

## IMPACT OF REGIONAL POLICY IN THE EU MEMBERSHIP

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### Abstract

Regional development is one of the most important dimensions and key of EU policy, which is designed to ensure convergence between the different member states and regions, regional competitiveness, employment and territorial cooperation. Regional policies that are taken are such that could determine the fate of entire areas, be they old industrial centers or peripheral rural areas. If referred to the Western Balkans are two obvious problems: a high degree of de-industrialization and the old problem of deep rural backwardness. To overcome these problems as solutions were created Europe's regional policy. A real challenge is the impact of European aid for the Western Balkans by developing new assistance strategy, derived from the teachings and techniques of European regional development policy. One issue, which is of particular importance is the pre-accession no negotiations until the Commission to consider these countries as appropriate based on their individual merits. To have positive results, the EU has set a number of operating principles that guide these interventions. For some of the Eastern European countries that are in the process towards membership in the European Union, countries among which Albania, have been designed and implemented programs to promote regional economic development and cross-border cooperation programs. EU membership represents all countries in the region, a good reason to correct existing problems. From this interest, may encourage more cross-border regional development ideas, with similar examples of regions in European countries.

**Keywords:** *Regional policy, pre-accession without negotiations, operating principles, structural funds, regional economic development.*

## **The use of UE regional policies**

Logic of regional political has to do with structure reasons of are that can define

The logic of regional policy has to do with the fact that the structural causes of underdevelopment are such that could determine the fate of all areas, whether old industrial centers, rural or suburban areas.

European regional policies, (named cohesion policies or structure policies.) and institution that needed for her implementation was planed first inside EU member in national level, wining later a center role in political limits of EU.

European regional policies (also called cohesion policy and structural policies) and institutions needed for its implementation were first developed within the EU member states at national, later winning role in the EU policy goals.

Historical circumstances that created the need for recognition of the importance of regional policy dialing, itself derived from the economic and social crisis of the old industrial Society of Europe and Great Britain.

In fact, what prompted the creation in 1973 of the **European Fund for Regional Development** at the European level was itself the UK's membership in the European Community. This fund was created precisely to respond to problem areas that are degraded, creating preconditions for the emergence of new and vital resource for economic development. European regional development policies, appearing more and more in that time, many also benefited from the French experience. In the history of post-war France created a central planning institution (General Commissariat au Plan), which through regional branches and regional agencies to coordinate and manage funds for regional development, was tasked to promote territorial distribution of jobs manufacturing and services sectors, as well as the creation of non-agricultural jobs in rural areas.

The principle of balanced economic development is as old as the European Economic Community, which begins with the Treaty of Rome (1957). But regional development policies won an even greater importance during the 80s, when he took off the development of a market (only) common European monetary integration etc.

At the same time, began to accept the fact that the removal of trade barriers and strengthen the stability of the currency will have negative effects on economically peripheral regions.

Today is accepted by all those concerned with regional policy at the European Commission, the **"integration increasingly greater economic not necessarily lead to the reduction of regional disparities and that at least initially, and may deepen them."**

In the late 80s, European regional policy was formalized and took the form of an official engagement right cohesion, which was included in the Maastricht Treaty of 1991 as one of the three main pillars of the new European Union:

**"With a view to promoting the development of comprehensive and harmonized, the Community shall develop and implement policies that will lead to the strengthening of its economic cohesion and social ... Community goal will be to reduce the gap between the development levels of regions different. "(Article 158)**

Today, Ireland remains the most successful model of European cohesion policy. Great economic Hopi country has made since 1989 "is basically 17 billion pounds that has generally taken by the EU since 1989 - more than half of which are under the Structural and Cohesion Funds."

Impact of Europeanization has been very visible in the case of the Mediterranean countries. In Spain, Greece and Portugal, GDP per person rose from 68% of the EU average at 79% of it, in the period between 1989 and 1999, as a result of the benefits that these countries had access to a market of large common fiscal discipline imposed by progress towards a single currency and large inflows of funds under structural financial aid given from the EU.

With the expansion of EU integration instruments (common market, macroeconomic convergence and cohesion policies) find use in a category of countries with a high degree of diversity even more.

**The regional policy of the EU aims to improve long-term performance of beneficiary countries to develop.**

EU assistance focuses on the supply side where the bulk of interventions directed infrastructure and professional training.

Expression of this policies are **Structures Fond** that have for goal to create "synergy and positive centrifugals force by a number of forces and measures coordinated in the direction of improvement of human capital, creation of infrastructures and enchaining of production activities".

It is assumed that the EU grants can only have a positive impact when meeting expenses, and rather when taking the place of spending, which should make the country.

### **Some of the structural problems in the Western Balkans**

West Balkan is an extremely diverse region from the economical, social and political perspective. But the region as a whole has common serious structural problems of development visible traces of a half-century socialist system that was followed by the loss of a whole decade of wars, sanctions and population displacement in the four corners of the region. Two significant problems are the high rate of de-industrialization and the old problem of deep rural backwardness. Continuing the process of de-industrialization has led many areas to a catastrophic decline of employment, which still could not find expression in official statistics. De-industrialization creates massive structural problems for the economy to begin with not using industrial capacity, the infrastructure of communities resulting costly to postindustrial maintain, the workforce does not possess the skills required by the new private sector of all populated

centers that do not have economic justification of their existence. Equally serious is the problem of the existence of large areas left in deep rural backwardness. This is the result of decades of prohibition of private agriculture and rural abandonment of the socialist system.

Today in Bosnia, Macedonia, Kosovo, Serbia and Albania, the disappearance of industrial employment has brought people outside from the formal economy, to return to subsistence farming purposes.

The capacity of the agricultural sector to bring these rural areas is limited by poverty. These twin structural problems have major consequences for the governance of the region. Governments have insufficient income sources to keep walking a modern European-style administration. So, there is clear need for different types of assistance that bring mobilization of domestic resources and not as filling the gap in capital expenditure in the country.

In order to overcome these problems were created Europe's regional policies. Assuming that many of the fundamental problems of the Western Balkans are not very different in nature from those that are dealt with elsewhere in Europe, it would pave the way for lessons and valuable expertise from the wider European experience.

### **West Balkan and Europe**

"With the gradual movement of the Western Balkan countries from stabilization and reconstruction phase, into the next stage of unity and sustainable development, more and more, the need for policies that bring economic and social cohesion, as well as at national levels in those regional, especially if we consider the high level of unemployment and social dimensions of regional and ethnic problems that exist in most of these countries."

The real challenge is to strengthen the impact of European assistance to the Western Balkans drafting new assistance strategy derived from the teachings and techniques of European regional development policy.

In recent decades, the European Commission has worked with the European Union regions that have been economically peripheral and later with the candidate countries for EU membership, to assist in dealing with these challenges.

European regional policy is developed to overcome the problems created by decades of wrong socialist planning, which was followed by collapse of industries, as well as neglect of private agriculture.

Noting that economic problems in Albania are not radically different from those which already had a deal in other parts of the less developed countries of Europe, we can apply the lessons learned and to carry out a valuable expertise from Europe.

Challenges facing the Western Balkans in the coming period are not categorically different from those which the European Union faces in the new member states, or those which had to do in its territory for many years.

Structural fund methodology is designed specifically to deal with the problems of industrial decline and rural underdevelopment prevailing in the Western Balkans today.

## **Pre-membership without negotiations**

There are ideas for a successful approach to EU pre-accession without negotiations.

Until recently, the policy of the European Union was deeply divided in terms of access to the European continent. On the one hand, the candidate has a clear strategy to help throughout the process of accession negotiations in parallel with maintaining. They benefit from pre-accession funds arising from a separate component of the EU budget (chapter 7 of the financial program of the EU), enjoy the care of a special department for expansion as well as a growing attention directories and other EU institutions.

On the other hand, is "wider Europe" which falls in the same category with the rest of the developing world. Europe wide handled by the Directory of Foreign Affairs and funds come out from a specific budget for outside activities (Chapter 4 of the financial program of the EU).

By the end of 2002, the system had a simple binary nature: European countries were either candidate on the road to membership or passed on wider Europe. For the Western Balkan countries, the EU had a political commitment that, in time, will be given the opportunity to emerge from Europe wide and became an EU candidate. In late 2002, the Copenhagen Summit decision was made that future assistance to Turkey pre-accession out of the budget (Chapter 7), although accession negotiations have not yet begun. Turkey represents a new category: the pre-membership without negotiations.

Arguments are equally powerful and strategic involvement in this new category of Western Balkan countries: treatment of these countries as candidates for pre-accession, without the obligation to open negotiations for membership until the Commission to consider these countries as appropriate based on their individual merits.

Inclusion in this new category of intermediate - without pre-accession status negotiations - the Western Balkan countries would reduce a number of tensions present in the current strategy that the EU pursues in the region.

**First and most importantly**, it will help prevent the deepening of the backwardness of the region in relation to the basic development goals set by European integration.

Countries of Western Balkan are not credible to be candidate for membership, if they will not resolve their economic problems. The opportunity to benefit from the assistance of pre-membership when are still in the process of stabilization-union will stimulate them to produce internal assets for the regional development and at the same time insuring them technical and financial support to start resolve their economic problems.

**Secondly**, this will eliminated the risks of creating new divided lines inside the region from the process of membership.

**Thirdly**, would give a strong impetus to current efforts of the EU to strengthen the process of reforms and improving governance capabilities in the region.

## **Operational principles of EU structural funds for acquisition**

To have positive results, EU has defined a number of operational principles that guide its interventions. These principles include, inter alia:

**Complementarities:** EU funds were added to public investment in the country's own resources to avoid replacing them. Co-financing by the beneficiary country is a mandatory requirement;

**Drafting development plans:** All projects supported by the EU should be part of long-term development program that prepares the region / country. EU procedures require development of a whole range plans that ensure compliance of projects with community needs and the general economic policy of the country concerned;

**Paternity:** To ensure that programs reflect the best interests of the beneficiary communities, the EU requires a close partnership between the Commission, regional and central authorities, which must work together to design, implementation, monitoring and evaluation of operational programs. This reflects the principle of functioning as subsidiaries / branches implemented by the EU and directly contributing to the strengthening of regional governments in a number of member states.

Principles and strategies developed in the framework of European cohesion policy, making adjustments to the conditions of each country, are ready to be used in the framework of EU structural assistance for the Western Balkans.

To promote fiscal discipline and undertake sound macroeconomic policies, conditions may be imposed. Cohesion funds were used to ensure the development of economic convergence programs by all EU member states in accordance with the Treaty of Maastricht.

### **Structured Funds 2007-2013**

The European Parliament gave the "green light" for structural funds 2007-2013. About 308 billion Euros or 35.7% of the budget of the European Union have started to be used from 1 January 2007. Structural Funds are the financial instrument for the implementation of "social structural policy" Union and aims at bringing together all regions and Member States to the level of social unity.

### **Good management of finances, the condition for EU funds**

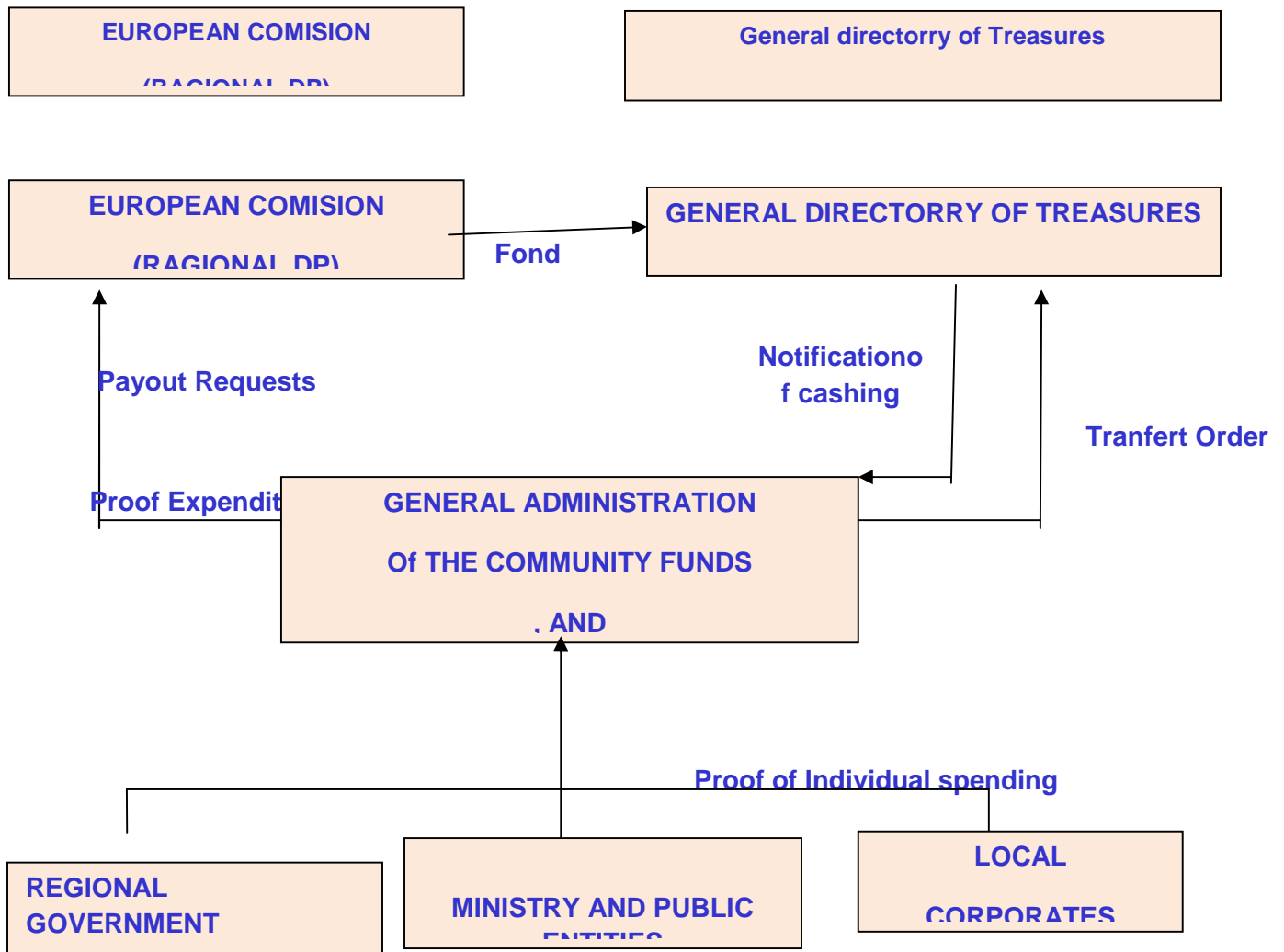
In order to obtain EU funding, better management of public finances is a necessity. For the actors of the institutional framework for implementing regional policy must face the challenge of increasing their capacities in tax administration, budget management, improvement of internal control public finances and increase collection rates

*Economic and social development at the local level is important for the overall development of the state and is one of the criteria for EU membership, while fiscal sustainability and independence, are a requirement for the country's democracy."*

The needs for more funding of local projects from own sources of income impose the need for additional stimulus administrative, organizational, financial and technical assistance to cities / municipalities. Is needed a reinforcement of municipalities that local governments may use EU structural funds, especially after becoming a member of the European Union ".

Below appear fluksograma funds:

*Fluksograma of Fonds*



**The future of European assistance**

European aid has made considerable progress in providing basic stability, but in the long run, stability cannot be achieved without development.

As mentioned in the Treaty of Rome, promoting harmonious development across the European Union by strengthening economic and social cohesion is one of the principal goals of the EU.

Structural and cohesion funds, have been developed to achieve this, and together with the rules of the European common market (acquis), representing the heart of European integration.

These policy instruments are developed considering that the creation of a single market, is insufficient to overcome regional disparities in development, without a significant commitment of resources for development. The only way to be sure in case of convergence, there is any change in the basic conditions and in relative factor endowments (capital of all types and different skills of the labor force). Cohesion policies are aimed, to achieve greater economic development, and to increase investment. They are not social policy, and are not directly related to the expansion of consumption or income distribution.

These features of structural funds within the European Union are precisely what is missing from European assistance to the Western Balkans. The method of structural funds is designed to deal with the problems of industrial decline and rural underdevelopment. The principle of additionality is adapted to prevent distortions in domestic spending patterns. The procedures for selecting projects are designed to foster, regional and local governance capacity, and to encourage local authorities in assessing their needs, and to make plans according to the circumstances.

### **Benefits of Albania, after obtaining candidate status**

The benefits are numerous, but the main benefit is that:

- Albania has the opportunity to apply for funding from EU structural funds, which relate directly to the development of Albanian economy and society, such as those dealing with transportation, environment, agriculture etc. So we will have to shift from aid community institution building issues, justice and home affairs in economic and social terms.

#### Projects for Albania

Currently Projects being implemented in Albania, and aimed to help the country prepare for candidacy are:

##### 1. Programm “IPA”

CARD's program, now replaced by a new Instrument for Pre-Accession, which channels funds through a single instrument, designed with the aim of focusing offered support to candidate countries and potential candidate countries to help towards progressive development in line with European standards and policies. In this regard the change management system, from centralized to decentralized, where the Albanian government takes responsibility for the management of EU assistance.

Therefore, preparation takes advantage of administrative structures to adequately absorb the financial assistance of the EU.

"Menaxhimi i decentralizuar i fondeve “IPA” nxitet nga KE-ja për dy arsye:

- Firstly as an indicator of local ownership of aid,
- Secondly allows beneficiary countries to prepare for successfully holding one of the main responsibilities of membership, the management of so-called structural funds to member countries of the EU take to integrate their areas of poverty and infrastructure.



## INTERREG

The European Commission proposed in 2007 to create a new neighborhood instrument for the implementation of cross-border cooperation projects with EU neighbors along its borders and the South East.

These programs are based on the experience already gained from cross-border cooperation between EU and partner countries under the INTERREG program.

CARDS 2004 Neighborhood program has operated along the external borders of the European Union to Albania, Croatia, Bosnia-Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia and Montenegro.

Ten individual programs are proposed under CARDS 2004 Neighborhood Program. Albania took part in two bilateral programs: - Greece and Albania - Italy, as well as two programs attended by more countries: Italy - Adriatic and CADSES.

These programs were based on previous cross-border programs under INTERREG.

*Albania's financial allocation for the period 2007-2012 according components. (Source: <http://Europa.eu/enlargement/potential/country/albania.com>)*

Components	2007	2008	2009	2010	2011	2012
■ Support for exit from transition and building of institutions	54,3	62,1	70,9	82,7	84,3	85,9
■ Cross-Border Cooperation	6,6	8,5	10,2	10,4	10,6	10,9
<b>TOTAL</b>	<b>61,0</b>	<b>70,7</b>	<b>81,2</b>	<b>93,2</b>	<b>95,0</b>	<b>96,9</b>

## Conclusions

Albania would be appropriate for the structural funds, in the event that is clear and concrete projects, aimed at attracting investment.

It is important to define clearly which institutions will be involved, and what will be the institutional approaches to facilitate and coordinate the implementation of plans to attract these funds.

Regional Plans, basic step is to develop long-term development platforms. Promote the implementation of policies at different levels of government, provides an integrated development and sustainable, and that takes into account natural interaction spaces economic, human and environmental.

Albania has already articulated its vision for EU membership, and its translation into a short-term and long-term action agenda, coupled with policy planning and development, has enabled the project to develop this plan.

The challenge remains in territorial influence policy and decision making in national levels, regional and local authorities to be such as to minimize adverse effects and to increase the benefits from the advantages.

In addition to regional policies, the need for national policies for the regions / districts, taking a strategic overview of the relationship between different areas of Albania and the impact of policies.

Many European policy makers are convinced that in order for their countries to be competitive in a global market, must be organized and operate in metropolitan or regional levels. At the same time, many national and regional governments have already recognized the contribution main cities, to increase growth performance of regions.

It is necessary to develop strategies, policies and implementation tools that encourage cities to be the main development axes in the region / district.

Regional plans are now based instruments to guide the funding policy of structural funds of the EU.

Meanwhile, the coordination of regional plans, the National Plan, Sector Strategies at national, district-level strategies as well as at the Municipality, is a good basis to coordinate efforts to finance and implement development plans and prepare circles and Albanian municipalities to EU standards in planning for sustainable economic development.

It is urgent that regions become accessible to economic interests, domestic capital and foreign.

Within regions, cities are keys to achieving national goals for sustainable development, so their development plans and their role as "agents" of the development of the region is important.

Areas such as Tirana, Durres, etc., naturally found within a space where knowledge, technology, development models, business, organization and financing, are a great advantage to be used much more intensively and more. These cities have some of the key nodes of polycentric development, a spatial development model already adopted by city-level documents, as Shkodra plan that aims to promote the development of a new urban border region, polycentric, or the case of the new Regulatory Plan the capital city that has adopted the objective polycentric development model, so many city center development.

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