Abstract: In a complex and interdependent world, many of the problems to be solved - from reduction of unemployment and social exclusion to improving the economic competitiveness – the spatial, territorial dimension becomes more and more important. It has become the third dimension of the European Union cohesion policy, added to the economic and social ones. The territorial delineation of the economic issues leans toward an approach that reflects the necessity of involvement of all decisional levels and economic actors, both for identifying the problems and for implementing the optimal solutions. Starting from these overall considerations this paper explores the significance of the partnership setting up and development for the creation of sustainable territorial networks, able to support the implementation of regional policy in Romania, considering the overall European context.

Key words: territorial development; networks; partnerships; regional policy

Introduction

Many of the regions of the EU are endowed with big potential for sustainable economic growth and job creation. It includes a mix of territorially organised tangible and other resources such as social capital, institutional settings, community development and local entrepreneurship capacities.

Mobilisation of diverse territorial potentials requires a new understanding of territorial authority and cooperation with the private sector. The territorial influence of European Union Cohesion Policy and other policies (example: rural, environmental and transport) must be recognised at all levels. This implies that EU policies should improve
consideration of local, regional and national policies and development potentials by having a more coherent approach to territorial development. On the other hand, regional and local development strategies should focus more on the European needs and make a better are able to provide a network for information exchange and the sharing of best practice, thus fostering greater efficiency in the implementation of the programmes. Partnership ensures more bottom-up participation, the introduction of innovative ideas and different perspectives and serves as a network across various policies and sectors. This paper proposes an inquiry into the network formed at the regional level under the influence of different conditions, pointing out the importance of partnership in establishing territorial relationships.

**Background**

The European Union Territorial Agenda is a strategic framework for the European territorial development, supporting the implementation of Lisbon and Gothenburg strategies through an integrated territorial development policy. The aim of this territorial agenda is the increase of global competitiveness and sustainable development of all European regions.

The Territorial Agenda demonstrates that, within the cohesion policy, geography matters. This involves a special attention that needs to be paid to the territorial cohesion, referring to the history, culture and institutional framework of each Member State. By taking into consideration these patterns can be better valorized the opportunities offered by the European territorial diversity and by the development opportunities of its territories.

Moreover, at the national level the regional policy must have a territorial dimension by directing the investments not only within developed areas, but also within areas with severe social and economic problems that tend to decouple from the economic development and that need urgent solutions for not becoming an obstacle in achieving the European objective of territorial cohesion.

The analysis within the *Territorial State and Perspectives of the EU* document shows that Europe will have to face some significant challenges in the coming years. The most important territorial tendencies and driving forces will influence differently the European cities and regions. Among the most important challenges identified within *Territorial State and Perspectives of the EU Document – Towards a stronger European Territorial Cohesion in the Light of the Lisbon and Gothenburg Ambitions* are (E.C., 2006):

- geographical concentration of activities supported by market forces and development of society;
- accelerating integration of the EU in the global economic competition;
- growing interdependency between the EU territory and neighbouring countries as well as the other parts of the world;
- impacts of the enlargement of the EU on the economic, social and territorial cohesion of the EU;
- aspects of unsustainable development leading to the overexploitation of the ecological capacity of the regions.

According to the Territorial Agenda the territorial cohesion should focus on regional and national territorial development policies able to ensure better exploiting of regional potentials and territorial capital, better positioning of regions by strengthening their potentials and cooperation, promoting the coherence of policies with territorial impact, both horizontally and vertically, so that they support sustainable development at national and
regional level. This requirement highlights the contribution that can be brought about by the creation and development of territorial networks.

**Regional networks – specific features and typology**

The *regional networks* are defined as cooperation between the business environment, governmental bodies, research institutes and universities, intermediary organisations, as well as other groups. (Capellin, 2000) The business networks, as well as the public or other institutions ones are components of the integrated system of "regional network".

The set-up of a regional network can be influenced by the partners’ origin and number, by the aim of the initiative that should be implemented, as well as by the objectives to be achieved within a network.

The regional networks are characterized by the following features (Sprenger, 2001):

- participants are part of different fields of activity (business, chambers of commerce and industry, governmental organisms and public institutions, research institutes, universities, social groups);
- participation is on a voluntary basis;
- participation is based on equal rights, dialogue, consensus and compromise, as well as self-governing;
- by taking into consideration the different interests a network leads to coordination and organisation;
- participants within a network do not have the authority and power to penalise the others or the authority to give directives the other regional partners;
- premises of success are the mutual trust and learning from each other.

Figure 1 depicts various types of networks and corresponding relations between participants

![Diagram of networks and relations](source: Institute for Structural Policy and Economic Development, www.isw-online.org)
At European level, the literature devoted to this subject reveals the changes produced by the implementation of the regional policy. The set-up of a network is no longer the creation of the firms from the economic environment. The globalisation process, the competition for localisation, as well as the regional policy that encourages the mobilisation of resources and valorisation of the regional potential have determined the emergence of regional networks. Moreover, Sprenger (2001) considers that the decision of setting-up a regional network is influenced by the existence of a competencies deficit in the institutions that implement policies, insufficient and sometimes the lack of local funds and resources, by the increasing importance of soft factors for localisation and even by attracting new partners in the process of drawing-up and implementation of the regional policy.

Thus, the international literature identifies different forms of regional networks: regional clusters, regional centres of environmental excellence, regional employment and environment initiatives, Local Agenda 21 initiatives.

The regional clusters can be defined as regional accumulation of productive and services companies, research, education and other training institutions from various fields of activity, offering complementary services so that to encourage the cooperation within a network (Sprenger, 2001). Clusters are frequently found in automobile industry (e.g. Stuttgart, Upper Austria, etc.), but also in the area of environmental protection (e.g. Tyrolean Energy-Efficient House Cluster- Austria).

The regional centres of environmental excellence have as objective the creation and extension of the international competencies in research field and increase of economic implementation of research results. The aim of regional employment and environment initiatives is to maintain and create jobs and to help establishing the regional and local economy. These are characterized by bottom-up initiatives, partnership activities, innovation and integration of various politics (industrial, environment, social). Through the Local Agenda 21 initiatives is encouraged the dialogue between administration, citizens, local organization and private sector.

The regional networks can be of various types by taking into consideration the partners involved, the partnership type within the territorial network being influenced by the region’s particular problems and institutional framework, as well as by the objectives to be achieved.

The networks, including strategic alliances, joint-venture, working groups represent a form of cooperation. The particularities identified by the international literature refer to the following aspects:

- networks allow all types of cooperation, even if the dominate relations are vertical and horizontal; there are also relations with other partners that do not participate in the network;
- networks are not characterised by detailed contracts or particular legal forms;
- they are set up without any time constrains and in some cases the cooperation relations are the basis for another types of partnership, respectively joint venture;
- network is not dissolved by the withdrawal of one partner; the remaining companies continue the activity within the network and can even accept new partners (Sprenger, 2001).

At the European level, the employment of the economic growth factors by turning them into good account within regional networks is supported by the regional policy of the
European Union and by each country as well. By means of the Structural Funds were encouraged partnerships and created collaboration networks by initiatives such as LEADER, URBAN.

At the same time, the member states, through the national funds, support a considerable number of programmes for creating regional networks (examples: Austria - promoting the industrial clusters, Finland – programmes for the centers of expertise network regarding improvement of the industrial firm competitiveness in the international environment; France – programme coordinated by DATAR for setting-up regional and local networks in order to support the initiatives within Agenda 21; Germany - innovation networks – cooperation between at least two research institutes or universities and four production firms), networks for strengthening the innovation capacity of the small and medium enterprises, networks for promoting cooperation in the industrial research (examples: Great Britain – programme for setting-up cooperation centers in research area between the research departments within the companies and research institutes, universities; Italy – local production systems, especially in the north-east and center of the country – NEC systems, based on a dense connection network between firms from different sectors of activity and the other regional actors). In the regional policy area, the network has recorded various forms according to the potential partners’ reasons for cooperation, as well as the localisation in specific areas.

Internationally, the territorial network issue needs a multidisciplinary approach between the instruments offered by the economy, regional policy, management, network modeling (Table 1).

**Table 1.** Anticipated advantages of regional networks

<table>
<thead>
<tr>
<th>Economic advantages</th>
<th>Socio-cultural advantages</th>
<th>Ecological advantages</th>
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<tbody>
<tr>
<td>− Finding and using the regional development potential</td>
<td>− People affected become participants</td>
<td>− Increased importance of environmental regional problems</td>
</tr>
<tr>
<td>− Increasing the regional added value</td>
<td>− Are supported the regional initiatives, creativity and cultural identity</td>
<td>− Increased regional responsibility</td>
</tr>
<tr>
<td>− Increasing used of synergies effects through cooperative planning</td>
<td>− Solving the regional conflicts is supported by intermediary structures</td>
<td>− Improvement of the regional resource cycle</td>
</tr>
<tr>
<td>− Reducing the reaction time to regional structural problems</td>
<td></td>
<td>− A better integration of the environmental dimension into regional development by ex-ante evaluation, indicators, project selection.</td>
</tr>
<tr>
<td>− Development of new services and products</td>
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Source: Sprenger, 2001, p. 21

The scientific research undertaken in Romania with regard to the set-up of territorial networks is still incipient, the regional policy not approaching explicitly, systematically this subject. Various journals (such as *Entrepreneurial barometer of the National Council of Small and Medium private Enterprises, SME Magazine, Economy and Local Administration*) or studies developed within research projects (carried out by the International Centre of Entrepreneurial Studies from Bucharest, the Group of Applied Economics) have identified activities where incipient forms of clusters are developing. This is the case of software
industry (Bucharest, Timisoara), navy construction (Galati, Constanta, Mangalia), woodcraft industry (Covasna, Harghita, Neamț, Suceava), textile industry (Vaslui), china industry (Alba). Further on, the set-up and development of territorial network in Romania can be stimulated by establishing at the administrative level the general rules of implementing the policy, so that the economic actors can find, within the legal framework, the methods for a flexible integration on the market. (Constantin, 2002)

At the European level, as a result of globalization and intense economic exchanges, territorial networks tend to evolve to supra-regional ones by attracting the international competitors. The globalisation process increases the importance of regions as location for businesses and transforms the product competition into a distinct competition for localisation. Thus, the regional and local partners are determined to improve their regional economical culture and to promote the regional competitive advantages.

As Figure 2 shows, the logic of current territorial development policies is that economic growth is based on the organisation of space that is shaped by a range of policies at all levels of government as well as by social trends, technological development and market forces. Some of these economic and social policies have unplanned spatial impacts which can compromise territorial development. Policies with a territorial focus not only counteract these effects but - more important - add value by integrating the economic, social and environmental dimensions of cross-sectoral policies. An important element in territorial development policies is the cooperation of various sectors of activity, levels of authorities and stakeholders, such as partnerships with the private sector and civil society that play an

Figure 2. Instruments for regional economic policy
Source: Fischer, M. 2002, p. 49
important part in growth and development processes. Territorial development policies are an important instrument for strengthening regional territorial capital. (EC, 2006)

The partnership – an important step towards networking. Significance for the EU economic and social cohesion policy and Romania’s regional development

The partnership represents one of the principles highlighted by the European regulations regarding the Structural Funds. They envisage a partnership among Commission, the member state, authorities and organisations appointed by the member state taking into account the national laws and their current practices (EC, 2006). The partnership principles must be applied in all stages of the Structural Funds employment process. The Commission has revealed that even if the partnership within regional authorities is a well known and accepted practice, which generally functions satisfactory, the local partnership is less developed especially due to the economic and social partners’ insufficient involvement.

Thus, at European scale, the partnership concept has been enforced due to the necessity of applying effectively the subsidiarity principle. This new direction takes into consideration the advantages of a public – private partnership: local interest compliance, investment cost and exploitation risks sharing as well as the lack of local public administration investments resources.

The public - private partnership concept represents a cooperation method among public authorities and private sector, respectively non-governmental organization, business association, companies for implementation of projects with positive effects on labor market and local and regional development. (Cappellin, 2000)

The partnership promotes cooperation between social and political actors, aiming to legitimate a political action, due to the fact that they are less involved in the decisional process and policy monitoring. The activities developed through partnership do not necessary follow profit results, but also performing social services, which contributes to general social welfare. Moreover, the partnership represents a collaboration instrument through which can be implemented public services improvement projects and can be ensured the programmes implementation coherence and their transparency. (Cappellin, 1997). At the same time, the partnership contributes to strengthening the governing system and local development.

Within the European countries does not exist and was not imposed a partnership standard system, even if lately is influenced more and more by the English model through two major objectives, namely labour market and local development in order to ensure the social and economic cohesion.

The partnership built between different levels of administration (central, county, local) and public sector plays an essential role in implementing the local and regional development projects financed by pre-accession and structural funds.

Public-private partnership arrangements appear to be particularly attractive for the new EU member states in view of their co-financing requirements, budget constraints, the need for efficient public services, growing market stability and the process of privatisation. Partnership, however, works only if there is an explicit policy commitment by national government to involve the private sector in public sector projects. A clear framework is needed for the application of partnership in different policy areas, since specific
arrangements need to vary from case to case depending on how far costs can be recouped through user charges and the extent of social objectives. Any partnership framework applied in the context of the Structural Funds should include an obligation, for all projects above a certain scale, to evaluate the possibility of using some kind of public-private partnership arrangement. The European Investment Bank and the European Investment Fund could provide a valuable contribution in this regard (Cappellin, 1997).

Partnership remains a core principle for management, monitoring and evaluation of the Funds and can add much value, particularly where the roles and responsibilities of the participants are clearly delineated. The Commission recommended that partnership be strengthened since it contributes to the success of programmes by giving them greater legitimacy, by making it easier to coordinate them and by increasing their effectiveness as well as transparency.

While there is broad consesus that partnership adds value to the effectiveness and impact of the Structural Funds, it may also introduce new layers of complexity into the process of designing and delivering policies, which can slow down decision making. There is, therefore, a trade-off between the additional complexity resulting from partnership and the improvements in design and implementation, which it can bring.

In practice, the studies regarding the partnership development ("Partnership in the 2000-2006 programming period", "Partnership for implementing the Structural Funds" – DG REGIO) undertaken at the EU level demonstrate the growing importance of applying the partnership principles, even more if the European Commission requires that the projects financed from the Community Funds must respect this principle. One of the evaluation criteria of the projects is the level of partners’ involvement in the implementation of the projects financed; within the evaluation reports of the European Commission there is always a chapter dedicated to the partnership effects on the projects.

The partnership within regional policy tends to become the nucleus for setting-up a territorial cooperation network (Maillat, 1990, Cappellin, 1998, Sprenger, 2001), having as participants the public administration, the economic, social, but also cultural actors. Partnership in the design and implementation of programmes has become stronger and more inclusive, involving a range of private sector entities, including the social partners, as well as regional and local authorities. This has led to better targeted and more innovative projects, improved monitoring and evaluation of performance and the wider dissemination of information of their results, at the price, in some cases, of additional complexity of programme management.

In the partnership context, the regions have the responsibility of concentrating financial resources on the themes necessary to address the economic, social and territorial disparities at regional level.

Due to these reasons, institutionalised partnerships through LEADER (rural development through integrated programme and cooperation between local groups of actions), EQUAL (removing inequalities and discrimination in respect with access at the labour force), INTERREG (encouraging the interregional and transnational cooperation), URBAN (supporting the implementation of innovative strategies in towns and urban areas), are transformed into territorial networks aiming at the valorisation of the members advantages and obtaining multiplier effects.

The partnership importance at European level is revealed both through studies undertaken by independent research institutes (e.g. London Tavistock Institute – „Thematic
evaluation of the partnership principle” – 1999), and through European Union institutions (European Economic and Social Committee – „Partnership for implementing the structural funds”, 2003). The conclusions of such studies reveal that the role of the socio-economic partners is different according to the development stage of the measures financed under Structural Funds, respectively the programming, implementation, monitoring and their evaluation. Furthermore, the public participation is a key component of increasing the quality of programming documents and ensuring their acceptance by the citizens.

Furthermore, for the new programming period 2007-2013 the European Commission continues the partnership policy, by creating new initiatives such as JASPERS (Joint Assistance in Supporting Projects in European Regions), JEREMY (Joint European Resources for Micro to Medium Enterprises), JESSICA (Joint European Support for Sustainable Investments in City Areas), through which are promoted projects for investments, economic growth and creation of new jobs. („The Growth and Jobs Strategy and the Reform of European cohesion policy. Forth progress report on cohesion”, EC, 2006).

In Romania, in the regional policy drawing-up process were used formal as well as informal partnerships in order to ensure:

− the appropriate and correct implementation of approved programmes, together with their consistency with the established priorities and the general programming framework;
− a clear distribution of responsibilities of the socio-economic and institutional partners regarding monitoring and evaluation of the financial assistance;
− an appropriate importance on the environmental component, within a perspective of sustainable development, which ensures the use of public funds in conformity with the community policy and legal framework in this field.

The Government Decision no. 1323/2002, regarding the elaboration in partnership of the National Development Plan, ensured the legal basis for creating and developing the inter-institutional relations and the partnership structures at national and regional level, establishing at the same time the clear role of the ministries, Regional Development Agencies and other institutions involved in designing the National Development Plan.

As a result of this government decision were set-up:

− The Inter-institutional Committee for the elaboration of the National Development Plan (ICP): the membership consists of representatives from ministries, Regional Development Agencies (RDAs), central public institutions, research institutes and higher education institutions, as well as representatives of economic and social partners;
− Regional Committees for the elaboration of the Regional Development Plans (RCP): the membership consists of representatives from the Regional Development Agencies, the Prefectures, the County Councils, the decentralised services of central public institutions, representatives of research institutes and of higher education institutions, as well as representatives of the economic and social partners.

The created partnership structures operate through thematic working groups, in accordance with the issues analysed, as well as through plenary meetings, in a format which ensures a balanced representation of the central and local public administration, and public and private partners.
Moreover, in Romania took place an ample partnership process for the development of the programming documents for the period 2007-2013, respectively the seven operational programmes (regional development, transport, environment, competitiveness, territorial cooperation, strengthening the administrative capacity and technical assistance).

Taking into consideration that the Regional Operational Programme has been elaborated for solving the regional development problems, numerous consultative meetings with the regional partners took place so as to obtain a consensus in the fields of intervention that will be financed. Furthermore, at the regional level, due to the permanent exchange of information, a process for creation of communication and information networks has been developed between the partners involved. The next stage of the Regional Operational Programme, respectively the implementation one, will determine the created network to react through an active involvement in this process.

Considering the administrative structure and the Romanian legal framework, the public – private partnership may have as potential advantages:
- externalising the public administration activities that may be better carried on through private sector (concession, sale);
- the costs and risks distribution between public and private sector;
- community business involvement in projects of community interest;
- financial transparency during project implementation.

The risks that might appear during the partnership must be considered as well, respectively: the danger of partnership dissolving in a project implementation advanced stage, the doubtful legal status of ownership, the lack of transparency among the partners.

The partnership remains the main principle for the management and evaluation of the Structural Funds, providing added value, especially where the roles and responsibilities of the participants are clearly defined. In several cases it has led to the creation of a new institutional framework based on a series of cooperative networks or relations with various social and economic partners. In most cases it has enhanced institutional networking and cooperation between national and regional authorities. (EC, 2006)

**Conclusions**

An organisational model such as territorial network is capable to promote the development and the continuous change of the available knowledge within an individual local production system by achieving a synergy between the internal resources of the local firms and the external resources of other regions and countries. Thus, it can be considered that the territorial network model encourages the connection between the organisation of the firms’ economic relations and the regional territorial organisation, characterised by complex connections between industrial areas, urban centers, metropolitan quarters. Within the territorial network the institutional dimension of the local economic development process is very important. The increase of economies decentralisation and complexity determines the involvement of public institutions or of new collective organisations. Thus, the role of local and regional institutions is a catalyst one, integrator for promoting new solutions based on resource complementarity, stimulating local actors in project elaboration, proposals of strategic programmes and offering technical assistance for their implementation (Cappellin, 2002).
Traditionally, through the regional policy is granted financial support for the firms in the less developed regions, in order to reduce the regional disparities. Even in these conditions, the regional policy must be implemented by taking into consideration the competitive advantages and by using various instruments. Thus, through the promoted measures can be created service centers for small and medium enterprises, incubators for new innovative enterprises, technological parks, can be developed relations among firms and research institutes. At the same time the promotion of collaboration among developed regions and the less developed ones is highly recommended. Moreover, the regional policy must not promote only the cohesion and territorial integration of the regions but has to encourage and set-up networks within firms or strategic alliances at interregional level as well. For the regions confronted with economic decline the attraction of new investments is not sufficient, the creation of economic partnerships or collaboration between firms being also necessary.

The economic regional development must not consider only the promotion of “regional champions”, respectively those sectors with high competitiveness, but also the encouragement of the local development by establishing local agreements, service centres or development agencies. By this approach is encouraged the development of the partnership between small and medium firms, as well as a better integration of firms, territories and intermediary institutions.

Thus, the recent approach of the territorial networks in the field of regional policy reflects the necessity of adopting a systemic approach at regional level, by creating some territorial branches in specialised areas, supporting the sectoral integration at local level, diversification and production reconversion. Therefore, it becomes obviously that the general development of a region is not a sum of local economic systems development, but is the result of their integration at the regional level. This approach needs investments for consolidating the partnerships between different actors at regional level. Moreover, the territorial networks need the correlation of the local development with the integration on interregional markets (Cappellin, 2002).

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