Assessing the effectiveness and impacts of EU cohesion policy at the sub-national level in the New Member States

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1. Generating added value

New Member States (NMS) from Central and Eastern Europe are the main recipients of EU cohesion funding, as most of their regions are lagging in development (Convergence Objective).

- Convergence
- Phasing-out
- Competitiveness and Employment

However, EU cohesion policy not only provided unprecedented amount of developmental funding for the NMS, but also triggered a ‘silent revolution’ within their territorial administrations.

EU cohesion policy and its Structural Funds (SF) have been credited for generating substantial ‘added value’. In the case of the NMS, they contributed to improvement of administrative capacity and stimulated modernisation processes in territorial administration by diffusing standards of ‘good governance’ and new policy practices, such as multi-annual programming, partnership, place-based approach to development policy, evaluation.

2. Key challenges and questions

Legacies of the past: weak administrative capacity, lack of experience in strategic planning and partnership, centralisation, lack of trust, weak civil society, politisisation and clientelism.

Preoccupation with swift ‘absorption’ of EU funds at the expense of a reflection on their strategic and purposeful use to stimulate regional development.

‘Shallow’ adjustment: in order to gain access to funding, the actors adjust strategically and superficially to EU norms without changing their pre-existing practices and preferences. This may result in sub-optimal use of the SF and limit the effectiveness and efficiency of EU cohesion policy in promoting development.

Main challenge: to enhance administrative capacity of the domestic administrations and to promote learning mechanisms allowing for internalisation of the principles of partnership and strategic and multi-annual planning. This is essential to ensure efficient use of the SF and to make the place-based approach to EU cohesion policy work.

Key questions addressed by this study:

What is the ‘depth’ of the impact of EU cohesion policy on the sub-national actors in the NMS?

What is the scope for internalisation of partnership and strategic place-based approach to development?

3. Regional policy and capacity

EU cohesion policy has boosted the profile of domestic regional development policies and sets their agendas.

The SF offer unprecedented funding opportunities for development projects for the under-resourced regional and local authorities. In order to be able to acquire SF the sub-national actors needed to improve their administrative capacity. Hence, they considerably broadened the scope of their intervention, extended and improved their human resources and gradually introduced modern project management techniques.

Working with the SF resulted in a departure from ‘dusty’ bureaucratic postures and introduction of elements of New Public Management: new standards in handling documents, emphasis on effectiveness, indicators of output, project-oriented approach, standardisation of procedures (ISO).

However, there are several caveats:

- In most of the NMS, strong turnover of staff and post-electoral purges in institutions administering the SF hamper processes of learning and accumulation of experience,
- Parallelism: in countries where institutions for managing the SF are not part of the territorial administration (e.g. Hungary), the scope for spill over of these new practices is limited,
- Some local authorities lack capacity to take part in EU cohesion policy programmes, as a result they lack incentives to introduce organisational changes.

4. Strategic planning

EU cohesion policy contributed to diffusion of multi-annual strategic planning of developmental initiatives at all levels (central, regional, local).

The strategic planning requirement stimulated reflection on regional/local developmental needs, challenges and opportunities.

There is evidence of spill over effects: strategic planning is increasingly used beyond the EU-funded programmes and projects.

A closer look, however, reveals several barriers to institutionalisation of strategic planning:

- Many sub-national actors consider it as an irksome ‘formality’ required to acquire EU money,
- The enormous media and political pressure to spend/acquire the SF can relegate strategic planning to the background,
- Many local actors lack capacity to prepare strategic documents and decide to sub-contract this task to consultancies that use the same ‘template’ for preparing local strategic documents,
- Political pressures and clientelistic links can result in watering down the initial strategic assumptions,
- Central control over the contents of the Regional Operational Programmes (e.g. in Hungary, Czech Republic) defies the purpose of strategic planning tailored to regional specificities.

5. Horizontal partnership

The application of the partnership principle in the NMS faced major difficulties due to centralisation and lack of traditions of cooperation in policy-making. Nonetheless, the impact of partnership principle is considerable, albeit differentiated across the NMS and the stages of the SF implementation cycle.

Compliance with the partnership principle resulted in creating new channels for participation and stimulated emergence of regional networks and new forms of horizontal cooperation.

In Poland, Hungary and Czech Republic partnership was successfully applied at the programming stage: widespread and inclusive consultations of the Regional Operational Programmes (ROPs) 2007-2013.

Positive spill over effects: mobilisation and cooperation of local actors, fostering new links between the regional authorities and stakeholders, increasing use of consultations by regional and local authorities in other domains.

By contrast, regional stakeholders are hardly included in project appraisal, while the regional Monitoring Committees suffered from insufficient knowledge of the partners involved and remain weak.

Further encouraging signs: growing interest in project-level partnerships, which help to build social capital and can serve as a platform for sustained cooperation between the local actors beyond the SF.

6. Conclusions

‘Carrot and stick’ approach of EU cohesion policy can effectively promote capacity building and strategic and cooperative approaches to regional development in the NMS thanks to the learning dynamics that it stimulates. Yet, social learning processes take time and result in incremental changes.

Generating more added value: there is a need for more focus on improvement of administrative capacity, additional efforts to improve the sub-national actors’ awareness of the benefits of strategic planning and partnership, and stronger incentives for putting these principles into practice.

The focus on ‘absorption’ of the SF needs to make way for a focus on purposeful and strategic use of this instrument to promote regional development.

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