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## THE ACCOMPLISHMENT OF THE NEW PARADIGM OF REGIONAL POLICY IN THE SYSTEM OF REGIONAL STRATEGY IMPLEMENTATION

### Abstract

The new paradigm of regional policy (NPRP) is analysed. The stakeholders, selected instruments of regional policy, as well as the mechanisms of coordination featured in NPRP are examined. The paper is based on research implemented in the Sub-Carpathian Region of Poland.

**Key words:** regional policy, new paradigm, stakeholders, instruments, coordination.

### Introduction

In the late 1970s and early 1980s, most European states were implementing top-down and convergence-oriented policies of regional development. These were mostly based on massive transfers of financial resources to peripheral and disadvantaged regions. However, the results of this equalizing approach fell far below expectations – although some spectacular investments in infrastructure took place, they were not followed by considerable growth in regional economies [see: Vanthillo, Verhetsel, 2012]. As a result, some governments decided to reformulate their earlier regional policies based on an exogenous development towards more an endogenous model [Bachtler, 2002: 11]. More attention was paid to such factors as: human and social capital, innovative attitudes, soft regulation of entrepreneurial activities, network-oriented public institutions and business, etc. Inevitably, more emphasis was placed on regions as spatial, economic, social, cultural, and – last but not least – political entities.

The first period of Poland's presence in the EU (from 2004) was marked by the old-style, i.e. top-down and convergence-oriented, regional policy. Three basic reasons for assuming this course of action can be distinguished: 1) the still

incomplete transformation of the economy and political system; 2) considerable disparities in the development of the country (West and Central Poland vs. East Poland; urban vs. rural areas); 3) devolution of powers, which started only in 1998. Adopted in 2010 by the Council of Ministers, the *National Strategy of Regional Development. Regions, Cities, Rural Areas* reinforced the endogenous factors in stimulating regional development [*National Strategy of Regional Development. Regions, Cities, Rural Areas*, 2010: 7]. The operative objectives of the Strategy were: 1. supporting the competitive growth of the regions; 2. establishment of territorial cohesion and preventing the processes of marginalization of problem areas; 3. establishment of conditions for efficient and effective implementation in partnership of development activities targeted at territories – to further support the shift from the traditional to the new paradigm of regional policy. The present paper devotes special attention to the third objective. This objective is to ensure better vertical (between different levels of public authorities and administration) and horizontal (between public, private and social stakeholders) co-operation and coordination of activities.

The core argument of the paper revolves around the role of regional authorities in preparing and implementing the development strategy. Regional government is perceived as the node of a regional network that integrates stakeholders who are engaged in the accomplishment of the same objectives, combining them into networks focused on strategic priorities. Although the study does not refer to particular Polish regions, its main considerations are based on the results of research that the author and the collaborators carried out in 2012 for the purpose of an expert judgement prepared for the authorities of the Sub-Carpathian region (Poland).<sup>1</sup> That expert judgement was based on analysis of strategic documents and reports produced by EU institutions and national and regional authorities, reports produced by independent research centres, statistical data analysis, as well as case studies of individual stakeholders and instruments of regional development in the Sub-Carpathian region.

The paper starts with a short overview of the new paradigm of regional policy (NPRP). In the second part, the stakeholders of regional development are examined. The stakeholders are numerous and diverse; they are not hierarchically structured and are frequently autonomous, so therefore they cannot be managed (only) by coercive instruments, with hard regulation and control. Non-coercive, non-supervisory and non-regulatory activities, based on informal partnerships, open coordination, influence, negotiations and networking, play a significant role in managing regional development – selected soft instruments are addressed in the third section of the paper. In the following part, the mechanisms of coordination featured by NPRP are studied. Although, in its entirety, the system of strategy implementation also includes a fourth element – monitoring and evaluation – this is not addressed in this paper.

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<sup>1</sup> Selected contents of the expert judgement were published in Pawłowska, Gąsior-Niemiec, Kołomycew, Kotarba [2013].

## The new paradigm of regional policy – a short overview

The NPRP reflects the shift from the centralized model of policy-making to multi-level governance, where efficiency, conditionality and evidence-based policy are of crucial importance; where regional strategies are evaluated according to their genuine results – the accuracy of strategic priorities and efficiency of their accomplishment – which are to be empirically tested [Szlachta, Zaucha 2010; Noworól 2013].

The inadequate results of the financial aid directed to the poor regions proved its limited efficiency in the last decades of the 20<sup>th</sup> century. The top-down and sectorial approach to regional development turned out to be “spatially blind”, producing “one size fits all” solutions, institutional fragmentation and duplication of efforts [Słodowa-Helpa, 2013: 102]. Hence, “[t]he redistribution goal of regional policy has been downgraded or abandoned in favour of regional growth [...]” [Bachtler 2002: 30], the latter understood as taking advantage of the development potentials located in each region. Consequently, the significance of the territorial context of public intervention increased. This context, understood in terms of institutional, cultural and social characteristics [Vanthillo, Verhetsel, 2012], was defined as a place-based approach – the staple feature of NPRP. This approach reflects a move away from the sectorial approach towards the development of projects integrating different sectors and instruments – hard and soft – of policy implementation, as well as better coordination of activities undertaken by numerous public authorities. Public intervention is strongly directed towards increasing the competitiveness of regions instead of reinforcing selected policy areas (such as agriculture, transport, tourism), as was attempted in the framework of the old paradigm of regional policy [Słodowa-Helpa, 2013: 139].

NPRP is also characterised by restricted interference of the central authorities in the policy and economy of the region. The consequence of this is greater autonomy of regional authorities with regard to their development strategy and its accomplishment. Regional government is the key player in regional policy planning and implementation. Yet, NPRP stimulates networking of depositaries of the endogenous assets of the region – it encompasses innovative decision-making based on “a collective/negotiated governance approach involving national, regional and local government plus other stakeholders, with the central government taking a less dominant role” [OECD, 2009: 35].

## Stakeholders of regional development

The shift from the traditional paradigm of regional policy to the new paradigm inevitably gives more authority, and accordingly more responsibility, to sub-state agendas. Previously, regional governments were merely opinion-givers in regional policy-making. Regional policy was a top-down flow of decisions, government interventions and funds. Partnership building, recommended already in 2001 in the

White Paper *European Governance*, and repeated later in national strategic documents, was being poorly observed in state – sub-state relations in Poland. It is worth mentioning that the *Regional Government Act* of 1998 defined very broadly the powers of regional authorities with respect to strategic planning and regional development. The *Act* of 1998 also established legal conditions for multi-level and collaborative governance, as it required regional authorities to cooperate with local authorities, as well as with chambers of commerce, professional associations, agencies of central government in the region, universities and social organizations. Regional government (*województwo*) was named – next to the Council of Ministers, and municipal (*gmina*) and district (*powiat*) government – an actor of the development policy in the *Act on the principles of development policy* of 2006.

The powers already attributed to regional authorities have been further enhanced by the abovementioned *National Strategy of Regional Development*. The regional government performs activities in planning and managing development policy, as well as coordinating and integrating the activities of other – public and non-public – actors in the region. Coordination and integration might be performed through the platforms of cooperation of regional stakeholders (such as the Regional Territorial Forum); they can also be performed by the setting up of task-related alliances.

Institutions subordinated to regional authorities are important and conducive stakeholders in regional policy. Their subordination to regional authorities makes them disposed performers of regional strategy. Local – municipal and district – authorities are less disposed, although equally, if not more, important. The absence of principal-agent relations between regional and local governments in Poland limits the ability of regional authorities to control municipalities and districts in the course of policy implementation, which makes soft instruments (discussed in the following part of the paper) particularly appealing.

The most important central agent of regional policy is the minister of regional development (since November 2013 – the Minister of Infrastructure and Development). Although, in purely legal terms, regional authorities are not subordinated to the central government, the latter determine basic directions and rules of regional policy; they also perform their tasks in the region, which creates a need for coordination of decisions and their implementation between central, regional and local authorities. Some regional actors of central administration are significant players, who can prohibit regional projects (for example the Regional Board of Environment Protection), which means that their engagement in regional policy making is all the more important.

Economic and social growth depends on the competitiveness of businesses based in the region. Entrepreneurial activities – following their own goals – may well contribute to the regional development; they may however be “pushed” in a desired direction by regional authorities enacting different instruments for encouraging business development in selected areas. For example, defining regional development priorities and then their operationalization in programs (accomplished with the support of external funds) may encourage business projects in favoured areas. The same might also be accomplished with the adoption of zoning plans providing locations for defined trades.

NPRP assumes that the main business actors in the region will be consulted on the priorities of regional policy. The selection of those business stakeholders whose economic activity is critical to regional development poses a challenge for public authorities. Firstly, in the present turbulent economy it is hard to make long-term projections on factors of regional growth in the future, therefore regional authorities rely on established actors of the regional economy. Secondly, fearing allegations of partiality, public authorities try to involve representatives of all economic circles in the governance process, which is visible in the composition of Regional Territorial Forums (see the following part of the paper). Thirdly, there is a problem with the credible representation of entrepreneurs. Membership in chambers of commerce is not mandatory, therefore they are hardly representative of local or regional business.

The situation is even more intricate with reference to the social (Third Sector) stakeholders. There are numerous NGOs, many of which have a short history, consequently being logistically and financially weak. Furthermore, up to the present, they have been lacking regional representation. Public authorities might invite either organizations that have been partners to those authorities on other occasions, or randomly selected organizations, to cooperate in the governance process. Public authorities tend not to convey open invitations to interested parties, probably fearing loss of control over policy making. Despite this, social actors seem to be gaining importance, as in NPRP the untradeable assets of the region play a more significant role than before. Even when economic and R+D potentials are low, the socio-institutional environment can partially compensate for this deficiency and upgrade the growth potential of the region [Crescenzi, Rodrigues-Pose 2011].

## Instruments for implementing the strategy of regional development

The traditional paradigm of regional policy appealed mostly to legal, administrative, planning and economic instruments. Multi-level and multi-agent governance makes those instruments less vital for regional strategy implementation. Intermediate, soft instruments, such as negotiations, partnerships, collaboration and informal arrangements, prove their value in taking advantage of the endogenous assets of the region. In some instances those instruments turn into institutionalised forms (such as, for example, regional territorial forums); in other cases, the institutional aspect is limited to the periodicity of meetings (e.g. regional economic forums, regional councils addressing social issues).

Examples of the instruments of regional strategy implementation – broken down into strategic and planning instruments, programmatic instruments, economic instruments, institutional as well as informational and promotional instruments – are presented in table 1. In the second column of the table the subcategories of those instruments are indicated, and in the third – actual instruments in

use in Poland. Some of instruments are multifaceted, therefore they are present in more than one category. Furthermore, several instruments, those which took the institutional form, can be also categorized as stakeholders of regional policy. Selected instruments – those that feature NPRP and are aimed at engaging various actors in regional development – are discussed in depth below.

Table 1

## Instruments for implementing the development strategy of the region

<b>Strategic and planning instruments</b>	National strategic and planning documents	National Strategy of Regional Development. Regions, Cities, Rural Areas
		The Concept of National Spatial Development 2030
	Regional strategic and planning documents	The development strategy of the region
		The regional plan of special development
		Local plans of spatial development
Strategic territorial report		
<b>Programmatic instruments</b>	Programs of development and operational programmes	Regional Operational Program
		Integrated Framework Regional Program
		Regional sectorial programs
<b>Economic instruments</b>	Economic forecasts	Long-term financial forecast
	Contracts	Territorial contract
	Economic partnerships	Public-private partnership
	Financial support	Loan and guarantee funds
<b>Institutional instruments</b>	Institutionalised forms of dialogue	National Territorial Forum
		Regional territorial forums
		Regional economic forums
		NGOs' councils
		Regional councils (for example for the unemployed, for the disabled)
	Institutionalised forms of cooperation within public sector	Integrated territorial investments
		Regional associations of local authorities
	Institutionalised forms of inter-sectorial cooperation	Community-Led Local Development
		Local Action Groups
		Public-Private Partnerships
	Institutionalised forms of cooperation within business sector	Clusters
	Institutionalized forms of support for entrepreneurial activities	Investor's and exporter's centres
		Consulting and training centres

<b>Informa- tional and promotional instruments</b>	Territorial marketing	
	Institutionalised forms of dialogue	Regional territorial forums
		Regional economic forums
		NGOs' councils
	Regional councils	

Source: author's elaboration.

The Regional Territorial Forum (RTF) is both an actor of regional development and an instrument of regional policy. As an actor, the RTF participates in creating the development strategy; coordinating its implementation and monitoring and evaluating its results. The RTF is also a platform of exchange of information, ideas and good practices. Thus, it is important to secure the representativeness of this body, both with regard to members anchored in different sectors, as well as actors anchored in the particular geographic and administrative parts of the region.

RTFs were established in 2013 in all regions of Poland. The members of RTFs are appointed by the regional executives (regional boards) – usually they consist of several dozen individuals being key officials in the region, representatives of local authorities, major business enterprises, representatives of business associations, NGOs and universities. The activities of the RTFs cannot be assessed as yet; however, they have the opportunity to be the network and the foundation for future networks of regional stakeholders, provided that their role is not defined restrictively and in symbolic terms only. At the moment the RTF is the one and only institutionalised cross-sectorial body of debate on the priorities of regional development established in the regions.

The Community-Led Local Development (CLLD) is another instrument for implementing regional strategy. It was proposed by the EU as an instrument for rural development in 2014–2020. To a considerable extent it is a continuation of the previous EU Program LEADER<sup>2</sup>, based on the bottom-up initiative, territoriality, integrated actions, partnership, innovation, decentralization of management and financing as well as networking and co-operation. The CLLD is an obligatory instrument in the area of the Common Agricultural Policy, whereas its use remains optional in the other policy fields – subject to decisions taken by the individual EU Member States.

CLLD is aimed at: facilitating access to the labour market for the long-term unemployed and professionally passive; improving access to high quality public services; supporting social entrepreneurship; re-developing impoverished urban and rural communities. However, the CLLD may also be used

<sup>2</sup> *The Community Initiative LEADER* (Liaison Entre Actions de Développement de l'Économie Rurale) was launched in 1991. During 2007–2013 it continued to receive support in the framework of the Common Agricultural Policy (CAP). In Poland, a special axis of the National Rural Development Program was created in order to implement the LEADER component.

to improve the competitive advantages of the regional agriculture and service sector [*Assumptions to the Partnership Agreement. Programming 2014–2020*, 2013]. The key actors of CLLD are Local Action Groups (LAGs) – inter-sectorial partnerships established in rural areas [more in: Pawłowska, Gąsior-Niemiec, Kołomycew, 2014].

The Integrated Territorial Investment (ITI) is an instrument supporting mostly urban or urban-rural areas and may be either top-down, bottom-up or combination of both. “An ITI is a territorial development tool that enables the implementation of a territorial strategy in an integrated manner while drawing funds from at least two different priority axes in the same or different programmes” [*Draft Guidance Fiche*, 2013: 3/9; see also: *Integrated Territorial Investment*, 2014]. In other words, it enables the combination of funds from a number of sources, as well as the resources of several local and regional units. It encourages cross-sectorial cooperation in functional areas, i.e. specific geographical areas bonded with common networks (e.g. transportation).

RTF, CLLD and ITI are place-based and endogenously conditioned, and although they have been described as the instruments of regional policy, their nature is multi-functional. RTFs, as well as managing bodies of CLLD and ITI, can use their potential to become important stakeholders in regional policy making, but they undoubtedly play a considerable role in the process of coordinating implementation of regional strategy.

## Mechanisms of coordination

Coordination may have both vertical and horizontal dimensions. Vertical coordination takes place in hierarchically organized structures, while horizontal coordination is not necessarily based on formalized relations – it can take the form of an *imagined community*, based on the stakeholders’ common interests and vision of the future [Hausner, 2010: 99]. The territorial contract is a kind of mixed – vertical and horizontal – mechanism of coordination. It is intended to coordinate the pro-development undertakings of the national government and the regional authorities, “aiming at the achievement of common objectives set with respect to the specific territory”. This coordinating mechanism “provides for larger adaptation of sector intervention to the region’s needs by setting national priorities against regional expectations and conditions. It is to be achieved [...] through the negotiation processes on the regional level”. [*National Strategy of Regional Development. Regions, Cities, Rural Areas*, 2010: 181]. Thus, the contract is aimed at complementarity of national and regional measures, and integrating “soft” and “hard” instruments of development.

Regional authorities face a significant challenge in coordinating the activities of non-public actors. The latter are especially important when the first have no access to certain assets vital to achieving the objectives of development strategy. Furthermore, with respect to non-public actors, public authorities



have limited potential to endorse coercive mechanisms of coordination. Establishing partnerships between different types of actors is therefore essential. To pursue this objective public authorities have to accept and enact the principles of network governance: participation; “an enduring relationship and collaboration”; obtaining a value and resource contribution from each stakeholder; “sharing of responsibilities and risk to outcomes in the collaborative framework”; and confirming the partnership with a framework contract, “which sets out the ‘rules of the game’ and provides the partners with some certainty” [Schuppert, 2011: 292].

In the process of implementing a strategy of regional development, networking is the domain of public authorities – regional government establishes the conditions for networks, shapes them and plays the role of the node. Some mechanisms of vertical coordination are suitable here; however, the horizontal dimension is critical, as it affects the autonomous, non-public actors.

The choice of coordinating mechanisms depends on the number and character of the partners, the trust among them, and the range of acceptance for the objectives of the network. Having a few partners, with high trust among them and common agreement for the objectives of the network, gives the opportunity to enact distributed coordination. This is based on the mutual adjustment of preferences and activities of stakeholders, along with equal engagement in attaining the objectives of the network. Relations inside the network are regulated by social norms, not by formally settled rules. On the other hand, if there are numerous stakeholders who more or less agree on the objectives, but the level of trust among them is relatively low, coordination by the leading partner – here the regional authorities – is a good solution. When acceptance for the objectives of the network is also low (stakeholders have different interests), as well as the level of trust, coordination by the administering institution can prove useful. The network is provided with the administering body – either formal (department) or informal (board, coordinating committee), which actually coordinates its activities [see: Koliba, Meek, Zia, 2011: 137–140]. The Regional Territorial Forum described above is an example of coordination through an administering body.

Regional authorities in Poland have limited experience in coordinating network activities. Previous practice shows an attachment to the traditional modes of policy-making. The way Regional Territorial Forums were established is a good example – by the resolutions of regional executives (induced by national authorities) made without informing or consulting public opinion. In effect, RTFs are relatively closed bodies with the number and type of their members determined by regional authorities. This experience is not very promising when it comes to implementation of multilevel governance. Lack of previous experience plays a considerable role, but high transactional costs – looking for information, negotiating with and mediating between partners, administering the network – could significantly discourage regional government from engaging in networking.

## Conclusions

Regional government is only one among many stakeholders of regional development. Nevertheless, it is exceptional, as it has at its disposal unique assets and instruments, and it accomplishes unique goals [Koppenjan, Klijn 2004: 151]. But this “exceptionality” is not enough to guarantee the effectiveness of regional government in accomplishing development objectives. NPRP seems to be a solution to the previous deficiencies of public authorities. On the other hand, the absence of stable alliances for regional development is a considerable problem for making NPRP work in Poland. This is, *inter alia*, the result of administrative division of the country based on other premises than bonds between economic entities, social and cultural ties or other functional features of the territory. Subsequently, regional actors tend not to identify themselves with the region. Despite that, regional government can do a lot to bridge this gap through:

- increasing business engagement in public affairs and promoting corporate social responsibility;
- supporting development of NGOs through technical and administrative assistance;
- supporting networking of local authorities;
- supporting initiatives crossing administrative borders;
- concluding political agreements around the objectives of regional development;
- being stable, reliable and consistent in pursuit of the objectives of the regional development strategy.

Despite the fact that the catalogue of stakeholders of regional policy has expanded, and with it also the catalogue of parties jointly responsible for its implementation, NPRP gives new instruments for the implementation of this policy primarily to regional authorities; not depleting their responsibilities, but rather strengthening their position relative to other public authorities.

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