

**EUROPEANISATION AND REGIONALISATION:  
DOMESTIC CHANGE(S) AND STRUCTURAL NETWORKS IN SLOVENIA**

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**Damjan Lajh**  
**University of Ljubljana**  
**Faculty of Social Sciences**  
**Kardeljeva pl. 5**  
**1000 Ljubljana**  
**Slovenia**  
e-mail: [damjan.lajh@uni-lj.si](mailto:damjan.lajh@uni-lj.si)

## Introduction

This paper focuses on the Europeanisation of Slovenia's regional policy and politics, and seeks to examine whether the European Union (hereinafter: the EU) regional development initiatives (more precisely, the EU's pre-accession assistance programmes) have empowered subnational actors in Slovenia as an EU accession-state. The paper's starting point is that Europeanisation processes do not just affect EU member-states alone but also the wider world, especially the countries applying for EU membership (Olsen 2003). One aspect of this kind of Europeanisation also embraces the requirement that the EU accession-states make adjustments in the field of regional development. At this point, the paper advocates the importance of: a) the institutional challenge of establishing a competent authority at the national level with responsibility for co-ordinating and managing regional issues; and b) establishing a regional structure that is compatible with the NUTS classification. However, the paper argues that Europeanisation is not the only puzzle that has an impact on domestic change(s). Namely, accession-states are also usually under relatively great pressure from the Commission to introduce a particular model of politically decentralised regionalisation, embraced within the legal basis for a standardised NUTS-classification scheme (Hughes et al. 2003, 73). Given that subnational actors form a constituent part of partnership arrangements and play an important role in implementing the EU's structural policy, I believe regionalisation (as an intervening variable) is an important piece in the overall picture of understanding the domestic responses seen in EU accession-states. This is particularly true in the case of Slovenia, where regions as administrative-political entities still have not been established. Namely, the 1991 Constitution adopted a centralistic model of state administration since it did not envisage a 'mandatory' body for realising regional interests. Following these considerations, I treat both Europeanisation and regionalisation as 'explanatory variables' of domestic institutional and policy changes concerning the management and implementation of Structural Funds in EU accession-states.

The paper has two central goals. First, to introduce an analytical framework for understanding the outcomes of domestic changes in response to the processes of Europeanisation and regionalisation. Second, to establish if the Commission's main idea to encourage the development of discretionary authority exercised by subnational actors in EU member-states has also had any specific impact on subnational-level actors in Slovenia. As such, the paper does not address the question of whether the EU causes domestic changes, but rather their outcome. Here, the argument is that *in Slovenia, the processes of Europeanisation and regionalisation have generated different types of*

*structural networks; the implementation phase of structural policy generates multi-level implementation networks which, however, do not result from the efforts of relatively autonomous subnational actors but are determined by national-level and EU-level actors.* To understand the outcomes of the investigated domestic changes, I have couched the study within the meta-theoretical framework of new institutionalism.

The paper proceeds in the following steps. In Section 1, the paper's argument is developed. Section 2 builds up the theoretical framework based on the two-way logic of domestic change. The effects of the two-way logic of domestic changes – Europeanisation and regionalisation – in managing and implementing the EU's structural policy in Slovenia are analysed in Section 3. Section 4 examines implementation of the EU's structural policy in Slovenia 'in theory and practice'. Finally, Section 5 summarises the main findings.

### **Argument of the paper**

Over the last few decades, the EU has evolved to become a polity in its own right (Peterson and Bomberg 1999, 8), while attempts to understand major constitutional decisions as landmarks in the integration process have been accompanied by growing literature that investigates the EU's functioning as a multi-layered system of governance (Cram 2001, 65). In this respect, the focus of research on European integration has moved from grand-scale theories (above all including intergovernmentalism and neofunctionalism) on the causes and directions of this phenomenon to more middle-range concepts for understanding the day-to-day functioning of the EU's policy-making process. The policy-making process is typically described as the product of decisions about what to do, how to do it, and how to decide what to do (Peterson and Bomberg 1999, 4). However, the EU's policy-making process is commonly regarded as distinctive. What is distinct is its multi-layer system of governance, reflecting 'push-pull' dynamics between various arenas of decision-making. To characterise these push-pull dynamics, Helen Wallace (2000) adopted the metaphor of a 'policy pendulum' to express the sense of movement in the EU's policy process and a kind of uncertainty about its outcomes. She argues this policy pendulum swings between the supranational arena as well as the national and subnational (political) arenas of EU member-states. Each of these arenas has a kind of magnetic field that attracts or prevents policy-makers, those applying policy, and would-be policy-influencers. The relative strength of these magnetic fields varies across policy domains and between countries, with some strong forces of attraction, and some forces of resistance. In certain cases these forces of magnetism are so strong they create a tendency to settle policy at the supranational level, in some

instances the national-level-based forces of magnetism keep policy-making located at the national-level, whereas at other times no magnetic field is strong enough to provide a definite resting point for policy-making and the pendulum then sways uncertainly (ibid, 41-2). Thus, due to the EU's horizontal and vertical polycentric structure, the outcomes of most EU policies depend on compromises between many actors, including (political and administrative) institutions at (sub)national and supranational levels of decision-making, (trans)national interest groups, civil society organisations, social and economic partners etc.

In accordance with widespread belief<sup>1</sup> among social science scholars (Anderson 1990; Peterson 1995; Rhodes et al. 1996; Ansell et al. 1997; Börzel 1997; Fink-Hafner 1998a; Peterson and Bomberg 1999; Adshead 2002; Kohler-Koch 2002), a central role in the development and implementation of EU public policies and programmes is played by policy networks. This paper is sympathetic to such kind of academic claims. Namely, policy networks have an important functional role in EU governance: they bring together the interests of a variety of different actors in a highly differentiated polity marked by the fragmentation of policies and politics (Rhodes 2003, 7). Networks emerge when specific policy tasks can only be achieved through the exchange of information and resources possessed by a range of actors (Peterson 1995, 76). In this context, policy-making is a collective exercise. The links between the various actors is a 'game' in which all participants seek an advantage. Each uses its resources – legal, organisational, financial, political, or informational – to maximise an influence over outcomes while trying to avoid becoming dependent on other actors (Rhodes et al. 1996, 368). However, the EU is more functionally dependent than any other political system on a well-developed system of communication as both an instrument for gathering and processing information and as a tool for forming a consensus and spreading common views (Kohler-Koch 2002). In order to formulate and implement policy effectively, the Commission thus must usually consult a miscellaneous range of actors to get the information and expertise needed, especially where the policy sector is complex and characterised by the institutional fragmentation of multi-level governance.

Since patterns and processes of policy-making vary significantly from sector to sector, the many links between local, regional, national and supranational public and private actors point to the emergence of policy networks in some policy domains but not in others. In this paper I focus on the implementation phase of EU structural policy, which offers 'a culture for growing policy networks' (Rhodes et al. 1996, 385). Namely, in accordance with the partnership principle officially introduced with the 1988 reform of the Structural Funds, daily implementation of the EU's structural policy initiatives is assumed

to take place within multi-level policy networks that involve a variety of EU, national and subnational authorities as well as societal actors such as interest groups, social and economic partners, and NGOs who collaborate as partners to achieve common goals. This co-operation involves multiple horizontal and vertical interactions between actors across different layers of decision-making. Although it seems obvious that beyond the EU's institutions (especially the Commission) and EU member-state political institutions, the other actors included in the partnership are designated by the member-states, this does not necessarily mean that the hands of EU member-states are entirely free. There is at the very least a legal duty on the member-states to observe the letter of the Regulations (Bernard 2002, 106). Namely, Council Regulation 1260/1999 requires the creation of a wide and effective association of all relevant bodies in member-states, explicitly stating the need for the participation of 'regional and local authorities and other component public authorities' on one hand, and 'economic and social partners' on the other. Hence, there is a clear legal provision ensuring the sufficient representativeness of relevant interests in creating and implementing the structural policy.

Yet, variation in the patterns and processes of policy-making is not only perceived cross-sectorally. Across the EU as a whole we also find political arrangements in EU member-states that differ considerably. This is especially evident with the policies, practices and institutions of EU regional development (see Hooghe 1996a). The EU's policy model of the structural funds is more elaborate and demanding than those of most domestic regional policies, and requires the co-operation of several actors and demands more efforts than domestic regional policies in terms of the time and resources of the participants involved in implementation (Lang 2003, 155). While regional policy in a national state is usually implemented within a uniform framework of national-subnational relations, the EU's structural policy has to accommodate highly divergent territorial power relations across the EU member-states since the scope and scale of their decentralisation varies greatly. Hence, the same subnational-national-EU partnership arrangements are confronted with highly different territorial relations (Hooghe 1996b, 8-9). Still, the concrete impact of Europeanisation on the territorial structures of EU member-states is relatively controversial (Börzel 2001, 137). At this point, Smyrl (1997, 288) established that analysts of these processes differ sharply in their theoretical expectations concerning their outcomes: some see them as part of the erosion of national authority and a step forward along the path to the 'Europe of regions'; some stress that the transfer of resources and responsibilities to the subnational level has left regions more dependent on the national level than ever; whereas still others argue that due to national differentiation regional mobilisation and empowerment occurs in some member-states but not others.

When linked with partnership arrangements and the impacts of European integration on territorial structures across EU member-states, such research questions are particularly interesting in the case of EU accession-states. While the old(er) member-states were active in the creating and modelling of the common institutions, practices and policies in the EU, the newcomers have to incorporate all these practices and policies and institutionally adapt before having a say in how the EU's polity, politics and policies are formulated (Fink Hafner and Lajh 2003, 20-6). In this respect, regional actors in practically all EU member-states gained momentum in European politics in the 1980s (Börzel 2001, 137) and have incrementally (in line with national differentiation) employed and empowered subnational actors, whereas regional governments or regional administrations in the EU accession-states have been subjected to essential changes while seeking to join the EU (Brusis 2003, 89). In fact, some states, for example Slovenia, are even short of a regional level. Thus, they have had at least to adapt in the direction of restoring the partnership arrangements as a necessary (pre)condition for successful implementation of the EU's structural policy.

## **Implementing the EU's Structural Policy and Understanding Domestic Changes**

### ***The EU's Structural Policy and Structural Networks***

Although in the last few decades the EU's structural policy has undergone some substantial changes, its core aim remains the same: the reduction of regional disparities and strengthening of economic and social cohesion throughout the EU. The EU's structural policy is the only redistributive policy of importance in the almost exclusively regulatory project of European integration (Hooghe 1996b, 6). It is not just one of many policies but is a spatial combination of a variety of sectoral policies (ibid, 10). Hence, other EU policies also have an uneven regional impact (Keating 2001, 6), each of which is organised in accordance with particular boundary and decision rules. In this way, the aim of the EU's structural policy is to select and co-ordinate sectoral policy initiatives that are beneficial for developing a given territorial space (Hooghe 1996b, 10). In financing terms, the EU's structural policy is a system of side-payments from the governments of richer EU countries to those of less-developed EU countries (Marks 1996, 391). From its humble beginnings, the EU's structural policy has grown to become the EU's second most important spending policy (after the Common Agricultural Policy) and now absorbs approximately one-third of the EU's annual expenditure.

Today's EU structural policy finds its origins in 1975, when the European Regional Development Fund (ERDF) was established. Until then, the common European Community (EC) regional policy had been very fragmented and very limited in extent (Armstrong 2001). It had developed along main three lines: the co-ordination of national regional policy measures to ensure their conformity with the treaties; the development of Community funds for regional development; and a slow series of moves towards a positive Community regional policy (Keating 2001, 17). When the ERDF was introduced its chief aim was to correct regional imbalances within the EC by funding up to 50 percent of the costs of economic development projects in less favoured regions (Bache 1999, 30). However, the policy that emerged was one firmly controlled by member-governments and not by supranational institutions, hence the Commission's role was limited to approving projects submitted by national governments (ibid). Therefore, although the ERDF apparently became the EC's own regional policy financial instrument it was effectively structured in such a way that individual member-states exerted a very strong influence over how the money was spent and who actually received the assistance. In addition, assistance was largely limited to grants for infrastructure investments and investments in industrial and service-sector schemes (Armstrong 2001, 35-8).

The EC structural policy set in 1975 later underwent some reforms, seeing its main shake-up in 1988. Namely, the 1988 reform meant a radical shift in EC structural policy. It imposed a strong, uniform regulatory framework on extremely diverse national contexts (Hooghe 1996b), while the 'partnership principle' was officially introduced<sup>2</sup> (Hooghe 1996a; Bache 1999; Thielemann 2000). A series of measures was thereby adopted, above all to improve relations and co-ordination between supranational, national and subnational level authorities in their efforts to promote regional development. More specifically, Hooghe (1996b, 2) described the partnership principle as 'a set of rules and procedures which prescribe that the European Commission, national authorities, and subnational authorities collaborate closely and continually in the design and implementation of EU-funded programmes'. Hence, in order to achieve broad support for policy goals and comprehensive information on regional development, public and private actors were included in the decision-making processes (Benz and Eberlein 1999, 335). Nonetheless, during the 1990s the EU Regulations merely asked the member-states to co-ordinate implementation with the regional and local actors it chose, whereas the last structural policy reform in 1999 introduced the obligatory demand to involve subnational actors in EU regional policy process: they have to be consulted in the programming process, they should be members of the monitoring committees, and their approval of the detailed programming documents is required (Lang 2003, 167).

The introduction of the partnership principle challenged established hierarchical relationships between central and subnational actors in EU member-states. While structural fund partnerships challenged existing territorial relations within member-states, this challenge was met with different degrees of resistance and different outcomes: in some member-states subnational actors were mobilised but not necessarily empowered, whereas in others the impact on territorial organisation was more significant (Bache 1998, 141). In accordance with the partnership principle, implementation of the EU's structural policy initiatives is assumed to take place within multi-level policy networks. These created networks form a context within which actors act strategically and in which strategic action is confronted by the strategic actions of others (Klijn and Koppenjan 2000, 139). At this point, Ansell et al. (1997) observe that the establishment of EU-subnational links created a structure of 'dual networks'. They argue that each of the three actors (i.e. three sets of actors: EU, national and subnational) in EU structural policy has two direct relationships, and thus EU structural policy does not simply bring three independent actors together in a policy network, but each actor has two different roles: first, subnational actors can potentially mobilise Commission support against their own national governments, and *vice versa*; second, subnational actors can and do mobilise their national governments against the Commission, and *vice versa* (ibid, 350). This notion primarily points to the very important constantly shifting alliances within the triad.

One distinct feature of the EU's structural policy is its single implementation model, the same for all EU member-states with their different sets of policy instruments and polities. As mentioned, implementation of the EU's structural policy envisages the involvement of a wide range of actors, especially the participation of subnational authorities, yet it does not regulate their constitutional status in EU member-states (Hooghe 1996a; Jones and Keating 1995). The way these actors (re)act is influenced by a twofold framework of reference. On one hand, the European regulations stipulate requirements on how to implement the structural funds. On the other, the legal framework of domestic policies brings its own (and possibly different) requirements for the implementation of structural policy (Lang 2003, 159). Still, at this juncture Kohler-Koch (2002) observes the establishment of policy implementation networks on a permanent basis. She argues that the actors involved have over time turned into a 'policy community' in which they share similar overriding objectives, a common interpretation of the problems at stake and the instruments best suited for solving them. Accordingly, this single implementation model has been established as a 'paradigmatic' model, which has survived successive conceptual reforms, become codified in EU law and been successfully implemented across

the EU despite broad variations in the socio-economic conditions and institutional settings (ibid).

***Theoretical considerations regarding domestic response(s) to implementation of the EU's structural policy in EU accession-states***

The EU's structural policy, also frequently called 'the instrument of solidarity', is not solely limited to EU member-states. Namely, simultaneous to the negotiating process the EU also provided pre-accession financial assistance to the EU candidate-countries. In this respect, every candidate-country with the ambition of achieving a high development level for all its regions and hoping to receive support from the structural funds must put a lot of effort into creating an efficient institutional framework that allows the successful management and implementation of future EU funding. The future institutional ability (full EU membership) to manage and implement the EU's structural and cohesion funds is largely influenced by the capacity to manage and implement the pre-accession assistance programmes. In terms of the institutional adjustment of EU accession-states, these processes of 'institutionalisation'<sup>3</sup> can be regarded as processes of Europeanisation.

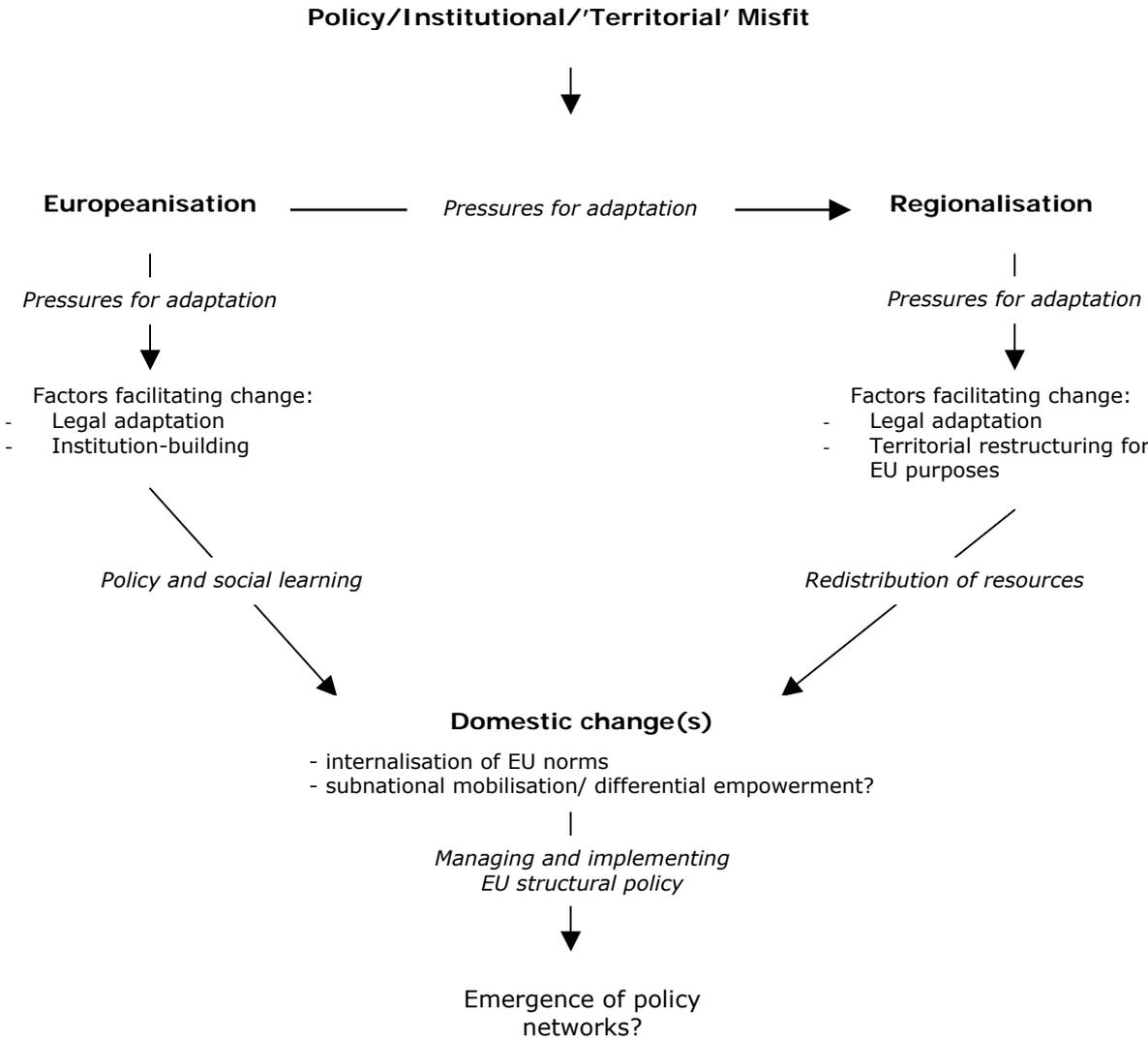
'Europeanisation' is a relatively recent phenomenon which began to gain considerable attention in the late 1980s and in the 1990s (Goetz and Hix 2001; Olsen 2003; Featherstone and Radaelli 2003). Since the term 'Europeanisation' has been defined in many ways, but without any clear boundaries, Radaelli (2003) observes the 'concept's stretching'. In fact, no matter which definition we take into account Europeanisation is in general closely connected to terms like innovation, modernisation or formation, and is thus mostly used in different ways to describe a variety of phenomena and processes of change. Accordingly, Olsen (2003, 334) identifies five possible uses describing what is changing when we talk of Europeanisation: a) changes in external territorial boundaries; b) the development of institutions of governance at the European level; c) the exporting of European forms of political organisation and governance beyond Europe; d) a political project in support of the construction of a unified and politically strong Europe; and e) the penetration of European-level institutions into national and sub-national systems of governance. In this paper I examine this last observation.

To implement new requirements means to change actions, routines, and even formal institutions and procedures (North quoted in Lang 2003, 159), determined by the degree of adaptational pressure. The degree of adaptational pressure generated by Europeanisation depends on the 'goodness of fit'<sup>4</sup> between European institutions and

domestic structures. For example, the lower the compatibility (fit) between the new requirements, on one hand, and (sub)national structures on the other hand, the higher is the adaptational pressure (Risse et al. 2001, 6-7). As policy misfits produce adaptational costs at the domestic level, member-states strive to 'upload' their policies to the EU level in order to reduce their compliance problems (Börzel and Risse 2003, 62). Because the same member-states do not always succeed in uploading their preferences at the EU level, the result is a very diverse pattern of policies, problem-solving approaches and organisational styles (Héritier 1999). Logically, the absence of non-EU member-states in the processes of uploading their preferences has resulted in particular high adaptational pressures and significant downloading efforts in the case of countries applying for EU membership.

In order to study the process of the Europeanisation of regional policy and politics in Slovenia, we follow Cowles et al. (2001) and Börzel and Risse's (2003) investigation of adaptational pressures explicitly referring to new institutionalism analysis. Here, two logics matter – the logic of appropriateness<sup>5</sup> and the logic of consequentialism<sup>6</sup>. Following these two logics, actors both calculate consequences and follow rules (March and Olsen 1998). The first logic applies to sociological, and the second to rational choice institutionalism. Both logics identify different mechanisms of institutional change, which can be equally applied to a change in policies and politics, while both logics also stress different factors facilitating domestic adaptation (Börzel and Risse 2003, 63). The logic of appropriateness reflects the policy and social learning and leads to an internalisation of EU norms and the development of new identities, whereas the logic of consequentialism leads to a redistribution of resources and differential empowerment at the domestic level. On this last point, the paper argues that Europeanisation processes are closely linked to regionalisation processes. According to Ágh, Europeanisation and regionalisation<sup>7</sup> are basically interrelated but not necessarily coupled together as an automatism, although emerging trans-national EU polity has re-enforced the claims and pressures for regionalisation (Ágh 2003, 115). The result has been the development of multi-level governance<sup>8</sup> as a totally new structure in the EU polity as a whole, where subnational mobilisation has led to the redistribution of resources. These considerations are especially evident in the post-socialist countries applying for EU membership which had been, regarding the old socialist system, traditionally (more than less) centralised. Hence, we treat both Europeanisation and regionalisation as 'explanatory variables' of domestic institutional and policy changes seen in EU accession-states. However, since regionalisation is significantly influenced and stimulated by Europeanisation processes, I see regionalisation as an intervening rather than an independent variable (see Figure 1).

**Figure 1:** Conceptualising the two-way logic of domestic change on behalf of managing and implementing the EU’s structural policy in EU accession-states



**Source:** Modified by Börzel and Risse’s (2003, 69) two logics of domestic change

Finally, the paper argues that the outcomes of Europeanisation and regionalisation processes in the EU accession-states are leading to the emergence of different types of policy (structural) networks. But why does relatively unsurprising and commonplace statement matter? In old socialist states, political decisions were regularly taken in narrow political circles, interlaced at most with certain personal networks. Hence, the post-socialist countries of Central and Eastern Europe generally lack a network culture. Namely, the existence of policy networks assumes the existence of both a developed state and a developed society. Yet, neither the states nor the societies of post-socialist EU accession-states were sufficiently developed to make the evolution of policy networks likely (Marsh 1993, 30-1). Similarly, Fink-Hafner (1998) studied the emergence and

changes of policy networks in the context of democratic transition in Slovenia and ascertained that, in the early transitional period, political decisions were more or less personified and still controlled by political parties and state actors in a narrow sense. However, her study also showed the reviving of the embryo of consultative politics, first in those policy areas where civil society was represented by relatively strong economic interest groups<sup>9</sup> (ibid). Based on consultative politics, more stabilised and institutionalised policy networks have been evolving gradually in different policy fields. Here, accession to the EU certainly represents an additional and strong catalyst for developing consultative politics in Slovenia: first within the state administration<sup>10</sup> and, second, by mobilising civil society and subnational actors in different policy fields. Implementation of the EU's structural policy could in particular be a good practice for stimulating the emergence of subnational networks. Namely, as the paper will demonstrate later, the last decade in Slovenia has been marked more by fragmentation than co-operation (or networking) at the subnational level.

### **The Two-way Logic of Domestic Change as a Response to Managing and Implementing the EU's Structural Policy in Slovenia**

Notwithstanding its territorial smallness and small number of inhabitants, Slovenia's special features include its extreme natural, cultural and socio-economic diversity. Slovenia is thus characterised by a large number of natural regions, naturally formed borders, the variety of its terrain, great bio-diversity, border regions, national minorities, dispersed settlement and diversity in general and, at the same time, the great vulnerability of its landscape. The result of all these factors is limited access to certain areas, challenging settlement conditions and difficulty in organising economic activities (Negotiating Positions 2000, 226). At the start of the twentieth century the differences between particular 'regions' of present-day Slovenia were quite large. Due to the centralist orientation of the administration after the Second World War, these disparities continued to grow until 1971 when a special Law on the Promotion of Balanced Regional Development was adopted. That Law was based on the concept of polycentric development and heralded the start of regional policy and special measures to promote the growth of less-developed regions (Strategy of the Regional Development in Slovenia 2001, 19). These measures were based on the principles of forming a level playing field for living and working conditions in different parts of the country. Later, in the early 1990s the Law on Promoting the Development of Demographically Endangered Regions was adopted. It defined endangered regions through two demographic indicators only: the level of population growth and the ageing index (Regional Policy and the EU 1999). This system did not turn out to be the most appropriate because Slovenia's demographic

picture did not improve at its core. Moreover, shortly after independence regional development was placed on the back burner and implementation of a balanced regional policy was also not seen as a priority primarily because developmental problems were managed separately and not regionally (i.e. as regional developmental problems). Additionally, in the initial years after Slovenia's independence there was a high degree of centralisation of resources and arbitrary decision-making at the national level; on top of the political agenda were the tasks of establishing the political and administrative structure of the state and the macroeconomic dilemmas in the process of economic transition. Hence, the level of resources earmarked for the regional domain was falling throughout, and disparities between 'regions'<sup>11</sup> in Slovenia after its independence further expanded.

Regional development has been one of the most complex issues in Slovenia's negotiations with the EU,<sup>12</sup> and participation in the EU's structural policy has triggered relatively significant adjustments in Slovenia's legal order. These adjustments have most visibly embraced the formation of a suitable institutional structure for implementing the EU's structural policy, and (still unfinished) changes in Slovenia's territorial organisation (i.e. regionalisation).

### ***Europeanisation: building a suitable institutional structure***

In accordance with the sociological institutionalism perspective, Europeanisation requires that states take part in the internalisation of EU norms and development of new identities. Yet, this internalisation (or adaptation) is not mechanical. In the EU context, states follow and imitate each other as a rule, but there is always room (albeit of different sizes) for domestic interpretation, translation and editing. Hence, states interpret, translate and edit the rules of the game so that they fit into their domestic political context (Mörth 2003, 162).

Congruent with current territorial organisation and the size of population, the negotiating positions on the chapter on regional policy and the co-ordination of structural instruments already anticipated that the administrative arrangement for managing and implementing regional policy in Slovenia would be centralised. This means that the central role of managing structural policy in Slovenia was taken over by one central institution for co-ordination purposes (Managing Authority), and by one single Paying Authority. Here, two features in the evolution of the country's institutional structure can be observed: a frequently shifting Managing Authority within Slovenia's state administration, and the stable position of the Paying Authority.

*Interpretation and Translation: The Institutional Structure for Managing the Pre-Accession Assistance Programmes*

Slovenia has been receiving assistance from the EU since 1992. One could say that the story of relations between Slovenia and the EU started in practice with the PHARE programme. Immediately after Slovenia's international recognition and the establishing of initial contacts with the EU, the Slovenian Government started preparing itself to implement the PHARE programme. In December 1991 the Government had thus already established the so-called 'Inter-ministerial Co-ordination for Foreign Technical Aid' with its direction entrusted to the then Ministry of Science and Technology. Within this Ministry, the Department for Foreign Technical Aid was also established with the main task to serve and co-ordinate the activities of different assistance programmes from abroad. Later on, after establishment of the Government Office for European Affairs (hereinafter: the GOEA) in 1998 (see Fink-Hafner and Lajh 2003) as some kind of 'European ministry', the role of co-ordinating national aid was entrusted to a special Foreign Aid Division established within the GOEA. This Foreign Aid Division was responsible for carrying out expert and technical operational tasks within the framework of national co-ordination assistance. The National Fund (as the Financial Authority) was set up within the jurisdiction of the Ministry of Finance and entrusted with the responsibility for managing the funds already allocated to Slovenia through the different assistance programmes. As such, the National Fund controlled the inflow of assistance and co-ordinated the EU funds with domestic funds. Also within the Ministry of Finance, the Central Financial Contracting Unit was established. The Central Financial Contracting Unit took over responsibility for the financial management of EU financial assistance. Its main task has been to carry out public tenders and make contracts with implementing agencies. Sectoral ministries in line with the final beneficiaries (subnational actors, NGOs etc.) of assistance took over responsibility for the selection of projects and monitoring of their implementation. They have also been responsible for actual implementation of the projects.

*Editing: Preparing the Institutional Structure to Administer the Structural Funds*

In line with preparations to administer the structural funds, on 16 July 1999 the National Assembly of the Republic of Slovenia passed the Act on the Promotion of Balanced Regional Development<sup>13</sup> (Official Gazette of the RS, No. 60/99). This Act provides the legal basis for implementing the EU's structural policy in Slovenia. From the perspective of building-up an institutional structure suitable for administering the structural funds,

the Act is important for three reasons: establishment of the National Agency for Regional Development (hereinafter: the NARD); the Council for Structural Policy; and the network of Regional Development Agencies (hereinafter: the RDA).

The NARD was established in 2000, initially as a constituent body of the Ministry of the Economy,<sup>14</sup> and took over the responsibility of the Management Authority regarding regional development issues in Slovenia. However, the NARD held this status until February 2003 when a special Government Office for Structural Policy and Regional Development (GOSP) was established.<sup>15</sup> Following establishment of the GOSP, the regional development dimension again shifted, this time from the NARD to the GOSP. In addition, after establishment of the GOSP the NARD also fell within the jurisdiction of the newly established GOSP. In this way, the GOSP took over responsibility of the Managing Authority<sup>16</sup> while the NARD remained responsible for carrying out the development, counselling and co-ordination tasks of the state related to the promotion of (regional) development.

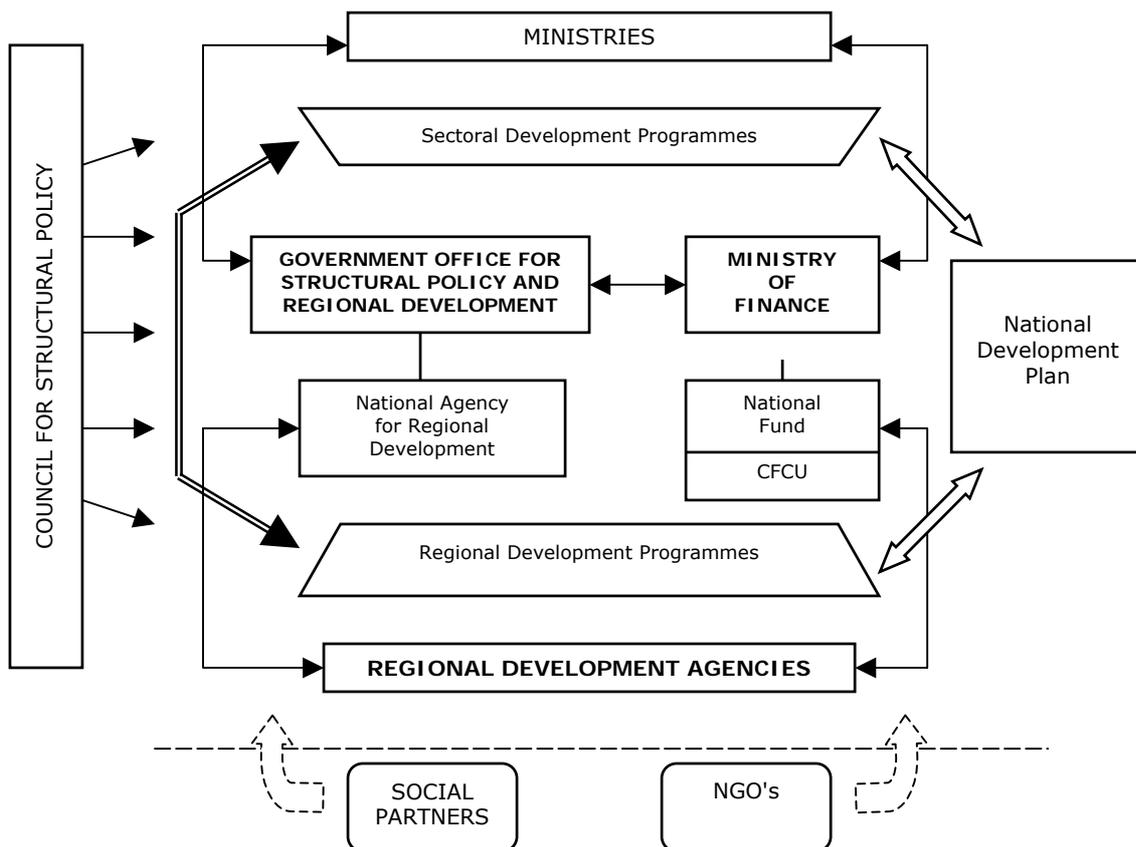
The Act on the Promotion of Balanced Regional Development also established the Council for Structural Policy as a cross-sectoral co-ordinating body of the Government responsible for co-ordinating documents proposed for implementing structural policy at the national level and for the formation and co-ordination of national development incentives and structural assistance allocated by the EU.

Finally, the Act also enabled the establishment of a network of RDAs. They were either established by municipalities or authorised by them for regional planning and development. In accordance with the twelve statistical regions found at the NUTS-3 level in Slovenia, twelve RDAs were established. They are responsible for regional planning, project initiation and development, designing and the submission of project proposals for public tenders, monitoring of the projects implemented by municipalities and other project leaders and for the evaluation of project results. They are the key actors at the regional level. In this context, apart from acting as co-ordinators of local municipal plans and development projects they represent local municipalities at the national level and lobby for their interests regionally, nationally, and within the EU's structures.

In this way, a relatively stable and institutionalised network for administering regional issues in Slovenia has gradually been evolving for over a decade (see Figure 2). Evolved network is rather centralised at the national level, where a central role of managing the structural policy issues lies within one central institution for co-ordination purposes (Managing Authority) – GOSP, and one single Paying Authority – National Fund, whereas

'political function' lies within the Council for Structural Policy. The network is open, though to the limited extent, for subnational actors (local authorities/municipalities), represented through RDA's, as well as for social partners and NGO's. They are included in the processes of preparation of the National Development Plan and regional and sectoral development programmes.

**Figure 2:** The evolved network of managing regional development in Slovenia



***Europeanisation through regionalisation: the mobilisation of subnational actors?***

In the last few decades the EU has paid more attention to endogenous regional development that builds the strength of regional uniqueness 'from the foundations up' (i.e. bottom-up) (Plut 1998, 34-6). EU member-states, however, agree to considering the status of subnational government as part of their sovereignty, and this basic legal understanding applies to the accession-states as well. Nonetheless, EU institutions have a much more powerful position *vis-à-vis* accession-states than in their relations with member-states. Hence, regional governments or regional administrations have been subjected to fundamental changes in the accession-states; their constitutional status is also generally less consolidated than in EU member-states (Brusis 2003, 89).

During accession to the EU, this has led to two tasks for Slovenia: its integration into successful European development axes so as not to remain on the periphery; and the development of internal regionalisation, without which the country's more uniform development would be impossible (Plut 1998, 40-2). As already noted, Slovenia's territory is extremely mixed in its natural and socio-geographical aspects. In relation to building up the 'Europe of regions', Slovenia as a whole is a (peripheral) region while, within Slovenia, there are structurally limited and economically weak areas, border areas and areas with an old industrial structure. As such, on one side this situation can lead to the formation of regions while, on the other, many questions<sup>17</sup> arise resulting in none of the proposals for Slovenia's political-administrative regionalisation<sup>18</sup> being so far completely satisfactory. Following the perspective of the logic of consequentialism, Europeanisation and regionalisation are largely conceived as an emerging political opportunity structure, which offers some actors (here subnational actors in particular) additional resources to exert an influence.

#### *Unsuccessful internal regionalisation*

Slovenia has no historical tradition of regional government and thus its political-administrative regionalisation is no simple task. That is why the country's administrative regionalisation is still incomplete, and regions as administrative-political entities are still to be established. It will be long time from the decision based on economic, political and expert analyses on the urgency of establishing regions to the time the network is actually established. Namely, the current territorial organisation is ever expanding the gap between the small and powerless communities and the centralised state. The introduction of political-administrative regions should close this gap between small municipalities and the state which is excessively centralised and has too much power in comparison with the municipalities. In addition, the present situation is also increasing the gap between the more developed central Ljubljana urban region, and the rest of Slovenia. In fact, such falling behind has been characteristic of three-quarters of the country's territory even though it was one of the few (if not the only) countries in the socialist world to base its development on polycentrism.

To achieve Slovenia's political-administrative regionalisation, however, the Slovenian Constitution of 1991 has to be changed. In the opinion of some experts (for example, Šmidovnik 1998), the chapter on local government in the Constitution came into existence without the necessary experience and knowledge and cannot compete with other successful constitutions on this issue (for example, the Italian or German

constitutions). Namely, the 1991 Constitution adopted a centralistic model of state administration and thus did not envisage any 'mandatory' body for realising regional interests (Grafenauer 2003, 39). The most controversial part is Article 143 of the Constitution which does not even provide for the establishment of regions within the whole territory of Slovenia, nor provide for the regions to be autonomous local communities.<sup>19</sup> Hence, this Article only defines voluntary forms and ways of municipalities' co-operation at the regional level which is the main reason why regions, although a constitutional category, have still not been formed in Slovenia.<sup>20</sup> Pursuant to Article 143 a region is founded on one single pillar, the community, while the interests of the state and the interests of the people in communities and companies in regional areas are underestimated.

Experiences from the last ten years show that regionalisation in Slovenia needs to be carried out across the whole territory, whereas the 'spontaneity' of linking communities is not a strong enough foundation. Namely, the last decade in Slovenia has been marked more by the fragmentation than the co-operation (or networking) of subnational actors (i.e. municipalities). Instead of the municipalities coming together they have been divided. As a result, today there are 192 municipalities in Slovenia. They are generally very small since the country's total population of 2 million inhabitants is divided up amongst these 192 municipalities. Consequently, most municipalities have very limited financial and political power. Given these considerations, it is obvious that regionalisation cannot be left up to the coincidental decision-making of individual communities (from the 'bottom-up') but demands a stable normative basis in national law.<sup>21</sup>

Co-operation between municipalities has, at least to some extent, been stimulated by the 'EU model of regionalisation'.

#### *The 'EU model of regionalisation'*

According to the Commission's guide to the negotiations, however, there is no Commission model of regionalisation: 'The *Acquis* under Chapter 21 (regional policy) does not define how the specific structures for the practical management of Structural and the Cohesion Funds should be set up, but leaves it up to the member-states' (European Commission quoted in Hughes et al. 2003, 72). Nevertheless, the accession-states must agree a NUTS territorial classification with the Commission. The NUTS statistical classification system is a key tool for the Commission to shape and standardise structural policy. Here, the NUTS-2 category is crucial because it provides not only the statistical information and analysis for regional development planning and programmes,

but also defines the administrative level at which structural funds and other regional and cohesion funds are managed (Hughes et al. 2003, 73). However, this does not also describe the case in Slovenia: the Slovenian model for regional development is based at the NUTS-3 category instead of the NUTS-2 category. Therefore, regions in the Slovenian context are actually sub-regions in the EU context.

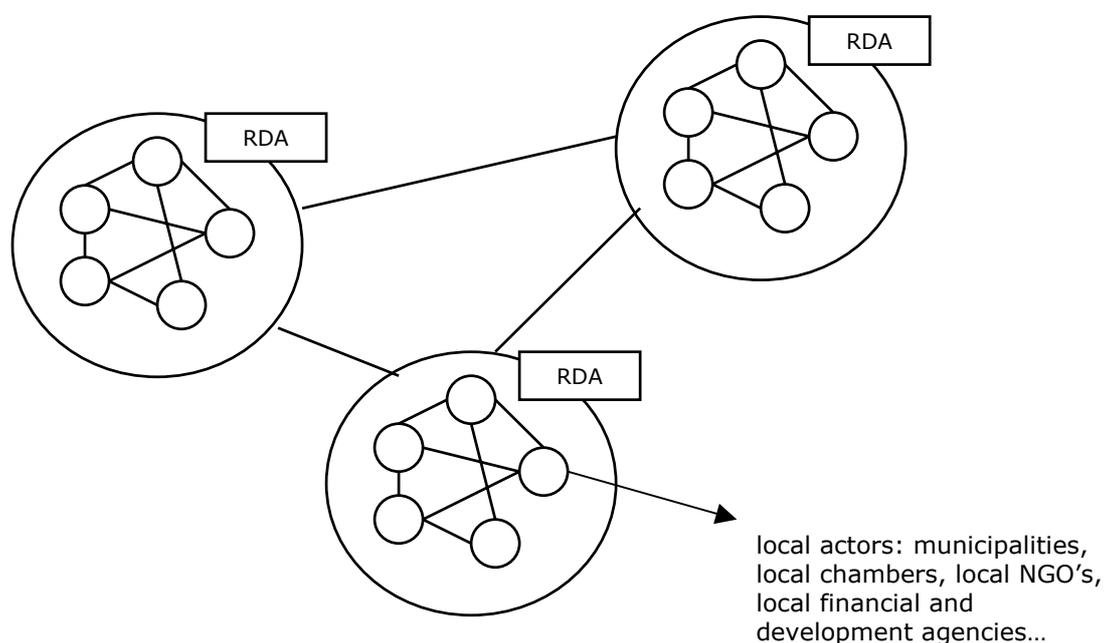
Slovenia formally aligned its statistical regions with the NUTS classification in March 2000. At the time, the Slovenian Government took the initiative to establish two large NUTS-2 regions (Ljubljana Urban Region and the Rest of Slovenia), primarily motivated by the desire to qualify for structural funding for as long as possible. Hence, rather than being considered as one NUTS-2 region and potentially losing its eligibility for structural funding in the very near future, the Government proposed a two-way split. However, the Commission has not been very keen about this initiative since 'it is not clear on which analytical requirements and administrative structures the division into these two statistical units is based' (Regular Report from the Commission 2000). A mutually acceptable solution for closing the negotiating chapter on 'Regional Policy and Co-ordination of Structural Instruments' was reached at the EU accession conference in July 2002. Accordingly, Slovenia is to be considered a single programming area in the 2004-2006 period (e.g. Slovenia as a single NUTS-2 region), while discussions on the country's final regionalisation at the NUTS-2 level continue. Recently, Slovenia prepared a proposal for three NUTS-2 (cohesion) regions (Central, Eastern and Western Slovenia), which would make – in the Government's opinion – Slovenia's territory more statistically balanced than the first proposal. However, Slovenia's regionalisation at the NUTS-2 level is expected to be completed by 2006 when Slovenia is already an EU member-state and when Slovenia's administrative ('real') regionalisation should be completed.

The Act on the Promotion of Balanced Regional Development established a system of twelve<sup>22</sup> unelected functional planning regions corresponding to NUTS-3 statistical units, but without any accompanying governance structures. In fact, these 'paper' regions were already introduced in 1995 as an intermediate level between municipalities and the state, primarily due to lagging behind in the establishing of administrative-political regions. These 'functional' regions were initially important for demonstrating statistical data at the regional level, while in the process of Slovenia's accession to the EU, as mentioned, they became important for planning and development purposes at the NUTS-3 level. At this level, 12 RDAs were also set up.

Over the last decade inter-municipal cooperation in Slovenia has been completely unsuccessful. Slovenian Constitution has even offered 'bottom-up' approach of

regionalisation, which did not turn out to be most appropriate one. Just the opposite: it led to the fragmentation of subnational level in Slovenia. At last, an exogenous factor – the 'EU model of regionalisation', triggered co-operation between local communities as well other subnational actors in Slovenia. In fact, this model has led to the emergence of subnational networks, where key links involve the RDA's. These networks are rather the results of exogenous factors than of the efforts of autonomous subnational actors, and reflect changes in national legislation on regional development and adaptational pressures on territorial reorganisation towards the 'EU model of regionalisation'.

**Figure 3:** Subnational networks stimulated by the 'EU model of regionalisation'



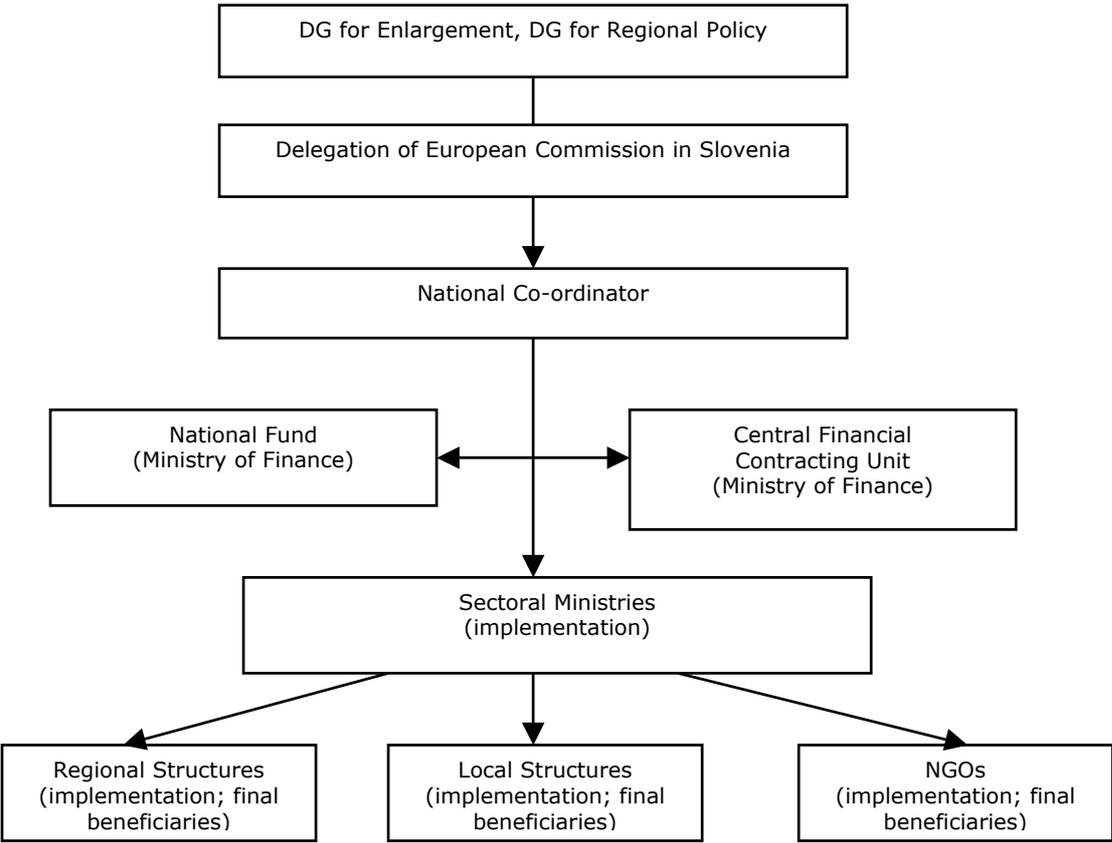
### **Implementing the EU's pre-accession assistance programmes in Slovenia: 'theory and practice'**

#### ***Preparation and implementation in 'theory'***

Briefly, in 'theory' preparation and implementation of the EU's pre-accession assistance programmes in Slovenia has gone as follows. The scope and overall level of funds from pre-accession assistance has been agreed with the European Commission every year. In order to receive assistance, like other candidate-countries Slovenia has had to fulfil certain criteria. Hence, Slovenia first submitted several strategic documents (i.e. the 2000-2002 Preliminary Development Plan for PHARE, the 2000-2006 ISPA Strategy of Environmental and Transport Investments, the SAPARD-related Seven-year Rural

Development Plan and the National Development Plan for 2001-2006, which encompasses the three strategic documents). Only those projects falling into one of the measures defined in the strategies can compete for assistance. In addition, projects needed to be in line with the commitments Slovenia made in the negotiating process. Following the submission of these strategic documents, within the so-called PHARE Managing Committee all details were harmonised and the Financial Memorandum signed. On the basis of the Financial Memorandum the European Commission has ensured the agreed amount of funding. Particular projects were then implemented at the (sub)national level either directly from a particular sectoral ministry or by other (implementing) agencies at the national, regional or local levels. Smooth implementation of the programme and projects, and control over their quality, has been further ensured by monitoring and evaluation processes.

**Figure 4:** Implementation of pre-accession assistance in Slovenia



Source: <http://www.gov.si/svez/>, April 2003

### ***Implementation in 'practice': a case study***

This section analyses the implementation phase of the project "New Business (Infra)Structures in the Role of Stimulating the Economic Restructuring of Rural Areas in the Pomurje Region". The project was conducted within the framework of the EU's PHARE Special Preparatory Programme for Structural Funds. Since 'the manner in which pre-accession aid is being implemented is an important indicator of the capacity of the accession-states to manage regional policy post-membership' (Laffan, 2003) I believe it is particularly appropriate to select this project realised within the framework of the Special Preparatory Programme. Namely, one of the PHARE Special Preparatory Programme's main goals for accession-states is to gain experience and learn lessons in the design and carrying out of a programme modelled on the Structural Funds. The following case study therefore hones in on Slovenia's preparations (through implementation of the pre-accession aid programmes) to participate in EU structural policy as a member-state from 2004 onwards, with the main aim being to illustrate the processes of multi-level governance and partnership while emphasising the mobilisation of subnational actors.

#### *PHARE's Special Preparatory Programme For Structural Funds*

As its main aim, the PHARE Special Preparatory Programme for Structural Funds seeks to give EU accession-states (including Slovenia) direct experience in the operating aspects of the conception and implementation of "Objective 1"-type programmes concerning local development in a specific zone or zones of a country (covering all the structural funds). In this context, a limited number of pilot actions were identified and prepared in accordance with Objective 1 methodology. The actions were initiated on the basis of the Preliminary National Development Plan, and an integrated regional development strategy within the context of a strategic and integrated approach to local development. It was desired that pilot activities be co-financed at progressive rates by the Slovenian side, up to the minimum Objective 1 co-financing rate of 25 percent. These activities covered areas eligible for the structural funds (e.g. ERDF, ESF, EAGGF) and included the implementation of new projects as well as the co-financing of existing national schemes, where appropriate.

There are three core goals of the aforementioned pilot projects. First, to gain experience and learn lessons in the design and implementation of a programme modelled on the Structural Funds so as to help Slovenia generally prepare for its EU membership. Second, to actively support regional development in a systematic way according to the objectives,

principles and methods of the Preliminary National Development Plan. Third, to provide a basis for recommendations on the design cycle and implementation of future policy-making, in particular for the full National Development Plan. Hence, the key aim of the Pilot Actions programme has been to gain experience and learn lessons in the selection, design and implementation of a limited number of projects (in a programme context) modelled on the Structural Funds.

*The project: where and why?*

The selected case study analyses implementation of the pilot and demonstration project involving economic restructuring of the rural areas of 'Pomurje region'. The Pomurje region is the biggest agricultural region according to Slovenia's NUTS-3 level classification. It is the least developed region of Slovenia and has the lowest GDP per capita (the ratio between it and the region with the highest GDP per capita – the Central Slovenian region – is 0.6:1). Except for the central area around the city of Murska Sobota (the capital of the Pomurje region), it has a rural character and agriculture is the main economic activity. As a result, the share of farmers is very high (three times higher than the national average: Pomurje region 20.4 percent, Slovenia 7.4 percent), whereas almost 20 percent of all jobs in the region are in the agricultural sector. Moreover, in more than half of the region's municipalities the share of these jobs reaches 40 percent, in some municipalities even 75 percent, of all jobs. The region's agricultural activity is mostly oriented to the production of 'traditional programmes' (wheat, corn, milk, cattle and pig breeding etc.). At the same time, most farms are very small (3-5 hectares of land) and, consequently, not very competitive. The region also suffers from large-scale unemployment, especially due to the lack of alternative employment possibilities in rural areas (a labour surplus in the agriculture sector, only a few jobs in supplementary sectors in farms, whereas the service sector in the Pomurje region is particularly underdeveloped). Finally, because certain negative demographic trends (a very old population, high emigration rate for young people, negative population growth in general) in the Pomurje region are well above the national average the region may be characterised as an area of long-term depopulation. Still, despite this, the region simultaneously has the image of an ecologically well-preserved area whose products are usually described as 'genuine home-made', 'healthy' etc. In the future, it is exactly this kind of image that could become a good basis and opportunity for trading the region's food products with higher value added and under its own trademark or controlled origin labelling.

In summary, the main aims of analysed project<sup>23</sup> can be reduced to three: first, to enable new production forms in the agriculture sphere through the use of renewal energy

sources (thermal water).<sup>24</sup> Second, to stimulate an entrepreneurial approach within the sphere of agriculture.<sup>25</sup> Third, to gain skills and experience in the design and implementation of Structural Fund-type programmes and projects in the region that contribute to development of the region and its population, as well as to disseminating the project's experiences and know-how to other regions in Slovenia.

### *Implementation*

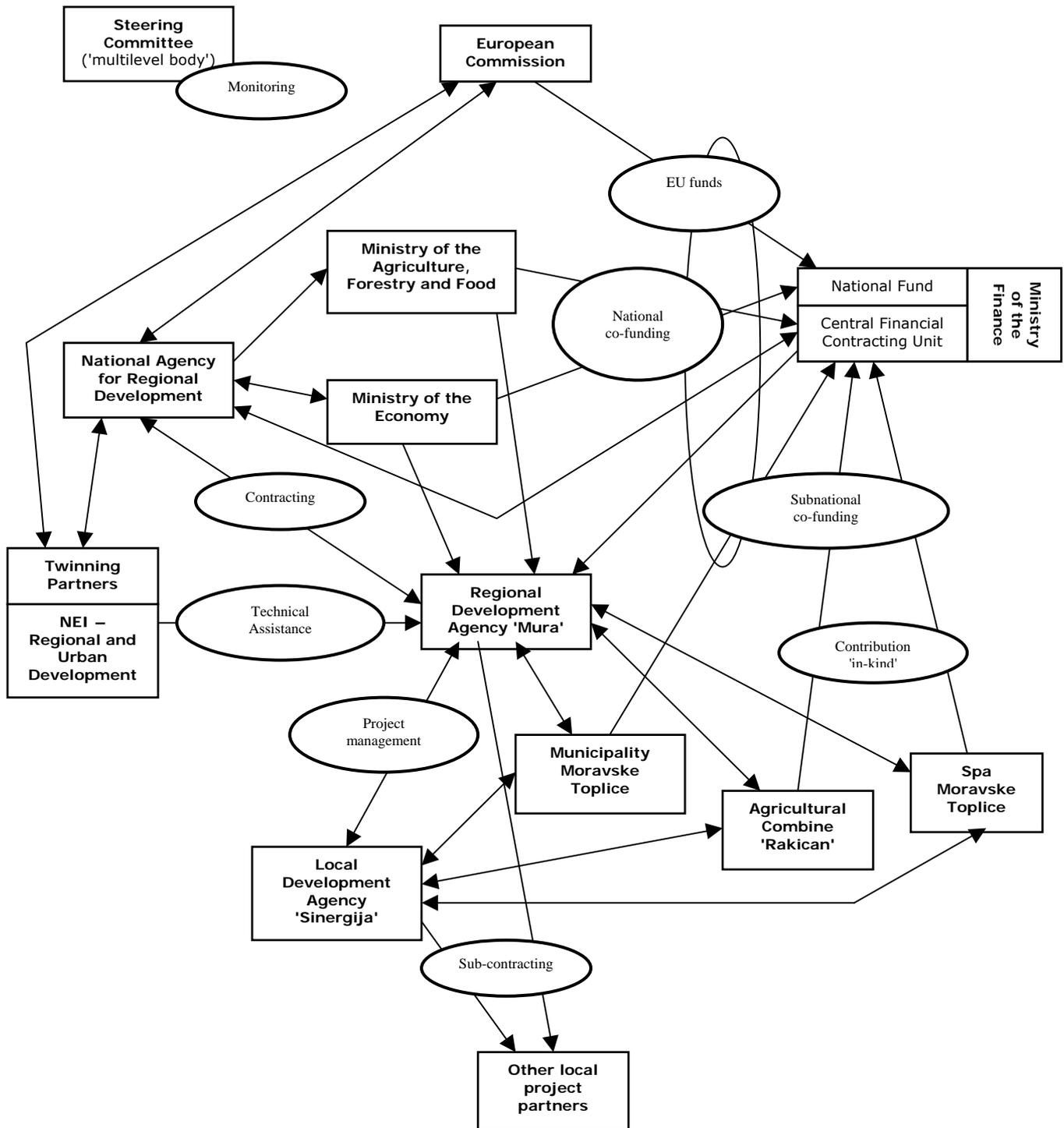
The implementation phase of the project 'New Business (Infra)Structures in the Role of Stimulating the Economic Restructuring of Rural Areas in the Pomurje Region' generated a multi-level implementation network, including implementing partners from the EU, national and sub-national levels.

The key implementing partner at the EU level was the European Commission. It provided the PHARE resources needed under the Special Preparatory Programme for carrying out the pilot projects. Resources were channelled through the National Fund administered by the Central Financial Contracting Unit. Throughout the implementation phase, the Commission was informed of the progress and direct and indirect (especially learning) effects of the project. In addition, EU actors also played a very important role in giving technical assistance to both national and regional actors. Technical Assistance was offered by the Netherlands Economic Institute – Regional and Urban Development (NEI), and Twinning Partners from Ireland, Germany and Great Britain. Technical assistance had already been offered in the preparatory phase of the pilot project, but was particularly intense in the implementation phase especially in its training component and in the field of operating good financial management and control systems. More specifically, technical assistance in the project's implementation stage included the following main tasks: finalisation of implementation arrangements; assistance in the elaboration of a project work-plan; establishment of a monitoring system; assistance in PHARE procedures (e.g. tendering); impact assessment at the project level; organisation of training (project management, evaluation); organisation of workshops and seminars; and recommendations on the revision of agricultural policy and its practices.

Actors at the Slovenian national level involved in project implementation included: the NARD, the Ministry of the Economy, the Ministry of the Agriculture, Forestry and Food, and the Ministry of Finance. As the managing and contracting authority, the NARD was responsible for project contracting with project implementers, the endorsing of progress reports and payments, and the securing of co-financing arrangements after having been agreed by the actors involved. The Ministry of Finance (and, within it, the mentioned

National Fund and the Central Financial Contracting Unit) was responsible for controlling the inflow of assistance, for the financial management of EU financial assistance, and for co-ordinating EU funds with domestic funds. Both sectoral ministries (the Ministry of the Economy and the Ministry of the Agriculture, Forestry and Food) took on the key role in co-financing the project as well as its actual implementation and monitoring.

**Figure 5: Project's Implementation Network**



Finally, the subnational network-level included the RDA Mura, the Development Agency Sinergija, the Moravske Toplice Municipality, the Spa Moravske Toplice, and the agricultural combine Rakican. The RDA Mura was the co-ordinator of the preparation and development of the proposed project. In addition, it was also the main contractor with the NARD. The local Development Agency Sinergija, together with RDA Mura took on responsibility for project management. The Municipality Moravske Toplice was the initiator and submitter of the project, its investor and co-financer, and also the direct beneficiary. In addition, the Municipality also guaranteed the provision of the finance needed for the project's realisation and provided bridging financing for some project phases to ensure implementation according to the set deadlines. The spa Moravske Toplice contributed the right to freely use thermal and spring waters without any time limit, whereas the Rakican agricultural combine contributed the location (land) for the establishment of greenhouses. Some individual activities at regional level were undertaken by other project partners, and for some activities a public tender was launched to select a sub-contractor.

The project's implementation was supervised by the Project Steering Committee. The Steering Committee was a monitoring body that made strategic decisions about the project, monitored the progress and gave support in emerging problems. The Steering Committee, besides representatives of the European Commission Delegation in Slovenia, also included representatives of all key Slovenian (national and subnational) partners in the project.

The primary aim of analysed project was to gain experiences in the implementation of Structural Fund programmes and projects. Here, an important principle is subsidiarity, meaning that local and regional actors should implement projects and programmes whenever they are able to do so. In this respect, the Municipality Moravske Toplice, in cooperation with RDA Mura, submitted the project, 'found' local partners, they together brought in the project their share of the related finances, and were responsible for implementing the project. Interestingly, local project implementers and beneficiaries were to a large extent actually the same. At subnational level, the main focal point was RDA Mura as the main coordinator of the project and contractor with the NARD (i.e. the main focal point at the national level). In this way, RDA Mura was a central link with national and EU actors. Although subnational actors played significant role, they were heavily dependent on national and EU actors. Pivotal role was in the hands of the national-level (governmental) actors and the Commission. They actually enjoyed a monopoly in the resources that hold together the network.

## Concluding remarks

In this paper, I have initially offered an analytical framework for understanding the outcomes of domestic changes in response to the processes of Europeanisation and regionalisation. Second, I have sought what have been the impacts of outcomes of investigated processes on the role of subnational actors in Slovenia as the EU accession-state. I have treated both Europeanisation and regionalisation as 'explanatory variables' of domestic institutional and policy changes in respect of the management and implementation of the Structural Funds in EU accession-states. Accordingly, the paper was based on generally kind of 'trivial' but in the context of EU accession-states challenging proposition that outcomes of Europeanisation and regionalisation processes in EU accession-states stand for the emergence of different types of policy networks. Here, the new institutionalism certainly seems to be helpful in explaining outcomes of Europeanisation and regionalisation processes.

The analysis revealed the emergence of various types of networks as a result of Europeanisation and regionalisation processes. First, processes of Europeanisation, following the EU 'paradigmatic structural model' have led to the establishment of administering structural network. Gradually, this network has evolved to a relatively stable and institutionalised arena, what is in particular important from the viewpoint that the institutional and political environment for regional development in last decade in Slovenia was very unstable. At last, the Managing Authority has finally established firmly in a new Government Office for Structural Policy and Regional Development. In the network, actors tend to share similar objectives, common interpretations of problems, and seek the instruments best suited for solving them. However, this network is quite centralised at the national level, where central role of managing and implementing the structural policy lies within one central institution for co-ordination purposes (Managing Authority), and one single Paying Authority. This situation is congruent with current territorial organisation, namely the absence of self-governing, autonomous regions as political-administrative entities with their own budgeting. Only access for subnational actors to the network is through the RDA's, associations that help plan regional development programmes as well as National Development Plan. From a subnational perspective, local actors are thus most important as mediators of knowledge about local and regional development problems.

Second, both processes of Europeanisation and regionalisation in concert stimulated cooperation among subnational actors (above all municipalities), with RDA's as linking (f)actors. The outcomes of simultaneous processes are 'paper' regions and emergence of

subnational networks. Over the last decade inter-municipal cooperation in Slovenia had been very poor, irrespective of the (bottom-up) constitutional possibility of forming regions. Namely, prior to the Slovenia's participation in pre-accession assistance programmes, officially recognized regions did not exist in Slovenia. In a matter of fact, they still do not exist. But the 'EU model of regionalisation' introduced 'quasi regions'. As such, it has also been an exogenous factor of stimulating cooperation between local communities as well as other subnational actors in Slovenia.

Third, implementation of the analysed project has exposed multi-level policy network with pivotal role of national (governmental) actors and the Commission. The project was rather implemented in a quite ritualised and symbolic way, failing to exert sustainable influence on implementation result. This was partially the result of a fact that the primary aim of the project was to gain experiences in the implementation of Structural Fund programmes and projects. Within existing relations and power structures, subnational actors, although they were a component and indispensable part of the project's implementation phase, lacked the capacity to play a pivotal role so they rather just played the Commission and national-level actors game.

Finally, conducted analysis argues the employment of subnational actors in EU regional policy process in the case of Slovenia, but not also the empowerment of subnational actors. Main reason for this is the absence of self-governing, autonomous regions as political-administrative entities with their own budgeting. The RDA's as key actors at 'regional' level are in general still very frail, financially weak with limited availability of skilled staff, and lacking experiences in implementing projects, particularly within a programme context. Limited funds and staff at the regional level is also one of the main and permanently present Commission's criticism. There also exists quite significant varying levels at which the RDA's are supported by the municipalities, in particular by local politicians and Mayors. The fragmentation of municipalities during the last decade has also led to the weak financial situation of municipalities, resulting in limited local budgets for public co-financing that are available. As well, the 'risk capital' from local private co-financing possibilities is rather deprived. Anyhow, main problem remains the lack of experiences with regional development thinking within municipalities in a sense of 'think locally, act locally' instead of 'think regionally, act locally'.

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## NOTES:

<sup>1</sup> Policy networks, however, are not immune to criticism. Generally, they tend to be criticised on four specific grounds (see Peterson 2004, 126-9): a) they may be a useful metaphor, but it does not constitute a model or theory; b) policy-making in Brussels is too fluid, uncertain, and overpopulated with an enormously diverse collection of interests for stable networks to exist or persist; c) policy network analysis lacks a theory of 'power'; and d) the literature of policy networks is often vague and caught up with insular and purely academic debates about terminology. For more on such criticism see, for example, Kassim 1993 and Dowding 1995.

<sup>2</sup> The partnership principle was reaffirmed and expanded through subsequent reforms in 1993 and 1999 (for more details, see Sutcliffe 2000; Thielemann 2000; Armstrong 2001; De Rynck and McAleavey 2001; Bailey and De Propriis 2002).

<sup>3</sup> Here, I follow March and Olsen's (1998, 948) definition of institutionalisation and understand it as the emergence of institutions and individual behaviour within them. The process involves the development of practices and rules in the context of using them.

<sup>4</sup> The 'goodness of fit', however, does not tell the full story of Europeanisation. For example, in some cases governments are under little adaptational pressure from EU regulations, whereas in some other cases adaptational pressure might not be the best predictor of how a country responds to Europeanisation: a country can be under strong adaptational pressure but can implement EU policy without too many problems. For more doubts about the 'goodness of fit', see Radaelli 2003, 44-6.

<sup>5</sup> The logic of appropriateness draws from the sociological institutionalism, where 'actions' are seen as rule-based (March and Olsen 1998). Those actions involve the evoking of identities or roles and matching the obligations of those identities or roles to a specific situation. The pursuit of purpose is associated with identities more than with interests, and with the selection of rules more than with individual rational expectations (ibid, 951-2; Reich 2000, 509).

<sup>6</sup> The logic of consequentialism (or expected consequences) is embodied within rational choice institutionalism, which treats actors as rational, goal-oriented and purposeful (Börzel and Risse 2003, 63). Here, actors choose among alternatives by evaluating their likely consequences for personal or collective objectives, conscious that other actors are doing likewise (March and Olsen 1998, 949-50). Following this perspective, 'Europeanisation is largely conceived as an emerging political opportunity structure which offers some actors additional resources to exert influence, while severely constraining the ability of others to pursue their goals' (Börzel and Risse 2003, 63).

<sup>7</sup> The link between Europeanisation and regionalisation of the nation-state is no longer contested (Börzel 2001, 137). Simultaneously, Europeanisation processes have started to attract special attention (in the late 1980s and during the 1990s), with regionalisation becoming defined as a high priority on the EU agenda. This period was the decade of the 'Europe of Regions' (or the 'Europe with Regions'), especially as a reflection of preparations for the Maastricht Treaty and the creation

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of the Committee of Regions. Although some authors have sceptically responded to such ideas about the Europe of Regions (Anderson 1990) while others agree that the whole notion of a Europe of Regions belongs more to the sphere of partisan debate of academic analysis (Smyrl 1997, 291), the fact remains that at that time regions emerged as the third institutional level (Ágh 2003, 115). In this way Europe has opened up territorial politics to new influences with the consequence that regional politics have become increasingly Europeanised, while national politics have become both Europeanised and regionalised (Keating 1998, 25).

<sup>8</sup> The multi-level governance model relies on three key presumptions as to the processes affecting EU member-states and their supra- and sub-national levels: a) sub-national governments are no longer limited to dyadic political relations with national state actors (Hooghe and Marks 2001, 81), so they are now seen as governmental levels of importance next to the national and European levels; b) sub-national authorisation is seen as a process that is not replacing national states (Hooghe 1996b, 18); and c) European-level actors have an independent role in the EU's policy-making process (Marks et al. 1996, 346).

<sup>9</sup> Kustec (2000), likewise, in the field of telecommunications observed the relatively significant role of economic strong interest groups, resulting in the bottom-up emergence of an institutionalised policy network.

<sup>10</sup> In their study of the Europeanisation of the Slovenian core executive, Fink-Hafner and Lajh (2003, 114) observed that the mentality of the old socialist system that 'co-ordination and cooperation is neither necessary nor desired', in the first years of accession impeded the formation of any more effective co-ordination of EU affairs in Slovenia. In this way, a system was growing that did not correspond to the needs of effective communication with Brussels, and mostly derived from traditional patterns of the Slovenian state administration's operations. Deepening of Slovenia's integration with the EU leads to the internalisation of EU norms, including an awareness of the need for consultative politics.

<sup>11</sup> Since in Slovenia regions as administrative-political units have still not been formed, in the paper we treat 'regions' as 'statistical', 'functional' or 'paper' regions.

<sup>12</sup> Hughes et al. (2003, 70) established that, of the thirty-one negotiating chapters of the *Acquis*, regional policy was the third most problematic; as a consequence, all parties left it to the final stages of the negotiations.

<sup>13</sup> In its 1999 Report the Commission positively reviewed the Act on the Promotion of Regional Development as an administrative reform for rationalising the distribution of regional funding by stating: "The Act is based on the same principles as the EU Structural Funds and establishes a general administrative framework for the implementation of a regional structural policy" (Regular Report from the Commission on Slovenia's Progress towards Accession, 1999).

<sup>14</sup> The decree on the composition, organisation and tasks of the NARD (Official Gazette of the RS, No. 60/99) defines the Agency as a constituent body within the ministry responsible for development.

<sup>15</sup> The GOSP was established in February 2003, after former Slovenian Prime Minister Janez Drnovšek resigned (to allow him to run for the position of President of the Republic), and on 19 December 2002 Tone Rop (like Drnovšek, a member of the Liberal Democrats of Slovenia) won parliamentary support to take over the position of Prime Minister. The composition of the new (old) government coalition in fact stayed the same in terms of the (coalition) political parties and their numbers of portfolios. However, one coalition party (the Democratic Party of the Retired of Slovenia) expressed the demand to lead one ministry. Partially as a result of this, a new GOSP (however, without a portfolio) was established and the abovementioned coalition partner was nominated the new minister without portfolio. This is why there are two differing explanations of the establishment of new Office. The first explanation (the 'opposition point of view') is that one coalition partner was 'satisfied' and got a 'ministerial post'. The second explanation (the 'official, governmental point of view') is that regional development policy is such a complex and important field it is necessary ('deserves') to have its own ministry. Moreover, they assert that with the establishment of this Office the project of balanced regional development in Slovenia has received a new impetus.

<sup>16</sup> The GOSP's main responsibilities are: first, leading preparations of the National Development Plan, monitoring its realisation and harmonising the developmental policies of various ministries in realisation of the Plan; second, leading negotiations with the EU, drafting and realising the agreements (pre-accession financial memoranda, the single programming document, programme supplement to the single programming document) and co-ordinating the activities of the joint bodies founded on the basis of these agreements in the area of pre-accession aid, structural funds and the cohesion fund.

<sup>17</sup> Key questions involving the political-administrative regionalisation of Slovenia are as follows: 1) should it rely on the old traditional administrative units; 2) should it derive from the recent

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administrative system; 3) should it support smaller or larger administrative units; 4) on which territorial units should the political-administrative structure be built; 5) how many hierarchical levels should it have; and 6) how much of the expert cognition should be taken into consideration (Vrišer, 1998)?

<sup>18</sup> From the viewpoint of Slovenia's accession to the EU, regionalisation is important for two reasons: due to integration with the regional institutions of the EU, and due to participation in the sources of structural and cohesion funds destined for regional development.

<sup>19</sup> The first paragraph of Article 143 of the Slovenian Constitution states: *'Municipalities may independently decide to join into wider self-governing local communities, as well as regions, in order to regulate and manage local affairs of wider importance. In agreement with such communities, the state may transfer specific matters within the state competence into their original competence and determine the participation of such communities in proposing and performing particular matters within the state's competence'*.

<sup>20</sup> Grafenauer (2003) argues that there are at least two other reasons possible as to why regions in Slovenia have not yet been formed. First, in the opinion of some professionals and politicians, due to certain characteristics of Slovenia such as its population, historical, political, economic and other circumstances it is really not necessary to divide the already small Slovenian territory into smaller regions. Secondly, the constitutional possibility of municipalities participating in the policy process, including the possibility of forming regions, has already been given.

<sup>21</sup> In this respect, Article 143 of the Constitution should be amended so that regions as wider self-governing local communities become an 'obligatory' (instead of a 'voluntary') component of Slovenia's constitutional arrangements. Accordingly, the Constitution would manage the issue of regions only in principle, while the procedures for setting up regions, their size, number, responsibilities, financing and other related issues would be arranged under a special law on regions. In fact, the idea of adopting a law on regions is not new since debates on this issue in Slovenia have so far lasted for about eight years.

<sup>22</sup> Those regions are: Pomurje, Podravje, Koroska, Savinjska, Zasavje, Spodnje Posavje, Jugovzhodna Slovenija, Osrednja Slovenija, Gorenjska, Notranjsko-kraska, Goriska and Obalno-kraska.

<sup>23</sup> See the Project "New Business (Infra)Structures in the Role of Stimulating the Economic Restructuring of Rural Areas in the Pomurje Region", Pilot Activities in the Framework of the PHARE Special Preparatory Programme for Structural Funds (SL-9804). Development Agency Sinergija, Moravske Toplice.

<sup>24</sup> A very important feature of the Pomurje region is that it is very rich in geothermic energy (primarily thermal water). However, in the past this geothermic energy was mostly used for spa tourism and only partly for heating apartments. The use of thermal water for the region's agricultural needs was completely unexploited in the past. Therefore, a main aim of the project was to introduce new production forms in the agriculture sphere involving the use of renewal energy sources (thermal water) and the construction of proper infrastructure. Namely, using thermal water to heat greenhouses could enable food production even during colder months.

<sup>25</sup> In relation to this objective, the project's main target groups were the local population living in rural areas (especially small farmers), local agricultural co-operatives, local unemployed people, local authorities in the region (municipalities), and local enterprises and entrepreneurs.