

UDC: 351**DOI: 10.5281/zenodo.14062624****MODELS OF REGIONAL POLICY REFORM IN EU COUNTRIES****Yurii Vitkovskyi**

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Abstract. The authors believe that in countries that have recently joined the European Union, regional policy is implemented in a context of weaker development compared to other EU member states, leading to a focus on nationwide issues. As a result, regional development and the resolution of regional issues are given secondary importance.

Summarizing approaches to implementing regional policy in EU countries, the authors note that, in almost all cases, the policy aims to create conditions that enable regions to fully realize their economic potential and thereby increase their contribution to national economic growth. This objective is one of the core tasks of regional policy among EU countries.

The examined European experience highlights a number of advantages of implementing regional socio-economic development programs, benefiting both the state as a whole and individual regions. The European Union has its own support mechanism for regional development in the form of targeted programs, which

actively involve organizations at both national and regional levels.

Keywords: regional policy, reform, model, EU countries, European experience.

Introduction. In contemporary scientific practice, the well-established and productive method of comparative research is widely recognized as sufficient to observe the direction of dynamics in socio-political and socio-economic processes, or to identify their conservatism or regression, continuity, character, and the nature of subsequent innovations and transformations. Today, researchers have more extensive opportunities than ever to study the trajectory of domestic historical development by comparing it with similar social processes and their unique characteristics across various macro-regions of world civilization.

In regional development planning, analyzing foreign experience becomes essential, as many territories in Western Europe have already achieved significant progress in ensuring sustainable development through strategic projects. Notably, governance in developed countries, especially in Europe, is built on the principles of "strong and developed" local self-government, an essential attribute of any modern democratic society. Foreign experience highlights an extensive range of models and types of public administration and local self-government, which vary based on multiple factors: the political regime, the prevailing idea of power organization and local governance, the country's state and administrative-territorial structure, and even national traditions. This underscores the relevance of the chosen research topic.

Literature Review. The main purpose of the work (Tomás Mancha-Navarro & Rubén Garrido-Yserte, 2008) is to analyze regional policy and cohesion policy in the European Union over the past few years. The authors understand the current EU regional policy as distancing from what has been expressed as its key objective: achieving greater economic and social cohesion in European regions. Instead, the updated Lisbon Strategy was put in place and led to the goal of cohesion becoming secondary to competitiveness. Some critical implications can be obtained in terms of the convergence process for backward regions: the imbalance between regional

objectives and financial resources, and the unknown influence of other policies on regional convergence.

The study (Calegari, E., Ferrara, A. R., Freo, M., & Reggiani, A., 2023) contributes to the understanding of the multidimensional implications of the cohesion policy of the European Union and highlights the importance of considering a wider range of indicators of well-being in assessing regional policies. The authors argue that the Expanded Regional Development Index is a regional wealth index that measures a broader set of regional outcomes. The authors investigate the impact of cohesion policies on the expanded regional development index in European countries by analyzing the distributive effects on different index quantiles. The results of the study emphasize the role of cohesion policy in supporting regional well-being and income levels of individuals during a double recession. In addition, the policy contributes to the process of rapprochement between regions, especially concerning increasing imbalances in connection with the eastern expansion of the European Union.

The study (Maris, M. 2024) established a significant change in the distribution of European structural and investment funds. This indicates that the absorption of European structural and investment funds was not evenly distributed across regions. This finding indicates that regional imbalances in the distribution of European structural and investment funds may have contributed to economic imbalances in countries. Secondly, a causal relationship between regional growth and the absorption of European structural and investment funds has been identified. Along with other covariates, the use of European structural and investment funds shows a statistically significant, albeit very modest impact on the economic growth of countries.

The article (McCann, P., & Ortega-Argilés, R., 2013) examines the reforms of the EU regional development policy, or rather the EU cohesion policy that have been taking place in recent years. After discussing policy evolution, changes in rationale, logic, architecture, and policy outcomes are considered from the beginning of the reform process in 2008 up to the current context. The implications of these changes for the future functioning of politics are seen in the context of the broader

implications of globalization, institutional reform, and changing thinking in economic geography and development economics.

It is essential to consider that in recent years, many authors have dedicated their scientific work to the issues of forming and developing regional policy in EU countries. However, the systematization of European experience in this context remains relevant. Given the above, the **article aims** to review the retrospective development of regional policy in EU countries and to classify these countries into groups according to their models and characteristic features of regional policy.

Research Methods. The following research methods are used in the study:

- Systematization method – to organize EU countries and classify them into groups according to the specifics of developing and implementing regional policy;
- Program method – to analyze regional target programs in the context of the formation of regional development policy in EU countries;
- Scientific generalization – to identify the stages of regional policy development in EU countries.

Main Part. The initial steps in regulating regional development were taken as early as the mid-nineteenth century, with regional policy founded on the “center-periphery” relationship. The scientific literature identifies several stages in the development of regional governance in Western countries.

- The initial stage dates back to the 1930s. Following the destructive crisis of 1929–1933, the importance of studying regional economic development issues became indisputable. Regional development programs gained the most traction in the United Kingdom and the United States.

- The second stage occurred in the 1940s and 1950s. This period was marked by a decline in production, especially in traditional industries, largely due to the post-war economic crisis that impacted Western Europe (e.g., New England, Alsace, Lorraine, and northern France). The decline also affected certain U.S. states, prompting government initiatives to develop underdeveloped regions such as Alaska, northern Scandinavia, and Canada.

- The third stage spanned the 1960s and 1970s, when the effectiveness of

establishing a regional policy system became recognized and spread throughout the developed Western countries.

- The fourth stage took place from the mid-1970s to 1993. After the 1974 crisis, macroeconomic goals took precedence over regional objectives, relegating regional development programs. The Maastricht Agreements signed in 1993 laid the foundation for a new "supranational" regional policy within the EU.

- The fifth stage extends from 1993 to the present, marked by active integration processes (mainly within the EU) that transform "Europe of nation-states" into a "Europe of regions."

EU member states' regional policies exhibit distinct characteristics. Analyzing these objectives, it is essential to categorize EU countries into five groups.

The first group includes Greece, Ireland, Spain, and Portugal, which, in terms of the sustainability and stability of their financial-economic systems, are the most vulnerable countries in the EU. Additionally, these countries host the poorest regions in the European Union.

In the countries of the first group (Ireland, Portugal, Greece), there is a high level of centralization and a low level of regional autonomy.

- In Greece, the Ministry of National Economy is responsible for implementing regional policy. An administrative reform was initiated in 1989 with the aim of transferring the responsibility for smaller regional socio-economic development projects to the territorial level. However, this reform faced resistance at the local level due to a lack of necessary experience in decision-making and project implementation.

- In Portugal, the General Directorate for Regional Development of the Ministry of Planning and Regional Development handles most regional policy issues.

- In Ireland, regional policy is implemented by two state agencies, "IDA-Ireland" and "Enterprise Ireland," which are accountable to the Minister for Enterprise and Employment.

The second group includes Germany and Italy. These countries have significant internal differences: in Italy, there is a contrast between the developed north and the underdeveloped south, while in Germany, the division is between the

western and eastern lands.

The constitutions of Italy and Germany, emphasizing principles of justice and democracy, pay significant attention to regional policy. The main goal of regional policy in these countries is to create opportunities for underdeveloped regions to participate in the country's social and economic development by addressing negative factors related to geographical location, economic legacy, or historical traditions.

In contrast to the countries of the first group, regional policy in Germany and Italy is much less dependent on central authorities and ministries.

- In Germany, responsibility for implementing regional policy lies with the federal states. The federal government's main functions include establishing and maintaining partnerships with the states within the framework of the Joint Operational Group (GA), where priorities are set and specific socio-economic regional development projects are developed. Funding for these programs is split equally: 50% comes from the federal government, and 50% from the states. However, the full responsibility for implementing the programs lies with the administrative bodies of the states.

- In Italy, the adoption of the 1997 law on public administrative system reform ("Legge Bassanini") has expanded regional autonomy over the past 15 years. This reform transferred responsibility for regulating, planning, and organizing the healthcare system and primary and secondary education to the regions. The central government retained functions such as approving national plans, managing finances, and determining which institutions can provide these services. In 2000, Italy passed a separate law on local government, transferring additional state functions to regions, including responsibility for economic and environmental development and territorial planning. Some powers were also delegated to the municipal level.

The third group consists of Finland and Sweden. These countries can be grouped together based on several shared characteristics, including low population density, a harsh climate, and a high level of social protection for citizens.

Regarding regional policy in Sweden and Finland, it can be noted that the priority is addressing the urgent issues of remote northern territories. The regional

policies in these countries aim to support economically strong companies that actively operate in the weakest and most remote regions. At the same time, considerable attention is also paid to ensuring the balanced development of all regions and their competitiveness in both internal and, especially, external markets. To achieve this, significant efforts are made to attract investments into inner regions to facilitate industrial restructuring and enhance economic potential.

In Finland, the responsibility for regional policy implementation is distributed across several central ministries, with the Ministry of the Interior holding the most authority. Its functions include coordinating regional policy, preparing legislation in this area, and identifying problem regions. Finnish regions have the ability to make independent decisions, though mainly in the context of implementing small local social and economic projects.

A similar governance system exists in Sweden, where regional authorities primarily focus on implementing decisions made at the central level. The Ministry of Industry and Trade plays a leading role in shaping regional policy. It has established units responsible for developing the principles and mechanisms for regional policy, particularly for underdeveloped regions, approving regional strategies for socio-economic development, and overseeing their implementation. The development of specific regional strategies is handled by Administrative Boards of Counties, which receive budgetary funds to implement their policies.

The fourth group consists of Austria, France, Denmark, Belgium, the Netherlands, Luxembourg, and the United Kingdom. The main regional issues in these countries are related to significant structural changes in their economies and employment problems arising as a result of these changes.

When discussing the structures and features of regional socio-economic policy implementation, it is important to note that there are considerable differences within this group of countries. For example, Luxembourg and France are characterized by relatively high levels of centralization, while Austria, Belgium, the Netherlands, and the United Kingdom are more decentralized.

- France: According to a law passed in 1995, regional development policy is

formulated at the national level and implemented in collaboration with regional and local authorities. The responsibility for shaping regional policy lies with a specially appointed minister, who, among other duties, makes decisions regarding the economic stimulation of regional development.

- Luxembourg: Decisions regarding the formation and implementation of regional policy are made jointly by the Minister of Finance and the Minister of the Economy.

- The Netherlands: The degree of regional independence is relatively high. However, the coordination of regional policy is handled by a special authority, the Ministry of Economic Affairs, which is responsible for providing financial assistance to regions undergoing structural reforms and attracting foreign investments. Other regional development projects are implemented in a decentralized manner.

- The United Kingdom: The responsibility for implementing regional policy is shared between two ministers: the Minister for Trade and Industry and the Minister for Scotland and Wales. The Ministry of Trade and Industry evaluates the economic impact of regional projects, develops general guidelines for regional policy implementation, and monitors compliance with these guidelines. The Minister for Scotland and Wales makes decisions regarding assistance to these territories, though such decisions must be approved by the Treasury.

- Austria: The country's main law does not explicitly define the levels of competence for regional policy formation and implementation. However, for many years there has been an informal division of responsibilities between the federal government, the state administrations, and local authorities. Financial assistance to regions is provided through joint projects, which are financed and implemented by the respective state administration in collaboration with the federal government. The coordination of these projects is handled by the Federal Chancellor's Administration, which has a dedicated regional policy department.

- Belgium: Regional policy formation and implementation are handled exclusively at the regional level.

The fifth group consists of countries such as Bulgaria, Cyprus, Latvia,

Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, Hungary, Croatia, Czech Republic, and Estonia—those that joined the European Union in the last decade (from 2004 to 2013). Most of these countries have a relatively low level of social and economic development, which influences the content and main directions of their regional policies.

In countries that joined the European Union more recently, regional policy is implemented in a context of weaker national economies compared to other EU members. As a result, national issues receive primary attention, and regional development and its challenges are often given secondary importance of Regional Policy in EU Member States:

If we generalize the approaches to regional policy implementation in EU countries, it is clear that in nearly all of them, regional policies aim to create conditions that enable regions to fully realize their economic potential. The ultimate goal is to increase the regions' contribution to the overall economic development of their respective countries. This focus on regional economic development is one of the primary objectives of the regional policies in EU member states.

Table 1 presents a summary of the three stages of regional policy, the nature of their tasks, and the distribution of responsibility across countries. This would allow for a clear comparison of how these regions have approached their development and governance strategies [3; 5; 9].

Table 1

The stages of the development of regional policy in EU countries

| Mechanisms of the programmatic approach and planning | Program system of the Structural Fund (European Union) | Common Task for the Improvement of Regional Economic Structures (Germany) | Planning Contracts CPER (France) |
|---|---|--|---|
| Stage of designing organizational principles | | | |
| Character | Develop and agree the principles of the Structural Fund before the start of each program period. On the basis of these conditions, determine the territories for the provision of financial assistance and its amount | Create your own laws of the Joint Task and periodically revise them taking into account changes in the external environment. Create a map of support objects and divide the allocated funds between them | Develop and periodically amend the legal framework for the CPER contract system. Determine the allocation of funds to needy regions |
| Distribution of roles | The territories' need for financial support is determined either automatically or as a result of negotiations between the countries and the Commission | Federal authorities and lands jointly participate in the development of regional policy and in determining the map of the territories of objects that need support | The allocation of funds for each generation of CPER is determined at the national level. However, decisions may be influenced by arguments presented at the regional level |
| Stage of collective choice / planning | | | |
| Character | Development plans and programs developed for needy areas on the basis of the principles agreed at the design stage are then evaluated before implementation, as well as agreed before being approved by the European Commission | Every year, a single national Plan (Rahmenplan) is developed, which contains general provisions and subdivisions detailing the specific interests of each participating country | Drafting of a national economic plan usually takes place over several years. Based on this plan, relevant laws and recommendations, governments develop strategic plans for spending funds at the regional level during the next program period |
| Distribution | Authorities at different | The Planning | The national plan is |

| | | | |
|--|---|---|--|
| of roles | levels (national, regional or local level), mainly with the active participation of partners, undertake the program development stage. The development and adoption of the program takes place under the control of the EU | Committee, which includes representatives of the federal and regional levels with an equal number of votes, approves the Rahmenplan. Subdivisions relating to lands are produced by the land authority and then each agreed with the Commission | drawn up at the central level. In accordance with it, planned contracts on partnership between the state and regions are drawn up |
| The stage of operational selection and implementation | | | |
| Character | To attract applications for projects carried out in this program, to evaluate them, whether they meet the goals of the program, and to provide financial support to the best of them. Monitor project implementation | To finance projects aimed at achieving the goals and interests that are clearly defined in the Plan. Monitor decision-making regarding the project and its implementation | Implement the program developed at the regional level |
| Distribution of roles | Programs are implemented in the form of partnerships at the level for which they were created. The EU plays an important role in the steering committees of the program, which include representatives of all vertical management levels participating in the program | Lands are fully responsible for project implementation. There is an increasing involvement of local actors based on the creation of strategies for the given territory. Monitoring enables lands to make appropriate funding decisions | Each participating organization carries out the projects it has planned and in the area in which it has competence, working independently or with the participation of other organizations |

Therefore, the mechanisms of planning and the use of the programmatic method require development and improvement, taking into account the current socio-economic situation and political realities. As European experience demonstrates, their

implementation in regional governance is key to successfully solving many regional problems.

Thus, the analysis shows that the European Union uses a range of tools for implementing regional policy, which can be divided into three major classes: financial, infrastructure, and advisory.

Within the first class, we can highlight funds used to limit the placement of new enterprises in overcrowded regions, providing financial support through stimulating the activities of certain companies, implementing specific projects, attracting investments, and conducting public procurement [6; 8].

Within the second class, measures for forming economic, transport, and communal infrastructure, among others, can be identified, which ultimately create certain competitive advantages for the region [4; 9].

Within the third class, the most commonly used tools include scientific (marketing, sociological) research, consulting activities (particularly in the fields of international and commercial law), etc. [2; 12].

Conclusions. Thus, the European Union has its own mechanism for supporting regional development in the form of targeted programs, with the active involvement of national and regional-level organizations. The technology for developing such programs follows a standard process: first, the need for a targeted approach to address a particular issue is justified, then a program for its resolution is developed, which contains a typical set of components: objectives, tasks, measures to achieve the tasks, funding volumes, expected results, and means of monitoring and control.

At the same time, the examined European experience highlights several advantages of implementing regional socio-economic development programs, both for the state as a whole and for individual regions. At the national level, this allows for the establishment of general principles for solving regional problems, while at the regional level, it ensures a thorough review of regional potential, available resources, and issues. This information can later be used in the development of regional strategies and in the practical activities of executive authorities and local self-government bodies. Furthermore, the obtained information can be successfully used

in other regions with similar economic issues.

Discussion. It is worth noting that recently the volume of financial support has significantly decreased. For example, funds to limit production in Paris and its suburbs, London, and the Southeast region were no longer allocated as early as the 1970s. After that, a policy aimed at stimulating business development, including through the creation of appropriate infrastructure outside the capital region, was actively used.

Overall, in the last twenty to thirty years, the role of state financial support as a tool of regional policy has significantly diminished. Privatization and the large share of the private sector in the economy have deprived European governments of the ability to influence regional development through budgetary funds. Public procurement also lost its significance as an important instrument of regional policy. In some EU countries (the United Kingdom, Italy, Germany), policies were implemented to procure products from suppliers in designated regions. Subsequently, the European Court ruled these measures illegal, as they contained elements of national discrimination.

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