



Datar



COESIONET

EUROPEAN COHESION AND TERRITORIES RESEARCH NETWORK

**Minutes of the “Governance” Workshop
27 June 2011**

I. Place-based public policies in Bulgaria

Emmanuelle Boulineau, ENS - Lyon, Lyon University, UMR 5600 EVS

1. Bulgarian Territorial Organisation

Bulgaria is characterized by a strong instability of its territorial organisation and by an important legacy of the socialist centralisation. Regions have been created in Bulgaria in order to manage European funds in the framework of a “coercive europeanisation”. But there is a change in the organisation of the territories: they are transformed from “support territory” to “resource territory” to design public policies.

2. The link between regional development and EU cohesion policy

This link questions the capacity of the Bulgarian administrative system to support the economy and the regional development. The 1999 law on regional development is changing rapidly. It sets up the conditions of a sustainable and balanced territory. It aims at reducing inter-regional disparities, at stimulating cross-border cooperation and European integration. 6 planning regions gather 28 administrative regions that do not have any competences except for statistic collection.

Moreover, since the criteria for the zoning are changing very often, the municipalities do not have any continuous perspective for their own policy of development in the long term, which makes the absorption of Structural Funds quite difficult. In addition to that, Bulgaria tried to comply with the zoning criteria of the EU but the latter have changed too and therefore the zoning is no longer adapted. Moreover the needs of Bulgaria do not correspond to the objectives of the Lisbon Strategy imposed in the objective “Convergence”. Recently, the European Union has suspended the payment of the structural funds to Bulgaria under the suspicion of corruption.

In terms of organisation, the sectoral ministries at national level remain very powerful which has been reinforced by the 6 sectoral operational programmes with no transversal vision. Bulgaria has no regional operational programme. It means that party-based policy is prevailing at central level and therefore the 28 administrative regions have no power of coordinating policies. At local level, the municipalities have always been in a competitive situation against each other. Now they have to work together to commonly build long term development projects. This represents a radical change in perspective.

3. An illustration: the policy of foreign direct investment (FDI)

A law to attract foreign direct investment was adopted in 1997 and modified in 2004 and then again in 2007 with the creation of an investment agency. This law is based on a neo-liberal choice of Bulgaria to stimulate development on the basis of low taxes and low labour costs. 128 projects have emerged in 14 municipalities, which amounts to 11% of the total FDI which is far from the objective fixed since Sofia still absorbs 23% of the total FDI. The municipalities are still facing high difficulties with the land and real estate management and with the lack of tax independence.

General discussions:

- Do FDI search for complementarity with poles of competitiveness?
- Did some kind of learning process emerge in the administrative units?
- What is the relationship between metropolis and peripheral regions in terms of efficiency and equity?
- How are projects selected?

II. European Social Fund: a tool to fight the effects of the crisis?

Rachel Guyet, CoesioNet

The recent financial and economic crisis has revealed the structural weaknesses of the labour markets in Europe. In such a context, how can the European Social Fund which is not designed to address such situation, be a tool to fight the consequences of the crisis?

1. The impacts of the crisis

The crisis has contributed to:

- deepening the fragmentation and segmentation of the labour market
- increasing the gap between flexibility and security of work
- worsening the national systems of welfare and of public finances
- increasing regional disparities.

2. What are the responses given by the different actors?

Despite the very different situation of the labour markets, the responses implemented were quite uniform in Europe. The main answers were delivered by national States more or less supported by social partners but the solutions delivered were already tested measures aiming at saving jobs and alleviating the social and economic consequences of the redundancies. Some innovations are to be noted at local level, especially in terms of experimenting new partnerships to face the social and economic challenges of a territory. 9 countries in Europe introduced the short time work arrangement which was a common answer to most Member States but the introduction of this measure results from a kind of learning process at EU level.

3. What were the European tools to face the crisis?

ESF is used in the framework of a soft governance tool, ie the method of open coordination, which has probably contributed to the learning process of best practices in Europe but which does not represent a tool of coordination for labour market policies since they remain the competences of national states.

ESF is not a tool to react to crisis – contrary to EGF which is more adapted. Nevertheless amendments were brought to existing rules to make the implementation of ESF easier. But ESF has been used as complementary to national measures as the rules require it. In some countries like in Slovenia it wouldn't have been possible to combine short time work arrangements with training without the support of ESF. Indeed, its scope is so broad that it enabled projects to emerge in terms of support to training, vulnerable groups, life long learning etc. even in a period of crisis. But if the rules were simplified, the complexity of the funds remains therefore restricting the absorption of it (in June 2010

only 10% of ESF was paid) and the increasing uncertain environment deter project promoters to launch new projects. And therefore the crisis has exacerbated the existing limits of the funds and shown how necessary it was to make it less complex, more accessible to project operators and better coordinated if ESF is to be absorbed by Member States and if the aim is to have an efficient tool contributing to cohesion in Europe.

Generally speaking the crisis has revealed the weaknesses of the coordination tools of the European Union, may it be at the level of the European social dialogue or at the level of the coordination of the responses of Member states. The crisis has also shown how deep asymmetry was between the economic and social dimensions of the European Union. The Lisbon Strategy well illustrates that point. The crisis has brought back to the agenda the question of the existence or not of a “European social model” in a context where political majorities are not supporting a long term vision of it, in an economic context that threatens the existing social balances and where the consideration of the social dimension of the EU action is not widespread at the level of the EU institutions.

Such a difficult situation of ESF raises the question of the role it can play in the EU2020 Strategy and the conditionalities that might be necessary if ESF is to develop the jobs of tomorrow in a low carbon, sustainable, balanced and inclusive economic and social system. Moreover it seems urgent to tackle the issue of its non binding governance tools.

General discussions:

- What did the change in rules modify in the way ESF is used?
- When talking about European social model, what do we refer to?

III. How to think about conditionality? UE and the regional policy in Turkey

Elise Massicard, IFEA, Istanbul, associated research fellow CERI

Claire Visier, Rennes I University / CRAPE

Conditionality is the main pillar of the accession policy. It has been reinforced since the last enlargements in 2007. Rules are clearly defined and the States comply with them or not with more or less pressure.

The research carried out about the accession process of Turkey led the researchers to focus on three main dimensions:

- The way the enlargement policy is transformed

After 2007, there was a will to rationalise the enlargement policy by focusing on an efficient conditionality. Therefore a benchmarking process has been developed in order to quantify the criteria of the *Acquis Communautaire* to better evaluate the process. The European Union insists on the instruments of the policy which represents a radical change.

- Rules are co-produced by multiple actors

The European Union institutions produce rules. National actors are involved in the definition of the *Acquis*. The European Commission played a major role in the previous enlargements but today there is a demand from the Council to be more involved in the process, thus making the political and diplomatic aspects more central. This leads to a politicisation of the enlargement policy. Indeed, the point is that there is no memory of the previous enlargements in the EU institutions. Each DG reinterprets the *Acquis*. In such a situation, Turkey will play on the legitimacy of the benchmark.

- The present enlargement process corresponds to several intertwined logics

The enlargement process is a mix of political progress in the negotiation of the different chapters and the answers given by the State. Dialogue is made possible thanks to the partnerships and the progress report of the European Commission.

Such a complex process illustrates that constraints are not only imposed to the actors but they are also modified by the actors themselves. For example, Turkey has rapidly introduced NUTS2 regions since this represents the conditions to have access to resources. As early as 2006, even though it is not present in the *Acquis*, Turkey decided to create regional development agencies. This also results from the lobby of the business milieu that found it necessary to make FDI more secure. Therefore this corresponds both to a model in place and to a local need. As such the reforms do not correspond to the timeframe of the accession process. There is a conflict of legitimacy with the European rule: an increasing part of the population mistrusts the European Union and therefore a rule coming or imposed by that level faces legitimacy conflicts. This can be illustrated by the business milieu: the positions of the group of entrepreneurs are changing according to their own interests: they support the European Union when it comes to their economic interests but they are against measures supporting social progress. Their positions to support or not the reforms of the government will therefore vary according to their own interests. Thus reforms need to be studied as such and we should avoid analysing them according to the Europeanisation model. The link of the reforms with the European rule needs to be better analysed, like in the case of the creation of regional development agencies which is applauded by the European Union but which has never been required by the European institutions.

General discussions:

- where do you see the most important conflicts?
- Does the fact that Member States are increasingly intervening in the enlargement process implicitly illustrate a changing Europe?
- How can a government spend energy in introducing reforms while de-legitimizing them if they are imposed by the EU?
- What is the status of the regional development agency? What kind of parallel with Croatia could be made?
- What are the relationships between DG Enlargement and the other sectoral DGs?