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Comparing the influence of Structural Funds programmes on regional development approaches in Western Scotland and Silesia: Adaptation or Assimilation?

ABSTRACT

The implementation of EU Structural Funds (SF) programmes is credited with influencing the focus and content of domestic regional development activities, enhancing coordination of national and sub-national levels tasked with regional development and strengthening partnerships between public, private and voluntary actors. However, the influence of programmes is uneven. Analyses, based on the Europeanization literature, present a complex relationship between EU and domestic factors. A range of variables has been identified to explain this differential influence. The paper contends that, when considering New Member States (NMS) from Central and Eastern Europe (CEE), this approach requires reorientation. In the face of strategically weak and under-resourced domestic approaches, programmes are driving, rather than attempting to adjust, the domestic regional development agendas. To support this, the paper takes a comparative approach, assessing the influence of programmes in cases from opposite ends of the SF implementation spectrum: the UK (Western Scotland) and Poland (Silesia).

Key words: Structural Funds; regional development; Europeanization; Old and New Member States.

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Introduction

Since their reform in the late 1980s, the role of regionally targeted programmes resourced through the EU Structural Funds (SF) in promoting regional economic development has been closely scrutinised. The SF were created to address increasing interregional disparities that might threaten the social and economic cohesion of the EU. Initially, they were regarded as supports to lesser developed regions as they were drawn into EU-wide markets but since the late 1980s a series of reforms have doubled the budget for the funds, extended their scope across EU regions and introduced a number of principles for their implementation. These principles remain at the core of SF activities: programming (based on strategic, multi-annual plans instead of a project-based approach); concentration (on a limited number of objectives and focused on the least developed territories); additionality (to ensure that EU funding does not substitute for national expenditure); and partnership (the participation of national, sub-national and supranational actors in the design and implementation of programmes). Subsequent reforms have further reorganised the Commission's system of regional support, with the principle of subsidiarity supporting the administration of programmes at the smallest (or, the lowest) competent authority.

Analyses of these programmes have included the regular evaluation of their economic impact, identified in terms of the number of jobs created, people trained, businesses assisted, kilometres of road surfaced etc. Such evaluation of the type of activities funded by programmes and their 'concrete' impact on programme areas and national and regional socio-economic conditions is, of course, vital. However, this paper is concerned with a second category that relates to the qualitative influence of SF programmes on domestic regional development activities. Here, the emphasis is not on spatial or economic changes resulting from the operation of the programmes but, rather, on regional policy objectives and institutional frameworks. Assessments of this latter type of 'added value' have identified some basic components (Bachtler and Taylor, 2003). These can be grouped under two broad headings. First, administering SF programmes can potentially influence the objectives of domestic regional development activities. This can include consolidating the importance of the regional dimension in economic development agendas or the diffusion of development priorities which are to some extent innovative with regard to the content of domestic approaches. The organisational principles related to SF programmes can also support the development of more strategic and longer-term domestic objectives. Second, the operation of SF regional programmes can prompt new approaches to how domestic regional development interventions are delivered, for instance by boosting the role of sub-national actors. Thus, in assessing 'added value' under these two headings some key questions can be posed. Are some new domestic regional development activities pursued as a result of the influence of SF programmes? Can new, EU-influenced approaches to the delivery of domestic regional development interventions be identified?

A substantial body of 'Europeanization' literature has developed to help answer these questions. The paper takes Radaelli's definition of Europeanization as 'Processes of (a) construction, (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, 'ways of doing things' and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic discourse, identities, political structures and

public policies' (Radaelli, 2000). By looking at processes of Europeanization in domestic regional development activities, the paper moves beyond relations between domestic and EU actors in negotiating and developing certain policy areas and assesses how administering EU-funded programmes can influence domestic contexts as they are rolled out. This strand of the literature has followed the broader Europeanization debate, much of which centres on the basic issue of causality in determining the balance between European and domestic drivers of change.

Up until the 1990s, the literature tended to analyse the influence of the EU from a 'top-down' perspective, with the European Commission as a crucial agent driving changing approaches in Member States. For some academics, the contribution of EU regional programmes to the broader evolution of domestic regional development activities is evident. Setting a mechanism for the implementation of EU-funded regional development programmes has, it is argued, played a significant part in changing perceptions of the aims and content of domestic regional development interventions. EU structural and regional development policies are non-regulatory: they do not have the legal authority to demand harmonisation of Member State approaches, but rather to supplement and support them. Nevertheless, concepts such as policy diffusion, transfer or learning have been introduced to explore how EU preferences can be incorporated more broadly into domestic regional policy arenas via SF programmes in a voluntary or indirect way (Conzelmann, 1998). Moreover, there are arguments that the process of implementing SF programmes can introduce a new range of actors to the regional development field, particularly at sub-national levels, and from amongst private and voluntary spheres (Roberts and Hart, 1996).

Over the past decade, a number of studies have developed this analytical perspective further, highlighting the 'differential influence' of the EU across Member States and emphasising the role of domestic regional development environments in shaping the content and implementation of SF programmes. Rather than driving the evolution of domestic approaches to regional development, the shape and impact of programmes themselves can be dictated by the domestic setting. The effectiveness of the Funds relies on the existence of coherent and supportive domestic policy frameworks and a suitable system for delivering regional development interventions (Ederveen *et. al.*, 2002). In some Member States, domestic processes of institutional reform and the introduction of new policy initiatives can provide incentives for participation in EU programmes, improving their operation (Bridges *et. al.*, 2001).

Current analyses, therefore, tend to accept that a complex, interactive relationship is involved. The influence of programmes is not uniform across Member States or regions, or through time. Aspects of the domestic regional development agenda or features of the associated management and implementation system may bend SF programmes and vice-versa. A range of conditioning variables has been identified to explain the differential influence of programmes on domestic regional development activities and to assess the causality of change. This includes: the orientation, geographical coverage and financial scale of domestic regional development activities compared to SF programmes; the existing distribution of competences between national and sub-national levels; and, the amount of experience Member States have in administering EU programmes (Bachtler and Taylor, 2003).

The basic contention of this paper is that, when considering the experiences of some of the New Member States (NMS) of Central and Eastern Europe (CEE), this approach requires some reorientation. If we reconsider the conditioning variables listed above, the scope for SF influence is very different in these countries: domestic regional development activities in CEE have traditionally been very weak and poorly resourced; central and sectoral priorities have traditionally dictated delivery systems for economic development; and, experience of SF programmes has been short. Given this, the paper argues that when considering the cases of NMS from CEE, new approaches must be taken to assessing the influence of SF programmes on domestic regional development interventions.

To support this contention, the paper takes a comparative methodological approach, assessing the influence of SF programmes in the UK and Poland. This includes particular reference to the experience of implementing funds in the regions of Western Scotland and Silesia. These cases are chosen to compare experiences from older and newer Member States and also to represent experiences from opposite ends of the SF implementation spectrum: Western Scotland can be regarded as a case where long-term 'interactive' or 'adaptive' approaches to analysing the influence of SF programmes can be applied. Scotland has a relatively strong tradition of regional development policy and administration, long experience of SF programmes and it has received significant levels of funding, although this has declined significantly in the current programming period, 2007-2013. Up to 2007, Scottish SF programmes have been administered separately from domestic programmes. Poland has a weaker tradition of regional administration and regional development activities have emerged only recently, to a significant extent in response to SF programmes (Ferry, 2003a). The new funding cycle has seen Poland's share increasing significantly and SF programmes are at the heart of domestic development plans. In this case, it is more accurate to explore the implications of the rapid assimilation of EU regional development objectives and organisational principles as the foundation of domestic approaches. Both cases have, therefore, reached different but equally crucial points. For Poland, the focus is on how to fully realise the potential benefits offered by Structural Funds. For Scotland, the emphasis is on assessing the legacy of Structural Funds and preserving identified benefits. Comparing cases in different institutional contexts and at different but equally vital stages provides insights into the impact of Structural Funds implementation on domestic regional development approaches and the factors that shape this impact.

The paper is based on a review of the academic literature, assessment of policy and programme documentation relating to the implementation of programmes and interviews with key actors involved in the programming process. It is divided into three further parts. The following section briefly explores the experience of different Member States in the management of SF in order to outline the key issues and theoretical debates. The potential influence of programmes is split into two fields: the objectives of regional development; and, the management and implementation of regional development interventions. Section 3 explores the case studies of Western Scotland and Silesia, assessing the influence of programmes on the objectives and management of domestic spending on regional development. The final section draws out key insights regarding the influence of SF programmes on how regional development interventions are conceptualised, designed and delivered in these cases.

Managing SF programmes in different domestic contexts: issues and debates

The following section reviews the experience of Member States in the management of SF programmes. The aim is to outline the key issues and debates regarding the influence of programmes in different regional development environments and provide a conceptual framework for assessing the case studies. Two main fields of influence are studied. First, the influence of SF programmes on domestic regional development objectives is explored. This includes the diffusion of organising principles and development priorities which are to some extent innovative with regard to domestic approaches. Second, the delivery of regional development interventions is assessed, including the role of SF programmes in the broader redefinition of the competencies of national and sub-national bodies and partners from public, private and voluntary spheres in regional development.

SF influence on regional development objectives

The first category refers to the influence of EU SF programmes on the content and objectives of domestic regional development activities. A key principle in this respect is additionality. The EU requires that projects supported by SF programmes are additional to domestic regional development interventions. It also requires that EU grants be matched by domestic funding. This ‘match funding’ aims to integrate EU and domestic regional development activities, creating the potential for distinct European objectives as well as certain organisational principles to influence domestic approaches to regional development. Match funding implies that a proportion of domestic funds will be steered towards regional development projects that reflect EU priorities. In this way, EU funds can change the balance of priorities on a government’s development agenda. The availability of EU funds can influence the level of domestic public spending on regional development. In Sweden, public expenditure on regional development has increased by 14 percent since SF programmes were introduced, resulting in a ‘cultural revolution’ in this field (Aalbu, 1998: 16).

Some academic analyses and evaluations have further argued that, as well as driving EU-funded programmes and measures, EU priorities might ‘spill over’ and be adopted into national or regional development activities that are not EU co-financed, or at least influence them in certain aspects (Conzelmann, 1998). Processes of policy diffusion, policy learning and policy experimentation have been introduced to explore the relationship between domestic and EU-funded regional development activities (Benz and Eberlein, 1999). Institutional frameworks and the pragmatic choices of actors can facilitate or inhibit adaptation processes. However, the demonstrative or learning effect of EU-funded programmes can also be a factor in changing the approach of domestic institutions and actors to the regional development challenge (Leonardi and Paraskevopoulos, 2004: 319).

For instance, EU programming norms for SF procedures can be incorporated into the process of setting domestic objectives. The introduction of general principles, such as multi-annual programming, strategic planning, and monitoring and evaluation can bring about a greater or altered strategic focus in domestic regional development. Evaluations of some SF programmes contended that they had introduced some new ideas and approaches in Member States’ policies, including a more strategic, long-

term conceptualisation of regional development (ÖIR, 2006: 136). For instance, in France, the domestic planning instruments '*Contrats de Plan Etat-Régions*' have adopted the same multi-annual time-frame as SF programmes (Mairate, 2006). Implementing programmes may also have an effect in terms of the reorientation of domestic regional development objectives and activities. This argument has been applied to so-called 'horizontal' priorities, such as environmental sustainability, gender equality and the Information Society. For example, the Treaty of Amsterdam emphasised the important role of the European Union's financial instruments in pursuing sustainable development. A subsequent evaluation of the influence of SF on sustainable development suggests that the programmes have broadened and 'modernised' approaches to regional development, to incorporate fuller consideration of this theme (Ekins and Medhurst, 2003).

More recently, there has been emphasis in SF programmes on measures to foster competitiveness, entrepreneurship and innovation, in line with the priorities set out in the EU's Lisbon Agenda. Programmes are increasingly associated with a new regional development paradigm, whereby interventions have moved from a redistributive to an endogenous growth approach, based on the mobilisation of local assets, particularly assets based on knowledge, research and development (CEC, 1994). There is evidence that SF programmes can push domestic regional development approaches in this direction. In Italy, for example, established domestic interventions based on redistributive state support for depressed areas, particularly in the *Mezzogiorno*, were replaced in the course of the 1990s by efforts to mobilise endogenous regional economic and social resources. The attachment of domestic policy instruments to Structural Funds programmes has been seen as an important factor in this changing orientation of regional development activities (Bull and Baudener, 2004: 1069).

These conclusions on the influence of SF programmes on the objectives of domestic regional development must however be accompanied by certain caveats. First, while Member States must acknowledge that accessing the funds will entail the introduction of EU objectives into their national regional development activities, domestic bodies will not pledge their own match funding and implement projects that run counter to their aims. Thus, SF programmes can only influence policy approaches where there is domestic support for the EU agenda. Moreover, the financial strength and strategic outlook of SF programmes in relation to domestic regional development activities can have an obvious impact on their 'demonstrative' effect. Evaluations of previous programming periods have found that in poorer regions (e.g. in 'old' Objective 1 areas such as Greece, Spain, and Southern Italy), targeted by relatively large SF packages, the influence of programmes on domestic regional development aims can be particularly strong (Leonardi and Paraskevopoulos, 2004).

On the other hand, in richer Objective 2 regions the financing provided by SFs could be small and programmes may focus on reinforcing domestic initiatives. Here, the direct influence of programmes may be more limited and it can be difficult to show empirically that the EC context has induced processes of policy learning (Bennett and Howlett, 1992). Themes such as environmental sustainability, equal opportunities and Lisbon-oriented interventions have become more prominent in Member States but to what extent is this attributable to the programmes? National policy-makers may have also been independently influenced by the rapidly changing technological agenda and the need to maintain competitiveness globally (Taylor and Downes, 2001: 9).

However, policy experimentation may be important in these circumstances. EU-funded pilot projects may address policy fields which were not previously considered part of the regional development agenda – perhaps serving as good practice examples that are subsequently mainstreamed in the national and regional context. For these reasons, evaluations of the influence of SF programmes can be quite tentative: the SF programmes may – along with several other factors - contribute to a focus on certain priorities as part their overall encouragement of a more strategic planning approach (Danish Technological Institute, 2005: 153).

SF influence on the management and implementation of regional development interventions

The operation of SF regional programmes may encourage the development of both institutional and technical capacities, boosting the role of a new range of actors, particularly at the regional level, and opening the field to a range of policy sectors and private and voluntary spheres (Roberts and Hart, 1996). Two principles are important here. First, based on the concept of ‘subsidiarity’, Structural Fund management responsibilities are supposed to be carried out as close to the territory they operate on as possible. It has been argued that this can increase the involvement of regional and local authorities in the administration of EU programmes and even stimulate the creation of regional-level frameworks in domestic administrative systems (Marks *et al.* 1996, Borzel, 1999). In some countries the implementation of SF programmes has stimulated the creation of specific frameworks and institutions which can fill an institutional void at the regional level, provide practical experience in the design and steering of regional development programmes, and encourage a multi-level perspective to the coordination of regional development activities beyond those that are EU-funded. An example of this type of interaction is provided by the creation of Regional Management Committees for SF management in Finland which for the first time provided a regional arena for coordinating development initiatives in a context of traditionally strong municipalities (Kinnunen, 2004). In Austria, SF have financed *Regionalmanagements*. These organisations administer and implement SF programmes at the sub-*Länder* level. However, they also support networking amongst regional public and entrepreneurial actors for both EU and non-EU funded activities (OIR 2006: 92). In Denmark, Regional Growth Fora, that include representatives regions, the municipalities, local trade and industry, knowledge institutions and the labour market parties, were created to aid the delivery of Structural Funds programmes. However, recent reforms mean that each of the five newly-created regions in Denmark is statutorily obligated to establish one (or more) of these Regional Growth Fora. These will now provide input to the elected regional councils with regard to development measures including domestic as well as Structural Funds initiatives (Halkier 2006).

The second principle is partnership, which generally requires programmes to be delivered with partners from different institutions and organisational cultures, with varying priorities and interests, working together in pursuit of shared objectives. This refers not just to the coordination of different levels of public administration but also to the participation of partners from the private and voluntary spheres (Tavistock Institute and ECOTEC, 1999). Again it has been argued that, through demonstration and learning and through the extension of networks of organisations and actors, this kind of partnership working can spill over from SF management and improve the

inclusion and coordination of actors in the broader regional development process (Roberts, 2003:3). In some Member States, SF-based partnership arrangements have been ‘mainstreamed’ to become a constituent element of broader development interventions, opening the process of policy development and delivery to a broader range of actors and organisations. In countries with traditionally hierarchical approaches to delivering regional development interventions, Structural Fund Monitoring Committees have been important in providing an institutional mechanism for exchange and co-ordination, which had previously been lacking (Kelleher *et. al.*, 1999).

However, the extent to which implementing SF programmes can influence domestic delivery systems again depends on a range of variables. The existing allocation of delivery responsibilities for regional development is an obvious factor. EU legislation does not compel the Member States to adopt an explicit delivery model, either centralised or regionalised, and the EU does not dictate the structure and status of regional institutions in the Member States. Thus, domestic policy makers have considerable discretion in the way the Structural Funds are administered. Relevant responsibilities may be retained at the national level (as in Portugal), de-concentrated to units of the state in the regions (as in England, Finland, France and Sweden), devolved to regions (as in Italy) or operate through fully regionalised programmes under federal systems (as in Austria, Belgium and Germany) (Ferry, 2003b). Similarly, the degree of involvement of private and voluntary interests varies according to how organised and active they are in their domestic contexts.

As a result, implementing SF can consolidate the dominance of hierarchical as well as decentralised delivery models. By controlling the implementation of EU regional programmes and the flow of funding, centralist systems can further their own development agendas. In Member States with traditionally hierarchical approaches to delivering regional development interventions, such as Spain, the partnership principle may have given regions more input into the management and allocation of SF. However this gain may be outweighed by the consolidation of central government’s role in regional development through its overall control of the SF process (Bourne, 2003: 613). The type of SF programme involved can also determine its likely influence on domestic delivery systems. Under the large Objective 1 programmes, much of the spending goes into infrastructure, employment and training and business-aid schemes, all of which tend to be a central government responsibility in the less developed parts of the EU. Over time, as more funding goes into business development, innovation etc, there may be a need for a more spatially-differentiated approach and hence delivery through regional agencies.

A final possible factor in this process is the extent to which SF implementation tasks are organised within the existing administrative structure or whether parts of the implementation process are carried out by dedicated administrative structures. A useful conceptual framework is provided by Taylor, Bachtler and Rooney, who make a distinction between differentiated and subsumed systems (Taylor *et. al.*, 2001). In differentiated systems, Structural Funds, and the programming practices associated with them, remain distinct from domestic regional development interventions. Different aspects in the SF programming process, such as project selection and appraisal, programme monitoring and steering are carried out by institutions or committees set up specifically for the purpose. In subsumed systems, SF resources are

allocated as part of existing resource allocation mechanisms and programmes are delivered through domestic policy frameworks. The approach taken can influence the scope that programmes have to influence domestic approaches to delivery. In differentiated systems, innovative approaches to programme delivery are immediately visible and the potential for them to demonstrate their value to the wider policy community is high. The involvement of regional actors and social partners in regional development can be boosted by bodies involved solely in implementing the SF. On the other hand, lack of integration with domestic systems can limit the extent of their influence and their durability may rely on the long-term availability of EU funds. In subsumed systems, greater integration increases the potential for the transfer of practices. However, there is a danger that domestic policy processes will take precedence and that the innovative value of programming practices will be less apparent.

This review of Member State's experience of implementing SF programmes has revealed a long-term, interactive relationship between SF programmes and domestic contexts. It is difficult to extricate clear lines of causality: in some cases and at some times, SF programmes have driven domestic regional development approaches. In other cases, the situation has been reversed. In assessing this variation, some factors have particular explanatory power (Bachtler and Taylor, 2003):

- *Content and strength of programmes.* The influence of programmes is likely to be greater where larger programmes are involved. This refers to their geographical coverage and the level of resources allocated. It also refers to the type of interventions supported by the programmes – some interventions, particularly those involving large-scale investment may strengthen centralised administrative approaches to regional development while others may support processes of decentralisation.
- *Content and strength of domestic regional development approaches.* The financial weight and strategic orientation of domestic regional development activities can be crucial. Relatively poorly resourced domestic activities can be more easily bent towards SF approaches and objectives. The ability of programmes to influence well funded, strategic regional development initiatives is more constrained. In this situation the content of SF programmes can be 'bent' to domestic objectives.
- *Administrative system.* The scope for SF programmes to influence domestic approaches to regional development is conditioned by existing administrative 'starting points'. This applies to the allocation of responsibilities between administrative tiers and to the participation of public, private and societal interests. The potential influence of programmes is also tied to the chosen method for their own administration, and can have either regionalising or centralising effects.
- *Maturity of programming experience.* The timescale over which the programmes are implemented can be important. The potential for organisational principles or themes associated with programmes to become

embedded in domestic systems increases the longer programmes have been in operation. An evolutionary cycle can be detected in the generation of ‘added value’ from programmes, including accommodation, innovation and consolidation phases.

The following section argues that, in comparison with older Member States, the contexts of the NMS from CEE are very different. The weakness or absence of alternative regional development funds, agendas and delivery models, and the drive to access SF as quickly as possible, creates a situation where domestic regional development now means EU regional development. Even in ‘old’ Objective 1 regions in ‘cohesion countries’, where, SF programmes have been vital in economic development, their influence is strongly conditioned by domestic preferences. For instance, analyses of the case of southern Italy credit EU funds as reinforcing rather than causing domestic change (Bull and Baudner, 2004: 1072). Similarly, in Ireland the influence of SF programmes on domestic regional policy approaches has been strong, but adaptation processes have been carried out in an incremental manner and largely on the country’s own terms (Adshead, 2005: 175). In contrast, in cases from the CEE NMS, rather than analysing longer-term interactive or adaptive relationships between domestic and EU regional development priorities and delivery systems, it may be more valuable to assess the implications of the rapid, almost wholesale assimilation of SF programming approaches as the core for domestic regional development activities. To illustrate these fundamental differences in causality, a comparison is made between the influence of SF programmes on the objectives and management of domestic regional development in cases from both ends of the SF implementation spectrum: Western Scotland and the Polish region of Silesia.

Case Studies

Western Scotland

Context

Scotland has an established tradition of regional administration and regional development activities. Between 1975 and 1996 the country had two tiers of sub-national administration. It was divided into nine Regional Councils, each with their own District Councils. However, the regional tier of government was abolished in [1996](#) and its responsibilities merged with districts to create [unitary authorities](#). Regional development was one of a number of policy areas devolved to the new Scottish Executive in 1999. The Department of Trade and Industry (DTI) is the lead department for dealing with SF in the UK. Although the UK government maintains overall responsibility for SF, the Scottish Executive has responsibility for managing programmes on its territory.

The economy of the West of Scotland has changed dramatically over the last two decades, with heavy industries being replaced by the service sector, public sector, electronics and other high-technology industries. Output measured by GVA, increased by 17.5 per cent between 2000 and 2003, an increase significantly higher than Scotland as a whole. The territory of the former Strathclyde region accounts for 41 per cent of total output in Scotland and around 3 per cent of UK output. Regional unemployment has fallen by more than a third over the period from 1995 to 2005.

However, the region still faces considerable development challenges. 70 per cent of the worst-off communities in Scotland are located within the area. There are high concentrations of joblessness and above average unemployment. From 2000-2006 SF spending has provided over £1.1 billion in support for Scotland. Western Scotland has been the recipient of SF since 1989. The Western Scotland Objective 2 Programme 2000-06 covered an area of almost 7,000 sq km in Strathclyde, with a population of around 2.3 million. The programme delivered around €1,275m of support. However, in the new programming period, the level of funding available in Scotland is being cut by around half.

Influence on regional development objectives

In the case of Western Scotland, domestic regional development activities are well funded relative to the level of resources offered by the SF. Moreover, there is a programming environment that has become more strategic and integrated independently of SF programmes (Roberts, 2003). The importance given to strategic programming, monitoring and evaluation in domestic policy development as a whole moreover pre-dates the SF. The timing and details of the devolution settlement has also played a part in constraining the influence of SF programmes. The planning process for SF programmes in 2000-2006 coincided with the advent of devolution. There was, therefore, a juncture when there were no concrete, Scotland-specific strategies onto which SF priorities could be mapped. The key post-devolution domestic strategy, *Framework for Economic Development in Scotland*, was not published until June 2000, by which time the SF programmes were already under way. By way of comparison, in English regions Regional Development Agencies were issued guidance in 1999 on the development of their domestic Regional Economic Strategies which pointed out that they should draw on the experience of SF programmes being drawn up for the years 2000-2006 in their regions (DETR, 1999: 37). Alignment in Scotland has been complicated further by the absence of domestic strategies that correspond to the administrative boundaries of EU programmes. The new generation of post-devolution domestic strategies do not break Scotland down into current SF programming areas and do not provide Western Scotland with a domestic strategic 'footprint' within which the SF can operate.

However, there is evidence of some influence for programmes on the content of domestic regional development interventions, mainly through echoing and reinforcing domestic policy shifts and providing an opportunity to test ideas that are beginning to find domestic favour. Although systematic monitoring and evaluation is an established part of Scottish regional development, according to policy practitioners, long-term experience of EU funding reinforced commitment to these practices during the devolution process (Raines, 2006). Regarding the type of activities associated with regional development, there is consistency between the policy frameworks of the Scottish Executive and the European Commission, in particular with respect to innovation and the knowledge economy, noted in the key domestic development strategies, notably the *Framework for Economic Development in Scotland* and *A Smart Successful Scotland*. The thematic priorities of equal opportunities and environment and risk prevention are also consistent with various Scottish policy goals and initiatives. In fact, evaluation of the 2000-06 programme in Western Scotland suggests that SF programmes are shaped by domestic policy agendas rather than *vice versa*. Evaluations have highlighted programmers' efforts to incorporate the various

agendas of domestic stakeholders and these agendas are set by Scottish strategies (Yellowbook, 2003).

In addition, programmes have also been influential in pushing some issues further up the agenda in Scotland than would otherwise have been the case. Analyses carried out on the Western Scotland programmes indicate that by ‘championing’ certain themes, they have helped to underpin shifts in the domestic agenda or accelerate the dissemination of practices that were beginning to gain ground. One example is provided by the role of programmes in reinforcing Community Economic Development (CED), a policy undertaken through a range of area based interventions targeting disadvantaged locales. Area-based regeneration had been piloted in Glasgow in the late 1970s and early 1980s. The Western Scotland SF programmes provided a vehicle to take this experience further, making CED a fundamental priority of successive programmes and contributing to its rise up the domestic regional development agenda (Bachtler and Taylor, 2003: 24). Another example is provided by the issue of social inclusion. Independent evaluations of programmes in the West of Scotland and Scottish Executive reports have acknowledged the part played by programmes in the evolution of the social inclusion agenda in Scotland in recent years (Yellowbook, 2003 and Scottish Executive, 2000a). Thus, the role performed by SF regional programmes in Scotland has largely been in extending, enhancing and reinforcing the theory and practice of strategic planning, development and management.

Looking to the new programming period, 2007-2013, it seems likely that the content of domestic and EU regional programmes in Scotland will become more aligned. The Scottish Executive is currently working on a National Strategic Reference Framework for the administration of SF in the next period. It will be based on the main Scottish economic development policy documents. This approach can be viewed as consequential to the changed political context. In contrast with 1999-2000, when the current generation of programmes was drafted, the new institutional arrangements mean that there are now Scotland-specific strategies and the view is that this and the significantly reduced funding make it necessary to align the SF to domestic policy (Polverari *et. al.*: 42). This process of alignment raises important questions. How can the influence or ‘added value’ of programmes be delineated? Is there a tendency for SF to be ‘bent’ to the domestic agenda to the extent that they become merely substitute funding for domestic regional development activities? How can the ability of programmes to catalyse or foster emerging themes be preserved?

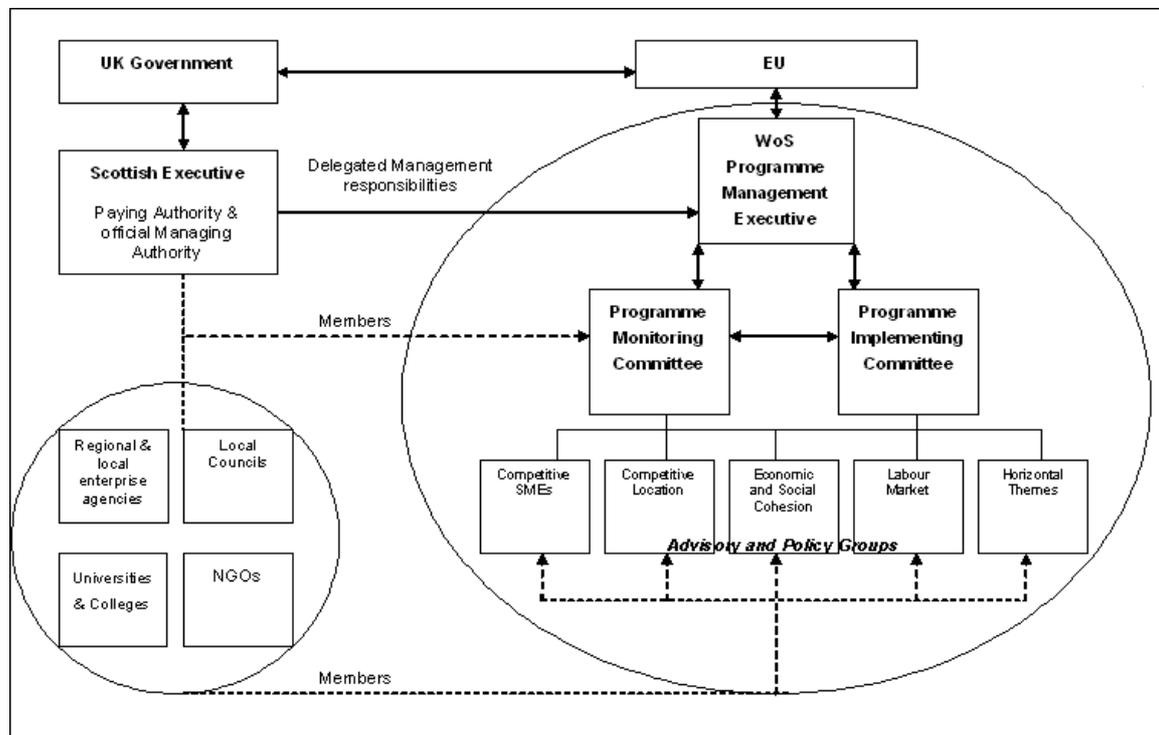
Influence on the management and implementation of regional development interventions

For several reasons, it is difficult to make a strong case regarding the influence of SF implementation on the participation of the regional and local levels in regional development in Scotland. The creation of the Scottish Executive was the result of processes of domestic constitutional and administrative reform that went far beyond SF programming considerations. Moreover, the UK is often cited as an example of a Member State which has kept a strong, centralised grip on how the SF are administered, mostly through the Department of Trade and Industry (DTI). Thus it is perhaps more useful to assess how processes of devolution and regionalisation have influenced the delivery of programmes. In this respect, while under the devolution settlements EU policy is reserved to the UK government, in practice, the devolved

administrations are responsible for the management of programmes on their territories. This has drawn them into the process of UK EU policy-making, including inputting into the design of UK and sub-national programming frameworks (Burch *et. al.*, 2005).

In terms of implementation, the Scottish Executive, as a Managing and Paying Authority for the SF, has a significant degree of discretion and it has developed a distinct delivery system in respect of the SF. Responsibilities for undertaking all programme management functions (with the exception of payments) are delegated by the Scottish Executive to Programme Management Executives (PMEs). These are limited companies whose membership includes enterprise agencies, local authorities and other regional partners. PME's operate independently of domestic policy delivery structures (see Figure 1).

Figure 1: Key Implementation Structures of the West of Scotland Objective 2 Programme 2000-06



This differentiated model has created the potential for programmes to develop and demonstrate innovative approaches to policy delivery. An obvious example is provided by the issue of partnership, where there is a strong case for the influence of programmes on domestic policy delivery. Implementation of the programmes has been undertaken using a distinctive ‘Scottish model’ of broad-based partnerships. This originated in the approach taken to managing the Strathclyde Integrated Development Operation in the former Strathclyde Region and involved the creation of the first PME in 1989. Crucially, they not only undertake administrative functions associated with the processing of EU expenditure but seek to ‘add value’ to the process by actively engaging with partner organisations within the programme area. A wide range of organisations are involved in the Western Scotland partnership, including local authorities, Local Enterprise Companies, the higher and further education sector, the

voluntary sector, trades unions and employers' organisations and communities involved in economic development. These partners have a central role to play in the administration of the programme through their participation in Advisory Groups.

Assessments of the PMEs have been undertaken in recent years. The first review was carried out in 1999-2000 to establish whether the PME model was still appropriate following devolution and the creation of the Scottish Executive. The review committee endorsed the PME model and many of the perceived advantages of the PME system: their capacity to promote good practice and innovation; to identify gaps in policy delivery; and, their ability to share experience between partners and to help strengthen institutional capacity (Scottish Executive, 2000b). Other evaluations of the programmes have confirmed the value of this partnership approach beyond the SF context. First, the creation of an 'independent' secretariat in 1989, staffed and financed by a range of partners from the West of Scotland, provided a horizontal regional forum for actors and organisations involved in economic development, filling the absence of a region-wide arena following the loss of Strathclyde Regional Council (EKOS, 1999: 74). Second, the partnership model fits with network based approaches to economic development that have become prominent across the EU in recent years. The partnerships have provided a platform to further the coordination of regional development activities in Scotland, for instance through integration with the Scottish Executive's Community Planning framework (Scottish European SF Forum, 2003). Partnership has been a key aspect of the social inclusion and Community Economic Development agendas championed by SF programmes in Western Scotland. Long-term experience of the programmes years' has encouraged the 'mainstreaming' of partnership structures based on EU principles, notably through the Glasgow Community Planning Partnership. The broader dissemination and consolidation of partnership working is seen by programme managers as one of the most important legacies of the programmes (Marshall, 2004).

Arrangements for the new programming period could have an impact on this delivery system and on the future of these partnerships. It has been proposed to reduce the number of PMEs from five to two. The Executive is also planning to move to an approach that will involve it directly commissioning more elements of the new programmes through existing domestic delivery organisations such as Scottish Enterprise. The logic behind these proposals is twofold. Against a background of reduced funding, there is a broadly recognised need to find more efficient ways to manage partner contributions and target smaller amounts of funding. Moreover, there is an argument that, as the Scottish Executive has consolidated its strategic framework and policy competences in the post-devolution period it makes sense to draw in more aspects of the economic development system under its own direct control. The principle of partnership is long-standing in Scotland and it is arguably sufficiently embedded to survive the reduction in EU funding and the organisational changes currently being proposed (McPhail, 2006). However, these changes are bound to decide the form that partnerships will take.

Summing up the Scottish case study, an interactive relationship between the European and domestic drivers of regional policy change is evident. However, in terms of explaining lines of causality, with some notable exceptions, domestic regional development agendas have tended to influence SF programmes rather than *vice-versa*. The relative financial strength of domestic regional development initiatives compared

to EU funds available and their strategic content means that EU funds are seen as a means to strengthen or emphasise certain aspects of the domestic agenda. The 'differentiated' system under which EU funding is delivered has made it difficult for SF programmes to make a strong impact, although the value of the 'partnership principle' in the SF delivery model has been recognised in Scotland beyond EU programming environments.

Silesia

Context

Under communism, Polish regional administrations were weak and fragmented, in keeping with heavily centralised approaches to economic development. Reforms introduced in the early 1990s were ambivalent and inconclusive. Regions were granted assemblies of delegates selected from all local authorities within their territory, but these had monitoring and advisory functions rather than decision-making powers. At the beginning of 1999, the Polish government introduced a package of reforms designed to revitalise regional administrative structures and encourage the development and implementation of political and economic initiatives at the regional level. This included the creation of elected regional governments with some powers in programming regional economic development.

Silesia, centred on Katowice in the south-west of Poland, is the location of high concentrations of Poland's heavy industry and has endured the collapse of traditional markets for its coal and steel in the former Soviet Union. It has high levels of urbanisation concentrated around Katowice, a polluted environment, a relatively well-developed but worn-down infrastructure and a poorly educated and low-skilled workforce. On the one hand, the region performs relatively well in terms of indicators such as GDP *per capita* and unemployment. However, in recent years, as the restructuring process has begun, the region has experienced significant job losses. Between 1990 and 2003, the region was the recipient of EU programmes financed by the pre-accession funds. Over 15 programmes were implemented, including STRUDER, RAPID and PHARE. The total amount of aid granted in the period 1990-2003 was €511 million. Following Poland's EU accession in 2004, the region received EU regional development support through a centrally managed Integrated Regional Operational Programme (IROP), 2004-2006. The programme commits €2806 million of EU funds to regional development support in Poland's 16 regions. Around ten per cent of this figure, €284 million, was allocated to Silesia. For the 2007-2013 period, the region will be responsible for managing its own Regional Operational Programme, which is expected to have considerable resources (around €1.6 billion). The role of Managing Authority will pass from the Ministry for Regional Development to regionally-elected Boards and their executive bodies, the Marshals Offices.

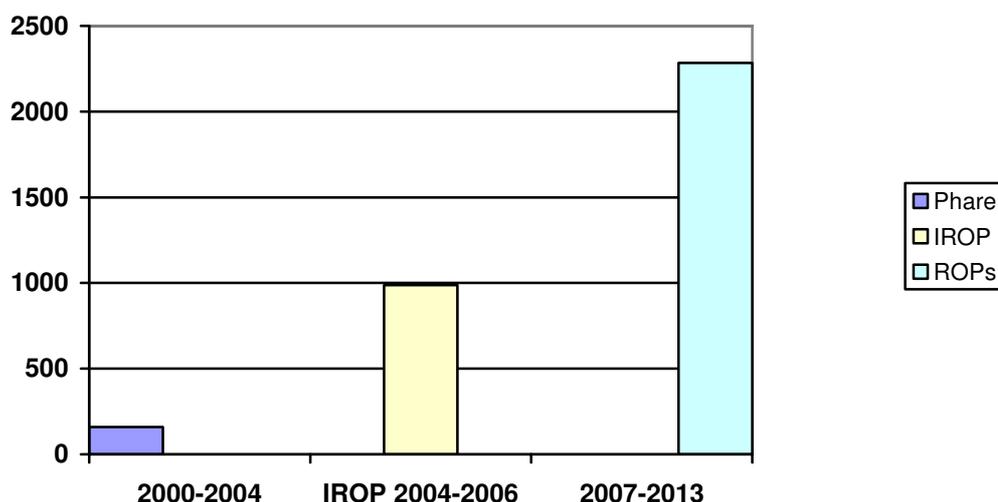
Influence on regional development objectives

In Poland, the influence of SF programmes on the content of domestic regional development activities has been very different to that seen in the UK. In the face of strategically weak and under-resourced domestic approaches, EU funds and programmes have arguably dictated, rather than attempted to adjust the content of Poland's regional development agenda. According to some academics, 'the Polish system of regional development is aimed at the absorption of EU financial

assistance' (Grosse, 2006: 151). This applies both to the strategic approach taken to regional development and to the kinds of activities undertaken under this heading.

In the early 1990s, Polish regional development had a predominantly compensatory approach. It consisted of limited, direct financial interventions or *ad hoc* measures to address the problems of specific regions endangered by social and economic problems, notably through Special Economic Zones (SEZs) that offer incentives for businesses and investors in struggling areas. The prospect of EU accession was fundamental to the expansion and evolution of the Polish regional development agenda (MGiP, 2004: 11). Poland has been receiving assistance from the EU since 1990 through pre-accession programmes and these have expanded the scope of Polish regional development activities considerably. After accession, the level of SF available to Polish regions and the influence of programme priorities over the content of domestic regional development activities strengthened considerably (see Figure 2).

Figure 2: EU Support for regional development in Poland before and after accession (average per year, €millions)



Source: Ortyl, (2006).

A series of medium and long-term planning documents emerged to create a strategic framework for SF and to provide the main frame of reference for domestic approaches to regional development. The *National Development Plan* (NDP), prepared for the years 2004-06, is the most important document describing, through seven operational programmes, how European Union funds should be utilised in Poland. From the regional planning point of view, the most important of these is the *Integrated Regional Operational Programme* (IROP) which deals with regional and local development issues. The Polish government has produced several development strategies for the new programming period. The *National Strategic Reference Framework 2007-2013* (NSRF) outlines Poland's broad strategy for using its SF allocations in the 2007-13 budgetary cycle.

In theory at least, these documents, particularly those now being prepared for the 2007-13 programming period, have set a new strategic direction for Polish regional development, representing a departure from traditional approaches to regional

development in several ways. First, these documents attempt to create a strategic and integrated programming framework for the disbursement of regional development funds. As multi-annual documents, they are aligned with the EU programming cycle, and they contribute to the conception of regional development policy from a strategic, long-term perspective. The new NSRF 2007-2013 will cover a longer time-span and provide more scope for the consideration of strategic issues. It is also worth noting that Commission requirements regarding the monitoring and evaluation of these programmes have played a fundamental role in the emergence of an evaluation culture in the country (Olejniczak, 2002).

In terms of the scope of regional development activities it is useful to look more specifically at the case of Silesia. The social and economic problems of the mining, iron and steel industries in Upper Silesia meant that it was the subject of pro-equality interventions in the 1990s. This included the establishment of a Special Economic Zone and the introduction of a series of restructuring programmes. Katowice also signed the first Polish 'regional contract' in 1995. This represented an attempt to involve the activities of central government, and regional and local actors with a stake in regional development in the restructuring of Silesia's heavy industrial base. Although notable for its innovative use of 'partnerships', it was not part of a wider, innovative approach to regional development and its practical impact has been questioned (Szczepański, 1997).

The region's experience of EU funds began in the 1990s with the pre-accession PHARE, ISPA and SAPARD programmes. These interventions widened the range of regional development activities in the region, including infrastructure, local development, and environmental protection. The trend has continued post-EU accession as involvement with the implementation of the IROP, and plans for the new programming period have promoted new approaches to economic and social challenges. The approach taken to urban development in Silesia is representative of this. In Poland, urban development has traditionally been perceived in terms of the regeneration of degraded areas through central interventions. Now, there is more emphasis on exploiting endogenous resources, improving the competitiveness of cities and developing infrastructure linking centres as 'growth poles'. Emerging regional development strategies at national level and in Silesia note the need to distinguish between metropolitan, urban and rural areas. They support processes of diffusion through a focus on transport and infrastructural links between regional and sub-regional centres. This reflects increasing awareness of the economic role of large towns and cities in domestic regional development circles but, the new generation of strategies are clearly influenced by the productivity-oriented themes of the EU's Lisbon agenda (Gorzela and Smętkowski, 2005). According to a preliminary draft of Poland's *National Development Plan for 2007-2013*, 'a serious approach to the Lisbon Strategy implies concentration of development activities on selected metropolitan centres'. Indeed, the Regional Operational Programme currently being developed in Silesia for the period 2007-2013 can be seen as a Silesian version of the Lisbon Strategy. It includes a new, dedicated regional business support priority and plans for a 'business gateway to Silesia' (Zarząd Województwa Śląskiego, 2006).

The evolution of domestic interventions with an explicit regional dimension is influenced by the EU. For instance, Special Economic Zones (SEZs) were introduced by the Polish government in 1994 as an instrument of regional policy aimed at

enhancing investment in areas with substantial structural unemployment. There are currently 14 in operation. Central government offers incentives, in the form of tax exemptions and reimbursements, to businesses to invest in these areas. The scale of the programme is quite small but the level of exemptions granted has risen steadily over the years. By 2004, there were 429 enterprises established in SEZs. They have invested €5 billion in total and created 77,600 jobs (MGiP, 2005). However, SEZs proved to be a major cause of contention during Poland's accession negotiations and their future development has been curtailed by the European Commission which views the creation of favourable conditions in selected enclaves as distorting to competition (Rzeczpospolita, 2003).

Thus, it can be argued that the basic focus of regional development in Poland is currently set by EU regional development objectives. On the one hand, this has provided undoubted benefits: emphasising the importance of regional development, expanding the portfolio of regional development activities and financing this expansion. New approaches to what regional development interventions should aim to do and the activities they can support have been introduced. This is related to a new set of objectives and priorities that refer to the potential of forces endogenous to the region, particularly in the areas of service provision, human resources, research and development and developing transport and business support infrastructures. On the other hand, the dominance of EU regional development agendas can have drawbacks. At some point, decisions may have to be made about the weight attached to domestic and EU objectives: 'not every Polish development priority will naturally coincide with external priorities' (Kozak, 2006). There is currently debate in Poland concerning how much weight should be put on the EU's primary objective of furthering the convergence of Poland towards the rest of the EU. This is measured in terms of Poland's overall productivity and could argue for investment in Poland's most productive regions and cities. Silesia would be amongst this group but there are regions, particularly in rural areas and in eastern regions that could find it difficult to be part of this pro-Lisbon, productivity-oriented group and are worried about being left out of development processes (Rzeczpospolita, 2005). As a result, plans for 2007-2013 include a model for allocating the funds that takes into account regional unemployment and levels of GDP. There will also be a specific programme with ring-fenced funds for Poland's eastern regions.

Nevertheless, questions remain over the country's internal cohesion and the achievement of balanced growth amongst Poland's regions. How this debate is resolved will, in turn, inform a range of policy choices (e.g. concerning the balance between basic infrastructure development and more sophisticated efforts to boost the business environment in regions or between environmental protection and economic development). There are also a number of pragmatic considerations to be taken into account. Large amounts of EU funding against a background of constrained domestic public expenditure can limit the scope for autonomous domestic public investment priorities. As noted earlier, in financial terms, the EU stipulates that funding it commits to regional development should be co-financed from domestic sources and spent within a certain time frame or it will be withdrawn. There is a danger that the content of Polish regional development activities may be dictated less by strategic considerations than by the need to absorb EU funds. In the current political climate there is also an obvious danger that the perception that Polish administrators are 'policy takers' rather than 'policy makers' and that Brussels is shaping Poland's

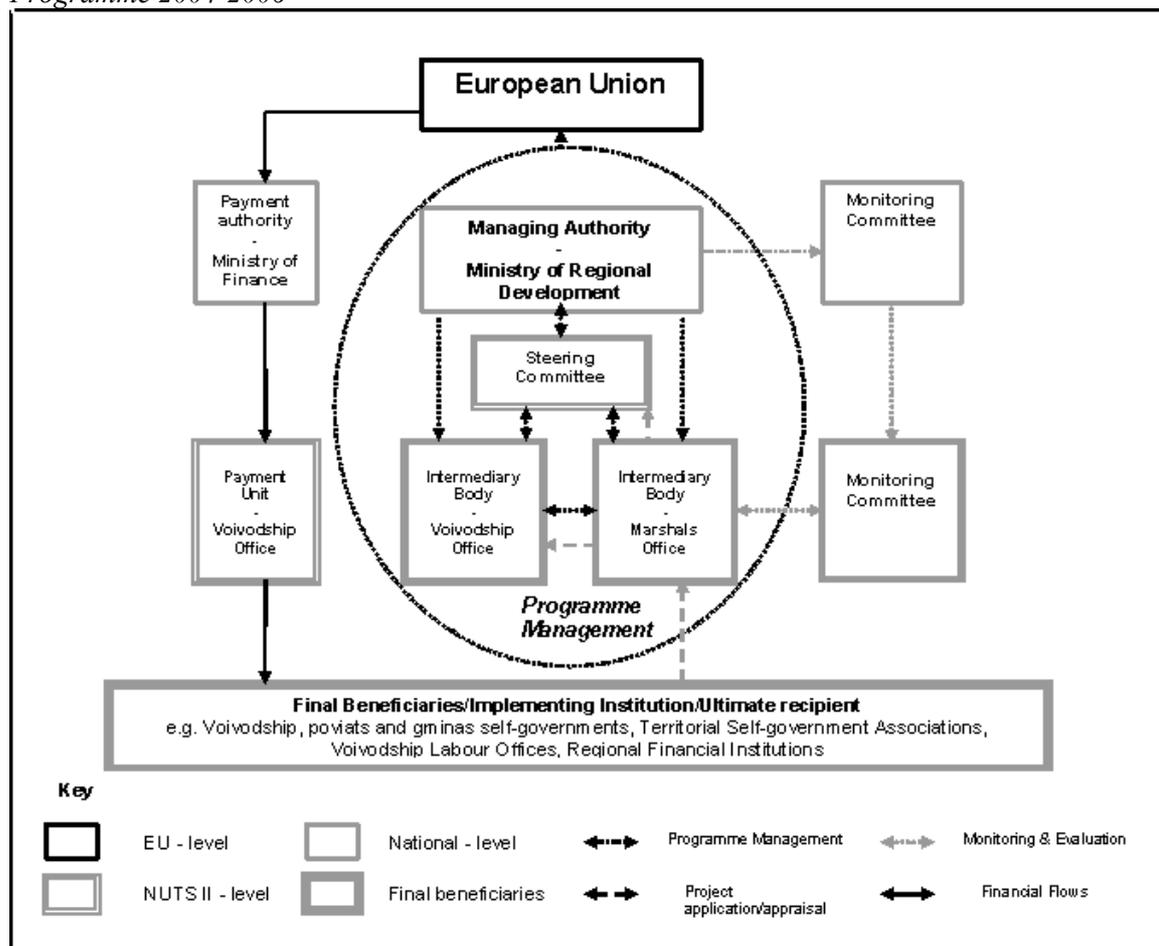
regional development objectives can become a politically contentious issue (Eriksson *et. al.*, 2005). Given this, the 2007-13 programming period represents a new, challenging stage in the evolution of Polish regional development approaches. A significantly increased level of funding is available, making the delineation of a clear, coherent set of domestic strategic priorities and associated activities crucial.

Influence on the management and implementation of regional development interventions

In the CEE NMS, the influence of the EU on territorial structures and relations began with the implementation of EU pre-accession programmes in the 1990s and the ‘conditionality’ of EU membership obligations during the accession process. The new Member States were obliged to meet the requirements of the *acquis communautaire*, the entire body of EU legislation. Chapter 21 of the *acquis* set out detailed conditions and rules in the field of ‘regional policy and the coordination of structural instruments’, which stresses the importance of establishing an ‘appropriate’ form of territorial organisation for the implementation of the SF and requires the adoption of the NUTS statistical classification system.

In Poland, domestic pressures for administrative regionalisation were apparent in the post-communist period, but it was only with the prospect of EU accession and the influx of substantially increased SF, that the reform process gathered momentum. The implementation of EU pre-accession aid and SF programmes shaped the process of regionalisation and the evolution of new modes of governance (Ferry, 2003b). Following successive reforms which have taken place from the end of the 1990s, the redrawing of territorial boundaries means that there are now 16, rather than 49, regions and a new district tier has been created below this. A dual regional administrative system has been established, comprising representatives of national and regional government. Directly elected regional parliaments now elect executive management Boards, headed by Marshals’ Offices. The *Voivod* (regional governor) is a regional part of the central government structure and is appointed by the Prime Minister. The *Voivod* has a supervisory role over elected government bodies. These reforms mapped responsibilities for the management of EU regional programmes directly on to Poland’s new framework for the governance of regional development. For the period 2004-2006, the Ministry for Regional Development is the Managing Authority for SF programmes but Regional Boards and Marshals’ Offices also have important powers in the field of regional economic development. This includes the responsibility for steering and monitoring the progress of regional components of SF programmes. For 2004-06, the Marshal’s Office had responsibility for formulating Regional Operational Programmes (ROPs) which fed into the IROP and for assessing prospective regional development projects under different SF priorities (see Figure 3).

Figure 3: Key Implementation Structures of the Polish Integrated Regional Operational Programme 2004-2006



Source: Ferry and McMaster, 2005.

In contrast to the Scottish case, this type of implementation system tends towards the subsumed model. EU funds are absorbed at the central government level, decisions on the allocation of EU funding between ministries and agencies are part of domestic resource allocation mechanisms and funds are administered according to the domestic delivery system. In fact, it is arguable that, rather than the domestic system subsuming SF implementation practices, the Polish system is *assuming* them. Domestic regional development activities are supplementing, or have already been supplanted by, EU objectives and organisational principles (Grosse, 2006: 153).

Arrangements for the planning, financing, monitoring and steering of EU programmes and projects form the core of Poland's regional development delivery model. Although the system is still evolving, it is possible to assess the early results of this process. There is clear evidence that the transfer of EU organisational principles has contributed to the creation of a new, more integrated system for the design, delivery and monitoring of regional development interventions. However, there are strong challenges associated with the rapid assimilation of SF principles as the template for a previously constrained regional policy system. First, this process involves the incorporation of some inherent ambiguities. As noted above, EU regulations on the delivery of regional development interventions are vague. While the principles of subsidiarity and partnership imply a decentralising process, the Commission's approach towards accession countries with relatively weak regional administrative

capacities has included preference for a more centralised model of management, at least in the short-term (Sturm and Dieringer, 2005).

Given this, developing a system for the implementation of SF programmes has been a prominent feature of ongoing struggles over the allocation of regional development responsibilities between tiers in Poland. Although there has been some regionalisation of competences in planning regional development, the Polish system of public finance remains centralised. Regional self-governments are weak in terms of their own resources and central government remains in a dominant position in controlling the flow of both domestic and EU funds and this has created tensions (Rzeczpospolita, 2006a). The dual system of government at the regional level is emblematic of these centralising/regionalising tensions, with responsibility for SF programmes a fundamental part of the debate. The arrangement in the period 2004-06 - where Marshals' Offices were the programming and steering bodies which assess prospective projects in the IROP while the *Voivods* acted as managing and monitoring authorities with the final decision on project financing – can be complicated by the duplication of activities, lack of transparency and disputes over competences. Provisions under the Polish Law on the Principles of Development Policy, enacted in December 2006, gave the *Voivod* (the centrally appointed regional governor) the right to supervise and potentially veto project selections and organise and lead ROP Monitoring Committees. The power of veto was seen by regional self-governments and the Commission as a threat to the independence of the programming process (Rzeczpospolita, 2006b) and has subsequently been suspended.

The challenge of rapidly assuming EU programming approaches as core principles of a new domestic policy delivery system is also apparent in terms of the partnership principle. The preparation and management of pre-accession aid and SF programmes has involved consultation in the policy-making process. Monitoring and Steering Committees have introduced new arenas for dialogue for public authorities, the private sphere and societal interests in the regional development process. However, these *fora* do not build on existing practice but are a direct result of the rapid Europeanization of policymaking (Czerniejewska *et. al.*, 2004: 471). Their ability to foster partnership-working and coordinated approaches to policy delivery 'from scratch' is, thus, open to question. A legacy of Poland's past is weakly developed state-society relations and this is an obstacle to establishing partnership-working arrangements. Moreover, recent research in Poland indicates strong regional differentiation in this respect, attributed to different historical backgrounds, socio-economic profiles and experience of EU pre-accession programmes.

Looking to the future, the demand for funding under the IROP from the regional level, and the experience gained by Regional Boards in the current programming period, mean that there will be 16 regionalised ROPs in the new programming period. Marshals Offices will become Managing Authorities for their ROPs, exercise more programming responsibilities independently of central government and *Voivod* Offices. As a result, the role of regional self-governments in programming EU funds, producing more detailed, 'region-specific' development strategies and specifying detailed criteria for the selection of appropriate regional development projects, should be further boosted, along with their broader role in steering regional economic development.

With increasing resources and programming responsibilities, regions such as Silesia are currently also exploring ways to expand partnership arrangements. There are now concrete plans in the ROP to split the region into four parts corresponding roughly to its main agglomerations and old regional boundaries (Centralny Śląski, Częstochowski, Bielsko-bialski, and Rybnicko-jastrzębski). These sub-regions have already been actively developing integrated programmes and the aim is to enhance their participation in the regional development process. Each sub region will develop partnership arrangements involving municipalities, cities, knowledge institutions and the private sector. Each partnership will produce a Sub-Regional Integrated Development Programme (Rzeczpospolita, 2006c). Against a background of traditionally fragmented, centrally-oriented and sectoral models of interest representation, these plans introduce a new dimension to Polish approaches to regional development. However, besides managing this expansion, a key task is ensuring that partnerships go beyond formal compliance with obligations imposed by Brussels to become intrinsic parts of strategic regional development activities.

Conclusions

This paper has considered the influence of SF programmes on domestic regional development activities in two very different contexts. It can be argued that the process of administering SF programmes has had an influence on domestic approaches to regional development in both cases. Even in cases such as Western Scotland, where domestic regional development activities are well established and the implementation of SF programmes is supervised by central government, scope for innovation and policy learning has been created. Some principles attached to the design and delivery of programmes have ‘spilled over’ into domestic regional development interventions through processes of policy learning, diffusion or experimentation. This is evident in the introduction or wider application of multi-annual strategic frameworks, systematic monitoring and evaluation and partnership working. Programmes have been used as a lever to contribute to objectives and priorities defined at the EU level that may or may not have received the same emphasis within domestic agendas. This refers to ‘horizontal’ priorities, such as environmental sustainability and gender equality but, in the context of Western Scotland, also to the themes of Community Economic Development and social inclusion. Although it is difficult to ascertain the extent of SF influence in this respect, it can be argued that without the SF programmes, the incentive to address these issues would have been weaker.

Beyond this, the paper has sought to illustrate the wide variation in the extent and direction of SF programmes’ influence on the content and delivery of domestic regional development activities across Member States and regions. In particular, the paper has contended that programmes in New Member States from Central and Eastern Europe are being implemented in a radically different regional development environment than elsewhere in the EU. This has fundamental implications for analyses of their influence on domestic approaches. The relationship between SF programmes and domestic regional development activities has conventionally been presented as complex and two-sided, in keeping with broader currents in Europeanization theory. Some conditioning variables have been identified to help explain this variation: the financial and geographical scale of programmes; the type of interventions they support; the strength of domestic regional development; the type of administrative system under which EU funding is delivered; and the maturity of

programming experience. Applying these factors, in turn, to the paper's case studies reveals fundamental differences in the influence of SF programmes on domestic regional development approaches.

In Poland, the scale of SF programmes in comparison to non-EU funded regional initiatives means that they have been able to set the regional development agenda to a significant degree, while in Scotland, with some notable exceptions, the opposite has been the case. Concerning the strength of domestic regional development approaches, Scottish SF programmes have struggled through time to complement existing strategic approaches due to their lack of fit with domestic timetables and administrative boundaries for regional development programmes. There are now plans to align the next generation of programmes more closely with the Scotland-specific strategies established in the post-devolution context. In Poland, the story is very different. Here, programmes have formed the core of domestic regional development interventions to the extent that there is growing debate over the need to delineate Polish regional development goals from EU objectives in the new programming period. Rather than the transparency of EU initiatives, the visibility of domestic regional interventions is a concern.

Regarding the strength and characteristics of administrative systems, there are again fundamental differences between the cases. In Scotland, separate, 'differentiated' resource allocation systems have been put in place specifically to implement Structural Fund programmes. Although the administration of programmes has not been instrumental in the devolution of the domestic policy delivery system, the programmes in Western Scotland have provided a regional forum for strategic development that had been missing since the removal of Strathclyde Regional Council. Moreover, some aspects of programme administration, notably partnership working, have demonstrated their value over the long-term and have arguably become important beyond the confines of the programmes. In Poland, SF implementation has been crucial to evolving approaches to the delivery of regional development interventions. The reformed Polish model has, in a relatively short space of time, assimilated EU organising principles and while this has opened up the regional development field to new actors it has also produced some contradictory dynamics in terms of central-regional relations and put significant pressure on new partnerships.

A final influential factor can be the timescale over which the SF programmes are implemented. The potential for organisational principles or themes associated with programmes to become embedded in domestic systems increases the longer programmes have been operating in a region. Research suggests that there is an evolutionary cycle in the generation of 'added value' among Structural Fund programmes, including accommodation, innovation and consolidation phases (Bachler and Taylor, 1999). When Structural Fund programmes are launched for the first time, the priority is to establish the basic systems for managing the Funds and to spend the money. The pressures of understanding and accommodating a new type of policy in a short space of time allow limited opportunity for adding value in areas such as strategic thinking, integrated programme management, partnership etc. In a second phase, the basic structures and systems are established and begin to be more widely understood among partner organisations. There is scope for generating 'added value' by introducing new ideas and developing more innovative delivery systems. The third phase appears to be the most difficult for maximising 'added value'. By this time, the

Structural Fund structures and systems are well established, partners know how to utilise (and even exploit) the system, and it may be difficult to generate fresh ideas or for new actors to participate in the system. The 'added value' of earlier periods may be embedded and assumed to be part of the domestic environment. Scotland is currently moving into the third phase and debates on the contribution of the SF reflect the increasing difficulty programmes face in adding something new as programming experience matures, particularly in a context of decreasing funding.

Again, the situation in Poland is very different. SF programmes became the basis of domestic regional development activities almost from the outset. Up to now, the challenge of assimilating EU programming models, absorbing the SF and building administrative capacity and experience has been all-consuming, perhaps to the detriment of more strategic thinking concerning the objectives of domestic regional development. However, the country's rate of absorption is improving (Gazeta Wyborcza, 2006). There is now potential for these programmes to become more innovative, as demonstrated by the proposed regionalisation of the IROP and Silesia's plans to introduce new business support measures and expand partnership arrangements as part of its ROP.

Thus, the experience and influence of SF programmes in the NMS such as Poland has been qualitatively different from that in older Member States. In several CEE countries, domestic funding for regional development has been extremely low, regional development interventions have traditionally been very weak or non-existent, and processes of regional administrative reform have been piecemeal. In this context, experience of SF programmes has been brief but fundamental to the evolution of the objectives and management of domestic regional development interventions. This has implications for analyses of the influence of SF programmes based on Europeanization theory. EU structural and regional development policies are not binding on domestic systems but they can influence them in several ways. However, analytical models applied to older Member States looking at longer-term, interactive or adaptive relationships between domestic and EU regional development priorities and delivery systems may have to be adjusted to take into account the regional development contexts of the CEE NMS. In these cases it may be more valuable to assess the implications of the rapid, almost wholesale assimilation of EU regional development approaches into domestic environments.

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