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**Institute for World Economics, Kalmán Dezseri**

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## Summary

The European Union consists of member states of different development levels and regions within the member states whose diverging levels of development have been creating increasing gaps. To reduce the regional disparities within and among the member states as well as to pursue the aim of catching up with the average EU development level in the backward regions of the member states have always been important elements of the community policies. The EU's structural and cohesion policies are assigned to serve this goal. This paper summarises the findings of five background papers, which aimed at analysing the similarities and differences in governance and issues of governability, accountability and legitimacy in the area of structural and cohesion policies of the new member states.

## Contents

<b>1. INTRODUCTION.....</b>	<b>3</b>
<b>2. THE EVOLUTION OF THE STRUCTURAL AND COHESION POLICY FROM THE POINT OF VIEW OF ITS GOVERNANCE.....</b>	<b>4</b>
<b>3. THE NEW MEMBER STATES AND THE STRUCTURAL AND COHESION POLICIES .....</b>	<b>8</b>
3.1. ESTABLISHING REGIONAL STRUCTURE.....	9
3.2. CENTRAL ADMINISTRATION OF THE COHESION POLICY .....	12
<b>4. PROGRAMMING PROCESS, IMPLEMENTATION, MONITORING .....</b>	<b>14</b>
4.1. THE PROGRAMMING PROCESS .....	14
4.2. THE IMPLEMENTATION PROCESS OF DEVELOPMENT PROGRAMMES WITH EU FUND ASSISTANCE .....	22
4.3. THE MONITORING PROCESS.....	24
4.4. THE ROLES OF GOVERNMENT LEVELS FROM PLANNING TO IMPLEMENTATION .....	25
<b>5. NEW MODE OF GOVERNANCE: THE ROLE AND IMPORTANCE OF SOCIAL PARTNERS....</b>	<b>27</b>
5.1. NGOs' PARTICIPATION IN PROGRAMMING.....	27
5.2. NGOs' PARTICIPATION IN IMPLEMENTATION .....	30
5.3. PARTICIPATION OF NGOs IN MONITORING COMMITTEES.....	31
5.4. EXPERIENCE IN PRACTICING PARTNERSHIP .....	32
<b>6. CONCLUSION.....</b>	<b>35</b>
<b>7. BIBLIOGRAPHY .....</b>	<b>39</b>

## Table of Figures and Graphs

TABLE 1: NUMBER OF REGIONS (NUTS 2) AND DEVELOPMENT PLANS IN THE NEW MEMBER STATES .....	12
TABLE 2: INSTITUTIONAL FRAMEWORK FOR THE MANAGEMENT OF THE STRUCTURAL FUNDS (CSP) COHESION FUND (CF): MANAGING AUTHORITY AND ITS SUPERIOR .....	14
TABLE 3: OPERATIONAL PROGRAMMES AND THEIR MANAGING AUTHORITIES.....	18
TABLE 4: OPERATIONAL PROGRAMMES AND THEIR INTERMEDIATE BODIES / IMPLEMENTING BODIES .....	21
TABLE 5: INFLUENCE AND ROLES OF THE MAIN ACTORS ON THE PROCESS OF STRUCTURAL AND COHESION POLICY-MAKING.....	26
TABLE 6: EXPERIENCE OF NGOs IN PRACTICING PARTNERSHIP IN COHESION POLICY .....	34

## 1. Introduction

The European Union consists of member states of different development levels and regions within the member states whose diverging levels of development have been creating increasing gaps. To reduce the regional disparities within and among the member states as well as the aim of catching up with the average EU development level in the backward regions of the member states have always been important elements of the community policies. The EU's structural and cohesion policies are assigned to serve this goal. These policies can be analysed from the points of view of different disciplines, particularly from the point of view of political science, law, sociology, and economics. Even within these disciplines there are several sub-disciplinary approaches as well.

Several research studies showed that the catching-up process of less developed member-states lead to appreciable convergence in their GDP per capita on a national level with the EU average, but not to a decrease in regional inequalities within the countries concerned. As the main aim of EU structural and regional policy is to reduce regional disparities, its efficiency has been questioned by many of these research studies. Some of them came to the conclusion that regional inequalities could be reduced only if the regions themselves gain more competence to shape their own development and structural priorities. This presupposes that the regions dispose over the necessary financial resources to realize these development aims.

The structural and cohesion policies imply the concepts of European governance and institutional transformation. The concept was renewed and reformed several times. The latest occasion was the end of the previous millennium. By then, the EU outgrew its established institutions. The foreseen eastward enlargement which took place later in 2004 increased the urgency of the task of replacing obsolescent governance structures with new ones appropriate to a continent-wide integration. This necessary transformation required both a new vision of the future architecture of the EU and the means of putting it into effect. It was particularly essential to recognise that creating new frameworks of governance and making them work effectively requires sophisticated management capacities as well as political will.

The conclusion of several research studies called for a general decentralization process and involvement of as many partners as possible, to enhance the efficiency of structural policy. But the EU has no right to instruct its member-states to restructure their public administration systems or organize their social dialogue in the way it deems optimal. Instead, the EU managed to create legal, procedural and financial framework conditions that actually initiate a kind of decentralization and involvement of civil society, regional and local government, to be able to absorb EU assistance effectively under structural and regional policy. There are no EU institutions or rules binding member-states to decentralize and maximize participation, yet effective utilization of the Funds calls for compliance with these principles.

The reform of mode of governance had to address the EU's management deficit as well as its democratic deficit. This was partly recognised by naming<sup>1</sup> five principles of good governance: openness, participation, accountability, effectiveness and coherence.

Regarding the various points of view of integration process and the ways of governance the regional and cohesion policies of the EU have two important special features.

- a) The regional policy has been important part of the European integration policy. It can be seen in the direction of shift of competence between European level and national level. The European level impact moved from negative integration, limiting member states' ca-

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<sup>1</sup> European Commission's White Paper on European Governance of February, (2000)

capacity to cope with regional imbalances, to positive integration by expanding Community regulatory authority and providing extensive resources. As far as the financial resources are concerned it can be seen that the expenditure of structural policy has become one of the EU's core activities and has represented a substantial part (approximately 30-40 %) of the community's budget. The declared objective of the EU's structural policy is "the strengthening of its economic and social cohesion".

- b) One of the undeclared and contested objectives of the EU's structural policy is to reach down to lower levels of governance, changing policies and procedures at sub-national level and empowering public and private stake holders. By doing this decentralisation of decision making the structural policy intrudes upon the institutional authority of member states, spurring the development of "multi-level governance" and eventually encouraging further regionalism within the member states and in certain sense in the whole EU.

This paper summarises the findings of five background papers, which aimed at analysing the similarities and differences in governance and issues of governability, accountability and legitimacy in the area of structural and cohesion policies of the new member states<sup>2</sup>. These papers compare the first experience of the EU's new member states to that of the old member states. Systematic comparison constitutes a precondition for explaining different results, the different ways of functioning of structural and cohesion policies. In practical terms a comparison constitutes a precondition for mutual learning in the new EU member states at the levels of their sub-national units (regions) and policy making. Moreover, a comparison can contribute to the elaboration of more successful problem solutions.

## **2. The evolution of the structural and cohesion policy from the point of view of its governance**

The issue of regional disparities and their reduction was already raised at the very early stage of economic integration in Europe. The Rome Treaty mentioned the need to reduce "the differences existing between the various regions and the backwardness of the less favoured regions" and a commitment to the „harmonious development of economic activities"<sup>3</sup>. The Treaty did not include any specific provision to achieve this policy aim because of various reasons. At that time coping with regional disparities was the sole responsibility of national authorities of the member states. State aid to stimulate the development of backward regions was accepted as potential exemptions from the application of common competition law in the Community. In the 1950s, the overriding concern was rather to accomplish the functioning of the Common Market and overall economic growth. The issue of regional development with the financial assistance of the Community received less emphasis. This policy issue was still in its emerging phase.

After the first initiative on an economic and monetary union had been put forward in the late 1960s (known as Werner Plan and was accepted in Oct. 1970), the economic debate turned more intensively to the problem of regional disparities. It was an important issue because the generally accepted view was that regional disparities might impede deepening integration. Interest in finding a Community remedy and means to structural and regional imbalances grew in the early 1970s. In these years, social aspirations and economic developments coincided with various political and economic events which increased the adverse effects of re-

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<sup>2</sup> These papers are part of the NewGov project and were submitted accordingly. Furthermore, they will be published in a separate volume.

<sup>3</sup> Rome Treaty: Preamble and Art. 2

gional disparities (e.g. oil price shock), brought the problems of regional disparities into the limelight (e.g. declining industrial zones of the UK and low living standard in Ireland after their EU accession) and reinforced the need to reduce them.

From the mid 1970s onwards, a European regional policy became a prominent and important political issue just as it was a very relevant economic concern<sup>4</sup>. The legal evolution of the regional policy has an unprecedented history. After the authorisation of the European Parliament to create a supplementary budget to provide financial assistance for regional development, the European Council took positive decisions on organisational and regulatory issues on the basis of the outcome of the preceding intergovernmental bargains. The whole process went through without any provision in the Treaty. Meanwhile the regulations and decisions on the structural policy were endorsed on the way of classical mode of EU governance, the form and content of these legally binding measures stretch from a more rigid and detailed regulation on the Structural Funds to the decision on the contribution to co-ordination of regional policies and finally to the resolution of the European Council laying down guidelines only for the prospective regional policy, which provides more flexibility in actual implementation<sup>5</sup>. Notwithstanding that elements which can be classified as of new modes of governance the elements of the old mode of governance dominated.

In the 1980s, active regional policies at nation state level had already stimulated rising expectations in re-distributive policies. Later on, growing interdependence of the economies of the member states made it plausible that the Community should accept more responsibilities for the correction of unwanted economic consequences of market allocation. Moreover, successive enlargements during the following decades increased the demand for fiscal redistribution across national boundaries. Its aim was partly to compensate for a lack of short-term tangible benefits (e.g. the case of the UK), partly to balance a likely negative impact of market forces on disadvantaged regions. This latter issue was a particularly sensitive matter in the cases of Southern enlargements (Greece, Spain, Portugal) and two decades later in the case of the Eastern enlargement in 2004, as well.

The inadequacy of the regional policy gradually became evident. It was also an obvious fact that the ambition of the Commission to implement more strictly Community competition law and to exert a tighter control on state aid going to the regions were in contradiction and this fact also encouraged further efforts towards finding a coherent approach to regional policy objectives at Community level.

The comprehensive renewal of the regional development policy of the EU is dating back to 1987-1988. The Single European Act of 1987 was a package deal which included not only the establishment of the Single Market but among others a deep going modification of the Community's approach to regional policy. The reform of 1988 entailed both a considerable increase in financial commitments and a substantial change in the objectives and implementation of the structural funds. As a consequence of this reform the European regional policy went through a process of significant supranational upgrading and a full fledged regime was developed in the following decade. These changes entailed the formulation of a common main objective, namely the strengthening of economic and social cohesion, as well as agreements

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<sup>4</sup> The initial development of the community policy aiming at reducing regional disparities was analysed by H. Wallace (1977) p. 141-162

<sup>5</sup> Vida (2005)

on operating principles, rules, institutional set-ups and procedures. The changes provided more room for flexibility and co-operation in the functioning of the system<sup>6</sup>.

Among the four most important principles which were agreed upon two restrict the use of financial assistance and the other two principles interfere with policies and politics at member state levels. These principles are the following:

- a) *concentration* asks for focussing resources on priority objectives,
- b) *additionality* means to confine EU funds to complement, rather than replace, national funding,
- c) *programming* entails the obligation for the member states to develop a coherent strategy setting policy priorities for a longer period covering more than one region and incorporating a multi-task approach. A stricter application of competition law and improved procedures for monitoring state aid brought about that the member states felt increasingly compelled to bring national regional policies in line with Community objectives.
- d) *partnership* asks for close cooperation between the European Commission and the appropriate authorities at national, regional, and local level. The principle has been extended to include "various economic and social partners". At the beginning the Commission guidelines suggested to include the usual partners only like chambers of commerce, representatives of trade unions, employers, industry, agriculture, etc. By now the partnership principle was extended to other social partners and it includes non-governmental organisations (NGOs) particularly environmental and gender groups, too.

The reform, the new provision and principles opened up new political opportunities for a wide range of actors and increased the possibilities of multi-level governance dispersing authoritative decision making across multiple territorial levels<sup>7</sup>. These changes acted as a catalyst for the strengthening of regional administrations in several member states. The effect of these changes on polity and politics raised the question whether the regional policy of the Community set off the devolution of power within member states or did it leave the dominance of national governments unaltered. Moreover, it was an essential question whether – though to a variable degree and dependent on a number of distinct conditions – the national, supranational and regional actors share responsibility for policy-making or the regions and the Commission are part of an "intergovernmental play" in which they are seemingly independent actors but their room of manoeuvre is constrained essentially by the governments of the member state.

In 1988, as a consequence of the reform and its codification the regional policy became a Treaty-based community policy. It implied that the decision-making mechanism and role of all relevant institutions (Commission, European Council, European Parliament, etc.) were defined and the instruments of legally binding secondary legislation were introduced. Moreover, the legislation and implementation of the regional policy became subject to judgement of the European Court and to investigations and reporting of the Court of Auditors. These provisions and the principles provided on one hand, the possibilities of development of a coherent community policy and guaranteed a more autonomous role for the Commission and challenged the positions of the central governments of the member states by involving sub-national partners. It meant that the elements of the new modes of governance not only gained ground but further penetrated.

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<sup>6</sup> Vida (2005)

<sup>7</sup> Christiansen (1999) p.355, Marks et al. (1996), Hooghe and Marks (2001)

On the basis of and development and changes in the polity and politics due to the regional policy of the Community the question can be raised whether or not the autonomy of governments is challenged and the evolution of the regional policy can be seen to have a cyclical development. This development made first a significant advance in the direction of multi-level governance and then it was followed by a reclaim of member state control<sup>8</sup>. The results of the empirical experience give evidence to both. It means that regional and local actors elevated without causing a serious weakening of national structures. Therefore, it may well be argued that the real question is not who decides and who dominates<sup>9</sup> but on what grounds decisions are taken. The real focus essentially is not on the competence and the capacities of policy actors and the ways and means in which they pursue their interests. Rather, it is on actual preference formation trying to explain what makes people want what they really want<sup>10</sup>. That is, ideas and assumptions of appropriateness, generated and disseminated through networks might be key concepts to understand the evolution of European regional policies and, in particular, the implementation of the Community's Structural Funds policy.

The emergence of the governance of the structural policy had the dual-characteristic consisting of old mode of governance (one of its main features is the integovernmentalism) on the one hand and the new mode of governance (involvement of sub-national actors on the basis of partnership) on the other. This expanding involvement of social and economic partners into the process of preparation of development programmes and their implementation, monitoring and assessment gradually brought about the emergence of multi-level governance systems of the regional policy in the member states. It became the sole right of the member states to designate or authorize competent regional, local and professional bodies as well as social and economic partners to participate in the whole process of this policy. Due to the flexibility of the provisions a large variety of institutional set-ups and degree of involvements of partners emerged in the member states.

The next important step in the evolution of the structural policy was the Maastricht Treaty of 1992. The aims of the Treaty defined the economic and social cohesion within the Union as one of the priority objectives alongside economic and monetary union and the internal market. The Treaty provisions and the successive regulations of the Council redefined, reinforced and modified the roles, tasks and responsibilities of the EU institutions and the modes of governance of the regional policy making<sup>11</sup>. It was the Maastricht Treaty, too which established the Cohesion Fund aiming at providing financial assistance for less developed member states to develop their infrastructure and to carry out environment protecting projects and investments. The governance of the already functioning Structural Funds and the newly created Cohesion Fund differs in certain ways and resembles in the others. The new regulations were mainly characterised by the old mode of governance, particularly in the case of Cohesion Fund. Regarding the Structural Funds the new regulations reinforced and further increased the role of sub-national actors that is the social and economic partners on the basis of partnership principle as well as they were flexible enough to let room for various institutional arrangements. It brought about that gradually more and more complexity-driven innovative elements of the new modes of governance were implemented.

The Amsterdam Treaty of 1997 and the Nice Treaty of 2001 reaffirmed the strategic importance of social cohesion of the member states among the community policy aims but the new

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<sup>8</sup> Allen (2000) p.246

<sup>9</sup> Christiansen 1999 (p.354), Peterson and Bomberg (1999) p.148,170.

<sup>10</sup> Kohler-Koch (2002)

<sup>11</sup> Vida (2005)

provisions of the Treaty did not alter essentially the institutional set-up or the decision making procedure. In connection with the elaboration of the Financial Framework (2000-2006) some changes were, however, introduced in 1999. They included that financial assistance should be provided to the regions lagging furthest behind on the principle of concentration and the simplification of the operation of the Structural Funds. The key document of the functioning of the Structural Funds is the Council Regulation No. 1260/1999 because it determined the new objectives of the policy (reduced the previous six objectives to three), redefined the institutional set-up and established the modified or new tool and means of the policy implementation.

This regulation of the Council defines measures to ensure the Structural Funds are used correctly and in accordance with sound financial management. A management and control system providing sound financial management can be set up only through an adequate and functioning system of connections between the Paying Authority, the Managing Authority, the Intermediate Bodies and the Final Beneficiaries.

From the point of view of governance one of the most important provisions of the Council Regulation 1260/1999 is the Art. 8 dealing with the cooperation with economic and social partners in the management of the development projects receiving financial assistance of the Structural Funds<sup>12</sup>. This provision is very much in line with the view of the Commission expressed in its White Paper on “European Governance” in 2001. This paper advocates strongly to communicate more actively with the stakeholders and their political representatives in order to initiate “a circle, based on feedback, networks and involvement from policy creation to implementation at all levels”. It is important to emphasize the word “involvement” because this is the catchword which is associated with “enhanced dialogue” and a “reinforced culture of consultation” both aiming at assisting the Commission to achieve more effectively the Union’s common objective. This Council Regulation introduced the so called target-based tripartite contracts and agreements (among the EU, member states as well as regional authorities and relevant bodies) in the process of implementation of development projects receiving assistance of the Structural Funds.

### **3. The new member states and the structural and cohesion policies**

If one tries to explore the new modes of governance in the new member states of the EU, it has first to be acknowledged that these countries have only recently adopted the EU regulations. Much of this process involved legal and institutional changes. Understandably, the challenge was very much about meeting regulatory and other requirements reflecting the traditional side of governance in the EU structures rather than introducing new modes of governance. For several years the accession was at stake and these countries obviously were endeavouring to meet those formal requirements that the implementation of the regulatory system implied. Thus, the elements of old modes of governance received the priority over the elements of new modes of governance. In fact, in many cases, the initiative for new modes of governance has to come from private actors and the civil society, and not only from the central or regional governments.

The financial assistance coming from EU Structural Funds and Cohesion Fund was an important argument for EU-membership. As obtaining financial assistance after accession is conditioned to well functioning structural or regional and cohesion policies it is highly important to successfully plan and implement programmes eligible for financial support. The new member

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<sup>12</sup> A longer citation of this Article is in Vida (2005)

states took over all the regulations related to the Structural Funds and Cohesion Fund. They are Council Regulations No. 1260/1999 and No. 1164/1994, respectively. Since these Funds provide significant financial support to the country, it was their utmost interest to abide by EU regulations dealing with the establishing regional administrative structure, adequate institutional set-up, elaborating various types of development plans and documents, that is the governance of the structural and cohesion policies.

Prior to the accession, in all candidate countries basic government regulations were endorsed which concerned the establishment and functioning of national institutions of Structural Funds (SFs) and Cohesion Fund (CF). The common features of these legal documents are that rules concerning SFs and CF are treated together and are clearly separated from those regulating the Pre-accession Funds. At the same time the establishment of SFs and CF institutions and the method of financial implementation are regulated in different legal acts. In some cases, particularly in the smaller new member states there are intertwining of institutions.

### **3.1. Establishing regional structure**

The new member states have long traditions of strong centralised nation state administration and governance. Their regions were created only recently and their authority, infrastructure and expertise are still relatively weak. Similarly, during the four decades of socialism there was no functioning bottom-up policy targeting regional policy and fostering economic convergence and cohesion among the regions. These traditions and conditions may still limit the regional institutions' effective involvement in planning, deciding on programmes and implementation.

Except for Poland the new member states are small and medium size countries. All of them have different historical traditions, institutional and administrative structures. No wonder that these states faced with various problems when they were to establish regional administrative structures, which meet the EU regulations and requirements.

In some new member states laws were endorsed on supporting regional development and areas of responsibilities to be delegated to regions were defined. These laws determined regional policy in a broader sense and it was a further step towards harmonisation with EU regulations. Responsibilities allocated to the regions included the coordination, development, implementation of regional development programmes; cooperation with the central government and coordinating the interests of municipalities in cases where development goes beyond the sphere of one municipality. It was determined how much the regions can take part in decision-making on the allocation of public funding to support regional development, including the funding of some regional development agencies.

Although almost all of the small new member states have had regions defined by their own standards but these countries are too small to meet the requirements to have several regions of NUTS 2 level. Thus, the EU's structural policy classified these countries as single regions of NUTS 2 level.

Slovenia<sup>13</sup> has 193 municipalities (municipality is the basic local self-governed community and may consist of a single or several settlements) which used to be grouped into 12 regions. The number of regions was, however, reduced but they can meet the NUTS 3 requirements only. The question of appropriate regionalization was one of the main debates in the past. It included Slovenia's efforts to make two regions of NUTS 2 level recognised by the EU but it failed. According to existing legislation there exist direct vertical axes: government – local

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<sup>13</sup> Dezseri (2005)

authorities. The regions are in process of reorganization in political units. The governance will be especially important approach to regional affairs. Horizontal cooperation exists not only among municipalities within the same region but also direct horizontal cooperation among the municipalities of different regions. It is recognised by the Constitution.

The three medium size new member states (Czech Rep., Hungary, Slovakia) followed partly different ways in the practice of establishing regions. As the first experiences have shown none of them could make substantial progress and avoid serious conflicts, which had different causes.

In the Czech Republic<sup>14</sup> 14 regions or (*krajs*) were established on 1<sup>st</sup> January 2000. Out of the 14 regions there are 3 only which are qualified as NUTS 2 level<sup>15</sup> and the other 11 regions are qualified as NUTS 3 level. The former three regions may manage both EU Funds as well as development projects financed solely by the Czech budget. This situation results in certain advantages for them because they can draw up more coherent plans and strategies, as well as financing and implementing them are also easier.

The cooperation between the two levels has not always been harmonious because sometimes conflicts emerged between them. Reaching agreement within a NUTS 2 region consisting of more than one self-governing territorial units (*krajs*) turned to be sometimes difficult, particularly when it was about to financial resource allocation and location of regional development administration. As the responsibilities of self-governing territorial units (*krajs*) and those of NUTS 2 regions overlap the existence of parallel institutions caused rivalry and a confusion of roles and responsibilities<sup>16</sup>. The self-governing territorial units (*krajs*) are also required to prepare regional development strategies but it has been difficult to implement them because financial assistance is primarily provided to NUTS 2 regions and there is a lack of resources at the level of the *krajs*.

The responsibilities of the self-governing territorial units (*krajs*) had been defined shortly before the larger regions of NUTS 2 level were established. This would imply in principle that a bottom-up decision-making process and governance could develop, but in reality the central government was reluctant to give real competencies to the *krajs* and that had its consequences. The NUTS 2 regions can easily undermine the power of the *krajs*, because the Structural and Cohesion Funds focus on regions of NUTS 2 level and their institutions. Due to the relatively weak traditions of local governance and decentralised regional development policy, this situation can bring about top-down governance (from the central government to the NUTS 2 regions) instead of a more bottom-up governance (from mostly NUTS 3 *krajs* to NUTS 2 regions). If a well functioning partnership and a power-sharing between the central government and NUTS 2 regions evolve, the role of the *krajs* can become negligible.

In Hungary<sup>17</sup> the traditional state structure consists of the functioning territorial units (counties) which are at NUTS 3 level, while there were traditionally no NUTS 2 regions of the type preferred by the EU for its programmes. Seven larger regional units should have been created during the accession process, but they still exist only in statistical terms. They are not self-governing and have no real decision-making powers; their only function is to receive and distribute domestic and EU transfers through regional development agencies. Regionalization of

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<sup>14</sup> Bassa (2005)

<sup>15</sup> These three regions are: Prague, Moravia-Silesia and Central Bohemia

<sup>16</sup> Regional Development Department of the *krajs*, Regional Development Agencies and regional offices of the Prague based Centre for Regional Development

<sup>17</sup> Lakatos (2005)

the state structure has not occurred in practice, at least in planning terms. The principle of regionalism could not be applied in Hungary, as it is still a centralized state. To change this situation the constitution has to be amended which needs the still missing consensus of the political parties and a two-third majority support in the parliament.

In Slovakia<sup>18</sup> eight administrative and territorial units were defined which form three NUTS 2 regions (Western Slovakia, Central Slovakia and Eastern Slovakia). Some competencies were transferred from the central state administration to these self-governing regions. The regions have autonomy in certain areas (regional development and strategy, management of public contracts, health and cultural affairs) but most of the other areas (e.g. education, social affairs, transport, environment etc.) the regional institutions merely represent the central government and administrative bodies. Despite their limited autonomy, the regional institutions are responsible not only for regional development, but they also have to prepare programmes for economic and social development.

Poland<sup>19</sup>, which is the largest new member state could achieve probably most in this field and radically changed the administrative system. After a relatively minor territorial reform in 1990 when a lower level of local administration, the *gminas* had been introduced a major re-arrangement of the territorial structure and the creation of self-governments took place in 1998. The country was divided into 16 voivodships (region of NUTS 2 level), 44 podregiony (subregion of NUTS 3 level), 380 poviats (administrative districts, NUTS 4 level) and 2489 gminas (communes of NUTS 5 level). In the new regional structure competencies were delegated to the lower levels, and an important achievement was the decentralisation of many public tasks. In this new structure the regional level the task of the Sejmik (regional parliament) to deal with programming of regional policies. The Voivodship Board (Zarząd Województwa) which is an executive body, headed by the Marshal (Marszałek), was put in charge of elaborating development policies and control their implementation.

One of the most important elements of the reform is that the previously centrally defined development tasks have been transferred to the regional level. The experience of regional policy proved to be successful in creating viable territorial units and a functioning legislative framework. In spite of this progress in decentralisation the process is not completed so far because financial decentralisation has not taken place yet.

Three main government documents were so far prepared to determine the development and cohesion policies: National Development Plan for 2004-2006, the National Regional Development Strategy for 2000-2006 and the National Spatial Management Policy Concept. These documents were elaborated in close cooperation with a) all governmental bodies – therefore a sectoral approach has been clearly implemented in the elaboration of the document, b) and with regional and local governmental institutions (decentralisation).

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<sup>18</sup> Bassa (2005)

<sup>19</sup> Wisniewski (2005)

**Table 1: Number of regions (NUTS 2) and development plans in the new member states**

Country	Number of regions of NUTS 2 level		Number of development plans	
		functioning	regional	National (NDP or SPD)
<b>Czech Rep.</b>	3	yes	no	1
<b>Estonia</b>	1	-	-	1
<b>Hungary</b>	7	no	no	1
<b>Latvia</b>	1	-	-	1
<b>Lithuania</b>	1	-	-	1
<b>Poland</b>	16	yes	16	1
<b>Slovakia</b>	3		no	1
<b>Slovenia</b>	1	-	-	1

### 3.2. Central administration of the cohesion policy

The placing of the Cohesion and Structural Funds Managing Authority in relation to the state administrative structure can be a crucial issue from many points of view. As the experience of the old member states show the Managing Authority can be placed within and outside of the state administration. In most of the cases the Managing Authorities were placed within the public administrative structure and it was the rare case (e.g. Portugal) when the Managing Authority was not a part of the public administrative structure. In this latter case there were not many intermediate bodies involved in the implementation whereas in the former case a significant part of the tasks was delegated to intermediate bodies.

In every new member states the administration structure for the implementation of the development plans is based on rational and mainly centralised organisation and is built on experience gained in the pre-accession period. The key institution executing structural and cohesion policy of the EU is the Cohesion and Structural Funds Managing Authority. The position of this body within the public administration structure highlights the importance it is devoted by decision-makers during the implementation of structural policy. The practice in the old member states which incorporated the Managing Authorities in the public administration was different. In some countries the Managing Authority was set up in the Ministry of Finance, in other countries within the Ministry of Economy and in third cases the Managing Authority was established in another line ministry (e.g. Ministry of Planning or European relations, etc.). These practices suggest that in the former cases the financial aspects received priority, while in the latter cases the emphasis was put on development aspects.

Most of the new member states put more emphasis on the development aspects of this policy and in these cases the Managing Authority was established within the public administration either under the control of the Prime Minister Office or one of the line ministries (Ministry of Economy or Ministry of Regional Development, etc.) or a separate Development Office was established and several intermediate bodies were involved in the execution. In some cases the Ministry of Finance was selected as Managing Authority (e.g. Estonia, Latvia, Lithuania). It is a general phenomenon that meanwhile the new member states established a single Managing Authority but among these countries there are countries which have a single Paying Authority within the Ministry of Finance and there are countries which have several Paying Authorities

within different ministries selected according to the types of activities (e.g. Lithuania). There are special cases as well, for example in Estonia the Ministry of Finance is the Managing Authority, Paying Authority and the Auditing Authority at the same time.

Besides supports from the Structural Funds, there is assistance from the Cohesion Fund, too. The experience shows that it is more difficult to ensure the effectiveness of the institutional system established for the Structural Funds than for the Cohesion Fund. The reason is that the Structural Funds operate with greater amounts of money and this assistance covers wider fields of national economy. As a consequence, diversified development priorities have to be treated within one single system, where numerous, fragmented projects have to be evaluated, processed, controlled and monitored. In contrast, the Cohesion Fund finances large and concentrated investments in two main fields of the economy (environmental protection and infrastructure). Thus, an effective institutional system can be set up much easier. In order to achieve stronger coherence and co-ordination between the management of Structural Funds and Cohesion Fund operations, the Cohesion Fund Managing Authority is also placed in the same institutions as the Structural Funds Managing Authority. Thus, the concrete implementation of tasks concerning the two main strategies takes place inside the same ministries dealing with environmental protection and transport. This relatively concentrated system is applied by the new member states. As regards the Cohesion Fund operations this solution can be considered as the most effective under the prevailing conditions.

The Managing Authority in a new member state represents a relatively new centre of power inside the government structure and it owns important competences in decision-making process on development policy. In some new member states the superior body of the Managing Authority is the Prime Minister's Office which increases the political importance of the economic development and structural policy and put the decision-making process to the Cabinet level or close to it as well as close to the Prime Minister. The Minister without Portfolio can be directly responsible to the Prime Minister. In other new member states the superior body is a ministry. It means that the managing of development policy is separated from the direct control of the Prime Minister and his Office as well as it can become an administrative unit in its own right inside the government.

One of the main characteristics of the management systems in the new member states is that the national level management of structural and cohesion policies is relatively decentralised inside the central government, but the regional level does not have a significant role in it. This means that the management is centralised, since programming, implementation and financing take place inside the central government, but several ministries gained relatively significant individual control over the utilisation of EU resources ensuring more power for them compared to the pre-accession period.

**Table 2: Institutional framework for the management of the Structural Funds (CSP) Cohesion Fund (CF): Managing Authority and its superior**

<b>Country</b>	<b>Managing Authority</b>	<b>Superior</b>
<b>Czech Rep.</b>	CSP: Ministry for Regional Development	minister for regional development
	CF: Ministry for Regional Development	
<b>Estonia</b>	CSP: Ministry of Finance	minister of finance
	CF: Ministry of Finance	
<b>Hungary</b>	CSP: National Office for Regional Development	minister without portfolio for EU integration
	CP: Office of the National Development Plan and EU Support	
<b>Latvia</b>	CSP: Ministry of Finance	minister of finance
	CP: Ministry of Finance	
<b>Lithuania</b>	CSP: Ministry of Finance	minister of finance
	CP: Ministry of Finance	
<b>Poland</b>	CSP: Ministry of Economy, Labour and Social Policy	minister of economy, labour and social policy
	CF: Ministry of Economy, Labour and Social Policy and Ministry of Environment, Ministry of Infrastructure	
<b>Slovakia</b>	CSP: Ministry of Construction and Regional Development	minister for construction and regional development
	CF: Ministry of Construction and Regional Development	
<b>Slovenia</b>	CSP: Government Office for Structural Policy and Regional Development	minister without portfolio
	CF: Ministry of Economy	

Source: national documents

## **4. Programming process, implementation, monitoring**

### **4.1. The programming process**

Implementation of EU structural assistance in the framework of Structural Policy to the member states is based on 7-year programming periods, which follow the present system of Financial Perspective (EU budget system). In the programming process, the aims and mechanisms of EU structural assistance are laid down. The Structural Funds represent about 30 to 35 % of the EU budget.

One of the main characteristics of the Structural Funds is that they aim at financing multi-year development programs and not individual projects. Another important feature of the programming (the process of preparing the programs) is that it should ensure the co-ordination of the activities and priorities of the Structural Funds with one another and with those of the other financial instruments of the EU (e.g. Cohesion Fund and European Investment Bank). A further aim of the programming is also to ensure that the activities of the Structural Funds and

the development programs they co-finance are compatible with other EU policies and comply with the EU legislation.

In the current Financial Perspective (2000-2006), the programming process and the content of the programming documents of the Structural Funds were set up by Council Regulation No. 1260/1999. This regulation laid down general provisions on the Structural Funds. Among them there are the provisions, which defined the main objectives of the Funds. There are three:

- Objective 1 – promoting the development and structural adjustment of regions whose development is lagging behind other regions,
- Objective 2 – supporting the economic and social conversion of areas facing structural difficulties,
- Objective 3 – supporting the adaptation and modernisation of policies and systems of education, training, and employment.

Regarding the main characteristics of these objectives, it can be seen that there are differences in the programming process for each of them but there are also common elements as well, which can be easily recognised.

The most important common elements are the following. Each member state has to prepare either a National Development Plan (NDP), which presents an analysis at the national level or Regional Development Plans for each region of the country, which present analyses at regional level. These plans should include detailed descriptions of the economic and social situations of the country or regions, respectively. Moreover, the plans should describe the most appropriate strategy for achieving the declared development objectives as well as they should indicate the use and forms of the financial contribution from the Structural Funds.

The National Development Plans and the Regional Development Plans serve as basic documents for the implementation of the member states' structural and regional policies. These plans should be elaborated in compliance with the provisions of the "Commission Guidelines for Programmes in the Period 2000-2006". Upon approval of these plans by the Commission, the plans provide the basis for preparing the Community Support Framework or the Single Programming Document.

The next important step in the programming process is the adoption of the Community Support Framework (CSF) by the Commission. It happens in agreement with the respective member state. Then, the adopted CSF represents the basic programming document for this country, which sets out a plan for support from Structural Funds under Objective 1. The CSF specifies the strategy and priorities for implementation of the Structural Funds and the amount of indicative allocation from them. As the CSF is a general document, it is augmented by Operational Programmes. These programmes include and present more detailed arrangements for implementation of CSF priorities either in a country or in a given region (Regional Operational Programmes) or sectors (Sectoral Operational Programmes). The Operational Programmes should specify how the allocated financial assistance of the Structural Funds will be spent, what will be their expected impacts and how the programmes will be monitored and evaluated. Moreover, the governments defined the number of Operational Programmes and the areas of support for each Operational Programme, in order to avoid overlap in activities.

The experiences of the old member states show that the share and role of the sectoral OPs have decrease meanwhile those of the regional OPs have increased. The same happened in member states having either traditionally centralised or decentralised state administrative systems. This phenomenon can be attributed to the perception and explained by the fact that de-

spite relatively dynamic growth at national level, which was resulted in to a great extent by the financial assistance of the EU, the regional disparities have not disappeared but are still prevailing. The state bodies recognised that regional development can be promoted only if more decision-making competences are delegated and more financial resources are transferred to the regions implementing national development policy.

This trend is still not strong enough in the new member states because the overwhelming majority of OPs is sectoral and except for Poland there is only one regional OP in the other new member states. It is not surprising that Poland has got more than one, actually two regional OPs because this country has reached the furthest stage in the process of implementing regional administrative structure among the new member states. Of course, there were obvious obstacles in some of the other cases to do so, for example, the four smallest countries could not implement regional structure but medium size countries (Czech Rep., Hungary and Slovakia) could have done it and could have achieved more progress in this area but they did not do it. As in most cases regions did not prepare regional plans regional OPs cannot have important role in the development documents.

In the new member states most of the OPs are managed by central authorities, ministries because the regions did not prepare their own OPs which resulted in that the specific regional development priorities might be under-represented. This fact might be worsened by the fact that the regional OPs budgets are also relatively modest. Taking into account of the experience of the old member states, the majority of the sectoral OPs of the new member states is financed by one single Structural Fund. This arrangement facilitates the effective absorption of EU assistance.

In the Czech Rep. in early 2003, the government reduced the number of the prepared programmes. It incorporated the planned Tourism and Spa Industry OP into the Joint Regional OP and merged the Transport and Environment OP into the new Infrastructure OP. Due to the late establishment of NUTS 2 regions and the confused situation regional operational programmes were not prepared. Instead, there is a Joint Regional Operational Programme (JROP) containing the development priorities of the seven cohesion regions eligible for support from the Structural Funds. Initially representatives of the regions refused a JROP fearing re-centralisation, but pressure from the European Commission to reduce the number of proposed Operation Programmes resulted in a hurried development of a JROP.

In the other new member states the elaboration of OPs took place rather smoothly. The selection of the main areas was partly given by the structural and cohesion policy and was partly determined by the needs of these countries. An examination of the programming documents of the new member states shows that the programming arrangements are rather similar across the countries. Nearly all of the new member states have the following basic programmes or priorities:

- economic competitiveness or support for industry / productive sector (in some cases it includes environmental infrastructure, too)
- human resource development: training and promotion of employment
- agriculture and rural development: mostly support to agricultural processes and competitiveness as well as some measures to promote sustainable rural development and local initiatives,
- infrastructure

- regional development: the larger new member states tend to focus more on this (the intention is to accelerate the development of regions lagging behind according to EU cohesion concept,
- technical assistance.

Four of the new member states (Czech Rep., Hungary, Latvia and Poland) created separate programmes or priorities for regional development or regional cohesion. One of the main aims of such programmes is to decentralise the process in terms of planning (programming), and managing duties and tasks.

Regarding the lists of Managing Authorities, Intermediate Bodies, and implementing institutions one can come to the conclusion that in most of the new member states (e.g. Poland, Hungary, Czech Rep.) that a very large part of the institutional structures of managing the structural and cohesion policy instruments is based upon the already existing administrative capacities of these countries. For particular or separate tasks, however, new departments or units in the existing institutions were set up.

**Table 3: Operational Programmes and their managing authorities**

<b>Czech Rep.</b>			<b>Estonia</b>		
<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>	<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>
Sectoral OP 1) Industry and Enterprise 2) Human resources development 3) Rural development and multi-functional agriculture 4) Infrastructure regional OP 1) Joint regional OP SPD Objective 2 Cohesion Fund	Ministry of Industry and Trade Ministry of Labour and Social Affairs Ministry of Agriculture Ministry of the Environment Ministry for Regional Development Ministry for Regional Development Ministry for Regional Development	Sectoral OP 1) Competitiveness of enterprises 2) human resources development 3) agriculture, fisheries and rural development 4) infrastructure and local development 5) technical assistance	Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance		
<b>Hungary</b>			<b>Latvia</b>		
<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>	<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>
Sectoral OP 1) Economic competitiveness 2) Human resources development and infrastructure 3) Environmental protection and infrastructure 4) Agricultural and rural development regional OP 1) Regional development	Ministry of Economy & Transport Ministry of Employment & Labour Ministry of Economy & Transport Ministry of Agriculture National Office for Regional Development	Sectoral OP 1) enterprises and innovation 2) human resources and promotion of employment 3) development of rural areas and fisheries 4) technical assistance regional OP 1) promotion of territorial cohesion	Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance		

<b>Lithuania</b>		<b>Poland</b>	
<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>	<b>OP managing authorities</b>
Sectoral OP 1) social and economic development of the economy 2) human resource development 3) development of the production sector 4) rural development, agriculture and fisheries 5) technical assistance	Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance Ministry of Finance	Sectoral OP: 1) Improvement of the competitiveness of enterprises 2) Human resources development 3) Restructuring and modernisation of the food sector and rural development 4) Fisheries and fish processing 5) Transport 6) Technical Assistance OP regional OP 1) Multi-funded Integrated regional OP	Ministry of Economy and Labour and Social Policy Ministry of Economy and Labour and Social Policy Ministry of Agriculture and Rural Development Ministry of Agriculture and Rural Development Ministry of Infrastructure Ministry of Economy and Labour and Social Policy Ministry of Economy and Labour and Social Policy
<b>Slovakia</b>		<b>Slovenia</b>	
<b>OP</b>	<b>OP managing authorities</b>	<b>OP</b>	<b>OP managing authorities</b>
Sectoral OP 1) Industry and services 2) Human resources development 3) Agriculture and rural development 4) Basic infrastructure development SPD Objective 2	Ministry of Economy Ministry of Labour, Social Affairs and Family Ministry of Agriculture Ministry of Construction and Regional Development Ministry of Construction and Regional Development	Sectoral OP 1) Promotion of productive sector and economic competitiveness 2) Knowledge, human resource development and employment 3) Restructuring of agriculture and rural development and fishery 4) Transportation, environmental infrastructure and sustainable development	Government Office for Structural Policy and Regional Development Government Office for Structural Policy and Regional Development Government Office for Structural Policy and Regional Development Government Office for Structural Policy and Regional Development Government Office for Structural Policy and Regional Development

Source: country studies (Deliverables at [www.eu-newgov.org](http://www.eu-newgov.org); will also be published as a volume)

The managing system of the OPs which was introduced by the four smallest new member states (Estonia, Latvia, Lithuania and Slovenia) has common features and differs from that of the other new member states. The Managing Authorities (MA) of the four small countries are not only responsible for the Community Support Framework but for the management of the sectoral OPs, too. This Managing Authority is the Ministry of Finance in the case of the Baltic states and the Government Office for Structural Policy and Regional Development in Slovenia. The line ministries in this system act as intermediate or implementing bodies (IB).

The management systems in the new member states can be briefly described in the following way:

- in the smaller member states there is only one MA for the overall programme and IBs are delegated across the other relevant line ministries
- in the larger member states have designated MAs for each OP and the MAs are the relevant line ministries. The roles of IBs are usually delegated to relevant agencies attached to the relevant ministries. In some cases only the MA itself takes on the IB roles and responsibilities.

**Table 4: Operational Programmes and their intermediate bodies / implementing bodies**

<b>Operational Programmes</b>	<b>intermediate bodies / implementing bodies</b>
<b>Estonia</b>	
Sectoral OP 1) Competitiveness of enterprises 2) human resources development 3) agriculture, fisheries and rural development 4) infrastructure and local development 5) technical assistance	Ministry of Economic Affairs and Communication Ministry of Social Affairs Ministry of Agriculture Ministry of Finance
<b>Latvia</b>	
Sectoral OP 1) enterprises and innovation 2) human resources and promotion of employment 3) development of rural areas and fisheries 4) technical assistance  regional OP 1) promotion of territorial cohesion	Ministries of - Regional Development & Local Governments - Economy - Welfare - Education and Science - Agriculture - Transport - Environment - Health - Culture
<b>Lithuania</b>	
Sectoral OP 1) social and economic development of the economy 2) human resource development 3) development of the production sector 4) rural development, agriculture and fisheries 5) technical assistance	Ministries of -Economy -Social Security and Labour -Education and Science -Agriculture -Environment -Transport and Communication -Health Care -Information society -Development Committee
<b>Slovenia</b>	
Sectoral OP 1) Promotion of productive sector and economic competitiveness 2) Knowledge, human resource development and employment 3) Restructuring of agriculture and rural development and fishery 4) Transportation, environmental infrastructure and sustainable development	Ministry of Economy Ministry of Labour, Family and Social Affairs Ministry of Agriculture, Forestry and Food Ministry of the Environment and Spatial Planning and Ministry of Transport (divided responsibility)

Source: national sources

In certain cases the Single Programming Document (SPD) is used in place of Community Support Framework (CSF) for programming of assistance under Objective 2 and Objective 3 of Structural Funds, as well as Objective 1 if the amount to be allocated from the EU budget does not exceed 1 bn Euro. A SPD compiles the data and information contained in a CSF and Operational Programmes. These data and information are the programme's priorities, a short description of the proposed measures and an indicative financing plan. Moreover, a Programme Complement (PC) supplements each SPD and OP<sup>20</sup>.

The other important development assistance is provided by the Cohesion Fund (CF). This fund aims at supporting environmental and transport infrastructure projects. Although these general fields of assistance were defined in the regulation<sup>21</sup> establishing the Cohesion Fund, and the European Commission makes the decision whether to provide assistance to particular projects, the beneficiary countries are obliged by the provisions to draw up programming documents for the allocation of Cohesion Fund resources. These documents are called reference frameworks<sup>22</sup> and they should ensure that the proposed projects are in line with general environmental and transportation strategies.

In the new member states the first programming documents for the Structural and Cohesion Funds were prepared for the 2004–6 period. In several cases (e.g. Hungary<sup>23</sup>) the state authorities suffered delays to different extent in the first programming period. So few of the organizations concerned could be involved in the programming procedure, and the content of the first programmes were decided almost entirely by central government. It was a top-down procedure not a bottom-up one, and so violated in practice the principle of partnership.

#### **4.2. The implementation process of development programmes with EU fund assistance**

The facts show that in the first phase of implementation, the EU allows member-states broad freedom to shape their priorities and determine the basic guidelines of their co-financed plans. On the one hand there are the strict Community rules about the general principles to be respected, and on the other, specific circumstances in member-states are taken strongly into account.

There is a profound difference between the implementation process of the Structural Funds and that of the Cohesion Fund. The programmes financed from the Structural Funds are managed in a decentralised way and are based on the subsidiarity and partnership principles. Whereas, the Cohesion Fund is managed applying a more centralised system. This difference between the implementation processes of the Structural Funds and Cohesion Fund is most obvious in their project selection process. In the case of the Structural Funds, the member states, more precisely those authorities, which the governments appoint, make the final decision on project funding. Whereas, in the case of the Cohesion Fund, it is the Commission, that selects the projects to be financed. Prior to this final decision on financing of the proposed projects by the Commission the member states' rights and responsibilities are the identification and pre-selection of the projects that will apply for financing from the fund.

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<sup>20</sup> A PC is a document, which include the implementation of the assistance strategy and priorities and contains detailed elements at the measure level to be applied. The member states or the Managing authority (MA) appointed by the member state adopts the PC and sends it to the Commission for information.

<sup>21</sup> Council Regulation No. 1164/1994

<sup>22</sup> Reference framework includes: a) definitions of long-term objectives, b) list of individual projects, c) interim objectives, d) projects to be carried out to achieve those objectives, e) initial indication of investment costs and an indicative plan of financing sources of each project.

<sup>23</sup> Lakatos (2005)

The provisions on the selection procedures of the financial assistance from the Structural Funds provide differing authorities, tasks and responsibilities for the member states than the provisions of the Cohesion Fund. Therefore, there exist different patterns or systems of governance in structural and cohesion policies and this situation may provide room for various or differing solutions and practices in the case of Structural Funds and Cohesion Fund management.

In practical terms it means that in the case of the Cohesion Fund the beneficiary countries carry out the identification of the projects to be financed either during preparation of reference frameworks that may include project portfolio, or in different manners. The different manners may include e.g. evaluation by using scoring systems, or decisions of committees responsible for project pre-selection, etc. The practice of project pre-selection is of crucial importance especially when the total value of the potential projects eligible to apply to the Cohesion Fund exceeds the available financial resources which are always limited. This situation implies that certainly not all projects will receive financing.

A number of new member states decided not to include the lists of indicative projects in the reference frameworks of the Cohesion Fund (e.g. the Czech Rep.<sup>24</sup>), or these lists do not fully reflect the projects proposed in later stages. Under such conditions, it is essential to organise an efficient and transparent selection system in which the social partners can have roles as well.

The Structural Funds have different rules. After the European Commission has approved the particular operational programmes to be financed from the Structural Funds, the practical tasks and responsibility for project selection and management of implementation are delegated to the authorities of the member states. The role and tasks of the Commission are restricted to facilitate and control the implementation of the operational programmes. It implies that the Commission has task during the whole programme cycles or programming periods, which consist of the preparation, implementation, monitoring and evaluation of the programmes. The most important difference compared to the Cohesion Fund is that the final project selection to financial assistance of the Structural Funds is made by the bodies appointed by the member states and not by the Commission. It means that the member states have substantially more responsibilities, obligations and rights.

Regarding the rules of the implementation of structural policies there are differences between member states which are small and therefore cannot have regions of NUTS 2 and member states which are larger and have functioning regional public administrative systems. In the case of the implementation of Structural Funds assistance in the member states having regional public administrative systems, the decision making on project selection can be shifted from the central level to the regional level of the public administration. The decision making responsibilities are allowed to be shared between different bodies. These bodies can be expert teams and steering committees, managing authorities or implementing agencies, etc.

The available financial resources of the Structural Funds to assist the implementation of development projects are always limited. Thus, similarly to the Cohesion Fund, the total amount of financing requested for the submitted project proposals can substantially exceed the available financial assistance. Under such conditions, it is very important that clear, comprehen-

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<sup>24</sup> „... because of the number of obligations of the Czech Republic and the state of preparation of the projects, it is not possible to include an exact list of specific projects to which the Cohesion Fund will contribute. Consequently, an orienting list of projects is enclosed; however this is neither exhaustive nor binding” in: Czech Republic Strategy of the EU Cohesion Fund – the Environment (2004-06) Prague may 2003 p. 4

sive and transparent project evaluation and selection systems should be implemented. These features have more importance in the case of the Structural Funds than the Cohesion Fund because in the former case the Commission is not directly involved into the management.

The first experience of the implementation process of the structural and cohesion policy was rather mixed in some new member states. For example in Poland, the government institutions play the major and decisive roles both in creation and implementation of law, which indicate the existence and dominance of a nation state model. It is due to the traditions and general attitude towards legislation. The Polish system prefers regulatory standards with high level of obligation and low level of discretion in the implementation. In the case of the implementation of regional and cohesion policy the laws do not include framework regulations or open method of coordination. The acts and regulations give detailed description and every specific problem is handled separately.

This system did not work efficiently enough and caused problems in the coordination, did not train enough managers and the centralised system of financial allocation did not function properly. The main problem was, however, the uncertainty which was created by the fact that the roles and responsibilities of the participating institutions were not determined clearly. The social partners were not either involved or to a limited extent only in the management of the implementation. Regional and local social partners could influence the implementation in a modest way only. These issues are critical problems for the implementation of the new mode of governance. Similar problems and criticism can be mentioned in the other new member states, too.

During the last some years an obvious shift can be noticed towards the involvement of other public actors in the legislative process, decision making process and in the implementation. There is an increasing trend of opening up debate with the private actors of the society in certain issues. The changes are still marginal but they are rapid and more profound transformation can be expected already in short period of time.

### **4.3. The monitoring process**

In all new member states, Monitoring Committee (MC) was established especially for the purpose to perform the monitoring tasks during the whole process of carrying out development programmes. The establishment of these committees was explicitly required by the EU regulations establishing specific Funds<sup>25</sup>. None of the other advisory bodies for the EU Funds (e.g. working groups, steering committees, etc) are required by the regulations. These European Council regulations defined the general responsibilities and compositions of the Monitoring Committees. The Committees can monitor either the implementation of programming documents or of particular projects.

The Commission regulation concerns practically all the EU supports and domestic assistance. The regulation establishes the main institutions of monitoring for the different types of transfers. The monitoring system is basically divided into three sections: there are monitoring units for the Pre-accession Funds, for the Structural Funds and for the Cohesion Fund. They are coordinated by a central monitoring committee. There is a slight difference between the monitoring institutions for Pre-accession Fund and those of the other two types of EU assistance: the role of the European Commission is direct in the monitoring of the former, while concerning the latter, competence of monitoring belongs exclusively to national participants.

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<sup>25</sup> European Council Regulation No. 1260/1999 laying down general provisions on the Structural Funds, Council Regulation No. 1164/1994 establishing a Cohesion Fund.

In the case of the Structural Funds Monitoring Committees were established for each Community Support Framework, Operational Programme and Single Programming Document. The main task of the Monitoring Committees is to ensure the effective and sufficient use of the EU financial assistance. The Committees have got more specific tasks as well, which can be important elements of the mode of governance:

- a) confirming and adjusting programme complements,
- b) considering and approving project selection criteria,
- c) systematically reviewing the progress in achieving specific objectives of the assistance,
- d) considering and approving annual and final implementation reports,
- e) considering and approving any proposal to amend the Commission's decision on the contribution of Funds,
- f) proposing to the Managing Authorities (MA) any necessary adjustments of the assistance aimed at increasing the possibilities of achieving the assistance objectives.

In the case of the Cohesion Fund the provisions also require the establishment of Monitoring Committees. The tasks of these Committees should focus on monitoring the process of implementation of particular projects financed from EU assistance. To this end physical and financial indicators have to be used. These indicators have to relate to specific characters of the projects and their objectives. The Committees may send recommendations and comments to the European Commission regarding changes in the amounts of granted financial assistance and modification of the conditions of these assistances.

In both cases the composition of the Monitoring Committees has particular importance as far as the mode of governance is concerned because the member states are in charge of appointing the members of these Committees. The EU regulation<sup>26</sup> requires on the one hand that the representatives of the authorities responsible for managing EU financial assistance (Managing Authorities, ministries as intermediate bodies) should be members of the Committees and provides places for the representatives of the European Commission and the European Investment Bank (EIB) on the other. Moreover, the regulation implies that in the case of assistance from the Structural Funds the partnership principle should be applied not only for the preparation and implementation phases of the process of financial assistance but also monitoring and appraisal. Thus, the inclusion of the representatives of the social and economic partners as well as NGOs into the work of Monitoring Committees can be deduced from the European Commission regulation. Contrary to the provisions dealing with the financial assistance from the Structural Funds the provisions of the Cohesion Fund do not require the authorities of the beneficiary member states to invite representatives of the social and economic partners into the work of the Monitoring Committees. Nevertheless, some countries decided to apply the partnership principle for the monitoring of financial assistance from the Cohesion Fund as well and invited the representatives of the NGOs into these Committees, too.

#### **4.4. The roles of government levels from planning to implementation**

The centralisation is a dominating feature of the institutional set-up and working systems of the structural and cohesion policy in the new member states. The emergence of such a system has several reasons. The primary reasons are the short programming period, limited experience with decentralisation and regional institutions in most of the countries, and in some

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<sup>26</sup> European Commission 1260/1999

countries the absence of full-fledged regional administrative systems as well as the small territorial size of four countries which actually hinders the creation of regions.

Due to this centralised system in most of the new member states, regional administrations are in a weak political, financial and institutional position. This situation limits their capacity in policy making. The role of the actors of sub-national level in the management and implementation of the programmes is in most cases limited to a few important areas. These areas are usually the process of programming and certain activities which are related to the beneficiaries of the assistance financed by the Funds.

**Table 5: Influence and roles of the main actors on the process of structural and cohesion policy-making**

<b>area</b>	<b>national (central) government</b>	<b>sub-national actors/administration</b>
<b>programme planning</b>	strong ministries are in charge of - elaboration of programmes, - coordination of the preparation of joint regional programmes	varied - in consultations the influence of regional and local authorities is limited (negative) - regions prepare regional OPs, which are the basis of joint regional programmes (positive)
<b>programme management</b>	strong ministries act as Managing Authorities	weak - limited roles in programme management - exception: involvement of NUTS 2 regions in joint regional programmes
<b>programme implementation</b>	strong ministries and their agencies have the leading roles	varied - ministries and agencies have usually regional branches as IBs (negative) - many regional administrations have limited involvement (positive)
<b>project level</b>	weak no or very limited roles	strong local authorities are very active in applying for EU funds, the role of the regional authorities is weaker

The sub-national actors in the larger new member states (Poland, Hungary, Czech Rep.) can have more active roles and exercise more influence in the whole process. These countries have some forms of joint or integrated regional OPs. In Slovakia, the OP for basic infrastructure also incorporates a regional element. In these cases, the regional authorities are more involved in the policy-making process.

## 5. New mode of governance: the role and importance of social partners

One of the most important preconditions for the appearance of new modes of governance is the mere existence of social actors who can assert their interests and the interest of larger communities. The groups of these social partners include not only local and regional governments, but also employers' associations, civic groups and NGOs, trade unions. Civil societies must also be subject to the principles of good governance<sup>27</sup>. Thus internal organisation, openness, and representation are concerned by the aim of involving civil society in these norms of governance.

The civil society in the new member states is much less developed than in the old ones. Moreover, different social groups in different countries have different capacities in representing their interests, which makes the situation more complex. There are countries among the new member states (e.g. Czech Rep. and Poland) where due to different reasons the role of being citizen is more important than in the others countries. In these two countries, certain traditions of civil society have different roots and features. During the 19<sup>th</sup> century and the first half of the 20<sup>th</sup> century, the Czech society could achieve a higher level of bourgeois civilisation than any other central European societies. The civil society traditions rooting in this period could survive during the following decades and reappear gradually. In the case of the Polish society the bottom-up actions of private actors in politics emerged during the 1980s when the trade unionism mushroomed in Poland. This kind of private/civil actions can influence also the present state of affairs<sup>28</sup>.

The historical experience shows that in central-Europe the genesis of the civil society and its activity, which is a fundamental element of the new mode of governance can be a socio-economic transformation process and the failure of the state. When central actors could not fulfil certain tasks and do certain actions the private/civil sector comes to the forefront and offers the application of alternative tools and ways. The introduction of new mode of governance can be most successful when supported by national and/or international institutions. In the new member states, both national and international factors were present at the implementation of the governance of structural and cohesion policy. It was obvious that the driving force was the requirements of the EU.

### 5.1. NGOs' participation in programming

According to the general provisions on the Structural Funds the process of programme preparation has to respect the partnership principle. The Article 8 of Council Regulation No. 1260/1999 explicitly laid down that in the course of programming the national governments have to include regional and self-governments, businesses and other social and economic partners into the process. The exact text of the regulation is:

1 Community actions shall complement or contribute to corresponding national operations. They shall be drawn up in close consultation, hereinafter referred to as the "partnership", between the Commission and the Member State, together with the authorities and bodies designated by the Member State within the framework of its national rules and current practices, namely:

- the regional and local authorities and other competent public authorities,

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<sup>27</sup> It was set out in the European Commission's White Paper on European Governance of February, 2000

<sup>28</sup> Wisniewski (2005)

- the economic and social partners,
- any other relevant competent bodies within this framework.

The partnership shall be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners as defined in the first subparagraph.

In designating the most representative partnership at national, regional, local or other level, the member state shall create a wide and effective association of all the relevant bodies, according to national rules and practice, taking account of the need to promote equality between men and women and sustainable development through the integration of environmental protection and improvement requirements.

All the designated parties, hereinafter referred to as the “partners”, shall be partners pursuing a common goal.

2 Partnership shall cover the preparation, financing, monitoring and evaluation of assistance. Member states shall ensure the association of the relevant partners at the different stages of programming, taking account of the time limit for each stage.

It shows that the Structural Funds are more open to the use of the partnership principle in general than, e.g. the Cohesion Fund. In the case of the latter there are no direct provisions that would compel the member states to include social and economic partners in the programming process.

The implementation of this particular provision on partnership principle of Structural Funds has got problems. As the actual experience has already shown that the transposition of general provisions does not necessarily assure the adequate implementation of the principle at national levels. As several analysts pointed out, an additional problem was created by the fact that the NGOs were not specifically mentioned in the text of the regulation. Thus, the vague wording leaves it up to national practices whether NGOs are included in the process of EU financial assistance management or not.

Moreover, as it could be seen in several cases, national legislation often did not provide citizens with access to timely and sufficient information, nor did it provide clear, effective and enforceable tools for participation in the management process of these financial assistance. It happened often even if legislation was compatible with the general provisions of the EU regulation.

It is generally accepted view that the most important factors that predetermine the quality of use of public funds are transparency and public participation in all the related processes: from programming and implementation to monitoring. Transparency in decision-making and NGO participation also can help to limit unnecessary damaging impacts of investment projects. To this end, the NGOs have, for many years, called for increasing transparency in the use of EU funds, for infrastructure project compliance with national and EU environmental legislation, for efficient allocation and use of financial resources, as well as for promoting projects that respect the concept of sustainable development.

Considering that the financial assistance coming from the Structural Funds and Cohesion Fund represent substantial amounts to the new EU member states and these amounts will be able to shape significantly the economic, social and environmental development of these

countries in the coming years, it is particularly important that the use of this financial assistance can be monitored by NGOs and other social partners also. From this point of view it is important that these organisations should be granted the right and possibility to active roles in the programming, implementation and monitoring process. It is clear, however, that even a supportive legal and institutional frameworks remains insufficient to ensure effective public participation. The existence of potential of civil society to fulfil its monitoring role is another very relevant issue. It happens very often, that the lack of financial resources, personal capacities and skills prevent NGOs from active and effective participation in the programming, implementation and monitoring at national levels.

As the country case studies show, the NGOs in most of the new EU member states could participate in the programming process during consultations of programming documents (Operational Programs, National or Regional Development Plans, or reference frameworks). In the case of some countries (see Table 6) the NGOs were invited or allowed to participate in limited ways in various planning teams and working groups, which were involved in the preparation work of the above mentioned documents. Even if the NGO participation was partial but their presence was an important advancement.

It happened in some cases (e.g. Hungary, Poland, Slovakia) that governments did not organise or very few public consultations. Then, the NGOs organised advocacy campaigns in their own initiatives for presenting their opinions about the programming documents, for the proper implementation of ex ante evaluation of the programming documents or for the introduction of strategic assessment process to the development plans and programming documents. In these cases the most frequently discussed issues were the environmental problems.

In the course of programming of the EU funds, the most important problems in respect to the NGOs' participation were the following:

- a) Participation of NGOs in programming teams: in most cases the NGOs were not represented in the committees and working groups for preparation of the programming documents.
- b) Clarity of rules regulating public participation: although rules regulating public participation exist in many new member states but these rules usually allow for broad interpretation of the partnership principle and of the concept of social partner. One of the reasons is that the EU's provisions did not mention NGOs specifically.
- c) Lack of sufficient information about the programming process: it happened very often that the government authorities did not adequately inform the public about the rules, strategy and schedule of the programming process.
- d) Changing rules: it happened several times that after consultations with the social partners timetables, important elements of programming documents were changed substantially and these changes were not discussed with the social partners.
- e) Shortcomings of public consultations: it happened many times that the consultation processes were started too late, there were too short time periods within the public consultation process for preparation and writing comments on the documents, and often outdated versions of documents only were provided to the social partners. Low participation in consultations was often the result of poor organisation work.
- f) Inadequate NGO capacity: it was a common phenomenon that the NGOs often lacked the necessary institutional capacity to participate effectively in the programming process.

## 5.2. NGOs' participation in implementation

The implementation process of projects, which receive financial assistance of EU Funds, usually involves several bodies responsible for project evaluation and appraisal. These bodies were either created especially for these purposes (e.g. special working groups or steering committees, etc.) or they have already functioned and dealt with similar issues (e.g. departments of ministries, other bodies, agencies and authorities, which were appointed to participate in the implementation of projects). In the new member states, most of these bodies are newly created and especially for the implementation process of the EU funds. There are also some cases when already existing institutions or bodies were appointed as implementing agencies. In Poland, for example the environmental infrastructure projects would be co-financed by Cohesion Fund, have to be first evaluated by the National Fund for Environmental Protection and Water Management. In Poland, this Fund is the largest and already for long existing institution which is responsible for financing environmental protection and water management infrastructure.

It is not only desirable but required by the “new modes of governance” policy goal of the EU that the social partners should be involved into the process of implementation and should be represented in the decision making bodies. The main roles of the representatives of NGOs in these bodies are to ensure that the project evaluation and selection processes should take place in transparent manners. Moreover, environmental NGOs should support that projects receiving co-financing from community money and public money of the relevant member state, should certainly contribute to meeting sustainable development objectives of the EU and comply with environmental legislation of the EU and the member states.

The role and rights of NGOs were determined by a Council Regulation on Structural Funds. Among the general provisions one of the articles<sup>29</sup> states that “Partnership shall cover the preparation financing, monitoring and evaluation of assistance”. In spite of this explicit provision the NGOs were often denied full rights to actively participate in the decision making on the Structural Funds implementation process in the new member states. The experience showed that as the inclusion of social and economic partners in bodies such as steering committees for the Cohesion Fund is not regulated by any provision, it is mainly up to the national authorities whether the NGOs are included into the work of the implementation process. In reality, it resulted in that the NGOs were very often excluded from the project selection stage. The fact is that the legal situation has left a substantial discretionary decision making possibility for the national authorities.

The practice in the new member states was analysed in order to identify problematic areas. In the course of implementation of the EU funds, the most important problems in respect to the NGOs' participation were the following:

- a) Participation of NGOs in the project selection process: NGOs were often denied membership in bodies responsible for project appraisal and selection;
- b) Manner of appointing the representatives of NGOs to advisory bodies: even if the representatives of NGOs were invited to advisory bodies, it happened often that the national authorities themselves selected the persons to represent the NGOs or decided on the NGOs or NGO platforms which were then asked for nominating their representatives to act for the social partners in these bodies. It meant that the NGOs did not have the oppor-

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<sup>29</sup> Article 8 of the Council Regulation 1260/1999

tunities to nominate their own representatives on the basis of consensus which they achieved at the end of open and democratic selection processes.

- c) The status of the representatives of the NGOs in the bodies: in those cases when the NGOs were granted the possibility to take part in the work of the bodies (e.g. steering committee), their status are very often of limited competence. It means that they do not have the full right like any other members of the same bodies have (e.g. the NGOs do not have voting right) or their contribution to the work of the bodies in certain way is limited (e.g. the right to submit own proposals is constrained). The consequence of this situation is that the contribution and participation of the NGOs are not taken as seriously as that of any other members of the bodies and what is even worse in some cases the participation of the NGOs is considered as a kind of burden or obstacle.
- d) Access to information: it is a frequent phenomenon that the NGOs and the representatives of the NGOs in the steering committees consider the provided information on project selection to be not credible enough and insufficiently detailed. The representatives of the NGOs in committees often receive the documents in a too short time prior the committee meetings which prevent the NGOs from elaborate consensus of their views on the issues to be discussed which may hinder reasonable decision making in the committees.
- e) Not fully transparent selection process: according to the NGOs the project selection decisions are often influenced by political interests and influence, that is not exclusively the clear selection criteria and professional priorities and considerations are taken into account. It happens because in many cases the binding and enforceable regulations are missing. Under such conditions, the control of the public and the social partners can have particular importance. Thus, it is essential that the NGOs and their representatives in the committees do their best to improve the transparency of the selection process.
- f) Professional capacities of the NGOs: the representatives of the NGOs work on the committees usually on a voluntary basis. It means that these people often lack of sufficient time and expertise and financial resources. All three factors are very crucial precondition to process all of the relevant documents needed for decision making on the project selection.

These problems are characteristic not only in the new member states but they are more dominant there than in the old member states. Good practices can also be identified both in the old and in the new member states as well.

### **5.3. Participation of NGOs in Monitoring Committees**

As it was mentioned above the provisions of the Commission regulation<sup>30</sup> includes the partnership principle: “partnership shall cover the preparation, financing, monitoring and evaluation of assistance”. The national rules and regulations of several new Central European member states do not include binding and enforceable mechanisms to implement this principle. It brings about that the NGOs are often unable to influence the preparation, implementation and monitoring processes of the development projects. The representatives of the NGOs in the Monitoring Committees may contribute to the enforcement of compliance in every element of these development projects with the EU policy recommendations, agreements, and directives on sustainable development, environmental sustainability, public participation and transparency.

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<sup>30</sup> Art. 8 of the European Commission Regulation 1260/1999

The Monitoring Committees have important roles not only in monitoring the implementation but also in programming of the projects supported by EU financial assistance. It implies that the Committees may approve or adjust programme complements, consider and approve criteria for selecting the operations to be financed and approve or adjust indicative lists of eligible activities under each measure. The representatives of the NGOs in the Committees may affect the use of public financial resources toward a more sustainable direction. This influence at the decision making can be particularly important in the environmental and sustainability aspects and issues. It can be an important point because as the previous experience shows the Committees often focus their attention on the financial aspects and progress of the projects and ignore or do not pay enough attention to their environmental aspects and issues. The monitoring activity should look at the compliance with the EU and national environmental legislations and standards. The participation of the NGOs in the Monitoring Committees can guarantee the fulfilment of this task.

As the first experience shows the representation of NGOs in the Monitoring Committees was not always without problems. The main points were the following:

- a) the role and influence of NGOs in the Monitoring Committees: usually few seats only were allocated to the representatives of the NGOs. It brings about that they can be easily outvoted by the majority which consists of mainly governmental officials. In some new member states the representatives of the NGOs do not have a full member status (e.g. limited or no right to vote, limited access to documents, etc.).
- b) representation of NGOs in the Monitoring Committees: there are representatives of NGOs in most of the Monitoring Committees for Structural Funds assistance in the new member states. In some cases, however, there is a problem of interpretation of the notion “social partners”. The NGOs were denied to be represented in the Monitoring Committees arguing that more relevant and important social and economic partners were selected to participate in them. These social partners are such organisations like professional associations (e.g. association of banks, chamber of commerce and industry, etc.) or territorial associations (e.g. association of villages, etc.). As far as the Cohesion Fund is concerned, the NGOs are not represented in the Monitoring Committees in all new member states.
- c) operation of the Monitoring Committees and the transparency of its work: an efficient work of the Committees requires full and timely access to documents to be discussed as well as explanatory documents and other materials which can be necessary to the proper understanding of the context and the situations to be analysed in the meetings. The documents relevant to the work of the Committees are not always made available to the public. The representatives of the NGOs urge improvement in these fields.
- d) capacities of NGOs for work at the Monitoring Committees: the NGOs usually do not have sufficient capacities (time, person, financial resources, expertise, technical assistance, etc.) to work at the Committees. This shortage of adequate capacities can hinder the effective work of the NGOs at the Committees.

#### **5.4. Experience in practicing partnership**

Except for Polish and Czech societies, the activity of the civil society was still underdeveloped in the new member states in the first years of the new millennium when the discussions between the state authorities and the representatives of the social partners were to start. In spite of this advantage none of these two countries did substantially better than the other six new member states. The elaboration of the basic programming documents was in delay and the social partners were involved in the programming process too late. Sometimes the debate

for debate was too short and the debates on the strategies and on the sectoral OPs took place in parallel because of the lack of sufficient time.

In some cases the involvement of social partners in the debate was modest in general but there were differences. There were social partners who actively participated on the consultations, others submitted written comments on the programming documents. Slovenia used most extensively the information technology as the distribution of information to and collecting reactions from the general public and interested were done through internet. In most cases the experts of certain issues were invited to express their view on the proposed programming documents.

The experience has shown that not only the representatives of the NGOs but those of the private sector also joined the bodies dealing with the development policy. The most important organisations are employers' federations. Their presence in these bodies is important for the NGOs from various points of views. The private sector and its individual companies have more informal chances of influencing structural and cohesion policies (e.g. lobbying) than the NGOs. This is due to their economic power and their closer links to the state administration. Also, the influencing activities of privately owned companies are less transparent compared to NGOs. Companies do not have to rely on the type of public support NGOs have to. Weak transparency of company activities is probably also due to caution about public procurement rules and several other factors. There is another more direct involvement of the private sector which can be also considered as an example for a new mode of governance: public-private partnership (PPP). PPPs contribute to finance large infrastructure projects and thus also help increase the absorption capacity of EU Funds.

In the Baltic states, the implementation of partnership principle in the structural and cohesion policy was supported very much by the different Baltic Rim regional cooperation programmes. These already on going activities of the member states involve the cooperation of trans-national, national government and sub-national levels (local authorities and civil organisations) and had a positive impact on the emergence of new horizontal co-operation among the actors of the structural and cohesion policy<sup>31</sup>.

Some of the country case studies are very useful tools in showing how the principle of partnership was put into practice and what kind of outcomes it had in the new member states. Considerable efforts have been made to take up the EU partnership principle and address some of the challenges that are inherent in this approach. In all of these countries the new structures and national legislation are in place, and a range of steps have been taken to build partnership activities in the structural and cohesion policy. They included extensive consultations (e.g. in the Czech Rep.) with social and economic partners were organised as part of the programming process. This form of consultation took place generally on three main levels: a) inter-ministerial co-ordination, b) the involvement of relevant social, economic and regional partners, and c) public consultations. The adequate flows of information on the programmes could be provided by organising series of meetings and consultations (e.g. Czech Rep.) or establishing data basis of information on partner organisations, events and opinions as well as important recommendations expressed by the partners in the framework of any type of consultations. It can be considered as an advancement when the partner organisations are included on management and monitoring committees at various levels (to different degree most of the new member states).

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<sup>31</sup> Artner (2005)

**Table 6: Experience of NGOs in practicing partnership in cohesion policy**

	CZ	ES	HU	LA	LI	PL	SK	SL
<b>A) Partnership in programming</b>								
1 Do any national rules exist for public participation in regional development programming?	NO	Partially	YES	Partially	Partially	YES	Partially	YES
2 Was the information on the programming process disseminated by the government timely, sufficient and up-to-date?	Partially	YES	NO/YES	Partially	Partially	Partially	NO	Partially
3 Were NGO representatives involved in the planning team?	Partially	Partially	NO	Partially	Partially	Partially	Partially	Partially
4/a Within the process, did any type of consultation take place on the drafts of any EU programming documents?	Partially	YES	YES	YES	YES	YES	Partially	YES
4/b Was a public hearing organised by the responsible ministry at the end of the programming process?	YES	YES	NO	YES	YES	NO	NO	YES
4/c Were the meetings organised for commenting on the documents' drafts well attended by the public/NGOs?	NO	YES	YES	NO	NO	Partially	NO	YES
4/d Was the time dedicated for NGO input (comments) sufficient?	NO	NO	NO	YES	NO	YES	NO	NO
5 Do any country-wide NGO platforms exist that are able to participate in programming and implementation of Structural Funds?	NO	NO	YES	NO	NO	NO	YES	YES
<b>B) Partnership in implementation</b>								
Will NGOs have members in project selection committees (steering committees)?	Unclear	NO	NO	Unclear	NO	YES	Uncertain <sup>1</sup>	YES
<b>C) Partnership in monitoring?</b>								
Are there monitoring committees already established in the country?	NO	NO	YES	NO	NO	YES	Partially <sup>2</sup>	YES
Are there / will there be any NGO representatives in Structural Funds Monitoring Committees?	YES	YES	YES	YES	YES	Partially <sup>3</sup>	YES	YES
Are there / will there be any NGO representatives in Cohesion Fund Monitoring Committees?	Unclear	NO	NO	Unclear	NO	Partially <sup>4</sup>	NO	NO

Notes: <sup>1</sup> according to several program complements yes, but no guarantee. <sup>2</sup> partially, but not working (except Preparatory Committee for Structural Funds <sup>3</sup> in one of the Monitoring Committees only. <sup>4</sup> Monitoring Committee: unclear, Steering Committee: yes

Source: (for CZ, HU, LA, PO, SL) Partnership for Sustainable Development? (for ES, LI, SL) national sources

## 6. Conclusion

On the basis of the Treaty, the European Council passed the most important regulations laying down the basic rules of the functioning of the structural policy, while the Commission issued a large number of decisions to implement the operations of the Funds. So at the level of decision-making and legal implementation, structural and cohesion policy gradually developed into a classic or old mode of governance. These old modes of Community governance have been developing throughout the Treaty amendments, leading to a more balanced relationship among institutions and involving new institutions.

Turning to legal implementation of this policy, it can be established that the tools used – Council Regulations and Commission Decisions – can be considered rather rigid as legally binding instruments. On the other hand, the basic principles contained in them reflect a new approach to European governance, providing for multi-tier participation of actors in the preparations, implementation, monitoring and evaluation of cohesion policy, especially through the partnership principle. This new principle was mainly initiated by the Commission (which was actually a top-down approach) and has been positively received by regional and local authorities and civil organizations in the member-states. Thus partnership and subsidiarity have been gaining importance in the Treaties.

Applying new governance principles to the EU Funds, the point of departure was that there are uniform rules applicable to all member states. However in reality practices varied in line with differing political and administrative circumstances. The new member states joined the EU with administrative and financial structures and procedures which are quite different from those in the old member states. And what is more, there were differences among the new member states, too. There are countries (e.g. Poland, Hungary, Czech Rep.) where the new structure was built in the old one meanwhile the Baltic states had to newly create and organise the administrative structure. The structure of regional and cohesion policy as well as the application of the new mode of governance was part of this process.

Prior to their accession the new member states implemented most of the EU regulations. They pledged their allegiance to core concepts of EU regional policy, and (re-) organised national activities accordingly. On closer scrutiny, however, it may become obvious that adoption and change are not always identical. Under such conditions employing new modes of governance is not only a question of legislation, of one single decision or action. The new member states were at the start of these processes and had almost no experiences in new modes of governance.

Regarding the implementation of the new regulations, they ways of it were also differing among the new member states. There are countries (e.g. Poland), which prefers the dominance of the legislative tools. There the governance system prefers regulatory standards with high level of obligation and low level of discretion (that is the regulations give detailed description for the field to be regulated and every specific problem is handled separately). In other countries the legislation provides more room for discretion. This condition influenced the propagation of new mode of governance in opposite ways. More regulatory standards hindered and more discretion supported its propagation. This divergence of governance systems was foreseen and accepted by the EU legislation. It shows first of all that the EU provides only the framework and general principles of implementation, leaving relatively great freedom of action for member-states to establish their own institutions and methods of management. The possibilities of broad interpretation of the principles of regionalism and partnership as well as the absence of strict legal definitions make the principles hard to enforce in practice. This

means that meeting the minimum criteria required by EC legislation suffices. Strict fulfilment of some of the principles is not obligatory.

Under such conditions one of the main indicators of success is the absorption ratio of EU assistance. Member-countries sooner or later realize that meeting only minimum criteria is not enough if structural and cohesion policy is to be implemented efficiently. It is vital for them to demonstrate such efficiency, because citizens tend to measure success by the amount of money they receive from the EU. Moreover, the EU has the right to cut back its financial commitments to certain member-states if they prove inefficient in absorbing EU support. Practically, the EU has given member-states an interest in complying with the basic principles of its structural and cohesion policy. It is the new mode of governance which can help the citizens and institutions of new member states to influence the process of planning, programming and implementation. Furthermore their partnership can also supplement the sometime low capacities of absorbing support from EU Funds. In this way the wider public can feel that these programmes do actually improve the level of infrastructure, the environment and the quality of life in general.

The issue of centralised versus decentralised systems has been a topical problem in the new member states. The development programmes supported by Structural Funds assistance in the old member states are usually decentralised; management and implementation tasks are carried out by regional-level authorities. This is not the case in the new member states at least for the programming period of 2004-2006. The centralisation is the dominating feature of their systems. There are several reasons of this choice. The primary reasons are the short programming period, limited experience with decentralisation and regional institutions in most of the countries, and in some countries the absence of full-fledged regional administrative systems as well as the small territorial size of four countries which actually hinders the creation of regions.

Due to this centralised system in most of the new member states, regional administrations are in a relatively weak political, financial and institutional position. This situation limits their capacity in policy making. The role of the actors of sub-national level in the management and implementation of the programmes is in most cases limited to a few important areas. However, the sub-national actors in the larger new member states (Poland, Hungary, Czech Rep.) can have relatively more active roles and exercise more influence in the whole process than in the smaller new member states as the former countries have some forms of joint or integrated regional OPs. In Slovakia, the OP for basic infrastructure also incorporates a regional element. In these cases, the regional authorities are more involved in the policy-making process.

On the basis of actual experience of the current programmes and the prospective reform of the structural and cohesion policy will likely bring about modifications in the institutional set-up in the new member states. In line with new programming frameworks, the roles and responsibilities of the ministries could be revised. Greater responsibility in the management and implementation could be delegated to the sub-national levels particularly to the regional level. Particularly in the larger new member states self-governing regions or regional agencies may take over more tasks and responsibilities in the programme management.

In spite of the centralised form of the institutional set-up of the structural and cohesion policy in the new member state these systems involve various actors of the different levels of the state administration and social and economic partners. In order to meet the specific requirements of the EU, the institutional set-ups of the structural and cohesion policy have been established on a permanent basis in the new member states. A positive development is that the actors involved have over time turned into a policy community in which they share overwhelmingly similar overriding objectives, a common interpretation of the problems at stake

and most often the instruments also which best suit for solving them. Moreover, implementation networks have close links to decision making networks providing for regular and systematic feedback loops on the most central topics. These issues are redistribution, economic and social objectives, funding, implementation and evaluation. This made the EU regional and structural funds policy a success from the point of view of creating new political and social relations among the government administration and social partners who would be anyway vaguely and densely interconnected. These new relations include expanding fields of vertical coordination and multi-level cooperation, where the different levels of government and a mix of private and public actors are involved in the process.

The lessons of some of the country studies on the new member states affirmed the previous experiences of the implementation of structural and cohesion policy of the EU. When EU demands meet with established practice in a member state and compliance entails no costs, EU regulations will be implemented easily. When, however, the requirements of EU policies contradict consensual knowledge and vested interests and when they can only be incorporated by changing existing routines, resistance is most likely. In this case partnership is pursued in a very formalistic, superficial and limited manner. The main aim is simply to meet the EU's minimum requirements. One has to keep in mind that the process of effectively and efficiently taking into account several and various opinions on very many different issues is a particularly difficult task for development programme developers. The implementation of partnership principle results in an additional complexity to the process of programming, management and implementation. It can slow down the whole decision making and result in a deterioration of programme lucidity. Some social and economic partners may not have the capacity to fully participate in consultations and consequently, the quality of the consultations may depreciate. It is common situation that the partnership may raise the expectations of the different actors in a way which cannot be put into practice because of various reasons (e.g. expected funding is smaller than the available or the feasibility is questionable.)

It is clear that in the short-run symbolic action might suffice, but it in the longer-run more effective implementation will be asked for to meet the EU's requirements. Because the efficiency of organisations rests on the optimal use of a limited set of standard operation procedure, deviant practices and frequent change might endanger administrative performance. A strategy of doing symbolic changes will prevail as long as sub-national organisations are not pulled into a more encompassing move for domestic change. The further introduction of partnership into the whole process has had its positive impacts because it can mobilise endogenous resources by giving stake holders a voice and increases efficiency as well as secure return on investment.

Such positive outcome of the new modes of governance like the emergence of new political and social relations among the administration and social partners as well as positive impact of the involvement of social and economic partners into the structural and cohesion policy-making should not conceal the fact that political interference can create situations where progressive ideas and long-term goals are sacrificed for short-term priorities. In spite of applying the positive attributes of good governance such as participation of different territories, different actors and different decision-making levels, as well as involving the civil society, allowing NGOs to express their view cannot be suffice if political interference is strong and frequent. Such situation can seriously distort the forming process of good governance.

Partnership should remain a core element of future structural and cohesion policy even if it creates new challenges. The responses to these challenges of partnership are likely to continue to differ in the member states, even among the new member states. There will be new member states which will make apparent efforts to follow the main trend to develop mechanisms for increasing participation. It will include that more wide-ranging and intensive process of con-

sultations will take place in which partners from sectoral and regional interest groups are involved. This partly reflects increased awareness of the value of incorporating stakeholders' perspectives to successful programme implementation.

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