



Future research on European Union Cohesion Policy: a Master Class during the OPEN DAYS 2014

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Future research on European Union Cohesion Policy: a Master Class during the OPEN DAYS 2014

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Between 6 and 8 October 2014, the 12th European Week of Regions and Cities – OPEN DAYS – hosted an early career Master Class for the second time, aiming to improve understanding of European Union (EU) Cohesion Policy and its research potential. Organized by the European Commission’s DG for Regional and Urban Policy (DG REGIO), the Committee of the Regions (CoR) and the Regional Studies Association (RSA), the Master Class brought together 29 doctoral students and early career researchers from 15 EU member states and three non-EU countries. The programme included lectures, debates, a role-play, a World Café session and social events. A total of 35 speakers were involved, including then Regional Policy Commissioner Johannes Hahn, officials from different European Commission DGs (DG Regional and Urban Policy, DG Employment, Social Affairs and Inclusion, and DG Maritime Affairs and Fisheries), the CoR, Eurostat, the Organisation for Economic Co-operation and Development (OECD), and professors from several universities (University of Strathclyde, London School of Economics; Aston University; Free University of Brussels; Catholic University of Leuven; University of Groningen; University of Adelaide). Around three themes – the recent reform of EU Cohesion Policy; the challenge of administrative capacity-building; the prospects for territorial cooperation programmes – the sessions:

- presented the latest developments in research on European regional and urban development and EU Cohesion Policy;
- enabled its participants to exchange views with EU politicians, officials and senior academics in the field of European regional and urban development and policy;
- facilitated networking among participants from different countries and with wider EU policy and academic communities;
- raised awareness and understanding of the research potential in the field of EU Cohesion Policy.

The evaluation of the Master Class by participants and lecturers revealed a high level of satisfaction with the networking opportunities provided. The World Café session coordinated by John Bachtler from the Strathclyde University received the highest appreciation. As a result of the latter, participants of the Master Class summarized their views on different aspects in the five subsequent articles. Marius Guderjan, Alba Smeriglio

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and Myrto Tourtouri look into the policy and research challenges for EU Cohesion Policy for the years to come. Neculai-Cristian Surubaru, Koen Salemink, Piotr Idczak and Christian Kjær Monsson discuss the components of administrative capacity, the elements that affect it and instruments that may help improve it. Also with regard to administrative capacity-building for the management of the EU Structural and Investment Funds, Hunor Bajtalan, Chiara Garau, Mariana Soutanova and Alessia Usai propose a stronger research focus on possibilities to reduce political intervention in public administrations and on the role civil society organizations can play in this respect. Finally, two articles focus on research challenges concerning the ‘European Territorial Cooperation’ objective of EU Cohesion Policy, also known as ‘Interreg’. Eduardo Medeiros, Tomasz Szulc and Marco Trienes suggest concentrating on the development of typologies of border regions, the need for a longer-term cross-border planning process, and the use of territorial impact assessment instruments, while Annika Jaansoo, Emily Lange, Gökhan Yalcin, Gordon Modro and Jean-Marc Venineaux develop a list of issues reflecting on ‘capacity and governance’.

A comprehensive report on the Master Class 2014 can be found at http://ec.europa.eu/regional_policy/opendays/od2014/doc/OD2014_mc_proceedings.pdf. DG REGIO, the CoR and the RSA plan a third edition of the Master Class during the 13th European Week of Regions and Cities (12–15 October 2015). A call for application will be published in March or April on the RSA and the OPEN DAYS website.

What next for EU Cohesion Policy? Policy and research challenges

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In this paper we discuss EU Cohesion Policy, its development over time and prospects for future research. Since the introduction of the EU Cohesion Policy in 1988, its focus has transformed from overcoming regional disparities by developing disadvantaged regions towards economic investment. When Cohesion Policy was subordinated to the Lisbon agenda and subsequently to the Europe 2020 strategy, competitiveness, employment and growth became its primary targets. For 2014–20, a significant share of the €351.8 billion allocated to Cohesion Policy is being ring-fenced to target particular categories of investment in jobs and growth such as research and innovation, small and medium-sized enterprise (SME) competitiveness, the low carbon economy and social inclusion. In the following, we outline five fields that require rethinking and further research.

Strengthening the legitimacy of Cohesion Policy through effective involvement of sub-national stakeholders

Implementation of partnerships across multiple levels and societal stakeholders has been a major challenge since the first introduction of the partnership principle to Cohesion Policy in 1988. Although various EU initiatives have focused on increasing not only the effectiveness but also the legitimacy of Cohesion Policy by strengthening the involvement of sub-national stakeholders, national governments remain powerful gatekeepers

determining the bottom-up engagement of regions and cities. In order to access funding for the 2014–20 programming period, member states have to prepare Partnership Agreements in which they guarantee that national and regional programmes have been designed in cooperation with sub-national partners. At least de-jure, most member states have held corresponding consultations. However, it was argued that in some cases the Code of Conduct on Partnership has not been followed appropriately and sub-national preferences are not sufficiently considered in the submitted programmes.

The involvement of elected representatives, as well as public, private and third-sector organizations, at local and regional levels leads to a stronger acceptance and legitimacy of Cohesion Policy's objectives and instruments. There is thus a strong case for future research about the nature of effective bottom-up engagement and de facto incorporation of policy preferences at the sub-national level. National governments might remain reluctant to give sub-national actors a stronger voice, but the provision of enabling tools and analytical instruments for regions and cities instead of introducing constraining guidelines can stimulate proactive engagement of sub-national actors.

Thinking about new conceptual approaches that take account of the asymmetries across European regions

Since the early 1990s, when Hooghe and Marks introduced the multilevel governance approach to the study of Cohesion Policy (Hooghe, 1996; Hooghe & Marks, 2001), the notion of multilevel governance has become an established, albeit challenged description of the cooperation across sub-national, national and European levels of government. Multilevel governance implies a coherent system of governance under which actors and institutions from multiple levels interact. Some member states have powerful, state-like regions with high political autonomy (e.g. the German *Länder*), whilst in other member states control over policies and financial resources are strongly centralized. Additionally, the engagement of sub-national authorities is driven by varying motives and strongly depends upon capacities, leadership and expertise. In order to understand the asymmetrical engagement with Cohesion Policy across European cities and regions, explanatory concepts need to look beyond static structures and direct their focus towards the dynamism in the process of policy-making and implementation. It might be thus more accurate to investigate to what extent the Cohesion Policy is in practice actually a 'multilevel policy' that effectively involves sub-national actors rather than assuming an established system of multilevel governance.

Assessing short- and long-term effects of macro-economic conditionality on troubled regions

Different types of conditionality have been introduced to the management of Cohesion Policy, such as principles of transparency and non-discrimination. The Cohesion Fund has become dependent on member states' compliance with the EU's fiscal rules. Macro-economic conditionality is a major innovation in the new programming period and concerns all funds of the Cohesion Policy. There is a clear rationale to make the acquisition of funding conditional on its compliance with European economic strategies. The intention of ex-ante conditionalities is to ensure that unsound policies and structures do not undermine the effectiveness of Cohesion Policy.

However, the suspension of EU payments can have counterproductive consequences when it comes to the creation of sustainable and balanced growth. In particular, vulnerable regions are strongly limited in their ability to make anti-cyclical, short-term

investments to support long-term development. Moreover, regions only have limited influence on national economic policies and meeting European standards, but they potentially suffer the consequences. Suspension of funding would have disproportionately negative consequences for underdeveloped regions and member states that strongly rely on EU funding.

Refocusing from economic growth to regional development

In order to overcome the economic crisis, the new focus of Cohesion Policy is largely placed on growth creation. However, this approach has raised a series of questions regarding its capacity to effectively provide cohesion not only among but also within regions. Growth is a cumulative process that tends to concentrate both spatially and socially. Many studies found a strong positive relationship between economic growth and increasing interpersonal income inequalities. Intra-regional disparities have played a key role in the development of the crisis, because they reduce demand and foster the creation of fragile, economies based on private debt.

Instead of concentrating largely on interregional growth, Cohesion Policy should refocus on innovative development within regions and explore new ways of promoting cohesion in Europe. Social tensions across Europe require sustainable and inclusive policies to overcome intra- and interregional disparities. Measures that focus on social services provision, modernization of infrastructure and public administrations, management of resources and training programmes are more adequate responses to rising unemployment and economic stagnation within troubled regions than initiatives that stimulate short-term employment. At the same time, large-scale investments only make limited contributions to the development of low performing regions, as the surplus of such investments is usually absorbed by advanced regions. Investments in SMEs are better able to stimulate demand and to provide economic leverage in order to overcome interregional struggles, because they are more effective in creating jobs and thus in distributing growth across territories and social groups.

Examining the performance of integrated funding

Under the European Structural and Investment (ESI) Funds, all EU funds that support economic and social development (ERDF, ESF, Cohesion Fund, EAFRD and EMFF) have been integrated for 2014–20. The thematic concentration of various financial instruments aims at improving policy coordination and consistency. As a consequence, the allocation of EU funds has to focus on a limited number of policy areas in line with Europe 2020 and with country-specific recommendations. According to the sixth Cohesion Report, regions and member states will have to make clear choices on their objectives and the concentration on a limited number of these should enable a critical mass of resources to be reached, ensuring a meaningful impact on the areas concerned in terms of growth and jobs. This means that ERDF programmes have to support research and development, the digital agenda, support for SMEs and the low carbon economy. ESF allocations have to be spent in the context of employment, social inclusion, education and institutional capacity-building.

An examination of the new programmes will show whether thematic concentration performs better than the previous widespread variety of initiatives. Research will have to assess the effectiveness and consistency of policy outcomes, enhanced coordination

between different EU funds and resource-efficiency in order to maximize the impact of EU investment, and the simplification of procedures.

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Administrative capacity-building for the future of European funds management: concept paper on measurement and research avenues

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Introduction

In recent years, the question of administrative capacity has become preeminent in political and policy-maker agendas. Increasingly, researchers have scrutinized whether there is a strong link between administrative capacity, on the one hand, and the performance of countries and regions with regard to the management and implementation of European Structural and Investment Funds, on the other. The capacity of the bodies involved in the absorption process is a crucial factor and can ultimately affect not only the efficiency and regularity of spending, but also the potential impact of the funds. This paper is based on the discussion held during the 2014 OPEN DAYS Master Class on Cohesion Policy organized by the European Commission, the CoR and the RSA. The main questions addressed during the debate were the following:

- What are the main deficits with respect to administrative capacity (for the management of European Structural and Investment funds) in different contexts? In other words, what are the main deficiencies with regard to administrative capacity across different cases and settings within the European Union?
- How can administrative capacity-building be best supported at EU, national and regional levels in the new period, and how can the success of administrative capacity-building activities be measured? In this sense, we discussed and envisaged different ways to contribute towards measuring administrative capacity.
- What can be done to foster research on administrative capacity-building at the EU level? Or more precisely, what are the important research questions and research agendas that need to be addressed in the future concerning administrative capacity-building?

First and foremost, we consider that a clear measurement of administrative capacity needs to be provided as a way first to obtain an in-depth understanding of the major problems affecting this area. Taking into account the academic literature would be a first step in this direction. Second, only then can policy-makers be provided with adequate evidence-based recommendations and they can develop smart tools in order to tackle

these issues. To this end, we propose an ideal, yet not exhaustive, set of indicators measuring the administrative capacity of bodies involved in the absorption process at the member state level. Finally, in terms of new research questions, we make the point that in order to understand administrative capacity and what shapes it one cannot neglect the role of governance-related factors, and particularly the way in which domestic politics may influence the way in which the funds are being managed and spent at the national level. The authors welcome any feedback regarding the feasibility of the models proposed and their potential to be implemented on the ground.

Administrative capacity: context, issues and examples

With 28 EU member states, there is a high variation in administrative capacity and each country uses different models and faces specific deficiencies and challenges. Yet there is a strong divide between Eastern–Western and Southern–Northern European countries in terms of capacity and performance with regard to EU funds’ management and absorption. This is not to say that during the multi-annual financial periods of 2000–06/2007–13 there were no successful Eastern or Southern European countries. On the contrary, recent studies show that some Central and Eastern European Countries have had a higher performance even in relation to traditional member states (Bachtler, Mendez, & Oraže, 2013). Each country has its own administrative and political culture, and whilst some are prepared to engage in smart specialization strategies, others are still held back by inadequate administrative and strategic planning, over-regulation and a lack of specialized human resources. At the same time, there are growing gaps between central and local and urban and rural levels of administrative capacity, with more and more resources and social capital being concentrated inside and around city capitals. Therefore, the process of administrative capacity building cannot be carried out without first identifying and understanding the major deficiencies, as well as some of the best practices coming out from old and new member states.

Policy-makers have primarily concentrated on three key areas that define administrative capacity, namely: structures, human resources, and systems and tools (Boeckhout et al., 2002). There are different variations of these dimensions, yet they are similar to how other organizations have conceptualized them. For instance, the OECD has pointed to coordination challenges (cross-sector, cross-jurisdictional and intergovernmental), capacity challenges (to design and implement investment strategies) and framework conditions challenges (budgeting, procurement and regulation) with regard to public investments across levels of government (OECD, 2014). Similarly, consultants have examined the administrative capacity of eight Central and Eastern EU member states by looking at policy (performance management, strategic planning and policy coordination), at people (human resources management practices) and at systems (public service delivery, e-governance systems) (World Bank, 2006).

All the above emphasizes that well-defined institutional responsibilities and structures, high-quality human resources and efficient tools can enhance the capacity of EU funds administrators. With all this, there is still a need for a more in-depth understanding of the legal, institutional and human resources systems in which administrative capacity is embedded at the national level. One way of doing this would be first to agree on a standard definition of administrative capacity. This can be done by narrowing the gap between academic conceptualizations and the policy-makers’ practical use of the term. A second way would be to develop a set of indicators that would seek to capture some of the major issues affecting administrative capacity. Such an ideal model of

indicators is presented in the following section. For this, we argue that there is a need to first improve cross-country comparisons and to develop capacity and performance metrics, which would be sensitive to the specificities of each country. Second, policy-makers need to take into account much more the results of transnational learning as a result of transnational cooperation.

In the box below, we provide an overview about administrative capacity-building in Poland and Denmark.

Administrative capacity-building and the selection of JESSICA projects: the Polish experience

The Joint European Support for Sustainable Investment in City Areas, known as the JESSICA initiative, definitely triggered changes in the patterns of governance on cohesion policy. It offered new incentives for cross-sectoral collaboration, in particular at the regional level, between the public authorities and private companies involved in the processes of projects implementation. Moreover, it encourages the territorial administration and private investors to engage in new types of partnerships. With all this, only five out of 16 Polish regions introduced the JESSICA initiative to allocate financial aid to regeneration activities. The lack of administrative capacity in some regions should not have been a reason for failing to take action on this.

Managing authorities (MAs) have the option to use their Structural Fund allocations as part of an operational programme to finance expenditure through financial engineering instruments. Polish evidence in the JESSICA initiative implementation shows that the MAs, which signed memorandums leading to the implementation of JESSICA, have positive experiences on the formal preparation, as well as on the selection of the Urban Development Fund (UDF). In effect, MAs could delegate the Structural Funds' management and responsibilities for projects selection to an external body. All duties concerning the support of regeneration activities were transferred to the entities that became practically engaged in implementing them. With all this, MAs could benefit from fewer burdens related to verification of submitted projects. In addition, MAs had to be more involved at the preparation phase in particular due to the novelty of this financial instrument.

Administrative capacity and project selection

MAs at national as well as at the regional level are responsible for choosing the best projects for support from European funds. The selected projects generally need to contribute as much as possible to achieving the objectives of the operational programmes. The practice shows that the institutions participating in the implementation of operational programmes have used existing statutory solutions in a very flexible and creative way. Put simply, the same projects are in some cases classified as systemic projects, while in other cases they are labelled differently. The selection criteria are often imprecisely defined. As a consequence, most projects are able to meet the established criteria and this, in turn, makes the project selection more difficult.

Preliminary research indicates that the selection system based on calls for proposals generates large costs and charges for the whole system of implementation, mainly because of excessive bureaucracy. On the other hand, there are doubts on the quality of the experts' working in assessing the projects. This is due to a large number of applications being evaluated by one expert or because there are limited possibilities to compare the evaluations made. Interestingly enough, the system

allows for an ability to contest the projects which were assessed positively. Yet, this does not guarantee that the best project receive funding.

As far as the individual mode of project selection is concerned, a relatively high amount of the funding is distributed through a very general set of strategic criteria. Therefore, there is a real need to make the selection of these projects more precise, and to introduce ex-ante evaluations conducted in terms of their suitability. In addition, there is also the need to widen the extent of the call for proposals encompassed by preselection as to reduce the costs of selection, especially for applicants. (The above text is based on Idczak and Musialkowska [in press](#)).

Issues of administrative capacity-building: the Danish experience

In countries that are normally characterized as having a strong track record of good governance, there is still room for improvement in regional administrative capacity. Even if transparency can be achieved and stakeholders from various societal groups can be drawn into the governance processes, this is no guarantee for effective regional initiatives and projects. The regional discussions in Denmark about the EU Structural Funds can serve as an illustration of this point. Although the size and allocation of EU Structural Funds is limited and the country is characterized by a share amount of good governance practices, there are still two primary debates that evolve around the question how these funds are administered.

The first concerns the amount of red tape. Since the Structural Funds only constitute a minor part of public investments, potential recipients evaluate the appropriateness of the EU funds based on its benefits versus its costs. There has been a long general concern and perception among potential regional recipients that the EU funds are associated with significant bureaucracy and red tape. This means that potential recipients value the EU Structural Funds lower than other forms of public funding. This limits the pool of applicants and encourages those that have not received funding elsewhere. Hence, it may be that EU-funded projects are less competitive and of lesser quality. In this respect, the necessity to improve administrative capacity revolves around ensuring expedient processes in the administration that would attract and facilitate the implementation of better projects.

The second debate evolves around the evaluation of the effects of the projects. Denmark has introduced a national model to evaluate the effects of EU Structural Funds' projects. However, this is limited to quantitative investigations and essentially applies a standard 'one-size-fits-all' approach. This model may work well together with mandatory projects and with specific evaluations that often hold a more qualitative approach. Justifiable concerns remain, however, with regard to the quality and appropriateness of both types of models.

Based on the above, in Denmark, the issue of administrative capacity-building relates to two fundamental questions: first, how to demonstrate positive effects of individual projects and second, how to implement meaningful evaluation systems.

Administrative capacity: measurement and indicators

As a way to improve the measurement of administrative capacity, a set of new or updated indicators should be developed. These indicators could be derived and refined in accordance with major findings and theoretical input from academic and consultancy related research. First, these indicators need to be clearly defined and agreed upon before

research is carried out on the ground. Second, it is crucial that in the construction of the indicators is the fruit of an interdisciplinary approach, taking into account the perspectives of economists, geographers and political scientists. The authors of this article come from these different backgrounds and the Master Class discussion included the authors' experiences within a range of European projects and in research. Insights from previous programmes and projects are useful for thinking from both the perspective of the monitoring authority and those who are being monitored. Both parties ought to 'feel'

that the indicators do right to their work and can help them improve it. Third, the indicators themselves are constructed following a mixed-method approach, providing both quantifiable inputs and a qualitative dimension of administrative capacity. Many monitoring schemes solely focus on the quantifiable aspects of programmes and projects. With the inclusion of qualitative indicators there is room, especially for beneficiaries, to elaborate on impacts that otherwise would be left concealed.

Based on the measurement outcome for each indicator proposed a scoreboard has been developed. The scoreboard will entail an in-depth analysis of each indicator and in relation to its potential positive or negative impact on administrative capacity. Different scores can be allocated to each indicator from 0 to 100, using a scoring matrix in accordance with the performance of each and following five different benchmarks: (a) 0–20 (very poor results); (b) 21–40 (poor results); (c) 41–60 (medium results); (d) 61–80 (good results) and (e) 81–100 (very good results). For simplicity of use by all stakeholders, the results can also be presented under the form of a traffic light systems highlighting green, where indicators have yielded positive results in relation to administrative capacity, yellow where there are several gaps and issues, and red where, in light of the results, there are serious problems that require attention.

Since beneficiaries will be filling in the scoreboard, it is crucial to design a method for self-assessment as well. This is especially important for the qualitative indicators. Although this paper suggests indicators for measuring the progress of administrative capacity building and methods to get information (surveys, interviews, focus groups; see also Table 2), the beneficiaries still require guidance on the actual scoring. One of the priorities of the Competence Centre for Administrative Capacity Building in DG Regio could be to deliver a *guidance note* for national and regional authorities on how to score their performances. The ideas behind progress reports, already used in programs such as INTERREG, could provide suggestions in this regard.

Due to space limitations, only a few of the indicators are more thoroughly defined as an example at this stage. First, quantitative data would provide a more detailed description of the situation in all countries, provided that it will be mandatory for member states to collect and to report this type of information. For instance, Quant. 5 relates to the frequency in use of e-government procedures and tools for the management of European funding at the European level. This may prove to be a versatile measurement of the frequency and the quality with which competent bodies make use of online systems and upheld principles of transparency and efficiency by promoting 'paperless bureaucracy'. This indicator can measure (1) the number of applications that are submitted per each Operational Programme and priority axes/line of financing; (2) the number and whether or not responsible authorities make use of online project management tools for the day-to-day management of projects; and (3) the numbers of beneficiaries that use online interfaces to interact with administrators in order to manage their project. The latter can contribute to reducing the face-to-face interaction between administrators and beneficiaries, and therefore can be accurate measurement of the manner in which the responsible authorities may reduce 'red tape' and diminish risks of corrupt behaviour.

Table 1. Quantitative indicators.

	Scoreboard (0–100)	Traffic light system (green/yellow/red)
Quant. 1 – Absorption rates (per country, NUTS-2, NUTS-3 and operational programmes (OPs)/priority axes		
Quant. 2 – (a) Number of staff per institution and (b) number of staff per institution in relation to the number of projects managed		
Quant. 2 – Number of procedures used per institution		
Quant. 3 – Number of (a) stages and (b) procedures used for public procurement		
Quant. 4 – Time needed at the project level for:		
(a) Application – average number of days from when applications are submitted until they are (i) evaluated and (ii) contracted		
(b) Payments – average number of days for receiving payments: (i) advance payments; (ii) reimbursements; and (iii) project closures		
Quant. 5 – Frequency of use of e-government:		
(a) Number of applications per OP/priority axes		
(b) Number and use of online project management tools by responsible authorities		
(c) Numbers of beneficiaries using online interfaces to interact with administrators/manage their project		
Quant. 6 – System transparency:		
(a) Number of projects contracted		
(b) Number of projects rejected		
(c) Number of tenders from European Union-funded projects		
(d) Number of rejected tenders from European Union-funded projects		
(e) Number of appeals submitted to the managing authorities or other institutions/courts		
(f) Number of appeals with a positive decision for the beneficiaries		
Quant. 7 – Project selection:		
(a) Political/economic affiliation of public beneficiaries during the time of contracting and at the closure of contracts		
(b) Political/economic affiliation of subcontractors		
Quant. 8 – Transparency and corruption indexes		
Quant. 9 – Number of consultancy firms engaged in European Union-funded projects		
Quant. 10 – Number of beneficiaries per country, NUTS-2, NUTS-3 and across OPs/priority axes		

Table 2. Qualitative indicators

	Scoreboard (0–100)	Traffic light system (green/ yellow/red)
Qual. 1 – Self-evaluation of European Union fund administrators:		
(a) Factors affecting day-to-day work		
(b) Training – accessed by each employee/training needs per employee		
(c) Proposals for work efficiency and for improving the work environment		
(Questionnaire – Common Assessment Framework CAF model)		
Qual. 2 – Quality of and compliance with procedures at the institutional level (interviews; case studies)		
Qual. 3 – Difficulties and best practices in public procurement (interviews; case studies)		
Qual. 4 – Equal opportunities (interviews, case studies)		
Qual. 5 – Customer perspectives – using customer relationship management (CRM) surveys		
Qual. 6 – Access and quality of data: project-level data made available to civil society organizations and the general public (focus groups, interviews, case studies)		
Qual. 7 – Stakeholder involvement: role of civil society organizations, journalists and academics in issues of capacity/performance (Focus groups, interviews, case studies)		
Qual. 8 – Confidence of beneficiaries in:		
(a) Public sector institutions		
(b) Political representatives		
(Survey data, focus groups)		
Qual. 9 – Quality of consultancy for:		
(a) European Union funds administrators		
(b) Beneficiaries		
(Interviews, case studies)		
Qual. 10 – Capacity and expertise of beneficiaries:		
(a) External assessment (evaluations)		
(b) Self-assessment (see model for Qual. 1)		

Second, qualitative data would be very useful to obtain a rich understanding of the perspectives of the people directly involved in the absorption process. For example, Qual. 1 would provide a pertinent way to understand (1) the positions of EU funds administrators vis-à-vis the factors and the problems that affect their work, (2) their training needs and (3) their proposals for improving the efficiency of their processes in which they participate. The latter would also act as a way to democratically include their opinions in the management practices of the organization. Qual. 1 could be based on a self-evaluation questionnaire similar to the one used for public administration officials in the Common Assessment Framework (CAF), promoted by the European Institute for Public Administration. These are two concrete examples of how these indicators can contribute to the measurement of administrative capacity. They can help enrich our understanding of these issues and can help point to where resources

should be directed so as to achieve a more efficient administrative capacity building process.

Administrative capacity versus governance

One of the main points that surfaced during discussions was that apart from a better definition of administrative capacity, there is a genuine need to understand the relation between capacity and governance-related factors. At the moment there seems to be an overlap between administrative capacity and terms like ‘good governance’. To an extent, there is a certain intertwining between the two concepts. Governance-related factors can affect the environment in which administrative capacity manifests.

A simple definition of governance envisages it as ‘the manner in which power is exercised in the management of a country’s economic and social resources for development’ (World Bank, 1992). More and more studies, including the Sixth European Report on Economic, Social and Territorial Cohesion, have underlined the direct and indirect effects of (good) governance on Cohesion Policy. The report argues that a lower standard in governance can contribute to ‘reducing expenditure’, ‘less coherent or appropriate strategies’, ‘lower quality projects being selected’ and ‘decrease the involvement of the private sector’ (p. 172). It also rightly distinguishes between ill governance, as in corrupted institutions and individuals on the one hand, and potentially poor quality governance on the other hand, where ‘a slow decision-making process, badly organized public consultations, a focus on short-term electoral gain over a longer-term development strategy and frequent changes in policies and priorities can be perfectly legal but they, nevertheless, tend to undermine the impact of Cohesion Policy’ (p. 172).

In addition, other studies have pointed to the importance of political stability (Milio, 2008), political support (Surubaru, 2014) and for the need of a ‘smooth pattern of politico-administrative relations’ (World Bank, 2006, p. xii) as general conditions for administrative capacity development at the member states level. In light of these findings, we argue that more studies are necessary to examine the links between administrative capacity and governance related factors. These could examine, for instance, the role of political factors in shaping and affecting the capacity of central and local level institutions engaged in the absorption process. They could also examine in much more detail the potential manner in which the absorption process has been politicized and whether or not different political forces profit from the distribution of European funding. That is to say, how different political actors, from left to right, may have influenced or flavoured the process of project selection. At the moment, there is some evidence at the member state level, yet insufficient on how political clientelism may feed into the absorption process.

In this regard, the political dimension could be one of the ways in which the role of governance can be clarified in relation to administrative capacity-building. Through a better evaluation of these factors, policy-makers could better comprehend the way in which political mechanisms manifest in the national/regional absorption process. This will enable them to find different solutions, in accordance to their competence, as to improve both the absorption and the capacity building process. So far, one preferred avenue of action has been that of involving national and local stakeholders, such as organized civil society groups. Empowering these groups may indeed have a positive effect on increasing the accountability and transparency of governmental structures. Yet, these measures may prove to have their limits, and need to be sustained with ‘top-down’ approach, coming from the European level.

Conclusions

Administrative capacity has become a key condition for the successful implementation of any European or national policy. There is growing evidence of its importance and consequently policy-makers are faced with different dilemmas and choices. This paper has been a collective effort by several young researchers as to contribute to answering the need for research and policy tools with regard to administrative capacity for EU funds' management. It provides a short outlooks on some of the problems affecting administrative capacity and it proposes a set of indicators through which administrative capacity indicators can be measured and analysed.

By understanding the various components of administrative capacity and the elements that affect it we can identify specific instruments that may help improve capacity building. Although the above indicators still need further refinement, they can provide a standardized way to measure administrative capacity on the ground. Finally, this paper also draws attention to the growing importance of governance related factors and their influence on the relation between administrative capacity and absorption performance. As a consequence, more studies are needed that would examine the impact of political factors on administrative capacity. By doing so, more can be understood about what may hold back the capacity building process and most importantly, the performance of countries in managing European Cohesion Policy. To this aim, the proposed indicators can contribute by helping to pave the way for a smart way of administrative capacity-building.

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Administrative capacity-building for a successful cohesion policy in the EU: issues, challenges and future perspectives

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Introduction

In the last few years, the notion of administrative capacity has become a frequent, recurring theme of EU policy proposals. It has been recognized that high-quality, reliable public services, the existence of good governance and efficient institutions, as well as predictability of governmental systems are prerequisites of successful economic and social development. This has been largely confirmed by the sensibility of market forces and foreign direct investments that tend to concentrate in those societies where governments ensure the absence of corruption, the existence of high-quality regulation, as well as a stable, predictable business environment, not to mention the issue of transparency

in procurement policy. Therefore it is not surprise that in recent years the strengthening of administrative capacity, as well as the overall modernization of state structures, has become one of the top priorities of several countries and international organizations, from which the EU does not constitute an exception.

These structural reforms of state modernization are especially important in light of the severe economic, social and political consequences of the 2007–08 Global Financial Crisis, which through the adoption of tight austerity measures enforced the principles of efficiency and flexibility, as well as the notion of economies of scale onto the governments of Europe. At the same time the experience of the 2007–13 Multiannual Financial Framework (MFF) of the EU showed that poor governance reduces significantly the impact of Cohesion Policy and limits the possibilities of economic growth.

Therefore it is not a surprise that the EU has recognized the importance of improving governance throughout the EU, and in this respect we enthusiastically welcome the fact that administrative capacity-building has become one of the top priorities of the EU for the next programming period (2014–20). In this respect the first concrete steps have already been taken, and a ‘Competence Centre for Administrative Capacity-Building and the Solidarity Fund’ has already been set up under the aegis of DG Regional and Urban Policy, which is entrusted with the mission to help member states overcome the bottlenecks of administrative capacity to facilitate the successful implementation of Cohesion Policy. In this context the aim of this paper is to summarize the main conclusions of a World Café-style interactive discussion among policy-makers and academia on the margin of the issue of administrative capacity-building held during the 2014 University Master Class organized in the framework of the 12th edition of the OPEN DAYS – European Week of Regions and Cities.

Main issues and challenges

Already during our first round of discussions it became obvious that we cannot think of tools and policies at the EU level, because the EU is quite a heterogeneous spatial structure, incorporating very diverse societies with unique characteristics, a variety of issues and challenges. In this respect and generally speaking, there is a stark contrast between the new and old member states, especially regarding the question of implementing Cohesion Policy, largely reflected in the quality of governance and the absorption capacity of Cohesion Funds. At the same time this East–West and recently – mainly as a result of the financial crisis – added to this a North–South divide clearly brings up unique issues and challenges that require specific solutions. For example, corruption, legal uncertainty, the lack of transparency in governmental decision-making, instability in public administration, as well as the overall politization of the administrative system is more widespread in the Eastern and Southern (Mediterranean) member states than in the much more mature and consolidated governmental structures of the North. This was largely confirmed by the case studies presented and personal experiences shared among the discussion members from Bulgaria, Italy, Romania and Serbia.

Regarding the relationship between the government effectiveness and the absorption capacity of Cohesion Policy funding, group discussions concluded that centralization, as well as the existence of complex and unclear organizational structures, added to this the overall lack of appropriately qualified human resources limits significantly the success of implementing Cohesion Policy goals. In this respect taking on the theoretical framework presented by Pascal Boijmans from DG Regional and Urban Policy we concluded that the key factors influencing administrative capacity are connected to:

- the organizational characteristics of public administrations, and overall to the general state of governance;
- the lack of human resources, know-how and poor administrative capacity;
- the shortcomings of monitoring systems and the lack of measuring the impact of these fundings.

Potential solutions, policy perspectives

Drawing upon the issues presented above, in the second round of our discussions we outline potential solutions and future policy challenges. Generally speaking, we think that by fostering partnerships, political dialogue, as well as the exchange of ideas and know-how between all levels of administration, we can have a positive impact on the strengthening of human resources working in public administrations. At the same time we think that encouraging further decentralization, devolution of state structures to lower tiers of governance, and the establishment of clear organizational structures with well-defined responsibilities could also have a beneficial effect. In this regard, we highly welcome resurging trends of regionalization, and regional self-determination in certain countries, as well as the penetration of the principle of subsidiarity throughout the EU.

Regarding the issue of corruption and the establishment of more efficient, more effective and competitive state administrations, we highly recommend the implementation of e-government and e-tendering services, more broadly the use of online communications, which by reducing the physical possibility of discretionary behaviour allows authorities to provide more transparent public services. It is an important and necessary reform whose impacts will arguably be visible in the long term and with substantial differences between regions and cities in Europe. This emerged clearly during the debate when we discussed the implementation of cohesion policy in mountainous regions and islands and the accessibility of e-government by vulnerable groups of the population, particularly the elderly and low-income families. For this reason, we think that, at least for the period 2014–20, the devolution of functions and services in favor of regions and cities has yet to be supported by territorial offices (Eurodesks, contact points, etc.) guaranteeing a right level of transparency and accessibility to all citizens and regions within Europe in this transition phase.

Future research agendas on administrative-capacity building

The final round of our discussions focused on the key priorities and future themes of research, regarding the question of administrative capacity-building. In this respect we think that one of the starting points of future research agendas should consider a conceptualization and theoretical clarification of the notion of good governance, because as the Sixth Cohesion Report concludes there is still an ongoing debate about the definition and measurement of good governance. We still have a deficit of indicators and methodology in measuring the impact of development policies. We also agreed that often policy takes a very technocratic approach and ignores the political component in these processes.

With In regard to this latter observation, for future consideration we propose that there should be a stronger focus on possibilities to reduce political intervention in public administrations, determining the separation or at least the decreasing of influence of the political component. However, one of the main conclusions of the debate was that considering the issue of administrative capacity-building not everything is connected to a lack of financial resources and possibilities: we should not neglect the role of political will and the civic society in ensuring the establishment of capable, competitive and flexible public administrations.

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Territorial cooperation: strengths, weaknesses, themes of research and challenges

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Introduction

For those attending the OPEN DAYS sessions over the past decade it is evident that there has been a large number of workshops dedicated to discuss territorial cooperation issues, with particular emphasis on the cross-border cooperation process. This is not only justified by the fact that border regions encompass around 60% of the EU territory and 40% of the total inhabitants (NUTS-3), but also by the financial support given through EU funds to establish and reinforce the process of territorial cooperation in the EU. Briefly, this assistance started in 1989 with the set-up of the INTERREG Community Initiative, which was ‘transformed’ into one of the EU Cohesion Policy main goals, since the fourth programming period of this Policy (2007–13). Since 1989, the rapid growth of cross-border structures has helped to reinforce the territorial cooperation process all over the EU territory. More recently, the emergence of the European Groupings of Territorial Cooperation (EGTC) and the macro-regional strategies were designed to facilitate and promote even more the territorial cooperation in the EU. Indisputably, these recent advances show that, despite all the positive achievements from the implementation of Territorial Cooperation programmes, many challenges lie ahead in making them more effective and efficient, for the next programming periods. In this context, this paper will shed some light on the main conclusions of a World Café table discussion over the following questions for debate on the territorial cooperation process in Europe, in the OPEN DAYS Master Class 2014:

- What have we learned about the strengths and weaknesses of European territorial cooperation in different contexts?
- What are the key challenges for the new generation of future cooperation programmes in the context of the recent reform, especially to improve their performance?
- What are themes for academic research with regard to European Territorial Cooperation/INTERREG, and how could such research best be organized?

Strengths and weaknesses of European territorial cooperation

For the most part, the discussion was centred on the cross-border cooperation process, since it absorbs more than 70% of all the EU territorial cooperation funds and involves

probably more than 90% of academic research on territorial cooperation studies. On this topic, there was a general agreement that cross-border cooperation has a fundamental goal of reducing the barrier effect along the border areas. Overall, however, this rationale is still not followed by most EU cross-border programmes, which see the territorial cooperation funds as a means to tackle their ‘side of the border’ regional development problems. Put differently, despite the positive results in reducing the barrier effect in all its dimensions (institutional, economic–technological, social–cultural, environmental–heritage, accessibilities), cross-border projects still lack, on many occasions, an integrated development perspective.

Key challenges for the new generation of future cooperation programmes

In line with what was discussed in the previous topic, the discussion about the key challenges for the new generation of territorial cooperation programmes reached the following main conclusions: (1) NUTS-3 is an adequate administrative division since it permits the access to available data for the necessary studies on border regions; (2) territorial cooperation should be studied at several geographical scales, from the relation between cross-border cities to the macro-regional strategies; (3) the experience of the EGTCs should spread across all EU borders, yet more financial resources should be given to this legal instrument; and (4) institutional capacity is necessary for regions located in administratively centralized countries in order to better apply the EU principle of subsidiarity when designing cross-border strategies.

Themes for academic research with regard to European Territorial Cooperation

Finally, the debate on the themes which should gain more visibility with regard to territorial cooperation draw the following general conclusions: (1) there is a need to perfect existing typologies to better study and compare border regions; (2) the cross-border cooperation process should give way to the implementation of longer-term cross-border planning process; and (3) the evaluation of territorial cooperation should make use of territorial impact assessment (TIA) procedures because these programmes usually cover all areas of territorial development.

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Territorial cooperation: evaluation, challenges and future research

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Introduction

The notion of creating a ‘common sense of Europe’ has been one of the main policy principles of the European Union. Eliminating the sense of borders and setting up

networks of collaboration and business, demand a strong culture of unity. To succeed at this, policy-makers have designed many initiatives for decades to promote the idea that borders can function effectively in many senses. INTERREG and recent policy initiatives such as macro-regional strategies have been the tools for fund allocation so far. Nevertheless, no matter how crucial the topic has been, territorial cooperation and setting up cross-border relations have many challenges within the new programming period of EU. In this perspective, this paper presents some initial thoughts for the future possible challenges of cooperation programmes and following these, also the future research themes in field of territorial cooperation, as a result of the World Café table discussion in OPEN DAYS Master Class 2014.

Lessons learnt so far from the strengths and weaknesses of European territorial cooperation in different contexts

For many years, an investment in infrastructure was one of the main outputs of Cohesion Fund application. This allowed for development over the decades. However, infrastructure alone does not reverse negative demographic tendencies in border regions. Therefore, despite the positive outcome of infrastructure and accessibility investments, strategies for sustainable and embedded development in border regions are not always a strong concern.

The key challenges for the new generation of future cooperation programmes in the context of the recent reform

The reinforcement of administrative capacity building touches on the two main challenges for the future: capacity and governance. Under these two headings the following challenges are identified. Firstly we want to bring out the issue of trust-building as the most important challenge for future cooperation programmes. Trust is something that can only be created and built over time, and therefore presents a serious challenge. However, it is from a position of trust shared by different territorial actors that several other issues can be tackled: quality, languages issues, communication, the development of a border culture, the quality of life and social issues. Finally, the provisions of cross-border public service can enhance the development of border regions.

Some other aspects, such as a result-driven culture and an emphasis on quantity and not on quality contribute towards weaker cooperation practices. In fact, underlying this, fund availability can sometimes create perverse effects, which means that the application of territorial cooperation should be considered alongside the reinforcement of institutional and administrative capacity-building.

Furthermore, territorial cooperation in the future programming period should not be considered as something apart from wider concepts like regional development and/or cohesion policy. Therefore, the agenda and the political awareness of the territorial cooperation policy should be empowered; this reminds us of the need for greater visibility of cross-border cooperation programmes. The visibility concerns should be enhanced to create awareness both among the politicians and the population living in border regions.

For sustainable territorial cooperation, the involvement of more actors at vertical level and from all sectors – public, private and non-profit. The burden of territorial cooperation for solving local or regional problems should not be the concern of only sub-national levels or government or local initiative groups.

Finally, to address all the challenges listed above, a more strategic approach is needed. Hand-in-hand with strategies, the measurement of evaluation of results should be assessed as we do think that infrastructure should not be preferred over quality of life.

Future themes for academic research with regard to European Territorial Cooperation (ETC)/INTERREG

Based on the issues discussed previously, the following issues of territorial cooperation should be researched more widely.

- Cross-border governance.
- How to build capacity in territorial cooperation practice.
- How to encourage commitment towards the territorial cooperation project (not only using easy financial resources, but seeking to contribute towards territorial development).
- How to change mindsets (encouraging the territorial cooperation project).
- How to measure the success/failure of territorial cooperation.
- How to measure and assess the non-fiscal advantages of territorial cooperation.
- What are the external factors that change political thinking.
- What are the incentives and obstacles for ETC and how to tackle them.
- Clear and practical instruments for ETC.
- How to build trust between ETC partners.
- Models for transdisciplinary ETC (involvement of stakeholders).
- Defining a typology of the different border realities to propose variations in programmes.
- Defining correct methodology to gather data across borders.

Some of the issues listed above are more wide, others more narrow depending on the thoroughness of research already done in those fields. We would like to emphasize that the future research be not only be about practical issues, but also take the academic point of view into account and hence strive for reinforcement of linkages with theory.

Conclusions

Indisputably, territorial cooperation has never been more relevant. In addition to the Lisbon Treaty, where the ETC has been put down as an important policy objective for the EU, the ETC is also central for the EU Cohesion Policy 2014–20. But as our paper argues, despite all the positive achievements from the implementation of territorial cooperation programmes, many challenges lie ahead in making them more effective and efficient for the next programming period.

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