

Implementation of EU Cohesion Policy in Central and Eastern Europe

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

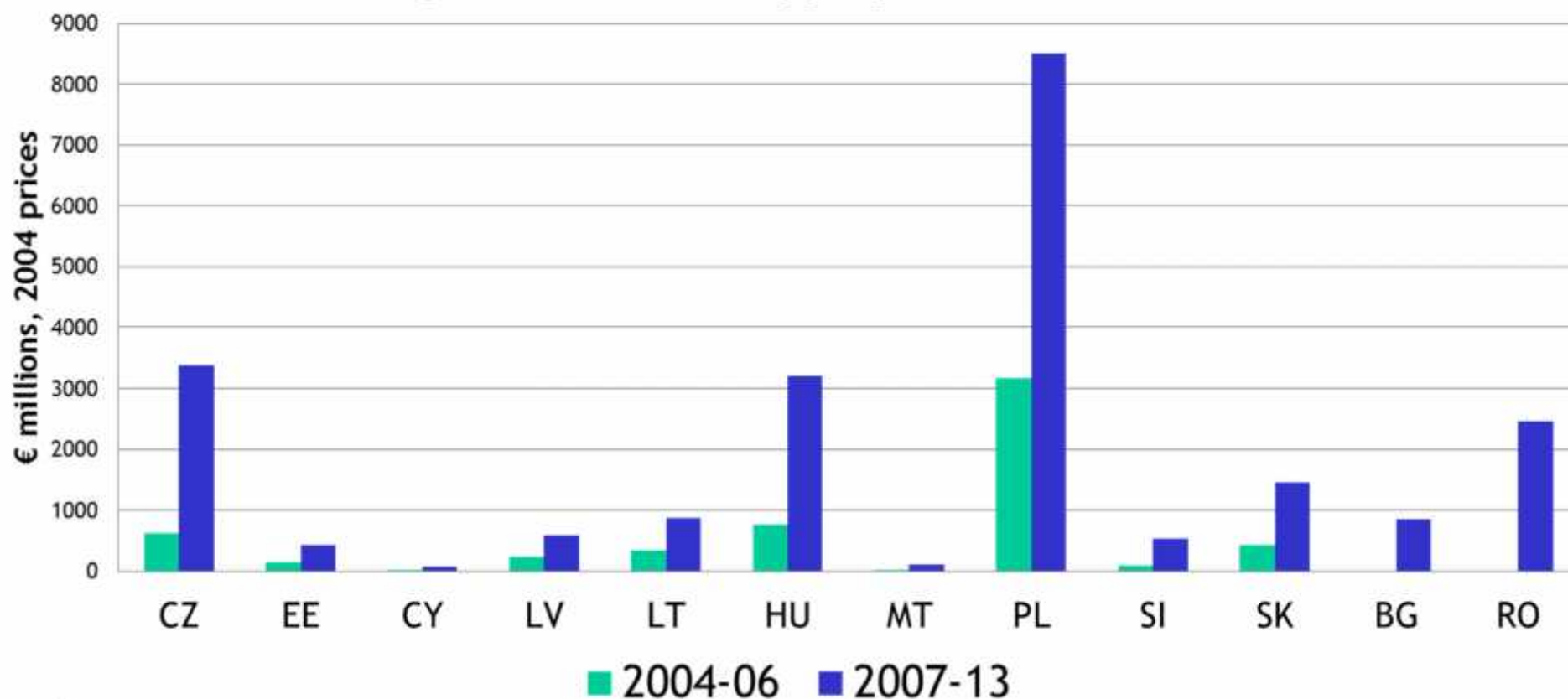
Regional Development Committee, European Parliament
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Implementation of EU Cohesion Policy in C. and E. Europe

- 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?

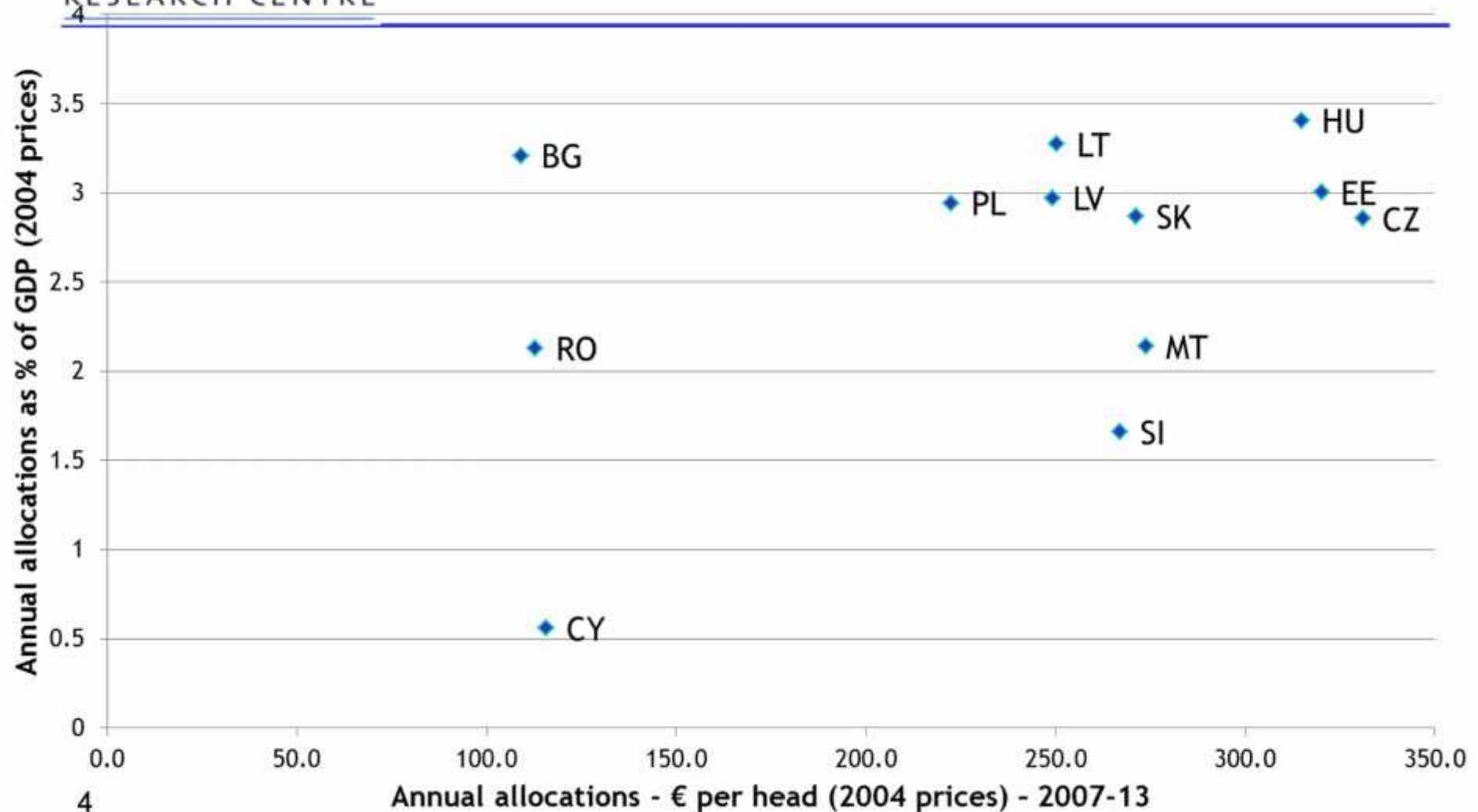
Cohesion policy in the EU12: How much has been allocated?

Annual average commitment appropriations, 2004-13



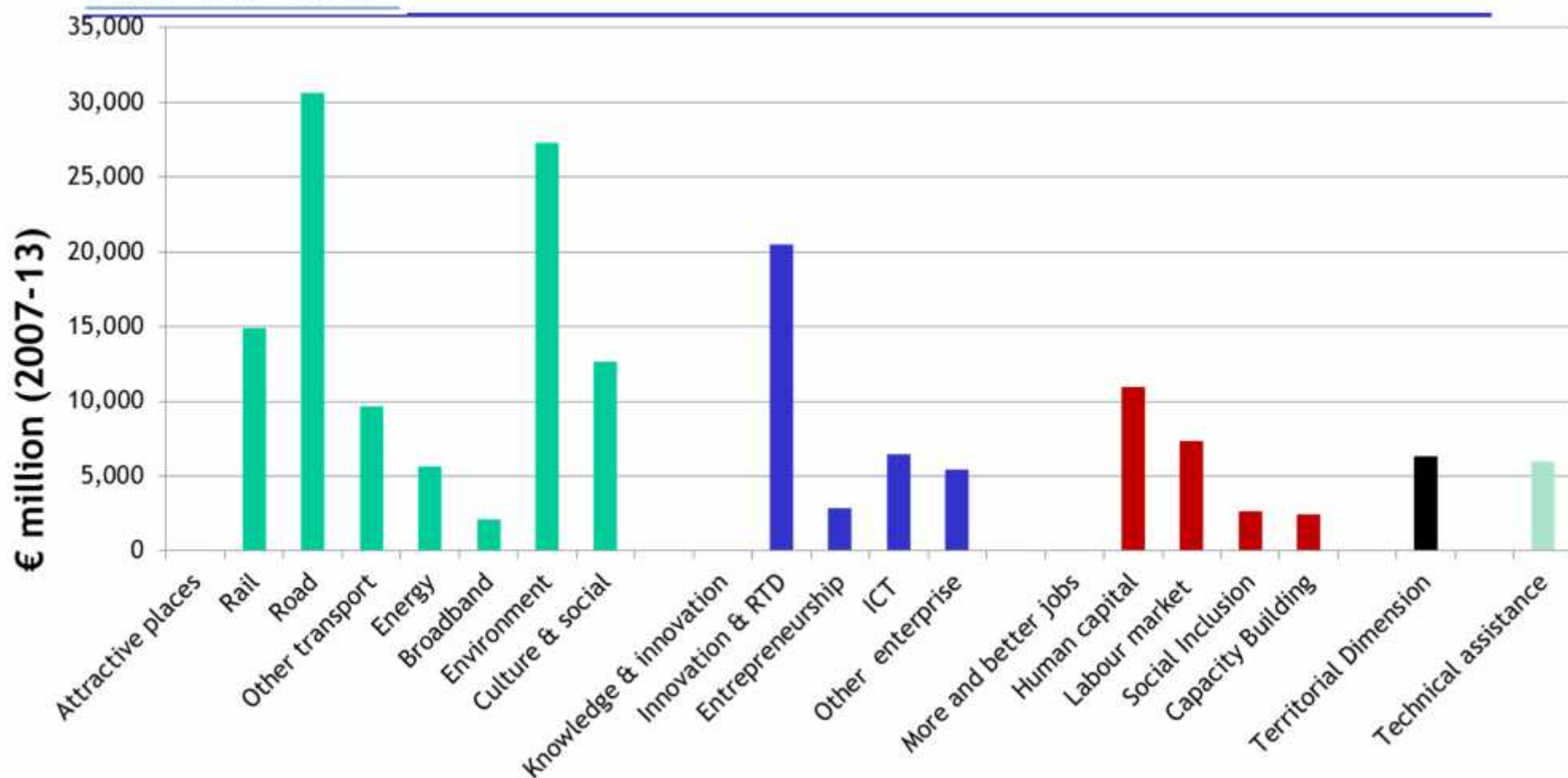
Cohesion policy in the EU 12

How important is the funding?



Cohesion policy in the EU12

What is it being spent on?



Cohesion policy in the EU10

Financial performance: 2004-2006

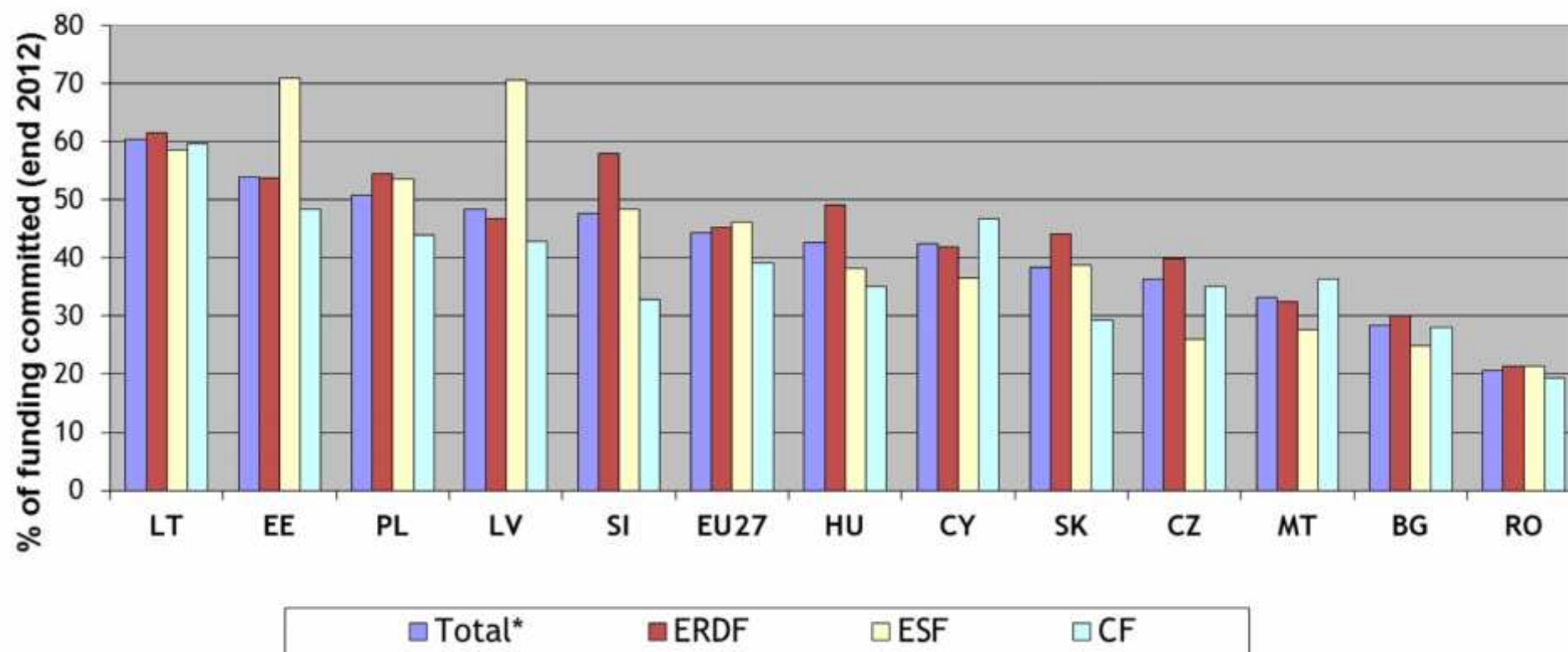
- In the 2004-6 period, the EU10 recorded good performance compared to EU25 average
- Most of the funding was spent on time and according to EU rules

Proportion of funding:	EU10	EU25
absorbed (paid out) by 2008	93.2%	90.8%
decommitted	-0.13%	-1.1%
subject to COM corrections	0.29%	1.70%

Cohesion policy in the EU12

Financial performance: 2007-2013

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

Country	Gross jobs	per 1000 employed		Country	Gross jobs	per 1000 employed
BG	756	0.2		HU	17650	4.7
CZ	9188	1.9		MT	-	-
EE	3759	6.6		PL	31233	2.0
CY	1641	4.3		RO	4360	0.5
LT	508	0.4		SI	1543	1.6
LV	-	-		SK	1432	0.6
EU12	72070	1.7				

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

Cohesion policy in the EU12

Management of funding

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

Cohesion policy in the EU12

Management of funding

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

Cohesion policy in the EU12

Management of funding

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!

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