

# Governance turn and territorial polarisation in Central and Eastern Europe

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# Aim of the paper

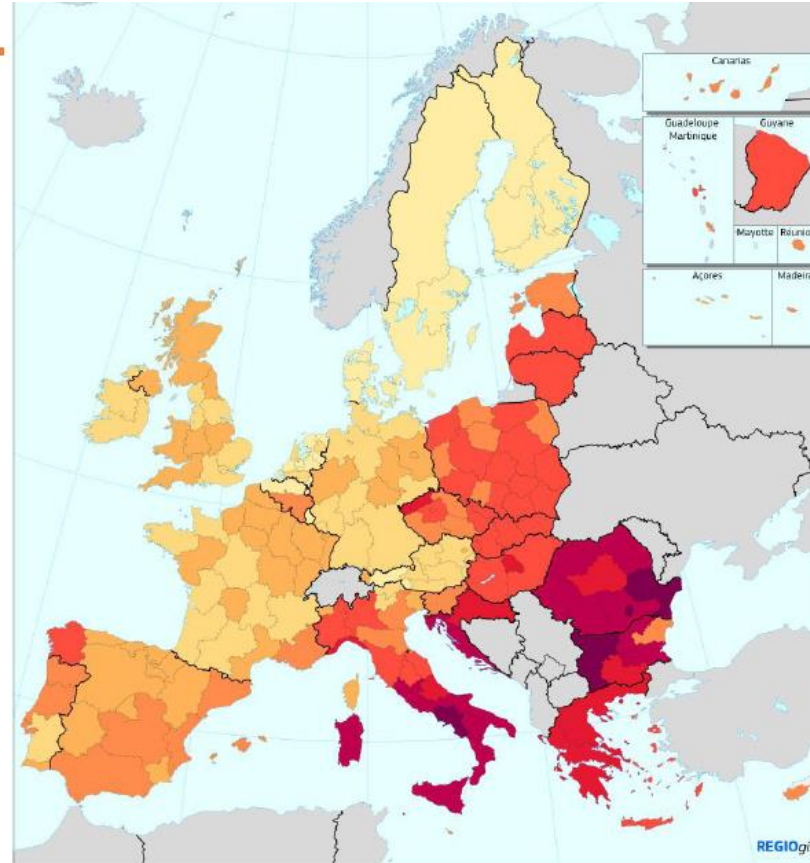
- Introducing governance trends in CEE focusing on territorial aspects
- Looking for linkages between governance and regional policy performance
- Discussing the role of EU cohesion policy and Europeanisation

# Governance matters (in regional policy also)

## Governance

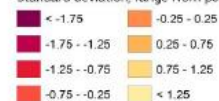
*Poor governance slows down Cohesion Policy implementation, reduces its impact and hinders economic growth and entrepreneurship*

European  
Commission



European Quality of Government index, 2013

Standard deviation, range from poor quality (negative) to high quality (positive)

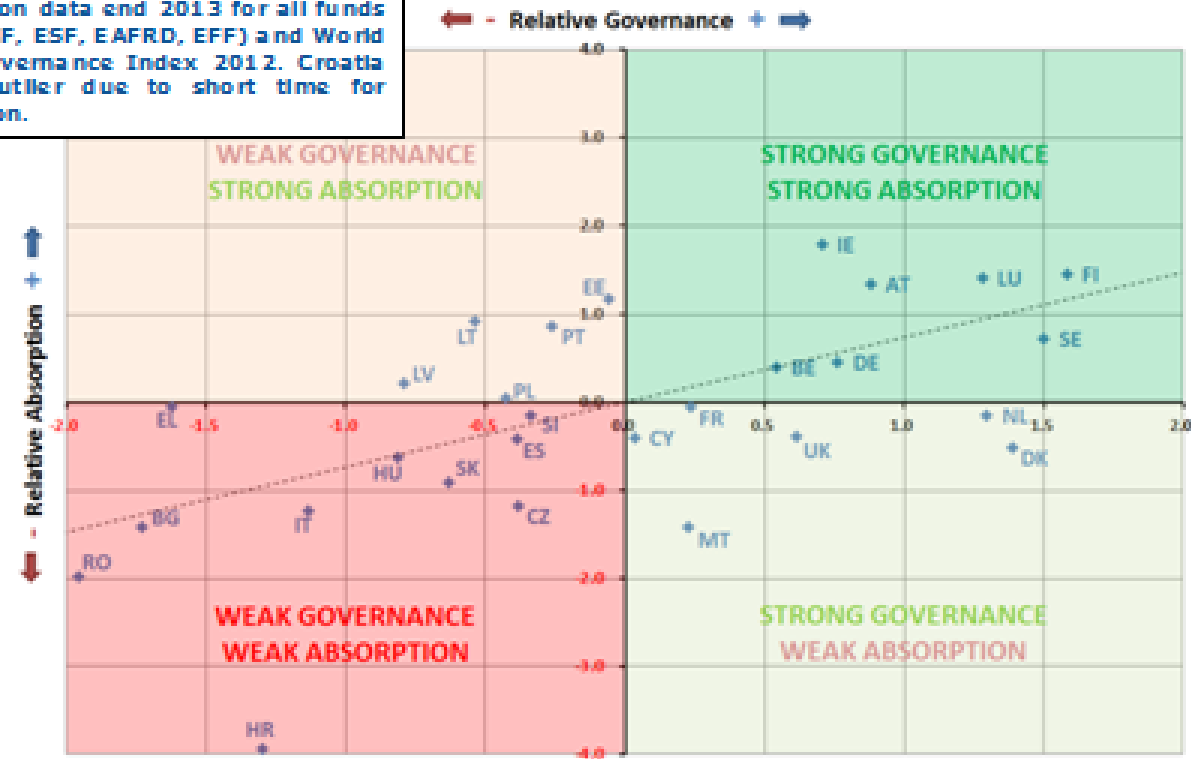


Note: EU = 0

Source: ANTI-CORRP, based on World Bank data and a regional quality of government survey

## Strong correlation between Absorption and Governance

Standardized Index based on Absorption data end 2013 for all funds (ERDF, CF, ESF, EAFRD, EFF) and World Bank Governance Index 2012. Croatia is an outlier due to short time for absorption.



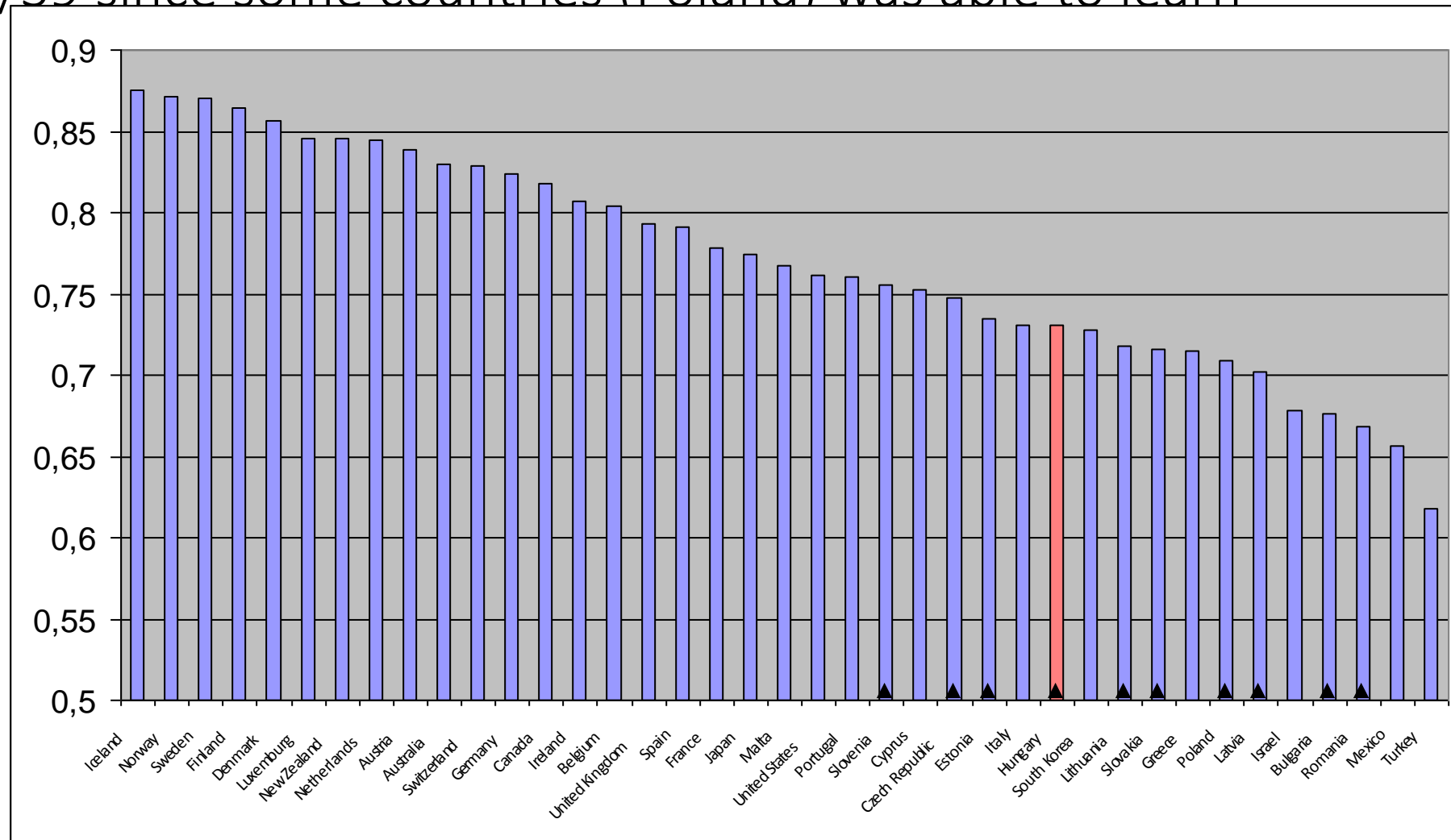
Successful SF management with unfavourable, (not „good“) governance environment?

- Centralised systems
- Low administrative capacities
- Lack of culture of „horizontalism“
- No need for participation at both sides
- Political burdens (Surubaru, 2017)

Typical attributes of CEE countries, due to historical legacy or lack of willingness (ability?) to learn.

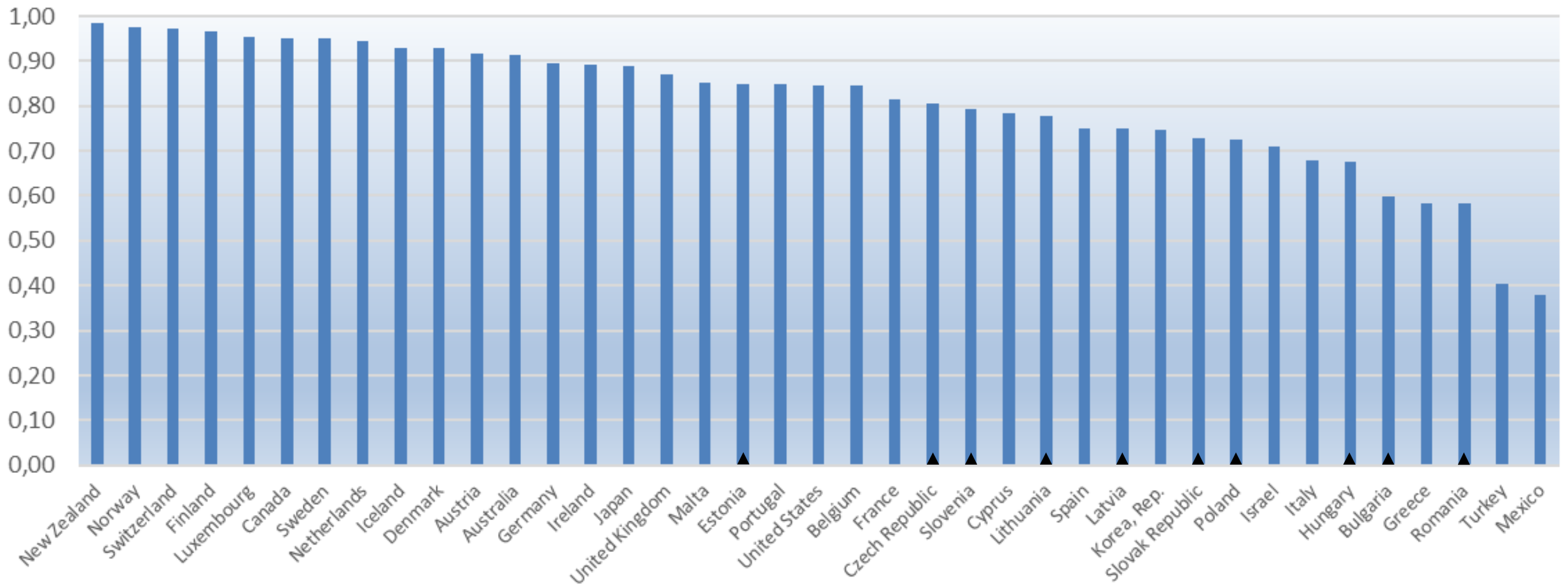
Different pictures:

# Governance matters: OECD ranking based on World Governance Index HU28./39 since some countries (Poland) was able to learn

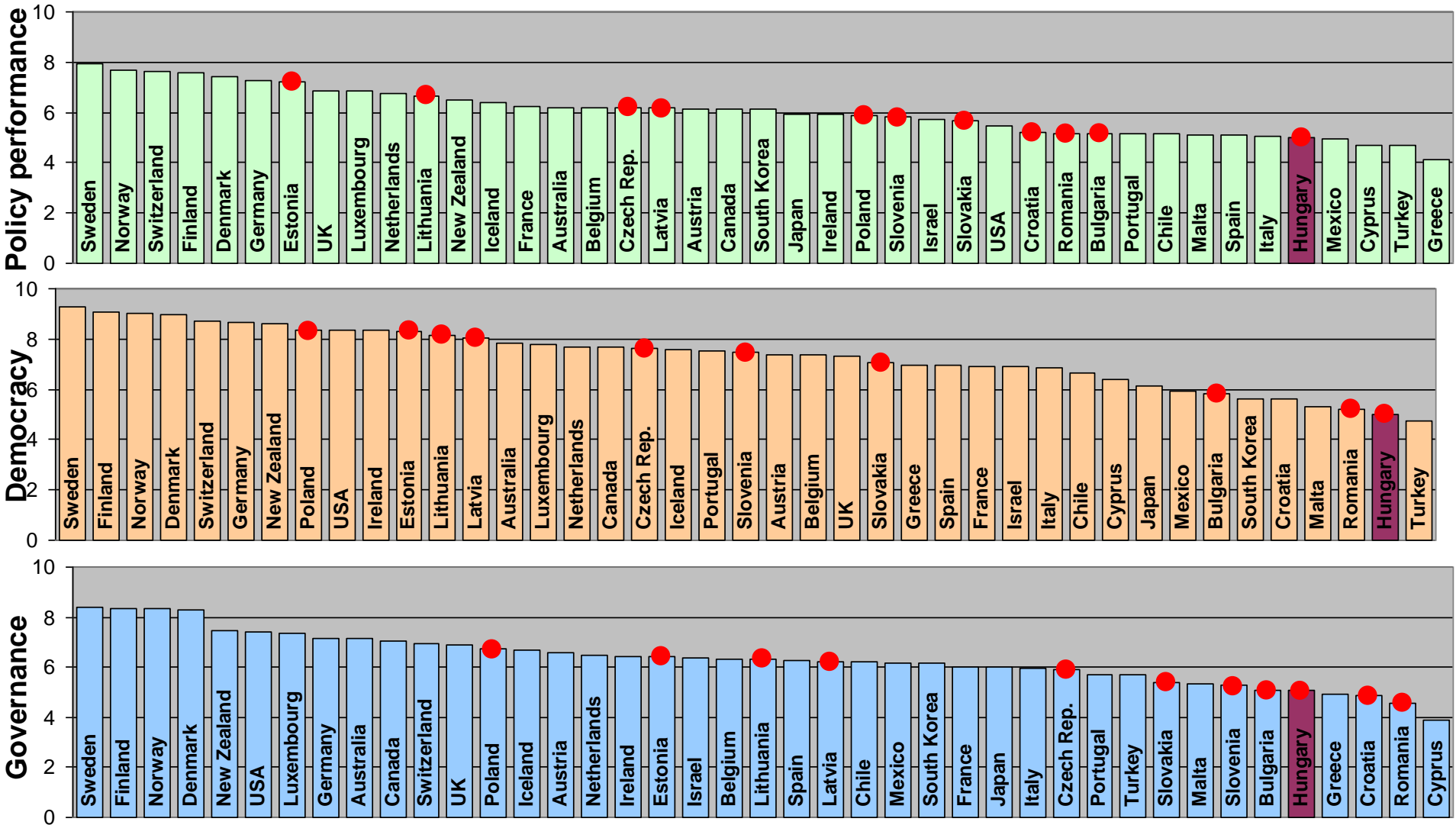


# OECD ranking based on World Governance Index

(2017, Czechia 22. Poland 31. HU34. Bulgaria 35. Romania 37. /39)



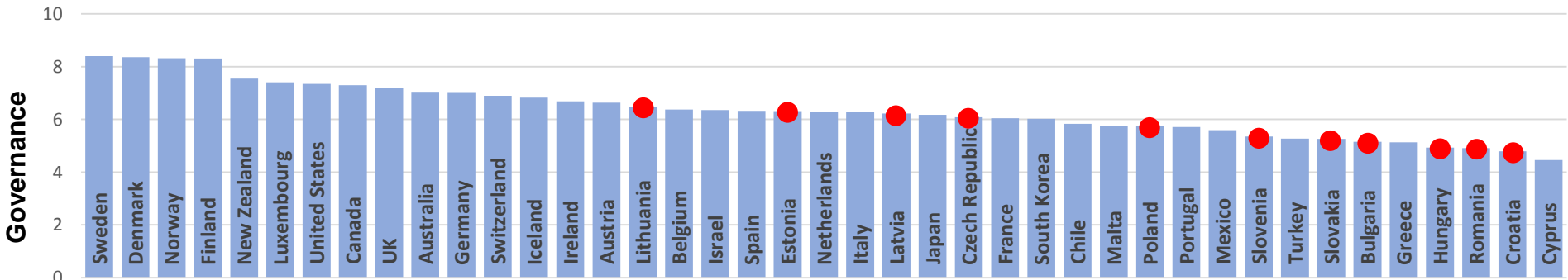
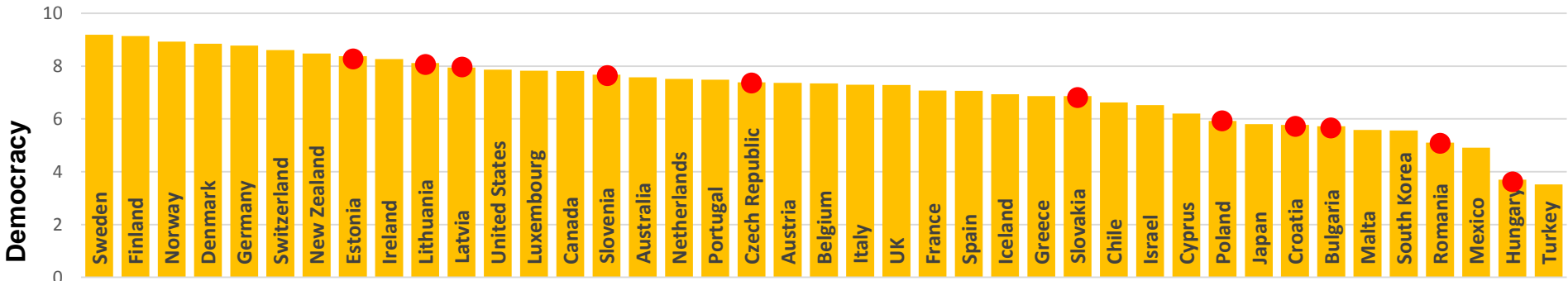
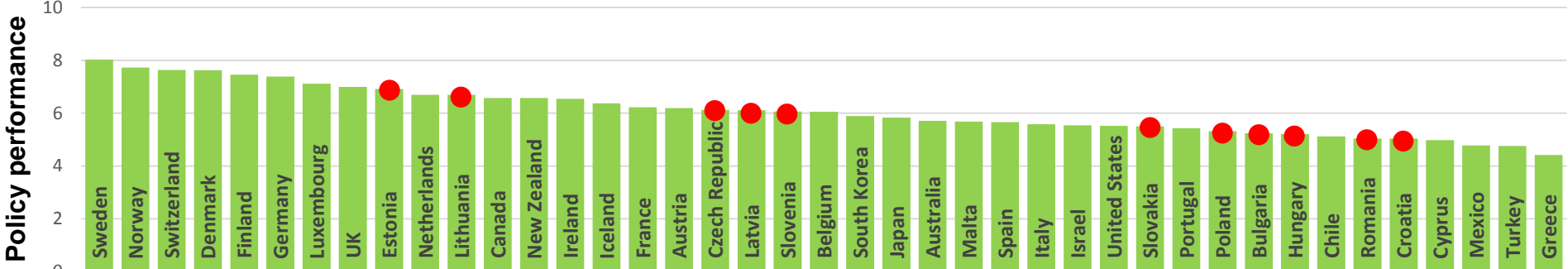
# Declining trend: Bertelsmann, GI, 2014



Forrás: Bertelsmann Stiftung, [www.sgi-network.org](http://www.sgi-network.org)

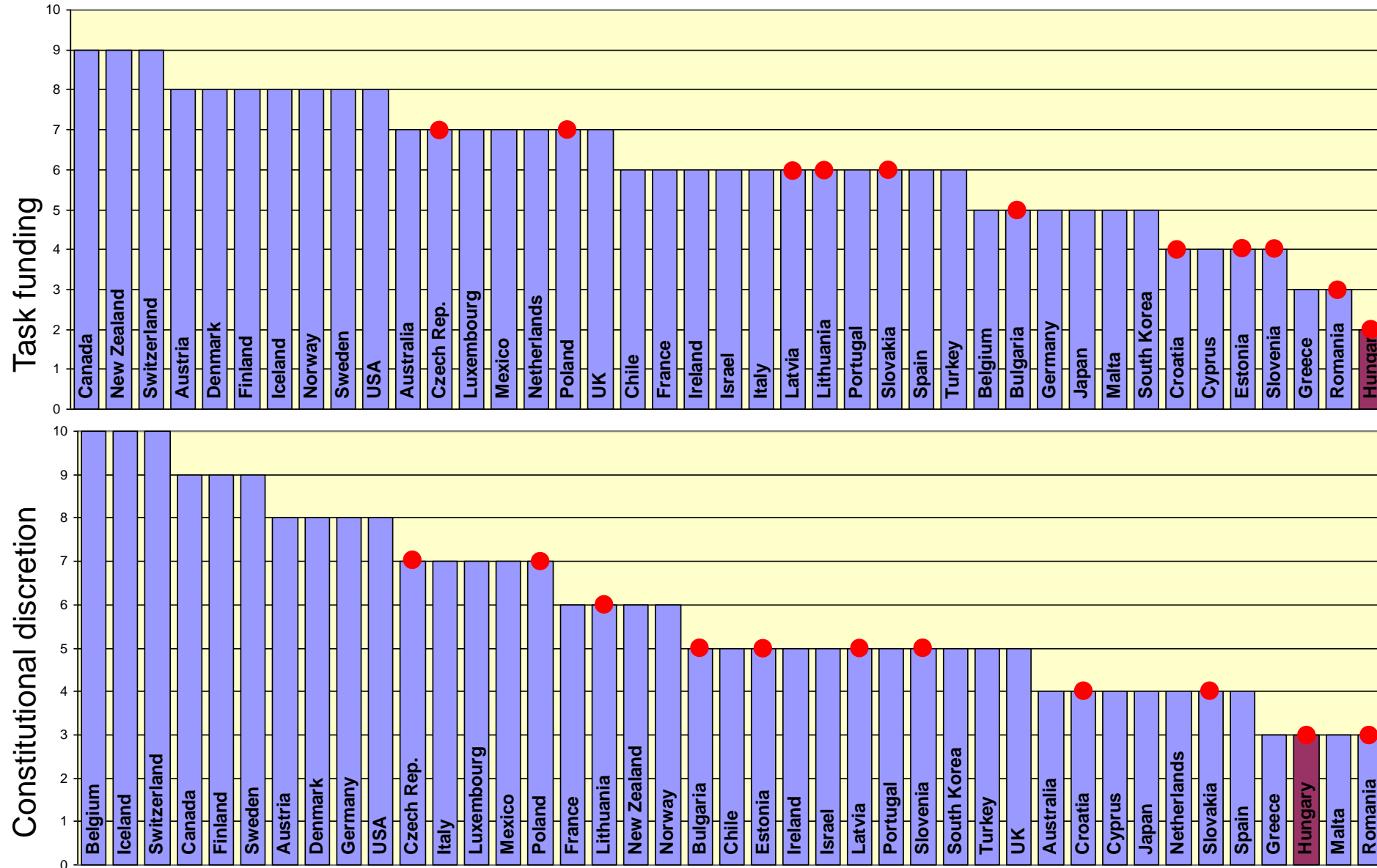


# Bertelsmann, GI, 2017

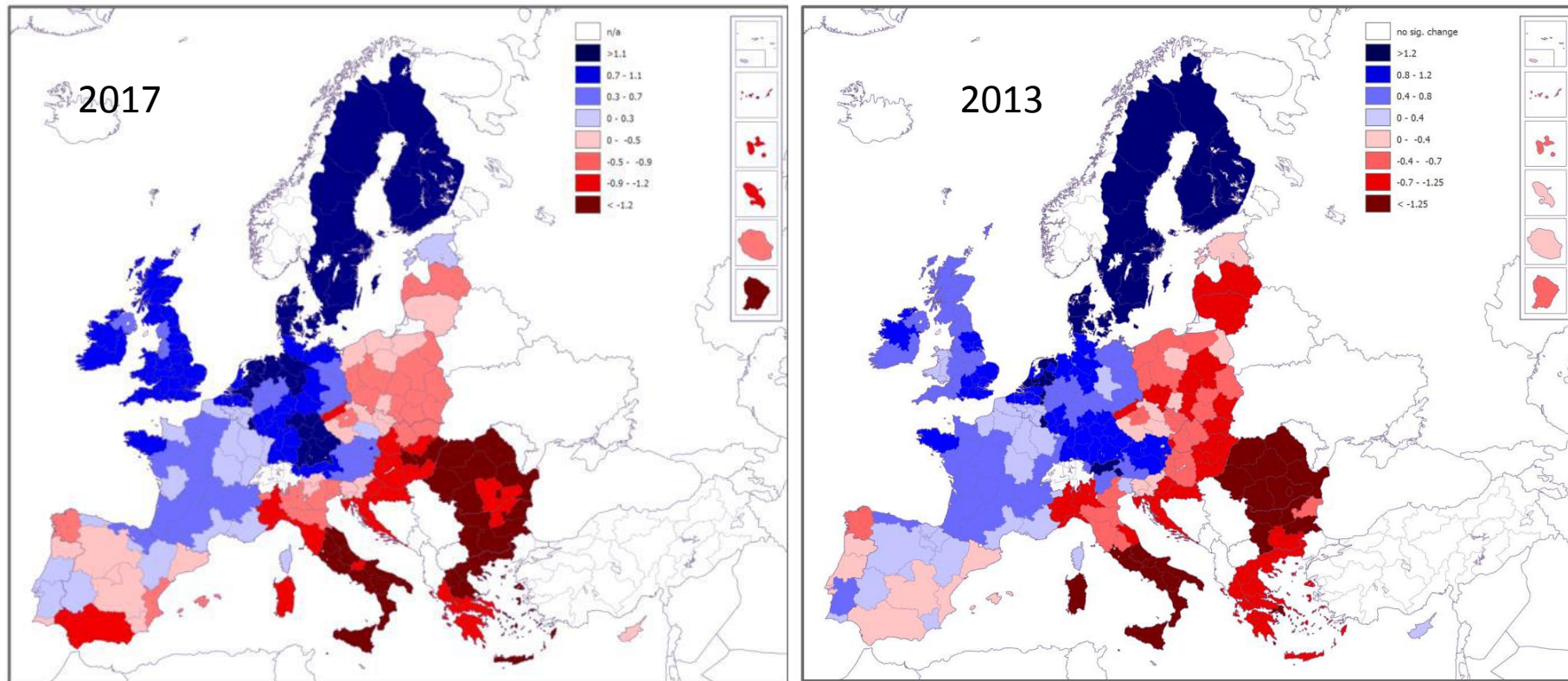


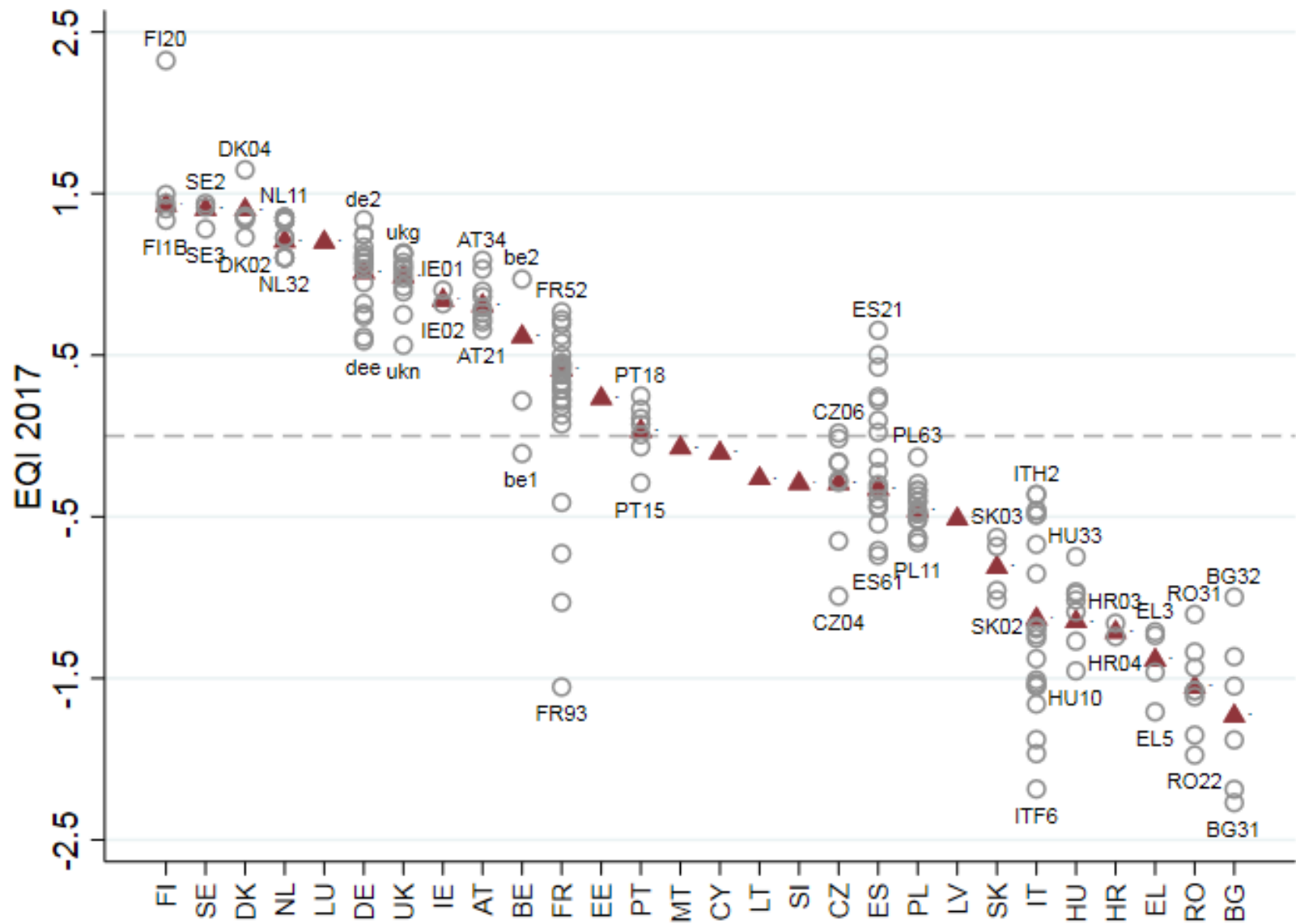
Forrás: Bertelsmann Stiftung, www.sgi-network.org

Bad positions also according two components of the governance indicators- **decentralization/centralization**  
 (Bertelsmann, Sustainable Governance Index, SGI 2014)

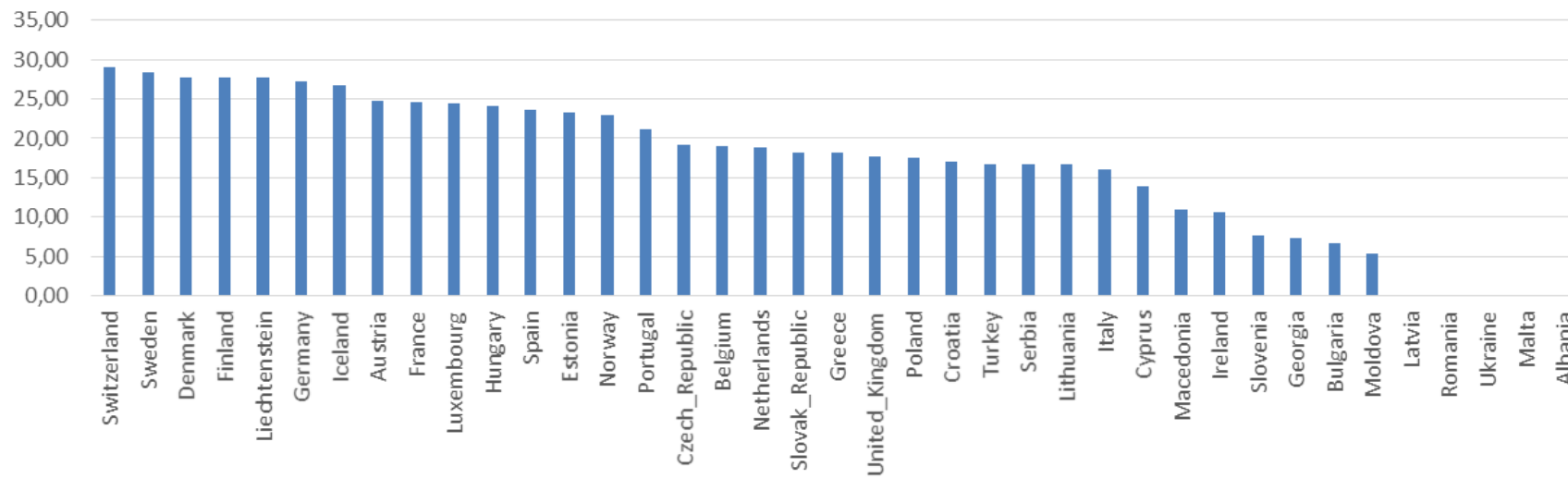
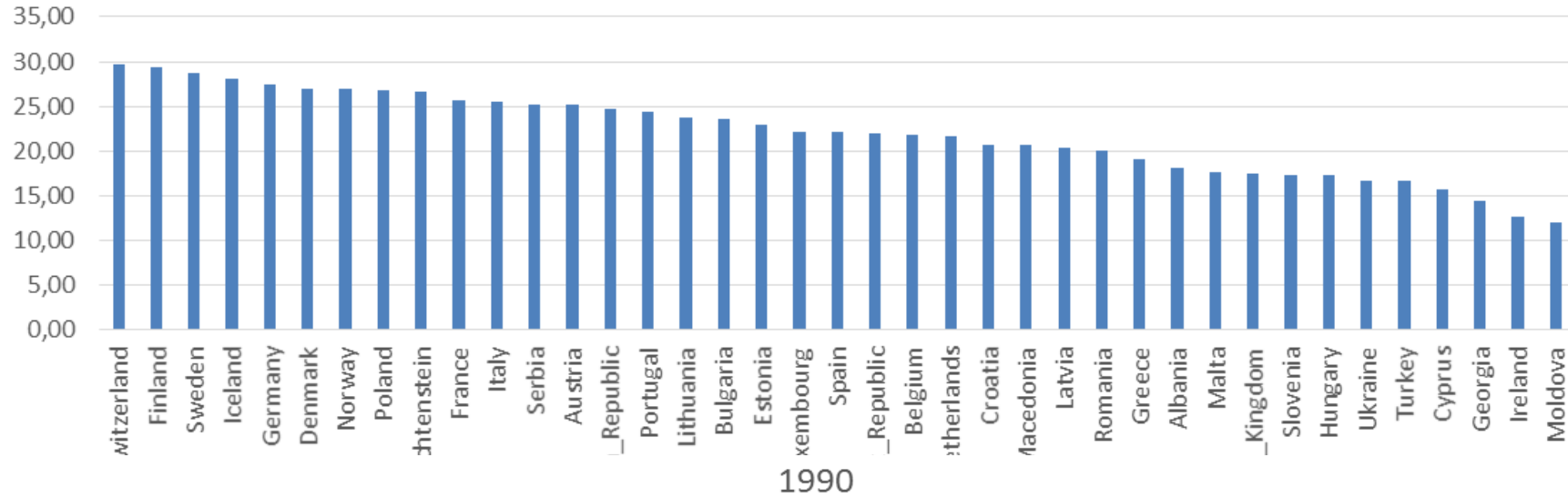


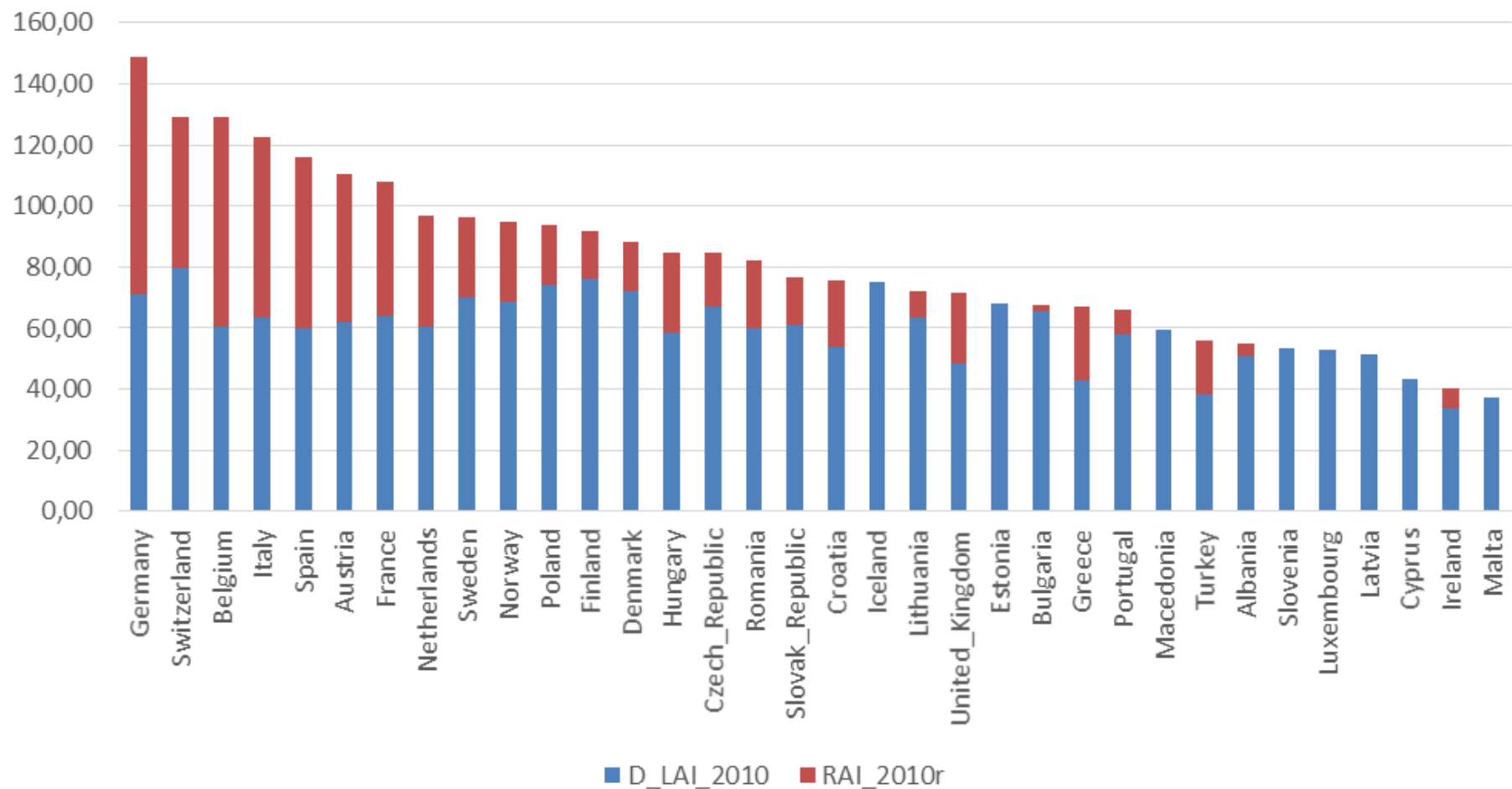
# Measurement at regional level (EQI regional dimension)



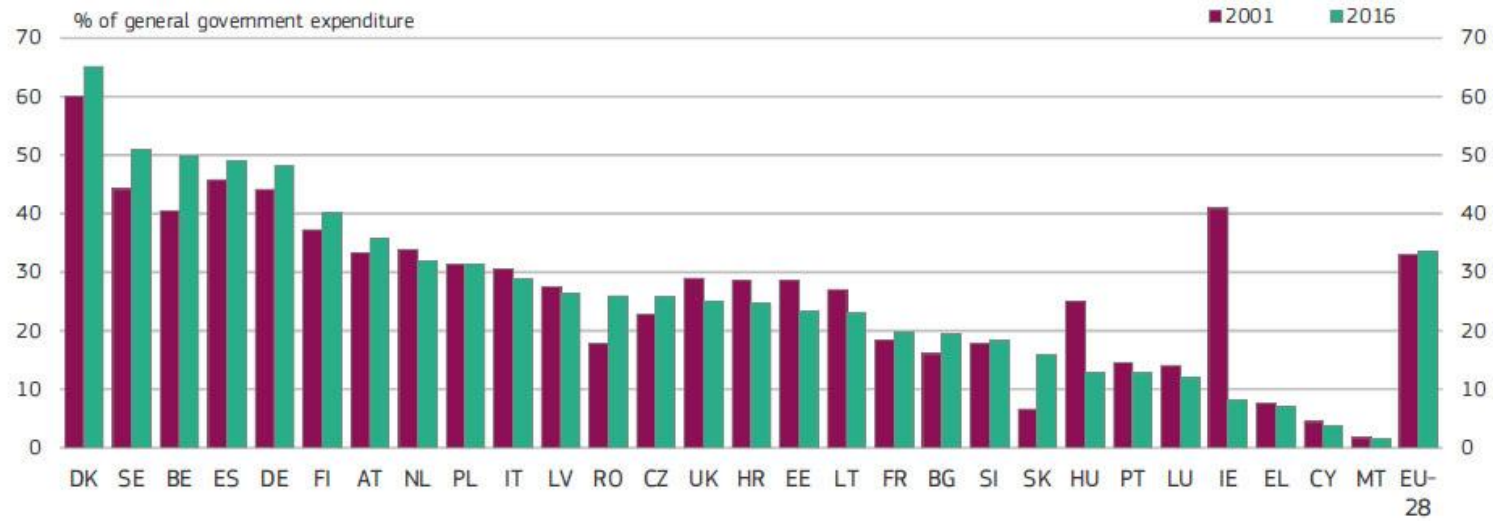


## LA-2014



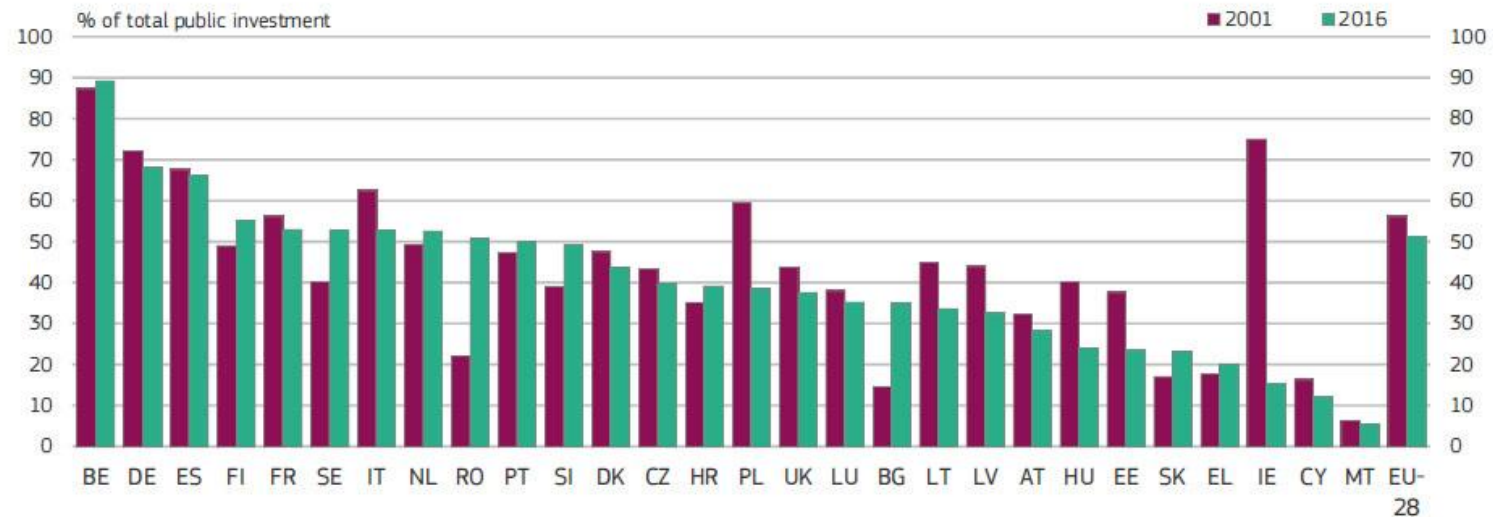


**Figure 5.7 Sub-national government expenditure, 2001 and 2016**



Source: Eurostat

**Figure 5.8 Sub-national government investment, 2001 and 2016**



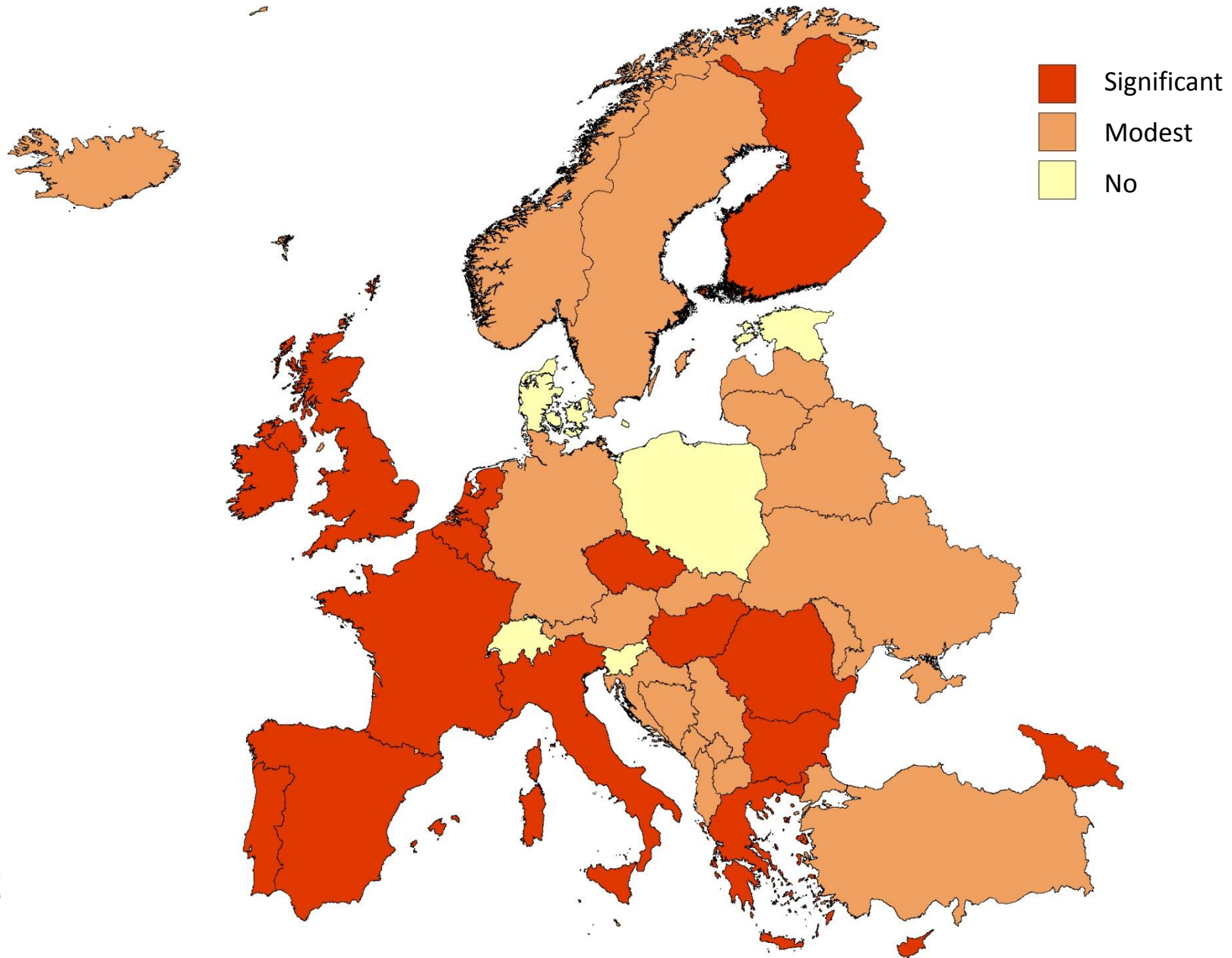
Source: Seventh report on economic, social and territorial cohesion. EU, 2017

# Trends (turn) in decentralisation- declining regionalism

- **90's**: Europe of regions, MLG, CoR: meso as transmission level, strong shared rules
- **Enlargement** (2004) regionalisation is rather a slogan (Europe **with** regions, capacities rather sharing of power)
- **Crisis**: General governance turn, centralisation (CEMR, 2013 ,local governance at crossroads')
- **Recently**: restructuring MLG, sovereignty debates, raising national(ist) governments
  - **Behind** (almost permanent): urban turn, floating regional scale and borders ( place-based, localism, functional regions etc.)



# Territorial reforms in Europe after 2008 (CEMR, 2014)



# The picture is changing globally

Schakel et al ( 2018) updated the RAI, and realised that between 2010-2016:

- 17 countries (from involved 45) there were no reforms having impact on the score
- 34 reforms were implemented in the rest 28 countries
- 13 reform among them affected regional tiers ( abolished or created)
- RAI extended by measuring for urban/metropolitan special configurations (reacting to the trend of replacing regions by metropolitan governments)

# What kind of regionalism at all?

- Integrative, competitive, welfare, identity, as government, refraction of interests, contested regions (Keating, 2017)?
- Hard and soft spaces (Faludi, 2013) are still not rivals of each other, ,territorial governance' produced fuzzy maps
- Territorial governance in MLG is more than ,levels', and jurisdictions rather new meta governance paradigm (Gualini, 2016)
- Regions are far beyond the NUTS 2 system

# 'Neoliberal challenges' of cohesion policy

- **Governance principles** (only guidelines): subsidiarity, (place based) regionalism (MLG), partnership, participation, identity
- **Management** requirements (prescribed, controlled, measured): efficiency, professionalism, transparency, impartial decision making, integrity, creativity, disciplined finance
- Rival policy **objectives** : equity vs. efficiency, competitiveness
- Domestic vs. European **priorities**,
- **Spatial** targeting: NUTS regions or traditional units (Ferry, McMaster, 2013)



How to adapt?

# Structural adaptation :top down regionalism in CEE

- Failed, in most countries only mapdrawing, except Poland (temporally?) (Brusis, 2014)
- No or weak political meso (RAI)
- No structural change in the public administration (new trend in Baltic countries by abolishing the meso)
- Some capitals are strengthening in power (Prague, Bucharest)
- Centralised (but changing) SF management (some exceptions, Slovakia, Poland)
- In spite of that (or due to) EU requirements has been fulfilled at the beginning (Bacthler, McMaster, 2008), but not at regional level!

# Hectic changes in subnational landscape in CEE before the accession

Country	Before WW 2.	'50	'60	'70	'80	2005
Bulgaria	9	13	28	28	9	28
Czech Rep.	2	13	8	8	8	14
Hungary	25	20	20	20	20	20
Poland	14	22	22	49	49	16
Romania	9	18	18	40	41	42
Slovakia	2	6	4	4	4	8

Recent subnational administrative units and NUTS regions,  
lack of fitting (except Poland)

	<b>Number of NUTS 2 units</b>	<b>Number of subnational administrative units</b>
<b>Czech Republic</b>	8	13
<b>Hungary</b>	7 (8)	19
<b>Poland</b>	<b>16</b>	<b>16</b>
<b>Slovakia</b>	4	8
<b>Slovenia</b>	2	211
<b>Bulgaria</b>	6	28
<b>Croatia</b>	2	20
<b>Romania</b>	9	41

Source: Eurostat

# „Capacity building”, but not in the local self governance sector

EU financed massively the governance reforms (840.660.046 EUROS in 2014-2020) but with modest success, because of

- imperative of money absorption- project logic and cycles, separated SF management
- contradiction between EU requirements and real domestic political ambitions (Hajnal et al, 2018)
- stronger state (bureaucracy), weaker self-governments



# Imitated partnership

## **Background**

- Legacy of the **past political culture**
- The negative role of the economic and political **context**: economic crisis, social tensions, lack of trust, instable civil society and fragmented party system, corruption etc.

## **Performance** in general (not only in the CEE)

- Dominance of vertical, public partners
- Rather exclusive clubs instead of real involvement

Slow progress in few countries (Dabrowski, 2014)

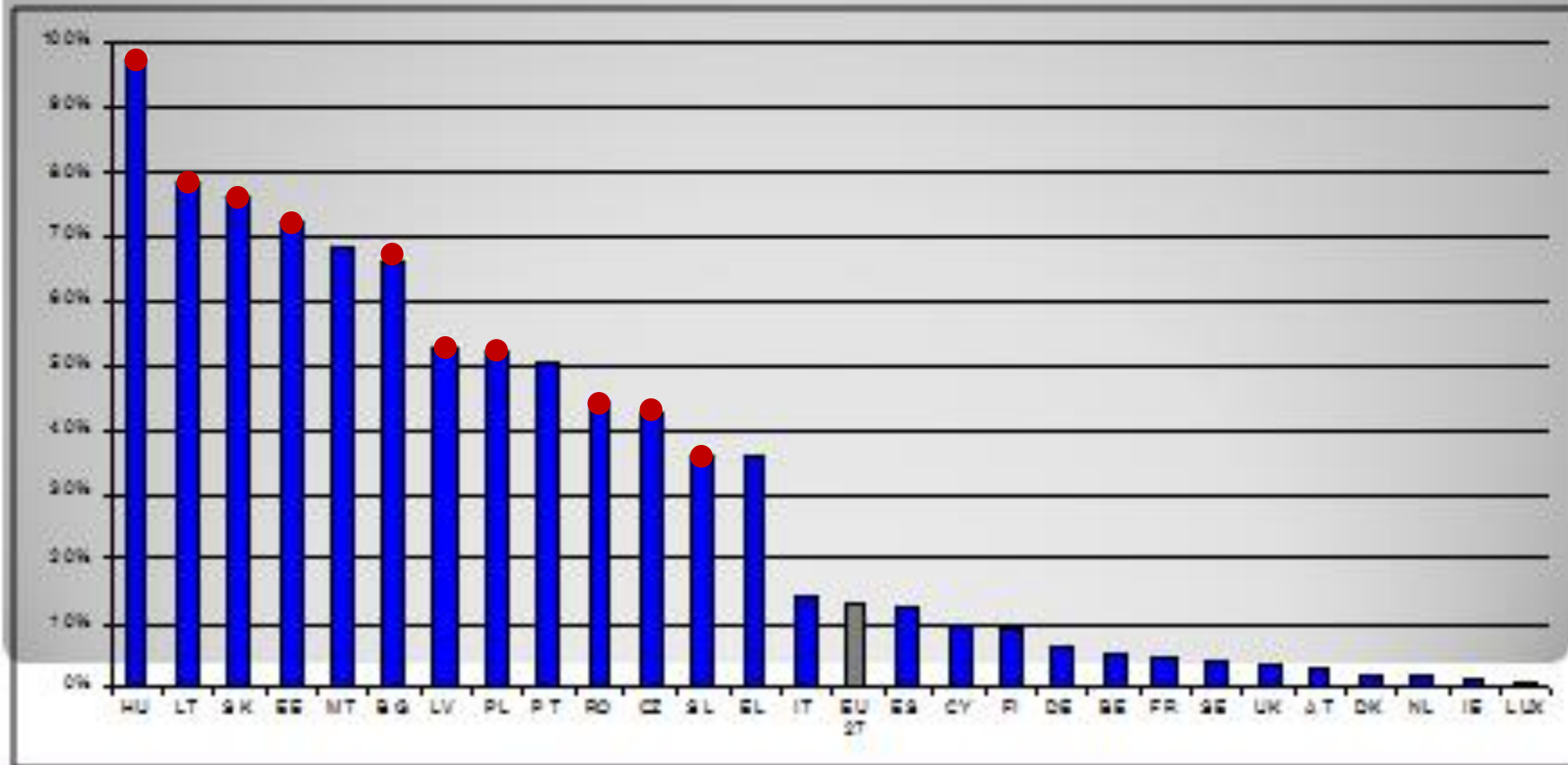
# Permanent need for cohesion money

CEE countries are dependent on funds because of

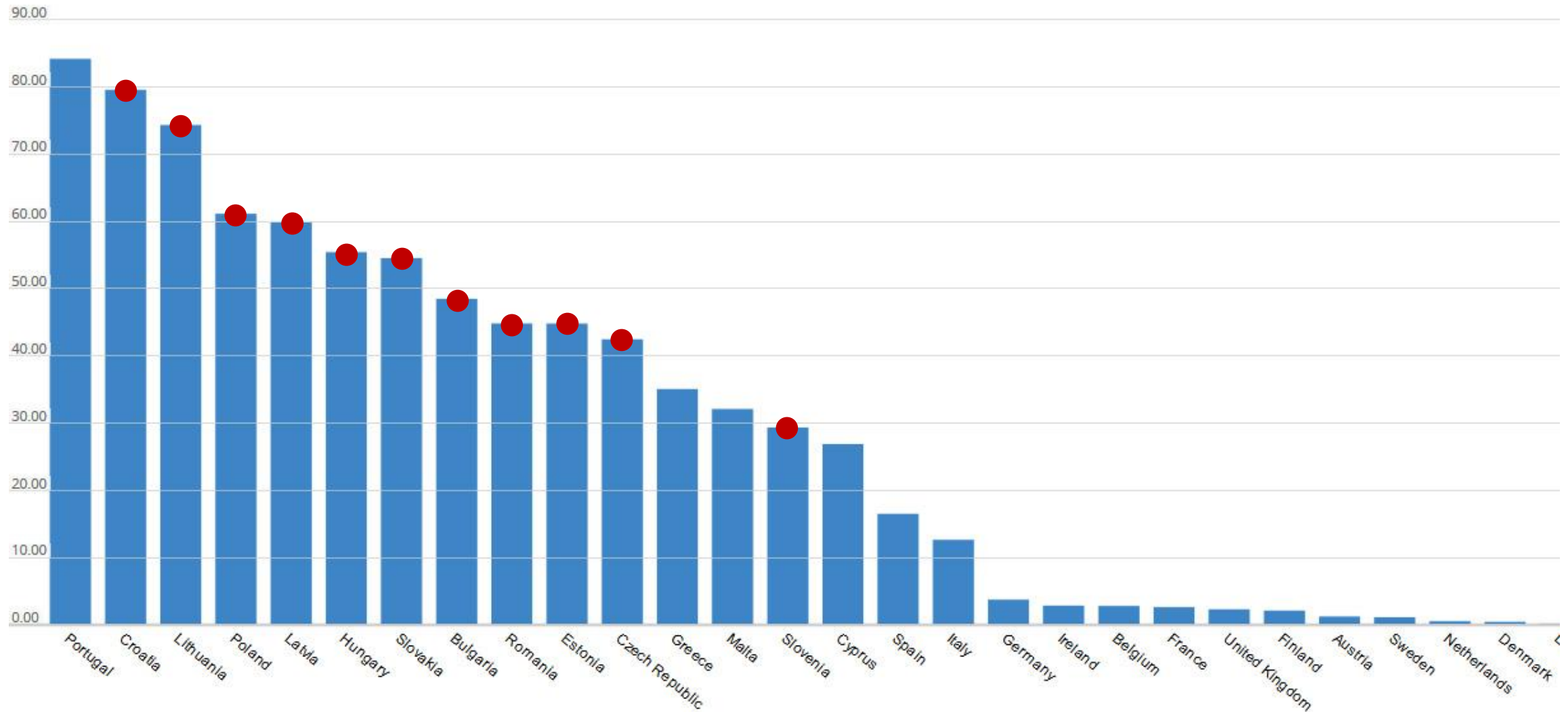
- their modest economic performance as compared to Western Europe (inherited high proportion of agriculture, declining industry)
- traditionally determined regional polarisation is increasing (EU, 2014, Monastiriotis, 2014)
- but the convergence at national level and in some regions started in 2007-2013 by higher growth in GDP

What to do without external support? (Dyba et al, 2018)

Cohesion policy 2007-2013 and national counterpart is a significant proportion of public investment in Europe.



# Cohesion policy funding as an estimated share of public investment, 2015-2017



Source: [https://ec.europa.eu/regional\\_policy/en/information/cohesion-report/](https://ec.europa.eu/regional_policy/en/information/cohesion-report/)

Real impact of cohesion policy on governance and economic performance (Not only the CEE countries!)

Researches are more critical than the cohesion reports

- Greece, Spain, Portugal, Italy are also suffering from the low performance (Axt, 2015, Polverari, 2016)
- Negative impact of strong dependency: useful or harmful? (Varblane, 2016)
- Domestic needs are formally limited but hidden impact emerged (Ferry, McMaster, 2013)

In spite of these doubts the same model transfer is still going on in Albania (Co-PLAN, 2014) and in other candidate countries

# To conclude: Two speed cohesion policy?

## **Asymmetric** European landscape of governance model and management of cohesion policy

- Vertical paradox: Regions are still matter (Charron, Lapuente 2018) but not everywhere, dominance of **centralised** governance systems in CEE and Southern Europe
- Horizontal paradox: Non-public actors (**civil and business partners**) are not strong enough in CEE
- MLG paradox: Three-level governance only for the **core** of Europe where regions and places are strong (Rodriguez-Pose, Courty, 2018)

# Who's responsibility?

Not only of the recent nationalist regimes, but also

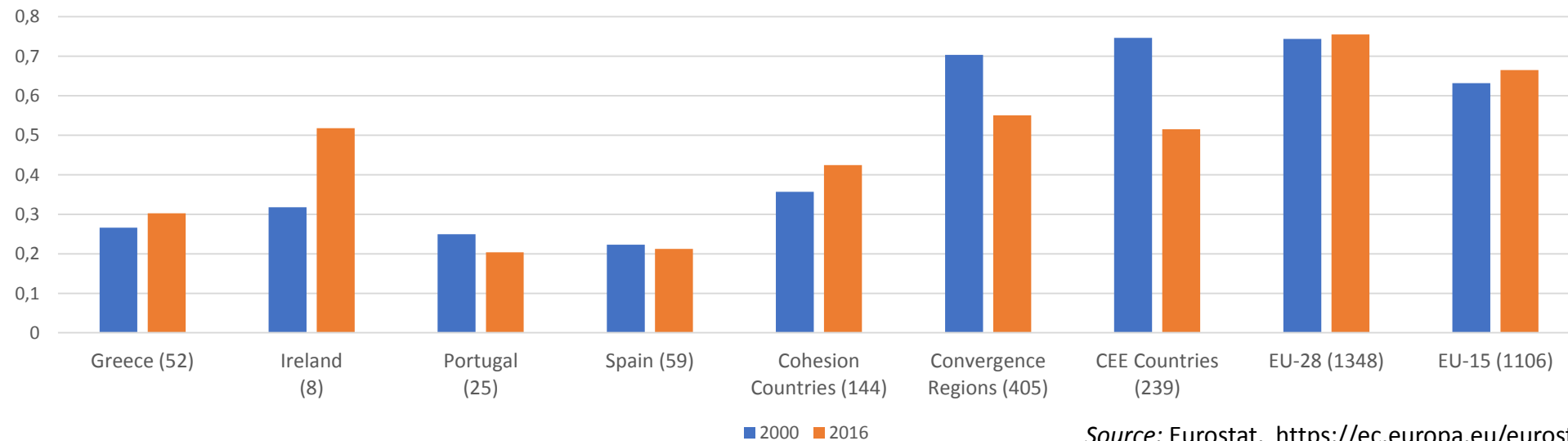
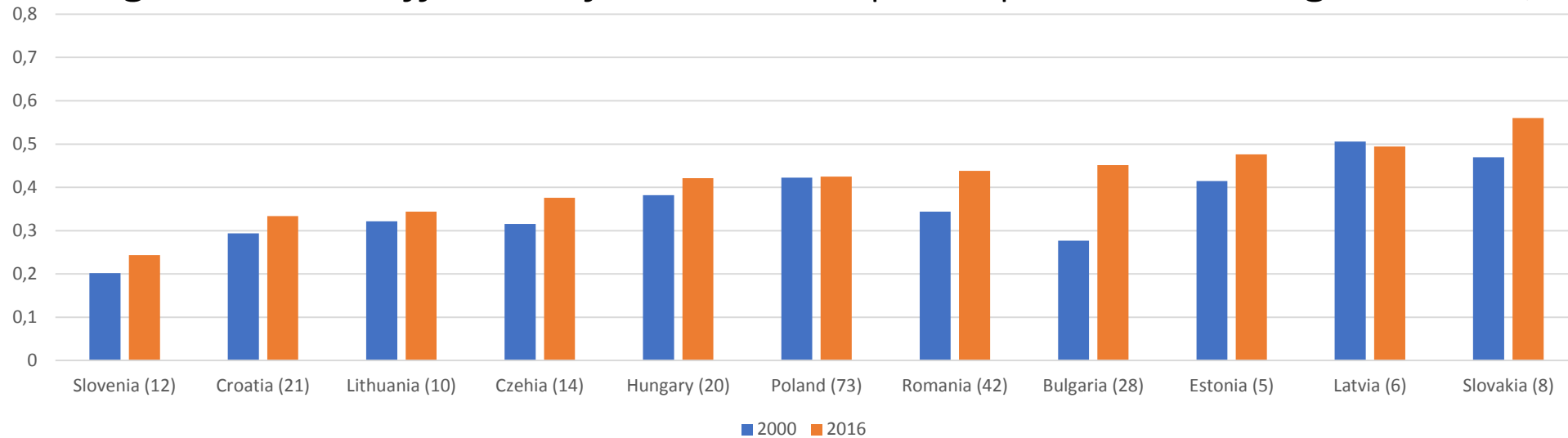
- The ever political elite ignoring to share their power
- Weak social and economical partners rather clients
- Experts, professionals representing rather norms than facts
- EU being not strong enough after the era of conditionality, (incomplete Europeanisation)

# Challenges

- New time of disaffection to Europe (Polverari, 2016, Dabrowski)
- Increasing regional and social inequalities vs. decreasing money for catch up
- Open question how much centralisation and decentralisation are needed
- The only hope the increasing trust towards EU and the regional and local governments

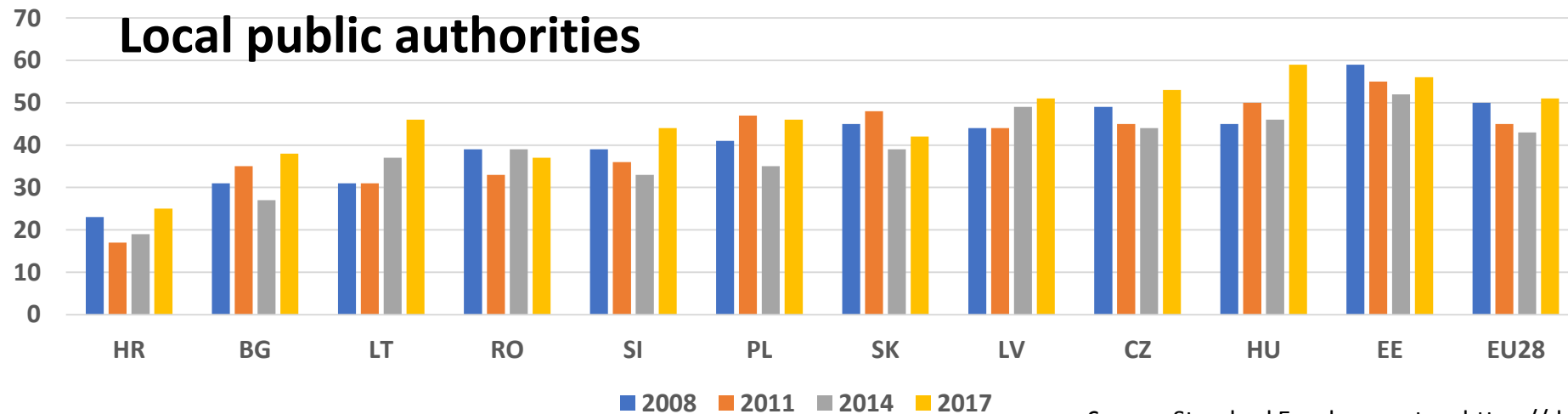
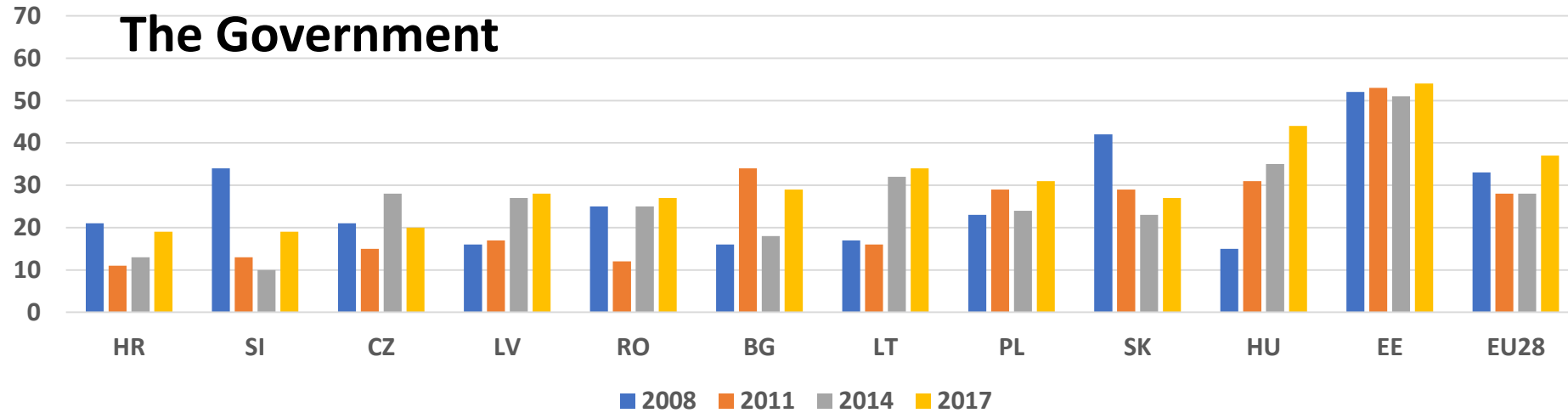


# Regional disparities in CEE countries compared to other groups of countries, Changes in the *coefficient of variation* of per capita *NUTS-3* regional GDP, 2000-2016



Source: Eurostat. <https://ec.europa.eu/eurostat/data/database>

# Trust (percent) in the Government and in local public authorities, 2008-2017



# Summary

More local (regional) and more European power are needed for more efficient cohesion policy

Thanks for your attention