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The Impact of the European Union Cohesion Policy on Multilevel Governance in Estonia: Subnational Empowerment and Mobilisation

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Declaration

Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology, has not been submitted for any other degree or examination.

/Merit Tatar/

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LIST OF ORIGINAL PUBLICATIONS

The dissertation is based on the following original publications:

I: Tatar, M. 2010. “Estonian Local Government Absorption Capacity of European Union Structural Funds.” *Halduskultuur/Administrative Culture* 11(2), 202-226. (ETIS 1.1)

II: Tatar, M. 2011. “The Impact of the European Union on Sub-National Mobilization in a Unitary State: The Case of Estonia.” *Journal of Baltic Studies* 42(3), 379-407. (ETIS 1.1)

III: Kull, M. and M. Tatar. 2015. “Multi-Level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity.” *Regional and Federal Studies* 25(3), 229-257. (ETIS 1.1)

INTRODUCTION

SUMMARY

This thesis studies multilevel governance (MLG) as perceived by the actors involved (Estonian municipalities and their cooperation platforms). The goal is to combine the discussion on the EU's impact on Estonia's local administrative level with the self-perception of local actors. Particular focus is on the related EU principles of partnership and subsidiarity in the framework of EU cohesion policy. These concepts link MLG with empowerment, mobilisation and discussions around decentralisation (Bache 2008; Baldersheim 2002; Hooghe 1996; Hooghe and Marks 2001b; Nicola 2011). Developments since the early 1990s in the EU have, indeed, demonstrated the enhanced role and recognition given to partnership, subsidiarity and subnational levels.

The EU's cohesion policy is selected to be covered in the thesis as the policy area where MLG was born in order to test one of the key hypotheses of the concept of MLG, namely the increasing inclusion of subnational actors in policy-making and their perceived role, motivation and capacity to seize this opportunity structure. The research embodies a novel method only rarely used in the empirical investigations of the MLG by focusing on the whole range of local governments in a Member State in order to get a comprehensive picture of MLG in the making and to bring out perceptions that are emerging around the related issues in MLG. The thesis builds on ten years of research investigating three phases of EU cohesion-policy-making and implications in Estonia – covering the programming periods of 2004-2006, 2007-2013, 2014-2020 of Structural Funds – and analysing emanating Europeanisation effects on Estonian local governments. Successive and complementary surveys over that time span and conducted interviews with the relevant officials from the local-government level, state administrations and representatives from municipalities' Brussels offices help to evaluate the perceived influence of the EU (cohesion policy) among the Estonian subnational level, the principle of partnership and subsidiarity in practice and the subnational mobilisation of Estonian local authorities.

The Estonian case adds to the empirical investigations, offers the possibility to test MLG hypotheses that dominate in the relevant research and consider implications for a small, unitary and one-tier local-government system similar to many other Central and Eastern European Countries where Europeanisation and subnational-level empowerment have been seen as mainly shaped through the European Commission's *acquis* and "conditionality principle" (Schimmelfennig and Sedelmeier 2005). The research shows that as

anticipated, many intervening variables like prevailing state structure and history with strong centralism as well as yet weak intergovernmental relations in the country affect the situation in Estonia and determine the rather weak and only formal subnational empowerment, not even reflecting satisfactory movement towards Type-II MLG referring to policy empowerment. This is the result that challenges the theoretical conceptualisation of MLG.

SCOPE AND FOCUS OF THE THESIS

Since the early 1990s the discussion and theorisation of MLG next to the European Union (EU) founding theories of intergovernmentalism and neofunctionalism has become a critical case for those concerned with the political and institutional consequences of European integration (Smyrl 1997, 288). More than ever in the scholarly track of EU integration theories, MLG was the approach to focus especially on subnational actors (i.e. levels encompassing all territorial definitions below the national state – regions, local, interlocal and interregional collectivities; Hooghe 1995, 175) in the policy-making processes and on the interaction between EU institutions, nation-states and institutions at subnational levels (Kull 2009). The term “subnational mobilisation in the EU” was thus accepted at the centre of MLG literature as a shorthand description of wider subnational actors’ engagement with European decision-making throughout the EU (Bullmann 1996, 1997; Hooghe 1995, 1996; Jeffery 1996b, 2000; Kohler-Koch 1999; Marks 1993; Marks et al. 1996b).

The main advocate of the conceptualisation of MLG, Gary Marks, defines MLG as “a system of continuous negotiation among nested governments at several territorial tiers – supranational, national, regional and local – as a result of the broad process of institutional creation and decisional reallocation that has pulled some previously centralised functions of the state up to the supranational level and some down to the local/regional level” (Marks 1993, 392). In the MLG model multiple actors from all levels of government share rather than compete for political power, and European integration does not strengthen (like intergovernmentalism proposes) or weaken (like neofunctionalism states) the state but transforms it by fostering the emergence of cooperation between actors of the different levels of government (Börzel 1999; Goldsmith 2003; Hooghe 1995, 1996; Hooghe and Marks 2001b, 2003).

MLG has been largely studied in the context of EU cohesion-policy-making and the implementation of the EU’s Structural Funds (Bache 2008, 2010; Dabrowski et al. 2014; Hooghe 1996; Marks 1993; Piattoni 2010; Pitschel and Bauer 2009; Pollack 2005). The discussion around the stronger role of regional and local authorities, their involvement in the policy-making process and stressing on the subsidiarity was activated especially by the reforms of the EU regional policy in 1988. The partnership principle along with many other requirements was introduced and demanded in the Structural Funds policy-planning cycle. This provided evidence for a very different image of the EU, one in which central governments were losing control both to the Commission (which played a key part in designing and implementing the funds) and to local and regional governments inside each Member State (which were granted a partnership role in planning and implementing the policy) (Hooghe 1996; Hooghe and Keating 1994; Marks 1993; Pollack 2005, 383). Since then the European Commission,

other EU institutions and initiatives have increasingly paid attention to the subnational level and other social partners by changing the relevant EU legislation, setting up the Committee of the Regions in 1994 and encouraging opportunities for subnational lobbying in Brussels (Bachtler and Mendez 2007; Dabrowski et al. 2014; Hooghe 1995, 1996). These are tools for the effective delivery of several EU policies, most importantly the cohesion policy (Dabrowski et al. 2014).

Subsidiarity is another principle in the founding treaties of the EU (adopted in the Maastricht Treaty in 1992) that also was to support the construction of a multileveled Europe (Dardanelli 1999; Nicola 2011; **III**). Especially subsidiarity as developed and embodied in the 2010 Lisbon Treaty, where for the first time the revised Protocol on the application of the principles of subsidiarity and proportionality explicitly included the Committee of the Regions and local and regional authorities as an integral part of the Community structure, was to become more widely accepted as a way to protect the status and responsibility of subnational actors in the administrative fabric of the European polity. This can be interpreted as an effort of increasing coordination between administrative levels, but also as a mode of decentralisation (Montin 2011; Nicola 2011).

Following these developments in the EU, one can find that as a concept, MLG has been freely used by policy makers and scholars in multiple ways to refer to several processes in policy-making – change in territorial government, the remaking of territorial developmental governance or just the ending of the decision-making monopoly of the government, implying some involvement of regions and localities in policy-making (Bruszt 2008). In order to explore these domestic responses to European “forces”, a Europeanisation framework has been widely used in MLG tradition – the process whereby EU institutions and policies influence national institutions and policies within the various Member States (Börzel and Risse 2003; Risse et al. 2001; Pollack 2005, 384; Vink and Graziano 2006). In implementing EU policies, local authorities are in many ways bound to the political values and principles behind the EU legislation, and the MLG concept assumes that opportunities for municipalities to influence policy and promote their interests have increased. However, there may be a variable degree of domestic change as a response to European pressures and opportunity structures that may be correlated to Type-I or Type-II MLG (Adshead 2014; Bache 2008, 2010; Hooghe and Marks 2001a, 2003; Kettunen and Kull 2009; Piattoni 2010). Type-I MLG reflects the formal shift of power between territorial levels and more federal or quasi-federal arrangement in which dispersion of authority is delimited (Bache 2008; Bache and Andreou 2010; Guderjan 2012; **III**). Type-II MLG is more vague and ad hoc, “capturing the complex array of quangos, agencies, and partnerships” that may overlap in the spaces in between and below more formal levels of government (Bache

2008, 29) and describes “governing arrangements in which the jurisdiction of authority is task-specific, where jurisdictions operate at numerous territorial levels and may be overlapping” (Bache 2008, 27). Whether the domestic governance arrangements that emerge in response to EU cohesion policy are closer to Type-I or Type-II MLG has been a subject of investigation in many recent studies (Adshead 2014; Bache 2008; Bache and Andreou 2010).

According to the “original” result of the MLG the EU cohesion policy has largely strengthened and empowered subnational authorities. Empirical evidence from all across Europe still suggests that the degree of empowerment and involvement depends on several factors, such as the administrative and functional structure of the Member State, the quality of intergovernmental relations, the policy stage of the project in question and the availability of and access to (financial, personnel and information) resources available to potential actors (Bache 1998, 2008; Baun and Marek 2008; Guderjan 2012; Kull 2008, 2014; Lorvi 2013; **I-III**). This variety in influential variables makes the whole range of research on MLG challenging and very nuanced and has not made it possible to come up with the coherent theory of MLG to comprehensively explain emanating effects from the integration of the EU (Fleurke and Willemse 2007; Guderjan 2012; Lang 2010; **II-III**). More than 15 years ago a study team led by Goldsmith and Klausen (1997) addressed the need for an overall theoretical perspective of the change of local governments in the light of European integration. They sought to find out about subnational attitudes towards EU integration, with reference to the institutional environment, administrative capacity and new organisational and institutional developments in and between local governments. The concept has also motivated numerous other researchers to investigate the phenomenon and framework of MLG and to attempt to build it up as a theory. Some patterns have been recognised and responsive categorisations created for explaining the results in various Member States. For example, one is the distinction between simple and compound polity (Schmidt 2006, widely covered by Bache 2008, 2010; Bache and Andreou 2010), used while analysing the effect of the EU on local and regional levels in the Member States. The basic theoretical assumption emanating from using this distinction in MLG literature hypothesises that EU cohesion-policy requirements are likely to pull EU Member States, even with simple polity structures which are characterised by power and influence being concentrated in a single level and mode of governance, in a more compound direction, which is characterised by multiple levels and modes of governance (Bache 2008, 2010; Bache and Andreou 2010; Schmidt 2006). The distinction between the simple and compound policies and their relation to the abovementioned Type-I and Type-II MLG is highlighted below in this introduction of the thesis.

However, there remain several further unanswered questions and research gaps concerning emerging MLG and partnership in the context of EU cohesion policy. In many countries there is still not enough empirical evidence assessing how or to what extent local governments are involved in the ongoing

Europeanisation process (Fleurke and Willemse 2007; Reynaert et al. 2011; **III**). There is a need for a more critical examination of MLG from a perspective which takes into account national domestic circumstances to investigate how the institutional relationships, resources and control mechanisms within states and regions/localities affect the ways in which EU policies are implemented and perceived in practice (Blom-Hansen 2005, in Dabrowski et al. 2014, 357). Existing research leaves unresolved questions concerning also the issue of administrative capacity in multilevel policy-making (ibid.).

Moreover, almost none of the existing studies about how the EU has affected local governments have systematically analysed the effectiveness of the subnational actors' activities towards the EU (Fleurke and Willemse 2007), and case studies about smaller subnational actors, especially from Central and Eastern European countries, hardly exist (ibid.; Pitschel and Bauer 2009). Most regionalisation research in the New Member States focuses on Poland, the Czech Republic, Hungary and Slovakia. By contrast, the three Baltic States, Romania, Bulgaria and Slovenia all receive substantially less academic attention (Pitschel and Bauer 2009), and not much empirical evidence on MLG and related principles of partnership and subsidiarity in "the making" exists regarding most of the New Member States (Baun and Marek 2008). There is a wide consensus that for conceptualising more the impact of the EU on decentralisation and devolution of political systems, a great deal more case-study testing embodying different methodological approaches needs to be carried out before MLG can be adopted as a general account of how the EU operates (Bailey and De Propriis 2006; Dabrowski et al. 2014; Fleurke and Willemse 2007; Moore 2008; Pitschel and Bauer 2009; Sturm and Dieringer 2005). Adding new empirical insights into the discussion of MLG as well as into testing the existing founding messages of the MLG helps firmer theory building or brings forward further challenges in this by demonstrating how a new empirical context fits into the larger theoretical picture, whether some of the mainstream MLG assumptions can be confirmed and whether the theoretical implications from the previous studies from similar contexts across the EU hold firm.

Furthermore, while existing case study research to date shows that MLG produces different outcomes in different institutional settings, the understanding of the role of the local institutions and their actors, political culture and policy-making styles in these processes remains insufficient (Dabrowski et al. 2014, 357). In order to obtain a well-balanced insight in the actual enhancing and/or constraining influence of the EU on subnational actors one needs to carry out empirical research into daily administrative practice itself (Fleurke and Willemse 2007) and focus on the preferences of actors within institutions who are the actual participants in the decision-making processes. Ultimately, it is not institutions that are socialised and experience

policy impacts, but individuals operating at different governance levels. Shifting the focus on the subnational level and investigating the collectively perceived EU opportunities/constraints as by actors within these subnational-level structures makes it possible to draw conclusions about their ability to strengthen these institutions, not to mention that such research into daily activities of the whole range of local governments in a Member State is rare in the MLG discourse (see also Fleurke and Willemse 2007; Guderjan 2012; Marks et al. 1996a; Martin and Pearce 1999).

The main motivation behind this thesis emanates from the still existing challenges in the MLG research, especially in the need to add more empirical accounts into the theory-building of MLG and the urge to bring the topic “down” to the local level to investigate the everyday practices of the subnational actors in a given case-study Member State from Central and Eastern Europe and to analyse their experience with Europe and the European impact on local (self-) government. The main research question focuses on how the EU cohesion policy has affected the emergence of MLG in Estonia and empowered the local-government level. The intention is to analyse the involvement of the local-government level into EU cohesion-policy-planning and implementation. Further, whether the EU cohesion policy and the increased attention to the central policy principles of partnership and subsidiarity provide the expected influence of EU public policy on the functioning of local governments. The thesis also investigates the indirect impact of the EU cohesion policy on subnational mobilisation and on their ability to cooperate horizontally and be involved in EU affairs through cooperation and networks in order to take advantage of MLG. The idea is to explore the opinions of the actors who face the impact of European integration in their daily work. Questions as to how local-level actors judge their spheres of influence and whether the duration of being a full member of the EU has influenced the changing nature of Estonian polity and whether the administrative, financial and institutional capacities of the subnational actors have changed over the period of the EU membership as expected by the MLG concept motivated this exercise.

The following specific research questions are posed in the thesis:

- How are the central MLG principles of partnership and subsidiarity perceived by the Estonian local-government elites, by the representatives of their cooperation platforms and by relevant state actors?
- What is the Estonian local governments’ administrative (absorption) capacity for responding to EU cohesion-policy implications and opportunities?
- Has the EU fostered increased involvement of subnational actors in

central government and EU level policy-making, specifically in regional policy (with reference to Type-II MLG)?

- Has the EU fostered greater engagement of the Estonian subnational level with EU affairs and their horizontal mobilisation (with reference to Type-II MLG)?
- Has the EU cohesion policy induced any identified structural governance change in Estonia (with reference to Type-I MLG)?

Taken from the thorough literature review of the EU cohesion policy impact on MLG, it is assumed that the basic theoretical assumptions emanating from the MLG perspective in terms of greater leverage for subnational actors in the decision-making system of the EU really exist and municipalities are sufficiently involved in EU affairs as a result of the cohesion-policy implementation. The case study in the thesis allows paying attention to the perceptions, processes, developments and attitudes towards MLG over several years and cohesion-policy-planning processes in a specific Member State as well as to draw conclusions about the strength of the propositions from the conceptualisation of MLG.

Estonia is selected for analysing the MLG in the making, bearing in mind its small size and unitary institutional structure of the state as well as the fact that Estonia has not been studied in detail on such a scale when analysing the effects of cohesion policy on MLG and subnational mobilisation. There have been some studies on Estonia doubting a strong impact of Europeanisation on the local-government level (e.g. Bailey and De Propriis 2002; Hughes et al. 2004; Kettunen and Kull 2009; Kettunen and Kungla 2005; Kungla 2002; Lorvi 2013; Oppi and Moora 2004; Raagmaa et al. 2014; Mäeltsemees et al. 2013); however, these studies have mostly relied on secondary empirical data and followed the top-down regionalisation process. The thesis is so far the only insight into the whole range of perception of MLG by local-government elites (defined in the thesis as prominent, influential and well-informed people in an organisation) as investigated over a long time span – from 2005 until 2015 – and since the beginning of full membership in the EU.

The motivation is to use a rather novel method in MLG studies when choosing a sample and object of the study. People, i.e. persons active in the MLG, with their experiences, attitudes and perceptions, play the most important role in this empirical investigation. Thus, the study captures a comprehensive assessment of the activities of local governments as a whole instead of single isolated case studies. It sheds light on the principles of partnership and subsidiarity within the MLG and its anticipated influence on Estonia, a completely different context from those of the countries that pushed for the principles to be included in the founding treaties of the EU like Germany and UK, for instance, having been studied most widely (see Bache 2008; Börzel

1999, 2002b; Eppler 2008; Hoffmann and Shaw 2004; Jeffery 1996a, 2004). In doing so, it contributes to the theoretical perspective of multilevel integration by focusing on the interplay between actors and institutions from different levels of governance as perceived by these actors themselves (see also Fleurke and Willemse 2007; Guderjan 2012; Katcherian 2012; Ongaro 2015).

Besides empirical interest in a country which has not been studied widely in the context of MLG, Estonia presents a favourable context for testing the founding assumptions of the conceptualisation of EU impacts on emerging MLG because of its small size and access to government institutions. The thesis investigates the developments of the opinions of MLG actors towards EU effects and involvement in MLG during the several planning processes of the use of EU Structural Funds in Estonia. Therefore, it is beneficial if the same group of people have sufficient long-term encounters and “durability” in their experiences with MLG in its making (similar to an objective of a panel study – see for example Babbie 1990, 58; Marshall and Rossman 1989). The small size of the country and its influence on facilitated access to institutions and their actors, who can meaningfully conceptualise the impact of EU cohesion policy in everyday practices of local government in the MLG, favoured the case-study selection.

All in all and especially with its empirical value, the thesis aims to contribute to the wider literature and empirical research on MLG. Variety in relevant case studies is important in order to clarify arguments and to highlight values involved in political choices surrounding MLG political debates. The theory – here the conceptualisation of MLG – should be supported by varied empirical accounts to specify the real-life conditions and consequences of the choices that its theoretical propositions advocate (Bauböck 2008), and this is fostered by this thesis.

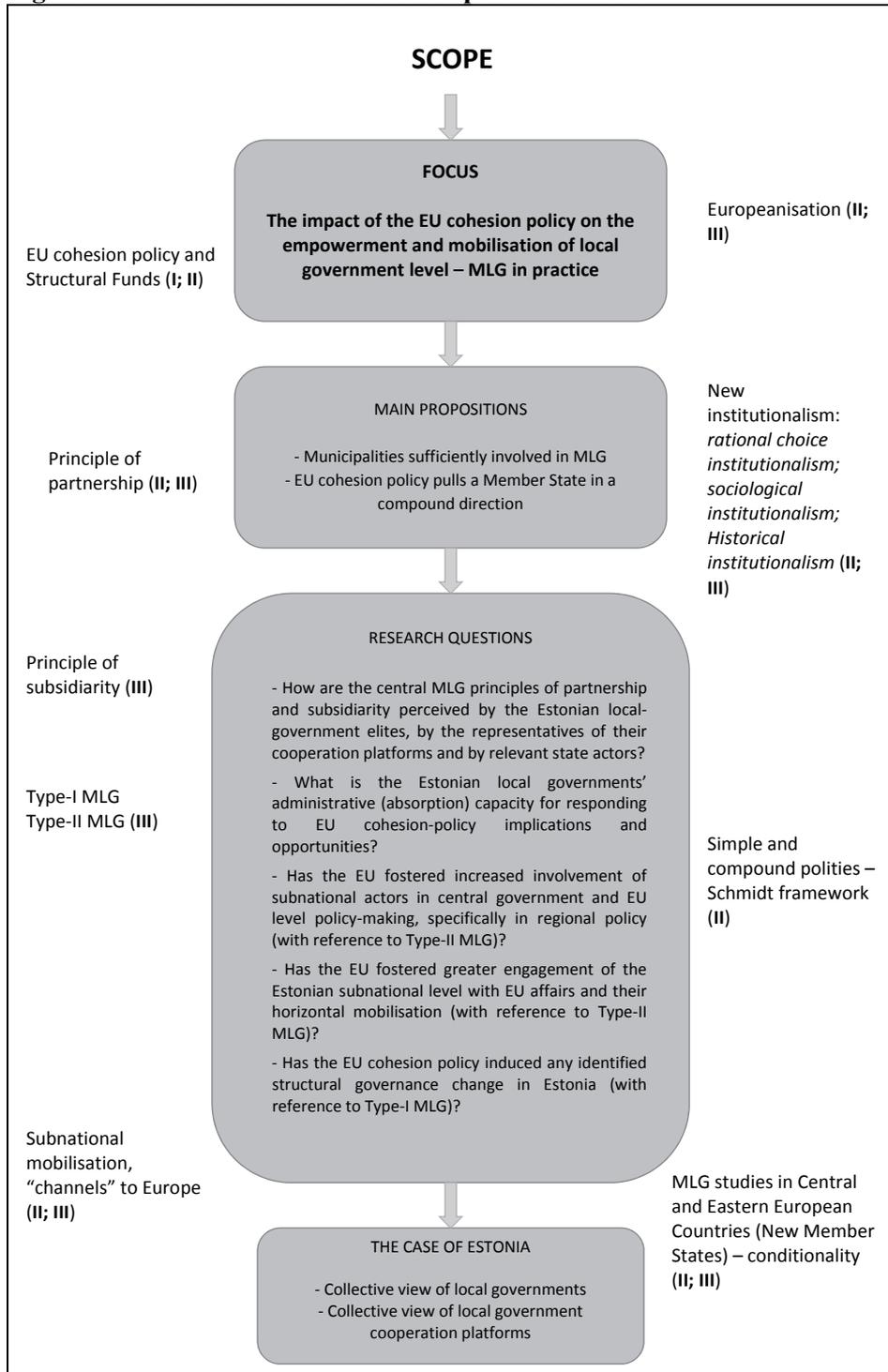
Besides the value of new empirical investigations in theory-advancing, the reappraisal of the experiences of MLG and partnership on the ground is particularly relevant in the currently changing policy context. Shedding more light on these issues is vital for responding to the current policy challenges, particularly given the increasing emphasis on place-based interventions in 2014-2020 and further that require the effective involvement of stakeholders to tailor development strategies to the characteristics of European territories to tap into their specific assets and development potential (Barca 2009; Farole et al. 2011 in Dabrowski et al. 2014, 357). EU cohesion policy continues to evolve, and so does the practice of partnership, subsidiarity and mechanisms for coordination in the EU’s multilevel setting. In response to the pressure to promote a more place-based approach (Barca 2009) and challenges encountered in implementing MLG (Metis and EPRC 2014), the reformed framework for the policy for 2014-2020 includes new measures intended to expand and enhance partnership practice and to improve cross-level

coordination on strategic and operational issues (EU Regulation No 1303/2013). The European Code of Conduct on Partnership was one of the EU's envisaged approaches to achieve this and for the cohesion-policy main tools 2014-2020 – European Structural and Investment Funds – the emphasis on partnership and MLG has been strengthened further. The Code of Conduct aims at supporting Member States in their realisation of the partnership principle in order to ensure the involvement of partners at all stages in the implementation process of Partnership Agreements and programmes (Commission Delegated Regulation No 240/2014). It remains to be seen whether these new instruments will deliver their promises in practice or whether they will address the democratic deficit resulting from the specificity of MLG (Dabrowski et al. 2014). New empirical evidence and balanced coverage of the practices and developments of MLG from all Member States affected by the cohesion policy is therefore necessary in order to contribute to the best and relevant place-based decisions at the EU as well as at the national levels. Identifying variable practices as well as good practices in MLG has become a key to overcoming coordination failures across levels of government and jurisdictions, as well as among sectoral policies, and the challenge is to translate general principles to policy tools (Ongaro 2015). Relevant empirical research helps to operationalise MLG in the pursuit of policy goals and to identify general guidelines for governments with indications on which strategies may be most appropriate in which contexts. The more there are empirical examples of MLG in different contexts, the greater is the value of this research stream to help to guide relevant policy formulation – in this case for the sake of the effective delivery of the cohesion policy and overcoming coordination failures of different government levels.

Lastly, on a theoretical level the thesis contributes to the composition of a comprehensive picture of MLG in the context of cohesion policy. The literature review that is contributed for building the conceptual background for the MLG in the thesis captures a variety of themes, which largely have been studied separately in previous attempts. It does not allow to go in depth into each topic and capture all nuances related to these and studied in this scholarly track; however, its advantage is that it gives a comprehensive scene and menu for studying MLG, which may help to lead further researchers and newcomers in MLG research to suitable and applicable sub-topics as studied in MLG.

Figure 1 illustrates the focus and thematic scope of the thesis and the process that has been employed in this research. It visualises the main focus of the study and basic assumptions from the theoretical foundations of MLG that motivated this research. It also emphasises the main theoretical themes that shape the framework for emerging hypotheses and guide the empirical research. These are addressed in more detail in the following chapters of this introduction of the thesis.

Figure 1. The Focus and Thematic Scope of the Thesis



Source: author

The main body of argument of the thesis is developed in three original articles. The article “Estonian Local Government Absorption Capacity of European Union Structural Funds” (I) is based on a large-scale survey among Estonian local governments, investigating how they deal with the new possibilities enshrined in the EU cohesion policy and Structural Funds. Estonia was a “fresh” and new member of the EU at the time of the survey, (2005) and the state and local governments as recipients of the regional policy had only some experience with the pre-accession funds and only one year’s worth of experience with the Structural Funds. It provides an interesting and valuable starting point for the research, which makes it possible to draw conclusions about the impact of the EU rules in planning the regional policy and the use of the Structural Funds in the New Member States but, more importantly, the position, absorption capacity and readiness of local governments to effectively take advantage of this new opportunity structure. This article reveals that the EU regional policy is a valuable opportunity to empower local development; however, serious problems in absorbing the funds may exist, mostly problems with financial absorption capacity, human resources, lack of appropriate measures (partnership failure) as well as those attached to the size of local governments.

The second article has been motivated by the results of the 2005 survey in Estonia and the emerging picture of the capacities and possibilities of Estonian local governments to be empowered and to mobilise in EU cohesion-policy-making. The possible Europeanisation effect is investigated while remaining in the field of EU cohesion policy, which has been the most important promotor of MLG as commonly agreed in the evolving conceptualisation of the term. The article “The Impact of the European Union on Sub-National Mobilization in a Unitary State: The Case of Estonia” (II) analyses whether the EU cohesion policy has empowered the Estonian sub-national level, what kind of mobilisation of the subnational level has taken place and why? By moving deeper into the topic, analysing the founding integration theories of the EU and the emergence of the concept of MLG, tied with the Europeanisation explanations which mostly borrow explanations from the new institutionalist theories (II), the article investigates the implementation of the principle of partnership in the EU cohesion policy and in Estonia (top-down vertical structures) as well as bottom-up and horizontal cooperation attempts of Estonian local governments and their ability to exert their voice also beyond the central government. The focus is on the second Structural Funds programming period in Estonia (for the period 2007-2013). The article makes it possible to gain insight about the possible Europeanisation effects compared to the first survey that was conducted several years earlier (I), as perceived by the cooperation platforms of local governments and state actors. The article finds that MLG in Estonia can be best understood and explained through the deployment of sociological institutionalism as the most appropriate

methodological framework that can capture and explain the domestic effects of EU cohesion policy. Nevertheless, historical institutionalism serves as an explanatory framework for the rigid and almost unchanged vertical negotiation structure of the state as also found by some researchers who were interested in regional policy-making in the Central and Eastern European Countries (see for example Hughes et al. 2004).

The third article, “Multi-level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity” (co-authored with Dr. Michael Kull, **III**), looks again into the everyday practices of Estonian local governments regarding the emergence of MLG and their mobilisation in EU affairs and policies, focusing on cohesion policy. The article is based on the survey (2012) carried out in a similar method as the first empirical investigation (**I**), covering the whole range of local-government representatives in Estonia. However, the focus of the article is more broad-scaled and concentrated exclusively on the participation and mobilisation of local authorities, rather than on the absorption capacity of funding instruments. The third article concludes the whole research and is a valuable state-of-the-art description of the situation in Estonia, analysing the research results over the ten-year period of cohesion-policy impact on MLG in Estonia. It asks to what extent the EU cohesion policy has altered the patterns of subnational government involvement in Estonia. What is the self-image of local government regarding their perceived ability to be involved in EU affairs and to take advantage of the principles of partnership and subsidiarity? What is the actual participation in EU MLG and the mobilisation of Estonia’s sub-national level vis-à-vis the supranational level? More than the first (**I**) and the second (**II**) articles, the third (**III**) brings in subsidiarity as a central principle in MLG discussion and explains in more detail how this principle along with the principle of partnership is used in the research and why in the thesis the discussion of MLG has been tied mainly around the application of these two principles.

The following parts of this introductory discussion of the thesis will shed more light on the concurring themes in the dissertation. The next chapters explain the methodology used for analysing the MLG in the making in Estonia in detail as well as give an overview of the theoretical and conceptual themes that have guided the empirical research in Estonia. Further, the main findings from the research and the conclusions are summarised. Lastly, further avenues for research will be suggested.

METHODOLOGY

The thesis as combined by different articles captures the theoretical framework of MLG (see Figure 1) to integrate the main assumptions of how MLG can unfold in practice. This is proposed through interdisciplinary literature review and analysis, inspired by the common theoretical basis which guides the empirical investigation in each article. The theoretical framework of the dissertation draws mainly on literature on governance, especially MLG in relation to EU cohesion policy (Bache 2008; 2010; Bache and Andreou 2010; Benz 2003; Hooghe and Marks 2001a, 2001b; Lang 2010; Marks 1993), and less on Europeanisation research (Bache 2008; Börzel and Risse 2003; Risse et al. 2001; Vink and Graziano 2006). The analytical approach to theoretically explaining the reasons for unfolding practices is broadly based on the new institutionalist literature (Bache 2008; Risse et al. 2001) and its application in the theoretical framework of MLG.

On an empirical level, and following Yin (2009, 40-41), the thesis adopts a single-case-study design to represent a test of a significant theorisation of MLG, therefore using the existing conceptual and theoretical framework of MLG to provide an explanation of the particular case of MLG in Estonia. Conceptualisations around the MLG have specified a clear set of propositions as well as the circumstances within which the propositions are believed to be true (e.g. the specific domestic context determining the outcome of MLG). As already brought forward, more case studies are expected in this strand of research in order to confirm, challenge or extend this theory. Therefore, any new single case can represent a valuable contribution to knowledge- and theory-building and this was the main motivation for engaging in the single-case-study method in the thesis. To be more precise, the thesis engages in a longitudinal case-study method (see Yin 2009, 42). Determining the time span of ten years for the examination allows to investigate what has happened in a particular institutional context and how and why. The longitudinal case study allows tracing the reasons that actors give for their actions or beliefs and behaviours and investigating the relations between the beliefs and practices of different involved parties over time (George and Bennett 2005, 176 in Vennesson 2008, 231).

The thesis engages in a mixed-methods approach to analyse the case study (Creswell 1994, 2003; Creswell and Plano Clark 2007; Morse 1991; Tashakkori and Teddlie 2003). The research questions require a large and diverse sample and that the chosen theory of MLG and related concepts have not yet been applied in the sample the thesis focuses on. The surveys are used to test a theory and assumptions emanating from the MLG research that predict that EU cohesion policy largely empowers the subnational actors in the EU Member States. Concurrent with this data collection, qualitative interviews

also explore the situation and the main explaining factors for the emerging practices. Different methods are used to address different levels within a given system – local-government elites (see the use of the term in the thesis as explained below), local-government cooperation associations and their representatives, national-level cooperation platforms of local governments, officials in Brussels speaking in the name of local governments and state-level strategic planners of the EU cohesion-policy implementation in Estonia. The findings are furthermore integrated into an overall interpretation of the study results. The reason for the triangulation of methods and collecting several kinds of data from among different samples is important to minimise the limitations of each single method and to bring together the strengths of different forms of research for validating, complementing, confirming and corroborating quantitative survey results with additional qualitative findings.

In particular, the following data collection methods were used for the empirical investigation of MLG in practice.

The *survey* method is the main quantitative method that has been used in the case study on investigating the evolution of MLG in regional policy and in the empowerment of the subnational level in Estonia. The empirical investigation in the thesis embodies three nation-wide surveys whose main aim was to make mostly descriptive assertions (see Babbie 1990) about the distribution of certain experiences and perceptions on MLG, participation in regional policy-planning and the absorption capacity of funds as experienced by Estonian local governments. The sample for two of the surveys is composed of Estonian local-government elites – the response group was named so in order to define a particular type of respondents who are considered to be the influential, the prominent, and the well-informed people in an organisation or community (Marshall and Rossman 1989). What is important is their expertise in areas relevant for the research (*ibid.*). For the purposes of the current thesis, local-government elites were considered to be the heads of the municipalities as well as vice-mayors and in some cases development managers dealing with the planning and implementation of EU funds in the municipality. One survey was conducted among the representatives of local-government cooperation associations on the county level; however, these respondents were not considered to be “elites” in the organisation, but rather acted as administratively experienced persons explaining the administrative practices of these cooperation associations in engaging in MLG and regional policy-making in Estonia. All in all it was important for the success of the survey that the person was able to report on their organisation’s policies, past histories and future plans as these were the horizontal topics that were concurrent in the surveys and in additional interviews.

The first survey among Estonian local-government elites was conducted in 2005 (I) as part of the joint research project between Innopolis Consulting Ltd. and SEB Eesti Ühispank (Innopolis Consulting Ltd. and SEB Eesti Ühispank 2005). The second survey in the thesis was conducted in 2012 (III). The second survey included exactly the same sample as the first; however, the aim was not to compare the same themes entirely – the focus in 2012 was more on the practices with partnership and subsidiarity and engaging with Europe rather than the absorption of regional-policy funds that dominated in the first survey. The first survey did not investigate the participation practices in EU cohesion-policy-planning in Estonia; however, EU impacts on local institutions were investigated to some extent and especially through the means of group interviews that followed the survey in 2005 (see below). The second questionnaire in 2012 did also not mirror the one used in 2005, however, some topics with modifications were included in order to get the potential development dynamics in the administrative and financial capacity of local governments – sections about the importance of Structural Funding for them, the main problems hindering the absorption of funds, institutional adaptation to EU pressures like the EU position in the local government and the inclusion into regional policy-planning were existent in both surveys, and the thesis draws conclusions on these developments over the investigated time span. The 2012 survey also complemented the qualitative data-gathering in 2008 through in-depth interviews (II), adding a single local-government viewpoint for the enhancement of the interpretation of the results. The third survey had the least volume and was rather meant to complement the main survey results in 2012, as well as interviews conducted within the same sample group in 2008 (see II). It was carried out among regional associations of municipalities using the same technical platform as the local-government survey and an almost identical questionnaire.

In-depth interviews served as the main method for empirical investigation in article II; however, they have added valuable insights and made analysis more complete throughout the study. Altogether, 26 in-depth and in-person interviews were carried out for the thesis during the years 2005-2015. The interview sample consisted mainly of the representatives of local-government associations because the aim was to get deeper insight into the cooperation actions which are important in horizontal mobilisation and in investigating the Brussels actions, i.e. engaging with Europe from the “bottom up”. Also, the Ministry of Finance has considered regional and national local-government associations to be official social partners in the partnership process while preparing the strategies for the use of EU Structural Funds in Estonia, who in turn should combine and represent the collective demands of local governments (Partner List 2013).

While choosing a sample for the interviews the following considerations were taken into account for the successful completion of interviews (see also May 2011): firstly, accessibility – the persons to be interviewed should have access to the information which is sought for; secondly, cognition – the interviewee should understand what is required of them in the role of interviewee, and finally, motivation – it is quite important for the successful interviews that the subject feels that their participation and answers are valued and their cooperation is fundamental to the conduct of the research. The recruitment of local government and their cooperation platform representatives to the interviews was rather successful, as their motivation has been quite high in finding ways to exert their voice in topics related to participation in EU cohesion policy. As assumed, the motivation and content of the interviews was more reserved in the case of state representatives.

To some extent the main questions that were explored in these interviews mirrored the more structured questions that were added to the survey questionnaires in 2005 and 2012; however, being more open-ended and enabling the respondents to reflect their views and experiences may help to understand and analyse the survey results more coherently. In 2012, the issue of the subsidiarity principle was added to the interviews. Another aim was to collect and discuss experience, motivation, actions and accessibility to horizontal cooperation and mobilisation in order to engage better with the EU and lobby in Brussels. This was later complemented with the section in quantitative surveys in 2012.

Group interviews were also included into the study in order to supplement the first survey (I) and in order to capture with reasonable time and resources the collective views of local governments over key questions around absorbing the EU Structural Funds and participating in the regional policy-planning. By adding the information gathered through the group interviews to the final data set for analysis, it was possible to provide a better understanding of the issues at hand. The sample of group interviews contained the heads of municipalities from certain Estonian counties (see Table 1). Meetings with the heads of the municipalities were organised in December 2005 and February 2006.

In order to analyse the interview results, the conceptualisation of data and comparing the occurrence of “themes” in different interviews about the similar questions and larger topics was carried out. The technique of “developmental interviewing” (May 2011, 153) has been employed in the thesis and in this task – i.e. by moving, chronologically, through a person’s account of an event and their experience of it, a picture is constructed. Focusing on the ways in which different people relate their experiences, according to the circumstances they found themselves in, enhanced the comparison of accounts. This and other observations during the interview and in the theoretical context, as well as

bearing in mind the survey results (I, III) on similar issues, helped to become familiar with the data and the particular nuances of the interviews.

Methods of data collection, their focus and motivation are summarised in Table 1.

Table 1. Methods of Data Collection and Motivation

	Method of Data Collection	Sample and response rate	Focus and Motivation
I	<p>Web-based questionnaire survey in 2005</p> <p>Part of the joint research project between Innopolis Consulting Ltd. and SEB Eesti Ühispank (Innopolis Consulting Ltd. and SEB Eesti Ühispank 2005).</p>	<p>All local-level administrative units in Estonia, in total 241, targeting heads of the local governments</p> <p>Response rate: 84 correctly filled-in questionnaires (approx. 40%)</p> <p>51% of responded municipalities – population of 1,000-5,000</p> <p>59% – head of the municipality 16% – the development manager of the local government 15% – other specialist in the municipality</p>	<ul style="list-style-type: none"> - The experience of the EU pre-accession aid and Structural Funding - Factors hindering the use of funds and expectations about the conditions of funding and fields where the funds should be targeted on a local level - The absorption capacity issues that the local authorities face while applying especially for Structural Funds - Has some administrative or institutional adaptation been taking place on a local-government level due to the new opportunity structure (EU cohesion policy regulations)? - The main challenges local authorities are facing in the process of applying for funds and planning the regional policy
	<p>Group interviews (3) in 2006 with Mayors or Vice-Mayors of local authorities</p>	<ul style="list-style-type: none"> - All local authorities from the Lääne-Viru County, 13 December 2005 - Audru, Sauga, Tahkuranna, Häädemeeste and Pärnu from Pärnu County, 8 February 2006 - Põltsamaa City and municipality, Mustvee, 	<ul style="list-style-type: none"> - To include municipalities from the counties that were not sufficiently represented in the web survey and/or where the socio-economic situation in the municipality was statistically in worse off or better condition according to the average as identified by the Estonian Statistical Office - To complement the 2005 survey with additional qualitative data on the experience and needs of Structural Funding as well as to discuss the participation and involvement of local governments in the planning process of regional

		Saare, Jõgeva City from Jõgeva County, 22 February 2006	development programmes and the composition of the strategy for absorbing the Structural Funds in the period 2007-2013
	In-depth interview with the Vice-Mayoress of the City of Tartu		<i>Lääne-Viru County was selected, because the county's representation in the empirical study was the lowest – only one municipality replied to the questionnaire. Pärnu County was selected as an example of the local governments which can be characterised by a comparatively well developed regional situation, and Jõgeva County was selected just for the opposite reason – Jõgeva County belongs among the least developed regions in Estonia.</i>
II	20 semi-structured in-depth face-to-face interviews (each lasting 1-1.5 h) in 2008	<ul style="list-style-type: none"> - Representatives from the Ministry of Finance of the Republic of Estonia who had been responsible and active in the management and planning of EU cohesion policy in Estonia (2); - Representatives from the Ministry of Internal Affairs, regional development department (2); - Representatives and spokesmen for Regional Associations of Municipalities (7); - Representatives and spokesmen for the National Associations of Municipalities (2) - Representatives of the Tallinn City Government foreign-projects department (1) and Tartu City Government (2) (Vice Mayor of the city and foreign projects and relations department); - Estonian local-government 	<ul style="list-style-type: none"> - To get deeper insight into the cooperation actions which are important in horizontal mobilisation and in investigating the Brussels actions, i.e. engaging with Europe from the “bottom up” - To explore the perceptions of state representatives and their views about the implementation of the partnership principle and the mobilisation of the subnational level as fully fledged partners in regional policy-making - To explore the experiences with the planning of the use of EU Structural Funds in Estonia as in phases prior to 2004, for the period 2007-2013 and 2014-2020 <p><i>The focus was on the implementation of the principle of partnership and participation of local governments as influential partners for the state in planning and implementing the regional policy.</i></p>

		<p>representatives in Brussels Office (2) - Estonian delegates for the Committee of the Regions (2).</p>	
III	<p>Web-based questionnaire survey in 2012</p>	<p>All local level administrative units in Estonia, in total 226, targeting heads of the local governments</p> <p>Response rate: 91 correctly filled-in questionnaires (approx. 40%) from all 15 counties in Estonia; 15 towns and 76 rural municipalities</p> <p>74% – mayors of the municipality</p> <p>77% – municipalities with populations less than 5,000 inhabitants</p> <p><i>Frequency tables were used in the analysis of survey results that gave a breakdown of the number and percentage of respondents answering in each size category (divided by inhabitants of the municipality as follows: 0-1,000, 1,001-3,000, 3,001-5,000, 5,001-10,000, 10,000+). Tallinn and Tartu as the biggest municipalities in Estonia with the number of inhabitants approximately 400,000 and 100,000 correspondingly, did not</i></p>	<ul style="list-style-type: none"> - To combine the discussion about the EU's impact on Estonia's local administrative level with the self-perception of local actors - To investigate the enhanced role and recognition given to the principle of subsidiarity and subnational levels by the Treaty of Lisbon through the eyes of subnational actors - To explore the opinions of actors who face the impact of European integration in their daily work - To shed light on the municipalities' relationships with Brussels and on areas where the EU influences them - To understand whether the principles of partnership and subsidiarity support them in engaging in EU policy-making and influencing policies with a direct impact on them - To make visible the local-level actors' preferred methods and applied strategies to improve the situation - To explore relations to the central government above them in the hierarchy as well as horizontal cooperation and networking on the national and EU levels <p><i>The overall motivation was to construct a picture of a self-image of local government in terms of its perceived ability to be involved in the EU and to take advantage of the principle of subsidiarity and to investigate the actual participation in EU MLG and Estonian subnational mobilisation.</i></p>

		<i>participate in the local-government survey in 2005 nor in 2012; however, their representatives were interviewed in 2005 and 2008 and the results incorporated into the final analysis.</i>	
Supplementary web-based questionnaire survey in 2012	Regional local-government associations (15) Response rate: 13 associations correctly filled-in the questionnaire		- To explore the viewpoints of associations at the regional and national levels and to capture a “collective” view on the subject - To get a better insight into the practices and perceived attitudes about the EU MLG by the representatives of organisations that should be part of regional policy-planning and initiating and fostering meaningful cooperation between the local governments in the name of more effective regional development
In-depth, semi-structured interviews (1-1.5 h) in 2012	National local-government associations: - Association of Estonian Cities (2) - Association of The Rural Municipalities of Estonia (2) - Permanent Representative of Estonian municipalities in Brussels (1)		- To receive a complementary view to the surveys from officials responsible for the foreign and cooperation relations and their common representative of the Brussels liaison office

Source: author

All survey questionnaires are composed by the author as a result of the thorough literature review and working with the theoretical concept of MLG. The first survey among Estonian local-government elites was conducted as part of the joint research project between Innopolis Consulting Ltd. and SEB Eesti Ühispank (Innopolis Consulting Ltd. and SEB Eesti Ühispank 2005), where the author was a principal analyst and research project manager engaged in all phases of the research. The author also conducted all follow-up actions for maximising the response rate as well as data analysis related to the survey results. Also all interview questionnaires have been composed in a similar vein

by the author, and all interviews and in-person meetings have been carried out by the author herself.

The most important limitations in the methodology used for the thesis come from the fact that the study is based on perceptions of individuals who ultimately make up the MLG in practice. The criticism may be that perceptions do not give us the real picture of the field. There are spurious distinctions between reason and experience and the objectivity as detachment which inform this critique. This has the whole study rely on people's account of their actions as representing something beyond the survey or interview situation (see also May 2011, 158). These accounts may simply be inaccurate, there might be circumstances or events which surrounded these of which the person may not be aware, and therefore a fuller understanding can be achieved only by *witnessing* the context of the event or circumstances to which people refer. One should be fully aware of these distortions. However, as illustrated in the thesis, MLG has been studied in varied ways and can be presented in different forms, dependent on the case and its frames, policy area and issue at hand, even having different outcomes in one country while slightly changing the object or context of the research. This thesis adds to the wider conceptualisation of MLG practice, especially departing from the gap of investigating the everyday administrative practices and perceived role of the EU by one of the most important target participants in MLG – local governments. This is a study on how people who should participate in the policy consider events and relationships and the reason they offer for doing so. It is their presuppositions in the interpretation of the data that should also be the subject of the analysis, and that has been rarely so in the MLG research. And therefore, the thesis provides an essential way of understanding and explaining social events and relations which bring MLG closer in a given context or rather inhibit its emergence, as the thesis ultimately refers.

Despite the limits, the important gap has been supplemented by the thesis, and further research avenues have a remarkable potential to come out of this exercise. The basis, as created with the thesis, forms a valuable platform for further subjects of the research to emerge and to consider the social and behavioural context of the actors of MLG. The perceptions of the actors involved in MLG (or those who should be involved) ultimately present the scene realistically and give valuable information on how the EU influences certain contexts. Its explanatory value in describing emerging trends in Estonian regional policy-making also cannot be underestimated.

The next sections discuss the concepts related to the EU MLG which form a theoretical framework for the thesis as captured through articles **I-III**, the emerging picture from the existing research and summarise the main conclusions from the PhD thesis.

THEORETICAL CONTEXT FOR THE RESEARCH ON MULTILEVEL GOVERNANCE

EU Integration Theories and the Emergence of Multilevel Governance

The EU as a political system presents an endless research topic for scholars. Studies on the EU stress different views on the evolution and prevalence of the explanatory integration theories. It is a common claim in contemporary political science that political systems like the EU are being subject to a series of transformations that are changing the way in which power is exercised and territorially organised (Porrás-Gómez 2014, 174). Most prominently, in the relevant debate there has been a conception of the outcome of the impact of the European integration varying along the dimension characterised by intergovernmentalism (Hoffmann 1966, 1982; Moravcsik 1993, 1994; Pollack 1995) at one extreme and supranationalism (Haas 1958; Lindberg 1963; Sandholtz and Zysman 1989) at the other. The former stresses the supremacy of the national states in international deliberations and decision-making. While considering the role of subnational levels in EU policy-making, intergovernmentalism supports the view that direct impact of the EU on regional and local self-government is rather seldom and that there are no substantial effects of European integration on subnational authorities (Bourne 2003, 602). If regional and local governments have the opportunity to raise their voice in Europe this is prescribed by central governments. According to this view, the idea of central government as a gatekeeper hinders the possibility of subnational governments as independent political actors in the European arena (Moravcsik 1993; Pollack 1995).

In turn, supranationalism (neofunctionalism) suggests that European policy-making provides domestic actors like regional and local authorities additional resources to enable them to bypass their national governments by gaining direct access to the European political arena. EU Structural Funds reforms since 1988, as well as post-Maastricht developments like the establishment of the Committee of the Regions and the boost in setting up local and regional representation offices, gave ground to the idea of a “Europe of the Regions” as a way to mitigate the emerging criticism of the EU’s democratic deficit. However, this view was soon claimed as obsolete as a result of many following empirical studies. It became evident that because of the variations across subnational levels within the EU there would always be a constant tension between the promotion of regionalism in general and the pursuit of the individual interests of subnational actors, which meant that there could not be a single mode of representation of local and regional interests in the EU

(Keating 1995, 20-21; 1998, 165-166; Loughlin 1996).

In the mid-1990s the prevailing contrasting theoretical descriptions of EU integration were challenged by a third group of scholars describing the EU as a “system of multilevel governance” rather than just one of the two explanations of the integration process described by intergovernmentalism or supranationalism (see also Bache and Flinders 2004, 2). This approach draws upon both the state-centric as well as the supranational “Europe of the Regions” debates by not sharing the pure zero-sum game conceptions of previous theories (Bache 2008, 23; Hooghe 1995). The MLG concept contained both vertical and horizontal dimensions. “Multilevel” referred to the increased interdependence of governments operating at different territorial levels, while “governance” signalled the growing interdependence between governments and nongovernmental actors at various territorial levels (Bache and Flinders 2004, 3). As later studies of the EU Structural Funds questioned Marks’ far-reaching empirical claims on the emergence of MLG (Bache 1998; Pollack 1995), the proponents of the MLG approach have retreated somewhat from the early and more far-reaching claims about the transformative effects of EU cohesion policy, while continuing to explore both the vertical dimension of territorial reform and the horizontal dimension of EU policy networks (Pollack 2005, 383). Nevertheless, the main assumption of MLG has prevailed and has been dealt with in large-scale empirical studies (Bache 2008; Bache and Andreou 2010; Goldsmith and Klausen 1997; Hooghe 1996; Kelleher et al. 1999; Reynaert et al. 2011), namely that especially because of the EU cohesion-policy implementation we should see at least some movement towards MLG in the Member States, even though this transformation may be varied in different national settings.

Cohesion Policy and Multilevel Governance

As MLG has been most widely studied in the context of EU cohesion policy, it is beneficial to shed some light on the reasons behind it. EU cohesion policy is a genuinely shared policy based on financial solidarity. It permits the transfer of over 35 per cent of the Union’s budget, which comes mainly from the richest Member States, to the least favoured regions through the main financial instruments of the policy, the Structural Funds and the Cohesion Fund. As such, it is the main investment pillar of the EU budget. There have been subsequent reforms of the cohesion policy (in 1988, 1992-1993, 1998-1999, 2006, 2014) out of which 1988 is especially important because of the establishment of important new governance principles of programming, concentration, additionality and partnership (Bache and Andreou 2010; Bailey and De Propriis 2002). The reform also doubled the budget for cohesion policy and gave cohesion policy a strong regional focus that was lacking from the

policy until that time (Thielemann 2002). Even though the policy process has gone through further reforms, the guiding principles and territorial focus of cohesion policy have remained remarkably consistent since 1988 (Bache 2008; Bache and Andreou 2010).

MLG scholars perceive especially the EU cohesion policy to offer a good potential for subnational levels (public, private and social actors) to participate and influence, and it is considered to be at the leading edge of MLG (Barca 2009; Marks 1993, 401; Milio 2014; Nicola 2011). Cohesion policy is the field in which the concept of MLG was first fashioned and tested, and it is therefore the policy in which one would expect the theoretical promises of MLG to hold out most fully when measured up against empirical evidence (Piattoni 2010, 102). “Cohesion policy has served as a test bench and springboard for regional policy instruments focused on regions as the main units for intervention and including the subnational and non-state actors in the policy process through vertical and horizontal partnerships” (Dabrowski et al. 2014, 355). Indeed, the relevance of MLG for most subnational levels is the strongest in the context of EU cohesion policy, especially in countries where EU Structural Funds basically substitute the national funds in the area and where EU regional funding that is “showered” on subnational authorities is finally enabling them to perform certain previously unattainable activities (Fleurke and Willemse 2007, 71). This is mostly the case in the Central and Eastern European Countries that joined the EU since 2004 (see also Dabrowski 2014).

It is claimed that especially the joint programming and implementation of the partnership principle has empowered subnational actors and social partners in network creation and institution-building, and EU cohesion policy has been a major factor promoting political decentralisation and regionalism in the EU (Baun 2002, 261). The idea of this principle was to make cohesion policy more effective by involving the local and regional (subnational) actors most familiar with the problems and priorities of targeted regions, which would help to invest into areas where the problems were real and which would enhance the overall cohesion in the EU. Therefore, partnership was the crucial innovation of the 1988 reform and was specifically aimed at empowering subnational actors within the regional policy process to enhance its effectiveness. The principle has the legal status in the Structural Fund regulations, which has to be complied with as the condition of funding. Therefore, regions, subnational levels and non-state actors were expected to mobilise at the EU level and in domestic vertical and horizontal negotiation structures and it was recognised that polity consequences may indeed be implied by policy provisions (Piattoni 2010, 108). Cohesion policy can have major impacts on the patterns of governance in the EU Member States by imposing “multilevelness, which blurs the centre-periphery divide, and network governance, which blurs the state-society divide” (Papadopoulos 2010, 1031). With this potential of polity

consequences evoked by the emerging MLG in the context of EU cohesion policy, MLG can and should be discussed as a theory of European integration and of the transformation of the nation-state (Piattoni 2010, 106).

Still, scholars today are deeply divided between those who argue that EU cohesion policy has paved the way to MLG, even though there might be variation in the empowerment of supra- and subnational actors in the various member states by the EU's Structural Funds (e.g. Bache 2008; Bache and Andreou 2010; Hooghe and Marks 2001b; Leonardi 2005; Marks et al. 1996) and those who argue instead that cohesion policy ultimately served to strengthen the role of the Member States (e.g. Jeffery 2000; Moravcsik 1993, 1998; Pollack 1995, 2003, 2005), supporting the intergovernmentalist theory of the EU integration (see also Nicola 2011, 98). A central question of the debate on cohesion policy and MLG, therefore, continues to concern the impact of cohesion policy on the power and role of subnational authorities vis-à-vis national governments and within both the national and European contexts (Bache 2008; Baun and Marek 2008, 7). As this question has still received relatively little attention in the New Member States the motivation to study the emerging impact of MLG in one of these states in this PhD has been strong and serves to shed light on this continuing puzzle in the MLG research. It also requires opening up the further issues that have dominated the MLG studies, out of which one of the largest strands examines the phenomenon of "Europeanisation". The next sub-chapter will shortly discuss the link between Europeanisation and MLG.

Link Between Europeanisation and Multilevel Governance

During the 1990s, the study of Europeanisation became a cottage industry, with a growing number of studies seeking to explain both the process of Europeanisation and the significant variation in outcomes observed across both Member States and issue areas (Pollack 2005, 384). As a theoretical concept, Europeanisation orchestrates a variety of approaches from European integration theory, comparative politics and public-policy analysis. It also links the field of European studies with other academic fields (Kull 2009). As an empirical approach, its most prominent usage is to refer to the effects of the EU on domestic politics (Bache 2010). It is used for studying the impact of membership in the EU on domestic policy-making.

The debate about MLG and subnational mobilisation has almost exclusively been conducted in relation to Europeanisation (Bache 2008, 2010; Börzel 2002a, 2002b; Gualini 2004; Piattoni 2010). However, there are also claims that because Europeanisation studies contain specific theoretical implications that may distort the study of MLG, one should be cautious while mixing these two lines of inquiries (Piattoni 2010, 100). This is because of the varied nature

of the Europeanisation studies where several assumptions co-exist and there is a difficulty to provide an analysis of how whole systems will be affected by sub-systemic changes (ibid.). Adaptation through Europeanisation is therefore also illustrated as a patchwork and illustrated by assumptions like “Europeanisation as a vertical, top-down affair (while it can also be horizontal); that it operates solely through direct effects (while it can also operate through indirect mechanisms such as information exchange and learning); that it must necessarily imply convergence, harmonisation, and integration (while it may also produce divergence, dissonance, and disintegration); that it affects only policies (while it may also affect institutions); that it only affects Member States (while it can also affect non-Member States)” (Piattoni 2010, 100).

Inspired by this plentitude of coverage of the concept, Vink and Graziano (2006, 7) simply conclude that Europeanisation can be understood as the domestic adaptation to European integration, which has been modelled primarily in terms of the downward flow of effects. Even though being a rather simplified approach, this is also the view that has been taken in this thesis (II). The thesis does not fall into the deep discussion about the nature of Europeanisation and takes the position that Europeanisation and MLG effects have been indeed deeply interrelated in the scholarly work. The debate on cohesion policy has also explicitly focused on emanating domestic governance practices in relation to the concept of Europeanisation (Bache 2007, 240). Developments and actions taken in the EU institutions and EU treaties, e.g. a strengthened subsidiarity clause in the Treaty of Lisbon with the varying degrees of intensity over time, indicate expected change on domestic arenas, and the partnership instrument is ultimately there to promote MLG in the EU.

The Europeanisation literature is mainly institutionalist by nature (Börzel and Risse 2003; Knill 2001), mediating between the “goodness of fit” approach first developed by Risse et al. (2001) and the more nuanced new institutionalist approaches of rationalist, sociological and historical institutionalist strands (Bache 2008; II). Through these strands the new institutionalism explains Europeanisation through the logic of consequentialism, where the domestic change occurs as a result of the process of the redistribution of resources (rational-choice institutionalism); through logic of appropriateness, where learning is seen as a feature of change and the emphasis is on cooperation and networking (sociological institutionalism), and, finally, historical institutionalism states that institutions over time become path-dependent, and this hinders any change or demonstrates only very incrementally any adaptation as assumed by European pressures.

In relation to the study of local government the possible explanation of the Europeanisation effect is understood as a “direct impact” (vertical structures)

through which increased resources are provided in the Member States through the redistribution of EU funds as well as through a new set of rules and procedures for the formulation and implementation of development policies which affect the practices in the Member States (Leonardi and Paraskevopoulous 2004). This includes primarily downloading processes and changes in policies, practice and preferences within localities and organisational adaptation within the politico-administrative structure of local authorities (De Rooij 2002, 449; Guderjan 2012; Marshall 2005, 672; Reynaert et al. 2011). As influenced by the EU's direct impact on vertical structures, subnational mobilisation is expected to occur by gaining more influence in planning and implementing EU cohesion policy, especially on the domestic level through the implementation of the partnership and subsidiarity principle (Bache 2008; De Rooij 2002; Hooghe 1996). Besides that, the "indirect impact" of these developments is captured, which drives subnational actors into closer relationships with the central state and each other and gives them incentives to lobby the EU (Leonardi and Paraskevopoulous 2004, 315; **II**). This encompasses horizontal processes of Europeanisation for local authorities, which involve cooperation and the exchange of best practice and innovations through (transnational) networks (Guderjan 2012, 107). This explains the stronger formal position for local government in the EU due to the establishment of the Committee of the Regions, the rise of several associations of municipalities in the EU and their participation in an informal EU networks through subnational lobby offices in Brussels. Taken together, MLG in practice, as widely reflected in theoretical and empirical studies across the EU, refers to the empowerment of subnational levels (Piattoni 2010). It may ultimately embody different processes, whether being policy empowerment, institutional or administrative empowerment of regional or local actors (ibid.). These assumptions set the framework for the current thesis and have been explained more thoroughly in article **II** and further elaborated in article **III**. The differences between variant forms of empowerment are given in the next sub-chapter of the thesis.

Empowerment in Type-I and Type-II Multilevel Governance

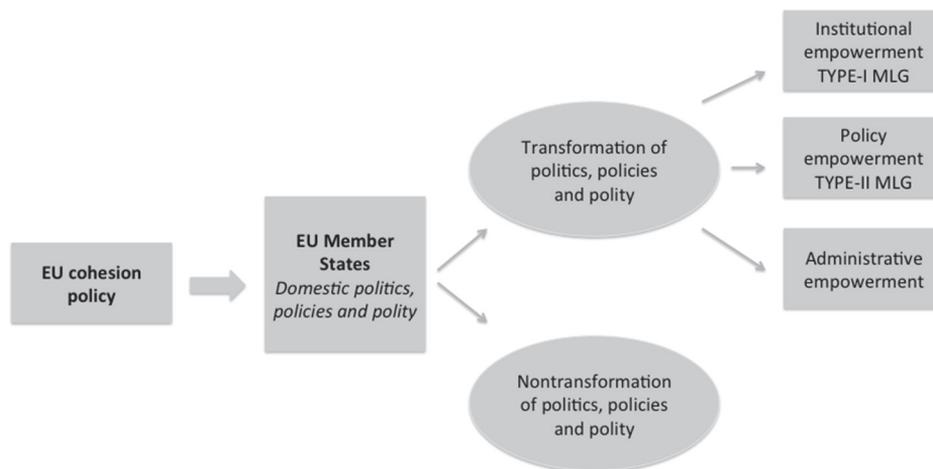
There is no doubt that MLG has made very important contributions to mapping and analysing the general structure of the EU polity, that is EU, Member States and subnational levels. In order to analytically capture the possible degree of domestic change in response to European implications from the cohesion policy, the abovementioned Type-I and Type-II MLG can provide explanatory value (see Bache 2008; Hooghe and Marks 2001a). The distinction between these types provides an analytical framework for interpreting the emergence of MLG as a result of developments in the EU policies and is also related to the understanding of the meaning of the "empowerment" of levels beyond the EU and the Member States. MLG assumes that increased subnational mobilisation

and policy participation will induce empowerment and learning processes that will inevitably affect centre-periphery relations and unleash further mobilisation both domestically and transnationally (Piattoni 2010, 100). Studies have found that in this the effects of EU cohesion policy have been more pronounced on Type-II MLG than Type-I, with ad-hoc functionally specific governance arrangements emerging at various territorial levels as a direct response (Bache 2008, 2010; Bache and Andreou 2010; **III**). For better understanding the effects, Piattoni (2010, 26) discusses *empowerment* as also embodying several different processes:

Empowerment is often understood as the increased freedom of subnational authorities to connect with similar authorities or with supranational authorities without the permission of national governments. In this sense, it coincides with mobilisation. Empowerment is also understood as the increased capacity of subnational authorities to make decisions without seeking the prior approval of their national governments. Such greater capacity may derive from the greater availability of financial, relational, and ideational resources thanks to participation in cohesion policy (policy empowerment) or it may derive from changes in the formal powers of subnational authorities (institutional empowerment). In this case, regions that receive EU Structural Funds and that can influence the way in which they are spent are de facto (if not de jure) empowered vis-à-vis their national government as well as other regional authorities. Bache (2008) calls these two dynamics, respectively, the horizontal (or Type-II) and the vertical (or Type-I) dimensions of MLG. Finally, empowerment is sometimes understood as improved institutional performance; hence it points to the learning processes triggered by exposure to the ‘good practices’ circulating in the EU (administrative empowerment).

Figure 2 illustrates the possible Europeanisation effect on the empowerment of subnational authorities.

Figure 2. Europeanisation Impact on the Empowerment of the Subnational Level



Source: author, based on Bache 2008, 17, 19.

As can be recalled, while policy empowerment and institutional empowerment both may be understood as developments towards greater MLG, they remain two different processes implying different degrees of central government resistance – the notion that has been important to keep in mind in analysing the empowerment of the Estonian subnational level, as well (III).

The Simple-Compound Polity Categorisation in Multilevel Governance Discussion

Considering that European integration legitimates vastly different forms of regional and local mobilisation, it is useful to try to capture some elements of convergence or divergence of subnational governance patterns across the EU along the specific continuum which makes it possible to generate some general conceptualisations about the Europeanisation impact on subnational authorities and their empowerment (II). This has been captured in Schmidt’s work (2006), who developed an analytical categorisation between the simple and compound polities and divided several European democracies along this continuum (see Table 2). This distinction highlights both state structures and policy processes and places these alongside the analysis of the nature of politics. Simple polity refers to a state with a combination of a majoritarian system of representation, statist policy-making and a unitary state structure. The term compound polity refers to a state with a combination of a proportional representation system, corporatist policy-making processes and regionalised or federalised structures

(Bache and Andreou 2010, 2; Schmidt 2006, 227; **II**). This has been illustrated in Table 2.

Table 2. Simple and Compound Polities

	Structures	Power	Authorities
Simple polities (e.g UK, Greece, Ireland, Hungary, Czech Republic, The Baltic States)	Unitary	Concentrated	Single
Compound polities (e.g Germany, Spain, Belgium, Italy)	Regionalised	Partially diffuse	Somewhat multiple
	Federal	Diffuse	Multiple
Highly compound (EU)	Quasi-federal	Highly diffuse	Highly multiple

Source: Bache 2008, 2, based on Schmidt 2006.

In relation to Schmidt’s categories of simple and compound polities, the abovementioned Type-I MLG corresponds to the state structures, whereas Type-II MLG relates to the nature of policy-making processes (Bache 2008; Bache 2010, 2). Here, one is examining the extent to which Type-I governance has been changed through greater regionalisation or devolution of state powers and structures and the extent to which Type-II governance has enhanced to promote the pluralisation of policy-making processes (ibid.). Based on this distinction of Type-I and -II governance, on Schmidt’s work and on the cohesion policy literature, it has been hypothesised by Bache (2008) and Bache and Andreou (2010) that in being part of the EU cohesion policy implementation, Member States, even with simple polities, become more compound, especially concerning emerging Type-II MLG and policy empowerment. The main principles related to the cohesion policy to enable

this are the principles of partnership and subsidiarity, opened up in the next sub-chapter.

Principles of Partnership and Subsidiarity as Key Tests for Multilevel Governance

Research to date suggests that the partnership approach as defined within the cohesion policy framework has the potential to redefine the roles of the central governments, subnational authorities and non-state actors in policy-making (Bache 1998; 2008; Dabrowski et al. 2014; Hooghe 1996). The concept of MLG is closely related with the implications involved in the partnership principle, and the application of this principle offers the opportunity for the promotion of “real” subsidiarity at the domestic level (Bache 1998, 2008; Benz and Eberlein 1999; Börzel 1999; Chardas 2012; John 2000; Kelleher et al. 1999; Thielemann 2002; **II**; **III**). The second article in this PhD thesis explicitly discusses the application of the principle of partnership in Estonia. The principle in general is defined as “close consultation between the Commission, the Member States concerned and the competent authorities designated by the latter at national, regional, local or other level, with each party acting as a partner in pursuit of a common goal” (Council Regulation EEC 2052/88). However, the Committee of the Regions has more explicitly shared its vision about the partnership in putting the MLG in practice (Committee of the Regions 2009, 4): “The legitimacy, efficiency and visibility of the way the Community operates depend on contributions from all the various players. They are guaranteed if local and regional authorities are genuine ‘partners’ rather than mere ‘intermediaries’. Partnership goes beyond participation and consultation, promoting a more dynamic approach and greater responsibility for the various players. Accordingly, the challenge of multilevel governance is to ensure that there is a complementary balance between institutional governance and partnership-based governance.” Thus, the aim is not to just foster multilevel participation without effective influence (Bache 1998, 2008), but to truly enhance the responsibility being shared between the different tiers of government concerned and underpinned by all sources of democratic legitimacy and the representative nature of the different players involved (Committee of the Regions 2009, 6).

Subsidiarity in the EU is defined as the principle whereby the EU does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at the national, regional or local level (Treaty on the European Union, Art. 5). In this thesis, the principle of subsidiarity is approached rather as a practice, which can only be meaningfully understood if analysed as seen through the eyes of affected individuals. Thus, the rationale is similar to that of some earlier studies aiming at unravelling

subsidiarity through the “embodied experiences” (Katcherian 2012) of those individuals addressed by and working with the concept. A case of subsidiarity “not working properly” would be if an actor lost the ability to participate in policy-making due to European integration (i.e. if the EU took powers away from it in the absence of a clear treaty base). In order to avoid such misinterpretation in the thesis, there has been no intention to use the principle as the one that should definitely devolve powers to subnational levels (drive towards Type-I MLG) but rather to open up the discussion how the subsidiarity principle in the context of EU cohesion policy should bring more attention to activating and involving subnational levels according to their domestic institutional setting to the policy-making that affects them (as the Committee of the Regions and several EU-level reports that have been referred to in the thesis have also emphasised). Therefore, the principle of subsidiarity or attention paid to this principle by different parties in place-based policy-making is used along with the emphasis on the partnership clause in EU cohesion-policy-making as an important element in moving closer to MLG in a specific context.

While the engagement of the local level in EU regional policy is wished for and supported by the EU and by other actors from the European level, especially by the Committee of the Regions and transnational networks for the subnational level, the reality for many regional and local administrations in the Member States looks slightly different. Much depends still on the actors above municipalities (see also Bachtler and Mendez 2007; Jeffery 2000). They often appear to be “too far away from local problems” (II; III). They have the potential to gate-keep EU decisions and thus control and steer the policy process (Bache 1998, 2008). This has given ground to many scholarly studies with different angles, i.e. investigating motivations of mobilisation, EU impact, applicability of the partnership principle in the EU regional policy, regional offices’ influence at the EU level, the Europeanisation effect in the New Member States as in a distinct context etc. The possible influence of the application of the principles of partnership and subsidiarity on the subnational level is largely differentiated and handled like this in the relevant literature, stressing on the “Enhancement, Constraints or No Effects”, as put by Fleurke and Willemse (2007, 70). This in turn is dependent on many intervening (domestic) variables and processes. Depending on their constitutional competences or attributed tasks, subnational authorities in certain countries have more opportunities in dealing with the European Commission than subnational authorities in other countries (Fleurke and Willemse 2007, 72; Jeffery 2000; Keating 2008; II; III).

The developments as illustrated in MLG studies also point to the importance of the absorption capacity of subnational levels to deal with the EU (I). Although the EU’s regional and cohesion policy is part of the new opportunity structure

that local authorities can deploy, these policies still require compliance. In order to qualify for funding, local governments have to meet certain eligibility criteria, follow given strategies or aim for specific objectives (Reynaert et al. 2011, 18; De Rooij 2002, 453; Guderjan 2012). The often limited capacity of subnational actors to take an active part in multilevel policy-making induces a further difficulty (Fleurke and Willemse 2007; I; III). For example, a related problem are the project applications for structural funding as such and their development in particular (Guderjan 2012; I; III). While the partnership principle provides for the participation of a range of stakeholders in the policy processes, its actual application is often hampered by a lack of experience and collaboration culture (Dabrowski et al. 2014, 356; I; II). How effectively the new opportunities can be exploited, thus, depends on the position of local authorities in their domestic context, as well as on the situation within these authorities; for example, the availability of financial and personnel resources or personal contacts to relevant actors (De Rooij 2002, 449; I).

To conclude, subnational mobilisation and the implementation of the principles of partnership and subsidiarity differ in distinct national contexts. At the same time the existing research shows that in broad terms, engaging with EU cohesion policy, which is supposed to bring along MLG-type implications on local contexts, has indeed also turned the simple polities among the EU Member States more compound ones (Bache 2008, 58-59; Bache 2010; Kelleher et al. 1999). As confirmed by several studies (Adshead 2014; Bache 2008; Mullaly 2004; Rees, Quinn and Connaughton 2004) Ireland is the best performing example of this, where Europeanisation has resulted in a reorientation of domestic policies, practices and preferences while implementing the regional policy; consulting with partners has become a norm, and “there has been evidence of innovation, mobilisation and experimentation, increased competence, capacity and confidence” (Rees et al. 2004, 402). However, there has been a profound effect on Type II, reflecting a “complex set of overlapping and nested systems of governance involving European, national, regional and local actors, and networks” (Loughlin 2001, 20), rather than Type-I MLG indicating the shift of power between territorial levels. Also in the strongest example among simple polities – Ireland – cohesion policy has led to more pluralistic processes, but without any significant redistribution of policy control, and has not yet disrupted long-standing power dependencies in domestic governance, where central governments remain the key players (Adshead 2014; Bache 2010). This represents institutional realignment to cope with new demands rather than radical institutional innovation and transformation (Rees et al. 2004, 402) and is not the kind of system-wide differentiated policy architecture, which is expected to occur on foot of a significant devolution of powers envisaged in Type-I MLG (Adshead 2014, 427).

Subnational Mobilisation – Engaging with Europe

The conceptual work of MLG implies that local, sub-regional, regional, national and supranational authorities interact with each other in two ways: first, across different levels of government (vertical dimension); and, second, with other relevant actors within the same level (horizontal dimension) (Kohler-Koch 1999; Leonardi and Paraskevopoulos 2004; Marks 1993, Marks et al. 1996b). The focus in this thesis is on both dimensions. On the one hand on the vertical dimension and capturing whether Type-I MLG has evolved as a result of Europeanisation effects by investigating closely the implementation of the principle of partnership in Estonia (II) as well as capturing the understanding and practicality of the principle of subsidiarity and MLG in general (III). Another implication of the EU creating new forms of multilevel governance besides the discussions around the principles of partnership and subsidiarity has been detected in so-called “channels to Europe”, activating the local and regional levels with EU developments. The latter responds to the horizontal dimension of MLG and rather reflects Type-II MLG.

A lot of noteworthy work has been contributed to this debate by Tatham and colleagues, where they have focused on different dimensions of the interaction between regions and the EU, have looked at regional-interest representation in Brussels, from the determinants of mobilisation in Brussels (Tatham and Thau 2014), differences between East and West European regions in their activity in Brussels and the impact that enlargement has had on regional activities (Tatham 2014), the determinants of conflict between Member States and their regions (Tatham 2013) or differences and similarities between regional- and local-government mobilisation on EU issues (Callanan and Tatham 2014).

One strategy in (supranational) subnational mobilisation is described as bypassing the central state, understood as a lack of interaction between the central government and lower-level authorities in the country (Jeffery 2000; II; III). As Keating has summarised, “under present-day conditions, the state can no longer monopolise all relationships between its constituent territories and the outside, giving rise to complex patterns of paradiplomacy and inter-regional networking” (Keating 2008, 630). Thus, the debate about whether subnational authorities bypass their Member State or whether the latter is still an efficient gate-keeper has been settled.

Tatham and colleagues contributed to the latter debate by focusing on different dimensions of the interaction between regions and the EU and regional-interest representation in Brussels. Callanan and Tatham (2014), Moore (2008) and Scherpereel (2007) studied these processes in relation to Central and Eastern European Countries. Similarly to studies investigating the regionalisation and decentralisation processes as a result of EU cohesion policy in the Member

States, studies on subnational mobilisation through horizontal channels and representation offices and in choosing their mobilisation strategies also echo differential empowerment and the outcomes of patterns from the studies indicating uneven implementation of the application of principles of partnership and subsidiarity across the Member States (II). This framework and existing contributions in the literature have shaped the investigation of Estonian subnational authorities' participation in networking and in engaging with Europe through horizontal cooperation channels (II; III). The results are summarised below.

Multilevel Governance in Central and Eastern European Countries

As the empirical focus in this thesis is on Estonia, a Member State from Central and Eastern Europe, it is necessary to give an insight into studies of MLG, Europeanisation and its effects (especially in the context of EU cohesion policy) in these countries, which gained vast interest since the accession prospect prior to the 2004 and 2007 enlargements. New Member States from Central and Eastern Europe have faced a “distinct” approach when analysing the possible impacts of Europe on their national contexts and on the empowerment of subnational levels (Goetz 2005; Grabbe 2001; Schimmelfennig and Sedelmeier 2005). In Central and Eastern Europe Europeanisation and subnational-level empowerment have been seen as uniformly shaped through the European Commission's *acquis* and “conditionality principle” (Goetz 2005; Grabbe 2001, 2003) due to their need to adapt to the Western European trend of transferring more and more political authority and rights of autonomy from the national to sub-state levels in order to fully and effectively absorb the EU funds and build up a coherent system for the effective regional policy (Pitschel and Bauer 2009). This “distinct” situation has also been employed in the research of subnational mobilisation in CEEC, because the socio-political and economic make-up of these countries differs from older member states; they have been members of the EU for a shorter time period, and this would lead these countries to behave differently (in their mobilisation strategies) (Moore 2008, 524; Tatham 2010, 80).

Indeed, paralleling much of the early literature on the EU, the main focus of research on the Central and Eastern European Countries initially was on the impact of EU requirements on the regional and subnational level (Bache 2008, 72) and especially granting the Commission a particular role in advancing MLG. It has been found that, indeed, the post-liberalisation process of regional policy formulation in most of the Central and Eastern European Countries was strongly driven by the EU (Bachtler and Downes 1999, 793; Bailey and De Propriis 2002; Goetz 2005; Raagmaa et al. 2014). However, the more the research evolved, the more the results indicated critical evaluations in the causal relationship between the EU conditionality and Europeanisation, which

were the two most widely employed concepts in framing the debates about EU Eastern enlargement (Hughes et al. 2004). The broad conclusion from this research on Central and Eastern European Countries has stressed the influence of domestic historical institutional traditions, which have affected the development of the sub-national level in Central and Eastern European Countries and introduced variances in how these states actually responded to EU influence (Bailey and De Propris 2002, 2006; Getimis 2003; Hughes et al. 2004). By now the MLG literature suggests that subnational mobilisation and the implementation of the principles of partnership and subsidiarity differ in distinct national contexts, not only within the old Western EU Member States, but similarly within Central and Eastern European Countries or South-East Europe as another empirical context for investigation (Bache 2008; Bache and Andreou 2010). Pitschel and Bauer (2009) comprehensively captured the Central and Eastern European Countries' research on MLG, and their systematisation attempt indicates that the distinction in this scholarly track between the "old" and "new" Member States is disappearing slightly, and researchers should further engage in comparing suitable constellations in Eastern and Western Europe in order to enhance the analytical leverage for answering specific research questions (Pitschel and Bauer 2009, 341), not just emphasising the contrast between "old" and "new".

Against this overall theoretical and empirical background, putting MLG, partnership and subsidiarity into practice has so far proven challenging and resulted in different outcomes across the differentiated national institutional settings, often involving a clash with the pre-existing domestic practices (Bruszt 2008; Dabrowski et al. 2014; Leonardi and Paraskevopoulos 2004).

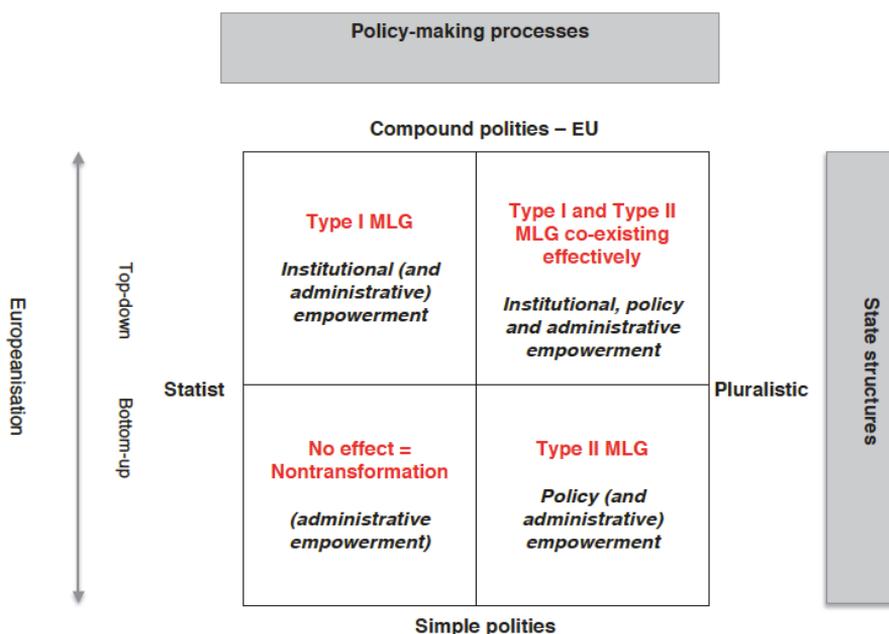
All in all, the framework of MLG and basic propositions still promote further studies and make it possible to investigate its anticipated influence. The following sub-chapter poses the theoretical propositions for the Estonian case study as guided by the MLG conceptualisations. It also introduces the baseline situation in Estonia for the study of emerging MLG. This is followed by the summarised overview of the results and conclusions from the thesis.

THEORETICAL PROPOSITIONS FOR THE ESTONIAN CASE STUDY

Emerging Multilevel Governance as Proposed by the Theoretical Approaches

Most of the propositions which will be considered in the empirical analysis of Estonia emanate from the literature review, which gives theoretical insights as well as an overview of the empirical studies within the EU Member States. The Estonian case is expected to largely confirm the overall pattern of the EU's impact on subnational mobilisation in similar domestic contexts in other Member States, especially belonging to Schmidt's continuum of simple polities. Following the thorough literature analysis it was assumed that due to the experiences of being part of the EU cohesion-policy implementation one should see the emerging MLG in Estonia provide more possibilities for the local governments to be involved in the regional policy-making and to take advantage of MLG, at least where policy empowerment and Type-II MLG are concerned. The following Figure 3 brings together the main framework for analysing the empirical results as taken from the conceptualisation of MLG and as introduced in the previous chapter of this introduction of the thesis.

Figure 3. Emerging MLG as Proposed by the Theoretical Approaches



Source: author, based on articles I-III.

The visual graph on Figure 3 has several points of departure. It visualises the vertical state structures and horizontal policy-making processes that characterise the domestic context in Member States which can be described along the continuum of single and compound polities, where the EU itself represents the highly compound community. As brought forward above, one of the key hypotheses is that the EU as a highly compound polity tends to pull the Member States in that direction, too. The concept of Europeanisation here highlights the importance of the nature, precision and status of EU requirements and their goodness of fit with Member States; emphasises the potential importance of both processes involving repeated interactions between the EU and individual states (bottom-up) as well as a top-down processes of change; demands a focus on the domestic circumstances that may constrain or facilitate change (the nature of vertical and horizontal structures); and provides categorisations to capture the extent of the change that has (or has not) taken place (Bache and Andreou 2010, 5). The latter is illustrated by the emerging Type-I or Type-II MLG and empowerment of subnational levels as influenced by the EU cohesion policy. Namely, by bringing together the vertical state structures and horizontal policy-making structures it can be proposed that Europeanisation, whether engaging in top-down or bottom up processes or in their interaction, results in variable degrees of domestic change and empowerment correlated to Type-I and Type-II MLG. The ideal version of MLG would be Type I and Type II co-existing, as is the typical case in many modern polities (Bache 2008; Bache and Andreou 2010), and that characterises most suitably the polity in the EU. However, as the empirical research shows, ideal propositions from the theory do not hold through, and we largely see the effect on the emerging Type-II MLG. In order to enhance the place-based policy-making, more should be done in order to encourage more Type-I MLG emergence across the European Member States.

Taking from the conceptual work introduced in the previous chapter of the thesis, the following main and more specific propositions connecting MLG with practices of subsidiarity and partnership and the status of small unitary states in the European integration process are taken at the centre of empirical investigations in the thesis:

1. EU cohesion policy serves to empower municipalities, both financially and in terms of mobilisation and partnership (addressed in **I; II; III**).
2. Education, information and access to networks are preconditions for taking part in EU MLG. Subnational actors are sufficiently equipped in this respect and gaining more attention due to the Europeanisation processes (addressed in **I; III**).
3. EU cohesion policy has induced identifiable governance change, as well as increased administrative and absorption capacity of local governments (addressed in **I; III**).

4. Functioning relations to the central government are important, as are horizontal and vertical networks relations (addressed in **I**; **II**; **III**).
5. The principles of partnership and subsidiarity support subnational governments in engaging more intensively in EU policy-making and in influencing policies with direct impact on them, such as EU cohesion policy (addressed in **II**; **III**).
6. Given that the previous are in order, Estonian municipalities are sufficiently involved in EU affairs, and at least emerging Type-II MLG can be identified (addressed in **III**).

These propositions help to answer the main research questions and to draw conclusions about the emergence of MLG in Estonia. In order to answer these interrelated issues, baseline characteristics of Estonia as a case study are presented in order to help to contextualise the study. This leads to further assumptions for analysing the impact of the EU on MLG, introduced below.

Further Propositions for the Estonian Case Study

Estonia is a small and centralised country in terms of the administrative structure having a one-tier local-government system since 1993. Rural municipalities (183) and cities (30), which are of equal legal status, form the first, local level of Estonian public administration. All local governments operate within a county (15). The interests of the state in the county are represented by the county governor. Because there is no regional-level local government in Estonia, the cooperation of local authorities is organised through 15 regional associations of municipalities, which are established on a voluntary basis. At the national level, there are also two associations that represent the common interests of local authorities, especially in intergovernmental relations: the Association of Estonian Cities (AEC) and the Association of Estonian Rural Municipalities (AERM), which in the context of the relationship with the EU are of utmost importance for the Estonian subnational level (see also **II**).

According to Schmidt's (2006) categorisation (Table 2), Estonia represents the simple polity. In terms of Europeanisation research (Goetz 2005; Grabbe 2001), Estonia faced a distinct approach by the EU in referring to actions that would be necessary in order to absorb the funds that the EU cohesion policy introduced to Estonia as well as to other Member States from Central and Eastern European Countries that joined in 2004 and 2007. As found in studying the subnational-level mobilisation and emergence of MLG in many Central and Eastern European Countries, similarly the historical legacy of Estonia and the position of local governments have been and still are largely affecting the explanations of the regional policy setup and the role of subnational levels as well as the deviation from what has been expected through the implementation of the EU's principles of partnership and

subsidiarity in these countries (Dabrowski et al. 2014; Pitschel and Bauer 2009). And even though Estonia, like most of the Central and Eastern European Countries, replaced the earlier spatial planning and policy schemes during the 1990s by learning from their Western counterparts and the role of the EU can be considered important in advancing institutional reforms and the overall development in the administrative system of Estonia, this adoption of European rules has had different speeds and forms in Estonia. Especially during the 2000s, the lower levels of territorial governance gradually lost their development capacity due to financial centralisation and politicisation, and the role of local governments in the domestic setting has been remarkably weak (Raagmaa et al. 2014). This is in contrast with the history of local government in Estonia being traditionally strong, even before an independent Republic of Estonia was established in 1918 (Wrobel 2003), but which was effectively eliminated by the Soviet administration's principles of overall centralisation.

The intergovernmental system in Estonia confers substantial *de jure* autonomy to local governments. However, after analysing the financial system of Estonian local governments, one can see that municipalities' autonomy is *de facto* considerably restricted (Mäeltsemees et al. 2013; Kriz 2008; Kriz et al. 2006). Most Estonian local governments remain heavily dependent on the central government for revenue. In addition, the small size of Estonian local authorities and how this affects their administrative capacity is one of the hottest problems of local government in Estonia. The empirical investigation in this thesis also keeps the issue of size on the agenda and whether rural and urban differences exist when it comes to the issue of MLG, the EU's principles of partnership/subsidiarity and subnational empowerment (I; III). The results of the Estonian case study refer to the possibility that most of the problems with MLG are more prominent in smaller local governments. For example, adaptation to EU effects in administrative practices and institutional structure of the municipality is least evident in these municipalities. Thus, the size is one possible variable of the emerging MLG practices and is worth further investigation with more specific methods and tools.

Estonia is also particularly interesting with a system where on a relatively small territory great variances exist between municipalities. The average population of 4/5 of local entities is less than 2,500 while only a quarter of the total population of the country resides there. The biggest unit is the capital city, Tallinn, where 30% of the country's population lives, which is one of the highest percentages in Europe (after Iceland and Latvia) (Mäeltsemees et al. 2013). The capital region in northern Estonia has a per-capita GDP which is more than twice the level of any other region. The result is an intensification of unequal spatial allocation of capital and investment (Estonian Regional Development Strategy 2005-2015; Estonian Regional Development Strategy 2014-2020). This situation has motivated the never-ending disputes around the

size and capacity of Estonian local governments, and numerous administrative territorial reform plans for increasing the size of the municipalities have been on the agenda, which have not succeeded so far. This thesis handles the issue of increasing the size of the municipalities to some extent, however, with caution (I; III). Lately, more emphasis has been placed on the idea of inter-municipal cooperation, which can be considered one of the key options for increasing the capability of local self-government (Mäeltsemees et al. 2013; OECD 2011). The latest reform attempts by the central government emphasise and support the voluntary unification of municipalities according to the Act on Administrative Territorial Reform that is expected to be in force as of July 2016 (Ministry of Finance of the Republic of Estonia 2016a). The reform foresees that without the successful voluntary negotiations the state will coordinate the reform in those municipalities where the assessment criteria would suggest unification, especially in municipalities with less than 5,000 inhabitants. The main criterion in this reform plan is still the size of the municipality; however, it seems that compared to the previous attempts, more emphasis has also been put on strengthening the administrative and financing practices of the municipalities and on the intensification of strategic cooperation between the local authorities.

Currently, horizontal cooperation of local governments is happening through the established regional cooperation platforms in all 15 counties, uniting all or most of the local authorities of that county. However, this kind of cooperation is not really affecting the real development and effective solutions on the local level; it remains weak and aims rather on information-sharing than real practical cooperation on specific issues (II). On the national and international levels the cooperation of Estonian municipalities is organised through the work of national local-government associations. This research reveals that indeed, as perceived by most of the informants, these are also the most important arenas of contact between Brussels and the local governments (II; III). Namely, as the MLG concept suggests, Estonian local governments have also tried to mobilise themselves in order to be a part of the EU decision-making process by “going directly to the Brussels arena”. At arm’s length of national associations there are two representation offices from Estonia in Brussels, one which commonly represents the AEC and the AERM and the other being the Tallinn EU Office. Nevertheless, the effectiveness of their work and influence in MLG seems still only marginal (II; III).

The previous indicates a weak position of local government in the Estonian state, starting with the problems of administrative capacity (heavily referred to as the size problem in mainstream political debates) and strong fiscal centralisation, which does not correspond to the *de-jure* autonomy of the Estonian local governments. This and the overview attained by the literature of the impact of EU cohesion policy and especially in Central and Eastern European Countries pose

some further assumptions for the Estonian case study in light of the chosen research questions and already introduced propositions. These derive mainly from the new institutionalist literature in order to explain the emerging picture of MLG in Estonia. Namely, the empirical research in this thesis has been approached from the background knowledge that Estonia adopted a centralised mechanism that fulfils, at best, the minimal requirements of the partnership principle, assigning only a subordinate role to local actors (Kettunen and Kungla 2005, 367), the process common in Central and Eastern European Countries in general according to the Europeanisation and regionalisation studies (Bruszt 2008; Dabrowski 2014; Hughes et al. 2004; Schimmelfenning and Sedelmeier 2005).

Considering these baseline characteristics, the MLG discourse in Estonia would anticipate a rather weak impact from the push towards MLG on subnational empowerment (e.g. the implementation of the partnership principle and horizontal mobilisation) to be related to the common patterns found in countries with similar polity structures or historical backgrounds (e.g. Central and Eastern European Countries as a context for the study) (II).

Further, what could be named a “multilevel participation” rather than a “multilevel governance” effect presumably emanates from historical path dependency (see also Bache 2008; Risse et al. 2001 for the link between new institutionalist theories explaining the Europeanisation effect of cohesion policy), causing a weak position of Estonian subnational actors in the domestic intergovernmental context and thus the modest emergence of MLG (II).

Next, it is expected that considerable variations in Estonian local governments’ resources hinder an entrepreneurial approach for the majority of them, the proposition, which requires analysis attributing an important role to the size of municipalities as an important variable in explaining the emerging MLG (I; III).

Finally, the “empowerment” effect is assumed to be eminent through the informal “lesson-drawing” – sociological institutionalism as a suitable explaining framework, correlating mostly to horizontal policy-making structures and Type-II MLG –, which has opened up more cooperation among Estonian sub-national actors at the domestic and international levels and injected incentives to pursue greater power in national and international policy-making (II; III).

The following section is an empirically informed discussion of subnational perceptions of these interrelated issues. This gives a summary of the investigations in the thesis whether small local municipalities can exert their voice and be more assertive as a consequence of the developments on the EU level, which would make it possible to stress the greater empowerment of regional and local levels.

MULTILEVEL GOVERNANCE IN ESTONIA

Regional policy in Estonia is almost exclusively financed through the EU Structural Funds (Ministry of Finance of the Republic of Estonia 2016b; Raagmaa et al. 2014) and is one of the most important policy areas for the local governments, a fact that is clearly illustrated in the thesis (I; III). Seventy-eight per cent of local governments in 2012 (III) still stated that without the EU Structural Funds they would not have been able to carry out the tasks or make investments required by their development plans. This perceived importance of EU cohesion policy for the local development has not changed since the first study investigating this in 2005 (I). Therefore, the cohesion-policy framework allows best to interpret how the principles of subsidiarity and partnership have been applied in practice in Estonia.

Table 3 summarises the main empirical findings of the Estonian case study and links them with theoretical propositions (see also III). The overall conclusions are based on the empirical results as analysed throughout articles I-III, which also contain more detailed answers with evidence from the surveys and interviews to address these theoretical propositions.

Table 3. Theoretical Propositions and Evidence from Estonia

Theoretical propositions	Evidence from Estonia
<p>EU cohesion policy funds serve to empower municipalities both financially and in terms of mobilisation and partnership.</p>	<p>There are vast absorption capacity problems that hinder the use of opportunities coming through the EU cohesion policy. Smaller and rural municipalities are worse off in absorbing the opportunities (I). Smaller municipalities are excluded from the decision-making processes (I; III).</p> <p>Municipalities have not been able to get closer to the state and also to the decisions made at the EU level. Participatory options, such as the actual implementation of the partnership principle in the implementation of the EU cohesion policy are limited in their accessibility (II; III).</p>

	Partnership and subsidiarity principle – contrary to expectations by the EU (Commission) – do not work properly in Estonia (III).
Subnational levels are sufficiently equipped with education, information and access to networks in order to take part in EU MLG.	Estonian subnational level mobilisation and response to the EU level is neither pro-active nor systematic. Necessary pre-conditions for full and effective participation in MLG are lacking (I; III).
EU cohesion policy has induced identifiable governance change, as well as increased administrative and absorption capacity of local governments.	<p>The absorption capacity of Structural Funds of most of the responding local governments is quite low. Most of the problems are related to the lack of competent staff and skills for preparing projects. The organisational adaptation due to the new possibilities that have come to municipalities with EU funding has not been evident among Estonian local governments (I; III).</p> <p>Estonian local governments face huge financial absorption capacity problems, which is the most important reason why funds cannot be used effectively (I; III).</p> <p>EU cohesion policy has not induced identifiable governance change in Estonia (I; II).</p>
Functioning relations to central government are important, as are horizontal and vertical networks relations.	The relationship between municipalities and the central government is conflicting in nature. For a quarter of the municipalities, the cooperation with the Estonian central government is one of the biggest problems in engaging with EU activities (III). For the central government the main partners in negotiations are still only national or

	<p>sometimes regional local-government associations, which are also the most important links for exerting their voice for the single local governments (II; III).</p> <p>At the same time it can be observed that belonging to regional- or national-level cooperation platforms has broadened local-government authorities' knowledge in EU-level activities. The same applies to the EU influence. There is more horizontal cooperation happening due to the accessibility of EU funds. However, cooperation is rather intra-state and horizontal and concerns "broader" and "softer" issues, excluding local-government investments or service provision (II; III; see also Praxis and Centar 2015).</p>
<p>The principles of subsidiarity and partnership support subnational levels of government in engaging more intensively in EU policy-making.</p>	<p>Even though membership in the EU has brought along more attention to partnership and participation in the policy-making cycle (see also II, 395), Estonian municipalities are rather passive in terms of cooperation and are not necessarily pro-active (I; II; see also Mäeltsemees et al. 2013; OECD 2011). Not all of them participate as members of local-government associations, nor do they want to invest money, time or personnel in cooperation with national or EU arenas (II; III).</p> <p>Most of the municipalities are not aware of how they can participate in EU policy-making or regional policy-planning. Those, who are more aware of the principles of subsidiarity and partnership state that they have no practical influence on the everyday</p>

<p>Estonian municipalities are sufficiently involved in EU affairs.</p>	<p>operation of the municipalities (III).</p> <p>The EU as such is still rather far away from the municipalities, except when it acts as a source of money and when measures have a direct effect on municipalities' everyday activities (like specific measures where local governments can apply funding for their investments) (I-III).</p> <p>New institutional arrangements (e.g. Committee of the Regions) and the direct involvement of local actors in EU policy-making (e.g. EU regional policy) do not constitute appropriate alternatives for being present in Brussels; subnational mobilisation is very weak, and the opportunities from the EU promoting MLG have not changed the situation (II; III).</p>
<p>There is a rather weak impact from the push towards MLG and subnational empowerment (e.g. implementation of the partnership principle and horizontal mobilisation) in Estonia to be related to the common patterns found in countries with similar polity structures or historical backgrounds (e.g. Central and Eastern European Countries as a context for the study).</p>	<p>There seem to be no change in intra-state national-local level relations, which can be described as in conflicting nature with no empowerment induced for the local level behind the negotiation tables (II; III).</p> <p>In regional policy development the mobilisation is only formal due to the principles of partnership and subsidiarity and can be characterised rather as "multilevel participation" (II). Subnational mobilisation remains very weak; the opportunities from the EU promoting MLG have not changed the situation (III).</p>
<p>What could be named a "multilevel participation" rather than "multilevel governance" effect presumably emanates from historical path dependency causing a weak position of Estonian subnational actors in the domestic intergovernmental context and thus modest emergence of MLG.</p>	<p>The result is similar to the experiences of other countries, especially Central and Eastern European Countries characterised by a simple polity structure and with a similar historical background from</p>

	<p>the Soviet regime that shaped the intra-state relations and intensified centralisation in these countries for decades (II). However, Estonia is remarkable for demonstrating practically no movement towards MLG while being part of the implementation of the EU cohesion policy (III).</p>
<p>Considerable variations in local governments' resources hinder an entrepreneurial approach for the majority of them.</p>	<p>The case study presents evidence indicating that several implications hinder the true emergence of MLG. Financial and administrative capacities of actors depend on their size and location and are among the reasons which bring along variances of the responding possibilities of smaller and rural municipalities, clearly favouring larger and urban municipalities (I; III). Assumptions from the rationalist institutionalism approach help to explain the differential subnational mobilisation in Estonia providing some municipalities greater access to decision-making than others (e.g. Tallinn, Tartu, Harju county) (I; III).</p>
<p>The "empowerment" effect is assumed to be eminent through informal "lesson-drawing", which opens up more cooperation among sub-national actors at the domestic and international levels and injected incentives to pursue greater power in national and international policy-making.</p>	<p>The case study shows that according to the perceptions of the respondents one clearly visible effect from the impact of the EU cohesion policy has been the intensified horizontal cooperation with other municipalities and international partners. However, it is not evident that this has actually enabled them to pursue greater power in national and international policy-making (II; III).</p>

Source: author, based on articles I-III

Some previous studies focusing on the local governments in the system of MLG bring forward that most local actors perceive the EU as too far away and do not understand how the EU works (Martin and Pearce 1999; Witte 2011, 279 quoted in Guderjan 2012, 111; **III**). The Estonian case study confirms this. Rather than seeking to shape policies, most local governments are in the position that their efforts would not bring about “success” in this process, and there have not even been marks of attempts to ensure that they are sufficiently informed to be able to respond to future policy initiatives (**III**). Even though municipalities are satisfied with the information sources about EU matters, for 74% of them the main source for this are daily newspapers, and according to the latest survey in 2012, 63% are actually not aware how they can get involved in the designing of policies that affect them (**III**). Almost a quarter of Estonian municipalities is of the opinion that the EU has hardly any effect on them and does not impact their involvement in governance (**III**). Possibilities for sub-national actors to deal directly with different institutions in Brussels are also hindered by the low capacity of the Estonian local-government level. It requires far more resources than they currently have at their disposal to be sufficiently updated with necessary regulations emanating from the EU and in order to be engaged in the relevant cooperation networks or policy-making. Municipalities see themselves confronted with too many actors, responsibilities and regulations (**I**; **III**). This perception has not changed over the duration of the experience of being a full participant (at least in formal terms) in the policy.

This thesis and related studies in Estonia also confirm the gate-keeping power of the state in regional policy-making (e.g. Kettunen and Kungla 2005; **I-III**). Observing the developments in Estonia over the ten years of EU membership, the interaction between subnational and state actors can be characterised by non-cooperation and as being in constant conflict where both administrative levels are working separately and often towards the attainment of non-compatible objectives (Mäeltsees et al. 2013; Raagmaa et al. 2014; **II**; **III**). The Estonian state is only cautiously enabling the subnational level to become active internationally, for example by providing financial resources to the national local-government associations to support their internationalisation activities (**III**). At the same time, it prevents subnational actors from actually exerting influence by only formally engaging them in areas where the requirements for this are the most obvious, namely in the framework of EU cohesion policy. Intergovernmental relations with the central government have not been approved and are still considered one of the main obstacles in regional policy-planning (**I**; **III**).

According to wide-spread views characterising the earlier literature of MLG and subnational mobilisation, this situation would lead to supranational mobilisation of sub-national authorities in bypassing the state (Callanan 2011;

Callanan and Tatham 2014; Goldsmith 1993; Jeffery 2000, Tatham 2008). However, a “bypassing-the-state” strategy in EU-oriented activities is not evident in Estonia. On a more collective level through the national associations of local governments, the mobilisation is rather “through” than “beyond” the state, meaning that the latter have been and try to remain active in pushing themselves at different negotiation tables with the state, which nevertheless guarantees the positive outcome for the local level out of these processes. Jeffery (2000, 2) calls this implication of the EU “European domestic policy process”, focusing on the EU’s impact on collaboration with the central state in order to gain influence at the EU level (see also **II**).

While the EU cohesion policy inevitably enables a valuable opportunity for local development, serious problems in absorbing the funds prevail (**I**; **III**). Problems have also persisted with human resources, lack of appropriate regional policy measures and absorption capacity as attributed to the size and location (urban vs. rural) of local governments (**I**; **III**). It is remarkable that 95% of all respondents have no position or department in the municipality to exclusively deal with the “EU affairs” and regional development funding (**III**). The absorption-capacity problems in Estonian municipalities (**I**) have pertained during the ten years of EU membership, and Europeanisation has not brought forward significant institutional change in the policy-making and structures of the Estonian subnational level. In spite of constant debates over the constitutional and territorial position of local governments and their roles, no governance change has happened in Estonia. The Estonian example shows how financial autonomy/constraints of local governments and their position in a certain constitutional administrative context interferes with the expected implications of the EU supporting the empowerment of the regional and local levels. Type-I MLG is not emerging in the Estonian polity as the result of the EU cohesion-policy impact.

However, even in small and centralised states where Type-I MLG is not apparent, subnational actors are able to benefit from policy-learning and independently collaborate with each other through the EU programmes and in the Brussels arena (Bache 2008; Tatham 2008). It may be that regions and localities are not directly institutionally empowered or disempowered by cohesion policy but only indirectly so (Piattoni 2009). In Estonia too, EU membership seems to bring along only indirect benefits, and one impact supporting the greater emergence of MLG has been the perception of local-government elites and their cooperation platforms that inter-municipal cooperation has intensified due to the EU cohesion policy requirements being the EU’s most important impact on existing administrative practices (**II**; **III**). Also the strategic-planning ability of local governments has improved significantly due to the implementation of EU cohesion policy, indicating the impact on capacity-building on the subnational level (**II**; **III**). Even though

these capacities are seen to remain still restricted for the time being, there are signs of some bottom-up mobilisation and of more intense and direct engagement with European-level actors, too. There seem to be Type-II MLG effects emerging as a result of these developments (see also Figure 3).

However, while studying the perceptions of local-government elites (III) and contrasting the results with the representations of local-government cooperation associations (II; III) the outcome supports the picture of greater subnational mobilisation, more involvement in policy-making and inter-municipal cooperation considerably less, neither on the part of the central government nor on the part of the municipalities themselves. The capacity and willingness to take part in the regional policy-making process, cooperation in joint developments on a municipal level or EU-level activities in general varies considerably among different Estonian counties, local governments and their associations, supporting a phenomenon also found across EU Member States (Bache and Jones 2000; Bachtler and Mendez 2007; Goldsmith and Klausen 1997; Martin and Pearce 1999; Reynaert et al. 2011). Even though municipalities in Estonia are convinced that horizontal cooperation and planning activities have increased, acting as almost the only development supporting the MLG thesis, this should also be approached by caution. Similarly to what Adshead (2014) noticed in investigating the EU cohesion policy and MLG outcomes in Ireland, there are serious doubts whether also in Estonia knowledge transfer through new cooperation projects mainly as a result of EU cohesion-policy requirements is sustainable enough. Several national- and regional-level EU funding-programme evaluations (Tiits and Pihor 2010, Praxis and Centar 2015) have raised concerns that cooperation structures will last as long as the financed projects and that actually no systematic and sustainable increase in cooperation is happening. Similarly, concerns surround the strategic planning activities as highlighted by some of the interviewees in the study – even though the existence of long-term strategic plans in every municipality is not a problem anymore, the actual quality of these plans is still often questionable. This has resulted in sometimes ineffective or duplicating investments instead of careful planning and municipal cooperation in economic development (Mäeltsemees et al. 2013).

Expectation that cohesion policy should bring simple polities closer to compound ones gets almost no proof in the Estonian case, even when considering that formally the partnership and subsidiarity principles as envisaged in the context of MLG are working. This was not expected on such a scale at the beginning and during the research. There is practically no adjustment of local-government structures and routines to EU pressures, no involvement of local actors in the policy-making process or in networking. As the prevailing methodology used for the empirical research covers the whole range of local governments the result is remarkably illustrative. The case

shows that the prevailing constitutional situation of the subnational level and historical institutionalism that still shapes the intergovernmental relations between the structures and processes is the strongest determinant in the current state of Estonian local-level administration while engaging in Europe and in the overall policy-making. Due to the Europeanisation processes and impacts of the investigated principles of partnership and subsidiarity, there is only a slight movement towards the Type-II MLG in Estonia, but this only concerns inter-municipal cooperation. Intergovernmental relations with the central state have not changed into a strategic partnership and ultimately resemble rather just formal “participation” in regional policy-making. The strongest explanation of the EU cohesion-policy impact in Estonia that leads to implications closer to some elements of Type-II MLG can be found in sociological institutionalism explaining the impact on perceived greater cooperation and learning from other counterparts or adjusting to necessary requirements (e.g. strategic planning). This, however, has an almost non-existent link with the actual emergence of MLG in terms of policy empowerment (see Piattoni 2010 for the differences in definitions of empowerment). The Estonian case supports the prevailing intergovernmental view of Europe questioning the true emergence of MLG and empowerment of subnational actors.

The thesis points to the fact that universal suggestions from the theoretical literature do not always hold true and illustrates the multifaceted framework for analysis as provided by the concept of MLG and related principles. This is a good illustration of the lacking attempts and can explain why after almost a 20 years of the development of this theoretical context widely used in research, debates around the strength and applicability of the “proper” theory of MLG still exist. Even though the ultimate result in this study is not surprising or completely new in the light of the existing theoretical assumptions, especially for the simple polities or Member States from Central and Eastern Europe (Bache 2008; Bruszt 2008; Dabrowski 2014), it also presents unexpected results, which emerged while changing slightly the focus of the research. While studying self-perceived views of local-government elites (**I**; **III**), practically no change in practices can be identified and therefore no MLG effect, which can be considered to be an alarming effect in EU policy-making. While contrasting the perceptions of the representatives of the local-government cooperation platforms (**II**) to local-government elites (**I**; **III**) similar results emerge; however, in the first case significantly more indications about (horizontal) Type-II MLG are prevalent. However, these would most likely also be unsustainable or not emerging if the EU cohesion policy support was absent. Implications on the deeper levels and at closer look at the states, whether unitary or federal, may indeed lead to interesting unexpected observations (Martin and Pearce 1999). There are also interesting results from some previous research showing how expected assumptions for MLG based on

the regionalisation level of the studied country deviates from the expectations from the wider theoretical literature. All subnational actors in federal, i.e. highly compound, states may not automatically be empowered by the EU policies, as examples from Germany present (Kull 2009), and some actors from subnational levels of unitary states may be very successful in mobilising and engaging in MLG (Kettunen and Kull 2009; Kull 2008, 2014). Exactly such variances in research outcomes make MLG research appealing – even in one country, when slightly moving the emphasis of research, we may be able to see somewhat different outcomes, which in turn pose further challenges to coherent theory-building.

Policy Implications

This thesis also raises more practical concerns supporting the ones highlighted also by some other authors (e.g. Adshead 2014; Dabrowski 2014; Milio 2014). MLG was described by the White Paper on European Governance as the most appropriate governing framework for the EU, and the application of MLG within the EU Member States is deemed necessary for improved EU Structural Funds implementation (Hooghe and Marks 2003). In addition, the Systematic Dialogue, the White Paper on Multilevel Governance and the Territorial Pact have sought to establish multilevel partnerships (European Parliament 2009). In light of the latter the picture that emerges from the local-government level in Estonia should be alarming. The regional policy is supposed to build up regionally networked innovation systems and promote the knowledge society via localised learning processes (Raagmaa et al. 2014), where “bringing government closer to the citizens” is acting as an important variable in the effectiveness of the policy. It is evident that in regional policy-planning the single-tier local-government level that Estonia has should effectively be part of the policy-planning process in order to be able to effectively absorb the policy and generate favourable impact. In a situation like this, EU cohesion-policy requirements, especially partnership and subsidiarity, should provide significant opportunities for at least the policy empowerment of relevant actors. What we see instead is almost a complete lack of real MLG in practice, even in moving towards Type-II MLG.

Considering the developments in Estonia as analysed according to the data used in this thesis, it does not seem likely that Estonian local governments would (ever) be institutionally empowered by the influence of the EU cohesion policy; however, their greater capacity may derive from the greater availability of financial, relational and ideational resources thanks to participation in cohesion policy. Such, rather policy empowerment is making them more capable of contributing to the policy-making processes and may be understood as some development towards MLG. However, it still remains very different from institutional empowerment which should bring about a redefinition of the

institutional or even constitutional set-up of the Member States (Piattoni 2010; see also Figure 3). The central state is reluctant for the latter to happen, and probably it is also the reason why policy empowerment is not sufficiently supported by the central level, either (see also **III**).

Inevitably, MLG is not a model suitable to every context, and instead it must be calibrated and carefully governed if the EU wants to see the expected benefits of this governance model. It is clear that it would be too optimistic to expect that Member States with such differences in their history, culture and local domestic constitutional settings would bring along similar responses in moving closer to the MLG model. Also, Type-I MLG should not universally be the only ultimate goal of this process and in every national context. However, in order to move beyond the role of “fashionable rhetoric”, which often seems to characterise MLG, partnership and subsidiarity, more targeted assistance and pressure should be imposed on the actual implementation of the partnership and MLG framework, giving more prominence to the actors having the most important role in the regional policy. Policy empowerment should also be enforced more from the top down. The EU and the Member States need to develop a multilevel framework, and subnational actors need to be assisted in their institutional/capacity-building processes in order to contribute efficiently to the policy-making process and to be capable of effectively implementing policies, as improved capacity can lead to joint ownership of policy actions (Milio 2014, 395). In order to be able to take advantage of the opportunities from the EU, especially through the EU cohesion policy, local governments in countries with similar outcomes of MLG as Estonia should gain the capacity to have appropriate policy responses to these changes in the first place. What also has to be changed is the value system of both levels of the state – central and subnational – to foster a more cooperative and participative culture in policy-making.

Vertical structures of negotiation may reduce conflicts in systems of MLG. In Estonia there are signs that the local level gains more prominence when looking at the discussions over the administrative territorial reform, the municipal financial system and inter-municipal cooperation. To make vertical structures work, an initial step would be to reform financial processes once new tasks are decentralised. A catalogue defining the duties and tasks that would come under the municipalities’ sphere of responsibility should be taken into consideration in the discussions on the future of local self-government. To date no such list with clear definitions and classifications has been made. Critics of such a list argue that it would be rather complicated to define and catalogue everything that belonged to the core of local self-government. Rethinking and remodelling the size of administrative entities has been seen as one possible solution to avoid blockades and other problems related to joint decision-making. The thesis rather supports this idea with its results (**I**; **III**);

however, the right strategy should be handled with caution, as a bigger size of the municipalities would not automatically transfer them to be more effective and responsive to the needs of the citizens (Drechsler 2013). This has to be in combination with financial reforms and a clear definition of the spheres of responsibility of each administrative level as well as with putting more in-depth emphasis on proper regional policy-building.

In creating more sustainable and effective local-government units and in finding the most appropriate solutions, much depends also on the willingness of local-level actors to devote resources to more collective action at the EU level and in the intra-state context. Central-government officials themselves have referred to the passiveness of Estonian local governments in policy-making (II). In spite of that no signs exist about the central government putting more emphasis on local-level capacity-building in order to overcome this concern. But if local governments became more powerful, this power shift might also foster participation from the local level (Kettunen and Kungla 2005, 358). For this, and besides financial empowerment, learning from the others and understanding the opportunities that may help in succeeding in the process are crucial.

For the time being, it is even questionable whether these very modest Type-II MLG impacts, if at all, that we can see from the developments of EU cohesion-policy implementation in Estonia are sustainable in the longer term, highlighting the limitations of the MLG approach and pointing to the importance of the efforts to enhance the quality of government at the subnational level as one of the key factors for the effective delivery of regional development policies (see also Dabrowski 2014). Adshead (2014) has suggested that if EU cohesion-policy values and practice are to be sustainable in states, more thought needs to be given to the conditionality criteria that encourage Type-I as opposed to Type-II MLG, which otherwise will undermine putting into practice the place-based approach in the post-2013 EU cohesion policy, which is unlikely to bring the expected benefits to all benefiting from EU funding. This is something that is worth highlighting as a result of the Estonian case study, too. In order to seize the opportunities of EU cohesion policy and contribute to the effectiveness of the policy, the “sub-national level must be able to project themselves as reliable cohesion policy partners by supplying good ideas for programme formulation, efficient monitoring of the funds, negotiational skills for the partnership exercise, and incisive evaluation of the results. Subsidiarity may be invoked and shares of sovereignty may be claimed, and may eventually be ceded, only if the lower tiers of government prove to be policy efficient” (Piattoni 2009, 26). Motivating and undertaking top-down assistive measures with the aim of supporting the capacity-building of subnational levels and more emphasis on conditionality criteria for encouraging MLG can act as facilitators of, at least,

more policy empowerment for related actors in the cohesion policy.

In conclusion, the anticipated subnational empowerment through the EU cohesion policy takes inevitably much more time than Estonia saw elapsing over the ten years of EU membership, or potentially will never happen if the Member States have such great leeway in implementing the requirements that should bring along more MLG, especially the principle of partnership. Knowledge has to travel across administrations and should become a natural element in the policy-making. An improved spatial coordination across all levels of the MLG system is needed across spaces that are inclusive and open for new actors (see also Charron et al. 2014; Dabrowski et al. 2014). MLG and its central elements, like the implementation of the partnership principle in policy-making and the prominence given to subsidiarity are acting as key strengths of cohesion policy which can ensure adaptability to specific needs and characteristics of EU territories. Therefore, the large-scale ignorance of the expected partnership-based framework of MLG as illustrated also by the Estonian case should be more intensively at the centre of debates around the effectiveness of the EU cohesion policy.

AVENUES FOR FURTHER RESEARCH

The EU can be regarded as an unfinished political community. The actual structure and power distribution is not a result of deliberative constitutional design but of an on-going integration process (Benz and Zimmer 2008 in Montin 2011, 1). The development of MLG should be put within this framework. And this in turn underlines the importance of raising theoretical and empirical research questions concerning the actual role of local government within MLG and thus the role of local government in the Europeanisation process (Montin 2011). Moreover, what can be seen from the developments of the main principles carrying the true essence of MLG – principles of partnership and subsidiarity – especially the latter is a truly political principle and as such will continue to be a highly contentious idea in the European policy-making arena (Nicola 2010). As the developments on the EU level already show, it is not likely that the principle(s) will become obsolete, but as integration progresses, they will acquire more prominence. This also highlights the importance of continuing research in the application of these principles of MLG.

MLG is an interesting as well as an utterly challenging area for research, because it spans different analytical levels and because it points to inherently dynamic arrangements. MLG does not present an integration theory in the narrow sense but rather an integrated analytical approach for describing the overall context of polity, politics and policy in the EU, and it is much more of a practical approach to better understand recent dynamics in the ever changing EU system than a cohesive or exclusive theory (Kull 2009, 11; Lang 2010; **II**; **III**). However, the ultimate goal of this strand of research is to result in a firmer theorisation of MLG (see also Ongaro 2015). As put by Piattoni (2010, 24-25):

The step from describing policy-making processes and patterns of political mobilisation to theorising about how individual Member-States and the EU polity are being restructured is as inevitable as it is demanding. It means engaging with portentous issues (the structuring of the political space) and mammoth literatures (on state formation, different state forms, different models of democracy, etc.) in their own right. As the theorists of MLG themselves acknowledged, proper theorisation on how the new type of mobilisation and policy-making was redefining the state – that is, the institutional structures of centre-periphery, state-society, and domestic-foreign relations – was, at the time of their writing, still out of sight.

The Estonian case study tries to address this challenge, as well. The Estonian case and its references to some previous works illustrate how varied the research of MLG can be and that there are still a number of ways one can absorb the framework of MLG for the empirical study. It uses a rarely deployed methodological approach in the MLG research on the local level and gives interesting and to some extent still surprising results. The research uses references that may help to justify the assumptions for the Estonian case to some extent, but at this stage it does not aim to put an emphasis on making deeper conclusions or comparisons of the Estonian case to some other similar or deviant cases on the deeper level. However, the latter would be a valuable further avenue for research in order to obtain a deeper understanding of the effects that have evolved in Estonia and how this relates to explaining factors of similar or different outcomes elsewhere in Europe. A more concentrated comparative study with clearly justified cases for comparison would be a necessary and valuable further step to follow in developing and strengthening, or rather questioning, the current results and, more importantly, for opening up the discussion around the explaining factors of the emerging picture of MLG in practice in different national and local contexts.

The Estonian case study shows that Estonian municipalities are very dependent on the EU funds, and even with the availability of these funds problems are difficult to overcome due to weak fiscal decentralisation (I; III). Measures to support poorer and smaller municipalities in the light of huge absorption-capacity problems of the EU Structural Funds should be carefully analysed in order to mitigate problems in preparing successful bids and what is more important, in order to create measures that are suitable and actually needed at local levels. The size problem of local authorities was constantly present in the Estonian case study (I; III). However, further more objective and preferably quantitative research is needed in order to indicate disparities in the absorption of Structural Funds caused by the regional location, the size of the units, the size of the budgets of local governments and other possible indicators, which would take the current research as a basis and test whether size as one determinant factor in explaining the absorption capacity of EU Funds (I) and the ability to mobilise as a result of EU opportunity structure (III) is firm enough to add valuable claims to the research. This kind of research would be a great addition to the current study helping to find causes and solutions to problems that have been indicated here as well as in other EU member countries already in existing research.

The everyday practices and perceptions of Estonian local-government elites confirm the intergovernmental view of Europe and question the true emergence of MLG and the mobilisation of subnational authorities. Local governments in Estonia are weak partners for the central government and currently have no resources to improve the situation. In this connection, the

research findings also generate the basis for the new research to test some specific aspects in more detail. It would be interesting to select some more specific case studies as the research object, whether in Estonia or at the EU level, in order to test MLG and variances in its application in practice. It can be, for example, the composition of EU-wide strategies where Estonian local governments are also target participants (e.g. EU territorial cooperation and related themes) or preparations in areas influenced by the requirements of the EU which affect local governments (e.g. environmental policies). All in all, there is a plenitude of further research possibilities which can take advantage of the Estonian case study and the existing pool of research and could be helpful in confirming or challenging the MLG perceptions. The ultimate aim of these attempts is to generate a better understanding of the existing practices in various sets of Member States, which still have to act collectively at the EU level. The debate around the founding theories of EU integration still persists and provides a scene for interesting and valuable research results. For example, these debates allow it to ask whether – given the difficulties and shortcomings reported so far – multilevel cooperation and real governance, if it exists, is an appropriate approach for delivering a more effective cohesion policy or, on the contrary, if it is counter-productive because it multiplies the number of potential bottlenecks for decision-making and creates unnecessary administrative burden (see also Dabrowski et al. 2014). This is exactly one aspect that interests this track of research where still no consensus has been reached.

Besides attempts to firmly explain the emergence of Type-I or Type-II as a result of EU cohesion policy and explaining intervening factors and variables in each Member State or region or even local government, a separately standing research area has been the one focusing on mobilisation strategies of single local governments. This PhD research has captured this as well to some extent (II; III), however, the methodology used here is not meant to provide deep investigation into this from different angles. At the same time, the current research is almost the only one in the EU which has handled the topic and mobilisation attempts in Estonia (see also Kettunen and Kull 2009). Investigating this further would considerably enhance the understanding of the attitudes, possibilities and capacities of the Estonian local level to engage with Europe.

The framework for mobilising interests and strategies as used earlier by Beyers (2002, 594) and later also by Callanan (2011) and Callanan and Tatham (2014) can provide a suitable starting point for such an analysis. Leaning to the common proposition in the literature, Beyers (2002) sets out that the structural position of interest associations within domestic polities – the level of access they have – affects their European network strategies in one way or another – how they seek access. He distinguishes between four different correlations

between gaining and seeking access. One of those is the “compensation hypothesis” suggesting that subnational interests, frustrated in trying to influence domestic policy-makers who show little regard for their concerns, compensate for this by attempting to “bypass” national governments and attempt to realize objectives and policy outcomes at the EU level (see also Jeffery 2004). Another possibility – the “reversed positive persistence hypothesis” – is that weak domestic interests with no domestic access remain weak at both the national and the European levels and do not seek to access Europe (Callanan 2011, 21). This model emphasises that the intergovernmental relations in the national context affect the mobilisation strategies of the subnational authorities. In order to fully understand the possible outcome of access-seeking, the strategies and attitudes of representatives of subnational levels need to be unfolded. The emerging picture of Estonia seems to refer to “the reversed positive persistence hypothesis” according to Beyers’s work and in explaining the strategies of local governments for gaining and seeking access for (EU-level) interest representation and networking. What could be read behind the lines of the Estonian case study, if local governments were more powerful in terms of financial decentralisation, the most likely networking strategy would be “the compensation hypothesis” and attempts to bypass the national governments. Contrary to the existing research presenting that conflict between territorial actors and state executives is the exception rather than the rule, and almost never the dominant strategy (Tatham 2013), it is likely that local governments in Estonia would opt for that in case of greater administrative capacity. Whether this hypothesis will be confirmed can be testable in further research with a more suitable research method for this particular exercise. For example, in the Estonian case comparing the strong municipality of the capital Tallinn being in constant conflict with the national government and the one which has set itself an EU agenda and moved its interest representation also to the EU level along with some other but weaker municipality would be a challenging research task. Surprising results may emerge, and factors like the political situation in the local governance may influence the research results remarkably. This would be a tempting and still insufficiently covered area in order to broaden the picture of bottom-up mobilisation of local governments in the EU.

To conclude, the conceptual history to date demonstrates that the term “multilevel governance” denotes a diverse set of arrangements, a panoply of systems of coordination and negotiation among formally independent but functionally interdependent entities that stand in complex relations to one another and that, through coordination and negotiation, keep redefining these relations (Piattoni 2010). MLG itself is a “multilevel concept” because it connects different analytical planes and raises different types of questions. It is at the same time (almost) a theory of political mobilisation, of policy-making

and of polity structuring; hence any theorisation about MLG must be couched alternatively or simultaneously in politics, policy or polity terms (ibid.). The research in this area does not seem to fade away, on the contrary, it is justified enough that each new attempt to capture the concept generates motivations for further research. This Estonian case study provides the most comprehensive handling of the topic in one of the smallest Member States in the EU and in doing so, several new research paths will most probably evolve out of this exercise, which will enrich the conceptualisation of the MLG in the EU.

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SUMMARY IN ESTONIAN

Euroopa Liidu ühtekuuluvuspoliitika mõju mitmetasandilisele valitsemisele Eestis: kohaliku omavalitsustasandi võimustamine ja kaasatus poliitikakujundamisse

Väitekirja uurib Euroopa Liidu (EL) mitmetasandilist valitsemist (*multilevel governance*) ja omavalitsusjuhtide ning teiste seotud osapoolte arusaamasid selle kontseptsiooni olemusest, võimalustest ja praktilisest avaldumisest Eestis. Töö eesmärgiks on analüüsida, kuidas EL ühtekuuluvuspoliitika, kui peamine kontekst mitmetasandilise valitsemise avaldumiseks, on mõjutanud Eesti omavalitsustasandit ja kuidas osalised ise seda mõju tajuvad. Väitekirja fookus on peamiselt EL partnerluse ja subsidiaarsusprintsipi rakendamisel liikmesriikides ühtekuuluvuspoliitika raames. Need printsipid ühendavad mitmetasandilise valitsemise teoreetilise raamistiku diskussioonidega detsentraliseerimisest, võimustamisest (*empowerment*) ja erinevate haldustasandite kaasatusest poliitikakujundamisse.

Väitekirja sissejuhatus avab töö teemat, selle aktuaalsust, asetab töö laiemasse akadeemilisse konteksti ja võtab kokku väitekirja originaalartiklite (**I**; **II** ja **III**) teoreetilise panuse ning Eesti juhtumianalüüsi tulemused. Väitekirja teoreetiline raamistik põhineb ja käsitleb järgmisi olulisi kontseptuaalseid teemasid mitmetasandilise valitsemise alases akadeemilises kirjanduses: ühtekuuluvuspoliitika ning mitmetasandilise valitsemise omavahelised seosed (Bache 2008; 2010; Bache and Andreou 2010; Benz 2003; Marks 1993; Hooghe and Marks 2001a, 2001b; Lang 2010; **I-III**); euroopastumine ja mitmetasandiline valitsemine (Bache 2008; Börzel and Risse 2003; Risse, Green Cowles and Caporaso 2001; Vink and Graziano 2006; **II**; **III**); partnerluse ja subsidiaarsusprintsipi rakendamine ühtekuuluvuspoliitika kontekstis (**II**; **III**); Tüüp I ja Tüüp II mitmetasandiline valitsemine ja nende seosed unitaarsete ja hajusate/mitmetasandiliste riigikordade ja struktuuridega (Bache 2008; Bache and Andreou 2010; Schmidt 2006; **III**); EL ühtekuuluvuspoliitika ja selle oodatud mõjud Kesk-ja Ida-Euroopa riikides (nt Hughes, Sasse and Gordon 2004; **I-III**) ning horisontaalne koostöö ning omavalitsustasandi kaasatus EL poliitikakujundamises, iseseisva ja keskvalitsusest sõltumatu mobiliseerimise võimalused (nt Callanan and Tatham 2014; Moore 2008; Scherpereel 2007; Tatham 2014; **II**; **III**). Töös on rakendatud euroopastumise mõjude kirjeldamisel peamiselt uus-institutsionaalse teooria alast akadeemilist kirjandust, mis jagab võimalike euroopastumise mõjude seletuse ratsionaalse, sotsioloogilise ning ajaloolise institutsionalismi käsitluste vahel (Bache 2008; Risse, Green Cowles and Caporaso 2001; **II**; **III**). Väitekirja panus valdkonna teoreetilisse kirjandusse seisneb eelkõige olulisemate kontseptuaalsete teemate süstematiseeritud käsitluses ja tervikliku pildi loomises sellest, mis teemade raames on

mitmetasandilist valitsemist akadeemilistes ja empiirilistes uuringutes peamiselt kasutatud.

Empiiriline analüüs põhineb Eesti juhtumianalüüsil, mille peamised andmekogumismeetodid on olnud üleriigilised ja kõiki omavalitsusi kaasavad veebipõhised ankeetküsitlused (**I**; **III**); küsitlused ja intervjuud regionaalsete omavalitsusliitude esindajate seas (**II**; **III**) ning individuaal- ja grüpiintervjuud omavalitsuste aga ka riiklike omavalitsusliitude, rahandus- ja siseministeriumi ametnike, Regioonide Komitee Eesti esindajate ning omavalitsusi Brüsselis esindavate organisatsioonide esindajatega (**I-III**). Töö praktiline panus seisneb empiirilise vaate lisamises juhtumist, mida ei ole akadeemilises kirjanduses seni praktiliselt kajastatud. Samuti on mitmetasandilise valitsemise kujunemises seni väga põgusalt kajastatud indiviidi vaadet ehk seda, kuidas saavad olulised osapooled sellest kontseptisoonist aru, kuidas näevad mitmetasandilise valitsemise ilminguid igapäevategevuses ja kas EL ühtekuuluvuspoliitika mõjud mitmetasandilisele valitsemisele on omavalitsustasandil nende juhtide poolt tunnetatavad.

Mitmetasandilisest valitsemisest hakati EL tasandil ja akadeemilises kirjanduses rääkima 1990ndate alguses seoses EL ühtekuuluvuspoliitika olulisima reformiga 1988. aastal, mis asetas seni eksisteerinud poliitikaga võrreldes tugeva fookuse regionaalsele dimensioonile, kasvatas märkimisväärselt ühtekuuluvuspoliitika eelarvet ning tutvustas mitmeid uusi liikmesriikidele kohustuslikuks järgimiseks mõeldud poliitikaprintsiipe. Olulisemad neist olid mitme-aastane programmeerimine ja partnerluse printsiip. Viimane neist kohustab kaasama poliitikakujundamisse kohalikke ja regionaalseid valitsusi, kes on kõige paremini kursis reaalsete ja kohalike probleemidega, mida ühtekuuluvuspoliitikaga püütakse kõrvaldada. Sarnaselt partnerluse printsiibile muutus samal ajal EL-s järjest olulisemaks ka subsidiaarsusprintsiibi olemus ja järgimine, mis peaks tagama, et otsused, mis ei kuulu EL ainupädevusse tehtaks kodanikele kõige lähemal asuval valitsemise tasandil ja mis tänases EL õigusraamistikus mainib otseselt ka regionaalsete ja kohalike omavalitsuste olulisust printsiibi rakendamisel.

Nende arengutega seoses hakati seni domineerinud integratsiooniteooriate – valitsustevahelise mudeli (*intergovernmentalism*) ja rahvusülese mudeli (*supranationalism*) – kõrval laialdaselt rääkima mitmetasandilisest valitsemisest kui uuest teoreetilisest lähenemisest EL integratsioonile. See suund pööras seniste integratsiooniteooriate kõrval enim tähelepanu võimu hajususele ja kirjeldas EL-i kui keerukat süsteemi, kus poliitilisi otsuseid võetakse vastu nii kohalikul, riiklikul kui rahvusülesel tasandil. Selle kontseptiooni juured lasuvad eelkõige G. Marksi ja L. Hooghe töodes (Marks 1993; Hooghe and Marks 2001b, 2003), mis kirjeldavad mitmetasandilist valitsemist peamiselt järgnevalt:

- Poliitiline otsustamine on jagatud ja toimub eri tasandite ja sotsiaalpartnerite koostöös, mitte vaid riiklikul tasandil ja riiklike huve silmas pidades.
- Riikidevaheline kollektiivne otsustamine hõlmab riikide valitsuste kontrolli ja otsustusõiguse vähenemist (sh kvalifitseeritud häälteenus Euroopa Liidu Nõukogus).
- Riigi ja laiemalt avaliku võimu tegutsemisviiside teisenemine: otsese korraldamise ja sekkumise asemel on liigunud koordinaatsiooni, suunamise ja võrgustikutöö suunas.
- Osalejad madalamatelt haldustasanditelt (kohalikud ja regionaalsed omavalitsused) ning teised huvigrupid ja esindusorganisatsioonid on aktiivsed nii riigi kui rahvusülel (EL) tasandil, luues uusi riikidevahelisi ning piiriüleseid ühendusi EL poliitikakujundamise protsessi mõjutamiseks ja suunamiseks.

Kuna mitmetasandilise valitsemise kontseptsioon arenes välja seoses ühtekuuluvuspoliitika reformidega, siis on seda enim uuritud just selles poliitikavaldkonnas, kus eeldatakse teoreetiliste hüpoteeside suurimat paikapidavust. Ka käesolev väitekiri keskendub mitmetasandilise valitsemise avaldumise uurimisele ühtekuuluvuspoliitika kontekstis. Peamine ja akadeemilises kirjanduses laialdaselt kasutatud hüpotees 90ndate aastate lõpust uuenenud ühtekuuluvuspoliitika ning eelkõige partnerlusprintsipi rakendamise mõjust on, et see on kaasa toonud regionaal- ja kohalike tasandite võimustamise ning aktiivse poliitikakujundamises kaasa rääkimise ning et liikmesriigid on pidanud antud poliitika rakendamise tulemusena võimu suuremal määral hajutama. Nende mõjude kirjeldamiseks on akadeemilises kirjanduses kasutatud EL demokraatlike liikmesriikide iseloomustamisel nn unitaarsete struktuuride ja riigikorraga riikide (*simple polities*) ja hajusate ning mitmetasandiliste riigikordadega riikide (*compound polities*) skaalat, kus EL on näide kõige hajusamast võimude lahususest ja erinevate osapoolte aktiivsest osalusest erinevates protsessides ning poliitikate väljatöötamisel. Ühtekuuluvuspoliitika erinevaid mõjusid liikmesriikides on püütud seletada nn Tüüp I mitmetasandilise valitsemise ja Tüüp II mitmetasandilise valitsemise ilmingutega, mis omakorda vastavad kas eelkõige institutsionaalsete ja struktuursete muudatuste ilmnemisele liikmesriigis tänu ühtekuuluvuspoliitika rakendamisele (nt võimu ja/või otsustusõiguse deentraliseerimine – Tüüp I) või eelkõige administratiivse ja poliitikate alasele võimustamisele, kus lisaks keskvalitsusele saavad poliitika kujundamisel ja planeerimisel rohkem sõnaõigust ja kaasatust ka teised tasandid ja sotsiaalpartnerid (Tüüp II). Oluliseks muutub siin käsitlus euroopastumisest – protsessist, kus EL institutsioonid ja poliitikad mõjutavad riiklike institutsioone ja poliitikaid ja toovad kaasa muutuse riiklikul/kohalikul tasandil (Börzel and Risse 2003; Risse, Green Cowles and Caporaso 2001; Pollack 2005; Vink and Graziano

2006). Küsimus, kas tänu ühtekuuluvuspoliitika rakendamisele ja euroopastumisele liikmesriikides avalduvad muutused ja transformatsioonid riigikorras, institutsioonides ja poliitikates on lähedasemad Tüüp I või Tüüp II mitmetasandilisele valitsemise mudelile, on olnud ajendiks mitmetele selle valdkonna akadeemilistele uurimistöodele. Üks olulisi hüpoteese, millest juhindub ka käesolev väitekiri, väidab, et tänu ühtekuuluvuspoliitika rakendamisele liiguvad selles poliitikas osalevad liikmesriigid, ka algselt unitaarsete struktuuride ja jäikade poliitikaprotsessidega, mitmetasandilise riigi ülesehituse ja kaasavate protsesside poole (Bache 2008; 2010; Bache and Andreou 2010).

Siiski esineb tänini teadustöodes lahkavamusi. Ühed väidavad, et ühtekuuluvuspoliitika on tõepoolest liikmesriikides endaga kaasa toonud mitmetasandilise valitsemise ilmnemise, isegi kui tunnistatakse, et need protsessid ei ole alati universaalsed (nt Bache 2008; Bache and Andreou 2010; Hooghe and Marks 2001b; Leonardi 2005; Marks et al. 1996). Teised väidavad, et ühtekuuluvuspoliitika rakendamine on lõppkokkuvõttes siiski teeninud eelkõige liikmesriikide keskvalitsuste huve ning tugevdanud valitsustevahelise teooria paikapidavust nendes arengutes (nt Jeffery 2000; Moravcsik 1993, 1998; Pollack 1995, 2003, 2005). Mitmetasandilise valitsemise alases debatis on jätkuvalt üheks oluliseks uurimisküsimuseks ühtekuuluvuspoliitika mõju erinevate valitsustasandite, eelkõige regionaalsete ja kohalike omavalitsuste tasandite rollile ja võimu suurendamisele nii riiklikul kui EL tasandil. Seni ei eksisteeri siiski veel piisavalt empiirilisi andmeid sellest, kuidas ja mil määral on omavalitsused euroopastumise protsessi kaasatud ning akadeemilises kirjanduses on välja toodud ootused uurimustele, mis arvestaksid enam riiklike olukordadega ja sellega, kuidas institutsioonide ja erinevate võimutasandite vahelised suhted, ressursid ja kontrollimehhanismid erinevates riikides ja regioonides/omavalitsustes mõjutavad viise, kuidas EL poliitikaid, eelkõige ühtekuuluvuspoliitikat, liikmesriikides praktikas rakendatakse. Kuigi neid ja seonduvaid teemasid on käsitletud mahukate uurimustega nn vanade liikmesriikide kontekstis, on see uurimissuund uutes liikmesriikides Kesk- ja Ida-Euroopast pärvinud oluliselt vähem käsitlust ning empiirilised näiteid sellest kontekstist ei ole veel piisavalt.

Sellest tulenevalt on antud väitekirjas peamiseks uurimisküsimuseks, kuidas on EL ühtekuuluvuspoliitika mõjutanud mitmetasandilise valitsemise avaldumist Eestis, kui ühes nn uutest liikmesriikidest, ja võimustanud omavalitsustasandit. Empiiriline kontekst on ühtekuuluvuspoliitika, seda arvestades ka asjaolu, et Eesti regionaalpoliitika on peamises osas rahastatud just ühtekuuluvuspoliitika vahenditest. Väitekiri analüüsib omavalitsustasandi kaasatust regionaalpoliitika kavandamisse ja elluviimisesse. Lisaks vaadatakse, kas ühtekuuluvuspoliitika ja suurenenud tähelepanu kesksetele

poliitikaprintsiipidele nagu partnerlus ja subsidiaarsusprintsip pakuvad omavalitsustasandi toimimisele oodatud mõju. Kuidas erinevad osapooled kohaliku omavalitsuse tasandilt hindavad oma mõjusfääri ja kas üle kümne aasta EL liikmeks olemine on mõjutanud protsesse, institutsioone ning erinevate võimutasandite vahelisi suhteid Eestis? Kas omavalitsustasandi administratiivne, finantsiline ja institutsionaalne võimekus on selle perioodi jooksul ja mõjul muutunud, nagu mitmetasandilise valistamise kontseptsioon eeldab? Need olid peamised küsimused, mis motiveerisid väitekirja koostamist.

Täpsemalt otsitakse käesolevas väitekirjas vastust järgnevatele uurimisküsimustele:

- Kuidas tajuvad mitmetasandilise valitsemise kesksete põhimõtete – partnerluse ja subsidiaarsuse printsipi – rakendumist Eesti kohaliku omavalitsuse juhid, nende koostööorganisatsioonide esindajad ja asjakohased keskvalitsuse esindajad?
- Milline on olnud Eesti kohalike omavalitsuste suutlikkus kaasata kohaliku arendustegevusse struktuurifondide vahendeid ning vastata ühtekuuluvuspoliitika rakendamisele kaasnevatele uutele võimalustele ja mõjudele?
- Kas EL mõjul on suurenenud Eesti omavalitsuste kaasatus nii keskvalitsuse kui ka EL tasandi poliitikakujundamise, eelkõige regionaalpoliitika planeerimise (seoses Tüüp II mitmetasandilise valitsemisega)?
- Kas EL mõjul on omavalitsustasand enam kaasatud EL tasandi tegevustesse ja teeb rohkem koostööd horisontaalsel tasandil (seoses Tüüp II mitmetasandilise valitsemisega)?
- Kas EU ühtekuuluvuspoliitika mõjul on Eestis toimunud valitsemise struktuurseid või institutsionaalseid muudatusi (seoses Tüüp I mitmetasandilise valitsemisega)?

Uurimistöös rakendatakse meetodit, mida on antud valdkonna uurimustes harva kasutatud – väitekirja keskendub omavalitsustasandi kui terviku kaasamisele analüüsi. Kaasates kõiki omavalitsusi Eestis on saadud ülevaatlik ja laiahaardeline vaade mitmetasandilise valitsemise avaldumise osas Eestis läbi selle, kuidas erinevad osapooled tajuvad mitmetasandilist valitsemist ja millised praktikad domineerivad omavalitsustasandi, keskvalitsuse ja EL suunaliste tegevuste vahel. Väitekirja vaatab avalduvaid mõjusid ja osapoolte nägemusi läbi kolme EL ühtekuuluvuspoliitika planeerimise tsükli – 2004-2006 perioodiks, 2007-2013 perioodiks ning 2014-2020 perioodiks.

Väitekirjas antakse uurimisküsimustele ja nendest tulenevatele eeldustele vastused kolme originaalartikli põhjal. Artikkel “Estonian Local Government

Absorption Capacity of European Union Structural Funds.” (I) põhineb 2005. aastal Eesti omavalitsuste seas läbiviidud uuringul, mis keskendub sellele, kuidas omavalitsusjuhid ja arendustöötajad suhtuvad uutesse ühtekuuluvuspoliitika raames avanenud rahastamisvõimalustesse, millised võimalused neile ühtekuuluvuspoliitika ja Struktuurifondide rakendamisega kaasnenud on ja kui kaasatuna nad selles protsessis ennast tunnevad. Artikkel keskendub omavalitsustasandi võimekusele ja valmisolekule ühtekuuluvuspoliitika rakendamise eeliseid efektiivselt ära kasutada. Artiklis jõutakse järeldusele, et ühtekuuluvuspoliitika on omavalitsustasandi võimustamisele ja kohaliku arengu hoogustamisele üks olulisemaid võimalusi, kuid rahastamisinstrumentide ärakasutamisel eksisteerivad olulised probleemid, eelkõige seoses omavalitsuste finantsvõimekuse, inimressursside ja ka kitsaskohtadega poliitika planeerimisel, kus rolli mängib ka omavalitsuste suurus.

Teine originaalartikkel väitekirjas – “The Impact of the European Union on Sub-National Mobilization in a Unitary State: The Case of Estonia” (II) – uurib euroopastumise mõju omavalitsustasandile, eelkõige, mis puudutab omavalitsustasandi horisontaalset koostööd läbi omavalitsusliitude, tegevusi EL suunal ning osalemist regionaalpoliitika planeerimisel Eestis. Viimase puhul on vaatluse all perioodi 2007-2013 ning 2014-2020 Struktuurivahendite kasutamise kavandamine Eestis. Artiklis antakse vastus küsimusele, mil määral on euroopastumisel ühtekuuluvuspoliitika kontekstis omavalitsustasandi tegevustele mõju olnud ning mis seda põhjustab. Teoreetilise raamistikuna kasutatakse artiklis laiemalt diskussiooni EL integratsiooniteooriate ümber, mitmetasandilise valitsemise teket ning seotust euroopastumise alase kirjandusega, kaasates nähtuste põhjuslike seoste avamisel uus-institutsionaalsete teooriate lähenemisi. Artikkel keskendub konkreetsemalt partnerluse printsiibi rakendamisele Eestis ning teisalt selle mõjule horisontaalse koostöö arendamisel ja omavalitsuste EL suunaliste tegevuste hoogustumisel.

Kolmas artikkel “Multi-level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity” (kaaspublitseeritud Dr. Michael Kull- ga, III) põhineb kahel 2012. aastal ellu viidud üleriigilisel veebiküsitlusel omavalitsuste juhtide ja omavalitsusliitude seas ning on oluliseks täienduseks 2005. aasta uuringutulemustele, võimaldades eeldatavates muutustes ka teatud dünaamika analüüsi. Samas keskendub kolmas artikkel laiematele teemadele, kui eelmised ning fokuseerub peamiselt partnerluse ja subsidiaarsusprintsiibi rakendamisele Eestis ning omavalitsuste tajutud mõjudele nende printsiipide rakendamisest.

Lisaks uudsele empiirilisele väärtusele, mida väitekirj endas kannab, on mitmetasandilisele valitsemisele tähelepanu pööramine ja partnerluse printsiibi

tähtsustamine eriti oluline praeguse aja muutavas poliitikakontekstis. Kõrgenenud ootused kohapõhiste sekkumiste osas ühtekuuluvuspoliitika rakendamise aastatel 2014-2020 eeldavad osapoolte aktiivset kaasamist arengustraateegiatega välja töötamisel, spetsiifiliste eeliste ja arengupotentsiaalidega arvestamisel ja Euroopa regioonide väljakutsetele vastaval juhtimisel. EL ühtekuuluvuspoliitika jätkub ja areneb ning koos sellega ka partnerluse ja subsidiaarsusprintsipi rakendamine praktikas. Väitekirja seisukohalt on oluline neid protsesse uute empiiriliste andmetega toetada ja nii panustada parimate ning kohapõhiste otsuste tegemiseks EL-s ja riiklikel tasanditel, keda ühtekuuluvuspoliitika mõjutab. Erinevate praktikate tuvastamine ja sealhulgas parimate praktikate esiletõstmine mitmetasandilises valitsemises on muutumas võtmeks, et ületada koordineerimise vigu erinevate jurisdiktsioonide ning sektoriaalsete poliitikate vahel. Üldiste printsiipide muutmine sobivateks poliitikainstrumentideks on siinkohal oluliseks väljakutseks. Seega toetab asjakohane empiiriline analüüs mitmetasandilise valitsemise alaste poliitikaeesmärkide ja juhtnõrude väljatöötamist ning erinevates kontekstides sobilike strateegiatega tuvastamist. Mitmetasandilise valitsemise kontseptsiooni kui integratsiooniteooria kujundamine põhineb peamiselt empiirilistel uuringutel ning eeldab veel tänini hulgaliselt uute empiiriliste andmete kogumist (vt ka Fleurke and Willemsse 2007; Ongaro 2015; Pitschel and Bauer 2009; Reynaert, Steyvers and Van Bever 2011). Mida rohkem on empiirilisi näiteid mitmetasandilise valitsemise rakendamisest praktikas erinevates kontekstides, seda suurem väärtus on sellel uurimisvaldkonnal, et aidata suunata ka vastava poliitika kujundamist – antud juhul ühtekuuluvuspoliitika efektiivset rakendamist ja sellega seonduvate koordineerimisvigade kõrvaldamist erinevatel valitsemise tasanditel.

Väitekirja jõuab järelduseni, et mitmed mitmetasandilise valitsemise teoreetilised lähtekohad ning empiirilistes uuringutes selgunud mõjud ilmnevad ka Eesti näite puhul, eelkõige mis puudutab näiteid unitaarsetest ja/või Kesk- ja Ida-Euroopa riikide praktikatest. Arvestades Eesti ühetasandilist omavalitsustasandi struktuuri ning võimekust, mille mõjutegurid paiknevad Nõukogude võimu aastakümnete pikkuses tsentraliseerituses, on keskvalitsuse ja omavalitsustasandi vahelised suhted nõrgad ja keerukad, mis omakorda mõjutavad mitmetasandilise valitsemise ilmnemise võimalusi Eestis. Kuigi formaalselt partnerluse printsiipi rakendatakse ning omavalitsusi, eelkõige nende regionaalseid koostööorganisatsioone, kaasatakse EL ühtekuuluvuspoliitika programmiperioodide rakendamise planeerimisse, ei ole see kaasa toonud tõelist osalust ja kaasamist võttes, mis võimaldaks omavalitsustasandil otsuseid ka realselt mõjutada. Enim võib ilmnenu euroopastumise mõjusid seletada läbi sotsioloogilise institutsionaalse vaate, mis tähendab, et suurimad mõjud ilmnevad omavalitsuste omavahelise koostöö suurenemises, üksteiselt ja rahvusvahelistes projektides osalemisest õppimises, teadmiste avardamises strateegilisest planeerimisest ning EL suunalise

tegevuse raames koostöö mobiliseerimises (nt omavalitsuste Brüsseli esinduse töö), mitmetes rahvusvahelistes koostööprojektides osalemises jms. Sellest hoolimata on ajaloolise institutsionaalse teooria lähtealuste mõjutustest tulenevalt säilinud jätkuvalt pigem jäigad suhted omavalitsuse ja keskvalitsustasandi vahel ning ükski väitekirjas püstitatud teoreetiline hüpotees mitmetasandilise valitsemise eeldustest Eesti juhtumi puhul ei ilmne:

- EL ühtekuuluvuspoliitika rakendamine Eestis ei ole omavalitsusi oodatud määral võimustanud, ei finantsiliselt ega ka tehes neist võrdväärsed partnerid keskvalitsusele vastava poliitika kujundamisel (käsitletud artiklites **I-III**).
- Eeltingimused edukaks mitmetasandilises valitsemises osalemiseks on vastav võimekus, haridus, enesetäiendus, informatsioonile ligipääs ning osalemine võrgustikes. Eesti juhtum näitab, et vastupidiselt oodatule, ei ole osalemine EL ühtekuuluvuspoliitika rakendamises, partnerluse printsiibi rakendamine ning subsidiaarsusprintsiibi olulisus EL-s nendes aspektides märkimisväärseid mõjusid Eesti omavalitsustasandile kaasa toonud. Osalemine rahvusvahelistes võrgustikes on küll suurenenud ja horisontaalne koostöö kasvanud, kuid sellise koostöö mõju poliitikakujundamises on marginaalne. Mitmetasandilises valitsemises efektiivseks osalemiseks vajalikud eeltingimused puuduvad suuremal osal Eesti omavalitsustest (eelkõige käsitletud artiklites **I ja III**).
- EL ühtekuuluvuspoliitika ei ole Eestis kaasa toonud tuvastatavaid muudatusi valitsemises ja struktuurides, ka mitte omavalitsustes kui institutsioonides. Näiteks ei ole senini loodud enamikes omavalitsustes ametikohta, mis tegeleks EL suunaliste küsimuste ja arengutega ning nende küsimustega tegeletakse muude ülesannete kõrvalt vastavalt võimekusele. Omavalitsuste administratiivne ning finantsvõimekus ei ole poliitika tulemusena kasvanud (käsitletud artiklites **I ja III**).
- Omavalitsuste toimivad suhted keskvalitsusega ja vertikaalsed ning horisontaalsed võrgustikud ning suhted on mitmetasandilise valitsemise edukuse eeltingimuseks. Eesti omavalitsuste suhe keskvalitsusega on pigem konfliktne, omavalitsustasandi kaasamine regionaalpoliitika planeerimisse peamiselt formaalne kui sisuline ning enamik omavalitsusi ei tunnista läbi vaadeldava ligi 10-aastase uurimisperioodi suhete tugevnemist keskvalitsusega (eelkõige käsitletud artiklites **I-III**).
- Partnerluse ja subsidiaarsusprintsiip ei toeta omavalitsustasandit EL poliitikates rohkemal määral osalemisel, eelkõige ühtekuuluvuspoliitikas kaasaraäkimisel (eelkõige käsitletud artiklites **II ja III**).
- Kokkuvõttes ei ole Eesti omavalitsustasand EL poliitikakujundamisse kaasatud määral, mida mitmetasandilise valitsemise kontseptsioon

eeldaks, ühtekuuluvuspoliitika rakendamine ei ole kaasa toonud omavalitsustasandi võimustamist ning kuigi on toimunud vaevu märgatav liikumine Tüüp II mitmetasandilise valitsemise suunal, siis avaldub see eelkõige mitteformaalsel tasandil ja omavalitsuste horisontaalse koostöö raames. Tüüp I mitmetasandiline valitsemine Eestis ei ilmne ning ühtekuuluvuspoliitika, partnerluse ja subsidiaarsusprintsipi rakendamine ei ole kokkuvõttes avaldanud praktiliselt mingit kontseptuaalsete käsitluste kohaselt eeldatud mõju Eesti omavalitsustasandile.

Väitekiri märgib ära, et mitmetasandilise valitsemise teoreetiliste eelduste suuremahuline mitteavaldumine Eesti juhtumi puhul ilmestab väljakutseid mitmetasandilise valitsemise kontseptuaalsele lähenemisele ning selle kui teoreetilise käsitluse fikseerimisele, panustades samas kindlasti teooria edasiarendamisele. Muude EL empiiriliste kaasuste abil edasiarnetatud mitmetasandilise valitsemise teoreetilise lähenemise valguses on Eesti juhtumianalüüsi tulemused ühest küljest ootuspärased, arvestades lähteandmeid, Eesti riigistruktuuri ja ajaloolisi mõjutegureid. Samas ei olnud võimalike muutuste mitteilmnemine ning praktiliselt olematu liikumine ka Tüüp II mitmetasandilise valitsemise suunal sellisel määral oodatud.

Antud tulemus peaks olema tähelepanu äratav ka laiemas kontekstis. Mitmetasandilist valitsemist kirjeldati Euroopa Valitsemise Valges Paberis kui kõige sobilikumat valitsemise raamistikku EL-s ja mitmetasandilise valitsemise rakendamine EL liikmesriikides on äärmiselt oodatud ja vajalik ühtekuuluvuspoliitika oodatud mõjude saavutamiseks. Juhtumid, nagu Eesti, seavad nendele ootustele suuri väljakutseid. Poliitika tulemuslikkus on pärsitud, kui selle kujundamises ei osale kõik vajalikud osapooled, kes Eesti suguse riigi puhul on selgelt kohalikud omavalitsused. EL ühtekuuluvuspoliitika printsipiid nagu partnerlus ja subsidiaarsus peaksid pakkuma osapooltele olulisi võimalusi vähemalt poliitilise võimustamise jaoks. Kuigi Tüüp I mitmetasandilise valitsemise alaste ilmingute universaalne avaldumine liikmeriikides ei peaks olema eesmärk omaette, arvestades ka liikmesriikide ajaloolisi, struktuuraalseid, poliitilisi, kultuurilisi ja institutsionaalseid erinevusi, on siiski vajalik pöörata enam tähelepanu oodatud protsesside soodustamisele kõikides liikmesriikides. Poliitilist võimustamist ja kõikide vajalike osapoolte kaasamist poliitikate kujundamisse tuleks intensiivsemalt toetada ka ülevalt alla, et see protsess ei jääks takerduma madalamate ja keskvalitsuse väliste tasandite võimekuse taha. Poliitika tulemuslikkuse tagamiseks on oluline, et kõik tasandid oleksid poliitika kujundamisse panustamiseks institutsionaalselt võimekad ja võimelised poliitikat efektiivselt ellu viima. Mõningatel juhtudel võib see tähendada väärtuste ja sissejuurdunud tavade vaevalist muutmist, eelkõige mis puudutab valitsustasandite vahelist koostöökultuuri. Eestis on püütud lahendusi leida

läbi aastate kavandatud haldusterritoriaalsete reformiplaanide, mis pole seni õnnestunud. Kuigi väitekiri ilmestab, et mõjude mitteavaldumine Eestis on olulises seoses ka omavalitsuste suurusega, siis tasub ettevaatlikult suhtuda takistuste lahendamisele vaid läbi omavalitsuste ühendamise ja suuremate haldusosade tekitamise. Reformides on oluline käsitleda eelkõige strateegilist koostööd ning läbi erinevate võimaluste tagada kõikide oluliste tasandite administratiivne ja finantsiline võimekus.

Väitekirjast ilmnevad ka mitmed võimalused edasiseks uurimistööks. Käesolevas väitekirjas läbi töötatud teoreetiline raamistik ja selle põhjal koondatud empiiriline teave on sobivaks platvormiks edasistele analüüsidele, mis võtavad arvesse käitumuslikke aspekte ja indiviidi vaadet erinevatelt valitsemise tasanditelt. Just osapoolte endi nägemused ja arusaamad mitmetasandilisest valitsemisest annavad olulise ja väärtusliku info sellest, kuidas EL tegevused mõjutavad erinevaid kontekste ja kuidas see mõju avaldub igapäevases praktikas. Konkreetsemalt on väitekiri sobivaks aluseks uurimustele, mis puudutavad spetsiifiliste juhtumite valikut mitmetasandilises valitsemises (nt planeerimisprotsessi põhised; omavalitsustevahelised; riikidevahelised) ja Eesti osapoolte kaasamist vastavatesse uuringutesse. Edasiarendamist võimaldab ka küsimus, mis puudutab omavalitsuste suurust ja selle seost mitmetasandilise valitsemise avaldumisega, mida on võimalik enamal määral kvantifitseerida, kuivõrd see ei olnud eesmärgiks käesolevas väitekirjas. Väitekiri on heaks aluseks ka omavalitsuste horisontaalse võimustamise edasisel uurimisel ning Eesti kui juhtumianalüüsi käsitlemisel, vaadates lähemalt Eesti omavalitsuste EL suunaliste tegevuste aktiveerumist, strateegiaid ja motivatsioone.

Mitmetasandiline valitsemine on teemana väga mahukas ja mitmeid dimensioone hõlmav, mis avab järjest uusi uurimise vaatenurki. Kuna väitekiri on esmane sellises mahus teema käsitlemine Eestis, keskendudes peamistele teoreetilistele kontseptsioonidele, mida mitmetasandilise valitsemise alases akadeemilises kirjanduses uuritud on, siis ei olnud antud väitekirja eesmärk analüüsida igat kontseptsiooni süvitsi, vaid luua üldisem ja laiahaardelisem pilt mitmetasandilise valitsemise avaldumisest Eestis. Sellest tulenevalt on väitekiri heaks aluseks ka mitmetasandilise valitsemise alateemade raames spetsiifilisemate teadustööde ja rakendusuringute motiveerimiseks, kas siis konkreetsemate juhtumianalüüside teostamiseks Eestis või Eesti juhtumi(te) asetamisel võrdlevasse konteksti. Seeläbi on võimalik anda oluline edasine panus ka mitmetasandilise valitsemise kui tõelise integratsiooniteooria arendamisse.

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PUBLICATIONS (Articles I-III)

Article I

Tatar, M. 2010. "Estonian Local Government Absorption Capacity of European Union Structural Funds." *Halduskultuur/Administrative Culture* 11(2), 202-226.

Estonian Local Government Absorption Capacity of European Union Structural Funds

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ABSTRACT

European Union (EU) regional policy has played a great role in the transition economies of Central and Eastern European Countries (CEEC). However, the effective implementation of EU regional policy requires that local and regional governance systems in Member States are compatible with EU practice and regulatory norms (e.g. partnership) emphasising the importance of the well-performing sub-national government. The article discusses Estonian local governments' absorption capacity problems in the EU Structural Funds by investigating the main factors restricting them from using the aid. The article is based on a survey among Estonian local governments conducted in 2005. This survey was also supported by meetings of the representatives of three Estonian counties – Lääne-Viru, Pärnu and Jõgeva – and the City of Tartu. The results show that Estonian local governments regard Structural Funds as one of the most important instruments in their socio-economic development while the capacity to absorb the funds is limited due to the low administrative and financial capacity of the local government level.

Key Words: European Union regional policy, Structural Funds, absorption capacity, local government, sub-national government.

1. Introduction

Alongside the single market, economic and monetary union, a fundamental objective of the EU is cohesion, the reduction of economic and social disparities between richer and poorer regions within the Union. To ensure that this goal is reached, the instrument of Structural Funds was introduced in the context of EU regional policy. By now Structural Funds have become an important facilitator for regional sustainable development throughout the EU. In fact, "Structural Funds are the most important regional policy instruments at Member State level" (Martin 1999, 101).

In 1993, the European summit of the EU gathered in Copenhagen and made the historical decision to allow CEEC to become EU members. The following enlarge-

ment in 2004 has obviously not been an easy process: the new Member States still face a wide range of internal regional problems and are economically and socially behind most of the old EU Member States. Upon the enlargement, the eight poorest new Member States, including Estonia, had a per-capita gross domestic product (GDP) approximately 40% of the average in the EU25, and the number of regions with per-capita income less than 75% of the EU average nearly doubled with the enlargement (European Commission 2003, 2). This has created difficulties for the whole Union to achieve the objectives of overall cohesion. Moreover, it was acknowledged that “cohesion policy will be successful only if it involves all actors in an active partnership to identify challenges and define strategies” (ibid., 22). Therefore, one of the EU’s main concerns over integration was the issue of how best to organise regional and local governments in cohesion policy as the administrative capacity of these levels was seen as critical for the success of the whole enlargement project (Hughes, Sasse and Gordon 2001, 9).

With the accession, approximately 371 million Euros from Structural Funds were allocated for Estonia to support the development of human resources, enterprise development, agriculture and rural life and for the regional development. An additional 307 million Euros came from the Cohesion Fund to support large infrastructure investments like transport and environment infrastructure. By now, the first Structural Funds programming period, 2004-2006, has ended and the next financing period, 2007-2013, is in the middle of its run. In light of the overall economic crisis and the extreme steps and cuts taken in planning the state budget in Estonia in 2009 and for 2010, EU facilities through the Structural Funds have become even more important. At the same time recent economic developments in the world (e.g. decreased economic growth, boosting unemployment) pose significant challenges also for regional policies of the EU Member States. This is very relevant for Estonia as well as the absorption capacity at the state level but more importantly at the sub-national level¹ can seriously hinder the adequate use of Structural Funds. The evaluation of the impacts of the Structural Funds in Estonia so far is not yet complete, which makes it impossible to draw conclusions about the policy’s success or failure. The overall economic growth of Estonia at the beginning of the 2004-2006 financing period has indeed been reported to be satisfactory – according to the 2005 data, its per-capita GDP was 60.1% of the EU25 average and estimates for 2008 were almost 75% of the EU average (National Strategic Reference Framework 2007-2013, 21).² Still, Estonia has considerable disparities within its territory which is also emphasised as the common problem in the EU regional policy in general. The European Commission has reported that “disparities between regions in different countries have continued to fall but have grown within Member States” (European Commission 2003, 8). In this respect, the administrative and financial capacity of local government units is one of the key challenges for Estonia as 3.4 billion Euros from the Structural Funds need to be absorbed in the period 2007-2013, including 981 million

¹ Refers to all territorial definitions below the national state – regions, local, interlocal and interregional collectivities. As Estonia is a unitary state with a one-tier local government system, “sub-national” in this article mainly refers to the local government level.

² According to Eurostat, the actual figure for 2008 was 67.4% of the EU27 average.

Euros³ for regional development (National Strategic Reference Framework 2007-2013, 134). This indicates the need to map clearly the sources of absorption capacity problems in the municipalities in order to find measures to overcome these obstacles.

Correspondingly, the aim of the article is to explore the Estonian local governments' absorption capacity of Structural Funds, the main problems restricting local governments from using this instrument as well as the factors that may influence the Structural Funds absorption capacity of the Estonian local governments? The analysis is based on a survey conducted in 2005 among Estonian local governments in order to find out their experiences with the Structural Funds. In the first part of the article, theoretical explanations of the EU regional policy and absorption capacity of Structural Funds are discussed. The second part of the article focuses on the findings of the empirical survey. Consequently, the article brings out the main absorption capacity problems in the EU Structural Funds among the Estonian local governments and relates the findings to the broader debate on the subject.

2. European Union regional policy at Member-State level

EU regional policy is a genuinely shared policy based on financial solidarity. It permits the transfer of over 35% of the Union's budget, which comes mainly from the richest Member States, to the least favoured regions through the Structural Funds. Still, many authors who have studied the topic have indicated that despite large regional policy expenditures, regional disparities in Europe have not narrowed substantially over the last two decades and by some measures have even widened (De Rynck and McAleavey 2001, Rodriguez-Pose and Fratesi 2004). Studies have also shown that the regional mobilisation effect induced by the EU is differentiated, depending on the power resources of regions in the different national contexts of federal/regionalised or unitary Member States (Benz and Eberlein 1999, Brusis 2002), or on the existence of regional policy communities advocating an entrepreneurial approach of regional development (Brusis 2002, 534, Kovács 2009). The implementation of the principles of EU regional policy in each Member State, therefore, depends on the institutional and structural edifice, central-local relations and state-society relations, local/regional embeddedness, social capital and the political culture in each country (Getimis 2003, 78).

Nevertheless, EU regional policy as it has evolved over the four decades has left a significant mark on the domestic regional politics and policy. Due to the EU integration, new opportunities have arisen for local governments (De Rooij 2002, Zerbinati 2004). In order to identify the impact of the EU on the municipalities one needs to evaluate the "absorption" of EU policy or EU funds which comes top-down from the EU to the municipalities. Zerbinati (2004, 1000) adds that some researchers named these changes "Europeanisation", and in recent years, a huge quantity of research has focused on the role of sub-national governments in European affairs. Still, while the literature has indicated the existence of a process of Europeanisation within the nation-state, the relevance of this very general concept of "Europeanisation

³ ERF funding in the Operational Programme for the Development of the Living Environment.

as domestic adaptation” in the local-level context still remains vague (Marshall 2005, 671). Moreover, there is a decent amount of research literature on regional and local governance in Western Europe (e.g. Goldsmith and Klausen 1997) and the impact of the EU on these levels, but much less has been written about this in the CEEC, and still, little is known about the institutional capacity, practices and attitudes of the elites at this level (Hughes, Sasse and Gordon 2001, 4). Nevertheless, the sub-national arena of regional and local politics is of key importance in CEEC, too. The impact of Structural Funds on the regional and local level often depends on the strength of the sub-national government and its varying strategies and capacities (Bullmann 2001, 17). However, the main problem of the 2004 accession countries is that in the spirit of regionalism, they were not able to decentralise their public power system as in most cases, the central governments are still the driving forces of decentralisation (see also Kovács 2009, 55). Estonia, too, has adopted a relatively centralised arrangement of regional policy, with the Ministry of Finance playing the key role in coordinating and managing the Structural Funds, and no significant changes in territorial governance have been adopted in light of EU regional policy principles (Kettunen and Kungla 2005, 373).⁴

3. Absorption capacity of Structural Funds at the local government level

In the area of Structural Funds, the EU is not a simple subsidising authority. Grants are allocated to projects within the framework of a programme, subject to specific conditions regarding the nature of expenditures eligible for a grant from a Structural Fund, the management of funds and the ability to monitor operations and verify their execution (European Council 1999). This means that the Member States have to have the ability to establish convincing programmes, involving local and regional authorities as well as social and economic partners. In addition, potential beneficiaries (in a large part of the cases local and regional authorities) should be able to submit applicable projects. Therefore, not only the absorption capacity of the central government institutions is important, but also the capacity to apply for these, in many cases centrally managed and controlled, funds from the regional (if applicable) and local government levels needs to be considered.

Even though recent years have shown an increase in literature on the EU regional-policy impact on the sub-national level of the new Member States, a review of academic literature indicates the absence of a conceptual framework to comprehensively assess the issue of absorption problems relating to Structural Funds. According

⁴ The impact of the EU regional policy on the empowerment of sub-national levels has been thoroughly discussed in the multi-level governance (MLG) discourse advocated by Gary Marks (1993) and his colleagues. In spite of the originally overly positive MLG thesis in terms of sub-national mobilisation in domestic and EU policy-making, studies that followed to investigate the applicability of this concept show that the impact of EU cohesion policy on the territorial politics of Member States as well as the empowerment on the sub-national levels varies considerably, and the emergence of MLG arrangements is dependent on many intervening variables like the pre-existing territorial structure of the state and the legal-constitutional position of sub-national governments, which determine their available resources for mobilisation. Good resources for this discussion are provided by Marks (1993), Hooghe (1996) and more critical approaches by Jeffery (2000), Jordan (2001) and Bache (1998, 2008).

to Horvat (2004, 4) one reason for this may be that the EU's regional policy is still a relatively new field for investigation, especially if one looks to assess the impact of Structural Funds on long-term convergence or to measure the influence of absorption problems. In addition, Verheijen (2002, 247) points out that the "administrative capacity" (including absorption capacity) of candidate states has not been a key issue before the EU enlargement in 2004 as the states that acceded previously (e.g. 1995 enlargement with Austria, Finland and Sweden) traditionally had well-functioning administrative systems and partial experience of working inside the EU political system, for example through the European Economic Area. Therefore, Structural Funds absorption-capacity definitions are usually given based on different evaluation studies and reports prepared and published by the European Commission or by the new EU Member States (Horvat 2004, 5).

The absorption capacity stands for the degree to which a country is able to effectively and efficiently spend the financial resources from the Structural Funds to make a contribution to economic and social cohesion (Boeckhout et al. 2002, 2). In order to do this, it is necessary, on the one hand, for the institutional system created by the particular state to have an absorption capacity in order to manage the funds at issue and, on the other hand, an absorption capacity from the beneficiaries whom these funds address. Therefore, one could speak of two distinct characteristics, namely the absorption capacity on the supply side (of funds) and the absorption capacity on the demand side (Šumpíková, Pavel and Klazar 2004). The latter is related to the capacities of potential beneficiaries to design projects and to finance them and will be concentrated on hereafter.

Furthermore, absorption capacity can be determined by three main factors (Horvat 2004, Boeckhout et al. 2002, Šumpíková, Pavel and Klazar 2004): macro-economic absorption capacity,⁵ administrative absorption capacity and financial absorption capacity. Administrative absorption capacity can be defined as the ability and skill of central, regional and local authorities to prepare suitable plans, programmes and projects in due time, to decide on programmes and projects, to arrange the coordination among principal partners, to cope with the administrative and reporting requirements, and to finance and supervise implementation properly, avoiding irregularities as far as possible (Horvat 2004, Šumpíková, Pavel and Klazar 2004). The question of administrative capacity regarding the use of Structural Funds in CEEC Member States emerged when these countries revealed differences in their use of pre-accession instruments, especially the Phare funds (Martens 2001). With the accession, the regional and local levels in CEEC became the main beneficiaries of the Structural Funds, thus, there are obvious reasons why the EU has been emphasising that the new Member States should demonstrate that they have the administrative capacity to implement its policies (Kungla 2002, 20), including the capacity of the sub-national level to absorb the new opportunities introduced by the EU.

Financial absorption capacity stands for the capacity of central, regional and local authorities (dependent on the territorial set-up of the country) to co-finance pro-

⁵ Can be defined and measured in terms of GDP levels to the allocated Structural Funds. The focus of the article is only on the capacity of the demand side, therefore macro-economic absorption capacity will not be analysed in detail.

grammes and projects assisted by the EU, to plan and guarantee these domestic contributions in multi-annual budgets and to collect them from the various partners involved in a project or programme (Horvat 2004, Šumpíková, Pavel and Klazar 2004). Most probably, the financial absorption capacity of local governments takes the central position when looking at their Structural Funds absorption capacity. Namely, one of the major obstacles hindering the development of regional policies in the CEEC concerning the integration into the EU has obviously been the lack of finances (Bollen 1997). One of the criteria to absorb the Structural Funds has been the ability to match funds, as a significant amount of co-financing of projects (15-20%) from regional, local or national budgets is required according to the Structural Funds regulations.

In addition, De Rooij (2002) identified the EU influence on local authorities. Three dimensions can be highlighted here. First, the “absorption” of the EU policy or EU funds, which comes top-down from the EU to the municipalities: the implementation of the EU legislation, meeting the criteria for money from the EU funds (indicated by the term “eligibility”), and receiving money from the EU funds. Second, “proactive attempts” to influence the EU policy and promote interests which go bottom-up from the municipalities to the EU: attempts to influence the EU legislation, to influence the distribution of EU funds, lobby and develop contacts with national and European politicians. Third, the “organisational adaptation” which is connected to “absorption” and to “proactive attempts”: new departments, new officials and new items on the agenda of the local council. (De Rooij 2002, 452-453).

4. Local governments in the administrative system of Estonia

In accordance with the general principles of local government laid down in the Constitution of the Republic of Estonia (Parliament of Estonia 1992, Art. 154 section 1 and Art. 155 section 1) there are 33 cities and 193 rural municipalities in the local government system of Estonia (Ministry of Internal Affairs). There is no directly elected representation of people on the regional level. Estonia is divided into 15 counties, governed by county governors; however, they cannot be seen as administrative levels, as by law (Parliament of Estonia 1995), they are subordinated to the central government. Therefore, in general terms, Estonia is a country with a centralised administration.

The 226 Estonian local governments vary to a great extent in their size and their ability to fulfil their functions. Many characteristics of the local government system in Estonia have been influenced by the Soviet heritage and changes in administrative systems during the transition process. Local governments are not financially independent from the state; their role and tasks in society are still unclear, and the division of the tasks between the state and the municipalities varies among concrete cases (Tönnisson 2004, 2006). Furthermore, local governments often do not have enough skills and knowledge to develop strategies for the best possible usage of the resources and to improve the existing state of affairs (Tönnisson 2006, 12). The latter has led to the situation where most municipalities deal with their own everyday problems, having no interest and resources to deal with their long-term strategies. Factors that may influence the overall Structural Funds absorption capacity of the Estonian sub-national level will be more thoroughly addressed below. Overall, the

wide internal regional disparities in Estonia indicate the need for a strong, participative and effective regional policy. There have been several attempts to tackle the efficiency problems of the fragmented local government system by reducing the number of local government units. Thus far all such proposals have been watered down largely because of the central government politicians' fears of losing support in the localities concerned and the overall complexity of the issue (Kettunen and Kungla 2005, 363). Moreover, reducing only the number of authorities may actually not be the best solution for improving the local governments' absorption capacity problems as will be seen in further discussion.

5. Research methods

The article is based on research conducted by the author among Estonian local governments in 2005 in cooperation with Innopolis Consulting Ltd. and SEB Eesti Ühispank. A survey was conducted bearing in mind that the preparations for the National Strategic Reference Framework 2007-2013⁶ had been started, which meant that measures for using the Structural Funds facilities were about to be decided. The questionnaire was sent to all local authorities in Estonia⁷ and received 84 responses, indicating a representativeness of 35%. All 15 counties in Estonia were represented. Most of the responding local authorities were small (in 51% of the cases with population of 1,000-5,000) and mainly from counties which are less developed and face more difficulties in regional development⁸ (e.g. Põlva, where 71% of the municipalities in the county responded to the questionnaire and Jõgeva County with a response rate of 62%).

Additional meetings with the heads of the municipalities were organised at the end of 2005 and at the beginning of 2006. Three counties were selected for this purpose based on the fact that their response rate in terms of number of municipalities remained rather limited in the survey or according to their rather low socio-economic conditions – Lääne-Viru, Pärnu and Jõgeva County. In addition, a meeting with the Vice-Mayoress of Tartu City was conducted bearing in mind that Tartu is the second largest and developed city in Estonia, also active in absorbing EU Structural Funds. The main purpose of these meetings was to discuss the subjects presented in the empirical survey, as well as to investigate how local governments evaluate their participation and involvement in the planning process of regional development programmes and in the composition of the strategy for absorbing the Structural Funds in the period 2007-2013.

This research method inevitably places the whole research question of this article within certain methodological limits. As addressed above, it may be still

⁶ Planning EU Structural Funds support for the financing period 2007-2013 has been organised in parallel with planning the Estonian National Budget Strategy, making it possible to design EU support together with Estonian national grant schemes. Estonia incorporated specific operational programmes of different sector policies to this planning process of the Structural Funds distribution (see National Strategic Reference Framework 2007-2013). These operational programmes determine the exact eligible actions and the amounts of funding from Structural Funds for the period 2007-2013.

⁷ 241 local governments received the questionnaire, which was the official number of local authorities in Estonia in 2005. Since the local government elections on 18 October 2009, there have been 226 local governments in Estonia.

⁸ According to the Estonian Regional Development Strategy 2005-2015 and its mid-term reviews.

quite early to assess the impact of the EU Structural Funds in Estonia as well as measure the absorption capacity of the local government level in more objective terms. This study remains qualitative in its essence and is based on the “perceived” local government absorption capacity as self-assessed by responding civil servants drawing on their experiences with Structural Funds in their localities. Nevertheless, the author is convinced that the results of this study serve as a necessary basis for leading further research on assessing the impact of the EU regional policy in Estonia and the capacities of the sub-national level to respond to this opportunity structure.

6. Research findings and discussion

6.1 Human resources and organisational adaptation

The administration of the EU Structural Funds has been determined primarily according to the existing national structures of the Member States. Some representatives of local authorities, notably objective 1 regions (areas lagging behind in their development where the GDP is below 75% of the EU average),⁹ have admitted that the implementation of Structural Fund policies required skills and competencies that exceeded their resources (Wishlade 1996, 44-45). Furthermore, the financial situation of these regions was often such that they could not compete with the private sector to attract staff with the requisite skills and technical expertise (Ibid.). The latter seems to have support in Estonia as well. Estonia is a small state with a limited pool of specialist knowledge, and there is frequently a lack of resources (financial, time, people) for high-quality development activities in the municipalities (see also Randma-Liiv and Viks 2005, 75). In general, the systematic development process in the municipalities is missing especially due to the lack of human resources. Forty-four per cent of the respondents of the survey had to admit that they did not have staff with the competence to work on EU issues, development activities and applying for funds (Innopolis 2005, 15). The management of successful projects has to be done in addition to their everyday work, which in turn means a heavy workload as well as sporadically a poor quality of applications and many problems in managing the projects afterwards. Thirty per cent of the respondents admitted that they have established a position in the organisational structure for dealing with EU matters but in spite of that, very many services related to specific preparations (e.g. feasibility studies, construction projects etc.) have still been outsourced due to the lack of specialist skills. The responding local governments also estimate that 24.4 % of all the reported financial needs from Structural Funds under so-called “soft projects”¹⁰ would be directed to the development of human resources, making this their first funding priority under this category (Innopolis 2005, 35). This indicates that the administrative absorption capacity of the Estonian municipalities in the EU Structural Funds is relatively weak.

⁹ The 2007-2013 Convergence Objective addresses these areas. Considering the distribution of Structural Funds Estonia as a whole belongs under the EU Convergence Objective.

¹⁰ Respondents had to differentiate between infrastructure investment projects in different fields and other kinds of “soft projects” like training, preparations for larger investments, studies, cooperation etc. (see Innopolis 2005, 16-23).

The lack of qualified people in very many municipalities in Estonia puts an overwhelming emphasis on capable individuals in the municipalities. Research conducted by the Estonian Ministry of Internal Affairs together with the University of Tartu¹¹ indicated that frequently, the sequence of development activities in the local governments is dependent on a particular person, and huge problems may arise when this person leaves the job. This also coincides with the study of the role of public leaders in regional economic development conducted by Raagmaa (2001), who claimed that when public and civic structures are weak, the leader's role in defining goals, initiating activities via organisation and raising funds will be crucial. Therefore, in certain cases, due to the lack of a single active and enthusiastic leader personality in the municipality, several funding possibilities from the Structural Funds may be left unused. Just 11% of the municipalities had created the position the main task of which was to initiate development projects and prepare them for funding as well as to manage those projects afterwards. From the meetings with the heads of the municipalities from Jõgeva County, it became apparent that frequently, all the work is on the shoulders of one person (mainly the head of the municipality or a special project manager) and his/her leaving was seen as a real threat to the development activities in the municipality related to Structural Funds. In some cases (Jõgeva County, Pärnu County), active non-governmental organisations' representatives had been triggers for almost all regional development projects without even being financially rewarded for their efforts, allowing the assumption that the role of "leaders" remains relevant especially in economic peripheries.

However, in smaller municipalities, where the need to apply for funds may be short-term and not constant, the decision to hire a full-time specialist may not even be the best solution. As stated by Randma (2001, 46), small states like Estonia need most of the basic types of specialist personnel required in large states, but they need them in smaller numbers. On the one hand, a small number of people have to cope with a large number of tasks. On the other hand, a specialist area can be so narrow that it does not offer enough work for a full-time job (*ibid.*). The solution can be project-based employees or consultants who are competent and are equipped with necessary experiences and who have the skills to apply for the EU funds. To provide a similar case, the same tendency appeared in the study conducted by Zerbinati (2004) in England and Italy. In English cases, most of the studied local governments had employed a new type of professional manager with expertise in EU funding (a clear understanding of the rules) and skills to improve the absorption of EU funding in the local area. Since they were smaller in size, the Italian local councils, instead, relied on training the existing staff and employing professionals on a consultancy basis. No clear understanding of the rules of applying for EU funds existed in the Italian case, and the managers often referred to an element of "luck" in justifying their successful bids. Research conducted in the Czech Republic in order to explore its capacity to absorb the EU Structural Funds found that regarding the municipalities, there was significant distinction between the approach of small municipalities and big cities (Šumpíková, Pavel and Klazar 2004). While big cities often have highly experienced staff, small municipalities rely on external consultancy (*ibid.*).

¹¹ Ministry of Internal Affairs and University of Tartu 2001.

This seems to be the case in Estonia, as additional meetings with the heads of the municipalities indicated that those in the cities and bigger municipalities (e.g. Pärnu, Tartu, Rakvere and Jõgeva City) have units in their organisational structures which deal with the development projects every day and are competent in the EU funding process. Vice versa, smaller and more peripheral municipalities (e.g. Mustvee City, Saare and Häädemeeste municipality) indicated that mostly the head of the local government has to do everything; from planning to implementing projects, which means that often he or she even writes the applications. Often consultants cannot be used because of the lack of financial resources, and units cannot be created for the same reasons.

It is evident that the accession to the EU and the availability of Structural Funds has opened a new opportunity structure for local governments in Estonia. Only three per cent of the responding municipalities admitted that they do not need to apply for Structural Funds for their development activities (see figure 1). In spite of this, the impact of the EU Structural Funds on the organisational structures and on hiring specific officials to work in the municipalities on EU matters is not so evident yet, mainly due to the lack of proper human resources as well as the relatively high costs related to this kind of organisational adaptation.

6.2 Influence of the central government’s “administrative capacity”

The main reasons why Estonian local authorities do not apply or have not yet applied for Structural Funds are given in figure 1. In 19% of the cases, the reason has been the high administrative burden of applying for funds. This is strongly related to the previous discussion of the lack of competent officials in the municipalities. Rigid rules need to be followed, and a lot of preparation work is done while applying for funding. Also the project accountancy done afterwards is complicated. The survey brought out that while there are problems with the human resources who would have sufficient time and skills to deal with EU affairs, the overwhelming red tape surrounding the bidding process and project management from the state side hinders the process even more.

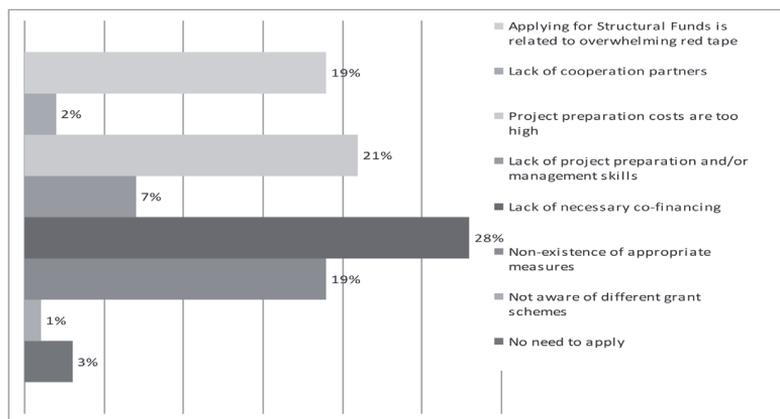
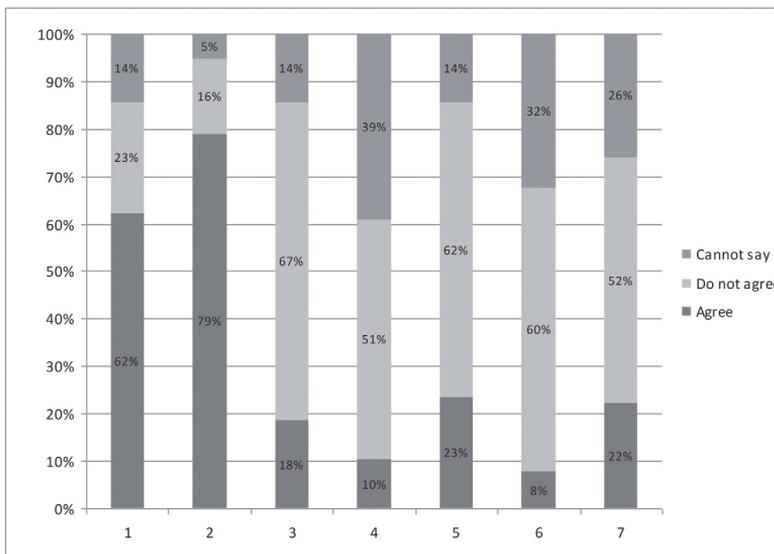


Figure 1. Reasons for not applying for Structural Funds grants

Another factor from the survey supporting this argument was also evident. Local governments were asked about their satisfaction with information about the Structural Funds' possibilities. Even though most of them (84%) were satisfied with the overall information about the funds, 16% regarded the flow of information in the process of application formulation by the Implementing Agency as insufficient, often late and frequently incompetent referring to problems with information quality (Innopolis 2005, 25). Moreover, figure 2 below shows how respondents assessed seven statements and whether they agreed with those. Figure 2 illustrates that in the case of almost every statement (except the first and the second point in figure 2) over a half of the respondents do not agree. This indicates the lack of administrative smoothness of the application processes of Structural Funds. These investigations signal that there are still problems in the administrative capacity on the central government's side and in that case it may even be too optimistic to hope that the local level will have the necessary capacity to effectively apply for and use Structural Funds for their development activities.



1. Administrative requirements for applications are well presented and clear.
2. Regulations and guidelines of different programmes are of good help in preparing applications.
3. Imposed requirements on application procedures are logical and easily implemented.
4. Evaluation and assessment procedure of the applications is transparent and fair.
5. Feedback to applicants is sufficient and justified.
6. Making changes to projects in their implementation process is easy.
7. Project accounting for the Implementing Agency is easy.

Figure 2. Previous experiences with project application and implementation procedures (% of respondents)

6.3 Proactive attempts

The agreed amount from Structural Funds for the period 2004-2006 has been transferred from the European Commission to the Estonian government, which has subsequently distributed the money to applicants which meet the criteria (eligibility, procedural criteria and co-financing). The European Commission decides whether municipalities are eligible and meet the procedural criteria, while the Estonian government makes the more political decision as to which projects ultimately receive the money, and how much. This generates opportunities for influencing and lobby processes between sub-national and national government (see also De Rooij 2002, 455). Peter John (2000, 879) states that regional policy is a classic example of rent-seeking, whereby interest-groups seek to benefit from public funds. In the EU context one level where the rent-seeking can appear is between the central government and local governments. Since the national government is the mediator (if not allocator) of Structural Funds, the local governments engage in lobbying to obtain the funds or the necessary co-financing parts (Kálmán 2002, 5-6).

According to the survey, indicators supporting the fact that some local governments are more proactive in lobbying for EU funds than others are also evident. In figure 2 above, respondents were asked to evaluate their satisfaction with the application process and further project-management procedures of Structural Funds projects. Accordingly, the evaluation process of the applications is often seen as unfair (point four in figure 2). Almost 51% of the respondents think that the process is unfair and 39% have not enough knowledge of this matter. These numbers were explained by several respondents in an open answer box who indicated that in distributing funds, acquaintances matter the most, and ultimately those with heavy lobby work and the right contacts receive the money in most cases. The fact that 39% cannot answer this question may indicate that they do not know the process and are not very proactive themselves. Several comments expressed in the survey as well as elaborated in the meetings with the heads of the municipalities indicated the overall agreement that bigger and stronger municipalities with better resources are better off when applying for EU funds. Unorganised actors on the sub-national level are often unable to come onto the policy scene. It has been found that success in initiating and driving the European funding process involves pro-activeness, innovation, risk-taking, leadership and creativity, a combination of attributes associated with entrepreneurial behaviour (Zerbinati and Soutaris 2005, 48). This kind of behaviour seems to be missing in quite a remarkable number of municipalities in Estonia (see also Tönnesson 2004, 2006); however, the evidence for this statement should be handled more deeply, apparently with a specific study.

Overall, it appears that the administrative capacity of the Estonian local governments to absorb EU Structural Funds is quite problematic. The lack of qualified human resources is the central reason for this. On the one hand, the current personnel, especially of many rural municipalities, still lacks the qualification for dealing with the EU Structural Funds issues. On the other hand, the small size of the country as well as the great number of rural municipalities act as a restriction in hiring the needed officials. Therefore, not much evidence of organisational adaptation as well as the ability to lobby for the funds can be indicated according to the research. Even

though assumptions for weak proactive actions for absorbing EU Funds apparently are relevant, some rent-seeking behaviour still seems to be present on the local level for competing for EU funds, and seemingly smaller and weaker local governments are not able to compete here with the larger ones that possess more necessary resources (people, skills, money, information, contacts etc.).

6.4 Matching funds from local level

In most European countries, local governments have the general power to undertake any activities (unless specifically forbidden or already undertaken by other bodies) which they consider to be in the local public interest. The ability of local governments to provide local services is, however, crucially dependent on their ability to finance the costs (Kriz, Paulus and Staehr 2006). Therefore, according to Article 9, no. 1 of the European Charter of Local Self Government, local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, which they may dispense freely within the framework of their powers. The latter issue is important also in absorbing the EU Structural Funds, where the necessary factor is the ability to co-finance the projects from the local level. Therefore, the ability to apply for funds is determined by the size of the local budgets. Although municipalities in Estonia carry a crucial role in regional development, and most of the resources for this should come from the local budgets, actually the financial dependence on the state determines on what scale the development projects can be planned besides necessary operational costs of the municipalities. So far, there has not been much room for these investments among the Estonian sub-national level. The inter-governmental system in Estonia confers substantial *de-jure* autonomy to local governments but the autonomy is *de-facto* restricted, partly because of financial and other constraints, and most local governments in Estonia remain heavily dependent on the central government for revenue (Kriz 2008). On the one hand, the central government gives freedom to the municipalities, leaving them more or less alone with no resources; on the other hand, the state is expecting municipalities to be active, independent and efficient (Tõnnisson 2004, 6). Altogether, local governments in Estonia have many responsibilities and most of them entailed by central government but no resources to implement them. This situation has been addressed more seriously in 2010 when the Estonian Supreme Court declared the organisation of local government funding to be in conflict with the Constitution (Estonian Supreme Court). Currently laws do not differentiate between the funds prescribed for the performance of the duties of the state and the funds prescribed for the resolution of local issues. Accordingly, rural municipalities, towns and cities are not handed two separate pots of money for two different types of duties, which is their right according to the Constitution.¹²

¹² The Constitution requires laws to describe in detail which of the obligations assigned to rural municipalities, cities and towns are duties of the state and which of them are local duties. The expenses associated with the performance of the duties of the state must be covered from the state budget. As a result of the Supreme Court's ruling, the *Riigikogu* has to pass laws that would allow a differentiation between funds prescribed for the performance of the duties of the state and the funds prescribed for the resolution of local issues. These laws must guarantee that duties of the state are funded from the state budget and that local governments have sufficient funds for local duties.

The latter is only a very recent process and may take effect only in future years. Therefore, in order to find a solution to the financial problems in local authorities by means of Structural Funds, limited revenues and the dependence on the state budget has so far illustrated a strong restriction by making the requirement to match funds from local budget almost impossible to fulfil for many local authorities. Accordingly, the most important reason why local governments in Estonia have not been able to take advantage of the EU Structural Funds has been the absence of necessary co-financing of the projects (28% of the respondents, see figure 1). This was also elaborated in the meetings with the representatives of the local authorities. Moreover, the second most evident restriction has been the too expensive preparation process of the projects (21% of the respondents). This reflects the low financial ability of the Estonian local authorities even more.

In light of the co-financing problems from local budgets, some other possibilities for matching funds may become eligible. One of these possibilities is to take a bank loan for co-financing. An interesting fact appeared from the survey that while until 2005, most of the local governments had still ensured the necessary co-financing from the local budget (52%), in the coming years, already 64% of them planned to use loans. Only 20% were confident that they would be able to use local budget in order to cover the co-financing of the projects (Innopolis 2005, 29-31). This fact is actually quite worrying. Local governments can take loans strictly on the condition that the total amount of loans and other factors with loan associated costs (interest etc.) do not exceed 60% of the current budget's revenue, excluding loans and block grants from the state budget, and if the sums for paying back loans and loan interest in all financial years do not exceed 20 per cent of the revenue of the last accepted budget, loans excluded (Parliament of Estonia 1993a, art. 8, section 1). Therefore, there is a limit to taking loans. It is evident that the lack of necessary financial resources is one of the strongest problems in absorbing the EU Structural Funds facilities and will remain so in the future. Most of the local governments already face limits when taking loans imposed by the law. Moreover, the overall economic recession that for the sub-national level in Estonia culminated in 2009 has dramatically reduced the income tax revenues of local governments.¹³ This intensifies the vicious circle as municipalities try to compensate the deficit by loans which, in turn, are unreachable due to the imposed legal limits.

6.5 The "eligibility" problem and the lack of appropriate Structural Funds measures

When evaluating the absorption capacity of EU Structural Funds among local governments, it is important to look at the eligibility of actions taken under EU structural funding. De Rooij (2002) related this to the overall absorption of Structural Funds. This was also investigated in the survey, mainly by asking if there are proper measures co-financed by the Structural Funds and which kind of measures are most needed at the local level. Nineteen per cent of the respondents (see figure 1) indicated that there are no appropriate measures for their development activities,

¹³ According to the Estonian Tax and Customs Board, the decrease has been 10-20% on average.

meaning that very often, their needs do not meet the eligibility criteria of Structural Funds. This reason was in third position in the explanations of why the funds are not properly absorbed at all.

The lack of appropriate funding schemes was mainly related to infrastructure projects as in 44% of the responses, infrastructure investment support¹⁴ was most needed from the Structural Funds. According to the Local Government Organisation Act (Parliament of Estonia 1993b, art. 6), tasks of local governments are to ensure immediate physical and social living environments for people and technical infrastructures required for supporting such environments. The financing of municipal infrastructure investments and the attendant problems are thus indeed crucial for understanding and carrying out effective regional development policies. Moreover, it is essential to recognise that the efficiency and effectiveness of the funding policies in turn depends to a great extent on the efficiency of the local government system (Kálmán 2002, 42). The availability of capital investment grants from the central budget and from the EU funds are dependent upon local governments providing their share of co-financing, which they are often not able to do, as evident from the discussion above. Therefore, considering the situation of local budgets (and the contributions necessary for obtaining state support), the capacity for making investments into basic infrastructures as well as investments related to local development (e.g. setting up the necessary environments for tourism and businesses) are very limited. Thirty-five per cent of the survey respondents claimed that the importance and needs of infrastructure investments is three times greater than has been the support from the EU pre-accession assistance and other state funds in 2000-2004 (Innopolis 2005, 45).

Besides the lack of appropriate infrastructure-development measures, another huge problem is the cost of preparation of these projects (detail planning, preparing construction projects, conducting tender procedures). The survey shows that more than 20% of all the financial needs from Structural Funds under “soft projects” would be directed to different infrastructure investment preparation works (after the development of human resources and economic development activities) (Innopolis 2005, 26). Such works were not eligible for funds in 2004-2006, which helps to understand the results. Moreover, 35% of the municipalities can undertake development projects only with the help of the Structural Funds (Innopolis 2005, 40). That is why the risk of undertaking these preparations is very high when municipality has to find own sources for financing them.

6.6 Factors influencing Estonian local governments' absorption capacity

European integration has different consequences for municipalities in different Member States. But within Member States, there are also differences between

¹⁴ Under infrastructure investments, the largest financial amounts (48.3% of all the reported financial needs under infrastructure investments) are needed in transport infrastructure (roads and streets in the municipality), environment infrastructure (waste and water systems – 23.9%) and municipality buildings (schools, kindergartens, libraries etc. – 18.1%). For a thorough analysis on categorising infrastructure projects and their importance in local governments in the light of receiving financial support from Structural Funds according to the survey, see Innopolis 2005.

municipalities in the use of opportunities (Bache and Jones 2000, Benz and Eberlein 1999). National constraints can hamper the use of opportunities by one municipality but not by another. The variances in national constraints with which municipalities within one Member State are confronted may be deduced from differences in municipalities' resources. The following will investigate the possible reasons which may induce and cause disparities among Estonian local governments to influence their ability to absorb the funds and use their available resources.

Size of Estonian local governments

De Rooij (2002) found that the size of local authorities strongly influenced the ability to successfully absorb the funds in the Netherlands. Thus, this can be a reason for the relatively weak absorption capacity of Estonian local governments. Usually the population size is taken as the main criterion in analysing issues related to the size of the units (Randma-Liiv 2002, 374). The population size of the local governments in Estonia ultimately influences its financial capacity as most of the revenues of the local governments form part of the personal income tax. The smaller local governments are, the greater are the disparities in per-capita local taxable resources and expenditure needs and so the greater is the need for central government intervention in the form of intergovernmental grants (Bailey 1999, 32). The size of the local governments in Estonia varies widely, from approximately 70 inhabitants in the smallest to approximately 400,000 inhabitants in the largest. The majority of Estonian municipalities is small, with 70% of the municipalities having less than 3,000 inhabitants, and also remains heavily dependent on the central government for revenue (Kriz, Paulus and Staehr 2006).

The main argument behind the assumption that smaller municipalities are worse off when competing with larger ones for the Structural Funds money comes from the claim that the latter have more financial resources and therefore more scope to appoint extra employees, seek for information from the EU, lobby the government and main EU institutions or, most importantly, to match funds. This argument found proof in De Rooij's study on the Netherlands (2002) and also in Zerbinati's study on Italy and England (2004). Despite the fact that the administrative and financial capacity of large municipalities can be undermined by a number of factors as well, it is generally acknowledged that both greater flexibility in using financial resources and advanced possibilities to hire skilled specialists make large administrative units more viable for promoting development and for accessing additional funds from aid schemes such as EU Structural Funds (Ignatov 2004, 9).

Approximately 80% of the local governments included in the survey have less than 5,000 inhabitants, therefore problems and restrictions identified in this study presumably can be related to the small size of the local authorities in Estonia. Further, table 1 presents the results given in figure 1 above according to the answers indicated by the municipalities belonging to different population size group. It appears that the restrictions for applying for Structural Funds were most apparent in municipalities with a population size of 1,000-3,000. This can also be explained by the fact that this group was best represented in the study. Still, the largest municipalities, including Tartu, Narva and Pärnu City with approximately 100,000, 80,000 and 25,000 inhabit-

ants respectively, accordingly did not express the same reasons. Therefore, it can be assumed that the greatest problems with the financial and administrative capacity in Estonia are the problems of smaller municipalities. However, the actual importance of the size variable needs to be further researched, especially in light of the existing research claiming that size alone cannot be the determining factor in the success or failure of the municipal performance (see especially Drechsler 2000, 2007).

Table 1. Reasons for not applying for Structural Funds among different size groups of the municipalities

Responding municipalities by population size Reasons for not applying for Structural Funds (% of all responses in the category)	less than 1,000	1,000-3,000	3,000-5,000	5,000-10,000	more than 10,000	unknown
No need to apply	0%	25%	75%	0%	0%	0%
Not aware of different grant schemes	0%	0%	50%	50%	0%	0%
Non-existence of appropriate measures	0%	60%	22%	18%	0%	0%
Lack of necessary co-financing	12%	61%	10%	7%	0%	10%
Lack of project preparation and/or management skills	10%	50%	40%	0%	0%	0%
Project preparation costs are too high	10%	47%	23%	7%	3%	10%
Lack of cooperation partners	0%	67%	33%	0%	0%	0%
Applying for Structural Funds is related to overwhelming red tape	7%	52%	19%	11%	0%	11%
Other	0%	33%	0%	33%	33%	0%

Local government administrative territorial reform

In light of the absorption-capacity problems and empirical results on this matter, not to mention the situation where currently many municipal units are not able to exercise their tasks fully and in an effective way, there has been an ongoing discussion about a further rationalisation and reduction in the number of counties and local governments in Estonia. However, such an administrative unit reform (in the sense of reducing the number of municipalities) should be based on a careful and professional analysis of tasks and the influencing environment. Bigger units probably will not actually solve the municipalities’ performance problems as too large units are difficult to manage on the personnel level, to coordinate and to communicate in (Drechsler 2000). They actually cause the need for a greater hierarchical and less horizontal structure and movement towards centralisation, which, in turn, may interfere with the overall idea of democratic local government (ibid.). It can be the case especially for Estonia, where the actual territory and surface area of the municipalities, as well as the relatively low population density, can have dramatic effects in this scenario. Local governments with small populations in Estonia can have territories of 3,000 square kilometres. Seventy per cent of the Estonian municipalities

have less than 3,000 inhabitants, and less than 20% of the total population reside in these municipalities, even though they cover approximately 70% of the total surface area of Estonia (Ulst 2000, 10). There is a danger that setting the target size of the population of local governments as the only criteria for consolidation may result in a situation where the area of amalgamated local authority units becomes so large that local inhabitants, especially in peripheral settlements, will not identify with the municipality they live in (Ignatov 2004, 51). Small and compact territory instead favours networking in municipalities (Raagmaa 2002, 73), which is ultimately needed for the total development of the unit, not to mention that a small unit is also more responsive to local needs. For example, this was successfully illustrated even in Germany by the Supreme Court of the Land of Mecklenburg-Vorpommern, which struck down the county reform for 2009 proposed by the state government with the reasoning that creating so called mega-counties violates the right to municipal/county autonomy and responsiveness to citizens' needs, which ultimately outweighs the assumed efficiency gains from larger units (Drechsler 2007). Therefore, even though the results of the current study seem to favour the claim that smaller municipalities in Estonia are worse off when applying for the EU Structural Funds, it may well be that other problems are more important in determining the absorption capacity of Structural Funds as well as municipalities' overall performance, which cannot be overcome simply by reducing the number of units and thus creating bigger local governments. Sharp core-periphery differences in Estonia and the lack of cooperative culture between municipalities as well as with the central government are in this sense the most important factors that should be addressed with effective regional-policy development.

Core-periphery problem and the lack of cooperation

The overall regional policy in Estonia is built around the core-periphery problem. Great regional disparities in such a small area are remarkable in the EU context. One municipality, the city of Tallinn, contains about one-third of the Estonian population, and the capital region in northern Estonia has a per-capita GDP which is more than twice the level of any other region (Kriz 2008). The result is an intensification of unequal spatial allocation of capital and investment. Such regional problems can be solved only if local administration everywhere in the country, including the countryside, is working well (Wrobel 2003, 280).

One important survey similar to the current empirical study was conducted by Oppi and Moora (2004). They investigated the Estonian local government's ability to apply for finances mainly from EU pre-accession instruments. Their analysis shows that the socio-economic status of a local government can be considered to be one of the central factors in its participation in the regional aid programmes. This, in turn, is related to the central core-periphery problem calling for strong regional policy. Although the logic of regional policy would suggest allocating funds to regions or local governments that lag behind, the experience of the selected cases in their study showed the opposite. Oppi and Moora (2004) therefore claim that European funds, to this day, have been distributed mainly to those local governments that have higher socio-economic potential and which belong to the more developed parts of Estonia.

Those with the greatest social problems are often unable to participate in these programmes due to the administrative and financial capacity problems discussed thoroughly above. The current research also indicates absorption capacity problems by local governments in Estonia as emphasised mainly by peripheral and smaller municipalities according to the respondent profile analysis. Even though the study is yet insufficient to explore the overall effectiveness of the EU Structural Funds in fostering regional development, in light of these findings, it can be assumed that actually Structural Funds may have been a source of even greater disparities in Estonia.

While not having sufficient administrative and financial capacity, a solution for local governments should be cooperation in the provision of important public services. However, local governments in Estonia are not used to cooperating and often have conflicting views. As a heritage from the past, this kind of non-cooperative culture has resulted in many ineffective investments or in no necessary investments at all in many important service-provision areas. Also in applying for funds, municipalities are mostly competitors to each other rather than cooperation partners. For example, this survey showed that only five per cent of the respondents indicated that they have used partners' co-financing in the projects in case of a lack of own resources, and only seven per cent were planning to use this possibility in the future (Innopolis 2005, 29-31). Some of the respondents of the study and participants in additional meetings in the municipalities indicated that common provision of services is difficult to realise while every municipality wants to own these investments. Moreover, special laws regulating possible ways to cooperate are still missing in Estonia.¹⁵ A more precise legal framework can be of benefit to enable local governments to choose between more or less organised or independent institutions for cooperation (including the private sector). Additionally, it is important to encourage the municipalities to use these possibilities either by empowering the role of regional and national associations of local governments or by specific institution-building actions fostered by the central government as the ability to achieve coordination on their own is rather complicated when experiences in this field are limited. Therefore, a strong and participative regional policy, as also encouraged by the EU, is needed, together with more intense attention to local government institution-building from the central state level, in which also the role of local government associations as analyst of the local situation, planner of regional development, mobiliser of the resources, advisor, activator, informant and leader should be formally increased and enhanced. To search for solutions merely from administrative units, structural reform may bring along new problems and should therefore be regarded with caution.

¹⁵ Local Government Organisation Act (1993) § 35 (1) only states that a rural municipality or city may found agencies for the provision of important services, may be a partner or shareholder in a company of significant importance in the development of the municipality, may found foundations and be a member of a non-profit association. The Local Government Associations Act sets the conditions for voluntary cooperation in regional local-government associations, which do not form the second tier of local government but only illustrate the voluntary cooperation between the municipalities and common-interest representation. Currently there are 15 regional associations (one in every county) and two national associations of local governments in Estonia.

7. Conclusion

Since the Treaty of Maastricht, economic and social cohesion of regions in Europe has been one of the justifications of the EU. The accession of ten new Member States in 2004 considerably enlarged the disparities between the EU regions. Being one of the new Member States, Estonia is acquainted with severe regional development problems. There are considerable income disparities within the country, the differences are growing over time, and the capital region in Northern Estonia has a GDP per capita which is more than twice the level of any other region in the country. In overcoming these problems, the Structural Funds as main instruments of EU regional policy play a central role. Therefore, the purpose of the article was to assess the Estonian local governments' absorption capacity of EU Structural Funds and the factors influencing it.

The analysis shows that absorption capacity from the demand side may be an important factor in the overall absorption of Structural Funds in the country. Absorption problems can arise due to macroeconomic, administrative and budgetary problems. The absorption capacity of Structural Funds of most of the responding local governments can be evaluated as being quite low. Most of the problems seem to concern the lack of competent staff and skills for preparing projects. Therefore, the organisational adaptation identified by some other researchers in the EU Member States, due to the new possibilities that have come to municipalities with EU funding, has not been very evident among Estonian local governments. In many cases, mostly in more peripheral local authorities, the officials in place are unaware of most of the rigid EU requirements and unable to use these new funding possibilities. Moreover, Estonian local governments face huge financial absorption-capacity problems, which is the most important reason why funds cannot be used effectively. In the condition of functional and financial dependence on the state being as strong as it is in Estonia, one should not expect local governments to be capable of being ahead of the development process. In addition, the decision-making power of the Estonian local authorities is weak, and little evidence of the existence of regional identities or strong elite support for meso-government can be seen. Therefore, the other aspect related to administrative capacity – proactive attempts – also seems to be weak, even though it is recognised that municipalities that lobby are also more successful in receiving funds.

All these problems with weak administrative and financial capacity may be related partly to the small size of the local governments in Estonia. The solutions may not be easy to find. The administrative unit reform may not be the best solution, as indicating only the size of the population may ultimately disturb the democratic values and the initial idea of local government due to the low density of population and the relatively large surface area of local governments in Estonia. Instead, most of the problems lie in the core-periphery dichotomy and the lack of cooperative culture, and this is the place where regional policy plays a crucial role. Besides mere regional aid programmes, more emphasis should be placed on the institutional capacity-building of local governments, especially in more peripheral regions. In addition, the local government fiscal system needs proper reconsideration, and with the Estonian Supreme Court resolution from 16 March 2010, an important step in this direction has already been taken.

Structural Funds can be regarded as the backbone of the EU regional policy in the Member States and definitely in Estonia. Thirty-five per cent of the respondents (among the relatively badly off municipalities of Estonia) claim that they certainly will not be able to implement the needed development activities in the local government without the help of the Structural Funds. The biggest problem in absorbing the funds has been the lack of necessary co-financing, which should be serious food for thought for the regional policy implementers in Estonia. Estonian municipalities are highly dependent on EU funds, and even with the availability of these funds, problems are difficult to overcome due to weak fiscal decentralisation. Measures to support poorer municipalities in light of the huge absorption-capacity problems of the EU Structural Funds should be carefully analysed in order to mitigate problems in preparing successful bids and, what is more important, in order to create measures that are suitable and actually needed at local levels. Further, more objective quantitative research would be beneficial in order to indicate disparities in the absorption of Structural Funds caused by regional location, the size of the units, the size of the budgets of local governments and other possible indicators where the sampling should cover approximately all municipalities in Estonia. This research would be a great addition to the current study, helping to find causes and solutions to problems that have been indicated here as well as in other EU member countries already in previous years.

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Meetings and Interviews

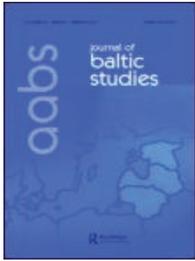
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Article II

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The Impact of the European Union on Sub-National Mobilization in A Unitary State: The Case of Estonia

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THE IMPACT OF THE EUROPEAN UNION ON SUB-NATIONAL MOBILIZATION IN A UNITARY STATE: THE CASE OF ESTONIA

Merit Tatar

The discussion of multi-level governance and sub-national mobilization has become a critical case for those concerned with the political and institutional consequences of European integration. The evidence so far indicates that the EU impact on the empowerment of the sub-national level has not been as uniform within member states as the multi-level governance concept traditionally would assume. This article explores the Europeanization impact on sub-national mobilization in Estonia. The results of the study address the factors affecting the emergence of multi-level governance and provide a foundation for the analysis of the possible wider applicability of these manifestations to a wider set of countries with similar territorial and political structures.

Keywords: Europeanization; sub-national mobilization; multi-level governance; partnership principle; European Union

Introduction

Because of its potential for circumventing national governments' policies, the discussion of multi-level governance and sub-national mobilization has become a critical case for those concerned with the political and institutional consequences of European integration (Smyrl 1997, p. 288). This debate has almost exclusively been discussed in relation to Europeanization, and the most widely used policy context for this has been European Union (EU) cohesion policy, which is considered to be 'at the leading edge of multi-level governance' (Marks 1993, p. 401). The most evident notions to support this lie in the adoption of the partnership principle among EU cohesion policy, which has led to greater decentralization in many countries and also brought a large number of sub-national actors, those encompassing all territorial definitions below the national state (regions, local, interlocal and interregional

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collectivities), into the Brussels arena. Consequently, besides being entitled to empowerment through the partnership principle, another way for sub-national actors to function as a measure of mobilization is to communicate directly with Brussels and collaborate with each other through formal representation channels like the Committee of the Regions, the Council of Ministers, informal transnational networks and permanent representation offices of sub-national actors in Brussels.

The impact of Europeanization on the emergence of multi-level governance has been widely studied in the EU15 and also devolved to the Central and Eastern European countries (CEEC) which joined the EU in 2004 and 2007. These countries reformed their domestic structures of local and regional governance during the period of their formal EU accession processes, which have been seen to some extent as 'Europeanization' (Baun 2002; Brusis 2002; Bruszt 2008; Grabbe 2001; Moore 2008a; O'Dwyer 2006). The Europeanization pressure, especially in the regional policy domain, was considered stronger in the case of CEEC than in EU15 due to the identical *acquis communautaire*, which gave an impetus for the uniform 'conditionality'¹ imposed on the candidate states. However, Hughes, Sasse and Gordon (2004) demonstrate that regional policy domain in the *acquis* has actually provided a foundation for the influence of domestic historical institutional traditions, which, instead of formal conditionality, have affected the set-up of the sub-national level in CEECs as well as introducing variance in how the candidate states complied with EU influence. Therefore, like a comprehensive overview of multi-level governance research in EU15, the emerging picture in CEEC refutes similar results of the Europeanization impact on the emergence of sub-national empowerment. In spite of the extensive research conducted on the EU15 as well as in the CEEC, the multi-level governance approach has been unable to advance either theoretical conceptualizations or practical understandings of regional engagement in the EU (Moore 2008b; Pitschel & Bauer 2009). Therefore, it has been acknowledged that in order to further conceptualize multi-level governance, the theory needs to be subjected to much additional case-study testing before it can be adopted as a general account of how the EU operates (Jordan 2001; Moore 2008b; Sturm & Dieringer 2005). Moreover, as most of the research in CEEC focuses on 'large' states (i.e. Poland, the Czech Republic, Hungary and Slovakia), smaller states, including the Baltic States, have received substantially less academic attention (Pitschel & Bauer 2009, p. 328). In order to contribute to a further conceptualization of the multi-level governance and sub-national empowerment as well as to contribute to a comparative analysis of the Europeanization impact on political processes and public administration within the member states, this article focuses on a case study conducted in a small unitary new EU member state: Estonia. The article analyzes the period after the accession of Estonia to the EU in 2004 and will concentrate on how multi-level governance empowers sub-national actors through their ability to take part in the policy formulation process. The main question the article explores is to what extent the impact of the EU has empowered the Estonian sub-national level and the potential causes for such mobilization.

As anticipated by the relevant literature on the subject, sub-national mobilization is expected to occur when sub-national actors gain more influence in planning and implementing EU regional policy (on the domestic level) through the implementation of the partnership principle as well as through sub-national authorities' bottom-up

process in mobilizing in Brussels. However, this outcome may not be uniform across the member states.

Several existing studies of the EU15 and CEEC presume that sub-national mobilization is dependent on intervening variables such as the pre-existing territorial structure of the state and the legal-constitutional position of sub-national governments (see also Pitschel & Bauer 2009, p. 335). In this sense, the Estonian case is expected to largely confirm the overall pattern of the EU's impact on sub-national mobilization in similar domestic contexts in the member states. Due to the weak de facto constitutional role (even though the intergovernmental system confers substantial de jure autonomy to local governments), especially in fiscal terms, local governments in Estonia may not be able to grasp EU opportunities offered in the EU partnership principle, which ultimately prevents a more powerful performance at the EU level. Historical path-dependency prevalent in the regional institutional framework seemingly explains the rather weak sub-national empowerment in Estonia, where, in spite of some minor movement towards greater multi-level governance, the state still clearly retains its gate-keeping role. The Europeanization impact on the local level should rather be explicated in the learning process in which sub-national actors participate when they become involved with transnational networks and international community initiatives. All in all, the results of this research provide a foundation for the wider analysis of these manifestations to a set of countries with similar territorial and political structures, and, within the limits of the study, the Estonian case is analyzed in relation to similar developments across the EU as far as possible.

Data for the study were gathered through in-depth, semi-structured, anonymous recorded interviews with Estonian political officials. These officials include representatives from Estonian regional local government associations, representatives from Tallinn and Tartu City, two national associations of municipalities, Brussels representatives, and officials from the Ministry of Finance and the Ministry of Internal Affairs. In total, 20 interviews (lasting 1–1.5 hours) were conducted. As many of the interviewed local government association representatives also were or had been engaged in local governance as heads of the municipalities, some of the conducted interviews also reflect a single local authority viewpoint on the topic.

The article is presented in three main parts. The first discusses the theoretical explanations for the EU's impact on sub-national mobilization, political processes and public administration, and provides a short overview of the existent empirical findings in the EU15 and CEEC. The second part focuses on the findings of the empirical case study, bringing out the main implications of sub-national mobilization in Estonia and relating the findings to the broader debate on the subject. The final part concludes with a discussion of the results of the research and their importance in the academic debate of multi-level governance.

Theoretical Background

Impact of Europeanization on sub-national mobilization in Europe

Traditionally, scholars conceptualize the outcome of European integration along the dimension characterized by intergovernmentalism at one extreme, placing member

states at the center of EU policy-making (Hoffmann 1966; Moravcsik 1993; Pollack 1995), and supranationalism at the other, emphasizing the increased role of supranational and domestic groups (Haas 1958; Lindberg 1963; Sandholtz & Zysman 1989). As Marks, Hooghe and Blank (1996, p. 327) argue, the character of the Euro-polity at any particular point in time is exactly the outcome of a tension between these contradicting pressures. In the mid-1990s, these theories were challenged by a third group of scholars describing the EU as a 'system of multi-level governance' (Hooghe & Marks 2001; Marks 1993). This approach drew upon both previous debates by not sharing the pure zero-sum game conceptions of intergovernmental and supranational theories (Bache 2008, p. 23; Hooghe 1995, p. 178). Its main advocate, Gary Marks, defines multi-level governance as:

a system of continuous negotiation among nested governments at several territorial tiers – supranational, national, regional, and local – as a result of the broad process of institutional creation and decisional reallocation that has pulled some previously centralized functions of the state up to the supranational level and some down to the local/regional level. (Marks 1993, p. 392)

Even today, debates about EU policy-making within these broad models prevail, and although the supranational 'Europe of the Regions' model is almost completely rejected (Hooghe & Marks 2001; Keating & Jones 1995; Moore 2008b), the overall triumph of the intergovernmental model is at least to some extent weakened by the evidence of the rather multi-level nature of European polity (Goldsmith 2003; Hooghe 1995).

Besides tying EU policy-making to the empowerment of sub-national actors, it is widely claimed that EU cohesion policy has been a major factor promoting the growing identity and autonomy of sub-national levels as political actors within the transnational context in the EU (Baun 2002, p. 261). There have been subsequent reforms of Structural Funds (in 1988, 1992–1993, 1998–1999, 2006) that introduced and intensified the four principles of programming, concentration, additionality, and partnership (Bachtler & Mendez 2007; Bailey & De Propris 2002b, p. 409). The principle of partnership is especially important, being regarded as a key test of Europeanization and multi-level governance (Bache 1998, 2008; Benz & Eberlein 1999; Börzel 2002; John 2000; Kelleher *et al.* 1999). Since these developments, the European Commission has continuously promoted the partnership principle, which, through the inclusion of sub-national actors and other social partners in the planning of community actions, mobilizes local knowledge and contributes to the successful implementation of the EU cohesion policy.

Moreover, the debate on cohesion policy has explicitly focused on governance effects in relation to the concept of Europeanization (Bache 2006, p. 240). In the literature, Europeanization has been defined and studied in many ways, for instance comparing different dimensions across different states (Featherstone & Radaelli 2003) or within one state (Bache & Jordan 2006; Dyson & Goetz 2003) or considering the accession process of CEEC (Goetz 2005; Hughes *et al.* 2004; Schimmelfennig & Sedelmeier 2005). Inspired by this plenitude of coverage, Vink & Graziano (2006, p. 7) conclude that Europeanization can be understood broadly as domestic adaptation to European integration, which has been modeled primarily in terms of the downward

flow of effects (see also Bache 2008, p. 12; Börzel & Risse 2003). Further, the Europeanization literature is mainly institutionalist by nature (Börzel & Risse 2003; Knill 2001), mediating between the ‘goodness of fit’ approach first developed by Risse, Caporaso and Green Cowles (2001) and the more nuanced new institutionalist approaches of rationalist, sociological and historical strands (Bache 2008, p. 13; Börzel & Risse 2003). In all of the institutionalist pieces, ‘learning’ is seen as a feature of change, but they nevertheless generate contrasting hypotheses in relation to the nature and extent of the transformation of governance at the domestic level (Bache 2008, p. 13; Paraskevopoulous 2006; Sturm & Dieringer 2005).

Drawing on these main analytical lenses, the impact of Europeanization in the multi-level governance debate can also be seen in several slightly different ways. One is to treat Europeanization as a ‘direct impact’ on the regional and local policy-making arenas through which increased resources are provided in the member state through redistribution as well as a new set of rules and procedures for the formulation and implementation of development policies (Leonardi & Paraskevopoulous 2004, p. 315). Indeed, in implementing EU policies, sub-national actors are in many ways bound to the political values and principles behind EU legislation; and, following rational institutionalism, opportunities for municipalities to influence policy and promote their interests have increased as well. Focusing specifically on the local government level, De Rooij (2004) handles this new opportunity structure through the following developments at the EU level:

- (1) the EU Structural Funds, which have formalized the principle of partnership;
- (2) a stronger formal position for local government in the EU due to the establishment of the Committee of the Regions;
- (3) the rise of several associations of municipalities in the EU and their participation in an informal EU network through sub-national lobby offices in Brussels.

Therefore, another way to treat the debate on multi-level governance is through the ‘indirect impact’ of Europeanization, which drives sub-national actors into closer relationships with the central state and each other and gives them incentives to lobby the EU (Leonardi & Paraskevopoulous 2004, p. 315). In that respect, the Europeanization function may be considered almost synonymous with ‘sub-national mobilization’ at the European level (Hooghe 1995). However, because the roles, functions and financial structures of sub-national actors are different in each country, the impact of the EU at the local/regional level is as well. The following will briefly analyze the impact of the EU through the above-described new EU opportunity structures on the sub-national government across EU member states.

Implementation of the partnership principle across EU member states

The EU cohesion policy is the most important EU policy for sub-national actors, playing an important role in the administrative restructuring and devolution processes within the member states. However, the EU has had a limited influence on the implementation of the partnership principle. Problems arise because member states decide exactly how sub-national actors become involved (European Council

1260/1999, Art. 8), and implementation procedures vary according to the institutional arrangements for regional and local governance in each member state.

The most comprehensive study about the impact of the partnership arrangements has been conducted by Hooghe (1996), who studied territorial restructuring within eight member states. Her study found that cohesion policy has produced a highly uneven pattern of sub-national mobilization across the EU and that the pre-existing balance of territorial relations serves as a key part of the explanation. Likewise, other studies (Börzel 2002; Keating & Jones 1995; Kelleher *et al.* 1999) have shown that the local and regional mobilization effect induced by the EU is differentiated, 'depending on the power resources of sub-national actors in the different national contexts of federal/regionalized or unitary member states' or on the 'existence of regional policy communities advocating an entrepreneurial approach of regional development' (Brusis 2002, p. 534). Particularly in those countries where regional tiers are weakly equipped or absent (for example, the UK, Greece, Portugal, and most of the CEEC), the national level has tried to act as a gate-keeper by channeling contacts through central ministries and constraining the powers of sub-national actors (Bache 1998, 2004, 2008; Bache & Jordan 2006; Getimis & Demetropoulou 2004; Sturm & Dieringer 2005). However, over the years, the EU has still had an impact on sub-national mobilization even in some traditionally centralized member states, as evidence from Ireland shows (Bache 2008, pp. 58–9; Kelleher *et al.* 1999; Rees *et al.* 2004). This suggests a 'role of policy learning' among the participants from central and sub-national levels.

In addition, some studies have more precisely dealt with the local government level. Goldsmith and Klausen's (1997) study shows that local authorities in Western Europe have improved their involvement in the EU, but the response has been patchy and dependent on internal resources of sub-national actors. The largest categories of local authorities in their study are passive and reactive, 'suggesting that the impact of Europeanization is usually limited to a few dynamic local authorities' (John 2000, p. 883). This confirms the claim that European integration has different consequences for municipalities in different member states. Moreover, within member states there are also differences between sub-national actors in the use of EU opportunities (Bache & Jones 2000; Goldsmith & Klausen 1997), depending on the national constraints with which they are confronted and on differences in sub-national actors' resources such as money, personnel, location or access to politicians or officials (De Rooij 2004; Zerbinati 2004). Existing studies, therefore, show that the impact of EU cohesion policy on the regional politics of member states varies considerably and that the application of the partnership principle has been substantially mediated and determined by national constellations and resource situations.

Sub-national mobilization in Brussels

Another implication of the EU creating new forms of multi-level governance has been detected in so-called channels to Europe activating the local and regional levels with EU developments. Over the years, several transnational organizations have been established, bringing together regional and local authorities from different member states in order to promote and represent common interests at the EU level (Hooghe

1995; Tatham 2008). Initiated either by European Commission, such as the establishment of the Committee of the Regions, or by regional and local levels themselves, such as the Council of European Municipalities and Regions, the aim of such sub-state activities in Europe is, above all, to lobby the European Commission and Parliament, to monitor EU regulations, and to support local interests and proposals in the international community's political process (Hooghe 1995; Hooghe & Marks 2001; Marks *et al.* 2002). Even Jeffery (2000, p. 6), who is quite skeptical about the true emergence of multi-level governance, admits that 'to these varying extents, sub-national actors have been able at least to challenge and in most cases to breach the monopoly of the central state over EU policy'.

However, the question still remains of how influential this mobilization has been in actual policy-making. Sub-national offices do not have formal competencies in the EU, so to the extent that they exercise influence, it will be soft (Marks *et al.* 2002, p. 15). Moreover, a body of evidence available on European lobbying by local authorities does not indicate that sub-national actors possess a high degree of influence (McAteer & Mitchell 1996), and it is widely known that the Committee of the Regions has actually failed to speak on behalf of Europe beneath the central state (Hooghe & Marks 2001, p. 90). Moreover, the differential empowerment of sub-national actors through these channels echoes the outcomes and patterns of the studies indicating uneven implementation of the partnership principle across the member states (Scherpereel 2007).

The context of CEEC

As the emergence of the multi-level governance thesis facilitated a decent number of relevant studies in Western Europe, since the end of the 1990s it has been increasingly adopted in the context of CEEC as well. Due to the centralized national traditions of the CEEC, sub-national entities in these states were nonexistent or lacked competencies and political power, and the European Commission's incentives to provide policy guidance for territorial reorganization in order to meet the partnership requirements of receiving Structural Funds assistance were greater than in the cases of its incumbent member states or previous enlargements (Bailey & De Propriis 2002a; Baun 2002; Brusis 2002; Getimis 2003; O'Dwyer 2006; Pitschel & Bauer 2009; Sturm & Dieringer 2005). Therefore, Europeanization 'Eastern-style' stresses the hierarchical and impositional aspects of domestic adaptation, fostered by 'conditionality' (Goetz 2005; Grabbe 2001). However, there is certainly no consensus that this 'distinct' situation of CEEC (Goetz 2005) has facilitated a solid multi-level governance system. In the regional policy domain, the lack of institutional detail tied to conditionality, due to the fact there is no basis for such an EU intervention in the Treaties (Brusis 2002, p. 31), constrained the impact of the EU (Bailey & De Propriis 2006; Sturm & Dieringer 2005). Indeed, the influence of domestic historical institutional traditions affected development of the sub-national level in CEEC and introduced variances in how these states responded to EU influence (Bailey & De Propriis 2002a, 2006; Hughes *et al.* 2004; Getimis 2003).

A similar differentiated pattern appears from CEEC sub-national empowerment through channels of representation to Brussels, most comprehensively studied by

Scherpereel (2007) and Moore (2008a). Drawing on Schimmelfennig and Sedelmeier's (2005) framework of conditionality, Moore (2008a, p. 214) hypothesizes that sub-national actors in the new member states have been encouraged to establish regional offices in Brussels as a channel of engagement, by means of an informal 'lesson-drawing' model, as regional offices never formed any part of EU accession conditions. Accordingly, sub-national actors from CEEC are rapidly integrating into the EU's multi-level polity. However, this does not fundamentally threaten the pre-eminence of central-state authority, and the available evidence indicates that generally these 'new small, administratively strapped offices' (Scherpereel 2007, p. 36) have little independent effect on decisions made in Brussels, and that the new members of the Committee of the Regions have not yet been fully absorbed. However, this does not necessarily indicate the absence of the Europeanization impact on sub-national empowerment in CEEC, especially considering the bottom-up mobilization in Brussels. By now, it is quite evident that regional presence in Brussels has become a core element of EU membership and continues to be enforced (Moore 2008b; Tatham 2008). Even though these liaison offices from the new member states may be less influential at present, just as regional representations from the EU15 have experienced a gradual expansion of their operating remits over the years (Tatham 2008), it can be expected that the representations from the new member states will continue to strengthen their operational focus and EU foothold (Moore 2008b, p. 529). Therefore, the importance of 'learning time' for the CEEC sub-national level should not be underestimated. Moreover, like sub-national actors from the EU15, sub-national actors from the CEEC also engage with Europe in different ways. For instance, Polish voivodships already act on multiple fronts while others (for instance, many municipalities and numerous Czech and Slovak regions) are doing comparatively little (Moore 2008a; Pitschel & Bauer 2009; Scherpereel 2007).

Theoretical implications for the Estonian case study

The previous discussion shows that the result of different EU activities and priorities in advocating multi-level governance across the member states has been diffuse and ambiguous; however, they have at least some effect on member states. Jeffery (2000) poses relevant hypotheses for explaining the differential emergence of sub-national mobilization in the EU. He states that the constitutional situation of sub-national actors is the variable with the most predictive strength in pinpointing the level of influence sub-national actors have in European policy. For instance, 'a German Länder will always have more scope for influence than an Irish local authority' (Jeffery 2000, p. 12). However, other variables also intervene to modify the likely levels of influence exerted by sub-national actors both across and within particular constitutional orders (see also Bomberg & Peterson 1998, pp. 234–45), which, according to Jeffery and with relevance to the current research, are:

- (1) the quality of intergovernmental relations between sub-national actors and the central state;
- (2) the level of entrepreneurship applied in sub-national mobilization, which Bomberg and Peterson (1998) elaborate as the need to build coalitions in order to influence EU decision making.

Moreover, Jeffery (2000, p. 2) argues that sub-national mobilization in the EU has not led to significant access to Europe, but has rather served to undermine the capacity of central state institutions, which is actually ‘a representation through rather than beyond the established structures of the Member State’. This means that the focus should shift to what Jeffery calls ‘European domestic policy processes’, mostly focusing on collaboration with the central state in order to gain influence at the EU level (see also Scherpereel 2007, p. 38).

To conclude, the picture of sub-national mobilization in the EU is quite colorful, and there seems no congruence in the political role of sub-national actors in the EU (Hooghe & Marks 1996; Marks *et al.* 1996). M. Keating (quoted in Le Galès and Lequesne 1998, p. 5), therefore, points out that as European integration legitimates such different forms of regional and local mobilization, it does not actually allow any real theory of regional mobilization (see also Bache & Flinders 2004; Bailey & De Propriis 2006; Moore 2008b, p. 531). Following this, Schmidt (quoted in Bache 2008, p. 2) develops an analytical distinction between the ‘simple’ and ‘compound’ polities, which reflects the division between more centralized (e.g. UK, France, Greece, Ireland) and decentralized or federal member states (e.g. Italy, Spain, Germany).² This distinction is quite useful when trying to capture some elements of convergence or divergence of sub-national governance patterns across the EU, and it also supports previous attempts to generate some general conceptualizations about the Europeanization impact on SNA empowerment.

Several hypotheses emerge from this discussion for analyzing the impact of the EU on multi-level governance in the Estonian case. First, following developments in CEEC, the rather weak Europeanization impact on sub-national empowerment (implementation of the partnership principle and bottom-up mobilization) in Estonia is expected to be related to the common patterns found in countries belonging to the simple polities (e.g. Bullmann 1996, pp. 12–13; Getimis 2003, p. 82; Getimis & Demetropoulou 2004). Second, this rather ‘multi-level participation’³ effect presumably emanates from historical path-dependency, causing a weak position in the domestic intergovernmental context for Estonian sub-national actors, and from great variations in local governments’ resources hindering the entrepreneurial approach of the majority of them. Third, the Europeanization effect is assumed to be eminent through the informal ‘lesson-drawing’, which has opened up more cooperation among Estonian sub-national actors on the domestic and international levels and injected incentives to pursue greater power in national and international policy-making also among sub-national actors.

Impact of the EU on sub-national empowerment in Estonia

Local governments in the administrative system of Estonia

Estonia is a country with a centralized administration. Currently there are 33 cities and 193 rural municipalities in the local government system in accordance with the general principles of local government laid down in the Constitution of the Republic of Estonia (Art. 154 section 1 and Art. 155 section 1). These 226 local governments

vary to a great extent in their size, economic indicators and ability to fulfill their functions (for instance, half of the local authorities have fewer than 2,000 inhabitants). Because of the one-tier local government system, there is no directly elected representation of people at the regional level. Estonia is divided into 15 counties, governed by county governors; however, they cannot be seen as administrative levels since by law (Parliament of Estonia 1995) they are subordinate to the central government. Because there is no regional-level local government in Estonia, the cooperation of local authorities is organized through 15 regional associations of municipalities, which are established on a voluntary basis (Parliament of Estonia 2002). At the national level, there are also two associations that represent common interests of local authorities, especially in intergovernmental relations: the Association of Estonian Cities and the Association of Municipalities of Estonia, which in the context of the relationship with the EU are of utmost importance for the Estonian sub-national level.

Estonia has had a long tradition of strong local government. Even before an independent Republic of Estonia was established in 1918, the country had a functioning system of local administration (Wrobel 2003, p. 278). However, after occupation by the USSR in 1944, the Soviet administration's principles of overall centralization effectively eliminated self-government at the local level, and the Estonian public administration system was assimilated into the system of the Soviet Union, where local governments were directly under the control of the central administration, more precisely, under the control of the Communist party. The politicization of the civil service led to selective implementation of legislation, low motivation for job performance and closed decision-making on both the central and local levels (Tõnnisson 2006, p. 9).

After regaining its independence in 1991, Estonia had to transform itself very quickly from an occupied Soviet republic to an independent European state. This meant transitioning from the Communist past, systems and structures towards market-economy principles and liberal democracy. One crucial element of Estonia's approach to this transition was the decentralization of policy-making and implementation (Tõnnisson 2006, p. 17). However, implementing such a decentralized system requires a remarkable administrative capacity, which was lacking in Estonia, especially at the local government level.

Turning to EU funding, this was a direct obstacle to applying for regional-development funds allocated through EU regional policy, which also played an important role in the transition of local governments. Participating in EU regional policy-making requires, for example, the existence of long-term plans and strategies for the best possible use of the resources. However, local governments do not often have enough skills and knowledge to develop these strategies. For example, there are studies showing that only 9% of Estonian local governments invest based on their long-term development principles and plans (Tõnnisson 2006, 12).

The picture that emerges strengthens the claim of the weak position of local government in the Estonian state, starting with the problems of administrative capacity and strong fiscal centralization, which does not correspond to the *de jure* autonomy of the Estonian local governments. The problems lie not only in the central government's clinging to the centralized system in order to lessen the possible impacts

of low administrative and financial capacities of local governments, but also in the low levels of activity, coordination and cooperation attempts among local governments themselves (which the interviews confirm). This lack of cooperation appears paradoxical, especially in the EU context where municipalities are also responsible for implementing national and EU regulations and legislation. Kettunen and Kungla (2005, p. 358) indicate that through the implementation of the principle of partnership and through providing additional financial resources, the EU has the potential to influence the power distribution between different levels of government by changing the opportunity structures for domestic actors. If local governments became more powerful, this power shift might also foster participation from the local level.

Implementation of the partnership principle

The implementation of the partnership principle in Estonia started with the first wave of Structural Funds prior to 2004. As one representative of the Ministry of Finance remarked (interview 16), this was practically the first time that this kind of consultation process with social partners was actually carried out in planning nationally important strategic documentation. The next period of consultations began in the planning and preparing of the Structural Funds financing in the National Strategic Reference Framework for the use of the EU Structural Funds 2007–2013. Estonia also incorporated specific operational programs of different sector policies to this planning process where the operational program for the living environment – approximately one-third of the total grant amount (1.6 billion EUR of 3.4 billion EUR) – almost exclusively targets local authorities and is therefore the key document, together with specific program regulations, of the current discussion. The interviews concentrate mainly on the preparation period of the 2007–2013 financing period; however, some insight has been drawn from the first wave of Structural Funds preparations in Estonia.

As emphasized by the Ministry of Finance (interviews 15 and 16), National Strategic Reference Framework and operational programs were drawn up with the involvement of relevant ministries and various social partner organizations in special working groups. A broader range of beneficiaries was involved prior to the final National Strategic Reference Framework and operational program drafts. The results concerning acceptance or rejection of the comments received during the consultation round were published on the Ministry of Finance's Web page. In addition, several information days created to inform the public have been carried out throughout the preparation and implementation of the Structural Funds in Estonia (Ministry of Finance 2006, pp. 8–9).

Interviews with representatives from the Ministries of Finance and Internal Affairs confirm that broad consultation was also carried out in designing local development measures in the National Strategic Reference Framework and in the relevant operational program for the living environment. All interviewees emphasized that representatives of local governments through national associations of municipalities were not only included through the public consultation round but also were present at the beginning of composing the drafts in the working groups. State representatives

argued that ministries indeed followed the procedures of the partnership principle with utmost dedication. The interviewed representatives from the Association of Estonian Cities and the Association of Municipalities of Estonia were also quite positive towards the formal partnership, indicating that there was always one of their representatives present in the relevant working group, and they did not feel absent from the process, especially in the 2007–2013 Structural Funds planning period.

However, the picture changes slightly if one considers the actual influence of these contributions on the final measures and policy objectives. Moreover, there are also differences in the opinions between national associations of municipalities' and regional associations of municipalities' representatives. While the former were rather positive towards the implementation of the partnership principle by the central government, the prevailing attitude was quite negative among the latter. None of the interviewed representatives from the regional associations of municipalities could give assurance that sub-national actors had truly been involved through the consultation procedure;⁴ however, they attested that the information flow had been better during the second wave of the Structural Fund planning process. The biggest criticism concerned the insufficient time allowed for the comments and little room for incorporating regional associations of municipalities' contributions. As put by one interviewee: 'This is not partnership, but just informing us. Everything has been thought through to the end in the ministry; there is little chance they will actually change their strategic positions' (interview 11).

Indeed, when examining partners' comments,⁵ one may notice that of those accepted, the majority were technical in nature, and a large number were not accepted at all – something the interviewees also admitted. Seemingly, the final say in every regulation or policy document, including Structural Funds priorities, remains with the central government. The most colorful example from the interviews indicating the adversity of the sub-national level in the negotiation process concerned the local government's application to receive additional support from the state for co-financing EU environmental infrastructure projects, which has been problematic since the original Structural Funds implementation and was also emphasized by the European Commission (2006). However, 'in this case it was clear until the end that all ministries keep to the common position in order to confront this demand from the local government side', one representative from the Ministry of Finance said (interview 15).

In response to the criticism that insufficient time was allowed to comment on draft documents, central state representatives claimed that all relevant minimum requirements were fulfilled. Local government associations have direct access with active user rights to the official electronic law-drafting system e-Law (*e-Õigus*), through which National Strategic Reference Framework and operational programs were communicated and which allows five to 30 days for commenting. However, this leads back to the previous concern as documents that move through this system are close to final drafts, which usually allow little room for changes. Moreover, in some cases, a very quick response is needed (e.g. five days). 'I think I am not wrong by saying that in 98–99% of these cases local authorities will just not respond', one interviewee commented (interview 10). This is even more of a problem considering the low administrative capacity of the Estonian sub-national level. Several interviewees

stressed that local governments do not have enough knowledge, energy, and resources to participate in the national regional policy decision-making, which is fostered by the lack of overall participative culture from both levels of government (interview 15).

Along with the weak administrative capacity, missing (wider) strategic thinking was also mentioned as one of the most important reasons for the incapacity of local governments to influence the decision-making. 'To say that everybody wants to be included in the decision-making process is actually a myth. Everyone wants to get a good regulation but on the condition that they do not bother me' (interview 10). The central government official (interview 18) elaborated on this point, 'Even if we ask, they [local governments] will not react'.

Besides general participation in the decision-making process, effective lobbying abilities were seen as crucial for the actual influence of this kind of participation. 'One thing is consultation on the part of the government, but if the organization wishes that its interests be really represented, close cooperation and skillful lobbying is needed' (interview 16). This actually raises further problems as indicated by one representative from the regional association of municipalities (interview 6): 'They call it lobby, we call it injustice'. Indeed, EU regional policy as a classic example of rent-seeking has been widely noted (John 2000, p. 879; McAleavey & De Rynck 2001, pp. 544–5). Zerbinati and Souitaris (2005, p. 48) also found that success in initiating and driving the European funding process involves pro-activeness, innovation, risk-taking, leadership, and creativity, a combination of attributes associated with entrepreneurial behavior. However, both Tønnesson (2004, 2006) and interviews for the research reveal that this kind of behavior is missing in a remarkable number of municipalities in Estonia. Many (especially representatives from national associations of municipalities) also admitted that there is a clear distinction in the activeness and willingness to participate in decision-making on the part of those municipalities that have created a unit to deal with all EU-related issues, especially by the biggest cities, Tallinn and Tartu. Indeed, interviews with the representatives of these municipalities ensured that EU (funding) issues were scrutinized very carefully in order to represent the municipality's viewpoints in the matter. However, it can be estimated that in over half of the local governments in Estonia, this kind of organizational adaptation has not yet occurred.

The experience of Estonia in implementing the EU regional policy principle of partnership generally supports some patterns discovered in the EU15 and the CEEC. For instance, Bailey and De Propriis (2002a) investigated the relevance of multi-level governance in the Czech Republic, Estonia, Hungary, Poland and Slovenia and conclude that the national government 'gate-keepers' remained 'firmly in control' of sub-national actors, who were able to participate in but not significantly influence the policy process. As evident from the Estonian case-study interviews and other documents dealing with the scrutiny of the partnership in decision-making procedures, this has not changed, and the still dominant 'thinking-by-ministry' tendency exists in Estonia (see also EC 2006).

According to Kettunen and Kungla (2005, p. 367), Estonia has adopted a centralized mechanism that fulfills, at best, the minimal requirements of the partnership principle, assigning only a subordinate role to local actors. The key explanation here, as was also emphasized in the interviews, lies in the institutional

capacity to carry out the functions assigned to local authorities, which is clearly very weak in most of the Estonian municipalities, making them too dependent on central government decisions (Tõnnisson 2004, 2006; Wrobel 2003). This is strongly related to the legal and fiscal set-up of Estonian public administration and the quality of intergovernmental relations between sub-national actors and the central state, supporting the variables for influential mobilization presented above (see Bomberg & Peterson 1998; Jeffery 2000). Local governments do not have financial independence from the state, their role and tasks in society are still unclear, and the division of the tasks between the state and the municipalities still varies across cases (Kriz *et al.* 2004; Tõnnisson 2004, 2006). Altogether, this has caused a situation where the sub-national level is not an equal partner with the state.⁶ Therefore, the influence of Europeanization on sub-national mobilization through greater partnership relations with the central state remains relatively weak in Estonia.

However, all interviewees admitted that there has been a significant learning experience for sub-national actors, which means that all parties were more aware of the process; and in 2007–2013 Structural Funds preparations, the Estonian government involved social partners more considerably. Indeed, involving necessary interest groups in the decision-making process is traditionally not compulsory according to Estonian laws, except in some specific fields (Lepa *et al.* 2004, p. 73), but this has changed considerably with the introduction of the general Structural Fund regulation (European Council 1260/1999) in planning regional development programs. Moreover, even though a strategic vision and stability in local governments' contributions through the partnership are still lacking, the general opinion from the ministries in the second Structural Fund financing period also admitted a significant increase in partners' capability to produce contributions.

At the same time, the capacity and willingness to take part in the process varies considerably among different Estonian counties, local governments and their associations, a phenomenon also found across EU member states as discussed above. This has motivated the rationalization and reduction of the number of counties and local governments in Estonia, which so far, however, has been largely watered down due to central government politicians' fears of losing support in these localities (Kettunen & Kungla 2005, p. 363). Lately, the issue of strengthening regional cooperation and the role of the local government associations have been emphasized in the public debate (Lootsmann 2008; Nurm 2008; Roose 2008). According to some interviewees, the European Commission has also emphasized the need to let the Estonian sub-national level have greater control over the Structural Funds, an idea that was repeatedly welcomed by the representatives of regional associations of municipalities during the interviews (interviews 4; 5; 11; 14; 15). This pronouncement, though still tentative, deserves encouragement as there is doubt that the capacity of sub-national levels will ever increase, if they are kept away from the 'leading steer'. The case of some Scandinavian countries (for example, Sweden and Denmark), also highlighted by many interviewed representatives from the regional associations of municipalities, indicates that the sub-national level can be an effective partner for the state and the EU only when it has a stronger position in the intergovernmental context, which promotes greater learning and an increased role of local governments as social partners. In Estonia, the state's justification for not

awarding sub-national actors more influence because they possess a weak administrative capacity (interview 15) is partly an excuse to remain gate-keeper, a role that makes it more convenient for the central government to fulfill the EC's Structural Funds monitoring requirements. Therefore, one way forward would be specifically to enhance the role of regional associations of municipalities by encouraging the second tier of regional government. This would help to lighten the current burden of relatively small local governments in Estonia. More formal cooperation at the regional level would also enable the strengthening of the currently weak representation of sub-national actors in the domestic intergovernmental context. Two national associations of municipalities are still not able to communicate on behalf of all local authorities, and the voices of the bigger and more capable ones, like Tallinn and Tartu, dominate (as confirmed by the representatives from the national associations of municipalities as well as from the regional associations of municipalities), supporting the entrepreneurial approach thesis stated above (Bomberg & Peterson 1998). This situation calls for better cooperation between sub-national actors in communicating their interests, which could be achieved through greater and formalized cooperation through regional associations of municipalities.

To conclude, there is a trend towards greater domestic multi-level governance in Estonia that has been encouraged and intensified by the EU cohesion policy, and therefore Europeanization has influenced sub-national empowerment somewhat. Assumptions from the rationalist approach help to explain the differential mobilization across Estonia, providing some sub-national actors greater access to decision-making than others. The 'rule of the stronger hand' (Tønnesson 2006, p. 19) is thus clearly visible, which means that more resourceful social groups are better able to further their interests than others. Following sociological institutionalism assumptions, there is evidence of the social learning process from the introduction of the partnership principle through the EU cohesion policy as admitted by all interviewed parties. However, historical path-dependent insights prevail in explaining the Europeanization impact on sub-national actors in Estonia. As already stated in Hooghe's (1996) study and repeatedly emphasized in Kelleher, Batterbury and Stern (1999), the degree of decentralization and the type of de-concentration occurring in the state inevitably shapes the relations between key actors within a partnership and determines the competencies and compositions of the partnerships. Having a weak sub-national actor role in intergovernmental relations, in general, has reflected the implementation of the partnership principle in Estonia the most, supporting findings of small unitary and centralized countries with similar experiences and placing Estonia among simple polities on the Schmidt continuum.

Engaging with Europe from the 'bottom-up'

Today, there are over 300 regional representations established in Brussels (Huysseune & Theo Jans 2008; The Liaison Office). Particularly, in relation to the accession of ten new member states in 2004, a large number of representations from local and regional authorities were established in 2002 and 2003. There are two representation offices from Estonia, one which commonly represents the Association of Estonian Cities and the Association of Municipalities of Estonia and the other being the Tallinn EU Office.

The Brussels Office of national associations of municipalities was opened in 2005 to work pro-actively and promote the joint interests of local Estonian authorities in EU legislation, funding, and policy, as well as to provide a direct communication channel to EU institutions, organizations, and networks (The Association of Estonian Cities a). The office also coordinates the work of the Estonian delegation for the Committee of the Regions, organizes meetings and seminars in Brussels for the Association of Estonian Cities or the Association of Municipalities of Estonia, and helps to build transnational partnerships for their members. Tallinn started the office in 1999 (The Association of Estonian Cities b; The Association of Municipalities of Estonia Website). Moreover, Estonian local authorities are represented, via national associations, in the Committee of the Regions (full membership since EU accession in 2004) with seven seats. The Congress of Local and Regional Authorities of Europe and the Council of European Municipalities and Regions are also important international forums for Estonian local governments through national associations of municipalities (interview 2). Therefore, as the multi-level governance concept suggests, Estonian local governments have also tried to mobilize themselves in order to be a part of the EU decision-making process because decisions made in Brussels influence the everyday life of the sub-national level more and more, requiring new strategies to respond to these developments.

The interviews revealed the main reasons for establishing representation in Brussels, which is seen as a logical step forward, as almost all other member states already had this kind of representation.⁷ First, there was a practical need to go to Brussels, 'as this is the place where decisions are made and if you are not there then you practically do not exist' (interview 2; also interviews 13; 20). The Estonian sub-national actors' Brussels office is fully financed by the member fees of the Association of Estonian Cities and the Association of Municipalities of Estonia. Therefore, the initiative has derived from the local government level with encouragement from partner regions. The fact that it was not promoted by the European Commission or the national government supports the 'bottom-up' mobilization thesis (see also Jeffery 2000; Moore 2008a, p. 212). Indeed, as stated by some interviewees, personal contacts and a focused approach through Brussels representation are important, because at home many EU issues will be mixed with other domestic concerns and gain less attention. This means that important topics may be left out even though there is still the possibility of influencing the course of policy-making (interviews 2; 3; 13; 16). Therefore, direct contact between Brussels offices and EU institutions is one result of the EU integration on local authorities, which enables better and quicker information about EU policies and regulations affecting the sub-national level and helps the EU to understand the processes and directions shaping the future actions of local governments.

A second motive behind 'going to Brussels' is to obtain access to information. All interviewees, even those with less information about the Brussels office (e.g. regional associations of municipalities), claimed that Brussels is not the place for fundraising but rather a lobby and information-gathering point for the Estonian sub-national level. Therefore, supporting the general claim made by Marks *et al.* (1996, p. 56), the Estonian representation office is also not an effective channel to influence EU spending, as the allocation of money is still largely determined through hard

bargaining among member state executives (interview 16). Rather, it serves as a 'listening post', as shown to be one type of representation office by Marks, Haesly and Mbaye (2002).

A third reason for sub-national actors to establish offices in Brussels is to build coalitions to influence policy. Estonian sub-national actors' offices work in close relationship with the delegation to the Committee of the Regions, Estonian Members of the European Parliament (MEPs) and DG Regio (Kettunen & Kull 2009). Work through other transnational networks like the Council of European Municipalities and Regions and the Congress of Local and Regional Authorities of Europe is also important (interview 2). The interviews clearly indicate that the importance of coalition-building within and across policy networks in order to influence the decisions made in Brussels strongly supports Bomberg and Peterson's (1998) coalition-building thesis. Moreover, there is no possibility to act alone considering that, for the Estonian representation, there is no back office in place to increase its action capacity. The importance of coalition-building was also brought out while considering the work of transnational networks. One interviewee who had been a former delegate of the Congress of Local and Regional Authorities of Europe revealed:

I realized only at the end of my mandate that I do not have to deal with everything alone, new cooperation outputs emerged with the Danish and the Finnish on an important issue for Estonia (single-bottomed tankers on the Baltic Sea). Therefore, only in my last year did I actually learn how to act there. (interview 10)

Again, the model of 'lesson-drawing' would be a useful explanation here of how Europeanization can have an impact on sub-national level activities in a single member state.

There are also serious weaknesses in the work of the Association of Municipalities of Estonia and the Association of Estonian Cities Brussels office and in sub-national actors' Brussels activities in general. The main difficulty for Estonian sub-national representation is certainly the already mentioned weak administrative capacity, and that is why the actual performance of the office so far confirms that its main task is filling an intermediate position for information exchange without the possibility of actually shaping any EU-level decisions. Besides the widely argued weak power of much of the sub-national representation in Brussels (Bullmann 1996; Marks *et al.* 2002; Scherpereel 2007), the relegation of sub-national actors to an intermediate position is also related to the fact that, in the Estonian case, one person has to represent very different members (in size, administrative, and financial capacity) from the Association of Municipalities of Estonia and the Association of Estonian Cities, which inevitably poses some problems.⁸

The importance of good intergovernmental relations between the central state and sub-national actors and the strong constitutional position of the sub-national level reveals itself through the mobilization in Brussels as well. At one time, cooperation with the central state in preparing Estonian standpoints in EU policy-making was considered to be almost non-existent.⁹ 'Our success in Brussels depends on how much [the] central government consults with us already here, at home. In my work I

see how states where local self-government has a stronger position have much greater negotiation and influence capacity' (interview 2). Indeed, during many of the conducted interviews, experiences from Danish or Swedish delegates (either sub-national actors or state) were raised as positive examples of influential representation (interviews 5; 16; 18; see also Kettunen & Kull 2009). The picture was considered to be slightly better in communicating with the Estonian permanent representative in regional policy in Brussels (apparent also from weekly reports; see the Association of Estonian Cities c), which in turn justifies the creation of a sub-national actors' office, as it is probably easier to find common discussion points with people in Brussels than with national officials who also have many other domestic issues with which they are concerned. Further, there are different types of sub-national offices in Brussels and also different strategies and aims they pursue (Macneill *et al.* 2007; Moore 2008a). Therefore, the purpose of another Estonian office – Tallinn City Office – is slightly different from the Association of Municipalities of Estonia and the Association of Estonian Cities representation, namely lobbying for favorable funds and cooperation projects and successful marketing of Tallinn (interviews 2; 3; 13). However, offices in Brussels are not considered essential. While Tallinn clearly justified its presence in Brussels (for example, the development of the European Green Capital Award¹⁰ initiated largely by Tallinn through this network was seen as a particular success story), the second biggest city in Estonia – Tartu (population 98,000) – does not see any need for this kind of office. Interviewed representatives of Tartu were certain that the information on the Internet was sufficient to deal with EU issues. In addition, there was weak hope directed towards the work of the Association of Estonian Cities and the Association of Municipalities of Estonia representation, expressing serious doubt over the usefulness of this Brussels representation unit as well (interviews 7; 8).

This leads to another finding, namely that opinions from those present in Brussels and those whose interests they represent (i.e. local authorities) differ considerably. Almost none of the interviewed representatives from the regional associations of municipalities (as well as those representing a single local authority) knew about the topics dealt with by their representative in Brussels. 'This information remains in the hands of those people in Brussels and in their memos, if they bother to write any. Not all do so. Even if they do, the information reaches certain local governments only if they open the web page of the Association of Estonian Cities and take time to read these'¹¹ (interview 14). None of the interviewees were certain that local governments actually access these web pages. This provides further support for the hypothesis predicting a lack of wider strategic thinking among Estonian local governments as well as a limited administrative capacity. The pattern again supports the differentiated mobilization within the country dependent on the available resources and entrepreneurial behavior from the leaders, which in turn causes perceptions among others that only a few interests are represented through the national associations of municipalities (interviews 4; 5; 8; 14).

Overall, analysis of sub-national mobilization at the EU level in the Estonian case seems to confirm propositions emanating from the wider literature presented at the beginning of this article. The success of Estonian local authorities in mobilizing their interests and influencing decisions made in Brussels through direct representation or transnational cooperation is largely dependent on their constitutional and historical

legacies within intrastate relations. Collaboration with the central state in this kind of mobilization channel is even more limited for sub-national actors than in the implementation of EU regional policy. Moreover, interviews with representatives to Brussels from the central government, Committee of the Regions, and local governments confirmed that national governments show no signs of weakening but are, on the contrary, still the most powerful actors in the system of European governance and that ‘influential’ sub-national actor representations at the European level, through the Committee of the Regions or other transnational channels, still remain quite weak and marginal (interviews 16; 17). Furthermore, the planned institutional reform of the Committee of the Regions regarding the number of its members (interviews 2; 17) was seen as a serious threat to smaller member states and the overall efficiency of the already heterogeneous and often divided Committee of the Regions’ work, where conflicts between local and regional interests and regionalized and unitary member states are quite common (see also Farrows & McCarthy 1997; Hooghe 1995, pp. 180–1; Hooghe & Marks 2001).

However, this case study also reveals that despite this rather modest experience of Estonian sub-national actors in engaging with Europe, there has still been an influence on the local government level. All interviewed local government representatives found that their routines and activities have been more or less influenced by the EU, mainly through EU Structural Funds but also through opening up new cooperation channels by other EU programs and Community initiatives like INTERREG (European Territorial Co-operation Objective in 2007–2013). It is clear from the interviews that there has been an extensive exchange of experience and considerable cooperation among sub-national units. One interviewee stated, ‘This operation without borders changes our world view, gives us experience to improve the management of our communities and encourages our decision-making initiatives’ (interview 20). Indeed, in the interviews, many brought out positive examples from other countries (especially from Scandinavia) as possible models for Estonia. EU experience has to some extent also increased the capacity for strategic planning (interviews 4; 5; 8; 10; 11) because existing strategic development plans are compulsory for the local government to be eligible for EU funds. Therefore, one can conclude that strategic awareness due to wider cooperation between municipalities, either through large EU-funded (infrastructure) projects or on the international level, has increased. Europeanization has had an impact to some extent, starting from reorganizing the structure of many local governments and ending with the twinning of operating in transnational policy networks and with learning from European counterparts. Even though these patterns are slow to emerge and ultimately change norms and behaviors at the domestic level towards greater power-sharing, it is still essential to maintain the rather weak channel for Estonian sub-national actors with Brussels, which helps to keep both them and Estonia in the picture.

Conclusion and Implications

By now, it is evident that the changing system of European governance, especially since the end of the 1980s, has had an impact on the role of sub-national levels and on

their position in the European political system, which has been illustrated by the establishment of the Committee of the Regions, the broadened debate about partnership and subsidiarity, and the growing local and regional activity in the international arena. In addition, the new system has affected local authorities within member states because Europeanization has increased the potential for sub-national actors to influence policy-making. To do so requires sub-national actors to gather more extensive information and to make political contacts. However, sub-national mobilization has not happened everywhere and to the same degree, as the powers of sub-national actors vary immensely across the member states, from financially, politically and organizationally entrenched regions to weak and poor sub-national governments. This ultimately determines how effectively and uniformly multi-level governance can appear in the EU.

The purpose of this article has been to explore the impact of Europeanization on sub-national mobilization through the implementation of the partnership principle introduced by the EU regional policy and growing activities at the Brussels level. In order to contribute to further theoretical development of multi-level governance and Europeanization theses, the illustrative case study for this purpose has been Estonia, a small unitary and centralized new member state. The case study confirms most of the patterns already developed in the context of these mobilization channels in the EU15 and also in the CEEC, especially intrinsic to states belonging to simple polities on a Schmidt continuum, which have introduced a rather weak Europeanization effect on the sub-national level. Even though Europeanization has strengthened the recognition given to sub-national actors in Estonia in terms of greater pluralism in power relations and bottom-up mobilization, local development issues have still remained comparatively weak areas of policy. This research clearly shows that the partnership principle of the EU regional policy is largely followed formally, and the possibilities for sub-national actors to move beyond the nation-state directly to Brussels are still hindered by the low capacity of the Estonian local government level. This is also the result of poor leadership, coordination, and diversity of values that still exist in several Estonian counties and municipalities. The main reasons for this patchy and rather weak Europeanization effect on sub-national empowerment emanate mostly from the path-dependent political norms and constitutional position (strong *de jure* autonomy but *de facto* restricted) of local authorities which has caused a situation where local governments are not strong partners for the state and have no resources to improve the existing state of affairs. In this context, Jeffery's (2000) statement about the sub-national empowerment in the name of undermining the capacity of the central state rather than significantly 'accessing' to Europe is applicable to the Estonian case where the first and utmost objective of sub-national actors is to gain access to policy-making through the central structures, not necessarily 'beyond' it. This requires leadership, lobbying and cooperation as dependency on the latter determines the success of sub-national actor mobilization (as also interviews with sub-national actors' Brussels representatives indicated). To take advantage of the opportunities from the EU, especially through the EU regional policy, local governments in Estonia should gain the capacity to make appropriate policy responses to these environmental changes. In light of this, the way forward must include administrative (territorial) reform of the Estonian local government level. This, however, should concentrate less on reducing

the number of local government units but instead on increasing the administrative capacity (quality of human resources) of the units through fostering cooperation between local governments, increasing the role of regional associations of municipalities in organizing public policies at the local level, and reconsidering the local government's fiscal system. In addition the value system of both levels of the state – central and sub-national – must change to foster a more cooperative and participatory culture in the policy-making process. Hence, promoting partnership programs between the state and the local governments would be highly beneficial (see also Kährik *et al.* 2003). In contrast, forceful downsizing of municipalities, which many political forces in Estonia still support, may distort the current fragile basis for this participatory policy-making even more and endanger the development from the Europeanization pressures and opportunities. It is also clear that the necessary capacity of sub-national actors cannot be achieved rapidly through administrative reform, and thorough analysis is needed before taking the necessary steps and changing the laws.

Europeanization pressures, especially through the implementation of the partnership principle, have not really empowered the sub-national level, positioning Estonian sub-national actors rather into Goldsmith and Klausen's passive group of local governments, confirming the central state's gate-keeping powers, and supporting the intergovernmental view of Europe. The reasons for this emanate from the historical path-dependency of the position of local governments in the governance system of Estonia. Nevertheless, Europeanization has had some effects on local government routines through widened cooperation with each other in EU-funded projects, enhanced strategic planning, and lesson-drawing from the international arena. It is probably too early to expect some deeper EU impact in Estonia as suggested from the case of Ireland; only recent studies (since the end of the 1990s) show movement towards the compound polity end on the Schmidt continuum. In the end, local governments in Estonia are still increasingly 'aware of doing different things', as Goldsmith (2003, p. 129) puts it, and hope for greater partnership and multi-level governance patterns still prevails among sub-national actors. In this, Europeanization inevitably has played and will continue to play a crucial role in helping to place more emphasis on changing the existent (non-cooperative) value system of Estonian governance.

Some of the main points of criticism directed at the multi-level governance concept argue that it provides a description of the EU but not a theory, that it overstates the autonomy of sub-national actors, and that it mistakes evidence of sub-national actor mobilization at the European level as evidence of sub-national actors' influence (Jordan 2001, p. 201). As seen above, several studies from the EU15 indeed support these criticisms. Pitschel and Bauer (2009) have recently tried to comprehensively capture the CEEC research on this matter. Even though they succeed in systematizing the recent research, relevant empirical findings, and theoretical arguments on regionalization and decentralization in the CEEC, they still do not propose a proper theory. Nevertheless, steps towards this end are also already evident from their systematization attempt, which indicates that the distinction in this scholarly track between the 'old' and 'new' member states is disappearing slightly, and researchers should further engage in comparing suitable constellations in Eastern and Western Europe in order to enhance the analytical leverage for answering specific

research questions (Pitschel & Bauer 2009, p. 341). In light of the latter emerging trend in sub-national mobilization research, the Estonian case study successfully ties in with the ongoing academic debate about the existence and relevance of the multi-level governance and sub-national mobilization theory. This research illustrates that even though we probably cannot yet form a coherent theory (see also Le Galès & Lequesne 1998; Moore 2008b; Pitschel & Bauer 2009; Sturm & Dieringer 2005), the multi-level governance debate can still generate testable hypotheses to guide empirical research. Several of these propositions, such as factors influencing sub-national mobilization in different national constellations (simple and compound polities) and how new institutionalist theories can offer insight into the Europeanization effect on sub-national empowerment (opportunity structure, historical path-dependency and policy-learning together with changes in value systems), have been investigated and largely confirmed through the Estonian case study. However, it is also clear from this analysis that the time element must be considered when investigating sub-national mobilization, especially in the CEEC. Even in small and very centralized states like Estonia, local governments are able to benefit from policy-learning and independently collaborate with each other through the EU programs and in the Brussels arena. Even though these capacities remain restricted for the time being, there are signs of bottom-up mobilization beyond the nation-state and of more intense and direct engagement with European-level actors. Therefore, more patience with developments in the new member states is required, as well as further research in testing hypotheses drawn from the Europeanization and multi-level governance literature in order to contribute to building a sub-national empowerment theory through a larger set of case studies along the relevant time period.

Notes

- 1 The conventional view of conditionality sees it as the primary mechanism for Europeanization in CEECs. This debate about the concept of conditionality, defined as a consensus on rules and their transmission mechanisms within the EU, with clear-cut benchmarks and consistency and continuity in the transfer of rules over time, is most comprehensively handled by Schimmelfennig and Sedelmeier (2005).
- 2 For a discussion and examples of the EU's impact on the local and regional levels in the member states belonging to simple or compound policies, see Bache (2008, pp. 55–87).
- 3 The term signals greater involvement without effective influence for at least some types of new actors (Bache 1998, 2008, p. 31).
- 4 Official partners were only national associations of municipalities, therefore information should have reached members of regional associations of municipalities mainly through these organizations.
- 5 See Ministry of Finance of the Republic of Estonia, available at: <http://www.fin.ee/?id=13896>.
- 6 For example, the Ministry of Finance considered local governments together with all other social partners in order to simplify the administrative procedure of the implementation of the partnership principle (interview 16), which was constantly

- criticized by some representatives of regional as well as national associations of municipalities (especially interviews 2 and 11).
- 7 By now, all CEEC have some kind of local or regional representation in Brussels (The Liaison Office).
- 8 The Association of Municipalities of Estonia – 136 members (rural municipalities), average population 2,300 per member; the Association of Estonian Cities – 48 members (32 city governments, 16 rural municipalities) covering 946,970 inhabitants of the total population of Estonia (1.3 million), including the City of Tallinn with a population of ca. 400,000.
- 9 The claim was illustrated with the insufficient cooperation with the Ministry of Environment in commenting on the EU Waste Directive draft through and the Council of European Municipalities Regions.
- 10 See European Green Capital Award, available at: http://ec.europa.eu/environment/europeangreencapital/index_en.htm.
- 11 Estonian Local Government portal administered by the Association of Estonian Cities, available at: <http://portaal.ell.ee/>.

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- Interview 3: Representative of Tallinn Brussels Office, 25 June 2008, Tallinn.
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- Interview 10: Representative of municipalities of Lääne County, 1 July 2008, Haapsalu.
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- Interview 18: Representative of Ministry of Internal Affairs, 7 July 2008, Tallinn.
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Article III

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Multi-Level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity

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ABSTRACT This article looks into the everyday practices of Estonian local governments regarding the emergence of multi-level governance (MLG) and their mobilization in EU affairs and policies, especially regional policy. The theoretical framework is the concept of MLG, also emphasizing the principles of subsidiarity and partnership. The article contributes new empirical insights from a country outside of the mainstream scholarly debates on MLG. We test and answer five interconnected theses linking MLG with practices of the principles of subsidiarity and partnership and the status of a small, unitary state in the European integration process. For many Estonian municipalities, the EU has hardly any effect. We identified almost no adjustment of local-government structures and routines to EU pressures. There is hardly any involvement of local actors in policy-making processes or in networking. Estonian local governments are weak partners for the state

KEY WORDS: Estonia, multi-level governance, regional policy, subsidiarity, small state, municipalities

Introduction

Multi-level governance (MLG) was introduced as a concept in the fields of European Union (EU) policy-making and European integration more than 20 years ago by Marks (1993) and, to discuss interrelations between actors from different levels of government, it has evolved “as almost the *über*-concept of the two decades spanning the millennium” (Bache et al., 2012: 1). MLG has also developed as a concept of political mobilization to analyse the processes of European integration from the perspective of comparative governance (Piattoni, 2010; Chardas, 2012), postulating that—contrary to the traditional intergovernmentalist (Hoffmann, 1966; Moravcsik, 1993) and neo-functional (Haas, 1958) European integration theories—certain policy areas of the EU entail significant responsibilities for non-central government actors.

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MLG and subnational mobilization have almost exclusively been discussed in relation to Europeanization (Bache, 1998, 2008; Bache and Andreou, 2010; Piattoni, 2010), which has been subject to different interpretations.¹ EU membership changes local decision-patterns, encourages municipal entrepreneurship to promote local concerns at the European stage (Fleurke and Willemse, 2007; Guderjan, 2012), and *empowers* regions and localities. The discussion around the empowerment of regional and local authorities,² their involvement in policy-making, and stressing the principle of subsidiarity in this connection was activated by EU regional policy reforms, specifically with the introduction of the partnership principle in 1988. Through partnership arrangements, the supranational and subnational levels were enabled to build alliances and exercise pressure on national governments (Hooghe, 1996). Cohesion policy prompted the gradual evolution of multi-level decision-making and implementation (Milio, 2014), namely, as

a system of continuous negotiation among nested governments at several territorial tiers . . . as a result of the broad process of institutional creation and decisional reallocation that has pulled some previously centralised functions of the state up to the supranational level and some down to the local/regional level. (Marks, 1993: 392)

These policy reforms removed the old intergovernmentalist bargaining model by admitting subnational actors (SNAs)³ into tripartite decision-making and implementation processes (Leonardi, 2005).

Several scholars have used the Europeanization framework in cohesion policy and domestic responses to these European ‘forces’, resulting in variable degrees of domestic change that may be correlated to Type I or Type II MLG (Bache, 2008; Adshead, 2014). Type I MLG reflects a more federal or quasi-federal arrangement, in which dispersion of authority is delimited. Type II MLG describes “governing arrangements in which the jurisdiction of authority is task-specific, where jurisdictions operate at numerous territorial levels and may be overlapping” (Bache, 2008: 27). While Type I MLG refers to more formal devolution of powers; Type II is more messy and ad hoc (Bache, 2008: 29).

The principles of partnership and subsidiarity are central in the MLG debates (Bache, 2008; Committee of the Regions, 2009, 2012) and promise to be the most relevant for most of the subnational levels in the EU’s cohesion policy, especially in countries where EU Structural Funds (EUSF) quasi-substitute national funds in the regions and where EU regional funding enables subnational authorities to perform previously unattainable activities.⁴ This seems to be the case in the Central and Eastern European Countries (CEEC), such as Estonia, the country this article focuses on. Yet, not much empirical evidence on MLG and related principles of partnership and subsidiarity in ‘the making’ regarding several of these countries exists (Pitschel and Bauer, 2009). Research into the role of local government *per se* and as part of EU MLG is still rather limited to regions or isolated local-government case studies, which “can hardly account for a differentiated picture of integration processes at the local level” (Martin and Pearce, 1999 in Guderjan, 2012: 106). Reynaert et al. (2011) synthesize almost 20 years of research after the emergence of MLG by investigating Europe’s impact on the behaviour of subnational governments within different European countries. Case studies on smaller local authorities hardly exist, with the

notable exception of De Rooij (2002) and Martin and Pearce (1999). Fleurke and Willmse (2007) stress that in order to obtain a well-balanced insight into the enhancing and constraining of EU influence on SNAs linked to the discussion of the emergence of MLG within the EU Member States (EUMS) and at the EU level, more empirical research into daily administrative practice is needed.

This article contributes to these debates and provides new empirical insight from Estonia—a country outside of the mainstream of scholarly debates. Its theoretical framework is the MLG concept, emphasizing the principles of subsidiarity and partnership in the EU's cohesion policy.⁵ We assess empirically how EU MLG fits into the specific political and constitutional context of local-government operation. Do the principles of subsidiarity and partnership provide the expected influence of EU public policy on the functioning of the local governments? Has EU cohesion policy altered the patterns of SNA involvement and participation in this policy? How do local governments regard their ability to be involved in EU affairs and to take advantage of MLG?

Our study captures a comprehensive assessment of the activities of local authorities as a whole instead of conducting single local-government case studies. It provides insights into the theoretical debates on MLG and Europeanization and contributes to a theoretical perspective of multi-level integration by focusing on the interplay between actors and institutions from different levels of governance (Guderjan, 2012).

Furthermore, subnational comparisons across different municipal sizes and locations (rural and urban municipalities) with reference to earlier studies (temporal comparison)⁶ are almost non-existent in Estonia and are rare in CEEC.

Our study contributes to a more comprehensive picture of MLG in practice and illustrates the actions and perceived roles of Estonian municipalities. Highlighting positive developments and shortcomings, small municipalities from a small unitary country shared with us their experiences with the opportunities/constraints of EU policies, helping us to paint a balanced picture of subnational empowerment in the EU.

Relationship to Earlier Studies: Estonia in Context section places the study and the situation of Estonia's local level in the context of earlier studies of MLG, partnership, subsidiarity, and local mobilization and introduces the institutional setting of Estonian local governments.

We test and answer five interconnected theses connecting MLG with practices of subsidiarity and partnership and the status of a small unitary state in the European integration process:

1. Education, information, and access to networks are preconditions for taking part in EU MLG. SNAs are sufficiently equipped in this respect.
2. EU policies, such as regional policy funds, serve to empower municipalities both financially and in terms of mobilization and partnership.
3. Functioning relations to central government are important, as are horizontal and vertical networks relations.
4. The principles of subsidiarity and partnership support subnational governments in engaging more intensively in EU policy-making and in influencing policies with direct impact on them, such as EU cohesion policy.
5. Given that (1)–(4) were in order, Estonian municipalities are sufficiently involved in EU affairs.

The following section is an empirically informed discussion of subnational perceptions of these interrelated issues. After a discussion of focus, method, and methodology of data collection, we analyse Estonian municipalities' capacity to handle EU affairs, such as in relation to education, networking, and receiving information. The section discusses empowerment through EU cohesion policy, municipal involvement in policy 'making', implementation, and central–local relations. This section also looks closely at subsidiarity and MLG as opportunity structures and as perceived by local-government elites. Finally, it looks at how municipalities evaluate their ability to handle EU affairs. The final section summarizes results and discusses their implications for the theoretical debate of MLG. It also voices some practical concerns around MLG in practice.

Relationship to Earlier Studies: Estonia in Context

MLG, Subsidiarity, and Partnership

The changing system of European governance had an impact on subnational levels and on their position in the European political system. The establishment of the Committee of the Regions (CoR), the debates about the principles of partnership and subsidiarity (Barca, 2009; European Commission, 2012), the growing local and regional activity in the international arena, and increasing potential for SNAs to influence policy-making reflect this change. This is the view of the 'original' result of the MLG assuming strengthened SNAs through EU intervention. Yet there is no broad consensus on the nature of these effects. An intergovernmental view of Europe stresses that there are no substantial effects of European integration on SNAs (Bourne, 2003). This position reflects national states' supremacy in decision-making; if subnational governments have an opportunity to raise their voice in Europe, then their influence is conditioned by central government. Central governments as gatekeepers rule out the possibility of subnational governments as independent political actors in the European arena.

However, wide consensus exists that the EU's influence on the subnational level and empowerment effects through partnership and subsidiarity are largely differentiated and dependent on many intervening (domestic) variables and processes (Hooghe, 1996; Jeffery, 2000; Börzel and Risse, 2003) as well as on EU policy arenas (Kersbergen and Verbeek, 2004). Depending on their constitutional competences or attributed tasks, SNAs in some countries have more opportunities to deal with the EU than those in other countries (Fleurke and Willemsse, 2007; Keating, 2008).

MLG is connected to the partnership principle since the idea of partnership is about subnational participation in decision-making. In the broadest sense, partnership is seen as an application of the principle of subsidiarity in public policy, reflecting the value of decentralization and the involvement of relevant authorities from lower tiers of government (Milio, 2014). With reference to cohesion policy, MLG can be seen as the policy-making architecture that implements the subsidiarity principle—according to which authorities should perform only those activities that cannot be carried out effectively at a more local level—and calls for direct involvement of levels of government closer to the citizen (Milio, 2014). The application of this principle offers an opportunity for promoting 'real' subsidiarity at the domestic level (Chardas, 2012). Thus, MLG and the introduction of the principles of partnership and subsidiarity offer

significant opportunities for change in the domestic actors' actions and for reorientation of their practices towards more consensual patterns of decision-making.

Subsidiarity was hailed as capable of reconciling radically opposed positions, of ushering in a new era of integration (Dardanelli, 1999), and of supporting the construction of a multi-levelled Europe (Pieper, 1993). Originally, the discussions around subsidiarity advocated by the Commission suggested that subsidiarity offers SNAs the very security and autonomy from the Community that they have been seeking from their own national governments (Green, 1994). The principle was meant to regulate the execution of competence, with the Community level only becoming active if and when EUMS and their subnational levels are not able to fulfil specific tasks. Like Pieper (1993), for whom subsidiarity had the potential to correct tendencies of superstatism in Europe leading to an empowerment of SNAs and to decentralization of tasks, many scholars and practitioners alike had high expectations in the effects of Art. 3b.⁷

The successive Treaty changes (Subsidiarity Protocol in the Treaty of Amsterdam 1997, the Convention Draft, the Treaty of Lisbon), however, reaffirm and expand the importance of the principle by incorporating in the Treaty a protocol on its implementation and by emphasizing the role of SNAs. While previously the subsidiarity principle was limited to the EUMS, the Treaty of Lisbon explicitly mentions regional- and local-government levels (article 5(3)). Whereas the enhanced subsidiarity clause is not supposed to change local–central relations within EUMS, it protects local freedoms and flexibilities vis-à-vis the EU and allows the CoR to invoke the principle in court. Following these Treaty provisions, it can be anticipated that numerous reforms have contributed to the increased role of SNAs. Even if not all of their demands are implemented, “the role of the regions at the EU level is strengthened” (Eppler, 2008: 13; Nicola, 2011: 77).⁸

Subnational Mobilization and Bottom-up Europeanization

Keating (2008: 630) argues that “under present-day conditions, the state can no longer monopolize all relationships between its constituent territories and the outside, giving rise to complex patterns of paradiplomacy and inter-regional networking”. Thus, the debate about whether SNAs bypass the national level or whether the latter is an efficient gatekeeper has been settled: far from being mutually exclusive, bypassing and cooperation are complementary strategies, which different subnational authorities employ in different situations (Tatham, 2010). Tatham and colleagues contributed to the latter debate by focusing on different dimensions of the interaction between regions and the EU and regional interest representation in Brussels (Callanan and Tatham, 2014). Moore (2008) and Scherpereel (2007) studied these processes in relation to CEEC. It is also useful to capture the framework for mobilizing interests and strategies as Beyers (2002), Callanan (2011), and Callanan and Tatham (2014) did. Beyers (2002) sets out that the structural position of interest associations within domestic polities—their level of access—affects their European network strategies and how they seek access. Beyer's model emphasizes that intergovernmental relations in the national context can affect SNAs' mobilization strategies. In order to understand fully the possible outcome of access seeking, the strategies and attitudes of the members of these cooperation platforms need to be explored.

The CEEC Context

Analyses of Europe's impacts on new EUMS and on the empowerment of subnational levels suggest that new EUMS from CEEC have faced a 'distinct' approach when compared to members from Western Europe (Goetz, 2005). In CEEC, Europeanization and subnational empowerment are seen as uniformly shaped through the European Commission's *aquis* and 'conditionality principle' (Goetz, 2005) based on the need to adapt to the Western European trend of increasingly transferring political authority and autonomy from the national to sub-state levels in order to absorb EU funds fully and effectively and to build up an effective regional policy system (Pitschel and Bauer, 2009). This 'distinct' situation has also been employed in studies on subnational mobilization in CEEC (Moore, 2008; Tatham, 2010). The main focus of research on the CEEC was on the impact of EU requirements on regional and subnational levels (Bache, 2008), granting the Commission a particular role in advancing MLG. According to some scholars, the post-liberalization process of regional policy formulation in most of the CEEC was strongly driven by the EU (Bachtler and McMaster, 2008; Dabrowski, 2014).⁹ Another body of research indicates critical evaluations of the causal relationship between EU conditionality and Europeanization as the two most widely employed concepts in framing the debates about EU Eastern enlargement. This research stressed the influence of domestic historical institutional traditions as affecting the actual development of the subnational level in CEEC and introduced variances in how these states responded to the EU's influence (Bailey and De Propris, 2002).

Further research comparing suitable constellations in Eastern and Western Europe and in order to enhance the analytical leverage for answering specific research questions around the MLG is needed (Pitschel and Bauer, 2009). Our case study ties in with the ongoing debate about MLG and subnational mobilization theory in their actual 'making'.

Local Governments and Regional Policy in Estonia

Estonia is a small and very centralized country, which has had a single-tier local-government system since 1993. Rural municipalities (183) and cities (30) have equal legal status and form the first, local level of Estonian public administration. All local governments operate within a county (15), which represents the state's interests.

Estonia is unusual—great variances between municipalities exist in a relatively small territory. The city of Tallinn contains about a third of the population, while the average population of other local entities is less than 2500. Most local governments remain heavily dependent on central government revenues, which *de facto* considerably restricts *de jure* municipal autonomy (Kriz, 2008).

Estonia had a long tradition of strong local government even before an independent Republic of Estonia was established in 1918 (Wrobel, 2003). However, after Soviet occupation in 1944, the Soviet administration's principles of overall centralization effectively eliminated local self-government. As studies on subnational-level mobilization and emergence of MLG in CEEC suggest, this historical legacy partly explains the deviation from what has been expected through the implementation of EU's principles of partnership and subsidiarity in these countries (Dabrowski, 2014). However, it is expected that the influence of MLG and EU cohesion policy enhances (again) the role of subnational levels in many CEEC.

As the MLG concept suggests, Estonia's subnational level has also tried to mobilize itself in order to be a part of national and EU decision-making process. All 15 counties have a regional association uniting most of the local authorities to provide a voluntary cooperation platform. On national and international levels, the cooperation of municipalities is organized through the work of national local government associations: the Association of Estonian Cities (AEC) and the Association of Estonian Rural Municipalities (AERM).¹⁰ Our study reveals that these are the most important arenas of contact between Brussels and the local governments. The two Estonian representation offices in Brussels represent the national local-government associations AEC and AERM¹¹ as well as the city of Tallinn, with different strategies, activities, and influence-seeking.¹² Estonian local authorities are also represented, via national associations, in the CoR with seven seats.¹³

As in several other CEECs, regional policy in Estonia is mainly financed through the EUSF: 92% of regional-development funding for 2007–13 (Raagmaa et al., 2013). In spite of more than a decade of implementation of EU funds, studies in Estonia indicate an overconcentration of resources in the capital region in North Estonia while the rest of the country faces declining economic activity and is regarded as a less attractive place to live (Raagmaa et al., 2013). Doubts exist concerning the local-government absorption capacity of EUSF in Estonia (Tatar, 2010).

Rationale and Assumptions

The EU's cohesion policy was selected for this study to test one of the key hypotheses of the MLG concept, namely the increasing inclusion of SNAs in policy-making. What are their perceived role, motivation, and capacity to seize new opportunity structures? MLG scholars perceive EU cohesion policy to offer a good potential for subnational levels to participate in and influence policy making in the EU. However, empirical evidence from all across Europe suggests that the degree of involvement depends on several factors, such as administrative and functional structure of the EUMS, the policy stage of the project in question, and the availability of and access to resources (financial, personnel, and information) (Bache, 1998; Kull, 2014).

Estonia has adopted a centralized mechanism in implementing regional policy, fulfilling, at best, the minimal requirements of the partnership principle. Considering this, the MLG discourse would anticipate a rather weak impact from the push towards MLG (Bache, 2008).

Second, what could be named a 'multi-level participation' effect presumably emanates from historical path dependency, causing Estonian SNAs to have a weak position in the domestic intergovernmental context. Furthermore, considerable variations in local governments' resources hinder an entrepreneurial approach for the majority of them. Nevertheless, informal 'lesson-drawing' from European projects has paved the way for more cooperation among SNAs at the domestic and international levels and has also, assumingly, "empowered" local governments to some extent.

Ten years after the last attempt to study partnership linked to the domestic effects of EU cohesion policy in Estonia (Tatar, 2010) and after having experienced several EUSF planning processes, it is worthwhile to take stock again, especially by considering the time element and learning in EU cohesion policy, which should gradually move the EUMS to greater domestic MLG (Bache, 2008).

MLG in Estonia? Subnational Perceptions

Focus, Method, and Methodology of Data Collection

When considering how to link the theoretical concepts discussed in the previous section and our knowledge about MLG as practice, and to introduce these topics to a group of actors to whom it has not been addressed before, a reflection about an appropriate focus, method, and methodology was needed. We also wanted to understand better the issues of size and rural–urban differences in MLG in relation to the principles of partnership and subsidiarity and subnational empowerment.

What we faced is (a) the need for a large and diverse sample and (b) that the chosen theory has not yet been applied before in the sample we focused on. The former issue called for a quantitative approach, the latter—and in line with Morse (1991) and Creswell (2003)—for a qualitative study. Instead of using a single research approach, we decided to use a mixed-methods approach (Creswell, 2003; Tashakkori and Teddlie, 2003). Through a sequential procedure (Creswell, 2003; Pierson, 2004) we expanded our survey research and findings obtained from analyses of questionnaires with qualitative method (interview data) to allow individuals to explain in detail the current situation of MLG in the making and in Estonia. Methods of data collection and motivation are summarized in Table 1.¹⁴

Table 1. Methods of data collection

Method of Data Collection	Motivation
Questionnaire survey distributed to all local-level administrative units in Estonia carried out in 2012	<ul style="list-style-type: none"> - Combining the discussion about the EU's impact on Estonia's local administrative level with the self-perception of local actors. - Looking at the enhanced role and recognition given to the principle of subsidiarity and subnational levels by the Treaty of Lisbon through the eyes of Estonians. - Exploring the opinions of actors who face the impact of European integration in their daily work. - Shedding light on the municipalities' relationship with Brussels and on areas the EU influences them. - Understanding whether the principles of partnership and subsidiarity support them in engaging in EU policy-making and influencing policies with direct impact on them. - Making visible the local-level actors' preferred methods and applied strategies to improve the situation. - Exploring relations to central government as well as horizontal cooperation and networking on the national and EU levels.
Supplementary survey conducted among regional local-government associations	<ul style="list-style-type: none"> - Exploring the viewpoints of associations at the regional and national levels. - Capturing a 'collective' view on the subject.
In-depth, semi-structured interviews with the heads of AEC and AERM	<ul style="list-style-type: none"> - Receiving a complementary view from officials responsible for the foreign and cooperation relations and their common representative of the Brussels liaison office.

Our rationale for assessing the emergence of MLG in practice is similar to that of other studies unravelling subsidiarity through the ‘embodied experiences’ (Katcherian, 2012) of individuals addressed by and working with the concept. We invited civil servants to share their perception of MLG, partnership, and subsidiarity so that we might analyse their standing within the EU’s multi-level polity as such and regarding concrete EU policies and the national level of government. How do subsidiarity and partnership principles unfold as “perceptions of culture, policy and integration” (Katcherian, 2012: 271) in Estonia? We do not perceive partnership and subsidiarity as mere legal, political, and administrative principles but rather as practices that can be meaningfully understood if analysed as seen through the eyes of these individuals concerned with them in their daily work.¹⁵ According to Mérand (2011), it is not institutions that are socialized and experience policy impacts but individuals operating at different governance levels.

Critical Preconditions: Education, Information, and EU Networks

One crucial precondition for participation in ‘EU affairs’—including networking, visits to Brussels, participating in workshops, training facilities—and taking part in EU MLG is the preparation of local administrations’ staff, such as regarding the EU’s legal system or decision-making procedures. In Estonia, one weakness is the lack of money to realize education and further education of local-level civil servants in this matter (Tatar 2010; Lorvi, 2013). Only 14% of our survey respondents have their staffs regularly trained in ‘EU affairs’. Thirty-six per cent of municipalities do not have a separate budget for ‘EU affairs’, some try to use different project budgets (41%) or cover the costs on an ad hoc basis from the general budget (21%). Remarkably, 95% of all respondents have no position or department in the municipality to deal exclusively with ‘EU affairs’. Only 19% have hired officials dealing exclusively with the EU opportunities or requirements (mainly project applications). There is also not much room for assigning additional resources to EU-related issues, which might increase the use of EU opportunities. EU membership has not changed the institutional structures of Estonian municipalities in this respect, a change which could have been anticipated and was observed in many other countries that joined the EU (Martin and Pearce, 1999).

Municipalities resort to different tools and strategies to receive information on EU-related issues. For 76% of all respondents, daily newspapers are the main sources of information. More than half of the respondents communicate with acquaintances or receive information from the national or regional local-government associations (Figure 1). Regular visits to Brussels were much commoner for municipalities with more than 10 000 inhabitants.

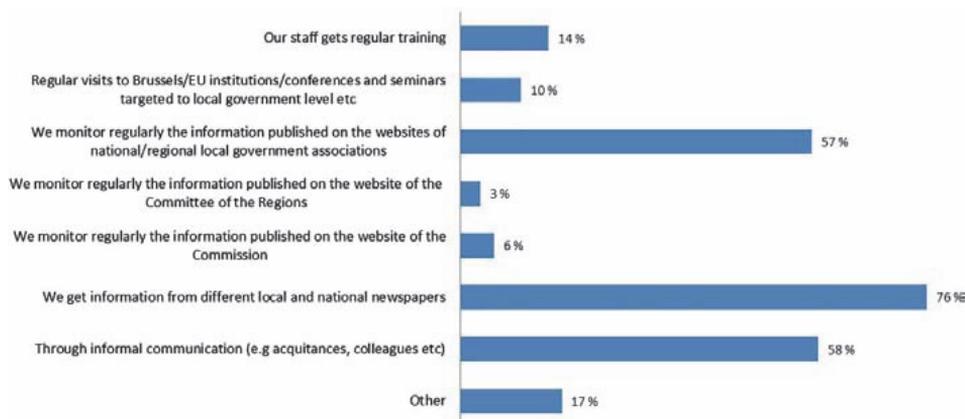


Figure 1. How do you keep yourself updated with EU directives or strategies potentially influencing your municipality in different areas?

Local-government associations use different information channels to follow developments in EU affairs. The commonest approach is monitoring information published by the CoR or international local-government associations (Figure 2). Information is also provided by the associations’ representative in Brussels. Direct contacts with EU officials, including national representatives working in EU institutions, are rare and for half of them practically non-existent. Staff training in EU affairs is quite important for the local-government cooperation platforms; 66% claim that they do that at least occasionally. Compared with single local authorities, where only 14% admit that such trainings are happening, this indicates a lack of systematic capacity building at subnational level. The latter depends largely on individuals.

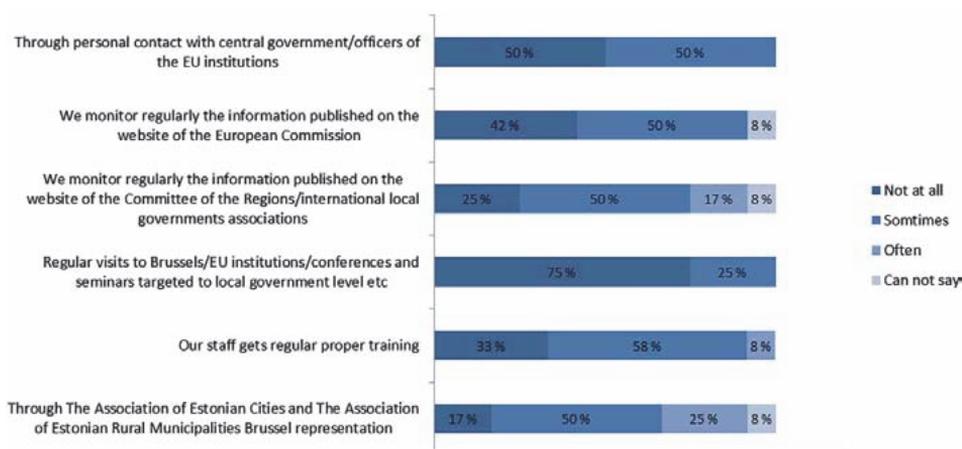


Figure 2. How do you keep yourself updated with EU directives or strategies potentially influencing municipalities in different areas? (Associations).

Most local authorities (74%) and local-government associations (67%) are satisfied with the information sources relating to EU affairs. Reasons for dissatisfaction were ‘poorly organized information’ and ‘lack of time’. Interviewees from national local-government associations see the Brussels Office as the most important information channel for local-level actors.

Overall, there is not necessarily a direct link between developments in Brussels and what single local authorities know about it. According to the Brussels representative, “All information is weekly updated and uploaded on the AEC’s website. I am not sure how many actually read this.”

Networking with EU institutions is another critical precondition for participation in EU MLG. Yet, Estonian subnational mobilization and response to the EU is neither proactive nor systematic. Informal relations matter. The national local-government representatives, the associations, and newspapers are the main information sources.

Most Estonian municipalities belong to some national or international associations, and the intention was to see whether mobilization and cooperation within these arenas has fostered the activeness of the subnational level in taking part in EU affairs (Figure 3).

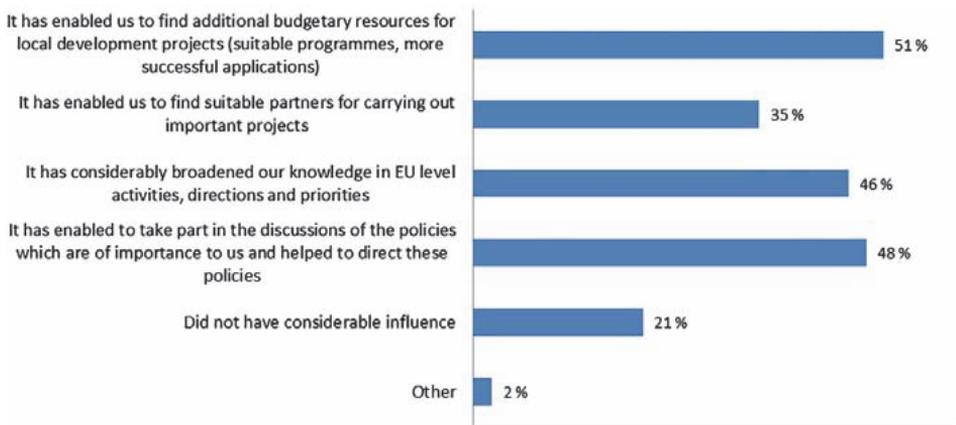


Figure 3. What influence has the participation in networking organizations had on your municipality?

More than 50% of the respondents saw an improved influence and increased financial contributions resulting from membership in regional or national local-government associations. Almost half of the respondents were convinced that participation in these networks had considerably broadened their EU knowledge and enabled them to influence EU policies. This means cooperation is rather intra-state and horizontal and concerns ‘broader’ and ‘softer’ issues, excluding local-government investments, for instance.

Individual local governments have hardly any direct contact with Brussels as more than half of all municipalities indicated: cooperation takes place ‘at home’.

This situation is problematic in terms of collective-interest representation. Almost 40% of the respondents stated that they have no contact with or access to other information and cooperation channels in Brussels, such as Members of the European Parliament, information days, seminars, or transnational networks. Institutional

arrangements, such as the CoR, do not constitute appropriate alternatives for being present in Brussels, either. Only 7% established direct links with this organization.

Empowerment through EU Policies: Mobilization and Participation in Regional Policy

Most of the municipalities taking part in this survey (78%) considered EU regional policy as very important for achieving their strategic development goals.¹⁶ At the same time, all municipalities, regardless of their size argued that local governments should be more intensively involved in developing regional policy measures. While local-level expertise and endogenous knowledge is supposed to be mobilized in MLG settings, the actual involvement of this expertise is still a problematic issue in Estonia. Sixty-six per cent of the respondents indicated that they were not involved in the preparation of regional-development plans. The proportion of the not-included was largest among municipalities with less than 1000 inhabitants (81%). Municipalities with more than 10 000 inhabitants are the best involved, yet less than half of those took part in the preparation of regional-development plans (44%).

Thirty-nine per cent of the respondents are convinced that their suggestions were not taken into account, and 22% of the not-included were sceptical whether their participation would have affected anything. Participatory rights in EU regional policy leave too much leverage for the EUMS to implement requirements in a way that suits them best. According to one respondent, it is unfortunate that “The central government takes decisions without involving local governments. When it does, it is just formal involvement.”

For many local-level administrations, the central level is too distanced from local problems and decision-makers. One interviewee argued that

The central government does its own thing, and we do our things. We have no cooperation at any level of decision-making. There have been cases where we hear from Brussels that our central government took decisions also reflecting us. This is absurd.

The lack of information about EU matters was not seen as a problem; 74% of the respondents are satisfied with their information sources. However, municipalities are not knowledgeable about the possibilities for getting involved in the designing of EU cohesion policy; 63% are not aware of how they can participate in this process. The national local-government associations feel that engagement always depends on individuals and that bigger municipalities and those in the capital region are more active.

Intra-state Conflict

While local-level engagement in EU regional policy is wished for and supported by the EU, the reality for many SNAs in the EUMS looks different. Much depends on the actors located above the municipalities (Jeffery, 2000)—appearing often to be too far away from local problems—gatekeeping EU decisions, controlling and steering the policy process (Bache, 1998).

In Estonia, 19% of all municipalities consider cooperation with the central government to be *one of the main problems* for realizing local-development projects (Figure 4).

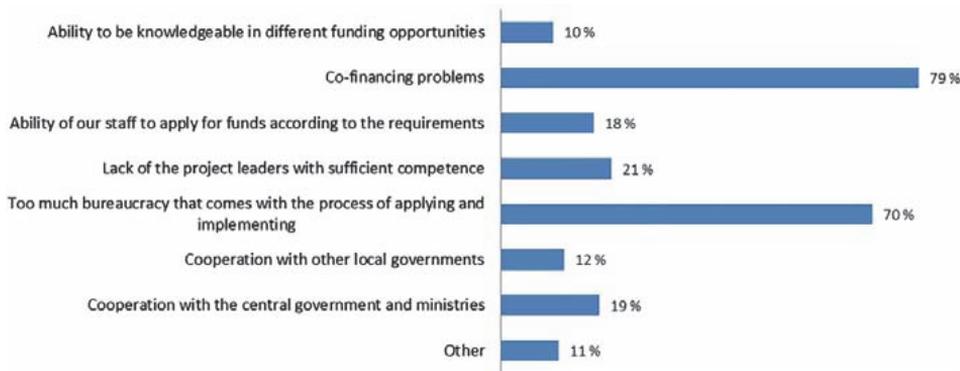


Figure 4. The biggest problems for municipalities in applying for and getting EU funds for local-development projects

Moreover, 25% of all the respondents consider lack of cooperation with central government as the main obstacle for engaging in EU activities. The potentially positive influence of EU regional policy has not changed these conflictual relations (Figure 5).

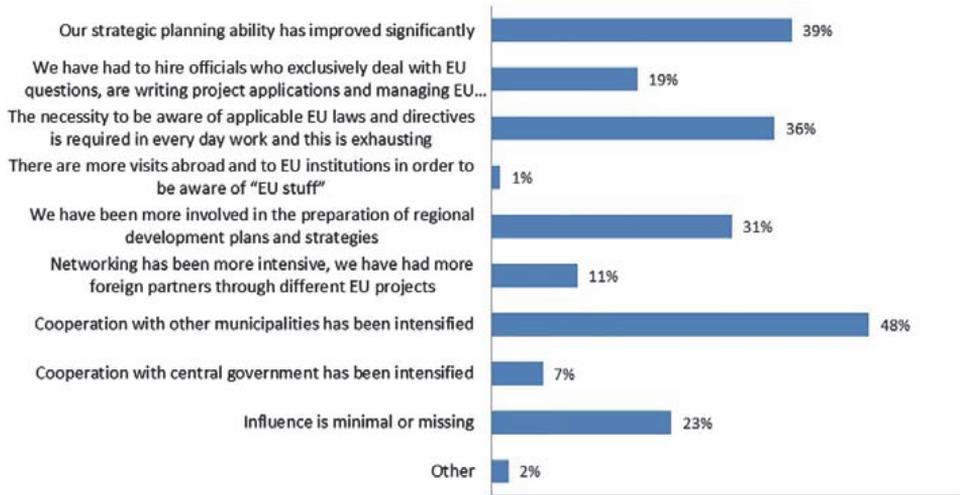


Figure 5. How EU regional policy implementation in Estonia influences municipalities

Only 31% of the respondents have indicated that they have been involved more intensively in the preparations of regional-development plans and strategies due to the EU’s regional policy. This result does not satisfy the evaluation of the application of the partnership and subsidiarity principles as expected by the EU Commission (2012). Smaller

and very small municipalities, in particular, were less positive and remain rather distanced from EU decision-making. They have significantly fewer resources to access necessary information and apply for funds, which come with extensive bureaucratic burdens, and they face greater co-financing problems. The main partners in negotiation processes are the central state and national local-government associations (Figure 6).

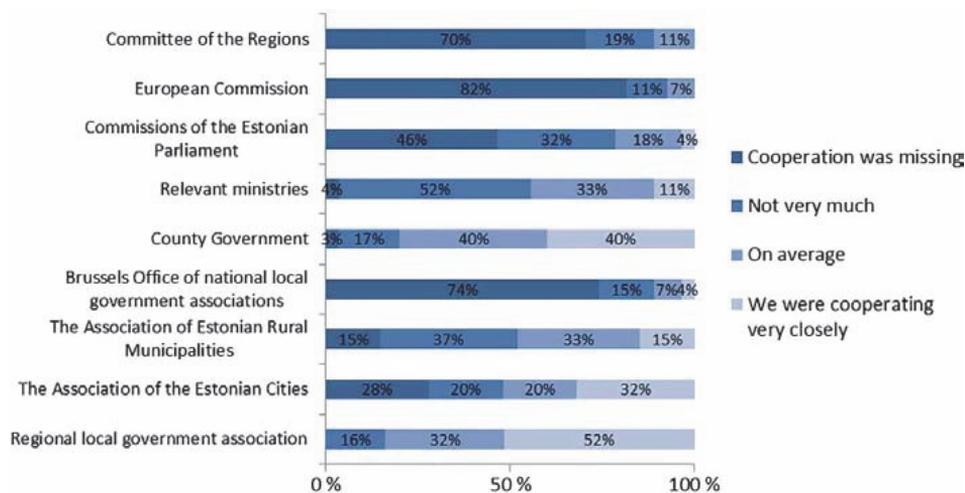


Figure 6. Cooperation with different organizations in the preparation phase of the current strategies (National Strategic Reference Framework for the use of the EU Structural Funds 2007–2013 and the Operational Programme for the Development of the Living Environment).

Much depends on the ability of the local-government associations to mobilize their members and speak on their behalf in policy-planning processes. According to the associations, cooperation with the Ministry of Finance in the EUSF planning process for the programmatic period 2014–20 has been good. The principles of subsidiarity and partnership have been, at least formally, decently followed. National associations are part of the mandatory steering groups and have access to information about EU regional policy. Nonetheless, the associations admitted that the quite positive experience in the regional policy field can be influenced by the strict EU requirements, such as in relation to subsidiarity and partnership. AEC and AERM have quite diverse opinions. While the former is rather positive towards cooperation with the state, the latter mirrors problems seen in our survey and pointed at by smaller local governments.

While the conflicting nature of intra-state relations is evident, one should not neglect the central government’s efforts to improve the situation and provide the local level with better opportunities to move closer to EU policy-making by making funding available for their mobilization. One interviewee, however, felt that in this context, “We are dependent on the central government. Without this money, we would have to abandon all our EU activities. Our work would suffer enormously.”

According to the Brussels Office interviewee, cooperation with the state is a necessity and positive. Usually all standpoints are developed according to the state’s initial ideas adjusted to local needs. However, according to him, the ministries “never ask my

opinion. I ask them when I want to know the central government's viewpoint. It would never happen that they would turn to me first."

Interviewees from the AERM highlighted that cooperation with the state is missing in almost all areas of policy.

Linking the findings and diverging perceptions on intra-state relations to the broader discussion on MLG in the making, an interim conclusion is that the state has enabled the subnational level to be active in the broader policy-making process. Yet, the state also retains its gatekeeping role and stays in control by directing the pace of this movement and subnational involvement.

Asked about *inter-municipal cooperation* (OECD, 2011), almost half of the respondents are convinced that this has intensified due to the EU regional policy requirements (Figure 5). Close to 70% of regional local-government associations perceive this development as the EU's most important impact. For 39% of the municipalities, the strategic-planning ability of local governments has improved significantly due to EU regional policy implementation. These findings are in line with studies indicating that Europeanization triggered learning practices and interaction in different networks (Börzel and Risse, 2003; Bache, 2008). While our survey indicates a positive trend in this respect, cooperation still needs to be improved, not least as far as more efficient service provision to the citizens is concerned (OECD, 2011).

Paradoxically, the actual picture based on the EUSF distribution in Estonia (Structural Funds Database) shows that there is virtually no cooperation in the EU regional policy field.¹⁷ The most obvious reason is lack of resources. Regarding economic development financed by the EUSF, municipalities are rather reluctant to cooperate. The interviewee of the AEC argued that "If one can commonly plan and develop necessary strategic plans then one can also realize these investments in cooperation. Common planning is the key and should be emphasised in the future."

Subsidiarity: Constructing a Multi-levelled Europe through Empowering Subnational Actors?

While the principle of subsidiarity should empower and secure participation of subnational levels at the EU level and within their national jurisdictions, this study reveals that Estonian local authorities do not well perceive its 'protective roof'. More than half of all respondents do not know the essence of the principle. Most of those who do (87%) say that this principle has no practical influence on their everyday operation.

Local-government associations were also sceptical about its application in practice. The AEC was rather positive towards the development in the Treaty and thought that it increasingly empowers local-level actors. The AERM, in turn, was sceptical about the principle's influence on local-government practices, arguing that it "remains too far away from us. It is not working. The situation has even worsened since the 2008 economic crisis. Negotiations with the state do not work properly, as it just steps over us." One interviewee stated that when one is in need of information, "It is easier to forward the questions directly to the EU institutions, networks or Brussels Office even though

our central government officials would possess the same information. There is something seriously wrong in our state.”

Vertical negotiation structures may reduce conflicts in MLG systems. To make those structures work, a necessary first step is to reform financial processes once new tasks are decentralized. A catalogue defining the duties and tasks under the municipalities’ sphere of responsibility should be taken into consideration when discussing the future of local self-government. To date, no such list with clear definitions and classifications exists (Tatar, 2010).

The idea of changing the size of municipalities to make them more capable of dealing with administrative tasks has been on the Estonian agenda for the last 15 years. Some survey respondents support this idea. However, this topic should be handled with caution. There is no empirical evidence that bigger municipalities, as a result of mergers, are more effective and responsive to citizens’ needs (e.g. Drechsler, 2013). The OECD (2011) stresses the need for more effective inter-municipal cooperation. Good examples of cooperation fostered by EU funds exist (Mäeltsemees et al., 2013).

Involvement in EU Affairs

More than half of the respondents and almost all local governments with fewer than 1000 inhabitants consider their ability to respond to EU issues to be weak and face difficulties in responding to EU regulations and directives. One of the main reasons is their inability to mobilize necessary resources. Moreover, utilizing EU support requires capacity, which is related to local-government empowerment in intra-state and EU-level policy-making. Thus, on the one hand, engagement and response to EU matters is related to the lack of local-government capacity. On the other hand, political will to empower local governments is missing (Figure 7).

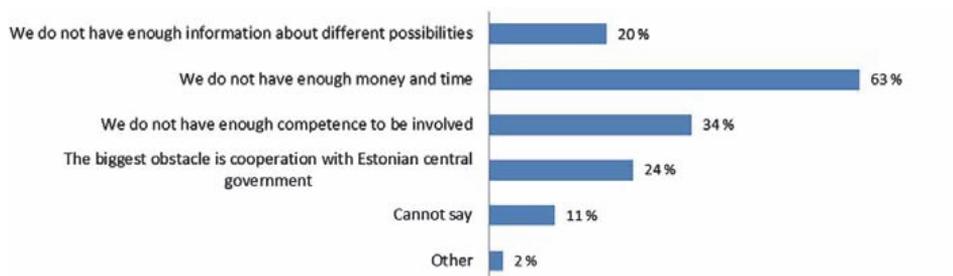


Figure 7. What is in your opinion the most important obstacle for your municipality in taking part in EU-level activities?

Lack of resources (63%) and of competence (34%) are perceived as the main shortcomings irrespective of the size of municipalities. For almost 25% of all respondents one of the biggest problems in engaging with EU activities is cooperation with the central government. Furthermore, most local-government administrations showed a lack of interest in EU-related issues. Thirty per cent of them stated that they are not

interested in being involved in designing EU policies as their participation would not matter (Figure 8).

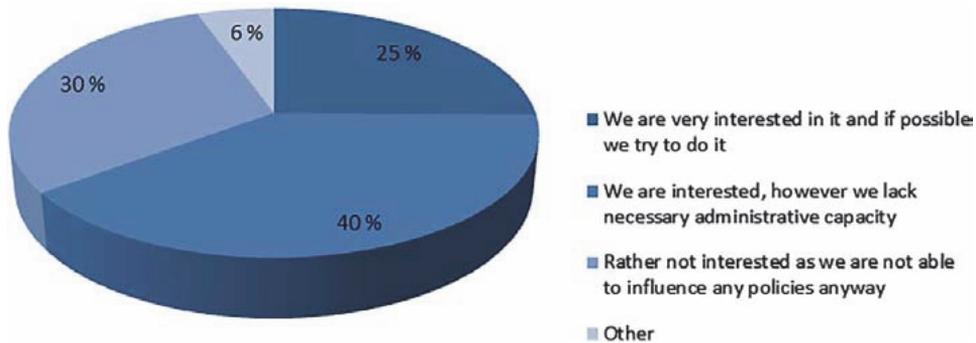


Figure 8. The municipalities' interest in being involved in designing EU-level policies influencing the local level

The interest in participation is much larger if it comes to specific policies. Almost 90% of the municipalities responding to the questionnaire would certainly or rather like to be involved in participating in regional policy planning processes. All respondents were certain that municipalities should be *more* involved in the process compared to the current situation. While the EU in general is still rather remote from the municipalities, both as a source of money and regarding the effect that measures have on their everyday activities, the EU receives their attention.

To conclude, almost a quarter of the municipalities stated that the influence of EU cohesion policy and participation effects of networks have been minimal or missing. Many respondents are convinced that their voice in broader policy-making '*does not make any difference*'. Nevertheless, functionally, municipalities are increasingly facing the indirect effects of Community law, as almost all of the administrations contributing to this study stated. While the EU influences local government through its regulative politics to a certain extent—Estonian SNAs are mainly affected in the fields of regional and environmental policy—it imposes more obligations on local governments rather than providing necessary access to decision-making.

Discussion and Conclusion

This article was meant to test MLG hypotheses by considering implications for a small, unitary, and centralized state and to provide new empirical insights from a country outside the mainstream of these debates. Our research strategy and methodology were inspired by Bache et al. (2012), Fleurke and Willemse (2007), Martin and Pearce (1999), Tatham (2008, 2010) as well as Katcherian (2012) and Mérand (2011). We focused on the whole range of Estonian local governments to get a comprehensive picture of MLG in practice. Table 2 summarizes our empirical findings and links their implications with theoretical assumptions.

Table 2. Theory, Estonian findings, and implications

Theoretical assumptions	Findings from Estonia	Implications
Subnational levels are sufficiently educated, and have access to information and to networks to take part in EU MLG.	Only 14% of municipal staff was properly trained in EU affairs. 95% of respondents have no position or department in the municipality to exclusively deal with 'EU affairs'. 76% get relevant information from daily newspapers.	Estonian subnational-level mobilization and response to the EU level is neither proactive nor systematic. Necessary preconditions for full and effective participation in MLG are lacking.
EU regional policy funds serve to empower municipalities both financially and in terms of mobilization and partnership.	Less than 10% follow the information provided by the European Commission or CoR. 92% of regional policy is funded from the EUSF.	Vast absorption capacity problems hinder the use of EU cohesion policy opportunities. Smaller/rural municipalities are worse off in absorbing the opportunities. Smaller municipalities are excluded from decision-making processes.
	78% could not have executed the tasks/investments without EUSF. 66% of the respondents indicated non-involvement in the preparation of regional-development plans financed by the EUSF. National local government associations saw an improvement through different EU cohesion policy negotiation rounds.	Participatory options, e.g. actual implementation of the partnership principle in the implementation of the EU cohesion policy, are limited in their accessibility.
		Partnership and subsidiarity principle—contrary to expectations by the EU/European Commission—do not work properly in Estonia.

(Table continued)

Table 2. Continued

Theoretical assumptions	Findings from Estonia	Implications
Functioning relations to central government are important as are horizontal and vertical networks relations.	<p>The relationship between municipalities and the central government is conflicting in nature. The political will to empower local governments is missing. Municipalities are financially dependent on the state and their <i>de facto</i> autonomy is restricted.</p> <p>For a quarter of the respondents, the cooperation with the Estonian central government is one of the biggest problems in engaging with EU activities.</p> <p>Networking ability and contacts with the Brussels arena intensified, especially for the local-government cooperation platforms.</p>	<p>Intra-state national-local level relations are conflicting in nature.</p> <p>In regional policy development the mobilization is only formal due to the principles of partnership and subsidiarity and can be seen as 'multi-level participation'.</p> <p>The main partners for the central government are national/sometimes regional local-government associations, which are also most important links for the single local governments.</p> <p>Belonging to regional/national level cooperation platforms is important for local governments and broadens their knowledge in EU-level activities.</p>
	<p>For almost half of the respondents and 70% of local-government associations cooperation with other local governments has intensified due to the EU cohesion policy requirements. There is virtually no cooperation in the field of EU regional policy investments.</p>	<p>Horizontal cooperation due to EU funds has increased; cooperation is rather intra-state/horizontal and concerning 'broader'/'softer' issues.</p>

(Table continued)

Table 2. Continued

Theoretical assumptions	Findings from Estonia	Implications
The principles of subsidiarity and partnership support subnational levels of government in engaging more intensively in EU policy-making.	Only 31% of the respondents state that due to the implementation of the EU regional policy they have been involved more in the preparations of regional-development plans and strategies.	EU membership has brought along more attention to partnership and participation in the policy-making cycle (see also Tatar, 2011). Yet, Estonian municipalities are rather passive in terms of cooperation and not necessarily proactive (Tatar, 2010; OECD, 2011; Mäeltsemees et al., 2013). Not all of them participate in local-government associations, nor invest money, time, or personnel to cooperate with national/EU arenas. Cooperative culture needs to be more strongly embedded at national and subnational level.
	63% are not aware of how they can participate in this process. 87% of those who are aware state that the principle of subsidiarity has no practical influence on the everyday operation of the municipalities.	

(Table continued)

Table 2. Continued

Theoretical assumptions	Findings from Estonia	Implications
Estonian municipalities are involved in EU affairs.	<p>More than 50% of the respondents consider their ability to respond to EU issues as weak and face difficulties in being part of the EU system and to respond to regulations and directives. All respondents wish <i>more</i> involvement in developing regional policy measures.</p> <p>Direct contacts with EU officials/national representatives working in EU institutions are rare/practically non-existent; 40% had no contacts/access to other information/cooperation channels in Brussels. Cooperation is rather intra-state and horizontal with no direct contacts not even necessarily to the Brussels Office.</p>	<p>The EU remains rather far away from the municipalities, except when acting as a source of money, and when measures have direct effect on municipalities' everyday activities. New institutional arrangements (e.g. CoR) and the direct involvement of local actors in EU policy-making (e.g. EU regional policy) do not constitute appropriate alternatives for being present in Brussels.</p> <p>Subnational mobilization remains very weak; the opportunities from the EU promoting MLG have not changed the situation.</p>
The impact from the push towards MLG is weak and related to the common patterns found in countries with similar administrative structures (see Bache, 2008).	<p>Estonia is very similar to other unitary centralized states where MLG emerges. Our findings support critical accounts of MLG suggesting that intra-state factors and entrepreneurial abilities of subnational actors influence the possible emergence of MLG. 'Multi-level participation' effect emanates from historical path dependency, causing a weak position of Estonian subnational actors in the domestic intergovernmental context.</p>	<p>Our findings support critical accounts of MLG suggesting that intra-state factors and entrepreneurial abilities of subnational actors influence the possible emergence of MLG. 'Multi-level participation' effect emanates from historical path dependency, causing a weak position of Estonian subnational actors in the domestic intergovernmental context.</p>
Considerable variations in local governments' resources hinder an entrepreneurial approach for the majority of them.	<p>Financial and administrative capacities of actors depend on size and location; smaller and rural municipalities are disadvantaged compared to larger and urban municipalities. This confirms doubts presented already in earlier studies on MLG in Estonia (e.g. Tatar, 2010).</p>	<p>Financial and administrative capacities of actors depend on size and location; smaller and rural municipalities are disadvantaged compared to larger and urban municipalities. This confirms doubts presented already in earlier studies on MLG in Estonia (e.g. Tatar, 2010).</p>

(Table continued)

Table 2. Continued

Theoretical assumptions	Findings from Estonia	Implications
The 'empowerment' effect is assumed to be eminent through the informal 'lesson-drawing', which has opened up more cooperation among Estonian subnational actors at the domestic/international levels and injected incentives to pursue greater power in national/international policy-making.	EU cohesion policy intensified horizontal cooperation with other municipalities and international partners. It is not evident that this has actually enabled them to pursue greater power in national and international policy-making.	

Our survey findings do not support a picture of *greater* subnational mobilization and more involvement in policy-making. The capacity and willingness to take part in regional policy-making processes or EU-level activities varies considerably among different Estonian counties, local governments, and their associations. Even though municipalities are convinced that horizontal cooperation and planning activities have increased—almost the only development supporting the MLG thesis—this should also be viewed with caution, particularly concerning the sustainable increase in cooperation (Tiits and Pihor, 2010). The MLG literature suggests that subnational mobilization and implementation of the principles of partnership and subsidiarity differ in distinct national contexts (Bache and Andreou, 2010). In broad terms, engaging with EU cohesion policy has made simple polities, like Estonia, more compound (Bache, 2008; Adshead, 2014). However, our research identified an effect on Type II MLG rather than on Type I (Bache et al., 2012). Cohesion policy has led to more pluralistic processes, but without any significant redistribution of policy control. It has not yet disrupted long-standing power dependencies in domestic governance systems with central governments remaining the key players (Adshead, 2014).

Our survey supports the view of a slight movement towards Type II MLG but Type II MLG is not ‘working properly’ in Estonia. The Estonian state is a firm gatekeeper when it comes to subnational mobilization and empowerment. It only cautiously enables SNAs to become active internationally, while preventing them from actually exerting influence by only formally engaging them in areas where requirements dictate this, namely in EU cohesion policy.

According to widespread views in MLG literature and subnational mobilization, this situation would lead to supranational mobilization of subnational authorities in bypassing the state (Jeffery, 2000; Tatham, 2008; Callanan, 2011; Callanan and Tatham, 2014). A ‘bypassing-the-state’ strategy was not evident in this study. Possibilities for SNAs to deal directly with Brussels are still hindered by the low local-government capacity.

On a more collective level and through the national local-government associations, the mobilization of local governments is therefore ‘through’ rather than ‘beyond’ the state.

The overall picture emanating from the Estonian local governments suggests that more emphasis should be on enabling them to engage better in EU policy-making. Greater capacity may derive from the increasing availability of financial, relational, and ideational resources through participation in cohesion policy (policy empowerment).

The anticipated subnational empowerment through partnership and subsidiarity principles and related policies requires much more time than the 10 years of Estonia’s EU membership. While Estonia replaced earlier spatial planning and policy schemes during the 1990s and with the EU being important in advancing institutional reforms for the development of Estonia’s administrative system, the adoption of European rules has occurred at different speeds and in different forms in the country (Raagmaa et al., 2014). As anticipated by the MLG theoretical framework, many intervening variables like the prevailing state structure and the Soviet history of strong centralism as well as a weak participative and cooperative culture affect the situation in Estonia and determine the rather weak and only formal subnational (policy) empowerment.

Our focus on everyday practices of local-government elites indicates practically no MLG effect at all and only a very slight and most likely unsustainable movement towards Type II MLG. This was not expected to emerge at such a scale. We saw practically no adjustment of local-government structures and routines to EU pressures and no involvement of local actors in the policy-making process or in networking. As our methodology covers the whole range of local governments, the result is remarkably illustrative.

There are variations at the national, regional, and subnational levels concerning the available opportunity structures opening up in MLG. Again, universal suggestions from the theoretical literature do not hold completely true. Taking a closer look at single EUMS leads to interesting and even unexpected findings (Martin and Pearce, 1999; Kull, 2014). Such variances make MLG research interesting: even in one country, when slightly changing the research emphasis (e.g. scale or policy), we are able to see different outcomes. This, however, poses challenges to coherent MLG theory building.

Our findings raise practical concerns supporting those of other authors (Adshead, 2014; Dabrowski, 2014; Milio, 2014). The picture emerging from Estonia is alarming. EU regional policy is supposed to build up regionally networked innovation systems and promote the knowledge society via localized learning processes (Raagmaa et al., 2014). Regional policy is one of the most important policy areas for Estonian local governments, and moving government closer to the citizens is an important variable in the policy's effectiveness. Seventy-eight per cent of local governments stated that without the EUSF they would not have been able to carry out the tasks or do investments financed by these projects. It is evident that Estonia's single-tier local government should be part of the regional policy planning process in order to be able to effectively absorb the policy and generate favourable impact. In such a situation, EU cohesion policy requirements, especially partnership and subsidiarity, should provide significant opportunities for policy empowerment. What we see instead is almost a complete lack of 'real' MLG in practice, even in relation to the 'move' towards Type II MLG. In order to move beyond 'empty jargon' in MLG, partnership, and subsidiarity (Bache and Andreou, 2010; Chardas, 2012), more targeted assistance and pressure should be imposed on the actual realization of partnerships. The MLG framework should give more prominence to the actors having the most important role in the policy processes on the ground. Policy empowerment should be enforced from the top down with the EU and EUMS in need of developing a multi-level framework with SNAs being assisted in their institutional/capacity-building processes. Only improved capacity leads to joint ownership of policy actions (Milio, 2014).

For knowledge to travel across administrations and become a natural element in policy-making, improved spatial coordination across all levels of the MLG system is needed, across spaces that are inclusive and open for new actors. To ensure adaptability to specific needs and characteristics of different EU territories, MLG and its central elements like the partnership principle and subsidiarity should support coordination. The large-scale ignorance of this partnership-based framework of MLG as illustrated in our study should be more intensively at the centre of debates around the effectiveness of EU cohesion policy. Top-down assistive measures to support the capacity building of subnational levels and putting more emphasis on conditionality criteria for encouraging MLG can act as facilitators of increased policy empowerment of SNAs.

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Notes

¹Vink and Graziano (2006) conclude that Europeanization can be understood as the domestic adaptation to European integration.

²Piattoni (2009: 24–25) discusses empowerment as embodying several different processes. In regional policy, “regions that receive EU structural funds and that can influence the way in which they are spent are de facto (if not de jure) empowered vis-à-vis their national government as well as other regional authorities.” While policy empowerment and institutional empowerment may be understood as developments towards MLG, they remain two different processes implying different degrees of central government resistance.

³Encompassing all territorial definitions below the national state—regions, local, interlocal, and inter-regional collectivities (Hooghe, 1995: 175). In this article, this term and ‘subnational level’ are mainly used to capture local governments.

⁴States with strong regional policy instruments incorporated the EUSF. States with weak regional policy instruments have often used the EUSF as the basis for their own programmes. (Keating, 2008).

⁵Regarding the empowerment of subnational levels, the principle of MLG has been studied largely in the context of EU cohesion policy (Marks, 1993; Hooghe, 1996; Bache, 2008, 2010; Piattoni, 2010).

⁶For different subnational comparative methods, see, for instance Culpepper (2005) and Snyder (2001). Pierson (2004) and Sewell (1996) discuss temporal dimensions in comparative studies.

⁷Some scholars expected the status of municipalities and regions to enhance. Others remained reserved after the inclusion of Art. 3b into the Treaty. For a summary of positions, see Baldersheim (2002).

⁸The empowerment of local levels depends on different mediating factors, especially the constitutional position of SNAs in their national context.

⁹In CEECs, cohesion policy has had a strong impact on domestic institutions, due to the weakness of pre-existing domestic regional policies and the rapidity of the conditionality-driven adjustment in the pre-accession period (Ferry, 2007). As a result, cohesion policy has to a large extent set the domestic regional-development agenda in CEECs.

¹⁰The AEC represents mainly the interests of larger municipalities with access to more resources. The AERM represents smaller rural municipalities. Some 174 out of 213 municipalities are members of either the AEC or AERM.

¹¹The Brussels representative is assigned by both organizations and represents all Estonian municipalities. Interviewees have voiced the impression that this task is quite challenging due to the variation of municipal sizes.

¹²The Tallinn EU Office pursues strategies for receiving specific funds and more visibility for the city, while AEC and AERM representatives are rather information hubs. For a discussion of these offices’ strategies, see Tatar (2011) and Kettunen and Kull (2009).

- ¹³AEC and AERM participate in several international forums and networks for local and regional levels like the Congress of Local and Regional Authorities of Europe, the Council of European Municipalities and Regions, etc.
- ¹⁴In 2012, there were 226 local-government units in Estonia. The questionnaire was sent to all of them. We received feedback from 91 administrative units from all counties (15 towns and 76 rural municipalities). Seventy-four per cent of the respondents were mayors of the municipalities, and 77% represented municipalities with populations less than 5,000 inhabitants.
- ¹⁵According to Guiraudon and Favell (2011: 19) the “increasing complexity of the European Union of a field over and beyond formal politics and law itself requires us to study the very people—the actors—that are building Europe, at both the core and the periphery of the Union.”
- ¹⁶The survey revealed that municipalities consider EU regional policy as the policy field in which the EU has the strongest role and effect on their everyday life.
- ¹⁷There is cooperation in some programmes and initiatives financed by the EUSF (LEADER, European Territorial Cooperation Programmes), which particularly require cooperation. Considering single investments, cooperation is practically missing.

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Appendix

Interviewed Persons

Interviewed person	Date
Jüri Võigemast, Director of the Bureau of the AEC	26 March 2012
Ott Kasuri, Director of the Bureau of the Association of the Rural Municipalities of Estonia	26 March 2012
Sirje Ludvig, Advisor (International relations and project development), the Association of the Rural Municipalities of Estonia	09 April 2012
Ille Allsaar, Permanent Representative of the AEC and the Association of Rural Municipalities of Estonia Brussels' Office	09 April 2012
Toivo Riimaa, Deputy Director (International Relations), the AEC	09 April 2012

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Merit Tatar

1. Personal data

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2. Education and academic degrees

09/2011-continuous Tallinn University of Technology, Public Administration and Public Policy, (PhD studies)
(2006-2011 - University of Tartu, Faculty of Social Sciences, Department of Public Administration. Due to the discontinuation of my PhD programme in the University of Tartu, I continued my studies in Tallinn University of Technology since 2011).

10/2007-10/2008 The London School of Economics and Political Science (LSE), Politics and Government in the European Union, Master's degree (MSc) (distinction)

09/2004-06/2006 University of Tartu, Public Administration and Social Policy, Master's degree (MA)

09/2000-06/2004 University of Tartu, Public Administration, Bachelor's degree (BA)

09/2003-12/2003 Maastricht University, Faculty of Economics and Business Administration, Bachelor's studies, exchange programme

3. Language skills

Estonian Mother tongue

English	C1
Russian	B1

4. Work experience:

10/2008 – onwards of the Board	Institute of Baltic Studies, Estonia, Member
09/2014 – 07/2015	Smart City Lab (Cluster for Smart E- and M-services), Development Manager
03/2009-05/2016	Tallinn University of Technology, Ragnar Nurkse School of Innovation and Governance, Guest Lecturer, Conducting the seminar course “European Union and Multilevel Governance” (4 ECTS)
01/2005-08/2007	Innopolis Consulting Ltd. (Estonia), Senior Consultant and Head of the Project Development Division
03/2004-12/2004	FK Teenused Llc. (Estonia), Project Manager and Head of the Project Development Team
09/2004-12/2005	University of Tartu, Department of Public Administration, Research and Teaching Assistant of the Department of Public Administration

5. Submitted and/or defended theses

2008	“What has been the Impact of the European Union on Sub-national Mobilisation in Estonia?” (MSc), The London School of Economics and Political Science
2006	“Local Government Absorption Capacity Problems in the European Union Structural Funds: The Case of Estonia” (MA), Tartu Ülikool, supervisor Prof. Tiina Randma-Liiv, Dr. Tarvo Kungla

2004

“Using Consultants in the Public Sector: The Case of Three Ministries in the Republic of Estonia” (BA), Tartu Ülikool, Supervisor Dr. Kristiina Tõnnisson

6. Publications

Kull, M. and M. Tatar. 2015. “Multi-Level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity.” *Regional and Federal Studies*, 25(3), 229-257.

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Tatar, M. 2009. “The Impact of the European Union Regional Policy on Sub-National Mobilisation in a Unitary State: The Case of Estonia”. Conference paper presented at Regional Studies Association Annual Conference ”Understanding and Shaping Regions: Spatial, Social and Economic Futures”, 06-08.04.2009 Belgium, Leuven.

Uudelepp, A., Sootla, G., Tatar, M., Uus, M. and Ender, J. 2009. “Kohaliku omavalitsuse üksuste avalike teenuste lepinguline delegerimine kodanikeühendustele.” Tallinn: Poliitikauuringute Keskus Praxis.

Tatar, M. and K. Kuusk. 2007. „Riikliku Arengukava 2004-2006 mõjuindikaatorite saavutusmäärade väljaselgitamine ja analüüs”. Rahandusministeerium.

Tatar, M. and Atna, L. 2005. “The role of European Union Structural Funds in the Competitiveness of Estonian Economy.” *The Journal of Estonian Economy*, 10(173) 2005.

Tatar, M. “Local Governments are too Dependent on Funding Programmes”. Daily Newspaper *Business Day*, 08.11.2005.

7. Honours and awards

10/2014- 11/2014

COST Action IS1207 “Local Public Sector Reforms: An International Comparison (LocRef)” grant for Short Term Scientific Mission in the University of Florence

- 2007/2008 Fully-funded Chevening Scholarship to Politics and Government in the European Union (MSc) at the London School of Economics and Political Science
- 2007 Dr. Andreas and Elmerice Traks's Scholarship for studying abroad
- 2004 The State Chancellery of the Republic of Estonia special prize for addressing an important topic for the development of the Estonian public sector in the Bachelor's thesis „Using Consultants in the Public Sector: The Case of Three Ministries in the Republic of Estonia”
- 2003 ERASMUS scholarship for studying a semester in Maastricht University, The Netherlands

ELULOOKIRJELDUS

Merit Tatar

1. Isiku- ja kontaktandmed

Sünniaeg- ja koht: 03.04.1982, Tartu, Eesti
Kodakondsus: Eesti
Aadress: Kaunase pst 28-29, Tartu, Eesti
Telefon: +372 526 3931
E-post: merit@ibs.ee

2. Hariduskäik

09/2011-kestev Tallinna Tehnikaülikool, Avalik haldus, doktoriõpingud (2006-2011 Tartu Ülikool, Avalik haldus ja halduspoliitika, doktoriõppekava sulgemise tõttu õpingud üle kantud Tallinna Tehnikaülikooli)

10/2007-10/2008 The London School of Economics and Political Science (LSE), Politics and Government in the European Union, Magistrikraad (MSc) (distinction)

09/2004-06/2006 Tartu Ülikool, Avalik haldus ja sotsiaalpoliitika, Magistrikraad (MA)

09/2000-06/2004 Tartu Ülikool, Avalik haldus
Bakalaureusekraad (BA)

09/2003-12/2003 Maastrichti Ülikool, Majandus ja ettevõtlus, Vahetusüliõpilane bakalaureuseõpingute raames

3. Keelteoskus

Eesti keel emakeel
Inglise keel C1
Vene keel B1

4. Töökogemus

10/2008 – praeguseni	MTÜ Balti Uuringute Instituut, juhatuse liige
09/2014 – 07/2015	Smart City Lab (Tarkade e- ja m-linnade lahenduste klaster), arendustöötaja
03/2009-05/2016	Tallinna Tehnikaülikool, Ragnar Nurkse Innovatsiooni ja Valitsemise Instituut, lektor. Loengu- ja seminarikursuse „European Union and Multilevel governance“ väljatöötamine ning läbiviimine, jätkuvalt ja vajaduspõhiselt üksikute loengute läbiviimine Euroopa Liidu teemadel.
01/2005-08/2007	Innopolis Konsultatsioonid AS, regionaalarengu divisjoni juhataja
03/2004-12/2004	FK Teenused OÜ, projektide osakonna juhataja
09/2004-12/2005	Tartu Ülikool, avaliku halduse osakond, uurimisassistent. Seminaride korraldamine ja läbiviimine loengukursuse „Haldusjuhtimine” raames, osalemine avaliku halduse osakonna erinevates uuringuprojektides (nii ettevalmistamine kui sisuline läbiviimine).

5. Esitatud ja/või kaitstud teadustööd

2008	“What has been the Impact of the European Union on Sub-national Mobilisation in Estonia?” (MSc), The London School of Economics and Political Science
2006	“Local Government Absorption Capacity Problems in the European Union Structural Funds: The Case of Estonia” (MA), Tartu Ülikool, juhendaja Prof. Tiina Randma-Liiv, Dr. Tarvo Kungla

2004

“Konsultantide kasutamine avalikus sektoris: Kolme ministeeriumi näitel” (BA), Tartu Ülikool, Juhendaja Dr. Kristiina Tõnnisson

6. Publikatsioonid

Kull, M. ja M. Tatar. 2015. “Multi-Level Governance in a Small State: A Study in Involvement, Participation, Partnership, and Subsidiarity.” *Regional and Federal Studies*, 25(3), 229-257.

Tatar, M. 2011. “The Impact of the European Union on Sub-National Mobilization in a Unitary State: The Case of Estonia”. *Journal of Baltic Studies*, 42(3), 379-407.

Tatar, M. 2010. “Estonian Local Government Absorption Capacity of European Union Structural Funds.” *Halduskultuur/Administrative Culture*, 11(2), 202-226.

Tatar, M., Uus, M., Käger, M., Somelar, A., Ubakivi-Hadachi, P. ja Aruoja, K. 2015. “Šveitsi Vabäühenduste Fondi (2011-2015) mõjuanalüüs.” Tartu: Balti Uuringute Instituut.

Varblane, U., Aksen, M., Aruoja, K., Lees, K., Käger, M., Sammul, M., Vahaste-Pruul, S., Tatar, M. ja Themmas, A. 2015. “Rahvuskaaslaste programmi mõju-uuring”. Tartu: TÜ RAKE ja Balti Uuringute Instituut.

Uus, M., Tatar, M. ja Vinni, R. 2014. “Avalike teenuste delegeerimine vabäühendustele 2014.” Tallinn: Poliitikauuringute Keskus Praxis.

Kallas, K., Tatar, M., Plaan, K., Käger, M. ja Kivistik, K. 2014. “Õpetajate täiendusõppe vajadused.” Tartu: Balti Uuringute Instituut.

Tatar, M. ja Käger, M. 2012. "Kristjan Jaagu stipendiumite tulemuslikkuse hindamine." Tartu: Balti Uuringute Instituut.

Tatar, M. 2009. "The Impact of the European Union Regional Policy on Sub-National Mobilisation in a Unitary State: The Case of Estonia". Conference paper presented at Regional Studies Association Annual Conference "Understanding and Shaping Regions: Spatial, Social and Economic Futures", 06-08.04.2009 Belgium, Leuven.

Uudelepp, A., Sootla, G., Tatar, M., Uus, M. ja Ender, J. 2009. "Kohaliku omavalitsuse üksuste avalike teenuste lepinguline delegeerimine kodanikeühendustele." Tallinn: Poliitikauuringute Keskus Praxis.

Tatar, M. ja K. Kuusk. 2007. „Riikliku Arengukava 2004-2006 mõjuindikaatorite saavutusmäärade väljaselgitamine ja analüüs”. Rahandusministeerium.

Tatar, M. ja Atna, L. 2005. "The role of European Union Structural Funds in the Competitiveness of Estonian Economy." *The Journal of Estonian Economy*, 10(173) 2005.

Tatar, M. "Local Governments are too Dependent on Funding Programmes". Daily Newspaper *Business Day*, 08.11.2005.

7. Stipendiumid, auhinnad

10/2014- 11/2014

COST Action IS1207 "Local Public Sector Reforms: An International Comparison (LocRef)" stipendium lühiajalise teadusmissiooni läbimiseks Firenze Ülikoolis

2007/2008

Chevening Stipendium täiskohaga õppe läbimiseks Inglismaal, London School of Economics and Political Science

magistriprogrammis MSc in Politics and Government in the European Union at the London School of Economics and Political Science

- 2007 Dr. Andreas and Elmerice Traks`s Stipendium õpinguteks välismaal
- 2004 Eesti Riigikantselei eriauhind olulise teema käsitlemisel avaliku halduse jaoks bakalaureusetöö eest “Konsultantide kasutamine avalikus sektoris: Kolme ministeeriumi näitel”
- 2003 ERASMUS stipendium õpinguteks Maastrichti ülikoolis

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26. **Piret Tõnurist.** Energy-Technology-Innovation Systems in a Transnational Perspective: Small States, Public Ownership and Diverging Policy Rationales. 2016.
27. **Merit Tatar.** The Impact of the European Union Cohesion Policy on Multilevel Governance in Estonia: Subnational Empowerment and Mobilisation. 2016.