

# **New Operational Programmes and Governance – Reducing or Deepening Peripheralization in Central and Eastern Europe**

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## **Extended abstract**

One of the horizontal principles of Structural Funds (SF) states that “each Member State shall in accordance with its institutional and legal framework organise a partnership with the competent regional and local authorities“ (EU 2013, 341). This derives from the overall target of reducing regional differences. The aim of this paper is to analyse whether the new Operational Programmes (2014–2020) of the EU Central and Eastern European (CEE) member states are better equipped to reduce regional disparities and involve local and regional authorities in policy making: whether they learned from the previous (2007–2013) period and initiated changes in the policy framework.

There should be serious concerns among regional policy makers of CEE countries, where national spatial polarization has sharpened over the last decade. This situation is somewhat paradoxical because CEE benefited several times more from the EU extensive cohesion and common agricultural policy transfers; SF form the lion’s share of their public investments since 2004. CEE countries jumped on the globalization and Europeanization train in the early 1990s. As a result, new declining regions have emerged and already existing patterns of spatial differentiation have intensified (Gorzela & Goh 2010, Artelaris et al 2010). DGP per capita and migration data show strong and gradually growing polarization between main metropolitan areas and the rest of the countries. Most affected are remote rural regions and some industrial agglomerations. Several authors have argued that EU cohesion and structural programmes did not result in a more balanced spatial development (Kaczmarek 2010) but – quite the opposite – have even been furthering the processes of socio-spatial polarization (Bohle 2010, Finka 2007).

Since peripheralization has amplified, we can also ask whether governance – which has been reformed in all CEE countries at least to some degree – and its institutional set up may have had an impact on this. The Europeanization of local and regional governments in the CEE countries has been ambivalent. On the one hand, the EU has played an important role in shaping institution-building (Kungla 2002), improving strategic planning practices, and so on. On the other hand, in designing a framework for the implementation of EU structural funds, the EU has not made a strong case for having decentralised structures. Instead, the Commission gave preference to settling most of the pre-accession aid and the later structural funds at the central government level because of concerns about lacking ‘administrative capacity’ and “absorption” at the sub-national level (Kungla 2007). Recent studies conclude that CEE administrative systems have been effective with regard to the procedural regulatory and financial obligations but have had difficulties with programming which requires public administration organized at different spatial levels and, specifically, a concern with the content and effects of (regional economic development) policies which requires the wider involvement of enterprises, NGOs and other stakeholders (Batchler et al 2014).

The Commission was pressed for time and made a crucial mistake: they focussed on capacity building on the national level with the cohesion policy, thus, increasing the dissonance between CEE national and regional/local governance. Because of the weak and fragmented

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territorial administrative structures in CEE, the spatial development knowledge arena is associated primarily with upper-level epistemic communities which, in turn, restricts sub-national contributions from local knowledge communities (Adams et al 2014) and which, then, limits CEE national contributions to the EU policies. Besides, most CEE governments still believe in the (IMF and the World Bank driven) 'lean' state and have applied new public management principles (Randma-Liiv 2008) not suitable for sparsely populated regions of permanent market failure. Instead of improving the capacity of local and regional authorities, CEE countries rather tend to centralise functions and finances under the central agencies. Focussing on the "absorption" of cohesion policy measures caused another centralization wave at the beginning of the 2000s. As a result, the CEE national governments lack, in most cases, motivated and capable partners on the local and regional level (Raagmaa et al 2014).

Thus, administrative practices in Europe do not converge or harmonize but are translated into various processes and formats "as a consequence of deeply embedded differences between European nations in terms of political, professional and administrative cultures and structures" (Stead & Cotella 2011, 13). The CEE local and regional authorities lack true knowledge necessary to understand the EU policy rationale and future oriented leadership capable of carrying out necessary institutional and structural changes. So far. The previous EU cohesion policy if not ignited then at least supported centralization – and peripheralization – in the CEE, and the Commission now plays the Chinese whispers with the CEE lower tier governance, where generally reasonable policy concepts may obtain quite different meanings.

This paper asks the following questions:

- Are there signs of more active public discussion addressing peripheralization among national policy makers and politicians?
- How clearly do the new OPs respond to the Commission's main guidelines (e.g., focussing on key growth sectors, better coordination between the SF, simplification, SME support) and, more specifically, to spatial policy recommendations (place based policy, smart specialization, leader principle)?
- Are there new measures and institutions in the OPs targeted at reducing spatial differences?
- Are there initiatives that presumably improve the development capacity of local and regional authorities and involve them in policy making?

In the case of rising concerns about spatial polarization, it would be logical to see new institutions and tools in the OPs and also their reflections in the policy discussion. According to the contra-hypothesis, there are no particular changes because of (a) a still dominant metropolization oriented agenda and/or (b) institutional lock in.

Methodologically, this paper examines, on a general level, new programming documents and the latest ex-post evaluation reports, and follows the public media discussion around the limited number of regional policy related terms in selected CEE countries. When analysing the evolution of policies and procedures, we consider a major problem related to such information sources: namely that evaluations based on official reports from government bodies, implementing agencies or their beneficiaries may not provide sufficient information about change or provide a full picture of the effect of spatial policies on the ground. There is also a tendency for managerial evaluations of policies and procedures to focus on formal changes (institutional arrangements, policies and rhetoric) rather than the reality (interpretation of policy and concepts and implementation). Therefore, we additionally plan to carry out interviews with ministerial and regional informants.

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