

IMPROVING EU REGIONAL POLICY BY LEARNING FROM THE PAST IN VIEW OF ENLARGEMENT

Panayotis Getimis

1. Introduction

The establishment of a distinct European regional policy in the end of 1980's, is connected with its potential impact on the social and economic cohesion of the European Union (article 130a of the Maastricht Treaty). Over the years that followed the 1987 reform of the Structural Funds, important changes have occurred in terms of convergence and cohesion in the Union. Although there is evidence that significant progress has been achieved concerning the relative reduction of regional inequalities across Europe, the existence and the future of a Community regional policy are highly contested regarding both its legitimacy and its effectiveness.

On the one hand, it has been argued that there is an over-concentration of power at the community level and a trend to by-pass national policies and strengthen the role of sub-national actors (regional/local level). This argument stresses the significant results of the member states' regional policies (since the 50's), it questions the enforcement of uniform solutions to the different types of regional problems in each country as well as the political legitimacy of the Community regional policies. On the other hand, the effectiveness of European regional policy in accomplishing its major complementary tasks is also contested, i.e. to which degree the internal and intraregional disparities have decreased (redistributive goals, equity) and how efficient the impact of structural funds is concerning innovation and sustainable development (developmental/growth goals, efficiency).

During the 1990s, European regional policy, as a redistributive and innovative instrument, based mainly on the Structural Funds (but also on the Cohesion Fund and the European initiatives), has undergone a series of wide reforms that are reflected in the evolving mechanisms of programming, implementation, funding, monitoring and evaluation.

It is generally agreed that within the EU system of multi-level governance, the joint programming and implementation of the "partnership" principle have empowered sub-national actors and social partners in network-creation and institution building. The relevant Community Regulation is indicative in that respect: "Community actions (...) shall be drawn up in close consultation herein after referred to as the "partnership", between the Commission and the Member State, together with the authorities and bodies designated by the Member State within the framework of its national rules and current practices, namely: the regional and local authorities and other competent public authorities, the economic and social partners, any other relevant competent bodies within this framework" (EC Regulation 1260/1999).

However, the implementation of the partnership principle in each member state 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 (Tavistock Report, 1999). Furthermore, it is important to stress that "Europeanisation" itself, is not an "homogeneous" and "cohesive" process in which "highly integrated policy networks" create organized feedback loops (Marks, 1993; Heinelt/Lang /Malek/Reissert, 2001).

On the contrary, there is evidence of organizational and functional differentiation at all levels of governance (EU, national, regional, local) which operates in a double way: on the one hand, it enables actors' participation, institutional innovation and organizational learning and adaptation. On the other hand, there is a danger of fragmentation of regional policy in isolated policy fields, programmes and areas. Thus, the forms of these inter- and intra-organizational differentiations, as well as those of cohesion mechanisms that try to avoid fragmentation and isolation, vary from country to country (Heinelt/Smith, 1996).

In that context this paper, which draws upon empirical evidence from the implementation of the 1st and 2nd Community Support Frameworks (CSFs: 1989-1994, 1995-2000) and the planning procedures at the 3rd CSF (2000-2006) in a number of EU member states (especially in the Cohesion countries), will attempt to answer the following questions:

a) What is the major impact of structural policy on the economic and social cohesion of EU 15? What progress has been made and which social, economic and territorial disparities persist or have even been increased?

b) To what extent do "Europeanisation" of regional policy and the "partnership" principle affect institutional capacity and learning, especially at the sub-national levels?

c) What lessons can be drawn from past experiences, in order to improve EU regional policy in the future in view of the EU eastern enlargement and the potential increase of regional inequalities and problems?

2. Assessing EU regional policy in the 90's (Structural and Cohesion Funds)

The EU can be divided into two major groups of countries with regard to GDP per capita, measured in terms of purchasing power standards (PPS) as the indicator of relative levels of wealth. There is a gap between the first group of countries (Spain, Greece and Portugal) where GDP per capita is only 67-82% of the EU average and the other 12 member states, where GDP is similar to or above the average (European Commission, 2001).

With regard to economic performance, relative convergence has been achieved in the 90's between the three less developed EU countries (Spain, Greece and Portugal) and the rest, due to structural policy. GDP (PPS) per capita rose from 68% of the EU average in 1988, to 79% in 1999 (for all three countries considered as a group). However, it would still take another 20-30 years for this gap to be eliminated (at this rate of convergence), a fact that shows the long-term nature of the convergence process. (An exceptional case is Ireland, where GDP per capita has been enormously increased during the last 10 years from 70% of the EU average in 1988 up to 14% above average 1999, due to particular factors such as: the increase of foreign direct investment, the granting of specific motives like tax relieves, the quality and specialisation of human resources, the institutional capacity of a unified and effective administrative structure, the extended partnership formation and networking and the primacy of the English language (European Commission 2001).

Regional (NUTS II) disparities across the EU have been narrowed, partly because, in many cases, large disparities exist within individual member states (eg. the divided economies of Italy, Germany and the widening of regional disparities in less prosperous states such as Spain, Portugal and Greece).

The relative convergence that is due to increased funding through the structural funds (rising from 0.27% to 0.46% of EU's GDP between 1989-1999) shows, overall, the positive impact of structural policies, but accompanied by uneven effects. Hence differences in income per capita between Objective 1 regions and the EU 15 average, have been narrowed by one sixth between 1988-98, while GDP per capita in PPS has increased from 63% of the average to 70% (European Commission, 2001). It has been estimated that the intervention of the Structural and Cohesion Funds in Greece and Portugal during the period 1989-99, was very significant. In particular, at the end of the period, GDP increased by 9.9% in Greece and 8.5% in Portugal as a result of structural intervention. This positive impact was smaller in Ireland (3.7%) and in Spain (3.1%) where structural and cohesion funding constitutes a smaller proportion of their GDP (European Commission, 2001).

However, not all regions benefited from the same positive impact (eg. New German Länder and Ireland performed much better than the average, while lagging regions of South Spain, South Italy and Greece remained at the bottom). A similar positive impact has been identified in Objective 2 and 5b regions in which employment and unemployment changed more positively than in the rest of the Union (European Commission, 2001).

Structural and cohesion policy is not simply a matter of division of funds and fiscal transfer between the member states to stimulate demand by increasing income in the regions assisted. It is mainly a support system of investment in physical and human capital and conditioned on improving competitiveness and productivity in every region. The key objective of structural and cohesion policy is to tackle the root causes of regional imbalances and provide the prerequisites for sustainable regional development: e.g. improving infrastructure networks (especially transport), supporting SMEs, improving innovative capacity, entrepreneurship and new information technology, strengthening education and training systems, protecting and improving the environment and promoting territorial development and planning.

In this context, structural policy and, in particular, community regional policy is contested, with regard to its legitimacy and effectiveness, in furthering real social and economic cohesion and convergence. There is a series of important factors that prohibit this key objective.

A. First, there is a horizontal and vertical fragmentation of the administrative structure within the European Commission. Different Directorates General (DGs), are responsible for separate funds and policies (e.g. Transport, Environment, Agriculture, Competition, Regional Policy etc.). There is also a vertical fragmentation between implementation and policy reform networks in the Commission. The "geographical units" within each DG, responsible for the implementation of programmes in the different member states, are clearly separate from the horizontal units with competences in co-ordination of policies (Heinelt/Lang/Malek/Reissert, 2001).

This fragmented framework indicates a lack of a cohesive single policy network at the community level that could promote complementarity and synergy of sectoral policies and avoid contradictions and overlapping. This problem is often expressed through the negative regional impact of sectoral policies regarding the aim of achieving balanced territorial development of the Union. Transport policy could be set as an example. The emphasis put on trans-European high speed road networks (TENs) provides faster international flows, but threatens sensitive areas and lagging regions which are not included in the main transportation axes. Furthermore, the need for a territorial and environmental impact assessment of each sectoral policy and the demand for the promotion of complementarity and synergy between all community policies are widely accepted.

B. A second important factor that impedes real convergence - while regional disparities within the EU still persist despite the support from the structural funds - is the dominance of the neo-liberal economic and monetary policy paradigm and the increased role given to the markets (e.g. deregulation and privatization of telecommunications, energy etc.) in an era of globalization.

Although macroeconomic stability policy and especially the introduction of the Euro has helped a) to achieve nominal economic convergence (decrease of inflation rates and public debt in the member states) and b) to increase competition and market efficiency, there are clear tendencies to concentration of economic activities and private investment in a few developed regions. This will definitely increase the vulnerability of the other lagging regions, creating new inequality gaps in the European space. This has been made clear in the 90's when the poorest EU member states (Spain, Portugal and Greece) could not implement domestically financed measures to tackle lagging regional development since they were constrained by the nominal convergence criteria towards the Monetary Union. According to these criteria, the decrease of the countries' high public debt was strictly required, reducing, thus, their capacity to develop further public investment programmes, and prohibiting direct national financial support to private investment (as far as the regulations on competition allow) (Getimis/Economou, 1996). In addition, the reduction in budget deficits was crucial to secure support from the Cohesion Fund (article 014 of the Maastricht Treaty) (Andrikopoulou, 2000). These conflicting situations do not only refer to the "poor three" countries during the period until the establishment of the Eurozone but they are also present to all eleven countries of the Eurozone since they are bound to the same nominal convergence criteria (Stability Pact, yearly evaluation of fulfilment of criteria).

In sum, despite the considerable progress made in reducing regional inequalities and the positive impact of European policy financed by the Structural and Cohesion Funds, disparities remain and they are reproducing in new forms. The average income per capita of the 10% of the population living in the most developed areas is 2.6 times larger than the average income per capita of the 10% of the population living in lagging regions. There are also wide disparities with regard to unemployment and poverty. While in countries like Spain, Greece, France, Italy and Finland the unemployment rate in 1999 was more than 10% in others, like Luxembourg, Netherlands, Portugal and Austria it was less than 5%. At the regional level the pattern of unemployment is more polarized (e.g. in 1999 the unemployment rate in lagging regions (23%) was 8 times larger than the average in the least affected regions (3%). This polarized pattern of unemployment has remained stable during the 90's, except a slight reduction after 1997. As far as social cohesion is concerned, while in Portugal and Greece 20-25%

of the population had an income below the poverty line (1996), in Denmark and the Netherlands this proportion was small (11-12%). (Community average: 18%), (European Commission, 2001).

It is important to stress that these are also territorial imbalances across the whole European space, as the Union lacks a polycentric pattern of development. More than one-third of the population and half (47%) of the income are produced in the "triangle" extending from Yorkshire in the UK, to France Comte in France and Hamburg in Germany (an area not bigger than the one seventh of the Union's land area)(European Commission, 2001). This concentration of activities and population has negative implications not only at the periphery of Europe (outermost regions, border regions, etc.) but also in its "central core": negative economies of scale, congestion, pressure on the environment and health. These important territorial dimensions of Europe's sustainable development have been neglected in the programming and implementation of regional policy. However, they are included in the key objectives of the European Spatial Development Perspective (ESDP, 1999) which emphasizes the desirability of polycentric balanced sustainable development, the improvement of accessibility to infrastructure networks, the diversification of rural areas and new urban-rural relations, the particularities of border regions and areas such as islands, archipelagos, mountains, etc., the need for the elimination of isolation through cross-border, trans-national and interregional cooperation and the importance of Europe's natural and cultural environment.

3. "Europeanisation" and institutional innovation: Differentiations

In the literature on "Europeanisation", special emphasis has been placed on the interactions of the European integration process, on the one hand, and the domestic institutional structure and policies of the member states on the other. However, despite the fact that most of the theoretical approaches agree that "Europe matters" and has a significant impact upon the institutional and structural edifice in each member state, the methods and degree of Europeanisation still remain controversial (Borzel, 1999).

The inherent ambiguity in the concept of "Europeanisation" is reflected in the different and often controversial theoretical approaches. Intergovernmental approaches stress that Europeanisation enhances the role and power of national states vis-à-vis supranational and sub-national political actors (Moravcsik, 1995). On the other hand neo-institutionalist approaches to European integration argue that supranational European policy provides new opportunities and resources to sub-national actors ("sub-national mobilization") and this correspondingly leads to the gradual weakening of the nation state. However, they acknowledge that there

are variations in the regions' response to the opportunities offered by European policy, depending on their institutional capacity and endogenous potential (Keating/Jones, 1995). A third approach which accepts neither the "hollowing out" of the state nor its strengthening argues that EU policy is produced by a complex web of policy networks of actors ("organized feedback loops") in a multi-level policy arena (Marks, 1993; Hooghe, 1996; Heinelt/Smith, 1996; Staeck, 1996). However, these networks are not highly stabilized and integrated but they are characterized by a variety of differentiations: a) the new internal organizational differentiations of collective actors, b) the differentiation (sequentialisation) of decisions on different levels as well as c) the functional differentiation between a decision-making area on the EU level and implementation arenas in the member states / regions (Heinelt/Lang/Malek/Reissert, 2001). It has been argued that European policy in a multi-level governance system has a risk of fragmentation and isolation of sectoral or territorial policies and needs to build further coherence mechanisms for "loose coupling" of the policy networks' structures. This multi-governance approach has gained wide acceptance in the academic debate since it provides fruitful understanding of the political integration of Europe at all levels (local, regional, national, European).

This paper focuses on process of "Europeanisation", especially European regional policy, in this multi-level system of EU governance (Getimis/Paraskevopoulos, 2002). Europeanisation is not conceived as an "homogeneous" and "cohesive" top-down process, derived as an "independent" (external) variable that affects domestic institutions. It is rather an interactive and conflicting process of creating fragmented/differentiated policy structures with loose coupling coherence mechanisms in a framework of an emerging system of multi-level governance, in which different European, national and sub-national actors in competition and/or cooperation share their power.

In this new European governance system, where hierarchies (vertical decision making) coexist with markets and heterarchies (horizontal networks), different actors in competition and cooperation share their power (Getimis/Kafkalas, forthcoming). Europeanisation refers to this new policy arena, where fragmentation coexists with cohesion and where the European social, economic and political dynamic becomes part of the logic of domestic policies, structures, discourses and identities.

In this context it is important to clarify to what extent European regional policy, besides its positive redistributive effect, promotes institutional innovation based on the "partnership" principle at the sub-national regional level of the member states. How do new policy networks emerge and what is the degree of fragmentation or coherence? How important is local/regional embeddedness with regard to institutional capacity and socio-political and cultural specificity of

the region in the success or failure of regional institutional innovation in the different member states?

European regional policy constitutes a rather enduring and long-standing challenge for the administrative and institutional structures of the member states. At the same time it provides opportunities for institution building and network creation at the national and sub-national levels, even if the pre-existing institutional capacity is poor (e.g. in many Objective 1 regions) (Paraskevopoulos, 2000).

It is generally accepted that "the principle of partnership has enabled local elected representatives, social and economic organizations, non-governmental organizations and associations to be more involved in decision-making. However, apart from the formal respect for the obligation, the extent of partnership in practice has differed greatly" (European Commission, 2001, Tavistock Report, 1999).

Empirical studies have shown significant variations between countries concerning the structural funds' interventions in a multi-level governance system (Heinelt/Smith, 1996).

There are differences with regard to the political influence of the state government vis-à-vis the sub-national level in programming, implementation, monitoring and evaluation of European regional policy. In unitary states such as Greece, Ireland and France, national government dominated the whole procedure: from the negotiation with the Commission to the programming and implementation of regional development plans and operational programmes. Sub national authorities had only limited political influence, however, they gradually gained important benefits in institution building and learning at the regional level.

Contrary to unitary and centralistic states, in federal states (e.g. Germany) or in regionalized countries (e.g. Spain) sub-national institutions ("Länder" and "Bezirksregierungen" in Germany, "autonomous regions" in Spain) had a very significant/substantial role in the programme planning and implementation (especially in Objective 1, 2 and 5b regions) (Heinelt/Smith, 1996). In Italy, despite the fact that it constitutionally is a regionalized country, the dependency of the sub-national level on state allocation of funding and the outcome of political influences of the different institutional levels are more complicated and ambivalent. On the one hand, central government plays an important role in both planning and implementation of regional programmes (Objective 1, 2 and 5b regions) but on the other hand, some regions with long tradition and experience in innovative regional development plans, have succeeded in influencing decisively these processes. A good example is the strong position of Emilia-Romagna region, which is characterized by innovative endogenous regional development based on networks of public and private actors. (Leonardi, 1992, 1995; Bianchi/Giordani, 1993).

Besides the aforementioned differences, there are others, with regard to the central-local relations in each country, that refer to the administrative styles and to the dominant models of interest intermediation between regional, national and European levels of governance: confrontational and/or consensus oriented. These factors determine the substance of formal network building (like the Monitoring Committees of the Community Support Framework I, II, III) which are established at the regional level in all member states. The implementation of the "partnership" principle in countries with tradition in negotiation, bargaining and social dialogue, either within institutional arrangements (e.g. Germany, bureaucratic and negotiating administration) or outside (e.g. UK, Ireland, dissention and flexible negotiation) demonstrates extensive and successful network and institution building, where public and private actors cooperate with mutual understanding and trust. On the contrary, in countries which lack consensus oriented governance through negotiations, formal networks and ad hoc cooperation of actors are built, aiming primarily at fragmented benefits of the European regional programmes. Under these conditions, these network structures are susceptible to central influence and control and they are unable to build a permanent and "comprehensive web of locally embedded institutions" (Andrikopoulou/Kafkalas, forthcoming).

However, even in these cases, there is evidence of a slow leaning process in which different actors from the public and the private sector and non-governmental organisations (NGOs), test their knowledge, argument and power and learn from each other (Getimis/Paraskevopoulos, 2002). A characteristic case of this positive impact that the "Europeanisation" of regional policy had on the existing institutional and administrative edifice is the Greek experience, starting from the programming and implementation of the Integrated Mediterranean Programmes (1987) and passing through two/three Community Support Frameworks (CSF I, 1989-1994, CSF II 1994-2000, CSF III 2000-2006).

Although pre-existing features of hierarchical and clientelistic relations, a confrontational mode of interest intermediation and a weak civil society hindered extended institution and network building, especially at the regional level during the 1st CSF (Georgiou, 1993, 1994), significant progress can be ascertained in these 15 years. Important factors contributing to this change are the institutional decentralization reform at the regional level (1987), the strengthening of the political legitimacy and efficiency of the Local Government (I and II tier 1984, 1994), the institutional and financial incentives towards public-private partnerships and the motivation of network building and institutional learning through the education and training policy. The latter constitutes one of the main axes of the III CSF (2000-2006), now being implemented (Human Resources, Operational Programme – national and regional level).

Since the Europeanisation of regional policy is not an homogeneous and linear adaptation of the domestic institutional structures to an ideal type of norms and regulations, there are various and divergent forms of political institutional changes in the member states. The knowledge of the existing local specificities and the historical differences of socio-political cultures embedded in place is an important prerequisite for any successful regional institutional innovation.

However, in the context of an increasing pace of Europeanisation and globalization, institutional changes at the regional/local level is not a matter of locality but an outcome within the web of policy structures influenced by global, national and local driving forces.

4. Challenges to European regional policy in view of the enlargement

As stated in official policy documents of the European Commission, European enlargement (from 15 to 27 countries) will imply a dramatic increase of regional and income inequalities. "At national level, over one-third of the population would live in countries with an income per head less than 90% of the Union average – the current threshold for eligibility for aid under the Cohesion Fund – compared to one-sixth in the present EU15. At regional level, the average income per head for the bottom 10% of the population, living in the least prosperous regions in EU27, would be only 31% of the EU27 average. In the EU15 today, the income per head of the bottom 10% of population equates to 61% of the average" (European Commission, 2001). This means a doubling of the existing income and regional gaps. How could these new emerging problems be tackled? There is a danger in adapting the widespread argument of reducing the European Union only in the field of regulatory policy while redistributive policy remains a responsibility of national/domestic institutions (Majone, 1994, 1996). This perspective implies the abandonment of the Structural Funds policy, which has a redistributive character from the side of the European Commission and the shift of competence to the national level. Critically to this concept, we would stress that acceptance of such a scenario would lead to a dramatic increase of regional and income inequalities, giving up the target of economic and social cohesion of the European space. On the contrary, there is a need to stress the importance of maintaining and improving European regional policy in the future with increased financial resources based on the cohesion objectives rather than on package deals or side payments. This is linked to another important issue of policy change and policy learning (Heinelt, 1996). How can institutions learn and accumulate knowledge from past experiences, particularly with regard to the 15-year experience of the implementation of European regional policy in the EU15.

Between 1989 and 1999 Structure Funds financing has almost doubled, rising

from 0.27% of EU GDP to 0.46%. This amount is expected to be reduced in 2006 to the 1992 level (0.31% of GDP of the present EU 15).

It is obvious that this reduced amount will be insufficient to successfully address the severe regional inequalities that will emerge in an enlarged Europe of 27 countries. There is no doubt that it should be considerably increased in order to achieve the goal of social and economic cohesion and maintain the redistributive character of the Community regional policy.

However, the challenges to the new European regional policy from enlargement are not just a quantitative matter of the available economic resources. Neither a matter of who wins and who loses, in other words which member state's regions (NUTS 2) will lose their eligibility for funding (as objective 1 or 2 region) and which of the poorest accession countries' regions will gain the funds.

It is more a matter of establishing institutional structures at all the levels of governance (European, national, regional, local) that can ensure effective use of Structural Fund resources and, at the same time, of increasing political legitimacy and democratic participation in the accession countries.

As many empirical studies have demonstrated (Bailey/De Propris, 2002, Marcou, 2002) and the European Commission itself has recognized (European Commission, 2001), many of these countries (especially the regional level) are characterized by weak institution building and limited administrative capacity despite the implementation of concrete steps to decentralization. Due to the bureaucratic centralized structures of the past and the lack of democratic institutions, the process of institutional restructuring is piecemeal and contradictory.

The reproduction of the top down, command-and-control decision making processes and the emergence of a new bureaucracy, intermingled with the new political elite, hinder the establishment of a solid multi-level governance system of accountable institutions capable to enhance the capacities of local and regional government.

Furthermore, great difficulties exist in establishing networks of partnership and cooperation between public and private actors and NGO'S in projects and programmes that are now eligible for pre-accession assistance and will be later eligible for the Structural Funds (e.g. Phare, ISPA, SAPARD).

The first attempts to create such institutions and networks at the regional level have been too ambitious. They have achieved much less than originally hoped for leading to only limited adaptation and institutional learning. Experience in the cohesion countries has demonstrated that the top-down establishment of new regional structures requires not just knowledge and expertise but their provision for long periods of time.

Moreover, the existence of significant differences and the path dependence of the administrative structures of the CEE candidate countries demand flexibility and differentiation when applying the norms and conditions of the Community aquis.

A new European regional policy is in the making. Enlargement negotiation procedures among the 15 member states are slowly building a framework of "old" (e.g. regional inequalities measured by GDP per capita) and "new" criteria (e.g. "territorial cohesion") for a renewed region policy towards the economic, social and political cohesion of a polycentric Europe.

5. Learning from the past. Perspectives of European regional policy in the future

There are significant lessons to be drawn from past experiences of success or failure in order to improve European regional policy in the future, in view of the eastern enlargement.

First, we have learned a lot from past failures of the European Regional Fund policy in the 70's and 80's, when we were building "cathedrals in the desert" and reformed the logic of the European structural policy (starting from the Integrated Mediterranean Programmes and continuing with the Structural Funds CSF I, II, III), introducing the principles of integration, cohesion and partnership.

Second, we have to realize that there is a need to increase coherence mechanisms in order to promote complementarity and synergy among sectoral policies at all governance levels. The existing differentiation of policy structures (horizontal, vertical, functional) may allow regional innovation, since there is a high degree of openness to the social environment but it has to be accompanied by cohesion mechanisms; otherwise the outcome will be fragmentation and failure.

Third, it is important to create regional innovation networks and partnerships, not only in the regions that already have a comparative advantage (dynamic of endogenous development, advanced institutional capacity and tradition in innovative public-private partnerships) but also in less favoured regions lagging behind. There is evidence that the Structural Funds policy has favoured those regions that already had an innovative milieu and experience in innovation networks (e.g. regions in Italy, Piattoni, 1991, Cooke/Morgan, 1993, Cooke, 1996). The question is not only to achieve continuity and stability of innovative networks in these regions but also to find mechanisms of knowledge transfer and learning paths to other regions.

Fourth, in the future, European regional policy should stress more the combination of political legitimacy and democratic participation on the one hand and effectiveness on the other. Even if the compatibility of equity and efficiency,

legitimacy and managerial effectiveness is contested, regional policy should not underestimate the principles of participatory governance and social inclusion that encourage institutional building and learning in the name of a "technicisation of policy making".

Fifth, we have to emphasize that regarding the accession countries in particular, the process of institution building is directly connected with the consolidation of democracy and citizenship rights as a prerequisite for adaptation to the "European acquis". This implies that efforts are needed to establish democratic institutions and procedures at all levels of government in order to create new forms of governance in an enlarged new Europe. In this long-term process of accession negotiations, it is not only important to increase and use effectively all the foreseen European funds (Phare, Phare CBC, Structural Funds, ISPA, SAPARD etc.) but also to take common innovative initiatives with the member states, especially at the cross-border regional level, and gain experience from partnership and networking (for example European initiatives and programmes like MEDA, Interreg III, but also other international initiatives such as BSEC, SECI etc.)

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