Implementation of EU Cohesion Policy in Central and Eastern Europe

John Bachtler

Experience of Central and Eastern Europe in implementing Cohesion Policy: lessons learnt and future perspectives

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Implementation of EU Cohesion Policy in C. and E. Europe

• How much Cohesion policy funding has been allocated?

• How have the EU12 performed?
  - financial progress
  - outcomes - results of the investment
  - management of programmes

• What are the lessons?
Cohesion policy in the EU12: How much has been allocated?
Cohesion policy in the EU 12
How important is the funding?
Cohesion policy in the EU12
What is it being spent on?
Cohesion policy in the EU10

- In the 2004-6 period, the EU10 recorded good performance compared to EU25 average.
- Most of the funding was spent on time and according to EU rules.

<table>
<thead>
<tr>
<th>Proportion of funding:</th>
<th>EU10</th>
<th>EU25</th>
</tr>
</thead>
<tbody>
<tr>
<td>absorbed (paid out) by 2008</td>
<td>93.2%</td>
<td>90.8%</td>
</tr>
<tr>
<td>decommitted</td>
<td>-0.13%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>subject to COM corrections</td>
<td>0.29%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>
In the 2007-13 period, progress has been slower with big variations between Member States.
## Cohesion policy in the EU12
### Outcomes of investment

Estimates of gross, full-time jobs created (ERDF & Cohesion Fund): 2007-11

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross jobs</th>
<th>per 1000 employed</th>
<th>Country</th>
<th>Gross jobs</th>
<th>per 1000 employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>BG</td>
<td>756</td>
<td>0.2</td>
<td>HU</td>
<td>17650</td>
<td>4.7</td>
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<tr>
<td>CZ</td>
<td>9188</td>
<td>1.9</td>
<td>MT</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EE</td>
<td>3759</td>
<td>6.6</td>
<td>PL</td>
<td>31233</td>
<td>2.0</td>
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<tr>
<td>CY</td>
<td>1641</td>
<td>4.3</td>
<td>RO</td>
<td>4360</td>
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</tr>
<tr>
<td>LT</td>
<td>508</td>
<td>0.4</td>
<td>SI</td>
<td>1543</td>
<td>1.6</td>
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<tr>
<td>LV</td>
<td>-</td>
<td>-</td>
<td>SK</td>
<td>1432</td>
<td>0.6</td>
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<tr>
<td>EU12</td>
<td>72070</td>
<td>1.7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cohesion policy in the EU12
Outcomes of investment

Recorded outputs from ERDF and Cohesion Fund:

- upgrading of basic infrastructure: road, rail, telecoms, water and waste-water
  - 6,400 km new or reconstructed roads;
  - 1.5 million people served by wastewater improvements
  - 351.1 MW of additional capacity for renewable energy production

- renovation of public services - health, education

- improvement of business environment - industrial zones, technology parks
Cohesion policy in the EU12
Outcomes of investment

Recorded outputs from ERDF and Cohesion Fund:

• major business investment, especially SMEs: renewal of equipment, internationalisation
  - 2,794 start-ups supported
  - 34,174 gross full-time jobs created in SMEs

• significant increase in RTDI
  - 6,019 research jobs supported
Cohesion policy in the EU12
Outcomes of investment

Investment in economic development institutions

• building of administrative capacity = human resources, expertise, management systems

• experience with
  - strategic planning
  - multi-annual budgeting
  - partnership
  - monitoring
  - evaluation
Management reflects different institutional contexts in the EU12:

- varied progress with public administration reform and modernisation (mainly in the CEE countries), especially the balance between
  - bureaucratic systems - based on rule-oriented culture, command and control, and
  - new public management systems - outcome and performance management, customer orientation etc

- limited territorial administrative reforms - role of regions often quite limited, except with project implementation

- structural deficiencies in human resources management and leadership - influence of pre-accession aid was mixed
Effective management of EU programmes has taken time:

- the 2004-06 programmes lacked strategic direction
- programme management was often disjointed - based on departments/agencies operating independently with little or no coordination
- partners and beneficiaries perceived the programmes as ‘grant opportunities
- project selection was basic - funding was often allocated on a ‘first come, first served’ basis
- little or no evaluation culture in several Member States
Some progress has been made, but variable:

- **programme design** has become more professional, with more analysis, strategic reflection and partner consultation.

- Increased ‘**partnership-working**’ - greater involvement of regional/local bodies, economic and social partners - although usually not in funding decisions.

- Investment in **project generation** - working with applicants to get ‘good projects’.

- More sophisticated **project selection** systems - competitive calls, scoring criteria.

- Greater attention paid to **monitoring** and development of an **evaluation culture**.
Cohesion policy in the EU12
Management of funding

And several problems remain unresolved:

- organisational instability - frequent changes to institutions
- lack of alignment between EU and domestic systems
- mistrust between individuals or organisations - multiple checks
- compliance orientation - complex, time-consuming administration
- delays and cost-overrun with major projects - lack of cost-benefit analysis and environmental impact analysis
- variable use of monitoring and evaluation as management tools
- politicisation of resource allocation decisions - selecting projects for their political value rather than relevance or impact

Economic crisis has led to shortage of public and private co-funding
What are the lessons?

• Major challenge is how to manage programmes effectively to meet policy objectives

• Fundamental requirement is investment in institutional capacity - stable organisations, human resources, systems, procedures

• Quality of public administration influences policy outcomes

• Entrepreneurial leadership can make a difference
Thank you for your attention!

john.bachtler@strath.ac.uk