

Regional/ Cohesion Policy: Case Study Slovakia

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Regional development and policy making

- Key factors for regional policy making:
 - External factors – EU delivery + EU funds
 - Economic development and transformation of economy
 - Regional disparities
 - Public administration system
 - System of institutions & tools
 - „Willingness to do“ regional policy at national, regional and local level

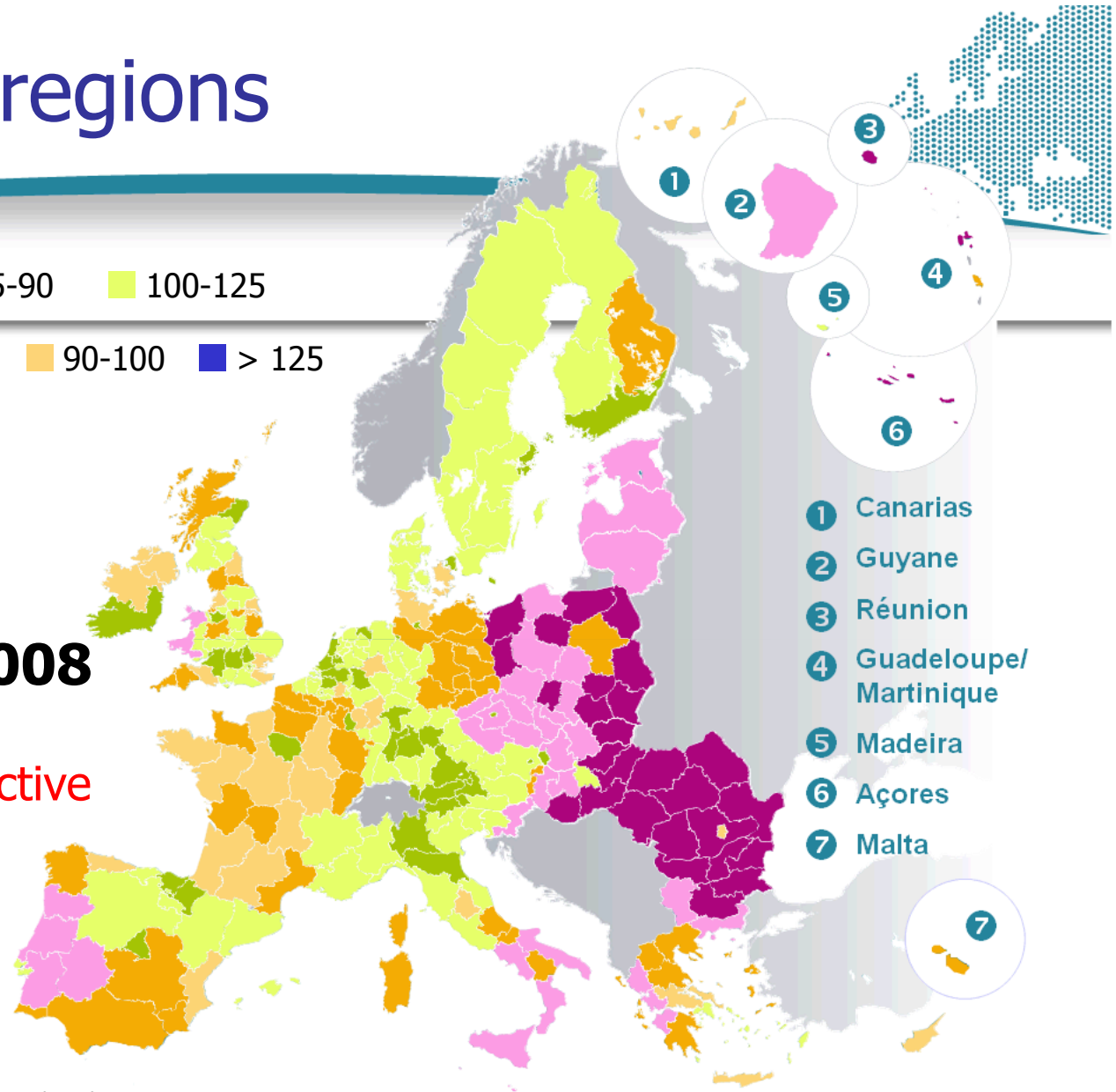
EU regions

GDP/capita* ■ < 50 ■ 75-90 ■ 100-125

*index EU27=100 ■ 50-75 ■ 90-100 ■ > 125

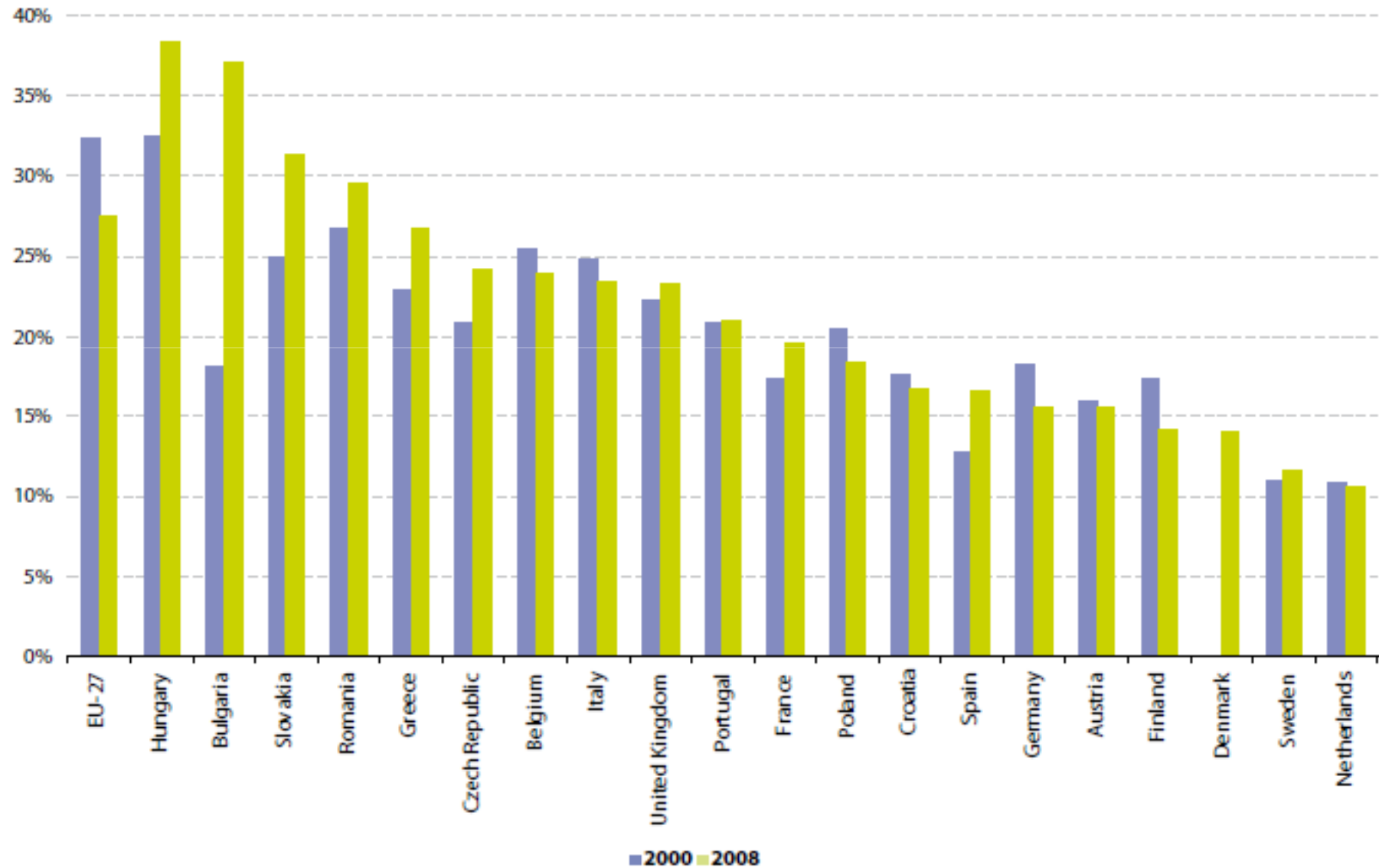
**Average
2006 – 2007 – 2008**

▶ Closing these gaps
remains a key objective



Regional GDP figures: 2006-07-08
© EuroGeographics Association for the administrative boundaries

Dispersion of regional GDP pre cap. in %, 2000 & 2008



Still trailing

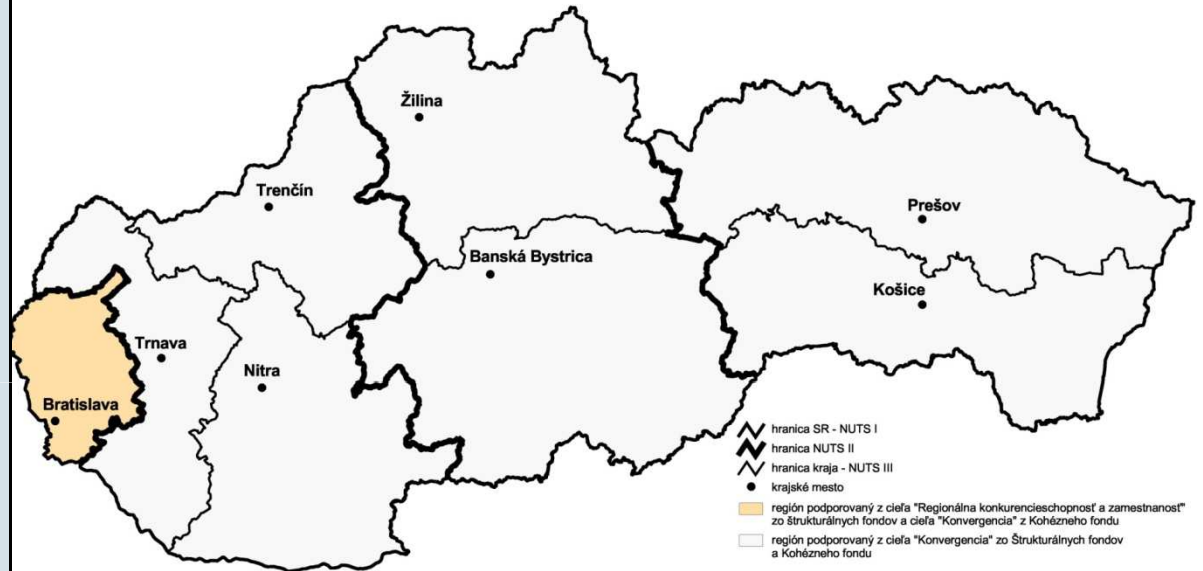
Eastern European GDP per person
As % of western European* average, 2009 estimate



*EU15, Cyprus, Iceland, Malta, Norway and Switzerland

Sources: IMF; EBRD

Slovakia and its regions



Classification of regions (NUTS), number of inhabitants

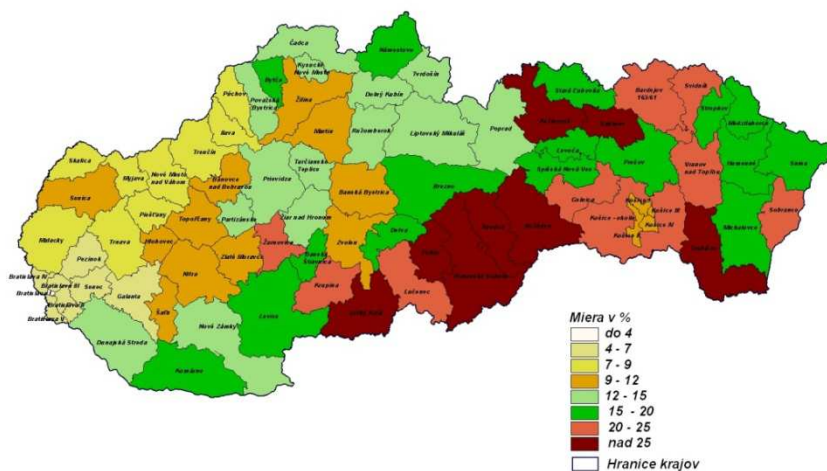
Level	Minimum	Maximum
NUTS I	3.000.000	7.000.000
NUTS II	800.000	3.000.000
NUTS III	150.000	800.000

Source: Regulation (EC) no.1059/2003

Regional "status" of Slovakia

GDP per capita to EU 27 average in %	1996	2000	2004	2007	2008	2009	growth
Prague (CZ)	128	136	154	171	175	175	47
Central Morava (CZ)	65	56	59	62	64	66	1
Chemnitz (GE)	81	77	81	83	83	83	2
Észak-Magyarország (HU - Miskolc)	36	36	42	39	40	40	4
Podkarpackie (PL)	34	34	35	37	39	42	8
<i>Bratislavsky region</i>	<i>104</i>	<i>109</i>	<i>129</i>	<i>160</i>	<i>168</i>	<i>178</i>	74
<i>West Slovakia</i>	<i>48</i>	<i>47</i>	<i>54</i>	<i>66</i>	<i>70</i>	<i>68</i>	20
<i>Central Slovakia</i>	<i>41</i>	<i>41</i>	<i>47</i>	<i>54</i>	<i>59</i>	<i>58</i>	17
<i>Eastern Slovakia</i>	38	38	42	46	51	49	11

Miera evidovanej nezamestnanosti v okresoch SR k 30.04.2012



Útvary podľa sociálnej veci a rodiny, Bratislava

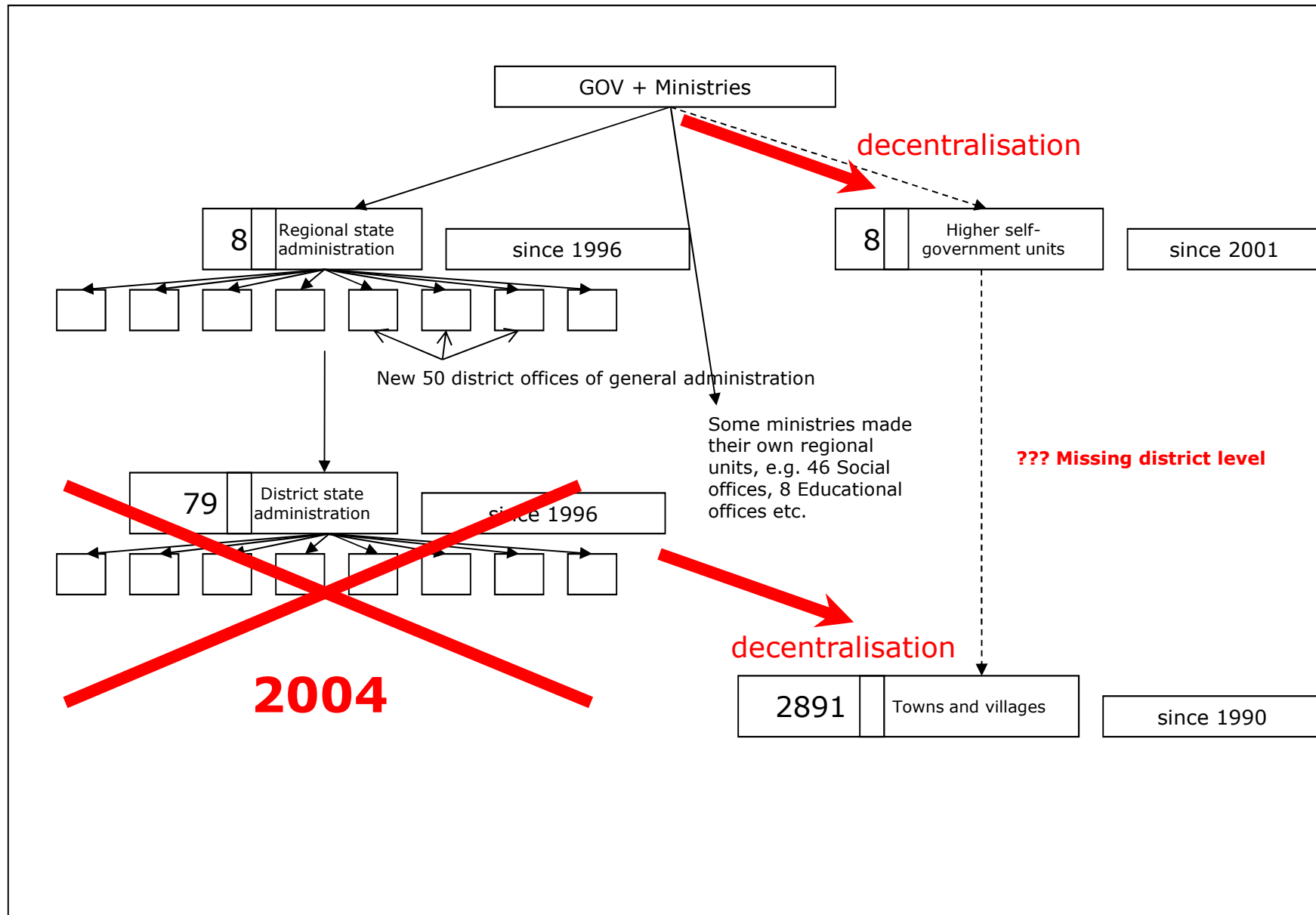
Miera evidovanej nezamestnanosti prepočítaná na základe výberových záznamov ŠÚ SR a primerovho počtu uchádzačov o zamestnanie v roku 2010. Algoritmus výpočtu stanovil MPPVÚV SR

- Slovakia is doing great in economic policy making > growth strategy
- but week in fighting with regional disparities + facing local problems
- treat and challenge for the future

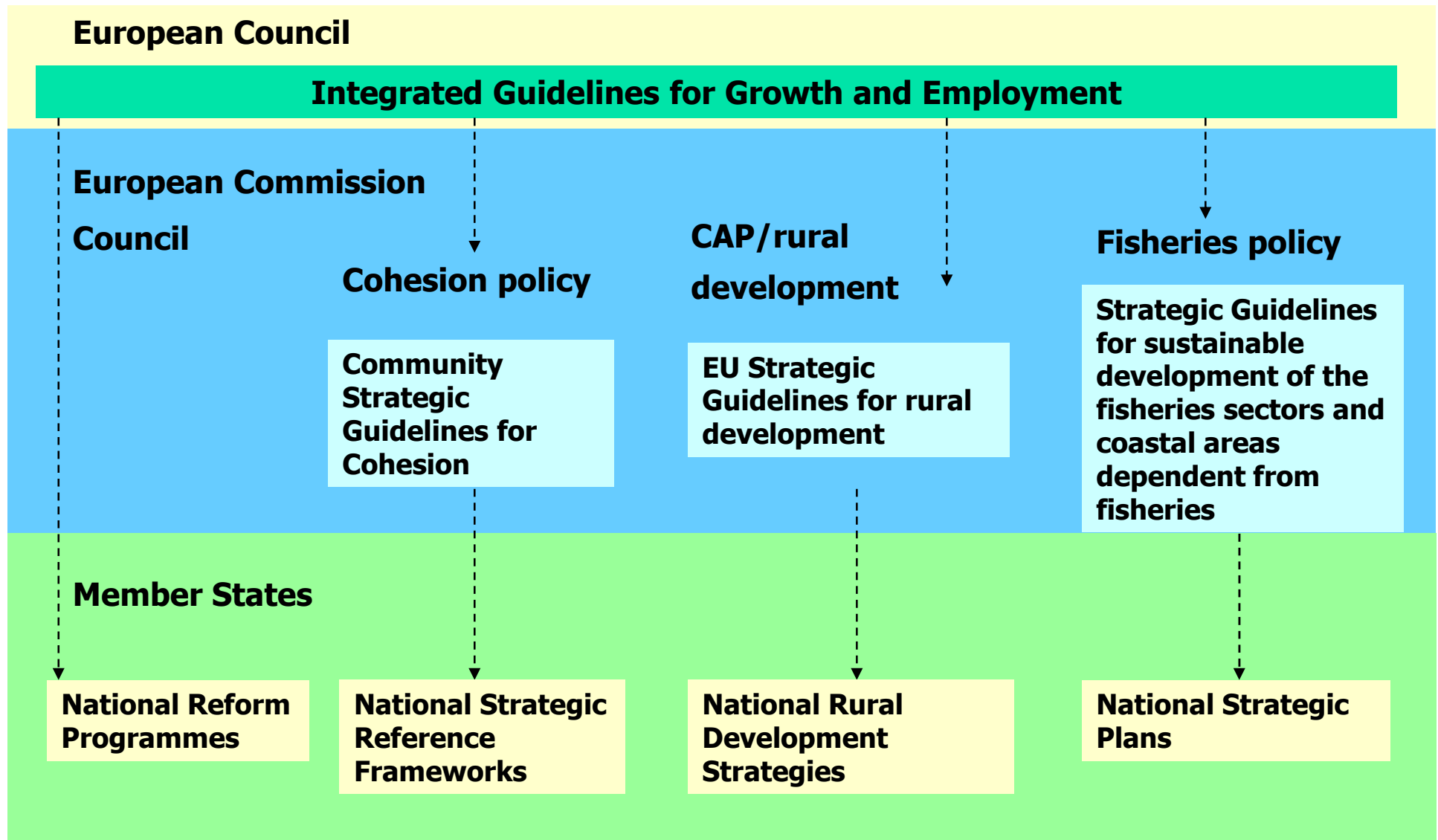
Decentralisation of public administration (2001-2005)

- Aim: more effective functioning of the public administration, supporting subsidiarity
- Transfer of more than 400 competences to municipalities and higher self-government units
 - Transport, social affairs, regional schools (basic and secondary schools), agriculture, health, construction, **regional development** ...
- Fiscal decentralisation
 - Right to have and manage own taxes of municipalities
 - New distribution mechanism for income tax of private persons
 - New fiscal rules (balanced current budget, limitations for loans)
- Programming (Programs of economic and social development + 3-years budget programming)
- Problems: unfinished municipalisation: plenty of small villages (not economically effective)

Dual system of public administration in Slovakia



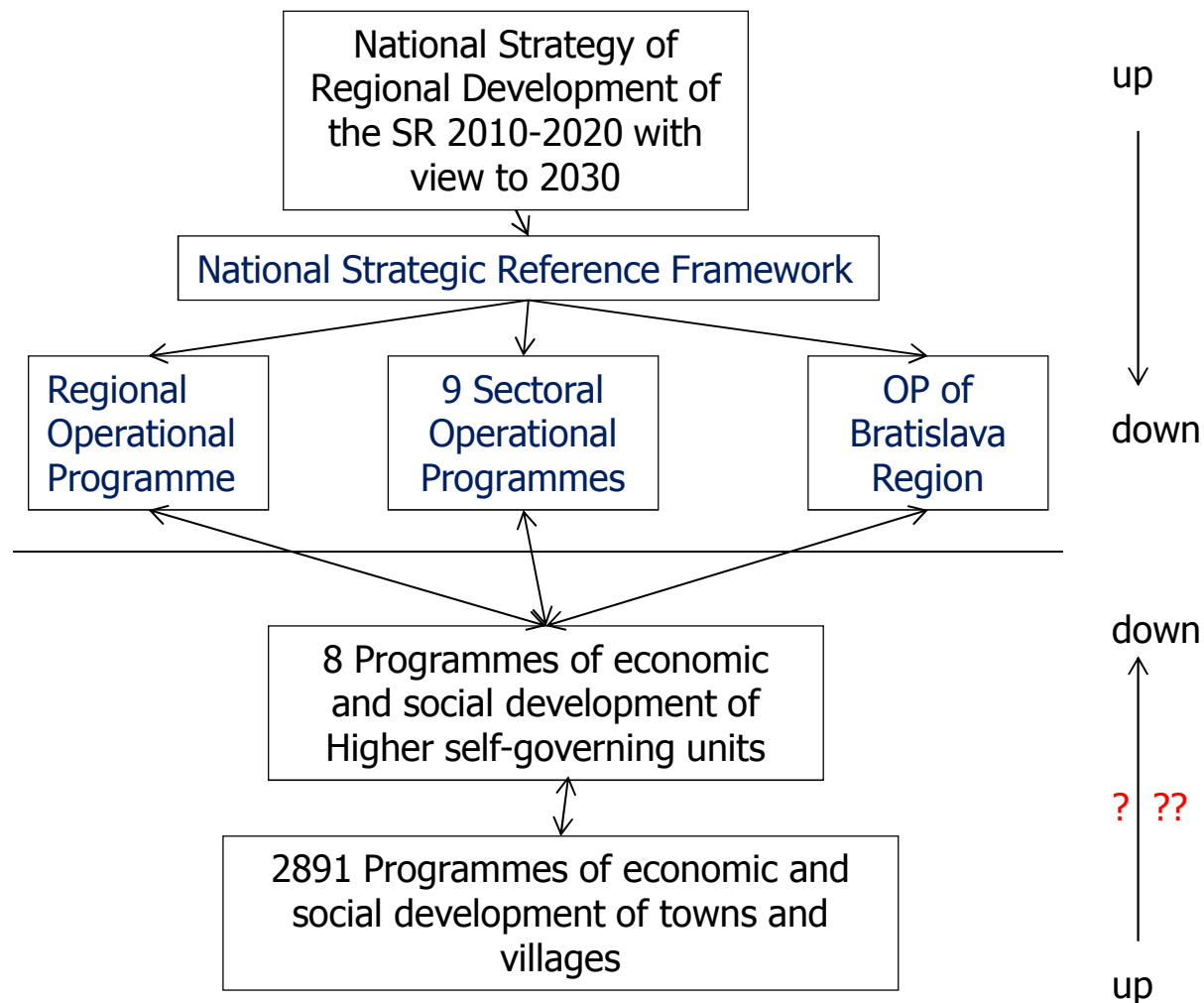
Policy making in EU: EU vers. states



System of strategic documents of regional policy & development in Slovakia

Legislation:

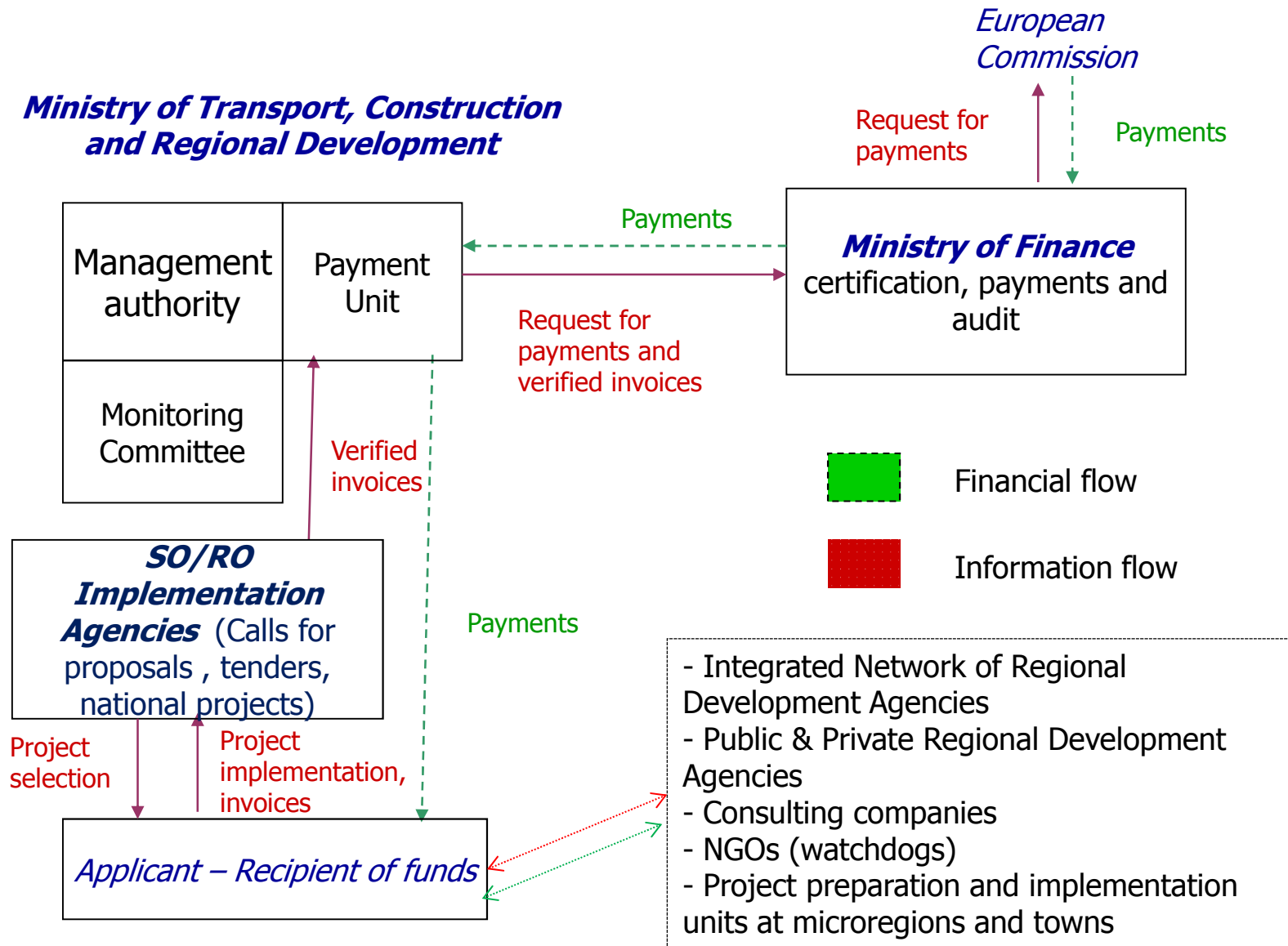
- Law on support of the regional development (503/2001, 539/2008)
- Law on state aid (231/1999)
- Law on investment support (561/2007)



Priorities of key documents

National Reform Programme 2011-2014 (EUROPE 2020)	National Strategic Reference Framework of the Slovak Republic for 2007 – 2013	Law on support of the regional development 2008
<ol style="list-style-type: none"> 1. Healthy and sustainable public finance; 2. Zero tolerance for corruption and ensuring access to justice; 3. Enough job opportunities that reduce social risks; 4. Encouraging business environment; 5. Educated people and innovative society; 6. Access to quality healthcare. 	<ol style="list-style-type: none"> 1. Infrastructure and regional accessibility - Increasing the availability of infrastructure in the regions and improving the efficiency of the related public services; 2. Knowledge-based Economy - Development of resources of sustainable economic growth and increasing the competitiveness of industry and services; 3. Human resources - Growth of employment, improvement of the quality of the workforce for the needs of knowledge-based economy and increase of social inclusion of risk groups. 	<ol style="list-style-type: none"> 1. To eliminate or mitigate adverse disparities at the level of economic development, social development and territorial development of regions and to ensure sustainable development of regions; 2. To increase economic efficiency, competitiveness of regions and development of innovation in the regions and to ensure sustainable development of regions; 3. To increase employment and living standards of people in the regions and to ensure sustainable development of regions.

How it works?



Motivation for EU integration and/or regional policy making ?!

Yearly allocation for 2000-2003, mil. EUR	PHARE	ISPA	SAPARD
Slovakia	49	36,4-57,2	18,3
Czech Republic	79	57,2-83,2	22,1
Hungary	96	72,8-104	38,1
Poland	398	312-384,8	168,7
Slovenia	25	10,4-20,8	6,3
Lithuania	42	41,6-62,4	29,8

2004-2006, mil. EUR	Aim 1	Aim 2	Aim 3	Interreg	Equal	Total
2004	229,28	8,22	9,93	9,16	4,90	261,50
2005	308,19	11,04	13,35	12,32	6,59	351,50
2006	383,42	13,74	16,61	15,32	8,20	437,30
2004-2006	920,90	33,00	39,90	36,80	19,70	1 050,30

+ 510 mil. EUR Cohesion Fund

2007-2013: 11 360,62 mil. EUR

Operational Programs	Cohesion	Competitiveness and employment	Total	Share %	Fund
Regional OP	1 445 000 000	-	1 445 000 000	12,7%	ERDF
Environment	1 800 000 000	-	1 800 000 000	15,8%	ERDF, KF
Transport	3 206 904 595	-	3 206 904 595	28,8%	ERDF, KF
Informatization of society	993 095 405	-	993 095 405	8,7%	ERDF
Competitiveness and economic growth	772 000 000	-	772 000 000	6,8%	ERDF
Health	250 000 000	-	250 000 000	2,2%	ERDF
Technical support	97 601 421	-	97 601 421	0,09%	ERDF
Research and development	883 000 000	326 415 373	1 209 415 373	10,6%	ERDF
Education	600 000 000	17 801 578	617 801 578	5,4%	ESF
Employment and social inclusion	864 000 000	17 801 578	881 801 578	7,8%	ESF
Bratislava region	-	87 000 000	87 000 000	0,08%	ERDF
Total	10 911 601 421	449 018 529	11 360 619 950		

Key problems and challenges of SK regional policy

- Huge regional differences, big disparities in unemployment
→ Key question: how to coordinate economic policies ???
→ huge debate on priorities
- No money to realize regional policy – dependence on EU funds, but big troubles to use them (system set up, project preparation, corruption ...)
- New institutional set up (since 1999) – capacity problems even until today
- Centralization of decision making and finances, but competences and responsibility at regional level
- Wasting of money because of non-consistent policy making – each government different approach (e.g. public works) + corruption

System problems and longtime solutions

- **„politicization“, corruption and ineffectiveness (wasting of funds and time) ... at all levels ...**
- **missing strategic political decision** (e.g. Finland 50-years strategy for innovations) + year-to-year changing approaches and strategies - **programming for the „drawers“**
- **chaotic institutional set-up of regional policy making** (plenty of institutions at each level, plenty of programmes and funds, bad coordination, problem of capacities ... example: CBC)
- **problematic territorial division and performance of public administration** (??? 3 macroregions + 12/16 counties (zhupa), municipalisation ???)
- **bureaucracy of EU funds implementation caused by SK institutions**
- **absence of evaluation and „sick“ control** (not results, but „bills“)

Further problems ...

- balance between the **knowledge economy** - vs. integration of a large part of unemployed to the labor market (Romas, young, 50 and above ... we need the **assembly plants**) + integration of regional policy to the economic policy based on long-term priorities (the balance between the **center** and **village**)
 - questions relating to the support of the private sector (not to restrict competition and market economy) - support only public projects???
 - (labor market, clustering, ...)
 - fulfillment of the obligations of the Accession Treaty to the EU and international agreements (especially environmental issues ..)
 - Roma - a comprehensive approach needed to address key development challenges in SR, especially in Eastern Slovakia
 - flat rates + public infrastructure without competition in submitting projects

Negotiations vs. Delivery

- Negotiations:
 - Not EU member state – you just listen and have to deliver – almost everything has to be approved by the EC
 - Coordination between chapters is very important !!!
 - Mostly negotiations on sector/funds allocation
 - Delivery:
 - Legislation – harmonization with EU + national legislation (State Aid, Public Procurement, Fight against defraud and corruption ...)
 - Financial set up: co-financing
 - Institutional set up (implementation + steering bodies, certification authorities and monitoring committees ...)
 - Programming
 - Personal capacities
 - Information sharing and campaign
 - Program and project preparation
- political continuity + pressure of lobbying groups

SK Delivery (pre-accession 1998-2004)

- Dec 1997 – first EC evaluation: „SK shows only limited basis of integrated regional development policy that could prospectively provide for harmony with regulations of the EU structural policy... SK thus needs to carry out significant reforms of her administrative and budget mechanisms in order to be able to adapt adequately to the EU rules and efficiently receive assistance from its structural funds.”
- March 1998 – deal with Eurostat on NUTS
- Oct 1998 – appointment of Vice-Premier responsible for the regional development + creation of the Council of the Government of the SR for the Regional Policy (also with NGOs participation)
- Dec 1998 – decision on creation of the Ministry of Construction and Regional Development (was established in 1999)
- Beginning 1999 – Act on State Aid + start of works on the Integrated Plan of Regional and Social Development (IPRaSD), however in Oct 1999 Government decree No. 923/1999 on Priority Regions for IPRaSR implementation and PHARE assistance drawing → not in line with NUTS → EC did not approved IPRaSD

SK Delivery (pre-accession 1998-2004)

- Sep 2000 - the Principles of the Regional Policy of the Slovak Republic → later transformed to the Law on the Regional Development (Act No. 503/2001) – the key legislative act on regional policy + EU funds
- Beginning 2001 – huge corruption scandal at the Government Office (selection of projects) – Brussels stopped us pre-accession funds for several weeks > government dismissed responsible people + new anticorruption measures → until today we have big troubles with corruption + political pressure on selecting committees
- March 2001 – start of work on the National Regional Development Plan as a replacement of IPRaSD – again big troubles with preparation (esp. not including other actors → National Convention started to play significant role since 2002)
- June 2002 - Decree No. 606 to the proposal of contentual and organizational arrangement of the National Development Plan (NDP) elaboration + Sectoral Operational Programs
- January 2003 – EC returned NDP for revising – final version in March 2003 → for EC approval
- June 2004 – final approval from EC > Community Support Framework (CSF)

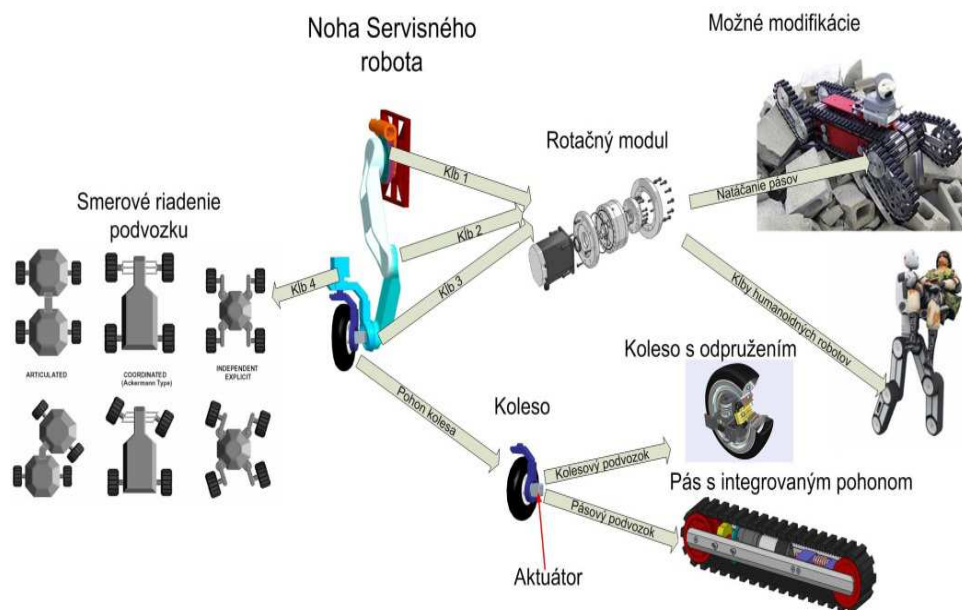
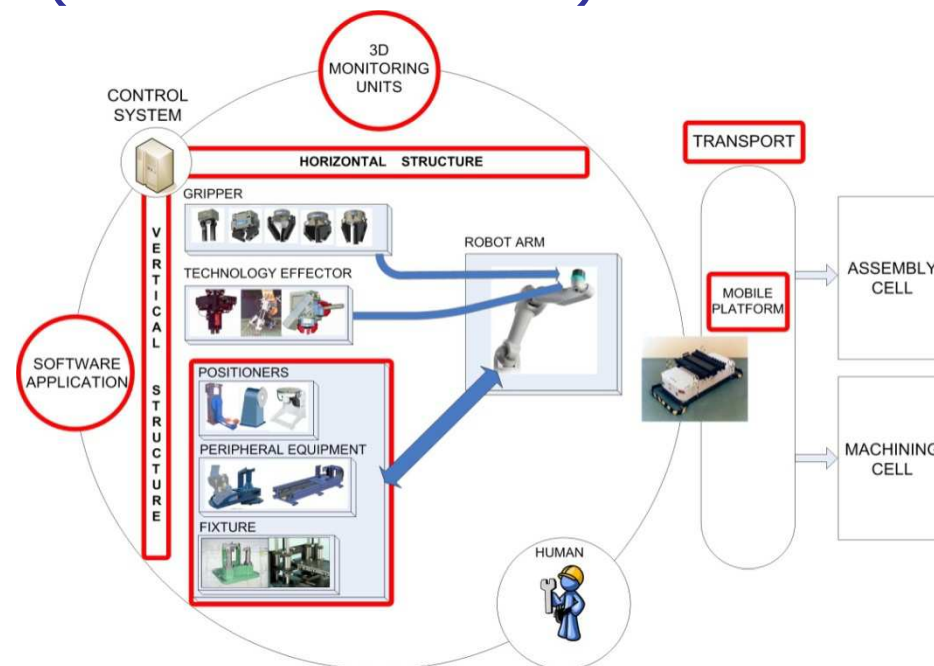
Village Kechnec (www.kechnec.sk)

- 1991: 734 → 2012: 1080 inhabitants (by economic development) – mayor, Mr. Jozef Konkoly is in charge since 1990
- Kechnec Industrial Zone - 332 hectares - green field
 - First idea in 1996 – buying land from inhabitants – building basic infrastructure – April 2002 Government grant for infrastructure (6,12 mil. EUR) – October 2003 „Grand” opening of the Zone (1st investor MOLEX Slovakia – US company) – February 2004 Government grant for completion of infrastructure (0,96 mil. EUR) – now more than 15 companies with more than 2500 employees + BMW is considering huge investment
 - GETRAG FORD Transmissions Slovakia, Kuenz-SK, Magneti Marelli Slovakia, SWEP Slovakia, Doppelmayr Slovakia
- New Logistic Center opened in 2011 with 10.000 m²
- New infrastructure build within 10 years:
 - Social-healthcare complex, Sporting center, Kindergarten with English classes, European Integrated School (Kindergarten, Elementary school, Vocational school, External school of the Engineering Faculty), Apartment complex, Stores + services, Aquapark (under construction), Congress center and cultural house, Open air cinema, Complex renovation of the village center, Plant for meat processing and production of bakery products – village „social” company, Connecting bridge over the river Hornad to Hungary + plenty of „soft” projects



Cluster AT+R (www.clusteratr.sk)

 SPINEA	SPINEA, s.r.o.	www.spinea.sk
 ZTS VVU KOŠICE a.s.	ZTS VVU, a.s.	www.ztsvvuke.sk
 VUKOV	VUKOV Extra, a.s.	www.vukov.sk
 EVPU	EVPU, a.s.	www.evpu.sk
 procont	PROCONT, spol. s r.o. Prešov	www.procont.sk
 CEIT	CEIT SK, s.r.o.	www.ceit.eu.sk
 TUKE	Technical University of Košice	www.tuke.sk
 ŽILINSKA UNIVERZITA	Žilina University	www.uniza.sk
 PREŠOVSKÝ KRAJ	Prešov Self-Governing Region	www.po-kraj.sk
 VUCKE	Košice Self-Governing Region	www.vucke.sk



Established: 3rd March 2010 as Association of Legal Entities (PPP)

Aims: - joint development, research, designing and implementation of automated production systems;

-to concentrate R&D capacity, deepen the home specialization profile and participation in international groupings as well as to approach the domestic and international markets with higher complexity and quality of production.

-Last success: magnet positioning system for the Large Hadron Collider (CERN)

The Small Carpathian Wine Route

- One of six viticultural regions in Slovakia: vineyards covering 7,303.5 ha, which is about one third of the total vineyard area in Slovakia (22,847 ha).
- Association established in 1995. It unites vintners, wine-producers, municipalities and tourism businesses (more than 30 municipalities and almost 250 companies and individuals).
- Aim and activities: to foster the development of the Small Carpathian region, especially in terms of tourism connected to its wine-growing and winemaking traditions. The association provides marketing and educational activities for the region and its members, and organizes regional events focused on the promotion of wine and vintners:
 - Wine competitions
 - Wine festivals + Municipal days
 - Vineyard's day
 - St. Urban's day of open wine cellars (May)
 - The Day of Open Wine Cellars (November)
- <http://www.mvc.sk/>



Microregion Upper Torysa (N-East SK)

- Established on 30. December 2003 – 21 towns and villages, now 25 municipalities
- Aim: to coordinate activities in the interest of overall development of villages and towns of the region with emphasis on caring for the environment, tourism, business development and the area of education, culture and sport.
- Joint project management office
- Community Foundation „Blue Torysa“ – supporting local projects
 - 2% income tax assignation + grants + local companies contributions
- Several joint projects, e.g. 2 billion EUR project „Drinking water and sawage system of the Upper Torysa“ or 550 ths. EUR project of joint management of separation of communal waste or 800 ths. EUR project of geothermal borehole in Lipany (Aquapark + heating of the public and private buildings) and many others
- www.hornatorysa.com (only in SK language)

Information sources

- ❖ National Bank of Slovakia: www.nbs.sk
- ❖ Statistical Office of the SR: www.statistics.sk
- ❖ Slovak Government: www.government.gov.sk
- ❖ Ministry of Finance: www.finance.gov.sk
- ❖ Ministry of Transport, Construction and Regional Development: www.mindop.sk
- ❖ EU structural funds in Slovakia: www.nsrr.sk
- ❖ NGOs' web sites: www.sfpa.sk, www.ineko.sk,
www.iness.sk, www.ivo.sk, www.mesa10.sk

Thank you for your attention!

Vladimir & Gene