

## **The “false bottom” of EU regional policy? The potential detachment of regional policy funding and regional planning strategies**

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Looking at the sectoral policies the European Union has a mandate for, regional policy (recently mainly addressed as cohesion policy) can be regarded the most relevant for spatial planning. Though regional policy was never seen as part of what is commonly understood as European spatial planning, its explicit spatial dimension and territorial organization suggest a connection with spatial planning, first and foremost with planning at the urban and regional level. The character of this connection, however, differs between member states and changes with every cohesion policy reform.

The 2006 reform seemingly diluted the spatial dimension of regional policy in favor of the objectives of growth, jobs and competitiveness (Dühr, Colomb, & Nadin, 2010). At the same time, however, the reform established sustainable urban development as eligible element in the course of the European Regional Development Fund (ERDF). This was emphasized even more in the subsequent reform in 2013, which stipulated that at least 5% of each country’s ERDF resources shall be allocated to integrated actions for sustainable urban development (European Union, 2013).

Although the impact of this regulation will only be visible in a few years’ time, evaluations and academic research from previous programming periods have confirmed that the effects of regional policy go beyond socio-economic impacts, triggered by the sheer redistribution of money within the EU. Instead, regional policy is also affecting spatial planning and planning actors through the ideas on strategic planning, integrated development, partnership, evaluation and the exchange of know-how and best practice that it promotes.

Upon accession to the European Union, member states have adapted their government and governance structures in order to ensure compatibility with the requirements of regional policy. In many cases, this resulted in the establishment of new regional tiers of government. Backed by the establishment of a regional scale, the provision of funds by the EU and the emergence of new actors and institutions involved in regional policy, many countries simultaneously started to emphasize regional planning. However, instead of dealing with regional policy and regional planning within the same institutions, many countries have divided the tasks into two parallel systems. While newly established institutions take care of the technicalities and acquisition of European Union funds in the course of regional policy, government administration continues to make regional plans and development strategies.

This detachment can be problematic in two regards: The EU structural and investment funds are aimed to support strategic development and long-term programming in order to increase competitiveness. This is especially crucial to support the cohesion of European regions “lagging behind”, the underlying rationale of regional policy. However, the detachment of strategic visions from their financial implementation tools reduces both their chance of realization and their political significance. The impression therefore prevails that strategic long-term plans are made in order to fulfill requirements from EU level but without any chance of implementation in the course of statutory regional planning. Regional policy could thus be pictured as an impermeable layer between European and domestic (regional) planning systems. Like a false bottom, strategic requirements seem to be fulfilled from the viewpoint of the EU while investments are in reality not connected to a broader regional development strategy “on the ground” in the member states. Instead, funds flow into single projects without any apparent connection, significantly reducing their strategic importance.

This paper empirically investigates the implementation of EU regional policy in two countries and puts special emphasis on the relationship between regional planning and regional policy that was established. Austria and Finland both joined the European Union in 1995 and both faced the challenge of adapting to existing EU regulations and functioning. Despite the same point of departure, the two countries found different

ways of integrating regional policy into their domestic systems and thus fulfilling the EU requirements.

In Finland, regional councils were established as new tier of government between the central state and its municipalities. The rationale behind was the misfit of Finland's traditional Nordic bipolar structure with the principles and institutional demands of the European Union regional policy (Fritsch & Eskelinen 2011). The regional councils are aimed at coordinating EU regional policy but at the same time take up responsibility for regional (spatial) planning. They therefore represent not only an additional layer of administration but also "a step towards overcoming the traditional division between (physical) regional planning and (economic) regional development" (Böhme 2002, p. 240).

In Austria, planning competences remained with the federal states and the municipalities also after the country's EU accession. However, as a regional government level does not exist, so called regional managements were established to create an institution dealing with EU regional policy. Though the regional managements are partly state-owned, they are consultancies rather than units of government administration. Their main task is to provide support and guidance for actors in the process of applying for EU funds.

Through analysis of networks and interviews with planning and policy actors in both countries, this paper investigates whether differences in the implementation and success of European Union regional policy are dependent on the coordination of strategies and funds. It is assumed that avoiding a "false bottom" between strategic planning objectives and distribution of funds leads to a more fruitful contribution of the European funds to regional development. To verify this assumption, it is necessary to move beyond absorption rate of funds as crucial indicator but focus on qualitative methods to evaluate the effects of regional policy funds in the regions.

## References

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