

Financing of Regional development

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Structure of the presentation

- Slovakian example
- Financial instruments for regional development
- Recommendation

Slovakian example 1

Institutional framework of regional policy is stipulated by laws on:

- promotion of regional development
- self-government of Higher Territorial Units
- local self-government

Slovakian example 2

Institution involved to the Regional development:

- Ministry of Construction and Regional Development of the SR (to be replaced by Ministry of Transport, Regional Development and Tourism of the SR in January 2011)
- Ministries and other central state administration bodies
- Higher Territorial Units
- municipalities
- other institutions (Euroregions, network of integrated regional agencies)

All bodies - responsible for drafting structure of programming documents and inclusion of individual policies into these documents.

Slovakian example 3

Set of documents for promotion of regional development:

- National strategy – basic strategic document setting up a complex strategic approach of the state in promoting long – term regional development while respecting principles of sustainable development - prepared by the Ministry of Construction and Regional Development of the SR, which is also in charge of its implementation.

Slovakian example 4

- Higher Territorial Unit – a regional authority at the level of NUTS III regions is responsible for preparation of:
Programme of Economic and Social Development of the Higher Territorial Unit
- Municipality is responsible for preparation of:
Programme of Economic and Social Development of the municipality

Any support provided by structural funds must be in compliance with respective programme of economic and social development.

Slovakian example 5

Definition of the Region

- a) territorial and administrative unit
- b) Legal person which have to right to be an ownership of the properties,
- c) Fiscal entity with original and shared incomes
- d) Legal person with original and delegate competences
- e) Selfgovernmental body

Slovakian example 6

Original fiscal income of the Higher Territorial Units:

- share of the taxes of the physical person and share of the road tax
- Fees and incomes from entrepreneurial activities of the respective Region
- Grant and transfers from upper level

This is the key for success

Supplementary incomes:

- From EU programmes and grants from bilateral and multilateral programmes and donors
- Grants and credits from Regional Development fund and financial institutions

Slovakian example 7

According to the Slovakian experiences we recommended setting up 2 additional actors:

- Regional development Agencies (promotional, advising and consultation non financial institutions)
- Regional development Fund

RDF was set up and for the purpose of the Law it could be included as an institution with specific tasks and as one of the financial tools supporting RD

Financial instruments for regional development 1

- During the pre accession period we used 2 main type of instruments and other supplementary instruments:
 1. Fond for regional development
 2. Pre accession instruments (PHARE, ISPA, SAPARD)
 3. Bilateral cooperation (MATRA from Dutch bilateral cooperation, Flamish bilateral cooperation...)
 4. Slovak guarantee and developmment bank (SGDB),
 5. National agency for small and medium enterprices (NADSME)
 6. State Funds
 7. National office of labour

Financial instruments for regional development 2

Positive experiences:

- Fund for Regional development supported limited number of projects in the underdeveloped regions;
- Creation of the nonbanking lending schemes including the microfinance scheme have been funded with co/financing of the PHARE pre-accession fund with some regional aspects,
- Capacity building and Regional development projects was co-financed from PHARE Fund
- Infrastructure (water, sewerage, road infrastructure) have been financed through ISPA pre-accession fund, mostly in the underdeveloped areas in the respective regions

Financial instruments for regional development 3

Positive experiences:

- MATRA fund together with the Office of the Government of SR funding the education, small micro finance scheme and grant schemes supporting one of the most underdeveloped region with orientation to the Roma inhabitants,
- Active Labour Market Instruments was oriented to the support of employment with the regionally differentiated volume of the grants in favour of the most affected regions according of the Rate of unemployment
- Some of the instruments provided by the SGDB and NADSME have been regionally oriented.

Financial instruments for regional development 4

All of the instruments have had positive impact to development of the regions . I have to note, that regional disparities in the level NUTS III regions.

Disparity between some of the regions was or very slowly bringing down, or there were not increasing.

Due to the weak co-ordination and very frequently changed the employees the result was not better.

Financial instruments for regional development 5

Weak points:

- Capacity building – SR have been implemented specific training for state administration staffs about pre-accession and structural funds management, but 90% of these employees was fired from their jobs after election;
- Support was demand driving and from the macro points it was rather patchwork like systematic approach
- System of the regional development was during the 10 years period more 3 time rapidly changed
- Public finance deficiency have had negative impact mostly on the development on the municipal and regional levels as well as school, health and employment policies

Conclusions and recommendations 1

Regional development Fund

3 condition for success:

1. Continual financial resources (incomes from the State transfers, loan from CEB or other IFI's based on multi year agreement)
2. Providing Grants programmes combine with the lending or guarantee schemes including the microcredit schemes
3. Be beneficiary from the ENPI component for Regional competitiveness with the obligation to use the resources for training of the potential beneficiary, lending, guarantee and grants schemes

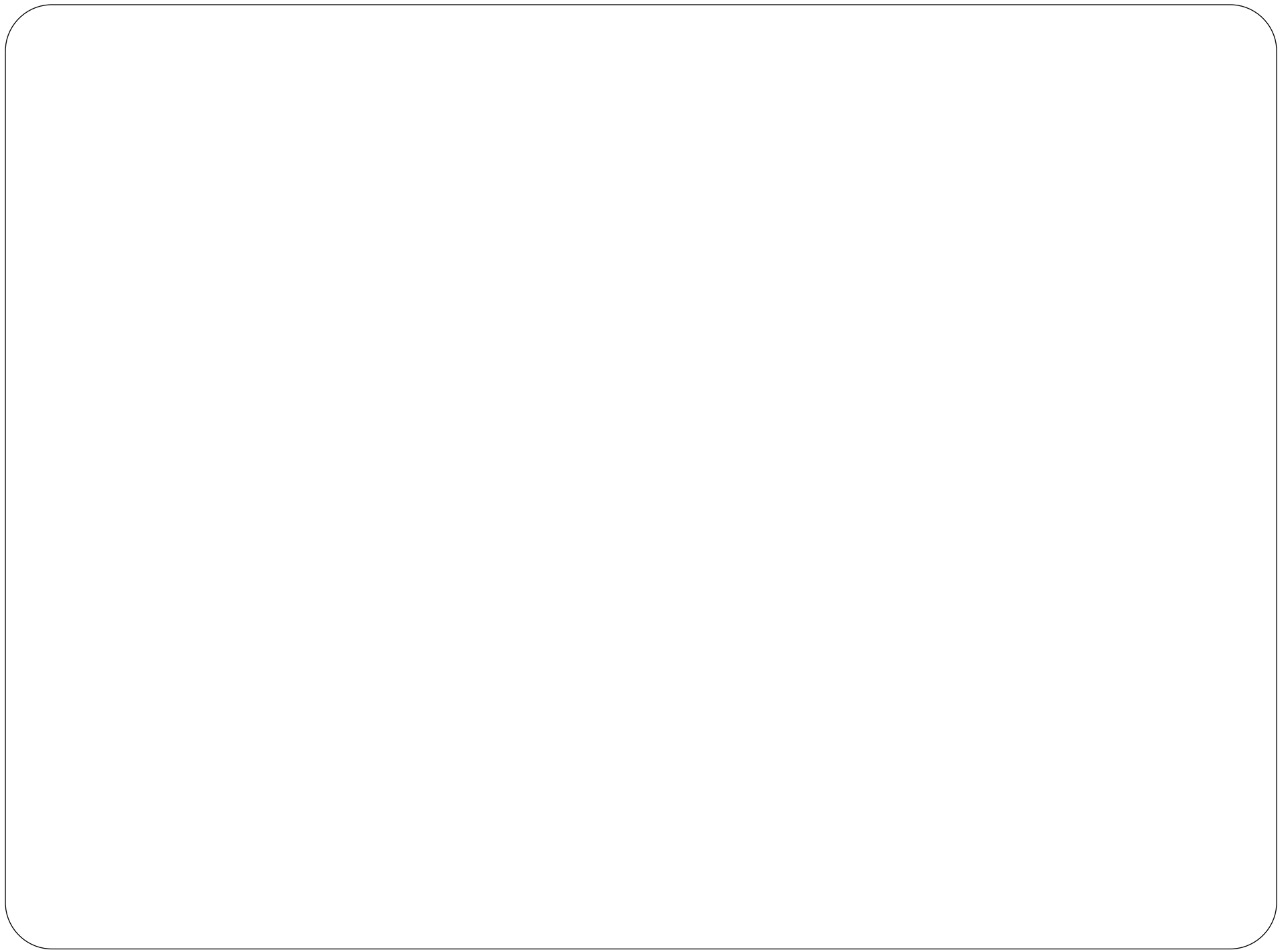
Conclusions and recommendations 2

- To prepare asap a document which will serve as National strategy with horizon of 20 years ((if not required by law, a document with 15-year time horizon taking into account two programming periods would be more appropriate).
- To avoid purely sectoral approach and to create a document based on the analysis of the economic and social development of territorial units.
- To achieve the most possible level of interconnection with the core EU policies which will be subject to the support by European public funds.
- To train of the potential stakeholders and create the relative stability on the key position of the public administration dealed with the Regional policy instrument

Conclusions and recommendations 3

- To create 2 bodies:
 1. Governmental Council for regional development and structural operations, composed from the key ministries, regional self-governments, and representatives of the municipal sector, employers and NGO
 2. Create independent mirror like National Convent composed and governed by the NGO with participation of the employers, self-governments and trade unions as well as independent expert, which would be discussed all strategic documents and policies.

Reason: principle of the Territorial Charter of EU / democracy



Thank you

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