Coordinating Regional Policy in the EU

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EU regional policy is an instrument to promote development in economically weaker areas of Europe as well as to facilitate integration and ensure the success of the single market (European Commission, 2003). The territorial nature of EU regional policy demands complex coordination among various levels of government as well as across several policy sectors. Coordination, however, is often unsuccessful. Vertical coordination, inherently necessary for regional policy, is often precluded due to power struggles among supranational, national and regional governments. Likewise, conflicting policy goals and competing interests across policy sectors curtails the achievement of cross-sectoral coordination. Challenges to cross-sectoral coordination often arise since regional policy, based upon redistribution and Keynesian economics, has found itself at odds with underlying principles of the EU, namely neo-liberalism and free market competition.

Goals of regional policy often parallel the aims of other policy sectors, namely the environment and enlargement. On the other hand, regional policy may conflict or interface with other sectors such as competition and agricultural policies respectively. Regional policy necessitates cross-sectoral coordination within the European Commission across relevant Directorate Generals (DGs), with other EU institutions, as well as vertical coordination among various levels of government. Pressures for cross-sectoral coordination emerge due to budgetary concerns, the desire to improve policies or to comply with legal requirements. The Commission's Regional Policy DG has found it not only essential to coordinate with other DGs, but also to seek vertical coordination with member states as well as regions and municipalities. Pressures for coordination among the Regional Policy DG, member states and regions have emerged to achieve better implementation of policies and to enhance financial management of funds.

Success of vertical coordination among levels of government varies, however, due to institutional/constitutional constraints within member states and the extent to which each state guards their own sovereignty. Federal or quasi-federal systems facilitate greater inclusion of regional governments in the creation and implementation of EU regional policy. Yet, even within the same member state there may be variations of regional inclusion in coordinating EU regional policy since some regions have stronger institutional capacities than others (Dudek, 2001). Also, regions may seek greater participation with the EU rather than their national government in creating and implementing regional policy as a way to gain more autonomy from their central government (Smyrl, 1997; Conzelman, 1995). As a result of territorial governance and the inevitable power struggle among levels of government, the extent to which vertical coordination can be achieved may be very limited.

The implementation of regional policy demands local and regional actors, both public and private, to play a significant role (Cini, 2001; Hooghe 1996). Member states also have an important function since the EU's structure is mostly shaped by member state representation and subnational levels are only provided an advisory role in the Committee of the Regions. Thus, the relation among central and regional governments with the Commission is vital to the coordination of regional policy, both in its formulation and implementation. However, tensions often emerge among levels of government as each seeks to have a greater role in regional development.

Vertical Coordination among the Commission, Member States and Regions

Structural funds are one of the main financial tools of EU regional policy. The structural funds reform of 1988 was created to significantly alter the Commission's coordination of funds with national and regional governments. Internal pressures from within the Commission advocated a stronger role for regions in order to improve the effectiveness of funds. In the end, however, coordination between regions and the Commission was not as effective and far reaching as assumed due to constitutional constraints within member states and member states' "jealousies" regarding sovereignty and tensions among government levels.

Prior to 1989, structural funds were doled out to specific projects that were co-financed and member states played a major role in the decision to create and implement projects. Within the Regional Policy DG it became clear that a case by case distribution of projects was not adequate to promote the wealth generating capacity of worse off regions (Meadows, interview by author 2003). Structural funds reform was an attempt to “transform a system of financial reimbursements into a policy where decisions and resources are shared among European, national and subnational actors” (Hooghe, 1997:89). In 1988, under the initiative of Commission President Jacques Delors, structural fund allocations doubled to the detriment of cohesion funds, which national governments control and distribute. Under the “partnership principle” structural funds were to take on a new focus to empower the regions. This principle was to ensure the participation of regional and local authorities in the adoption and implementation of regional development programs made possible through EU co-financing.

The “partnership principle” was an attempt to make EU regional policies more efficient and effective. An assumption underlying the principle was that regional policy makers would be more adept at evaluating their regional economies and would be better able to determine the mechanisms necessary to improve regional conditions. In addition, the Commission had hoped to lessen regional dependence on national government resources and to allow regional actors greater discretion (Smyrl, 1997).

A schism within the Commission emerged regarding what role subnational governments should play or in other words to what extent partnership should be applied. Creation of the 1988 reform was strongly contested both within the Commission and across member states. The Commission, however, did not work as a unitary actor and a small group, with the support of then Commission President Jacques Delors, created the basis of the reform (Hooghe, 1997). As a result, other DGs that the reform affected resented being forced to conform to these changes (Hooghe, 1997). The group surrounding Delors, who were the innovators of the reform, established DG XXII Coordination of Structural Policy which would coordinate funds in such a way as to “maximize subnational input in structural programming” to facilitate stronger relations between regional/local authorities and the EU (Hooghe, 1997:93). Counter to DG XXII, the Regional Policy DG desired a more flexible approach, whereby the extent to which sub national governments would participate in the system would not be uniform across all member states. By 1992, the Regional Policy DG’s approach prevailed and DG XXII was eliminated.

Hooghe (1997) asserts that pressure to not achieve fully the partnership principle and empower regional-EU relations had more to do with internal divisions in the

Commission regarding how to deal with subnational administrations. On the other hand, others suggest that the realization of the "partnership principle" has varied across countries and has been limited due to internal member state practices (Meadows, interview by author 2003; White, interview by author, 2003). It seems that constitutional constraints and national government attempts to preclude regional governments from gaining more autonomy have inhibited the realization of partnership.

With the emergence of the partnership principle, optimism grew for the empowerment of the regions through EU financing (Conzelmann, 1995).

The Commission (1996) asserts that,

> …partnership has been (another) operating principle of the Structural Funds since 1989. It involves close collaboration between the Commission and the relevant authorities at national, regional or local level appointed by each Member State, at all programming stages. Since 1994, this close consultation has extended to competent authorities and bodies -including, within the framework of each Member State's national rules and current practices, the economic and social partner designated by the Member States […] the provision is made that the partnership will be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners (p.17).

The wording of the partnership principle, although optimistic to achieve more participation of lower levels of government, still leaves the final say to member states and is dependent upon their respective institutional structure (Colino, 1996; Dudek 2001). Director General Graham Meadows asserts that there are political rivalries and jealousies between levels of government (interview by author, 2003). As a result, member states have attempted to maintain their sovereignty over their territorial administrations. There often is a hierarchy between the national and regional levels of government making the national government the main legislator and executive of regional policies. On the other hand, many EU member states have increased devolution of policy competencies to lower levels of government, making decentralization a major trend in European politics (Sharpe, 1993; Leonardi and Nanetti, 1990). Devolution has promoted greater coordination between levels of government regarding regional policy, but in many member states much more needs to be done.

Barriers to coordination among levels of government are intensified when a policy area was once the domain of the national government, For instance, regional development policies existed at the national level prior to EU involvement, yet, some forms of social policy, such as the 1997 EU Employment Policy which supported national labour markets had not existed at the national level before. Thus, tensions may be less in some policy areas, which were not part of the national governments' domain, whereas, regional policy, which traditionally was the responsibility of national governments can create tension as national governments struggle to maintain their competencies[1].

Examining individual countries it becomes clear that each state has a different way of organizing territorial administrations. For example, the UK, Ireland and Portugal, traditionally unitary states, have maintained mechanisms to keep control of central authorities. In the UK there is little low level taxation and although the EU has pushed to give more powers to counties, this has not been achieved (White, interview by author, 2003). One instance is the way in which British Regional Development Authorities operate, whereby in actuality they are ultimately responsible to Whitehall. Similarly, in Portugal regional authorities are relatively weak compared to their regional counterparts in other member states and must report to Lisbon regarding regional development policy implementation. Ireland as well manages the implementation of structural funds mostly from the central government. Conversely, France has made a genuine attempt to decentralize and to give more responsibility to the prefects (White, interview by author, 2003). Coordination between the Regional Policy DG and the regions varies across member states depending upon the extent to which regions have policy-making and implementation competencies.

With regards to coordination between the EU and member states, there are both formal and informal consultation opportunities available between the Commission and member states. Two to three times each year member states meet with the Regional Policy DG, annual reports are written by member states and distributed to the Commission, and member states also compose midterm reports of the five year structural funds programs that are also distributed to the Commission. In addition, Commission members visit areas to evaluate the implementation of funds and programs. Independent evaluators are also brought in to serve an additional oversight function.

A recent initiative to help with the coordination between member states/subnational governments and the Commission was the creation of a task force established in summer 2003. Fifteen individuals from across the Commission's DGs served on this task force. The purpose of the task force is to interpret regulations and to ensure that there is harmonization of reform. The way the task force operates is that member states, once they create or implement a program present it to the task force and the task force examines whether the policy is being handled appropriately. Currently, the task force is being tested, but may become the blueprint for something more permanent (Petzold, interview by author, 2003).

Sometimes coordination among the Commission, member states and regions can be difficult since they have different priorities and goals than the Commission. For instance, member state elected officials need to provide benefits to their constituencies to maintain substantive legitimacy, which will hopefully ultimately keep them in office. As a result, member states will either bend their policies to fit those of the EU or bend EU policies to fit their own (Meadows, interview by author, 2003). Although EU policies attempt to influence or change member state practices, member states also try to maintain their own policies, and as a result little change in policy may actually occur. For example, the EU may make a request for a member state to adopt a policy initiative. The member state will then enter into a bargaining with the EU as to how the policy will be adopted. In the end, as a result of bargaining back and forth, emerges a watered down version of the EU's original policy that looks more like the member state's original policy. The appearance is that the member state has adopted an EU policy, but in reality little change has really occurred (Meadows, interview by author, 2003).

Resistance to directives from Brussels can weaken the coordination of regional policies among EU regions and member states. Often times EU initiatives run counter to national and regional governments' views on how to achieve development (White, interview by author, 2003). When regional and national governments have their own vision of how policy goals should be achieved this can clash with European policies. Thus, often times the Court of Auditors may find that policies did not conform to the

EU's mandate, however, in actuality it was just that national and regional governments felt that certain policy goals should be achieved in a different way. For instance, the Natura 2000 program stipulates that regions need to put aside a certain amount of land for environmentally protected areas as a condition for receiving funds. The Natura 2000 program's stipulations have significant implications for regional and national leaders since they are unable to develop as they deem appropriate (White, interview by author, 2003). As a result, however, the EU is able to achieve its policy goals without a working coordination with member states, but rather with an EU legal mandate.

Although member states often try to maintain authority over their territory and resist direct EU intervention in regional development,[2] some regional authorities have made a concerted effort to coordinate regional policy formation and implementation with the EU. Both the Regional Policy DG and regional governments have attempted to facilitate better interaction and coordination of regional policies. First, regional administrations over time have experienced an institutional learning curve whereby bureaucrats and policymakers at the regional level have become more skilled how better to use EU funds and to implement EU programs (Dudek, 2003). Regional public administrations have created administrative units to deal with EU policies and fund distribution. In addition, over time bureaucrats have learned about the opportunities available from the EU to promote economic development within their region.

Second, regional governments have established lobbying groups in Brussels. These lobbies collect information about current events, programs and issues in the EU and report back to their region. In addition, the lobbying groups act as 'mini-embassies' to represent the interests of their region at the EU level. Some members of the Regional Policy DG, however, suggest that these lobbies do not necessarily present new innovative ideas that are not already circulating within the Commission (Petzold, interview by author, 2003). It is difficult to assess the success of regional lobbies in influencing the Commission; however, it does provide a "back door" relationship between regions and the EU. Formally, the Regional Policy DG meets with regional lobby offices four times per year to brief them on current issues. Informally, regional lobbies hold seminars for members of the Commission to demonstrate examples of good practice with EU funds. This gives Regional Policy DG officials ideas on how to improve policies or how innovation can occur. In addition to these seminars regional offices also hold parties that are often well attended and can bring the attention of a region to members of the Commission.

Even the newest members to join the EU in 2004 have taken the initiative to establish relations among regional and national officials with the Commission. There has been variation, however, among the acceding countries' abilities to lobby. One of the more organized and ambitious lobbying efforts have come from Poland (White, interview by author, 2003). Working with new member states and regions will add to the challenge of the Regional Policy DG to coordinate policy implementation and formulation. If these governments begin early to understand better the EU and its regional programs it may facilitate enhanced policy coordination and implementation.

Third, informal contacts between the Regional Policy DG and regions also exist to create a community of individuals dedicated to regional development. Approximately 20,000-30,000 fulltime employees are dedicated to working with structural funds within member states (Petzold, interview by author, 2003). In order to facilitate a network of like minded individuals dedicated to regional development, the Commission has attempted to preserve informal links with regional actors. The Commission, for example, sponsors seminars on best practice, to try to educate regional actors on how to best implement regional policies. The informal links between the Commission and regions has facilitated the creation of networks between these levels of government. Informal mechanisms have been essential to facilitate the working of established formal mechanisms (Meadows, interview by author, 2003).

Pressure for coordination between regional administrations and the Commission are both explicit and implicit. The "partnership principle" certainly sets an explicit goal of coordination, but in practice it has not quite achieved as extensive an outcome due to constitutional constraints. Thus, other implicit mechanisms have emerged to promote coordination in order to improve the implementation of funds and financial management. Links between the regions and the Commission have promoted innovation and models of "good practice" that can help other regions. Budgetary pressures within the Commission and need for improved oversight have also facilitated the growth of coordination between the Commission and regional authorities. Although the effectiveness of coordination has been stunted due to tensions of territorial authority with member states, it seems that over time and with institutional learning the coordination between regions and the Commission can improve. However, limits on coordination among government levels could be exacerbated with the most recent 2007-2013 structural funds program, which does not emphasise coordination, but rather greater involvement of national and regional governments (European Commission, 2004). If member states and their regions are to have a greater role, this may only invite less coordination and more domestic "turf wars" between national and lower levels of government regarding creation and implementation of regional policy.

Regional Policy Coordination across EU Institutions

In addition to coordination among levels of government, coordination is also needed across EU institutions. Coordination with other EU institutions is often times explicit to ensure better implementation and oversight. For example, coordination with the European Investment Bank (EIB) is legally bound since regional capital investment for infrastructure or social concerns must coordinated between the Regional Policy DG and the EIB. Another explicit coordination is the requirement for the Regional Policy DG to present regular Cohesion Reports to all institutions on a regular basis. The European Parliament (EP) coordinates and in essence plays an oversight function over regional policies through its control of the "purse strings". Additionally, each year the EP presents approximately 400 parliamentary questions regarding structural funds. All questions and answers are published in the *Official Journal*. The Court of Auditors also plays a significant oversight function through its inquiries regarding proper spending of funds, which can affect how funds are later coordinated at the national and regional levels.

Coordination with the Council of the EU, however, has been less with the Regional Policy DG, than with other DGs since there is no regional policy ministry at the national level. As a result, there is no council on regional policy in the Council of the EU. In 1990 there was an attempt to have better coordination with the Council of Ministers through the then newly created Council of Spatial Planning. The Spatial Planning Council later disappeared. If you examine other policy areas such as agriculture, social policy or the environment each has a council. As a result, coordination with the Council is rather soft, however, it is within the Council that real power is wielded (Meadows, interview by author, 2003). For example, one of the key concerns that the Regional Policy DG will face is regarding Agenda 2007, whereby net payers may find regional policies more costly and net beneficiaries will have to pressure to get funds in the next five year program (Meadows, interview by author, 2003). Since finance ministers votes are kept anonymous this detracts from the coordination ability of the Regional Policy DG to work with finance ministers who will give the ultimate word on subsequent five year programs.

Consultation rather than coordination is organized with the Committee of the Regions (CoR). The CoR basically goes along with regional policy initiatives and supports and represents them before other EU institutions, since they have more to lose not defending regional policy programs.

Within the Commission there has been recent discussion of changing the multi-fund approach to a mono-fund approach to improve the implementation of policies. Since the Berlin Summit in 1999, and even prior, there have been pressures within the Commission toward greater simplification and centralization. The main motivation for changing the programs is to improve coordination of policies "on the ground" in order to enhance implementation. Thus, coordination even within the Regional Policy DG and within the Commission has been explicitly addressed due to budgetary pressures and the desire to improve policy outcomes and simplify implementation.

Cross-Sectoral Policy Coordination

Regional policy often intersects with other policies making cross-sectoral coordination essential at the policy creation and implementation stages to improve efficiency and effectiveness of policies, to avoid contradiction and redundancy as well as maximize budgetary resources (Peters, 2005). As Schout and Jordan (2005) suggest, policy networks across policy sectors and among levels of government often do not successfully coordinate. One of the reasons for a lack of policy coordination across sectors is that the goals of each sector vary (Peters, 2005).

An EU project to renovate the historic Le Havre Port in France, once the center of trans-Atlantic trade, demonstrates the very different goals policy sectors have for the same development project. The Environment DG became interested in the project since the renovation would adversely affect the nesting and feeding grounds for rare sea birds, thus the port was of biological and environmental interest. In addition the Transportation DG was concerned about the project since the harbour was a major trading port; thereby sharing with the Regional Policy DG its concern over economic significance. The Regional Policy DG saw the harbour as a major employer and thus for developmental purposes also became involved in the project.

To deal with this project, like many other projects two types of coordination took place: 1) coordination of the DGs when the decision for a program is taken in the abstract, and 2) coordination at the time of implementation (Meadows, interview by author, 2003). At the point of implementation the member states or regions need to work with the EU, or at least within the framework of the EU's stated program, to facilitate policy implementation. During the time of policy formulation, the DGs need to work together to design a plan to meet the needs of regional development, along with other policy initiatives. Although coordination among DGs is required by law, it does not occur in the same manner across various policy sectors. Some policy sectors may find that their goals intersect with regional policy, whereas other policy sectors may find their goals at odds with those of regional policy.

Regional policy in the EU differs from the formation of policy in other sectors within the EU. In particular, policy coordination of regional policy most notably differs from coordination of social policy. Regional policy has not been explicitly coordinated like social policy with the open-method of coordination. Thus, regional policy, as compared to other policy sectors does not have legal mechanism for coordination, but rather uses soft laws, rules and regulations (Petzold, interview by author, 2003). Pressures do exist to try to coordinate the Regional Policy DG with other DGs. Most pressures are either in order to achieve a desirable outcome quickly, such as meeting environmental concerns or due to budgetary pressures to have the most effective and efficient usage of funds.

Michelle Cini (2001) suggests that coherence within policy areas is possible, but coherence across policy areas is more problematic. She asserts that horizontal relations across DGs tend to be weak. One way to coordinate an initiative across policy sectors is to use inter-service coordination, whereby interested DGs may contribute to the “content of a draft and identify implications for their own policy responsibilities (Cini, 2001: 11). However, inter-service consultation does not necessarily work as effectively as thought. For instance, short time limits put upon the circulation of a file has made it difficult to give adequate consideration to draft proposals (Cini, 2001). Cini (2001) also suggests that the physical housing of DGs in different buildings may also contribute to the lack of coordination. Prior to 1999 Commissioners were housed within the same building allowing for coordination and consultation to take place at an informal level whereby *cabinet* members could stop in to talk to other members (Cini, 2001). Since 1999, however, under Romano Prodi Commissioners are now based within the same buildings as their DGs. Although the move was to improve coordination between Commissioners and their DG, it may adversely affect coordination across DGs (Cini, 2001)

Members working within the Regional Policy DG, however, suggest that there are interpersonal informal interactions which help to facilitate coordination (White, interview by author, 2003). The bureaucratic personnel of the Commission are less in number than state bureaucracies, there is a great deal of staff movement across DGs and there is little competition among staff members since they have similar salary scales (White, interview by author, 2003). The basic corporate culture of the Commission, unlike some state bureaucracies, is amicable and there are no “turf wars”, thus when contentious issues do emerge they are not insurmountable (White, interview by author, 2003).

Pressure for the Regional Policy DG to coordinate with other DGs, however, does exist. One reason why regional policy is coordinated with other policy areas is in an effort to achieve the aims of other policy sectors. Stipulations required to be met in order to receive EU structural funds can be an effective way to achieve policy goals. The “carrot-stick” method forces regions and member states to implement policies associated with other policy sectors that may not have been achieved otherwise. For example, regional funds provide money for cleaning and improving old, dirty industries, promoting rural development, and improving drinking water; all of which are programs that not only further regional economic development, but also improve environmental conditions. Without the “strings attached” to structural funds, such environmental concerns may not be addressed as quickly otherwise.

Budgetary concerns are another reason why pressure exists for coordination. The EU seeks to have the most output per euro spent. For example, the purpose of social policy is to increase productivity, decrease unemployment and increase economic growth. To realise these goals investment and job training are needed. Meanwhile, regional policies are created to achieve increased employment and increased labour force participation. Therefore, output per euro can be increased if social and regional policies are implemented in a coordinated fashion (Meadows, interview by author, 2003).

Drafting of the structural funds program beyond 2006 was a new budgetary concern that prompted the Regional Policy DG to seek greater coordination with other DGs. One of the difficult issues was to decide what regulations would be applied to distribute funds since an EU with twenty five members will change the comparative economic difference among regions. Some regions within the fifteen member EU, that currently qualify for structural funds, will be phased out under the 2007-2013 program criteria to accommodate an enlarged EU of twenty five. Thus, due to budgetary and rule making pressures a coordination of regional policy with other DGs will be implemented. Under the 1988 structural funds reform, the Regional Policy DG is to coordinate with other DGs. In light of the new acceding countries and the need to change the current budgetary rules that dictate which funds intervene in which regions, the Regional Policy DG met with other relevant DGs to discuss reforming the budgetary rules. In spring of 2004 a task force within the Regional Policy DG was established to facilitate coordination with other DGs. The task force met with members of other DGs to hammer out new budgetary rules.

Success of cross-sectoral coordination of regional policy, however, varies depending on the extent to which policies' goals interface or conflict. Competition, regulatory and research and development policies often times run counter to the goals of regional policy. As a result there is little incentive for coordination since policy networks are self-organizing and do not find it in their best interest to coordinate (Schout and Jordan, 2005). Even when policies such as agriculture interface with regional policy there emerges "turf wars" across policies that preclude coordination. Whereas, other policies that interface with regional policy such as the environment and enlargement have found mechanisms to coordinate both at the creation and implementation stages of policymaking. To understand better the variation in coordination success across policy sectors let us examine policies most relevant to regional policy: competition and regulatory policies, research and development, agriculture, environment and enlargement.

Competition and Regulatory Policy

Regional policy, based upon ideals of Keynesian economic runs contrary to neo-classical assumptions underlying competition policy. Thus, the question emerges how competition and regional policy can work together to the benefit of the EU. Conflict has arisen, for example, regarding the eligibility for EU regional policy funding and national state aid strategies. National state aid strategies have attempted to reduce grants to promote greater competition, whereas, structural funds' purpose is to provide aid (Petzold, interview by author, 2003).

Although the policy goals of competition and regional policy are at odds, they can also be reconciled. In particular, historically the accession of new member states, namely Spain and Portugal, necessitated strong regional policies to counter the negative impact due to competition from countries with stronger economies and industries. Many scholars suggest that structural and cohesion policy provided side payments for membership and facilitated the achievement of the single market even with the addition of countries with weaker economies (Allen, 1996).

However, competition policy often creates adverse conditions for regions, necessitating greater need for EU regional funds. Likewise, regulatory policy and its territorial implications also have exacerbated regional economic inequalities (Dudek, 2005). EU competition and regulatory policies have unintentionally contradicted regional policy goals; however, it seems that although coordination could perhaps lessen the negative impact upon regional development there seems to be little movement to push for coordination. Lack of coordination seems to be associated with the distinct principles underlying the logic of these policies.

Research and Development Policy

Improving research and development can help to realize greater regional economic development. The Research DG funds programs for cross-regional research projects. Programs are awarded to those proposals that are the most promising. As a result, funds are usually distributed to more well-off regions since they have the capacity to write better proposals and have the infrastructure to support stronger projects. Thus, EU research funding works counter to EU regional policy since more well off regions usually benefit (White, interview by author, 2003). EU regional policy also distributes funds to research and development, but these funds are invested into cross-border research infrastructure rather than determinate projects. Usually, such funds are allocated to poorer regions to help them “catch-up” to richer regions.

In its initial stages, the Regional Policy DG worked with the Research DG to see if they could model their programs to the Research DG’s programs, however, it was later found that the goals of these two DGs were too divergent and thus, future coordination was not sought (White, interview by author, 2003). The Regional Policy DG has established its own formula to implement research and development programs. Thus, differing policy goals precluded further coordination between these policies.

Agricultural Policy

Agricultural policy and regional policy in many ways work hand in hand. Agriculture over time has become an increasingly declining sector, and as a result many who worked in farming have found themselves unemployed. Most regions that qualitfy for EU regional funds are dependent upon agriculture. Thus, regional policy, if properly applied can soften the impact of the decline in agriculture (Meadows, interview by author, 2003). In addition, some of the structural funds, whose rules and funding comes from the Regional Policy DG, relate directly to agricultural concerns. Namely the European Agricultural Guarantee and Guidance Fund (EAGGF), aids the adaptation of agricultural structures and rural development and the Financial Instrument for Fisheries’ Guidance (FIFG), is aimed at improving the fishing sector while “achieving a balance between conservation and the management of resources, on the one hand, and the fishing effort and the stable and rational exploitation of those resources.” (European Commission, 1996:82).

EAGGF and FIFG are EU regional policy programs that specifically relate to agriculture and as a result have caused some tensions since the goals of the Agricultural and Regional Policy DGs are quite different. The Regional Policy DG created these funds to improve total area diversification, whereas the Agriculture DG has sought to implement these funds to achieve farm diversification (Meadows, interview by author, 2003). Currently both the Regional Policy and Agricultural Policy DGs distribute EAGGF and FIFG. To improve the distribution and implementation of these funds it has been decided that the Agricultural Policy DG will now handle the distribution of EAGGF and FIFG in an attempt to have greater integrity of territorial development (Meadows, interview by author, 2003). Other regional policy funds will remain within the Regional Policy DG. Thus, it seems that coordination of agriculture and regional development policy has not been sought, but rather responsibility was simply moved from one DG to another. Although coordination of agricultural and regional policy seems advantageous to avoid the pitfalls of redundancy, contradiction or missing to address the problem it seems that policy networks left to their own devices have not moved toward coordination (Peters, 2005).

Environmental Policy

Environmental and regional policies go hand-in-hand. Particularly following the ratification of the Amsterdam Treaty in May 1999, environmental policy was strongly incorporated into European integration (Cini, 2001). Specifically, the Amsterdam Treaty, placed sustainable development with "priority attached to maintaining a high level of environmental protection" at the centre of the union (European Commission, 2003b; Cini, 2001). Article 6 of the Treaty explicitly stated that "environmental protection requirements must be integrated into the definition and implementation of Community policies" (European Commission, 2003b).

Regional Policy DG has taken the incorporation of environmental policy into its regional policies to heart. As stated in the Regional Policy DG's, "Structural actions in support of the environment":

> Such integration is a reality for regional development and the environment which, far from being contradictory, are necessarily complementary… The European Commission consequently ensures that projects developed under regional policy are respectful of the environment: an assessment of their environmental impact must be conducted by the Member States concerned (European Commission, 2003b).

Initially, regional policy did not include environmental concerns. For example, structural fund guidelines did not include environmental objectives. Often, industrial projects with ecological ramifications were funded without regard to their environmental impact, and there was “rarely a requirement to undertake an environmental impact assessment” (Cini, 2001:33). By the late 80’s Environmental Policy Integration became a treaty obligation and with the structural funds reform of 1988, regional policy incorporated environmental concerns as part of the “partnership principle” (Cini, 2001). The actual policy results, however, were not as far reaching as hoped (Lenschow, 1997). By 1993 the ERDF was reformed and improved the environmental considerations for ERDF. A standard was set to include in all development plans an “appraisal of the environmental situation and an evaluation of environmental impact, strategies and operation” (Cini, 2001:34).

Director General Graham Meadows points out that “structural policy facilitates implementation of environmental policy” in two ways: 1) direct investment for environmental purposes, 2) provides an incentive within the system to adopt environmental policies (Meadows, interview by author, 2003). Regarding direct investment, structural funds provide “financing for projects which aim to improve the quality of the environment, either through development and use of renewable energy, environment-friendly technologies, or through improving waste management, drinking water or sewage systems” (European Commission, 2003a). With the implementation of such programs structural and environmental policies can work together with clearly sighted policies. In addition, for central and eastern European countries half of the funds devoted to the Instrument for Structural Policies for Pre-accession are allocated for environmental projects, especially in the area of wastewater management (European Commission, 2003a).

Structural policy rules also facilitate the adherence to environmental standards. Legislation regarding structural policies includes rules, regulations and directives that must be followed when implementing structural funds. As a result, structural policies can push forward adoption of environmental policies since there is legislation within the structural funds programs to promote the enforcement of environmental concerns. One of the highlighted directives involving environmental policy that has been incorporated into cohesion policy is Natura 2000 (European Commission, 2003a). Natura 2000 is a directive for the preservation of natural habitats. Before member states or regions receive funding an assessment must be made regarding the environmental impact of all programs.

Often times, even without specific legislation, environmental concerns are inadvertently addressed in the implementation of regional funds. For example, funds are available to renovate economies dependent upon old, dirty industries. In order to receive funds, member states and regions must agree to improve industrial practices and to convert their economies to less-environmentally detrimental industrial practices. The "carrot-stick" mechanism of such funds provides a way for environmental policies to be achieved that would not normally be done otherwise (Meadows, interview by author, 2003).

The similar goals of regional and environmental policy have facilitated greater cooperation between these policy areas. In addition, the EU has consciously created legal mechanisms to enforce environmental protection in conjunction with development policies. As a result, these formal mechanisms have promoted greater coordination between environmental and regional policies to fulfil the budgetary and policy effectiveness that accompanies cross-sectoral coordination between regional and environmental policies.

Enlargement

Enlargement policy is directly related to regional policy. Recent and future accession of new member countries has created a situation whereby the Regional Policy DG and the DG for Enlargement will need to work very closely to achieve economic cohesion. The Director General of Enlargement in 2004, during the accession of ten members, was the former Director General for Regional Policy, thus facilitating a good working relation between the two DGs and a common understanding of the goals of each of their DGs. In addition, the Regional Policy DG realizes that enlargement will increase their own responsibilities and if not handled properly will adversely affect their own reputation, thus increasing pressures to coordinate.

Prior to accession the PHARE program was designed to provide financial support to reform and rebuild the economies of the new members as well as provide technical expertise and investment support. The PHARE programs work very differently than regional development funding, thus coordination between the Regional Policy DG and the new member states and their regions will be a difficult challenge. New members, on the whole, are much poorer than past acceding countries, thus they will need heavy investment in infrastructure and administrative capacity. In addition, weak institutional capacity and corruption within these systems will also present challenges to coordinating and implementing regional development policies in these countries.

As a result of enlargement the Regional Policy DG has found it necessary to coordinate with other DGs that they had not worked with previously: Justice and Home Affairs and External Affairs. With eastern enlargement, the borders of Europe will expand along the borders of the Ukraine, Balkans, and Russia, to name a few. These bordering countries have lower economic development and high crime and corruption. Thus, the Regional Policy DG has worked with the Justice and Home Affairs and External Affairs DGs to address the income gap along the frontier and crime issues as they relate to regional economic development. The Regional Policy DG has attempted to create a single instrument for border regions of the frontier to promote development to minimize the negative effects of areas outside of the EU's borders.

Due to necessity and significant policy overlap, regional policy and enlargement policy have fairly successfully coordinated their activities. In addition, the demands of enlargement have also necessitated cross-sectoral coordination with areas that had not been relevant to regional policy. Thus, it seems the demands associated with enlargement have promoted greater policy coordination across some policy areas.

Cross-sectoral policy coordination has experienced different levels of success depending on the policy sector. It seems that environmental and enlargement policy have been most successfully coordinated with regional policy since these policies have similar goals and in the case of the environment, there are legal requirements that necessitate coordination. On the other hand, less policy coordination has occurred with agriculture, research and development, competition and regulatory policies since the goals of these policies are very different from those of regional policy and few formal or legal mechanisms have been created to facilitate coordination.

Conclusion

Vertical coordination among levels of government and cross-sectoral coordination of regional policy remains a challenge within the EU. Inherent in the territorial nature of regional policy is the need for coordination among EU institutions, member states and regions. Often coordination is not as fruitful as it could be due to rivalries and jealousies between levels of government. Member states attempt to maintain sovereignty over their own territories. Control over the implementation of EU regional development funds can affect regional government policymaking ability and often times national governments would prefer not to devolve so much autonomy to the regional level. As a result, national governments can use constitutional stipulations as a way to avoid direct coordination between the EU and regions. In addition, since member states need to maintain substantive legitimacy and provide “goods” to their constituencies, often times EU programs or directives may seem counter productive to the member states goals or agenda. As a result, coordination may also be limited. Although the “partnership principle” was established to improve coordination among the EU, member states and regions, with an emphasis on EU-regional coordination, the principle has not been realized due to territorial jealousies and constitutional limitations that have been used to reduce regional coordination with the EU.

The Regional Policy DG and innovative regions have, however, found ways around constraints to improve coordination with the EU. EU coordination with regions has been sought to improve policy implementation and financial management of funds at the ground level. Regions have attempted to work with the Commission to circumvent their national government and to also maximize the development of their region.

Both regional administrations and the Regional Policy DG have developed ways to form informal networks to facilitate coordination. Regional lobbying offices, regularly scheduled meetings with regions, Commissioned sponsored seminars on good practice and Commission visits to regions to monitor implementation are ways in which coordination between the EU and regions has been achieved. Through informal mechanisms, what has emerged from these kinds of coordination is a network of individuals at the regional level dedicated to the EU's goal of regional economic development.

Difficulties surrounding cross-sectoral coordination seem to mimic practices within member states. For instance, often ministries at the national level act as a series of silos where little or no coordination occurs. The practice of minimal coordination of ministries within member states seems to have been transposed to the EU level, thereby conditioning the DGs to also have minimal coordination (Meadows, interview by author, 2003).

Another reason why cross-sectoral coordination may not occur is that there is often a lack of an evaluation culture in government (Meadows, interview by author, 2003). If a problem arises, the issue is addressed, but it is often not questioned whether the policy prescription was beneficial. Thus, coordination is often not sought as a way to improve policies, since policy implementation is often not followed by policy evaluation.

Coordination across policy sectors within the Commission varies depending on the kinds of mechanisms available to push coordination and the extent to which policy goals coincide across sectors. Basically, it seems that pressures for coordination among DGs have come mostly from functional concerns; however, strategies used to improve or disband coordination vary depending on the policy sector.

The greatest likelihood for cross-sectoral policy coordination seems to occur when legal mechanisms are implemented to force policy sectors to address the interests of another sector. In the context of enlargement policy, it is in the best interest of regional policy to coordinate since in the future enlargement policies will most likely fold back into regional policy. As policy goals diverge or conflict, the possibility and willingness to coordinate across policy sectors seems to decrease. Likewise, barriers to vertical coordination emerge due to power struggles among levels of government. To some extent networks between regions and the Commission have helped to promote greater coordination across governmental levels, however, domestic institutional will continue to shape and limit their success.

The essential participation of all levels of government to ensure effective EU regional policy and the extent to which other policies intersect or conflict with regional policy presents a challenge to policy coordination. With continued efforts, however, at the EU and regional levels to form networks, barriers to vertical coordination may be lessened. Likewise, as more legal mechanisms, such as those found in EU environmental policy, push greater coherence and possible coordination of policies, cross-sectoral coordination may be enhanced. It seems, however, that as long as policy goals conflict and levels of government seek to protect their competencies there will be little willingness to have cross-sectoral or vertical coordination without legal pressures or oversight mechanisms. Thus, some EU policies and actions of various levels of government will continue to counter the possible positive effects of EU regional policy.

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1. Another significant difference between EU social and regional policy is the national model each adopted. EU social policy tends to take a “top-down” approach more likened to the Franco-Italian model, whereas, regional policy has a “bottom-up” approach likened to the Irish-British model (White, interview by author, 2003). The difference in models certainly makes sense since these policies were initiated by certain member states and thus the policy coordination is likewise reflective of those countries’ practices.

2. Member states certainly welcome structural funds, but are resentful of the “partnership principle” and the attempt to give regions a stronger role. For instance, when discussion of reforming regional development funds occurred Spain explicitly pressured for more cohesion funds as opposed to structural funds since cohesion funds travel directly to national coffers; thereby strengthening the national government’s ability to distribute funds.