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# Resources and resourcefulness: Ireland and EU regional policy

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## Abstract

Over almost forty years, the objectives, content, operation and outcomes of the EU's regional policy have constantly evolved. The policy has served as an inspiration for new ideas in Irish policymaking and implementation but it has also circumscribed domestic policies and practices. This article presents a study of the way in which Ireland has responded to the obligations and opportunities created by EU regional policy. It highlights the manner in which national and European adaptation reflected the changing rationale and priorities of this influential policy. It demonstrates that a creative pragmatism enabled Ireland to use the available resources to good effect but that the country's regional disparities have not been overcome. Both top-down and bottom-up variants of Europeanisation have emerged, with the EU's resources shaping Ireland's development and Ireland's resourcefulness contributing to the ongoing development of EU regional policy.

*Keywords:* EU, Ireland, regional policy, Europeanisation, creative pragmatism

## Introduction

An evaluation of the impact of the EU's regional policy in fifteen diverse regions assessed that 'the region which stands out as having achieved transformational change is Ireland (notwithstanding the difficulties encountered since 2008)' (Bachtler et al., 2013, p. 90). How and why did this transformation occur? A constant feature in Ireland's development during forty years of membership of the European project has been the EU's evolving regional policy. Codified just two years after Ireland's accession, regional policy and the priming effect of the funds dispersed through this progressive policy have boosted

Ireland's development in different ways at different stages. The coincidence of Europe's need for policy development for its regions with Ireland's need for effective regional development created a synergy that was fortuitous and far-reaching. The interactive regional policy processes served not only as a source of funding and stimulator of investment at sub-national level but also as a means of empowerment and a channel through which to influence policy.

In all member states, regional policy led to incremental change in practices, policies, relationships and institutional architecture. But for Ireland these changes were profound. This article outlines and critically assesses almost forty years of development in the EU's regional policy and the manner in which Ireland responded to that policy's inherent opportunities and obligations. It begins by reviewing the economic and political justifications for regional policy in the EU. An overview of the development of EU regional policy is then provided before analysis of its impact on Ireland during various phases of policy evolution.

### **Conceptual insights**

The persistence of developmental differences within and between countries has perplexed politicians, economists, sociologists and political scientists. Varying patterns of regional development have been interpreted and theorised. Within the European Community (EC), the regional debate has taken place on two platforms – the economic platform, with convergence/divergence being the main issue, and the political one, with the role and relationships of national, sub-national and supranational levels of governance being the focus of debate. The dominant discourse at different phases has shaped EU regional policy. In the early stages of European integration, it was widely believed that market integration would lead to convergence and cohesion, and that the utilisation of resources would lead to a reduction in disparities (Harrop, 1996), but the reality of the EC did not replicate the assumptions of this standard international trade theory. Keynesian growth centre theories, based on the work of Perroux (1950), were posited by other economists who advocated a type of regional policy which would lead to a growth centre approach, an approach which was strongly advocated in Ireland during the late 1960s and 1970s. At other stages, the economic emphasis, both within the EU institutions and within the individual member states, has been on promoting indigenous development. This contrasts with the

approach which focused on attracting foreign direct investment (FDI), an approach repeatedly advocated in Ireland. Recent developments have been influenced by the 'new economic geography', culminating in the place-based approach advocated by the Barca report (2009). The place-based approach emphasises the significance of geographical and institutional contexts and the importance of targeting interventions to specific places rather than sectors.

The degree of popularity and acceptance of these various economic theories determined to a large degree the Community's approach to regional policy over the years. The economic approach was also influenced by the changing composition of the Community and the different sets of problems that absorption of the new member states posed; for example, the accession of Ireland and the UK in 1973 widened the regional disparities within the Community, the inclusion of Spain and Portugal necessitated adjustments in the agricultural domain, while the accession of the Nordic member states led to a need to tackle the problems of sparsely populated regions. EU regional policy was again adjusted to overcome structural and capacity problems after the 2004 and subsequent enlargements.

Similarly, the political dimension of the Community's approach to regional policy has altered over the years. The gradual change from a strongly intergovernmental approach to a multilevel governance approach has influenced EU attempts at dealing with regional diversity and has led to an ever-changing array of actors, networks and approaches. Within the discourse of intergovernmentalism, national governments were assigned the dominant role, with sub-national actors perceived as minor players directed by their governments (Hoffman, 1966; Moravcsik, 1993). Functionalist and neo-functionalist theorists focused on the role of the supranational institutions in the process of institutional innovation and paid little attention to sub-national bodies. The preoccupation was with transnational interaction and integration. These theories were criticised by Christiansen for their failure 'to conceptualize the territorial aspects of European governance' (1997, p. 52), a criticism which is also implicit in the works of Marks (1993; see also Marks et al., 1996). Interestingly, recent approaches to regional policy champion the territorial dimension. The increasing importance being accorded to sub-national units, particularly in the implementation of the EU's regional policy, has led to flourishing literature on the theory of multilevel governance: 'a system of continuous negotiation among nested governments at several territorial tiers – supranational,

national, regional and local' (Marks, 1993, p. 392). Multilevel government interpretations are frequently linked with Europeanisation, which Featherstone suggests can be classified into four categories: a historic phenomenon; transnational cultural diffusion of norms, ideas, identities and patterns of behaviour; institutional adaptation; and adaptation of policy and policy processes (Featherstone & Radaelli, 2003). The focus on Europeanisation is not surprising since the EU impacts on institutions, policies, administrative and political processes and behaviour, intergovernmental relations and socio-political interaction (Adshead, 2013; Rees et al., 2010). EU regional policy is a dynamic vector of Europeanisation in both its top-down and bottom-up manifestations. Forty years of regional policy development profoundly changed both Ireland and the EU, with the EU's regional policy serving as a catalyst for domestic adaptation and clear evidence of Europeanisation (Quinn, 2010). Having outlined the conceptual and theoretical frameworks which framed the evolution of the EU's regional policy, the remainder of this article focuses on regional policy in practice in the EU and as experienced by Ireland.

### **Evolution of the EU's regional/cohesion policy**

The process of European integration has had a differential impact on the various regions which constitute the EU. Economic integration benefits some regions more than others and regional disparities have been affected by the asymmetric impact of Community membership (Amin & Tomaney, 1995; Harrop, 1996). This economic disequilibrium has social and political repercussions. Over the years, a range of strategies to promote economic and social cohesion within the EU have been developed. Since the introduction of an explicit regional policy in 1975, the European Economic Community (EEC)/EU's regional policy has evolved from a limited policy instrument to a fully fledged policy in response to expanding EU membership and changing priorities (Featherstone & Radaelli, 2003; Quinn, 2010). The evolution of regional policy echoed the ever-changing agenda of the European project. Following a decade of intricate negotiations, at the December Summit of 1974 the member states agreed to establish a regional fund which would provide up to 50 per cent of the cost of regional development projects in the designated regions. A Regional Policy Committee was also established to seek coordination of member state regional policies. The national quota system meant that

the fund was perceived as a *juste retour*, a form of compensation mechanism. The original system was designed so that funds were widely dispersed, covering 60 per cent of the Community's geographical area and 40 per cent of its population. This issue of dispersal versus concentration still features during debates about the nature and purpose of the EU's regional policy.

Regional policy has been constantly revised in both its ideation and implementation. During the 1980s the policy underwent significant reform which replaced national quotas with allocative ranges and enshrined the principles of partnership, programming, concentration and additionality. The 1990s was another decade of change. In the creation of the single market, regional policy was strengthened so as to minimise the negative impact on poorer member states. The Cohesion Fund was introduced, and supported major infrastructural and environmental projects in the four least developed member states. Later, regional policy served as a flexible pre-entry and transitional tool for the eastern enlargement of 2004. Nevertheless, reforms were introduced to ensure that Structural Funding would be more concentrated and that programming and implementation would be simplified for the 2000–6 period. When the Lisbon Agenda began to dictate the Union's developmental agenda, regional policy again served as a useful instrument to promote economic and social cohesion. During the funding period 2007–13, the EU's approach was strategic, with cohesion policy being linked to the Lisbon and Gothenburg Strategies and being used to foster convergence, competitiveness, employment and territorial cohesion. More recently, regional policy has been regarded as 'the main investment policy for jobs and growth' (Commission of the European Community, 2013), reflecting the changed economic context in which the 2014–20 cohesion policy strategy was gestated. This led to a concentration on stimulating economic growth and jobs and prioritisation of themes which align with the *Europe 2020* strategy of achieving smart, sustainable and inclusive growth (Commission of the European Community, 2010), with 34 per cent of the EU's 2014–20 budget allocated to cohesion policy in order to help achieve these goals.

Thus, regional policy in the EU has been multipurpose, multi-functional and multifarious, assisting a panoply of regions with diverse structural characteristics and associated needs, while promoting the Union's transformational agenda, which itself reflected global economic and social shifts. Regional/cohesion policy has been the EU's main rebalancing instrument. This policy has aspired to over-

come development problems in regions with very different endowments and issues. As the policy became more sophisticated, it proved a malleable instrument for addressing challenges ranging from enlargement to economic crises. Over time, the link between regional/cohesion policy and the EU's general priorities has gradually been made more explicit, and the policy has become more multidimensional while still affirming the importance of the regional dimension. However, tensions arise between the proactive/developmental and reactive/remedial approaches which have characterised the policy, and there is an ongoing dialectic between the efficiency and social justice goals ascribed to regional policy. Notwithstanding such tensions, regional policy remains an essential development tool within the EU.

Just as regional policy was central to the EU's development strategy, so it was central to the development strategies of the eligible member states. Ireland has shared and shaped the output of this significant policy. The interplay of EU regional policy and domestic developments in Ireland makes for an absorbing case study. For Ireland, the EU's regional policy has been a defining element of phases of growth and development and a buttress in phases of recession. In order to assess this impact, the remainder of the article examines the impact of EU regional policy during critical phases of Ireland's forty years of EU membership.

### **Ireland: A willing laboratory for policy development?**

Development in Ireland has always been uneven, with the eastern part of the country developing at a far faster pace than the west. It was only in the 1950s that concerted action was taken to offset the impacts of reduced employment in the agriculture sector and increased emigration. The Underdeveloped Areas Act was introduced in 1952 but this form of selective spatial support was not successful. Neither was the 1956 Industrial Grants Act, which applied to areas outside of Dublin. During the 1960s numerous government statements on regional development were issued and attempts were made to create growth poles – a strategy reiterated by the controversial Buchanan report of 1969. There was ongoing debate as to whether concentration or dispersion should be the approach to industrial development. Regional structures were established during the 1960s for planning and tourism, and a national Regional Committee was created, followed in 1968/9 by the establishment of nine regional development organisations, which produced regional development plans. Regional

technical colleges were established during the 1970s, as were regional health authorities. Prior to Ireland's accession to the EEC, a 1972 government statement advocated a regional policy which would reduce regional disparities through industrial development and population growth, promote balanced regional development, minimise involuntary migration and restrict Dublin's development. Thus, prior to accession and in the early years of Ireland's membership of the EC, only a perfunctory approach to regional issues existed since whatever regional structures had been created had little impact on the administrative and political processes and practices.

### ***The early years, 1975–89: Controlled experiments***

The underdevelopment of some regions prior to EU accession and the poor coordination of sectoral policies and activities at a regional level were widely recognised. A special Protocol No. 30, which referred to the need to even out 'regional differences in levels of development', was included in the Accession Act. This is not surprising given that employment changes between 1961 and 1971 showed a growth of over 44,000 in the east of Ireland but declines in every other region (Walsh, 1995). Ironically, when EC regional policy was implemented in 1975, Ireland was designated by the government as a single region and so the initial Structural Funds supported national rather than regional development in an effort to promote Ireland's convergence with other member states. This allowed the Irish central government to guard responsibility for disbursement of the funding, despite the expectation of local authorities that they would have direct access to payments under the European Regional Development Fund (ERDF) (Laffan, 1996). Funds were allocated sectorally within the national Public Capital Programme (PCP) rather than on a regional basis. Thus, administrative and political centralisation was reinforced and no structures or processes were put in place to involve sub-national bodies in the implementation of EU regional policy. The *White Paper on National Development 1977–80* formed the basis of the regional development programme which Ireland submitted to Brussels, and again this promoted national rather than regional perspectives. Although Ireland had expected a share larger than the allocated 6 per cent, the country was regarded as receiving preferential treatment concerning both the European Social Fund (ESF) and ERDF (Hart & Laffan, 1983). Between 1975 and 1983 Ireland received IR£276.39 million in ERDF payments (Hart, 1985, p. 226). These payments amounted to approximately 3 per cent of total capital expenditure

under the PCP and despite the evident need for support for the west and south, the projects funded were predominantly in the east of the country. These initial ERDF payments supported roads, telecommunications, sanitary services, harbours, industrial development, education and Ireland's Gaeltachtaí (Irish-speaking areas). Capital expenditure increased significantly in Ireland during this period, particularly in the sectors eligible for support under the ERDF. Because of the absence of regionally disaggregated data, it is difficult to isolate the impact of EU regional policy but it is widely accepted that the geographical imbalance of the infrastructural proposals submitted by the Irish Government for funding under the ERDF did little to redress inter-regional disparities during this first funding period (Drudy, 1984).

The Community's regional policy funding practices were changed from 1984 onwards. Programmes, rather than projects, were promoted by Brussels and modifications of the ERDF increased the authority and discretion of the European Commission over the funding. The Irish Government was slow to change and still proposed a multiplicity of projects, a practice to which the European Commission did not explicitly object. A European Parliament committee produced the *Report on the Regional Problems in Ireland* in 1987, which was critical of the Irish Government's approach and gatekeeping strategies.

The congruence between Ireland's spending priorities and domains eligible for ERDF support led to easy absorption of the funds. There was also a degree of financial opportunism and an outlook which sought to maximise the income from the nascent regional policy. The government's reactive approach and grantsmanship were criticised (Laffan, 1989). Some administrative adaptation was evident at national level in response to the Commission's requirements for allocation and implementation of ERDF funding. Such openness to administrative learning, and occasionally innovation, has been one of the less tangible but enduring impacts of European regional policy in Ireland. Overall, the early years of regional policy contributed to reducing the deficiencies in the Irish economy and infrastructure, but did little to champion regional issues in a highly centralised state, and the experimentation that occurred regarding regional policy was rigidly controlled by the centre.

### ***1989–99: A decade of responsive invention***

The late 1980s saw a refocusing of the EU's regional policy. The accession of Spain and Portugal, the success of the Integrated



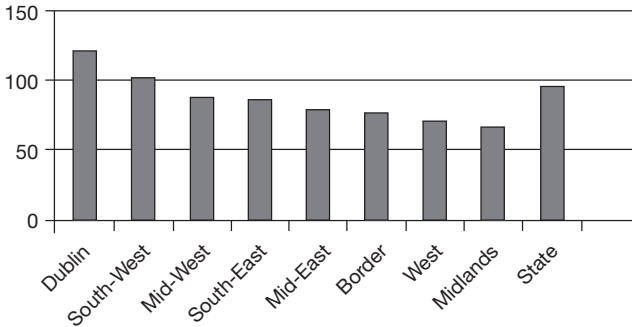
Mediterranean Programme and steps towards the single market impelled change. Reform of the Structural Funds in 1988 accelerated change in practices and procedures in Ireland. The reform acted as a catalyst to broaden the range of actors involved in the planning and implementation of regional policy interventions and to change some administrative practices. Henceforward, Structural Fund assistance would be based on the principles of programming, partnership, additionality, concentration and simplification, principles which were not the norm in Ireland. Regional policy in the Community adopted a more formal, unified and coherent structure and institutionalised the multi-annual funding system. Reorganisation of Irish administrative procedures and practices was warranted to comply with the new requirements, resulting in, for example, a multi-annual approach to planning and budgeting. The Delors I package obliged the Irish Government to submit a development plan. Because the country was regarded as a single region for Structural Fund purposes, this implied preparation of a national development plan (NDP). The new rules also specified the creation of partnerships and the Irish Government hastily established seven sub-regional review committees to make submissions outlining regional priorities for the national plan. Notwithstanding the token nature of the committees, the emergence of a prototype for regional consultation added a new dimension to Irish political life, since formal consultation with sub-national actors had not previously been institutionalised.

The *National Development Plan 1989–1993* was aimed at remedying disadvantages associated with peripheral location and other structural characteristics, strengthening the competitiveness of the economy and furthering the development of key sectors. Expenditure related to the *Community Support Framework* (CSF) amounted to IR£8.64 billion, of which IR£3.2 billion was drawn from the EC. Over 45 per cent of this funding came from the ERDF, 37 per cent from the ESF and 17 per cent from the European Agriculture Guarantee and Guidance Fund (Government of Ireland, 1989, p. 244). When combined with Community initiative funding, this resulted in a level of Community assistance in 1992 and 1993 which amounted to approximately 3.5 per cent of GDP (Mulreany & Roycroft, 1993, p. 212).

The 1994–9 CSF brought EU aid of €7.31 billion. It directed resources at four key priorities: infrastructure (36 per cent), the productive sector (35 per cent), human resource development (25 per cent) and local development (4 per cent). There was little evidence of regional distinction in application of the programmes and inter-

regional disparities continued. As Figure 1 illustrates, regional differences in gross value added (GVA) per capita remained significant.

**Figure 1: GVA per capita relative to EU average, 1994–6 (EU = 100)**



*Source:* Quinn (2010).

The Maastricht Treaty added a new Cohesion Fund to the regional policy toolkit. Its goal was to assist the convergence of national economies in preparation for monetary union and it was targeted at the four poorest member states. For Ireland, this meant a significant allocation to be expended on transport networks and environmental projects such as national roads and Limerick's main drainage scheme. Projects funded from the Cohesion Fund were delivered through a separate management and implementation structure, necessitating further administrative adaptation.

The 1990s saw the creation of regional structures in Ireland in response to the exigencies of Brussels. In 1994 eight regional authorities were established, which took over the functions previously carried out by the regional review committees. Their mandate was to promote the coordination of public services at regional level and to monitor and advise on the implementation of EU funding in the regions. When Ireland was divided into two NUTS II regions because not all of the country was eligible under revised criteria for Structural Funding, two regional assemblies were established in 1999. These NUTS II regions were created to promote coordination of the provision of public services in their areas and to monitor the general impact of all EU programmes in the regions. Thus, some institution building emerged as a result of European regional policy.

EU regional policy interventions in Ireland during the 1989–93 and 1994–9 funding periods were implemented in an Ireland that was undergoing considerable change. A booming economy recorded average GNP growth of 7.8 per cent between 1994 and 1999 (Murphy, 2000). Such growth created an environment conducive to the CSF aim of increasing productive capacity. Thus, domestic and EU priorities chimed and this synergy sparked administrative and policy invention. Immigration levels rose with about a quarter of a million people moving to Ireland between 1995 and 2000 (Tovey & Share, 2005). The EU's regional policy instruments, such as the Local Development Social Inclusion Programme, were adroitly employed to integrate newcomers and address the social, political and economic effects of sudden mass immigration. In the decade between 1989 and 1999, aid flows to Ireland through the Structural and Cohesion Funds amounted to almost 3 per cent of GDP per annum (Barry, 2003), and throughout the 1990s Structural Funding contributed to growth and increased employment.

Administrative adaptation continued. Multi-annual planning had become the norm and the NDP advanced from being a spending plan to a development strategy, signifying a change in perspective. A culture of *ex ante* and *ex post* evaluation was institutionalised, and innovative assessment instruments such as the Hermin model were designed. A form of multilevel governance evolved, albeit a centrally directed type of interaction between the central and sub-national levels. Non-governmental actors became involved in the planning and implementation stages as a result of Brussels' insistence on partnership, leading to what the OECD described as 'democratic experimentalism', which was emulated throughout the EU. During this phase, the impetus of the single market, the influence of EU regional policy funding and processes, and Ireland's increasing internationalisation and internal modernisation all interacted with global factors to spawn the Celtic tiger.

### **2000–13: Action and reaction**

The new millennium saw changes in the orientation and operation of the EU's regional policy, changes which impacted on Ireland. As the Lisbon Strategy placed the emphasis on growth, jobs and innovation, the EU's regional/cohesion policy was amended to reflect this. Preparation for the accession of ten new member states also changed the regional policy contours. For this phase, the EU was emphasising territorial cohesion. Servillo noted 'a progressive shift from

“compensation logic” to “investments in territorial potentials” in the definition of Territorial Cohesion in the last decade’ (2010, p. 410). Ireland also articulated a territorial focus and a *National Spatial Strategy* (NSS) was published in 2002. In line with EU priorities, the *National Development Plan 2000–2006* had ‘balanced regional development’ as one of its four objectives. The NSS used the EU’s contemporary terminology and referred to ‘developing the full potential of each area to contribute to the optimal performance of the State as a whole – economically, socially and environmentally’ (Government of Ireland, 2002, p. 11). Thus, there has been a subtle change of emphasis from reducing disparities to achieving potential. Ireland’s economic boom meant that some regions no longer met the eligibility criteria for Structural Funding. Once more, the Irish Government devised a pragmatic solution. For the first time since the creation of the EU’s regional policy, the country was not treated as a single region for the 2000–6 regional/cohesion funding period. The country was divided into two NUTS II regions (with newly created regional assemblies) since the Border Midlands and West region was eligible for a higher rate of funding than the rest of the country. Though limited in power and own resources, the regional assemblies were given responsibility for managing regional operational programmes (OPs) under the *Community Support Framework 2000–2006*. Inclusion of the two regional OPs marked the first time that responsibility for the delivery of part of the NDP was entrusted to sub-national bodies. The regional OPs focused on ‘local infrastructure, local enterprise development, agriculture and rural development and the promotion of social inclusion’ (EU Structural Funds in Ireland, 2000, p. 43). Further change in the EU–Ireland regional policy relationship was effected in 2003 when Ireland became the first Cohesion country to cease to meet Cohesion Fund eligibility criteria, rising above 90 per cent of EU average GNP per capita. Although EU Structural Funds only amounted to 6.5 per cent of total NDP spending in 2000–6, domestic investment was integrated with EU processes. The OPs were broader in scope than previous programmes and necessitated a horizontal rather than sectoral approach to management and implementation, leading to further administrative adaptation. The requirement to observe EU stipulations for the CSF elements influenced the planning, implementation and evaluation of the NDP. These effects were noticeable in the multi-annual programming, expansion of the partnership approach and thoroughness of the evaluation procedures. Thus, EU norms continued to be institutionalised in Ireland.

Assessments suggest that the impact of Structural Funding during this period was small but significant, and that the funding had a maintenance rather than transformative effect on regional development in Ireland. Although the introduction of regional OPs was politically and administratively significant, Moylan argues that the measures in the regional OPs were not tailored to meet specific regional needs (2011, p. 70). The mid-term evaluation of the NDP noted ‘an increase in disparities between both regions... [but] it should be borne in mind that in the absence of the NDP the output disparities between the two regions might have been even larger’ (Fitzgerald et al., 2003, p. 206). Similarly, Miller (2013) assesses that ‘the impact of Structural Funds on cohesion in this period appears to have been modest, and was complementary rather than decisive’. The continuing European influence was also evident in the consistent investment patterns for co-financed elements of the NDP and the continuation and expansion of the programming approach within the NDP. Thus, even in a phase when the financial contribution of EU regional policy was relatively minor, the effect was considerable.

The 2007–13 funding period saw a shift in the geography of EU regional policy. The newer member states, which accounted only for about 21 per cent of the EU population, were allocated more than half the regional policy funds. This was the embodiment of the Union’s continued commitment to reducing disparities and promoting cohesion. The EU’s approach was further shaped by the Lisbon and Gothenburg Strategies, and aimed to achieve sustainable economic growth by fostering convergence, competitiveness, employment and territorial cohesion. The link between regional policy and the Community’s priorities was made more explicit. The new approach emphasised alignment with other EU policies while reiterating the importance of the territorial dimension. It focused on three objectives: convergence of less developed regions, regional competitiveness and employment, and European territorial cooperation. Changes in the administration and application of regional policy were introduced. National Strategic Reference Frameworks (NSFRs) were prepared by each member state in conjunction with the European Commission. Although based on the governing regulations, these were strategic rather than prescriptive documents, providing broad policy guidelines and identifying priority areas from which those involved in the OPs should choose. The EU’s regional policy strategy for 2007–13 was prepared and put in place before the economic crisis emerged. The crisis has impacted on the countries and regions being supported by

EU regional policy and has affected implementation and absorption rates. However, as Yuill et al. argue, the crisis did not impact hugely on regional policy because ‘regional policy is a medium-term response to structural issues, not a short-term cyclical or crisis measure’ (2010, p. v). The inbuilt flexibility of EU regional policy allowed for reprogramming to buffer the effects of the crisis.

This funding phase witnessed a number of changes in Ireland in the organisation and implementation of Structural Fund interventions. Ireland was allocated €750 million over the seven years under the Regional Competitiveness and Employment Programme and €151 million under the Territorial Co-operation Programme. As a proportion of the NDP, this was about one-tenth of its relative size during the 2000–6 round and one-fortieth of that available from 1994 to 1999. Significantly, the NSFR was dealt with separately from the NDP. This separation meant that the Irish Government did not have to specify NUTS II allocations within the NDP. This may weaken whatever regional identification has been developing and also makes evaluation of the regional impact of the interventions more difficult.

Despite the serious crisis affecting the country, Ireland was among the countries with the highest absorption rates of its EU allocation. Evaluations of the impact of the 2007–13 programme have not yet been published, but it is clear that Ireland applied many of the lessons learnt in previous funding phases and used EU Structural Funding to good effect during the crisis.

### **The future is now**

The Barca report (2009) asserted that future cohesion policy should be founded on ‘a place-based development policy’ which reflects a desire for strategic and long-term, rather than sectoral, approaches to dealing with problems of unequal development. Following tortuous negotiations in a climate of unprecedented economic turbulence, agreement was reached on a €325 million policy for 2014–20, which will promote the *Europe 2020* goals of creating growth and jobs, tackling climate change and energy dependence, and reducing poverty and social exclusion. Unlike early regional policy intervention, 2014–20 funding will be available to all regions but amounts allocated will relate to their level of development. More prosperous regions will focus on innovation, and poorer regions on infrastructure. Notable administrative changes have been included in the revised procedures. These include a common set of rules for all European structural and

investment funds; links between EU funds and economic governance; the imposition of *ex ante* conditionality; more specific reporting demands; and greater use of digital technology ('e-cohesion'). A code of conduct lays down the conditions for involvement of partners in the preparation and implementation of programmes, and partnership agreements are currently being completed between the European Commission and the member states. These changes in the EU's regional policy format and functioning have created a common architecture for the diverse member states that combines incentives, sanctions and opportunities for innovation through smart specialisation. Earlier, the different concepts which underpinned the evolution of EU regional policy were outlined. The latest reforms reflect recent theorising about regional development, institutional roles, relationships between state and market, and the importance of place. Once again, EU regional policy has adapted to reflect the dominant discourse.

The reorientation of EU regional policy will undoubtedly impact on Ireland, particularly in light of the country's economic situation and reduced public spending. The Irish Partnership Agreement was submitted to the Commission in April 2014. The priorities underpinning the agreement are: combating long-term and youth unemployment; combating social exclusion; promoting R&D investment and the competitiveness of the business sector; promoting an environmentally friendly and resource-efficient economy; and supporting the shift towards an energy-efficient, low-carbon economy. Although the overall budget for Structural Funds across Europe has reduced by 8 per cent in real terms, Ireland's allocation has increased by 8 per cent, which, according to the Minister for Public Expenditure and Reform, 'represents visible support from Europe for Ireland as we emerge from the financial crisis' (Department of Public Expenditure and Reform, 2014). Other aspects of the reform are also impacting. Ireland's local government and local development systems have been reformed through the Local Government Reform Act, 2014. One of the provisions of the Act is the establishment of local development entities in each local authority area. The new local community development committees (LCDCs) will have a structure which is compatible with the EU's requirements that at least 50 per cent of the votes in selection decisions for funded projects should be cast by partners which are not public authorities. Thus, Irish authorities continue to take a pragmatic approach to the opportunities of EU regional policy. However, there is also evidence that the structures previously created for implementa-

tion of EU regional policy are not embedded. Three new regions have been designated as part of local government reform, but these regions do not equate with either the existing NUTS II or NUTS III regions. The inconsistency with regard to the designation of regions in Ireland persists. Persistent also is a reliance on the EU's regional policy interventions to help Ireland address the social and economic challenges which have been prioritised in the 2014 Partnership Agreement.

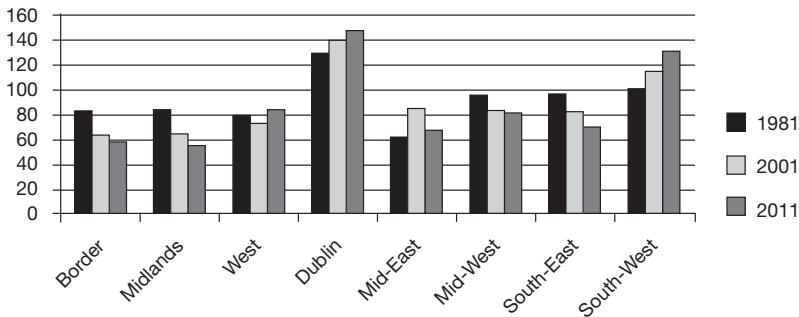
## Conclusion

Regional/cohesion policy has been one of the EU's most influential policies. EU cohesion policy is responsible for the second-highest amount of spending in the budget. Politically, cohesion policy is seen as tangible evidence of efforts to promote solidarity and reduce disparities. It plays a critical role in achieving growth, stimulating innovation and promoting equality. Its significance has been reinforced by the manner in which the policy has been adapted to reflect changing discourses, to respond to new challenges and to inspire new developmental strategies.

For Ireland, EU regional policy served as a compensation mechanism during the 1970s and early 1980s, a catalyst for rapid growth during the 1990s and a coping mechanism during the economic crisis. For almost forty years, Structural Funding has been used judiciously in Ireland, improving the infrastructure and developing human resources so as to support entrepreneurship, expand the skills base and improve quality of life. Through its support of both large infrastructural projects and very local interventions, EU regional policy has impacted on the daily lives of Irish people. However, regional disparities have not been eliminated. As Figure 2 illustrates, the regional GVA has continually diverged despite the changing focus of EU regional policy.

The Regional Policy Commissioner, Johannes Hahn, frequently refers to cohesion policy as a catalyst policy, not a charity policy, and this echoes the Irish attitude. Structural Funds were allocated to Ireland because it was one of the EU's poorer regions and qualified under the strict criteria. Ireland perceived and used Structural Funding as a means of maximising development opportunities, while also developing apposite domestic policies (particularly industry and education policies) and attracting significant FDI. Ireland has also been compliant with EU requirements, creative in its application of



**Figure 2: Indices of GVA per person at basic prices**

Sources: 1981 data from Morgenroth (2007). 2001 and 2011 data from [www.cso.ie](http://www.cso.ie).

EU programmes and constructive in its criticisms. The dynamic nature of EU regional policy fostered learning through experience and extrapolation, and Ireland was always willing to share the lessons learnt. While evidence of top-down Europeanisation abounds in the annals of regional policy, Ireland uploaded many ideas which shaped and defined programmes such as LEADER.

The tangible benefits of EU regional policy were many. By the end of 2008, Ireland had received over €17 billion in Structural Funds. The policy also led to some institution building; for example, the regional authorities and assemblies, and the Environmental Protection Agency. However, the regional structures have not impacted seriously and have served rather than shaped Ireland's politico-administrative system. The obligations of EU regional policy raised awareness of and triggered action on issues such as social inclusion, gender equity and sustainable development, which rapidly became mainstream concerns (see the articles by Connaughton and by Murphy in this issue). The modernisation of Ireland's public policy and administration systems was influenced by EU regional policy and the resultant multilevel governance processes. Multi-annual budgeting, strategic analysis, evaluation and programming were practices encouraged in the implementation of Structural Funding, practices which have become the norm in the Irish public service. While national social partnership had become an important feature of policymaking in Ireland it was the EU's regional development policy which embedded partnership as the default option at local level for the promotion of development and the delivery of some services. The

local partnerships were innovative and influential, and Ireland's local development cadre was highly respected. However, Adshead (2013) warns that cohesion policy values and practice may only be shallowly embedded in Ireland's institutional architecture and that support and strategies are needed if their sustainability is to be ensured. Her warning will be proved right if LEADER companies and local development companies lose their inimitable character and *modus operandi* through absorption into local authority LCDCs.

For almost forty years, EU regional policy has promoted a vision of balanced development and social solidarity which dovetailed with Ireland's aspirations and espoused values, such as partnership, and which resonated with Ireland's approach to development. It provided substantial financial support that could be fine-tuned to respond to Ireland's varying needs while Ireland's effective use of the funds ensured added value for the EU's investment. Despite its complexity, regional policy's processes gave a voice to non-governmental actors who might otherwise not have been included in policymaking. Regional policy interventions are among the most visible manifestations of the EU's support and serve to increase public affinity with and support for the Union. At regional and local levels, the social, economic and infrastructural benefits of Structural Funds are everywhere, with the ubiquitous EU logo serving as a talisman garnering popular support.

The resources stemming from EU regional policy helped Ireland to transcend its post-colonial underdevelopment and overcome the limitations of its peripherality. Community policies have aided and frequently forced Ireland to devise and implement appropriate strategies and to adopt a pluri-dimensional approach to development. Of course, there have been criticisms of regional policy. Accusations of interference, excessive bureaucracy and lack of democracy have been made, and it has even been suggested that colonial dependency has been replaced by Euro-dependency (Kirby, 1997). However, the Community's regional policy has acted not only as a source of funding and stimulator of investment at sub-national level but also as a means of local empowerment and a channel through which to influence policy. Community initiatives such as LEADER and measures such as the Operational Programme for Local Urban and Rural Development, in addition to providing the means for economic and social development, have helped to strengthen local identity, instil and increase confidence, and harness the capacity of local communities.

Ireland's resourcefulness in using Structural Funds ensured maximum impact for Ireland and maximum value for Europe, and reflected creative pragmatism rather than the 'hard instrumentalism' evident in other spheres.

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