
EUROPEANIZATION AND SUB-NATIONAL GOVERNANCE IN SLOVENIA

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Abstract

This paper considers the impact of Europeanization on patterns of sub-national governance in Slovenia. Slovenia provides a “hard case” for assessing the impact of Europeanization on regional mobilization: since gaining independence in 1991 Slovenia had been highly centralized, with no pre-existing regional administrative level between the central state and 193 small municipalities. To conform to EU regional policy conditions, in 1999 a new law on regional development created 12 new NUTS-3 regions and corresponding Regional Development Agencies (RDA's). Drawing on Borzel and Risse's (2003) two logics of domestic change, the paper shows how Europeanization led to institutional adaptation and provided new opportunities for sub-national mobilization. But we can observe differential empowerment among regional actors to date. The paper compares two newly created NUTS-3 administrative regions in Slovenia: one more developed region in the southwest bordering Italy and the Adriatic (Obalno-Kraška) and one less-developed region in the northeast bordering Austria and Hungary (Pomurska). In the Obalno-Kraška region we find preliminary evidence of denser horizontal networks and more autonomy from the central government, while in Pomurska regional networks are “thin” and less autonomous. This variation might be explained by a combination of factors, including differences in degrees of pre-existing financial and professional competencies and differing degrees of formal and informal regional cooperation around RDA's in coordinating Regional Development Programmes. We can thus observe some preliminary signs of the emergence of what Olsson (2003) has coined the *economic democracy paradox* of EU structural funding on the national level in Slovenia: when relatively resourceful regional actors, in terms of financial and professional competencies, manage to secure more resources and power than those regions most in need of regional development support. Yet regional policy reforms continue to alter the political status quo in Slovenia, providing new windows of opportunity for marginal actors and increasingly politicizing regional policy in Slovenian public debate.

1. Introduction

The EU has played a key role in reconfiguring regional governance in Central and East European (CEE) states. EU regional policy operates both formally, distributing structural and cohesion funds to reduce regional and social disparities in the EU, and informally, in which the Commission has actively promoted decentralization and the empowerment of sub-national actors.¹ During the accession process the EU exerted similar pressures on all applicant countries to establish statistical regions and include sub-national actors in national and structural fund planning and implementation. No clear EU prescription exists, however, concerning the constitutional status of these regions. Thus, while all new EU member states have conformed to some explicit EU conditions on regional policy, significant variation exists among new EU member states in the power and decision-making authority delegated to the regional level. In some cases Europeanization brought some power to regions (Poland). In other cases (Czech Republic, Hungary) central governments implemented regional governance reform, but have been reluctant to cede real authority to new regional institutions. The Baltic States and Romania have implemented administrative reforms, but further politicizing reforms in the near term is unlikely.² Numerous scholars have sought to explain inter-state variation in regional institutional change across new EU member states by examining various European-level and domestic factors.³ The first aim of this paper is to provide an in-depth study of one under-examined case, Slovenia. Given that Slovenia had no pre-existing regional institutional structures, and has been highly centralized since gaining independence in 1991, it provides an exemplary case of misfit between EU-inspired reforms and domestic structures and practices.

The second aim of the paper is to provide preliminary findings regarding to what formal institutional change in Slovenia has also led to the mobilization of regional actors and the emergence of regional societies. Balme and Le Galés (1997) evoke the metaphor of a galaxy of sub-national authorities in Western Europe to describe inter-regional variation within the EU-15. The galaxy contains a few “bright stars” – dynamic, pioneering, and accountable regional authorities, active at the local, national and EU level – existing among the many “black holes” of sub-national responses to European integration. While varied responses to Europeanization show a move away from uniformity in governance, the remaining question, according to John (2000), is “whether there are enough stars to illuminate the galaxy.” Expanding this metaphor to the enlarged EU, it is unclear to what extent Europeanization has transformed policy practices at the sub-national level in new EU member states, in terms of the mobilization sub-national actors and the development of new regional networks. Given that in most of these states decentralization was carried out in response to exogenous pressure from the EU, and over a relatively short period of time, one could expect these regional networks to be institutionally “thin.” Indeed, general assessments of the current state of regional policy reform in new EU member states suggest that newly created regions *on the whole* lack institutional capacity and political legitimacy.⁴ Yet some regions seem to be outpacing others, in terms of active participation in

national development planning, creation of private-public partnerships, and mobilization of sub-state actors around regional networks.

This paper aims to assess the impact of Europeanization on patterns of sub-national governance within Slovenia. The first section briefly outlines the Europeanization framework and considers to what extent it can be applied to the new EU member states of CEE. The second section traces the process of institutional and policy-making changes in Slovenian regional policy as a response to EU accession conditions, applying an adapted version of Börzel and Risse (2003) framework of Europeanization and domestic change to the case of Slovenia. The third section goes on to compare two newly created NUTS-3 regions, and RDAs, within Slovenia to assess three additional questions: (1) to what extent has the Europeanization of regional policy in Slovenia stimulated the emergence of sub-national regional networks? (2) How have these sub-national networks evolved differently among various sub-national regions? (3) What might explain inter-regional variation? The paper concludes by considering what lessons the Slovenian case might provide in our understanding of the political processes of Europeanization and resulting changes in sub-national governance in new EU member states.

2. Theoretical Framework: Europeanization and Domestic Change

Significant differences in regional policy structures and practices remain both between EU member states and between regions within EU member states. The “Europeanization” framework provides one means of examining patterns of divergence in regional policy. Since Landrech first coined the term in 1994, authors have advanced various definitions. Featherstone’s (2003) definition is one of the most succinct: “‘Europeanization’ involves a response to the policies of the European Union.”⁵ Studies of Europeanization assess the asymmetrical patterns of absorption, accommodation, and transformation of national and sub-national polities, policies and politics in response to pressures emanating within the dynamics of EU integration.⁶ Börzel and Risse (2003) provide one framework. The concept of “misfit” constitutes the starting point for their causal model. Policy or institutional “misfit” between EU and domestic models create pressure for adaptation. Adaptational pressures, in turn, create new domestic opportunities and constraints, leading to differential empowerment of domestic actors. Pressures can also lead to new norms, ideas, and collective understandings, resulting in norm internalization and development of new identities. Various facilitating domestic factors – including veto points, supporting and cooperative formal institutions, and norm entrepreneurs – can determine different patterns and degrees of domestic changes (see Appendix 1).

Applying this model to the Europeanization to new EU member states, we can observe significant degrees of institutional, policy and normative misfit between EU and domestic models. This misfit leads to varying degrees of adaptational pressure and, subsequently, domestic change. Some authors suggest that Europeanization has pushed CEE states towards *greater* convergence than that observed among EU-15 states. Grabbe (2003) argues that the EU’s influence in CEE applicant states is wider and deeper in scope than in the EU-15 due to a number

of factors. These include the asymmetrical balance of power between the EU and applicant states, the speed of adjustment required by the EU accession process, the openness of CEE to EU influence owing to the simultaneous process of post-communist transformation, and the breadth of the EU agenda. Indeed, EU applicants could not seek various opt-outs negotiated by many current member states in the areas of foreign, monetary, or border related policies (Zielonka and Mair 2002: 3). Aside from various negotiated transition periods, the EU accession process was essentially a “take it or leave it” proposition for CEE states. Moreover, while EU actors can lobby the EU on multiple levels, EU accession negotiations were conducted almost solely between state executive bodies and Brussels. Some observers have suggested that the literature on conditionality might be more relevant to the CEE cases than theories based on the notion of *adaptability*, which implies a certain degree of political and economic autonomy (Smith 1997; Grabbe 1999; Rupnik 2000; Jacoby 2002).

The unique factors of EU accession are relevant to consider when applying the Europeanization framework to new EU member states. Yet this strict “top down” perspective on Europeanization of CEE obscures several important factors. First, the application of EU conditionality varied across policy areas, across states, and across time. Hughes, et. al. (2004) argue in the case of regional policy, for example, that the fluid nature of conditionality and inconsistencies in its application by the Commission over time can help explain the diverse responses of CEE states to these pressures. While the Commission fluctuated in its emphasis on decentralization versus centralized control and efficiency – with the DG-Regio emphasizing the former and DG-Enlargement the latter – by the end of negotiations the consensus shifted in favor of stronger central government control (see also Bruszt 2002). Second, “misfit” implies a rather static relationship between EU policies and domestic conditions. This obscures the fact that Europeanization is a dynamic and contestable process, both constraining and enabling actors, and interactions between these actors, in different domestic spheres. Finally, strict “top down” models tend to portray CEE states as a kind of institutional *tabula rasa* on which the EU could impose its own policy templates, encountering less resistance than in more institutionally “thick” EU-15 states. Brusis (2002) concurs that the EU provided an important catalyst for regional reform in CEE states. But he argues that the trajectories and outcomes of reforms can be better explained by a combination of domestic institutional legacies, reformist or adversarial approaches of key policy-makers, and the influence of ethnic and historical regional legacies.⁷

Numerous authors document how formal and informal pressures of Europeanization have led to institutional and policy adaptation to EU regional policy.⁸ Yet most of these studies conclude that changes brought about as a result of EU membership are far from uniform, but are incremental, irregular, and uneven. By conceptualizing Europeanization as historically contingent and locally bound process, we can see how common pressures impinge upon, challenge or reinforce national policies and practices to different degrees and in divergent ways. Asymmetrical relations between the EU and the candidate states undoubtedly shape the terms of the EU accession process. The EU enlargement process constitutes an important factor in forcing adaptation, from strict conditionality to more passive learning (Schimmelfennig and Sedelmeier

2005). Yet this push towards policy convergence does not necessarily push states in a common *political* direction (Zielonka and Mair 2002: 2; Bruszt 2002). The Europeanization process varies in different functional areas and intersects with various centrifugal forces within states – all leading to different institutional configurations and domestic political struggles. Thus emerging political struggles within applicant states over the terms and understanding of Europeanization could be viewed as evidence of the gradual emergence of European politics as usual in new EU member states.

In the following case study I trace the process of Europeanization of regional policy in Slovenia. I suggest that the actual development of regional policy in Slovenia, like in other CEE states, did not simply entail strict structural adaptation to EU norms. The process was also dependent on the interactions of various actors (at the local, national and European level), historical legacies, and institutions. Moreover, I expand the analysis of Europeanization of regional policy beyond an analysis of strict institutional adaptation to consider how it evolved in a wider political domain. I consider how and to what extent different domestic actors (local and national) are actively involved in shaping and contesting this ongoing process of regional governance reform.

3. The Europeanization of Slovenian Regional Policy

Slovenia is one of the smallest new EU member states, both in territory and population. It also has a considerable degree of diversity for a country of its size, in socio-economic, historically and topographical terms. Slovenian includes underdeveloped agricultural regions in the northeast and scarcely populated alpine regions in the northwest. The Adriatic and Karst regions in the southwest, which are adjacent to Italy's Friuli-Venezia Giulia region and consist of a short but important Adriatic coastline, are better developed, as is the Ljubljana urban region (Lajh 2004: 2). While many of these sub-national regional identities are culturally salient, Slovenian sub-national regions have no political or administrative tradition. Slovenia did experience a short period of decentralization as constituent republic of the Socialist Federal Republic of Yugoslavia. A 1971 law on the Promotion of Balanced Regional Development created special measures to promote the growth of less-developed sub-national regions.⁹ While the law did not delegate any formal power to the regions, it was an important instrument in shifting power and decision-making away from Belgrade to the republics and sub-national regions. This concept of polycentric development was a unique legacy of Yugoslav socialism, not found in other socialist states in the region.

Since gaining independence from Yugoslavia in 1991, Slovenia has seen a high degree of centralization in resources and decision-making at the national level. The first Slovenian constitution made no provision for politically institutionalized regional bodies between the central government and municipalities. Thus constitutional authority at the sub-national level thus remained with local self-governments throughout the 1990s. As the establishment of entirely new institutional state structures and macroeconomic challenges of transitions dominated

the political agenda in the first half of the 1990s, issues of regional development or sub-national governance reform were sidelined. Resources and political decision-making remain centralized in Ljubljana. Given that the 193 Slovenian municipalities have limited political power, financial resources, and administrative capacity – and have been more competitive than cohesive in their political aims – municipalities as the only institutionalized actor at the sub-national level have not posed much of a challenge “from below” to centralized political power. Moreover, given that decision-making is centralized in Ljubljana, societal actors and social partners have also organized their activities at the national, rather than regional, level.

Slovenia provides an exemplary case of significant “misfit” between EU-level regional models and the absence of any pre-existing administrative territorial regions. With the start of formal EU accession negotiations in 1997, pressure to adapt to EU regional models was high. Applying Börzel and Risse’s (2003) two logics of domestic change to the case of EU-inspired changes in Slovenian sub-national governance, we can make two starting assumptions. First, we can observe a high degree of “misfit” or incompatibility between EU-level regional policy models and Slovenia’s highly centralized domestic institutions and policy making. This misfit led to adaptational pressures, a necessary, but not sufficient, condition for expecting domestic change. Second, necessary facilitating factors – including a sufficiently developed state and civil society – were in place to respond to these adaptational pressures and thus induce change (see Fink-Hafner 1998). To what extent then has the Europeanization of regional policy led to formal as well as substantive change in pre-existing governance structures in Slovenia? We can generate three scenarios based on Börzel and Risse’s (2003) three degrees of domestic change:

- (1) **Absorption** (*low*): The Slovenian government meets all necessary EU conditions on regional policy, but this does not substantially modify existing processes, policies and institutions. In this case, not only does Europeanization reinforce the status quo, but reinforces the centralization of decision-making by making central authorities “gatekeepers” of EU structural funding and decision-making (see Bache 1999). Europeanization thus further empowers the national government and leads to no significant mobilization of sub-national actors.
- (2) **Accommodation** (*medium*): The Europeanization of regional policy creates new opportunities for sub-national mobilization and stimulates the creation of regional policy networks. Yet regional policy is organized in such a way that the central government maintains agenda-setting authority and financial control, while regions are tasked with managing and implementing plans. Moreover, we observe differential empowerment of regional networks, with when relatively resourceful regional actors, in terms of pre-existing financial and professional competencies, manage to secure more resources than those regions most in need of regional development support. Thus structural funding can have the paradoxical result of exacerbating rather than reducing inter-regional disparities.

(3) **Transformation** (*high*): EU regional policy creates new opportunity structures for sub-national actors and stimulates the creation of active regional networks. As regional networks become denser and more competent, they gain increasing influence in national and regional development planning. While leading regional networks may gain disproportionate influence and resources at first, their success will inspire “lagging” regions to strengthen their networks and competencies. The outcome is the strengthening of regional actors vis-à-vis the center and the reduction of regional disparities.

The following section outlines the changes in both institutional and policy making inspired by EU conditions on regional policy to assess the degree of domestic change. I posit that we have witnessed *absorption* to date, given Slovenia’s legacy of centralization and lack of territorial administrative regions, there are signs that Europeanization might be leading to *accommodation* as regional policy becomes increasingly politicized in Slovenia. In the following section I trace the process of institutional and policy-making change in Slovenian regional policy, highlighting the roles of different domestic actors. I go on in the next section to examine the extent to which Europeanization has led to *substantive* changes in regional mobilization by comparing two NUTS-3 regions.

A. *Institutional reform*

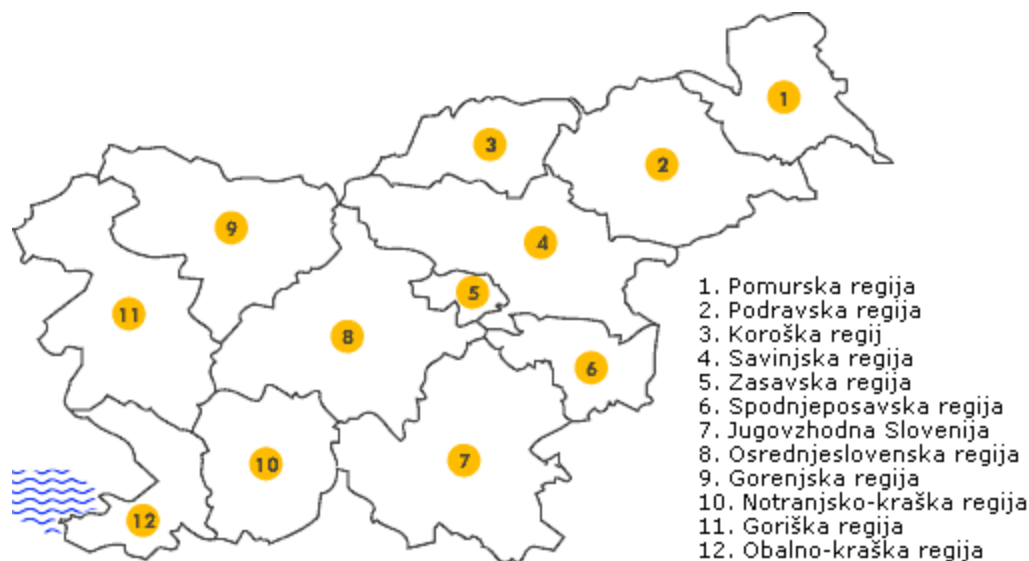
Since gaining independence in 1991, Slovenia has been highly centralized. No territorial administrative level existed between the central government and 193 municipalities.¹⁰ Constitutional authority at the sub-national level remained with local self-governments throughout the 1990s. The delegation of some competencies to the municipalities was consistent with the European Charter on Local-Self Government that was incorporated into Slovenia 1992 constitution, a legacy of the former Yugoslavia’s membership in the Council of Europe. The Slovenian constitution made no provision for politically institutionalized regional bodies. Yet it did allow for *voluntary* cooperation among municipalities to unite as regions (or *pokrajine*). However, municipalities did not take advantage of this provision. On the contrary, the centralization of authority fostered more inter-municipality competition than cooperation (Fink-Hafner 1998; Grafenauer 2003). Most of the 193 municipalities are small – with nearly 50 percent made up of less than 5000 inhabitants. Having expanded in number from 62 municipalities in 1995 to 193 by 2004, most of the municipalities are also new. Thus for most of the 1990s small and newly established municipalities were more concerned with gaining competencies and resources than promoting development on the regional level. As of 1998, no municipalities had attempted to create regional bodies.

This changed in 1999 as Slovenia began negotiations with the EU on regional policy. Change came from above and below. From below, municipalities began in 1999 to invoke their constitutional right to create regions and petition to create formal regions – thus dramatically reversing their tendency in the 1990s to forgo this right. Three members of parliament from the Koroško region submitted the first proposal in February 1999. Other municipalities followed

suit. Therefore while the early 1990s witnessed almost no movement in terms of regionalization, by the end of the 1990s Slovenia saw a dramatic increase in activity among municipalities seeking to exert more influence over regional policy.

Changes were also initiated from above by the central government, responding to EU pressures. The 1999 Promotion of Balanced Regional Development Act created a new National Agency for Regional Development to coordinate regional policy at the national level. The government also created twelve unelected NUTS-3 statistical-administrative regions to conform to EU NUTS requirements. Moreover, the Act laid out the conditions for forming RDA's. Conforming to the 12 new NUTS-3 regions, 12 new Regional Development Authorities (RDAs) were established in 2001, tasked with implementing structural and cohesion programs.¹¹ The Act also allowed for further RDA's to be established. By 2004, applications for two additional RDA's had been submitted. Figure 3.1 shows the 12 NUTS-3 regions as of the end of 2004.

Figure 3.1: Twelve Slovenian NUTS-3 Statistical Regions



The establishment of NUTS-2 regions has been much more controversial. This controversy has involved heated political negotiations on two levels: one between the EU and the Slovenian national government, and the other between the national government and local municipalities. The first involves disagreement between the EU Commission and the Slovenian government over whether Slovenia should be divided into two or three NUTS-2 regions or be considered one region. The Slovenian government first proposed two NUTS-2 regions: (1) the “Ljubljana Urban Region” that contains 25 percent of the population and a GDP per capita of 87 percent of the EU-15 average and (2) “Rest of Slovenia” comprised of the remaining 75 percent of the population and with a GDP per capita of 59 percent of the EU-15 average. The political stakes are clearly about more than statistical categories; a significant amount of money is at stake. As a single

region, Slovenia's GDP per-capita would fall below the necessary threshold to be eligible for structural and cohesion funds, while dividing Slovenia into two or three regions would make regions outside Ljubljana eligible for Objective 2 funding.

The Commission, on the other hand, argues that Slovenia is too small to warrant more than one single region. Nor, according to the Commission view, can these newly created regions manage cohesion funds efficiently. In a meeting with Slovenian government officials in 2002, European Commissioner for Regional Policy, Michel Barnier, cited the fact that NUTS-2 statistical regions in EU member states have an average of 1.5 to 2 million people, roughly corresponding to the total population of Slovenia. In a press conference following the meeting, Barnier stated: "In the interest of an efficient and coherent regional policy, I have clearly called on Slovenian officials on behalf of the EU that Slovenia should receive the EU's development funds as one region."¹² Barnier went on to remark: "this is your internal affair and responsibility. You shall decide whichever way you want to." The issue of NUTS-2 has reappeared recently on the political agenda. In a two-day official visit at the end of March 2005 to Ljubljana and Slovenska Bistrica, President of the European Committee of Regions, Peter Straub, suggested to the Slovenian side that it should pursue the establishment of *three* NUTS-2 regions. Straub went on to remark in an interview on Slovenian public television: "The Commission must recognize differences between countries in the EU, regardless of size."¹³ Moreover, the EU Commissioner on Regional Policy, Danuta Hübner, also stated during the visit that she has demanded that the Commission seriously review the Slovenian request for three regions.

The second level of political negotiations has played out domestically, between the central government and municipalities. Municipalities' objections to the government's two-region plan, and the Commission's one region proposal, are threefold. First, they cite statistics showing significant regional disparities in economic development. The GDP per capita of Western Slovenia, for instance, is 63 percent of EU average, while Eastern Slovenia stands at 57 percent. Unemployment rates also differ. While Western Slovenia and the Ljubljana region have similar rates of unemployment – around nine percent – the unemployment rate in Eastern Slovenia hovers around 15 percent. Second, municipalities object to the Commission's one region proposal arguing that this would lead to the concentration of power in Ljubljana, with the central government effectively controlling regional development planning and funding, as NUTS-3 regions cannot apply for project financing from the Structural Funds directly. This would result in a number of possible consequences. For one, administrative centralization could encourage non-strategic spatial planning. Faro (2004) suggests that Slovenia's National Development Plan – authored by the central government, with minimal input from other social actors - reinforced underdeveloped regions' fears that the government would prioritize transport infrastructure plans linking pre-existing capital routes. The Slovenian media capitalized on these concerns, remarking that Slovenia would become a "transit" country rather than a robust and diverse national economy. For instance, a November 2003 cover of the main news weekly, *Mladina*, depicted Slovenia as a network of motorways dotted with petrol stations and service centers, with the headline: "Slovenia: the new Luxembourg?" Second, the issue raises

fundamental questions of power, accountability and identity. If no self-governing territorial administrative level is established, it could lead to the expansion of the national bureaucracy that would be perpetually dependent on EU funds for its existence. The concentration of planning and funding at the national level could, in turn, reinforce the existing democratic deficit in EU-financed regional development. Finally, municipalities argue that if Slovenia remains a single NUTS-2 region this would undermine the ability of individual regions to lobby directly at the EU-level to pursue their regional interests.

Accession negotiations were closed without this issue resolved, with both sides agreeing to postpone a final decision until 2006. The Slovenian government has now modified their position, proposing not two but *three* NUTS-2 regions: Western Slovenia, Eastern Slovenia, and the Ljubljana Urban region. As an EU member state, Slovenia can now negotiate the NUTS-2 question within EU decision-making bodies. The question of whether Slovenia will be one or three NUTS-2 regions has significant political implications – i.e. if Slovenia succeeds in pushing through multiple NUTS-2 regions, it might become the first small state of its size to be regionalized. On the other hand, when NUTS-3 regional development agencies are still struggling to gain necessary capacities, adding another administrative level at NUTS-2 would create two entirely new administrative levels – possibly resulting in inefficiencies and redundancies. Moreover, the conversion of NUTS-2 or even NUTS-3 statistical regions to administrative regions, with political competencies (such as the creation of Regional Development Councils), would require a constitutional amendment making municipalities' membership in regions obligatory rather than voluntary (Faro 2004: 6). Most constitutional amendments in Slovenia also require a public referendum. For the past four years putting the question of constitutional reform on the agenda has been blocked due to political disputes about the political role of regions. Thus further regionalization in Slovenia will be the subject of continued domestic political debates. Municipalities have begun to lobby at the national level, but mainly to bloc existing plans. Whether and how municipalities might form a cohesive lobbying bloc to push through common interests remains unclear. The existing Skupnost Občin, the official representative of Slovenia's 193 municipalities, or through the Local Self-Government Bureau does not yet have a common position. Yet it is certain that domestic actors will be better informed at what is at stake when the final negotiations over regional institutional reform is revisited in 2006.

B. *Regional policy making*

Regional policy making is largely centralized in Slovenia. The EU's pre-accession strategy – through PHARE and Cross Border Cooperation (CBC) – has helped facilitate the inclusion of sub-national actors in regional development planning before the creation of RDAs in 2002. The decentralization requirements of CBC's, like the Interreg model on which they were based, require that sub-national authorities participate in CBC programming and implementation. Slovenian border regions were actively involved in three such CBC programs: (1) Austria-Slovenia; (2) Italy-Slovenia; and (3) Hungary-Slovenia-Croatia. Given Slovenia's small size,

“border regions” include a majority of NUTS-2 regions (only two of the 12 regions, including Ljubljana, do not participate in CBCs). Perhaps one of the most significant initiatives in terms of sub-national mobilization is the Small Projects Fund (SPF) for human-network initiatives, initiated in 1999. Through the SPF over 20 projects have been initiated in each CBC, including information business centers, bicycle and hiking paths, and organic farming and rural tourism projects.

EU-funded regional development policy is coordinated in Ljubljana. Slovenian regional policy is guided by five main official objectives: (1) the promotion of balanced economic, social and spatial development in the whole territory of Slovenia; (2) narrowing of differences in living conditions among regions and among rural and urban areas; and (3) prevention of the appearance of new problem areas; (4) preservation of settlements in the whole Slovenian territory according to the polycentric system of settlements; and (5) promotion of environmental-friendly production and preservation of natural resources and public goods.¹⁴ Regional policy is centrally coordinated through four main bodies: the National Agency for Regional Development (NARD), the Ministry of Finance (the central financial contracting unit), the Government Office for Structural Policies and Regional Development, including the Council for Regional Policy, and the Public Fund of the Republic of Slovenia for Regional Development and the Preservation of the Settlement of Slovene Rural Areas. NARD is responsible for drafting the National Development Plan (2000-06) and the Government Office for Structural Policies drafted the “Single Programming Document, 2004-06.” Regional and local actors were officially consulted in the drafting of the plans through “information sessions” organized by NARD in key cities, but in practice the plans were, by in large, a centralized, inter-ministerial project.¹⁵ Key national stakeholders were notably excluded from the drafting of the NDP and the Single Programming Document, including the Office for the Protection of Slovenian Natural and Cultural Heritage and the Agriculture and Forestry Chamber of Slovenia.¹⁶

RDAs are now the key regional actors for structural policies. RDAs are responsible for coordinating, implementing and monitoring Regional Development Programmes (RDPs). Each RDA completed their respective Regional Development Programme (RDP) over the course of 2002-04, in coordination with the NARD, for the programming period of 2002-06. RDA's are also responsible for organizing and coordinating other tasks related to regional structural policy from the field. If we compare Slovenia's RDA model to those found in other EU-15 and new EU member states, we can see in the present model a mixture of “top-down” and “bottom-up” models. The RDA model is “bottom up” in that RDAs must be either established or authorized by a majority of municipalities in the statistical region.¹⁷ RDAs must also link to business chambers, social partners, as well as with other development institutions operating in the region. Among the 12 current RDA's, three were newly established, five were created from an existing organizational authority (mostly regional entrepreneurial centers), and four are “networked” RDA's, made up of different organizational authorities with different sectoral agendas. The Slovenian RDA model is “top down” in that the NARD must approve all RDA's and RDP's. The strategic and operational components of the RDPs must conform to the priorities laid out in the

National Development Plan (NDP) but RDAs are officially given some leeway to fashion these strategies according to particular regional development needs.¹⁸

In practice, RDA's debut in regional development planning has been lackluster at best, albeit with some RDA's outperforming others. Several factors have contributed to the by and large weak performance of RDA's to date. First, given that most RDA's were only minimally involved in the drafting of the NDP, national priorities and particular regional priorities often diverge. In some cases, RDA's failed to come up with their own particular strategies, simply cutting and pasting priorities from the NDP. Second, the professional capacities of RDA's are also limited due to a lack of regional planning expertise, experience, and limited financial resources. Finally, given that RDA's receive a majority of their funding from the national budget, there were structural incentives to conform to national development priorities. The government has cited the weaknesses of RDA's to date as a rationale of putting on hold the issue of whether to devolve *more* power to the 12 NUTS-3 regions, such as creating elected or appointed Regional Development Councils.¹⁹

Several preliminary conclusions can be drawn from institutional adaptation in Slovenia to date. First, the way in which the EU postponed more controversial issues - regarding NUTS-2 and the establishment of territorial administrative regions - supports Hughes, Sasse, and Gordon's (2004) claim of shifting Commission priorities in the latter stages of EU accession negotiations. By closing negotiations on the regional policy chapter with these issues unresolved, the Commission indeed appeared to privilege centralized efficiency and the closure of accession negotiations over the advocacy of further decentralization. Second, the political stakes of further institutional reform are high. While municipalities entered the regional policy game rather late in the process, local actors - particularly larger and more powerful municipalities - have gradually begun to realize what is at stake in regional policy. Yet it remains unclear whether local actors, particularly more powerful municipalities, will embrace or reject the creation of regional administrative units.

Faro (2004: 7) provides an illustrative case: without elected representatives on the regional level in Slovenia cross border cooperation with administrative regions in Italy and Austria has been largely left to influential mayors. For example, the Mayor of Maribor (Slovenia's second largest city bordering Austria) has assumed a prominent role in cooperation initiatives with the *Landeshauptmann* of Austrian Styria. This not only strengthens his position vis-à-vis other local municipalities (thus furthering widening the democratic deficit at the non-existent regional level); it can also strengthen his position vis-à-vis Ljubljana by fostering close relations with bordering regions and lobbying jointly at the European level. While this might be an ideal scenario for proponents of a Europe that transcends national and regional borders, the continued lack of territorial administrative regions could further disempower less powerful local actors. In this case, we could see the emergence of the second scenario outlined above: more powerful local actors strengthen their political and material position vis-à-vis the center, leading

to the paradoxical result of EU-inspired regional policy exacerbating rather than reducing inter-regional disparities.

4. Emerging Sub-national Policy Networks in Slovenia NUTS-3 Regions?

In order to assess to what extent EU-inspired reforms have led to *substantive* changes in regional governance this section provides an illustration of the different degrees and kinds of interactions among regional actors in planning and implementing two RDP's. The RDP provides a useful focal point for inter-regional comparison, since each RDA drafted a RDP over the same period of time (from 2002 to 2004). The methodology and template of RDP's is uniform across regions, but the approaches towards fulfilling the task and the final documents differ in content, level of precision, involvement of regional actors, the indicators used to measure results. Through a preliminary comparison of two NUTS-3 regions – Pomurska and Obalno-Kraška – I pose three questions: (1) how “dense” or “thick” are different regional networks, measured in degree of connectedness between different regional actors? (2) How autonomous are the regions from the central government, in terms of funding, development priorities, and programming initiatives? (3) What is the relative importance of different actors – including RDAs, private firms, municipalities, and civil society organizations – across regions?²⁰ The section concludes by offering three possible explanations for the variation in regional network density, autonomy from the central government, and the structural equivalence of actors between the two regions.

Pomurska is the northeastern-most region in Slovenia, bordering Austria, Hungary and Croatia. Agriculture is the dominant economic activity, with 20 percent of its inhabitants employed in this sector (compared to 7.4 percent nationally). Pomurska is historically also one of the least economically developed and less densely populated regions in Slovenia. Pomurska is the only Slovenian region to border Hungary, a border that was largely impermeable during the Communist era. Obalno-Kraška is the southeastern-most region in Slovenia, bordering Croatia and Italy. Obalno-Kraška also lies on the short but important Adriatic coast below Trieste. The region's main economic sectors are tourism, services and shipping and transport. It is historically one of the more developed regions outside the capitol, given its access to the Adriatic and longstanding economic ties with Italy. Table 1 provides a comparison of basic features of the two regions.

Table 4.1: Comparison of NUTS-3 regions

	Pomurska	Obalno-Kraška
Surface area	1.368 km ²	1.045 km ²
Number of inhabitants	124,761	103,702
GDP per capita (in euros)	4,700	6,200
As percentage of national GDP per capita	77%	102%
Employment rate	52.7%	55.1%
Bordering states	Austria, Croatia,	Croatia, Italy

	Hungary	
RDA Location	Murska Sobota	Piran
Organization of RDA	Single	Network of 4 agencies
Number of municipalities	26	7
Proposed NUTS-2 region	Eastern Slovenia	Western Slovenia

Source: National Agency for Regional Development (2004)

The two regions make suitable cases for comparison for several reasons. They share two important features in common. First, both administrative regions were newly established as a result of the 1999 law on territorial restructuring, which led to the subsequent creation of Regional Development Agencies in 2001. Therefore, neither region existed in any administrative or political form in the past. Nor do they correspond precisely to a previously existing political or historical-cultural region. The Karst (or Kraška) is a historically and topographically defined region, but “Obalno-Kraška” is one of two NUTS-3 regions located in the in larger Karst region. The identity of “Primorska,” a cultural and historical region that includes all territories once under Italian control, including “Obalno-Kraška,” is the salient and commonly used regional identity category. Pomurska has a historical-geographical identity, but this identity is not as deeply rooted as other regions in Slovenia, such as the alpine region of Gorenjska. Second, both regions share borders with at least one EU-15 (Austria and Italy) state and one non-EU states (Croatia). Both regions have actively participated in Interreg-Phare Cross Border Cooperation initiatives – with Austria in the case of Pomurska and Italy in the case of Obalno-Kraška.

The regions differ in three important ways. First, the Pomurska region is made of 26 municipalities, and a majority of them have less than 5000 inhabitants. Murska Sobota, which is located close to the Hungarian border and the site of the RDA, is the largest municipality with 20,000 inhabitants. As the commercial, economic, and cultural center of the region, Murska Sobota is by far the most powerful and wealthiest municipality in the region. Obalno-Kraška, on the other hand, is comprised of seven municipalities. Three of the municipalities – Koper, Izola, and Piran – located on the Adriatic are important tourist, shipping and trade centers. The other four municipalities, especially Sežana, are also relatively wealthy given their longstanding trade and cultural links with Italy.²¹ Second, the regions differ in relative GDP per capita, employment rates, and leading sectors. The GDP per capita of the Obalno-Kraška region is higher than the national average, while Pomurska is significantly lower. Finally, the organizational models of the respective RDA’s also differ: the Pomurska RDA was one of four newly created RDA, while in Obalno-Kraška the seven municipalities created a “network” RDA made up of pre-existing sectoral organizations, including a regional entrepreneurial center and tourist development agency.

The Obalno-Kraška RDP and Pomurska RDP varied in different ways. First, the Obalno-Kraška RDP requested only 50 percent of its budget from government funds, with the remaining funding made up of sub-national co-funding and contributions in kind. Pomurska’s initial budget proposal requested over 90 percent of its total funding from national funds. Second, the number

and diversity of local actors that contributed to the drafting of the proposal, both formally and in practice, also differed: Obalno-Kraška lists over 100 partners consulted in its RDP appendix – including all municipalities, chambers of commerce, employee associations, private firms and NGOs. Pomurska’s RDP lists 30 partners consulted. Finally, the Obalno-Kraška RDP was accepted by the NARD on its first submission, while the first draft of the Pomurska RDP was rejected, based on financial overshooting and failing to take into account sectoral development priorities.²²

Based on these preliminary observations the different features of RDP’s in the two regions, we can generate three possible hypotheses for variation in regional network density, autonomy from the central government, and the structural equivalence of actors between the two regions. While further research is required to offer any conclusive findings, I offer several initial observations based on preliminary interviews.

H1: Regional policy networks are *denser* and *more autonomous* from the national government in regions where key regional actors have more pre-existing sources of technical/administrative expertise and private financing sources.

More specifically, the greater the degree of (a) private firms and/or municipalities financial involvement in cooperative regional development programs in the past; and (b) active involvement of multiple regional actors in existing regional programs, one can expect regional networks to be denser and less reliant on national funding sources. While this might appear to be a commonsensical claim at first glance, we could find the opposite outcome: those regions that have more social and financial capital manage to secure *more* national funding. Such a path-dependent finding could point to the emergence of what Olsson (2003) refers to as the *economic democracy paradox* in EU structural funding. In other words, relatively resourceful regional actors, in terms of financial and professional competencies, manage to secure more national (and EU) funds than regions most in need of regional development support. Thus structural funding can have the paradoxical result of exacerbating rather than reducing inter-regional disparities.

Based on the initial findings, we find mixed results. The Obalno-Kraška region’s RDP relied on co-financing and in-kind support from a larger number of private firms and local municipalities, who were also more actively involved in the RDP planning. This could be attributed in part to the “network” organizational model of the RDA, which facilitated such cooperation. Moreover, the Obalno-Kraška RDA was actively involved in a successful CBC and Phare funded projects on which they drew on in writing the RDP. The Pomurska region, on the other hand, did not seem to utilize existing CBC-Phare networks in the drafting of the RDP to the same extent. The RDP, for one, largely replicated the priorities and sectoral development programs outlined in the NDP. This lack of independent expertise could be attributed to the quality of Phare implementation networks. Lajh (2004) shows in his analysis of the implementation phase of a Phare funded project in Pomurska that it did generate a multi-level implementation network, including a steering committee made up of EU Commission Delegation

representatives, RDA representatives, numerous municipalities, and local partners. Yet Lajh also found that local project implementers and beneficiaries were largely the same. Moreover, although subnational actors played a role, they were heavily dependent on the RDA as the central link with national and EU actors. The national government and the Commission played the pivotal role, according to Lajh (2004: 26), whose monopoly of resources held the network together.

H2: The greater the relative strength of a smaller number of actors within a region (e.g. large municipalities or local firms), regional networks will be *less dense* and *less autonomous* from the central government.

The creation of successful regional development networks and RDA's depends on the support of municipalities, particularly local politicians and mayors. The law requires such support: according to the 1999 Promotion of Balanced Regional Development Act, an RDA must be established by a majority of municipalities, or authorized by them, and the population in these municipalities must exceed 50 percent of the population in the statistical region. However, I hypothesize that in the case where a RDA is disproportionately influenced by a small number of municipalities or particular private actors, this will impede the creation of denser horizontal networks. Whether this makes a region more or less dependent on the national government is less evident. We might expect, however, that the fewer regional actors on which an RDA relies to draft a RDP makes it more reliant on the national government for funding and subsequently less autonomous.

Based on preliminary observations, we see support for this hypothesis. The Obalno-Kraška does rely on relatively powerful and wealthy municipalities, and firms and chambers of commerce that are historically relatively strong in the region. No one municipality among the seven could easily disproportionately influence the RDP agenda. In the Pomurska region, on the other hand, the largest and most powerful municipality in the region, which also hosts the RDA, could more easily dominate the RDA planning and implementation process. Which leads me to a final and related hypothesis.

H3: In the absence of political or elected regional bodies between municipalities and the central government, the larger the number of municipalities in a statistical region, the less dense and less autonomous it is from the central government.

In other words, since municipalities represent the key actors in regional development, given that they are the only actors with the political mandate to accept decisions within regional programming bodies, statistical regions comprised of a larger number of municipalities will encounter more problems in coordinating decision-making at the regional level. This preliminary comparison of the two regions also seems to support this claim, given the relatively

large number of small municipalities in the Pomurska region and relatively few but large and equally influential municipalities in Obalno-Kraška.

5. Concluding remarks:

Further research is required to offer conclusive evidence for the degree and causes of divergence among different regions in Slovenia. Yet these preliminary findings suggest that EU-imposed regional policy measures, although still largely centrally coordinated, has spurred different degrees and kinds of regional policy networks in Slovenia. Returning to the question of degree to which institutional and policy making inspired by EU conditions on regional policy has led to domestic change in Slovenia, we can see observe signs of simple *absorption* to date. While EU conditions did lead to the creation of new statistical regions at the NUTS-3 level, and RDA's, it has not led to further political decentralization. The central government remains the main "gatekeeper" of EU structural funding and decision-making (see Bache 1999).

However, the Slovenian case does show that EU-inspired reform does provide a window of opportunity for the mobilization of sub-national actors. For one, we see the empowerment of regional networks, as in the case of Obalno-Kraška, where relatively resourceful regional actors, in terms of pre-existing professional competencies and financial resources, have formed regional network RDA's that have formed particular development strategies. Second, the paper has shown how regional policy has become increasingly politicized in Slovenia, with different stakeholders taking interest in the outcome of the unresolved issue of NUTS-2 demarcation. The EU closed negotiations on the regional policy chapter with a number of pressing issues unresolved, seeming to privilege centralized efficiency and the closure of accession negotiations over the advocacy of further decentralization. Yet because the political stakes of further institutional reform are high, this decision to postpone the most controversial issues until after Slovenia gained full EU membership could lead to increased "bottom-up" pressure for decentralization in Slovenia. The official statements of the President of the Committee of Regions, and the EU Commissioner on Regional Policy, in a recent visit to Slovenia supporting the possible division of Slovenia into three regions suggests that the EU pressure during accession negotiations to keep Slovenia one region is diminished. While municipalities entered the regional policy game rather late in the process, local actors – particularly larger and more powerful municipalities – have gradually begun to realize what is at stake in regional policy. The crucial question is whether local actors, particularly more powerful municipalities, will help or hinder the further regional political decentralization in Slovenia.

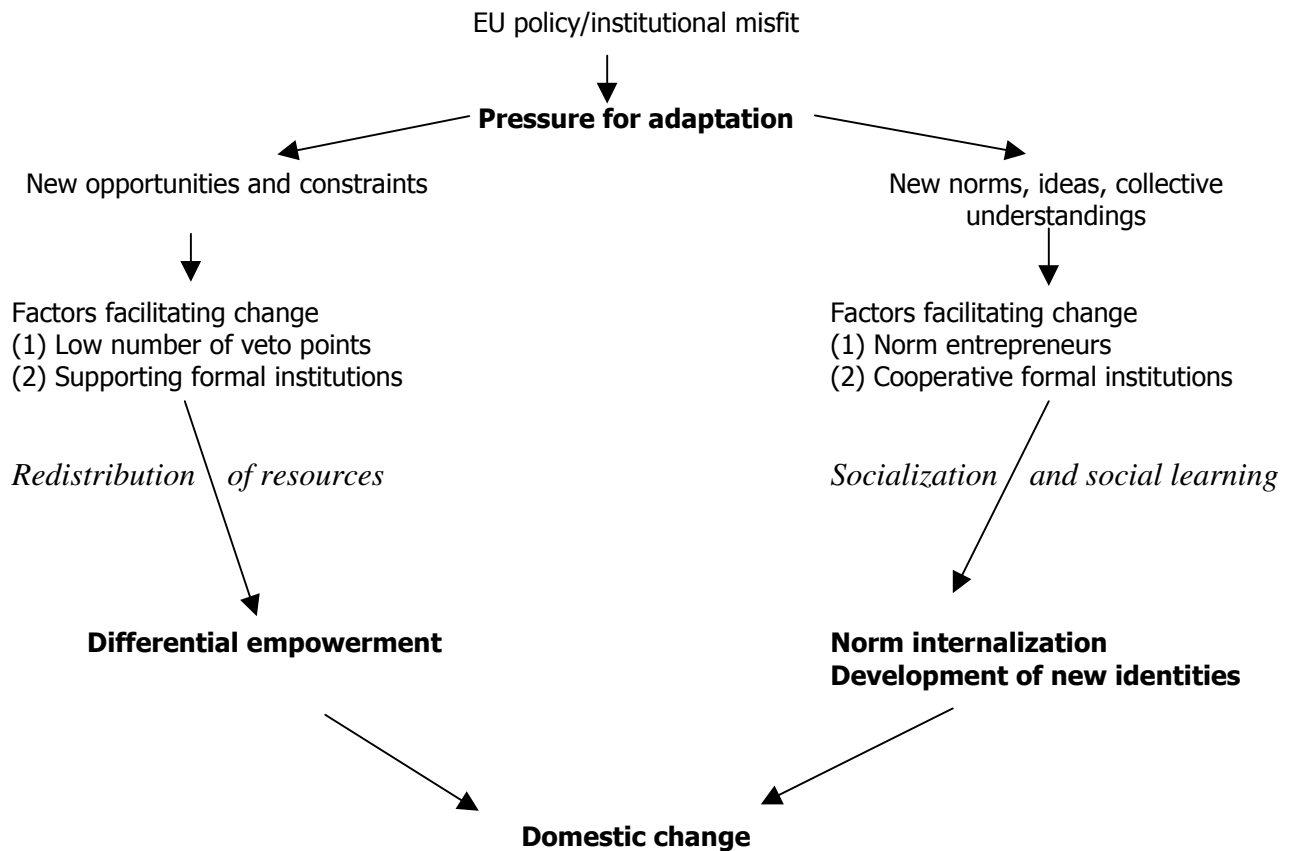
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Appendix 1: Two Logics of Domestic Change (Börzel and Risse 2003)



- (A) Absorption – (LOW)** incorporate policies and ideas into their programs and domestic structures, but without substantially modifying existing processes, policies, and institutions
- (B) Accommodation – (MEDIUM)** accommodate Europeanization pressures by adapting existing processes, policies, and institutions without changing their essential features and the underlying collective understandings attached to them. "Patching up" new policies and institutions onto existing ones without changing the latter.
- (C) Transformation – (HIGH)** replace existing policies, processes, and institutions by new, substantially different ones, or alter existing ones to the extent to which their essential features and/or the underlying collective understandings are fundamentally changed.

Appendix 2: Political Map of the Obalno-Kraška and Pomurska NUTS-3 Regions

Figure 1: Obalno-Kraška *



* The map also includes Notranjsko-Kraška region to the east.

Figure 2: Pomurska



NOTES

¹ See Lisbet Hooghe and Gary Marks (2001); Goldsmith (2003).

² Complete summary compiled in Hughes, Sasse and Gordon (2004): 545-55.

³ See Brusis (2002); Dieringer and Lindstrom (2002); Bruszt (2002); Hicks and Kaminski (1995); Fowler (1999).

⁴ Phare and NEI Regional and Urban Development (2002): 3-5.

⁵ Dierenger and ...

⁶ See Featherstone and Claudio Radaelli (2003); Adshead (2002); Hérítier, et. al. (2001); Cowles; Caporaso; Risse, eds. (2001); Goetz and Hix (2000); Hanf and Soetendorp (1998).

⁷ See also Dierenger and Lindstrom (2002); Hicks and Kaminski (1995); Hughes, Sasse, and Gordon (2001).

⁸ See Keating (2004; 1997); Börzel (2002); Bach and Jones (2000); Sabel (1996).

⁹ While the law did not part of the broader set of constitutional changes at the time to devolve more power and autonomy from Belgrade to the republics and autonomous regions of Kosovo and Vojvodina).

¹⁰ Almost half of these municipalities (49 percent) have less than 5000 inhabitants.

¹¹ The question of whether Slovenia would be considered *one* NUTS-2 region (the EU's position) or divided into two or three NUTS-2 regions (the Slovenian government's position) was still unresolved when Slovenia entered the EU. The decision has been postponed until 2006. Given that most EU structural funds are distributed at the NUTS-2 level, based on GDP per capita, making Slovenian one NUTS-2 region would make it ineligible for the most lucrative EU funding.

¹² "European Regional Policy Commissioner Visits Slovenia." Slovenia Business Week, Nr. 8/2002, 25 February 2002.

¹³ Slovenian TV 1, 31 March 2005.

¹⁴ Bojan Suvorov, Director, National Agency for Regional Development. "Strategy and Capacity Building for Regional Development." Presentation, Zagreb, Croatia, 17 October 2004.

¹⁵ This observation is based on a series of interviews conducted with NARD officials in Ljubljana, August 2004. A list of official meetings with local and regional NGOs is also included as an appendix in both the National Development Plan and the Single Programming Document.

¹⁶ Personal correspondence, Metod Dolinsek, Regional Policy Center, Maribor, 28 March 2005.

¹⁷ Paragraph 4, Article 17 of the Promotion of Balanced Regional Development Act. Official Gazette of the Republic of Slovenia. OG RS 60/99.

¹⁸ The five general priorities set out in the Slovenian NDP are: (1) promotion of corporate sector and competitiveness; (2) human resource development; (3) information society; (4) agricultural restructuring and rural development; and (5) promotion of balanced regional development.

¹⁹ Personal interview, Peter Medica, Faculty of Social Science, University of Ljubljana, December 2004.

²⁰ This paper is part of an ongoing research project on sub-national governance in Slovenia. This section offers some preliminary results from the two regions based on analysis of RDA's and interviews with officials and consultants involved in the drafting of the RDP's. A comprehensive survey of regional actors involved, and not involved, in the RDP's will be carried out in 2005.

²¹ Most of the territory of Obalno-Kraška was under Italian control until the Paris Peace Treaty of 1947. The region continued to be closely linked with Italy, both culturally and in terms of trade, throughout the Yugoslav period.

²² Based on personal interview with NARD official, December 2003. The first draft of the Pomurska RDA closely replicated the NDP in priorities and SWOT analysis, failing to take into account the sectoral development priorities.