

# Implementing decentralisation and territorial reform in Eastern Europe

# Outline

- I. The huge challenges
- II. Asymmetries
- III. Successes and failures
- Conclusion

# I. The huge EU challenges

# Huge challenges

## because 1 :

- The regional policy took place within an **enormous flow of changes** (31 chapters) and claimed for absolutely **necessary pre-existing pillars**
  - Political
  - Economic
  - Social
  - Municipalities
- **But most of these pillars were missing in 1990.**
- **How to implement such a new policy without these pillars ?**

## CHAPTERS OF THE *ACQUIS*

- |                   |                                    |                   |   |
|-------------------|------------------------------------|-------------------|---|
| <b>Chapter 1</b>  | Free movement of goods             | <b>Chapter 18</b> | Education and training                                      |
| <b>Chapter 2</b>  | Freedom of movement for persons    | <b>Chapter 19</b> | Telecommunications and information technologies             |
| <b>Chapter 3</b>  | Freedom to provide services        | <b>Chapter 20</b> | Culture and audio-visual policy                             |
| <b>Chapter 4</b>  | Free movement of capital           | <b>Chapter 21</b> | Regional policy and co-ordination of structural instruments |
| <b>Chapter 5</b>  | Company law                        | <b>Chapter 22</b> | Environment   |
| <b>Chapter 6</b>  | Competition policy                 | <b>Chapter 23</b> | Consumers and health protection                             |
| <b>Chapter 7</b>  | Agriculture                        | <b>Chapter 24</b> | Co-operation in the fields of justice and home affairs      |
| <b>Chapter 8</b>  | Fisheries                          | <b>Chapter 25</b> | Customs union   |
| <b>Chapter 9</b>  | Transport policy                   | <b>Chapter 26</b> | External relations  |
| <b>Chapter 10</b> | Taxation                           | <b>Chapter 27</b> | Common foreign and security policy                          |
| <b>Chapter 11</b> | Economic and monetary union        | <b>Chapter 28</b> | Financial control   |
| <b>Chapter 12</b> | Statistics                         | <b>Chapter 29</b> | Financial and budgetary provisions                          |
| <b>Chapter 13</b> | Social policy and employment       | <b>Chapter 30</b> | Institutions  |
| <b>Chapter 14</b> | Energy                             | <b>Chapter 31</b> | Other   |
| <b>Chapter 15</b> | Industrial policy                  |                   |   |
| <b>Chapter 16</b> | Small and medium-sized enterprises |                   |   |
| <b>Chapter 17</b> | Science and research               |                   |   |

## 2. No “one model fits all”

- **States are sovereign** and have to decide by themselves about their own national institutional design.
- The EU refuses to deliver more details on what the regions should do and what the optimal regional institution should be
- The EU only indicates the fact that the regions, by respecting the subsidiary principle have the responsibility to manage the EU funds.
- **A lot of critics indeed blamed the commission for its formal and strictly judicial assistance, without concrete support.**

# 3. A « place-based policy »

## The Barca report

- It restates the OECD invitation to consider the territorial development policy with an approach “that is place-based, multilevel, innovative and geared to different types of regions”.
- “On this basis we can define a “place based policy aimed at **social inclusion**” as follows : a **long-term, permissible and mobilizing, place-based (or territorial) strategy** aimed at **improving social inclusion** in a set of multidimensional outcomes **through the provision of public goods and services**, by firstly guaranteeing **socially agreed essential standards to all**, and then by improving **the well-being of the persons which are at least disadvantaged**”

# 4. The structural funds

The structural funds raise issues about :

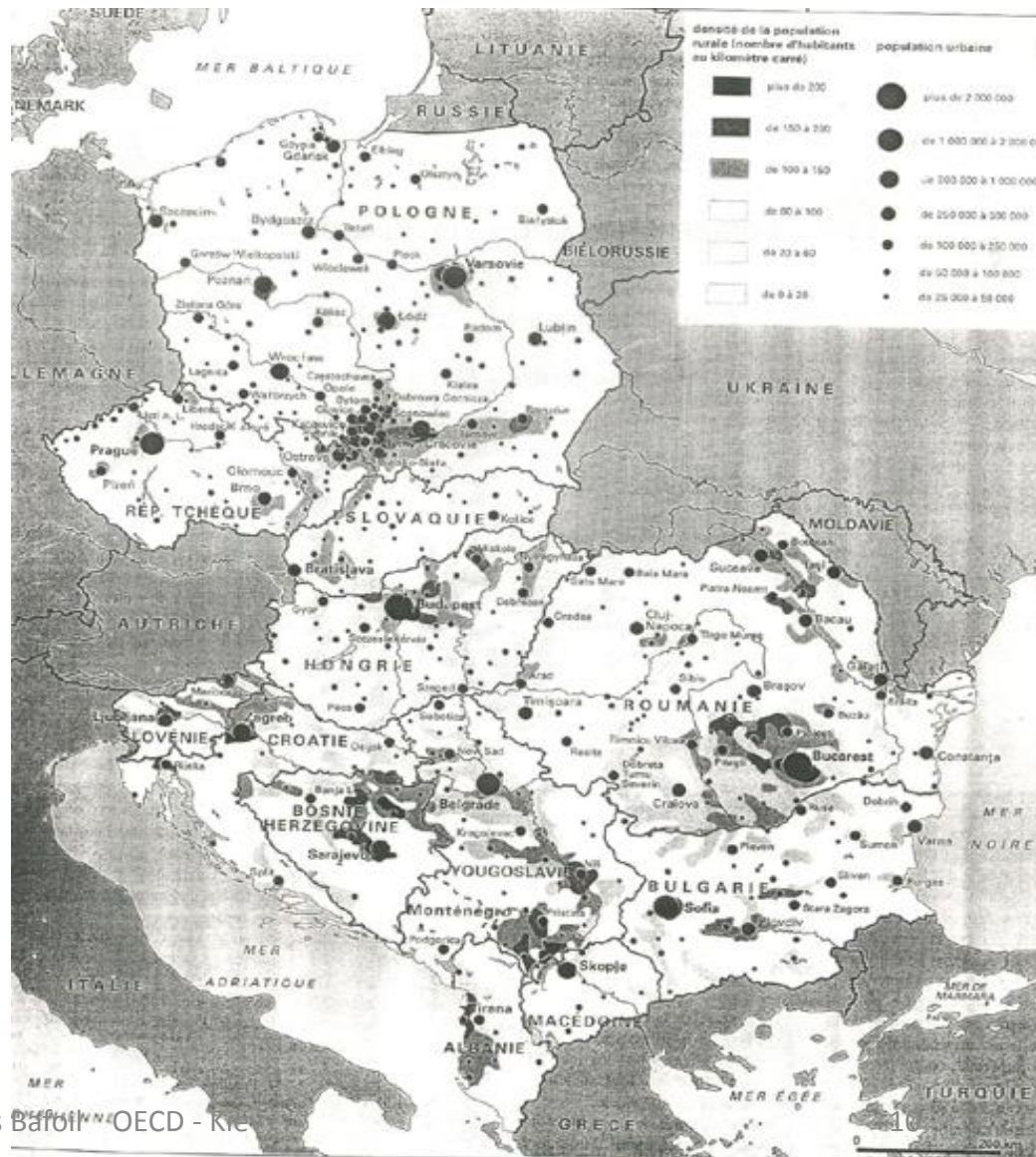
- The **additionality** (to the budget)
- The **complementarity** (of the strategies)
- The **partnership** (PPP)
- The **crossing priorities** and **measures**
- The management of the funds: **implementation and control**



## II. The asymmetries

# The Political, industrial and territorial disparities

- Centralized government and centralized polities
- Lack of decentralized units
- Heavy industry
- Economy deeply integrated to the Soviet market
- Subsidized economy
- Large energy consumption
- Huge Lack of
  - civil societies
  - private firms and lack of entrepreneurs
  - of innovation



# Hence:

many conflicts emerge due to the asymmetry

- **Political:** Western decided / Eastern applied
- **Economic:** high developed vs low developed (lack of services)
- **Social:** no organized civil society (defense of the consumer)
- **Administrative:** no skilled people (strategic documents, implementation and control)
  - In the Regional institutions
  - In the municipalities

# Deep and hard conflicts

## Duration of the negotiations of some chapters of the Acquis Communautaire

different sectors / Strong economic interests / transforming process : adaptation / Conflicts can be positive

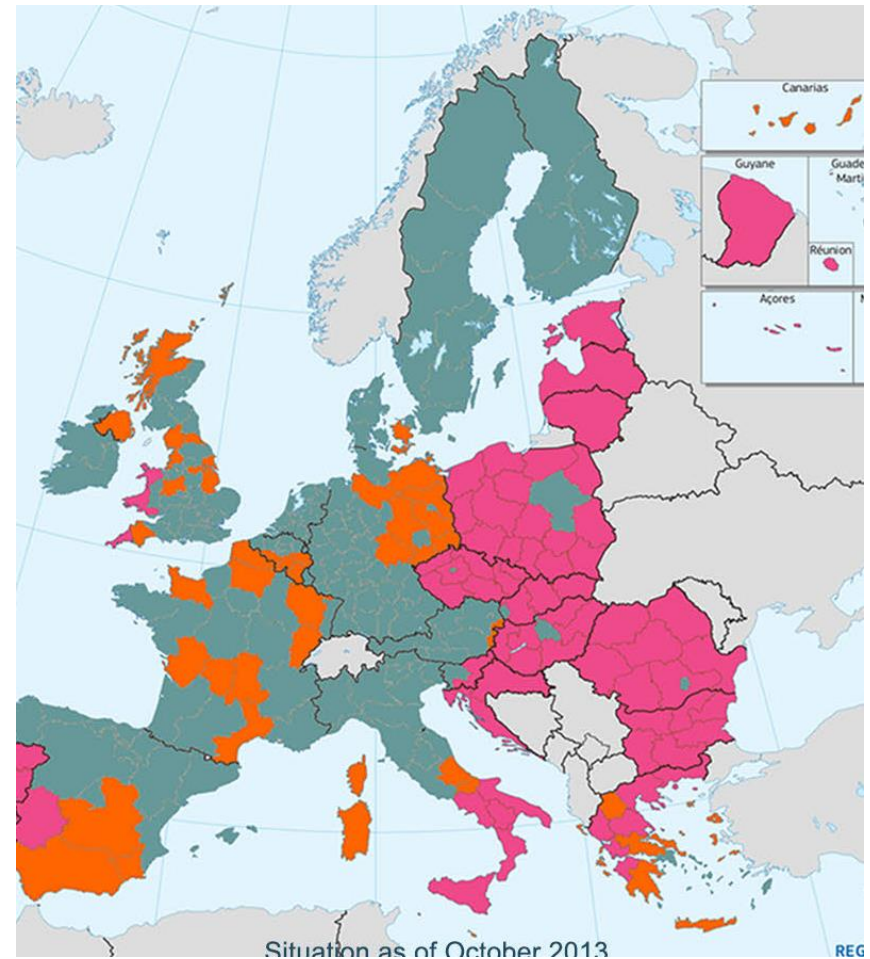
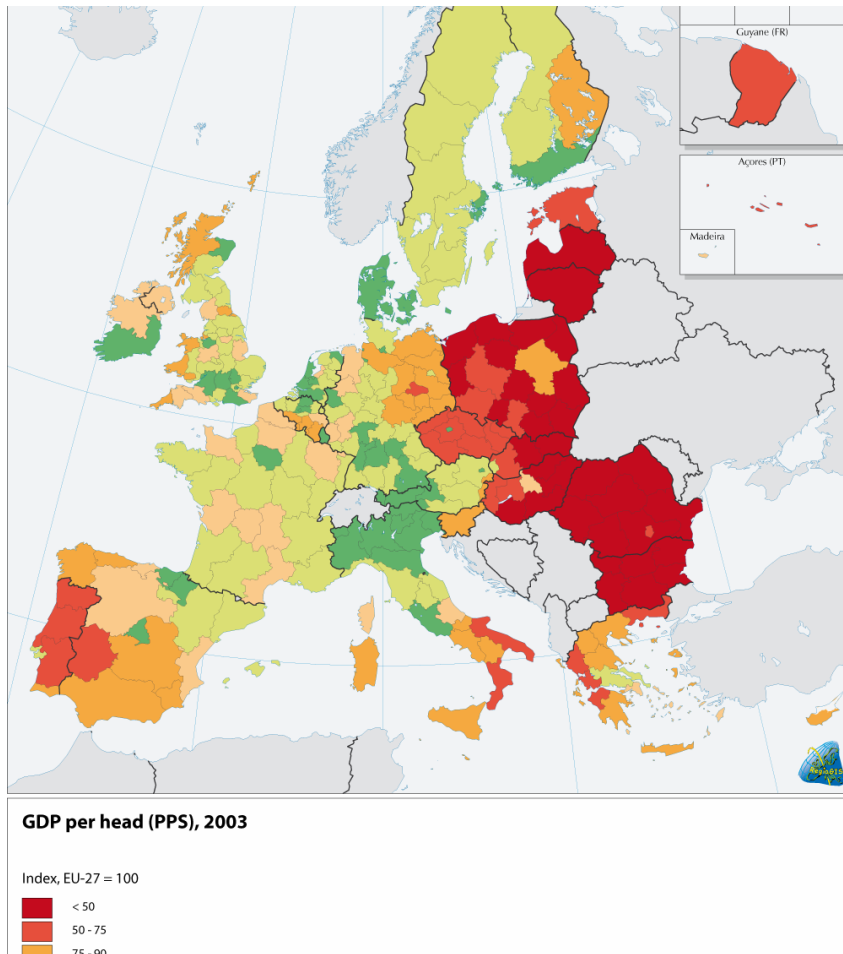
	<b>Bulgaria</b>	<b>Czech Rep</b>	<b>Estonia</b>	<b>Hungary</b>	<b>Lithuania</b>	<b>Lithuania</b>	<b>Poland</b>	<b>Romania</b>	<b>Slovenia</b>	<b>Slovakia</b>
<b>Freedom of goods</b>	8	17	24	13	0	5	19	21	0	19
<b>Concurrency</b>	39	41	30	43	18	18	43	49	29	30
<b>Agriculture</b>	33	30	30	30	18	18	30	25	18	30
<b>Taxation</b>	10	25	31	19	13	10	28	20	9	25
<b>Employment and social policies</b>	6	20	13	14	16	4	18	6	3	14
<b>Regional Policy</b>	31	24	26	27	15	15	32	29	15	27
<b>Environment</b>	23	18	18	18	6	7	22	31	8	16
<b>Justice and home affairs</b>	28	19	23	18	12	10	14	32	12	19

# III. Successes and failures

# The Cohesion policy

2007-2013

2014-2020



# The successes

- The Cohesion policy has played a relevant part in the **“paradigm shift”** in regional development policies across the EU, **towards a more place-based, knowledge-oriented, participatory and integrated approach** to public investment based on multilevel governance.
- The Cohesion policy has provided a **common framework for policy management**, allowing for **institutional diversity while facilitating cooperation and exchange of information across** regions and places.
- There is evidence of cohesion policy **strengthening the role of administrative Regions and local governments**, as part of the regionalisation process in some parts of the EU
- **An evaluation culture has been promoted across the EU**, encouraging awareness, capacity-building and methods for assessing regional development in countries and regions where this was previously limited or non-existent

# Cohesion policy has improved connectivity And access to clean water and urban waste water

- 2,000 km of motorways built
- the construction of 4,000 km of rail, including high-speed
- Future focus should be on greener modes, urban public transport and inter-modal links and on motorways only outside the EU-15

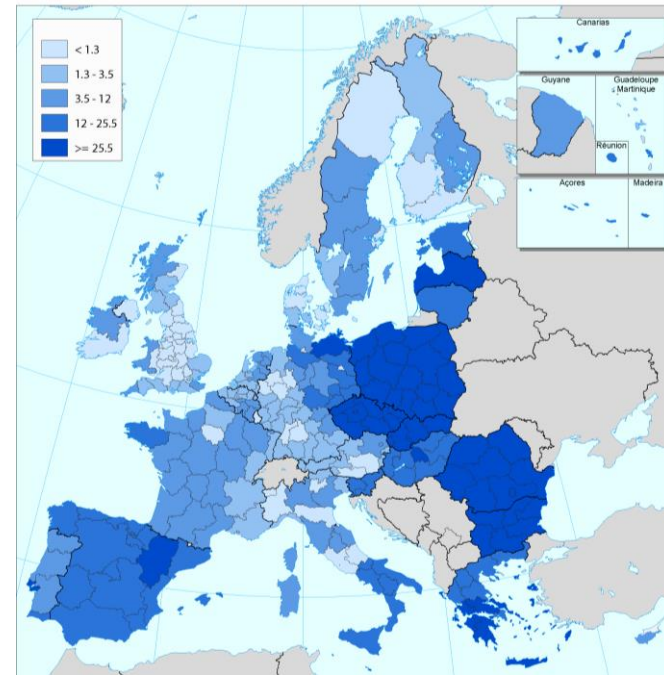
## Water access

- An additional 20.5 million inhabitants are served by waste water projects to EU standards, but more is needed
- An additional 14 million inhabitants have been served by water supply projects

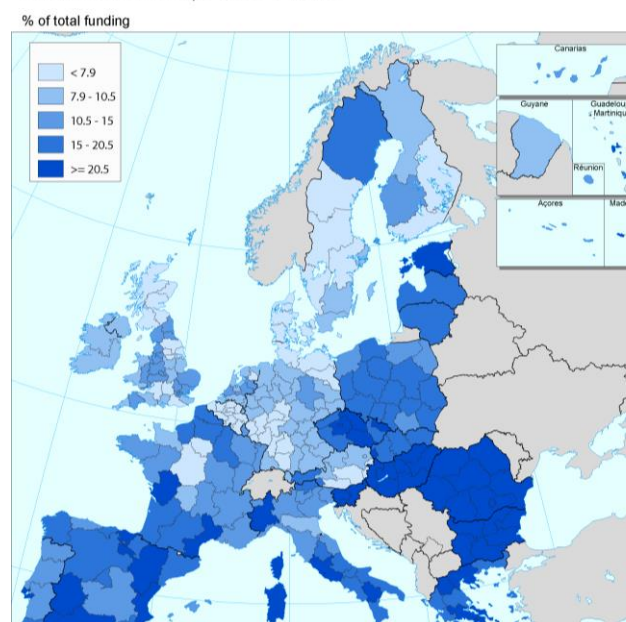
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François Bafail OECD - Kiev

Planned investments of Regional Policy in transport infrastructure, 2007-2013



environment, 2007-2013

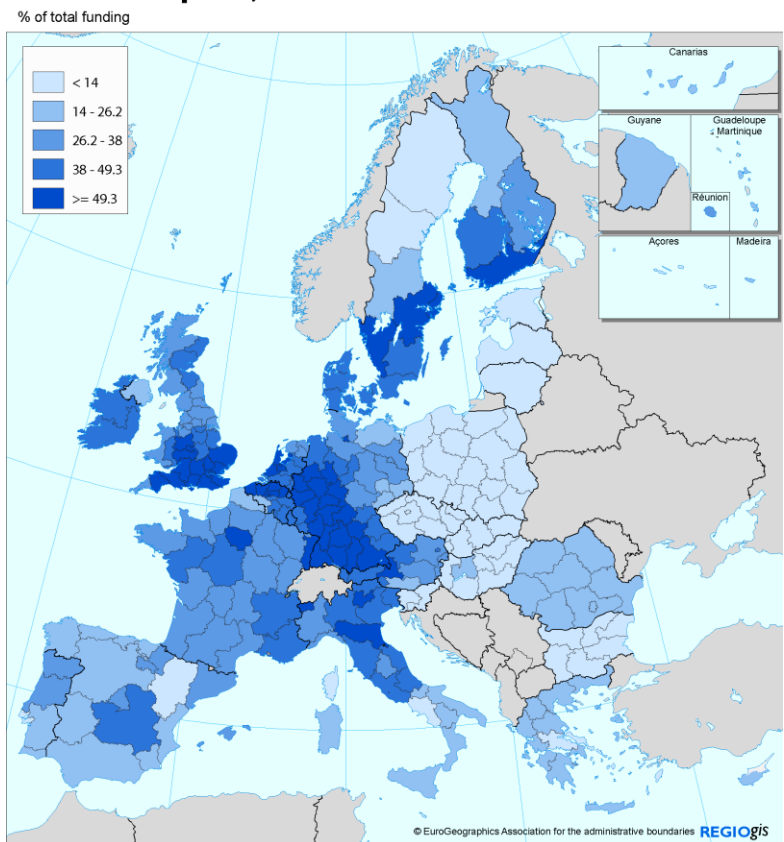




# Promoting employment, education and inclusion

- 40% of the unemployed trained have found a job
- Funded one third of Active Labour Market Policies expenditure
- targets specific vulnerable groups such as youth, women, minorities, low-skilled, long-term unemployed...

**Planned investments of Regional Policy in human capital, 2007-2013**



# But important failures

- **Often lack clear-cut objectives and a justification of how planned interventions should achieve them.**
- **Priorities are very broad**, covering all possible areas of public action and cannot be identified with any European public good.
- **The missing link between infrastructures and employment policies**
- Business aid is less effective in poorer regions
- **Insufficient attention paid to education and human capital**
- **Long term impact is weak beyond the programme period**

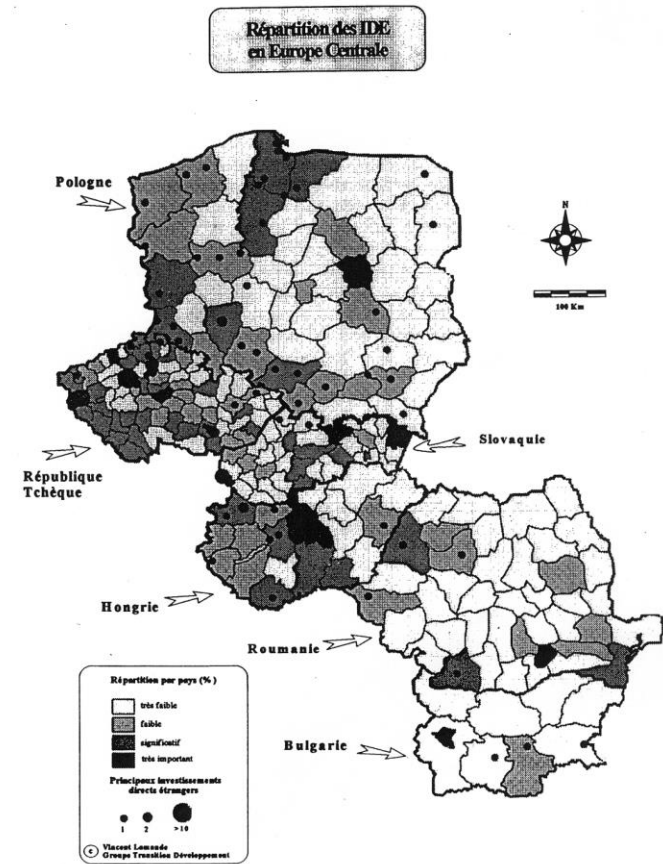
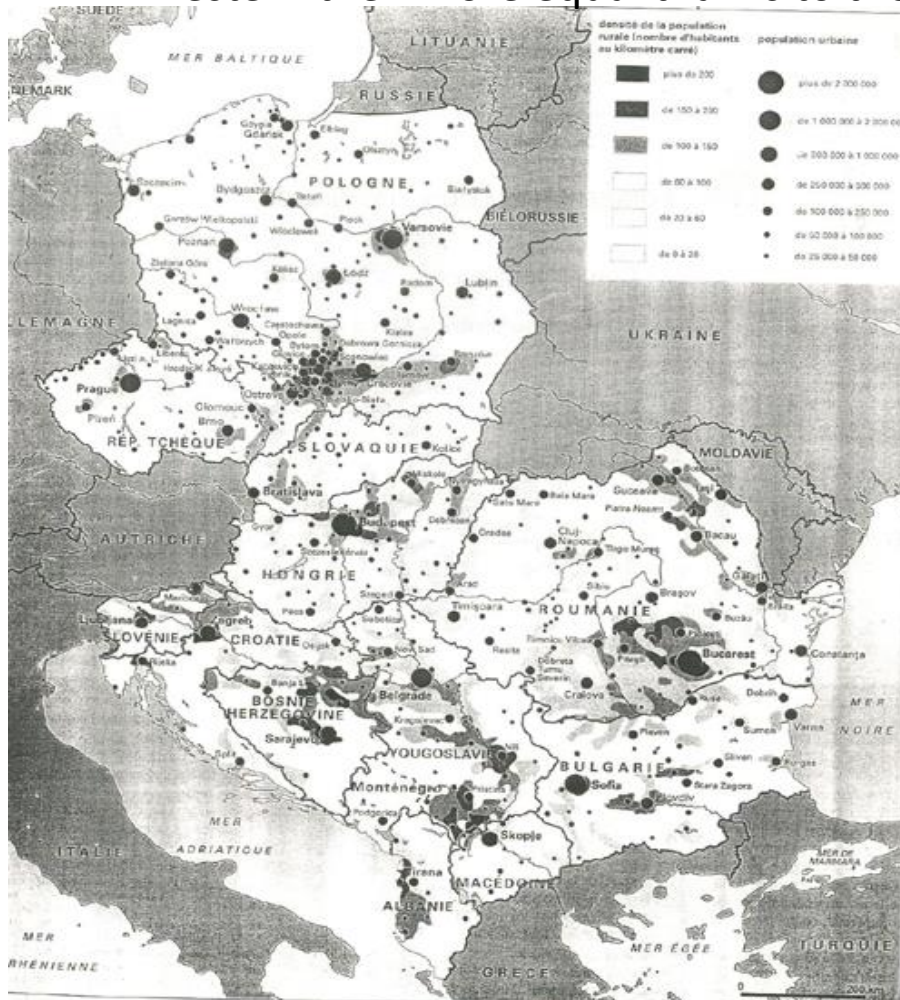
# Conclusion

# Industrial and territorial development

< 1990

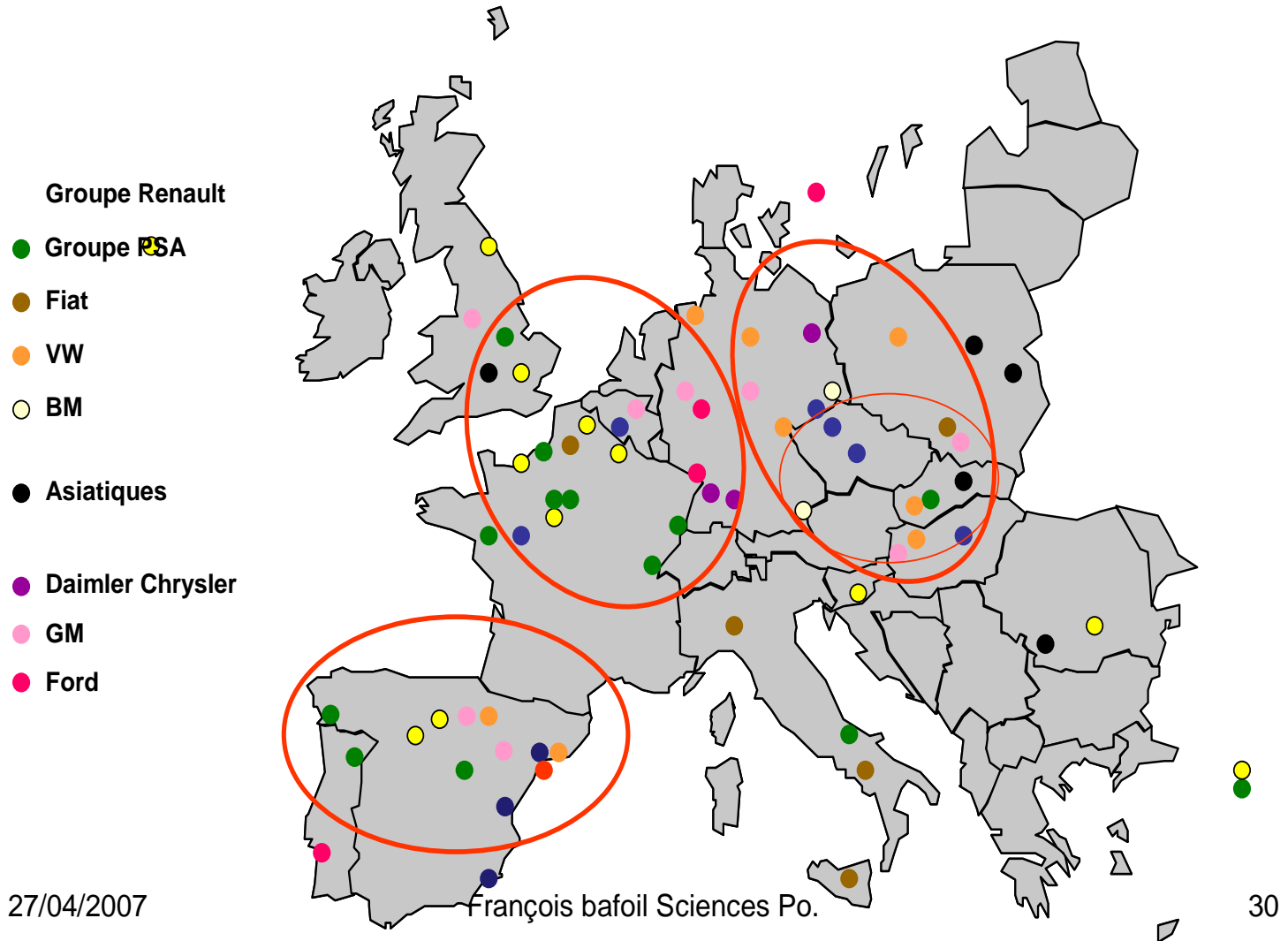
> 2000

1. Old and heavy industrial basin then 1. E to W (history) 2. capital cities 3. western then more equal thanks to the redistributive policies



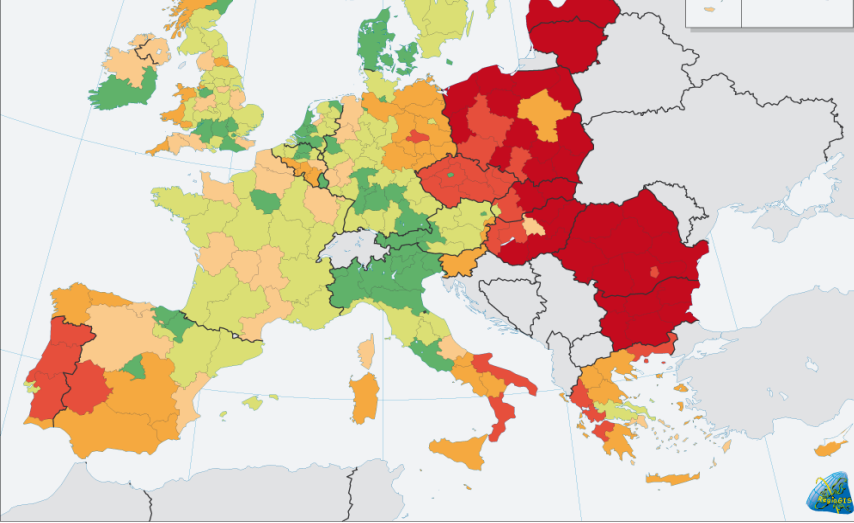
# The European automotive industry

200 km2 1. History (former developed places, skills and ind. Culture) 2. SEZ (national / regional) 3. the EU with the infrastructures

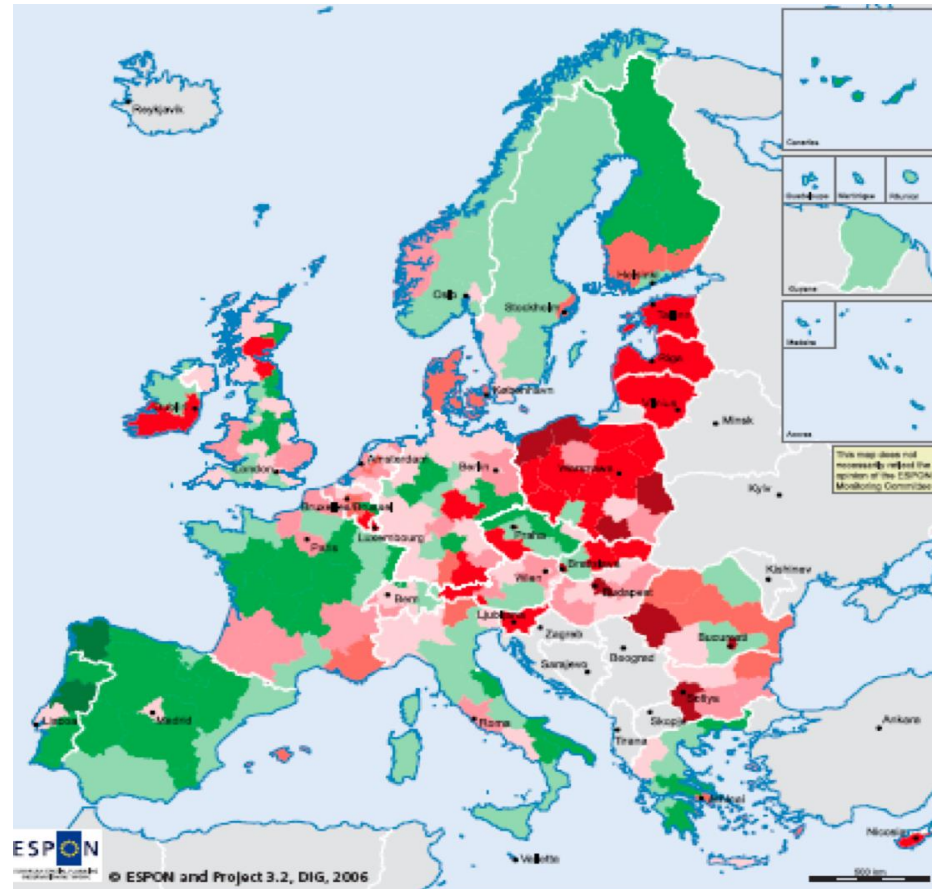
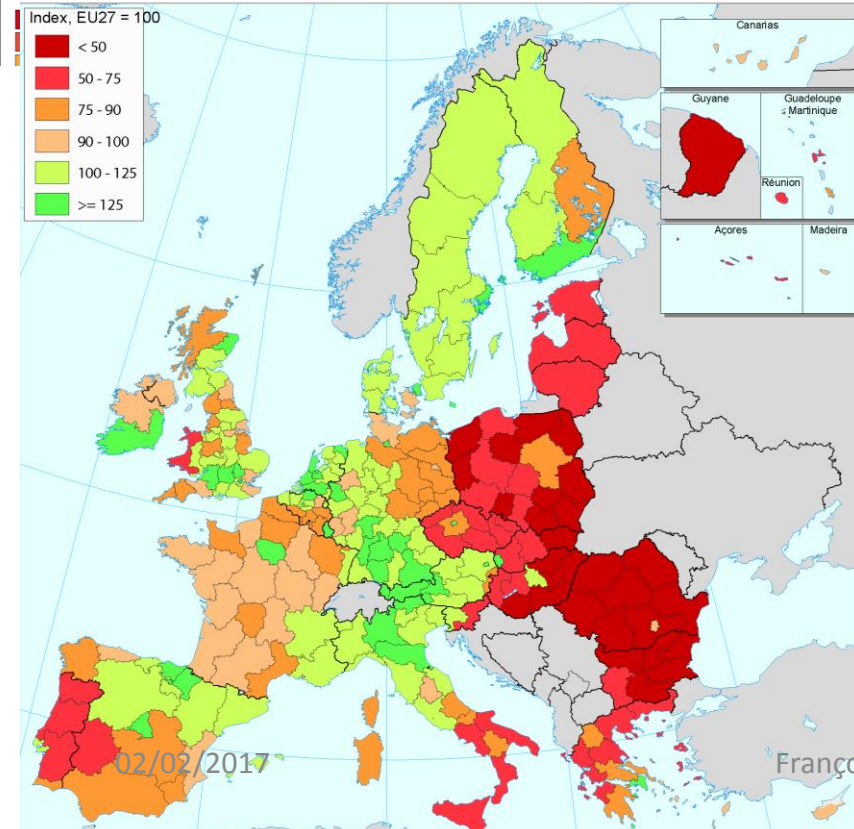


# GDP Growth Period 2002 – 2015

Development is 1. growth + redistributive policies  
= the central state and the local actors + money



GDP per head (PPS), 2003  
GDP/head (PPS), 2007  
Index, EU-27 = 100



Cumulative % real GDP growth rate 2002-2015, baseline scenario

- less than 25
- 25 to below 30
- 30 to below 35
- 35 to below 40
- 40 to below 45
- 45 to below 50
- 50 to below 55
- 55 to below 60
- 60 and more
- no data

© EuroGeographics Association for the administrative boundaries  
Regional level: NUTS 2  
Origin of data: ESPON Project 3.2, Politcnico di Milano  
Source: ESPON database

Thank you