

**T.C.  
MARMARA ÜNİVERSİTESİ  
AVRUPA BİRLİĞİ ENSTİTÜSÜ  
AVRUPA BİRLİĞİ SİYASETİ VE ULUSLARARASI İLİŞKİLER ANABİLİM DALI**

**REGIONAL COHESION IN EUROPEAN UNION,  
STRUCTURAL POLICIES AND  
TURKEY'S ADAPTATION PROCESS**

**YÜKSEK LİSANS TEZİ**

**Elif YALÇIN**

**İstanbul – 2010**

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ONAY SAYFASI

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Onaylayan:

Doç.Dr.Çiğdem NAS

Danışman

.....  
*Çiğdem*

Yrd. Doç. Dr. Erhan DOĞAN

Jüri Üyesi

.....  
*E. Doğan*

Öğr.Gör.Dr.Ebru OĞURLU

Jüri Üyesi

.....  
*E. Oğurlu*

Onay Tarihi

Prof. Dr. Muzaffer DARTAN

Müdür

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## ÖZET

'Bölge' kavramı, üzerinde uzlaşmaya varılmış tek bir tanımı içermemekle birlikte, değişen sosyo-ekonomik, kültürel ve politik şartlar ve ihtiyaçlar çerçevesinde pek çok değişik anlam kazanmıştır ve kazanmaya da devam etmektedir. Konu Avrupa Birliği oluşumu içerisinde ele alındığında, Birlik kapsamında çok farklı yapıda bölge kavramı söz konusu olduğu ortadadır. Üye ülkelerin farklı nitelikteki idari yapılanmaları ve farklı nedenlerle oluşturmuş oldukları bölgeler, nihai hedef olarak belirlenmiş olan 'Avrupa Birliği'ni gerçekleştirme yolunda Birlik tarafından artan bir önemle ele alınmaya başlanmış ve bölgeler zaman içerisinde üye ülkelerin idari sınırlarını aşarak gelişmişlik düzeyinin, ekonomik ve sosyal farklılıkların ve Avrupa Birliği ölçüsünde Avrupa Birliği vatandaşlarının birbirleriyle olan uyumlarının en önemli göstergelerinden biri haline gelmiştir.

Birlik siyaseti içerisinde en önemli hedeflerden biri haline gelen bölgesel uyumun yakalanması için pek çok politika geliştirilmiştir. Bu politikaların en önemlilerinden biri bölgesel uyumu merkeze koyan; bölgeyi hem özne hem de nesne olarak ele alan Avrupa Birliği Bölgesel Politikası'dır. Bölgesel Politika, Birliğin kendisi ve diğer politikaları gibi, değişen ulusal ve uluslararası şartlar ve ihtiyaçlarla beraber zaman içerisinde değişerek gelişmiş; Avrupa Birliği genişleme dalgalarıyla beraber çeşitli kırılma noktaları yaşayarak bugüne ulaşmıştır. Belirli prensipler, enstrumanlar, aktörler ve uygulama alanlarıyla Avrupa Birliği bütçesinin üçte birinin ayrılmış olduğu Bölgesel Politika, Ortak Tarım Politikasının ardından en fazla etki alanına sahip en önemli ikinci politikadır. Bu politikanın en önemli araçlarından olan Yapısal Fonların dağılımı ve kullanımı Birlik içerisinde olduğu kadar aday ülkeler için de büyük önem taşımaktadır. Yerel, bölgesel, ulusal ve Birlik seviyesinde oluşturulan ve uygulanan politika sahip olduğu teknik mevzuatın yanı sıra demokratik katılımın de göstergesi olarak algılanmakta ve aday ülkelerin önündeki en zorlu müzakere başlıklarından birini oluşturmaktadır.

1999 Helsinki Zirvesi ile resmen Avrupa Birliği aday ülke statüsünü kazanan Türkiye 27 üyeli Birlik ile müzakere sürecinde bulunmaktadır. 35 müzakere başlığından 22.'si Bölgesel Politika üzerine ayrılmış olup Türkiye'nin bölgesel politika anlayışı göz önünde bulundurulduğunda birlik politikasına uyum sağlamak amacıyla ciddi adımların atılması; etkili bir idari, kurumsal ve hukuki bir altyapı oluşturulması gerekliliği kaçınılmazdır.

Tez Avrupa Birliđi'nde blge kavramının yeri ve neminden hareketle, blgesel uyumun sađlanması amacıyla geliřtirilen Blgesel Politikayı incelemekte ve Trkiye'nin 2010 yılına girerken iinde bulunduđu Blgesel Politika geređini irdelemektedir. Tam yelik yolunda en kapsamlı bařlıklardan biri olan politikanın neresinde bulunulduđu geređi ortaya konarak tam ve gerek uyumun sađlanması iin yapılması gerekenler belirtilecektir. Bu řekilde Trkiye iin hem ok nemli bir fırsat hem de tam yelik yolunda ok nemli bir engel olarak grlen blgesel politikanın nemi ortaya konulmaya alıřılacaktır.

## **ABSTRACT**

Although the concept of region does not have a unique definition approved by different parties, together with the changing socio-economic, cultural and political conditions and needs, the term has gained new meanings and continues to gain still. When the issue is taken into consideration within the context of the EU, it is obvious that many different kinds of regional concepts exist in the Union. On the way to the realization of the real European Union, the different kinds of regions formulated for various reasons by different types of state administrations are started to be taken into account with an increasing importance. Hence, the regions have passed their administrative frontiers in time and have become one of the major indicators showing the level of development, social and economic differences and cohesion of European citizens with each other.

In order to realize one of the basic objectives of the Union being the regional cohesion, many policies have been developed. One of the most important policies is the European Union's Regional Policy locating the region in the centre and considering it both as an object and a subject. Together with the changing conditions and needs of the national and international arena the regional policy has changed and developed just like the European Union itself and has reached to its actual position after important breaking points resulting from enlargement processes. Today, the Regional Policy is the second the most influential policy of the European Union coming just after the Common Agricultural Policy. Considering its instruments, principles, actors and implication points, one third of the budget is reserved for this policy of which the most important instrument is the Structural Funds. The funds carry a fundamental importance not only for member states but also for the candidate countries since it is one of the hardest chapters of the accession negotiations. Addition to its local, regional, national and union level formulation and application, the policy with its technical legislation is taken into consideration as an indicator of democratic participation.

Turkey being an official candidate country since 1999 Helsinki Summit is actually in the negotiation process with the European Union of 27 members. Among with the 35 chapters, the 22nd one is reserved for regional policy. Considering Turkey's regional policy understanding and tradition, it is obvious that serious steps must be taken and an effective administrative, institutional and legislative infrastructure should be formed.



The thesis starting from the importance of region analyses the Regional Policy of the European Union developed for the regional coherence and Turkey's situation regarding this policy as per the year 2010. The reality of at which point Turkey stands in this policy forming one of the most important chapters in the adoption of the Acquis Communautaire and what should be done more will be studied. By this way, the importance of the regional policy which can be seen as both an opportunity and a bloc for Turkey will be explained.

## **ABBREVIATIONS**

<b>APD</b>	Accession Partnership Document
<b>CAP</b>	Common Agricultural Policy
<b>CEB</b>	Council of Europe Development Bank
<b>CEECs</b>	Central and Eastern European Countries
<b>CFCU</b>	Central Finance and Contracts Unit
<b>CFP</b>	Common Fisheries Policy
<b>CI</b>	Community Initiatives
<b>CONST</b>	Commission for Constitutional Affairs, European Governance and the Area of Freedom, Security and Justice
<b>CoR</b>	Committee of the Regions
<b>COTER</b>	Commission for Territorial Cohesion Policy
<b>CSF</b>	Community Support Framework
<b>DA</b>	Development Agency
<b>DEVE</b>	Commission for Sustainable Development
<b>EAGGF</b>	European Agricultural Guidance and Guarantee Fund
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EC</b>	European Community
<b>ECJ</b>	European Court of Justice
<b>ECOS</b>	Commission for Economic and Social Policy
<b>EDUC</b>	Commission for Culture, Education and Research
<b>EFF</b>	European Fisheries Fund
<b>EGTC</b>	Expert Group on European Grouping of Territorial Cooperation
<b>EIB</b>	European Investment Bank
<b>EMU</b>	European Monetary Union
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>EU</b>	European Union
<b>EUROSTAT</b>	Statistical Office of the European Union
<b>EUSF</b>	European Union Solidarity Fund
<b>GDP</b>	Gross Domestic Product
<b>GNP</b>	Gross National Product

<b>IPA</b>	Instrument for Pre-accession Assistance
<b>ISPA</b>	Instrument for Structural Policies for Pre-Accession Aid
<b>JASMINE</b>	Joint Action to Support Micro-finance Institutions in Europe
<b>JASPERS</b>	Joint Assistance in Supporting Projects in European Regions
<b>JEREMIE</b>	Joint European Resources for Micro to Medium Enterprises
<b>JESSICA</b>	Joint European Support for Sustainable Investment in City Areas
<b>LMP</b>	Lisbon Monitoring Platform
<b>NDP</b>	National Development Plan
<b>NPAA</b>	National Programme for the Adoption of the Acquis
<b>NUTS</b>	Nomenclature of Territorial Units for Statistics
<b>RELEX</b>	Commission for External Relations and Decentralised Cooperation
<b>PHARE</b>	Poland-Hungary Assistance in Restructuring their Economies
<b>PNDP</b>	Preliminary National Development Plan
<b>SAPARD</b>	Special Action for Pre-accession Measures for Agriculture and Rural Development
<b>SCF</b>	Strategic Coherence Framework
<b>SEA</b>	Single European Act
<b>SF</b>	Structural Funds
<b>SIS</b>	State Institute of Statistics
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>TEN-T</b>	Trans-European Network
<b>UK</b>	United Kingdom

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## INTRODUCTION

The fundamentals of social sciences underline the fact that societies and states are living organisms having their own characteristics. History shows that in order to survive, defend and strengthen themselves, they have to be flexible to be able to adapt to the changing circumstances at both national and international level. Considering the rapidly changing social and economic developments of the twenty-first century, the reality of this phenomenon is obvious and valid for every actor of the international arena such as Turkey and the European Union.

In the aftermath of the World War II, Europe entered into an unexampled period never seen before in its long history. The economic, social and international conjuncture pushed the European states towards each other and as a result of inter-related security concerns and development plans, they decided to be together. Today, as of 2010, the step taken ‘to be together’ has reached to the existence of a union with 27 members using the same currency without frontiers. In the same conjuncture, also Turkey decided its position and located itself ‘with Europe’. Hence, the relations started in the beginning of the 1960s have taken different forms and according to changing mutual expectations, promises and disappointments of both parties, today Turkey waits for the acceptance of its full membership for the Union.

At this point, Regional Policy stands in front of Turkey as one of the most important points. Differently from the European States and the European Union itself, the term ‘region’ is not and has never been an effective actor in Turkey. Together with the peculiarities of European nation-states and the evolution of the European Union with its deficiencies and necessities let the evolution of the term. As a result, region and its policy became one of the major subjects of the European Union. Region seen as the concrete existence of the disparities between and within states has become one of the basic objects where the development and the narrowing gap of the differences were observed. Various policies and programmes started to be implemented to give all regions of the Union the equal opportunity to share national income, social welfare, economic development and employment level.

In this respect, the Regional Policy’s influence on the member states and candidate countries has increased and the policy itself started to go beyond the other policies of the Union. Together with each enlargement phase, the policy has gained new dimensions. In the

continuously changing global and economic conditions, new members has brought new problems making the need for definite solutions a ‘must’. This has created a policy process permanently ongoing.

Turkey has to adapt itself to this ongoing process. Since the formal declaration of its candidate country status, it has been included in ‘Pre-Accession Strategy’ of the European Union. Via regular reports and accession partnership documents, a roadmap has been drawn for Turkey. As a response, Turkey prepared National Programmes for the Adoption of the Acquis and started a transformation period in its regional policy. Nevertheless, as a candidate country, Turkey seems to stand far away from the member states regarding the necessities and implementation of the policy. Within this framework, the thesis intends to analyse the regional policy of the European Union and Turkey’s position in this process. As the most problematic candidate of the Union for decades, where does our country stand? At what distance it is found? How can Turkey’s situation be described considering this policy? These are the basic questions leading the study. Moreover, considering our country’s structure, the question of whether European Union’s regional policy is a chance namely an opportunity or a challenge namely a bloc for Turkey is the problematic of the thesis.

In that regard, the thesis consists three sections. The first section focuses one the concept of region in the European Union. The content of the term, regional plannig and regionalism tendencies are studied to be able to underline the importance of region in different dimensions.

The second section explores the European Union’s Regional Policy. The evolution, the reasons and the objectives of the policy are stated together with the basic milestones in the development process such as the effects of enlargement and new candidates. The instruments of the policy and the instituional presentation of the regions at the EU level being The Committee of the Regions are also examined to see to what extent the policy has reached in organizational and financial terms.

The third section is reserved to Turkey. After analysing the basic elements of the policy in the previous sections, ‘the region and regional policy in Turkish terms’ are reviewed in this part to be able to introduce the differences clearly. With its centralist administrative structure, Turkey stands considerably far away from the Union’s regional policy. Hence, European

demands in the highlight of regular reports and accession partnership documents and Turkey's commitments in the highlight of national programmes as a response are examined. Regional Development Agencies being a constant step towards the demanded changes are studied in a seperate section.

Finally, depending on these documents and analysis, the study ends with the conclusion part exploring the remarks about the position of Turkey in adaptation to regional cohesion process.

# 1. REGION IN THE EUROPEAN UNION

## 1.1. THE CONCEPT OF REGION

### 1. 1. 1. The definition of region

The etymological origin of the word comes from 'regio' which means 'area'. However, the concept is considered to be multi-dimensional with difficulty to define the borders. The content changes according to the situation it is used. So, not only in the European Union, but also in all over the world, the concept of region does not have an explicit definition.

As a dictionary entry, firstly, the region is an administrative division of a country whereas, secondly, it is an area considered as a unit for geographical or social reasons. According to Brasche<sup>1</sup>, together with the accepted tendencies like the factor of homogeneity, a description can be made following the below criterias:

- geographical criteria ( coastal region, mountainous region, coal-mine region)
- cultural criteria (ethnic majority, language, religion)
- historical criteria (common historical roots, shared borders)
- settling and population density criteria ( central regions, peripheral regions, regions of high population or regions of low population)

If new economical structures and the factor of common interest are taken into account, the description criterias are;

- leading sector ( touristic regions, industrial region, agricultural region)

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<sup>1</sup> Brasch U, 'Avrupa Birliği'nin Bölgesel Politikası ve Türkiye'nin Uyumu', İKV, İstanbul, 2001, p.13



- neighbourhood to a country with influential economy ( frontier regions)
- national or international transport networks (transit regions)

During the last decades, under the effect of the globalisation and regional integrations; economical, social and political changes, the traditional concept of region became a matter for discussion. In the traditional meaning, a region composed of local entities with definite borders is a division of a state under which it is controlled and without which it can not be thought. In this sense, the region is close to outer world and can not by-pass the state to exist in international area.

However, the region in global sense is a variable unit with uncertain borders. It is open to international area and it exists with its network of relations. The characteristics and density of this network determine the development of the region. In this respect, the local dynamics of the region itself are a promoting factor.

From the perspective of its sub-regions and economical potentials, regions can be classified as:

- less developed regions: isolated regions which are not able to develop their economies and agriculture
- regression regions: regions having tough problems with high density of population generally located on the peripheries of cities.
- problematic industrial regions: regions with increasing unemployment rates and underdeveloped management and production technologies.
- regions under pressure of development: economically and industrially developed regions with major problems like housing, infrastructure, transport, environmental problems and pollution.
- regions in urgent need: regions victims of natural disasters.

- regions in risk: regions with potential risk of natural catastrophes like earthquake, flood, etc. or artificial ones like nuclear power stations or destructive chemical material production centers.
- sensitive regions: regions rich in cultural and ecological sense
- regions with special statute: internationally accepted free zone areas.

### **1.1.2. Regional Planning and Regionalism**

Generally, region taken into account for the purpose of planning is a unit bigger than a city, smaller than a state. In this sense, it has definite administrative frontiers within the legal frontiers of nation state but may have much more international effect letting it cross the mentioned frontiers. Hence, the region can also be defined as a planning unit having a democratic-participant administration and a budget .

Planning is a means of government for the efficient use of the existing resources for the needs of the citizens in paralel with the economical, social and environmental developments. The context of planning may include the state as a whole or a region, sub-region, metropolitan area or a city. Then, Regional Planning is the clear determination of the priorities of the regions within the national priorities and policies. At this point, the term meets with its basic existnce reason; narrowing the gap between regions with different levels of development in economical, social and structural ways. So, ‘development of the region’ occurs as a target for the implemantation of the regional planning.

Besides these concepts, there are two other subjects related with the importance of region; regionalism and regionalisation.

Regionalism is the effort of a region with common ethnic, historic or cultural population against the central administration for its independence. These efforts being a political movement develop from bottom-up and can finally end up with seperatism. ‘By extending the scope of regional autonomy, this group of regions represents a ‘regional nationalism’ (or regionalism) ideology and look for cutting off their ties with the central state. Aiming at

separation and getting full sovereignty, militant movements in some regions try to constitute their own nation states'<sup>2</sup>.

However, regionalisation is another concept and has an administrative meaning. Regionalisation is the strengthening of the regional and local entities against central administration which is also called as decentralisation.

### **1.1.3. Regional Disparities**

Regional disparity refers to all kind of differences within the regions of a country. Today, every country has certain disparities. The regional differences in areas like tradition, culture, social and economic structures are accepted to be the indicators of richness and plurality. Within this plurality of differences, the only negative indicator is the difference of prosperity which is directly linked to the level of income.

Regional economic disparity is the lack of equal opportunity of citizens of different regions to find job and have income whereas the social disparity is the unequal opportunity of citizens to take healthcare and education services.

There are certain reasons of regional disparities<sup>3</sup>:

- Some regions have key factors supporting economic development like natural resources, proper localization, good climate conditions. The others may be lack of these.
- Historically industrialized regions have advantage with their talented and educated local labour force and also efficient consumer demand. But, these historical structures carry also the risk of lagging behind under the effect of globalisation and technological changes. At this point, they risk to become a problematic region in decline.

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<sup>2</sup> European Commission, 'Developing a new field of trade union activity', p.32; Loughlin J, 'Regional Policy in the European Union', in Stauridis et al. *New Challenges and the European Union* (Darmouth, 1997) p.440

<sup>3</sup> Brasch U, 'Avrupa Birliği'nin Bölgesel Politikası ve Türkiye'nin Uyumu', İKV, İstanbul, 2001, p.15

- Agglomeration effect brings with itself the economic forces supporting development like consumer demand, efficient infrastructure and labour force. This agglomeration creates a center of gravity for economic movements and forms a ‘center’ towards which the population and the labour force of the periphery flow. So, imbalance between the center and the periphery increases.

The regional disparities may cause negative results, either economical or socio-political.

The economical results can be stated as overgrowth of certain cities or ineffectual delivery of the resources. As for socio-political results, the most important one is the estrangement of the developed and undeveloped regions because of the raising disparities. The factors like religion, language or ethnicity which are not a matter of conflict in developed regions may become the subjects of social disorder. The socio-cultural characteristics of the region starts to be seen as the reasons of central administration’s disregard.

## **1.2. REGIONS OF EUROPEAN UNION**

### **1.2.1. The Regions in the European Union**

None of the explanations mentioned above is sufficient to clarify the meaning of the word for today’s Europe. As Newman states, “there is no adequate definition of a ‘region’ within the EU.”<sup>4</sup> Considering the realpolitik of the union, the determination of an area as a region is a very crucial issue. The definition termed by the European Parliament in the Community Charter for Regionalization under article 1.1 states that “a region is a territory which constitutes, from a geographical point of view, a clear-cut entity or a similar group of territories where there is a continuity and whose population possesses certain shared features and wishes to safeguard the resulting specific identity and develop it with the object of stimulating cultural, social and economic progress”<sup>5</sup>.

As of year 2009, the EU defines ‘region’ on its official web site as ‘ a tract of land with more or less definitely marked boundaries which often serves as an administrative unit below the

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<sup>4</sup> Newman M, ‘Democracy, Sovereignty and the State’, St. Martin’s Pres, New Y, 1996, p.120

<sup>5</sup> European Parliament, Session Document, PE DOK A 2-218/88 B of 21.10.1988.

level of the nation state. Regions have an identity which is made up of specific features such as their landscape (mountains, coast, forest, etc.), climate (arid or high-rainfall), language (e.g. in Belgium, Finland and Spain), ethnic origin (e.g. Wales, northern Sweden and Finland or the Basque country) or shared history.<sup>6</sup>

Considering the common socio-economic features Vickerman classifies five types of region in the EU<sup>7</sup>:

- **Core Regions:** these regions are mostly the ones which have located on and around the geographical, political and/or economic centers of their own countries. London, Liverpool, Paris, Brussels, Randstadt Holland, Greater Copenhagen, Köln, Frankfurt and Barcelona are classical typical examples of regions. Nearly all of these regions occupy a unique place among the other regions in each country. With their large hinterlands that surrounds them, both public and private economic (financial and industrial) activities of the country generally concentrate in these regions. Employment level is also high with high ratio in productivity. Since these regions are generally political centers of their own country, transportation facilities in those regions are more developed than the ones in others.
- **Central Dependant Regions:** These regions are around the core regions. Regions in Southwest England, Northern and Eastern France, Belgium, Southern Netherlands and western border regions of Germany are typical central dependant regions. Since the cost of factor prices are lower than the ones in core regions, these type of regions also attract some sort of industrial investments.

Even though some agriculture and old industry dependent regions remain within the supposed borders of central dependent regions, main industrial sectors that they mostly deal with are food, drink, textiles and clothing. Since the geographical proximity of central dependent regions to core regions is a bonus, their economic structures have mainly rested upon working as distribution centers for the needs of these regions. They face some transportation and also congestion problems. Their performance on these matters will certainly increase the economic competence of central dependant regions to rival emerging markets.

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<sup>6</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/region\\_cities/regional\\_statistics](http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/regional_statistics)

<sup>7</sup> Vickerman R. W, 'The Single European Market', Harvester-Wheatsheaf, 1992, p.49

- **New Technopole Regions:** The main feature of this type of region is their attractiveness for new inward investments. Since the increasing costs in core regions do not matter so much, capital give preference to new technopole regions, searching for a safe harbour to grow. With low levels of unemployment and high levels of in-migration, new technopole regions have assured a higher level of economic performance than other types of regions during the last decades. Since new investments especially on high technology industries have also secured a well-integrated infrastructure and links to the core as well, new technopole regions have no real barrier upon their economic development. Another important point for the geostrategic position of new technopole regions is their proximity not only to core regions but also to peripheral regions. Vickerman portrays new technopole regions as the bridgehead regions for the development of the latter. Regions to be include within this category could be exemplified as East Anglia and parts of the South-est region, West of London, Rhone-Alpes in France, the Stuttgart region in Germany, Lombartdia in Italy and Catalonia in Spain.
- **Old Industrial Regions:** Those regions are the ones which have lost their superiority over some certain fields of industry such as shipbuilding, coal mining, textiles or iron and steel. Since emerging new markets and new energy resources changed styles of production and cost of production as well, old industrial regions of Europe have lost notably their abilities to compete with the changing world conditions. Old industrial regions outside the core face immense economic difficulties due to their incompetence for competition.
- **Underdeveloped Peripheral Regions:** This type of region is the main subject of the regional policy of the EU. Since the assumed lines of demarcation of the periphery encircle the wealthy core regions, poor socio-economic conditions in the periphery could nearly always be concerned with the geographical distance from the core. The main feature of the peripheral regions is their dependence upon an inefficient agricultural sector with a relatively high level of employment. Yet modernisation in agriculture and advantages for the owners of big farms have caused a continuous decline in agricultural employment level. Even though it could also be claimed that industrial activities occupy a special place within the economic structure of the peripheral regions, another stricking characteristic in this type of region is relatively limited weight

of services sector in their economic activities. Inadequacy of infrastructure networks such as the ones in transportation, communication, banking sectors, influx of young people to the core and new technopole regions owing to the abundance of facilities and opportunities there, low level personal income and increasing competition and concentration tendency of the industry and services sectors in favour of dynamic centre are among the other features of the peripheral regions. Also, emigration of labour from the periphery to center causes the depopulation of the peripheral regions which is another important threat for the economic future of them.

Thus, 'a region is an attempt to group together populations or places with enough in common to comprise a logical unit for administrative purposes. It is a recognition that spatial differences require appropriate administrative structures. In this context, "administrative structure" means that an administrative authority has the power to take administrative, budgetary or policy decisions for the area within the legal and institutional framework of the country.'<sup>8</sup>

Actually, the EU has 27 member states and 3 more candidates each of which has its own structure regarding to regions. 'Territorial organisation of the member states and the respective distribution of powers differ considerably with respect to the status and formal degree of autonomy of sub-national entities. However, it is possible to regroup them into four categories within which different forms of regions exist'<sup>9</sup>: countries with a federal structure (federal states), countries with a multi-level structure, subdivided into regionalised and decentralised states and states with a two-level structure (two-tiered states) without an intermediate, i.e. regional level.

Federal states include elected regional authorities with genuine legislative powers and regions have institutionalised participation in federal level decision making. Competences often overlap between federal and regional institutions. The national and regional governments regularly act as partners whereas specific rights are usually reserved to the exclusive competence of the national level. Within the EU there are three federal states: Austria, Belgium and Germany.

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<sup>8</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/region\\_cities/regional\\_statistics](http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/regional_statistics)

<sup>9</sup> Regional and Local Powers in Europe, COR Studies E-1/2002, Brussels, 2002, p.28

In regionalised states, some substantial competences have been devolved from the national level either to the regional level in general or to single regions with a special status. Nevertheless, the national level remains dominant. EU member states belonging to this group of countries are Italy, Spain, United Kingdom and Portugal. In most of this kind of states, the regional tier is foreseen by the constitution whereas French constitution does not provide for the establishment of this sub-national body but introduces 'region' by the laws on decentralisation from 1982 to 1986. Hence, the country must be qualified as 'regionalised state' due to the extent of competences devolved to the French regions and the strong democratic legitimacy of their directly elected assemblies.

In decentralised states of the EU, like Denmark, Finland, The Netherlands and Sweden, regional authorities are not vested with real legislative autonomy vis-a-vis the central government. Regional authorities are often territorial departments of national ministries or boards which are created for organisational purposes.

Two tiered states of the Union, like Greece, Ireland and Luxembourg are small states where the creation of a third level has not been important for organisational reasons. Thus, two tiers of government covers the national and the local level and excludes the regional one.

### **1.2.2. The Structure of Regions in the Member States**

Considering the actual situation of the regions in the European Union, 'the structure of local and regional government in the member states can be outlined as below'<sup>10</sup>:

**Austria:** 9 federal states, 99 districts (including 15 cities), 2359 municipalities.

**Belgium:** 3 regions (Brussels with a special status), 3 communities (federal units), 10 provinces, 589 communes.

**Bulgaria:** 28 regions – districts, 264 municipalities, 3850 municipalities and local districts.

**Cyprus:** 6 districts, 33 municipalities, 486 community councils.

**Czech Republic:** 14 regions, 6249 municipalities.

**Denmark:** 5 regions, 98 municipalities.

**Estonia:** 15 counties, 241 municipalities.

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<sup>10</sup> Committee of the Regions at a Glance, 2007, European Union Committee of the Regions, Publications Office.



**Finland:** 19 regional councils, 1 autonomous province of Åland (with 16 municipalities), 444 municipalities.

**France:** 26 regions (22 metropolitan and 4 overseas regions) , 100 departments (96 and 4 overseas departments), 36763 communes.

**Germany:** 16 federal states, 12900 local authorities (323 counties, cities, towns, municipalities).

**Greece:** 13 regions, 51 departments or prefectures, 900 municipalities, 133 communes.

**Hungary:** 7 planning-statistical regions, 19 counties, 3168 municipalities.

**Ireland:** 2 regional assemblies, 8 regional authorities, 29 county councils, 5 city councils, 80 municipalities.

**Italy:** 20 regions (15 ordinary regions, 5 special statute regions), 2 self-governing provinces (Bolzano and Trento), 106 provinces, 14 metropolitan areas, 8103 local authorities.

**Latvia:** 26 districts, 7 larger cities, 57 towns, 441 rural municipalities, 29 amalgamated municipalities.

**Lithuania:** 10 counties, 60 municipalities

**Luxembourg:** 3 districts, 12 cantons, 118 communes.

**Malta:** 3 administrative entities grouping the local councils, 68 local councils.

**Netherlands:** 12 provinces, 483 communes.

**Poland:** 16 regions, 315 counties or districts, 2500 communes, 64 municipalities with special status of districts, City of Warsaw with special status.

**Portugal:** 2 autonomous regions (Azores and Madeira), 18 districts, 308 municipalities, 4254 parishes, 2 metropolitan areas (Lisbon and Porto)

**Romania:** 8 development regions, 42 departments or prefectures including the capital Bucharest, 103 municipalities, 217 town councils, 2853 communes.

**Slovak Republic:** 8 self-governing regions, 8 regional offices, 50 district offices, 2879 municipalities.

**Slovenia:** 58 decentralised state administrative units, 193 municipalities.

**Spain:** 17 autonomous regions, 2 autonomous cities (Ceuta and Melilla), 50 provinces, 8109 municipalities.

**Sweden:** 2 regions, 19 county councils, 21 counties, 290 municipalities.

**United Kingdom:** England ( 8 regions with coordinating functions, Greater London Authority, 34 counties, 47 unitary councils, 33 London boroughs, 36 metropolitan districts, 238 districts, 7900 parish and town councils), Wales (National Assembly, 22 unitary councils,

732 town and community councils), Scotland ( Scottish Parliament, 32 unitary authorities), Northern Ireland (Semi-autonomous Northern Ireland Assembly, 26 unitary councils).

### **1.2.3. The Trend of Regionalism in European Union**

“Regional self government should be regarded not as a problem or a danger but as an effective, unifying means of giving regions have a say in political decision making at both national and european level. Regionalism is on the rise in Europe and regions are very interested and committed to Europe. Regional autonomy must be perceived as a means of enhancing democracy in paralel with the european unification process.”<sup>11</sup>

As stated in the report mentioned above, regionalisation efforts are supported within the EU by fostering principles of subsidiarity, proximity, good governance and active citizenship. Region is seen as the ideal level for exercising governance due to its size and proximity. Hence, a regional Europe is said to be an additional guarantee to democracy in the sense that it enhances citizens’ opportunities to play active role in political affairs.

Since region is conceptualized as a level of government with its political, administrative and financial efficiency the regionalist movement with the idea of good governance seeks to apply the principle of subsidiarity and citizens’ demands for organisation at regional level. Here, state is still the basic institution where the political process unfolds, as the primary holder of rights in international politics and the ultimate decision-making level within European institutions.

Regions are a European reality. Despite its recent nature and diversity, the regional phenomenon has clearly become a key political fact of life. During the last fifty years Europe has undergone a political change having a contradictory nature: the establishment of supranational European institutions and at the same time institutionalisation of intermediate levels of government generally qualified as regions. They correspond to a sub-state level of regional self government within the state. Regionalisation does not exist everywhere, nor is it applied in the same way or to the same degree. In some European countries regions have gained enormous political influence, whilst in others they perform mere administrative

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<sup>11</sup> Regionalisation in Europe, Doc.11373, 14 sept.2007, Parliamentary Assembly of Council of Europe report, Rapporteur Mr. Lluís Maria de PUIG, Spain, Socialist Group, p.1

functions as a decentralised sub-division of the state. “Some regions have been established purely as recipients of EU funds or in order to carry out European regional projects”.<sup>12</sup>

It offers solution to the problems of minorities, brings public authorities closer to the citizens and foster participatory democracy through greater proximity and pluralism.

The regional issue is not of a secondary importance; it is a substantial problem that concerns the very nature of the European democratic process and is very closely linked to the enhancement of democracy in the member states bearing in mind the subsidiarity and proximity principles that will have to be acknowledged in future political organisation.

The policy governing distribution of the EU structural funds and projects has obliged some states to set up new regions, which are sometimes quite simply implemented in order to adapt their administrative organisation to EU rules.

#### **1.2.4. The New Classification of the European Union Regions**

Apart from their historical, political, economic or administrative meanings of each of the region of the EU countries, together with the evolution of the Union and its policies, the meaning and the classification of the regions have also evolved. Today, the term seems to have reached a position much more important than before with its existence as a key actor different than state in European wide politics acting at supra-national level.

Presently, regions of the EU are defined and classified as a result of The Nomenclature of Territorial Units for Statistics (NUTS) established by Eurostat more than 30 years ago in order to provide a single uniform breakdown of territorial units for the production of regional statistics for the Union. By time, this statistical study has become indispensable with its results conducting the policies. The NUTS classification has been used in Community legislation since 1988. In 2003 Regulation of the European Parliament and of the Council on the NUTS was adopted. Together with the last two enlargements, in May 2004 the regions in the 10 new Member States were added and from 1 January 2007 the regions of Bulgaria and Romania.

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<sup>12</sup> Regionalisation in Europe, Doc.11373, 14 sept.2007, Parliamentary Assembly of Council of Europe report, Rapporteur Mr. Lluís Maria de PUIG, Spain, Socialist Group, p.5

The NUTS nomenclature was created and developed according to the following principles<sup>13</sup>:

- The NUTS favours institutional breakdowns: For practical reasons of the implementation of regional policies, the NUTS nomenclature is based primarily on the institutional divisions currently in force in the Member States (normative criteria).
- The NUTS favours regional units of a general character: Territorial units specific to certain fields of activity (mining regions, rail traffic regions, farming regions, labour-market regions, etc.) may sometimes be used in certain Member States. NUTS excludes specific territorial units and local units in favour of regional units of a general nature.
- The NUTS is a three-level hierarchical classification: NUTS subdivides each Member State into a whole number of NUTS 1 regions, each of which is in turn subdivided into a whole number of NUTS 2 regions and so on.

The NUTS Regulation lays down the following minimum and maximum thresholds for the average size of the NUTS regions

Table 1. 1.NUTS Classification

<b>Level</b>	<b>Minimum</b>	<b>Maximum</b>
NUTS 1	3 million	7 million
NUTS 2	800 000	3 million
NUTS 3	150 000	800 000

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<sup>13</sup> [http://ec.europa.eu/eurostat/ramon/nuts/basicnuts\\_regions\\_en.html](http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html)

Table 1. 2 Correspondence between the NUTS levels and the national administrative units (2007)

	NUTS 1		NUTS 2		NUTS 3		
<b>BE</b>	Gewesten/ Régions	3	Provincies/ Provinces	11	Arrondissementen/ Arrondissements	44	
<b>BG</b>	Rajoni	2	Rajoni za planirane	6	Oblasti	28	
<b>CZ</b>	Území	1	Oblasti	8	Kraje	14	
<b>DK</b>	-	1	Regioner	5	Landsdeler	11	
<b>DE</b>	Länder	16	Regierungsbezirke	39	Kreise	429	
<b>EE</b>	-	1	-	1	Groups of Maakond	5	
<b>IE</b>	-	1	Regions	2	Regional Authority Regions	8	3
<b>GR</b>	Groups of development regions	4	Periferies	13	Nomoi	51	10
<b>ES</b>	Agrupación de comunidades autónomas	7	Comunidades ciudades autónomas y	19	Provincias + islas + Ceuta y Melilla	59	
<b>FR</b>	Z.E.A.T + DOM	9	Régions + DOM	26	Départements + DOM	100	3
<b>IT</b>	Gruppi di regioni	5	Regioni	21	Provincia	107	
<b>CY</b>	-	1	-	1	-	1	6
<b>LV</b>	-	1	-	1	Reģioni	6	3
<b>LT</b>	-	1	-	1	Apskritis	10	6
<b>LU</b>	-	1	-	1	-	1	1
<b>HU</b>	Statisztikai nagyrégiók	3	Tervezési-statisztikai régiók	7	Megyék + Budapest	20	10
<b>MT</b>	-	1	-	1	Gzejjer	2	6
<b>NL</b>	Landsdelen	4	Provincies	12	COROP regio's	40	
<b>AT</b>	Gruppen von Bundesländern	3	Bundesländer	9	Gruppen von Politischen Bezirken	35	
<b>PL</b>	Regiony	6	Województwa	16	Podregiony	66	3
<b>PT</b>	Continente	3	Comissões de Coordenação Regional + Regiões Autónomas	7	Grupos de Concelhos	30	30
<b>RO</b>	Macroregiuni	4	Regiuni	8	Judet + Bucuresti	42	
<b>SI</b>	-	1	Kohezijske regije	2	Statistične regije	12	5
<b>SK</b>	-	1	Oblasti	4	Kraje	8	7
<b>FI</b>	Manner-Suomi, Ahvenanmaa/ Fasta Finland, Åland	2	Suuralueet Storområden /	5	Maakunnat Landskap /	20	7
<b>SE</b>	Landsdelar	3	Riksområden	8	Län	21	
<b>UK:</b>	Government Office Regions; Country	12	Counties (some grouped); Inner and Outer London; Groups of unitary authorities	37	Upper tier authorities or groups of lower tier authorities (unitary authorities or districts)	133	4
<b>EU-25</b>		91		257		1233	8
<b>EU-27</b>		97		271		1303	8

The NUTS nomenclature serves as a reference for the collection, development and harmonisation of Community regional statistics; for the socio-economic analyses of the regions and finally for the framing of Community regional policies.

The present NUTS nomenclature valid from 1 January 2008 subdivides the economic territory of the European Union into 97 regions at NUTS 1 level, 271 regions at NUTS 2 level and 1303 regions at NUTS 3 level. Below that, two levels of Local Administrative Units (LAU) Units which are the districts and municipalities and are not subject of the NUTS Regulation. have been defined. The upper LAU level is defined only for the following countries: Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovenia, Slovakia and the United Kingdom. The lower LAU level consists of around 120 000 municipalities or equivalent units in the 27 EU Member States as of 2007.

Each level still contains regions which differ greatly in terms of area, population, economic strength or administrative powers. This heterogeneity at Community level is often only the reflection of the situation existing at Member State level.

In terms of area, the largest regions are situated in Sweden and in Finland:

- Manner-Suomi (Continental Finland), with 303 000 km<sup>2</sup>, and Norra Sverige (SE), 288 450 km<sup>2</sup>, at NUTS level 1;
- Övre Norrland (SE), 153 440 km<sup>2</sup>, and Pohjois-Suomi (FI), 133 580 km<sup>2</sup>, NUTS level 2;
- Norrbottens län (SE), 98 250 km<sup>2</sup>, Lappi (FI), 93 000 km<sup>2</sup>, and Västerbottens län (SE), 55 200 km<sup>2</sup>, at NUTS level 3.

In terms of populations (2005 data), there are also marked differences between regions<sup>14</sup>:

- At NUTS level 1, Nordrhein-Westfalen in Germany and Nord-Ovest in Italy have the most inhabitants (18 million and 15 million respectively), while Åland (26 000 inhabitants) in Finland is the least populated region;

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<sup>14</sup> [http://ec.europa.eu/eurostat/ramon/nuts/basicnuts\\_regions\\_en.html](http://ec.europa.eu/eurostat/ramon/nuts/basicnuts_regions_en.html)

- At NUTS level 2, the Île de France and Lombardia have 11 million and 9 million inhabitants respectively, while 14 regions (most of them peripheral regions or islands) have fewer than 300.000: Åland, Burgenland (AT), Guyane, Ceuta, Melilla, Valle d'Aosta/Vallée d'Aoste, Luxembourg (BE), La Rioja, Corse, Açores, Madeira, and three Greek regions;
- At NUTS level 3, the Spanish provinces of Madrid and Barcelona, the Italian provinces of Milano, Roma and Napoli, the German city of Berlin and the Greek *nomos* of Attiki all have more than three million inhabitants, whereas a number of regions in Germany, Spain, Belgium, Austria, United Kingdom, Greece, and the island of Gozo in Malta have populations of under 500000.

Table 1. 3. Area of the regions (km<sup>2</sup>)

	NUTS 1	NUTS 2	NUTS 3	NUTS 1	NUTS 2	NUTS 3	NUTS 1	NUTS 2	NUTS 3
	X	X	X	Min	Min	Min	Max	Max	Max
<b>EU-27</b>	44 335	15 869	3 300	161	13	13	302 946	153 439	98 249
<b>BE</b>	10 109	2 757	689	161	161	101	16 803	4 438	1 592
<b>BG</b>	55 501	18 500	3 964	42 672	14 487	1 349	68 330	22 365	7 748
<b>CZ</b>	77 263	9 658	5 519	77 263	485	485	77 263	17 068	10 808
<b>DK</b>	43 098	8 620	3 918	43 098	2 561	180	43 098	13 124	8 720
<b>DE</b>	22 314	9 155	832	404	404	36	70 549	23 174	3 058
<b>EE</b>	43 432	43 432	8 686	43 432	43 432	3 364	43 432	43 432	15 533
<b>IE</b>	68 394	34 197	8 549	68 394	32 097	917	68 394	36 297	13 625
<b>GR</b>	32 679	10 055	2 563	3 806	2 297	355	56 142	18 884	5 369
<b>ES</b>	72 285	26 631	8 576	7 447	13	13	215 320	94 225	21 766
<b>FR(*)</b>	70 311	24 338	6 328	12 414	1 128	105	145 645	83 934	83 934
<b>IT</b>	60 267	14 349	2 816	49 301	3 239	211	72 063	25 409	7 400
<b>CY</b>	9 251	9 251	9 251	9 251	9 251	9 251	9 251	9 251	9 251
<b>LV</b>	62 290	62 290	10 382	62 290	62 290	256	62 290	62 290	14 801
<b>LT</b>	62 678	62 678	6 268	62 678	62 678	4 218	62 678	62 678	9 425
<b>LU</b>	2 586	2 586	2 586	2 586	2 586	2 586	2 586	2 586	2 586
<b>HU</b>	31 010	13 290	4 652	6 918	6 918	525	49 498	18 339	8 445
<b>MT</b>	316	316	158	316	316	70	316	316	246
<b>NL</b>	8 446	2 815	845	7 072	1 386	113	9 721	4 975	1 829
<b>AT</b>	27 493	9 164	2 357	23 005	396	396	33 861	18 929	4 556
<b>PL</b>	52 114	19 543	4 738	27 521	9 412	261	74 853	35 566	12 098
<b>PT</b>	30 706	13 160	3 071	828	828	814	88 968	31 551	8 542
<b>RO</b>	57 500	28 750	5 476	35 189	1 757	229	67 424	36 135	8 540
<b>SI</b>	20 141	10 071	1 678	20 141	8 024	263	20 141	12 117	2 666
<b>SK</b>	49 034	12 259	6 129	49 034	2 052	2 052	49 034	16 256	9 455
<b>FI</b>	152 237	60 895	15 224	1 527	1 527	1 527	302 946	133 578	93 004
<b>SE</b>	136 778	51 292	19 540	48 204	6 519	2 947	288 453	153 439	98 249
<b>UK</b>	20 256	6 569	1 828	1 572	319	35	77 907	39 777	14 295

(\*) incl. DOM (départements d'outre mer)



Table 1. 4. Population of the regions 2005 (1,000)

	NUTS 1	NUTS 2	NUTS 3	NUTS 1	NUTS 2	NUTS 3	NUTS 1	NUTS 2	NUTS 3
	X	X	X	Min	Min	Min	Max	Max	Max
<b>EU-27</b>	5 081	1 819	378	27	27	10	18 067	11 360	5 218
<b>BE</b>	3 504	956	239	1 013	257	43	6 061	1 639	1 013
<b>BG</b>	3 859	1 286	276	3 683	954	119	4 057	2 117	1 226
<b>CZ</b>	10 236	1 281	732	10 236	1 127	304	10 236	1 641	1 252
<b>DK</b>	5 419	1 086	493	5 419	577	43	5 419	1 632	793
<b>DE</b>	5 152	2 114	192	663	514	35	18 067	5 232	3 392
<b>EE</b>	1 346	1 346	269	1 346	1 346	141	1 346	1 346	521
<b>IE</b>	4 159	2 105	526	4 159	1 112	246	4 159	3 047	1 168
<b>GR</b>	2 781	856	218	1 108	202	20	3 988	3 988	3 988
<b>ES</b>	6 251	2 303	742	1 931	67	10	12 412	7 732	5 880
<b>FR(*)</b>	6 987	2 419	629	1 801	196	77	11 360	11 360	2 575
<b>IT</b>	11 750	2 798	549	6 668	123	90	15 195	9 434	3 854
<b>CY</b>	758	758	758	758	758	758	758	758	758
<b>LV</b>	2 300	2 300	382	2 300	2 300	244	2 300	2 300	730
<b>LT</b>	3 414	3 414	340	3 414	3 414	131	3 414	3 414	848
<b>LU</b>	457	457	457	457	457	457	457	457	457
<b>HU</b>	3 359	1 440	504	2 848	974	216	4 155	2 848	1 698
<b>MT</b>	404	404	202	404	404	32	404	404	371
<b>NL</b>	4 084	1 361	408	1 701	368	52	7 617	3 459	1 359
<b>AT</b>	2 755	918	236	1 760	279	21	3 493	1 639	1 639
<b>PL</b>	6 360	2 385	578	3 940	1 009	280	7 956	5 152	1 695
<b>PT</b>	3 523	1 510	352	242	242	42	10 063	3 733	2 008
<b>RO</b>	5 403	2 701	515	4 240	1 932	224	6 582	3 735	1 929
<b>SI</b>	2 000	1 000	167	2 000	992	46	2 000	1 079	498
<b>SK</b>	5 387	1 347	674	5 387	602	554	5 387	1 864	798
<b>FI</b>	2 628	1 051	263	27	27	27	5 219	2 588	1 353
<b>SE</b>	3 016	1 131	431	1 706	371	58	3 926	1 881	1 881
<b>UK</b>	5 033	1 632	454	1 712	437	20	8 116	4 503	1 841

(\*) incl. DOM (départements d'outre mer)

Note: FR, UK 2004 data. *In italics*: data from the 2001 or 2002 census of population

## **2. THE REGIONAL POLICY OF EUROPEAN UNION**

As mentioned in the first part of the thesis, regions with the term's all meanings and peculiarities have a certain crucial importance for Europe. The regions and their importance in the Union's system are substantial since they are considered to be the concrete success of the European Project. The comparison of the status of the regions at the beginning of the 1950s and the point where they have arrived in the 2000s can also be named as a presentation summarising what EU has achieved so far. This is the result of continuous and comprehensive policies implemented at European scale one of which is absolutely 'The Regional Policy'. From the very beginning, the regions and its different dimensions have been the reason, the element, the instrument, the aim, the result and the actor of this policy.

### **2. 1. THE EVOLUTION OF REGIONAL POLICY**

#### **2.1.1. The Reasons of the EU Regional Policy**

Obviously, the fundamental reason and also principle leading to the Union's foundation is the effort of unifying the peoples of Europe. At this point, the regions occur as a basic element. The position of the regions is a mirror reflecting the Union's defects. The regional differences in economic and social sense constitute a bloc on the way to a real unification. Hence, the elimination of economic and social disparities have become one of the indispensable objectives. Actually the European Union comprises 27 member states which form a community and internal market of 493 million citizens. However, there are certain economic and social disparities among these countries and their 271 regions. 'One region in four has a GDP (Gross Domestic Product) per inhabitant under 75% of the average of the European Union of 27 and to reduce economic and social disparities forms the substantial need for such a policy.'<sup>15</sup>

The need for solidarity and to remain competitive is the second reason. The policy is designed to bring about concrete results furthering economic and social cohesion to reduce the gap between the development levels of the various regions. It brings added value to actions on the

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<sup>15</sup> [http://ec.europa.eu/regional\\_policy/policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/history/index_en.htm)

ground and helps to finance concrete projects. The idea is to create potential so that the regions can fully contribute to achieving greater growth and competitiveness and at the same time to exchange ideas and best practices.

The challenges of the 21st century triggered the search for such a regional policy at the European level. Hallet and Randall identify the motives for regional policy at European level as follows<sup>16</sup>:

- the need for lessening the impact of integration
- the need for continuous and balanced expansion
- precondition for realization of Economic and Monetary Union.
- coordination of national regional policies
- neutralization of adverse effects of other European Community policies.

### **2.1.2. The Objectives of EU Regional Policy**

The basic objectives of EU regional policy are as follows:

- to reduce the present income disparities between the member states and promote the structural adjustment of regions whose development is lagging behind<sup>17</sup>
- to reduce the effects of the factors causing income disparities in order to prevent further increase in income disparities between the member states. This aim is to be taken into account in two ways: one is reducing the income disparities resulting from structural and

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<sup>16</sup> Hallet G. And Randall P. (1973), 'Regional Policy for Ever? ', The Institution of Economic Affairs, p.7

<sup>17</sup> Archer C. and Butler F. (1992), The European Community Structure and Process' London, Pinter Publishers, p.93

institutional factors and other is reducing the negative impact of globalization towards income disparities.<sup>18</sup>

- to ensure that economic divergence does not threaten the political and social cohesion of a unified Europe.<sup>19</sup>
- to promote the projects that can not be achieved by the member states on their own and to coordinate the regional policy at EU level.<sup>20</sup>
- to promote converison of declining industrial regions.<sup>21</sup>
- to improve economic development in the EU's poorest regions through special financial instruments.<sup>22</sup>

If the objectives of the policy are examined through out the objectives stated for its structural funds and instruments, key objectives for the period between 2007-2013 are convergence, regional competitiveness and employment, and European Territorial Cooperation<sup>23</sup>.

The Convergence Objective is to promote growth-enhancing conditions and factors for the least developed member states and regions. Actually, this objective covers 84 regions in 18 member states with a total population of 154 million and per capita GDP at less than 75% of the Community average. The fund reserved for Convergence objective is EUR 282,8 billion representing 81,5% of the total budget of Regional Policy stated for this period.

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<sup>18</sup> Sağbaşı İ. (2003), Avrupa Birliği Bölgesel Politikası, in Kar, M. & Arıkan H.(eds), Avrupa Birliği Ortak Politikalar ve Trükiye Ekonomik, Sosyal ve Siyasal Politikaların Uyumlaştırılması, İstanbul: Beta Yayınları, p.261.

<sup>19</sup> Laughlin, J. (1997), 'Regional Policy in the European Union' in Stavridis, S., Mossialos, E., Morgan R., and Machin, H., (eds) New Challenges to the European Union: Policies and Policy Making, England: Dartmouth Publishing Company, p.439

<sup>20</sup> Sağbaşı İ. (2003), Avrupa Birliği Bölgesel Politikası, in Kar, M. & Arıkan H.(eds), Avrupa Birliği Ortak Politikalar ve Trükiye Ekonomik, Sosyal ve Siyasal Politikaların Uyumlaştırılması, İstanbul: Beta Yayınları, p.261.

<sup>21</sup> Archer C. and Butler F. (1992), The European Community Structure and Process' London, Pinter Publishers, p.93

<sup>22</sup> Bourne, A.K. (2003), 'Regional Europe', in Cini, M.(ed) European Union Politics, Oxford, Oxford University Press, p.277.

<sup>23</sup> [http://ec.europa.eu/regional\\_policy/policy/](http://ec.europa.eu/regional_policy/policy/)

The Regional Competitiveness and Employment objective aims at strengthening competitiveness and attractiveness together with employment by development programmes. These programmes help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment and the improvement of their accessibility. Also, more and better jobs are supported by adapting the workforce and by investing in human resources. In the EU of 27, 314 million inhabitants in 168 regions benefit from this objective. The fund available for this objective is EUR 55 billion being 16% of the total.

The European Territorial Co-operation Objective supports cross-border cooperation through joint local and regional activities, trans-national co-operation aiming at integrated territorial development, and inter-regional cooperation and exchange of experience. This aim takes 2,5% of the policy's budget which is equal to EUR 8,7 billion.

### **2.1.3. The Development of EU Regional Policy**

It is clear that from the very beginning of the European Community, the regional policy did not have the same meaning and importance as it has today. The context and influence of the concept went through an evolution just like the Community itself.

The treaty of Rome contained no specific provisions for common regional policy but just provided the seeds.<sup>24</sup> A reference to the regional problem is found in the preamble to the Treaty of Rome of 1957 which states that it is 'anxious to strengthen the unity of the member states' economies to ensure their harmonious development by reducing both the differences existing between the various regions and the backwardness of the less favoured regions'. So it is seen that there is no legal basis for regional policy in the founding treaty of the Community. However, one of the obvious instruments of the policy in the latter years; European Investment Bank (EIB) was created in 1958 to assist underdeveloped regions through loans. It was the year 1961 when the Commission declared the recognition of the regional problems; an important step leading the way to the creation of Commission Directorate Generale for

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<sup>24</sup> Bourne, A.K.,(2003), 'Regional Europe', in Cini, M.(ed) European Union Politics, Oxford :Oxford University Press, p.284.

Regional Policy in 1967. By the way, the first periodic report on regional policy was issued in 1965 and the integration of the Community policy with national policies was called.

It is noteworthy that, despite existing problems of that time, the original six member states had institutioned 'a relatively homogeneous economic group'<sup>25</sup>. With the arrival of the first enlargement of the Community, serious regional problems came up following the memberships of UK, Ireland and Denmark. Up to that time, the individual member states were continuing to apply their own separate regional policies on the territory of their own. After the enlargement, the efforts became insufficient for the widening gap between the rich and the poor areas of the 1970s. Economic facts put forward clearly the inadequacy of national regional policies.

The development of an explicit common regional policy came to the foreground with the Paris Summit of the Council of Ministers in October 1972 where the heads of state urged strongly that 'a high priority should be given to correcting regional imbalances for the achievement of the economic and monetary union'<sup>26</sup>. As the first result of this ambition, The European Regional Development Fund (ERDF) was set up in 1974 with its particularity of being the first policy instrument dedicated to the problem of unequal development between EU regions. In this period, another important step was the Commission's 'Report on the Regional Problems in the Enlarged Community' prepared under the direction of George Thomson in 1973. Thomson Report constituted a basis for the future of regional policy by commenting on the impossibility of monetary union without an effective regional policy with the following statement: 'No Community could maintain itself nor have meaning for the peoples which belong to it so long as some have very different standards of living and have cause to doubt the common will of all to help each member to better the conditions of its people'.<sup>27</sup> As a result, The European Regional Development Fund (ERDF) was set up on 1 January 1975 under the responsibility of the Commission for a three-year experimental period with a budget of 1,3 billion EUA equal to 4,8% of the overall Community budget. The objective was the correction of imbalances due to predominance of agriculture, industrial change and structural unemployment. It was the first policy instrument specifically dedicated to the problem of unequal development between EU regions and the allocation of funds was

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<sup>26</sup> Martins, R.W. and Mawson, J (1975) 'The Programming of Regional Development in the EC', *Journal of Common Market Studies*, XX, 3, Basil Blackwell.

<sup>27</sup> George, S. (1989) *Politics and Policy in the European Community*, Clarendon Press, Oxford, p.145.

based on the quotas of the member states subject to approval by the Council of Ministers. However, it should be underlined that the role of the ERDF was not to lead member states to reduce their own regional development efforts but to complement these efforts. As well as ERDF, Regional Policy Committee was set up in 1975 composed of two representatives from each member state to examine at the request of the Council or Commission or its own initiative the overall framework of the regional policy. In the Report of the Commission dated 1977, some indicators to be used by the member states in selecting the regions for the use of the ERDF sources were determined.<sup>28</sup> These were the trend in regional unemployment rates for the last five years, the ratio of the unemployment levels both in agriculture and in the declining industrial sectors, the net regional migration rate for the last five years, the level of trends in regional GDP totals.

Although ERFD was created EU regional policy had considerable deficiencies. According to Archer, these can be listed as below.<sup>29</sup>

- limited regional assistance via just two sorts of projects; those creating and maintaining employment in the industrial and services sectors, and those creating infrastructure investment for industrial needs or for remote areas,
- no agreement over the definition of a region,
- the responsibility of national governments for the process of shifting applications for regional funds and for sending details of those they wanted to be funded to the Commission, in order to ensure that they achieved their national quota which leaves the Commission with little scope to fund those projects not supported by governments.

Grants from the ERDF to the member states between the period 1975- 1984 are as shown in the below table.

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<sup>28</sup> Nevin, E. T. (1990) 'Regional Policy' in A.M El -Agra (ed) *The Economics of the European Community*, Philip Allan, p.340

<sup>29</sup> Archer, C.(2000) *The European Union: Structure and Process*, London: Continuum, p.132

Table 2. 1. Grants from the ERDF 1975- 1984<sup>30</sup>

Member State	Average quota (%)	Total (million ECU)	Assistance % of ERDF total	Approved % of projects
Belgium	1,22	114,4	0,99	15,4
Denmark	1,12	131,8	1,14	22,6
France	14,43	1683,6	14,59	13,9
Germany	5,15	544,8	4,72	6,3
Greece	8,67	1093,5	9,48	27,6
Ireland	6,11	712,9	6,18	6,6,
Italy	36,88	4352,8	37,73	20,3
Luxembourg	0,08	12	0,1	21,2
Netherlands	1,37	156,2	1,35	18,2
U.K.	24,97	2735,6	24,71	13,1
EC (10)	100	11537,6	100	14,4

Between the years 1984- 1997, the policy entered into a different phase including a number of reforms to become more substantial. The criteria to clarify the regions for the Community aid was simplified by forming a synthetic index to rate the regional development level of each region by consisting of two parameters; the per capita income and unemployment level. Continuously, there was a clear emphasis on ‘coordination’ which had to take place between Community Regional Policy and national regional policies.<sup>31</sup> ‘A clearer definition of the tasks of the ERDF’ was on the agenda for the development and structural adaptation of underdeveloped regions and the conversion of declining industrial regions as well as other regions affected by some Community policies. Plus, ‘concentration’ in favour of the countries with peripheral and declining regions became more important.

The turning point of the EU regional policy is said to be together with The Single European Act (SEA) signed in 1986 laying the basis for a genuine cohesion policy designed to offset the burden of the single market for the less favoured regions. The need for economical and social cohesion was recognized and ‘Social and economic Cohesion Title’ was inserted to the Treaty of Rome. Three financial instruments – European Social Fund (ESF) and European Agricultural Guidance and Guarantee Fund (EAGGF) plus ERDF - were formed which would be known as ‘Structural Funds’ and turned out to be the principle mechanisms for achieving the objectives. Successively, a serious increase in the money allocated to structural funding in the Community budget was seen. 1988 Brussels Summit let the increase of the proportion of

<sup>30</sup> Commission of European Communities, Eighteenth General Report, Luxembourg, 1985, Table 10, p.148

<sup>31</sup> Laughlin, J. (1997), ‘Regional Policy in the European Union’ in Stavridis, S. Mossialos, E. Morgan R. and Machin, H. (eds) New Challenges to the European Union: Policies and Policy Making, England, Dartmouth Publishing Company, p.447.



the Structural Funds to 25% of the EC budget by 1993.<sup>32</sup> This meant to be the doubling of annual resources over the period 1989-1993 which was equal to ECU 64 billion.<sup>33</sup> Moreover, in the same year, the Council adopted the first regulation integrating the Structural Funds under the umbrella of the Cohesion Policy introducing 'key principles such as focusing on the poorest and most backward regions, multi-annual programming, strategic orientation of investments and the involvement of regional and local partners'.<sup>34</sup>

Five principles governing the Structural Funds were introduced together with the reforms of SEA of 1986 which are examined as follows:

- **Programming:** The programming principle depends on the distribution of the Structural Funds on project-by-project basis. The funds would be allocated to programmes rather than individual projects. Then, it is understood that each financed project would be included within a programme. Development strategies through multi-annual programming of assistance in the form of medium-term strategic planning were on the agenda.
- **Concentration:** The aim of this principle was to increase the efficiency of European intervention. Hence, 'Structural Funds spending would go to regions in the greatest need.'<sup>35</sup> EU's least developed regions would receive about two thirds of all structural funds.<sup>36</sup>
- **Additionality:** This principle aimed at preventing member states from cutting their national development policy making by seeing European development policies as a substitute for the national development effort. Thus, EU regional policy should be treated as an addition for member states' national expenditure on this subject. The assistance should not lead member states to reduce their own regional efforts but should complement these efforts.

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<sup>32</sup> Archer C. and Butler F. (1992), *The European Community Structure and Process* London, Pinter Publishers, p.99

<sup>33</sup> [http://ec.europa.eu/regional\\_policy/policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/history/index_en.htm)

<sup>34</sup> [http://ec.europa.eu/regional\\_policy/policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/history/index_en.htm)

<sup>35</sup> Bourne, A.K.(2003), 'Regional Europe', in Cini, M.(ed) *European Union Politics*, Oxford: Oxford University Press, p.287.

<sup>36</sup> Bourne, A.K.(2003), 'Regional Europe', in Cini, M.(ed) *European Union Politics*, Oxford: Oxford University Press, p.287

- **Partnership:** Through partnership, in addition to central governments, regions and the Commission have a role in the preparation of programmes and in the assessment and monitoring of those programmes. This principle carries a primary importance since it includes local government, development agencies, business groups and others in the planning, decision making and implementation of structural funds together with the Commission and national authorities. By favouring decentralisation and democratisation tendencies across the Community, partnership principle has brought in democratic legitimacy to the measures to be performed under structural actions. Hence, partnership is a concrete reflection of multi-level decision making.
- **Efficiency:** This principle was designed to provide the correct management and to monitor the effectiveness of the implementation of European development actions. Under this principle, the Commission and member states are responsible for the implementation and monitoring and effectiveness of the measures taken.

After these reform packages, the 1989 Commission Document defined five priority objectives for regional development.

*Objective 1* focused on the development and structural adjustment of the regions lagging behind. Within the competitive conditions of the Single European Market, two-thirds of the total allocation was reserved for this objective. The regions under this objective were defined under the criteria that GDP per capita less than 75% of the Community average for the last three years. Under these conditions, all of Greece, Portugal, Ireland, large parts of Spain, southern Italy, Corsica, the French overseas Départements which was equal nearly 22% of the Community population were the main beneficiary of this objective.

*Objective 2* was to convert regions seriously effected by industrial decline. The eligibility criteria for this objective includes unemployment rates higher than Community average during the last three years, industrial employment rates higher than the Community average in any reference year from 1975 onwards and an observable fall in industrial employment compared with the refernce year chosen in accordance with the second point. In this respect, the UK, France, Germany and Spain were the main recipients of the sources.

*Objective 3* targeted on the combat for long term unemployment defined as unemployment for one year or more.

*Objective 4* was to facilitate the occupational integration of young people below the age of twenty-five. So, the youth unemployment was the subject to integrate into working life.

*Objective 5* aimed at reforming the Common Agricultural Policy (CAP). It was divided into 2 parts. The first part named as *Objective 5(a)* focused on the strengthening and reorganising of agricultural structures, ensuring the conversion of agricultural production and the development of supplementary activities for farmers, ensuring a fair standard of living for farmers, improving the social fabric of rural areas and of rural environment. The second part, *Objective 5(b)* was planned to promote the development of low-income rural regions with high share of agricultural unemployment, low-level of agricultural income and low-level of socio-economic development on the basis of GDP per habitant. As it is seen, objective 5 (a) and (b) did not concern with industrial worries.

The Maastricht Treaty which entered into force on November 1, 1993 gave a legal basis to an enhanced European Union (EU) regional policy and placed it in the context of economic and social cohesion stated in Article 130 as 'Community shall aim at reducing disparities between the levels of development of the various regions and backwardness of the least favoured regions including rural areas. The Treaty set the institution of Committee of Regions (COR) with advisory status composed of representatives of regional and local bodies. Members of the committee were proposed by the member states and appointed by decision of the Council. With the Treaty, a new financial instrument was also set up named as 'Cohesion Fund'. This fund covered the states expected to be in failure to meet the convergence criteria of the European Monetary Union (EMU). Via this fund Spain, Portugal, Greece and Ireland which had GDP per capita less than 90% of the EU average of that time gained financial contributions in the fields of environment and transport networks. The budget of the fund was 15 billion EUR for the period 1993-1999 whereas it reached to 18 billion EUR for the following period 2000-2006. In 1995, together with the new memberships of Austria, Finland and Sweden, the regional policy entered into a new phase. Upon the accession of these members, a new objective was introduced, namely the *Objective 6* favouring the extremely low populated Nordic areas composed of regions of Finland and Sweden. Another significant difference compared to previous period was the increase of Structural Funds'

budget to ECU 168 billion for the period 1994- 1999 being one third of the total Union's budget.<sup>37</sup>

In 2000s, Regional Policy got its shape in parallel with the transformation EU went through itself. The budget prepared for the period 2000-2006 had the objective of making enlargement a success. Hence, together with the sixth enlargement in May 2004, EU entered into a period different than the previous ones with its ten new members namely Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Latvia, Cyprus and Malta. The historic enlargement brought a 20% increase in the EU's population but only a 5% increase in Union's GDP. With enlargement, disparities increased in income and employment since the average GDP per capita in new members was under half the EU average and only 56% of their population were in active employment, compared to 64% in the EU -15.<sup>38</sup> The new members territory almost completely fell under Objective 1 and even this brought new challenges for the existing old members and EU as a whole itself. Not only the increase in population but also the increase in size of the agricultural area would bring problems since the efficiency in agriculture was very far away from the one in EU. Transformation to market economy had not been completed due to unemployment and poverty and inefficiency in infrastructure used to deteriorate the management activities. In addition, the situation of environment was far behind the EU standards. So, the Regional Policy envisaged to reduce the regional economic imbalances between the regions for economic and social cohesion in EU was very challenged by this enlargement widening the gap between the richest members and poorest ones with the admission of a large number of countries poorer than any already in. This situation would cause serious problems between the net contributors and receivers of the Structural Funds. The amount receivers got would be reduced whereas the amount the contributors gave would be increased leading serious tensions.

Against this deep impact of the enlargement, AGENDA 2000 had been in preparation since the second half of the 1990s. It is called to be 'the label under which the efforts to reform the Structural Funds was carried out'<sup>39</sup>. Prepared by the Commission in 1997 after tough intergovernmental negotiations, agenda got its final form together with the Berlin European

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<sup>37</sup> Laughlin, J. (1997), 'Regional Policy in the European Union' in Stavridis, S. Mossialos, E., Morgan R., and Machin, H., (eds) *New Challenges to the European Union: Policies and Policy Making*, England: Dartmouth Publishing Company, p.454

<sup>38</sup> [http://ec.europa.eu/regional\\_policy/policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/history/index_en.htm)

<sup>39</sup> Çetin, M. & Karamustafa, O. (2002) 'Avrupa Birliği'nde Bölgesel Kalkınma Aracı Olarak Yapısal Fonlar', *Ekonomik Yorumlar*, (39) 12, İstanbul, p.63

Council in March 1999. Agenda 2000 outlined the development of Union policies, the challenge of enlargement and the new financial framework for the period 2000-2006. The budget for cohesion policy was to be 213 billion EUR for the fifteen member states whereas an additional allocation of 22 billion EUR was provided for the new member states for the period 2004-2006. Hence, it had emphasized the importance of familiarizing the applicant countries with the structural policies' principles and procedures in order to prepare them before accession.

For reasons of visibility, efficiency and greater concentration of Structural Fund assistance in the areas of greatest need, the Structural Funds were rearranged. Six objectives mentioned in the previous sections of the thesis were reduced to three. For promotion of social and economic cohesion; contribution to the harmonious balanced and sustainable development of economic activities, the development of employment and human resources the protection and improvement of the environment, the elimination of inequalities and the promotion of equality between men and women were underlined. Three new objectives of this period can be described as follows:

- Objective 1 aims the development and structural adjustment of regions with development lagging behind. This objective is for regions with crucial problems of income, employment, the productive system and infrastructure having GDP per capita less than 75% of the community average. It incorporated former Objectives 1, 6 and to a certain extent 5a. Considering the Nomenclature of Territorial Units for Statistics (NUTS), level2 regions take place together with thinly populated regions of Finland and Sweden and the outermost regions like French overseas departments and Canary Islands, covering almost a fifth of the total EU population and 69,7% of the Structural Funds.
- Objective 2 promotes the economic and social conversion of areas with structural problems which are not eligible for Objective1. These areas are the areas undergoing economic and social change in the industrial and service sectors subject to restructuring, declining rural areas because of loss of traditional agricultural activities, urban areas in difficulty and depressed areas dependent on fisheries. Objective 2 practically united and complemented former objectives 2 and 5b laying special emphasis on sustained unemployment. '11,5% of the funds is allocated to this objective covering 18% of the

total population with the breakdown of 10% in industrial and service areas, 5% in rural areas, 2% in urban areas and 1% in areas dependent on fishing .<sup>40</sup>

- Objective 3 includes the measures for human resources development outside the regions eligible for Objective 1. These measures are the adjustment and modernisation of systems and structures in the field of education, employment and training. This objective covers the former Objective 3 and 4. 12,3% of the Structural Funds are allocated for this objective. Objective 3 promotes activity in four complementary areas which can be defined as: accompanying economic and social changes, lifelong education and training systems, active labour market policies to fight unemployment and combating social exclusion. Depending on their population, all member states received a certain proportion of financial support available within Objective 3 which ensured that even the most prosperous countries received support from structural funding, while carrying an important message that all European citizens should feel the funds were their own.

Besides the Objectives, the Community Initiatives which will be discussed in the following section of the thesis were reformed by Agenda 2000. Four Community Initiatives would take 5,35% of the Structural Funds between the years 2000-2006 with objectives defined in the following table.

Table 2. 2.Community Initiatives for the Period 2000 -2006

Community Initiatives	Objectives
INTERREG II	Cross-border, transnational and interregional cooperation
URBAN	Economic and social regeneration of urban areas in crisis
LEADER +	Rural development through local initiatives
EQUAL	Transnational cooperation to combat all forms of discrimination and inequalities in Access to the labour market

Source: European Commission (1997) Agenda 2000: For a Stronger and Wider Union

With Agenda 2000, the EU solved an important issue related with Structural Funds; how to manage the so called statistical effect of enlargement on old member states. While nearly 70% of the funds were targeted on Objective 1 regions, the main beneficiaries of the Union's structural policy were areas whose GDP per capita was below 75% of the Community average. It was clear that due to the statistical effect of the enlargement caused by a drop in

<sup>40</sup> Horvath, Zoltan. (2007), Handbook on the European Union, Hungarian National Assembly, p.401

the Community's average GDP, certain regions would rise above the 75% threshold and lose entitlement to such funding. To avoid a brutal cut-off assistance to those regions and the resulting financial and social repercussions, the Commission proposed gradually decreasing payments with final phasing out by the end of 2005 or 2006. Such transitional assistance was introduced in 2000 to regions like Hainault in Belgium, Flevoland in the Netherlands and the Lisbon region in Portugal. In regions that lost eligibility in 1999, the level of transitional support was gradually cut from the year 2000 until 2005 or 2006. This process is referred to as 'phasing out'.<sup>41</sup>

Agenda 2000 also decided on the ceiling figures of Community co-financing of structural and cohesion measures. Accordingly, from 2000, Community assistance could not exceed 75% of total project costs within Objective 1 and 50% in Objectives 2 and 3. For the Cohesion Fund, the ceiling of the Community assistance was kept at 80-85 % of public or other comparable co-financing. Agenda 2000 introduced the 4% ceiling, which stipulated that each member state could receive a maximum of 4% of its GDP in support from the Structural and Cohesion Funds. Also, it was decided for the candidates – the future new members a gradual phasing-in of structural and cohesion funding in the period 2004-2006, being treated equally only from 2007, the first year of new financial perspectives. Legally speaking the old and the new member states became eligible for Community funding on the same conditions from 2007.

Furthermore, in this preparation period for enlargement and its results a new 'Pre- Accession Strategy' has been incarnated under three instruments to help bring the applicant countries' infrastructures up to the Community standards particularly in the transport and environment fields for a prospective EU membership. The instruments are named as PHARE ( Poland – Hungary Assistance in Restructuring their Economies), ISPA ( Instrument for Structural Policies for Pre-Accession Aid) and SAPARD (Special Action for Pre-Accession Measures for Agriculture and Rural Development). Through these instruments EU provided financial aid to Central and Eastern European Countries (CEECs) namely Bulgaria, Romania, Czech Republic, Estonia, Lithuania, Latvia, Poland, Hungary, Slovenia and Slovakia in the period 2000- 2006.

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<sup>41</sup> Horvath, Zoltan. (2007), Handbook on the European Union, Hungarian National Assembly, p.401

The following enlargement of the Union in 2007, paved the way for the memberships of Romania and Bulgaria. In the first three years of their membership between 2007 and 2009, the two countries were found eligible for a fixed amount of support and they will only receive equal treatment in this field from 2010. The European Council agreed in December 2005 on the budget of EU of 27 member states for the period 2007-2013. 347 billion EUR is allocated to Structural and Cohesion Funds of which 81,5% are planned to be spent in the convergence regions.<sup>42</sup> 51% of all funding was decided to be delivered to member states that joined in 2004 and 2007. In the EU of 27 with 493 million citizens, one in three now live in the poorest regions which receive assistance under 'Convergence Objective'. Economic and social disparities have significantly deepened with recent enlargements. In terms of per capita income, Luxembourg is now seven times richer than Romania. At the regional level, the difference is even bigger: the richest region is Inner London with 290% of the EU-27's average whereas the poorest region is Nord-Est in Romania with 23% of the EU average.<sup>43</sup> All of the member states joined to the Union (with the exception of Cyprus) were below 90% of the average of the Community of 27. In the EU of 27 members. Roughly 10% of the population lives in the most dynamically developing regions accounting for 19% of the EU's GDP, while the 10% living in the poorest regions contributes only 1,5 % of the Community GDP. According to 2004 figures, in the twelve member states that joined recently, 88% of the population lived in a region with under 75% of GDP per capita of the EU average while the same ratio in old member states was only 8%. In the Union of 27, almost 25% of citizens lived in regions with below 75 of average per capita Community GDP.<sup>44</sup>

In 2007, the four Structural Funds, the Cohesion Fund and the Community Initiatives were replaced with a new system consisting of just two of the old structural funds- The European Regional Development Fund (ERDF) and the European Social Fund (ESF) and the Cohesion Fund. The European Agricultural Fund for Rural Development (EAFRD) was created to replace the EAGGF Guidance Section and the European Fisheries Fund (EFF) was created to replace the FIFG. For the period between 2007-2013, the priorities of the Structural and Cohesion funds were redefined together and were resumed in the following three points.

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<sup>42</sup> InfoREGIO Panorama, 'Focus on Growth and Jobs', no.26, June 2008, p.22

<sup>43</sup> [http://ec.europa.eu/regional\\_policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/history/index_en.htm)

<sup>44</sup> Horvath, Zoltan. (2007), Handbook on the European Union, Hungarian National Assembly, p.406



Objective 1- *Convergence*: The new convergence objective supports the least developed member states and regions through ERDF, ESF and Cohesion Fund. This objective concerns those NUTS 2 regions with per capita GDP less than 75% of the EU-25 average. At the same time, temporary phasing out support (gradually decreasing until 2013) is granted to regions where GDP per capita has risen over 75% of the Community average in the years 2000- 2002. The convergence objective totals 251 billion EUR, which is 81,54% of all structural and cohesion spending.

Objective 2- *Regional Competitiveness and Employment*: This objective is designed to help regions falling outside Objective 1 to increase their competitiveness and employment in a total of 168 eligible regions in 19 member states representing a total of 314 million inhabitants. Objective 2 is achieved through ERDF and ESF. 15,95% of cohesion policy funds are allocated to this objective. 13 of these regions are also called phasing-in areas which are subject to special financial allocations due to their former status as Objective 1 regions.<sup>45</sup> Regional Competitiveness and Employment objective aims at strengthening competitiveness and attractiveness, as well as employment, through a two-fold approach. First, development programmes will help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment, and the improvement of their accessibility. Second, more and better jobs will be supported by adapting the workforce and by investing in human resources.

Objective 3- *Territorial Cooperation*: Based on experiences with the INTERREG Community Initiative, this objective stipulates cross border, trans-national and inter-regional cooperation which it aims to achieve through joint local initiatives. Financial support is provided under the ERDF to NUTS 3 regions on internal and external frontiers, whether on land or sea. It covers a population of 181,2 million. Objective 3 receives 2,52% of all cohesion funding equal to 8,7 billion EUR divided into three as 6,44 billion EUR for cross border, 1,83 billion EUR for trans-national, 445 million EUR for inter-regional cooperation and 6.44 billion EUR for cross border.

Continuously, The Instrument for Pre-accession Assistance (IPA) was created and replaced the previous pre-accession instruments in 2007. IPA designed to help candidate countries and

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<sup>45</sup> [http://ec.europa.eu/regional\\_policy/policy/history/index\\_en.htm](http://ec.europa.eu/regional_policy/policy/history/index_en.htm)

potential candidate countries of the Western Balkans to prepare for possible accession including in the field of regional development and cooperation. Also, three new policy instruments called Jaspers, Jeremie and Jessica were created in expectation to improve cooperation between the European Commission and European Investment Bank and other financial institutions in order to strengthen capacity- building and ensures that member states and regions establish a sound and efficient use of funds.<sup>46</sup>

During the 2007-2013 period, the key priority of the regional and cohesion policy is on the promotion of growth and jobs in all EU regions and cities. A quarter of resources is now reserved for research and innovation and about % 30 of total is on environmental structure and measures combating climate change. Actually, this is the result of the Commission's February 2004 report shaping the period we are in by underlining the importance of Lisbon Strategy. The period with its all peculiarities and new dimensions mentioned all above are in line with this Strategy. Lisbon Strategy was firstly defined in March 2000 for the future of Europe. It was a a total of EU priorities defined to be realized until the end of year 2010 which was also named as a broad strategy to increase the competitiveness of the Union and achieve sustainable growth. Accordingly, during the 2000-2006 programming period, the various cohesion policy instruments - primarily the Structural Funds - contributed, directly or indirectly, to the Lisbon strategy. They had a major impact on the competitiveness of the regions and helped achieve substantial improvements in the living conditions of their populations. At the March 2005 European Council, the Lisbon Strategy was renewed with the adoption of the partnership for growth and jobs. In line with this strategy, regional and cohesion policy must be focused on promoting sustainable growth, competitiveness and jobs. On the basis of these priorities, the Strategic Guidelines for 2007-2013 aim to make Europe and its regions more attractive places to invest and work; improve knowledge and innovation; create more and better jobs; and take account of the territorial dimension of cohesion policy. In this context, European regional policy is a unique tool for converting political priorities at the EU level into real results on the ground. A key asset is the broad network of regional and local actors mobilized to implement this policy. This partnership contributes to better economic governance and to ownership of the Lisbon agenda for growth and jobs. The strategic guidelines are focused on three priorities: improving the attractiveness of regions and cities in the Member States; encouraging innovation, entrepreneurship and growth in the

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<sup>46</sup> Inforegio Panorama, 'EU Cohesion Policy 1988-2008: Investing in Europe's Future', no.26, june 2008, p.25

knowledge economy; and creating more and better jobs. In this sense, the strategic guidelines for cohesion policy after 2007 have two objectives:

- to strengthen the strategic dimension of cohesion policy with a view to ensuring that Community priorities are better integrated into the national and regional development programmes;
- to ensure greater ownership of cohesion policy on the ground, as reflected in a reinforced dialogue in the partnerships between the Commission, the member states and the regions and the creation of a clearer division of responsibilities between the Commission, member states and the Parliament.

On the basis of these priorities, the Strategic Guidelines for 2007-2013 aim to make Europe and its regions more attractive places to invest and work; improve knowledge and innovation; create more and better jobs; and take account of the territorial dimension of cohesion policy. Three groups of measures were listed for making Europe and its regions. First, transport infrastructures must be expanded and improved. In addition, better access to rail infrastructure and improved connectivity of landlocked territories to the Trans-European network (TEN-T) must be encouraged. The same applies to the environmental dimension of transport networks and the development of short-sea shipping. Secondly, the synergies between environmental protection and growth must be strengthened so as to guarantee the sustainability of economic growth, innovation and job creation. Thirdly, traditional energy dependency must be reduced through improvements in energy efficiency and use of renewable energies.

For the period 2007- 2013, the total of Structural and Cohesion Funds available are EUR 347 billion representing 35,7% of the EU budget and 0,38% of the total GDP of the EU. Objective 1 regions cover 81,5% of this total with a population of 170 millions. Most beneficiary countries are Poland ( EUR 67,3 billion), Spain (EUR 35,2 billion), Italy (EUR 28,8 billion), Czech Republic (EUR 26,7 billion), Germany (EUR 26,3 billion), Hungary (EUR 25,3 billion), Portugal (EUR 21,5 billion) and Greece (EUR 20,4 billion)<sup>47</sup>. As a result of this programming, around 6% increase is expected to be added on the average GDP of member states. By 2010, Structural and Cohesion Funds could have created up to 2 million additional

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<sup>47</sup> Inforegio Panorama, 'EU Focus on Growth and Jobs', no.26, june 2008, p.26

jobs. The strong focus on research and innovation will create an additional 40.000 jobs. In the field of transport, 25000 kms of newly built or reconstructed roads and 7700 kms of rail are going to be supported by EU Regional and Cohesion policy investments. Many member states and regions address climate change and the development of low carbon economies as a priority in their programmes.<sup>48</sup>

## 2.2. THE INSTRUMENTS OF EU REGIONAL POLICY

The basic financial instruments of EU for the effective implementation of the policy in the current period are the Structural Funds (SF), the Cohesion Fund (CF), European Investment Bank (EIB), Jaspers-Jeremie-Jessica-Jasmine, the Solidarity Fund and Instrument for Pre-Accession Assistance (IPA)

### 2.2.1. The Structural Funds

The structural funds are the basic and oldest solidarity instruments for achieving regional cohesion. They are composed of the European Social Fund (ESF), the European Regional Development Fund (ERDF), the European Agricultural Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG)

Table 2. 3. Growth of the Structural Funds, 1975- 2006

Year	mio Ecus/Euros	Percentage of EU Budget
1975 (ecus)	257	4,8
1981 (ecus)	1540	7,3
1987 (ecus)	3311	9,1
1992 (ecus)	18557	25
1998 (ecus)	33461	37
2002 EU15 (eur)	30865	30
2002 EU, Enlarged (eur)	34615	35
2006 EU15	29170	32
2006 EU, Enlarged (eur)	41250	39

\*Source: Wallace, W. and Wallace, H (2000), 'Policy Making in the European Union', New York, Oxford University Press

<sup>48</sup> Inforegio Panorama, 'EU Focus on Growth and Jobs', no.26, june 2008, p.27

*The European Social Fund* established in 1958 with The Treaty of Rome as the basic instrument of the Community's Social Policy aimed to ameliorate social costs arising from the impact of European economic integration on labour markets in the Community<sup>49</sup> It was set up for the costs of the integration on workers of the functioning labour market. So, it basically related with the improvement of job opportunities by securing the geographical and occupational mobility of workers in the Community, thus by promoting employment and increasing the geographical and occupational mobility of workers. Hence, providing vocational training and resettlement allowances for the workers whose employment was reduced or suspended as a result of conversion is another aspect. ESF provides financial assistance for the content of Objective 3 and promotes the projects under Objective 1 and 2 of the Structural Funds.<sup>50</sup> According to the EC Regulation of the European Parliament and the Council of 12 July 1999 on the ESF, it is stated that within the framework of the task entrenched to the ESF, the fund shall support measures to prevent and combat unemployment and to develop human resources and social integration into the labour market in order to promote a high level of employment, equality between men and women, sustainable development and social and economic cohesion. The fund is in the form of assistance to people for development of human resources like education, vocational training and employment aids in fields of research, science and technology development, post graduate training and the training of managers and technicians at research establishments and in enterprises. With the adoption of Lisbon Strategy to make the EU the most advanced, knowledge-based economy by the year 2010, EU's overall employment rate reaching 70% and the female employment rate to reaching more than 60% became a priority. In order to support the Lisbon Strategy the ESF adopted the following priorities in the 2000-2006 period.

- 'active labour market policies to combat and prevent unemployment ;
- equal opportunities for all in accessing the labour market;
- improved training and education, as part of a lifelong learning policy to improve access to the labour market, maintain employability, and promote job mobility;

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<sup>49</sup> Evans, A. and Martin s. (1994) 'EC Regional Policy and the Evolution of the Structural Funds' in Martin, S (ed) *The Construction of Europe: Essays in the honour of Emile Noel*, Dordrecht, the Netherlands Kluwer Academic Publishers p.41.

<sup>50</sup> Brasch U, 'Avrupa Birliği'nin Bölgesel Politikası ve Türkiye'nin Uyumu', İKV, İstanbul, 2001, p.45.

- a skilled, trained and adaptable workforce and new forms of work organisation;
- entrepreneurship and conditions facilitating job creation<sup>51</sup>

‘Over the period 2007-2013 some €75 billion will be distributed to the EU Member States and regions to achieve its goals.’<sup>52</sup> During the current 2007-2013 period, the priority is to increase adaptability of workers, enterprises and entrepreneurs by improving the anticipation and positive management of economic change. Within this priority, ESF supports the modernisation and strengthening of labour market institutions, on active labour market measures and lifelong learning actions, including within companies.

*The European Regional Development Fund* has been the main instrument for reducing regional disparities since its creation in 1975. ‘It is principally established to provide financial assistance to the regional development programmes for the least developed regions, having the ultimate goal of assisting to reduce the socio-economic imbalances among the regions of the Union’<sup>53</sup>. The fund contributes to sustainable development, creation of sustainable jobs, investment in infrastructure, activities of small and medium-sized enterprises (SMEs) and technical assistance measures in the regions designated under Objective 1. The main issues focused on are the productive environment, research and technological development and the development of the information society. In practice, all development areas like transport, communication technologies, energy, the environment, research and innovation, social infrastructure, training, urban redevelopment and the conversion of industrial sites, rural development, the fishing industry, tourism and culture are covered. In terms of financial sources, the ERDF is by far the largest of the EU’s Structural Funds and intervenes in the three objectives of regional policy: Convergence, Regional Competitiveness and Employment, European Territorial Cooperation. The ERDF also gives particular attention to specific territorial characteristics to reduce economic, environmental and social problems in towns. Naturally disadvantaged areas geographically speaking (remote, mountainous or sparsely populated areas) benefit from special treatment. The outermost areas also benefit

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<sup>51</sup> [http://ec.europa.eu/employment\\_social/esf/discover/esf\\_en.htm](http://ec.europa.eu/employment_social/esf/discover/esf_en.htm)

<sup>52</sup> [http://ec.europa.eu/employment\\_social/esf/discover/esf\\_en.htm](http://ec.europa.eu/employment_social/esf/discover/esf_en.htm)

<sup>53</sup> Brasch U, ‘Avrupa Birliği’nin Bölgesel Politikası ve Türkiye’nin Uyumu’, İKV, İstanbul, 2001, p.45.

from specific assistance from the ERDF to address possible disadvantages due to their remoteness.

The main role of *The European Agricultural Guidance and Guarantee Fund* is set under the Common Agricultural Policy and is composed of two sections, the Guidance section and the Guarantee section. Within the framework of European economic and social cohesion policy, the EAGGF supports rural development and the improvement of agricultural structures. However, it is integrated into the structural policy in 1988 for the following aims.

- ‘Investment in agricultural holdings improvement of agricultural incomes and living, working and production conditions;
- Setting up of young farmers;
- Vocational training of those involved in agricultural activities;
- Support for early retirement from farming;
- Compensation for less-favoured areas with environmental restrictions;
- Support for agricultural production methods protecting the environment;
- Improving processing and marketing of agricultural products;
- Support for forestry;
- Measures for the adaptation and development of rural areas.’<sup>54</sup>

From 1 January 2007, The European Agricultural Guidance and Guarantee Fund (EAGGF) was replaced by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)

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<sup>54</sup> Esentürk Nevra, ‘EU Regional Policy and Turkey’s Adaptation Process as a Candidate Country’ ,Msc Thesis, 2004, p.27

*The Financial Instrument for Fisheries Guidance* established in 1994 is set up for balance between conservation and the management of resources and fishing effort and the stable and rational exploitation of the resources.<sup>55</sup> Actually, the instrument was designed as a tool to achieve the goals of the Common Fisheries Policy (CFP), to restructure the sector and encourage the development of coastal areas where fishing is a major component of economic activity. The socio-economic transformation of the fisheries sector is the objective for the period 1994- 1999. For the period 2000-2006 the fund aims to

- ‘contribute to achieving a sustainable balance between the resources and their exploitation;
- strengthen the competitiveness of structures and the economically viable enterprises in the sector;
- improve market supply and the value added to the products;
- contribute to revitalisation of areas dependent on fisheries and aquaculture.’<sup>56</sup>

‘From 1 January 2007, the fund is replaced by The European Fisheries Fund (EFF) designed to secure a sustainable European fishing and aquaculture industry. The EFF will run for seven years with a total budget of around € 3,8 billion.’<sup>57</sup> Funding will be available for all sectors of the industry – sea and inland fisheries, aquaculture businesses, producer organisations, and the processing and marketing sectors - as well as for fisheries areas.

Besides these four instruments, Structural Funds also provide finance through *Community Initiatives (CI)* which are called as *INTERREG III*, *URBAN II*, *LEADER +* and *EQUAL*. ‘These are programmes initiated by the Union to promote interregional cooperation in solving common programmes. They are aimed at finding solutions to problems common to a number of or all member states and regions.’<sup>58</sup> The Community initiatives account for 5,35% of the

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<sup>55</sup> Esentürk Nevra, ‘EU Regional Policy and Turkey’s Adaptation Process as a Candidate Country’ ,Msc Thesis, 2004, p.27

<sup>56</sup>[http://europa.eu/legislation\\_summaries/maritime\\_affairs\\_and\\_fisheries/fisheries\\_sector\\_organisation\\_and\\_financing/l60017\\_en.htm](http://europa.eu/legislation_summaries/maritime_affairs_and_fisheries/fisheries_sector_organisation_and_financing/l60017_en.htm)

<sup>57</sup> [http://ec.europa.eu/fisheries/cfp/structural\\_measures/arrangements\\_2007\\_2013\\_en.htm](http://ec.europa.eu/fisheries/cfp/structural_measures/arrangements_2007_2013_en.htm)

<sup>58</sup> Oktayer, Nagihan., ‘The Changing Structure of Structural Funds in the European Union’, *Marmara Journal of European Studies* , volume 15, no.1, 2007, p.67



Structural Funds budget.<sup>59</sup> INTERREG III aims to stimulate cross border, transnational and inter-regional cooperation. It is financed under the European Regional Development Fund. URBAN II is the Community Initiative for sustainable development in the troubled urban districts of the Union; hence it encourages the economic and social regeneration of declining towns and cities with serious structural problems. 'With over 56 % of the population in the 27 Member States of the European Union (EU) living in rural areas, which cover 91 % of the territory, rural development is a vitally important policy area'<sup>60</sup> and LEADER+ promotes rural development activities for this area by 'encouraging the implementation of integrated, high-quality and original strategies for sustainable development with focus on partnership and networks of exchange of experience.'<sup>61</sup> EQUAL combats inequalities and discrimination in Access to the labour market. 'The EQUAL Initiative brings fresh ideas to the European Employment Strategy and the Social inclusion process. Its mission is to promote a better model for working life by fighting discrimination and exclusion on the basis of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.'<sup>62</sup>

Table 2. 4. Structural and Cohesion Funding Allocated for 2004- 2006 to 10 Member States Joined in 2004

Member States	Obj 1	Obj 2	Obj 3	Fisheries	INTERREG	EQUAL	Cohesion Fund	Total
Cyprus	0	25	20	3	4	2	48	102
Czech Republic	1286	63	52	0	61	28	836	2326
Estonia	329	0	0	0	9	4	276	618
Hungary	1765	0	0	0	61	27	994	2847
Lithuania	792	0	0	0	20	11	544	1367
Latvia	554	0	0	0	14	7	461	1036
Malta	56	0	0	0	2	1	20	79
Poland	7321	0	0	0	196	119	3733	11369
Slovakia	921	33	40	0	37	20	510	1561
Slovenia	210	0	0	0	21	6	169	406
Total	61	0,6	0,5	0	2	1	35	21711

\*Source:  
European Commission

<sup>59</sup> European Commission (2004) 'Working for the Regions', Office for Official Publications of the European Communities, Luxembourg.

<sup>60</sup> [http://ec.europa.eu/agriculture/rurdev/index\\_en.htm](http://ec.europa.eu/agriculture/rurdev/index_en.htm)

<sup>61</sup> [http://ec.europa.eu/agriculture/rur/leaderplus/index\\_en.htm](http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm)

<sup>62</sup> [http://ec.europa.eu/employment\\_social/equal/index\\_en.cfm](http://ec.europa.eu/employment_social/equal/index_en.cfm)

### 2.2.2. The Cohesion Fund

Another major component of the Regional Policy is The Cohesion Fund which was established with Council Regulation of 16 May 1994 for strengthening of the economic and social cohesion of the Community. The objective of the fund covers the fields of environment and trans-European transport infrastructure Networks in member states with a per capita GNP less than 90% of the Community average. Differently from the Structural Funds, the Cohesion Fund is based on the member countries rather than regions. The financial assistance of the Cohesion Fund can be suspended by a Council decision taken by qualified majority if a member state shows excessive public deficit and if it has not resolved the situation or has not taken the appropriate action to do so. 'Member states are eligible for Cohesion Fund while eligibility for the Structural Fund is usually specific to regions.'<sup>63</sup> The four members meeting this criteria until 1999 were Spain, Ireland, Greece and Portugal. Due to the country's exceptional progress, since the end of 2003 the Cohesion Fund has no longer granted aid to Ireland. With the EU enlargement, all new Member States (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) were qualified for the Cohesion Fund. For the 2007-2013 period, the beneficiary countries are Bulgaria, Greece, Portugal, Spain, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. For the years 2000-2006 the European Union provides over EUR 28.212 million for the Cohesion Fund.

Table 2. 5. Allocation of Cohesion Funds  
(1994- 1999)

	%	mio EUR
SPAIN	55	7950
PORTUGAL	18	2601
GREECE	18	2602
IRELAND	9	1301
	100	14454

\*Source: Commission of the European Communities,  
First Report on Economic and Social Cohesion, Brussels, 1996.

<sup>63</sup> Boldrin, M.&Canova, F. (2001), Inequality and Convergence: Reconsidering European Regional Policies, Economic Policy, 16 (32), p 205.

### **2.2.3. The European Investment Bank**

The European Investment Bank (EIB) was established in 1958 as the Community's long term lending institution and has been the main financial institution of the EC/EU to promote European integration so far. The policy-driven bank focuses on developing the Union's peripheral economic areas or the areas having structural differences for economic convergence and integration in Europe. Thus, to finance viable capital projects furthering EU objectives are one of the bank's priorities. The institution is a publicly owned bank whose owners are the Member States of the European Union subscribing to the 'Bank's capital - EUR 164 billion as of 2007'<sup>64</sup>. The fund is used in transport, energy Networks and environmental programmes. The bank supports small and medium-sized enterprises (SME), environmental sustainability, development of trans-european networks of transport and energy and sustainable, competitive and secure energy. EIB works on non-profit basis and principally grants loans and gives guarantees to public and private projects designed for developing less-developed regions, for modernizing or converting undertakings or for developing fresh activities, for common interest of several member states.<sup>65</sup> Also, the bank grants loans for non-members of the EU, especially for EU candidate countries.

### **2.2.4. Jaspers-Jeremie-Jessica-Jasmine**

For the period of 2007 and 2013, the following initiatives are prepared: JASPERS (Joint Assistance in Supporting Projects in European Regions), JEREMIE (Joint European Resources for Micro to medium Enterprises), JESSICA (Joint European Support for Sustainable Investment in City Areas), JASMINE (Joint Action to Support Micro-finance Institutions in Europe). 'JASPERS is a partnership between the Commission (DG Regional Policy), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD offering technical assistance to the twelve Member States that joined the EU in 2004 and 2007 to prepare major projects for EU support. JASPERS focuses its action on large projects supported by the EU funds costing more than €50 million.'<sup>66</sup> In the smaller countries where there will not be many projects of this size, JASPERS will

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<sup>64</sup> [http://en.wikipedia.org/wiki/European\\_Investment\\_Bank](http://en.wikipedia.org/wiki/European_Investment_Bank)

<sup>65</sup> Dinan D.(1999), *Ever Closing Union*, London, Macmillan Pres, p.324

<sup>66</sup> [http://ec.europa.eu/regional\\_policy/funds/2007/jjj/jaspers\\_en.htm](http://ec.europa.eu/regional_policy/funds/2007/jjj/jaspers_en.htm)

concentrate on the largest projects. JEREMIE, Joint European Resources for Micro to medium Enterprises, is an initiative of the Commission together with the European Investment Bank (EIB) in order to promote increased access to finance for the development of micro, small and medium-sized enterprises in the regions of the EU. The initiative offers EU Member States, through their national or regional managing authorities, the opportunity to use part of their EU Structural Funds to finance SMEs by means of equity, loans or guarantees, through contributions from Operational Programmes to revolving holding funds organising operations. ‘The JEREMIE initiative allows regions and Member States to benefit from a flexible, efficient, visible and revolving financial platform for SMEs, while building strong longterm partnerships with their local financial institutions.’<sup>67</sup> JESSICA, Joint European Support for Sustainable Investment in City Areas, is an initiative of the Commission in cooperation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB), in order to promote sustainable investment, and growth and jobs, in Europe’s urban areas. JESSICA offers the managing authorities of Structural Funds programmes the possibility to take advantage of outside expertise and to have greater access to loan capital for the purpose of promoting urban development, including loans for social housing where appropriate. JASMINE is active since 2005 concentrating on developing the huge potential of the micro-credit side of activities. ‘Micro-credit in the EU means loans under €25,000, but typically, the average is € 10,000 for EU15 and € 3,800 for EU12. It is tailored for micro-enterprises, employing less than 10 people (91% of all European enterprises), and unemployed or inactive people who want to go into self-employment but do not have access to traditional banking services. This initiative focuses on this "non-bankable" segment of the market. Micro-credit is developing both in new and old Member States. According to estimates based on *Eurostat* data, potential demand for micro-credit in the EU could amount to over 700,000 new loans, worth approximately € 6.1 billion in the short term.’<sup>68</sup>

### **2.2.5. The Solidarity Fund**

‘The European Union Solidarity Fund (EUSF) was set up to respond to natural disasters and express European solidarity to disaster-stricken regions. The Fund was created as a reaction to

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<sup>67</sup> [http://ec.europa.eu/regional\\_policy/funds/2007/jjj/doc/pdf/jeremie/jeremie\\_narrativeprogressreport\\_090701.pdf](http://ec.europa.eu/regional_policy/funds/2007/jjj/doc/pdf/jeremie/jeremie_narrativeprogressreport_090701.pdf)

<sup>68</sup> [http://ec.europa.eu/regional\\_policy/funds/2007/jjj/micro\\_en.htm](http://ec.europa.eu/regional_policy/funds/2007/jjj/micro_en.htm)

the severe floods in Central Europe in the summer of 2002. Six years later, it has been used for 26 disasters covering a range of different catastrophic events including floods, forest fires, an earthquake, a volcanic eruption, storms and drought. 20 different European countries have been supported so far for an amount of more than 1,5 billion euros.<sup>69</sup> The EUSF can provide financial aid to Member States and countries engaged in accession negotiations in the event of a major natural disaster if total direct damage caused by the disaster exceeds €3 billion (at 2002 prices) or 0.6% of the country's gross national income, whichever is the lower. The annual budget of the fund is € 1 billion.

### **2.2.6. Pre-Accession Instruments**

A number of pre-accession aid programmes have been developed by European Union to help candidate countries to realize the reforms required and to prepare them to benefit from EU Structural Funds on accession. Hence these instruments can also be defined as the concrete products of European Community's efforts for continuous involvement in contributing to the socio-economic conversion of the newly independent countries of the Central and Eastern Europe since 1990. For the period 2000- 2006 the most important ones are *PHARE*, *ISPA* and *SAPARD*.

*PHARE* (Poland and Hungary Assistance for Restructuring their Economies) established by Council Regulation No.3906/89 was developed in 1989 to act as a bridge for candidate countries in acquiring the *acquis* and preparing for Structural Funding. The programme has expanded from Poland and Hungary to cover 10 countries. Considering the centralized administrative structure and low GDP per capita of the candidate countries, the importance of such an aid programme was obvious. 'The programme aimed at building the necessary institutions to apply the Community legislation and addressed for the funding of investment programmes in the candidate countries during 2000-2006 period.'<sup>70</sup> Financing under *PHARE* was in the fields environment, transport and agricultural and rural development as a part of regional development programmes. 'The EU has allocated 1560 million EUR per year under *PHARE* for the 10 candidate countries in the period 2000- 2006 in terms of administrative

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<sup>69</sup> [http://ec.europa.eu/regional\\_policy/funds/solidar/solid\\_en.htm](http://ec.europa.eu/regional_policy/funds/solidar/solid_en.htm)

<sup>70</sup> Oktayer, Nagihan, 'The Changing Structure of Structural Funds in the European Union', *Marmara Journal of European Studies*, volume 15, no.1, 2007, p.76

capacity, Community Initiatives, regional and social development and SMEs.’<sup>71</sup> The objectives are ‘strengthening public administrations and institutions to function effectively inside the European Union; promoting convergence with the European Union’s extensive legislation (the *acquis communautaire*) and reduce the need for transition periods and promoting Economic and Social Cohesion’<sup>72</sup>

*ISPA* (Instrument for Structural Programmes for Pre-accession) established by Council Regulation No.1267/99 was created in 1999 for financing important national programmes for the protection of environment and in building transport infrastructure networks. The objectives are ‘familiarising the candidate countries with the policies, procedures and the funding principles of the EU; helping them catch up with EU environmental standards; upgrading and expanding links with the trans-European transport networks.’<sup>73</sup> *ISPA* contributed to the preparation for accession to EU of Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. After the EU enlargement in 2004, the remaining *ISPA* beneficiary countries were Bulgaria and Romania, the other beneficiary countries having become eligible to the Cohesion Fund. Since the 1 st of January 2005, Croatia benefits from *ISPA*. The programme functions on project-by-project basis which form the significant part of Accession Partnership Documents (APD). An equitable balance is to be struck between environmental and transport infrastructure projects. ‘The rate of Community assistance granted under *ISPA* may be up to 75% of public or equivalent expenditure.’<sup>74</sup> The proposals of the member states for providing assistance from *ISPA* are subject to appraisal and approval of the Commission.

*SAPARD* (Special Accession Programme for Agriculture and Rural Development) was another instrument of the Union developed as pre-accession programme in 1999, with Agenda 2000. The aim of the programme was to help candidate countries to solve problems of structural adjustment in the sector of agriculture and to provide assistance in implementation of the *acquis* in the area of Common Agriculture Policy (COP) by providing support for improving the efficiency of farms promoting high value-added products and

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<sup>71</sup> Esentürk Nevra, ‘EU Regional Policy and Turkey’s Adaptation Process as a Candidate Country’ ,Msc Thesis, 2004, p.47

<sup>72</sup> [http://europa.eu/legislation\\_summaries/enlargement/2004\\_and\\_2007\\_enlargement/e50004\\_en.htm](http://europa.eu/legislation_summaries/enlargement/2004_and_2007_enlargement/e50004_en.htm)

<sup>73</sup> [http://ec.europa.eu/regional\\_policy/funds/ispa/ispa\\_en.htm](http://ec.europa.eu/regional_policy/funds/ispa/ispa_en.htm)

<sup>74</sup> [http://europa.eu/legislation\\_summaries/enlargement/2004\\_and\\_2007\\_enlargement/l60022\\_en.htm](http://europa.eu/legislation_summaries/enlargement/2004_and_2007_enlargement/l60022_en.htm)

vocational training. ‘The overall budget in each year of the programme's seven-year run (2000-06) amounts to 520 million Euro, with the following indicative allocations’<sup>75</sup>

Table 2. 6. SAPARD Annual Indicative Budget Allocations

Bulgaria	52,124
Czech	22,063
Estonia	12,137
Hungary	38,054
Lithuania	29,829
Latvia	21,848
Poland	168,683
Romania	150,636
Slovenia	6,337
Slovakia	18,289
Total	520,000

Over the years the EU’S pre-accession financial aids were delivered through different programmes as mentioned above. This aid system had dispersed and complicated procedures with different aims and strategies. Finally, the requirement for the unification of the pre-accession aid programmes has arisen and the European Commission created a new instrument namely ‘Instrument for Pre-accession Assistance’ (IPA) in January 2007.

*The Instrument for Pre-accession Assistance* was a substitute for the pre-accession programmes existing at that time and aimed at supporting the EU candidate and potential candidate countries in their efforts to come closer to European standards, values, laws and policies. ‘IPA consists of five components to provide for targeted and effective assistance for each country according to its needs and evolution. The components are transition assistance and institution building, regional and cross-border cooperation, regional development, human resources development and rural development.’<sup>76</sup> ‘The first two components will apply to both potential candidate and candidate countries, helping to strengthen democratic institutions and the rule of law, reform public administrations, promote economic reforms and engender respect for human as well as minority rights. The last three components will apply mainly to candidate countries, assisting them with the adoption and implementation of the "acquis communautaire" and, in particular, to prepare for the implementation of the EU’s agricultural

<sup>75</sup> [http://ec.europa.eu/agriculture/external/enlarge/back/brief\\_en.pdf](http://ec.europa.eu/agriculture/external/enlarge/back/brief_en.pdf)

<sup>76</sup> Oktayer, Nagihan., ‘The Changing Structure of Structural Funds in the European Union’, *Marmara Journal of European Studies*, volume 15, no.1, 2007, p.77

and cohesion policies.<sup>77</sup> The beneficiary countries of the programme are Croatia, Turkey, the former Yugoslav Republic of Macedonia, as well as Albania, Bosnia and Herzegovina, Montenegro, and Serbia, including Kosovo. IPA is based on strategic multi-annual planning established in accordance with the broad political guidelines set out in the Commission's Enlargement package which includes a multi-annual financial framework on a three year basis to determine the political priorities and financial allocations. Multi-annual indicative planning documents are established for each beneficiary country and includes the main intervention areas for the countries. The Commission designates for each beneficiary country a Multi-Annual Indicative Planning Document forming its assistance priorities. Finally an Annual Programme is adopted for each country by using this Multi-Annual Indicative Planning Document. The budget of the IPA for period 2007-2013 is about 11, 5 billion EUR and Turkey gets the biggest share because of its size. 'The following table shows a summary by country in million euros.'<sup>78</sup>

Table 2.7 IPA Budget for Period 2007-2013

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Croatia</b>	141,2	146	151,2	154,2	157,2	160,4
<b>Former Yugoslav Republic of Macedonia</b>	58,5	70,2	81,8	92,3	98,7	105,8
<b>Turkey</b>	497,2	538,7	566,4	653,7	781,9	899,5
<b>Albania</b>	61	70,7	81,2	93,2	95	96,9
<b>Bosnia &amp; Herzegovina</b>	62,1	74,8	89,1	106	108,1	110,2
<b>Montenegro</b>	31,4	32,6	33,3	34	34,7	35,4
<b>Serbia</b>	189,7	190,9	194,8	198,7	202,7	206,8
<b>Kosovo</b>	68,3	124,7	66,1	67,3	68,7	70
<b>Multi Beneficiary Programme</b>	109	140,7	160	157,7	160,8	164,2

\*Source: <http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance>

<sup>77</sup> Inforegio Newsletter, 'New instrument for pre-accession assistance', no150, October 2006, p.1

<sup>78</sup> [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/planning-ipa_en.htm)



### **2.3. The Committee of the Regions**

Regional Policy of the European Union can not be analysed without studying The Committee of the Regions (CoR). Together with its evolution, actual competence and institutional existence in the EU's structure, the CoR symbolizes also the evolution, competence and actual existence of 'the region' in the Union. The CoR is a product of the Maastricht Treaty. It is an advisory institution in EU decision making and is comprised of representatives of local and regional authorities from all of the member states. The CoR can also be identified as a platform where technocratic expertise on regional development meets with democratic representation.

#### **2.3.1. The Need for the Existence of Committee of the Regions**

The most important factor laying behind the establishment of the Committee of the Regions is the change in the broad political context signaled by The Single European Act. 'For the implementation of many European policies, regional and local governments across the Union had inevitable roles and as the scope of these policies grew, regional and local governments were inevitably drawn in as desirable partners in policy making.'<sup>79</sup> In the multi-levelled European decision-making process, there were new trends which operated 'from the bottom up'. Globalization process required more differentiated economic strategies leading the way to strengthening of local and regional actors. The result was the growing capacity of the regional and local governments at both the domestic and the European level. Besides this 'bottom-up process', 'top-down' perspective came with the Commission's need of partners for the implementation of European legislation. Hence, Consultative Council of Regional and Local Authorities was created by the Commission in 1988 to improve the implementation of regional policy by member states. Today, 'The Committee of the Regions (CoR) is the political assembly that provides the regional and local levels with a voice in EU policy development and EU legislation.'<sup>80</sup> Hence, it provides institutional representation for all the European Union's territorial areas, regions, cities and municipalities mentioned in the previous sections (1.2.2. The Structure of Regions in the Member States, p.20) to involve them in the European decision-making process. With this aim, in order also to promote multi-level governance, it works closely together with the European Commission, the European

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<sup>79</sup> Peterson, J and Shackleton, M, 'The Institutions of the European Union', p. 315

<sup>80</sup> <http://www.cor.europa.eu/pages/PresentationTemplate>

Parliament and the Council of the European Union, and in the Member States with the various tiers of authority by voting on political recommendations for European strategies and participate in the preparation of Community legislation. The Treaties oblige the Commission, Parliament and Council to consult the Committee of the Regions whenever new proposals are made in areas that affect the regional or local level. The agreement in October 2007 on the Lisbon Treaty is a milestone for the CoR's institutional recognition. Together with its ratification, the Lisbon Treaty introduced new procedures for scrutiny of the subsidiarity principle in partnership with national parliaments.

### **2.3.2. The Political Priorities of Committee of the Regions**

‘For the period 2008-2010 the political priorities of the CoR is set as the followings’<sup>81</sup>

- implementing the Lisbon agenda's goals for growth and jobs through the involvement of Regional and Local authorities and making their voice heard by the European Council;
- facing the challenge of climate change and diversification and sustainable use of energy resources;
- participating in the inter-institutional exercise for the EU budgetary review stressing the need for reorganising the CAP - making it possible to maintain sustainable agriculture and food autonomy, and shaping the economic, social and territorial cohesion policy beyond 2013 - emphasising its leverage effect;
- improving the quality of life of citizens, including facilitating cross-border cooperation for civil protection and access to better quality health services;
- giving the necessary platform to Regional and Local authorities to promote solidarity, intercultural and interfaith dialogue, as well as promoting all forms of regional culture and traditions;
- taking part in the European debate towards a common policy on immigration and asylum and in particular exchanging the best practices on integration;

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<sup>81</sup> ‘Committee of the Regions Political Priorities 2008-2010’ Committee of the Regions Directorate for Communication, 2008, p.6

- proposing a modern single market with a strategy to promote the quality of social services;
- assisting and cooperating with Regional and Local authorities of candidate and pre-candidate countries on their journey towards the EU.

### **2.3.3. The Structure of Committee of the Regions**

The CoR has 344 members from the 27 EU countries, and its work is organised in 6 different commissions examining proposals, debate and discuss in order to write official opinions on key issues. The commissions are *Commission for Territorial Cohesion Policy (COTER)* working on Economic, Social and Territorial Cohesion, Structural Funds; Territorial cooperation, Spatial planning, Urban policy, Transport and trans-European transport Networks); *Commission for Economic and Social Policy (ECOS)* working on Employment, Social policy and social protection, Equal opportunities, Enterprise policy, competition and taxation, Economic and monetary policy, Internal market; *Commission for Sustainable Development (DEVE)* working on CAP and rural development; Fisheries, Energy and trans-European energy Networks, Consumer policy, Public health, Environment and natural resources, Civil protection, Tourism; *Commission for Culture, Education and Research (EDUC)* working on Culture and cultural diversity, Active citizenship, Promotion of minority languages, Youth, Sports, Education, Lifelong learning, Training, Research and technology, including ethical questions, information society and trans-European telecommunications Networks, Communications, audiovisual industry and media Technologies and markets; Commission for Constitutional Affairs, European Governance and the Area of Freedom, Security and Justice (CONST) working on European integration and the role of the local and regional authorities, Implementation of the EU Treaty, Institutional consequences of enlargement, EU competences and subsidiarity, Devolution, European governance; EU Charter of Fundamental Rights, Citizens' Rights, EU information and communication strategy, The area of freedom, security and justice, Immigration policy, asylum and visas; Commission for External Relations and Decentralised Cooperation (RELEX) working on Enlargement process, Relations with regional and local authorities in the applicant countries and in non-EU countries, Euro-Mediterranean partnership, Europe's Northern Dimension, Balkans, Decentralised development cooperation, WTO, Cooperation at the Union's external

borders, Neighbourhood policy and CFAA: Commission for Financial and Administrative Affairs working on Budget, preparation, implementation and discharge, Staff and administration policy, Building policy and Regulations applicable to Members.

With above mentioned commissions, the CoR has created three networks to promote the involvement of regional and local authorities in the process of building Europe and to give them a stronger voice within the European Commission, Council and European Parliament.

*Lisbon Monitoring Platform (LMP):* Lisbon Strategy for Growth and Jobs in March 2005 focused on the objectives of delivering stronger, longer-lasting growth and creating more and better jobs. So, on March 1, 2006, the CoR launched the Lisbon Monitoring Platform with the purpose of building real partnership between all levels of government for the implementation of the Lisbon Strategy. ‘Over 100 European cities and regions participate in the network and monitor local and regional involvement in the European Strategy for Growth & Jobs. The CoR presents its findings to the European Commission, Council and European Parliament’<sup>82</sup>

*The Subsidiarity Monitoring Network:* The subsidiarity is defined as the principle intending to ensure that decisions are taken as closely as possible to the citizen between the possibilities available at national, regional or local level. It is closely bound up with the principle of proportionality, which requires that any action by the Union should not go beyond what is necessary to achieve the objectives of the Treaty. The Subsidiarity Monitoring Network was set up on 27th June 2007 with the purpose of organising consultations on European Commission policy documents and proposals, in order to evaluate their compliance with the principles of subsidiarity & proportionality and facilitating the communication between regional and local authorities and the CoR as regards the EU legislative process. Hence, with Lisbon Treaty, the CoR gained the new competences like extension of the obligatory consultation domains, enhanced role in the subsidiarity monitoring process, and the right of recourse to the European Court of Justice (ECJ) for the protection of its prerogatives and on grounds of infringement of the subsidiarity principle.

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<sup>82</sup> <http://www.cor.europa.eu/pages/PresentationTemplate>

*The Expert Group on European Grouping of Territorial Cooperation (EGTC):* It is a new instrument for regional and local authorities from different Member States to set up cooperation groupings with a legal personality. ‘Its purpose is to organise and manage crossborder, trans-national or interregional cooperation activities with their own structure, staff and assets.’<sup>83</sup> The concept of EGTCs was established by a European Parliament and entered into force on 1st August 2007.

Table 2. 8.Number of Full-Members of the COR as per January 2010.

Finland	8
Sweden	12
United Kingdom	21
Cyprus	6
Czech Republic	12
Estonia	7
Hungary	11
Lithuania	9
Latvia	5
Malta	18
Poland	18
Slovenia	7
Slovakia	9
Bulgaria	12
Romania	15

\*Source:<http://www.cor.europa.eu/pages/PresentationTemplate>

**2.3.4. Committee of the Regions in 2010s**

Together with the Lisbon Treaty, ‘Committee of the Regions has turned into subsidiarity watchdog’.<sup>84</sup> Today, Europe's elected regional and local representatives can challenge new EU laws they consider to be in breach of the subsidiarity principle – the principle that decisions should be taken as closely as possible to the citizens – at the European Court of Justice by a simple majority. The Lisbon Treaty enables the standing of regions and cities in the European Union's political system and boosts the institutional role of their representative body in Brussels, the Committee of the Regions, throughout the legislative process.

<sup>83</sup> <http://www.cor.europa.eu/egtc.htm>

<sup>84</sup> <http://europa.eu/rapid/pressReleasesAction.do?reference=COR/09/113&type=HTML>

The Lisbon Treaty enabled the recognition of the "territorial cohesion" as a fundamental objective in addition to economic and social cohesion. Another change is that the local and regional right of self-government is now enshrined in the EU treaty. When new EU legislation is drafted, the competences of regional and local authorities must be taken into consideration and they must be heard in wide-ranging consultations at an early stage. The treaty also provides for greater subsidiarity monitoring by national and regional parliaments with legislative powers. Now, the Committee of the Regions is also consulted by the European Parliament, not just by the Commission and the Council. Furthermore, with the new Treaty the CoR has the right to be consulted by the three institutions on new policy areas, such as energy and climate change. To bring the Committee's mandate period into line with that of the other EU institutions, the mandate period of CoR members was extended from four to five years.

## **2.4. THE CONCLUDING REMARKS**

The study in the first and the second sections of the thesis shows that 'region' in the European Union has been and still is regarded as a 'living organism' open to every kind of development having influence on EU politics. As seen, the meaning of the term, the related policies, the instruments and the actors have been through an evolution. Today, at the point arrived, the regional policy of the European Union is an indispensable component having direct effect on the decision taking process.

After analysing the basic points of the policy in the first two sections, the following third section of the thesis will be reserved to Turkish point of view of the regional policy. By examining the application of the policy, the European demands and Turkish commitments, the differences and the deficiencies of the policy in Turkey will tried to be clarified.

### **3. REGIONAL POLICY AND TURKEY**

#### **3.1. REGION AND REGIONAL DISPARITIES IN TURKEY**

In Turkey's administrative structure, the concept of region as there is within the European Union does not exist. The basic units of the administrative structure are the 81 provinces which are divided into 7 geographical regions namely, Marmara, Aegean, Mediterranean, Central Anatolia, Black Sea, Eastern Anatolia and Southeastern Anatolia. The formation of these regions are on geographical and topographical basis which definitely does not meet with the European Union's 'region criteria' depending on the statistical data of the countries' GDP per capita, population growth and population density.

Although the notion of region is not used in the administrative breakdown of Turkey, serious regional imbalances exist and form one of the fundamental structural problems of the country. The basic socio-economic indicators effective in the determination of this fact are the GDP per head, unemployment and literacy rate.

Inter-regional development differences are basically the result of the insufficient allocation of resources together with the deficiency of effective use of them. Inadequate topographic structure and inadequate instruments are the following reasons. According to Brasch, regional imbalances especially between the west and east regions of Turkey are 'high population growth rate, low educational level, inter-regional migration, economic development level, geographical and climatic conditions'<sup>85</sup>.

High population growth rate is a crucial factor in the formation of inter-regional imbalances. The less-developed regions of Turkey have higher population growth rate than the other regions because of their socio-economic and traditional structure. The level of education is another subject. Considering with the country's education average, East and Southeast Anatolia have lower level of education causing serious problems such as the lack of effective population planning policy, health defects in mothers and children and the undeveloped status of women's place in society. In addition, inter-regional migration and migration from rural

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<sup>85</sup> Brasch U, 'Avrupa Birliği'nin Bölgesel Politikası ve Türkiye'nin Uyumu', İKV, İstanbul, 2001, p.75

areas to cities in the same region are both the reason and result of the regional imbalances. Due to the security concerns especially after 1990s in East and Southeast Anatolia, migration in big masses took place from rural areas to cities. This situation resulted with problems of unemployment, necessity for new infrastructure investments, unlawful construction and environmental damage.

The regional disparities in Turkey are obviously much more wide and clear than the ones in European countries and the European Union. The most developed region of Turkey is Marmara whereas the least developed is Southeast Anatolia. ‘One of the developed provinces, Kocaeli, has USD 7.782 GDP per head while the least developed province Ağrı has 744 USD.’<sup>86</sup> ‘The two third of the population lives in the west part of the country occupying the half of the surface area. This population has %82 of the country’s GDP and %123 of the GDP per head. On the other hand, in the beginning of 2000s, as in 1990s, the GDP per head in east of Turkey was 53% of the country’s average. Considering the level of prosperity, the shoreline of Black Sea and East Anatolia are the most underdeveloped parts of the country. The GDP per head in the regions of Black Sea shoreline is the half of the country’s average and one fifth of the EU average. According to the EU Commission’s reports on Regional Policy, these rates are lower than the ones of the all candidates’<sup>87</sup>.

### **3.2. THE STRUCTURE OF REGIONAL POLICY IN TURKEY**

The determination and implementation of Turkish regional policy has a centralist structure. ‘Central administration is composed of ministries and directorate generals constituted for specific objectives and other units. Central administration is responsible for planning and policy setting for regional development and assuring the allocation of state resources to achieve regional development.’<sup>88</sup>

The State Planning Organization (SPO) is the department directly linked to regional policy in central administration. The organization was established with the 1960 Constitution for the determination of coordination, implementation and control of economic development model

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<sup>86</sup> TOBB, Ekonomik Forum, 15 July 1999, Volume 7, Ankara, P.15.

<sup>87</sup> AB Türkiye GÖRÜNÜMÜ, ‘Regional Policies in Turkey’, European Commission’s Delegation of Turkey Periodic Edition, Autumn 2008, Volume 13, p.8

<sup>88</sup> Brasch U, ‘Avrupa Birliği’nin Bölgesel Politikası ve Türkiye’nin Uyumu’, İKV, İstanbul, 2001, p.69



depending on central programming inaugurated in 1963. It is responsible for the preparation of long-term plans and annual programmes for Turkey's economic development, implementation of them throughout the country and control of their execution. After monitoring the activities of the related institutions, the SPO approves the appropriate development projects and proposes them to Cabinet for the allocation of the necessary fund from the following year's budget.

Together with the SPO, in cooperation with certain institutions, Regional Development Projects are prepared on project basis. These are considered as a sub-group of economic development and are coordinated by Directorate General for Regional Development and Structural Adjustment established within the framework of the SPO. 'The Directorate is responsible for conducting research and planning activities on the basis of provinces and districts, ensuring the consistency of studies carried out by other public institutions and organizations with development plans and annual programmes, developing projects to overcome the problems that may arise during the implementation of structural adjustment policies for the elimination of the problems of Small and Medium Sized Enterprises (SMEs), tradesman and artisans, which in turn promotes activities for the development of local employment and entrepreneurship, coordinating on studies on regional development projects.'<sup>89</sup>

Another organization, Regional Development Institute of Small and Medium -Sized Industry Development Organization was established to support small and medium sized enterprises and investors in 1998. Directorate General for Highways and The Bank of Provinces, The Ministry of Industry and Trade, The Ministry of Public Works and Settlement, The Ministry of Agriculture and Rural Affairs are also involved in regional policy issues.

Besides, as mentioned in Turkish National Programme for the Adoption of the Acquis, there exist a list of authorities responsible for the allocation, implementation, management and follow up activities of regional projects such as Ministry of Forestry, Ministry of Labour and Social Security, Ministry of Energy and Natural Resources, Ministry of Environment, Ministry of Tourism, Under-Secretariat of the Treasury, State Institute of Statistics, Directorate General for State Hydraulic Works, GAP Administration, Development Bank of

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<sup>89</sup> <http://www.europa-eu.int/comm/enlargement/turkey>

Turkey and Halkbank. Each of these institutions are responsible for fulfilling their duties determined by their own institutional laws and particular laws referred to them within the framework of regional policy or in the context of regional development projects.

As mentioned so far, the execution of the regional policy in Turkey needs to be done in cooperation and coordination. In addition to central administration, special provincial administrations, municipalities and village headman's offices are also active at local level. Differently from the theory and as a result of the traditional centralist approach, their competences are limited in practice which can be summarized as the providing of necessary information to the central administration for development of plans and programmes and the taking over the leadership role in the entrepreneurship activities on regional base.

Consequently, it can be said that regional policy in Turkey has a dispersed structure with the involvement of numerous organizations and institutions. The resulting inter-institutional network brings the problems of insufficiency in coordination of the execution and in effective allocation of the financial resources putting the policy away from the EU standards.

### **3.3. THE EVOLUTION AND IMPLEMENTATION OF REGIONAL POLICY**

'The evolution of regional policy in Turkey can be analysed considering the three different approaches towards regional development.'<sup>90</sup> These approaches reflect different periods in which the situation of the country is different from one another at both the national and international level. The first period begins with the foundation of the Turkish Republic in 1923 and ends in the year 1963 with the start of central planning. The second period is between 1963 and 1999 Helsinki Summit. And the last period we are in dates from 1999 up to now.

In the first period the priority of the Turkish administrations were definitely not concentrated on regional imbalances or regional development. At the national and international level, the Turkish Republic was struggling with the problem of a total economic underdevelopment and the priority was to overcome this problem. In the aim of developing national industry, an

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<sup>90</sup> <http://stratejikboyut.com/makale/turkiyenin-bolgesel-kalkinma-yaklasimi>

industrialization initiative was inaugurated. Even though the regional imbalances were obvious, to be able to realize the industrialization efforts, the investments were directed to the west part of the country regarding the availability of the resources and transport facilities. Until 1950s, ‘it is seen that main priority was increasing the population and spreading investments into the country and proliferating them in specific centers’<sup>91</sup>. Hence, ‘regional planning of this period was not an instrument of development but an instrument of construction’<sup>92</sup>.

In 1960s, there occurred a shift in the existing approach. From then, a social aspect came to the order questioning the regional imbalances. With the establishment of the State Planning Organization in 1963, the central planning of regional development was realized and the Five-Year Development Plans became the major instruments of the application of regional policy in this period. Since 1963, nine Five-Year Development Plan Period were seen namely;

- I. Five-Year Development Plan Period (1963-1967)
- II. Five-Year Development Plan Period ( 1968-1972)
- III. Five-Year Development Plan Period ( 1973-1977)
- IV. Five-Year Development Plan Period ( 1979-1983)
- V. Five-Year Development Plan Period ( 1985-1989)
- VI. Five-Year Development Plan Period ( 1990-1994)
- VII. Five-Year Development Plan Period ( 1996-2000)
- VIII. Five-Year Development Plan Period ( 2001-2005)
- IX. Five-Year Development Plan Period ( 2007-2013)

The development plans are prepared with the participation, prevision and reports of the public and private institutions, universities and specialized commissions and they have to be approved by The Grand National Assembly of Turkey. Together with these plans, significance of regional development has been enhanced in central planning. Nevertheless, when they are examined, it is seen that they contain certain discrepancies and controversial points regarding with context and scale of regional planning. The strategy of creating developing centers was not able to be successful totally; these centers could not become attractive points for capitals on national scale and therefore could not contribute to the

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<sup>91</sup> Brasch U, ‘Avrupa Birliği’ nin Bölgesel Politikası ve Türkiye’nin Uyumu’, İKV, İstanbul, 2001, p.77

<sup>92</sup> DPT, (2003), Türkiye Cumhuriyeti Ön Ulusal Kalkınma Planı (2004-2006), Ankara, p.49

development of their regions. Also, political preferences seemed to be more influential than scientific truths and economic requirements or necessities. Also, the insufficient participation of the local actors had made the plans less effective than anticipated in the implementation phase.

Apart from five-year development plans, Turkey prepared rural and regional development projects. The most important rural projects are Çankırı-Çorum Rural Development Project (1972- 1976), Erzurum Rural Development Project (1982-1989), Bingöl-Muş Rural Development Project (1990-1999), Yozgat Rural Development Project (1991-2001) and Ordu- Giresun Rural Development Project (1995-2003). Considering the regional development plans, the most important ones can be listed as Eastern Marmara Planning Project, Project for Çukurova Region, Zonguldak-Bartın- Karabük Regional Development Project, Eastern Anatolia Project, Eastern Black Sea Regional Development Plan, Development Project for Yeşilirmak Basin and Southeastern Anatolia Project (GAP). ‘These plans also had difficulties in their financing and implementation and resulted less effectively than expected’<sup>93</sup>.

Within these projects, Southeastern Anatolia Project has a special place and an important meaning since it is the biggest, the most comprehensive and the most influential regional development programme of all times in Turkey. In contrast to the traditional, sectoral and centralized planning method, it is multi-dimensional, inter-sectoral and decentralized. The nine provinces in the context of the project are Adıyaman, Batman, Diyarbakır, Gaziantep, Kilis, Mardin, Siirt, Şanlıurfa and Şırnak. Hence, ‘the GAP region has a share of about 10 % in both the total population and geographical area of Turkey as shown below table’<sup>94</sup>.

Table 3. 1. Turkey and GAP in terms of Area and Population

	<b>TURKEY</b>	<b>GAP</b>
<b>Total Area (km<sup>2</sup>)</b>	780.000	75.000
<b>Population (2000-million)</b>	67,8	6,60

<sup>93</sup> Bayburtlu, M. (2002) ‘Türkiye Açısından Bir Değerlendirme: AB Bölgesel Politikası ve Yapısal Fonlar’, Ekonomik Forum (TOBB), (9) 2, p.35

<sup>94</sup> [http://www.gap.gov.tr/gap\\_en.php](http://www.gap.gov.tr/gap_en.php)

Its objectives include the improvement of living standards and income levels of people so as to eliminate regional development disparities and contributing to such national goals as social stability and economic growth by enhancing productivity and employment opportunities in the rural sector. So, the basic strategies of the programme are spatial planning and infrastructure development, equitable development, protection of the environment, participation and employment generation. These strategies constitute a parallelism with the concept of sustainable development principle accepted by the European Union which ensure economic development and social mobility in the region by mobilizing regional resources, creating new employment opportunities and increasing income levels. GAP will have effects not only to the region but also to the whole country with its development program for sectors such as irrigation, hydraulic energy, agriculture, rural and urban infrastructure, forestry, education and health. The programme includes 22 dams, 19 hydraulic power plants and irrigation covering an area of 1,7 million hectares. ‘Upon the completion of the project, 1,7 million hectares of land will be brought under irrigation, energy production in the region will reach 27 billion kWh, per capita income will rise by 209% and about 3,8 million people will be provided employment opportunities. The total cost of the project is estimated as 32 billion USD.’<sup>95</sup> After the development of GAP Master Plan in 1989, GAP Regional Administration Authority was established and with the Council of Ministers’ decision adopted in 1998, the authority was given the task of conducting necessary coordination and planning works to ensure the realisation of all the project with all its components by the year 2010. With this perspective, ‘GAP Regional Development Plan can be summarized as the following points’<sup>96</sup>:

- To complete the investments of irrigation system;
- To mount the health and education indicators to the average of the country;
- To protect the natural sources of the region;
- To programme the human development oriented implementations;
- To increase population absorption capacity of cities.

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<sup>95</sup> [http://www.gap.gov.tr/gap\\_en.php](http://www.gap.gov.tr/gap_en.php)

<sup>96</sup> [http://www.gap.gov.tr/gap\\_en.php](http://www.gap.gov.tr/gap_en.php)

If the distribution of the investments are analysed, the three provinces which are Şanlıurfa, Diyarbakır and Mardin take the first three place in fields of water and energy with a proportion of 53% of the total. However, the GAP brings together with itself a series of critics. ‘The energy projects seem to take place more than agricultural projects which are more directly related with the region’s problems. With this aspect GAP is criticized as being far away from its priorities’<sup>97</sup>. ‘As a plus to financial capital, the importance of social and human capital is obvious and GAP needs this perspective more’<sup>98</sup> Despite the important developments in the field of energy, only 14% of the total watering programme has been completed. Because of the financial problems, the completion of the total project does not seem to be realized by 2010; ‘it is declared that %62 of the total has been finished by the year 2009’<sup>99</sup> and the total is expected to be by the year 2012’<sup>100</sup>. Also, regarding the European Union’s general principles on regional policy, ‘the administration place is expected to be changed as being actively in the region instead of in Ankara’<sup>101</sup>

1999 Helsinki Heads of State and Government Summit has a historical meaning for Turkey. Together with this summit, Turkey's candidacy has been approved and like all other policies, a new era appeared also for the Turkish regional policy on formal terms. After 1999, Turkey’s regional policy, structural problems and its coherence with European applications became one of the key subjects in European debates.

The VIII. and the IX. Five-Year Development Plans have been prepared with this perspective in mind. Differently from the previous ones, the VIII. Five-Year Development Plan in effect for the period 2001-2005 is significant in terms of regional policy since in this plan the developments in Turkey-EU legislation to fulfill the Copenhagen Criteria and financial cooperation between them is figured out. The plan underlines the aim of cohesion to European Regional Policy and points out the amendments that are required to be done for the adoption of the Acquis. The statistical classification, the standarts and the terminology with EU norms are set as the basic points to take reference for regional policy in this new period of EU membership candidacy. The following are the the key issues emphasized:

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<sup>97</sup> <http://www.tugik.org.tr>

<sup>98</sup> Can, Ergüder, (2004) ‘Avrupa Birliği Bölgesel Politikaları ve Yapısal Fonlar: Uyum Sürecinde Türkiye için bir değerlendirme’, Ankara, p.141.

<sup>99</sup> <http://www.porttakal.com/haber-gap-in-tamamlanma-orani-yuzde-62-2-ye-ulasti-118061.html>

<sup>100</sup> <http://www.porttakal.com/haber-gap-2012-yilinda-tamamlanmasi-bekleniyor-9654.html>

<sup>101</sup> Can, Ergüder, (2004) ‘Avrupa Birliği Bölgesel Politikaları ve Yapısal Fonlar: Uyum Sürecinde Türkiye için bir değerlendirme’, Ankara, p.142.

- Preparation of Preliminary National Development for the period 2004-2006;
- Financial assistance programmes with multi-annual programming approach;
- Development of the necessary legal structure for the establishment of Regional Development Agencies;
- Preparation of regional development and cross-border cooperation programmes and studies for their implementation;
- Formulation of NUTS regions in Turkey in three levels in the form of 12 NUTS1 regions, 26 NUTS2 regions and 81 NUTS 3 regions for the development of regional policies, regional statistics, inter-regional comparisons and analysis in line with EU forms.

In parallel with negotiations with European Union and Turkey's disadvantageous position regarding with the policy, the following 'IX. Five-Year Development Plan for the period 2007-2013 has been prepared with a Turkey vision that completed the adaptation process totally'<sup>102</sup>. Hence, the plan is prepared with a long term strategy covering the period between 2001-2023 and is introduced as the main strategy document on which all the related documents should depend for the European Union membership process. The realization of economic development and a sustainable social development are set as the priorities and for this aim regional development is named as one of the main strategies.

IX. Five-Year Development Plan points out that the European Union adaptation process gives Turkey an opportunity for a fundamental reform in its regional policy. Structural reforms at central and regional level are said to be implemented for the needed infrastructure for the membership. Local Dynamics and potential are seen as the dependents of the expected development. GAP is seen as an integral development plan in partnership with the regional development agencies to mobilize the local demands and the need of new policies are underlined for the increase of its effectiveness. Regarding the European Union's Lisbon Strategy, the importance of the research and development studies are emphasized and a

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<sup>102</sup> <http://www.dpt.gov.tr>

serious increase in this field's budget is foreseen. According to the plan, the regional development policies will increase the region's efficiency and productivity by contributing to employment and regions' competition capacities. Hence, the coherence between the policies of the 'centre' will be realized together with the increase in the institutional capacity of the 'local' and rural development. There will be a planning hierarchy between national, regional and local level and all the related competences and responsibilities will be redefined with an effective coherence and control. The dynamic, value added, leader sectors will be determined for regions and their improvement will be supported. Considering the rural development, rural development plans will be prepared and implemented. The needs of infrastructure and financing will be replied in coherence with EU's rural development policies.

### **3.4. THE EU'S PRIORITIES FOR TURKEY'S REGIONAL POLICY**

On the way to the membership, the European Union declares its expectations and priorities for the adoption of the Acquis Communautaire in its Regular Reports and Accession Partnership Documents. The acquis under the chapter 'Regional policy and coordination of structural instruments consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. Member States must respect EU legislation in general, for example in the areas of public procurement, competition and environment, when selecting and implementing projects. Member States must have an institutional framework in place and adequate administrative capacity to ensure programming, implementation, monitoring and evaluation in a sound and cost-effective manner from the point of view of management and financial control.

#### **3.4.1. The EU Commission's Regular Reports on Turkey**

Regular Reports related with the candidate countries are prepared every year by the European Commission to provide guidelines to take into consideration. The first Regular Report for Turkey was prepared in the year 1998. The 1998 Regular Report put the emphasize on the fact



that there were huge differences in Turkey regarding socio-economic and infrastructural conditions. The migration from the east of the country to the western parts was a fact bringing other problems with itself. The country's development rates were lower than the Union's average and the lack of a real structural regional development policy had been underlined.

In 1999 Regular Report for Turkey, it was declared that, differently from the other candidates, although Turkey had been implementing a regional policy for a number of years, the policy was ineffective because of the centralized planning system and Turkey was the most problematic country concerning the regional policy issue.<sup>103</sup> As a result, the Commission called for the establishment of an effective regional policy for the regions in the greatest need.

Continuously, in 2000 Regular Report, the centralized planning system in the administrative co-ordination of the regional policy was again criticised and Turkey's need for reinforcement of its administrative structures dealing with regional development both at central and regional level was repeated<sup>104</sup>. Some initiatives were observed regarding the preparation of regional development programmes but they were not efficient and operational. At this point, the SPO was criticised about being ineffective. To be able to be in compliance with Community standards, Turkey was required to propose to the Commission a NUTS classification. In accordance with Community rules, the determination of especially NUTS2 classification was important since it plays an important role in the implementation of structural policies. Following the definition of NUTS2 classification, the regional GDP per capita in purchasing power standards should be calculated.

2001 Regular Report, concerning the preparations for the implementation of structural policies, the lack of progress was indicated. The Commission drew the attention to the fact that the same lack of progress was also valid in the field of adoption of the legislative framework, development of regional statistics and reinforcement of the administrative capacity. Also, the preparation of NUTS2 classification by the SPO and the State Institute of Statistics (SIS) was evaluated to be at an early stage<sup>105</sup>. For the implementation of structural policies, the preparation of such a map was set as a pre-condition.

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<sup>103</sup> Avrupa Komisyonu Türkiye Temsilciliği: Gündem 2000 Genişleme-1999 Yılı Aday Ülkeler İlerleme Raporları, 1999, p.84

<sup>104</sup> Avrupa Komisyonu Türkiye Temsilciliği:2000 Yılı Genişleme Stratejisi, 2000, p.72

<sup>105</sup> Avrupa Komisyonu, Türkiye 2001 Yılı İlerleme Raporu, p.76

Regarding to the Commission's 2002 Regular Report, it was stated that limited progress had been achieved in preparing for the implementation of a regional policy in line with EU structural policies<sup>106</sup>. After the approval of the Turkey's NUTS classification by the Turkish Grand National Assembly, the first substantial step was taken for territorial re-organization. By this way, comparability of Turkish regional statistics with statistics from the other regions in Europe became possible. However, the use of this classification in planning and regional policies had not been started yet. It was also suggested that Turkey should strengthen its administrative structures for managing regional development by developing inter-ministrial co-ordination and integrating partnership principles at all levels of planning both at central and regional levels, that is, by setting up regional development authorities at NUTS2 level.

Following the European Union's priorities, Turkey accepted the law establishing 26 new regions to form the provisional NUTS level 2 classification in September 2002. The 2003 Regular Report welcomed that law but emphasized once more that there was no progress concerning legislative framework, monitoring, evaluation, financial management and control.<sup>107</sup> With regard to the programming, the 2004-2006 National Development Plan (NDP) should lay the foundations for longer term coherent policy for regional development aimed at reducing the growing disparities between regions. It was pointed out that the development of regional policies was truly integrated across all sectors of economic activity and there was a constant need to create necessary institutions endowed with adequate human and financial resources.

In 2004 Regular Report, it was stated that since the last regular report, very limited developments were reported in the area of regional policy and coordination of structural instruments and no developments were reported on territorial organisation. The preparations for the draft law establishing regional development agencies was stated as a positive step but not enough because of the insufficiencies in implementation. Except regional offices of the GAP, there were still not any other regional planning and implementing structures outside Ankara. Structures for effective coordination, rather than merely consultation, between the SPO and other line ministries concerned by regional development had not yet been put in place. However, substantial developments had taken place in the field of regional statistics with the the establishment of regional statistical offices in each of the provisional NUTS2

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<sup>106</sup> Avrupa Komisyonu, Türkiye 2002 Yılı İlerleme Raporu, p.96

<sup>107</sup> Avrupa Komisyonu, Türkiye 2003 Yılı İlerleme Raporu, p. 104

regions. Turkey had started to establish a database for regional data based on the provisional NUTS classification. Consequently, as per the year 2004 ‘considerable efforts were still necessary to develop sufficient capacity to implement regional policy at central and regional level, and the necessary institutions needed to be created and endowed with adequate human and financial resources.’<sup>108</sup>

In the Commission’s 2005 Progress Report on Turkey<sup>109</sup>, it was stated that some progress was made in the area of regional policy and coordination of structural instruments. Some developments had taken place in the field of statistics following the substantial progress made in previous years. However, the NUTS2 regions had still not corresponded to any administrative structures being at the central, provincial and municipal levels. For the establishment of Regional Development Agencies, no development could be reported. But for the legislative framework, there had been some progress for the decentralisation of Turkey’s public administration helping to promote a participatory approach to regional policy. The ongoing reform of the public administration, in the form of a legislative package containing four laws being the Law on Public Administration Reform, the Law on Municipalities, the Law on Metropolitan Municipalities, and the Law on Special Provincial Administrations, was welcomed since it introduced a measure of local democracy at the provincial level. Also, it was underlined that for the in time implementation of the planned Instrument for Pre-accession Assistance from 2007 and ultimately for the implementation of EU Structural Funds, the needed steps must be taken urgently as a matter of priority for the establishment of managing and paying authorities. Finally, The institutional framework, particularly in relation to strategy, inter-ministerial coordination and dedicated regional structures were not adequate. Administrative capacity for the design and implementation of programmes and projects were weak.

The Commission’s next Progress Report prepared in the year 2006 stated that no particular progress could be noted in respect of territorial organisation<sup>110</sup>. Despite the NUTS2 organisation, most institutions in Turkey were continuing to use the traditional geographical regions as the main reference. There was some progress in the development of the legislative framework. The Law on the Establishment, Coordination and Duties of Development

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<sup>108</sup> [http://ec.europa.eu/enlargement/archives/pdf/key\\_documents/2004/rr\\_tr\\_2004\\_en.pdf](http://ec.europa.eu/enlargement/archives/pdf/key_documents/2004/rr_tr_2004_en.pdf)

<sup>109</sup> [http://ec.europa.eu/enlargement/archives/pdf/key\\_documents/2005/package/sec\\_1426\\_final\\_progress\\_report\\_t\\_r\\_en.pdf](http://ec.europa.eu/enlargement/archives/pdf/key_documents/2005/package/sec_1426_final_progress_report_t_r_en.pdf)

<sup>110</sup> [http://www.abgs.gov.tr/files/AB\\_Iliskileri/Tur\\_En\\_Realitons/Progress/Turkey\\_Progress\\_Report\\_2006.pdf](http://www.abgs.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Progress/Turkey_Progress_Report_2006.pdf)

Agencies (DAs) including principles and procedures related to the establishment, duties, and coordination of development agencies, as well as their employment policy, budget and audit procedures were ratified and came into force in February 2006. In each of the 26 NUTS2 region an agency would be set up and the State Planning Organisation (SPO) would be responsible for the coordination of DAs at national level. Their main purpose was to accelerate regional development, promote cooperation between the public and private sectors and contribute to the reduction of inter-regional disparities. The DAs would be funded in part from transfers from the national budget and in part by the special provincial administrations (local authorities) and municipalities. Considering the institutional framework, two development agencies were established in the regions of Adana and İzmir. However, managing authorities for the implementation of the regional development component of IPA had not yet been established. The only body currently accredited for the implementation of pre-accession assistance to Turkey was the Central Finance and Contracts Unit (CFCU). Preparation of programming documents for the implementation of IPA were noted to be accelerated. Some progress can be reported with regard to programming. The IX. Development Plan prepared for 7 years differently from the previous ones was published by the SPO in early 2006 and reflecting the increasing importance attached to the regional perspective in the developmental context. The SPO and line ministries are engaged in the preparation of programming documents, namely the Strategic Coherence Framework and Operational Programmes. Regarding to monitoring and evaluation, good progress was noted. A department for monitoring and evaluation was created in 2004 and the SPO adopted a monitoring and evaluation framework in 2006 to determine the responsibilities of the actors in the process. A monitoring manual has been drafted and a common web-based Monitoring Information System (MIS) has been designed and put into use. However, at the overall, Turkey's alignment with the acquis in this chapter was defined as 'modest'.

As per the Commission's 2007 Regular Report, Turkey's alignment with the acquis in this chapter was defined as 'limited' at the overall<sup>111</sup>. Progress has been made, particularly in designating implementing structures for the structural instrument components of IPA and in preparing relevant programming documents, as precursors for the future Structural Funds. The State Planning Organisation (SPO) was appointed as the strategic coordinator responsible for the preparation of the Strategic Coherence Framework (CSF) and ensure coordination

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<sup>111</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2007/nov/turkey\\_progress\\_reports\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/turkey_progress_reports_en.pdf)

between strategies and programmes. The operating structures for the four planned operational programmes under IPA Transport, Environment, Regional Competitiveness and Human Resource Development were designated. With regard to the legislative framework, Turkey had adopted the legislation on the status of the Central Financing and Contracting Unit (CFCU), which – during a transition period - would be delegated tasks, such as procurement and tendering, contracting, financial management related to the implementation of structural components of the new Community Instrument for Pre-accession Assistance (IPA). Nevertheless, the law setting up regional Development Agencies (DAs) had been challenged by a number of associations, with 12 articles being brought before the constitutional court, principally on the grounds that the setting up of DAs would undermine the territorial integrity of Turkey. So, funding of the two DAs established in Izmir and Adana had been suspended due to the Constitutional Court's decision on the legality of the legal basis for DA. With regard to programming, good progress was made. The Strategic Coherence Framework (SCF), which sets out Turkey's strategy for implementing the structural instrument components of IPA, was agreed by the Commission.

The 2008 Regular Report stated that Turkey's alignment with the acquis in this chapter was not very advanced<sup>112</sup>. Progress was reported in adapting the legal framework, in setting up implementation structures for implementing IPA components and in adopting four operational programmes. Regarding IPA, the Competent Accrediting Officer and the Audit Authority were designated in November 2007, and the IPA Framework Agreement with Turkey was signed in July 2008. Further improvement was needed as regards administrative capacity at central level in order for designated ministries to be able to take over all functions of the operating structures efficiently. Administrative capacity at regional level continued to be weak. So, at regional level, structures and administrative capacity needed to be built up. Preparations for decentralised management of IPA funds under the regional development and human resources development components had been significantly delayed. One year after the adoption of the programmes by the Turkish authorities their implementation had not started. Turkey had not yet initiated preparations for implementation systems for the future Structural and Cohesion Funds. Preparations in this area were slowly advancing. Ownership and accountability needed improvement, including examination of the distribution of responsibilities between ministries at both central and regional levels and stronger

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<sup>112</sup> [http://www.avrupa.info.tr/Files/File/Docs/turkey\\_progress\\_report\\_en.pdf](http://www.avrupa.info.tr/Files/File/Docs/turkey_progress_report_en.pdf)

involvement of local/regional administrations and stakeholders. Regarding programming, good progress was made. In response to the Commission's multi-annual indicative programme (MIPD), The State Planning Organisation had prepared the Strategic Coherence Framework (SCF) setting out Turkey's strategy for implementing components of IPA over the period 2007- 2013. The SCF had been submitted to the Commission and four operational programmes (OPs) to implement the strategy - which concerned environment, transport and regional competitiveness and human resources development - were prepared by the respective ministries.

In the 2009 Regular Report of the Commission on Turkey, it was again stated that <sup>113</sup>Turkey's alignment with the acquis in this chapter remained limited. Some progress was made with regard to the legislative framework. Turkey's IPA Framework Agreement entered into force in December 2008, providing the legal basis for implementation of IPA assistance. Development agencies (DA) were established in all provisional NUTS2 type regions. A total budget of nearly €125 million had been earmarked for the development agencies in the 2009 national budget. Limited progress was made as regards administrative capacity; administrative capacity at regional level still remained weak. Further strengthening of administrative capacity is needed at all levels.

### **3.4.2. The Accession Partnership Documents**

The Accession Partnership Document of the 8 March 2001 states the European Union's expectations from Turkey for the full membership. The following points are declared as the short-term and the medium-term requirements from Turkey.

'In short-term, Turkey is expected to prepare a NUTS classification in accordance with Community rules; adopt a strategy for the development of an effective regional policy; start introducing regional policy criteria in the selection of projects in the planning process. In the medium-term, Turkey is expected to develop a national policy for economic and social cohesion with a view to diminishing internal disparities including pluriannual budgeting procedures and establishing structures for monitoring appraisal and evaluation.'<sup>114</sup>

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<sup>113</sup> <http://www.avrupa.info.tr/Files/File/Docs/2009-progressreport-en.pdf>  
<sup>114</sup> <http://ekutup.dpt.gov.tr/ab/kob/2003.pdf>

The expectations states in the APD were prepared within the framework of above mentioned regular reports. Depending on these expectations, the EU examined the developments in Turkey concerning regional policy and revealed its appraisals and opinions.

After the Commission's 2002 Regular Report on Turkey, the 2001 Accession Partnership Document was decided to be revised. In the revised Accession Partnership Document of 19 May 2003, Turkey is expected to meet certain criterias in the field of regional policy<sup>115</sup>. In the short-term, Turkey should start to develop a national policy for economic and social cohesion aimed at reducing regional disparities through a national development plan and the establishment of regional development plans at NUTS2 level. Secondly, Turkey should adopt a legislative framework that would facilitate the implementation of the *acquis* under the chapter of regional policy. Thirdly came the establishment of pluriannual budgeting procedures setting out priority criteria for public investment in the regions. Continuously, Turkey is expected to strengthen the administrative structures for managing regional development. In the medium-term, setting up regional branches at NUTS2 level to implement regional development plans was set as a priority for Turkey.

After the start of negotiations for the full membership on 3rd of October 2005, Turkey and the European Union relations entered into a new era. In this period, a new Accession Partnership Document was prepared outlining the priorities that Turkey should follow for the realization and implementation of expected reforms. The negotiation process would be evaluated considering the steps taken according to this ADP. Thus, the principles, the priorities, the objectives and conditions of this document were accepted as an integral part of the negotiation process. Hence, The Accession Partnership Document of 23 October 2006 declared two points as short-term priority in the field of regional policy. Firstly, Turkey would develop the strategies for economic and social cohesion in the aim of decreasing regional disparities. Secondly, the administrative and legislative framework would be constituted for the effective use of the funds being a part of the pre-accession instruments. In the medium-term the strengthening of the administrative capacity for the effective implementation of the regional policy both at central and regional level was expected. Also, formulation of the pluriannual budgeting criterias determining the priorities of public investments in regions was set as the other medium-term priority.

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<sup>115</sup> <http://www.abgm.adalet.gov.tr/dokumanlar/kob-2001-2003.pdf>

The latest Accession Partnership Document was declared on 18 February 2008 under the name of ‘2007 Accession Partnership Document for Turkey’. The document was directly related with the European Union’s enlargement approach. For further integration of Turkey with the Union and in parallel with the regular reports, the accession partnership document was decided to be revised with revised priorities.<sup>116</sup> In this respect, as per preparation for the implementation of the Union’s cohesion policy and pre-accession programmes, formulation of the administrative units at the ministerial level should be supported. Moreover, the administrative capacity should be strengthened in the fields of programming, project preparation, monitoring, evaluation and financial management and control, particularly at the level of line ministries. Apart from this short-term priority, the medium-term priority regarding with the regional policy was set as the amelioration of the administrative capacity at local, regional and central level for the implementation of possible future Community cohesion policy.

### **3.5. TURKEY’S ADAPTATION PERSPECTIVE ON EU REGIONAL POLICY**

#### **3.5.1. The National Programmes for the Acceptance of the Acquis**

As a response to the European Union’s requirements stated in the regular reports and accession partnership documents, Turkey declared its first National Programme for the Acceptance of Acquis (NPAA) on 24 March 2001 and its revised version on 24 July 2003 under the coordination of the Prime Ministry Secretariat General for EU Affairs. The NPAAs describe Turkey’s perspective on the adaptation to different chapters of the Acquis Communautaire and determines the measures that will be taken to be able to meet the priorities of the European Union.

In the first NPAA, concerning the regional policy, it is stated that there is no need for modifications to the corresponding Turkish legislation during the pre-accession period<sup>117</sup>. However, objective regions will be defined and NUTS definitions will be used according to EU criteria. Regarding with institutional change, it is stated that in medium-term administrative regional units of the SPO will be established in provinces by the year 2005 and

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<sup>116</sup>[http://www.abgs.gov.tr/files/AB\\_Iliskileri/AdaylikSureci/Kob/Turkiye\\_Kat\\_Ort\\_Belg\\_2007.pdf](http://www.abgs.gov.tr/files/AB_Iliskileri/AdaylikSureci/Kob/Turkiye_Kat_Ort_Belg_2007.pdf)

<sup>117</sup> <http://www.abgs.gov.tr/index>.



the harmonisation of the State aid provided to the regions with the requirements of the EU will be realized. It is stated that the need for additional staff for each regional unit of the SPO is obvious and qualified personnel trained for the regional policy of the EU, building and sufficient equipment should be provided. It is also promised that regional and local potential will be organized by the efficient participation of local actors, and that necessary projects will be designed to exploit this potential for the development. And the 2001 NPAA states the the financing amount needed for the realization of these objectives is approximately 20 million EUR.

After the 2002 Regular Report and the revised Accession Partnership Document of 2003, Turkey prepared and presented its Revised National Programme for the Adoption of the Acquis on 24 July 2003.<sup>118</sup> According to the revised expectations of the EU from Turkey, following priorities were determined. In the short term the SPO is expected to finalise the National Development Plan and Regional Development Strategy being the most important objectives to be able to achieve the economic and social cohesion. Regional Development Plans at NUTS2 level would be prepared. Regarding the legislative framework, preparations for the law on local administration reform were expected to be completed. Secretariat General for EU affairs would coordinate the related institutions to set up to adopt EU legislation on the coordination and implementation of regional and structural funds and to constitute the necessary institutions for the implementation.

In the aftermath of the Revised NPAA and as a result of Turkey's perspective on this adaptation process, significant steps taken were taken. Firstly comes the preparation of the Preliminary National Development Plan (PNDP) for the period 2004-2006 and Regional Development Strategy. The PNDP was prepared by the SPO as a result of the European Commission's request to establish a strategic framework for programming the pre-accession financial assistance and was submitted to the Commission in December 2003. With this perspective, NUTS classification and the formation of 26 NUTS2 regions were realized. for the the effective implementation of regional policies statistical data are formed depending on these NUTS2 regions. The SPO was set responsible for the local and central administration, monitoring and reporting of the projects and programmees related with regional development. For a better monitoring, Monitoring Committee was established as an additional structure.

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<sup>118</sup> <http://www.abgs.gov.tr/index>

Regional Development Strategy aimed at providing the effectiveness of regional plans in the process of implementation, activating the economic facilities of both public and private sector and non-governmental organizations for the strategy of regional plans.<sup>119</sup> In this context, regional development plans in NUTS2 regions and regional development projects in Samsun, Kastamonu and Erzurum NUTS2 regions were prepared as per 2003 Pre-Accession Financial Assistance Programme. Also, within the context of the same programme, Turkey-Bulgaria Cross Border Cooperation Programme was realized.

Moreover, adoption of the legislative framework facilitating the implementation of the EU acquis under the chapter of regional policy was accepted as another step to be taken. Thus, in conformity with this effort, the draft law on local administration reform was prepared. As part of the institutional administration of this process, a working group under the coordination of the Secretariat General for EU Affairs worked on adopting EU legislation in the field of Regional Policy and Coordination of Structural Instruments. This group formulated the necessary administrative changes for implementation of the legislation. Also, pluriannual budgeting procedures determining priority criteria for public investment in the regions were decided to be established and allocation and monitoring of these public aids in NUTS2 regions were realized in line with these pluriannual programmes.

Finally, the third National Programme for the Adoption of the Aquis communautaire was prepared and declared in December 2008 in the highlight of the latest developments with the European Union<sup>120</sup>. Considering the outcomes of the regular reports and accession partnership documents, the NPAA focused on basically the structuring of the Instrument for Pre-accession Assistance which means the determination of the regulation on the programming, implementing, monitoring and controlling of allocation and utilization of the funds. In this respect, it has been promised that the legislative existence of the units formed for particular programmes under the coordination of different ministries would be strengthened. These units are Units for Operational Programme on Environment under the coordination of Ministry of Environment and Forestry, Units for Operational Programme on the Development of Human Resources under the coordination of Ministry of Labor and Social Security, Units for Operational Programme on Regional Competitiveness under coordination of Ministry of Industry and

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<sup>119</sup> <http://ekutup.dpt.gov.tr/plan/p-ndp.pdf>

<sup>120</sup> <http://www.abgs.gov.tr/index.php?p=42260&l=1>

Trade and Units for Operational Programmes on Transportation under coordination of Ministry of Transportation.

### **3.5.2. The Regional Development Agencies**

Regional Development Agencies have a particular importance worth to mention within the context of a separate section since they constitute one of the most significant parts in the harmonisation process to European regional policy.

Considering the reasons of their constitution and the services realized, the definition of the regional development agencies may differ. According to Berber and Çebeci, ‘they are administratively independent agencies from the central government built for the development of socio-economic conditions of a certain region.’<sup>121</sup> According to EURADA (The European Association of Development Agencies), ‘regional development agencies determine sector-specific and general development problems, work on the probable solutions and support the projects contributing to clarified solutions.’<sup>122</sup> The basis of existence of these agencies can be summarized as ‘the application of regional strategies, facilitating the service of utilities, searching for the solutions for the local-regional private sector actors and providing the needed financial guarantees.’<sup>123</sup> To be able to realize mentioned objectives, regional development agencies put emphasize on private sector and civil society institutions. The strategic, operational, sectoral and foreign investment services are the basic functioning areas.

Regional Development agencies form a constant example for bottom-up approach in European regional policies. Since 1950s, in European countries they have been one of the instruments for mobilisation, organization and development of regional economies. Differently from the traditional top-down approach, through regional development agencies, regions carry a kind of autonomy; they are competitive and their development is the most important objective. Rather than a reactive methodology to problems, regional development agencies have a proactive character for probable problems. Although they are constituted by governments, they are administratively independent from the authorized government.

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<sup>121</sup> <http://www.metinberber.ktu.edu.tr/linkler/kajans/pdf>

<sup>122</sup> [http://www.eurada.org/site/files/brochure%20Eurada\\_A4.pdf](http://www.eurada.org/site/files/brochure%20Eurada_A4.pdf)

<sup>123</sup> Demirci, A. (2003), ‘Bölgesel Kalkınma Ajansları’, *Kamu Yönetimi Dünyası Dergisi*, Volume 4, No 15, p. 16.-20.

However, agencies are financially responsible to public authorities. To be able to succeed, their legitimacy, central government's and private sector's support are indispensable factors.

Turkey has first met with this term in the aftermath of the 1999 Helsinki Summit. In the Accession Partnership Document prepared by the European Commission, the formulation and constitution of the regional development agencies were set as one of the mid-term objectives. In this respect, after acceptance of the NUTS classification, to be able to benefit financially from pre-acceptance programmes, the Draft Law on the Constitution, Coordination and Functions of Development Agencies has come the case. Hence, the regional development agencies of Turkey were decided to be constituted in the 26 different regions of NUTS2 classification.

Nevertheless, the actions of the regional development agencies in Turkey are dependent to the approval of State Planning Organisation. Despite the efforts made for the formulation of an institution type independent from central administration, the organic link built is the most contradictory point and the most important critique brought to agencies.

Also, differently from longlasting Turkish regional policy in the aim of catching equity between the regions, regional development agencies try to realize regional development via the principle of competition between regions. This risks to be an unfavorable situation for the regions lacking competitive particularities. Hence, regional cultural disparities are regarded as a potential threat for regionalism efforts. Since the logic behind their constitution is 'the regional economic interest' rather than central governments preferences, their actions are tried to be under control. 'Considering the serious critics underlying the probable effect of these agencies against unitary state leading the way to federative formulations, regional development agencies in Turkey have been generally evaluated with their potential political sides promoting regionalism.'<sup>124</sup>

With all these questioned points in mind, after acceptance of the related Law number 5449, two pilot agencies namely Adana and İzmir Regional Development Agencies were founded. As of 2009, 26 agencies had become active in Turkey. However, despite the similar

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<sup>124</sup> Apan, Ahmet (2006), 'Bölge Kavramı ve Bölgesel Kalkınma Ajansları', Çağdaş Yerel Yönetimler Dergisi, Volume 13, No 4 , p.34-58.

experiences in Europe, they are treated as ‘development agencies’ rather than ‘regional’ development agencies and their capacity to act in regional terms is still interrogated.

NUTS2	PROVINCES	CENTRE
TR31	İzmir	İzmir
TR62	Adana, Mersin	Adana
TR10	İstanbul	İstanbul
TR52	Karaman, Konya	Konya
TR83	Amasya, Çorum, Samsun, Tokat	Samsun
TRA1	Bayburt, Erzincan, Erzurum	Erzurum
TRB2	Bitlis, Hakkari, Muş, Van	Van
TRC1	Adıyaman, Gaziantep, Kilis	Gaziantep
TRC2	Diyarbakır, Şanlıurfa	Diyarbakır
TRC3	Batman, Mardin, Şırnak, Siirt	Mardin

Table 3.2. Regional Development Agencies in Turkey

### 3.6. THE CONCLUDING REMARKS

As a unitarian state with its own peculiarities, Turkish experience on regional policy can easily be defined as ‘totally different from the European experiences’. The third section of the thesis points out that ‘region’ and ‘regional policy’ have not been a priority for the young Turkish Republic for decades. It is just with the European Union membership engagements that Turkish governments have started to take concrete steps for real changes in the formulation and application of the policy.

However, as seen in the example of regional development agencies, Turkish attempts rest insufficient and ineffective for the needed reforms demanded by the European Union.

## CONCLUSION

In the current conditions of the world arena and particularly in the European Union it is seen that differently from the previous, 'region' has become one of the basic actors on which considerable investments and serious development plans are made. Regional development plans, regional statistics, regional disparities, regional tendencies and policies have turned out to be within the daily political issues for the European Union.

Throughout the thesis, the importance of the region and the regional policy are tried to be explained within the context of the European Union. Depending on and influencing each other, regions of Europe and their meaning for the Union and the European Union itself have been through an evolution together. As a candidate country having an administrative structure totally different from the member states in many terms, Turkey is expected to fully adapt to this policy not only with its legislation but also with its implementation. It is a fact that without the financial instruments and means of a member state, a candidate country such as Turkey significant with its regional disparities can not cope with the regional imbalances properly expected to be done like a member state. So, it may also be defined as a dilemma for Turkey; to be able to realize a functioning and successful regional policy in conformity with member states' but to be able manage this as a candidate country without the financial means and advantages of a member state.

At this point, it can easily be argued that on the way to the full-membership Regional Policy of the European Union stands in front of Turkey both as an opportunity and a block. For a country like Turkey with deep gaps in socio-economic structure increasing the differences in living standards, the necessity to adapt to an organized and multi-dimensional regional policy is an unobtainable opportunity. Hence, Turkey with its own decision does not seem to mobilise itself to reform its regional policy. Obviously, the objective of full-membership gives Turkey the chance of making long-term effective reforms in an organized and controlled way. Considering the financial assistance reserved for Turkey in the pre-accession process, the ability and process for transformation is also supported.

However, taking into consideration Turkey's negative profile on regional problems and its long-lasting traditional administration perspectives turns out the situation to a disadvantage. In case that Turkey enters into the Union, with its all territory the country will take its place in

the Objective 1 regions precluding the actual beneficiaries of the policy outside the frontiers of the implementation area. Hence, Turkey with its huge structure will destabilize and derange the consuetudinary orders. Because of this reason, regional structure and regional policy of Turkey will result in negative ways for other members in a probable Turkish membership. As of 2010, the policy is the 22nd chapter of 35 of the *acquis communautaire* to be negotiated. Nevertheless, being one of the most important and tough chapters having great influence on all members of the Union, the chapter together with the other 17 chapters has been suspended for negotiation.

On the other side, the policy risks to be a bloc for Turkey in the pre-accession process too. Having an administrative structure in charge of regional development policy since the 1960s based on a centralized planning system, Turkey has to redesign its administrative structure to adapt to EU regional policy based on multi-level governance involving the state, the EU and regional and local authorities in the policy making process. This is the most significant priority particularly pointed out in every regular report. This is a challenging issue for Turkey since it means the change in the traditional policy logic. This has been also the case for the situation of regional development agencies. Despite the efforts made to establish the agencies as their examples within the European Union, the implementation and its results are less effective than expected.

Apart from NUTS classification which was a pre-condition for the implementation of the structural policies in order to comply with territorial organization, very limited progress has been made in the legislative structure. Although regional development plans were prepared in national development plans, none of them has been implemented thoroughly. Also, during the preparation process of these plans, the substate actors of regional and local authorities were not involved in the regional policy actively. In that respect, not giving effective responsibilities and competencies to the local or regional authorities appears as the most deficient area in terms of adaptation to the EU Regional Policy. Contrary to what is said, in practice the local or regional authorities are totally dependent on central administration in financial and administrative terms. In the same sense, the draft law prepared for the reform of public administration had been criticised as being contradictory to unitarian state. After its rejection by the president of the republic, the issue has taken its place within the uncompleted projects. So, it is seen that although European Union and its requirements stay as a priority

for Turkey, internal problems such as security concerns and separatist movements put the issue behind the national concerns.

In conclusion, on the way to the full-membership of the EU, the regional cohesion and regional policy are important steps to be taken; moreover, the strong blocs to pass through. Although some progress has been undertaken, the policy risks to turn out to be a barrier because of the objectives that are not realized and the projects that are not completed. In this respect, by means of this thesis, it can be evaluated that Turkey is still far away from where it is expected to be in terms of regional policy which estranges it from the European Union.



# **APPENDIX**

## ANNEX – I

### PRIORITY REGIONS FOR DEVELOPMENT

‘Priority Regions for Development’ are determined as the following as per Turkish National Programme for the Adoption of the Acquis in 2001.

Adiyaman	Malatya
Ađrı	Mardin
Aksaray	Muř
Amasya	Nevřehir
Ardahan	Niđde
Artvin	Ordu
Bartın	Osmaniye
Batman	Rize
Bayburt	Samsun
Bingöl	Siirt
Bitlis	Sinop
Çanakkale (Districts of Bozcaada and Gökçeada)	Sivas
Çankırı	řanlıurfa
Çorum	řırnak
Diyarbakır	Tokat
Elazıđ	Trabzon
Erzincan	Tunceli
Erzurum	Van
Giresun	Yozgat
Gümüşhane	Zonguldak
Hakkari	
Iđdır	
Kahramanmarař	
Karabük	
Karaman	

## ANNEX - II

### NUTS CLASSIFICATION OF TURKEY

Code	NUTSI	NUTSII	NUTSIII
<b>TR1</b>	<b>İstanbul</b>		
TR10		İstanbul	
0			İstanbul
Code	NUTSI	NUTSII	NUTSIII
<b>TR2</b>	<b>Batı Marmara</b>		
TR21		Tekirdağ	
1			Tekirdağ
2			Edirne
3			Kırklareli
TR22		Balıkesir	
1			Balıkesir
2			Çanakkale
Code	NUTSI	NUTSII	NUTSIII
<b>TR3</b>	<b>Ege</b>		
TR31		İzmir	
0			İzmir
TR32		Aydın	
1			Aydın
2			Denizli
3			Muğla
TR33		Manisa	
1			Manisa
2			Afyon
3			Kütahya
TR33			Uşak

4			
Code	NUTSI	NUTSII	NUTSIII
<b>TR4</b>	<b>Doğu Marmara</b>		
TR41		Bursa	
1			Bursa
2			Eskişehir
3			Bilecik
TR42		Kocaeli	
1			Kocaeli
2			Sakarya
3			Düzce
4			Bolu
5			Yalova
Code	NUTSI	NUTSII	NUTSIII
<b>TR5</b>	<b>Batı Anadolu</b>		
TR51		Ankara	
0			Ankara
TR52		Konya	
1			Konya
2			Karaman
Code	NUTSI	NUTSII	NUTSIII
<b>TR6</b>	<b>Akdeniz</b>		
TR61		Antalya	
1			Antalya
2			Isparta
3			Burdur
TR62		Adana	
1			Adana
TR62			Mersin

2			
TR63		Hatay	
1	TR63		Hatay
2	TR63		Kahramanmaraş
3	TR63		Osmaniye
Code	NUTSI	NUTSII	NUTSIII
<b>TR7</b>	<b>Orta Anadolu</b>		
TR71		Kırıkkale	
1	TR71		Kırıkkale
2	TR71		Aksaray
3	TR71		Niğde
4	TR71		Nevşehir
5	TR71		Kırşehir
TR72		Kayseri	
1	TR72		Kayseri
2	TR72		Sivas
3	TR72		Yozgat
Code	NUTSI	NUTSII	NUTSIII
<b>TR8</b>	<b>Batı Karadeniz</b>		
TR81		Zonguldak	
1	TR81		Zonguldak
2	TR81		Karabük
3	TR81		Bartın
TR82		Kastamonu	
1	TR82		Kastamonu
	TR82		Çankırı

2			
3	TR82		Sinop
	TR83	Samsun	
1	TR83		Samsun
2	TR83		Tokat
3	TR83		Çorum
4	TR83		Amasya
	Code	NUTSI	NUTSII
	<b>TR9</b>	<b>Doğu Karadeniz</b>	
	TR90	Trabzon	
1	TR90		Trabzon
2	TR90		Ordu
3	TR90		Giresun
4	TR90		Rize
5	TR90		Artvin
6	TR90		Gümüşhane
	Code	NUTSI	NUTSII
	<b>TRA</b>	<b>Kuzeydoğu Anadolu</b>	
1	TRA	Erzurum	
11	TRA		Erzurum
12	TRA		Erzincan
13	TRA		Bayburt
2	TRA	Ağrı	
21	TRA		Ağrı
22	TRA		Kars
	TRA		Iğdır

23			
TRA			Ardahan
24			
Code	NUTSI	NUTSII	NUTSIII
<b>TRB</b>	<b>Ortadoğu Anadolu</b>		
TRB			
1		Malatya	
TRB			Malatya
11			
TRB			Elazığ
12			
TRB			Bingöl
13			
TRB			Tunceli
14			
TRB		Van	
2			
TRB			Van
21			
TRB			Muş
22			
TRB			Bitlis
23			
TRB			Hakkari
24			
Code	NUTSI	NUTSII	NUTSIII
<b>TRC</b>	<b>Güneydoğu Anadolu</b>		
TRC			
1		Gaziantep	
TRC			Gaziantep
11			
TRC			Adıyaman
12			
TRC			Kilis
13			
TRC		Şanlıurfa	
2			
TRC			Şanlıurfa
21			
TRC			Diyarbakır
22			
TRC		Mardin	
3			

TRC 31			Mardin
TRC 32			Batman
TRC 33			Şırnak
TRC 34			Siirt

\*Source: <http://www.dpt.gov.tr/bgyu/biid/ibbs.html>

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## ÖZET

'Bölge' kavramı, üzerinde uzlaşmaya varılmış tek bir tanımı içermemekle birlikte, değişen sosyo-ekonomik, kültürel ve politik şartlar ve ihtiyaçlar çerçevesinde pek çok değişik anlam kazanmıştır ve kazanmaya da devam etmektedir. Konu Avrupa Birliği oluşumu içerisinde ele alındığında, Birlik kapsamında çok farklı yapıda bölge kavramı söz konusu olduğu ortadadır. Üye ülkelerin farklı nitelikteki idari yapılanmaları ve farklı nedenlerle oluşturmuş oldukları bölgeler, nihai hedef olarak belirlenmiş olan 'Avrupa Birliği'ni gerçekleştirme yolunda Birlik tarafından artan bir önemle ele alınmaya başlanmış ve bölgeler zaman içerisinde üye ülkelerin idari sınırlarını aşarak gelişmişlik düzeyinin, ekonomik ve sosyal farklılıkların ve Avrupa Birliği ölçüsünde Avrupa Birliği vatandaşlarının birbirleriyle olan uyumlarının en önemli göstergelerinden biri haline gelmiştir.

Birlik siyaseti içerisinde en önemli hedeflerden biri haline gelen bölgesel uyumun yakalanması için pek çok politika geliştirilmiştir. Bu politikaların en önemlilerinden biri bölgesel uyumu merkeze koyan; bölgeyi hem özne hem de nesne olarak ele alan Avrupa Birliği Bölgesel Politikası'dır. Bölgesel Politika, Birliğin kendisi ve diğer politikaları gibi, değişen ulusal ve uluslararası şartlar ve ihtiyaçlarla beraber zaman içerisinde değişerek gelişmiş; Avrupa Birliği genişleme dalgalarıyla beraber çeşitli kırılma noktaları yaşayarak bugüne ulaşmıştır. Belirli prensipler, enstrumanlar, aktörler ve uygulama alanlarıyla Avrupa Birliği bütçesinin üçte birinin ayrılmış olduğu Bölgesel Politika, Ortak Tarım Politikasının ardından en fazla etki alanına sahip en önemli ikinci politikadır. Bu politikanın en önemli araçlarından olan Yapısal Fonların dağılımı ve kullanımı Birlik içerisinde olduğu kadar aday ülkeler için de büyük önem taşımaktadır. Yerel, bölgesel, ulusal ve Birlik seviyesinde oluşturulan ve uygulanan politika sahip olduğu teknik mevzuatın yanı sıra demokratik katılımın de göstergesi olarak algılanmakta ve aday ülkelerin önündeki en zorlu müzakere başlıklarından birini oluşturmaktadır.

1999 Helsinki Zirvesi ile resmen Avrupa Birliği aday ülke statüsünü kazanan Türkiye 27 üyeli Birlik ile müzakere sürecinde bulunmaktadır. 35 müzakere başlığından 22.'si Bölgesel Politika üzerine ayrılmış olup Türkiye'nin bölgesel politika anlayışı göz önünde bulundurulduğunda birlik politikasına uyum sağlamak amacıyla ciddi adımların atılması; etkili bir idari, kurumsal ve hukuki bir altyapı oluşturulması gerekliliği kaçınılmazdır.



Tez Avrupa Birliđi'nde blge kavramının yeri ve neminden hareketle, blgesel uyumun sađlanması amacıyla geliřtirilen Blgesel Politikayı incelemekte ve Trkiye'nin 2010 yılına girerken iinde bulunduđu Blgesel Politika geređini irdelemektedir. Tam yelik yolunda en kapsamlı bařlıklardan biri olan politikanın neresinde bulunulduđu geređi ortaya konarak tam ve gerek uyumun sađlanması iin yapılması gerekenler belirtilecektir. Bu řekilde Trkiye iin hem ok nemli bir fırsat hem de tam yelik yolunda ok nemli bir engel olarak grlen blgesel politikanın nemi ortaya konulmaya alıřılacaktır.

## **ABSTRACT**

Although the concept of region does not have a unique definition approved by different parties, together with the changing socio-economic, cultural and political conditions and needs, the term has gained new meanings and continues to gain still. When the issue is taken into consideration within the context of the EU, it is obvious that many different kinds of regional concepts exist in the Union. On the way to the realization of the real European Union, the different kinds of regions formulated for various reasons by different types of state administrations are started to be taken into account with an increasing importance. Hence, the regions have passed their administrative frontiers in time and have become one of the major indicators showing the level of development, social and economic differences and cohesion of European citizens with each other.

In order to realize one of the basic objectives of the Union being the regional cohesion, many policies have been developed. One of the most important policies is the European Union's Regional Policy locating the region in the centre and considering it both as an object and a subject. Together with the changing conditions and needs of the national and international arena the regional policy has changed and developed just like the European Union itself and has reached to its actual position after important breaking points resulting from enlargement processes. Today, the Regional Policy is the second the most influential policy of the European Union coming just after the Common Agricultural Policy. Considering its instruments, principles, actors and implication points, one third of the budget is reserved for this policy of which the most important instrument is the Structural Funds. The funds carry a fundamental importance not only for member states but also for the candidate countries since it is one of the hardest chapters of the accession negotiations. Addition to its local, regional, national and union level formulation and application, the policy with its technical legislation is taken into consideration as an indicator of democratic participation.

Turkey being an official candidate country since 1999 Helsinki Summit is actually in the negotiation process with the European Union of 27 members. Among with the 35 chapters, the 22nd one is reserved for regional policy. Considering Turkey's regional policy understanding and tradition, it is obvious that serious steps must be taken and an effective administrative, institutional and legislative infrastructure should be formed.

The thesis starting from the importance of region analyses the Regional Policy of the European Union developed for the regional coherence and Turkey's situation regarding this policy as per the year 2010. The reality of at which point Turkey stands in this policy forming one of the most important chapters in the adoption of the Acquis Communautaire and what should be done more will be studied. By this way, the importance of the regional policy which can be seen as both an opportunity and a bloc for Turkey will tried to be explained.