

## New Modes of Governance within Cohesion Policy at the European and new Member States' Level

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### 1. Introduction

The European Union's cohesion policy's past now spans three decades, and it has undergone major evolution during this period. It emerged after Northern enlargement and was incorporated into the EC-Treaty with the Single European Act. It evolved from a mostly intergovernmentally-run paying mechanism to a genuine Community policy managed in the framework of classical Community-type decision-making. This means that decisions are taken by the Council and EP upon the Commission's proposal and after hearing the advisory bodies' opinions. The legal output takes the form of Council regulations executed in detail via hundreds of Commission decisions. On the control side we find both the Commission and the Court of Auditors, as well as the Court of Justice (although there is scarce case law under cohesion policy). While formally cohesion policy can be deemed a policy area run by the classical, old mode of governance, during the past three financial frameworks the established principles and rules of cohesion policy brought in new, innovative modes of governance, especially with regard to the principle of partnership. This principle actually pushes all the beneficiary member states to engage in multi-level and multi-actor type governance regardless of the given country's earlier experience with regionalism, subsidiarity and regular dialogue with stake-holders. Compliance with this principle thus results in highly different national solutions and can be seen as a real challenge in the new member states, having inherited centralised, state-centred governance structures and modes from the past.

### 2. EU level

There are three reasons why new (or alternative) modes of governance within regional/cohesion policy emerged and evolved at the Community level. First, because there was a tension between member states' desire to act at the Community level while at the same time showing reluctance to cede sovereignty. Thus, alternative modes could serve as a *learning path* before making more decisive steps towards deepening: this was the case in the pre-1987 period, when regional policy was more a kind of intergovernmental policy coupled with mandatory payments to member governments who then channelled the assistance to their problematic regions. New modes of governance emerged and evolved secondly because, after cohesion policy became a common, Treaty-based policy, in its implementation more *efficiency* was needed. Efficient implementation of cohesion policy is enhanced via the basic principles of concentration, additionality, programming and partnership; the latter is especially important as it ensures the participation of all the potential beneficiaries in the process of regional development. The third reason for the development of new governance modes was the need for more *legitimacy and transparency* in the implementation of cohesion policy once it became a common, Treaty-based policy. Actually, partnership complies with these requirements – this is why there is ever increasing pressure from the partners involved to respect and reinforce this principle at the EU level as well as at the national level.

### 3. New member states' level

The implementation of the EU cohesion policy in the new member states raised several problems, brought up new questions and provided novel experience, as regards the management of the Funds, absorption capacity of the economies, and the success and failure of the institution-building process. The main characteristics of these issues are not independent from the legacy of the past in the new member states, in terms of public administration, societal structures and economic systems – as could be seen in the first years after accession (the research concentrated on the period of 2004-2006).

The framework conditions for the emergence of cohesion policy governance were marked by the legacy of the socialist system found in all eight new members. This legacy was characterised by a centralised and unitary type public administration and governance system ('haunting centralisation'), which constituted a handicap to these states when these they started to implement a region-centred Community policy. Those countries which became sovereign or regained sovereignty after 1989 had the relative advantage of building up national institutions from scratch. Countries with legal continuity have often faced more problems due to rivalry and old vested interests of the actors in the public administration causing additional problems. This proved that the age of statehood can matter ('age of statehood factor').

As far as the *evolution* of the functioning of cohesion policy in the new member states is concerned there are some important features which are worth mentioning. First of all: the state practically has maintained its central/key position in the framework of cohesion policy ('the state as a gate-keeper'), for a number of reasons. The most important one has been the relatively slow process of regionalisation and the relatively slow emergence of organised interest representation within the process of national development towards EU-conformity. Despite these slow background processes, ever since the beginning of the accession process the new member states have made continuous efforts to reach the high level of legal, procedural and institutional conformity with relevant EU rules

of cohesion policy that the EU expects of them ('conformity pressure'). The first experience showed however that most of the new member states initially introduced highly complex mechanisms into the tendering/application and Funds' management system with the aim of avoiding any procedural mistakes and mismanagement of EU money – often leading to unnecessary over-bureaucratisation ('defensive over-bureaucratisation'). The positive and negative consequences of this situation can already be observed. One of them is that higher priority has been given to formal EU conformity than to the substance of it, including compliance with the partnership principle and thereby the introduction of new governance modes. The institutional models of cohesion policy implementation differ from country to country in the new member states and these models are often subject to political changes. The institutional structures of programming, implementation and monitoring in most cases are highly complex and lacking in transparency, which hinders

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rather than supports efficient functioning ('instability and complexity of the institutional framework'). Besides institutional capacity-building most new member states have started the process of regionalisation and eventual devolution. The first step was the delimitation of the NUTS-2 regions already prior to EU accession, but even this has not yet come to a definitive end in all places. The second step in some new member states is the potential devolution of power to the newly created regions. This latter has required even more time than expected and is very often subject to political debates ('moving target – ongoing regionalisation').

The *evaluation* of the development of framework conditions regarding the application of new modes of governance in the case of cohesion policy in the new member states should take two aspects in consideration. First, application of the partnership principle was initially weak. In the midst of institutional capacity-building coupled with unfolding public administration reform and under the time pressure for delivering the first National Development Plans to the European Commission, most new member states did not really comply with the partnership prin-

ciple. In such a context recourse to any kind of innovative governance modes has so far been rather sporadic. The other side of the coin is that the potential partners seem in many cases to lack the necessary information, as well as the capacity to play the role of a competent partner in the whole process of national/regional development. Second, gradual development has been slow. In most new member states, the introduction of the partnership principle – as an obvious element of new modes of governance – could gradually be reinforced as a result of both supranational and sub-national pressures. This process has been accompanied by an increasing willingness of the public administrations to open up and by an increasing awareness of the partners concerned ('slow gradualism').

#### 4. Conclusions

Cohesion policy – since 1987 – is formally a fully fledged Community policy run in the classical, "old" governance mode (in terms of Treaty base, decision-making, legal output and control). At the same time, elements of new modes of governance appear in its implementation, as it developed through the three key regulations of 1988, 1993 and 1999 laying down the principles of cohesion policy – especially the principle of partnership. To sum up it must be stressed that the elements of new/alternative modes actually complement the traditional modes by providing for both a learning path before ceding sovereignty to the EU level (see the pre-1987 period when cohesion policy was run through weak Community competences and decentralised payment mechanisms) and for more efficiency, transparency and legitimacy after having ceded sovereignty (see the unfolding multi-level and multi-actor type European governance method through the partnership principle, or see also the so far scarce use of another element of new governance mode closely linked to partnership: the flexible tool of the voluntary target-based tripartite agreements/contracts under regional development).

Thus, within cohesion policy new modes of governance are mainly present in the form of partnership whereby the EU pushes the member governments to open up their pub-

#### Further reading

This policy brief is based on research carried out within the NEWGOV project no. 1 on "The Evolution and Impact of Governing Modes". The scientific objectives of this project are to map, measure and classify governing modes; to explain why and under what circumstances and conditions new governing modes emerge; to identify common patterns and theorise about how they interact and evolve to form new governing mixes and macro-systems; and to find criteria and parameters by which the emergence and evolution of new modes of governance may be evaluated in a comprehensive way and against the background of different theoretical and conceptual approaches.

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lic administrations and to include a range of stakeholders in the processes of decision-making, implementation and monitoring. At the new member states level however – given the conditions explained – the genuine implementation of the partnership principle as a new governance mode is still sporadic, with feeble evolution. Thus the initial evaluation would be that shortcomings remain regarding both the willingness of the central public administrations and the capacities of the potential partners in the new member states. At the same time the general tendencies analysed in eight new member states indicate that there is a gradual, learning-by-doing adaptation process which varies by context (depending e.g. on the age of statehood, the size of the country, or the degree of regionalisation) and in how it emerges (regarding the national structures and channels enabling greater subsidiarity and promoting the practice of a genuine partnership).

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