



# Perception and Evaluation of Regional and Cohesion policies by Europeans and Identification with the Values of Europe

## PERCEIVE

GA nr. 693529

### D4.6 Additional Report: Spatial determinants of policy performance and synergies

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## Executive Summary

Citizens' perception of the quality of a given government is mediated by the policies implemented. The PERCEIVE (Perception and Evaluation of Regional and Cohesion policies by Europeans and Identification with the Values of Europe) project analyses the interplay of forces that shape the overall results of EU policy.

As policies and citizens' expectations of these policies are influenced by a variety of factors, PERCEIVE explains the uneven spatial pattern of citizens' perceptions of EU policy and identification with the EU discourse itself.

PERCEIVE identifies the determinants of satisfaction and identification with the EU policy according to a normative and a positive methodological standpoint. Using both qualitative and quantitative research methods, the complex nature of the relationships between EU citizens, their institutions, and policy is disentangled and modelled.

Objective 1: To understand how different models of governance influence the citizens' perceptions of Cohesion Policy.

Objective 2: To provide the methodological framework and quantitative background to allow the understanding of the complex, non-linear and space dependent relation between the EU Cohesion Policy performance and citizens' perception of it.

Objective 3: To identify possible complementarities and synergies between EU Cohesion Policy, and other rural and urban policies supported by EU funds in order to improve the EU citizens' perceptions of European Policy performance.

Objective 4: Explore whether the EU Cohesion Policy is perceived and understood by the citizens in the same way as it is conceived by practitioners.

Results show that the 'smartness' of a city and citizens' identification with the EU discourse both play a crucial role in determining the reaction to the business cycle at city level. This provides evidence of a link between smartness specialisation and resilience along with a positive contribution of the identification with the EU towards the absorption of economic shocks.

The EU policies have seen some fine tuning with the 2014-2020 programming period. The two most important changes should be simplification of policy implementation rules accompanied by their unification, so that common rules apply to all sources of the EU funds.

Whilst place-based development is already part of cohesion, rural and urban policies, they have now been well linked to each other. Improving the integration between policies can be achieved by cooperation in designing policy programmes, so that the planned measures ensure maximization of synergies and create additional value.

The EU policies should be better integrated with the Local Managing Authority's policies and structural reforms taking into account the country and region specific characteristics for a policy mix that is well tailored to developmental needs.

When the synergies between rural and regional policies are further explored, to test if they depend on structural characteristics of territories, the analysis shows that structurally disadvantaged regions attract expenditure synergies between Total Rural policy and Total Cohesion policy. This is evidence to support the presence of 'pro-cohesion' policies that exert a cumulative impact by focussing on structurally disadvantaged regions. Thus, careful coordination between policies would increase the possibility of cumulative impacts of EU funds.

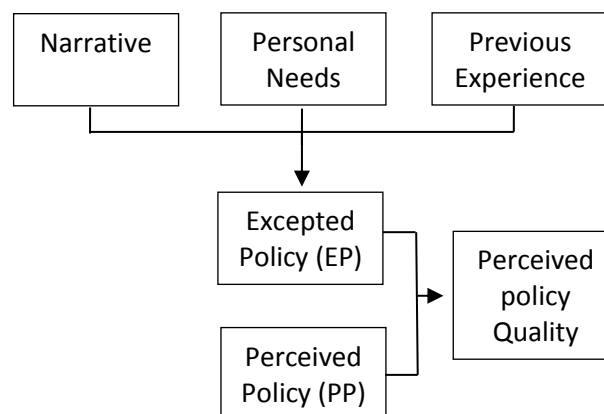
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## 1. Background: Policy and citizen perception

The perception of the quality of a given government undeniably is mediated by the policies put in place by the government itself. In this respect, both the process and the outcome count. Recent research confirms that the narrative used to describe such policies plays a crucial role in shaping citizens attitude when the content remains the same (Piotrowski, Grimmelikhuijsen and Deat, 2017). The above considerations apply to the perception of EU among EU citizens. More generally, it can be argued that the perception of the EU follows the general framework regarding the citizens' satisfaction. Put differently, EU (policy) can be assimilated to a bundle of goods and services supplied to EU citizens. The latter gain utility from consuming the bundle in a measure that depends on the policy mix resulting from the interaction of policy makers implementing a given policy at various levels of government. The actual policy mix, however, is not sufficient to determine the overall level of utility as other factors contribute affecting the overall satisfaction and, in turn, the perception of the EU. Indeed, it has been argued (Sandor, 2007) that the determinants of citizens' satisfaction with public services can be analysed according to the general Disconfirmation Model (DM) (Oliver, 1980; Churchill and Surprenant, 1982).

According to the DM, the overall perception of the EU is determined by the interplay of citizens' expectations about EU policy and the actual policy implemented by the EU. The factors affecting the expectations, in turn, can be classified into three main categories. Namely, the narrative, (the correspondence with) citizens' needs, and previous experiences with EU policy. The three elements together contribute to form the overall expectations. Once these expectations are created, each citizen will experience a given current policy assessing it against the aforementioned expected one. The distance between the two will determine the overall perception of EU policy outcome and consequently the perception of the EU. The diagram below summarises the operation of DM

Figure 1 – The Perception of EU policy.



Source: Adapted from Sandor (2007).

It is worth noticing here that there is no direct link between the policy and the utility of citizens. Indeed, every policy needs to be interpreted through the lens of each citizen in order to be evaluated by them. Moreover, the level of satisfaction with the policy depends on the individual evaluation of the experience itself. Put differently, it has been argued that "satisfaction is a kind of stepping away from an experience and evaluating it" (Aigbavboa and Thwala, 2013, p.49). Once the expectation and the perception have been formed, one is able to measure the overall perception of the policy – i.e. the evaluation about its quality - according to the above scheme. Assuming that each policy can be evaluated according to a common metric,

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when the level of Expected Policy (EP) is greater than Perceived Policy (PP) ( $EP > PP$ ), *ceteris paribus*, the overall quality of the policy will be perceived as less than satisfactory. Indeed, the high level of expectation about the policy is somewhat disconfirmed by the level of policy experienced. By contrast, a satisfactory level will be achieved when the expected policy coincides with the perceived policy ( $EP = PP$ ). This represents the minimum requirement for a satisfactory policy. Once passed this threshold, a more than satisfactory level will arise when the perceived policy will be greater than the expected one ( $EP < PP$ ). Generally speaking, the judgment about a given policy happens between given upper and lower bounds which represented latitudes of acceptance (or rejection) of the given policy with respect to citizens' perceptions (Peyton, Pitts and Kamery, 2003). Nonetheless, the citizens could even (ex post) modify their expectation to accommodate the results of a given policy and avoid dissatisfaction (Anderson, 1973).

## 2. PERCEIVE: Project objectives

Building upon the scheme developed in Figure 1, the PERCEIVE (Perception and Evaluation of Regional and Cohesion policies by Europeans and Identification with the Values of Europe) project aims to analyse the interplay of forces acting within the EU to shape the overall results of EU policy, especially to explore how it is perceived by EU citizens. Undeniably, both the policies and citizens' expectations are affected by a variety of case-specific factors. Since different structural characteristics, levels, and models of development will affect the process, the project aims to both map and explain the uneven spatial pattern of perceptions of EU policy, including the levels of identification with the EU discourse itself.

The analysis, therefore, aims to identify a set of main determinants of the level of satisfaction and identification with the EU policy according to a normative and a positive methodological standpoint. Using both qualitative and quantitative research methods, the complex nature of the relationships between EU citizens, their institutions, and policy is disentangled and modelled to address objectives that include:

- To understand how different models of governance influence the citizens' perceptions of Cohesion Policy.
- To provide the methodological framework and quantitative background to allow the understanding of the complex, non-linear and space dependent relation between the EU Cohesion Policy performance – i.e. funds' absorption rates – and citizens' perception of it, accounting for the influential role of institutional quality and heterogeneity of EU integration paths and experiences in different EU regions (Work Package 2).
- To identify possible complementarities and synergies between EU Cohesion Policy, and other rural and urban policies supported by EU funds in order to improve the EU citizens' perceptions of European Policy performance (Work Package 4).
- Explore whether the EU Cohesion Policy is perceived and understood by the citizens in the same way as it is conceived by practitioners (Work Package 4).

In pursuing the above objectives, the PERCEIVE project focuses on the regions' heterogeneity involving social, economic and demographic characteristics in order to consider the context and the preconditions where the EU's regional policy actions are defined and implemented. In addition, the different implementation experiences of regional policy along with the dimensions of the EU regional policy experiences, projects, and programmes are considered. These elements play a crucial role in shaping the

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previous experience of EU policy in EU citizens reported in the overarching scheme in Figure 1 interacting the EU identity and narratives.

### 3. PERCEIVE: Project findings (to date)

PERCEIVE has conducted an original survey asking 35 substantive questions to 17,147 EU citizens from 15 member states (Bauhr and Charron, 2018; WP1). This data is used by researchers with a view to better understand the micro and macro level dynamics that drive support (or lack thereof) of EU regional policies.

Within the PERCEIVE project, the issue of ‘Mapping the determinants of EU citizen’s perception and identification’ has been preliminary addressed (in WP2) combining data from the above PERCEIVE Survey at the individual level with aggregate magnitudes from the PERCEIVE’s EU Regional Dataset. The preliminary analysis reports that while there is no evidence of more identification with the EU project in the regions eligible as Less Developed (i.e. higher potential support in terms of Cohesion Policy), the amount of **Structural Funds per capita expended in the region significantly increases the propensity of identification with the EU project**. Moreover, at a more granular spatial level, the effect that the EU policies have on identification and perception vary among individuals in rural and urban areas and, therefore, this evidence might be conditioning the impact of the policy instruments on the identification and perception of the citizens with the EU.

European citizens are not always perfectly aware of the impacts that EU policy has on their territories nor do citizens perfectly identify European. Therefore, PERCEIVE analysed survey data of key actors in the field of communicating EU regional Cohesion Policy with a view to provide guidance on communication strategy (WP3). So far, the analysis has identified **key barriers to communication as often based on the technical and bureaucratic language used in EU communication materials, as well as excessive formal requirements imposed on Managing Authorities**. Furthermore, it is important for local actors to not counteract pro-EU communication and there is **room for EU communication representatives to encourage Managing Authorities to engage with political opinion leaders and media**.

These issues have been further analysed in WP4 in which the ‘spatial determinants of policy performance and synergies’ have been explored. More specifically, WP4 addressed the issue of the potential mismatch between expectations and EU policy building upon the discrepancies between regional policies implemented in each case study area and the priorities and problems as perceived by regional agents. To this regard, a focus<sup>1</sup> on Cohesion Policy reveals that the unemployment concerns seem to prevail in the perception of the main regional problems in both citizens and practitioners. Nonetheless, the study registered also a perceptive divergence between citizens and experts with regard to the hierarchy of regional needs, other than unemployment. This evidence provides interesting insights on the overall citizens satisfaction and identification with EU policy. Indeed, in terms of the scheme reported in Figure 1, regardless of the quality of the policy actually implemented, the discrepancy between citizens’ ‘expectations’ and the policy offered has a detrimental impact on the overall perception. Therefore, a preliminary conclusion is that **citizen consultation and greater involvement in the decision-making process is essential** in order to reach the desired convergence between the programmatic objectives of Cohesion Policy and the citizens’ real need.

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<sup>1</sup> See the deliverable ‘Report on the comparative analysis of experts’ and citizens’ perceptions and views’

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Moreover, in consideration of both the potential rural-urban expectation divide and the effort within the EU to support smart cities as a tool to improve urban life through more sustainable integrated solutions (see, for example the ‘The European Innovation Partnership on Smart Cities and Communities<sup>2)</sup>), the smart city narrative and effects in terms of resilience have been considered. A possible channel to shape EU perception is through the improvement of the efficiency and participatory behaviour at the city level, where important challenges involving an increasing share of the EU population take places. This argument gains increasing importance in light of the mounting ‘Euroscepticism’ and the (so called) ‘Brexit’ vote results. The largest cities were the strongest base for ‘remain’ whereas towns and less urbanised areas provided the main platform for the ‘leave’ vote. Furthermore, the Leave vote was 20 points higher in those places that have experienced the greatest declines in terms of human and economic capital since the 1980s<sup>3</sup>. Indeed, the analysis<sup>4</sup> shows that the level of **smartness does increase the ability to respond and recovery from adverse economic shocks making cities more resilient**.

A broader perspective has also been adopted by searching for possible complementarities and synergies between EU Cohesion Policy, rural and urban policies. Such complementarities and synergies could be used to improve the EU citizens’ perceptions on the performance of the European policy. Indeed, the analysis<sup>5</sup> provides evidence to support the argument that the level of **compliance of both EU Cohesion and Rural policy in the territorial dimension is insufficient and that can be improved by means of transnational and cross-border cooperation** going beyond administrative borders to allow patterns of interregional cooperation. Such an approach would provide opportunities to more effectively address the challenges posed by the depreciation of the most critical regional endowments within a multilevel governance framework.

Nonetheless, our analysis<sup>6</sup> shows that some level of synergy and complementarity is already in place with respect to Cohesion Policy and Rural policy. More specifically, even though no statistically significant relationship between aggregated (total) expenditure from CP and RP is detected in the 2007-2013 programming period, some **evidence of synergy in focussing on more disadvantaged territories arises between policy categories (e.g., between subsidies on crops and energy expenditure)**. This calls for a higher attention paid to the policy mix to generate such a positive synergy to allow a more efficient use of funding (while governments in Europe are bounded by the fiscal compact) along with a better focussed intervention to address inequality.

Section 3 will focus on the findings related to WP4 specifically dealing with the ‘spatial determinants of policy performance and synergies’. The synoptic view confirms that a deeper analysis of the underlying processes linking distinct aspects of the complex phenomena under consideration is required in order to unveil the main driving factors and contribute to a better identification with the EU discourse. Indeed, a deeper understanding along with a stylised modelling of the main mechanisms would contribute to answering crucial “what if” questions regarding the relationship between the EU and its citizens.

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<sup>2</sup> <http://ec.europa.eu/eip/smartcities/> Accessed on 18/06/2018

<sup>3</sup> <http://ukandeu.ac.uk/towns-cities-and-brexite/> Accessed on 18/06/2018

<sup>4</sup> See ‘Report on Urban policies for building smart cities’ and ‘Report on Smart Cities and Resilience’.

<sup>5</sup> With regard to this specific point see ‘Report on the policy recommendations on how to integrate cohesion policy with urban and rural policies’

<sup>6</sup> See the deliverable ‘Report on the synergies between EU Cohesion Policy and rural development policies’

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### 3. WP4 findings: Spatial determinants of policy performance and synergies

#### Deliverable 4.1

Deliverable 4.1 critically considered the term ‘smart city’ taking into account how it is used in building the accompanying narrative deployed by practitioners and policy makers. Harnessing, quantitative and qualitative data visualization approaches, this work reports in detail on the geographical coverage, scale and project content of EU smart city projects. This project data is systematically explored, highlighting spatial and inter-temporal variations in locational density, differing project content and conceptual emphasises.

The analysis seems to lead to the main conclusion that the main focus of the Smart City narrative is on energy. Indeed, the term “energy” results pivotal either on a country level or on a multi-national setting. Nonetheless, it is worth mentioning that the years 2008-2010 seem to reshape the smart policy narrative towards more IT-related projects but based on the sample here considered this trend is not confirmed in the subsequent sub-sample where energy take again the lion-share in the Smart City narrative.

A new index of smartness using the Stochastic Multi-objective Acceptability Analysis technique is determined using data related to UK NUTS 2 regions. The new index considering both the objective measures and the citizens’ perception of the dimension related to a working definition of smart city confirmed the unbalance between London and the rest of UK, but with a more nuanced picture highlighting the relative performance of other UK regions in terms of smart specialisation.

#### Deliverable 4.2

Deliverable 4.2 analyses the interaction between regional Cohesion Policy (CP) and rural, development and agricultural policies (RP) of the EU. The analysis will explore if and to what extent (i) a synergy<sup>7</sup> arises between the two different (set of) policies in terms of both (ii) the effects and (iii) the determinants of the allocation of funds and subsequent actual expenditure in the 2007-2013 programming period. The results in this report identify the funding categories of CP and RP that work successfully in tandem and those that, when mixed in the same location, have a detrimental impact.

Some cases of positive interactions have been found (e.g. Business Support policy with the three rural policies Support for rural development, subsidies on intermediate consumption, and decoupled payments) at correlation level, but in more instances a negative correlation between policy areas has been found (between Additional Aid, Support from Article 68, and Other subsidies, and cohesion policies such as, Environment and natural resources, Tourism & Culture, and Transport infrastructure). Therefore, the empirical evidence seems to confirm that these policy areas, rather than converging toward the regional development goal, are possibly acting as substitutes. In other words, the policy mechanism is such that a trade-off arises where one policy is used in place of funding that is absent. The identification of funding categories that provide areas with a synergistic (or conflicting) impact is key to informing the structure of future policy.

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<sup>7</sup> Synergy is defined as the interaction of elements that when combined produce a total effect that is greater than the sum of the individual elements, contributions, etc. More specifically, we follow the same use of the term synergy as provided by Crescenzi et al. (2015): Funds of different policies targeting the same areas having a ‘cumulative’ and/or ‘knock-on’ process among the policies.

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When more formally tested by means of a (set of) regression estimations that take into account structural characteristics, the overall picture shows that no significant relationship between Total Cohesion policy and Total Rural policy can be statistically detected. However, when a more granular approach is followed, the evidence is not so clear-cut. Indeed, when cohesion policy is disaggregated, Total Rural policy has a positive and significant impact on IT infrastructure and services policy. Furthermore, disaggregating Rural policy does show nuances of synergy between subcategories of cohesion and rural policy.

Finally, when the above synergies are further explored to test if they depend on structural characteristics of territories, the analysis shows that structurally disadvantaged regions attract expenditure synergies between Total Rural policy and Total Cohesion policy, therefore, providing evidence to support the presence of 'pro-cohesion' policies that exert a cumulative impact by focussing on structurally disadvantaged regions. The extent of the positive spillovers between policies, or even the perception of the overall positive effects remain an open issue potentially able to provide insights on crucial issues such as the spatial divide in the Brexit referendum results.

*Detailed research questions:*

**To what extent do regions suffering from structural disadvantages attract more cohesion and rural policy funding?**

The overall regional characteristic index has a significant negative impact on total cohesion policy. For a 0.01 decrease in the index, cohesion policy expenditure reduces by 14.57%. Showing that, **in total, cohesion policy flows to areas most in need of support.**

This result is reflected when disaggregating the cohesion policies. In particular, Social infrastructure expenditure is most sensitive to flooding towards regions of structural disadvantage. Disaggregating the regional indices reveals that the Socio-economic indicators index has a negative and significant impact on all cohesion policy measures (except for energy and tourism and culture policies, which are not significant). **This result shows that regions structurally disadvantaged, as measured by Socio-economic indicators, are attracting more cohesion policy funding.** In contrast, regions stronger by Diversification and quality of life measures attract more cohesion funding. Interestingly, transport infrastructure expenditure is particularly sensitive to diversification of regions. **These results show a complex relationship between structurally disadvantaged regions and the cohesion policy funding they attract. On balance, weaker regions better attract Total Cohesion policy funding compared to stronger regions, a magnitude of 26.23% and 11.82% respectively for each 0.01 change in index score.**

**However, the overall regional characteristic index has no impact on the total or any subcategory of rural policy.** The disaggregated estimation shows a similarly complex pattern of results compared to estimation of cohesion policy. **Regions that are weaker by Sectorial economic indicators are attracting more rural policy funds.** This particularly applies to Subsidies on crops, Subsidies on intermediate consumption, Decoupled payments, and Other subsidies. Furthermore, **Support for rural development funds are particularly sensitive to regional Socio-economic indicators, again this policy flows towards regions most in need. However, policies that provide Subsidies on intermediate consumption are attracted by regions stronger by the Importance of rural area measures.** Similarly, Support provided by Article 68 funds are attracted by regions stronger by Diversification and quality of life measures.

**Is there a significant synergy (or trade off) between cohesion and rural policies?**

There appears to be no significant relationship between Total Cohesion policy and Total Rural policy. When cohesion policy is disaggregated, Total Rural policy has a positive and significant impact on IT infrastructure and services policy. A 1% increase in total rural expenditure leads to a 1.5% increase in IT infrastructure and



services expenditure. Disaggregating Rural policy shows nuances of synergy and trade-off between subcategories of cohesion and rural policy.

**Four relationships (of the 32 significant) are robust across the estimations, they are significant when estimating the impact of rural policy on cohesion policy and the reverse causality, these are shown in Table 1.**

**Table 1: Synergies and trade-offs – robust relationships between cohesion and rural policy**

Cohesion policy	Rural policy
<b>Synergies between:</b>	
Other	Subsidies on crops
<b>Trade offs between:</b>	
Human resources	Subsidies on livestock
Other	Support for rural development
Other	Decoupled payments

**To what extent do synergies coincide with the most structural disadvantaged regions?**

Findings show that structurally disadvantaged regions do attract expenditure synergies between Total Rural policy expenditure and Total Cohesion policy. In more detail, these ‘pro-cohesion policies’ are Environment and natural resources, Human resources, Tourism and Culture, Transport infrastructure policies. Similarly, Total Cohesion policy combined with Subsidies on intermediate consumption, Decoupled payments, Additional aid, Support Art. 68, and Other rural subsidies provide synergy and are attracted by weaker regions. Combined, these results provide evidence to support the presence of ‘pro-cohesion’ policies that provide a cumulative impact and are focussed on structurally disadvantaged regions.

**Deliverable 4.3**

Deliverable 4.3 analysed the relationship between smartness and resilience of a city, moreover, the relationship between the degree of creation and use of knowledge (including the knowledge and identification with the EU discourse) and economic resilience and hysteresis within the urban context.

This study adopted a notion of resilience à la Martin (2012), that is, the ratio between the percentage change in employment in the city and the percentage change in the same measure in the country as a whole.

A discriminant function analysis was used to explore the differences between a city’s resilience behaviour based on: Smartness; structural characteristics (population and resilience in terms of GDP); and the identification with the EU discourse (‘positive image of the EU’, ‘feeling European’, and ‘EU feeling’). This method indicated which attributes contribute most to city level resilience. This study adopted a notion of resilience à la Martin (2011), that is, the ratio between the percentage change in employment in the city and the percentage change in the same measure in the country as a whole.

Results showed that the smartness and identification with the EU discourse both play a crucial role in determining the reaction to the business cycle at city level, compared to the national counterpart. This, however, is not straightforward. Indeed, as testified by the focus on 2007 economic shock, the role played by each of the variable seems to be shock-specific. For example, using the whole sample and focussing on the 2007 shock, the role of the smartness of EU cities demonstrated an inverted pattern with the overall

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performance contributing towards engineering resilience and the unbalance between the different dimensions of smartness making cities more vulnerable to the shock.

Nonetheless, this provides evidence for a potential link between smartness specialisation and resilience along with a positive contribution of the identification with the EU towards the absorption of economic shocks. This is in line with existing studies surrounding economic resilience, such as, Capello et al. (2015) and Brakman et al. (2015). The analysis also contributes to the debate about critical points of smartness of a city (e.g. Capello et al., 2016) and especially the unbalanced smart specialisation.

#### **Deliverable 4.4**

*In this task we draw policy recommendations on how to integrate Cohesion Policy with Urban and Rural policies and address the problem of how territorial cohesion objectives match the “real problems” compared current and past programming periods. We identify the best practice in mixing the EU policy instruments for a better achievement of regional needs as well as the issues that call for greater integration of different areas of the EU, national and local policies.*

An important dimension of the analysis presented in this task was the extent to which urban-rural division influences the perception of institutional and political capacity to respond effectively to real problems. The descriptive analysis suggested that rural residents in case study regions were willing to trust the capacity of regional authorities to solve their ‘real problems’, more than of national institutions and the EU. Qualitative analysis proved the opposite tendency, i.e. in rural areas the greatest confidence in and conviction about the ability to improve economic situation was declared towards the European Union. On the other hand, in the case of urban areas, there was a general lack of confidence in the effectiveness of the institutions, and only in the case of regional authorities, the percentage of respondents who consider them to be effective was slightly higher than the percentage of those who consider them to be not so effective. Qualitative analysis supported this conclusion, i.e. in the urbanized areas, the regional authorities enjoyed the greatest confidence, as was the case when the full sample was taken into account without a general breakdown. An important message from the study is that in all cases, the overall lack of opportunities in this area was noted for central governments.

Generally, the beneficiaries of the EU funds are positively evaluating the economic situation in their region, and those who are positively assessing the capacity of regional authorities to solve problems, at the same time favourably assess the economic situation in the region. The latter refers in particular to respondents from urban areas.

The analysis of correlations between the perception of the capacity of the particular institution i.e. European Union, central government or local authority to solve the problems of the region and expressed satisfaction with the current economic situation of the region show that the chance of a positive assessment of problem solving ability is highest for local authorities. Estimated correlation coefficients increase with the transition from the EU level to the local level. At the same time, in many regions, the EU institutions provide residents with a guarantee that their local problems will be adequately addressed in public policy.

Therefore, as an important recommendation for potential future policy mix, it may be suggested that the EU policy-makers and regional authorities are most likely to respond positively to the ‘real problems’ of the

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population from the point of view of the EU citizens. It also seems appropriate to improve the image of the European policies as effective tools to meet current challenges.

The study proves that it is further necessary to develop the comprehensive theory of the European regional 'cohesion in diversity'. The theory bases on better apprehension of the channels through which the European policy and lessons learnt from its local implementation contribute to different urban-rural understandings of the EU and European identification across much diverse European regions.

As other studies within WP4 showed, broadly defined synergies and trade-offs between different policies turned out to be relatively small, in the study we decided to conduct a study at the level of one country, concerning cohesion policy instruments and the CAP having a bearing on socio-economic development at the regional level and local. We examined the complementarity of the instruments of the second pillar of the CAP (Rural Development Program 2007-2013 for Poland) and cohesion policy (16 Regional Operational Programs in 2007-2013), in terms of impact on selected socio-economic features in the spatial dimension.

We have followed the work by Crescenzi and Giua (2014), Crescenzi et al., (2015), Collins et al. (2017), Becker, Egger, von Ehrlich, (2010), Akbulut (2014) showing that there is a weak proofs for synergies/trade-offs between CAP and Cohesion Policy at the EU level, positive per capita GDP growth effects of Objective 1 transfers, but no employment growth effects, no statistically significant effect of CP on economic growth; EU policy areas and their degree of compatibility with the objective of EU territorial cohesion crucially depends upon appropriate 'place-based' allocation mechanisms and structurally disadvantaged regions attract expenditure synergies between Total Rural policy and Total Cohesion policy. We have followed the approach by Shucksmith, Thomson, and Roberts, eds. (2005) and comments by Pelucha, Kveton and Jilkov (2013) to this study, motivating the need for national-level approach in analysing the CAP impact on the regions. Authors argue that relative importance of rural development measures varies widely between the EU member states - different national priorities and national budget constraints. Moreover, the study needs to be extend by other relevant socio-economic indicators and these are available rather in national public statistics, than at EU level. This calls for county-level analysis. Pelucha et al. (2013) also suggest that statistical analyses should contain data on actual payments, not budget allocations (as in study by Shucksmith, Thomson, and Roberts) what could lead to measure the real impact of the public support in regions.

The analysis covered the programming period 2007-2015 (in accordance with the N + 2 rule), the allocation of funds for individual priority axes in the programs of both policies and change in socio-economic features at the local (NUTS4) level.

Correlation analysis showed that regional policy (regional programs, ROPs) and policy towards rural areas (the second pillar of the CAP) in 2007-2013 were complementary in terms of links with the features of socio-economic development of individual regions. The direct correlation between the funds from ROP and RDP was close to zero, which indicates that these instruments influenced the development of different socio-economic features. This was confirmed by more detailed investigation of relation of expenditures under the framework of each policy instrument and the change of indicators characterizing the region and its socio-economic life.

Study showed that in the case of RDP (rural policy), there has been a positive correlation between its outlays, with the size (area) of the administrative unit; the area of agricultural land in the poviats, the growth rate of the number of natural persons conducting economic activity, total incomes and expenditures of local government units and the level of technical infrastructure development.

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In the case of ROPs (regional programs), in the case of ROPs, there were positive relationships between expenditures under the ROP instruments and the poviats size, measured by the number of population, furthermore features in the economic activity category, the level of investment expenditure (but to a lesser extent) as well as the state of technical infrastructure development and the level of development of human and civic capital. There was also a positive impact of support under the ROP on the decrease in unemployment at the poviats NUTS4 level (negative correlation between expenditures and local unemployment rate).

The focus groups with representatives of local management authorities (LMAs) in selected PERCEIVE regions in Poland confirm the high level of technical preparation for the implementation of regional policy programming in 2007-2013 and proper definition of the demarcation line between the instruments of various EU policies, which translated into the synergy effect of their impact. But it also led to following conclusions (at the level of Poland):

- **Greater focus on human resources.** Providing highly qualified personnel for the cohesion policy at its implementation stage is one of the most important issues at LMA level. A certain phenomenon of the transfer of qualified personnel to the private sector (i.e. banking sector demand for analysts) was observed. New staff, taking over the vacant positions had to be preceded by the training of new employees what was an additional burden. The second problem identified was related to excessive responsibility concerning project assessment in light of the very detailed guidelines (in the thicket of regulations). Third defined problem was career path. LMA officers' career development is limited and wages are connected to the implementation period (usually 2-3 years with considerably high pay). After this period, they usually seek for better paid job, then are replaced by new staff with lower expectations concerning the wages. On the other hand, LMA offers usually a sustainable career path. Therefore, development of a human resources management system that ensures relative stability of implementation teams should be the subject of the attention of the European Commission, especially in relation to the lowest level employees.
- **Flexibility in budget management.** The participants of the workshop noticed that in the current programming period, the assumptions adopted by the European Commission are too rigid. The economic and social situation of the region has been changing quite dynamically. Therefore, programmes should have a greater tolerance for socio-economic changes, should enable responding to new challenges, i.e. by shifting resources between different priorities of the regional program. Currently, the process of making changes in programmes is very time- and efforts-consuming. During the period of changes in the programme, further economic and social changes may occur, which will lead to the outdated of proposed new solutions.
- **Positive evaluation of the policy depends on visible effects of its implementation.** The share of direct beneficiaries of the EU funds in the region, which translates into the image of the EU funds and their impact on region's community, can be estimated as approx. 35 per cent out of 1.4 million of people living in the region and this strongly influenced good assessment of the policy by community members.
- **Relations between the administration and the citizens is crucial** Trust, dialogue, transparency of principles. An important advantage of the region's implementation team is its relatively young age which is accompanied by change in the mentality of the public administration employees. Nowadays, they are aware that they are to serve the local community and not *vice versa* and they are open to offer support regarding the procedures of tackling different

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administrative issues. This directly influences the level of trust in administration and its employees among community members. Moreover, with the implementation of EU programs, the trust in the institutions among beneficiaries increases, as their experience in the implementation grows and funding mechanisms become more familiar.

- **Wider use of social media and its potential.** Regions do not fully use the communication potential of FB, and on the other hand, those that use this tool do not succeed in communication with this instrument. Improving the use of social media - in communication must begin with the increased attention devoted to this communication channel.
- The **approach to communication** should focus, instead of just informing the public, on the process of actively building community and interactions.

### **Deliverable 4.5**

A comparative analysis between nine regional case-studies selected in our project, based on original data collected through the PERCEIVE field survey that was conducted during the summer of 2017 and on the reports on regional case studies written by PERCEIVE's partners. Each report was based on the analysis of the focus group's section that addresses the assessment of Cohesion Policy.

The comparative study was based on the set of perceptions of the regional problems/needs and on the CP impact assessment. These perceptions were analyzed both at the level of direct beneficiaries of the European programmes (the citizens) and at the level of practitioners, who are involved in the design and implementation of these policies.

Concerns with unemployment prevail in the perception of the main regional problems in both categories of respondents and for all the three categories of regions. This topic tends to dominate over the analyzed time horizon (the implementation of previous programming period of the EU) on the basis of the effects of the 2008 economic crisis. At the same time, there is a weak awareness, particularly in the convergence regions, of the existing links between education and professional training, on one hand, and the insertion capacity on the labour market and access to better remunerated jobs on the other hand. *Public communication should be targeted to increase awareness, both at the level of citizens and of experts in these regions, of the existing connection between such issues like: education – professional training – employment and poverty alleviation, so that all the regional actors can understand these connections and through this, understand the meaning of public interventions through the Cohesion Policy.*

However, the comparative study revealed the existence of certain perceptive divergences between citizens and experts with regard to the hierarchy of regional needs other than unemployment. While practitioners consider the development of regional infrastructures as a first order need in most convergence regions, citizens consider this issue relevant only in a percentage of 7–18%. Similarly, in the competitiveness regions, citizens consider poor infrastructure and transportation to be a much greater problem, with citizens ranking it second and some practitioners not mentioning it at all. This divergence may lead to a negative perception of the effectiveness of public interventions through operational programmes at citizens' level, as it is the experts who generally participate in the design of the regional policy objectives. *It is therefore considered that the public communication of the Cohesion Policy can be targeted to highlighting the efforts made in solving the problems considered as most pressing by citizens, so that their perception of the effectiveness of public interventions should increase.*

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*At the same time, citizens' consultation and greater involvement in the decision-making process regarding the EU intervention directions is necessary, in order to reach the desired convergence between the programmatic objectives of the Cohesion Policy and the citizens' real needs. With regard to communication, it is necessary to formulate messages focused on different groups, depending on predictive variables, such as gender, age and education. The profiling of each need/problem makes it possible to formulate viable communication strategies, as well as the Cohesion Policy objectives to address them.*

More than a tenth of respondents from both the competitiveness and phasing out regions considered that there is another problem more important for their region than the pre-defined problems that are the object of EU interventions through the Cohesion Policy. *This requires a thorough investigation with regard to the nature of these 'Other regional problems' that are not addressed by the regional policy. The clear identification of these 'other' problems and their targeting in the near programming horizon through the Cohesion Policy could lead to the improvement of citizens' perception on the EU in these regions, where the lowest level of confidence in the ability of European institutions to effectively get involved in solving the regional problems is also noticed.*

A higher confidence level in the European institutions and in their ability to effectively intervene in solving the regional problems is manifested among the citizens who benefitted from EU-funded projects. *Therefore, in order to improve the public perception of European institutions, a series of public communication actions would be necessary to better highlight the practical benefits of EU funding in the daily life of European citizens, transmitted in a language adapted to the target audience and through the most adequate communication channels by each region and category of audience.*

*At the same time, for the most developed regions in the EU (competitiveness regions), whose citizens perceive only to a lesser extent the fact that they are beneficiaries of European projects and manifest a higher level of mistrust in the effectiveness of EU institutions, innovative communication measures are needed to increase citizens' awareness of the benefits brought about by the territorial cohesion of the entire EU space in their daily life.*

The following are recommendations, drawn from the analysis of Cohesion Policy practitioners' perception of Cohesion Policy effectiveness in addressing regional problems, for implementing operational programmes in the future.

*A greater flexibility of operational programmes during implementation so that the priorities and actions can be amended in order to tackle newly-emerged needs and issues (e.g. economic crisis, a severe natural disaster or technological changes, etc.). A successful example of this is the Emilia-Romagna region, whose example in amending the priorities and actions for both ESF and ERDF, to counteract the shocks generated by the economic crisis and earthquake at regional level, can be studied and used as example of good practice for flexibility in the future.*

The existence and persistence of certain discrepancies in the development of different areas within the same region were identified. The most developed areas are also those most able to attract funds through the European programmes, to the detriment of less-developed areas. *The introduction of certain mechanisms is needed to make the Cohesion Policy create real cohesion and direct more funding to the less-developed areas, so speed up their development.* During the focus groups it was shown that in certain regions a series of mechanisms were created and implemented to direct a more significant part of OP funds to the less favoured areas of the region. It is the case of the region Emilia Romagna where the regional management authorities tried to do this through a monitoring mechanism; this is also the case of

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Burgenland region, which applied a principle of regional distribution of funds by which 70% of funds for infrastructure were directed to the southern area that is less developed in this respect. We consider it opportune to investigate more thoroughly these models for directing the funds towards less developed areas within the same region and to multiply these examples of good practice among those responsible for implementing the operational programmes because every region of Europe is confronted with the regional divide problem.

The focus groups also identified a series of problems in the implementation of operational programmes which generated negative consequences, limiting the access to European funding. One of these problems, identified by the experts from Essex, was the excessive auditing of projects that generated a low interest from bidders (particularly among small businesses). *This problem requires a more detailed investigation in order to establish an acceptable control level so as not to limit the access of potential beneficiaries to the European funds.*

#### 4. WP4: Policy Recommendations

We analysed the relationship between smartness and resilience of a city, moreover, the relationship between the degree of creation and use of knowledge (including the knowledge and identification with the EU discourse) and economic resilience and hysteresis within the urban context. Results showed that the smartness and identification with the EU discourse both play a crucial role in determining the reaction to the business cycle at city level, compared to the national counterpart. This, however, is not straightforward. Indeed, as testified by the focus on 2007 economic shock, the role played by each of the variable seems to shock-specific. For example, using the whole sample and focussing on the 2007 shock, **the role of the smartness of EU cities demonstrated an inverted pattern with the overall performance contributing towards engineering resilience and the *unbalance* between the different dimensions of smartness making cities more vulnerable to the shock.** Nonetheless, this provides evidence for a potential link between smartness specialisation and resilience along with a positive contribution of the identification with the EU towards the absorption of economic shocks.

The EU policies **do not call for revolution** but for some fine tuning that has already been started with the 2014-2020 programming period. Its most important part should be simplification of **implementation rules accompanied by their unification**, so that common rules apply to all sources of the EU funds.

**Place-based development is already part of cohesion, rural and urban policies but so far each of them has not been well linked to the other policies.** Improving the integration between them can be achieved by cooperation in designing policy programmes, so that the planned measures ensure maximization of synergies and create additional value.

**The EU support policies should be better integrated with the LMAs own policies** and structural reforms taking into account the country characteristics as well as the regional specificity and ensuring that the policy mix is well tailored to developmental needs.

When the synergies between rural and regional policies are further explored, to test if they depend on structural characteristics of territories, the analysis shows that **structurally disadvantaged regions attract expenditure synergies between Total Rural policy and Total Cohesion policy**, therefore, providing evidence to support the presence of 'pro-cohesion' policies that exert a cumulative impact by focussing on structurally disadvantaged regions. Thus, careful coordination between policies would increase the possibility of cumulative impacts of EU funds.

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**More flexibility during the implementation of the regional multiannual programmes to allow the adaptation of actions to changes in regional circumstances** based on regularly public consultations on regional emerging issues that could result in a reorientation of regional intervention actions during the programming periods.

**Targeted and regionally tailored communication explaining, in a simple language, how the actions funded through operational programs contribute to addressing citizens' perceived issues as being pressing for their region.**

**Public communication** should be targeted to **increase awareness**, both at the level of citizens and of experts, **of the existing connection between different issues** like: education – professional training – employment and poverty alleviation; environment – quality of life, so that all the regional actors can understand these connections and through this, understand the meaning of public interventions through the Cohesion Policy,

Identifying and building an **interregional dialogue mechanism to facilitate the exchange of good practices** in the implementation of the Cohesion Policy **and mutual learning between LMAs.**



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