The Impact of the EU on the Multilevel Governance of the Baltic Sea Region: Experimental Governing and Policy Practices

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I. Introduction

This chapter describes and analyses the governing and steering narrative of the Baltic Sea Region (BSR) with the help of the concept of Multi-Level Governance (MLG). MLG is used to describe, understand and explain governing and steering styles applied in the BSR, which have evolved through decades in a fragmented transnational setting.[1] This setting is shaped by multilayered societies, where actors operate through diverging interests and steering capacities. This disjointed setting, alongside the rising societal demands to govern the shared BSR problems, has made the area a pioneer in the application of new MLG modes.[2] The BSR is a laboratory for innovative MLG, as the demand of transformative governing is continuous. BSR MLG activities need endless reforms to adapt to the challenges of the Baltic Sea ecosystems.[3] The innovative mode stimulating the evolution of BSR MLG relates to the fact that the Baltic Sea ecosystem challenges are transboundary problems – ill defined, contested ecological, maritime and societal problems that transcend national borders.[4]

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[1] M Gilek et al, 'Environmental Governance of the Baltic Sea: Identifying Key Challenges, Research Topics and Analytical Approaches' in M Gilek et al (eds), *Environmental Governance of the Baltic Sea* (Heidelberg, Springer, 2016).

[2] M Joas, D Jahn and K Kern (eds), *Governing a Common Sea: Environmental Policies in the Baltic Sea Region* (London, Earthscan, 2008).

[3] M Gilek and M Karlsson, 'Seeking Pathways Towards Improved Environmental Governance of the Baltic Sea' in M Gilek et al (eds), *Environmental Governance of the Baltic Sea* (Heidelberg, Springer, 2016).

[4] S Grönholm, *Governing the Baltic Sea: A Study of the Functionality of Contemporary Environmental Governance* (Turku, Åbo Akademi University, 2020).

The MLG of the BSR illustrates the complexity of modern governing and symbolises a steering narrative that relies on pluralistic and dispersed policymaking activity, where multiple actors at various political levels, from the supra-national to the sub-national, are engaged in solving transboundary problems. In MLG, no governing actor is superior to the other, underlining a mutual dependency through the intertwining of policymaking actions.[5] MLG represents an alternative to conventional governmental control, providing options to develop new modes of governing, which are joined in their attempts to design new policy solutions to transboundary problems.[6,7] This is the premise of the BSR MLG.

The MLG of the BSR denotes a transformation of traditional governing norms and practices.[8,9] Public actors operating on various MLG levels are dependent on non-hierarchical actions and multi-level processes to attain policy outcomes targeting transboundary problems. National governments do not assert hierarchical control of policy processes; instead, they are reliant on practices by actors outside public authority to augment policymaking capacity. The BSR MLG setting is defined by a regulatory realm that is faced with difficulties, where mandates enforced by law do not guarantee effectiveness vis-a-vis the governing of transboundary problems.[10] The position of governments is impaired and hierarchical principles are subverted to improve policymaking abilities. Formal governing, top-down steering, institutionalised structures, regulated processes for developing and implementing policies are interlinked with dispersed steering arrangements that are reliant on flexible and non-hierarchical processes driving the evaluation of MLG policy action.[11]

The MLG of the BSR is synonymous with autonomous network action that aspires to generate policy responses to the transboundary problems.[12] The MLG of the BSR transpires though designated networks.[13,14,15] These link and join the interest of public governing actors across the super-national, national, regional and local level with non-state actors. Network-based MLG of the BSR is viewed

[5] P Stephenson, 'Twenty years of multi-level governance: Where Does It Come From? What Is It? Where Is It Going?' (2013) 20 *Journal of European Public Policy* 817.

[6] G Marks et al, 'Competencies, cracks and conflicts: regional mobilization in the European Union' (1996) 29 *Comparative Political Studies* 164.

[7] S Piattoni (ed), *The Theory of Multi-Level Governance: Conceptual, Empirical and Normative Challenges* (Oxford, Oxford University Press, 2010).

[8] N Tynkkynen, 'The Challenge of Environmental Governance in the Network Society: The Case of the Baltic Sea' (2013) 23 *Environmental Policy and Governance* 395.

[9] Grönholm, *Governing the Baltic* Sea (n 4).

[10] H Ringbom and M Joas, 'Introduction: Multi-level regulation in the Baltic Sea region' (2018) 98 *Marine Policy* 187.

[11] Grönholm, *Governing the Baltic* Sea (n 4).

[12] ibid.

[13] S VanDeveer, 'Networked Baltic Environmental Cooperation' (2011) 42 *Journal of Baltic Studies* 37.

[14] S Grönholm, 'A tangled web: the Baltic Sea region governance through networks' (2018) 9 *Marine Policy* 201.

[15] ibid.

as having the ability to augment the capacity of public policymaking. At the core of augmenting BSR policymaking is a subset of interlinked MLG modes, namely adaptive, collaborative and experimental governance. These are used to pursue innovative policy solutions designed to solve the transboundary problems.[16] These distinctive subsets expand the innovative and transformative MLG modes in the BSR.

This chapter focuses on experimental MLG in the BSR. The governing options in a MLG setting are of a soft nature, as hard mandates enforced by regulation are not an option.[17] This facilitates and expands the use of experimentation without the threat of sanctions. Experimental MLG is motivated by the idea of improving BSR problem-solving capacities. MLG setting encourages experimentation to overcome governing deadlocks through exposure to ideas from outside that could transform policy understanding.[18] Experimental MLG emphasises deliberation, learning and alternative pathways to overcome the sectoral focus of hierarchical top-down policies.[19] The basis of experimental MLG in the BSR is knowledge exchange of innovative policy experiences by best practice and pilot studies.[20] These are tasked to support deliberation and expand policy learning by using the BSR horizontal and vertical steering arrangements, which enable policy collaboration between and across international, national and sub-national levels of authority. Best practice and pilot studies sustain and proliferate experimental MLG by serving as tools for replicating policy innovations in and across BSR MLG. This is the basic premise of experimental MLG in the BSR.

The aim of this chapter is to describe and analyse the governing challenges present in an experimental-based MLG of the BSR. The experimental MLG narrative is presented through a viewpoint that recognises the increasing influence of the European Union (EU) in the BSR. Experimental MLG is advocated by public entities, particularly by EU funding programmes, which serve as the largest funding bodies of BSR best practice studies.[21,22] These endorse policy innovation by making use of the flexible top-down and bottom-up MLG activities, which allow new cross-disciplinary and cross-sectoral policy interactions. EU funding bodies of best practice studies call for an explorative open-ended and innovative operative setting.[23] Key features of this setting are new forms of

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[16] Grönholm, *Governing the Baltic* Sea (n 4).

[17] Stephenson (n 5).

[18] A Zito and A Schout, 'Learning theory reconsidered: EU integration theories and learning' (2009) 16 *Journal of European Public Policy* 1103.

[19] S Eckert and T Börzel, 'Experimentalist governance: an introduction' (2012) 6 *Regulation and Governance* 371.

[20] Grönholm, *Governing the Baltic* Sea (n 4).

[21] M Mazzucato, 'Missions: Mission-Oriented Research & Innovation in EU' (European Commission, 2018), available at: ec.europa.eu/info/sites/default/files/mazzucato_report_2018.pdf.

[22] European Commission, 'Missions in Horizon Europe' (2022), available at: ec.europa.eu/info/research-and-innovation/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/missions-horizon-europe_en.

[23] Mazzucato (n 21).

practices, processes and tools to share learning and inspiration from existing innovation activities.[24]

Initially, the chapter conceptualises and operationalises the innovation modes present in the BSR MLG. Then, the chapter describes from a BSR network perspective the governing norms and procedures, which constitute the operative basis for experimental MLG. This operative setting is subject to the influence of EU-endorsed policymaking norms. The analytical part of the chapter examines how experimental processes and action adheres with the premise of the BSR MLG. The analytical part is based on evaluating data compiled using a mix-methods approach. Data is aggregated by using sources upheld online by the most common EU funding programmes applicable in the BSR. The data offers an overview by which methods of experimental MLG are introduced, promoted and expanded into network-based BSR governing. The data also offers insights of these EU-based funding programmes, their governing norms, and provides a summary of funded best practice studies in the BSR during the last two decades. The data is used as a basis for analysing the challenges in an experimental network MLG of the BSR. The concluding part of the chapter reflects on the impact of EU-endorsed experimental governing and policy practices relative to improving BSR problem-solving capacities.

II. Innovative MLG Modes: Improving BSR Policymaking Capacities

Innovative MLG is linked to the demands to improve BSR policymaking capacities. Augmenting policymaking is viewed as improving the ability to govern BSR transboundary problems, such as eutrophication and overfishing in the Baltic Sea and combating climate change in the area. The proliferation of innovative MLG norms and processes is made evident by one of the strategic policy documents in the BSR: the Baltic Sea Action Plan (BSAP). The BSAP – which was adopted by the Helsinki Commission (HELCOM), a BSR network, in 2007 and updated in 2021 – aspires to reach 'Good Environmental Status for the Baltic Sea'.[25] The BSAP includes innovative MLG approaches and hitherto the plan has enabled a reduction in nutrient inputs in the Baltic Sea, improved the biodiversity and decreased maritime incidents and spills.[26]

The focus of the BSAP is to provide an efficient MLG of the ecosystems of the Baltic Sea. However, ecosystem processes and functions are complex and variable, and governing attempts are associated with uncertainty.[27] The BSAP is guided by

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[24] European Commission, 'Missions in Horizon Europe' (n 22).

[25] HELCOM, 'Baltic Sea Action Plan' (2022), available at: helcom.fi/baltic-sea-action-plan/.

[26] ibid.

[27] UN, 'Food and Agriculture Organization of the United Nations. Basics of adaptive governance' (2022), available at: www.fao.org/3/y4810e/y4810e0f.htm.

the Ecosystem Approach to Management to achieve good environmental status of the Baltic Sea. The BSAP employs adaptive governance as a strategy to improve the status of the Baltic Sea, as it allows BSR actors to operate in the face of uncertainty.[28] Adaptive governance is designed to deal with the dynamic and non-linear nature of ecosystems and the absence of complete knowledge or understanding of their functioning.[29] Adaptive governance is embodied by a simple imperative: policies are experiments; learn from them.[30] Policies are viewed as experiments, which are subject to evaluation to improve ecosystem governing. Adaptive governance involves a learning process, which helps to adapt methodologies and practices to the ways in which these systems are being governed.[31] Adaptive governance underlines flexibility in policymaking and accentuates that policy development and implementation is subject to processes that aspire to improve policies and practices by learning from the outcomes of operational programmes.

The innovative BSR MLG modes, ie, adaptive, collaborative and experimental governance, emphasise policy learning as an element in bridging the knowledge gap associated with the governing of transboundary problems.[32,33,34,35] Policy learning and processes leading up to it are regarded as a suitable strategy to deal with complexity and uncertainty in the governing of ecosystems systems.[36,37] Experimental MLG encourages policy learning processes, where public actors engage with non-state actors to support policymaking, which is based on lessons drawn from experiences and from learning by doing.[38,39] Collaborative governance is vital for an experimental MLG of the BSR. Horizontal and vertical MLG collaboration is important in the design of experimental policy approaches.[40] Collaborative governance is regarded as increasing knowledge exchange to develop the understanding of BSR transboundary problems. It is viewed as offering holistic

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[28] HELCOM, 'Original version of the Baltic Sea Action Plan' (2007), available at: www.helcom.fi/wp-content/uploads/2019/08/BSAP_Final.pdf.

[29] UN, 'Basics of adaptive governance' (n 27).

[30] KN Lee (ed), *Compass and Gyroscope: Integrating Science and Politics for the Environment* (Washington, DC, Island Press, 1993).

[31] UN, 'Basics of adaptive governance' (n 27).

[32] C Folke et al, 'Adaptive Governance of Social-ecological Systems' (2005) 30 *Annual Review of Environment and Resources* 441.

[33] R Brunner et al (eds), *Adaptive Governance: Integrating Science, Policy and Decision-Making* (New York, Colombia University Press, 2005).

[34] D Armitage, M Marschke and R Plummer, 'Adaptive Co-Management and the Paradox of Learning' (2008) 18 *Global Environmental Change* 86.

[35] D Wolfe, 'Experimental Governance: Conceptual approaches and practical cases. Background paper for an OECD/EC Workshop' within the workshop series *Broadening innovation policy: New insights for regions and cities* (2018), available at: www.oecd.org/cfe/regionaldevelopment/Wolfe(2018)ExperimentalGovernanceConceptualApproaches.pdf.

[36] C Pahl-Wostl et al, 'The importance of social learning and culture for sustainable water management' (2008) 64 *Ecological Economy* 484.

[37] M Reed, 'What is Social Learning?' (2010) 15 *Ecological Society* 1.

[38] C Ansell, 'Collaborative Governance' in D Levi-Faur (ed), *The Oxford Handbook of Governance* (Oxford, Oxford University Press, 2012).

[39] Wolfe (n 35).

[40] ibid.

policy solutions, which consider the fragmented BSR setting, by integrating public and non-public lay information in the design of policy.

The innovative MLG modes are also interlinked by the application of the same policy learning tools that drive and proliferate innovative actions. This is highlighted and made evident by the BSAP. BSAP action on BSR transboundary problems – such as to strengthen the resilience of the Baltic Sea to climate change, transition to circular economy and carbon neutrality – is developed and implemented by best practice studies.[41] These are envisioned as allowing and fostering exchange of knowledge on best available techniques, thereby enhancing mutual learning among BSR actors. Best practice studies function as hubs for learning and the transfer of policy practices across the BSR MLG, and are regarded as key to ensure suitable policy outcomes to target transboundary problems.[42]

III.   The Increasing Relevance of the EU in the Network-Based MLG of the BSR

With a lack of institutionalised legislative entities with absolute authoritative power and exclusive enforcement competence over the various states in the region, public actors in the BSR have created space for a network-based MLG. The MLG of the BSR transpires though explicitly established networks. The first formal BSR network, the Nordic Council, was an inter-parliamentary network, established in 1952. During the 1970s the number of networks expanded and proliferated in the 1990s, as a reaction to the end of the Cold War. Currently over 20 networks constitute the basis for BSR MLG.[43] These link horizontally and vertically the super-national, national, regional and local level with civil society and the private sector. Examples include inter-parliamentary and intergovernmental networks of HELCOM, the Baltic Council of Ministers, the Council of the Baltic Sea States, the Nordic Council of Ministers and sub-national authority networks, such as the Union of the Baltic Cities and Baltic Sea States Sub-regional cooperation network.

A network-based MLG encapsulates the changing conditions of policymaking. Networks change the structural power division relative to the formation and design of policy. Networks erode the hierarchical basis and expand the scope of actors involved in policy processes, using multi-actor and multi-level cooperation processes and tools to generate policy outcomes. Network action is considered key in the production of efficient public governing, reflective of the current, fragmented and multilayered society.[44] Network action is viewed as providing adequate

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[41] HELCOM, 'Baltic Sea Action Plan' (2022) (n 25).

[42] ibid.

[43] Grönholm, 'A tangled web' (n 14).

[44] E Sørensen and J Torfing, 'Network Governance and Post-Liberal Democracy' (2005) 27 *Administrative Theory & Praxis* 197.

responses to complex, conflict-ridden and ill-defined policy challenges.[45,46] Network-based MLG is not bound by hierarchical norms, but operates through a flexible approach.[47,48] In the MLG of the BSR, networks outline the norms for developing, implementing and evaluating policy.[49] BSR networks adhere to an institutionalised framework of rules, but are bound by the operating principles of networks, providing them with only soft, non-coercive tools to enforce said rules.[50]

Network-based MLG and the conditions that frame BSR policymaking have their origins in EU-shaped MLG. The formation of networks is encouraged by the EU, as networks are regarded as providing innovative MLG that enhances problem-solving capacity.[51] EU-formed MLG comprises multi-level, non-hierarchical and regulatory institutions interlinking a hybrid mix of state and non-state actors.[52,53] The EU's influence has gradually increased in the BSR. Since the mid-1990s, a Europeanisation of the BSR has taken place because of the expansion of the EU into the northern and eastern areas of Europe. This has shaped the BSR MLG and increased the EU's influence in setting the norms for policymaking in the area.[54,55,56] From a BSR MLG perspective, EU expansion has catalysed the formation of new BSR networks. The Northern Dimension Partnerships were created to extend the cooperation between EU and non-EU Member States. Also, existing formal BSR networks have pivoted towards the EU and have aligned their activities with EU policy documents. BSR networks established decades ago, based on different principles to pursue varied political and policy interests in the area, are now engaged in EU policy documents. In 2018, around half of the BSR networks were involved in policy action promoted by the EU 2030 Framework for Energy and Climate.[57]

[45] M Marcussen and J Torfing (eds), *Democratic Network Governance in Europe* (Basingstoke, Palgrave Macmillan, 2007).

[46] J Torfing and E Sørensen, 'The European debate on governance networks: Towards a new and viable paradigm?' (2014) 33 *Policy and Society* 329.

[47] Ö Bodin and BI Crona, 'The role of social networks in natural resource governance: What relational patterns make a difference?' (2009) 19 *Global Environmental Change* 366.

[48] J Newig, D Gunther and C Pahl-Wostl, 'Synapses in the Network: Learning in Governance Networks in the Context of Environmental Management' (2010) 15 *Ecology & Society* 24.

[49] Grönholm, *Governing the Baltic* Sea (n 4).

[50] Grönholm, 'A tangled web' (n 14).

[51] E Sørensen and J Torfing, 'Making governance networks effective and democratic through metagovernance' (2009) 8 *Public Administration* 23.

[52] S Hix, 'The study of the European Union II: the "new governance" agenda and its rival' (1998) 5 *Journal of European Public Policy* 38.

[53] T Börzel, 'Networks: Reified metaphor or governance panacea?' (2011) 89 *Public Administration* 49.

[54] Joas, Jahn and Kern (n 2).

[55] VanDeveer (n 13).

[56] S Grönholm and S Jetoo, 'The potential to foster governance learning in the Baltic Sea Region: Network governance of the European Union Strategy for the Baltic Sea Region' (2019) 29 *Environmental Policy and Governance* 435.

[57] Grönholm, 'A tangled web' (n 14).

The main incentive for networks to engage in EU policy action is resource dependency among BSR networks.[58] BSR networks rely on member contributions to maintain normal functions, but often use external funds to pursue policy development, implementation and evaluation to fulfil their aims of informing public policymaking. Simultaneously, the EU and the European Commission have made available best practice-based funding. The financial might of the European Regional Development Fund, the European Social Fund and the Cohesion Fund have become important revenue sources for many BSR networks to pursue activities within their mandated policy scope.

The BSR network resource dependency has allowed the EU to reshape the BSR operating structures, procedures and formats for developing, implementing and evaluating policy. Current BSR policy formation is modelled based on EU-endorsed policy beliefs and norms, proliferated with targeted EU funding programmes.[59] The funding principles of these programmes have changed BSR policymaking by altering the underlying structural and relational actor basis relative to the design of BSR network policymaking. The most important change is that the EU has reinforced an expansion of actors involved in the network-based MLG of the BSR. The EU has created new forms and pathways for public and non-public actors to engage in BSR MLG-based policy design, where processes and designs for developing, implementing and evaluating policy has traditionally been controlled by formal BSR networks and their members. EU best practice programme funding norms have expanded the formation of informal networks, operationalised and applied in the BSR setting as projects. Projects serve as tools for expanding policy innovation capacity. BSR projects are envisioned to offer platforms for cross-sectorial horizontal and vertical MLG cooperation, designed to enable and deliver policy learning.[60]

In a BSR MLG setting, projects are regarded as key in developing and implementing new policy solutions to BSR transboundary problems. The proliferation of BSR projects is enabled by EU funding programmes. The EU is the biggest project funder in the BSR. EU funding programmes advocate for projects to be used as hubs for testing and assessing the practical performance of different forms of experimentation for a limited time. This is in line with the basic principle of EU funding programmes, providing access to new policy knowledge, thereby facilitating innovative MLG.[61,62] Projects make it possible to draw new lessons regarding the replication of policy experiments. Replication of policy experiments refers to 'expanding, adapting and sustaining successful policies, programmes or projects in different places and over time to reach a greater number of people'.[63]

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[58] ibid.

[59] Grönholm, *Governing the Baltic* Sea (n 4).

[60] ibid.

[61] A Marshall, 'Europeanization at the urban level: Local actors, institutions and the dynamics of multi-level interaction' (2005) 12 *Journal of European Public Policy* 668.

[62] Stephenson (n 5).

[63] K Kern, 'Cities as leaders in EU multilevel climate governance: Embedded upscaling of local experiments in Europe' (2019) 28 *Environmental Politics* 125.

Experiments are designed to be framed, targeted, measurable, time-bound and impact driven.[64] The ambition is to share, replicate and transfer policy innovation via best practice or pilot studies, which may be incorporated into EU policy programmes.[65]

IV. Central EU Programme Funds and their Relevance for the BSR

A. General

The EU is the key public actor promoting experimental MLG in the BSR. This is largely enabled by the governing norms and underlying aims of central EU programme funds. Most of these aspire to solve problems across national borders, such as transboundary problems. They advocate the use of shared actions and policy exchanges between national, regional and local actors from different EU Member States. EU programme funds are important policy tools. This is highlighted by the fact that 76 per cent of the EU budget is allocated to five central programme funds: the European Regional Development Fund (ERDF), the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.[66]

Among the EU programme funds, the European Territorial Cooperation (ETC) programmes, known as Interreg programmes, cater specifically to the MLG context of the BSR. ETC action is financially enabled by the ERDF. The Interreg programmes are not the only EU funding source in the BSR, but they are the most relevant in terms of size, and the programmes align with the geographical boundaries of the BSR MLG, as non-EU Member States are included as partner countries.[67] The BSR relevance of the ETC programmes is emphasised by the fact that they are particularly designed to solve transboundary problems. They function as a framework for developing and implementing shared policy action exchanges between national, regional and local actors from different EU Member States.[68]

The objective of the ETC programmes is to promote a harmonious economic, social and territorial development of the EU.[69] The ETC programmes are built around three types of cooperation: cross-border (Interreg A), transnational

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[64] European Commission, 'Missions in Horizon Europe' (n 22).

[65] Marshall (n 61).

[66] European Union, 'Overview of the management of EU funds' (2021), available at: europa.eu/european-union/about-eu/funding-grants_en.
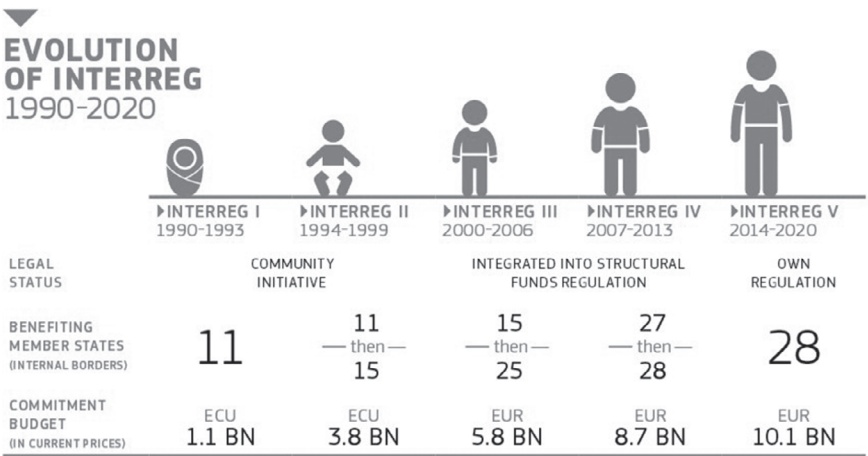
[67] European Commission, 'Historical overview of the INTERREG European territorial cooperation program' (2021), available at: ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/.

[68] ibid.

[69] ibid.

(Interreg B) and interregional (Interreg C). So far, five programme periods have succeeded each other.[70] Throughout the last three decades, Interreg has developed into a key instrument of the EU in supporting cooperation between actors across national borders of the EU Member States.[71] The foundation of Interreg cooperation is to tackle common problems together and find joint solutions by developing and sharing best practice studies among Member States in the same geographical area. The logic of Interreg cooperation extends to facilitate the exchange and transfer of successful policy experiences.[72]

Figure 1 The Evolution of Interreg 1990–2020

	INTERREG I 1990-1993	INTERREG II 1994-1999	INTERREG III 2000-2006	INTERREG IV 2007-2013	INTERREG V 2014-2020
LEGAL STATUS	COMMUNITY INITIATIVE		INTEGRATED INTO STRUCTURAL FUNDS REGULATION		OWN REGULATION
BENEFITING MEMBER STATES (INTERNAL BORDERS)	11	11 — then — 15	15 — then — 25	27 — then — 28	28
COMMITMENT BUDGET (IN CURRENT PRICES)	ECU 1.1 BN	ECU 3.8 BN	EUR 5.8 BN	EUR 8.7 BN	EUR 10.1 BN

Source: 'Historical overview of the INTERREG European territorial cooperation program' (European Commission, 2021a), available at: ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/.

The programme period of 2014 to 2020 is based on 11 priorities agreed in the ERDF Regulation.[73] The priorities include research and innovation, information and communication technologies, competitiveness of small and middle-sized companies, low-carbon economy, climate change, environment and resource efficiency, sustainable transport, employment and mobility, social inclusion, better education and training and better public administration.[74] The ERDF Regulation is linked to Article 176 of the Treaty on the Functioning of the European Union, and aims to redress the regional imbalances in the EU.[75]

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[70] Figure 1.
[71] European Commission, 'Historical overview' (n 67).
[72] ibid.
[73] European Commission, 'Legislative overview of EU policy funding programmes' (2021), available at: ec.europa.eu/regional_policy/en/information/legislation/regulations/.
[74] European Commission, 'Historical overview' (n 67).
[75] European Commission, 'Legislative overview' (n 73).

B. Overview of Interreg Programmes in the BSR

There are two types of Interreg programmes in the BSR: cross-border cooperation (Interreg A) and transnational cooperation (Interreg B). The Interreg programmes add a European element in developing responses to BSR transboundary problems. These responses are developed from analysis at European level and aim to provide an MLG response in tackling cross-border and transnational problems. The BSR Interreg programmes are developed to respond to different priorities, which are set for a period of six years. Interreg A and B are different in terms of BSR geographical scope, but are governed based on the same principles. The geographical scope of the Interreg A programmes in the BSR is defined based on their task in promoting cross-border cooperation. In the programme period from 2014 to 2020 there were 10 Interreg A programmes, each governed by their own Managing Authority or Joint Secretariat located in the eligible funding area.[76] The Joint Secretariat is made up of representatives of the EU Member States and non-EU Member States participating as partners in the Interreg programme. The Secretariat oversees the overall implementation and is responsible for the correct use of the funds.

Interreg B is not geographically restricted but covers all areas of the BSR. Interreg B cooperation covers 10 countries, the EU Member States in the BSR, including Iceland, and two neighbouring non-EU countries – Norway and Russia. Interreg B for 2014 to 2020 supported integrated territorial development and cooperation for an innovative, accessible and sustainable BSR.[77] Interreg B had four priorities for the programme period. The first, 'Capacity for innovation', was dedicated to actions strengthening the ability of the BSR to create and commercialise innovation, encouraging experimentation with new approaches and solutions to be practically tested through pilot actions. The aim was to increase the capacity of the public sector as an innovation driver.[78] The second priority, 'Efficient management of natural resources' aspired to enhance the capacity of public authorities and practitioners to ensure better environmental status of the BSR waters and to strengthen resource-efficient growth. This priority supported the development and testing of governing and funding models and technological solutions for production and distribution of renewable energy and for improved energy efficiency. The third priority 'Sustainable transport' covered capacity-building measures ensuring more sustainable BSR transport solutions. This priority aimed to improve accessibility in the BSR, as well as maritime safety and environmentally friendly shipping. The fourth and final priority was 'EU Strategy support' aimed at strengthening the implementation of the EU Strategy for the Baltic Sea Region (EUSBSR) by ensuring cooperation with all BSR countries; some of the cooperation in the aforementioned priority areas are linked to the implementation of the Action Plan of the EUSBSR.

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[76] Table 1.
[77] Interreg Baltic Sea, 'Interreg B Programme, Homepage' (2021), available at: interreg-baltic.eu/.
[78] ibid.

Interreg B uses projects as tools to stimulate policy progress towards improving the problem-solving capacities in line with the priorities detailed above. Public authorities from national, regional and local levels; research and training institutions; sectoral agencies and associations; NGOs; and enterprises can take part in transnational Interreg B projects. As a rule, organisations of project partners and lead partners must be located in the programme area.[79] Interreg B requires the set-up of transnational partnerships among project partners, thereby bringing NGOs, representatives from the community and voluntary sectors, business leaders and other partners into the BSR MLG. A typical Interreg B project operates with a budget of between €1.5 million and €4.5 million for seven or more project partners that work together for two to three years.[80]

Figure 2 Interreg B governing structure
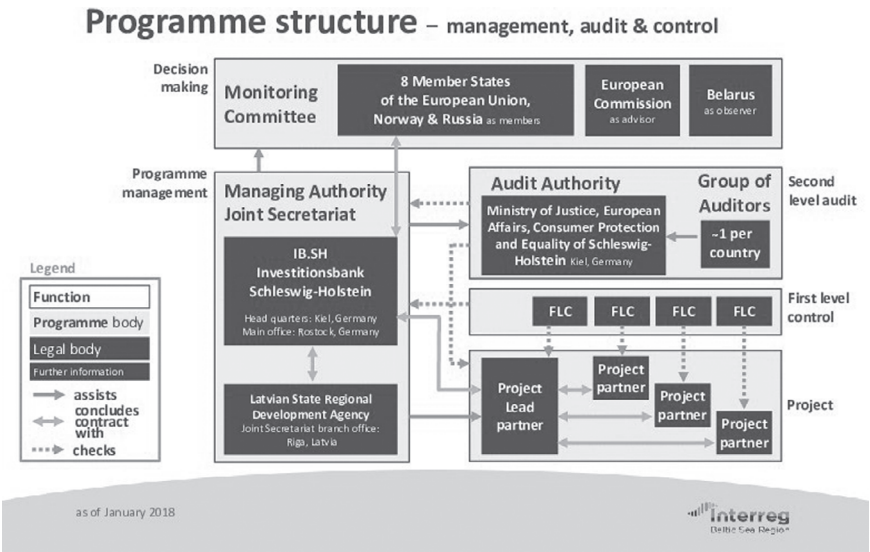
Source: Interreg B, Homepage (2021a).

The governing of the Interreg B programme is headed by a Monitoring Committee that includes representatives of all Baltic Sea States. It selects projects for funding, oversees the implementation and is responsible for the use of the funds.[81] The Investitionsbank Schleswig-Holstein acts as the Managing Authority or Joint Secretariat that is tasked with practical implementation. It is located in

[79] ibid.
[80] ibid.
[81] Figure 2.

Kiel and Rostock (Germany) and has a branch office in Riga (Latvia). The Audit Authority verifies the functioning of the management and control system of the programme.[82] It is hosted by the Ministry of Justice, European Affairs, Consumer Protection and Equality of the German Federal State of Schleswig-Holstein in Kiel, Germany. The Audit Authority is assisted by the Group of Auditors comprising representatives of the Baltic Sea States carrying out the second level audits. Besides these bodies, national sub-committees have a key role regarding the dissemination of programme-related information in the participating states.[83] Funding of the Interreg B programme originates from ERDF, national Norwegian sources and the European Neighbourhood Instrument. Around €279 million was allocated for the Interreg V programme period.

In the future, the Interreg B programme will be of continued significance for supporting innovative BSR policy action. The newly launched programme period covering the years from 2021 to 2027 has a focus on innovative societies.[84] The programme aims to contribute to increase BSR innovativeness and it has been allocated €250 million. The programme encourages experimentation to assist in the development of new water-smart and climate-neutral solutions in the BSR.[85] The planned Interreg B project financing will play a key role in supporting the implementation of strategic BSR policy documents. The updated BSAP has plans to use future Interreg B financing to support the implementation of the BSAP.[86]

C. Proliferating Experimental Governance with the Help of Interreg-Funded BSR Projects

Interreg funding has been instrumental in proliferating cross-sectorial-based BSR experimental MLG, by mainstreaming innovative policy action in the BSR. From 2014 to 2020, the Interreg A and Interreg B funding programmes financed 1,068 projects in the BSR, by allocating €953 million. Of this, Interreg A, implemented by 10 cross-border cooperation programmes, allocated €713 million and funded 964 projects, or circa 160 projects per year.[87] From 2014 to 2020, Interreg B financed 105 projects with €240 million.[88]

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[82] ibid.

[83] ibid.

[84] Interreg Baltic Sea Region, 'New Baltic Sea Region Program for 2021–2027' (2022), available at: interreg-baltic.eu/get-funding/priorities-2021–2027/priority-1-innovative-societies/priority-1-innovative-societies-resilient/.

[85] ibid.

[86] HELCOM, 'Baltic Sea Action Plan' (2022) (n 25).

[87] Table 1.

[88] Table 2.

Table 1 Overview of Interreg A programmes in the BSR 2014–20

Funding programme	EU funding money (million)	Eligible funding areas	Funded projects
Interreg Central Baltic	€125	Finland – Estonia – Latvia – Sweden	137
Interreg South Baltic	€78	Poland – Denmark – Germany – Lithuania – Sweden	90
Interreg Oresund	€128	Sweden – Denmark – Norway	87
Interreg Botnia Atlantica	€34	Sweden – Finland – Norway	51
Interreg Nord	€75	Norway – Finland – Sweden	118
Interreg Sweden – Norway	€44	Sweden – Norway	94
Interreg Estonia – Latvia	€36	Estonia – Latvia	55
Interreg Latvia – Lithuania	€52	Latvia – Lithuania	134
Interreg Lithuania – Poland	€57	Lithuania – Poland	132
Interreg Germany – Denmark	€84	Germany – Denmark	66
Total	€713	N/A	964

Note: Table 1 is based on data available at keep.eu/countries-and-regions/. The data presented in table 1 is compiled from the Keep.eu portal (maintained by Interact) by the author. The author has summarised data by using a Baltic Sea region perspective to create an overview of Interreg A (Table 1) programmes. Keep.eu aggregates data regarding projects and beneficiaries of EU cross-border, transnational and interregional cooperation programmes among the Member States (MS), and between MS and neighbouring countries. The Interact Programme, with the support of the EC and the remaining Interreg, Interreg IPA cross-border, ENPI/ENI, and IPA-IPA cross-border programmes, built the database and maintains it. The database covers the 2000–06, 2007–13 and 2014–20 periods.

Interreg B has been an important funding source for supporting policy innovation in the BSR. Interreg B has for 20 years (2000–20) financed 331 projects, with a total budget of €680 million.[89] The number of projects and funding have been relatively stable during the decades. Interreg B projects are designed to tap into the innovation potential of the MLG setting. Interreg B projects are expected to contribute to the principal aim of building institutional innovation capacity.[90] The governing terms of the Interreg B funding programme require that projects must at a minimum involve at least three partners from three different states. The maximum number of project partners is 35.[91] The Interreg B project partnership model encourages applying a cross-sectorial, cross-cutting issue

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[89] ibid.

[90] Interreg Baltic Sea Region, 'Program manual for Interreg B 2014–2020' (2022), available at: interregbaltic.eu/wpcontent/uploads/2021/08/2020.06.23_Programme_Manual_v._7.1_clean_cover.pdf.

[91] ibid.

and a multi-level approach. Thus, the design of the partnerships should involve representatives from relevant MLG sectors and areas, which have the mandate and policy knowledge to address the problems in question.[92] The partnerships should ensure a suitable mix of project collaboration between public and non-public actors. The project partnerships model is based on the idea of producing new solutions. Projects are envisioned to generate new knowledge with the help of project learning. Project learning represents a process where new transnational knowledge is acquired through joint testing, piloting or demonstration activities relating to developed, transferred or adapted services, products, structures or strategic documents.[93]

Table 2 Overview of Interreg B 2000–20

	2000–2006			2007–2013			2014–2020		
	Number of projects	Number of partners	EU funding (million)	Number of projects	Number of partners	EU funding (million)	Number of projects	Number of partners	EU funding (million)
Total	136	2583	217	90	1276	223	105	1409	240

Note: Table 2 is based on data available at keep.eu/countries-and-regions/. The data presented is compiled from the Keep.eu portal (maintained by Interact) by the author. The author has summarised data by using a Baltic Sea region perspective to create an overview of the Interreg B programme. Keep.eu aggregates data regarding projects and beneficiaries of EU cross-border, transnational and interregional cooperation programmes among the Member States (MS), and between MS and neighbouring countries. The Interact Programme, with the support of the EC and the remaining Interreg, Interreg IPA cross-border, ENPI/ENI, and IPA-IPA cross-border programmes, built the database and maintains it. The database covers the 2000–06, 2007–13 and 2014–20 periods.

The Interreg B project governing set-up has resulted in expanding the number of actors in pursuing policy experimentation in the BSR. During the last two decades the Interreg B project-based funding has brought together 5,268 project partners.[94] This is the result of each Interreg B project having had an average of 19 project partners from 2000 to 2006, 14 from 2007 to 2013 and from 2014 to 2020 projects convened an average of 13 transnational multi-level partners.[95] Collectively, Interreg B has facilitated and created an extensive number of transnational cooperation across the different BSR areas and sectors. This has increased not only the number of actors, but also the variety of actors involved and engaged in the pursuit of policy innovation in the MLG of the BSR.

Table 3 provides an overview of the project partners involved in Interreg B financed projects from 2014 to 2020. Interreg B has joined 1,409 project partners during a six-year period. There is a broad variability among the transnational

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[92] ibid.
[93] ibid.
[94] Table 2.
[95] ibid.

project partners. The most common group involved in Interreg B projects is public actors, comprising 37 per cent of all Interreg B project partners.[96] These include national, regional, local authorities, infrastructure or public service providers and sectorial agencies. The first three public groups comprise 27 per cent of all project partners.[97] Higher education and research institutions in the BSR constitute the second largest group (29 per cent). Jointly, public actors and research institutions make up 66 per cent of all Interreg BSR project partners.

Public actors and research institutions are key to advancing experimental MLG in the BSR. Research institutions generate new knowledge in cross-sectorial and cross-cutting policy areas, whereas public actors are pivotal in terms of enhancing innovation capacity across BSR MLG levels. Other groups of actors in the Interreg BSR projects include interest groups or NGOs (12 per cent), business support organisations (10 per cent) and small and medium-sized businesses (8 per cent). These link business and societal perspectives in the generation of new knowledge that could help address the transboundary problems of the BSR.

From 2014 to 2020, the Interreg B programme financed 105 projects. The majority of these (58 per cent) aimed to improve the BSR MLG's 'Capacity for innovation'. Of this particular set of projects, most (62 per cent) had a technical approach to policy innovation.[98] In comparison, there were fewer projects pursuing a non-tech innovation approach focusing, for example, on new approaches to deal with the diverging societal interests vis-a-vis BSR transboundary problems, underpinned by the varied BSR socio-cultural dimensions.

Table 3 Overview of Interreg B project partners 2014–20

	First call in 2015	**Second call in 2017**	**Third call in 2018**	**Total**
Local public authority	37	68	56	161
Regional public authority	58	42	29	129
National public authority	34	35	22	91
Infrastructure or public service provider	32	20	13	65
Sectorial agency	21	39	13	73
Education and schools	5	4	3	12
Higher education and research institutions	146	151	120	417
Small and medium size enterprises	53	35	19	107

(continued)

[96] Table 3.
[97] ibid.
[98] Interreg Baltic Sea Region, 'Overview of Interreg B projects' (2021), available at: interreg-baltic.eu/ongoing-projects/programme-2014–2020.

Table 3 *(Continued)*

	First call in 2015	Second call in 2017	Third call in 2018	Total
Large enterprises	9	16	4	29
Business support organisations	36	71	35	142
Interest groups, including NGOs	67	63	39	169
International organisations	8	4	2	14
Total	506	548	355	1409

Note: Table 3 is based on data available at: interreg-baltic.eu/ongoing-projects/programme-2014–2020/. The data presented in Table 3 is obtained from the webpage of Interreg Baltic EU by the author. The author has summarised data from the webpage to create an overview of the number of project partners for Interreg B for the period 2014–20.

V. Experimental MLG and BSR Problem-Solving Capacities

From a network-based MLG perspective the aim of the Interreg projects is to generate new knowledge for transforming policy understanding. BSR projects constitute tools to inform and augment policymaking capacity relative to the MLG of BSR transboundary problems. In a network-based MLG setting, Interreg projects are designed to constitute policy-learning platforms, generating new insights from issue-based horizontal and vertical MLG cooperation. This cooperation structure and the policy focus of these learning platforms are decided by the governing norms of the Interreg funding programmes.

The key to the Interreg projects' ability to improve BSR problem-solving capacities is the involvement of public actors as project partners. In the Interreg B programme period from 2014 to 2020 public actors constituted the largest group of all project partners.[99] The involvement of public actors is imperative in terms of the feasibility of the Interreg projects' innovation output.[100] Public actors offer improved conditions for transmitting and anchoring new knowledge to guide and orient public policies across the BSR MLG. Low participation of public actors in Interreg projects impedes the transfer of project outcomes into public policies.[101]

[99] Table 3.
[100] Interreg Baltic Sea Region, 'Mid-term evaluation of the impact of the Interreg B Program. Final report' (2018), available at: interreg-baltic.eu/wp content/uploads/2019/01/2018.12.20_FINAL_BSR_midtermevaluation_finalreport.pdf.
[101] ibid.

However, there are general challenges of disseminating project policy knowledge and learning through the horizontal and vertical MLG levels with the aim to expand BSR problem-solving capacities.[102] Interreg projects encounter obstacles in their attempts to enhance the transnational institutional knowledge and innovation capacity of public actors involved in the network-based MLG of the BSR. The main obstacle is the non-hierarchical feature of the network-based MLG setting. There are no formal or institutionalised structures for supporting and guiding policy knowledge transfer in the BSR. The BSR MLG setting is linked through a disjointed web that operates without a designated point of authority.[103] No formal coordination authority guides the overarching BSR policy development, policy implementation and policy evaluation. This makes a coherent diffusion of the policy learning outcomes of the Interreg projects across horizontal and vertical levels difficult. As an example, for the programme period from 2014 to 2020 Interreg A and Interreg B funding programmes financed, on an annual basis, 178 BSR projects.[104,105] Considering that projects funded by Interreg B had an average of 13 project partners would indicate that there were potentially upwards of 2,300 project actors involved each year in generating new policy knowledge in the MLG of the BSR. The non-hierarchical and flexible structures of the network-based MLG of the BSR are not designed to effectively transmit the learning outcomes of the vast annual number of projects within and across this setting.

A number of factors hamper the uptake of new policy knowledge from Interreg projects.[106] First, there is a short window of opportunity to disseminate the outcomes of projects. Usually, the target group is confined to a rather closed circle of public authorities, practitioners and researchers that are involved in transnational project work.[107] This makes anchoring project-based knowledge on a national and local level challenging. Disseminating knowledge in a transnational context needs to confront language barriers, different cultural and societal values and a fragmented BSR MLG knowledge and competence base.[108] EU financed projects also condense their outcomes by using a standardised measurable approach, without much consideration for transnational contextual and cultural variances.[109] This is especially relevant in projects that have a technical approach to policy innovation and is symbolised by the use of best practice studies.

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[102] Grönholm, *Governing the Baltic* Sea (n 4).
[103] Grönholm, 'A tangled web' (n 14).
[104] Table 1.
[105] Table 2.
[106] Interreg Baltic Sea Region, 'Evaluation' (n 100).
[107] ibid.
[108] ibid.
[109] Grönholm and Jetoo (n 56).

Second, Interreg projects are carried out in policy areas that are of an inter-sectoral and complex policy character.[110] This highlights the need for institutional public competence and coherency across MLG levels, especially on national and local levels across the BSR. Yet, there is insufficient cross-sectoral cooperation on national levels, whilst on a local level there is lack of policy competence.[111] Furthermore, there is in-built temporality in the BSR MLG, which impedes the uptake of inter-sectoral and cross-sectoral project results. This refers to changes in public personnel, comprising civil servants and elected officials, at national, regional and local levels in the BSR. In addition, formal BSR networks operate through a system of rotation of network personnel.[112] Collectively, this inhibits the creation of an institutional BSR MLG memory that would support a continuous and coherent diffusion of innovative and experimental policy knowledge.

Third, almost a third of all Interreg B projects partners are research institutions or representatives of higher education.[113] Although, research institutions are important for allowing and enabling policy innovation, there is a concern that they are overrepresented regarding responses generated to BSR transboundary problems. Many projects are expert-driven and technical, which complicates the mainstreaming of policy knowledge exchange with other BSR actors.[114] Scientific knowledge is not easily absorbed and interpreted by public actors. Moreover, the sharing of Interreg B project-generated academic insights is not prioritised in the transfer of project outcomes to public actors.[115] This may be related to weak linkages between public actors and academia as well as a fragmented BSR knowledge and competence base.

Fourth, and final, from a BSR MLG perspective the massive project proliferation enabled by the BSR Interreg programmes[116,117] do not support the creation of favourable policy conditions for governing BSR transboundary problems.[118] The vast number of Interreg projects and project partners expands an MLG temporality. Projects are tools that have a relatively short time frame, with a predetermined clear start and end date. This does not ensure policy coherence and continuity across BSR MLG levels. Project proliferation via the diffusion of best practice studies expands a short-term policy dimension relative to policy development and innovation practices, and it distorts the policy time frames of operating BSR actors. Generated information in projects is short-lived and the impacts of it minimal due to lack of contextual ownership. The temporary nature of projects inhibits the sedimentation of new knowledge; when projects dissolve

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[110] Interreg Baltic Sea Region, 'Overview' (n 98).
[111] Interreg Baltic Sea Region, 'Evaluation' (n 100).
[112] Grönholm, 'A tangled web' (n 14).
[113] Table 3.
[114] Interreg Baltic Sea Region, 'Evaluation' (n 100).
[115] ibid.
[116] Table 1.
[117] Table 2.
[118] Grönholm, *Governing the Baltic* Sea (n 4).

and project participants move on the created knowledge is likely to disperse.[119] The pool of new policy knowledge is not necessarily institutionalised in the public sphere and it does not generally reach central problem-solving actors operating at national level. The result is policy fragmentation, causing friction concerning the stability, coherency and longevity of innovative policy action. This weakens the viability of experimental MLG in the BSR. Collectively, project proliferation reduces transparency and complicates the BSR MLG of transboundary problems.

VI. Conclusions: The Impact of EU-Endorsed Experimental Governing and Policy Practices

Since the mid-1990s, the influence of the EU in the BSR has gradually increased and expanded. Initially, the EU facilitated the formation of new BSR networks. Throughout the decades, the EU has tacitly shaped the general MLG setting by altering the underlying structural and relational actor basis relative to the design of BSR policymaking.[120] This has occurred with the purpose of inducing policy innovation as a method to govern the transboundary problems of the area. The EU has particularly expedited a narrative of a broader transformative process that captures the expansion of an experimental MLG in the BSR.

Currently, BSR MLG is generally based on EU-endorsed governing and policy beliefs, proliferated with the help of best practice studies.[121] The targeted funding of EU project programmes in the BSR fosters these beliefs. The BSR MLG setting is sympathetic towards EU-advocated governing and policy norms, since the setting operates in the absence of clearly defined governing and policy procedures and rules. As a result, the EU implicitly steers the BSR MLG policy agenda, as neither individual Baltic Sea States nor formal networks have the capacity, or the interest, to steer and shape MLG and policy conditions in the area.

Prominent EU project funding schemes, such as the BSR Interreg programmes, are applied to develop and influence policy development, implementation and evaluation. The EU funds that finance the majority of all BSR projects induce changes in the design of policy activities. For example, the Interreg programmes add a European element in developing responses to BSR transboundary problems. These responses are developed from analysis at a European level to provide an MLG response in tackling cross-border and transnational problems. In addition, EU funds combat resource dependency among actors and formal networks in the BSR. The EU project funding schemes are financially important for BSR networks and may suggest that policy activity only occurs in policy areas, where there is available funding for project activities.[122] Consequently, the EU is in a position to

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[119] Grönholm and Jetoo (n 56).
[120] Grönholm, *Governing the Baltic* Sea (n 4).
[121] ibid.
[122] Grönholm, 'A tangled web' (n 14).

act as a 'grand-tactician' for setting the BSR MLG policy agenda and for shaping the experimental MLG conditions in the BSR.

The EU is reliant on soft governing options in developing and implementing policy action targeting BSR transboundary problems. The EU underlines an innovative learning and knowledge-based MLG of the BSR.[123] However, there are challenges in applying an expansive implementation of an innovative MLG approach. Most of these challenges are of a structural nature, because of existing institutional arrangements and embedded path-dependencies in the network-based MLG of the BSR.[124] This makes it difficult to establish new cross-sectoral collaboration for innovative policy learning. For example, multi-sector cooperation and participatory and adaptive governance have been given limited attention in the environmental MLG of the BSR.[125] The inclusion of non-state actors into processes of policymaking with regard to eutrophication in the Baltic Sea is undeveloped.[126] Despite ambitions to increase actor participation in environmental MLG, supporting structures and processes enabling broader inclusion and policy deliberation are often missing. When participation in policy processes is enlarged, actor participation and interaction are framed institutionally.[127] The instrumental framing of actor participation is a result of insufficient flexibility and adaptability of the MLG in the Baltic Sea. This originates from non-adaptive BSR MLG structures, lock-in effects and path dependencies.[128] Institutional path-dependencies impede an EU-advocated innovative-based MLG of BSR transboundary problems. EU-devised innovative action is generally reduced to short-term, one-sided and disjointed approaches.

The EU has increased the extensive and continued use of projects to target BSR transboundary problems. The operative basis of projects does not align with the operative MLG BSR setting, especially in the attempt to improve policymaking capacities. The operating principles of the network-based MLG of the BSR is not designed to support and interact with the operating principles of projects. There is a mismatch between project actor and MLG actor time frames. The BSR MLG setting is unable to interact coherently with the BSR project proliferation in terms of policy coordination and output. This mismatch is accentuated by projects operating unilaterally across MLG levels alongside formal BSR networks, but not necessarily in conjunction with them. In some cases, projects are designed to support formal networks in augmenting policymaking capacities. However, in many cases projects are detached from formal BSR networks and project learning outcomes are communicated to EU funding programmes instead of public

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[123] Gilek et al, 'Environmental governance' (n 1).

[124] ibid.

[125] A Jönsson et al, 'Risk Communication and the Role of the Public: Towards Inclusive Environmental Governance of the Baltic Sea?' in M Gilek et al (eds), *Environmental Governance of the Baltic Sea* (Heidelberg, Springer, 2016).

[126] ibid.

[127] Gilek and Karlsson (n 3).

[128] ibid.

policymakers.[129] Projects have limited exposure relative to public policymakers operating at the national and local level in the Baltic Sea States. The EU funding programmes set the governing principles of projects and the projects are not subject to any BSR jurisdiction. The success of the project is determined based on their capacity to encourage policy experimentation, without any threat of legal sanctions, considering the non-hierarchical operative features of the network-based MLG of the BSR.

Experimentation as an MLG mode needs to confront governing complexities. An MLG setting adds complexity by linking traditional forms of governing with new political spaces and policy tools.[130] Complexity stems from non-hierarchical linkages connecting interdependent actors on different governing levels. Complexity increases because of time-based policy tools, linking administrative levels, which operate with varying degrees of autonomy.[131] The network-based MLG of the BSR is not subordinated by hierarchical interventions. Experimental MLG emphasises the mediating role of governing institutions operating within and at different levels within this setting. Experimental MLG relies on creating horizontal and vertical policy adherence and coherence. In effect, experimental MLG calls for increased coordination among policymaking actors residing at different MLG levels to foster the conditions necessary to support innovative policy action.[132]

Partly with the view to centralise and coordinate the networked MLG of BSR policy activities, the EUSBSR was unveiled in 2009.[133] The EUSBSR was an initiative of the European Parliament, which had called for a strategy to address the environmental challenges of the Baltic Sea.[134] The EUSBSR fosters cooperation for reconciling the transboundary nature of problems with the mosaic of BSR networks that are driven by different agendas and overlapping interests. Operationally, the Strategy is tasked to coordinate activities and dialogue needed for the MLG of BSR transboundary problems. Thus, the EUSBSR is an important addition to the network-based MLG of the BSR. The EUSBSR is key to support an EU-endorsed experimental-based steering of the area. The Strategy encapsulates the promise of BSR MLG, namely to expand learning and dialogue for disseminating new policy understanding across and between the formal BSR networks. The Strategy captures the policy boundaries of the shared BSR transboundary problems, as it interlinks the majority of the distributed policy-capacities of the

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[129] Grönholm, *Governing the Baltic* Sea (n 4).

[130] H Bulkeley and M Betsill 'Revisiting the urban politics of climate change' (2013) 22 *Environmental Policy* 136.

[131] R Kaiser and H Prange, 'Managing diversity in a system of multi-level governance: The open method of co-ordination in innovation policy' (2004) 11 *Journal of European Public Policy* 249.

[132] Wolfe (n 35).

[133] Grönholm and Jetoo (n 56).

[134] EUSBSR, 'History of the EU Strategy for the Baltic Sea region' (2022), available at: www.balticsea-region-strategy.eu/history.

area. It is the principal knowledge and coordination broker for innovative MLG of the BSR.

However, as a coordinator of policy initiatives, development and implementation, serving to expand the BSR system capacity for improving policy coherency and continuity, the EUSBSR is bound by its limited steering ability.[135] It is an extension of the operating principles of network-based MLG, lacking regulatory and hierarchical methods to coordinate policy initiatives and activities. A first step towards assisting the EUSBSR to improve BSR experimental MLG practices is to strengthen its coordination capacity. This would constitute a logical response towards fulfilling the policy coordination void in the BSR MLG. Policy coordination of MLG action is complex with associated challenges. Policy coordination of governmental bodies, regulatory frameworks at the EU, Baltic Sea and national levels is a problem in the BSR context.[136] For the EUSBSR to become a BSR policy coordinator, institutional embeddedness and acknowledgement is required, particularly from public actors comprising the BSR MLG.

As a second step, experimental governing and policy practices in the BSR demand from the EUSBSR an institutionalised and structured exchange of new policy information stemming from BSR projects. Moreover, the design of experimental MLG commands the integration of dissimilar actors in advancing and in implementing policy. Currently, the MLG experimental policy design relies generally on technical improvements in relation to BSR transboundary problems.[137] These are generated with best practice studies. Technical improvements are easy to quantify and display to a larger audience, ie, EU project funding schemes. However, what is required to advance experimental MLG in the BSR is tacit multilayered knowledge, achieved by joining expert, lay and indigenous actor knowledge into the development of policy design. This would enhance the socio-cultural conditions for an informed experimental MLG approach of BSR transboundary problems.

Third and finally, a key component for catalysing an experimental MLG of the BSR is the contextual capacity of operative actors in the EUSBSR.[138] EUSBSR actors need to have contextual policy intelligence in order to make use of the amassed new policy knowledge enabled by BSR project proliferation. Contextual intelligence is obtained via a broad presence of actors with varied knowledge bases that would allow making full use of the amassed knowledge of projects. Currently, BSR and EUSBSR policy engagement is limited to institutional horizontal arrangement and interaction, enhancing policy actor similarity.[139]

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[135] Grönholm and Jetoo (n 56).
[136] M Karlsson, M Gilek and C Lundberg, 'Eutrophication and the Ecosystem Approach to Management: A Case Study of Baltic Sea Environmental Governance' in M Gilek et al (eds), *Environmental Governance of the Baltic Sea* (Heidelberg, Springer, 2016).
[137] Grönholm, *Governing the Baltic Sea* (n 4).
[138] Grönholm and Jetoo (n 56).
[139] Grönholm, *Governing the Baltic* Sea (n 4).

This narrows the potential heterogeneity of new policy knowledge, as decision-making and policymaking capacity is confined to a restricted group of actors with similar types of institutional backgrounds. Yet, there is wide heterogeneity in the factors that define BSR transboundary problems. These problems are framed and reframed in different ways and from different perspectives. The socio-ecological problems of the BSR are contested and a shared view of the true nature of these problems does not exist.