

Abstracts

Vienna Workshop « Multi-level governance and partnership in EU cohesion policy » November 29-30, 2011

1. Multi-level (Territorial) Governance: A Contradiction in Terms?

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Since the mid-2000s, multi-level territorial governance has entered the European discourse on territorial cohesion. A reading of the more common concept of multi-level governance as referring to the interaction between layers of government, each responsible for a given territory within a hierarchy of nested units suggests that the specification 'territorial' is redundant. More importantly, there is another, more fundamental problem, the contradiction between underscoring the positions of regional and local levels of government, as for instance in the Committee of the Region's 'White Paper on Multi-level Governance,' and the invocation of the concept of governance. The emphasis should be either on giving each level of government its proper place in a hierarchical constitutional order or multi-level polity, or on the fluidity of decision-making characteristic of governance. Governance is after all broader than 'governing,' thus broader than what tiers of representative government enjoying democratic legitimacy do. Governance refers to self-organising, interorganisational networks around issues that more often than not criss-cross jurisdictional boundaries. The characteristics of governance are: (1) interdependence between organisations; continuing interactions between network members; (2) game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by network participants; (3) a significant degree of autonomy from the state. The concept has been used extensively in relation to the EU, amongst others by the European Commission's 'White Paper on European Governance.' The latter, too, made it clear that governance was about a form of policy-making promoting openness, accountability and responsibility and that it was designed, rather than for them to work within the confines of secure areas of responsibility, to enable Member States acting together within the Union to tackle people's concerns more effectively. In a more general sense governance refers to all processes influencing societal decision-making, which naturally includes governing. It is this comprehensive concept that the notion of multi-level governance of the Committee of the Regions, focusing on the participation of regional and local governments as it does, neglects.

This is also whereupon the claim of a contradiction within the concept of multi-level governance rests. Either the emphasis should be on giving each level of government its proper place in a hierarchical constitutional order invoking, as the Committee of the Region's White Paper does, the subsidiarity principle, or it should be on the fluidity characteristic of governance, opposed as it is to any *a-priori* allocation of competences. In the first case what is really meant by invoking the concept of multi-level governance is to underline the existence of multi-level polities with more or less regulated patterns of interaction between the different levels. As against this, where multi-level governance proper is concerned, the emphasis on it being multi-level carries within it a danger. It suggests a focus on what administrations in a government hierarchy do, thus distracting from the network character of governance.

What is relevant here is that the apostles of multi-level governance, Lisbeth Hooghe and Gary Marks, for a decade now distinguish between a multi-level governance Type I and Type II. Type I conceives of dispersion of authority to general purpose jurisdictions at a limited number of levels. Type II conceives of a potentially huge number of specialized jurisdictions for specific services operating on various scales. Accepting this distinction, the above considerations lead to suggest that Type I does not really qualify as 'governance' but is rather

multi-level 'government.' This as against Type II which sheds the assumption of a hierarchical territorial order and can thus not really be described as 'multi-level' but refers to more diffuse practices of governance relating to fluid, often overlapping, functional rather than more or less permanent administrative areas.

To substantiate such claims, and after talking first about its derivative multi-level territorial governance as found in recent planning literature and documents, the paper discusses the origins of the concept of multi-level governance in the context of EU cohesion policy. Then it elaborates on its Type I and Type II as expounded in key publications over a ten-year period by Hooghe and Marks. In exploring the implications of both types for pursuing territorial cohesion, the paper then focuses on what is rarely discussed in the relevant literature. These are the different notions of territory underlying. The appreciation of territory needs to shift from something that is a fixed given, the property of a constitutionally defined authority, to one of territory as a malleable social construct.

The conclusion is that, if emphasising the privileged role of governments at various levels is what is behind invoking multi-level territorial governance, then the concept is problematic. In reality, the intention behind the concept has been to question exclusive claims of governments on whichever level to exercise supreme authority over their territories.

2. Multi-level Governance in the EU: Contrasting Structures and Contrasting Results

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One of the fundamental innovations introduced through the introduction of Cohesion Policy in 1989 was the creation of a multi-level system of governance that was applied to the management of the operational programmes financed by the Structural Funds (ERDF, ESF). The same formal system of governance was required in federal states such as Germany, in regionalised states such as Spain, in asymmetric central/regionalised states such as Portugal, and in centralised states such as Greece. The question that has remained unanswered is whether the methods used in the selection of investments, relationship with civil society, response to socio-economic stakeholders and finally the outcomes produced by the multi-level system of governance have been uniform or whether they have varied according to the type of constitutional structure present in the Member States. Under the Structural Funds regulations, in the last analysis, the ultimate decision in the selection of the managing authorities in centralised systems of government remain the national authority (for both national and regional operational programmes) while in regional and federal systems that responsibility lies at the sub-national level in relation to regional operational programmes. Do these different constitutional structures have an impact on the ways that the managing authorities operate or is there a standard format and outputs produced by managing authorities irrespective of the different constitutional structures present in different Member States?

We will try to answer these questions by drawing upon two EU-wide research projects carried out in 2008 and 2011 based on a number of regional case studies—14 in the former and 20 case studies in the later—that cover the variety of Member State constitutional structures. The case studies are based on interviews with Structural Funds managing authorities and stakeholders in the various regions. The results of the systematic comparison of these two research projects have not yet been published nor presented to previous academic audiences.

3. Pécs, as European Capital of Culture in 2010, in the pitfall of MLG

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Argumentation of the topic

The medium-size Hungarian city, Pécs celebrated the ECC project in 2010. The story of the project provides for many lessons for the Hungarian governance actors and development policy but it is also relevant from European dimension.

It is well known that the ECC initiative is a very real European project connecting one city with whole Europe through one-year cultural jamboree which attracts thousand of tourists, dozens of cultural investments granting a chance to the given city for a deep change in its development.

The challenge is really big for a Central European city being at the periphery both of the country and the European Union and not simply geographically but also from power aspects. The original spirit of the ECC project is to enhance the creativity of the cities by putting them on the European map and the collaboration of European, national and local actors as partners in the project implementation. However, the case of Pécs is slightly different because Pécs was unable to be a real partner of higher governmental levels not because of the lack of creativity much more due to the lack of empowerment and independency. This may also be one of the reasons why the city now is suffering from the problem of maintenance of the new cultural investments, from the divided character of the “creative class” and local political elite, and contrast with the dreams formulated in the bid in 2006 and not least the continuous decline.

Based on empirical research the paper provides a case study having multiple purposes:

- Introducing the process and context of the project in order to explain the contradictory results having long term impacts on the city’s development.
- Analysing the relations among actors and tiers during the project in order to give evidence for the negative consequences of too centralised governance systems.
- Comparing some international examples in order to prove that MLG produces in Europe very different patterns, which phenomenon has crucial consequences for adaptability of uniform governance schemes across the EU.

The organisers could ask why I think that the paper fits the agenda of the workshop? The simply answer is that the ECC project was financed by Structural Funds (ROP), the more precise answer is that the governance mechanism of the Pécs ECC project was typical from many aspects of the management of the Structural Funds and also it is a warning case that the more “place-based” cohesion policy in Europe faces crucial governance obstacles in Central and Eastern European Countries.

The structure and content of the paper

1. Introducing the city and the preliminary developments of the ECC bid: Pécs is the seat of a region lagging behind (South-Transdanubia), Pécs as a city (or cradle) of regionalism, governmental ambitions of regionalisation.
2. Analysis of the process and actors of elaboration of the bid (Local civil initiation, expanding politics, diverse interests of institutions and the intelligence, copying of former ECC projects, dreaming instead of counting).

3. Description of the spirit and the content of the bid: (“The borderless city”: regionalism, multiculturalism, in the gate of Balkan, involving local community, creativity.)
4. The selection procedure (Ambivalent behaviour of the government, and politics, fighting among the competitor cities, EC as a watchdog and the “clever” jury decision)
5. The implementation: actors, interests, processes, institutional frames: (Fighting with time and bureaucracy, begging for money, decreasing local trust among stakeholders, increasing influence of the centre, isolating local government).
6. The celebration: (Delay of all investments, eventual cultural happenings, disappearing dreams).
7. The hangover and the sustainability problems: (Big investments small money, huge debt, looking for sustainable institutional and financial frames, starting renovation of new investments).
8. Concluding questions: Why was Pécs caught in the trap of MLG? Why the city was not able to represent and reconcile its interest? Why did national government insist on its power? What was the role of management of the SFs, especially of regional agents? Why did EC remain neutral? Why are local society and the “creative class” disappointed?

Lessons for Europe

MLG as an inspiring idea is assumed as a general scheme for every member state, but it does not fit to the centralised countries where sub-national actors are dependent on the national level having no suitable capacities to behave as a partner. The European Commission does know it since it has experienced the management practice of the SFs, as reports on partnership provide many cases! Regions and cities in the centralised unitary countries are frustrated by the gap between formal “rules” and the reality. More differentiated or stricter regulation would be fair instead of polite imitation.

4. Managing EU Structural Funds - using a Multi-Level Governance Framework through the Partnership Principle

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There is general agreement that the EU has outgrown the institutional framework created in the 1950s and 1960s for a community of six with very limited tasks and responsibilities, it is less well accepted that, as the scope and scale of the EU’s policy responsibilities have grown, the means of managing them have become more diverse and complex since the original and orthodox Community Model of European Policy Management (Metcalf, 2004). Wallace (2000) had identified four distinct configurations that evolved alongside the Community Method (a European regulatory model, Multi-Level Governance, open coordination and benchmarking, and intensive trans-governmentalism) and in this paper we utilise Multi-Level Governance (MLG) within the overall context of EU Cohesion Policy to present findings on a particular evaluation of the relationship between partnerships at programme level and partnerships at project level in the Czech Republic. This report to be discussed in this paper is the outcome of the contracted project „**Evaluation of the Implementation of the Partnership Principle in the OP HRE**“ funded from the OP HRE technical assistance project „*Development of Evaluations, Analyses and Expert Studies for the OP HRE 2008-2015*“ which is co-financed from the European Social Fund and the state budget of the Czech Republic.

The primary finding is that effective partnerships at project level help to achieve relevance and impact of EU programmes. The Czech case examined in this paper can significantly add to, and advance our understanding of the wider debate on the effectiveness and management of EU Cohesion Policy, by highlighting the key components of partnership working and overall performance. The intricate and dynamic inter-relationships between within and between the levels of governance and partnerships are drawn out to indicate some of the important advantages and disadvantages of a MLG approach to project and programme management.

The concept of Multi Level Governance (MLG) has been widely discussed over the past 30 years to explain both the changing nature of domestic and international politics, but more especially later writers have applied it to examining the effectiveness of EU policies (Bache and Flinders, 2004). Indeed the European Commission has made a reference to multilevel governance in its White Paper on European Governance adopted in 2001. This document sets out the needs for public authorities to cooperate, interact and broaden the involvement of different stakeholders when it comes to drafting and implementing Community policies (COR, 2009). On 16 June 2009 the *Committee of the Regions (CoR)* adopted its *White Paper on Multilevel Governance*. In this White Paper the CoR formulated its vision on the future European governance system which involves regional and local authorities in the formulation and implementation of Community policies. European Union governance is multidimensional meaning that the process of governing encompasses a multiplicity of political, legal, social and executive actors that operate along and across various levels of authority (regional, national and supranational). Multilevel Governance has been the most prominent approach to describe and analyse this European integration process in most recent years.

Diverse academic disciplines and policy territories have been included under the MLG analytical umbrella due to its novelty as an explanatory framework, and because it was a challenge to traditional dominant approaches. At heart, MLG can assist in understanding the context within which competencies are transferred upwards to supra-national organisations, sideways to quasi-autonomous actors and downwards to sub-national authorities. In essence MLG facilitates an understanding of the transformation of structures and capacities of national governments to achieve policy outcomes, as well as allowing us to illustrate the dynamic interrelationships, within, and between different levels of government and governance.

Whereas the key features of the original Community Method had been the transfer of policy competences to the European level and a corresponding shift in the locus of decision-making the Commission had a strategic role in all phases of the policy process. All member states still had roles to play in policy formulation and implementation but European institutions, in particular the Commission took the lead. However, intergovernmentalism and supranationalism reflected tensions inherent in this model so other models of management became prevalent, The European regulatory model, as a mode of decentralised economic governance, played an important role in the development of the internal market and competition policy. While the production and promulgation of regulations takes place at the EU level with member state and industry participation, there is a heavy reliance on national authorities at the implementation stage. Open coordination and benchmarking exemplified the emergence of a different management strategy based more on strengthening horizontal relationships among the relevant organisations in national administrations and the generation and adoption of standards based on professional peer group evaluations rather than hierarchical authority or central direction The Multi-Level Governance (MLG) model that featured strongly in the management of the structural funds relied on building partnerships among organisations at different levels of government to develop and implement spending

programmes (Metcalf, 2004). It is the Multi-Level Governance model which will form the framework for analysis of the case findings on this Evaluation of Partnership performance within the Czech Republic.

Methodologically, the evaluation discussed in this paper was based on a combination of qualitative and quantitative research methods with the objective of obtaining sufficient data and information for assessment of the implementation of partnership projects. In this regard, several methods of collection of relevant data and information were used. A continuous activity was processing of data from previously published studies on the partnership principle, together with an analysis of the legislative framework of the partnership principle. Then questionnaire surveys were carried out among the applicants for programmes funded by the ESF in the Czech Republic. In this survey, nearly one thousand responses from applicants for these programmes (divided by the support area) were obtained. Additionally a survey of international organizations implementing the projects in a partnership was carried out.

Information obtained through the previous methods was supplemented by information from in-depth guided interviews with fifty applicants for support from the OP HRE. This method was supplemented by information from focus groups. Data from databases and information systems supplemented by other independently collected data were analysed so that it was possible to obtain a relatively objective view of the situation in partnership projects and the environment in which they were implemented. Where possible and appropriate, the data from the above collection methods were combined together and further analyses were carried out, in particular a number of statistical analyses were created as part of the Technical aspect of the evaluation..

The evaluation results and recommendations arising were discussed at a panel discussion with representatives of the managing authority and intermediate bodies of the OP HRE. Incorporation of contributing suggestions led to greater viability of the proposed recommendations.

This evaluation primarily concerned the OP HRE, a programme funded from ESF. Within this programme, it is particularly priority axes 3 and 5 where a large number of projects executed within a partnership can be found. The objective was to evaluate the implementation of the partnership principle in project practice and provide practical recommendations and tips for preparation of calls, application assessment and administration of projects based on the partnership principle in OP HRE.

The actual evaluation was divided into three basic groups:

- Evaluation of the practices of OP HRE projects while applying the partnership principle.
- Evaluation of the contribution of the partnership principle for achieving the objectives of OP HRE and for fulfilling the horizontal themes.
- Analysis, comparison and evaluation of the institutional, legal and financial framework of the partnership principle practice in the Czech Republic and in selected EU member states.

Therefore, the research carried out within this evaluation analysed the creation, form, problems and possibilities of the partnership principle in OP HRE projects. The fulfilment of the partnership principle not only at the national level but also at the international level was evaluated. Financial, legislative and institutional aspects of the execution of the partnership principle at the project level were evaluated to examine partnership performance.

Overall the findings show that partnership is an important principle in the area of economic and social politics both at the European and the national level. It was found when drawing up economic and social policies and when preparing programmes and projects at the national level. The significance of partnership is particularly apparent in that it allowed involvement of all actors in order to let them jointly contribute to solving problems that affect them directly.

This case provides empirical evidence of a Multi-Level Governance (MLG) approach to analysing the implementation of EU Cohesion Policy at country/state level, and illustrates the intricate and dynamic inter-relationships between the respective partnerships and actors in achieving project and programme aims and objectives. It adds to wider understanding on the debate about the management of EU Cohesion Policy by showing some of the key components of the inter-relationships and the strengths and weaknesses of current policy and practice.

5. Implementation of partnership principle in Hungary and empowerment of non-state actors

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The present paper focuses on praxis of partnership principle as a required mode of the EU cohesion policy implementation. More specifically, it centers upon the question of partnership principle implementation in the new member states with a particular focus on the role played by non-state actors and seeks to address the puzzle of differential empowerment of non-state actors through the requirement of partnership for allocation of the Structural Funds. Its analysis and conclusions are based on a preliminary fieldwork conducted in Hungary in the summer 2011 (to be continued in the fall 2011) and aimed at collection of empirical data on the praxis of partnership implementation from the perspective of participation of non-state actors (civil society organisations and business interests). Not pretending to provide a full account of non-state actors' participation in partnership arrangements, the paper analyses the factors that could potentially account for existing variation in the role that non-state actors perform as participants of partnership arrangements. It also discusses whether identified trends in the role of non-state actors and, most importantly, factors that are believed to determine extent and intensity of their participation can be extrapolated to other member states and, in this respect, formulates a set of hypotheses for further examination and research.

The departure point of the discussion is cooperation of actors brought together by partnership requirement, their incentives for cooperation and interests modified, reinforced and altered by partnership as a peculiar institutional setting. From this perspective, the answer to the question why performance of non-state actors in partnership arrangements differs in terms of intensity of cooperation and, consequently, the role that non-state actors play, involves looking at interests of three major actors responsible for the allocation of the Funds and: the national authorities, the Commission and non-state actors. This perspective, supported by theoretical frameworks of principal-agent and policy instruments approaches, suggests that empowerment of non-state actors regarded as their ability to influence thematic and spending priorities of Operational Programmes is not constant but fluctuates depending on the Commission's support. Introduction of partnership principle reveals important power dynamics behind cohesion policy implementation: the Commission (the principal) seeks to enhance legitimacy and efficiency of allocation of the Funds via the requirement of stakeholders' participation with whom it aligns to promote its particular visions of spending and impose it on the national authorities (agents). However, conducted fieldwork demonstrates that these alignments and, correspondingly, empowerment most often take place between the Commission representatives and civil society organisations rather than non-state actors representing business interests and across particular policy areas (environment). This proves that partnership is being actively used by the Commission as a policy instrument to push for particular policy approaches and visions against the ones shared by reluctant national authorities. In this sense, one can claim that introduction of partnership has actually

empowered non-state actors but, first, not to an equal extent across the stages of the allocation process and, second, not all of them.

The latter finding adds up to the general question of whether and how cohesion policy affects civil society organisations through such requirements as partnership. Preliminary argument here is that it leads to strengthening of positions of bigger organisations and marginalization of grass-root ones. This claim is corroborated by the Hungarian experience when arrival of Structural Funds, in general, and partnership requirement, in particular, caused more collaboration and consolidation between national umbrella associations inspired by the legal requirement of partnership and capable of utilizing this opportunity. At the same time, one can hardly find much evidence of direct positive effects of partnership requirement on smaller organisations.

What needs further investigation and additional empirical support is whether such pattern reinforces and reproduces already existing dichotomy “civil society – state” and prevents these two actors from establishing long-term collaborative work. Through aligning with civil society organisations the Commission uses the strategy of temporal politicization of the issue on the agenda by appealing to normative discourses of the political role of civil society. Given that the discourse of “limiting the state” by civil society is shared by civil society organisations in the new CEE, developments when the Commission appears as civil society’s ally may lead to unintended consequences of hampering collaboration between the state and civil society rather than enhancing it as assumed by the idea of partnership. However, these claims require additional empirical check on the material of other CEE member states. Furthermore, on the basis of planned additional fieldwork the paper will discuss what corrections into these power dynamics may be introduced by greater regional competences and independence in particular CEE member states (Poland and Czech Republic). In particular, the question remains whether partnership requirements and cooperation with non-state actors and, consequently, their empowerment may be a strategy pursued by regional state actors in search for additional legitimacy and support or driven by other interests.

6. Partnership governance in the new UE member states. The impact of place-based intervention on the social and economic activity of local communities in Poland.

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In the contemporary development policy, horizontal, not hierarchical, connections between actors are often considered to be crucial to effective management of local resources. Authors underline the partial loss of central state functions to both: supra-national institutional networks, i.e. international organisations of local or regional communities and sub-national ones i.e. autonomous regions or local partnerships. The all mentioned levels with their mutual interdependences are often labelled as ‘multi-level governance’, which is considered to be remedy against inefficiencies of former sectoral policies and domination of the exogenous, top-down forms of development. Especially area-based and bottom-up networks, such as local or regional partnerships, are considered as main forms of ‘territorial’ governance, which have better potential to utilize human and social resources in local development than old sectoral and hierarchical structures of the state. The partnership structures, promoted in different support programmes, assumed many advantages of cross-sectoral cooperation for local social and economic development. As a result of the conviction about the benefits of partnership (corporate) governance, area-based partnerships have been supported on a large scale in advanced liberal democracies since the 1980s (both in urban and rural areas) and became an important element of European Union (EU) development policy. Based on this experience,

the concept has been applied also to new EU member states since the beginning of the 21st century

In Poland the significant development of area-based partnerships has been observed from joining the European Union in 2004, when the LEADER+ Pilot Programme (LPP) started to be implemented under the Sector Operation Programme 'Restructuring and Modernisation of the Food Sector and Rural Development 2004-2006'. In the first stage of the programme analysed (Scheme I of LPP, 2004-2006) support was provided for setting up and organizing the LAGs and for preparing their strategies. There were 248 applications submitted, most commonly by local authorities (67%) and voluntary organisations (32%). Applicants were individually responsible for the financial and organisational aspects of the LAG formation and their strategy building. The maximum grant for the LAG formation amounted to PLN 150,000 (c. EUR 37,000). Eventually, the 167 LAGs and their strategies were supported (budget PLN 19.5 million - c. EUR 5.5 million, as for 2006).

Scheme II of LPP (2006-2008, final budget of EUR 24.8 milion) was launched as an independent competition for all existed LAGs. In result 187 applications were submitted and eventually a total of 149 LAGs received grants up to PLN 750,000 (c. EUR 187,500). The projects were most commonly focused on improving quality of life and development of natural and cultural resources. Local governments and local voluntary organisations were most active in the local coalitions. The engagement of private sector was low. The main targets of activity were: promotion and tourist infrastructure development, rural areas restructuring, and local product promotion. The main idea of LEADER territorial governance – independent, local grant competition was not allowed and the programme was centrally managed.

In period 2007-2013 the 338 territorial partnerships are eligible to get support from 3rd LEADER Axis of Rural Development Programme. Small grant competitions for local organisations were allowed to organise, however the high competence for regional authorities was given to check the eligibility criteria and conformity to local strategy, so the full responsibility of undertaken actions were not moved to LAGs.

In the paper, the support programme rules and the impact of LAGs actions on social and economic activity, was analysed. The comparison of statistical indexes in municipalities participating and not participating in the LPP, shows the programme positive outcomes mainly in non-profit sector development in most of regions in Poland. There were no significant positive impact on economic development and social welfare level, however in some peripheral regions it could be discern. The analysis also shows that financial data from formal LAG reports, similarly as some statistical data, are not a fully satisfactory measure of LAGs activity in the context of their impact on local inhabitants' activity. In LEADER 4rd Axis LAGs covers above 93% of rural areas, so there is no possibility to compare statistically the changes in areas participating and not participating in that programme.

These analyse shows that the Polish central government was so far reluctant to implement the territorial governance structures based on quasi-non government organisations (like LAGs) responsible for local strategy building and for public resources management. The dominant part of funds were planned to improve technical infrastructure, what was probably the reason of local authorities strong position in LAGs, but also the result of local voluntary organisation weakness. However, in spite of that constraints, the analyse of indexes in period 2006-2008 found the positive role of LEADER programme into third sector development and the level of local inhabitants activities in many regions of Poland.

7. Developmental Agency from Without – The case of EU regional development programs

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Decades of increase in external aid programs sparked a wide range of criticisms pointing to misaligned interests, lack of accountability, and the reproduction of developmental traps. The success of development from without is more likely if it generates domestic developmental agency. In this article, we contribute by conceptualizing and measuring dimensions of developmental agency. Our research analyzes the strategic case of European Union regional development programs in Eastern Europe, where this external organization spent nearly a decade on establishing local developmental agency. We collected survey data of 1200 local organizations from two regions in each of Czech Republic, Hungary and Poland. We examine the post-accession position of organizations that participated in pre-accession assistance programs. We test a hypothesis of marginalization in the framework of recentralized developmental governance, and we examine links between patterns of pre-accession involvement and post-accession developmental agency. We identify factors that might make external developmental programs more likely to foster local developmental agency.

8. EU cohesion policy and regional empowerment. Comparing France and United Kingdom

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EU Regional policy has developed in an incremental manner to become a very significant policy instrument. Each reform has reallocated powers and provided the theatre for an indeterminate struggle for influence between the EU and the member-states. Consistent with theses of multi-level governance, there has been an element of European bureau-shaping and institution-making. The European dimension also appears as a new structure of political opportunities for regions and localities, investing them with new norms and resources for action. These perspectives inform our case study of EU Regional Policy in France and the United Kingdom, with a special focus on Wales and Brittany, two strong identity regions linked by a Memorandum of Understanding and exhaustively researched by the authors. If we observe a form of policy recalibration, the article rejects the strongest hypotheses based on Europeanisation. Though the evidence offered presents varying configurations, the key drivers for change are primarily domestic, and discussion of policy transformation being caused by Europeanisation appears inaccurate. Examples from France and the UK both suggest that, if national patterns of centre-periphery relations are subject to sometimes quite rapid change, domestic drivers logically precede effects that might be attributed to Europeanisation.

9. The role of administrative capacities in the internalisation of the EU Cohesion Policy's added value: the case of the Regional Operational Programme of Thessaly, Mainland of Greece and Epirus in Greece

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Why do certain Greek regions after almost twenty-five years of structural funds assistance still find it difficult to spend their allocated resources according to the rules stipulated by the relevant Regulations? By 2013 there will have been five rounds of structural funds contributions arriving in the country, which are funding programmes of both sectoral and regional Operational Programmes (OPs). Similarly to all the previous

programming periods however, the Managing Authorities responsible for the administration of the OPs funded by the National Strategic Reference Framework (NSRF) that officially started in 2008 are struggling to absorb the funds. In particular, the absorption rates for the whole of the NSRF remain low whilst some OPs have not started yet. As with the previous Community Support Frameworks (CSFs) and the Integrated Mediterranean Programmes (IMPs), the problems seem more acute at the regional level and the Regional OPs (ROP).

True, there is little doubt that at the end of the programming period of the NSRF, the absorption rates will have probably been satisfactory both nationally and at the regional level. However, this will happen following significant distortions of the regulations that govern the operation of the structural funds. These are encapsulated by the principles of additionality, programming, concentration and partnership as well as a series of management tools implicit in those principles. These principles and the management tools are described as the 'added value' that the policy offers to the recipient countries apart from the strict macroeconomic impact. They mainly relate to the improvements in the governance capacities of the recipient countries that come as a result of the principles. The rules implicit in those principles were significantly distorted in the previous programming periods. Similarly, in 2011 there are discussion between the Commission and the Greek government to ignore the principle of additionality by decreasing the requirement for match funding by the Greek government. In this way it is hoped that the structural funds will be able to provide significant developmental boosts to counteract the effects of the financial crisis engulfing the country. However, that means that a central component of the added value will once again be ignored, thus decreasing any chances of the policy improving the country's administrative capacities.

In order to substantiate these arguments the paper will employ the ROP for Thessaly, Mainland of Greece and Epirus as its case study. In theoretical terms it will employ a conceptual framework broadly based on the theories of internal and interactive administrative capacities of the Greek state. In particular, this conceptual framework will postulate that it is the internal and interactive capacities of the Greek state as well as their interaction that provide the mediating factors for the identification of the decreased impact of the added value in this particular ROP. The case study region is one of the five regions which emerged after the merger of the previously existing 13 Greek regions. It comprises a relatively developed area –Thessaly- with one of the poorest regions in the EU -that of Epirus- and as a whole it is a convergence region, in other words its GDP is below the 75% of the EU average.

This research will build on previous research which formed my PhD thesis at the University of Sussex and dealt with the implementation of the third CSF in Greece. Through my research for the ROP for Thessaly, Mainland of Greece and Epirus I aim to provide further insights in this research by focusing on the regional level. Also, in my PhD research, the research focus was on broader institutional interactions between the Managing Authorities. By focusing on specific aspects of administrative capacities I aim to provide more systematic accounts of the impact of the EU in the administrative practices of the MAs that were set up for the implementation of the NSRF.

10. EU Cohesion and the promotion of partnership a comparative perspective Scotland and Hungary

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Dr Umut Korkut, Glasgow Caledonian University

Starting from the empirical observation of high levels of absorption of EU Cohesion Funds but strikingly low levels of substantive change in regional cohesion levels, this paper will offer a contextual comparative analysis of EU funded regional development policy in Scotland and Hungary. Based on theoretical frameworks dealing with Europeanization, new regionalism and the developmental state it explores the roles of administrative arrangements and agency through interpreting development strategies and administrative structures and planning during the 2007-13 funding period. Specifically, this paper will explore the approaches to partnership adopted in Scotland and Hungary in relation to EU Cohesion funds. It will focus on two regions, namely Western Scotland and Eszak-Kelet Magyarorszag (North Eastern Hungary), which have experienced economic and industrial decline. The paper will identify and analyse the main drivers of the approaches to partnership adopted in both regions in relation to the 2007-13 funding period. The objective is to ascertain the extent to which administrative arrangements for the management of EU Cohesion Funds impact on, first, the types of economic development projects funded and second, the kinds of organisations (public, private, social) which receive funding. This analysis should provide some valuable insights into how the administrative arrangements for the management of EU Cohesion funds compare with respect to stakeholder involvement and issue prioritisation between one old and one new member state.

Scotland has a long and relatively successful history of accessing Structural Funds from the EU just about all of the country has been part of a European regional programme at one time or another. Between 1975-2006 around £4bn (at 2000/01 prices) has come to Scotland from EU Structural Funds (Bachtler et al 2002, p.11). The majority of these funds have been used to support infrastructure projects and economic development programmes in Western Scotland including the Glasgow conurbation. This is the most populous area of Scotland accounting for around 45% of the population with arguably the most entrenched economic and social problems. In 1988 Strathclyde European Partnership (SEP) was established by the local authority as a Programme Management Executive (PME) to manage and administer EU funds in the region and to maximise future funding from the EU. SEP was one of the pioneers of the partnership approach to economic development, and its success in improving partnership working has been recognised by the European Commission (CEC, 2005 p.9). SEP acted as a facilitator by bringing together over 200 different organisations and groups for a common purpose, the promotion of economic development in Western Scotland. The local partnership approach to managing and administering Structural Funds pioneered by SEP became a template for other regions in Scotland. However with the enlargement of the EU in 2004 and the subsequent reduction in EU Structural funds to the 'old' member states in Scotland there was a move away from the locally based administration and management of the EU regional policy funds to a more centralised approach. In the 2000-06 funding period there were 5 PMEs in Scotland, in the current funding period there are only two, one for the Highland & Islands and one that covers the rest of Scotland. The rationale behind this move was to reduce administrative costs in order to devote more resources to economic development however there was a risk that it would diminish the level and type of economic development projects supported by EU funds by reducing the scope for bottom-up project development.

Hungary has been allocated €25.3bn from the EU Cohesion funds between 2007-13 about 7.3% of the total budget making them the 6th largest recipient. The European Commission has commended Hungary on its absorption rate of the available funds and also praised the way the government has used cohesion policies to deflect the harmful effects of the recent economic and financial crisis. However the paper will show that whilst Europeanization of regional development policy in Hungary has indeed triggered several changes in the planning process and has led to the partial inclusion of some new actors in policy making the main impact of

Cohesion policy has been a growing centralisation of economic development policy-making. At the same time, the economic indicators continue to show high and growing levels of economic disparity between the regions in Hungary. This would suggest that while Hungary has successfully attracted substantial EU funds it has so far failed to convert these into effective economic development programmes especially in those regions, such as Eszak-Kelet Magyarorszag, which has been struggling with industrial as well as agricultural decline since the transition.

Despite the economic and political differences between Western Scotland and Eszak-Kelet Magyarorszag both have experienced an increased centralisation of EU funded economic development policymaking. This paper will explore some of the short-term and longer consequences of that for future levels and types of economic development.

11. The Perverse Effects of Multi-Level Governance and The Partnership Principle on EU Cohesion Policy

Dr Simona Milio, Associate Director – Social and Cohesion Policy Unit, London School of Economics and Political Science

Introduction

Numerous authors in the past have suggested that the main obstacle to successful Structural Fund (SF) implementation is the extent of Administrative Capacity (Bollen 2001; Hughes *et al.* 2004; Kun-Buczko 2004; Shoylekova 2004; Milio 2007). Over the past decade this has encouraged a process of wide ranging administrative reforms, both in the ten Central Eastern European Countries (CEEC) and in the EU-15 (Council Regulation 1999: Art. 44). However, unexplained discrepancies still currently exist in implementation results achieved, suggesting other factors also play a significant role. For example, striking empirical evidence shows that some Italian regions, which have carried out similar administrative and institutional reforms, surprisingly still have contrasting results.

The application of Multi-Level Governance (MLG) and the Partnership Principle (PP) within EU Member States are also deemed necessary for improved SF implementation (Hooghe and Marks, 2003). However, both of these governance approaches may trigger a perverse path if applied in regions where politician and stakeholder interests are not in alignment with ultimate broader economic goals (Milio 2010). Indeed, the MLG model's main point of strength appears to coincide with its fundamental weakness. MLG increases deregulation, opens doors to different actors, allows regions to implement their self-model of development and brings regions to the centre of the political arena. However, MLG is limited when a region is unable to manage this self-development model. Also, MLG is undermined at each level by the PP. Indeed, PP may arguably be interpreted as a form of horizontal MLG, where relevant socio-economic actors are consulted in order to design the programming of the multi-annual development plan. In this context the power and interests of different stakeholders strongly influences choices made from the Managing authority.

Research question and hypothesis

This paper explores whether particular political conditions are necessary within a MLG framework in order to ensure Administrative Capacity produces a desired effect. It is hypothesised that two fundamental factors, which are strictly inter-related and mutually reinforced, underlie the weaknesses of MLG and PP:

- (i) Stakeholder Engagement (SE)- A lack of alignment between stakeholder's interest and broader economic development. This is often translated into a "list" of uncoordinated priorities which favour local-elite investments.

- (ii) Political Accountability (PA)- Re-election pressures push politicians toward short term investment choices which buy stakeholder's votes. This is often translated into allocating funds toward "micro" projects, which have no long term economic effects and purely serve the interests of local groups rather than the wider community.

Methodology

This paper investigates the relationship between politicians and stakeholders and their respective power to influence policy choices in the framework of MLG and PP. A detailed Italian case study is used to disentangle the perverse effects of short term policy choices based on local interest from broader long term development investments. Three methods of data collection ensure the reliability of the findings: (1) document analysis; (2) interview data – questionnaires, focus groups, semi-structured interviews; (3) direct observation (Johnson, 2005: 185-304).

The analysis follows two main steps:

1. A set of indicators is firstly defined in order to measure the character and extent of Stakeholder engagement (SE) and Political Accountability (PA) in the selected Italian regions.
2. The assessment is performed at four progressive stages of both SE and PA, along a continuum of institutional development: Absent, Starting, Developing, and Consolidated. The criteria for each progressive stage are adjusted to the expectation for each phase.

Results

Based on this analysis, two solutions are suggested to minimize the perverse roles of power, interests and politics. These are:

- (i) Virtuous Stakeholders Engagement (SE) - A strong central government steering role in order to minimize the negative effects of MLG and refrain local powers and interests from dominating development choices.
- (ii) Mechanisms to reinforce Political Accountability (PA) - The introduction of EU conditions and sanctions in order to minimize political self interest.

Conclusions

The widely perceived importance of Administrative Capacity is based on the idea that SF implementation is a complex process, requiring sustained, coherent and consistent administrative structures and institutional settings. However, this study provides empirical evidence suggesting that PA and SE undermine this process to a varying extent across regions.

Taking these results into account enable the identification of virtuous mechanisms that minimize the weakness of MLG and PP. In the future cycle of Cohesion Policy, conditionality systems extended to the political and institutional arena may be the key to improved implementation processes.

12. Partnership, a way to insure efficient and equitable regional policies?

Dr Catherine Perron, CERI-Sciences Po

The aim of my paper is to question the contribution of the partnership principle implemented in the realm of the European regional policy¹, to good governance, territorial cohesion and democracy.

The partnership principle has often been examined in the frame of the analysis of the emergence of a multi-level kind of governance (in which it plays an essential role in bringing together along new, non hierarchical lines the different levels of government as well as all sorts of public and private actors) Recently, number of studies concentrated on the implementation of the European Cohesion Policy in the New member states and questioned the way partnership could be implemented in post-communist political, economic and social contexts marked by a tradition of centralisation and very rigid administrative hierarchies. These analyses listed the numerous obstacles to its good functioning, starting from national and regional elites reluctant to share their control over public expenditures and the definition of policies, the lack of a political and administrative culture of participation, the weak administrative capacity of the regions, the weakness of regional civil societies and the absence of organised interests, the lack of know-how, financial means, time etc. (Bruszt, Dabrowski, Ferry & Mc Master, Baun & Marek). But given the shortfalls of the functioning of the partnership principle, it was not possible in those analyses to question the whole scope of effects of this principle when implemented.

In this context, my ambition would be to take a complementary approach, starting from an example of a best-practice: a post-socialist region in which the partnership principle is taken very seriously by regional political and administrative elites, EU regional policies being defined and implemented in close cooperation with the local social, economic and environmental partners, and have a look at the concrete results in terms of governance, of territorial cohesion and of democracy in this region.

I will use the example of the East-German Land of Mecklenburg-Vorpommern, a Land that counts to the European regions lagging behind in their development and that benefits from structural funding under the convergence objective. After a brief description of the concrete mechanism and functioning of the partnership principle on the ground, I will examine, the conditions of its success (federalism, transfer of the west-German institutions, transfer of west German political and administrative elites, local political culture etc.), in order to understand why Mecklenburg-Vorpommern is such an exception among the post-communist regions.

I will then question the kind of contribution the partnership principle has in this concrete case to the five values defining « good governance » as listed in the White Paper on European Governance, namely: openness, participation, accountability, effectiveness and coherence.² Does it offer all individuals a chance to get informed, to bring in their knowledge and express their preference about the delivery of projects connected to the very technical issues of regional development and disbursement of the structural funds? In other terms, to what extent can the partnership principle respond to the challenge of diffusing a place-based approach as defined in the Barca Report³ in the European regional policy? Is the partnership principle really an incentive for policy makers to act in the general interest? To what extent does it help to counterbalance the domination of political parties and of powerful interest groups by allowing closer control and pressure on policy makers by the citizen? Does it manage foster local involvement to accompany exogenous (european) public intervention fulfilling the role of revealing and aggregating preferences and knowledge? Can it insure the broadest

¹ Council regulation n° 1083/2006, art. 11.

² Cf. *European Governance. A White Paper*. Brussels, Commission of the European Communities, July 2001, p. 10.

³ Fabrizio Barca, *An Agenda for a reformed Cohesion Policy. A place-based approach to meeting European Union challenges and expectations*. Independent Report, April 2009.

participation in the decision of resource allocation? Concretely : did the kinds of policies promoted in Mecklenburg-Vorpommern fulfil both, the objective of efficiency and equity ? Did they really serve the production of public goods and services and lead to social inclusion and spatial cohesion in the way Barca wishes the place-based approach to work?

Finally, I will arise the question whether the sort of regional governance that emerged in Mecklenburg-Vorpommern resembles a kind of « negotiated democracy » able to replace, complete or compete with the parliamentary kind of democracy that is practiced in Germany at the Länder level (Auel 2006, Benz 2000) and ask to what extent these new forms of interest mediation and new modes of participation do provide democratic legitimacy to the European regional policy and thus contribute to bring Europe closer to the citizen?

13. Throwing out the baby with the bathwater? Contemporary Irish approaches to EU Cohesion Policy.

Dr Maura Adshead, Department of Politics and Public Administration, University of Limerick, Ireland.

The proposed paper examines the Irish experience of Multi-Level Governance and partnership in the context of effective local governance and development. It demonstrates that whilst there has been significant success in Ireland's operationalization of both Multi-Level Governance and partnership approaches, much of the associated policy learning has taken place outside the formal institutions of local government. In many cases, the Managing Authorities for successful cohesion and development initiatives have been independent partnership companies, funded by EU regional policies, with the support and approval of the Irish government, but outside its own formal remit. In the current climate of financial crisis, these are the very organizations that are now first in line for funding cutbacks. This raises concerns about the sustainability of knowledge transfer impacts from Irish Multi-Level Governance and partnership projects. Added to this, the widespread association of national level Social Partnership with economic mismanagement in Ireland, has curbed the contemporary Irish appetite for partnership approaches. This paper therefore reviews the current constraints – financial, political and ideational – to the further development of partnership capacity in Ireland whilst arguing that Ireland's inevitable increasing interdependence within the EU framework adds a counter-balancing stimulus to develop more multi-levelled governance approaches to development. It concludes with a summary of the conditionalities most likely to support successful multi-level governance and partnership approaches in Irish applications of EU cohesion policy.

14. Cohesion policy in promoting multilevel territorial governance: bottlenecks of territorial governance in Central and Eastern Europe (CEE)

Dr Gábor Schneider, Swedish Institute for European Policy Studies

This study will introduce some preliminary findings of a recently started research⁴ on the relationship of cohesion policy and multilevel territorial governance. The research attempts to answer the following questions: (1) to what extent has cohesion policy influenced the development directions of the public administration – the state administration and the territorial self government –; (2) in which directions has the policy changed itself; (3) how it has influenced the system of multilevel governance, both in vertical and in horizontal aspects. Finally (4) as a conclusion it will provide a coherent review on the extended forms of governance systems and on the dilemma of participative democracy vs. competitiveness and effectiveness. Besides the conceptualisation of the research, the study will introduce some special features of the Central and Eastern European territorial governance structures.

Controversial aims and interests of Member States are forming the policy

Since the publishing of the Barca Report (2009) there has been a permanent debate on the future of cohesion policy. On the one hand, it is a policy of investment for the European competitiveness and an implementing tool of European growth and employment. On the other hand, it represents a vital instrument for reducing regional disparities. Controversial interests of the net payers and net beneficiaries are determining the policy-making. While net payers aim to strengthen result-orientation and effectiveness of the policy, net beneficiaries rather prefer to preserve the current structure. The Commission's proposal for the multiannual financial framework for the next programming period forms a good example for that. The complexity of the policy is further increased by the governance issues raised by the implementation, the delivery mechanism, and the partnership. Although the governance issues affect the policy more and more, their role has never been thoroughly investigated.

Stronger external demand for strengthening governance structures

The implementation of Europe 2020 Strategy is in progress linking regional policy to the strategy stronger than ever. This causes visible effects to local and regional actors, either in the implementation or in the preparation of the next programming period. A long term concept that includes cohesion policy and its role in the development strategies is still missing. Although the Lisbon Treaty has put a strong emphasis on the territorial level, cohesion policy is still too centrally driven. It is not only a CEE-wide phenomenon that bottom-up approach and regional actors are hardly represented in the decision-making. The alignment of cohesion policy to EU2020 aims and its implementation, keeps cohesion policy centralized at EU and at national level.

Cohesion Policy's role in the transformation of public administration systems

Cohesion policy has had a strong impact on the ongoing modernisation of public administration systems in Europe, however, with diverging results in the member states. Significant evidences for the influence of the policy are the wide-ranging decentralisation and regionalisation processes that all EU member states have witnessed since the 90's. There are unanswered questions such as why cohesion policy could not properly strengthen direct democracies neither at local nor at regional level. Did the policy mainly concentrate on result-

⁴ From 1st October I do researches in this topic at the Swedish Institute for European Policy-making (SIEPS).

oriented approaches and on the improvement of effectiveness of the delivery mechanism? Can we state that cohesion policy has established a kind of governance structure that the MLG literature names as the phenomenon of “the Faustian bargain dilemma”? The question is why effectiveness is put forward against participative democracy. Finally, do we have to decide whether we either strengthen competitiveness and efficiency or we support local democracy?

Methodology

In the article I investigate the relation between cohesion policy and governance issues only from the subnational aspect. According to the existing consensus regarding governance research, I will apply an interdisciplinary approach combining comparative politics, development economics and historical analysis. In measuring the success of governance systems I focus on two major aspects: the quality of government (or the degree of good governance), and new forms of multilevel governance structures. Under the first aspect I understand a general index measuring transparency, accountability, rule of law and strength of democratically elected territorial institutions as an indicator for participation at regional, NUTS2 level. In the second dimension, I apply qualitative methods to investigate new forms of governance. Since the contribution of the cohesion policy to the state- or regional modernisation is a vital question, it requires profound analysis. The examination of “quality of government” indices provided by the World Bank, OECD and World Economic Forum are the most reliable and meaningful comparison basis at national and regional level. Using their data, I set up a classification system of the public administration of the examined countries in order to investigate the influence of cohesion policy on the public administration.

I also investigate the effect of cohesion policy on new institutional forms of governance. I intend to answer in what ways they can adapt their governance structures, how their law systems are regulated, and how these new structures are embedded into their public administration. As a result, I seek to show different methods that increase the strength of local and regional level and transform the current top-down approach into a decentralised policy driven by bottom-up initiatives.

I would use a profound investigation on the development of cohesion policy using historical analysis. This method demonstrates that cohesion policy has gone through major changes in the last few years, which have both external and internal nature. I only concentrate on most significant reports, strategies and regulations such as the Barca Report, the establishment of EU2020, the effects of Lisbon Treaty with the emergence of territorial aspect, and the financial perspectives of the policy. All these documents have already indicated their high impacts, and their changing ability on the architecture of the policy. This also shows how cohesion policy has become more complex, while having developed into an over-ruled, over-secured and rigid institution and policy-system. From the internal side I examine aspects such as new regional actors and specific characters and the increasing demand for horizontality and partnership influence. From the external challenges I look at the effects posed by the global economic crisis and the role of globalisation on cohesion policy.