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

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*Innovation, social inclusion and territorial cohesion -
preparation for the 2021-2027 perspective*

13th International Evaluation Conference, 9-10 December 2019



MINISTRY OF
DEVELOPMENT FUNDS
AND REGIONAL POLICY



PARP
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European
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Republic
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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)





DOING MORE WITH LESS

- How important is Cohesion policy?
- Implementation is a problem
- Challenges of improving governance
- Bringing Europe closer to the citizen



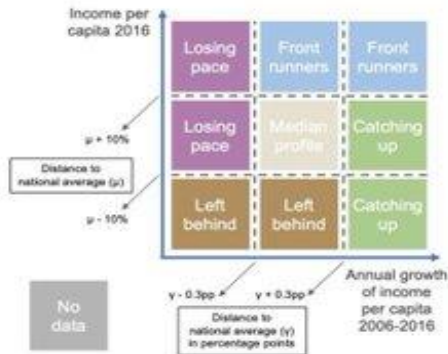
How important is Cohesion Policy for the EU?



THE CHALLENGE OF A 'BALANCED EUROPE'

Regional income inequality in the EU

Income per head in 2016
and its development
since 2006

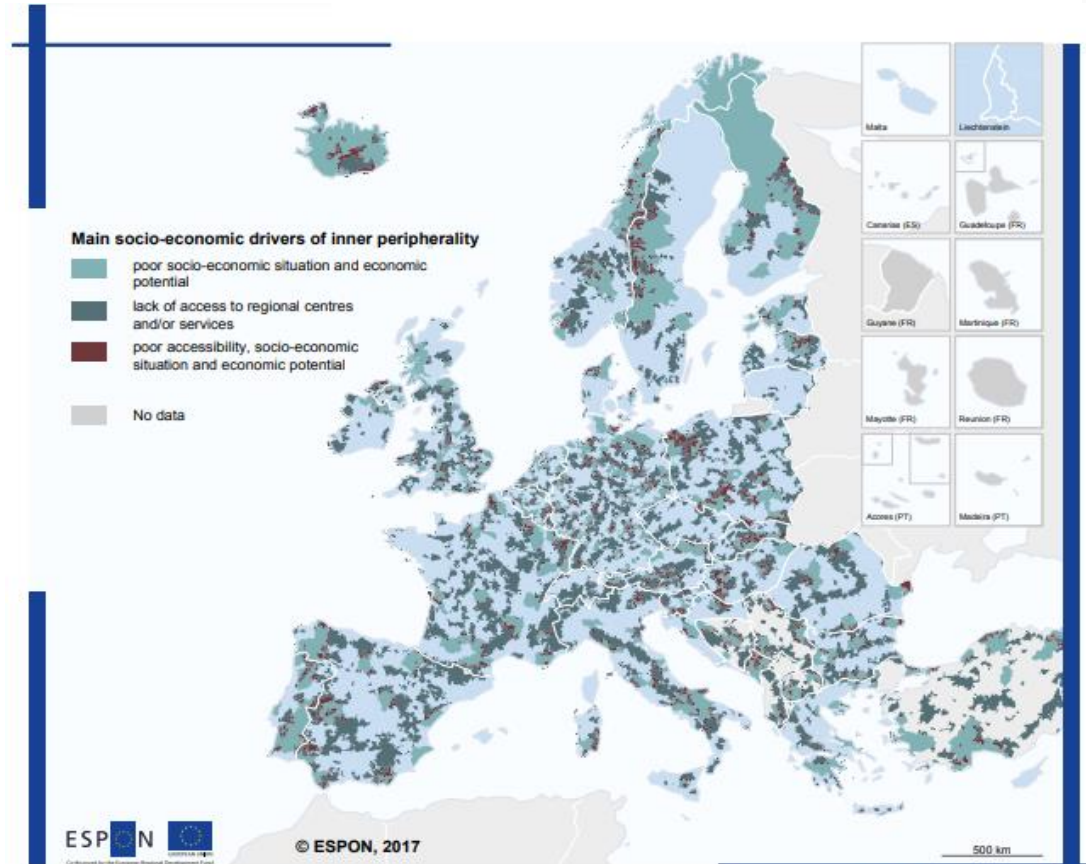


ESPON (2019) Territorial Reference Framework for Europe

SOME PLACES FEEL THEY 'DON'T MATTER'

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

ESPON (2018)

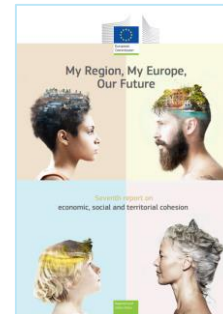
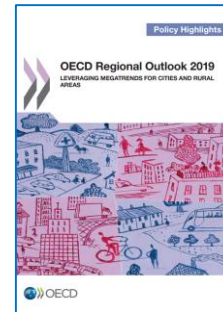


Regional level: Grid level (2.5x2.5 km)
Source: ESPON PROPECY, 2017
Origin of data: TCP International Accessibility Model, 2017
© UMS RIATE for administrative boundaries

GROWING CONSENSUS ON THE NEED FOR TERRITORIALLY DIFFERENTIATED POLICIES

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

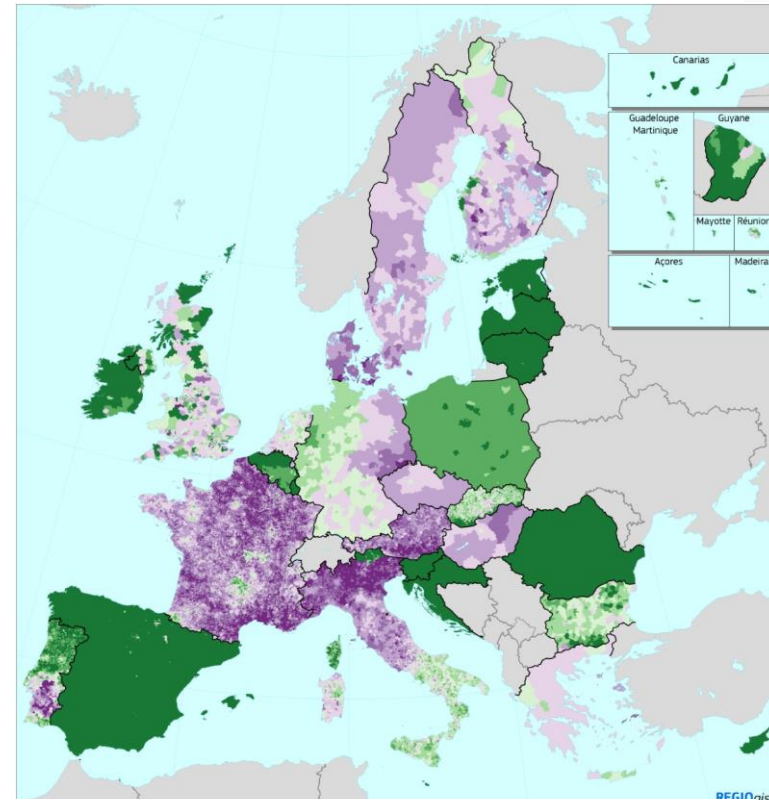
OECD (2019)



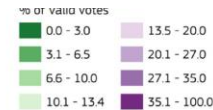
CONSEQUENCES OF RELATIVE DECLINE

“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)



Minimum share of vote for parties somewhat opposed, opposed or strongly opposed to European integration, 2013-18



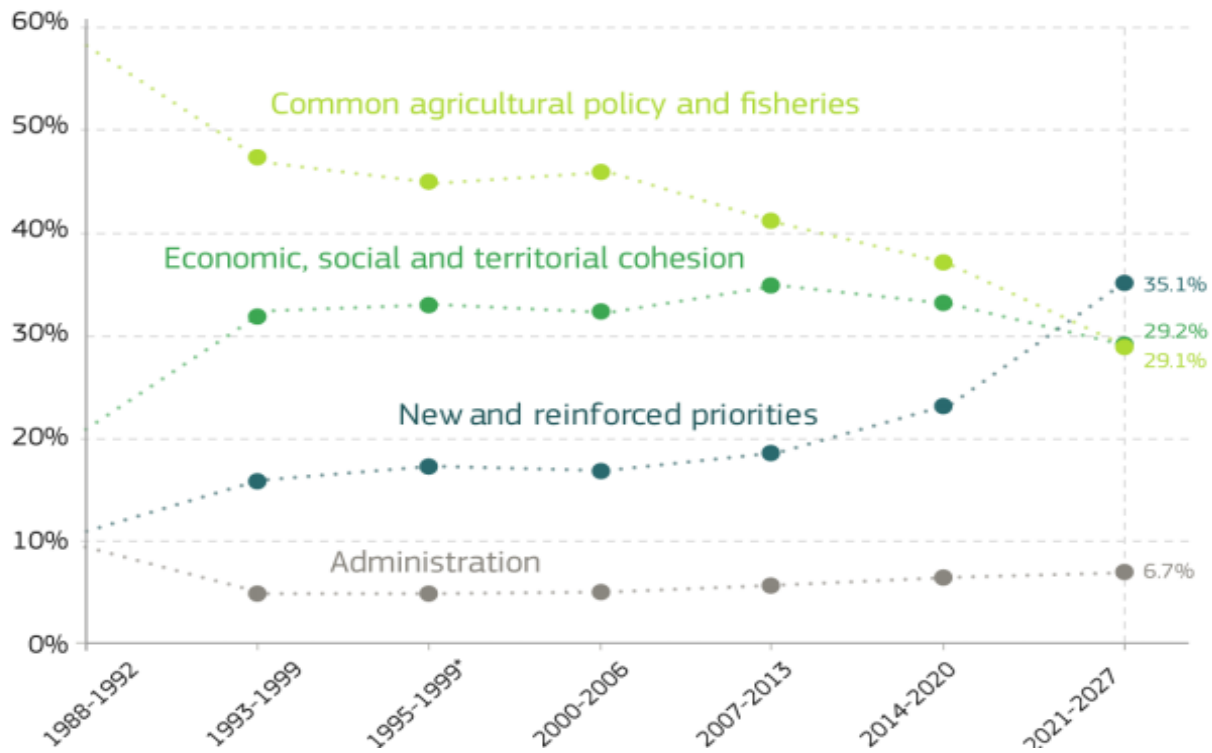
Sources: national authorities, CLEA, Chapel Hill Expert Surveys 2014 and 2017, EuroGeographics, DG REGIO
Election years:
2018: IT
2017: BG, CZ, DE, FR, MT, NL, AT
2016: IE, ES, HR, CY, LT, RO, SK
2015: DK, BE, EL, PL, PT, FI, UK
2014: BE, LV, HU, SI, SE
2013: LU
EU-28 average = 13.4%

0 500 km

© EuroGeographics Association for the administrative boundaries

YET, COHESION SPENDING IS GOING DOWN !

Evolution of main policy areas in the EU budget

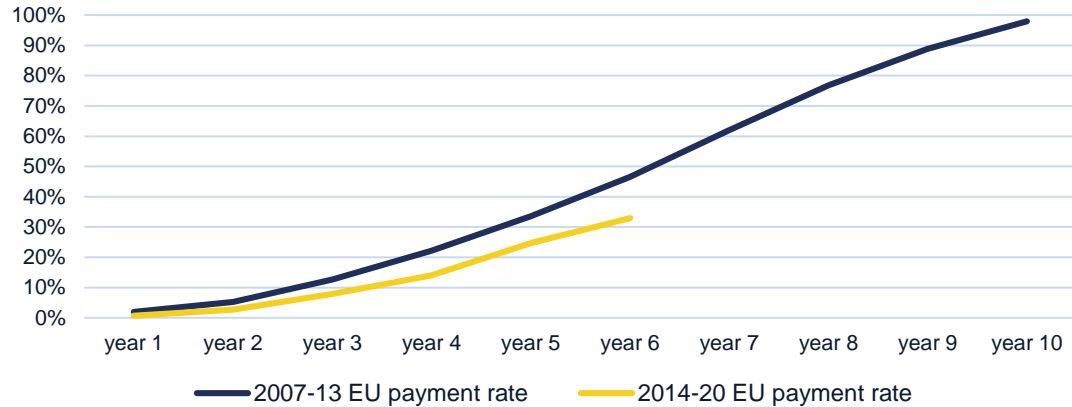


**Implementation is a
problem**

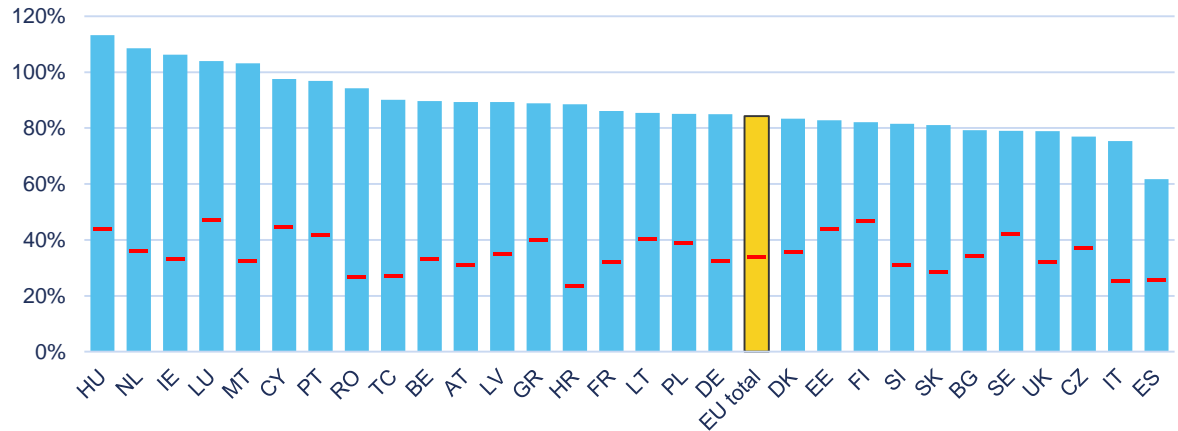


THE CHALLENGE OF IMPLEMENTING THE POLICY

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

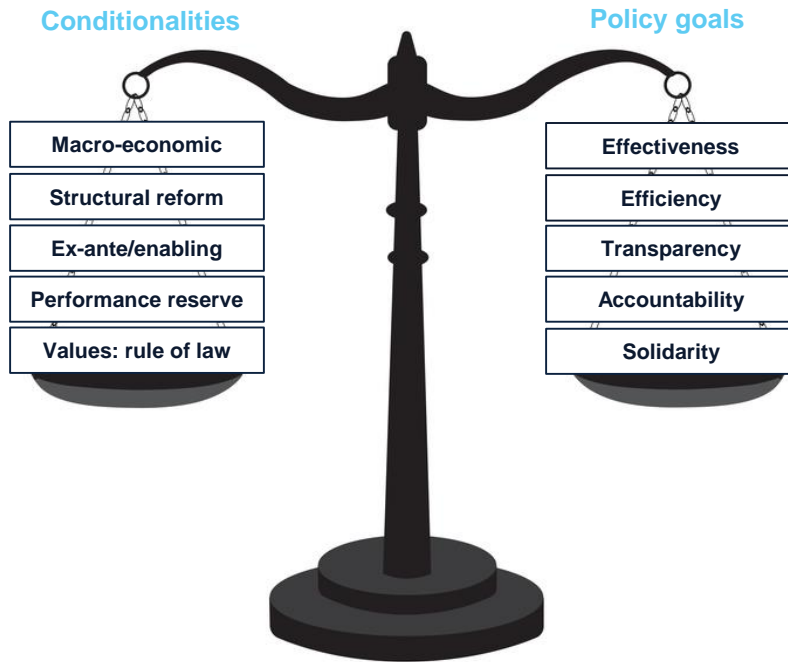


National and regional authorities

AND INCREASING USE OF CONDITIONALITIES

| Category | Instrument | Introduced | Strengths | Weaknesses |
|----------------|----------------------------------|------------|--|---|
| Macro-economic | Macroeconomic conditionality | 1994-19 | Clear and measurable conditions | Top down – controls are outside the control of funding recipients. No link to performance |
| Structural | Structural reform conditionality | 2014-20 | Provides relevant framework to facilitate implementation | Controls may be outside control of funding recipients. Frameworks may not be achievable in short/medium terms |
| Performance | Ex ante conditionality | 2014-20 | Focuses attention of implementers on progress and outcomes. Promotes accountability among recipients | Difficulty of identifying measurable and relevant indicators and targets. Requires effective monitoring.. Outcomes difficult to verify. |
| Institutional | Performance reserve | 2000-06 | Addresses deficits in capacity. Relates directly to implementation. Potential for spillovers. | Conditions complex to assess – require qualitative judgements. Institutional and system changes take time. |
| Values | Rule of law conditionality | 2021-27 | Addresses concerns over rule of law and corruption | Politicisation of the policy. Feasibility of implementation. |

TENSIONS BETWEEN CONDITIONS & GOALS



- Compliance with conditionalities \neq effective achievement of results (ECA 2017)
- **Multiple conditionalities** may have negative effects on policy effectiveness \rightarrow 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

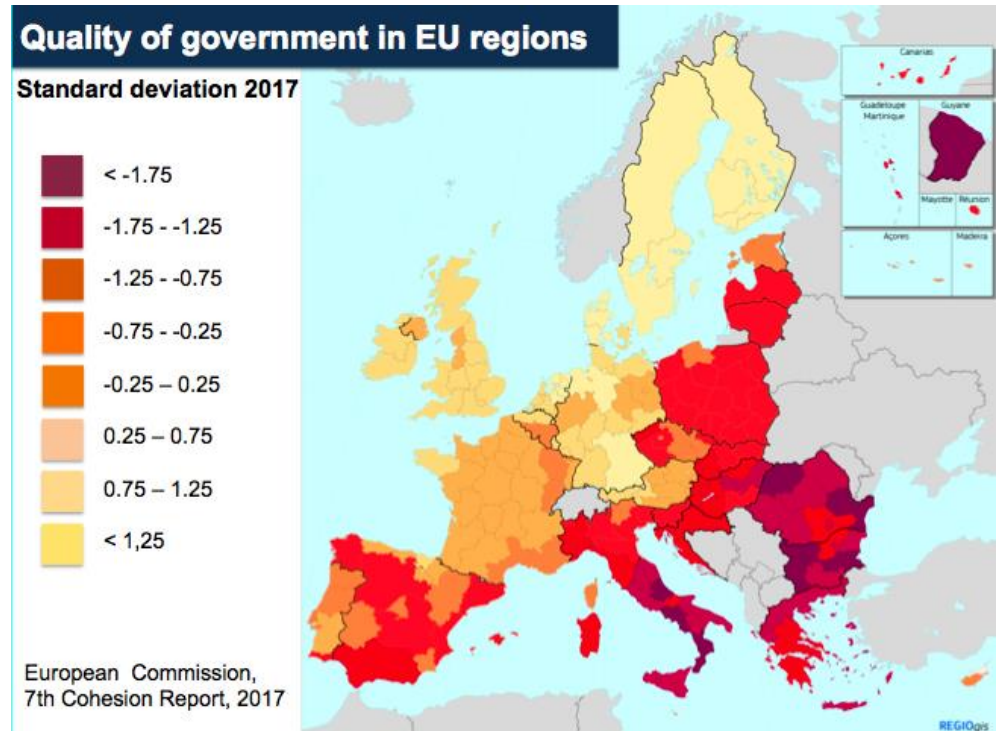


GOOD GOVERNANCE NEEDS TO BE A PRIORITY

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



Three horizontal bars are positioned at the top left of the slide: a dark blue bar, a light blue bar, and a yellow bar.

ADMINISTRATIVE CAPACITY MATTERS FOR....

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

Three horizontal bars at the top left: a dark blue bar, a light blue bar, and a yellow bar.

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

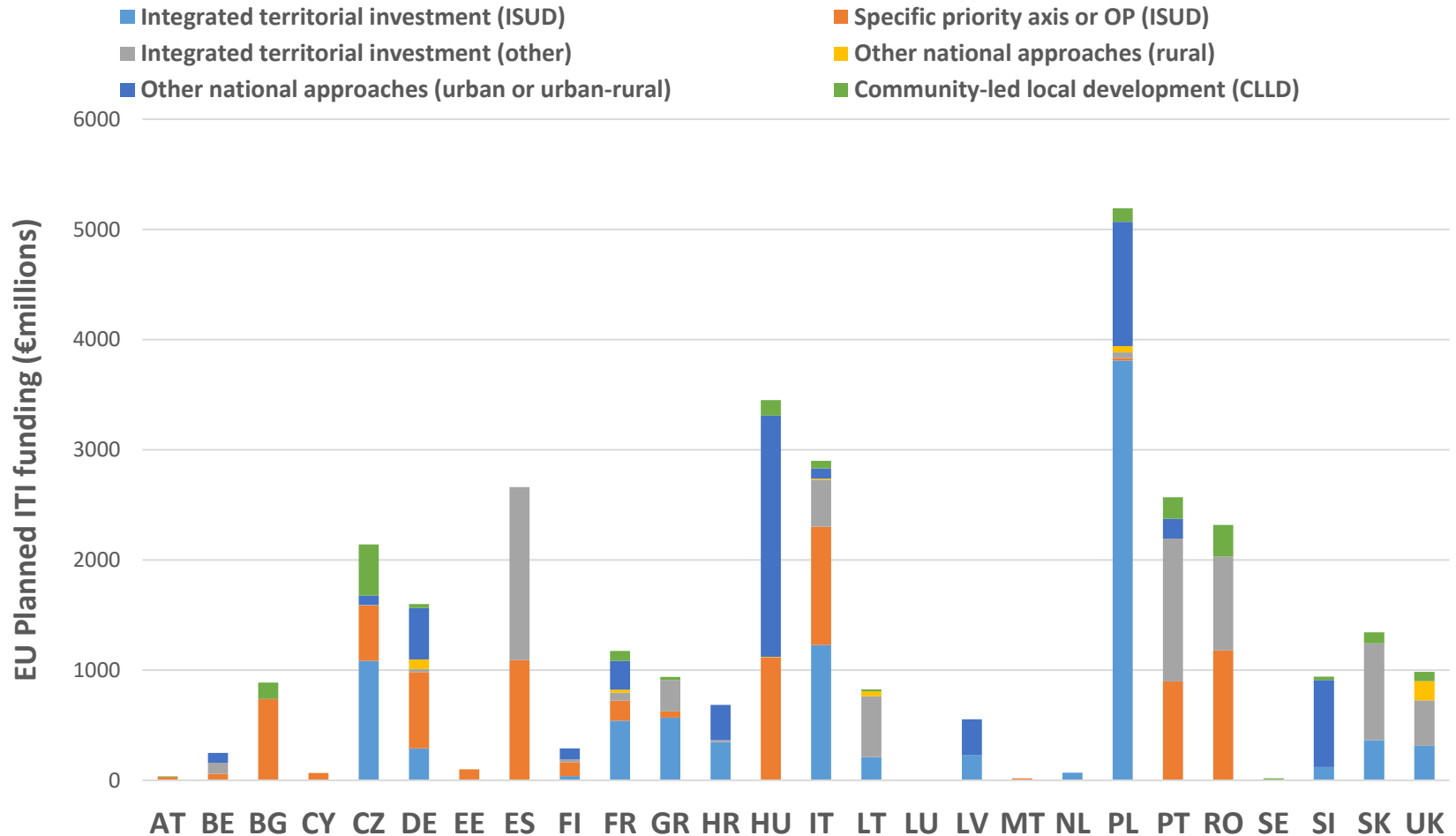


‘Regions should reflect on community-led local development; local strategies, targeting local issues, fully involving local authorities and local people.’

This must be deeply rooted in our programmes, whether the area is urban or rural, island or mountainous

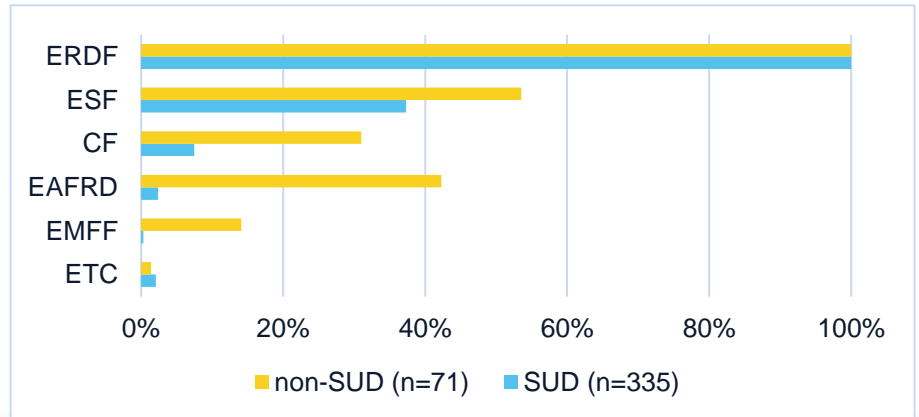
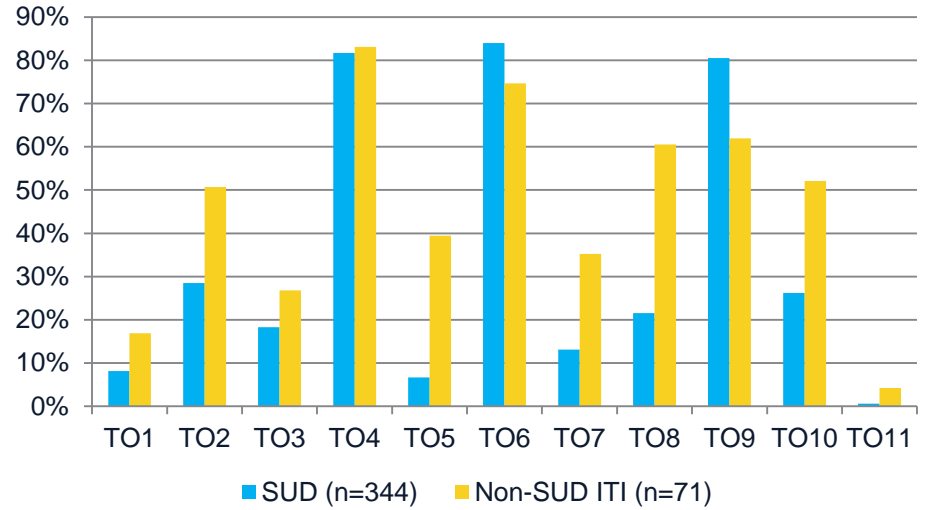
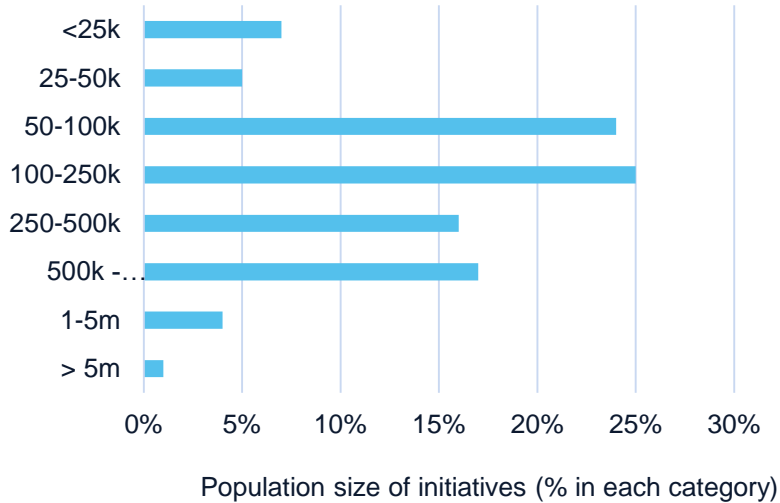
Commissioner Crețu , EWRC 2018

OVER 1,000 STRATEGIES IN 2014-20?



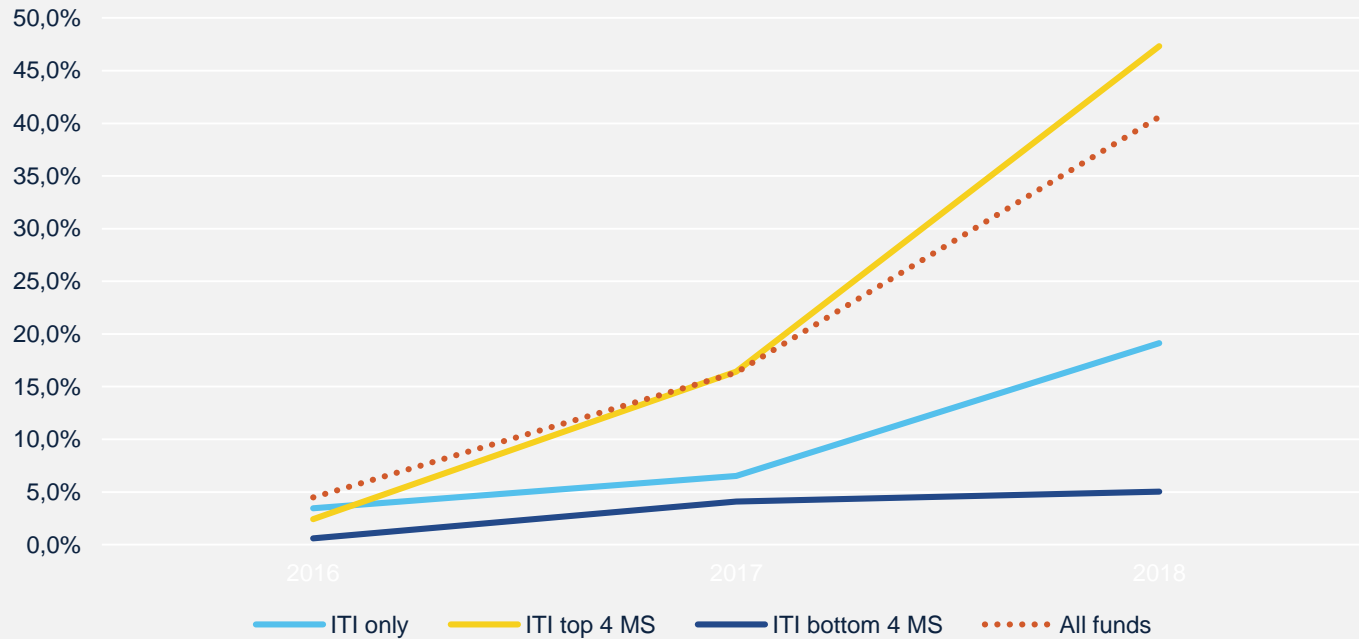
INITIATIVES ARE

- multi-sectoral
- multi-scale
- multi-fund
- multi-partner



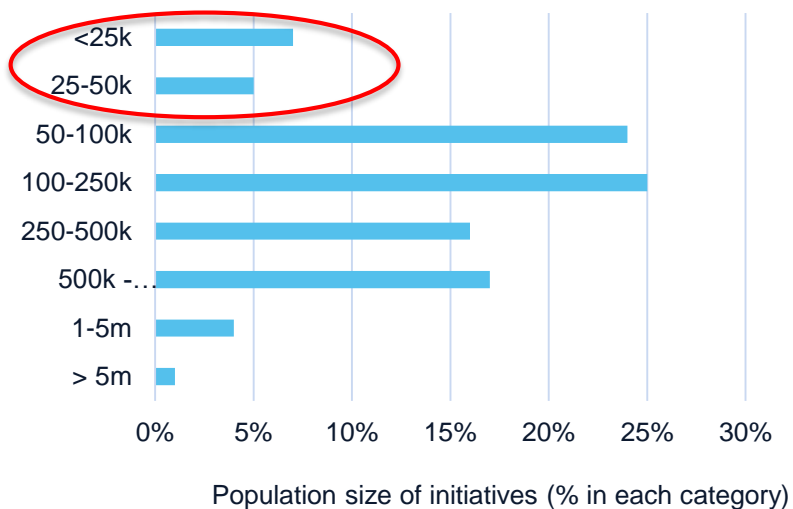
BUT IMPLEMENTATION IS NOT EASY.....

Cumulative absorption rate, 2016-18



... AND MOST ARE NOT COMMUNITY-BASED

Scale of territorial instruments



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



Citizens views of Cohesion policy, the EU and identity



Survey of 8,500 citizens
in 12 countries

47 focus groups

“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

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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

A decorative vertical bar on the left side of the slide, consisting of two parallel lines. The top portion is yellow and the bottom portion is dark blue.

Thank you for your attention!

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Three horizontal bars at the top left: a dark blue bar, a light blue bar, and a yellow bar.

References

Slide 5: ESPON (2019) *European Territorial Reference Framework*, www.espon.eu/etrf

Slide 6: ESPON (2018) *Inner peripheries in Europe*, ESPON Policy Brief, <https://www.espon.eu/inner-peripheries-brief>

Slide 7: OECD (2019) *OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas*, OECD Paris, March 2019.

Slide 8: Dijkstra L, Poelman H & Rodríguez-Pose A (2019) The geography of EU discontent, *Regional Studies*, DOI: [10.1080/00343404.2019.1654603](https://doi.org/10.1080/00343404.2019.1654603)

Slide 9: EU Budget for the Future, European Commission, October 2019, <http://bit.ly/34IR8Ka>

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

Slides 14 & 15: Bachtler J and Mendez C (2020, forthcoming) 'Cohesion and the EU's Budget: Is Conditionality Undermining Solidarity?' in R Coman, A Crespy and V A Schmidt (eds.) *Governance and Politics in the Post-Crisis EU*, Cambridge University Press.

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

Slide 21: *Commissioner Crețu presents Next Generation of EU Funds Programmes and Priorities*, Speech to EURADA, 22.10.18, <http://bit.ly/2Ec0ayZ>

Slide 22, 23 & 25: Van der Zwet A, Bachtler J, Ferry M, Miller S and McMaster I (2017) *Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020?* Final report to the European Commission (DG Regio), European Policies Research Centre, University of Strathclyde, Glasgow. <http://bit.ly/2PGOAKx>

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

Slides 26 & 27: www.cohesify.eu