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Territorial Rescaling for Polycentric Governance: the Case of Albania's Region

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Having accompanied the decentralization process in Albania in almost all of its steps, I have been always interested on the outcomes of that process. As such, good governance, initially, and later also Regional Development have become core part of my professional career. Yet, my practical applied work required always scientific and academic insight, and to achieve this, I ended up doing also my PhD. Indeed, I have been lucky enough to be involved in different policy discussions, processes and concrete projects which have urged me to get into theoretical discussions, while seeking practical solutions relevant to Albania. I have learned a lot, and I hope my thesis can contribute further to the discussions on how to obtain a balanced territorial development in Albania

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Abstract

Territory, development and governance are at the focus of this study, and there is particularly one level (territorial, governance or development related), which brings all these notions inextricably together in a unique way – the region. This research analyses the region as a dynamic concept, from the lenses of territorial rescaling in Albania. Albania is characterised by dramatic political and socio-economic shifts, and rapid accumulation of population and economic activities, starting as of 1990. In years, there has been a trend of increasing territorial disparities and emergence of peripheralities, reinforced also by a pattern of noticeably increasing monocentricity in the territorial structure, development and governance modes.

The accounts on territorial rescaling (with geographical, political, ecological, and socio-economic dimensions), and on territorial development and governance have evolved significantly towards developing interdependency connections, especially after 1999, with the adoption of the European Spatial Development Perspective by the European ministers of spatial planning. This evolution is based on the worldwide necessity to tackle disparities and achieve sustainable territorial development, and to pursue efficient and democratic governance mechanisms that achieve the latter. This is no doubt a challenging path, lying mostly on the stakeholders' ability to deal with territorial fragmentation and interdependencies, and with mismatches between territorial functionalities and formal jurisdictions. In order to produce cohesive growth at both, national and regional levels, stakeholders are bound to [re]construct territorial structures and conduct governance shifts that deal with the above challenges.

This research is looking at understanding the interdependencies between territorial typologies (regions) obtained in the territorial rescaling process, due to continuous governance shifts and the emergence of polycentric governance, as a means for boosting sustainable territorial development and cohesion. The research examines whether polycentric governance models have an effect on or connection to territorial development, and to what extent territorial rescaling and regional typologies define this connection. This examination should lead further to enhanced understanding on the 'polycentricity gap' and means to overcome it, which implies the following: i) Territorial polycentricity, as an objective for tackling territorial disparities while boosting competitiveness, has limited validity at regional levels, not always supported by empirical evidence. ii) Polycentric governance is claimed as a mode of governance that embodies network interactions and different degrees of decision-making autonomy

for its stakeholders. Polycentric governance can enhance territorial polycentricity by eliminating inefficiencies, improving the exchange and flow of information and goods, increasing resilience of the institutional and socio-ecological systems, and internalising the effects resulting from the dynamics of territorial rescaling. iii) Knowledge on regional/territorial typologies borne out of, or contributing to territorial rescaling, is needed to understand the *modus-operandi* of polycentric governance in a specific territorial context. In the case of Albania, a model for unravelling the polycentricity gap is established: i) Analysis of the territorial rescaling processes and related policy developments/results; ii) Analysis of territorial disparities, fragmentation and polycentricity/monocentricity in terms of territorial structure; iii) Linking territorial rescaling and polycentricity to cases of polycentric governance; iv) Concluding on territorial development effects. The analysis of polycentric governance in particular corroborates the validity of each case, based on 6 critical factors: Level of decentralization; Presence of network governance; Existence of at least one subject of common interest for stakeholders in the network; The presence of a common niche of attraction for genuine cooperation between stakeholders; Existence of a space, or a territory, where objectives of the actors are materialised; The presence of a commonly agreed system of rules for interactions and functions. It is assumed in this research that territorial constructs (typologies), resulting from rescaling processes, play a role in defining the subject/s of common interest and the need that brings actors, or centres of decision-making together.

The model of analysis here provided is useful to other contexts and to future research that builds on the assumption that combined territorial polycentricity and polycentric governance will produce cohesive growth on the territory. The research concludes that for the Albania's case there is positive correlation between the country's monocentric territorial structure and monocentric development profile. Monocentricity in governance modes is also spatially positively correlated with the findings on the territorial structure and development profiles. There are cases of polycentric governance for a number of sectors/issues, and their policy outcome seem to affect development positively. It is also concluded that territorial rescaling should be a continued and dynamic process, in order to readjust and self-correct inefficiencies borne out the presence of the polycentricity gap. In the case of Albania, the government should undertake cyclical assessments of governance and territorial reforms, improve processes accordingly, and initiate a regionalization reform. Finally, knowledge sharing

and exchange is identified as key to taking informed decisions and increasing the capacities of informal forums and networks in governing specific territorial tasks, regardless of the scale. Polycentric development requires interdisciplinary inputs from various stakeholders and various knowledge groups, in order to produce integrated and widely accepted territorial development visions.

However, Albania constitutes one case, and other similar cases (on national basis) need to be produced, to prove the validity of the above correlations and conclusions at a wider scale. Furthermore, the research is not dealing with the analysis of factors behind the identified correlations. This is not the object of this research, but it constitutes the next step to a full examination of the polycentricity gap. The latter remains an important objective, because once solved, it allows for polycentric development achieved through productive interactions and successful cooperation at societal level, and through enhanced knowledge of systems, both socio-economic and territorial ones.

Abstract

Territorio, sviluppo e governance sono al centro di questo studio, e vi è in particolare un livello (territoriale, di governance o di sviluppo), che riunisce tutte queste nozioni inestricabilmente insieme in un unico modo - la regione. Questa ricerca analizza la regione come un concetto dinamico, vista da lenti territoriali interscalari tra loro. L'Albania è caratterizzata da drammatici cambiamenti politici e socio-economici e da un rapido accumulo di popolazione e attività economiche, a partire dal 1990. Negli anni si è registrata una tendenza in aumento delle disparità territoriali e l'emergere delle periferie, rafforzate anche da un modello di notevole aumento del monocentrismo nella struttura territoriale e nelle modalità di sviluppo e di governance.

I resoconti sull'interscalarità territoriale (con dimensioni geografiche, politiche, ecologiche e socioeconomiche), sullo sviluppo e sulla governance del territorio, sono evoluti in modo significativo verso lo sviluppo di connessioni interdipendenti, specialmente dopo il 1999, con l'adozione del documento "European Spatial Development Perspective" da parte degli ministeri europei coinvolti nella pianifiazione territoriale. Questa evoluzione si basa sulla necessità mondiale di affrontare le disparità territoriali e realizzare uno sviluppo territoriale sostenibile in modo di perseguire meccanismi di governance efficienti e democratici. Questo è senza dubbio un percorso impegnativo, che si basa principalmente sulle capacità degli stakeholder di affrontare la frammentazione e le interdipendenze territoriali create dal disallineamento tra funzionalità territoriali e giurisdizioni formali. Al fine di produrre una crescita coesiva a livello nazionale e regionale, le parti interessate sono tenute a [ri] costruire le strutture territoriali e condurre cambiamenti di governance che affrontino le suddette sfide.

Questa ricerca cerca di comprendere le interdipendenze tra le tipologie territoriali (regioni) ottenute da una lettura interscalare territoriale, creata a causa di continui cambiamenti di governance e l'emergere di una governance policentrica - come mezzo per stimolare lo sviluppo territoriale sostenibile e la coesione territoriale.

La ricerca esamina se i modelli di governance policentrici hanno un effetto, o una connessione allo sviluppo territoriale, e in che misura il ridimensionamento territoriale, e le tipologie regionali, definiscono questa connessione. Il resultato dovrebbe portare ad una migliore comprensione del "divario di policentricità" e mezzi per superarlo, il che implica quanto segue:

i) La policentricità territoriale, come obiettivo per affrontare le disparità territoriali, mentre aumenta la competitività, ha una validità limitata a livello regionale e non sempre supportato da prove empiriche.

ii) La governance policentrica è riconosciuta come una modalità di governance che incarna le interazioni di rete e offre diversi gradi di autonomia decisionale per i propri stakeholder. La governance policentrica può migliorare la policentricità territoriale eliminando le inefficienze, migliorando lo scambio e il flusso di informazioni e beni, aumentando la resilienza dei sistemi istituzionali e socio-ecologici e internalizzando gli effetti derivanti dalle dinamiche territoriali interscalari.

iii) La conoscenza delle tipologie regionali / territoriali sostenute, o che contribuiscono al ridimensionamento territoriale, è necessaria per comprendere il modus-operandi della governance policentrica in uno specifico contesto territoriale. Nel caso dell'Albania, viene stabilito un modello per svelare il divario di policentricità:

i) Analisi dei processi interscalari territoriali e di sviluppi / risultati delle politiche correlate;

ii) Analisi delle disparità territoriali, frammentazione e policentricità / monocentrismo in termini di struttura territoriale;

iii) Collegare i dimensioni territoriali interscalari con la policentricità descritta da casi di governance policentrica;

iv) Concludere sugli effetti di sviluppo territoriale. L'analisi della governance policentrica, in particolare, conferma la validità di ciascun caso, sulla base di 6 fattori critici: livello di decentralizzazione; Presenza di governance in rete; Esistenza di almeno un argomento di interesse comune per le parti interessate nella rete; La presenza di un'attrazione comune per una vera cooperazione tra le parti interessate; Esistenza di uno spazio, o di un territorio, in cui si concretizzano gli obiettivi degli attori; e La presenza di un sistema di regole concordato per interazioni e funzioni.

In questa ricerca si presume che i costrutti territoriali (tipologie), risultanti da processi interscalari sul territorio, svolgano un ruolo cruciale nel definire il soggetto di interesse comune, e la necessità di una decisione aperta tra attori locali e poteri decisionali.

Il modello di analisi fornito è utile per altri contesti e ricerche future che si basano sull'ipotesi che la policentricità territoriale combinata con la governance policentrica producono una crescita coesiva sul territorio. La ricerca conclude che esiste una

correlazione positiva tra la struttura territoriale monocentrica del paese e il profilo di sviluppo monocentrico. Il monocentrismo nelle modalità di governance è anche correlato spazialmente con i risultati sulla struttura territoriale e sui profili di sviluppo.

Esistono casi di governance policentrica, per un certo numero di settori / problemi, con esito politico che sembrano influenzare positivamente lo sviluppo.

Inoltre, concludento, la lettura interscalare del territorio dovrebbe essere un processo continuo e dinamico, a fine di ristabilire le inefficienze, e i processi di auto-correzione derivanti dalla presenza del divario di policentricità. Nel caso dell'Albania, il governo dovrebbe intraprendere valutazioni cicliche della governance e delle riforme territoriali, migliorare i processi, e di conseguenza, avviare una riforma per la regionalizzazione. Infine, la condivisione e lo scambio di conoscenze, risorse cognitive, possono identificarsi come la chiave per prendere decisioni colletive, e per l'aumento di queste capacità in reti e forum informali per governare specifici compiti territoriali, indipendentemente dalla scala amministrativa. Lo sviluppo policentrico richiede input interdisciplinari da parte di vari stakeholder e vari gruppi di conoscenza, al fine di produrre visioni di sviluppo territorialmente integrati e ampiamente accettati.

Tuttavia, l'Albania costituisce un caso, e altri casi simili (su base nazionale) devono essere prodotti per dimostrare la validità delle affermazioni e conclusioni sopra riportate su scala più ampia. Inoltre, la ricerca non tratta l'analisi dei fattori alla base delle correlazioni identificate. Questo non è l'oggetto della ricerca, ma costituisce il prossimo passo per una completa lettura del gap di policentricità. Quest'ultimo rimane un obiettivo importante, perché una volta risolto consente allo sviluppo policentrico di raggiungere interazioni produttoti da una cooperazione fatta di successi a livello sociale e attraverso una maggiore conoscenza dei sistemi, sia socioeconomici che territoriali.

I. Scope and Problem Definition

1.1 [Regional] Development - an evolving conception

Territory, *development* and *governance* are at the focus of this study and there is particularly one level, be that *territorial, governance* or *development* related, which brings all notions inextricably together in a unique way – *the region*. Governance modes or shifts for sustainable territorial development, constitute the *broad scope* of the research. As of the outset questions arise in understanding the larger context in which all three notions (territory, governance and development) are shaped, how their meaning has evolved in time, what approaches are taken in relation to each of them, and what are eventual gaps in the related theories and practices. This first step of acquiring clarity leads then to the identification of the external and internal objectives of the study.

Development is the starting argument for the very direct way in which it affects people and the ease at which people perceive it, compared to the territorial (regional) and governance aspects. There are different ways of understanding development and this is reflected on how the concept has evolved and development is measured in years. "Historically, the level of development of a national, region or locality was measured by using economic indicators, such as economic growth or income per person" (Pike et al., 2017, p.20). In respect to this, Gross National Product[1] (GNP) and Gross Domestic Product[2] (GDP) have always been the two key indicators to measure and show overall level of development. However, these indicators and others that were added later to demonstrate economic growth in general do not reveal the complete image and substance of development. After all, humans have a myriad of needs that are often conflicting in nature. Humans use natural resources to produce, create economic growth and advance development. But, if for instance, in the process they do not consider that several resources are finite and depletable, then it would very well happen that at some moment in time the final purpose, that of producing for growth, will not be achieved, unless some new considerations are made and measures are taken.

In order to deal with the limitations of understanding, assessing and measuring development simply as economic growth and through solely economic indicators (Cypher & Dietz, 2009) new and different metrics (Pike et al., 2017) are introduced. The purpose has been to expose other dimensions implicitly or explicitly related to development. Most importantly, after the articulation of the sustainable development

concept, objective and paradigm (United Nations, 1987) in the report delivered by the Brundtland Commission in 1987, development has 'officially' equally embodied three core dimensions, economic, social and environmental, leading to the need for developing new instruments to define and measure it. In this regard, new metrics include the UNDP[3]'s Human Development Index (HDI) created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country (UNDP, 2018), or other social indicators and indices – demographic statistics on infant mortality, life expectancy or fertility rates; access to a number of services and basic rights, such as water supply, education, or housing, etc.; corruption perception; crime levels; global multidimensional poverty index[4] (GMPI); gender development index[5] (GDI); gender inequality index[6] (GII); etc.

However, besides increasing the scope of the conception, it has become necessary to unravel it *space-wise*. So, while societies worldwide have made significant progress in improving their socio-economic conditions for people over a century, this positive performance hides great heterogeneity and sharp uneven development among countries and regions, in important aspects of the quality of life (World Bank, 2017); (Hudson, 2015); (Ehrlich et al., 2015). The same World Bank report (2017, p.40) informs that in the last 20 years, more than "1.2 billion people have been lifted out of poverty", but around 1 billion people, or "14% of the total global population", are still in the conditions of extreme poverty, and disparities in development performance are increasing, and in many occasions quite striking. Understanding route causes for these development disparities is crucial to policymaking and to instruments for mitigating inequality. The World Bank (2017) report lists a number of challenges for unequal development, such as poor service delivery, violence, corruption, unsustainable management of natural resources, etc. These challenges, together with the above discussion on development metrics, reveal two connotations for development, as defined by Dunford (2010) in (Pike et al., 2017): *development of or in an area* to make it more useful and more productive of useful things, and *human development* (of or for the people in the area). This gives development a clear *institutional and territorial character*, next to its traditional economic growth nature. Furthermore, by focusing on people, as institutions but also as beings, it provides clues for how development has to be measured, therefore increasing its scope in terms of meaning and metrics.

With advancements made in the concept of development, the way of achieving it has also evolved, experiencing [paradigm] shifts strongly related to the purpose and

meaning of development. The World Bank (2017) defines governance as an underlying determinant for achieving sustainable development. Governance, itself as a concept receives also various definitions, which range from being a process through which actors (formal and informal) interact, or interdependently coordinate to design and implement policies (World Bank, 2017); (Rametsteiner, 2009), to a manner for exercising power to manage resources (World Bank, 1991), or the exercise of political, economic and administrative authority (OECD, 2007), modes of societal decision-making (IOG, 2018), etc. These excerpts of definitions show that governance is very complex and it is difficult to capture in one definition (IOG, 2018), but there are some aspects, namely power, processes and resources, appearing (directly or not) in most of the definitions, and are useful to understanding how governance affects, shapes and steers development. These three aspects exhibit differently at different territorial levels (regions included), which is then further reflected in modes of governance and in the resulting form and level of development, which is context specific (Pike et al., 2010).

In simplistic terms, regional development is development that occurs at the regions' level. This study will explore in detail the region as a conception, but for now, the region is a territorial scale between local and national, or across national scales. Most of the recent literature, after 2000s, regardless of variations in the definition of regional development, agrees on two aspects of regional development: i) its purpose, which is to address and reduce territorial disparities, while enabling sustainable development and growth; ii) the nature of regional development, encompassing not merely the economic growth dimension, but also social equity and welfare, environmental sustainability, and even cultural diversity concerns (Pike et al., 2017); (OECD, 2014). As such, issues raised in the broad 'development' discussion are equally valid when discussing regional development.

Territorial disparities – geographical and social, have early routes, as of the 19th century, and are a direct effect of shifts in socio-economic regimes (Pollard, 1999), which led national governments toward combining top-down interventions with more regionally oriented ones, with greater focus on areas with highest unemployment (Pike et al., 2017). After the World War II, the unbalanced development was dealt with mainly through top-down state interventions and spatial policies, aiming at redistribution and subsidies to support lagging regions (Toto, 2010/a); (Plane et al., 2007). This was soon to change, after the crisis of the mid 1970s, when the power of the national state as an agent of development and regulation was confronted and taken over by the neo-liberal

approach, which promoted “deregulation and liberalization of markets” for higher efficiency (Pike et al., 2017, p.28); (Plane et al., 2007). According to Storper (1997), later on, in the 1990s, the complexity and uncertainty of globalization, and “reflexive forms of capitalism” required a combination of state interventions and market operations, as a way to address regional development (Pike et al., 2017, p.28).

Next to a changing paradigm for regional development as a production of several stakeholders from public and private sectors, the other conceptual shift was that of encompassing social, environmental, political and cultural dimensions next to the economic one. Equally as with the discourse for development, in the case of regional development too, the economic dimension was considered as narrow and insufficient to capture other important dimensions, such as health, quality of life and well-being, climate change effects and resource shortages, particularities of the various geographical settings, etc. (Pike et al., 2010); (Pike et al., 2017). The discussion on broadening the scope of regional development as a conception, and as an objective and the subsequent means to achieve it has emphasised, among others, territory as a critical dimension in regional development.

Territory is inherently part of regional development, but, due also to the latter being conceptualised originally as merely economic growth, the discussion on the territory has slowly gained importance. It has become obvious due to: representing the location of settlements, actors, and resources in relation to one-another; its size and the way size affects interactions, development, efficiency, and governance mechanisms; infrastructure networks, connectivity, and socio-economic continuities; being the space-reflection of socio-ecological interactions, economic growth, power and authority, and political legitimacy (Pike et al., 2017); (Shutina & Toto, 2017); (Faludi, 2016); (Capello, 2009); (Maier & Trippl, 2009). Development takes place on the territory, and the two are mutually affected.

Power and politics have a crucial role in regional development, by shaping the way it is implemented, and principles and values it follows. This leads to the need of understanding whose interests are pursued, where, when, and how (Pike et al., 2017). Hence, on one side knowledge about the [role and interests of] institutions (be those public, private, community, or individuals) is essential in understanding how power dynamics flow among actors involved in regional development. On the other side, the territorial dimension of institutions’ locations, roles, and [reasons for] interactions should also be scrutinised, to understand whether a balance of interests exists, and how

costs and benefits arising from power dynamics are distributed between regions and localities.

Different actors will push forward their individual agenda, which will most probably give rise to conflicting decisions and events. For instance, economic growth-related groups would face divergence vis-à-vis environmental groups, and it is only through appropriate place-based governance models that balance and negotiation between such competing interests could be achieved. The result is different in each and every single case, as the governance arrangement is, due to place-based or place-informed conditionalities (Imami et al., 2018). Furthermore, government institutions as well may pose obstacles in the way regional development is achieved, because of the conflict that exists between sectorial developments and horizontally coordinated territorial development (Toto et al., 2014); (Imami et al., 2018). Hence, power dynamics between the various ministries and bodies responsible on regional development is and will be often present, leading to a need for solutions in favour of sustainable development.

The power dynamics will be dealt with differently in different [territorial] contexts, also due to the decision taken on what type of regional development to pursue. The different types of Regional Development, depending on the mode of governance, might be top-down, bottom-up, or combined with various degrees of government's intervention (Araral & Hartley, 2013); (Arnouts et al., 2012); (Pike et al., 2017). The mode of governance will depend on the type of government arrangements within a country (the level power distributed to the subnational and local government's levels and the existence of partnerships) and on the focus of regional development. The more centralised the governance context is, the more regional development is due to resemble traditional subsidising approaches as described in Plane et al. (2007). Decentralised approaches, on the other hand, tend to be led either by subnational, or non-government stakeholders, such as regions and local governments, market and businesses, civic society organisations, etc., as well as in certain cases by donor institutions that try to inject forms of cooperation. As a result of the way in which the approach is conceived and implemented, the focus of regional development may be exogenous (originating from the outside) or endogenous (from within) (Pike et al., 2017).

Usually, every country has a domestic agenda for regional development that is based on how regional disparities are perceived, and on the power dynamics between stakeholders. In some cases, due to this agenda, but also due to the institutional capacities of those who deliver regional development, the balance between domestic

and European Union (EU) related regional development proves to be difficult (Imami et al., 2018). This is especially the case for countries that are in a process of accessing EU (ibid). However, it can also be the case for any country, because regional development has territorial effects and it is shaped by the territorial context, therefore giving rise to a crucial policy question – what form of development is best for a country. Still, European Union member countries, or those that aspire to become EU members, have a system of regional development that is both endogenous and exogenous. The development addresses territorial diversities and it is achieved through a multi-level system of governance and through the delivery of hard (infrastructure) and soft (socio-economic and capacity support) interventions, and related investments. As Pike et al. (2017) define, the interactions among stakeholders and among territories can be competitive and/or cooperative and the territorial scale of the intervention varies from small to large, because what matters the most is the territorial scale of the effect, rather than that of direct implementation.

In conclusion, sustainable territorial development at the region's level is a complex objective, both in terms of meaning and definition, and in terms of policy and practical steps for implementation. Conception-wise, regional/territorial development embodies equally the economic, social, environmental and territorial dimensions. Being so multi-dimensional it requires governance systems that are flexible enough and multi-stakeholders and multi-levels, in order to make sure that harmonization among economic sectors (for their outcome on the territory) and coordination among stakeholders (for balancing power dynamics and reducing disparities) is achieved. Besides emphasizing territory and governance as two inherent ingredients in regional development, the analysis so far reveals also the importance of metrics in development and on the way regional development is/can be measured. Measuring regional development is central to the development process itself, because it feeds the policy discussion on the types of regional development to pursue in a given context, and on the governance mechanisms to implement for achieving the 'development' objective on a given territory.

1.1.1 [Regional] Development in Albania

During the communist period (1954-1990) Albania was characterized by centralized planning of the economy and resource allocation. With the ambition of having a self-reliant economy, the regime dispersed state-owned enterprises across the country and

forced the population, as a workforce, to remain or locate close to them. As such, from the outside, the development seemed to be well distributed across the country. However, most of the urban centres were mono-functional and dominated by a single industry, i.e. mining, textile, agro-processing etc. Similarly, the centralized state put a lot of effort in the agriculture sector, which employed almost "50% of the work force" (INSTAT, 1991, pp.78-79). The land was almost all organised in state-owned farms and cooperatives, and production was centrally planned with imposed targets to be achieved. Both, the industry and the agriculture sector were not competitive, and with the socio-economic and political system changing in 1991, these two sectors could not be transformed into competitive enterprises that would sustain employment and economic development. The massive privatization of state-owned enterprises that took place during 1991-1995, as part of the rapid economic transformation program of the new democratic government, did not help in keeping them in production, or quickly transforming into small-medium scale enterprises (Shutina & Toto, 2010); (Shutina, 2015). Also, the land reform in 1991 dismantled state-owned farms and cooperatives and divided the land to farmers (Toto, 2018). However, fragmentation of land and lack of technology and knowhow did not allow for agriculture sector to rebound quickly and sustain employment in this sector. As such, people, massively, either emigrated abroad, or moved in the major urban areas, especially those located along Tirana – Durrës corridor.

The change from a centralized socialist regime to a market parliamentary democracy required transformation of state organization and functions in the territory. In August 1992, for the first time after communist regime, local governments were instituted as politically autonomous. Yet, their administrative and fiscal autonomy was limited. It was only in 2000 that functional decentralization took place, and local governments were given some exclusive and shared functions. Within that local governments were supposed to play a role also on local economic development. However, this role was limited more to preparing strategies and improving the physical infrastructure rather than actively being involved in skills' development, or SME support (Toto, 2010/b). The economic development to large extent has been and still remains depended on the central government level. However, actors involved in local development are diversified and different mechanisms for identifying and setting priorities have been explored and employed in various forms. In addition, the decentralization reform of the year 2000 introduced '*qark*' as the second level of local government. Though stipulated

as a level of local government in the constitution, *qark* was intended as a 'cooperation and coordination' body, which was a novelty for Albania at that time. Members of local government councils composed the *qark* council, which was *qar*k's policy and governing body. *Qark* council's mandate was to formulate an overall development strategy for the territory of *qark,* and undertake concrete projects of common interest to local governments and national government. Whenever local governments would not be able to carry out a certain function, they could delegate it to *qark*. However, unfortunately, *qarks* were never empowered and remained obsolete institutions of local government, due to both, legislation gaps and power dynamics at the level of municipalities.

Territorial development, on the other hand was and still is being largely driven by private initiatives and the central government as policy maker, regulator and also implementer, with the local level coping with the outcome (Aliaj et al., 2010). On one side, there are depressed municipalities, which continue to face population loss (due to internal and external migration) and therefore lack of human resources to sustain adequate services; On the other, there are [rapidly] growing urban areas that cannot supply appropriate infrastructure and service quality to the local communities (ibid). In other words, local and/or regional actors have not played as yet a decisive role in formulating strategies, setting priorities, attracting private investments and negotiating with the central government in financing those priorities. This has led to unbalanced development across the territory, with most of the natural resources in the mountainous remote areas, and most of the population and urban development in the Tiranë-Durrës metropolitan area.

To cope with the imbalanced territorial development at national level, the government of Albania has taken a series of initiatives, such as the adoption of the National Strategy for Development and Integration, and of a number of sectorial strategies, the application of an integrated planning system, and the establishment of a solid territorial planning system. Still, Albania has not embarked on a place-based approach to development so far, regardless of some initiatives related to regional development and planning (Allkja, 2018). For instance, instead of guiding internal citizen mobility and relocation by socio-economically encouraging people not to move away from their historical locations, it is allowing for territorial concentration of human resources and economic activities in the Tiranë-Durrës area. This is done without due consideration to the carrying capacity of the territory, and social exclusion, and environmental problems that accompany this

rapid urbanisation process. This has been a one-option-only solution offered to people, instead of providing them with several opportunities to choose from and make use of accessibility and transportation for better linkages among places and activities (Barca, 2009).

In overall, Albania's development has not considered its territorial dimension and has typically been sectorial and uncoordinated on a territorial level (Shutina & Toto, 2017). This has resulted into inequalities and unsustainable and uncoordinated exploitation of natural resources, by seriously compromising the resiliency of socio-ecological systems.

1.2 Territory matters in development and governance

As it was argued above, *development is dependent* on the *territorial context*, and on the *governance system and mechanisms* to facilitate its delivery. On the one hand, economic development processes have a specific territorial dimension – scale and place features, and on the other, economic growth takes place in distinct territories (Böhme et al., 2015) with unique features, which feed economic advantages or disadvantages (Capello, 2009). Hence, the economic activities are located in concrete places and interact with adjacent activities, generating impacts and flows that affect the territory where the activity is primarily delivered, as well as other territories and their resources. In this context, the uniqueness and territorial features/diversities of each area will play a role on delineating its future development path. This emphasizes the notion of development as a geographical phenomenon, inherently linked to the spatial relations, which shape economic activities (Pike et al., 2017) that on their turn impact the territory formation patterns.

Thus, the location of people and resources constitute a primary factor in defining development paths. Furthermore, space formation/restructuring interventions such as urbanization, construction of infrastructures or lack of infrastructure, the urban-rural continuum and the formation of city-regions, metropolitan areas, and mega-regions, etc. also define development on the territory. For instance, projects and investments on infrastructure improvement define the extent to which an area becomes central, or peripheral in a development process, directly influencing competitiveness and sustainability of the actions (Böhme et al., 2011). Similarly, any political decision on accessibility, land use, decision-making on whether to maintain a polycentric territorial structure, or concentrate people in major urban centres of agglomerations, etc. affects

the growth of regions, and also the quality of life for the residents. Finally all these interventions shape also spatial formations and restructuring, through both, steering people and activities' location and directing [public] interventions and investments in space.

The other critical aspect to discuss is the 'appropriate' territorial scale of, or for development. Pike et al. (2017) discuss the territorial scale in relation to development and define it as referring to the spatial level and size of areas. This is a geographical definition of the territorial scale – hence a geographically bounded area, over which actors claim sovereignty and exercise authority and power, reflected in modes of governance. However, the territorial scales are institutionally, politically, and functionally bounded as well (Agnew, 2011); (Keating, 2013); (Pálné, 2009); (Sagan, 2009); (Toto, 2018); (Pike et al., 2017); (Faludi, 2016). In this view, the territorial scales are not simply hierarchical, but are interrelated (Pike et al., 2017). They represent various levels of authority and governance (Keating, 2013), deal (to a certain extent) with the crisis and regression of the classical representative democracy (Canales-Aliende & Romero-Tarín, 2017), and through these dynamic patterns they are produced and reproduced over time and space, constructed by actors for specific purposes.

Box 1. Territorial Rescaling in Europe

Every European country has a specific form of governance organisation and institutions, as far as regions, regional development and regional government are concerned. Even those 5 countries (Kosovo, Macedonia, Iceland, Montenegro and Lithuania) that do not declare for an intermediate form of governance have an institution (development agency, statistical region, planning region, regional committees for inter-communal cooperation, or metropolitan government) that in a way or another, addresses issues related to regions and their development (Toto et al., 2014). Depending on the typology of state organisation, some countries have highly decentralised regions and others have regions that depend on the national government (deconcentrated ones), planning regions, regional development agencies, regional governments, etc. (European CoR, 2016). Whether a strong or a weak entity, some form of region is always present, either for dealing with governance functions that ought to be delivered in an intermediate territorial and government level, or as the representation of a specific construct of representative democracy and multi-level governance.

These various dimensions of understanding scales lead to two specific necessities for discussing scales in development: 1) to understand what is the extent to which development can spread its effect. The extent can be spatial, therefore defined geographically, and can be social, consisting of social layers and stakeholders that benefit or are affected by development. The 'extent' is often used in regional development projects, to define whether a certain intervention can be considered as regional or not, based on the scope of intervention, and of future impact; 2) to understand how stakeholders' interactions could be organised into networks of different sizes and purposes, which also interact among them on specific issues, over various territorial contexts. The networks are thematic and territorial, and exercise different degrees of power. The constellation of institutions involved in the network and their interactions constitute a polycentric system of cooperation, which leads to governance models and dynamics.

These governance models are intended to produce territorial development, which can only be achieved through cooperation, place-based initiatives, and territorially targeted solutions (CSD, 1999); (Böhme et al., 2015); (Barca, 2009). Place-based, place-informed, place-sensitive, or explicit territorial focus, as Barca (2009) argues, means that strategies should tackle people and places, should account on places' specificities and eliminate their handicaps by making use of their underutilized potentials, through multi-level governance and knowledge transfer. Places are identified from a functional perspective, and size is not necessarily a criterion, though regions (also a dynamic concept) constitute the core of the territorial delivery of the place-based cohesion policy (ibid). For instance, in Europe, territorial diversities and specificities are considered a particular spatial feature and are not to be neglected for the effect they have on the implementation of the various sectorial policies and on the impact that sectors have on the territory. The European Spatial Development Perspective (ESDP) adopted in 1999, states that it is necessary to widen the horizon beyond purely sectorial policy measures, to focus on the territory, and take into account the various development opportunities that arise from the different regions (CSD, 1999).

There are at least three aspects that strike when discussing governance models: processes, institutions and territories of competence. In the conceptual and practical path from government to governance, all three concepts have experienced significant changes, without losing importance, but gaining new dimensions and being increased in level of complexity, especially in relation to interactions among them. Stoker (1998)

defined government based on its ability to define rules and impose them through authority, hence mainly as the group of formal institutions and the legal and policy framework defined by these institutions to "maintain public order" and "facilitate collective action" (p.17). Governance, on the other hand, has at its core the creation of the necessary conditions for pursuing collective action (Stoker, 1998), hence the entirety of processes, mechanisms, institutions (formal and non-formal) and rules (external and/or self-imposed) that are necessary to manage interdependencies within networks and systems and achieve sustainable outputs for development (Rametsteiner, 2009). This change in concept implies a shift *from authorities that have power on territory*, to *ways for achieving development on the territory* by engaging institutions, regulations, interests on resources and interactions. In this process, the link between development and territory has not weakened; on the contrary it has grown stronger (Shutina & Toto, 2017). After all, institutions and resources are territorially based, and targeted regulations are drawn to respond to the features and/or uniqueness of a given [territorial] context.

There is a mutual relation or contradiction between the role of territory in development and power relations. Thus, administrative borders and areas do not usually match with functional areas, while territorial development is strongly linked to the latter. As a result there is no one single public entity, or government that can carry out territorial development alone within a functional area (Böhme et al., 2011); (V.Ostrom et al., 1961); (V.Ostrom, 1972). The varying and diverse typology of regions in different countries is evidence to how difficult it is to create large regional administrations that are responsible for all services and development activities in one functional territory (V.Ostrom, 1972); (Aligica & Tarko, 2012). These kinds of administrations may sound as efficient solutions, and such that solve the dilemma of relating territory, development and politics to constituencies, hence guaranteeing legitimacy of the government (Toto et al., 2014). However, in practice it is difficult to create large democratic structures that are able to solve all kind of territorial issues, regardless of the level of horizontal and vertical interaction that is borne in each case (Aligica & Tarko, 2012). The response to this dilemma is territorial integration, meaning "the reshaping of functional areas to make them evolve into a consistent geographical entity" (Böhme et al., 2011, p.26). In practice, the level of interdependencies and interactions for territorial integration is so high and complex, that integrated territories most probably require an efficient system of polycentric governance to function at regional level, instead of large regional

governments. In certain cases, where current forms and levels of governance cannot achieve territorial development efficiency, might be as well needed that new governance levels are established, adding more to the complexity of interactions for territorial integration (Böhme et al., 2015).

However, as mentioned earlier, governance arrangements (including polycentric ones) are context dependent, and may change based on the capacity of stakeholders/institutions to adjust to the institutional context (Böhme et al., 2015). This capacity is influenced by the societal and institutional culture as well as systems' legacies (ibid). Culture includes trust and communication. Participation and partnerships – a feature of good [territorial] governance can hardly be established in a society were trust is low and communication is missing, or misleading (Nientied & Karafili, 2016). This would in turn affect the opportunity for place-informed governance. It could affect based on scale – for instance, place-based approaches are more likely to occur at the small community scale, where trust and cooperation are more prone to being present, due to people knowing each-other closely and for a long time. Legacy on the other hand depends a lot on the government and governance system and mechanisms evolving over time in a country. Hence, whether a country is experiencing decentralization or [re]centralization, has experience with [in]contestable public private partnerships, has or does not have various forms of citizen inclusion in decision making, etc., are factors that define the ability and the difficulties of the current institutions to engage in territorial governance and produce territorial development.

Of course, change in governance systems happens, but besides being affected by culture and legacy, it depends also on who is triggering it. Böhme et al. (2015) underline, based on a study of the European Commission for Territorial Agenda 2020, that drivers of change (either government or development) are often to be found at *local and regional levels*, because of their *need* for change, especially by being closer to the citizens – receivers of services and public goods. If the national government limited local governments' scope of action through centralization processes geared by need for power, and justified it with the lack of local capabilities to deliver services, this would actually weaken the local ability for change, including related processes. Hence, again the governance mode, varying from authoritarian to self-governance (Araral & Hartley, 2013); (Arnouts et al., 2012); (Driessen et al., 2012) is a factor in delivering change, because, unless there is at least some tendency for enabling local governments and strengthening institutional capacities, rather than undermining them through authority

and/or national provision of local services, the local governments will remain weak and unable to trigger change for a long time. This will result into weak territorial governance and therefore also unsustainable territorial development.

The role of territory in development and governance and the related interconnections are explained by various authors, (especially those involved in polycentricity and territorial governance studies[7]), and from a practical perspective are observed to a significant extent in the European regional policy and territorial development instruments. This section is aiming at providing a description of how development policies take, or should take territory into account, and the respective cases are taken from European Union policies and development instruments (discussed below). The aim of the discussion in this section is to lead towards the identification of gaps that exist in the theory and practice of the trinomial *'territory, development, and governance'*. These gaps and the overview provided in section 1.1 will then form the basis for the articulation of the research objectives.

1.2.1 The territorial dimension of EU regional policy

The regional policy of the European Union has its origins as early as 1957, in the Treaty of Rome founding the European Economic Community (EC, 2008b). The Directorate General for Regional Policy was established a decade later and the European Regional Development Fund (a budgetary instrument of regional policy) was created in 1975, based on the first ERDF regulation of 1974 and especially out the necessity put forward by the first enlargement (Ireland, Denmark, and United Kingdom) in 1972. Since the Rome Treaty, one of the main tasks of the Community has been to promote *harmonious development* of economic activities. This has received further importance in subsequent community communications in 1964 and 1969, formulated as the regional policy in the common market, and highlighting the need for a *coordinated* community solution to regional problems and *regional imbalances* (EC, 2008b).

The 1st ERDF regulation of 1975 defined three actions as eligible for funding, namely investments in small enterprises and on infrastructures supporting the latter, as well as infrastructure investments in mountainous areas, eligible to the agriculture guidance fund too. These interventions were intended for application in regions lagging behind and in industrial regions in decline. In 1986, the Single European Act, as a major revision to the treaty of Rome, set the 'Economic and Social Cohesion' as an

accompanying policy to the implementation of its key objective – the internal market (EC, 2008b), aiming at overall harmonious development (EUR-Lex, 1987).

According to the article 130a, the aim of the Community to be achieved by this policy was/is "*reducing disparities* between the various *regions* and the backwardness of the least-favoured regions" (EUR-Lex, 1987, p.9). Territorially speaking, the policy and the legislation place a focus on regions and on their socio-economic and geographical diversities, which bring to identification and examination of disparities. As for the ERDF, article 130c of the Act states that the fund "is intended to help redress the principle regional imbalances in the Community through participating in the development and structural adjustments of regions whose development is lagging behind and in the conversion of declining industrial regions" (EUR-Lex, 1987, p.9). This Act gave birth to the *Cohesion Policy* in 1988. Further EU Treaties (Maastricht 1992; Amsterdam 1997; Nice 2001; and Lisbon 2007) reaffirmed policy's importance and scope, adding also a *territorial dimension* (Hübner, 2008). While 1988 is recognised as a birthdate for the Cohesion Policy, the Treaty of Maastricht in 1992 was the one to introduce the Cohesion Fund, the Committee of the Regions and the principle of subsidiarity, and the Treaty of Lisbon[8] in 2007 provided the territorial dimension to the policy.

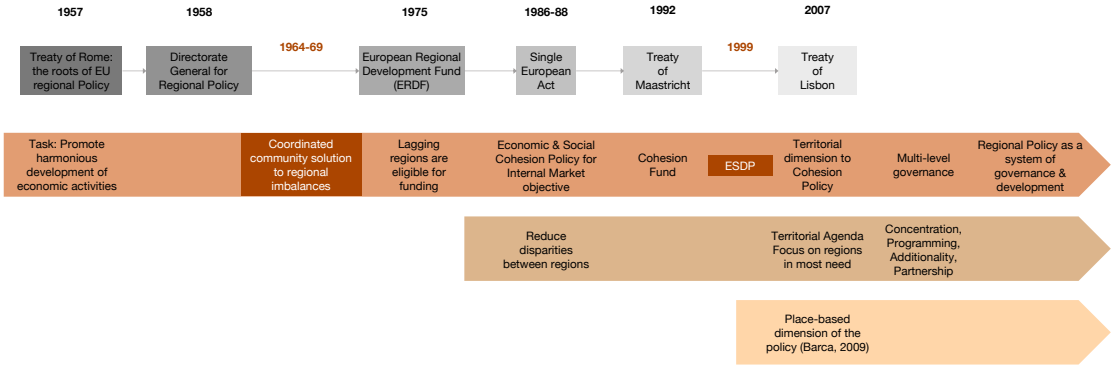
Hübner (2008) highlights two aspects in the Cohesion Policy: first the continuous focus on *regions in most need*, which gives the policy its particular character, that of addressing disparities and aiming at achieving socio-economic regional balances. In this respect, the policy adopts a place-based approach (Barca, 2009) that considers each territory as a source of growth on its own; and second the establishment of a cooperation, management and control mechanism, which has given birth to the unique European Union system of *multi-level governance* based on accountability and partnership, where local and regional actors participate in design and decision-making, bringing in higher efficiency and more place-based knowledge. This leads to the understanding of the *regional policy as a system of governance and development*, based on a number of principles, set as of 1988 and valid to date, namely: Concentration; Programming; Additionality; and Partnership (EC, 2018f); (EC, 2008c).

For the current period, 2014-2020, the principle of concentration is displayed in three dimensions – as concentration of resources (regions), concentration of effort (themes), and concentration of spending (time). While this is a novelty introduced by the current programming period, it is not without implications. Thematic concentration and result

orientation are essential to the new approach, but remain against locally influenced decision-making because of the conditions placed by the basket of funding, the strong link with sectors rather than territories, and the term designated to achieve results that could be against the long-term strategic thinking (Tosics, 2018); (Böhme et al., 2015). Similarly, the shift towards national programs instead of regional ones, also poses further challenges on the territorial [governance] dimension of Cohesion Policy, by undermining the place-based and governance dimensions and focusing on sectors instead of territories (Böhme et al., 2015).

On the other hand, *additionality* and *partnership* are two key principles ensuring the place-based character of the policy implementation. The previous 'obliges' states to employ a domestic regional development and cohesion policy that is adapted to local circumstances and implies also domestic funding; the latter requires the cooperation of formal and informal institutions at any level, as a means to guarantee not only locally targeted and tailored interventions and results, but also transparency on the use of funds and on the regional policy's societal benefit.

Figure 1. EU Regional Policy and its Territorial Dimension



Source: Author

The regional policy is delivered through two main funds: ERDF[9] and Cohesion Fund. The latter in particular addresses lagging regions, those with Gross National Income below the 90% of the EU average and supports infrastructure and environment related projects. The Cohesion Fund accounts currently for over 1/3 of the EU budget (EC, 2018f), but the processes and documents related to the future programming period (2021-2027) show for a moderate reduction (EC, 2018b) of 7 percentage points (Tosics, 2018) of the Cohesion Policy funds. The cut is felt on the Cohesion Fund (reduced by almost one third (Tosics, 2018)), while the European Regional Development Fund remains mostly unchanged. The purpose of the European Commission is to increase funds for other new priorities, such as migration, research, innovation and digital era,

youth, climate and environment, security and external action (EC, 2018b). In order to increase funding for these priorities, the EC proposes savings in current programs, which come mainly through budgetary cuts in the delivery of the EU Cohesion Policy and Common Agricultural Policy (CAP). Both, the Cohesion Policy and CAP remain crucial to development in the Union; hence a modernization of these policies is also expected, to allow them delivering as usual on their core priorities (EC, 2018b).

The financial and policy priority changes as explained above pose a threat mostly to the territorial and place-based dimension of the Cohesion Policy. A generally felt reducing interest on the territorial dimension of the cohesion and EU policies (Böhme et al., 2015) is not good news in the view of increasing regional disparities across Europe, and especially in a context where new countries from the Western Balkan are aspiring more than ever to integrate into the Union. The Western Balkan countries bring their diversities and idiosyncrasies to a process being currently crafted to steer their future in EU, and this renders the translation of EU policies to local practice rather challenging (TG-WeB, 2018); (EC, 2018d). It is expected to be at least the same challenging also the absorption at EU level of the socio-economic and cultural impacts that Western Balkan countries will bring to EU area. After all, enlargement has contributed to a further and significant increase of disparities in the EU as processes of the past indicate (EC, 2018b); (EC, 2008c).

To date, Cohesion Policy has a territorial dimension, which is present both in objectives and expected results, and in the way the policy is crafted and delivered over the years. Though territorial thinking has implicitly been part of the regional policy since earlier years, officially and explicitly the formulation of the territorial cohesion as a dimension of the Cohesion Policy happened in 2007[10] (Faludi, 2009). A first very important European policy development with spatial impact is the European Spatial Development Perspective belonging to the programming period of 1994-1999. ESDP "was adopted as a legally non-binding document providing a policy framework for or the sector-oriented policies at local, regional, national and European level that have spatial impacts." (EC, 2008c, p.17). ESDP put forward the objective of balanced polycentric territorial development for enhancing Europe's competitiveness (Faludi, 2009), besides sustainable development and parity of access to infrastructure and knowledge. The Territorial Agenda initially prepared in 2007[11] and then revised as the TA2020 reinforces ESDP, which remains valid to date in terms of objectives. The European Spatial Planning Observatory Network (ESPON) as a program was established soon

after ESDP adoption (in 2002), in order to strengthen its application through the provision of territorial knowledge, as a basis for the territorial future of EU in the view of ESDP implementation and the implementation of other sectors affecting the territory[12].

Europe 2020, as the overarching strategic document for policy implementation in EU, sets the tone for the Territorial Agenda 2020 and the achievement of the territorial cohesion within Cohesion Policy. The strategy incorporates territorial cohesion as part of its inclusive growth priority and 'European platform against poverty' flagship initiative. The strategy does not have a territorial dimension per se, and does not explicitly talk about territorial governance. The territorial outcome of the strategy is far from clear because the strategy itself is 'spatially blind' in its conception (Böhme et al., 2011). Furthermore, the convergence between the strategy objectives and those of the Territorial Agenda 2020 is still limited as the study conducted by Böhme et al. (2011) shows. However, multilevel governance and the place-based approach are part of it. By following the principle of subsidiarity, the strategy requires that the priorities of the Union are brought as close as possible to the citizens, strengthening the ownership needed to deliver the strategy, and this is done through the enhancement of the contribution of stakeholders at all levels – government and societal, through partnership, and collaboration in elaborating and implementing national reform programs (EC, 2010).

The stakeholders include both, institutions of government at different vertical levels and civil society and diverse actors' networks. In this way the strategy indirectly recognises the territorial frame as a factor in implementation. However, the strategy defines targets agreed for the whole EU, representing measurable indicators that shall signal the achievement of its priorities (Böhme et al., 2013). Member states have made use of these targets to set their national targets in response to Europe2020. However, in 2011 it was recognised by the European Commission as well that regions should not be expected to reach these national targets, because it is unrealistic, especially in the context of high regional diversities (Böhme et al., 2013) and disparities. The adoption of the Territorial Agenda 2020 in 2011 at the meeting of the ministers responsible for spatial planning and territorial development in the EU, as a strategy that elaborates particularly on the territorial dimension of the EU 2020 strategy, was a concrete step in this regard; though as mentioned earlier, full alignment between objectives is not present.

Territorial Agenda 2020 contributes to a better understanding and operationalization of the territorial dimension and issues of development in EU. Still TA2020 has received less attention compared to the Europe2020 strategy. On one hand, this is because its messages remain difficult for a large audience to absorb and address, primarily because of the complexity of the territorial matters and approach (Böhme et al., 2011). In fact, as Böhme et al. (2011) suggest the territorial [cohesion] debate should be extended beyond the people who directly work with the concept, and the territorial messages and actions should be more development oriented and effectively communicated to the general public. On the other hand, the limited attention versus TA relates to the process in which it was conceived, which is essentially collaboration between the spatial planning national authorities of the EU countries. As a result, TA2020 came merely as an update of the TA2007. While in principle TA2020 and Europe 2020 are supposed to reinforce each-other, the political processes that stand behind are different (Böhme et al., 2011) and thus do not lead to a proper convergence of objectives. Europe 2020 has a formal delivery mode, but in the case of TA2020 this is 'trickier' (Böhme et al., 2015).

According to the European Commission, territorial cohesion could be understood by: capitalising on strengths of each territory; managing concentration, with cities as the key focus; better connecting territories through access, transportation, energy and communication; and developing cooperation in a context where problems and solutions areas of influence do not match with administrative boundaries[13]. The purpose of the territorial cohesion is to contribute to the cohesion policy in reducing disparities, enhancing competitiveness, and promoting harmonious and sustainable development by means of polycentrism, a revised rural policy and, once again, cross border cooperation (Faludi, 2009). This territorial dimension of the cohesion adds to economic and social cohesion by involving citizens, enabling good territorial governance and taking account of the territory where issue take place and what the related opportunities and effects are (ibid).

Finally, the practice so far, but also the EU processes that have discussed the territorial presence of multi-layers stakeholders' networks that manage resources in continuous interaction among them, make regions a very unique place for development, which is robust, stable and adaptable to changing contexts:

1. Regions show a number of *territorial disparities*. Dealing with development at the level of regions, means dealing with both: economic growth and reduction of disparities. This leads to the need for focusing on regions/territories that are

lagging behind and, through *enhancing their diversities* and raising institutional capacities, strengthening cohesion from a territorial, social and economic perspective.

2. The projects and results of the EU regional policy have covered areas such as infrastructure, transport, energy production, improvement of environment[14], all with particularly *strong effect on the territo*ry (EC, 2008a); (EC, 2009), in terms of how the latter is shaped and how the communities' welfare and performance could be increased in the future. However, there are also the so called soft projects that intend to strengthen *capacities and invest on human resources*, which, as mentioned earlier in the chapter, are crucial in defining the development path of a territory/region.
3. *Competitiveness* is one of the intended results of the EU regional policy and it is based on territorial diversities that spur growth. As defined in EC (2018f), the policy has evolved from a policy aimed at compensating regions for their handicaps to a policy that improves growth, competitiveness and stimulates jobs creation. By creating jobs and growth, investing in people and supporting enterprises, the policy has empowered territorial features that boost competitiveness and therefore growth and sustainable development.
4. Finally, the *multi-levels governance model* established to deliver the EU regional policy constitutes a first example of territorial and polycentric governance and could serve as a basis for other policy implementation processes. Of course, it is a model that is established mostly through top-down interventions and in the way it has gained a stronger bottom-up dimensions. It is also a model that besides successful achievements, faces also challenges, such as: not being fully explicit or understood by larger audiences; a combined urban-rural dimension that still needs to be strengthened; difficulties with the horizontal coordination of sectorial policies; a continuously growing need for more and better knowledge on territories and territorial impacts of the policy/ies; and a high level of effort (institutional, financial, and capacity wise) in establishing and maintaining territorial partnerships (EC, 2009); (Tosics, 2018); (ERDF, 2013); (EC, 2014c); (EC, 2014b).

1.2.2 The need for territorial dimension in [future EU] policies

According to ESPON (2018) the "territorial thinking should become an integral part of pan-European and national policy orientations", as the mean to maximise territorial

development potentials and promote the well-being of citizens (ESPON, 2018a, p.3). The same paper raises also questions to be answered in order to achieve territorial thinking in development. Hence, *scale and type of the territory* – therefore the geographical principles, are the first issue of concern, to continue with opportunities in key development fields and methods and approaches to apply, in order increase the efficiency of policy interventions (ESPON, 2018a), which is the aim of the territorial approach.

In the case of geographical considerations there are a number of aspects to consider, such as: territorial polycentrism, the strength and the potential of urban centres, regions/territories with geographic specificities, inner peripheries, and functional areas. Understanding territorial polycentricity patterns is important as the latter helps in strengthening "the competitive power of urban centres" (ESPON, 2018a, p.4), while at the same time contributing to reducing disparities and facilitating communication and functional relations among these centres and between them and the more peripheral ones (ESPON, 2005). Territorial polycentricity ensures not only the development of the powerful urban settlements and regions, but also the balanced functionality of the whole regional network, making use of accessibility, location, unique territorial values and the potentialities of each centre or settlement.

The knowledge on territories of geographic specificities (Gløersen et al., 2013) and of the inner peripheries (Noguera et al., 2017); (Tagai et al., 2017), is also supporting the recognition of the position that each place has in the territorial network. The inner peripheries tend to be usually disadvantaged, in both demographic and accessibility terms, sometimes being border regions and lagging regions. Similarly, regions with geographic specificities, such as sparse, mountainous or island ones, also tend to be more disadvantaged in terms of economic performance, activities, and demographic indicators. However, the disadvantaged regions may also have unique features, such as natural resources or ecosystem and biodiversity values that, if used properly and sustainably, could turn into development factors, providing that other factors such as connectivity, accessibility and human and institutional capacities will also be provided.

Last, but not least, functional areas constitute places worth identifying, recognising and working accordingly. According to the ESPON study on policentricity (2005), a functional urban area consists of an urban core and the area around it that is economically integrated with the centre. Functional areas, as the name defines it, are designated on the basis of the function/s chosen to use as criteria, and do not coincide

with administrative jurisdictions. On the contrary the functional urban areas are defined by the functional, mainly economic, interdependencies between settlements and among people, and might have "one or more urban centres of different sizes and economic importance" (Brezzi & Veneri, 2015, p.1) Discrepancies between "functional areas and administrative borders can create difficulties when trying to achieve a balanced territorial development in and around a city" (ESPON, 2005, p.132). In certain cases, when local governments have large territories and a mixed rural-urban character, functional areas may fall within the jurisdiction of one local government. However, as the functionality is relative and depends on what is to be measured – a watershed, labour market catchment areas, commuter catchment areas, the functional area of an urban centre, etc., often they fall onto different administrative areas.

In the case of thematic or strategic priorities for development, such as the knowledge economy, the circular economy, the SMEs development, and the low carbon economy, territory is again a crucial dimension (ESPON, 2018a). Simulating the knowledge economy and SMEs development is a precondition for enabling long-term competitiveness, resilience and development of the regions (ESPON, 2018a). The circular economy on the other hand is based on the notion of place-based development, because its aim is to maintain the value of the resources, materials and products within the economy for as long as possible. It is for these reasons that circular economy should become a guiding principle in territorial development and governance. Not only is the circular economy expected to reduce territorial disparities, but also to affect current territorial balances reproducing new ones.

The methods to increase the efficiency of policy interventions, thereby employing the territorial dimension in development and governance, are characterised by a set of features, as summarised based on ESPON (2018): the place-based approach; the territorial governance; cooperation among places; and territorial assessment of the policies that enhances the character of the place-based approach and territorial governance.

According to Barca (2009), the place-based approach "focuses on place-specific long-term strategies that are elaborated in multi-level governance with a strong involvement of local elites" (Böhme et al., 2015, p.16). This approach is developed around 4 principles, as defined in ESPON (2018), which include the territorial, thematic and financial integration, public private partnerships, and stakeholders' engagement. Territorial integration deals with development beyond administrative boundaries,

which is also the core of territorial governance, and uses place opportunities for development – comparative advantages, uniqueness and critical mass. Thematic integration ensures the horizontal dimension in sectorial development. The latter is vertical by definition, but the effects of sectorial policies are territorial and therefore a cross-sectorial coordination and perspectives is to be undertaken, aiming at the well-being of places and populations (Toto, 2019) (CSD, 1999). Financial integration on the other hand aims at generating funds from diverse sources, public and private, in order to achieve territorial (regional) objectives. In this regard, Public-Private Partnerships (PPPs) are a critical mean for ensuring these funding schemes, though specific programs and instruments that make use of public funds for place-based development exist and may be developed as part of regional development and cohesion policies – both EU and domestic. While PPPs are critical to funding, wide stakeholders' engagement is critical especially to territorial and thematic integration.

Territorial governance incorporates the place-based or place-sensitive approach, and it is particularly characterised by the so-called *'soft or fuzzy boundaries'* (ESPON, 2018a) (Finka & Kluvankova-Oravska, 2010); (Faludi, 2016); (Faludi, 2012). The latter imply that governance structures and solutions may be created and function to manage and provide solutions to: ad-hoc problems (for instance a planning exercise for a specific functional territory); issues that are not related to administrative boundaries as it is often the case with commons (natural resources, drainage and irrigation, etc.); and to cross-border issues. According to ESPON (2018), these structures are not alternative, but rather complementary to hard structures. This implies that there is no intention for these structures to replace the fixed governance structures, but rather to address issues of multi-level or multidimensional character that require the cooperation of several stakeholders (formal and informal), whose voting rights may fall under specific jurisdictions that do not necessarily comply with the territorial extent of the problem at stake (Shutina & Toto, 2017).

On the other hand, though occasionally the structures will be ad-hoc, this is not always the case (Shutina & Toto, 2017). The fuzziness of boundaries is not always an ad-hoc event. It is in several cases defined by the fact that administrative boundaries do not coincide with the natural boundaries of the issue at stake. For instance, in watershed management, or forest management, the boundaries are mostly stable overtime, but are not administrative and therefore the overlay of boundaries creates a fuzziness area or strip. The knowledge on the 'fuzzy strip' and on spatial/regional typologies that create

it is needed to understand what types of development strategies and actions should be applied to this area, but also to the core that is surrounded by the strip. For instance, in defining the value of ecosystem services for a territory and employing them into benefit-cost analysis during spatial planning, it is necessary to understand how the boundaries of the ES (that extend beyond the boundaries of the services-providing areas] fall within the fuzzy strip and overlay with demand on ES created in these areas, and with problems that affect the quality of the area and the welfare of the residing population.

A strong point of territorial governance is the *soft territorial cooperation*, born out of the existence of fuzzy boundaries. This soft cooperation increases the flexibility of organizations and therefore the ownership of issues and solutions (ESPON, 2018a). This is strongly linked to the fact that actors and issues are related geographically, hence leading to a geographical focus of the solution. The fact that there is a large diversity of actors to deal with or set cooperation among may prove a challenge; but then again, knowledge on the geographical focus is exactly the solution to this challenge. In overall, this soft territorial cooperation, though may increase the challenge for democratic legitimacy (voters vis-à-vis the elections' communities/areas) (Faludi, 2016); (Keating, 2013); (Hooghe & Marks, 2016) is the instrument that leads towards *networking and places' interaction*, which are critical features of polycentric governance and polycentric territorial development.

1.4 Gaps, objectives for research and methodological approach

The effort of this study to set so far a context in relation to territory, development and governance, reveals a set of *[challenging] issues for further consideration*:

- *Sustainable territorial development* is a global goal. This goal stands in a context, where development cannot be considered as merely economic growth, as it includes also social, environmental and territorial dimensions; and *territorial disparities* remain high worldwide, regardless of efforts to spur growth, eradicate poverty, and bring regional convergence.
- As a result of the multidimensional character, measuring *territorial development* requires also *new metrics*, which reflect the various dimensions, therefore being place-informed. Various indicators are listed and indexes are built, but as the purpose of territorial development is/should be *place-based*, the

various indexes are/should often [be] modified to fit the context and/or new indexes are/should be developed to respond to concrete purposes and territorial specificities.

- Besides metrics, measuring territorial development is also *scale dependent*. Disparities may become visible or invisible if the territorial scale changes, and this is expected to have an impact on how territorial development policies are articulated and pursued.
- Furthermore, scale dependencies related to territorial development have a mutual implication with *power and authority dynamics* as well. The balance and degree of centralization versus decentralization, authority versus democracy, multi-layers partnerships versus solely government's arrangements, cooperation versus control and coercion, is a clear indication towards the likelihood of achieving sustainability in territorial development.
- Recognising scales leads to the comprehension of the *territorial diversities* that make every territory unique in its own and prone to opportunities for development and growth. Territories are considered *peripheral or central* and this is a feature that apparently affects their ability for embarking on sustainable development practices. Knowledge of these geographies becomes therefore a preliminary step in the process and mode of achieving territorial development. In practical terms this can be regarded as knowledge on *spatial typologies*, which should include also territories of fuzzy/soft boundaries, besides the merely administrative ones.
- Territorial governance is needed to achieve sustainable territorial development. This mode of governance represents an important *shift in governance modes*, as being *polycentric* and *place-based*, and functioning through a stable *coordination and cooperation* between stakeholders and sectorial policies.
- In order to achieve sustainable territorial development, countries in the European Union have opted for *territorial polycentricity* and for a system of *multilevel governance*, which endorses (at least it is assumed so) the place-based approach and promotes cooperation among stakeholders and among sectorial policies. Empirical studies so far show that territorial polycentricity alone has not been sufficient to ensure convergence of development between regions and therefore reduce regional disparities. The multilevel governance, though

explored theoretically and applied in practice, suffers weaknesses that stand in the implementation of its own key features – place-based and cooperation. The multi-levels approach has not explored well its connection to the territory (Keating, 2013). Being multi-level does not necessarily mean a self-regulating network of stakeholders where all of them have decision-making power (Hooghe & Marks, 2003); (McGinnis, 2011); (Berardo & Lubell, 2016). What multilevel governance has not explored as yet (though it could have implied it) is the opportunity to establish *polycentric interactions* at different (overlaying) scales, or benefit from existing ones. These polycentric interactions take place among institutions (stakeholders at any level or group) and among institutions (meaning also individuals) and territorial resources, and are executed at various territorial scales (geographical or social construct) and are characterised by balanced distribution of decision-making powers between participating actors.

The analysis so far and the features, obstacles and weaknesses in the process of enabling sustainable territorial governance, suggest (among others) one specific gap that for the sake of this research is named as *'the polycentricity gap'*. As the theoretical analysis will show in latter chapters, polycentricity is a feature of territory and governance – hence, there is territorial polycentricity and polycentric governance. Both constitute policy objectives and policy results that should lead to polycentric territorial development. The question is, to what extent polycentricity is a practical concept and has it managed to move from a theoretical conception to a normative one, easily measured and aimed for? Burger and Meijers (2012, p.1145) emphasize that research on the "relationship between polycentricity and regional performance is of pivotal importance" for territorial cohesion, but more evidence is needed "to determine whether polycentric development as a policy concept is sustainable" and "whether the alleged benefits of polycentricity and polycentric development hold true or not".

Furthermore, the definition on polycentricity and seemingly, also ways to measure it are not definitive. The methodology for measuring polycentricity, at least the territorial one, is debatable. The utility of the latter concept is challenged because empirical evidence[15] shows that polycentric countries have high regional disparities. So, the assumption that it reduces regional disparities is questionable at a regional level.

Polycentricity in governance and polycentricity in territorial developments are studied apart. Of course, there is a relation, but there is little work undertaken to show how can/does polycentric governance produce the desired effects of polycentricity. In the

broad myriad of literature, the theories and the discourse on both these concepts are mostly separate. There are few authors that explore the connection between the two concepts, to mention Finka and Kluvankova (2015), Finka et al. (2015) and Sovacool (2010). They argue that for sustainable and resilient territorial development to be achieved, both objectives – territorial polcyentricity and polycentric governance should be accomplished. While territorial polcyentricity reinforces the linkages between places and enhances their competitiveness factor and spurs economic growth, it does not necessarily ensure equity (as empirical evidence shows – see chapter 2).

Polycentric governance on the other hand is about collaboration and interaction between centres, or socio-institutional nodes that besides being centres of production and services consumption have *some degree of decision-making power*. So, it is not merely the *territorial structure*, but also the *processes behind* and *the way these processes are governed* (through various modes of governance), which guarantee the degree in which development and growth will occur. Finka and Kluvankova (2015) bring also a number of examples, where territorial development at the regional or subnational levels is produced as a result of convergence between territorial polycentricity and polycentric governance. However, in overall, empirical cases in support of this argument are not sufficient, not simply numerically, but also because as mentioned earlier, most of the studies on each topic happen separately and there is no deliberate alignment of findings. So, while intuitively it sounds appropriate that both polycentric systems (territorial and governance) are needed for sustainable territorial development, there should be more empirical evidence to support the argument.

In conclusions, for governance and territory the polycentricity gap is:

- *Multilevel governance* does not embrace the territory in deep, though there are significant efforts to emphasise the territorial cohesion as a dimension of regional policies;
- *Polycentric governance* is very much about interactions and it does not necessarily deal with territory or territorial rescaling. The latter allows asking key questions and offering solutions about the construction of territorial systems and power within them (Keating, 2013);
- *Territorial governance* is a representative of the polycentric paradigm, but suffers from little specification into policy domains and sectors (Toto, 2019).

"Territorial governance is concerned both with the governance of territory and with the territorial dimension of governance" (Böhme et al., 2013, p.7);

- *Territorial polycentricity* is focused mostly on the territorial structure and flows of information, services and goods that go along with it. However, it does not have at its focus the connection with governance processes that stand behind polycentric territories.

In view of this preliminary context analysis, the *overall objective*, *or external goal* (Verschuren & Doorewaard, 2010) of this research is *to contribute to the further theoretical development of polycentricity* concept *(both in governance and territory)*, assuming that *convergence of the two systems* will promote *sustainable territorial development,* by boosting competitiveness among regions/territories and eliminating disparities at any level. The research intends to add further to the repository of cases explored by other scholars under the argument that "polycentrism can combine the strengths of global and local action" and "exploit a middle ground between scales of action" (Sovacool, 2011, pp.3842-43).

To achieve the overall objective, on a *specific objective = internal goal* (Verschuren & Doorewaard, 2010)) level, the research uses as a *case study Albania* that at a European level is a *peripheral region*, while domestically is composed of various territorial diversities and structures that display unequal development among them. Taking European peripheral regions as a case study should inform the process of polycentric governance evolution from the perspective of a specific spatial typology. Due to socio-political systems' shifts, peripheral regions of Eastern Europe (i.e. Western Balkans as a peripheral region included) have not gone through all those public administration formation stages that western countries have experienced (Toto, 2018). Besides having negative effects, the socio-political leaps can provide peripheral regions with a chance to learn from [past] mistakes and experiences of the 'west'. The question arises on how could peripheral regions learn from the experience of the 'west', while creating models tailored to their realities, able to cope with their level of societal maturation, and to prevent or mitigate common problems.

The *internal goal (specific objective)* of the research is to provide evidence and argue that *territorial rescaling at sub-national level* (through regions) *is a continuous process and should not be a fixed one, in order to guarantee that polycentric governance is conceived and made operational and that it enables territorial development, even in contexts where territorial polycentricity is weak or missing*. The research intends to

achieve its specific objective (internal goal) by collecting empirical evidence, analysing conditions of polycentricity and territorial rescaling, and by conducting an assessment that critically reflects on current theories, to bring them a step further.

The sub-questions derived from the above specific objective are as follows. The text, which is in italics, represents the link between the objective and the sub-questions. This emphasis is made also to help with the identification and reading of the key concepts, which are further unravelled through the theoretical review and discussion and through the empirical research:

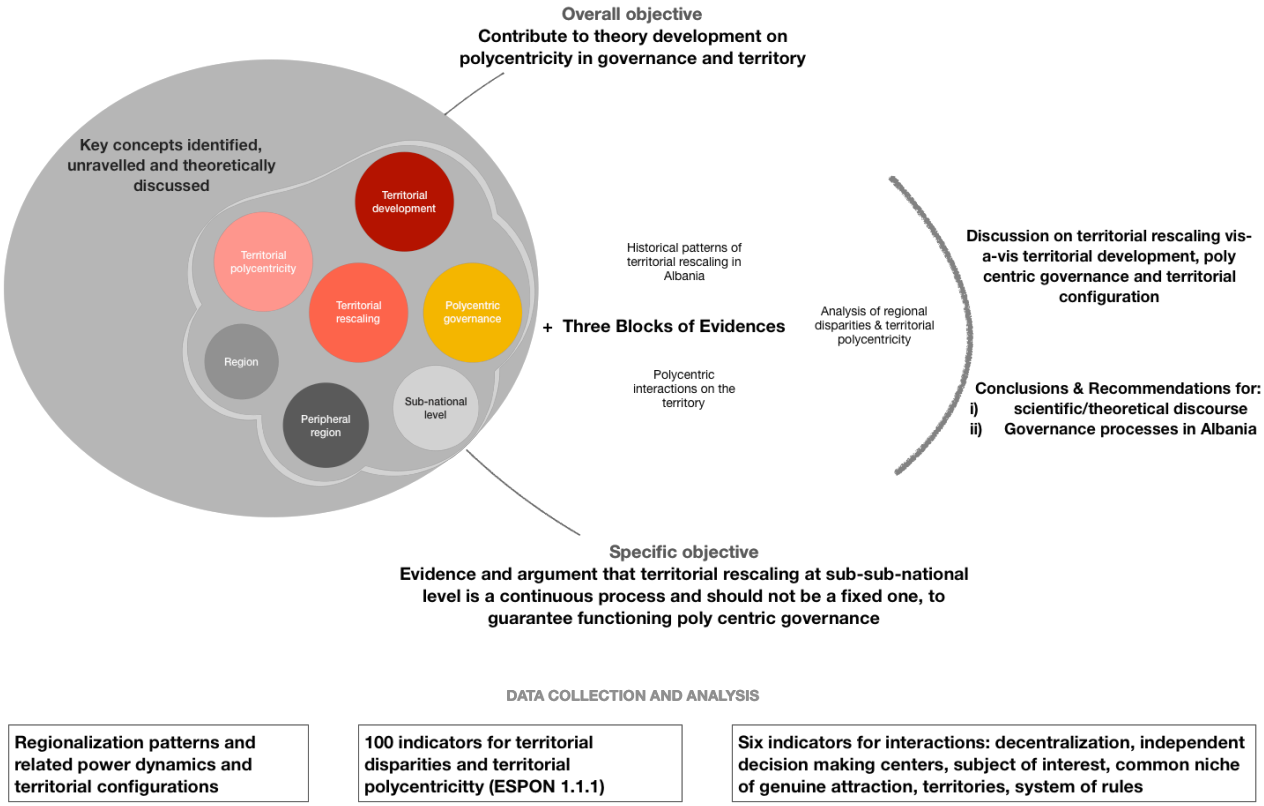
1. What are the *patterns and model of territorial rescaling in Albania* from a comprehensive – territorial, social, ethno-historical, economic, geographical and socio-ecological perspective?
2. Where do *Albania and its regions* stand in terms of *territorial polycentricy* versus monocentricity?
3. In what way the *territorial disparities* being present in Albania affect *[territorial] development, governance and regionalization (as representation of territorial rescaling)* attempts?
4. What polycentric interactions leading to cases of *polycentric governance* happen on the territory?
5. What are the effects of these polycentric interactions on *territorial development* in Albania?

In order to build evidence that supports the analysis of the above argument, the research follows a number of steps (both theoretical and empirical research), which constitute the research framework:

1. Key concepts are identified and unravelled through literature review and critical theoretical discussion. The key concepts in the above objective are: *territorial polycentricity*; *polycentric governance*; *territorial rescaling*; *sub-national level*; *territorial development*; *peripheral region*. The theories to refer to are those of polycentric governance, territorial polcentricity, and the body of literature on regions, regional governance and regionalization, and territorial rescaling. Besides, as Albania is the research case study, the country aspires EU integration and regional/territorial development and governance to achieve it are subject to the implementation of the *acquis* chapters, an overview of how the theoretical concepts are approached from an EU perspective is also provided.

2. Three blocks of evidences are built and used in the analysis: i) *the historical patterns of territorial rescaling in Albania* are identified and analysed to prove that rescaling happens continuously and it results into fixed territorial boundaries that serve a particular purpose, or function. Any time it has happened, territorial rescaling has affected social interactions on the territory, or the latter have been a factor for how rescaling has been finalised in terms of designated boundaries. The analysis should show that territory as a social construct and territory as a geographical space defined through a deterministic approach (Keating, 2013) cannot exclude one another in any related processes' practical outcome; ii) *an analysis of regional disparities and territorial polycentricity* is carried out, to understand the level of disparities, the territorial scale where disparities are present, the features of territorial polycentricity and the resulting territorial development. This analysis intends to show the relation between predefined territorial rescaling (regionalization carried out for a specific purpose) and the way disparities display on the territory. It also intends to show where does Albania stand in the polycentric-monocentric spectrum of territorial structure, and whether there is a connection between territorial disparities and the territorial structure; iii) evidences are gathered on *polycentric interactions on the territory* to identify cases of multi-level [territorial] governance and/or polycentric governance, other governance models and the *potential respective effects* on territorial development for each case.
3. A discussion is made based on the results of the above blocks of empirical evidence and analysis, to show that territorial rescaling and especially the configuration of a meso-level, or subnational level (territorial and/or governance), or multiple overlapping territorial levels, is/are needed to enable sustainable territorial development. The discussion will also provide insights on whether this territorial rescaling is/should be finalised into a fixed territorial configuration (i.e. region) or is/could be a 'dynamic territorial rescaling model'.
4. Conclusions resulting from the analysis and any related recommendation are provided in two levels: i) as a contribution to the scientific and theoretical discourse on polycentricity (territorial and governance); ii) as concrete recommendations to governance processes and territorial development policy-making in Albania.

Figure 2. Research framework



Source: Author

The research brings a combination of the theoretical and practical-oriented research, because by design it is conceived to provide contribution to both: (i) scholarships on polycentricity and polycentrism; (ii) how territorial rescaling can support, or coexist with polycentric governance to enable territorial development in peripheral regions, where amongst others, territorial polycentrism will *most probably* not be present. As it was mentioned above, the conclusions and recommendations will consist of issues of both, theoretical and practical relevance.

Methodologically speaking the research endorses two approaches: the case study approach and the grounded theory approach. Both have advantages and disadvantages, but the combination of the two is necessary to achieve two objectives (related to the research process): acquire in-depth knowledge of the 'world' that is subject to this research; and codify this knowledge in a way that it gives space to comparison between empirical findings and existing theories. The case study approach is applied to the Albanian system of territorial and governance polycentricity. This is one single case where the territory, the governance system and the polycentric stakeholder interventions constitute the objects of research.

By engaging in this type of research during a 4-years period, working daily with the institutions that deal with the above objects, following their interventions, participating in events and roundtables, and documenting their actions and results, as well as building a database of cases and indicators (based on desk review and through secondary sources) that allows a detailed territorial analysis, it is possible to explore in depth the whole case, instead of dealing with units and variables as it would be the case in a sample-based reductionist approach. By combining territorial analysis, based on a large set of indicators with institutional and network analysis (based on meetings, semi-structured interviews and mostly close cooperation and direct participation in governance processes), the research deploys both, quantitative and qualitative data analysis. The case study approach is particularly of relevance to the achievement of the internal goal (specific objective) in relation to the study of the practical case of Albania, and especially the ability to generate knowledge and recommendations that are useful to territorial rescaling and development, and polycentric governance in Albania.

Furthermore, the theories that are being analysed and tested for do not cover other contextual situations similar to a country like Albania. Hence, the grounded theory approach is necessary mainly for testing and converging the two current sets of theories (territorial polycentricity and polycentric governance) in a rescaling context of peripheral regions. In order to do so, a number of variables that characterise polycentric governance are assembled and unravelled for their meaning. These variables are used to code the cases of polycentric interactions. The variables are predefined based on theoretical review and on cases explored by other scholars. However, the codification basis is left open to include new variables that may arise as commonalities during the research on cases.

Both approaches include also limitations as follows:

- As of the outset, it is expected for the number of polycentric interactions not to be very high. From a basic knowledge of the context, a preliminary assumption is made, which indicates that the current polycentric interactions are mostly influenced by external initiatives, such as donor projects, or by top-down government processes. This limits the number of polycentric interactions that resemble polycentric governance processes, based on the codification variables.
- The database of territorial disparities and polycentricity is built through figures obtained by the National Institute of Statistics (INSTAT), the Bank of Albania,

the Ministry of Finance and Local Governments. A large dataset of more than 100 variables is then analysed. The above are official sources of information and in most cases provide also time series, which is very positive for the validity of the research, both externally and internally – it is possible to compare the findings with European analysis using the same typology of data and similar methodologies. However, the official statistics have three features that could become handicaps in analysis:

i) It may be the case that some of the data show a 'better image of the reality', due to being government-influenced[16];

ii) The level of disaggregation is not the same for all datasets. For instance, most of the INSTAT data are provided at *qark*[17] level and in some cases also at local government level, each comprising 12 and 61 units respectively. The data from the Bank of Albania represent the national level, while the local finances data from the Ministry of Albania are provided at the level of 61 municipalities.

iii) Another issue related to the level of disaggregation is the time series. Because of the national territorial administrative reform that took place in 2015, 373 small local governments were reorganised and merged into 61 larger ones. The time series are built for most indicators as of 1990, but since 2015 the lowest level of data that time series provide is that of the 61 local government units, the latter being territorially mixed in terms of urban and rural patterns. Hence it is also highly expected that disparities at lower territorial levels will not be [fully] revealed. Furthermore, some data are thematically oriented. For instance, the data on environmental issues do not cover administrative units (such as municipalities), but are measured in specific locations in the rivers, watersheds, urban centres and forests. Hence, comparing between socio-economic indicators on one hand, and territorial and environmental indicators on the other, may produce results of lower validity and reliability.

The first limitation is a fact that shapes the context of the research. It is not possible to compare the current situation to a situation where external influences or authoritative processes were not presents, because both this assumptions are not realistic. On the other hand, it is not the purpose of this research to deal with such a comparison, or

measure the degree of external influence. The aim is to indicate whether there are polycentric interactions for governance at all, and if so, what types of interactions have taken place, in which territorial rescaling contexts, and with what challenges and achievements/effects. By analysing the interactions in terms of all variables defined for codification, it is possible to differentiate between types of interactions and compare them with the territorial setting, where the different types of interactions take place.

The second limitation can be overcome only through the certainty of applying the same margin of error in all data sets (given that all data are collected by and/or indicators calculated by INSTAT, and using continuously the same methodological approaches). Furthermore, the large number of variables and indicators will allow for increased validity of data and findings.

In order to answer to the sub-questions of the research and therefore achieve its specific objective, a detailed methodological approach will be followed for each of the blocks of evidences as described above. These blocks of evidences constitute the core of the empirical part of this research. The respective methodological approaches are presented as follows. It is easily noted that there is a mixture of methods and that is based on two assumptions:

i) The issues at stake are *complex and have been studied before in several different contexts and for different purposes*. It is not possible to deal with all of them (the issues) through using a unique universal methodology. The contexts to which the analysis of each issue is applied and the purpose of the analysis, affect the methodology being used, therefore heading to a set of approaches that might share similarities, but remain distinguishable. The theoretical discussion in chapter 2 will provide more ground to this assumption, when describing territorial typologies and peripheralities, territorial polycentricity, as well as related policy implications;

ii) The analysis has a core territorial element and that is *the region,* as an intermediate territory that shows significant degrees of flexibility, both functionally and geographically, according to the criteria that stand on the basis of its formation in every context. This research is about territorial rescaling and the theoretical discussion will show how rescaling could be understood as socio-economic, institutional, and territorial process that happens between two layers already set in the governance continuum, namely the local and the central/national governments. This subnational, or regional layer is more than merely a fixed tier, it is a multi-dimensional interaction among stakeholders and between them and the territory, resulting into economic

development approaches, territorial settings, administrative entities, institutions, power transfer, and any other social interrelation one could imagine. Keating (2013) describes rescaling as a migration of political, social, and economic systems to new territorial levels. When this happens, it has also spatial implications in terms of administrative units of governance (ibid), and this is especially the case when rescaling happens between local and national levels, resulting into processes of regionalization or regionalism and formation of new jurisdictions (Scott, 2009a); (Scott, 2009b); (Hooghe & Marks, 2016). While the region and related processes are discussed in greater detail in the theoretical chapter, it is worth mentioning here that region's formation is a process of multifaceted character and largely affected by the purpose leading the process and the criteria employed (implicitly or explicitly) during the process.

- **1st block of evidences: Historical patterns for territorial rescaling in Albania – the methodological approach**

When discussing regional governance, regionalization, regionalism, regional development, territorial rescaling, etc. authors always list (among others) two fundamental aspects: time and historical backgrounds (see Hooghe and Marks (2016), Keating (2009), etc.). This is so, because the territorial rescaling process that includes all of the above processes, is dynamic, as old as governance is, and a continuous process, and continuously affected by historical events or situations. In these circumstances, by understanding how territorial rescaling has evolved in time, it is possible to understand better the most recent rescaling processes, as well as it is possible to capture tendencies, draw trends and be able to intervene objectively in [re]shaping territorial rescaling processes. For this purpose, in this research, a section is dedicated to the description and analysis of territorial rescaling in Albania. This includes an historical overview of regions, since when related records exists, and a more detailed description of the processes and institutions that could be linked to regions and regionalization for the last 30 years.

The historical overview is presented mainly through maps. There are little if not at all studies that cover the discussion on regions in Albania, and this is also due to the nation-state formation history. The 20th century could serve as a good reference point to initiate a regions' discourse for Albania, while the last 30 years have had regions as a core topic in governance, economic development and territorial administration, though with various fluctuations. The analysis for this block of evidences is: graphical (through showing processes on the map), policy-oriented (describing evolution and results), and

institutional-stakeholder (describing roles and responsibilities, together with principal changes).

- **2nd block of evidences: The analysis of regional disparities and territorial polycentricity – the methodological approach**

Regional disparities were identified and measured for the first time in Albania by a UNDP and EU supported project named "Integrated Support for Decentralization", implemented during 2009-2011. The approach was comprehensive, similar to other processes implemented in Bulgaria, Serbia and Croatia, and adapted to contextual conditions, especially to the availability of data. Furthermore, the first report of regional disparities (published in 2009) focused mostly on social-economic development and competitiveness. The territory-related chapters were also present, but with fewer indicators. Positively though, in the end the report had two types of classifications for the overall representation of disparities – one focusing on social-economic findings and the other one focusing on spatial and infrastructural aspects. This is considered positive because, methodologically speaking and in terms of finding, it was not possible to merge all aspects in a single index or typological classification of regions for disparities, so the team decided to keep both classifications. This decision was made in a context where, there was discussion among stakeholders about placing the emphasis on socio-economic conditions only, or consider effects and relations to territory as well[18].

The study of disparities undertaken under the frame of this research intends to improve previous approaches in a number of aspects:

i) Make a direct correlation of the objectives of the disparities analysis and the related indicators with the objectives addressing regional development in the *National Strategy for Development and Integration 2015-2020*. As it will be explained in chapter 3, Albania did not have a regional development policy and strategy at the time the data collection was executed, and it does not have one as yet. Therefore, identifying the strategic policy basis for referring to when selecting indicators is methodologically very important. This gives (internal) relevance to choices made in terms of analysis and data/information collected.

   Based on the NSDI 2015-2020 vision and regional development objectives, four areas are selected for the sake of this research: (i) Economic Growth based on Development, Competitiveness and Economic Resilience; (ii)

Social Cohesion; (iii) Environmental Sustainability and Green Economy; (iv) Regions Accessibility and Territorial Development[19]. These areas represent also objectives for sustainable territorial development and for unravelling each of them a number of 2-4 respective sub-areas are identified, and then a number of indicators for each sub-area are listed.

Table 15 in Annex 4.1 contains 117 indicators. This is the initial list and it was built upon a preliminary selection based on the expected data availability. In the final study the list is reduced to around 100 indicators, due to final verification on availability. The table shows also sources of information and the lowest territorial level for which data can be found or produced. It is clear from the table that, while most of the data are available on the same territorial unit (mostly *qark*), there is also a considerable number of indicators with data available at municipal level, environmental monitoring station level, or statistical region level (the latter defined by INSTAT). The table does not include the data on polycentricity as in this case the analysis has a different methodology, which is explained in the paragraphs below.

ii) Increase the scope of the study. This does not include changes to the total geographical area under investigation. Hence, the final physical limits of research are the administrative boundaries of the state of Albania. Furthermore, at lower territorial levels, most of the data is collected/analysed for *qarks*, municipalities and development regions. However, by adding the accessibility and the territorial polycentricity analyses, new territorial subdivisions were added into the research process, such as Functional Urban Areas (FUA) and ad-hoc territorial units resulting from the specific purpose of the accessibility analysis. Besides making a difference in the depth disparities were researched (through strengthening the territorial aspect), the study is/was [internally] valid to other policy processes (besides regional development), such as proposals on regionalization scenarios, designation or regional development areas, etc.[20].

iii) Increase the number of indicators, the length of data series for each indicator, and ensure the representation of some new indicators on lower spatial levels;

iv) Incorporate the territorial polycentricity analysis, aiming at understanding the level of territorial polycentricity, comparing it with the EU countries,

comparing the findings with those of the disparities analysis and drawing conclusions on the link between territorial development and territorial polycentricity in Albania.

In order to carry out the territorial polycentricity analysis the methodology is based on the following steps:

i) Define geographically the polygons of the analysis, namely the Functional Urban Areas (figure 13). This is based on the INSTAT definitions of urban cores, urban agglomerations and commuters' catchment areas, based on respective data from Census 2011, including the 1km^2 grid (raster cells). The (base) maps were accessed through the online ASIG platform.

ii) Define geographically the Potential Urban Strategic Horizons (PUSH) areas, through using the 45 minutes isochrones (from FUA centres), based on road public transportation and through own calculations on the Google map. This time limit is widely recognized as the most appropriate for work related daily commuting, and the areas included within the commuting radius provide cities with a better opportunity for functional integration.

iii) Define geographically Potential Integration Areas (PIA). The hypothesis is that "cities with overlapping travel-to-work-areas have the best potential for developing synergies" (ESPON, 2005, p.13). These areas are approximated to "municipal boundaries, as municipalities are the potential building blocks in polycentric development strategies" (ibid.). The integration of the PUSH areas forms the so-called Potential Integration Areas (PIAs).

iv) Analyse morphological polycentrism and construct a national polycentricity index composed of the size, location and connectivity indexes, each with an equal weight in the overall polycentricity index.

v) Make a preliminary analysis of the functional polycentricity, or the functional specialization of the regions (of FUAs). This sheds light also on functional relations between regions. Functional specialization ensures diversity among cities, while also making sure there is integration, synergies and cooperation. However, the analysis is only preliminary in this case, due to limited data availability for the 7 indicators that this analysis addresses.

vi) Conclude on the territorial polycentricity in Albania.

Regarding the accessibility analysis, due to lack of data, not all indicators suggested by the Spiekermann et al. (2015) TRACC analysis were used. Instead, only the following indicators were selected: Access time to motorway exits; Accessibility of people; and Availability of urban functions. The operationalization of these indicators is provided in the table 15 of Appendix 4.1.

In terms of data sources and methodologies referred to for calculating some of the indicators, the following was considered:

i) For most of the indicators, the source of information is the Albanian Institute of Statistics (INSTAT). The data are accessible on line in the INSTAT database, the Census 2011 data and studies, and the INSTAT web atlas[21]. Of great importance to the research are also the following INSTAT publications: "A new Urban Rural classification of the Albanian population" (2014) and "The typology of communes and municipalities" (2014), which provide the background material for the polycentrism analysis (for defining the FUAs) and provide information on the spatial typologies in Albania in a similar fashion as in Eurostat classifications.

ii) Other data are obtained from the Bank of Albania and the ministries responsible on health and on education. The data on access is calculated based on the methodologies used in ESPON 2013, TRACC, Transport Accessibility at Regional/Local Scale and Patterns in Europe, Applied Research 2013/1/10, Final Report | Version 06/02/2015, Volume 2 TRACC Scientific Report (Spiekermann et al., 2015). Travel times are calculated through measurements made on Google maps and based on own travel experience. The territorial polycentricity analysis is made by following the methodology of ESPON 1.1.1, 2005, Potentials for polycentric development in Europe, Project report III. Territorial analysis of the Indicators.

The data are processed in excel and GIS and presented through tables, graphs and maps. The base map, in all cases, was constructed by making use of the layers provided on line by ASIG (State Authority for Geospatial Information) Geo-portal[22].

- **3rd block of evidences: Identification of interactions on the territory, which personify polycentric governance – the methodological approach**

As defined earlier in this chapter, this research is looking at understanding the link between regions' typologies obtained in the territorial rescaling process and polycentric governance as a means for boosting sustainable territorial development and cohesion in a situation where the regions are peripheral and there is an expectation that disparities will be present. This raises the question on whether the territorial/regional typologies with their development profiles and the related territorial rescaling processes are linked to the presence of polycentric governance cases.

Defining territorial typologies is a matter of defining the objective to address when designating a specific territorial typology. Hence, as the objectives vary, the resulting typologies will be different, though the classification process is applied to the same territory. Different criteria are usually applied in each classification process and different weights are often given to each criterion. This results into various typologies. For instance, measuring inner peripheries of Albania and then the lagging regions of Albania would result into different designation of boundaries, because the criteria applied for identifying lagging regions (national GDP versus regional GDP) are different than those applied for inner peripheries (economic potential, access to services, travel time to centres, etc.).

Polycentric governance, by definition is network governance (Berardo & Lubell, 2016); (McGinnis, 2011). It represents a very complex system that governs actors' interactions regarding the sustainable use of resources and maximisation of benefits. Because it is highly based on actors' interests and knowledge, on the emergence of new actors and actions, as well as on the functional linkages between the centres of decision-making, it is a system that evolves constantly and therefore its equilibrium is not a static concept, but a dynamic one. Any network is composed of nodes and linkages. Anytime a node transforms, appears or disappears, linkages between them are transformed, born or interrupted as well. This is an emerging and never-ending process that continuously gives rise to new constellations of actors and linkages (Boamah, 2018).

McGinnis (2005) in (Boamah, 2018) defines polycentric governance as a highly complex system that is multi-level, multi-type and multi-sector. This means that polycentricity in governance is defined by a number of critical factors, as follows:

- *The national policy on governance should be one that allows decentralization at lower subnational government levels*, and allows *some autonomy* in decision-making for various actors groups, or non-governmental entities, including communities. This is a basic precondition and it provides the initial clues for

what McGinnis (2011) calls as “gathering and dissemination of information regarding the conditions prevalent in a policy setting” (p.58). The following factors are most probably inexistent in a highly centralized governance context given that each of them is strongly linked to decentralization and networking.

- The actors and/or centres of decision-making in *the network should have at least one subject of common interest*. For instance, water resources, tourism, economic development, etc. If no such subjects/areas of interest were in place, then there would be no network or interaction among the stakeholders. On the other hand, polycentric governance may happen around one specific subject within a given territory – for instance common forests governance, and other subjects on that territory may be dealt through other forms of governance (municipalities governing water sources in the forests). With this in mind, at a first sight, polycentric governance may not seem necessarily linked to the territory, but to the issue of interest only – the policy objective. However as the policy objective will always have a territorial dimension, polycentric governance will also be subject to the territory, where the policy objective is being addressed.

- Being network governance, polycentric governance should have several *centres of decision-making, independent but complementary to one-another, or highly interactive among them* (V.Ostrom et al., 1961); (V.Ostrom, 1972); (McGinnis, 2011); (Boamah, 2018); (Berardo & Lubell, 2016). This means that even in the case of possible overlaps, still these entities find the appropriate way to deal with the specific policy objective / subject, in a cooperative and non-conflicting manner. These multiple autonomous actors, cooperate across scales and sectors through a network of functional linkages (Boamah, 2018); (Berardo & Lubell, 2016), otherwise recognised as a constellation of connections.

- For cooperation to be achieved, there should be some minimal need or willingness for it. This means that the centres of decision-making or actors should have a *common niche of attraction for genuine cooperation*. This may be for instance the actors’ common desire to attract tourists in their respective area, in benefit of all – businesses offering tourist services, local community offering products to the service provision entities, local government achieving the objective of promoting its own territory and resources, increasing employment and overall local economic development, etc. This common niche

of attraction is what guarantees that individual actors engage in self-governance, and are willing to spend considerable amount of time and energy in crafting commonly accepted solutions and actively participating in its implementation (McGinnis & Walker, 2010). The 'engagement' in self-governance is what defines the difference between a common niche of attraction and subject of common interest (introduced above). The subject is broader, is a policy area and a policy objective, it defines the broader scope and if absent, then there is no need to discuss about cooperation at all. But for cooperation to happen, the stakeholders and centres of decision-making should identify a niche of attraction within the subject of common interest and start interacting to build it and make it functional. While the niche is common – for instance: increase the number of tourists in the specific area, the ways for stakeholders to engage with achieving it are not necessarily the same, but are complementary. In practice this means that there is a pool of win-win arrangements, where each stakeholder can pursue and accomplish its own and 'selfish' interest as part of the common niche of attraction, instead of competing for the same interest within the niche.

- To happen, cooperation requires *a space or a territory to materialise the autonomous, but simultaneously complementary interests/objectives of the actors*. The specific features of the territory define or shape the common niche of genuine attraction for cooperation. In a natural landscape of forests and pastures, most probably, the common interest is common forests. In a coastal region, with interesting hinterlands, several urban settlements with plenty of urban services and adjacent rural areas with sustainable ecological agriculture, most probably a diversified and robust touristic offer is the common interest of all stakeholders. In a metropolitan region there will be several common interests, because of the large scale and complexity of issues. It is however in this case important to note how this region interacts with the administrative boundary of units in it, and what are key drivers (in terms of economic development) that [re]shape the territorial structure (Gabi et al., 2006). Hence the territorial typologies play a role in defining the subject/s of common interest and the need that brings actors or centres of decision-making together.

- Finally, though in polycentric governance, the individual autonomy of decision-making centres is pivotal to the notion, this does not mean that each node operates in isolation. First the system itself operates through nodes that are in

constant interaction. It is arguable on whether interaction is feeble or highly pronounced, but is surely not absent. Second, even though it may seem as there is fragmentation due to size and overlapping scopes of the different centres of decision-making, as long as they take one-another into account in different competitive relationships, mutual value-added cooperation and conflict resolution, they are considered to be functioning as a system (V.Ostrom et al., 1961). These are interactions and function on the basis of *a commonly agreed system of rules* (Boamah, 2018), in order to avoid as much as possible overexploitation (tragedy of the commons) and under-consumption (free riders) dilemmas (Ostrom, 1990); (Alexander & Penalver, 2012). After all, in a polycentric governance system, providers face multiple options in their effort to procure public goods to their constituencies (McGinnis, 2011). In these circumstance rules to define and constrain activities of all actors are needed and established based on collective choice – a process regulated through rules defined based on constitutional choice (McGinnis, 2011).

Methodologically speaking, the above factors can become measurable through setting indicators to quantify them or unravel their meaning:

1. **The level of governance decentralization:** This will be unravelled through the existing type of decentralization (political, administrative, functional and fiscal); the quantity and type of local government exclusive functions; the [quantity of] shared functions and the level of sharing between local and central government; the progress of fiscal decentralization in terms of legislation and implementation; the number and type of local forums that impact decision-making at local level and are established, or promoted by the municipalities, or cases of interactions for governing a policy objective.
2. **Subject/s of common interest for decision-making making centres:** This is unravelled through the type and/or number of subjects within the various territorial frameworks and policy cases that are explored. It can be defined in two different ways: 1) either by counting the policy areas and objectives defined into the various cases or approaches selected for study 2) or by identifying the issues that could potentially be subjects of common interest based on the diverse specificities of the territories being studied and based on local cooperation that happen regardless of being defined or not in government policies.

3. **The independent centres of decision-making:** this counts for the nodes[23] in the network that have a certain degree of autonomy in making norms and rules and enforcing them on others (Ostrom, 1999); (Carlisle & Gruby, 2017)] and the functional relations among them and deals with: the number, the heterogeneity of nodes, the levels (territorial and governmental) and the types of connections between nodes. The nodes are political, local (local government units), regional (the national government agencies), social (the community groups, the civic-society organizations, and media), market-related (the business groups and associations), and other actors that operate within the territory. Norms and rules as cited above, do not comprise only legislation pieces, but any type of agreed regulations that are created by a centre of decision-making and are imposed on a group that implements them. The scope of power and activity of the various decision-making centres may be overlapping (Carlisle & Gruby, 2017) due to the scale of the function and basin of beneficiaries. A critical factor in the case of overlapping jurisdictions is the flow of information and rules and how this is managed in order to reduce inefficiencies and costs and steer towards achieving the intended objectives (Ostrom, 1999). Referring again to Ostrom (1999) arguments, flows management is achieved by exchanging and combining local knowledge and performance with the strengths of larger systems in conflict resolution, and with acquisition of scientific knowledge.
4. **Common niche of genuine attraction for cooperation:** the purpose is to identify whether there is a specific need for cooperation and engagement in self-governance about a specific topic that comes from the actors themselves and what that need for it is. It will be quantified through the identification of cases of community self-governance and participation in projects and initiatives that lead to the achievement of a common cause.
5. **Territories to materialise the common and autonomous interests:** in this case, the various territories/regions, where actors come together into governance activities will be identified. These are territories where some governance activities are currently happening or could potentially happen, because there is a need for improvement of development. These territories could be administrative, politically designated, development – related, planning regions, or territories of specific features (for instance ecosystems). The latter

comprise territories with natural and/or human-made specificities. These territories may be politically important, may not necessarily be accounted for in policy-making, or may be considered only in sectorial agendas. Watersheds for instance are such territories in Albania, but there are other cases to be considered as well.

It is expected that there will be several overlaps between the territories, but this will produce two types of information of interest: i) identification of the fuzzy areas/spatial strips – areas that emphasise the need for polycentric territorial governance as the only way to deal with the complexity of issues they contain and scale mismatches (Boamah, 2018) between issues that polycentric governance deals with and the related jurisdictions. Identifying these areas helps in smoothing out the level of abstraction in the "fuzzy boundaries" concept that territorial governance is confronted with in efforts of being materialised for democratic legitimacy and services delivery; ii) identification of potentially conflicting socio-ecological relationships between stakeholders that a polycentric governance system has to deal with. Identifying territories and their specificities is a crucial step in this research as the final aim is that of looking whether the various types of territories have an effect on the other critical factors of this list – hence factors that define the ability of a governance system to become polycentric. In practical terms this means that once the territorial typologies are defined and designated, and their diversities are described, the study of indicators for the other critical factors will follow per each territorial typology.

6. **The system of rules accepted by actors in the network**: this factor is rather difficult to measure, as it has to be defined separately for each subject of common interest. Common interest could be merely present or visible, and in more advanced situations is being accomplished through cooperation. For simplicity, only those subjects where common interest is both visible and is being pursued for achievement will be accounted for when describing the system of rules. The limitation of this choice is that of omitting the cases for potential polycentric governance. In this case, polycentricity in governance will be analysed in terms of what is currently happening and will not explore the opportunity to expand further the system. The system of rules includes: the

existence of a common frame, the governance mechanism, the definition of the roles of actors, the rules for monitoring, enforcing, etc.

The above factors and the respective indicators subject to this research are summarised in the following table. The table provides also sources of information for each indicator.

Table 1. Critical factors for assessing cases of polycentric governance in Albania

Critical factor for polycentric governance	**Indicators**	**Unit**	**Type and level of unravelling information**	**Source of information**	**Limitations**
1. The level of governance decentralization	Type of decentralization	Political, Administrative, Functional, Fiscal	Define type and describe the way it functions and what are limitations in rescaling	Law on self-governance and law on territorial reform Strategy on local government decentralization, Law on local finances Sectorial legislation Government reports and independent reports assessing decentralization progress and territorial reform as provided in the references	It provides information on decentralization of government, but not of governance. Information about self-governance or decision-making power for non-government actors is not provided in this indicator.
	Local government functions	Exclusive and shared	Degree of autonomy in delivering each function – legislation, policies, implementation, financial sources; Number of exclusive functions versus shared ones.	Law on self-governance and sectorial legislation for shared functions Strategy on decentralization, Government reports on decentralization; sectorial legislation; independent reports as provided in the references. Report on progress of decentralization strategy implementation.	The current law on local finances has entered in force in 2017. The effects of provisions on local financial autonomy are yet to be tested. The law on local self-governance considers all functions as own, though the degree of real autonomy is defined by sectorial legislation
	Local forums and/or networks that impact local decision-making	Types; Role: decision making or influencing	Describe those forums that are promoted by municipalities and government agencies; Created and rules provided rules by government	Sectorial legislation; NTPA's benchmark report on territorial plans; Donors reports and project's sites (PLGP, dldp) ADF reports and page (for RDF)	Impossible to identify forums that are ad-hoc; Most forums/networks are project-based, therefore also functional in the short-term.

			Created by government bur self-made rules Self-created and self-regulated.	NTPA and Ministry of Agriculture for 100+ Villages program Ministry of Finances for Urban Revival program and RDF Report on progress of decentralization strategy implementation.	
2. Subjects of common interest for decision-making centres	Policy areas/objectives	Type defined per case; Is there a policy objective/area in place?	Provide the scope and describe. See if the policy area/objective is defined in strategies and plans.	Sectorial and cross-sector strategies; National Strategy for Development and Integration; National Territorial Plan; General Local Territorial Plans; papers and project reports (USAID and World Bank for forest commons); NTPA reports.	Some of the strategies are out-dated. Only 44 municipalities have a GLTP drafted/approved. 16 more have just started the drafting process. These indicators does not imply that there is a common niche of genuine attraction – it simply states that there is an issue, often defined in policy documents, around which interest may arise.
3. Independent centres of decision-making	Government institutions	Local and regional / central; number and role; territorial scope	Define number and type for national and deconcentrated regional agencies and municipalities and administrative units	The territorial-administrative map of Albania; The Council of Ministers and Ministries' websites; the law on local self-governance and sectorial legislation.	Potential lack of updated information.
	Non-government entities	Type, number, knowledge, level of government or territorial where they belong	Civic society, community, businesses, media, etc. Knowledge includes: political, social, scientific, and historical/traditional.	Ministries' websites, independent reports and donor projects, Directorate for Development and Good Governance in Prime Minister's Office; AMSHC website; Ministry of Finances, INSTAT, Donors' projects; Regional Development Agencies; Continuous participation in or	Very dynamic context and therefore impossible to ensure a complete identification. Not all NGOs are registered with AMSHC; information might not be updated, especially for NGOs, Knowledge is received from direct participation in events as a stakeholders or

				observation of stakeholders' meetings and actions.	observer and not from well-documented reports and records.
	Linkages between centres / actors / nodes	Type of linkages; Direction of interaction;	Describe linkages based on interactions in forums, meetings, networking actions and workshops on subjects of interest: i.e. elections, projects, planning and budgeting, common pool resources.	Directorate for Development and Good Governance in Prime Minister's Office; AMSHC website; direct participation in events as a stakeholders or observer; donor projects; Central Elections Committee.	Limited information on the typology of forums and networks – often very local and unexposed.
4. Common niche of genuine attraction for cooperation	Type of attraction – define; Community self-governance and self-engagement	Number of cases and type; Cooperation/ interaction for nested enterprises	Describe based on cases such as management of commons (forests), participatory planning, etc.	Cases reports; web pages; Donor projects; Directorate for Development and Good Governance in Prime Minister's Office; ADF; Ministry of Finances for RDF and Urban Revival; Ministry of Agriculture for 100+ Villages; municipalities for planning processes; Benchmark Report for local plans from NTPA; direct participation in forums and networks and institution's activities	Can only be defined by a limited number of networks. Based on cases, the territorial frames to be covered will be different.
5. Territories to materialise the common and autonomous interest	Regional typologies as per INSTAT/EU	Boundaries; features	Describe and delineate	INSTAT: Typology of Communes and Municipalities, 2014	Pre-set, without a policy objective/purpose to respond
	FUAs	Boundaries and features resulting from the polycentrism and disparities analysis	Describe and delineate	Polycentrism Analysis for Albania (Author)	Morphological only

	PIAs	Boundaries and features resulting from the polycentrism and disparities analysis	Describe and delineate	Polycentrism Analysis for Albania (Author)	Morphological only
	Lagging regions	Boundaries and features resulting from the polycentrism and disparities analysis	Describe and delineate	Based on Polycentrism Analysis for Albania (Author) and Regional Disparities in Albania (ISD project, RDPA project, and Author)	Responding to only one policy objective
	Inner Peripheries	Boundaries and features resulting from the polycentrism and disparities analysis	Describe and delineate	Based on Polycentrism Analysis for Albania (Author) and Regional Disparities in Albania (ISD project, RDPA project, and Author)	Responding to only one policy objective
	RMAs	Regional Management Areas – 3 qarks each area	Describe and delineate	Prime Minister's Office, Directorate for Development and Good Governance, RDPA project, Author, Co-PLAN	Defined to facilitate regional management, but necessarily to represent territorial features and disparities
	Options for administrative regions	Option1: 4 regions	Describe and delineate	Co-PLAN, RDP Northern Albania (SDC and ADA project), Author.	Administrative regions, therefore embody several criteria and do not provide a clear picture of territorial features and disparities.
		Option 2: 6 regions	Describe and delineate	Co-PLAN, RDP Northern Albania (SDC and ADA project), Author.	Administrative regions, therefore embody several criteria and do not provide a clear picture of territorial features and disparities.
	Natural regions	River basins	6 official river basins	National Agency for the Management of Water Resources	Do not reflect the territorial development dynamics.

	Planning regions	Regions from the General National Territorial Plan	Describe and delineate	NTPA, General National Territory Plan of Albania	Outcome of planning analysis. Similarly to administrative regions, embody several criteria and do not provide a clear picture of territorial features and disparities.
	Areas based on self-governance networks	Forest commons; 100+ villages regions	Describe and delineate	Studies, Donor reports, NTPA	Very small scale, large number of areas, often smaller than municipalities.
6. System or rules accepted by actors in the network	Constitutional choice rules	Types of rules per selected case; Actors implementing the rules; institutional framework	Describe and analyse the roles of actors, rules over interactions, legislation where rules and interactions are based. Suitable for Urban Revival, 100+ Villages, Participatory planning.	The respective sectorial and/or framework legislation; National strategies and policy documents	The rules are not present at all levels and for all actors and interventions in each case.
	Collective self-made rules	Types of rules per selected case; Actors implementing the rules; institutional framework	Describe and analyse the roles of actors, rules over interactions. Suitable for 100+ Villages, Participatory planning, and forest commons.	Donor and local projects; direct participation in the events and actions of the networks per each case.	The rules are not present at all levels and for all actors and interventions in each case.

II. Deepening the Theoretical Discussion

2.1 Theoretical concepts

The 6 key concepts identified by the research based on its objective are: *territorial polycentricity*; *polycentric governance*; *territorial rescaling*; *sub-national level*; *territorial development*; and *peripheral region*. The term region is a sub-concept, which is also defined in this section, to clarify its use in the text. The following sections will deal in further detail with the key concepts, in order to bring theoretical views and policy practices that stand behind each concept. Initially, regions and regionalization as a process of territorial rescaling (at subnational level) will be discussed, with some emphasis on the related governance processes and peripheralisation as a phenomenon that is inherent to rescaling. Then concept of peripherality in defining spatial typologies will be unravelled theoretically and in terms of policy implications. In conclusion a section will be dedicated to the concept of polycentricity, which is the core of the study. This concept will be examined in terms of both, polycentric governance and territorial polycentricity, and as a policy response to the necessity for territorial rescaling. In this case, the aim will be to show differences and ties that exist between both aspects of polycentricity (governance and territory) and their connection with territorial development. Most of the discussion on territorial development has already taken place in the first chapter of this study, as a means for setting the context of the research. However, being an inseparable part of the polycentricity concept and objective, territorial development will emerge once again in the theoretical chapter.

For the sake of this research, each key concept encompasses dimensions or components that are examined so far and/or will be analysed in the remaining part of this chapter. These dimensions/components stand in the articulation of each concept *in the frame of this research* as follows (based on literature review as follows in this chapter):

- *Territorial polycentricity* is a normative concept, a policy objective, and a spatial feature that is assumed to produce sustainable territorial development by boosting social-economic growth and reducing territorial disparities. The metrics for measuring territorial polycentricity incorporate both, functional polycentricity indicators and morphological polycentricity indicators, as it will be shown in the following sections.
- *Polycentric governance* is a mode of governance where the power for decision-making is assigned to/conquered by various institutions (formal and informal),

or groups of institutions that interact among them in a network and over fuzzy and often overlapping territories, in order to produce a good or service that has public value, utility and interest. This definition is based on the literature review as brought and discussed extensively in this chapter.

- *Territorial rescaling* is a process of geographical, social, political, development and administrative/jurisdictional character, where territories as socio-political and geographical constructs are in a dynamic formation and reformation state. Due to having this multidimensional character, it results into various typologies of space, namely regions of various characters. This definition is based on the extensive theoretical discussion made in this chapter.
- *Sub-national level* is a territorial, government, and governance level that stands between the national and local scales of government and territorial representation. Regions and regional governments typically personify in practice the sub-national level.
- *Region*, as a term for the sake of this research, has a broad meaning in terms of territorial (geographical and socio-ecological), socio-economic, administrative (political and governmental) dimensions. This is a social, political and geographical construct, which could be depicted as a sub-national level (see above) or as a broader European space, which is personified of common/interlinked features that identify it among other spaces. Albania as a country could constitute a region in Western Balkan, or south-east Europe. Western Balkans could also constitute a [macro]region in Europe. Sub-national governments are regions; but planning areas or sub-national territories with a common development objective and strategy constitute regions as well. This research contains a multitude of regions' typologies, based on its overall purpose of studying territorial rescaling.
- *Territorial development* is both development (as defined in chapter 1) that happens on the territory and development that has a territorial dimension, hence it achieves territorial and socio-economic cohesion, is place-based, and is yielded through the harmonization of sectorial policies over the resources of a given territory. The definition is based on the discussion made in chapter 1 on this document.
- *Peripheral regions* are defined based on their socio-economic position – usually disadvantaged, low accessibility (both distance and connection), limited or

hidden opportunities for growth and insufficient capacities that are required to generate growth. This makes use of the ESPON research and academic studies as referred in the following sections. However, as the focus of this research is Albania, a Western Balkan's country, at a secondary level, peripherality is understood also as the overall positioning of the country versus the European Union area.

2.2 Regions and regionalization as object of territorial rescaling

Regions are unique spaces in terms of how they bring together various disciplines; give a territorial dimension to development, economics (Capello, 2009), governance and social interactions (Keating, 2013); show flexibility in terms of territorial character (social, historical, geographical, influenced by human interventions, etc.); and embrace a feature of fuzzy boundaries (Finka & Kluvankova, 2015). The region is a dynamic socio-political and territorial construct that appears and disappears, and it is subject to change of actors and/or institutions that develop the region, or participate in the socio-ecological interactions produced within its territory and its political framework (Ehrlich et al., 2015); (Entrikin, 2011). This is a process of rescaling, which is opposed to the idea, or belief that there is a right and fixed spatial scale for every socio-political role. In view of the latter, Keating (2013) mentions as examples the spatial location theory, the concept of river basins as a territorial level for regional government, travel-to-work catchment areas, efficient scales for services delivery and economies of scale, etc. This does not mean that these concepts are to be dismissed. In fact, each of them stands on its own for what it intends to achieve – a particular purpose in each case. However, the differences (sometime antagonistic) that exist among them reinforce the thesis that a large government, which is able to effectively and efficiently achieve all of the combined purposes intended in each concept, is most probably a utopia. Or, in the best case, it is less efficient than a group of smaller local governments and public agencies striving to manage their territories and provide services, while also overlapping in jurisdictions (V.Ostrom, 1972); (Aligica & Tarko, 2012); (Tarko, 2015).

Regions usually constitute an intermediate territorial and/or government level, where territorial rescaling as Keating (2013) defines it, is visible and present the most. Hence, regions are born and reborn out of continuous territorial, political, social and institutional/governance rescaling. Rescaling refers to migration of functional systems and of related regulations (be those socio-economic or political), across spatial levels,

above, below and between nation states (Swingedouw, 2004 in (Keating, 2013, p.12 (8/31))). This rescaling of functional systems provides opportunities and constraints for the stakeholders involved, regardless of the territorial and institutional level they belong, and it is based on these costs and benefits' analysis that political decision about regions, regionalization and regional governments is made.

Regionalization has been a tendency in the second part of the 20th century, where in several cases smaller local governments have merged/consolidated into larger regional ones (Keating, 2013); (Keating, 1998); (Shutina et al., 2012). The purpose of regionalization in each country has been different. In some cases, political processes with an historical background and stemming from identity matters have been at the core of regionalization (Keating, 1998); in other cases a more functional pragmatic approach was followed, aiming at achieving a certain level of efficiency related to the delivery of services or implementation of development policies (Shutina et al., 2012). As a result, several types of regional governments, or regional institutions exist currently in European countries (Shutina et al., 2012); (Tosics et al., 2010); (Toto et al., 2014); (European CoR, 2016).

In some cases the regional governments have a number of functions, which are considered as not being efficiently provided by national or local governments and therefore should be transferred to an intermediate level. In these cases the regional governments ensure not only efficiency, or economies of scale, but also deal with policy functions that require a certain scale for planning and policy making, such as environmental protection, river basin management (hydrological determinism as Keating (2013) calls it), etc. These kinds of functions depend not so much on the population to serve – hence a basin of service recipients, rather than on the geographical scope of their functionality, and on their territoriality features. For instance in the case of ecosystem-based management of natural resources and of the river basin, clearly the boundaries are natural and not artificially defined; are larger than those of one single local government; and do not necessarily coincide with administrative boundaries. The territory in this case is governed by a set of rules that are not merely political and economical, but are defined/affected by the basin of ecosystem services that are provided and received.

In other cases, especially later in the 1990s, in view of regional development and of the competitiveness objective within Europe, regions were *formally* established as spaces for regional development (Keating, 2013); (Toto et al., 2014); (Shutina et al., 2012). In

some countries, these 'development regions' coincided with administrative regions and regional governments territorial boundaries (Toto et al., 2014). In other countries, the 'development regions' were designated as spaces that stand independently from administrative territories, and serve only the purpose of implementing the regional development policy that the respective country had endorsed (for instance, Romania, Kosovo, etc.) (ibid); (European CoR, 2016).

Besides regions that have a jurisdictional and/or development character, there are also the so-called statistical regions, such as the NUTS[24] regions, designated as territories where statistics for the state of development are produced and used for measuring disparities among regions and for guiding European Union investment policies related to regional development and cohesion.

This multitude of regions' types and scales is an on-going theoretical and policy debate, and is highly affected also by the governance system (Hooghe & Marks, 2016) adopted in each country and especially the respective level of decentralization. This implies also the influence of the historical background onto how regions are perceived and constructed in time, in various government and socio-political regimes. Hence, regional governments may function as decentralized entities with various autonomy levels of decision-making and power, or as deconcentrated ones, where functions are delegated by the national government for implementation at a lower territorial level. The previous implies a number of forms of power allocation and types of power allocated to the lower levels, varying from political, to appointment and election of local officials, decision-making and fiscal decentralization (Treisman, 2007); (Hooghe & Marks, 2016). These forms entail further sub-cases that depend on domestic political dynamics, the power of informal networks for self-organization and policy influencing, and on territorial features and organisation. The second is mostly administrative decentralization, but even in this case the power of the subordinate institutions to act under the decision-making framework supplied nationally, and their territorial coverage varies upon the context (Treisman, 2007).

In both cases territorial rescaling is present and it is not uniformly presented over territories. This process of rescaling demonstrates for a constant socio-political struggle between states on one hand, and subnational levels on the other, to regain control and regulation of functions, competitiveness, economic growth, etc. over territories, leading to continuous reversible shifts from government to governance and from centralization to decentralization (Keating, 2013); (Treisman, 2007). Keating (2013, p.72, 2/35)

emphasizes further that the outcome of these two-sided shifts is a multitude of options reflected in a "territorial grid" that changes frequently, and, where regions emerge as functional spaces, gaining different meanings based on their different territorial scopes.

From a government and governance perspective regions as a conception emerge in the jurisdictions' scale discussion. Hence, policy makers implement governance and territorial administrative reforms by confronting the pros and cons of large and small-scale jurisdictions. This can even generate a debate on whether regionalization is an attempt towards multi-scalar decentralization, or a milder form of centralization. In fact, the discussion on multilevel governance (Hooghe & Marks, 2003) shows that regionalization could be understood not merely as the establishment of a fixed intermediate level of government on an intermediate territorial scale, rather than multidimensional process of government's pulling up and down (Hooghe & Marks, 2016) between levels, aiming at responding to different objectives (efficiency, equity, access, quality, stability) with diverse territorial and institutional arrangements. The latter are place-based and constitute different (probably overlapping) levels of decision-making and authority, distributed in a vertical-horizontal grid of cooperation (Hooghe & Marks, 2003), aiming at efficiently producing public goods.

Hooghe and Marks (2016) provide a summary of the benefits from large and small jurisdictions. Hence, having large jurisdictions reduces the per capita cost of non-rival public goods and/or large scale commons, where chief among them is governance itself, expressing partnership and communication between citizens, as described by Aristotle (ibid). Furthermore, large jurisdictions are better able to internalise the effect of government's decisions, produce economies of scale in service delivery, and provide better insurance against disasters. Small jurisdictions on the other hand, are those where policy and decision makers are closer to people. Governance is therefore closer to community, taking a territorial dimension, being shaped by people and adopting different and targeted institutional features and arrangements for different contexts. This leads to higher accountability and responsiveness on the government side, more flexibility in decision-making, innovation yield, institutional robustness and adaptability, and better representation of and response to socio-ecological peculiarities and uniqueness of territorial resources (Hooghe & Marks, 2016).

There are also cases where the regional government institutions carry out only planning functions (regional planning areas, as for instance in the Republic of North Macedonia (Novkovska, 2017)), or are merely regional development areas (such as the case of

Albania) that serve national policy making processes for social-economic development. In the latter case, these areas are established to serve a pure domestic economic growth interest and especially for harmonising the latter with the implementation of the European Union regional development and cohesion policy. The purpose of regional development and cohesion policies is to tackle disparities that exist among regions and support to boost economic growth. Regional development policies are not [or cannot be] uniformly designed and implemented across regions, due to the latters' diversities, specificities (especially the territorial ones) and positions in terms of centrality and peripherality. Ehrlich et al. (2015) argue that it is often the case that European and national policies reproduce the model of the global city in regional policies, by focusing on, and promoting growth in metropolitan areas. The latter have become an interesting and key object of regional development due to being areas of concentration for worldwide economic activities (ibid). National governments have the tendency to focus on these types of regions because of their attractiveness and development power and immediate positive effect on national GDP. However, this inclination becomes (implicitly or explicitly) a factor that influences the birth of new, or consolidation of existing spatial peripheralization processes. This influencing process could be straightforward political, or it could also entail technical features, mainly found in planning initiatives. Planning that addresses shrinking cities for instance, may result into bold recommendations and then decisions of removing local population from peripheral locations to more central ones, as a more cost-effective solution compared to the provision of services and infrastructures for that fraction of the population in their historical location.

Furthermore, the power of people involved in the planning process and the language they use lead to the creation of perceptions for regions in terms of their centrality or peripherality (Ehrlich et al., 2015), as well as to the definition of core-periphery positions that will then latter get recognized as such. For instance, if the government decides to unilaterally designate development projects/programs for 'remote' areas, instead of allowing for bottom-up initiatives and local capacity building to take place, it means that the government has, in a way or the other, pre-set these areas as peripheral and unable to absorb funds or implement development projects for the long run (see chapter 3 – 'Urban Revival' and '100+ Villages' programs).

Spatial peripheralisation may be a traditional presentation in the position of certain regions vis-à-vis other more central ones (Finka et al., 2015), due to geographical

location (resulting in isolation) and/or historical circumstances. Or, as briefly mentioned above, it could also be induced through new division of power and legitimacy, which may result in changing spatial structures and related administrative borders, in changing institutional maturity or ability of self-organisation for governance (ibid), as well as in new – typically worsening, economic performance indicators. Sometimes, peripheralisation is defined as the feature of territories that are located outside of the major agglomeration with contexts described in terms of rurality and distance/locational peripherality, or in terms of weak structures for mobilizing resources and self-upgrading (Leick & Lang, 2018). Peripheralisation could also be identified based on the factors that affect and promote growth. Thus, there is the expectation (arguable) that exogenous factors (multimodal transport, migration balance, FDI, etc.) play a role mostly for peripheral regions in economic growth, while endogenous factors (number of businesses, research and development expenditures, etc.) play a role mostly for core regions (Smętkowski, 2017). These diverse ways of understanding or talking about peripherality make peripheralisation a territorial rescaling process, which results in the formation and "persistence of core and peripheral regions" (Ehrlich et al., 2015, p.9), that are also diverse and context dependent.

Furthermore, peripheralisation also generates understanding on how socio-economic disparities are created and display across the territories (ibid.), and on how the peripheral regions could instead be supported, or guided towards overall socio-economic welfare and resilience of socio-ecological systems. The understanding of disparities and of socio-ecological equilibriums is crucial in dealing with regions that are defined as peripheral, because it leads to clarity on where exactly do these regions stay in the dichotomous core-periphery scale. While the primary thinking on peripherality is based on polarization and a two-dimensional assessment scale, in fact the peripheral regions have various features and are not equal everywhere. Peripherality is to be understood differently in different cases, and different regions are considered peripheral for different reasons, such as location and connectivity, geographical barriers, population number and population density, institutional capacities, markets and economic activities, etc.

For instance, some peripheral regions are considered as of having low population densities – the latter being calculated as a ratio of total population with the total area of the region. However, in order to create as much as possible economies of scales in service delivery and service and local market access, the population is densely located

in the few small urban settlements of the region. This leads to similar environmental and service provision problems as those in the larger cities and urban cores. On the other hand, there are peripheral regions, where the population is scarcely located all over the territory, making it very difficult and inefficient for local governments to supply basic services and infrastructure (see for instance (Carbone, 2018); (Onida, 2018) and (Kremlis, 2018)). In several cases, peripheral regions may be resource poor to command self-organisation and resilience (Hooghe & Marks, 2016), but in other cases, though the resources are plentiful, the local population is either not able to make sustainable use, or due to national policies does not benefit from the resources of its region. These are merely two examples, but the discussion on peripheral regions latter in the chapter, will provide more evidences and take the argument further. All in all, however, the cases show that peripheralisation is present in and through intersecting scales and a relational understanding of spatial disparities, which searches for concrete processes of the formation of disparities and for route causes (Ehrlich et al., 2015) is required to 'classify' regions as peripheral.

2.3 Peripheriality as a spatial typology – the Western Balkans

"Making Europe more polycentric requires *taking strategic advantage of existing regional diversity and further strengthening territorial cooperation and governance* in order to target investments and reduce regional disparities" (ESPON, 2017, p.2). On a knowledge level, this means getting to know better and deeper the territorial diversities of various places within and beyond the EU area. It also means being able to classify regions/territories in a way that responds to both the local specificities and to the macro-classifications that tend to bring regions on a comparable level.

However, the European studies on the territory and on polycentrism hardly consider the western Balkan countries (Co-PLAN, 2018); (Cotella & Berisha, 2016); (TG-WeB, 2018). A typical map of ESPON shows Western Balkan as a blank space (See ESPON studies at https://www.espon.eu). This region is quite peripheral to Europe in various senses. Though Western Balkan countries are located in Europe and geographically surrounded by Member states, the spatial structure of the region does not show for any development corridors and population concentration continuum with the EU area (Cotella, 2018). Also, in terms of economic development, the countries lag behind with national GDP levels well below the 75% of the EU-28 average (Eurostat, 2017). European territorial strategies and visions are focused on the EU area only and do not

consider the links with the Western Balkan, with the exception of the macro-regional strategies, where Western Balkan is addressed in two strategies out of four[25] (EC, 2010, 2014).

On the other hand, EU is advancing its strategy on the integration of the Western Balkan (EC, 2018d). The *European Commission Credible Enlargement Perspective for Enhanced EU Engagement with the Western Balkan* considers the EU membership for Western Balkans as of geostrategic importance to the EU itself. Besides promoting development in the region, this credible commitment would pave the way for enhanced EU's security, economic growth and influence (EC, 2018d). In order to foster a process of Europeanization for the Western Balkans, the Credible Perspective poses a number of criteria that the region has to meet. These criteria do not namely include territorial development (TG-WeB, 2018). However, the Western Balkan countries must also address the latter in their efforts of meeting the Credible Perspective's criteria. This is important in order to achieve domestic results, but also as a prerequisite of achieving sustainable development, rule of law, democratic governance, enhanced connectivity and regional cooperation, as some of the prerequisites for joining EU (EC, 2018d).

The Western Balkan countries are thus equipped with tasks that embody also territorial development as a dimension and that, by being achieved, paves these countries' way towards EU integration. In this context, it is necessary that European studies and strategies start considering Western Balkan features and issues of [territorial] development as well. Otherwise, lack of further inclusion, will impact territorial cooperation (not positively), will leave diversity aside, will reinforce the peripheral position of these Balkan's regions, and will contribute to increasing regional disparities. But, most importantly, it will augment further the knowledge gap between regions that will be very hard to deal with in the later stages of integration.

The Western Balkan is typically a peripheral region to the EU. The level of peripherality can be observed and measured in social-economic performances, connectivity and territorial structures continuity. The countries within the region vary among them as well, in terms of both, the level of peripherality and the pace of approaching EU integration (TG-WeB, 2018); (Berisha et al., 2018); (Cotella, 2018). However, in all cases, place-based strategies and tools are needed to support these countries and their regions making a jump from lagging to prosperous ones.

Supporting lagging regions could be achieved through a set of means (ESPON, 2018a) that are all interconnected. Institutional capacities' strengthening (Böhme et al., 2015)

and valorisation of existing local knowledge and assets to increase the attractiveness of place for living and possibly also for migrants' return (ESPON, 2018a) are two most critical ones. The institutional capacity lies with both the public sector and non-government actors. The previous should be able to translate the strategic character of territorial development into implementable local actions, while the latter should have the resources and stability to engage in long-term participation and influence decision-making (Böhme et al., 2015). Enhanced capacities would then contribute to increased local knowledge, and therefore valorisation of the local assets as competitive advantages in territorial development.

Migrants return is also a factor of support and requires [among others] incentives for migrants to invest in the development of their region of origin, increased accessibility, connectivity and services for the region and creation and strengthening of knowledge networks. Access and services include investments in transport infrastructure, healthcare and education, ICT and digitalization (ESPON, 2018a). Finally, it is necessary to introduce and place these lagging regions in multi-actors networks and structures, where cooperation among formal and informal stakeholders of the public and private sectors is vital, and it is a factor for multi-level territorial polycentric governance.

2.2.1 EU classifications of spatial and regional typologies

There are different classifications made to spatial typologies at European level, when it comes to defining territories of certain features and as a result also policy, strategic and financial instruments to address the performance specificities of these regions. In this section reference is made to some of the EU classifications and major projects undertaken by ESPON during all three phases of its implementation. Of particular interest are the territories mentioned in the Lisbon Treaty[26] (article 174), namely: urban/metropolitan regions; rural regions; sparsely populated regions; regions in industrial transition; cross-border regions; mountainous regions; islands and coastal regions (EU, 2008); (ESPON, 2011/a). Based on the text of the treaty, the ESPON Monitoring Committee decided in 2010 the use of the following typologies for analytical purposes:

1. Urban-rural
2. Metropolitan region

3. Border regions – type A and B
4. Island regions
5. Sparsely populated regions
6. Outermost regions
7. Mountainous regions
8. Coastal regions
9. Regions in industrial transition.

Each typology contains a number of sub-typologies. For instance, the urban-rural regions include 5 categories from predominantly urban to intermediate and predominantly rural remote. The four categories of the metropolitan regions initiate with the capital city and then include smaller metro-regions. The mountainous and coastal regions' sub-typologies are created on the basis of the population share that lives in mountain or coastal areas; while those in industrial transition are classified upon the existence and the diminishing or increasing importance of the industrial factor within the region. ESPON (2011/a) suggests that these typologies are to be used on a European context and scale and may therefore "not fully reflect national and regional specificities if used only at these levels" (p.3). This implies that for any analytical process undertaken on a domestic level, each government should look at the compliance of this classification to its own territory and revise accordingly if necessary. These classifications are used for analytical purposes, such as the application of socio-economic development indicators that help analysing the status of and differences between regions in terms of development. However, this is a basis that does not include territorial specificities that might also be worth analysing depending on specific objective or transformation processes, which may affect the territory and its socio-economic structures.

In the European territory, the territorial typologies were traditionally determined based on population size and density of local administrative units (LAU) at level 2, otherwise known as LAU 2. The latter include all sorts of local governments bodies, such as communes and municipalities (EUROSTAT, 2018/a). However, in order to avoid the limitations of the administrative boundaries in classifications and especially in comparative analysis between territories, EUROSTAT applies the designation of territorial typologies based on a population grid with cells of $1km^2$, identifying three types of grid cells or clusters: urban centres, urban clusters and rural grid cells. The

density of the population and the minimal population are the criteria used to differentiate between the three typologies.

So, in the case of urban centres the contiguous grid cells have a density of at least 1,500 residents per square kilometre, while in the urban clusters the density is at least 300 inhabitants/km^2 (Dijkstra & Poelman, 2011). The minimum of the population in each case is 50,000 and 5,000 inhabitants. The way the population is distributed among the clusters, hence percentage of population living in each of the typologies, and the share that each type of population (rural or urban) has into the total population of the region, are the criteria used to define the degree of urbanisation for LAU 2 areas and the urban-rural character for the NUTS 3 regions (EUROSTAT, 2018/a); (Dijkstra & Poelman, 2011).

Besides defining territorial typologies based on the degree of urbanisation and the urban-rural character – a morphological dimension, EUROSTAT makes use also of typologies that are based on a functional dimension. These are recognised as: the functional urban areas (the city and its commuting zone) and the metropolitan regions (EUROSTAT, 2018/b).

In order to define the functional urban areas, a two steps approach is followed, with the first consisting on the definition of the city and the second consisting on the identification of the commuting zone (Dijkstra & Poelman, 2012). The definition of the city is made on the basis of the density per km² (1,500), the population in the contiguous high-density cells (at least 50,000), the share of the LAU2 population within urban centres (at least 50%) and the link to a political level (Dijkstra & Poelman, 2012); (EUROSTAT, 2018/b). The definition of the commuting zone is related to the share of employed persons living in one city and commuting to another city (at least 15%), the share of employed residents working in a city (at least 15%) and the contiguity factor. It is on the basis of the commuting zone that the FUA is then designated (EUROSTAT, 2018/b); (Dijkstra & Poelman, 2012).

The metropolitan regions on the other hand, consist of "NUTS level 3 approximation of the functional areas of 250,000 or more inhabitants" (EUROSTAT, 2018/b) and are divided into 3 typologies: capital metro-regions; second-tier metro-regions; and smaller metro-regions. Each metro-region is named after the principal functional urban area inside its boundaries. For instance the capital metro-region includes the national capital, etc.

2.2.2 ESPON classifications of spatial and regional typologies – peripherality

Geographic Specificities and Development Potentials in Europe: These regions were defined through a process of applied research under the ESPON project named as GEOSPECS, concluded in 2012. The efforts to identify, assess and explore the achievement of strategic EU targets in least favoured regions (including also areas with geographic specificities) is based on a large set of policy documents and processes, to mention few:

- The article 174 of the Treaty on the Functioning of European Union (TFEU) (EU, 2008) defines the basis for the identification of lagging, peripheral or disadvantaged regions in general. According to TFEU, these regions are recognised as the least favoured, where particular attention is to be paid to "rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density and island, cross-border and mountain regions" (EU, 2008, p.127).
- The article 349 of TFEU, which mentions that specific measures are to be implemented in outermost regions (Guadeloupe, French Guiana, Madeira, the Azores, etc.), due to their remoteness and distance from the mainland, small size, difficult topography and climate, and economic dependence on limited products (EU, 2008, p.195) (EC, 2011).
- The Territorial Agenda (TA) 2020 has the integrated development of cities, rural and specific regions as one of its territorial priorities for the development of the European Union. According to the TA2020, "cities should look beyond administrative borders and focus on functional regions including their peri-urban neighbourhoods"; "the development of the wide variety of rural areas should take account of their unique characteristics" (EC, 2011, p.6); "metropolitan regions should be aware that they have responsibility for the development of their wider surroundings"; and areas with specific geographical endowments have significant influence on the development opportunities of the EU regions, therefore making use of these potentials and solving problems should be a joint and integrated actors' efforts (EC, 2011, p.7).
- This same spirit of the TA2020 is present in the Green Paper in Territorial Cohesion (2008) where the purpose is on how to turn territorial diversity into

strength, therefore use territorial assets to promote sustainable development of the places, especially of those regions that have particular features. The paper identifies regions with specific geographical features – 3 types: mountain, islands and sparsely populated, border and rural regions (EC, 2008a). It also raises the question on what kind of special policy measures areas with specific geographical features need, hence highlighting them as a particular scale and scope of the action. As a follow up, Monfort (2009) provides a clear definition and indicators of performance of 5 regions with geographical specificities, namely: border, mountainous, island, sparsely populated and outermost regions (Monfort, 2009).

The aim of the GEOSPECS was to "identify possible effects of geographic specificity on regional and local development processes" (Gløersen et al., 2013, p.18). Specific objectives include from development of a coherent perspective on the relevant territories, to the identification of their features, potentials for development and way of achieving European Union strategic targets. There are 6 types of areas with geographic specificities identified, plus a seventh category, that of the inner peripheries. The latter is not a typical geographic specificity because it is mainly defined by economic and social trends (Gløersen et al., 2013); (Pérez-Soba et al., 2013). The identification and designation of inner peripheries is undertaken by another ESPON project in later years, but a previous attempt to bring them as typology of geographical specificities is made within GEOSPECS. The territorial specificities are mostly described as geographic. This includes the mountain, island, and coastal and outermost regions. However, there are three groups, where the definition of the GEOSPECS category is made based on mostly demographic factors and political factors. These include the outermost regions that besides geographical factors are defined also based on political ones; sparsely populated areas defined based on demographic factors; and border areas defined based on both demographic and political factors (Gløersen et al., 2012) (Gløersen et al., 2013).

Inner Peripheries: The identification, delineation and analysis of the inner peripheries in Europe is realised under the PROFECY applied research project of ESPON 2020 program. The political concern for the presence of this phenomenon at the European scale, the presence of features and processes that limit the potential of this areas to achieve sustainable development, and its distinguished features in comparison to other typologies representing lagging or disadvantaged regions, constitute the basis for undertaking the research (Noguera et al., 2017). Unlike other typologies, the inner

peripherality does not necessarily consist of geographical peripherality. The latter may as well be a factor, but there are also inner peripheries, where distance to economic activity centres and population is either not present or does not play a role in defining their socio-economic disconnection (Noguera et al., 2017). The PROFECY project identified 4 types of inner peripheries with their features as follows:

1. *Areas with low levels of economic potential* – these are mainly transitory areas located between centralities with higher economic potential. Geographical location and transportation systems are considered as two key variables in defining this kind of inner peripherality. However, another important factor is the potential accessibility measured first in population and travel time and second as development. This potential accessibility is relatively lower compared to the surrounding areas;
2. *Areas with poor access to services of general interest* – this kind of inner peripherality is driven essentially by geographical distance, though only access to the nearest point or source of service delivery is taken into account. Services such as transportation, health care, education, culture activities, retail shops, banks, jobs, etc. are considered in the process of defining these areas. It is assumed that quick access to quality services will not only increase quality of life, but will also influence residents' choices of where to live and their willingness for a permanent habitation. Besides geographical distance, factors of impact include also possible changes in technology, or institutional ones, such as privatisation;
3. *Areas with low levels of socio-economic performance* – depleting areas. The inner peripherality is considered as a process, characterised by closure of important industries, loss of population due to migration, diminishing GDP, increasing unemployment, closure of services, etc. As all these processes may lead to one-another, this is the case where regions enter into a vicious circle of increasing peripherality from a social and economic viewpoint. These kind of areas suffer usually also lack of influence, such as governance, or political one, therefore having limited opportunities to impact their own economic perspective;
4. *Areas with low access* – high travel time to regional centres. In this case, geographical location and accessibility in terms of distance and travel time to the closest regional centre are key variables in defining the peripherality of the

area. Furthermore, as it happens in territorial polycentrism studies, the size of the city in terms of population and the transportation systems are other variables in identifying the inner peripherality in this group of areas. This is so, especially because the reference point in measuring peripherality in this group is the location of the regional centres that contain services of general interests.

Two or more types of inner peripherality may coexist, and certain regions, such as the mountainous, rural and intermediary (ESPON, 2011/a); (ESPON, 2011/b); (Dijkstra & Poelman, 2011); (OECD, 2011); (Brezzi et al., 2011) ones often display various types of inner peripherality. Furthermore, each type may be applied to different territorial scales, from local/town/rural to macro-regional (Noguera et al., 2017). This has two implications: on one hand, it allows to identify and analyse the features of and the conditions that designate places as peripheral at various territorial scales, and hence have the opportunity to design and implement targeted instruments for upgrading each area; on the other hand, it increases the scale of difficulty in applying indicators, which do not necessarily provide the same information or allow the same level of analysis at different territorial scales. Defining similar and comparable scales of analysis across the larger territory, or providing a comparative basis for the indicators to be applied can circumvent this limitation.

So, the PROFECY project covers a European territory, exceeding the ESPON space. The first drawback faced in process was the lack of GIS datasets of equal quality for the whole territory, and especially lack of uniform data for each indicator for all regions within the territory at stake, and the diversity of territorial delineations (areas) to which the data set was applied. Hence, the results were not provided equally for all regions, due to data sets and GIS layers availability and gaps (Schürmann et al., 2017).

The study of inner peripheralities for the entire ESPON territory (excluding Western Balkans) reveals that 45% of the territory is defined as inner peripheries, and most of these areas are considered peripheral for only one of the four categories above. On the other hand, is interesting to notice that only 10% of the inner peripheral areas has both, lack of access and poor economic growth/demographic situation as a main driver of its peripherality. For the other 90%, these two drivers are presented separately and on almost equal basis. Territorially/geographically speaking, the distribution of inner peripherality areas per type and main driver is also very diverse, and they tend to overlap mostly with intermediate, rural and mountain regions (Noguera et al., 2017) as per the EU territorial typologies described in section 2.2.1 above. There is one

exception for the depleting areas, where the overlap is higher for the urban, intermediate and rural regions.

In making a policy assessment for the future of the cohesion policy as related to the inner peripheries, the PROFECY project suggests that the studies confirm the high relevance of the rural development and cohesion policies "in providing the necessary resources and policy tools driving processes of structural adjustment and innovation in different areas" (Noguera et al., 2017, p.46). However, good policy delivery and relations among policies depend on the degree and quality of multi-level governance and therefore on the capabilities of the actors to engage in and achieve it. As a result, for inner peripheries to succeed and get out of the disadvantaged vicious circle it is necessary both, embedding into innovation and development networks that break the boundaries of the peripheral region, and invest on strengthening the local social and human capacities for better polycentric multi-layers governance of resources and activities.

The PROFECY studies indicate also a need for further research regarding inner peripheralities. Besides the need for regulating scale by preferably creating delineations at a smaller and more disaggregated scale than that of the NUTS level 3 regions, it is necessary to increase the number of indicators, at least within the groups that are being measured. For instance, more services of general interest may be included in the analysis, and besides access by car the study of public transportation means should be included as well. Finally, the project highlights 4 important aspects/issues of concern to pursue in future research: the role of administrative borders; the relation between support and peripheral areas development; the challenge to keep workforce in the region as a means for overcoming *peripheralization*; and the role of transport infrastructure that may both, help in overcoming *peripheralization* and contribute to stopping out-migration (Noguera et al., 2017).

Lagging regions as a typology: Europe classifies as *lagging regions* those NUTS2 level regions that are poor, hence low-income, or have a low growth. The previous are characterised by GDP per capita levels in PPS below 50% of the EU average in 2013[27], while the latter[28] have GDP per capita converging with the EU average up to 90% in the period 2000-2013 (EC, 2017); (Brown et al., 2017). "Lagging regions have lower productivity, educational attainment and employment rates compared to other regions in their country" (EC, 2017, p.iv) and this comes as a result of a number of factors, to start with the macro-economic situation of the country and the lack of incentives for

youth, workforce and businesses to remain or invest in these regions, which after entering a vicious cycle of low growth of non-development, become even more prone to lower values in development indicators. According to the EC (2017) Competitiveness Report for the lagging regions, one can observe that though low-income regions are less developed than the low-growing ones, the latter have experienced lower growth compared to the low-income regions, after the crisis of 2008. This means that the low-growth regions, though starting from an overall better position in terms of the development indicators, could not restructure at the high pace of the low-income regions, after the crisis, therefore feeling its impacts harder than the low-income regions. Also, public and private investments remained either stable or had a higher GDP rate in the low-income countries than in the low-growth countries after the crisis (Brown et al., 2017); (EC, 2017).

According to the same EC report, in order to promote competiveness and boost development, lagging regions need higher public and private investments, which improve productivity rather than fuelling the construction industry, as well as need to go through structural and governance reforms. Addressing structural reforms (such as employment and business environment ones) for their impact at regional level is important, because the latter does not necessarily reflect the overall impact that sectorial policies and structural reforms have on a national level (Brown et al., 2017). Hence, disparities are prone to arise among regions. Besides, lagging regions need further investments in terms of improved accessibility, transfer of technologies, education and investments in human capital as the means to attract or stop loosing population (EC, 2017). So far, low-income regions focus their investments in transportation projects, to improve accessibility, while the low-growth regions invest more on human resources and capacity building (EC, 2017). However, besides the fact that each region should implement policies that respond to their specificities and therefore have differentiated interventions, in all of the cases, the quality of governance should be improved. This includes from strengthening of the administration and institutional capacities, to provision of better business environments, better public services, increasing governance efficiency and transparency and bringing stakeholders into cooperation platforms to boost sustainable development

2.4 Polycentric Governance – between institutions and territory

Regional development uses multi-interaction forms of good governance to achieve its results in an efficient and sustainable way (EC, 2017); (Tolkki et al., 2011), but does not necessarily happen through governance reforms, i.e. regionalization and/or decentralization. Although the state has a particularly strong role in [regional] development, the various theories show that over years this role has gone through transformations/shifts (Pike et al., 2017). Multilevel governance is a governance approach that best reconciles governance transformations/shifts with regional development. The latter is a phenomenon of economic and social and environmental character, achieved by a multi-stakeholders network that operates across levels, where public institutions hold an important position (Tolkki et al., 2011); (Hübner, 2008).

The most advanced form of multilevel governance – if we look at governance (concept) shifts, is polycentric governance (Araral & Hartley, 2013) that brings together territorial development activities, territorial structures and stakeholders and institutions in a polycentric network of formally independent centres of decision-making (Polanyi, 1951); (V.Ostrom et al., 1961); (V.Ostrom, 1972); (Ostrom, 2008); (Aligica & Tarko, 2012); that are/can become complementary to each other under a specific set of rules (Boamah, 2018), and through synergies or competitiveness generate added value (V.Ostrom, 1972); (Aligica & Tarko, 2012); (ESPON, 2017).

Michael Polanyi was the first in 1951 to explore and define the concept of polycentricity, and it is from there that studies of polycentricity on law, territorial development and urban form, and on governance took impulse developing into broader theories (Aligica & Tarko, 2012). Ostrom et al. (1961) discuss polycentricity in governance by making reference to the governance of metropolitan areas, where by definition a large number of political units and governmental entities is present. These units are responsible on various tasks and/or services, with often overlapping jurisdictional boundaries. It was believed by various stakeholders and scholars in those circumstances that a single dominant centre of authority would constitute the ideal institution and model of governance for metropolitan areas. This kind of model would guarantee efficiency of service delivery and of the execution of the various tasks, especially because local governments that act independently have no regard for other public interests (beyond their administrative boundaries) in the metropolitan area.

Ostrom et al. (1961) argue that the above statement has limited validity. Also, recent studies of ESPON, such as SPIMA, ReSSI and ACTAREA[29], "conclude that there is no single governmental level that can fully meet the current social, economic and environmental challenges" (ESPON, 2018b, p.2), which are in fact governance objectives. The pattern of government in metropolitan areas with multiple entities resembles in fact to a polycentric system where: the acting units are independent; share culture and values; no one entity can have the monopoly; the system and its components have the ability to self-regulate; the entities have the freedom to entry and leave the system, have incentives to create, self-enforce and change rules, which implies the system can self-generate and/or [re]organize (V.Ostrom et al., 1961); (V.Ostrom, 1972); (Aligica & Tarko, 2012).

Ostrom et al. (1961) raised the concept of polycentrism in governance, placing emphasis on the independence of decision-making units – mostly local governments, to self-regulate their actions in a self-concerted effort, for achieving a policy objective related to sustainable territorial development. Other authors of governance studies consider polycentric governance as [probably] unable to produce the required level of sustainability and efficiency alone, without the intervention of other government layers, operating in a multi-level government framework. For instance, Homsy and Warner (2015) oppose to the ability of local governments to achieve efficiently their objective, by simply acting independently in a polycentric interaction. Based on empirical research, they define reasons why this is not possible and promote instead a multi-level governance framework imposed by the national government policy making, as necessary to raise the efficiency of local governments in achieving the objective – in their case it is environmental governance. They consider polycentric and multi-level governance as two approaches that belong to different theories of governance. This is so, because of the definition imposed on each case. Hence in the case of polycentric governance the focus is on the local capacity to enable independent municipal action (Homsy & Warner, 2015). Capacities of local governments vary from human resource technical and managerial ones to fiscal and political power. In the multilevel governance setting, several authors refer to what is recognized as movement of knowledge and information (regulations and processes) and policy, up and down the vertical levels of government (Homsy & Warner, 2015, p.53). The horizontal cooperation is merely recognized as local knowledge of the society, which should also be integrated to the large body of knowledge that is continuously transferred vertically.

While it may be true that local governments do not always achieve sufficient efficiency in reaching their objectives, the theory and empirical work on the commons on the other hand, show that efficient polycentric governance based on independent actions of the units/institutions is possible, if a certain set of rules defined by the appropriators of the commons is in place and functional (Ostrom, 2008). These findings limit the validity or the "presumption that locals cannot take care of public sector problems" (ibid., p.9). The latter, based on prejudices rather than facts about capabilities of the local governments, has led to legislation that often "places responsibility for local public services on units of government that are very large", and are overwhelmed to carry out their assignment (ibid., p.3).

As a matter of fact, other studies, especially those that take impetus from the EU multilevel governance examination, do recognize two types of multi-level governance, based on the arguments and analysis of Hooghe and Marks (2003). In their study of multilevel governance, they start from the assumptions that "dispersion of governance across multiple jurisdictions is more flexible than concentration of governance in one jurisdiction… large jurisdictions are bad when they impose a single policy … centralized government is insensitive to varying scale efficiencies from policy to policy" (ibid., p.235). They identify two types of multilevel governance: type I multilevel governance is characterized by general-purpose jurisdictions, limited in number of levels with nonintersecting memberships and system-wide architecture. Type II on the other hand, is composed of an unlimited number of specialized or task-specific jurisdictions with intersecting memberships and flexible design (ibid.).

Governance at EU level is about the type I multi-level governance, while polycentric [territorial] governance at regional and/or metropolitan level is mainly about the second type, though in combination with the processes of the first type. Hence, a combination of both types and a focus mostly on the second type for the regional level produces territorial governance, as the ultimate shift towards polycentric governance (Toto, 2019). Territorial governance is recognized for: its fuzzy boundaries (Finka & Kluvankova, 2015) (Finka & Kluvankova-Oravska, 2010); functional interactions among stakeholders – different but non-conflicting (Davoudi et al., 2008) in the polycentric network; spaces and places that are not hierarchical to each-other, but instead constitute relational nodes, with multiple overlapping networks and flows of peoples, resources and knowledge (Faludi, 2016, p.43); and for the place-based knowledge and fit-to-context decision making, based on increased social awareness

over the territorial diversity (Schmitt et al., 2013).

There are a number of issues of interest to take away from this discussion, which could as well be considered as the features of polycentric governance:

1. In a polycentric governance system, the *independence* of local actors to act and take decisions is crucial for the very existence of the polycentric system. This is not however excluding the presence of a hierarchical multi-level system of government institutions, which is supposed to have a specific and non-cumbersome role in the interactions;
2. The local actors should have some *internal motivation* to engage in and/or embrace a policy action (Homsy & Warner, 2015). This is an important factor that feeds interaction and keeps the system running efficiently;
3. Polycentric governance does not happen within one level or scale only. On the contrary it is a *multi-scalar interaction* of actors that are responsible of, or have scopes of actions that belong to various territorial scales and even jurisdictions. Therefore, what is recognized as multilevel is in fact a polycentric interaction within and among scales, following a given *set of rules*. These rules can change due to effects born out of primary interactions and this is an iterative process. These rules define also the degree of autonomy in the interactions and it is important that this feature of polycentric governance is not contradicting with feature number one;
4. The expected positive effects of polycentric governance models are higher if well embedded into a *multi-level governance framework*, therefore one where interaction among actors happens within and across scales. This system is based on the individual autonomy of decision-making, but at the same time is supported by push and/or regulation factors that a multilevel governance framework can enable.
5. By recognizing *territorial diversities* and functional relations between places and between institutions, polycentric governance is able to embrace the territorial dimension and therefore a way for enabling territorial development.

2.4.1 Defining Polycentricity: objectives, measuring and scales

The importance of polycentrism and polycentricity is set in governance and territorial studies and research, as well as in EU studies, initiatives and instruments for regional

and territorial development. Still, due also to the multiple-domains use of the concept, the precise meaning of the term has remained elusive (Davoudi, 2003), at least in the European use of the term. As a matter of fact, the discussion on polycentricity in the various disciplines is different (though initiating from the Polanyi basics), leading to a considerable margin of diversity within the notion itself, and hence to the lack of an agreed definition (Rauhut, 2017); (Waterhout et al., 2005); (Davoudi, 2003). The diversity of studies and policy documents suggests for polycentric systems that comprise territorial polycentrism, polycentric development and polycentric governance. Regardless of the various definitions of polycentrism and polycentricity within the myriad of studies for each component, these are components of the same system, affecting, or depending on one-another.

Polycentricity [in governance, development, and territorial structures] is praised for its support to territorial development, by contributing to increased sustainability, reducing disparities and bringing convergence between regions, and increasing their economic resilience (Rauhut, 2017); (ESPON, 2017); (Su et al., 2017); (ESPON, 2005). Though the concept of polycentricity is not new, its use among urban planners and policy-makers in Europe has become popular mostly in the last 30 years. Initially, this was probably related mostly to the general concern that the urban form was becoming increasingly dispersed (Green, 2007). At European Union level, polycentricity – related mostly to spatial planning and territorial development discourse, has become a common policy language since its introduction in the European Spatial Development Perspective (ESDP) in 1999. The latter, promotes: "the development of a polycentric and balanced urban system"; and "integrated transport and communication concepts, which support the polycentric development of the EU territory and are an important pre-condition for enabling European cities and regions to pursue their integration into EMU[30]" (CSD, 1999, pp.19-20). Lower disparities and higher regional convergence constitute the purpose of regional development (ESPON, 2017); (Tosics, 2018); (EC, 2018b); (EC, 2018a); (EC, 2018c); (EC, 2018e).

However, following further the arguments of Rauhut (2017), but also looking at how development indicators display among and within regions in different polycentric and monocentric countries (Brezzi & Veneri, 2015), one can also argue that disparities are sometimes higher in polycentric countries, or polycentricity does not necessarily contribute to increasing sustainability and competitiveness, and reducing disparities (Rauhut, 2017); (Zhang et al., 2017); (Homsy & Warner, 2015); (Brezzi & Veneri,

2015); (Burger et al., 2014); (Meijers & Sandberg, 2008); (Green, 2007), or at least further empirical evidence is needed, next to revising methodologies for measuring polycentricity.

As a matter of fact, empirical evidence has not continuously supported the positive effects of the politically defined goal of polycentricity, that of *sustaining cohesion and competitiveness*. Brezzi and Veneri (2015) state that "empirical evidence on the links between polycentricity and economic development is not conclusive and results seem to depend on the choice of countries" (p.2), on the conceptual definition of polycentricity, on the indicators chosen to measure this characteristic of spatial structure, and on the fact that some areas previously defined as polycentric started a re-centralization process, [see also (Zhang et al., 2017) and (Rauhut, 2017)].

Some studies as mentioned above, show that polycentric countries have a higher national GDP per capita, but – in the case of regional polycentricity – the GDP per capita is lower in polycentric regions compared to monocentric ones. This can be explained to a certain extent by the fact that highly competitive regions putting in the shade the other less competitive ones, have high GDP and population – two key indicators for morphological polycentrism at national level – spatially concentrated within their territory, therefore being monocentric. Hence the competitiveness goal is achieved, but the cohesion, or the balanced development objective is not necessarily accomplished within the respective regional territory.

At a first sight competitiveness and cohesion objectives sound as conflicting (Rauhut, 2017), or opposing to one-another. Meijers and Sandberg (2008) state that the more polycentric countries are, the higher are their regional disparities. Since the cohesion policy aspires to promote equal living conditions, regardless of where one lives in regional terms, this is a critical result. This brings again to the discussion on the definition and on the measuring methodologies for polycentricity. Hence, what kinds of indicators are used to measure polycentricity – do the current indicators measure competitiveness, or cohesion, or both? And second, what kind of [regional] development notion is being used – is it mostly focused on economic development and competitiveness, or it includes also quality of life, environmental quality and territorial sustainability? Some regions may probably not be highly competitive in terms of economic growth, but do provide a resilient and highly sustainable environment for living. According to Waterhout et al. (2005), polycentricity is about promoting both, regional balances and competiveness. The latter means concentration of resources,

which is against balancing, and in polycentricity studies by resources it is usually meant population, firms and flows. In this case the paradox and the challenge are present. But, if development will also measure other factors of quality of life and socio-ecological systems' resilience, then the concept of resources' concentration would be broader and would include a feature of diversity. In this case, polycentricity measurements would consider the concentration of specific resources in a certain area, and concentration of other types of resources in other territories.

This discussion leads to the argument that polycentricity is an evidence-based notion and depends on: the context; the measuring factors and indicators – the balance between functional and morphological polycentricity, as well as the type of interaction chosen to assess in the case of functional polycentricity; the place and scale where the assessment is applied; and the type of polycentricity that is being assessed, whether it is more focused on territorial development, or governance, or on both. Burger et al. (2014) cite a large number of authors defining that the level of polycentricity depends on the indicators to measure, and in the case of functional polycentricity, a region may be polycentric for one specific interaction (for instance commuting) and very monocentric for other types of interactions (for example touristic offer, or firms' interactions). Clearly the notion is very complex and probably it is impossible to define a final framework for defining polycentricity and the way of measuring it. However, it is necessary to clearly define a purpose for measuring polycentricity in a given context and then apply the appropriate indicators to this purpose. In policymaking, where polycentricity suffers the most from a lack of operationalization, this purpose relates to the policy question that needs to be solved. In the case of Albania for instance, the policy question has been for the last 15 years that of developing regions in a sustainable way and how governance can contribute to moving regions from being very peripheral to becoming more advantageous in a polycentric system.

As it was explained above, there is a large group of scholars who discuss polycentricity on territorial terms. Burger and Meijers (2012) summarise the views of these scholars into three groups: i) those who see polycentric development "as a normative planning strategy" applied to territories on various scales; ii) those who consider polycentric development as "a spatial process that results from the outward diffusion of urban functions" from core centres to the more peripheral/smaller ones; iii) the third group focuses on the "resulting spatial configurations of the contemporary urban areas" (p. 1128). Regardless of the differences that may exist among views, still this large group

of authors focuses on polycentricity as a toolbox for achieving polycentrism of the territorial structures. Hence their discussion is not focused on governance. Still it is interesting to observe, as how the territorial polycentricity scholars raise questions about the morphological and functional dimensions of polycentricity and the balance between them, which in reality is a way of discussing territorial structures evolvement, territorial resources' use and services distribution, which all happen as governance processes.

Furthermore, the studies show that polycentricity, considered as the way to achieve polycentrism (Rauhut, 2017), is both a relational and normative concept (ESPON, 2005) (ESPON, 2017); (Rauhut, 2017); (Green, 2007). Its normative character is linked to the fact that besides becoming an objective to be achieved in the ESDP, it is an aim of the cohesion policy as well. Hence it is a political goal, though not all European states have embraced it as a policy objective (Waterhout et al., 2005); (Schön, 2009); (Wegener, 2013). Polycentricity became a normative concept after being introduced in the ESDP (Davoudi, 2003). The relational character on the other hand, is present in two features, namely the morphological and the functional aspects (Green, 2007); (ESPON, 2005); (Burger & Meijers, 2012). The morphological polycentricity is centred on nodal features (Burger & Meijers, 2012) and is measured and analysed through data on GDP, employment, population concentration and density, the urban-rural transitions and their fuzzy boundaries, the settlements' form and distribution, or dispersal, etc. (Brezzi & Veneri, 2015); (ESPON, 2005). The indicators used to assess polycentricity in this case do show a direct link between polycentric territorial structures and polycentric development.

The functional polycentricity on the other hand, counts for functions and relations between cities/centres (Burger & Meijers, 2012), and flows among them in terms of commuting, economic activities, education, etc. (Brezzi & Veneri, 2015) (ESPON, 2005). The functional aspect is associated also with the multi-sector character of polycentricity in governance (Boamah, 2018). Hence, the interactions among actors, institutions and economic activities form the core of the concept. However, these interactions happen in space and are shaped around territorial resources. This leads not only to the formulation and establishment of territorial structures, but also to the institutions that are responsible on drawing and managing these structures and hence to polycentric governance.

Measuring polycentricity, hence defining whether a territory, region, country is polycentric or monocentric, requires first a definition on polycentricity to be concluded, and then the respective set of indicators to be set and quantified. In the case of European polycentricity, a serious attempt was made in 2005 by an ESPON project to measure polycentricity, both the *morphological* and the functional one. For the previous, an *index* was designed around three dimensions: *size, location and connectivity* (ESPON, 2005). These dimensions were applied to 1,588 Functional Urban Areas (FUA) in 27 countries. Three separate sub-indexes – one per dimension were produced, following different methodologies, depending on the specific indicators per each case. Each sub-indicator had equal weight on the overall morphological index measured in figures from 0-100. According to the ESPON methodology, the higher the index, and the lower the level of polycentrism.

Besides constructing and quantifying the morphological index, the ESPON 1.1.1 project carried out also the *functional analysis at FUA level*. This analysis is based on the functional specialization (and as a result also relations between) of the regions (FUAs). Functional specialization is important as it ensures the diversity among cities, while also making sure that there is integration, synergies and cooperation. The good quality of the specialization analysis depends on the availability of data, which are gathered for the following aspects: decision-making in the public sector; decision-making in the private sector; population; tourism; industry; knowledge.

The morphological and functional analysis of polycentrism as conducted by ESPON 1.1.1 is descriptive to the current situation. The future changes to the current situation would depend on several factors, but it is important to know where there could be more potential for development towards a more polycentric urban system. This means identifying potential for new functional entities and increased territorial cooperation, beyond the existing urban nodes/centres. The analysis of identifying the future potential remains still morphological as the *potential for polycentricity* is based on morphological proximity. As such, the results do not guarantee that cooperation will happen exactly where the analysis identifies potential for it. Based on ESPON 1.1.1, this analysis designates for each FUA, areas that can be reached within 45 minutes by road travel (the 45 min. isochrones). This time limit is widely recognized as the most appropriate one for daily commuting (daily working trips within the work catchment areas), and the areas included within the commuting radius provide cities with a better opportunity for functional integration. The hypothesis is that “cities with overlapping

travel-to-work-areas have the best potential for developing synergies" (ESPON, 2005, p.13). "These areas are then approximated to municipal boundaries", as municipalities constitute the "potential building blocks in polycentric development strategies" (ibid., p.13). The areas established in this way are named as Potential Urban Strategic Horizons (PUSH) and their further integration forms the so-called Potential Integration Areas (PIAs)

Rauhut (2017) lists four more attempts of measuring polycentricity, accomplished by ESPON in 2007, Meijers and Sandberg in 2008, Green in 2007 and Brezzi and Veneri in 2015. The latter try to do so on a global level, hence applying their methodology to OECD countries. The studies share similarities, especially in terms of indicators employed and for lying on morphological and functional dimensions of polycentricity as well as on FUAs. Out of all, perhaps the methodology used by ESPON in 2005 remains the more influential, though carrying also a certain level of controversy, especially in regard to data (Rauhut, 2017).

Scale is another important feature of polycentricity, which being a multi-scalar notion, operates at local, regional and national levels (Rauhut, 2017); (Davoudi, 2003); (Brezzi & Veneri, 2015); (Schön, 2009); (Taylor et al., 2008); (Burger et al., 2014); (Boamah, 2018). Each level has a different meaning, not only territorially speaking (size, structure and resources), but also in terms of politics, policies, governance and institutions/stakeholders (Rauhut, 2017). For instance, the spatial structure is very important at the metropolitan scale, for labour productivity and for efficiency and economies of scale in the provision of public services (Zhang et al., 2017); (Brezzi & Veneri, 2015). The latter is a governance issue and therefore will impact the policymaking processes at local and regional level. Land use, concentration of services, and proximity of services and natural resources to housing are also a question of governance and city making discussed at the metropolitan scale. This metropolitan spatial structure could be very monocentric, or perhaps organised around complementary nuclei of activities that share the employment catchment area, with the latter resulting in a functional territory that often exceeds administrative boundaries. Zhang et al. (2017, p.19) argue that the latter is common when an agglomeration's area expands beyond a certain scale and the created "agglomeration diseconomies open the possibility for spatially polycentric balance". The presence of such balance shares the effects of the agglomeration among the comprising neighbouring cities in contrast to the crowding effects that emerge inside cities/monocentric places and are to be faced

by the city alone. With this reasoning, metropolitan polycentricity can be seen from a morphological urban/land development perspective and promoted as a model of urban land development that opposes to dispersal and sprawl, or to highly monocentric cities (Brezzi & Veneri, 2015).

On the other hand, at the regional level, polycentricity is mostly seen in the functional relations and connectivity between various urban areas that are somehow closely located (Davoudi, 2003); (Brezzi & Veneri, 2015) – though morphologically not connected, and are complementary to one-another in terms of economic sectors. Sometimes, this leads spatially to the creation of large agglomerations. In other cases though, un urban-rural continuum is not present and the centres communicate through a network of infrastructural channels established in the natural landscape. The use of the regional resources and investments in infrastructure in this large setting becomes a regional or national concern, and is highly influenced by politics.

On a national level, polycentricity is a policy and political discussion. It often focuses on the decision to be made between (on one hand) promoting large concentrations of population, infrastructure investments and economic resources as a means for enhancing competitiveness; and (on the other hand) spreading funds and subsidies to several cities and regions, especially to the lagging ones (Dijkstra et al., 2013) to ensure regional balances and reduce regional disparities.

Furthermore, the assumptions or rules defined in a methodology for measuring polycentricity cannot be applied uniformly to all areas that are subject to a study, due to the diverse territorial features that the areas have. If all areas are included in a study as of the outset, this problem is addressed through a methodological appraisal that will consider any particular aspect. However, applying an existing methodology to a territory that was not considered in the initial assessment, would definitely lead to adding new assumptions, and probably also omitting/modifying criteria and rules that have been considered otherwise important. For instance, applying the ESPON 2005 methodology on measuring polycentricity in Albania (as it is done later in the research) would most probably require a revision on the FUA's criteria, due to the small size (population and area) of cities in Albania.

2.4.2 Polycentricity and polycentrism in EU policies

EU strategic and policy documents that emphasize particularly the role of territory in

development and governance, such as the European Spatial Development Perspective (1999), the EU territorial Agenda 2020, etc., promote the concept of polycentric territories and polycentric development. The notion of polycentrism and polycentricity entered the EU vocabulary first with its application in the ESDP in 1999 (CSD, 1999) and since then it earned a key role in the EU Cohesion Policy, mainly for its "ability to fuse together the two primary and conflicting perceptions of spatial economic-development, cohesion and competitiveness" (Rauhut, 2017, p.1).

"Polycentricity is a concept that encourages regions and cities, working with neighbouring territories, to explore common strengths and reveal potential complementarities, which brings added value that cannot be achieved by the individual regions and cities in isolation. … a polycentric approach allows for joining existing assets in order to *increase their competitive power, efficiency of using limited resources* by avoiding duplicating roles and functions and bringing *more benefits for local inhabitants* using the combined resource potential." (ESPON, 2017, p.1)

ESPON studies on polycentrism suggest that policy makers should increase flows of interactions among places and actors, as a means to increase competitiveness through combination of assets and knowledge at different places, for different resources and stakeholders (ESPON, 2017); (ESPON, 2005). Interaction, where critical mass is clearly an indispensable factor, will boost [territorial] cooperation, while also contributing to the reduction of regional disparities and establishment of balances between territories and urban and rural areas. According to the EU studies, polycentric territorial development is by definition place-based; promotes development and competitiveness which is more than merely economic – hence bringing a new shift/stage in the regional development conception (Pike et al., 2017); and induces the right or the optimal mix in the specialization-cooperation binome of the territories, nodes, networks and regions (ESPON, 2017).

A critical concept in polycentric territorial development is the fact that it does not intend to promote massive investments for growing bigger; on the contrary and even better, is about making use of existing resources for combined and balanced growth among territorial structures (ESPON, 2017). This again is in line with *a new understanding in regional development, where growth is not necessarily the intention of regions – in fact sustainable development is* (Pike et al., 2017), development through cooperation, efficient use of resources, resilience of the territories, complementary use of resources and human capacities of neighbouring territorial structures to "ensure spill-over effects

for the development of wider regions" (ESPON, 2017, p.2).

The ESPON (2017) policy brief on polycentrism provides a number of policy messages that are to be implemented at national, regional and local scales and that link territorial polycentric structures with polycentric governance and development. Besides reinforcing the principle of collaboration through promoting the strengthening of urban nodes simultaneously to flows and interactions among territorial structures (regardless of size, function and centrality) and emphasizing the bottom-up engagement, these policy messages place a strong focus on how peripheral regions, or nodes could also play an crucial role on promoting polycentrism.

First of all, one could not speak of polycentrism if development is focused on the developed and central locations/structure only. Then development should not be regarded as merely economic growth of big/mega urban centres. On the contrary it implies socio-environmental and resilience dimensions, which cannot be safeguarded or promoted, unless flows of interaction and cooperation are established and sustained under a governance mechanism among the less-dense and more peripheral regions, and between them and the more advantaged and developed ones. Hence there is clearly a necessity "to develop links among small and medium-sized urban areas and larger metropolitan areas by developing complementary/supporting businesses and business clusters, ensuring *knowledge transfers*, using metropolitan areas as gateways for attracting interest for cultural and touristic resources in the regions" (ESPON, 2017, p.3).

For this network of cooperation to function successfully, it is necessary that local-to-regional-to national leadership and political willingness to advance territorial development is assured, next to the possibility of engaging a large network of 'informal' stakeholders into the so called 'place-based inclusive governance'. This is a critical factor for territorial polycentric development and governance. However, again referring to the ESPON policy recommendations, the governance structures and capacities should become neither a primary issue, nor an obstacle in the process of developing regions through cooperation. *The vision should precede the structures and capacities*. Hence, dedicating large amount of funds to the establishment of structure as of the outset of territorial/regional development process/reform is not wrong, but it may lead to failure or stalling. After all, the stakeholders – those who contribute to and benefit from development, would like to see first development activities taking place and results being provided. The regional actors would not engage into cooperation merely

because heavy and ‘well-set’ institutional structures are in place. Hence, finding a right balance between funding structures and establishing institutional capacities on one side and funding and promoting cooperation for development activities on the ground on the other, is crucial to the success of territorial development.

The European Territorial Agenda TA2020 suggest for the design of place-based strategies developed locally to address local conditions as part of the integrated and partnership-based governance and planning for urban-rural interdependencies and territories (EC, 2011). It also defines polycentric and balanced territorial development as its first priority and key element for achieving territorial cohesion. *The TA2020 aims for polycentric development at different levels: macro-regional, cross border, national and regional*. Policy efforts should contribute to the avoidance and/or reduction of polarization and disparities between capitals, metropolitan areas, and small and medium sized cities/towns (EC, 2011, p.4).

The quality of institutions at the local level is however particularly important for place-based Cohesion Policy to be effective (ESPON, 2018a, p.14). By institutions it is not meant only the government structures, but all formal and informal entities that engage in processes, aiming at achieving a common outcome (Ostrom, 1990); (Ostrom, 2005); (Toto, 2018). This requires bringing administrative and institutional capacities at an appropriate level for dealing with territorial development problems and for involving all stakeholders in decision-making, regardless of the territorial scale and the fussiness of the regional boundaries. These boundaries should be related to the issues at stake and not necessarily administrative. This capacity building is achieved not only through technical assistance, but through engaging in multi-level governance (ESPON, 2018a), which besides clear roles and responsibilities for each level and actors’ group (horizontal layers) embodies an understanding on the overlapping boundaries that the multitude of issues to be dealt with creates. This multilayers approach leads again toward the polycentric governance, which is an enhanced shift of the multi-level governance concept.

III. Empirical Evidence and Analysis

3.1 The model of territorial rescaling and the resulting spatial typologies

3.1.1 Territorial rescaling in governance reforms

When discussing functional determinism for territorial rescaling, Keating (2013) raises questions on factors that explain the geographical scale of the social systems and governments, and enquiries about what the scale should be. Often, in practical work, governance, and territorial reforms, efficiency is used as a criterion for decentralization of power, and for territorial amalgamation or fragmentation of local governments. Decentralization trends define the level of sub-government, where power and competencies are allocated and based on the existing structure of the government, this level could be local or regional. The region is an intermediate government and territorial level with size, structure, competencies, and boundaries varying from one country to the other. Amalgamation or fragmentation is often carried out for political purposes (power distribution and influence on elections results), but is officially executed under purely technical arguments, with efficiency being ranked as one of the top priorities. However, as cases will show in this section and afterwards in the chapter, efficiency of the scale [alone] does not explain the existence of a very particular scale, and there is no reason to think that territorial organisations/structures will [re]appear, or disappear merely because functional calculations have changed (Keating, 2013).

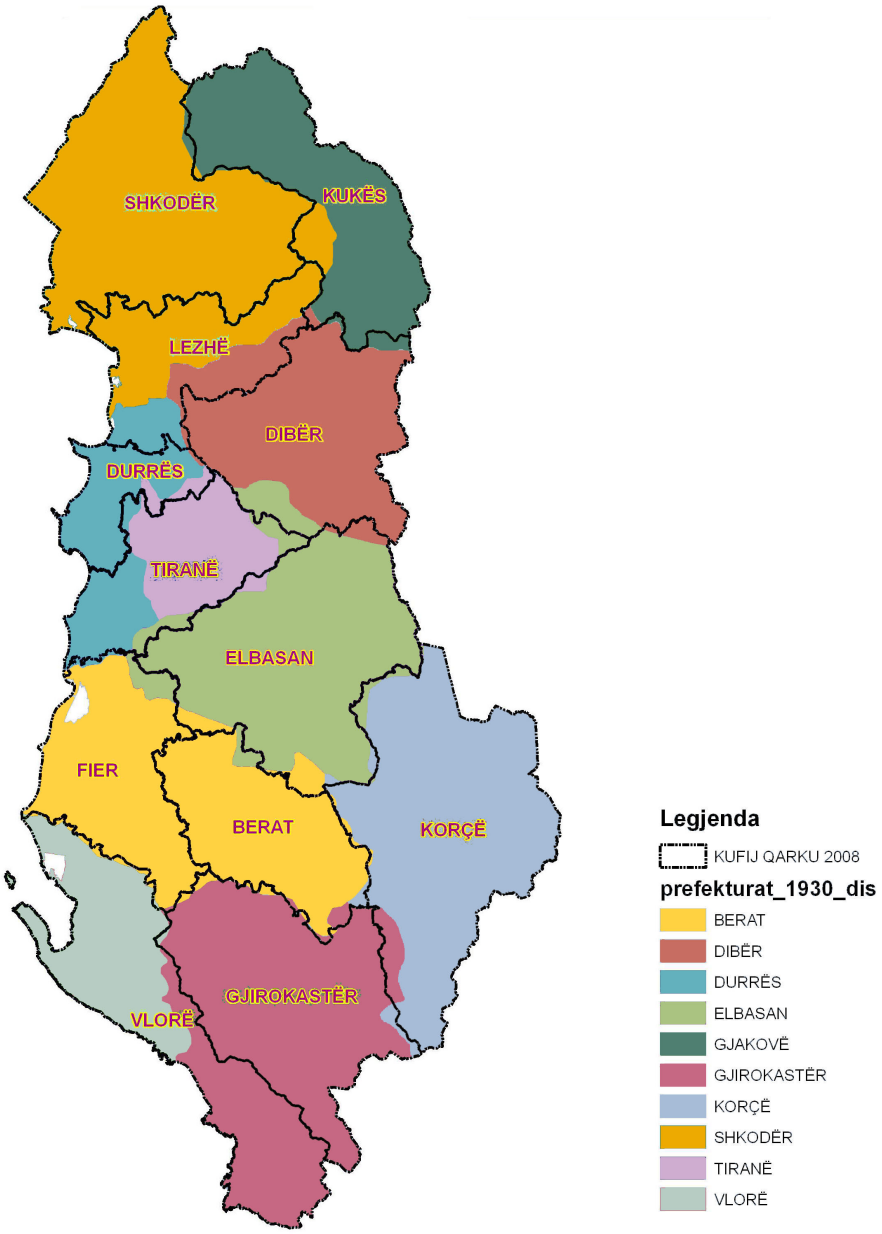
The power shift between levels of government is a result of governance shifts in a territory, from centralization to decentralization (including also informal arrangements) and vice-versa, and from administrative down-scaling to up-scaling (Hendriks, 2006), reflected also in territorial patterns of government units. Besides political interest of holding or sharing power, trends are often created about the preferred size of governments as a means of making government's tasks delivery easier or more controllable, and for bringing public goods and services closer to citizens (Keating, 2013) under the framework of democracy and governance accountability. The choice of the small scale is often made to emphasise the need for closer links between governments and citizens (receivers of services and public goods), which makes accountability processes easier and more achievable. However, government's scales are reflected into fixed administrative territorial boundaries, which leave unresolved issues of socio-ecological relations that wave across scales, or do not fit with either the small or the larger/regional scale (Toto, 2019). Furthermore, small scales lead to territorial fragmentations, which may negatively affect redistribution. Thus, territorial

disparities tend to happen locally – at the small neighbourhood scale within a city, in areas within a metropolitan region, or between neighbouring rural and urban zones. Very fragmented local governments would not allow for cross-subsidies and for overcoming social and economic fragmentation, or its effects, unless a perfect system of cross-scales and inter-governments cooperation and networking were in place. Because, cooperation and functional interactions are often considered as utopia due to institutional sophistication and development required, governments prefer to seek for the designation of optimal levels or sizes of government on the territory. The processes behind the definition of boundaries or new territorial competencies vary from one country to the other, based on political dynamics, and on historical ties and territorial identities, as well as the power of the latter to influence policy reforms [31].

The territorial rescaling discussion in Albania is strongly related to governance and history. It has usually emerged always around times of governance reforms (Toto et al., 2014). In Albania, the major governance shifts after World War II are recorded in 1945 (establishment of the communist government and centralised socio-political and economic regime), in 1992 (political decentralization), in 2000 (administrative, functional and fiscal decentralization) and recently in 2015 (revisiting decentralization). Each stage is immediately followed or shortly preceded by a territorial administrative reform.

The first regional and local administrative subdivisions of Albania as a nation-state are reported on maps and laws of the 1930s with the representation of prefectures and sub-prefectures. At the time, Albania had 10 prefectures (deconcentrated territorial units of governments), which coincide to a considerable degree with the boundaries of the current *qarks* and prefectures[32] (figure 3) (Toto, 2010/a) (Toto, 2010/b). In 1930, the current *qark* of Kukës was part of the prefecture of Gjakovë[33]; the prefecture of Shkodër included also most of the territory of *qark* of Lezhë; the prefecture of Gjirokastër in the south Albania included also Sarandë, which is currently part of the qark of Vlorë; the prefecture of Durrës encompassed Kurbin and Kavajë, which currently belong to different qarks from that of Durrës; and the qark of Fier used to be part of the prefecture of Berat.

Figure 3. Prefectures of 1930 versus qarks in 2018

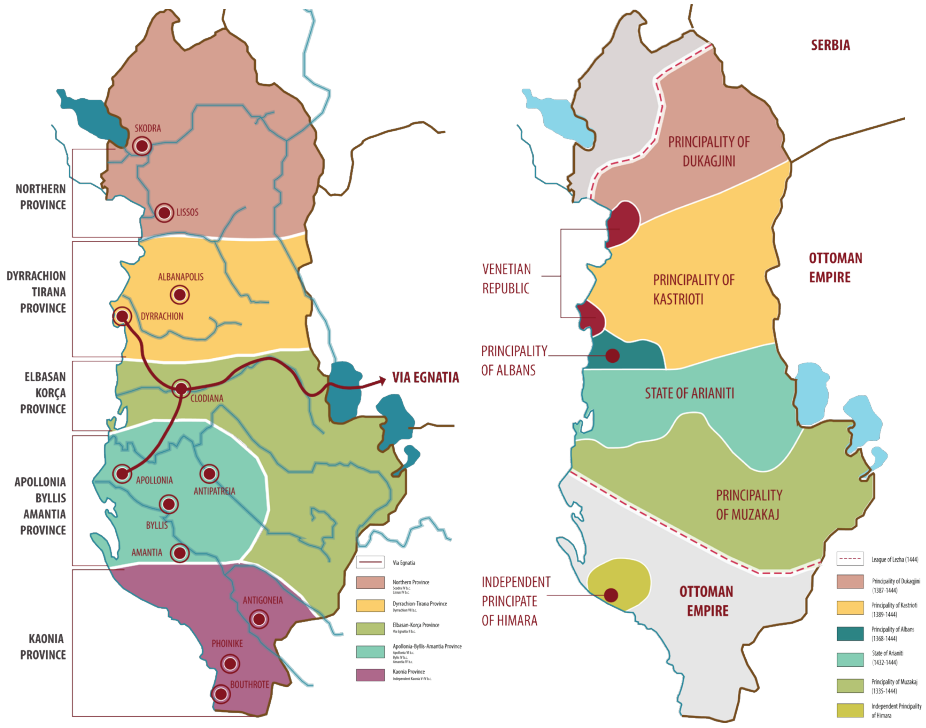


Source: Prepared by author based on (Selenica, 1930, 2014)

The prefectures in 1930 assembled sub-prefectures, which were regions of distinguished historical identities and are provided in a map of Toto et al. (2014). The historical continuity of territories and historical ties were safeguarded in the Albanian administrative divisions of the modern state prior to World War II. This is visible also through the comparison between two historical maps 'regions', namely provinces of the antiquity period and principalities of the pre-ottoman period (figure 4) with the boundaries of prefectures and sub-prefectures. These historical identities within the current Albanian state territory were interrupted administratively twice: i) during the centuries of Ottoman Empire, the '*vilayet*' and '*sanjak*' system (namely provinces and

sub-provinces of the caliphate system) was established based on territorial continuities between settlements mostly inhabited by Albanians; ii) after World War II, territories of most distinguished historical identity and with a presumed power for civic engagement or unrest were subdivided administratively and therefore also in terms of political representation, with parts belonging to different district and later on *qarks*.

Figure 4. Historical maps: provinces of the antiquity VII-II b.c. (map on the left), and principalities XIV-XV a.c. (map on the right)



Prepared by: Co-PLAN
Source: Cabanes, P. et al, (2008), Archeological Map of Albania, Pegi

Prepared by: Co-PLAN
Source: Albanian Academy of Science, History of Albanian People, ISBN 99927-1-623-1

Source: Cabanes, P. et al., 2008, Harta Arkeologjike e Shipërisë (Archeological Map of Albania), Botimet Pegi – the map on the left; and Albanian Academy of Science, 2002, History of Albanian People, 604, Tiranē, ISBN: 99927-1-623-1 – the map on the right. Both maps are published in (Toto et al., 2014, p.48).

After the World War II, in the framework of centralised economy and political system, decentralization of governance was an inexistent concept. The government was organised into national and local institutions, all representing centralised power. According to the constitution of 1976, the 'People's Councils' were defined as local institutions of the state administration that carry out governance processes at the territorial administrative units, in cooperation with citizens and are 'elected' every 3 years. Similarly, the members of the executive organ (Executive Committee of the People's Council) were elected by the citizens through general, equal, direct and secret voting. However, in reality, the elections were far from democratic; the 'elections' were

commanded, resulting continuously in appointed people. The territorial organisation of the country was based on two principles: i) the power and control of the party in force should be distributed and be present all over the territory; ii) the territorial organisation should be carried out in a way as to maximise economic efficiency, which was an objective of the centralised economy. In these circumstances, in principle, the role of any 'local or regional' administrative unit was to perform as a 'transmission belt' for the exercise of power and control of the ruling party in the lower institutional, administrative and community levels.

Technically speaking, by the end of the communist system, Albania had its government's system organised locally as follows: there were three levels of local governments – one for urban areas (neighbourhoods and cities), one for rural areas (villages and united villages), and the district. The territory (compared to after 1990 reforms) was highly fragmented with 2,848 villages, 539 united villages, 306 neighbourhoods, 67 cities, and 26 districts (Toto, 2010/b). The districts were similar to the 39 sub-prefectures of the 1930s, but less in number due to merging territories of proximity and historical similarity.

This pre-1990s model had a strong influence on the territorial structure and local and regional government's organisation in the first decade after the socio-economic and political shift of Albania from a centralised regime to the market economy and pluralistic political system. The state structures were unprepared to deal with the change, while authoritative and elites ties, or legacies of the past were strongly present within social groups and networks.

The governance and government reform, aiming at decentralising power at local levels, was initiated in 1992. Political decentralization was the first step, followed by administrative decentralization. During the first decade (1990-1999), the territory was organised into 36 districts out of the 26 that existed in the previous decades. In 1998 and 2000, the government of Albania adopted and ratified the European Charter of Local Self-Governance and soon afterwards it drafted and adopted its first decentralization strategy. The charter provides the general guidelines for establishing the meaning and scope of local governments, including their right to associate (cooperate) and the right to protect local boundaries. The principle of local autonomy also derives directly from the articles of this charter, as does the principle of subsidiarity. With regards to the subsidiarity, article 4 paragraph 3 of the charter states that "Public responsibilities shall generally be exercised, in preference, by those authorities which

are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy." (Council of Europe, 1985, p.2)

In the year 2000, the parliament adopted the first law 'On local governments organisation and functioning', 8652/2000 (currently abolished), that organised local government in two levels, namely: i) the first level composed of municipalities (65 urban areas) and communes (309 rural areas), which latter turned into 373 local units, due to the amalgamation of two municipalities on one, for efficiency purposes; ii) the second level composed of 12 *qarks*, each carrying a number of municipalities and communes within its territory.

The territorial-administrative subdivision was legally set through the law no. 8653/2000 'On territorial administrative subdivision of Albania' (currently abolished). The territorial administrative division law recognised also 36 districts, but their role was not about governance. Their designation and recognition by law, was mainly facilitating transition between systems and was especially valuable for administrative data and statistical purpose. As these data were generated on the district level, and INSTAT offices gathering administrative data were operating at this level, it would be easier for this process to remain intact. Furthermore, several regional directorates (from the various ministries) were previously established at district level and the transition to *qark* level was not necessarily deemed as appropriate from a functional perspective.

From a function and fiscal decentralisation perspective, municipalities, communes and *qarks* had powers to exercise on the territory. Municipality and communes differed between them only in terms of the territory to manage, with the previous being predominantly urban and the latter being predominantly rural. Both types of units had equal powers organised into: exclusive/own functions; shared functions; and delegated functions. In reality most of the functions were mainly shared rather than own or shared. Hence, even in the case of exclusive functions, such as urban planning, or local economic development, municipalities had to share power with the national government based on the detailed legal prerogatives made in the sectorial legislation. Services such as, solid waste management, water and wastewater, city beautification and green areas, local transportation, public lighting, and local roads were considered fully exclusive, operating on local basis and making use of local tariffs. Still, sectorial legislation and policies were and are approved nationally (Albania being a unitary state) and fiscal decentralization was never achieved in full as to set a well functioning local

autonomy. Therefore, most of these services were and still are supported financially to a great extend through national grants[34].

Similar to all other Southeast European countries, the local government system of Albania was established in two levels, with *qark* being recognised by the Constitution as *the second level of local governance*, where harmonisation of *regional* strategies was to happen. Besides this role, the territory of *qark* was set by Constitution as the territory for implementing the national elections system. Particularly the second role has given stability to *qark* as a conception in the Albanian local governance. This is an important fact to mention, as besides this role, *qark* has almost no other roles, resembling to an entity with vague competencies or no competencies at all. Initially, in 2000, similarly as in the other Southeast European countries, the stakeholders took the decision not to fully accomplish the governance reform for the second (Toto, 2010/b). In a context of major changes and system shifts, it was considered as premature by and for all the political stakeholders to engage simultaneously on a two-levels reform, local and regional. Therefore, it was agreed by them that once the reform would get consolidated results for its implementation at the first level of local government, the political stakeholders could start implementing or reviewing the implementation of the reform at the second level, hence the qark.

According to (V.Ostrom et al., 1961), "the multiplicity of political units in a metropolitan area is a pathological phenomenon" (p.831) and though it could be assumed that this leads to overlapping or duplicating jurisdictions, it seems being unavoidable. However, there is again the political understanding that efficiency can be increased and duplication avoided in case a single governance organization is set for the entire metropolitan, or the regional area. The reasoning behind low efficiency is not only duplications and large number of staff, but also the fact that the many local governments units operating within the region have a local interest limited to their territory only and have no concern for the effects that their activities may have in the region, or on the communities of the neighbouring units. It is under this reasoning that *Qark* was established in 2000 in Albania and defined as a second tier of local government rather than a regional entity. The purpose was not to give *qark* well differentiated competences of governance, rather than to create a body that monitors, coordinates and oversights what the first-tier units are doing, and therefore prevent or remove any 'free-rider' or 'tragedy of the commons' effect on the territory, born as a result of lack of cooperation and isolated local governance.

The law on local government functioning and organization defined a set of loosely clear roles for the *qark*: i) harmonisation of local strategies at *qark* level and harmonisation between local and national strategies at the territory of the *qark*; ii) implementation of services and functions that municipalities and communes would delegate to *qarks* in case of failure of achievement by their own administrations; iii) functions delegated by the national government; iv) territory planning at *qark* level, i.e. drafting of territorial plans. This last function did not include the delivery of building permits, unless any municipality/commune would delegate this function to the *qark* for its own territory. The planning function was rarely executed because its relevance was absent at the moment *qark* was not entitled to control the territory. Carrying out planning at qark level was considered mostly a harmonisation task rather than a necessity that leads to or guides development. The latter was fully based on local plans and other planning instruments developed by the municipalities and communes.

An analysis made by Toto (2010/a/b) lists a number of reasons why Albania did not achieve decentralization in full at both local levels and those reasons go beyond the publicly communicated one – lack of stakeholders' preparedness. Thus:

- Full decentralization means for national government loosing a great deal of competencies, including political control and power during the transition period;
- There was lack of financial and human capacities to manage a very complex process resulting from full decentralization;
- Decentralization at the second level would mean initiating a regionalization of governance reform. Albania was not aware of the process details and the expected impacts;
- Local governments, once set, were very unwilling to support a governance regionalization process as this would mean for them to give up a number of competencies or have their just received competencies modified. (Toto, 2010/a); (Toto, 2010/b)

Finally, as described earlier in the text, *qarks* did not fully represent historical identities. Several reforms or consultation processes undertaken in later years with and among *qarks* representatives provide evidence of this lack of identity and/or historical belonging. In these circumstances, considering also the weak functional profile, *qarks* became more and more vulnerable and misused by politics. After all, changing boundaries, once they were set and the first elections were implemented on that basis,

was considered very risky for governments and political factors, because it would affect political representation on the territory. Therefore, what was initially considered as a cautious and mature step of not advancing decentralization at *qark* level, due to lack of institutional preparedness, turned into a lost opportunity for deepening further the governance and territorial-administrative reform. From 2000 to 2014, the process of territorial rescaling was paused, and government's attempts to build and implement a *regional development policy* were the only moments, where discussion around territorial rescaling would evolve.

However, two phenomena became evident after the year 2000: i) low territorial, economic and institutional efficiency of delivering services at the local government level. Communes and municipalities were considered as very small and fragmented to offer qualitative services, though being close to citizens, while central government institutions operating at local/*qark* level were overlapping territorially and in terms of competencies and characterised by unnecessarily high staff numbers (Toto et al., 2014); (Shutina, 2015); ii) territorial disparities were reported at various territorial levels, predominantly between urban and rural areas (Shutina et al., 2016); (Shutina, 2015); (GoA, 2014/a) (GoA, 2014/b). In order to cope with these problems, the government that took seat in mid 2013 initiated two reforms – the territorial-administrative reform and the [revisiting of] decentralization of government reform. Both took place during 2014-2016 and were concluded with the adoption of two laws, the law no. 115/2014 'On administrative and territorial division of local government units in Albania' and the law no. 139/2015 'On local self-governance'. The latter was preceded also by a national crosscutting strategy on the decentralization of local government.

The territorial and administrative reform was based (at least theoretically) on the following criteria: i) political representation. This was key to defining the final designation of boundaries for municipalities, so as not to affect negatively the expected elections results in favour of the party ruling with the majority of votes. For instance, the division of Kamza and Tirana in two separate municipalities, regardless of their territorial continuity, was made on political basis. The aim was for Kamza citizens, historically voting in favour of the [current] opposition party, not to affect local elections' result in Tirana; ii) efficiency of delivering public services. The study preceding the territorial reform implementation was substantially pinpointing at this criterion (more than the other one). The total number of local administration employees was considered as too high to handle services in an efficient way; iii) economy of scale.

This was also a key criterion from the perspective of the study undertaken on the reform before hand. Based on this criterion, the principle and concept of 'functional area' was imported and implemented for a significant number of municipalities; iv) local self-determination (V.Ostrom et al., 1961) (V.Ostrom, 1972). This criterion was mainly considered in the implementation phase following the study and law on the territorial reform, and it was used especially together with political representation in the decision to designate the ethnic minority communities as separate municipalities; v) administrative historical ties and boundaries. This was mainly considered in the decision to merge existing municipalities, and maintain historical administrative boundaries, rather than basing the new subdivision on historical local communities and geographical features.

As a result of the territorial reform, the 373 local government units of Albania were merged among them in September 2016, resulting into 61 municipalities. The new municipalities became not only larger in size (Tirana being the largest one and growing from 45km^2 to 1,100km^2), but also more complex from a territorial structure perspective. Each municipality encompasses all types of territories, urban, rural, agricultural, and natural resources such as mountains, forests, pastures and waters resources. The mixed territorial typology is to be reflected in significant changes regarding the governance of the territory, and increases the amount of legal framework that municipalities have to deal with, in order to manage their territory in a sustainable way. This represents also one of the key challenges in the implementation of the reform, as the municipalities should diversify more their human resources, both technical experts and lawyers. Furthermore, the territorial planning (also reformed during 2014-2015) process increases the functional burden of the municipalities, because they have to plan and regulate land use not only for urban areas, but for the other types of the territory as well. Territorial planning is only one of the several services provided by local governments, and one of the several examples used to show that this central government-led territorial rescaling, implemented for the sake of increasing economies of scale and efficiency, has to face issue of human capacities that are required to implement properly the reform (GoA, 2014/b); (Toska & Gjika, 2018). Hence, territorial rescaling in physical terms – change of boundaries, and in legal terms – review of legislation and services arrangements is only the beginning of the reform. Its implementation and the effects it will have on the territory and on citizens' welfare are

the important milestones to follow, which in fact will provide the final verdict on this case of territorial rescaling (as process and as results).

The decentralisation reform on the other hand was supposed to achieve [among others] two major objectives: i) decentralise further functionally, by adding new responsibilities/functions to the municipalities and by correcting mistakes envisaged during the implementation of decentralization in the previous 15 years; ii) revise and improve fiscal decentralization, by drafting a law 'On finances for local self-governments', which was approved by parliament in 2017 (no. 68/2017) (GoA, 2015). The law did not revisit the articles of the previous law on *qark*. As a matter of fact, the new law and the reform simply remained 'indifferent' towards the *qark* matter, without taking any decision, neither in support of strengthening decentralization further at regional level, nor in deciding to abolish the notion of *qark* and therefore all of the redundancy related to its institutional existence.

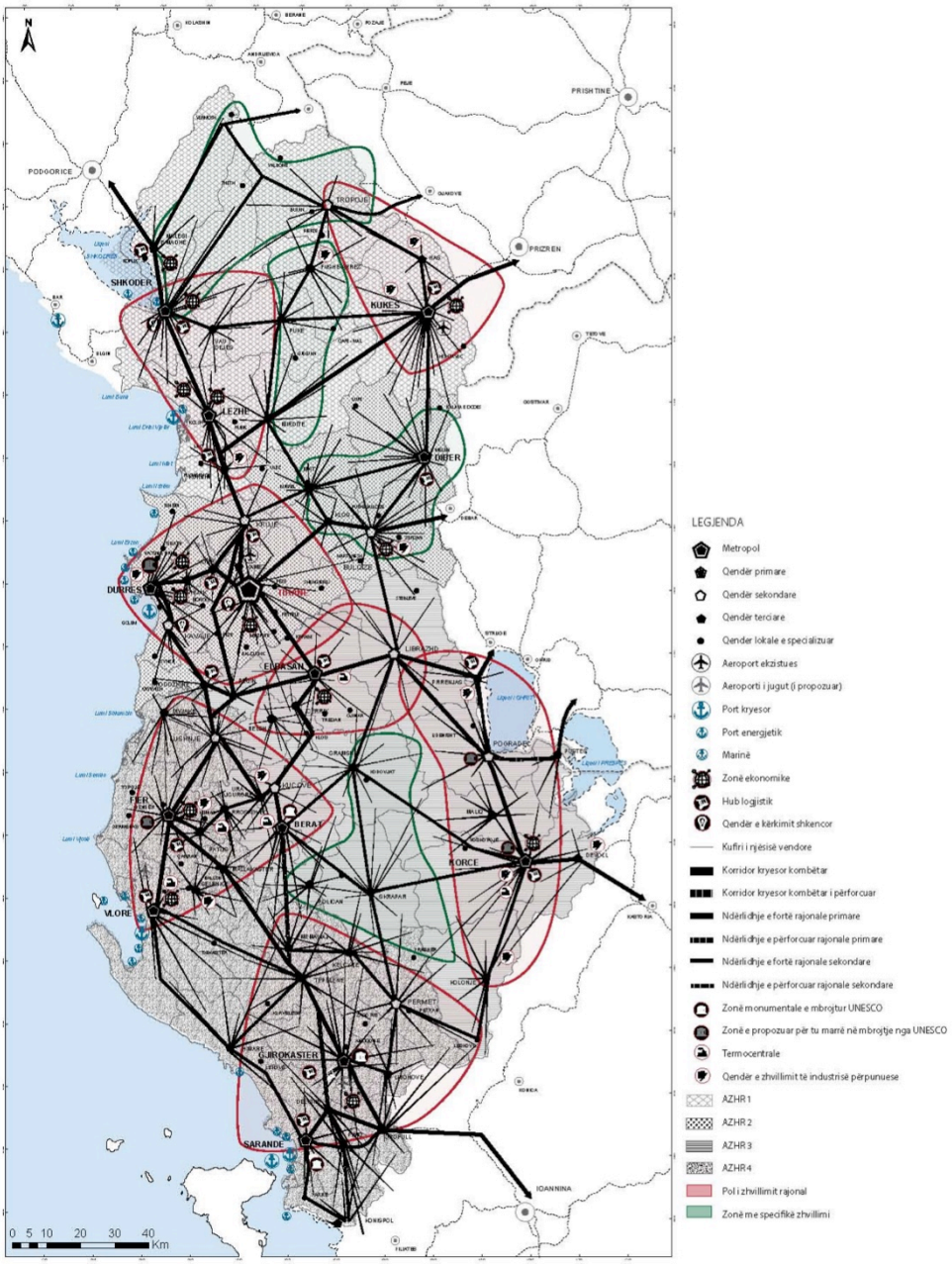
Furthermore, the law on local self-governance omitted shared functions and assigned only exclusive functions to the local governments, while also increasing the number of functions. New functions were added, such as forest management, administration of secondary and tertiary parts of irrigation and drainage system (for agriculture areas), administration of primary and secondary schools facilities, etc. While all functions were defined as exclusive to local governments, in reality most of them (alike in the previous law) are administered as shared between central government and municipalities. For the majority of the exclusive local government functions, the law on local self-governance is defining that *administration/management will be carried out in compliance with the sectorial legislation*, therefore *'delegating'* the power of defining local autonomy over the function to the ministry that is responsible on the respective sector and on the relevant sectorial legislation.

The above reforms were about the first level of local governance, hence municipalities. The public discussion on *qark* was avoided by the government's authorities, but was revisited in 2014 and earlier in 2009 by non-government organisations, donor programs and professionals who were interested on the future of the *qark* as an institution, on the advancement of the decentralization reform at regional level, and on regional development. As a result of these interests, since at least 2009, there have been two lines of debate and experts' work taking place in Albania, focusing either on the institutional development of *qark,* or on regional development, and at times on both issues. Regional development is mainly discussed in the following section. However, a

summary of proposals made on regionalization (for different purposes and by different institutions) is presented below.

There are at least 6 proposals for territorial rescaling that imply forms of regionalization, four made by public institutions and two made by private and non-government institutions. Thus, in 2016, the government of Albania approved the General National Territorial Plan. This is a comprehensive territorial plan that complements from a territorial perspective the National Strategy on Development and Integration. The Plan proposes a number of planning regions (figure 5), which are defined based on geographical similarities and proximity, ecosystems' interdependencies, economic relations and social and historical connections. These could be considered as functional regions, though functionality as well depends on the criteria chosen for its definition. In any case, these regions are not to become administrative and are different from the regional management areas defined by the government for the purpose of regional development policy implementation. So far, the government has not made use of these planning regions. However, as understood from meeting with NTPA representatives, the national planning agency is interested on and will refer to them in future planning processes at regional level.

Figure 5. Planning regions as per GNTP (urban system and spatial connections)

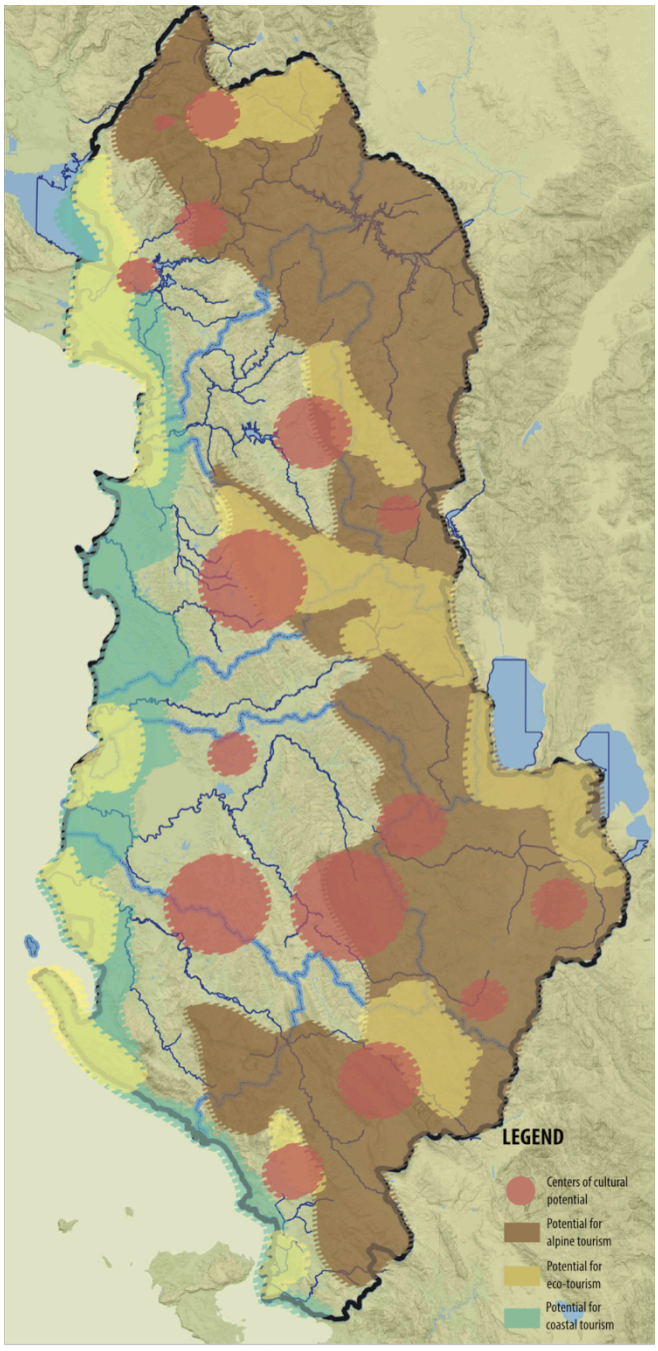


Source: NTPA (2016, p.158), General National Territory Plan of Albania

During 2013-2014 the government published and promoted a number of proposals on sectorial regionalization options. Hence, each ministry was analysing its sector/s and coming up with proposals on how the sector could be more efficient, while increasing the quality of the services and/or production. These proposals were published also in the government program for the electoral mandate 2013-2016. As a result, the Ministry responsible on tourism proposed 4 regions for the management of tourism in Albania, considering the natural and cultural resources. Three of them are territorially distinctive, while the fourth one – areas with culture's development potential, was crosscutting over the territory, in the form of centres proposed according to the distribution of historical

and cultural monuments. The other three areas are: 1) mountain tourism; 2) coastal tourism; and 3) eco-tourism. A map that interprets geographically the location of the areas (based on the government program) was prepared by Toto et al. (2014) as follows (figure 6).

Figure 6. Regions for tourism development as proposed by the Government of Albania in 2013

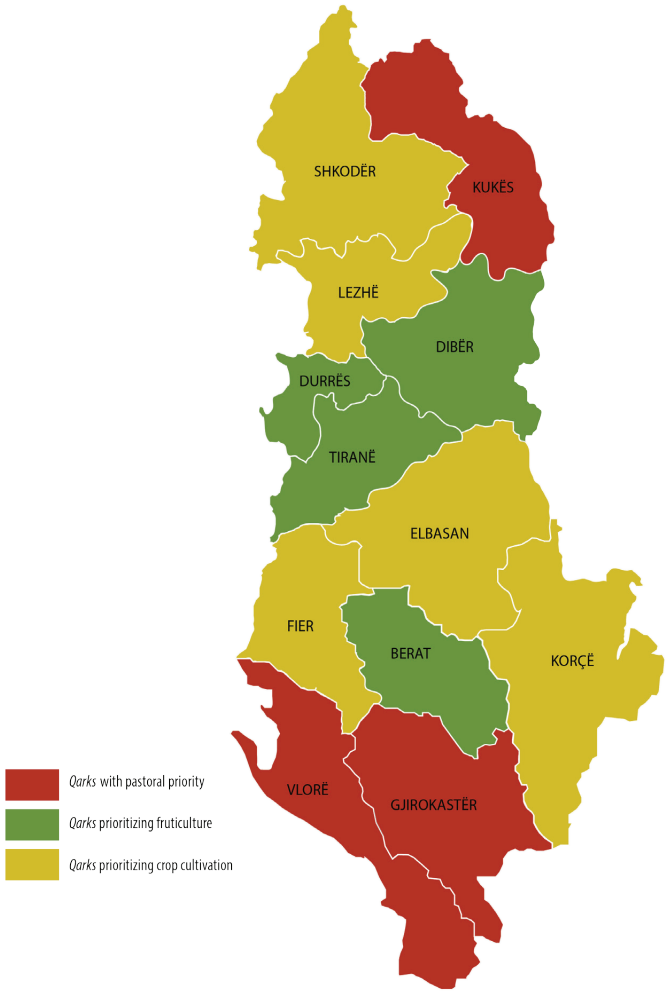


Prepared by: Co-PLAN
Source: Government's program 2014-2018; official web-site of the Ministry of Environment, www.moe.gov.al, accessed in February 2014

Source: Toto, R., Shutina, D., Gjika, A. and Aliaj, B. (2014, p.43)

Besides tourism, the government undertook an analysis of agricultural production efficiency and productivity related to the territory and climate conditions and on this basis it proposed a regionalization of produce and agricultural activities. The proposal was aiming at guiding the efforts of the Ministry and farmers to regionalize the activity and therefore increase efficiency of the sector and its contribution to the national GDP. The proposals are summarised below, based on Toto et al. (2014). Geographically speaking, the proposals were built on the basis of *qark* boundaries (figure 7). However, the government never pursued these proposals for implementation.

Figure 7. Regionalization of agricultural production and activities as per Government of Albanian proposal in 2013

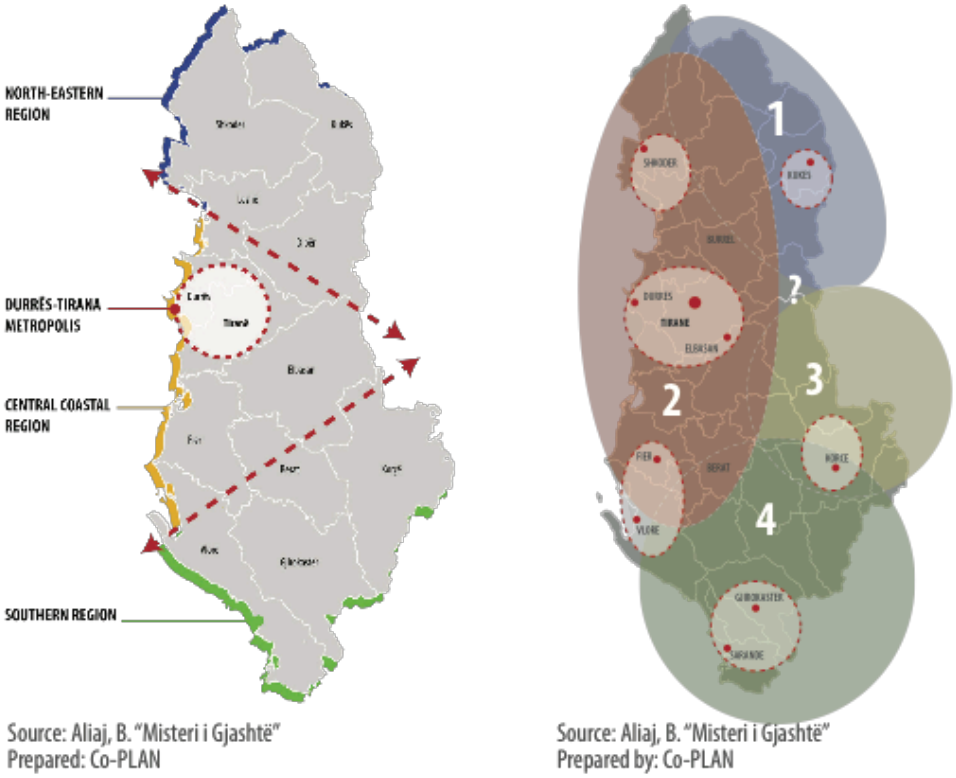


Source: Toto, R., Shutina, D., Gjika, A. and Aliaj, B. (2014, p.44)

Co-PLAN, a local non-government organisation has worked for years on issues related to regionalization and regional development in Albania. Based on its experience, long-term research (policy and scientific) on the topic of regionalization and knowledge of the political dynamics in Albania, it has often offered proposals on regionalization, some of them being more of an analytical character and others as contribution to

concurrent policy making processes. For instance, based on Co-PLAN's work, regionalization could follow statistical regions (established by the Institute of Statistics in Albania and for years influencing policy processes through evidence), or regions based on their economic development and poverty indicators (figure 8).

Figure 8. Statistical regions (on the left) and regions that match EU criteria on development (on the right)

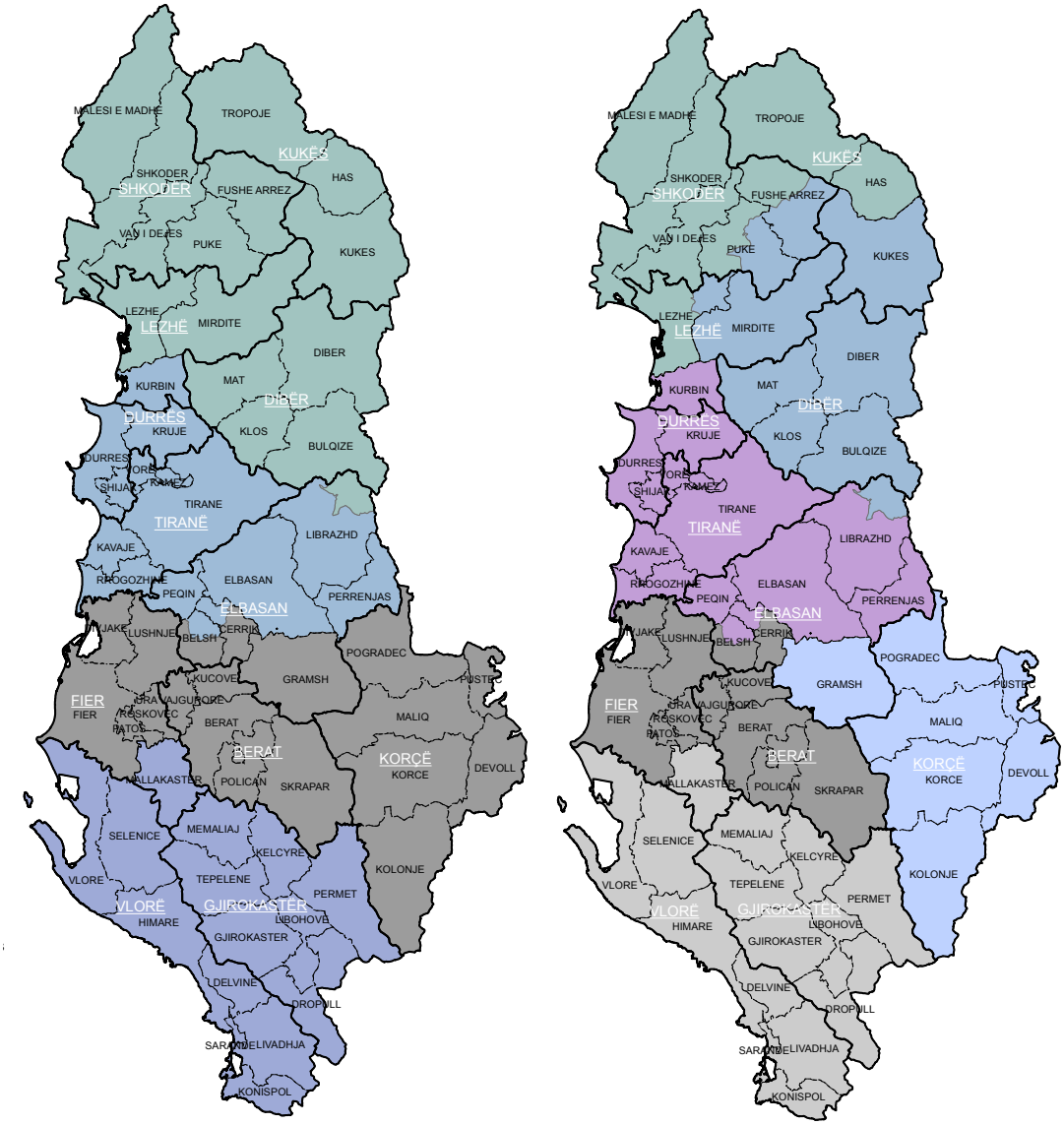


Source: (Aliaj, 2008) in Source: Toto, R., Shutina, D., Gjika, A. and Aliaj, B. (2014, p.32)

However, in 2014, as a contribution to the process initiated by the Government of Albania on the territorial and administrative reform of the 1st tier of local government, Co-PLAN and POLIS University in Albania, provided policy proposals on regions to the largest political audience. Hence, a thorough study on administrative regions was published and discussed among key stakeholders. The study suggested two possible models of territorial rescaling, one with 4 and the other with 6 regions. The latter was mainly proposed as an alternative, in case there would be critical positioning of local actors in the north and east of the country. The proposals were very ambitious and daring, by suggesting models of rescaling which did not respect in full the existing *qark* boundaries, and neither the boundaries of municipalities. This was so, because both models made a serious jump from current political dynamics, and or models of authority

and power installation, by giving precedence to historical ties, socio-ecological interactions, and most importantly, to requests made by different local stakeholders (especially representatives of *qark* institutions).

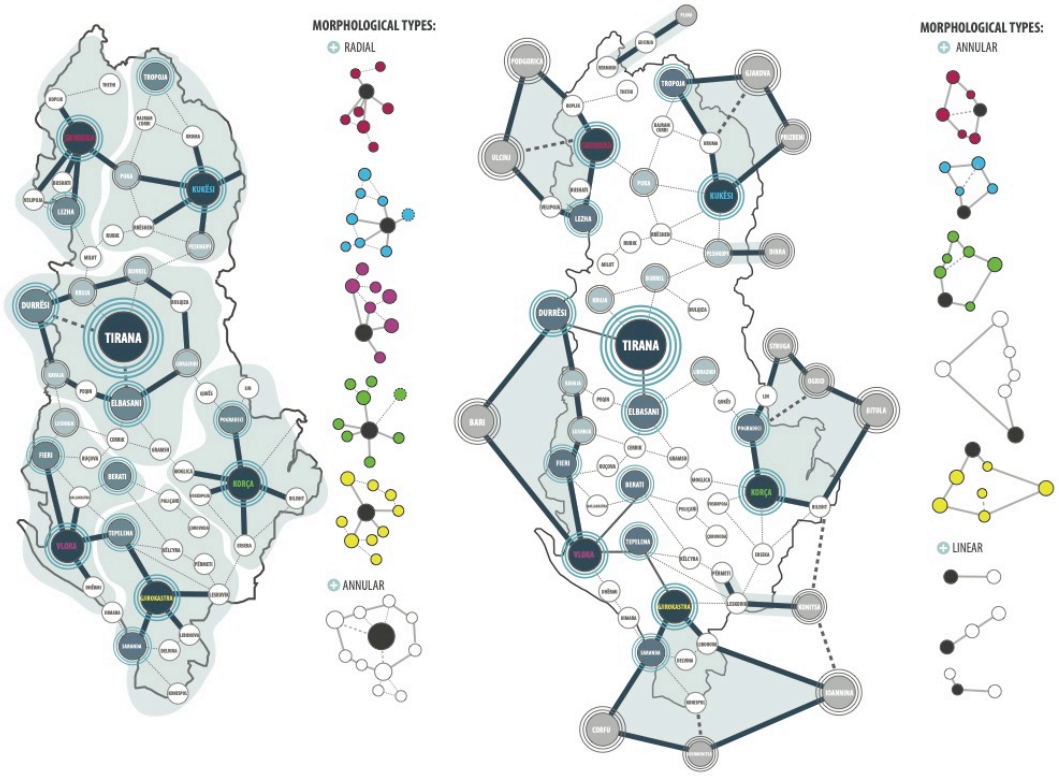
Figure 9. Territorial rescaling models proposed by local actors on the regionalization of Albania



Source: Toto, R., Shutina, D., Gjika, A. and Aliaj, B. (2014, pp.72-73)

Besides the above proposals which had a political and administrative character, POLIS University provided regionalization models on the basis of planning and development initiatives to be undertaken by the government of Albania, with the aim of leading towards the implementation of a territorial development vision by 2030. These ideas were in fact taken on board – though partially modified, by the National Territory Planning Agency, which later in 2016 approved (as described above) the national territorial plan, designating also planning regions.

Figure 10. Polycentric planning and development regions proposed in Albania 2030 Manifesto



Source: (Aliaj et al., 2014, pp.118-19)

Besides the above proposals, which have been either more significant, or have significantly contributed to policy processes, there have been also other proposals on regions, which have been discussed among smaller stakeholders' groups and with less or no impact. Still their presence demonstrates that, while government may not have taken concrete steps in finalizing a regionalization reform, the subject of regions has been and remains highly important to stakeholders, especially those at the local level. The latter have always connected territorial rescaling and regionalization with better development opportunities and better access to better services. This clearly suggests for an implication of both, development and government/governance when regions are discussed among stakeholders in Albania.

However, the ambiguous role of *qark* and its definition as simultaneously a local government institution (law on local governments) and as a regional development territory (constitution) has been a critical cause for 'confusion' about where to draw the line between regional development reforms and governance and local government's reform. Therefore, regional development discussion in Albania has so far "been closely linked to whether or not, and how to restructure the second level of local government in a way that improves coordination between national and local policies in support of

socio-economic development and better services for citizens" (Imami et al., 2018, p.9). As this discussion has somehow side-lined the regionalisation aspect, considered as too complex, the governance and decentralization reforms have not provided an effective result for qark (ibid). Regional Development Reform on the other side, undertaken in 2007, 2009, 2011 and recently in 2016 onward, have been very ambiguous about the discussion on territorial boundaries of regions.

3.1.2 Territorial rescaling in regional development

In recent decades there has been an "increasing consensus that linear development support tools are neither sufficient nor effective in addressing societal challenges and realizing changes, which are esteemed necessary to respond to these challenges" (Noguera et al., 2017, p.44). Similarly, in Albania the need for an integrated approach in regional development was widely shared among stakeholders, focusing on how to address spatial disparities and economic growth and build institutions and institutional processes that are multi-layers and able to deal with the large array of issues in regional development and its governance (André & Wallet, 2016). But, one of the major challenges in Albania, alike all eastern block countries was and still is to guarantee a safe bridging from dismantling a centralised regime to Europeanising a national model (Kruglashov, 2013). Hence, to date there is the conflict, or a debate over how to reconcile the domestic development systems for domestic interests with the European requirements for integration (including the regional policy), while crafting and safeguarding a fit-to-context solution.

The year 2000 is the initial milestone of regional development efforts in Albania. In September 2000, Albania adopted the Millennium Declaration together in the United Nations Global Summit, which was followed in 2003 with the approval by the Parliament of Albania of the resolution of the Millennium Development Goals (MDGs). In this way, the government committed itself to the achievement within 2015 of targets in the areas of security, peace, governance, human rights, environment and development. As a result, during 2002-2005, the UNDP mission in Albania supported *qarks* in drafting regional development reports and/or strategies in line with the local and domestic context and priorities, as well as with a strong focus on the MDGs. In 2005, regional development strategies were produced for 6 *qarks* and analytical reports were for the other six, considered as a means of empowering *qarks* in their institutional

and economic development process. The documents would also serve to the donor community to structure and focus their interventions in Albania at the sub-national level.

The public debate during the process of drafting the above document had direct and indirect policy effects. Thus, a new law on local taxation was endorsed by the Parliament in 2006 and a national regional development strategy was approved by the Council of Ministers in 2007. The government drafted also a law on regional development in 2007, but this was never submitted for approval and the process was discontinued. Both the strategy and the law were prepared right way after Albania signed the Stabilisation and Association Agreement with EU institutions. The strategy and the law had *qark* as the territory for the government to implement regional development. *Qarks*, as institutions, being very weak, did not have the leverage to push for the strategy and the law to be fully endorsed and implemented.

The goal of this first strategy in regional development was to ensure a coordinated approach to the sustainable socio-economic development of all regions and to create links at all government levels among institutions and other stakeholders interested in sustainable development and alleviation of socio-economic disparities (METE, 2007). The strategy proposed two investment programs – one for the development of the regions and other dedicated to the disadvantaged areas. Institutionally, it proposed the establishment of the National Regional Development Agency, 12 regional development agencies (one per *qark*), 12 *Qark* Partnership Councils and the National Partnership Council for regional development. The institutional structure was fully in line with the EU system of multilevel governance for the implementation of regional cohesion policy in the years 2000s. The strategy was very ambitious in scope, trying to converge EU requirements with domestic needs for regional development, and the structure it proposed was large and with a large number of stakeholders. This made the strategy sound very complex in terms of implementation, and Albanian authorities at the time were simply unprepared institutionally to deal with such a composite structure of multilevel governance, imported from EU models. As a result, the added value of the strategy and of pursuing regional development goals was considered by the government stakeholders as 'unworthy' to continue putting extra efforts over its implementation. Furthermore, the strategy was not supported by a financial mechanism for the implementation of the regional policy, therefore remaining a 'wishful' document.

Two years latter, in 2009, UNDP initiated the implementation of a new program on regional development, named 'Integrated Support to Decentralization' (ISD), co-

funded by EU and UNDP. The technical assistance had in focus capacity building and institutional strengthening at the level of the national government. At regional level, 4 pilot *qarks* were involved in the process. ISD analysed (for the first time in a structured and thorough way) regional disparities at *qark* and local governments levels (the latter encompassing municipalities and communes). The conclusion was (and still remains valid as it will be shown further in the chapter) that disparities do exist and are moderate among *qarks*, but high among local governments of the 1st tier, and between urban and rural areas.

Additionally, the program supported the government of Albania in improving the Regional Development Fund. This fund was established in 2005-2006 by the government, aiming at providing funds to local governments (mainly on infrastructure) on a competitive basis. Initially it was known as the 'Competitive Funds'. In 2007 it was turned into a regional development fund, but still performing as 'fragmented financial support' to local governments, mainly 'used politically' by the party holding the majority of seats in the parliament and forming the government. ISD considered the RDF as a key financial instrument in the advancement of effort for setting up and implementing a regional development policy. It also prepared a policy concept for the future merge between domestic and EU regional development policies.

The efforts made under the ISD implementation had their momentum in 2010, in light of the progress Albania was making towards its candidacy for EU membership, entailing eligibility for the Instrument for Pre-Accession Assistance (IPA) component III (Imami et al., 2018). With ISD support, the government prepared the first report on Chapter 22[35], and drafted the Regional Development Policy Framework 2010-2020. Simultaneously, a decision on NUTS 2 subdivisions was made, complying with Eurostat requirements (population) and with no consideration on regional development financing opportunities, population change scenarios, and on how statistics should inform policymaking. As Albania was not granted the candidate status, neither in 2010, nor in 2011, the government's interest in regional development vanished away, and the reform process was halted for few years.

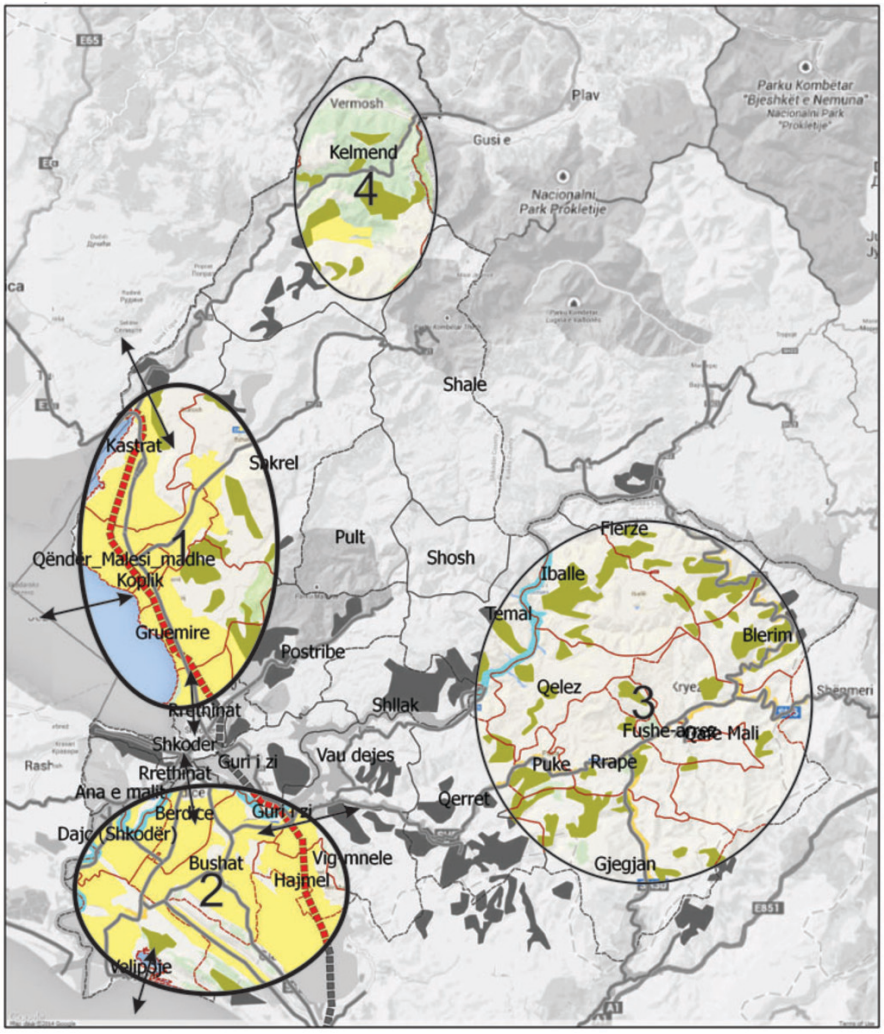
In 2011, the Swiss Development Cooperation initiated the implementation of a Regional Development Program for Northern Albania. The territorial focus of the project was the area encompassed within *qarks* of Shkodër and Lezhë. The project was aiming at supporting the government of Albania to create a model of domestic regional development and regional policy, which was implemented at *qark* level. This initiative

considered *qarks* as the regional unit in Albania and therefore aimed also at supporting *qark* to develop institutional capacities to carry out functions as defined by the law on local governments and bring forward the regional policy for domestic purposes. From a territorial rescaling perspective, the project identified a number of stakeholders' network operating in the mountainous territory (both *qarks* are mostly mountainous and peripheral) and based on findings, proposed the concept of sub-regions. The latter was supposed to be a flexible territory, composed of initiatives and development projects, representing common stakeholders interests for development and respecting historical ties among communities to the best degree possible (figure 11).

Figure 11. Sub-regions in the northern Albania (the case for qark of Shkodër – 2 maps*)

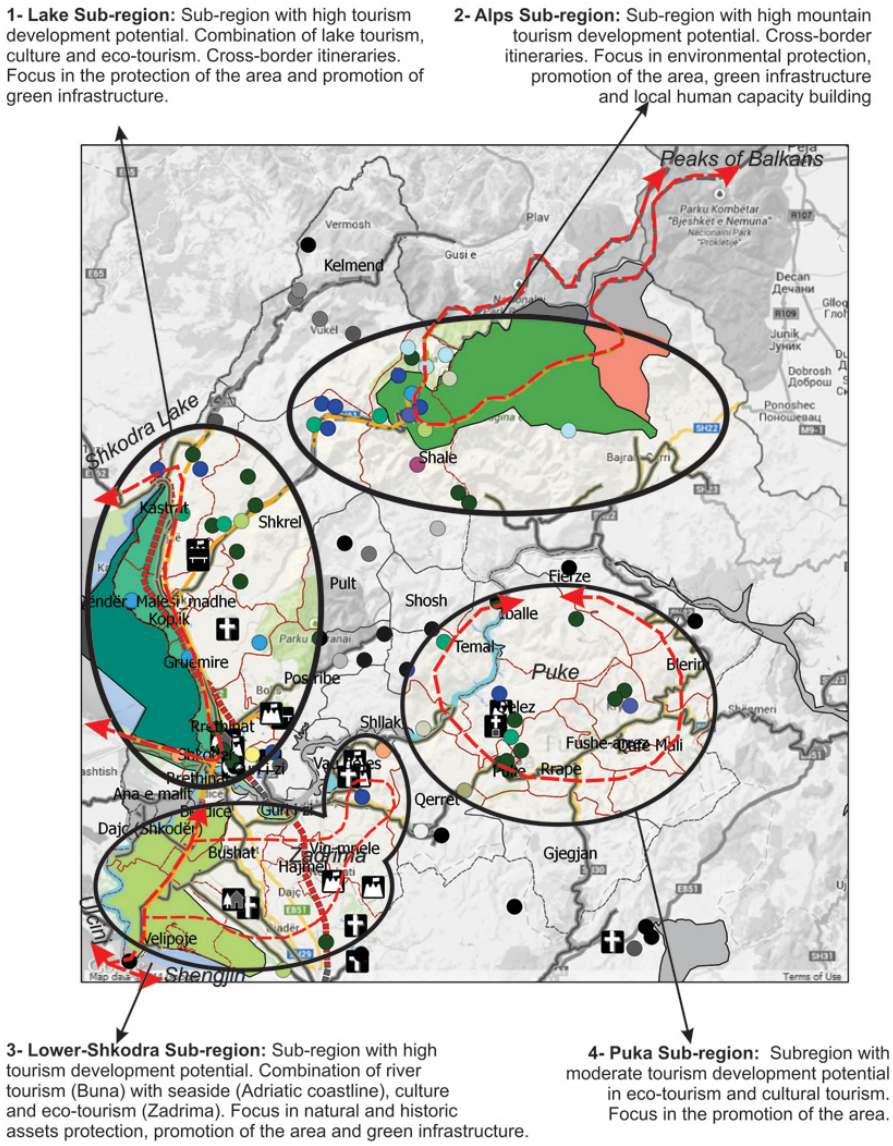
1- Upper-Shkodra sub-region: (Sub-region with high development potential in agriculture sector. Combination of typical products (wine) with eco-farms in the proximity of the lake area. Support farmers for the cultivation and marketing of typical products (winery, medicinal herbs, fruits/vegetables)

2- Lower- Shkodra sub-region: (Sub-region with high development potential in agriculture sector. Combination of agriculture investments with tourism development initiatives. Addressing of problems that concern drainage and irrigation systems and protection from floods. Consolidation of agriculture infrastructure.



3- Puka Sub-region: (Sub-region with moderate potential for agriculture development) Support farmers for the cultivation and marketing of typical products of the area (mushrooms, chestnuts). Support diary sector.

4- The north sub-region: (Sub-region with limited development potential in agriculture sector). Support farmers for the cultivation and marketing of typical products (potatoes, medicinal herbs).



Source: Regional Council of Shkodra (2014, pp.31 and 37)

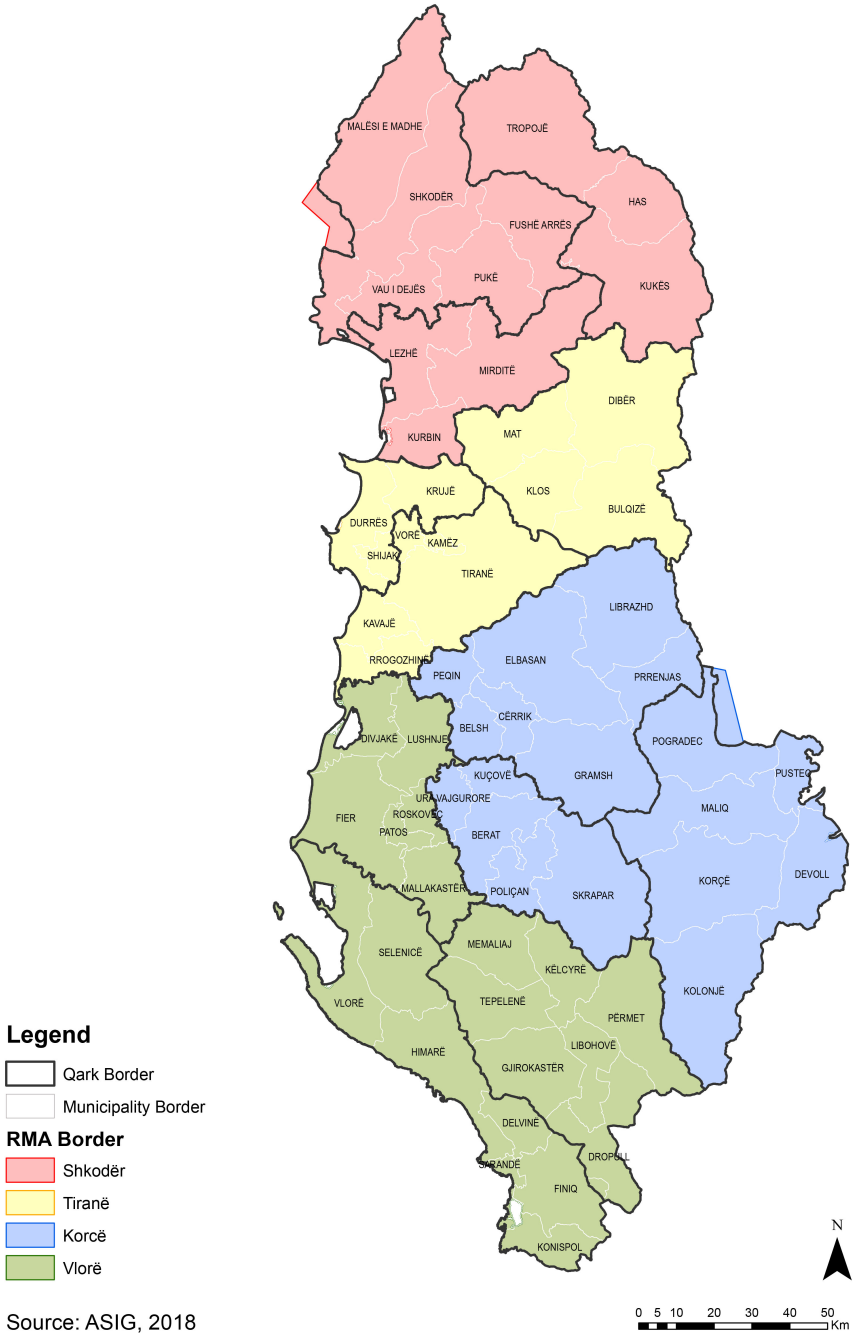
*The upper map shows sub-regions based on agricultural potential and cooperation. The second map shows sub-regions based on touristic potential and activities.

The project was successful in terms of achieving its regional results – creating strategies and streamlining them towards implementation; identifying subjects of common interest and actions to engage people in niches of attraction; creating recommendations to contribute to the policy framework on a national level. However, as for the latter, it could not finalise a national policy, due to the low interest of national government for embarking on regional development processes. Furthermore, the institutional partner at the national level was the Ministry of Interior (Deputy Minister for governance), which had mostly an interest on resulting governance processes and structures, rather than on regional development. As a matter of fact, this project, which lasted 3 years, was a tentative to bring together formal and informal discussion on government and regionalization in one side with regional development and related governance processes

on the other. It did not succeed in merging these two processes, because the level of government's understanding was low, the interest on regional development was low, and the confusion for both matters (regionalisation of government and regional development) was quite significant. One could also say that the institutional parties were not ready to embark on such a process.

In 2014, the government revisited the necessity for regional development and proposed a Regional Management Mechanism (RMM) to be used for harmonising sustainable socio-economic development. The RMM was largely based on the regional development objectives of the National Strategy for Development and Integration 2015-2020 (reduce disparities; increase competitiveness; boost capacities for multilevel governance in regional development) and on the institutional model of integrated planning that the government was adopting (at least theoretically) in the early years of its mandate (2013-2015). The RMM was materialised through the designation of four regional development/management areas (composed of 3 *qarks* each, with no administrative competencies, and different from NUTS 2 areas) in 2015 (figure 12). To reiterate, GoA proposed a delineation of 3 NUTS II regions in 2011 as follows: the North (Durrës, Shkodër, Lezhë, Dibër and Kukës); the Centre (Tiranë and Elbasan); the South (Berat, Korcë, Fier, Vlorë and Gjirokastër) (Shutina et al., 2012). This NUTS II subdivision was largely based on the population criterion and did not consider time implications of future GDP changes (ibid), which is an economic criterion in the allocation of the cohesion fund among regions.

Figure 12. Regional Management Areas (RMAs) in Albania



Source: Council of Ministers (2015), information based on ASIG (2018)

Soon afterwards, in December 2015, the decision of the Council of Ministers on the institutional framework of regional development (no. 961/2015) was approved. This decision formalised the boundaries of the 4 regions as provided above – recognised as Regional Management Areas (RMA), as well as the establishment of the National Agency for Regional Development (NARD), the Regional Economic Development Agency (REDA), and of the four Regional Development Agencies (RDAs). NARD was never established in practice. REDA was established and made functional under the

Ministry responsible for economic development. The 4 RDAs, one per each regional management areas were established and in absence of the NARD, were operating alone and with some guidance, and/or control from the Prime Minister's Office. Through these institutional steps, "the government made a choice (explicitly or implicitly) to separate regional development as a policy from regionalization, and pursue regional development reform in line with EU regulations and complying with Chapter 22 requirements" (Imami et al., 2018, p.12).

However, in 2017, the government undertook some unpredicted steps with regard territorial rescaling for deconcentrated agencies. Hence, some agencies operating on behalf of the line ministries were reorganised and/or regrouped at the level of the regional management areas. The first ministry to pursue this approach, by reorganising the 12 Regional Agricultural Directorates into 4 Regional Agencies of Agricultural Extension, was the Ministry of Agriculture. The ministries responsible on health and on social protection followed next. While this initiative was undertaken, the government repealed the decision of the Council of Ministers no. 961/2015 through the decision no. 438/2018, allocating all regional development functions to the Albanian Development Fund[36]. The new decision of the Council of Ministers abolished NARD as a new agency and transferred its functions to ADF, as well as assigned the 4 RDAs under the responsibility of ADF. The ADF is currently revising the structure of RDAs and reducing the staff. ADF is also working on developing a national policy for regional development, together with the respective law, and in this endeavour is receiving support from the Regional Development Program in Albania, initiated as of 2017, with the financial support of the Swiss Development Cooperation. This process is an indication of the government's decision to pursue regionalization and government reform separately from regional development reform, without though taking a position on the future of *qark,* and without defining whether the regional management areas will remain merely development regions, or will transit slowly into administrative/government regions. However, it is clear so far that regionalization (or the regional governance reform) is not to date part of any policy discourse.

3.2 Territorial polycentricity[37]

As it was already argued in chapter 2, territorial polycentricity is an objective rooted in European Union key policy documents, aiming at achieving sustainable territorial development, through converging two 'conflicting' aims – competitiveness for economic growth and cohesion for reducing disparities. Polycentrism was initially

presented as an objective of the European Spatial Development Perspective in 1999, assuming that polycentric urban systems are more efficient, more sustainable and more territorially balanced than both *monocentric* territorial structures (all activities concentrated in one centre) and *dispersed* territorial structures (all activities equally distributed over space). The ESDP emphasises the need to pursue the objective of polycentricity, as a means to "ensure regionally balanced development", "offer a new perspective for the peripheral areas through a more polycentric arrangement of the EU territory", ensure a "graduated city ranking", ensure highly efficient infrastructures development, "strengthen a balanced settlement structure", overcome development disadvantages of border areas, develop functional complementarity between urban areas regardless of size, solve common problems in cities which are relatively far apart, and promote cooperation on strategically important infrastructure and environmental projects (CSD, 1999, pp.20-21).

At the national level, polycentric development is mainly about encouraging regional specialization and the division of labour between urban regions, and improving access to urban services across the national territory (CSD, 1999). Thus, (according to ESPON (2005)), a polycentric urban/regional/national system would ensure:

i) **Efficiency** – a solution to a context where large centres can exploit economies of scale, but suffer negative effects of over-agglomeration, and dispersed centres are too small to support efficiency;
ii) **Cohesion** – to oppose to spatial polarization and dispersal of territorial structures, standing as two extremes of a relationship between competitiveness and segregation, on one side and equality and lack of social interaction opportunities for citizens on the other;
iii) **Environmental protection in the frame of sustainability** – the use of energy for services and transportation in a highly polarized (monocentric) or in a dispersed system is bound by environmental disadvantages.

According to ESPON (2017) and ESPON (2005) the European countries show different levels of territorial polycentricity, measured through the polycentricity index, and its sub-indices of morphological and functional polycentricity. Kloosterman and Musterd (2001, p.628) consider as polycentric urban configurations those that are assumed to have at least the following characteristics:

- *Consist of a number of historically distinct cities;*

- *Lack a clear leading city that dominates political, economic, cultural and other aspects, though size wise one city may dominate others;*
- *Consist of a small number of larger cities that do not differ that much in terms of size or overall economic importance, together with a greater number of smaller cities.*
- *Are located in more or less close proximity (mainly within maximum commuting distance) therefore being concentrated in one specific part of a country.*
- *Are spatially distinct and constitute independent political entities*.

Green (2007) refers to the polycentricity definition of Spiekermann and Wegener (2004) as the most precise one – at least as far as morphological polycentricity is concerned. According to their definition, territorial polycentricity can be identified and measured in terms of the rank-size distribution of settlements in an urban system and should meet 4 prerequisites:

- "In a polycentric urban system, there is a distribution of large and small cities
- In a polycentric urban system, the rank–size distribution is log-linear.
- A flat rank–size distribution is more polycentric than a steep one.
- A polycentric urban system is not dominated by one large city". (Green, 2007, pp.2081-82).

According to Burger et al. (2014), in polycentric regions, the centres are equally important from a functional perspective within the network and this is defined through the position they have in the hierarchy of cities' interactions. On the other hand, in a functionally monocentric territorial structure, there is hierarchy of centres. The hierarchy is both morphological and functional. Morphological polycentrism is concerned with the size of the centre and its domination in this respect, hence with distribution of people, companies, employment, financial resources, etc. among the centres. In the case of functional polycentricity, the measurement is based on the multi-directionality of the interactions within the urban network (Burger et al., 2014).

Besides regions/territorial structures that are polycentric, there are also a number of cases in Europe where there is potential for spatial polycentric development (ESPON, 2017) and these are summarised as follows:

- Regions where *all criteria* for polycenstrims are *satisfied*: there are settlements of different sizes and structures; the various territorial structures and practices

interact functionally; and there is high intra-regional accessibility to achieve cooperation and functionality.

- Regions with *relatively dense territorial structures* and *good accessibility*, but with less developed cooperation.
- Regions with relatively dense territorial structures, but *low or poor accessibility*.
- Regions with *weak urban structures* that may be either close to consolidated large urban structures, or may be in the verge of moving toward urban consolidation, but due to lack of accessibility and resources have not been able so far to achieve this strengthening process.

This section deals with the level of and/or potential for territorial polcyentricity in Albania. In order to measure polycentricity, the methodology of ESPON (2005) project "Potential for a polycentric development in Europe" is followed. The methodology is already explained in the section 1.4 of this document. The first step is that of defining the geographical polygons of the analysis, namely the Functional Urban Areas (figure 13), the 45 minutes isochrones (from FUA centres), the Potential Urban Strategic Horizons (PUSH) and the Potential Integration Areas (PIA) as the overlay of the PUSH areas (ESPON, 2017) (ESPON, 2005).