Doing More with Less? Challenges for Cohesion Policy in 2021-27

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EUROPEAN POLICIES RESEARCH CENTRE

- research institute at University of Strathclyde and Technical University of Delft
- comparative studies of public policy, especially regional development policies across Europe – regional inequality and cohesion
- research, knowledge exchange and policy advice for national governments and sub-national authorities – 30 European countries
- collaboration with EU institutions (EC, EP, COR, EIB, ECA, Council Presidencies)
• How important is Cohesion policy?
• Implementation is a problem
• Challenges of improving governance
• Bringing Europe closer to the citizen
How important is Cohesion Policy for the EU?
THE CHALLENGE OF A ‘BALANCED EUROPE’

Regional income inequality in the EU

Income per head in 2016 and its development since 2006

‘Inner peripheral regions appear to have a shared perception of ‘being forgotten’ in the national political agenda’

ESPON (2018)
place-based policies are especially important in light of growing public discontent with the economic, social and political status quo in many regions’

OECD (2019)
“the anti-EU vote is mainly a consequence of local economic and industrial decline in combination with lower employment and a less educated workforce”

Dijkstra et al (2019)
YET, COHESION SPENDING IS GOING DOWN!

Evolution of main policy areas in the EU budget
Implementation is a problem
THE CHALLENGE OF IMPLEMENTING THE POLICY

Payment rate comparison (%), 2007-13 and 2014-20

Commitment and payment rates (%), September 2019
SIMPLIFICATION OF RULES IS WELCOME.....

- shorter unified legal framework
- streamlined programming framework
- fewer strategic conditions
- faster, more strategic programming
- simpler design of territorial tools
- simpler implementation of results
- proportionate control and audit
- simpler use of financial instruments
- lighter reporting
- single framework for INTERREG
BUT STILL HAVE HISTORIC LAYERS OF RULES

European Union

1989-1983
Eligibility rules
Strategy
Partnership

1994-99
Monitoring
Evaluation

2000-2006
Horizontal themes
Financial management and
control,
Decommitment rule
Performance reserve

2007-13
Earmarking
National Strategic
Reference
Framework
Strategic Reporting

2014-20
Strategic coherence
Thematic concentration
Results-orientation
Performance
framework
Ex-ante conditionalities
Delegated/implement-
regulations

2021-27
Synergies between
Funds/policies
Thematic concentration on
policy objectives
Performance framework
Mid-term review
Enabling conditionalities

National and regional authorities

BUT STILL HAVE HISTORIC LAYERS OF RULES
<table>
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<tr>
<th>Category</th>
<th>Instrument</th>
<th>Introduced</th>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>Macro-economic</td>
<td>Macroeconomic conditionality</td>
<td>1994-19</td>
<td>Clear and measurable conditions</td>
<td>Top down – controls are outside the control of funding recipients. No link to performance</td>
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<td>Structural</td>
<td>Structural reform conditionality</td>
<td>2014-20</td>
<td>Provides relevant framework to facilitate implementation</td>
<td>Controls may be outside control of funding recipients. Frameworks may not be achievable in short/medium terms</td>
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<tr>
<td>Performance</td>
<td>Ex ante conditionality</td>
<td>2014-20</td>
<td>Focuses attention of implementers on progress and outcomes. Promotes accountability among recipients</td>
<td>Difficulty of identifying measurable and relevant indicators and targets. Requires effective monitoring. Outcomes difficult to verify.</td>
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<td>Values</td>
<td>Rule of law conditionality</td>
<td>2021-27</td>
<td>Addresses concerns over rule of law and corruption</td>
<td>Politicisation of the policy. Feasibility of implementation.</td>
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TENSIONS BETWEEN CONDITIONS & GOALS

- Compliance with conditionalities ≠ effective achievement of results (ECA 2017)

- Multiple conditionalities may have negative effects on policy effectiveness ➔ trade-offs between faster, targeted and effective spending?

- Concern about conditional solidarity: “departs from the founding principles and ethical convictions upon which the entire European construction was built” (Vita 2017)
Challenges of improving governance
Big variations in the quality and impartiality of public services

Corruption is perceived as a major issue

Questions over value for money in public procurement
funding allocations
• regions with high quality institutions and high level of autonomy get awarded more funding per capita (e.g. demonstrable ability to manage Funds well and avoid corruption

absorption
• absorption of ESIF correlates positively with government capacity

quality of spending
• low institutional capacity (e.g. among small municipalities) ➔ less effective use of Funds (fewer, poorer projects)

efficiency of administration
• administrative performance depends on the level of administrative capacity of the regional bureaucracy

economic performance
• government quality (esp. human capital, absence of corruption) is a determinant of economic growth
WHICH FACTORS MAKE A DIFFERENCE?

**Internal factors**
- human resources – qualified staff, training, turnover, incentive systems
- organisational structures – allocation of tasks, cooperation, coordination
- resources, ICT
- systems & tools – management by objectives, performance audit
- leadership – goal setting, vision, motivation, collective commitment
- openness to external knowledge – advice, networks

**External factors**
- quality of public administration
- legal stability / regulatory quality
- centralisation / decentralisation
- political influence – stability, leadership & commitment, ideology/interests
- economic influence
Bringing europe closer to the citizen
‘Regions should reflect on community-led local development; local strategies, targeting local issues, fully involving local authorities and local people.’

This must be deeply rooted in our programmes, whether the area is urban or rural, island or mountainous.
OVER 1,000 STRATEGIES IN 2014-20?

EU Planned ITI funding (£millions)

- Integrated territorial investment (ISUD)
- Integrated territorial investment (other)
- Other national approaches (urban or urban-rural)
- Specific priority axis or OP (ISUD)
- Other national approaches (rural)
- Community-led local development (CLLD)
INITIATIVES ARE
• multi-sectoral
• multi-scale
• multi-fund
• multi-partner

Population size of initiatives (% in each category)

SUD (n=344) vs. Non-SUD ITI (n=71)

ETC
EMFF
ESF
ERDF
EAFRD
CF

initiatives are
• multi-sectoral
• multi-scale
• multi-fund
• multi-partner
BUT IMPLEMENTATION IS NOT EASY.....

Cumulative absorption rate, 2016-18

- ITI only
- ITI top 4 MS
- ITI bottom 4 MS
- All funds
... AND MOST ARE NOT COMMUNITY-BASED

Uptake of CLLD is low, especially in urban areas

Several MS without multi-fund CLLD

Early problems and delays

BUT significant potential benefits
CITIZENS FEEL DISCONNECTED

“Cohesion Policy is not perceived to address the needs of citizens”

“decision making is not responsive to citizens - and they want a say”

AND

despite improvements, communication is failing to meet the challenge

Survey of 8,500 citizens in 12 countries

47 focus groups
COHESION POLICY CLOSER TO CITIZENS

introduce ‘open programming’
for real dialogue with citizens
in designing interventions

through democratic innovations:
participatory budgeting
deliberation (juries, panels and polls) and
decision-making by citizens
Thank you for your attention!

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References


Slide 11: https://cohesiondata.ec.europa.eu/


Slides 18 & 19: EPRC-EUROREG project on administrative capacity-building and Cohesion policy, EIB University Research Scholarship


Slide 24: https://cohesiondata.ec.europa.eu/

Slides 26 & 27: www.cohesify.eu