap with horizontal, vertical, and sector-spanning coordination. The difficulties of attaining coordination increase, however, from coordination within organizations such as regions, states or the EU to coordination between them. Particularly trans-boundary coordination needs to overcome additional obstacles of potentially divergent national regulatory frameworks and public expectations. Many problems simultaneously horizontal, vertical, sector-spanning, and trans-boundary coordination, thereby reaching involve highest degrees of complexity. Climate change is by now a classic example, as is dealing with the Covid-19 pandemic.

3.3 Forms of coordination

Existing research based on empirical studies in public administration and public policy emphasizes that there is always a trade-off between specialization and the need for coordination. The more specialized tasks, units and professional staff are, the more they tend to focus on narrow aspects of a problem. The more generalized tasks, units or staff are, the more easily different aspects can be jointly taken into account. The more encompassing view on policies comes, however, at the price of less detailed expertise. Also, there is a trade-off between mirroring specialization in separate units and integrating them in one organizational unit. More specialized units can fulfil narrowly defined tasks more efficiently, but have a higher risk of creating negative externalities for other units. Integration of tasks in a single organization, on the other hand, tends to come at higher costs of production, but increases the resilience of the organization as a whole and internalizes externalities.

Complex tasks can thus be solved all the more effectively the better specialization, division of labour and integration are linked in the coordination process. **Networks** and **cascading processes** are a useful device for organizing coordination with persons at the interface between specialized units and hierarchical levels providing linkages, transmitting and bundling information in all directions.

Depending on the nature of the task to be coordinated, positive or negative coordination mechanisms can be more efficient. *Positive coordination*, as coined by Fritz Scharpf and Renate Mayntz in their seminal study on the German ministerial bureaucracy in the early 1970s and elaborated later by Scharpf in his studies on European coordination², entails a broad brainstorming process involving all potentially affected actors. It is open-ended and non-hierarchical, and more deliberative than bargaining-oriented in nature. Processes of positive coordination are time-consuming and risk to produce no result. But they provide the chance of eliciting innovative solutions and establishing a broad consensus on agreed-upon results. *Negative coordination*, in contrast, is not aimed at innovation. Rather, standard solutions are proposed and circulated so as to make sure that potential veto positions are taken into account. Both positive and negative coordination are per se horizontal coordination mechanisms, yet they require some degree of hierarchy to achieve coordination. So typically a **lead actor** is appointed to

² Mayntz, Renate; Scharpf, Fritz W. (1975): Policy-Making in the German Federal Bureaucracy. Amsterdam, Oxford, New York, NY: Elsevier; Scharpf, Fritz W. (1994): Games Real Actors Could Play: Positive and Negative Coordination in Embedded Negotiations. In: *Journal of Theoretical Politics* 6 (1), S. 27–53.

organise the process, setting the agenda and deciding which actors are to be involved. Positive coordination is useful when innovative solutions are needed and there is no time pressure. Negative coordination is more time-efficient, but sticks to well established routine solutions.

While the description of positive and negative coordination is rather old and initially linked to the German ministerial bureaucracy, those mechanisms are fairly universal and still broadly useful in their applicability.

4 Factors for good intergovernmental coordination

While this COST Action has only just started and aims to provide policy advice on how best to organize intergovernmental coordination in various instances, we can already now outline some venues for good coordination, subject to more detailed elaboration.

4.1 Defining the setting

In searching for appropriate ways of coordination, the first step is to be aware of the situational setting:

- Which dimensions of coordination are relevant? Which actors are or need to be involved? Which interests will they bring to the negotiation?
- How are fiscal relations and policy tasks interrelated? Is there potential conflict on who pays for expenses related to the task, are there appropriate means of providing or re-distributing necessary resources? Fiscal relations play an important role in intergovernmental coordination. As long as it is not clear who pays for a task or the results of a coordinated decision, or if the distribution of fiscal burdens is perceived as unfair, commitment to joint solutions is low. Thus, questions of contribution to joint tasks and distribution of financial resources need to be agreed on simultaneously with substantial questions
- Which is the appropriate level at which coordination is to be organized? A basic criterion for selecting the appropriate level of coordination is the economic principle of *institutional congruence* – the territory which is affected by a decision ought to be congruent with the territory at which decisions are being taken. This principle helps in particular to internalize external effects. But in multi-layered systems, institutional congruence can be achieved either by centralization or by coordination of regional or local decision-making. Typically

the latter mode of decision-making is superior in terms of information processing capacity and democratic quality.

- How can coordination as process and outcome be communicated to involved actors as well as to the public? As successful coordination is a crucial condition for the democratic legitimacy of policies, communication strategies play an increasingly important role. Doing away with secret meetings might be a good idea, yet secrecy often enables actors to enter into compromises without losing face. Also, as intergovernmental negotiation and decision-making processes typically occur alongside traditional lines of democratic representation and accountability, it is all the more important to secure control of those fora by parliaments and governments as well as the broader public through timely, accessible, substantive and transparent communication.

4.2 *Institutionalization*

- Intergovernmental bodies should be established in all multi-level states as regular fora of interaction and exchange. They can serve to collect information, create trust and establish bonds of reciprocity, which in turn facilitates further coordination. As members of those bodies trust each other and meet in repeated interaction, they can overcome a position-oriented bargaining mode (posturing) and achieve instead a *solution-oriented arguing mode* in their negotiations (pragmatism). It is, however, important that they meet on a regular basis over longer periods of time, not only on an ad hoc basis. Thereby they remain slightly detached from everyday quarrels and are able to develop concepts and strategies with longer time horizons. At the same time, they can provide a readily available infrastructure and knowledge base in case of the need for sudden crisis management.
- Intergovernmental bodies should be established as loosely coupled forms of linkages to provide room for local/ regional pragmatic adaptation and flexible variation where necessary (e.g. cross-border coordination) and also permit national integration, if so desired.
- Intergovernmental bodies work better if they avoid outright hierarchies, in particular in asymmetric multi-level systems. While the national level (government) has greater fiscal and legal weight compared to the regional or local governments, intergovernmental coordination presupposes fair recognition of all negotiation partners, openness, transparency, and trust. This is

fostered by regular meetings, by rotating leadership and a responsive behaviour of all representatives, but especially by those of the national government.

- Horizontal and vertical bodies: In order to strengthen their position towards national government, it is furthermore advisable that regional and local units meet in horizontal fora to agree on a joint position. It is not advisable to enter extensively into bilateral negotiations between individual regional or local units and the national government, because such bilateral negotiations strengthen the national government's strategic power to 'divide and rule.
- Horizontal bi- or trilateral fora are helpful specifically in securing cross-border coordination, e.g. between local governments in one state or along the border between two or more states. Those coordination instances ought to be able to broker solutions relatively independent yet not without feed-back loops from higher-level governments. The flexible variation between closer or looser bonds is the essence of the principle of loose coupling.

4.3 Political actors

Political actors play an integral part in fostering or hindering the success of intergovernmental coordination. Party politics play a role in several respects:

1. The partisan ideology of members of intergovernmental bodies often influences their substantial position on the issues at stake. Similar ideological backgrounds make it easier, great ideological distances hinder a coordinated decision. Interestingly, however, in policy-specific bodies, members tend to develop an *esprit de corps* over time, emphasizing a shared topical understanding of a problem over party ideological differences. In that manner, policy-specific bodies existing over a longer period can help to bridge party-political differences.
2. In multilevel architectures where representatives of various governments from the national, regional and/or local level interact, congruence or incongruence of coalition governments has been found to impact intergovernmental negotiations. Congruent governments across levels of government may find it easier to agree on common lines of action, incongruent governments might import ideological differences into topical debates. To the degree that the party system in a territory becomes more fractionalized, i.e. the number – and potentially also the ideological distance – of parties campaigning in elections and forming governments increases, full congruence or full incongruence between governments will increasingly be substituted by partial congruence, since the

variation of governments (and often also the size in terms of numbers of coalitions partners) increases. That means that the partial ideological overlap between the various coalitions impedes the formation of strict ideological blocks in intergovernmental bodies; instead, flexible majorities are likely to be brokered along the lines of specific issues. Negotiations become – inter alia – longer and costlier, and compromises are watered down to attract the agreement of variously composed governments. While the risk of negotiation deadlocks decreases, compromises, once they are reached, are backed by a broad political consensus.

3. Third, the degree of vertical integration or disintegration of parties in multi-level party systems is said to impact the coordination in intergovernmental bodies. Weakly vertically integrated parties allow regional divisions to diverge more widely from a general party line than strongly vertically integrated parties. For instance, the formulation of election manifestos or the selection of candidates may be put to a lesser or greater degree in the hands of regional or local branches. The consequences of more or less vertically integrated multi-level parties for effective intergovernmental coordination are, however, unclear. Weakly integrated parties allow their regional divisions more flexibility in negotiations. Thus, the multilateral negotiation game becomes more flexible and variable, and majority brokering becomes possible even within and not only between parties. Thus it is also conceivable to build majorities based on regional closeness, an overlap in specific topical interests and cutting across party lines, as some regional divisions agree on a proposal, while other regional divisions of the same party oppose it. Similar to the argument put forward above on the effect of higher party-political fractionalization, this increased flexibility is likely to make negotiations more open, longer and costlier, but it enhances the chances for a final result. More vertically integrated parties, on the other hand, make negotiations easier, as all regional divisions of one party can be expected to follow the same line. Costs of coordination are thus lower, but the risk of failure due to stalemates is higher.