

„Encouraging strong local  
co-ordination and  
leadership to impact  
growth“

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**THE MINISTRY OF TRANSPORT, CONSTRUCTION AND  
REGIONAL DEVELOPMENT OF THE SLOVAK REPUBLIC**



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# SLOVAK REPUBLIC

## SMALL WITH SIZE, BIG WITH UNIQUENESSES

- 5,4 million inhabitants, 49 033 km<sup>2</sup>
  - 1300 hot mineral springs
  - more than 300 castles
  - about 5000 caves
-



# SLOVAK REPUBLIC

## □ Two-tiered sub-national system

- TL2: 4 territories;
- TL3: 8 regions, among which one (Bratislavský kraj) predominantly urban region (11% of total population, 0,3 pp over the past 15 years), 5 intermediate regions (63%, +0,7 pp) and 2 predominantly rural regions (25%, -0,4 pp);
- 2 891 municipalities, of which 138 municipalities have a city statute.



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## SLOVAK REPUBLIC

- **Basic law about regional development**
    - Act No. 539/2008 Coll. on the promotion of regional development
  - **Basic documents about regional development**
    - National Regional Development Strategy of SR
    - National Strategic Reference Framework
    - Economic and social development plan
-



## SLOVAK REPUBLIC

### □ Concentration and inequalities

- The Slovak Republic's economy and population are the least concentrated among OECD countries.
  - Inequality in GDP per capita among the Slovak Republic's TL2 regions has increased from 1990 to 2007.
  - The increase of inequality in the Slovak Republic is driven by its leading region Bratislava Kraj outperforming the rest of regions and by lagging regions Východné Slovensko and Stredné Slovensko falling further behind.
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## SLOVAK REPUBLIC

- The lagging regions Východné Slovensko and Stredné Slovensko fell further behind in their respective GDP per capita levels by growing at a slower pace (3.6% and 3,5% respectively) than the national average (4,2%). Východné Slovensko's GDP per capita fell from 18% below the national average in 1990 to 27% below the average in 2007, and Stredne Slovensko's fell from 6% below the national average in 1990 to 20% in 2007. Despite their lower than average growth rate, their combined contribution to national overall GDP growth was 36,1% (19,3% for Východné Slovensko and 16,9% for Stredné Slovensko



## SLOVAK REPUBLIC

### □ Objectives of regional policy

- Efficiency, based on innovation and competitiveness index.
- Equity, higher living standards, based on cohesion index.
- Environmental quality and high value of the Slovak countryside.

### □ Main factors of the regional development of SR

- Human resources
- Research, development and innovation
- Basic infrastructure and services.

### □ Main regional disparities

- Significant decline in production and employment in heavy industry
  - Decline in textile and electrical production
  - Decrease in the number of employees in agriculture
  - Quality of human resources
  - Different geographic position of regions, etc.
-

# EASTERN SLOVAKIA







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## GROWING LAGGING REGIONS PROJECT

- **Growing Lagging Regions Project Objective of the Project:**
    - Investigate successful factors in helping lagging regions catch up
    - Role regional polices have played in this process.
  
  - **Methodology:**
    - Combines analytical methods and a series of case studies.
    - Phase 1&2 focus on analysis
    - Phase 3 focus on case studies aim at deepening the analysis
  
  - **Goal:**
    - Gain knowledge in complementarities that exist in lagging regions
    - Help prioritize portfolio of policies for lagging regions
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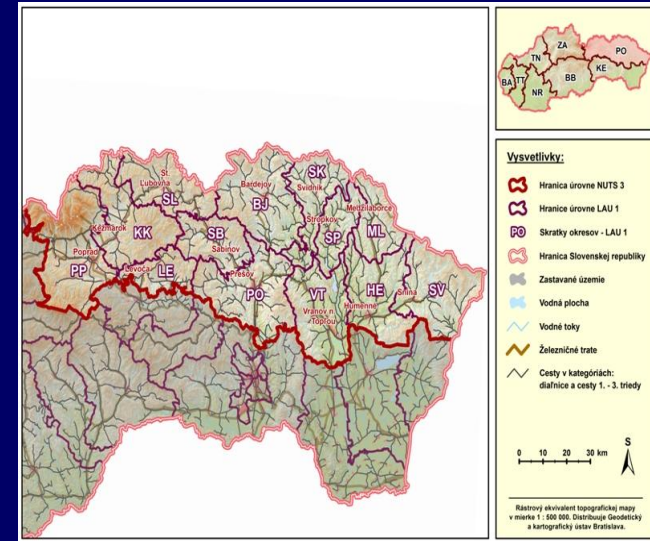
# TAXONOMY NATIONAL BENCHMARK DISTRIBUTION OF TAXONOMY AND CONTRIBUTION TO NATIONAL GROWTH

Growth in GDP pc			
Initial GDP pc		Growing (above national average)	Underperforming (below national average)
	Lagging (below 75%)		
	Quasi-lagging (above 75% and below national average)		
	Leading (above national average)		

# PREŠOV REGION

## □ Basic characteristic of Prešov region:

- 8 973,7 km<sup>2</sup>
- 804 000 inhabitants
- population density per km<sup>2</sup> : 89,6
- municipalities: 666
- in it cities: 23
- unemployment rate: 12,9%
- the biggest cities: Prešov, Poprad, Humenné, Bardejov, Vranov nad Topľov
- GDP per inhabitant in 2006:  
(in PPP, in current prices) 8 199,0
- Comparison with EU 34.7





## PREŠOV REGION

- Prešov region is predominantly rural, slow-growing regions of Slovakia, with above-average long-term unemployment, low levels of preparedness to innovation, average attractive and competitive, evolving out of the center of development activities of the EU and the possibility of cross-border cooperation with Poland and Ukraine.
  - Competitive advantage is created by favorable demographics structure, high-quality environment, strategic location on the border of three countries bordering the EU.
-



## PREŠOV REGION

- **Analysis of economic and social situation and evaluation of internal potential of the region**
  - the second largest region of SR (18,3% of territory) with predominance of small communities
  - 14,9% of total population of SR - ranks among the leading regions
  - population density of 89,6 inhabitants per km<sup>2</sup> - belongs to the most sparsely populated regions
  - 49,2% of urban population - predominantly rural region
  - the process of ageing of population
  - positive values of all rises, with the exception of the rise in migration
  - losing inhabitants for a long period due to migration of population, **especially persons with higher qualification** (the highest value in SR, nearly 6 000 inhabitants per year). Persons with university education account for 14% of total number of workers



## PREŠOV REGION

- **Aproximately 42 000 economically active inhabitants**
  - **Employment**
    - service sector (56,8%)
    - industry and construction (about 37%)
    - education (nearly 17,26%)
    - public health sector and social services (10%)
    - agriculture 6,1 %
  - **Unemployment**
    - downward trend after the year 2004
    - 13,68% in 2006
    - 12,31% in 2007
    - 12,9% in 2008
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## PREŠOV REGION

- **Average nominal monthly wage**

- 632,17 € in 2008

- **Monthly income per person**

- 309,2 € in 2008

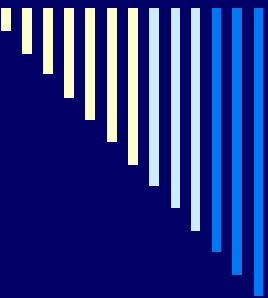
- **Education**

- developed network of all types of schools

- **Health care**

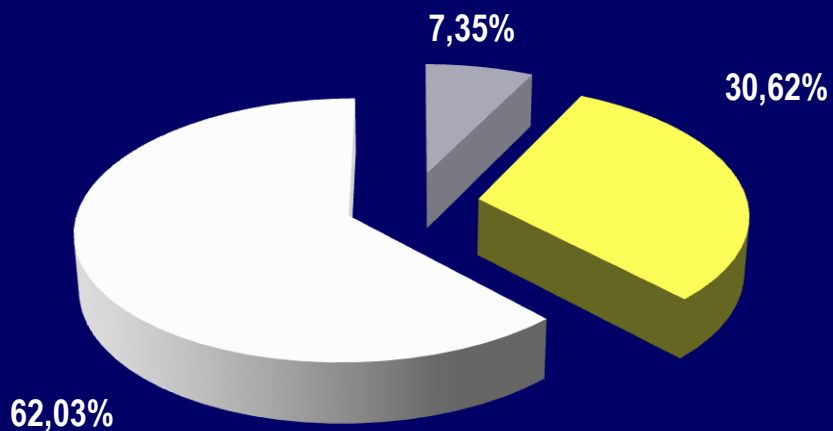
- all types of health facilities

- one of regions richest in cultural and historical monuments but number of visitors of cultural facilities stagnated

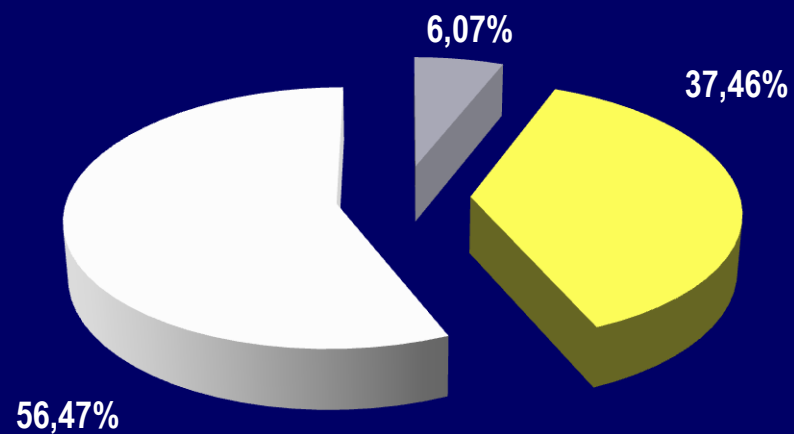


# GDP by Sectors in Prešov region - comparison

1998



2008



- Agriculture - Industry - Services





## PREŠOV REGION

### □ **Business activity**

- 18 968 business entities - legal persons (11.2%)
- 61 160 business entities - physical persons (14,6)
- 639 business entities with foreign participation
- low internal investment potential
- industrial revenues of 2 738 million € in 2008 (the lowest value achieved in SR)
- production in construction 10,4%

### □ **Science and research costs**

- very slowly increase

- ### □ **Innovative potential:** tourism, chemical industry and ecological services



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## PREŠOV REGION

- **Road and railway system**
    - well developed
    - an international airport
  - **the lowest municipal waste production in SR and the second highest percentage of its utilization (13.4%)**
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## PREŠOV REGION

### □ Main disparities of PR

- In agriculture - insufficient cooperation and coordination in agriculture
  - In industry - lagging behind in innovation and technologies
  - In services - low competitiveness small and medium enterprises in the area of services
  - In technical infrastructure - insufficient capacity and telecommunications infrastructure
  - In social infrastructure - unsuitable structure of education, high share of population with elementary education, important intraregional disparities
-



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## PREŠOV REGION

### □ Main factors of development of PR

- In agriculture - favourable conditions for the development of ecological agriculture and forestry
  - In industry - development of eco-industry and network technologies
  - In services - attractive potential and growing interest in tourism
  - In technical infrastructure - sufficient potential for the use of renewable sources of energy
  - In social infrastructure - favourable demographic situation, availability of free labour force
-



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## PREŠOV REGION

### □ **Strategic objectives:**

- enhance productivity and competitiveness in key and promising sectors of industry and services
  - evaluation and strengthening of tourism potential, with links to the protection of environment
  - comprehensive development and strengthening the rural economy of the region
  - improve the quality of human potential - the Roma and support young people, development of all forms of lifelong learning (LLL) and lifelong guidance (LLG)
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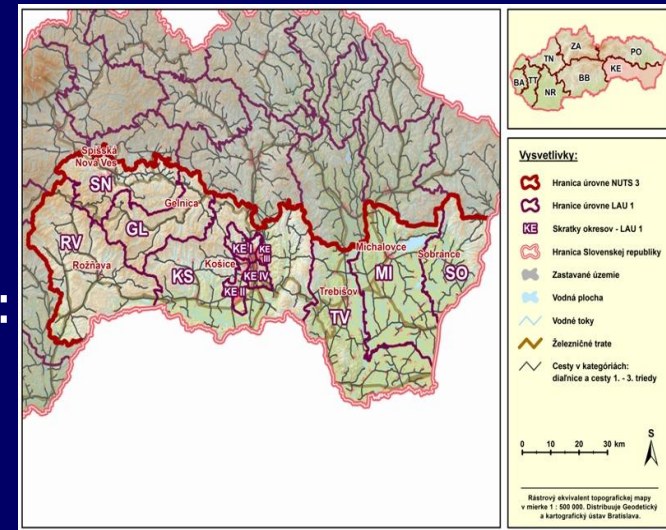
## PREŠOV REGION

- **The greatest untapped potential for development consider:**
    - rich natural and cultural and historical heritage with a high proportion of protected areas and quality environment especially for tourism development
    - strategic location (the border region, the EU external border)
    - young labor force (particularly the growth of education at secondary vocational education)
    - favorable climatic and soil conditions (cultivation for biomass)
-

# KOŠICE REGION

## □ Basic characteristic of Košice region:

- 6 754,6 km<sup>2</sup>
- 775 500 inhabitants
- population density per km<sup>2</sup>: 114,8
- Municipalities: 440
- in it cities: 17
- Unemployment rate: 13,5 %
- the biggest cities: Košice, Michalovce, Spišská Nová Ves, Trebišov, Rožňava
- GDP per inhabitant in 2006:
  - (in PPP, in current prices) 12 647,0
  - Comparison with EU 53,5





## KOŠICE REGION

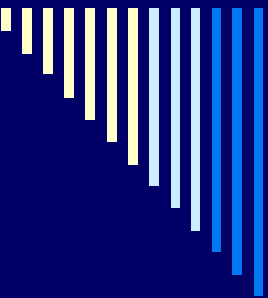
- Košice region is rural, slow-growing regions of Slovakia, a long-term high unemployment, a high degree of readiness for innovation, average attractive and competitive, but evolving and converging to the center of development activities outside the EU and the possibility of cross-border cooperation with Hungary and Ukraine.
  - The competitive advantage of KR consists in a favourable demographic structure, strategic border position, high export performance, above-average innovation climate and involvement in international projects, natural, cultural and historical wealth and conditions for the development of ecological agriculture and the increase of the share in green economy
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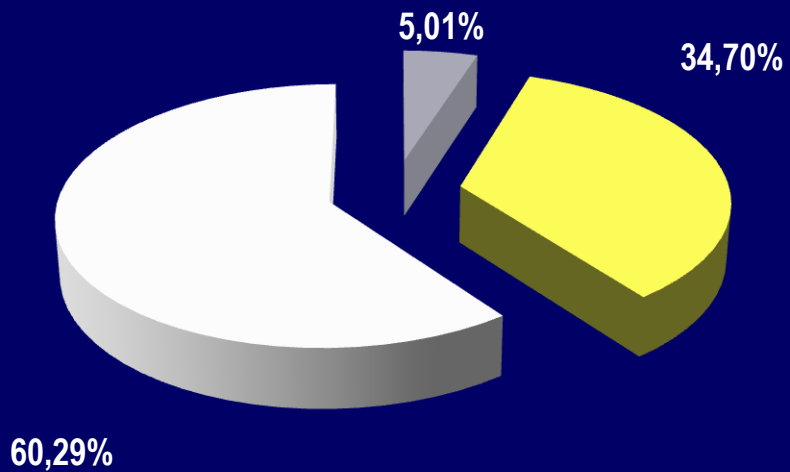
## KOŠICE REGION

- **Analysis economic and social situation and evaluation of internal potential of the region**
  - the fourth largest region of SR by the area
  - 14,3% of total population of SR - averagely populated regions
  - population density of 114,8 inhabitants per km<sup>2</sup> - belongs to the averagely populated regions
  - 55,7% of urban population- 55,7% of urban population
  - the process of ageing of population
  - positive values of all rises, with the exception of the rise in migration
  - losing inhabitants for a long period due to migration of population, **especially persons with higher qualification** (the highest value in SR, nearly 6 000 inhabitants per year). Persons with university education account for 14% of total number of workers

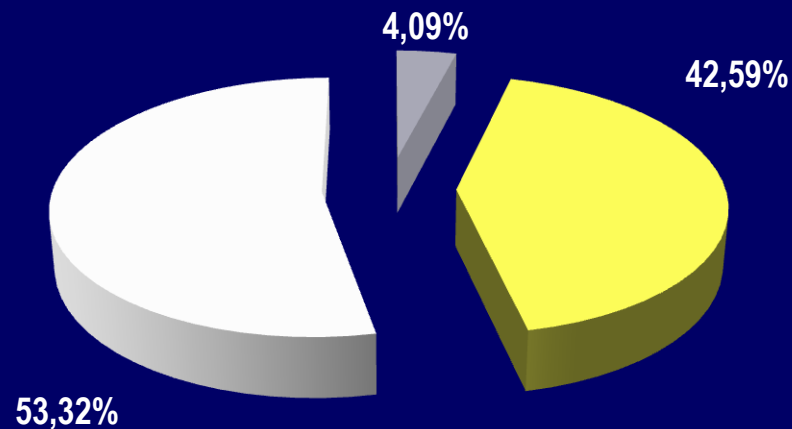


# GDP by Sectors in Košice region - comparison

1998



2008



- Agriculture - Industry - Services



## KOŠICE REGION

- **Approximately 13 700 economically active inhabitants**
- **Employment**
  - service sector (65,5%)
  - industry and construction (about 30%)
  - public administration and education (about 25%)
  - transport, storage and telecommunication services (about 11%)
  - agriculture (4,3%)
- **Unemployment**
  - downward trend until 2008
  - 13,5% in 2008



## KOŠICE REGION

- **Average nominal monthly wage**

- 749,29 € in 2008

- **Monthly income per person**

- 341 € in 2008

- **Education**

- developed network of all types of schools

- **Health care**

- all types of health facilities

- one of regions richest in cultural and historical monuments but number of visitors of cultural facilities stagnated



## KOŠICE REGION

### □ **Business activity**

- 19 575 business entities - legal persons (11,5%)
- 43 744 business entities - physical persons (10,4%)
- 1 116 business entities with foreign participation
- FDI inflow to KR is growing
- the second most important region of Slovakia in terms of export performance and GDP per capita

### □ **Science and research costs**

- very slowly increase



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## KOŠICE REGION

- **Road and railway system**
    - well developed
    - the second most important international airport
  - **Smaller municipal waste production in SR and a low percentage of its utilization (4,8%)**
-



## KOŠICE REGION

### □ Main disparities of PR

- In agriculture - decrease of area of cultivated land and number of reared livestock, insufficient technical equipment of farmers
  - In industry - lagging behind in innovation and technologies
  - In services - low competitiveness small and medium enterprises in the area of services
  - In technical infrastructure - insufficient capacity and telecommunications infrastructure
  - In social infrastructure - unsuitable structure of education, high share of population with elementary education, important intraregional disparities
-



## KOŠICE REGION

### □ Main factors of development of PR

- In agriculture - favourable conditions for the development of ecological agriculture and forestry
  - In industry - potential for strengthening of export, strong export position in metallurgical and electrical industries
  - In services - attractive potential and growing interest in tourism
  - In technical infrastructure - high transport potential, advantageous geographic position for the flow of goods and services to new EU member countries
  - In social infrastructure - favourable demographic situation, availability of free labour force
-





## KOŠICE REGION

### □ **Strategic objectives**

Strengthening of productivity and competitiveness of key and promising sectors of industry and services, putting stress on their export performance and innovation of products, processes and services,

- Building up a strong metropolitan centre Košice – Prešov,
  - Comprehensive rural development and strengthening of the share of the country on regional economy;
  - Supraregional accessibility and quality of services, cross-border cooperation and development of supraregional relations and use of economic and cultural potential of the region;
  - Creation of conditions for the development of green economy and so-called green job opportunities.
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## KOŠICE REGION

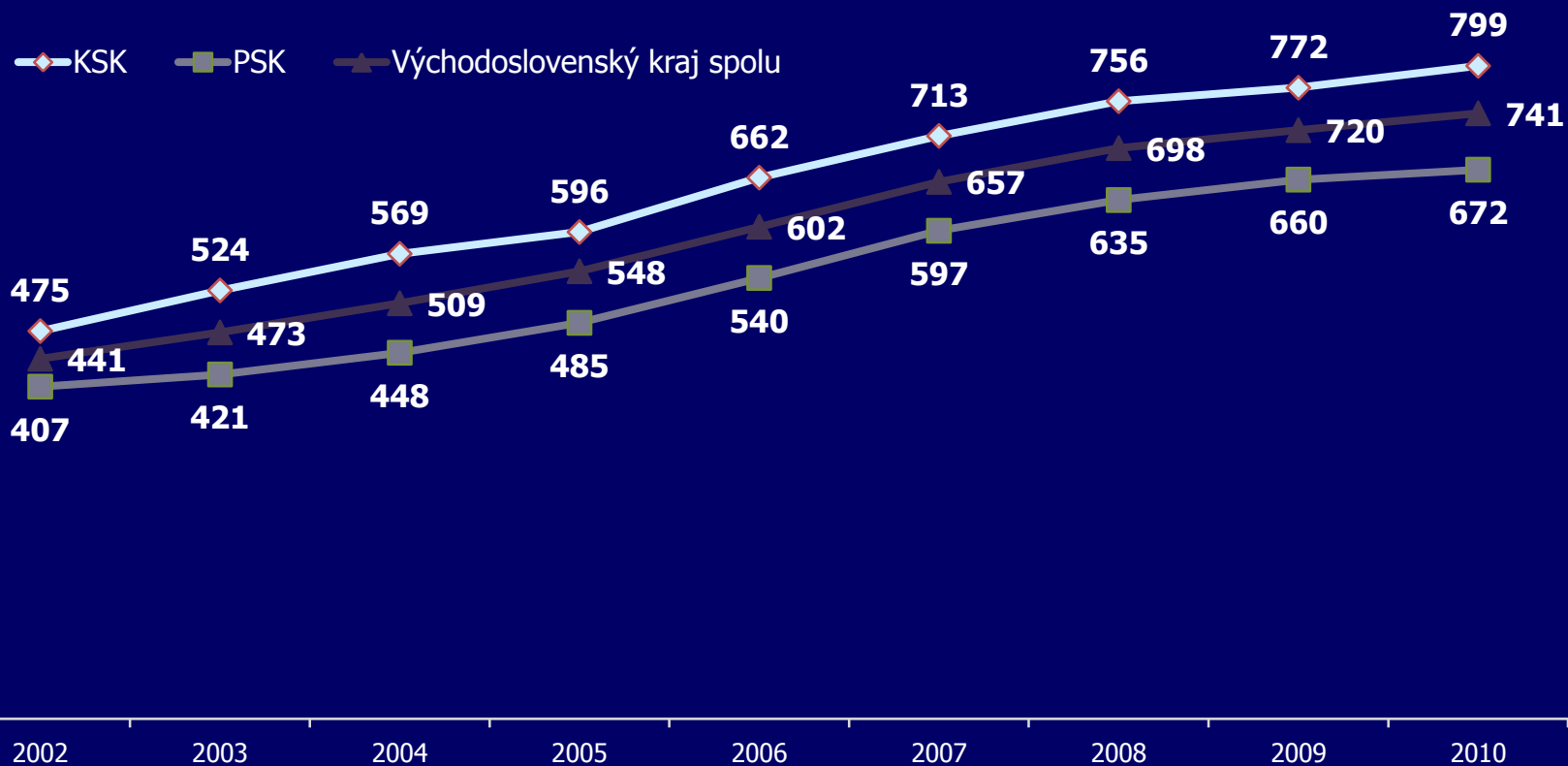
- **The greatest untapped potential for development consider**
  - Strategic position (border region, external border of EU, good transport connections to Hungary and new member countries – Romania)
  - Generation of tourism and destination management products
  - Good demographic structure of population;
  - Existing functional network of BIC (Business and Innovation Centres) and RCIC (Regional Consultancy and Information Centres),
  - Area of research and development that traditionally ranks among leaders in Slovakia;
  - Development of agriculture based on the growing interest in renewable sources of energy
  - Geothermal energy of the Košická Basin and bioenergy.



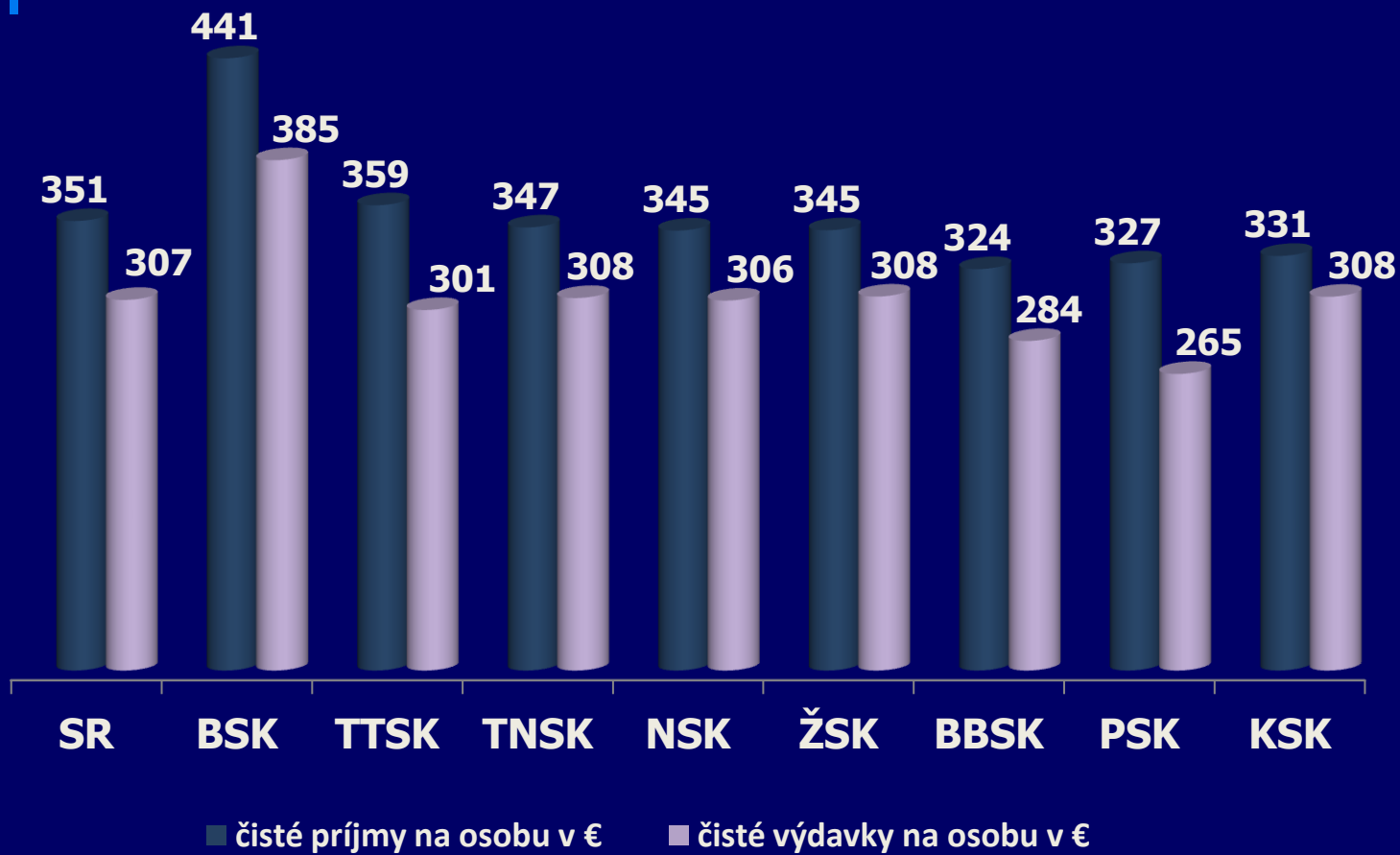
## LOW WAGE COST

- In the region attracted important foreign investments such as the large multinational Embraco in 1997 employing currently 2 500 workers, or the purchase of the complete metallurgical operation in Košice by U.S. Steel Cooperation in 2000 employing 16 000 workers. Notwithstanding these important investments, 80% of the Slovak's FDI 's located in other regions especially in the west. Low labour cost is nowadays no longer as important of an asset to the region especially in the west. Low labor cost is nowadays no longer as important of am asset to the region due to China's competition.

# AVERAGE GROSS NOMINAL WAGE PER MONTH/EMPLOYEE (V €)

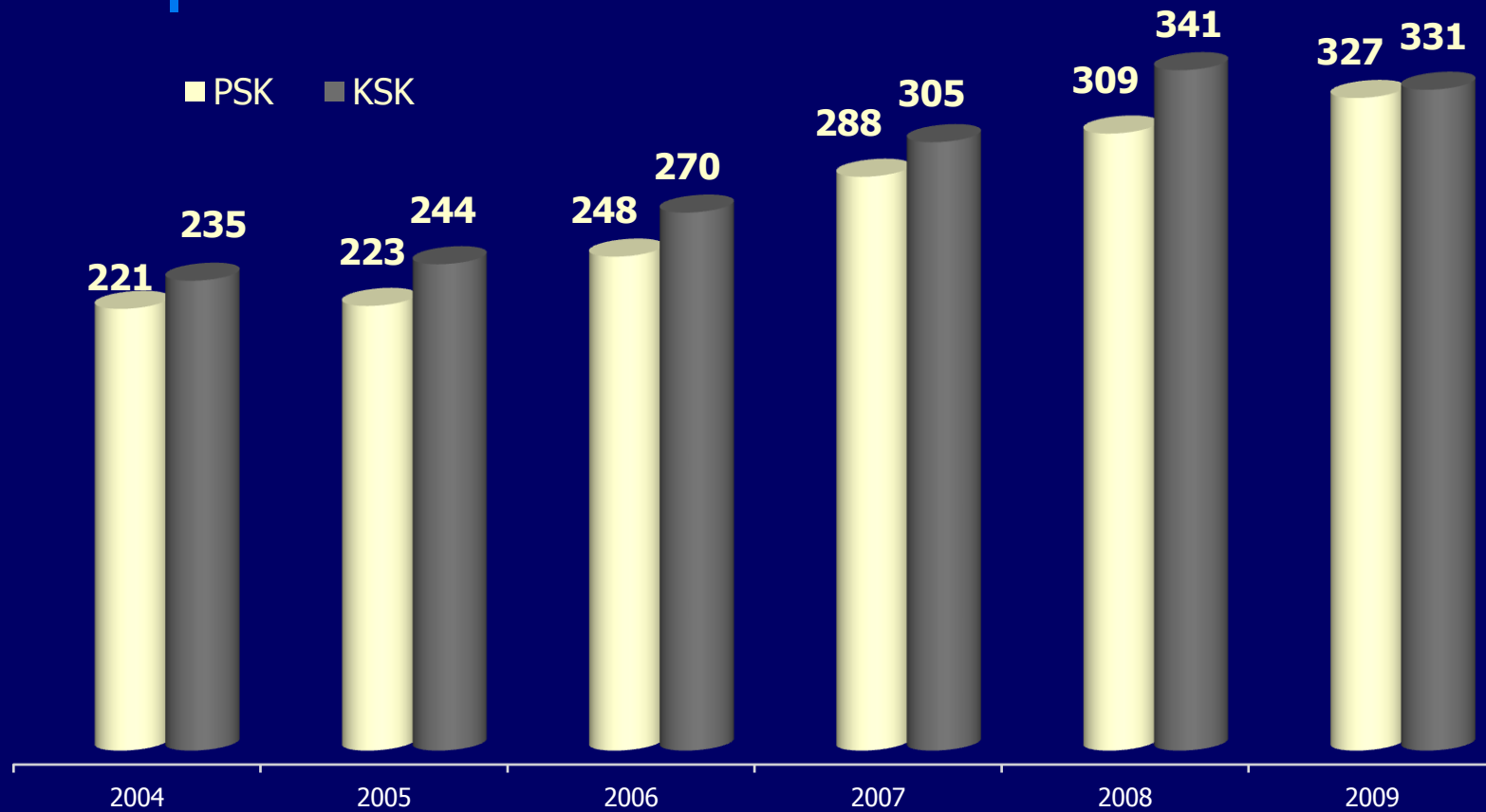


## REGIONAL NET INCOME & EXPENCES/PERSON IN € , YEAR 2009 (AVERAGE SR A REGION)



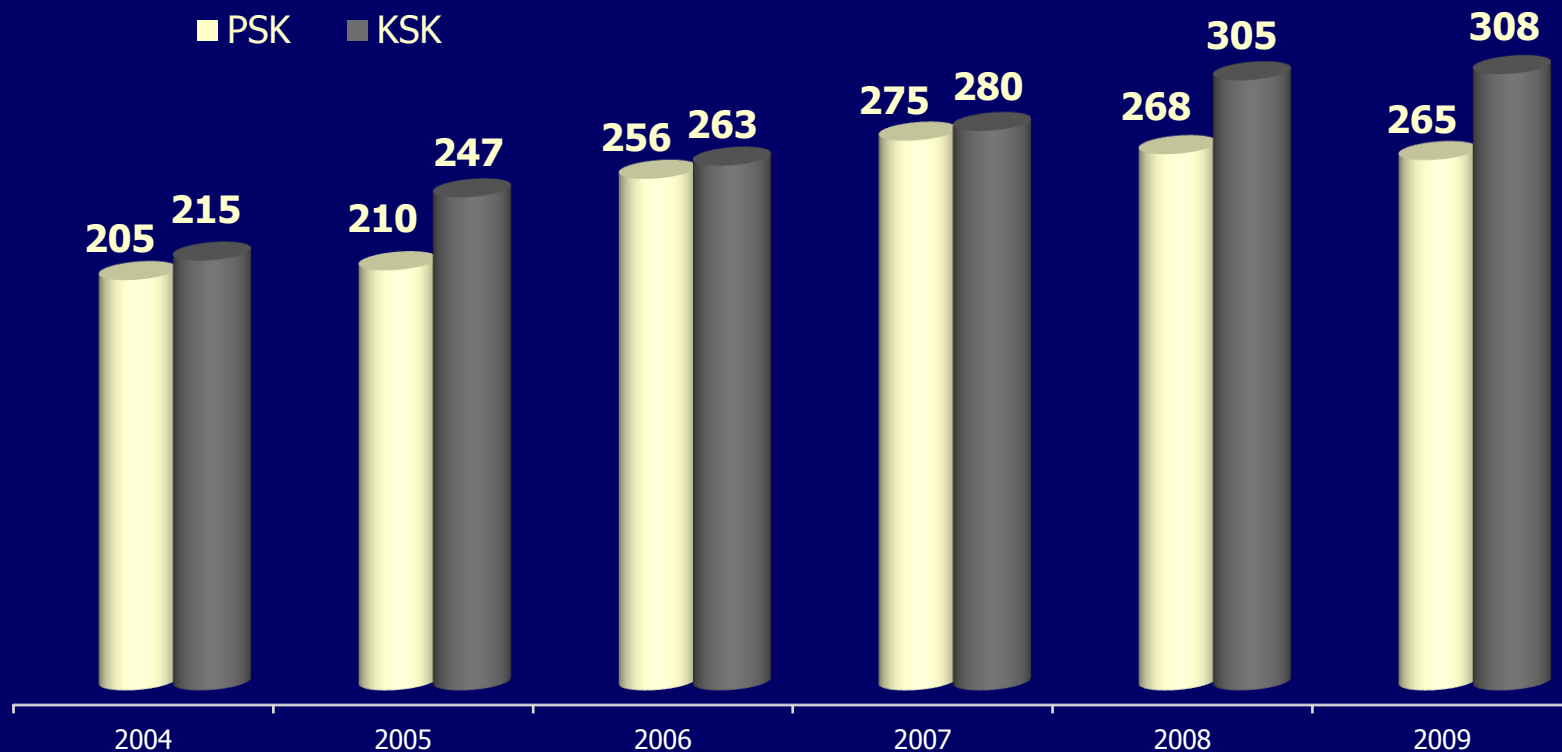


## NET INCOME/PERSON IN € SINCE 2004





## NET MONEY CHARGES/PERSON IN € FROM 2004



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## GOOD BORDER COOPERATION

- Good border cooperation both with Poland and with Hungary and active participation of EU cross border cooperation programs.
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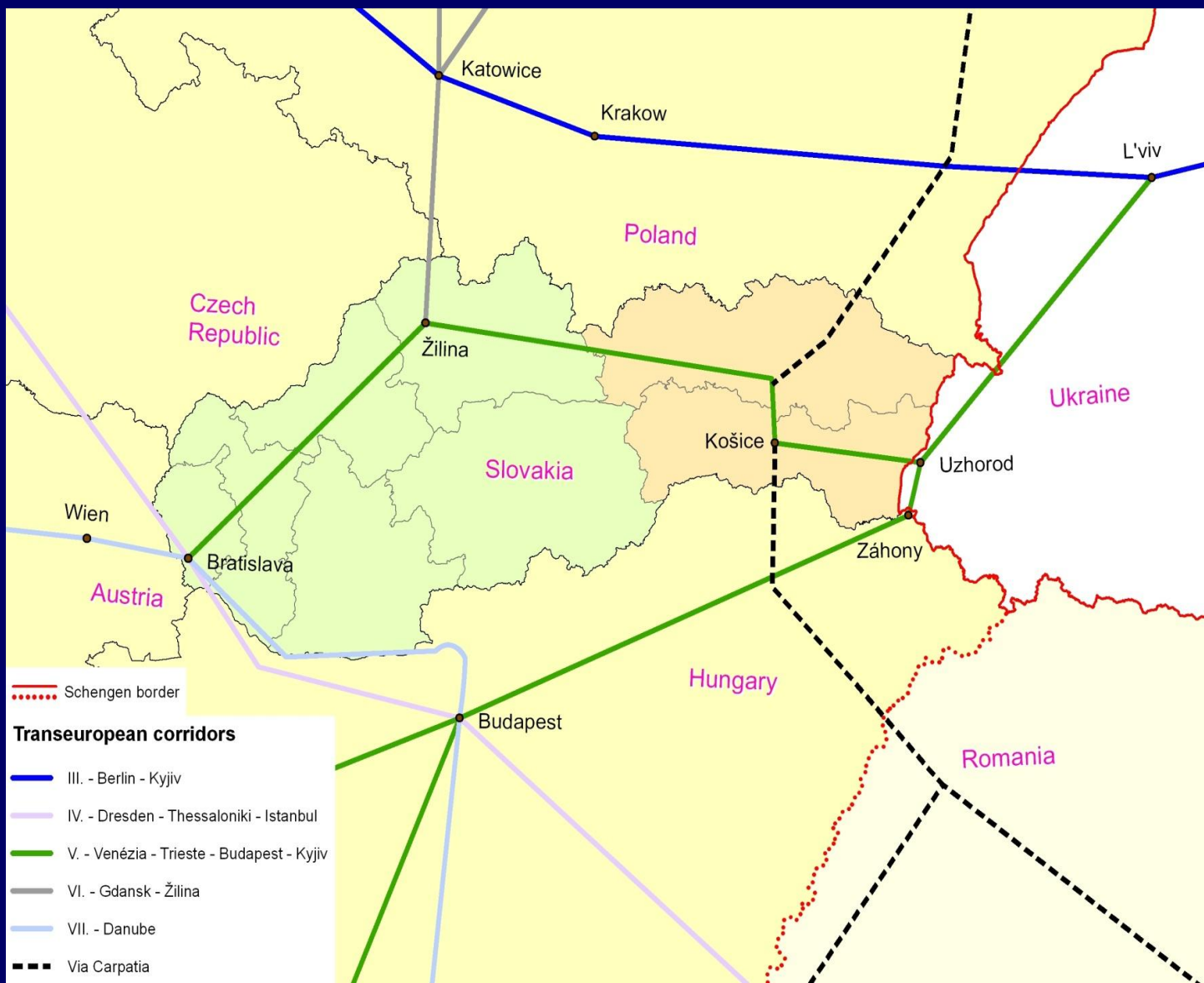
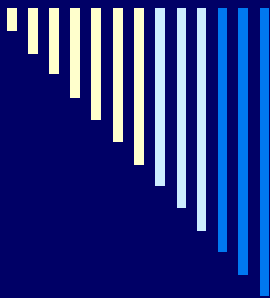




..... Schengen border

### Trans-European corridors

- I. - Helsinki - Warszawa
- II. - Berlin - Moskva
- III. - Berlin - Kyjiv
- IV. - Dresden - Thessaloniki - Istanbul
- V. - Venézia - Trieste - Budapest - Kyjiv
- VI. - Gdansk - Žilina
- VII. - Danube
- VIII. - Durres - Varna
- IX. - Helsinki - Alexandroupolis
- X. - München - Thessaloniki
- Via Carpatia



## Levels of Operational Programms in EU Member States in 2007-2013 Programming Period

- National Operational Programm
- Regional Operational Programm
- Multiregional Operational Programm
- National Operational Programm + Regional Operational Programm
- Multiregional Operational Programm + Regional Operational Programm



# TOURISM DEVELOPMENT

- It has played an important role in region being is one of Slovakia´s most popular tourism destination attracting tourists from Poland, Ukraine, Russia and Czech Republic and possessing one of the most abundant ones in cultural and historical sites. The region aims at creating a cluster in tourism to further develop this sector.



# TOURISM DEVELOPMENT

- **Natural Uniqueness - THE HIGH TATRAS MOUNTAINS**
  - The tallest mountains of Slovakia so called „Miniature Alps“
  - The oldest protected area in Slovakia, the National Park of Tatras (TANAP), founded in 1949
  - More than 100 alpine lakes and several waterfalls

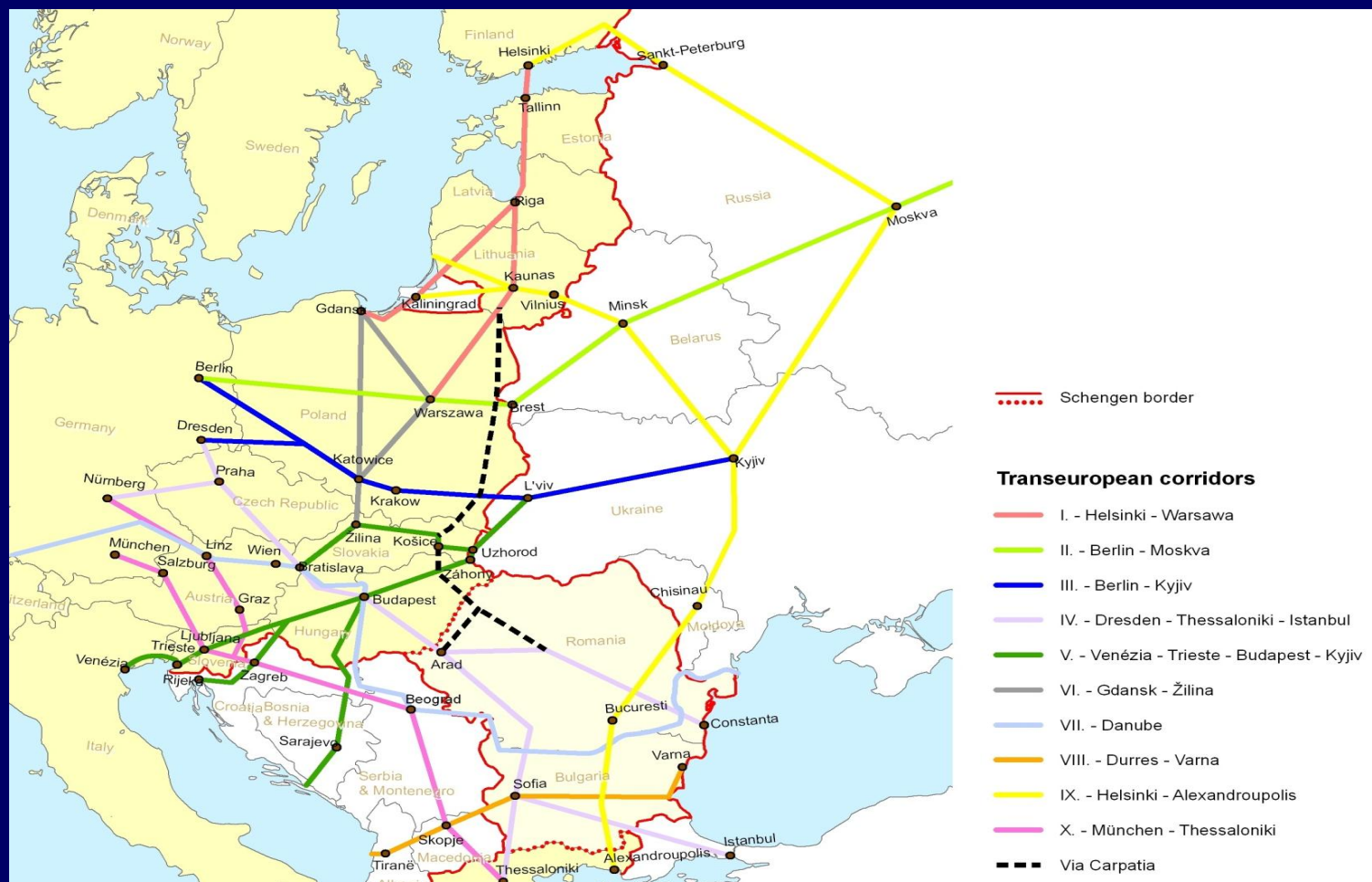


# TOURISM DEVELOPMENT

- **Architectural Uniqueness - ST. ELISABETH'S CATHEDRAL**
  - Situated in Košice – Gem of the East Slovakia
  - The most eastern situated western-type cathedral in Europe
  - The largest European set of 48 Gothic table paintings



# UNFAVOURABLE GEOGRAPHIC LOCATION





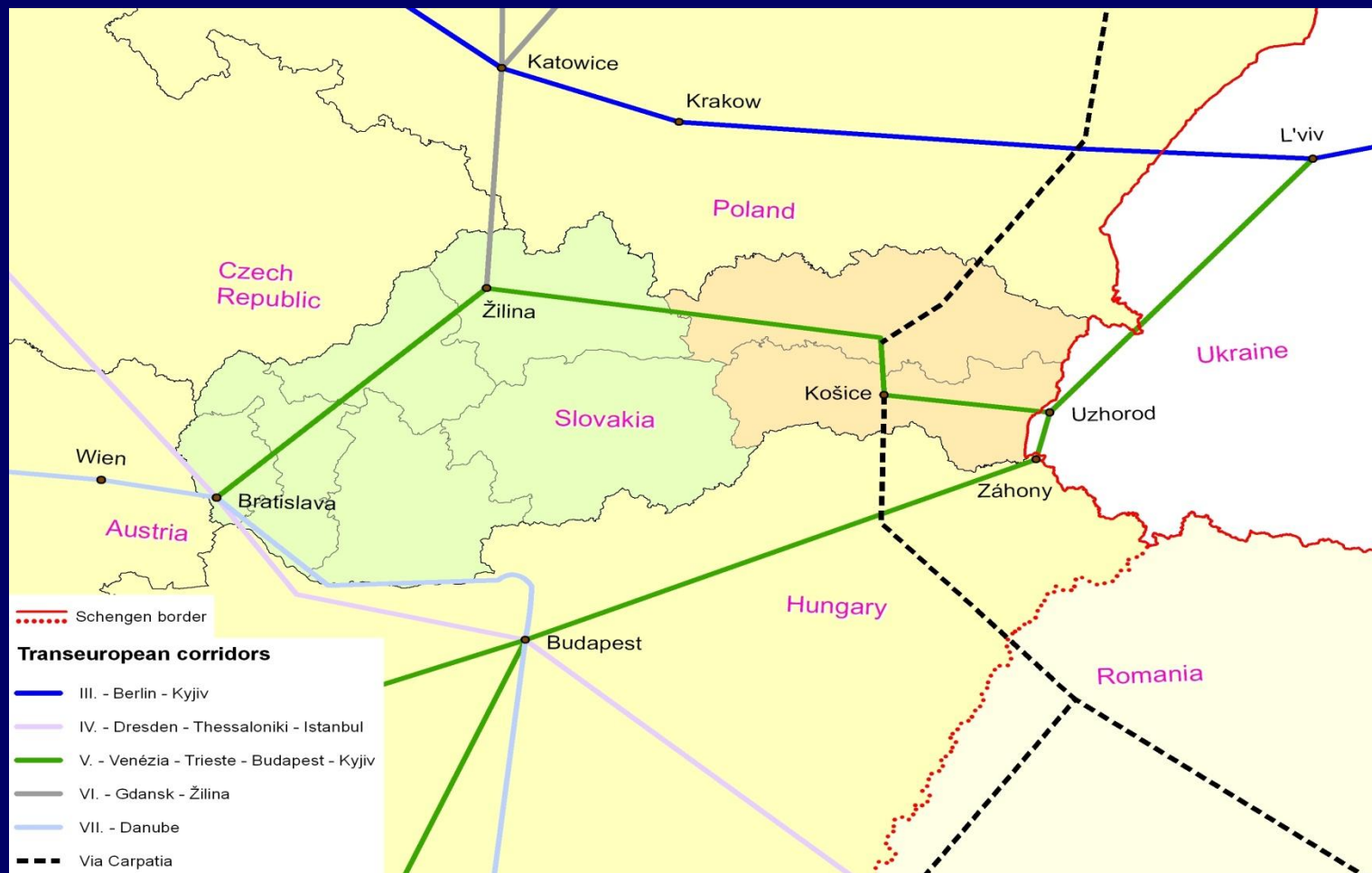
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## UNFAVOURABLE GEOGRAPHIC LOCATION

- After the entry to the EU the region's geo-strategic location changed from being a region with good location to Eastern Europe markets and sharing a border with Ukraine to being ones quite peripherally located to Western markets separated by a mountainous terrain to this capital regions and halting trade activity with eastern Ukraine. The terrain in the region is also challenging for economic productive purposes with 40% of its land composed of forest and 52% classified as NATURA 2000.
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# UNFAVORABLE POLICY ENVIRONMENT





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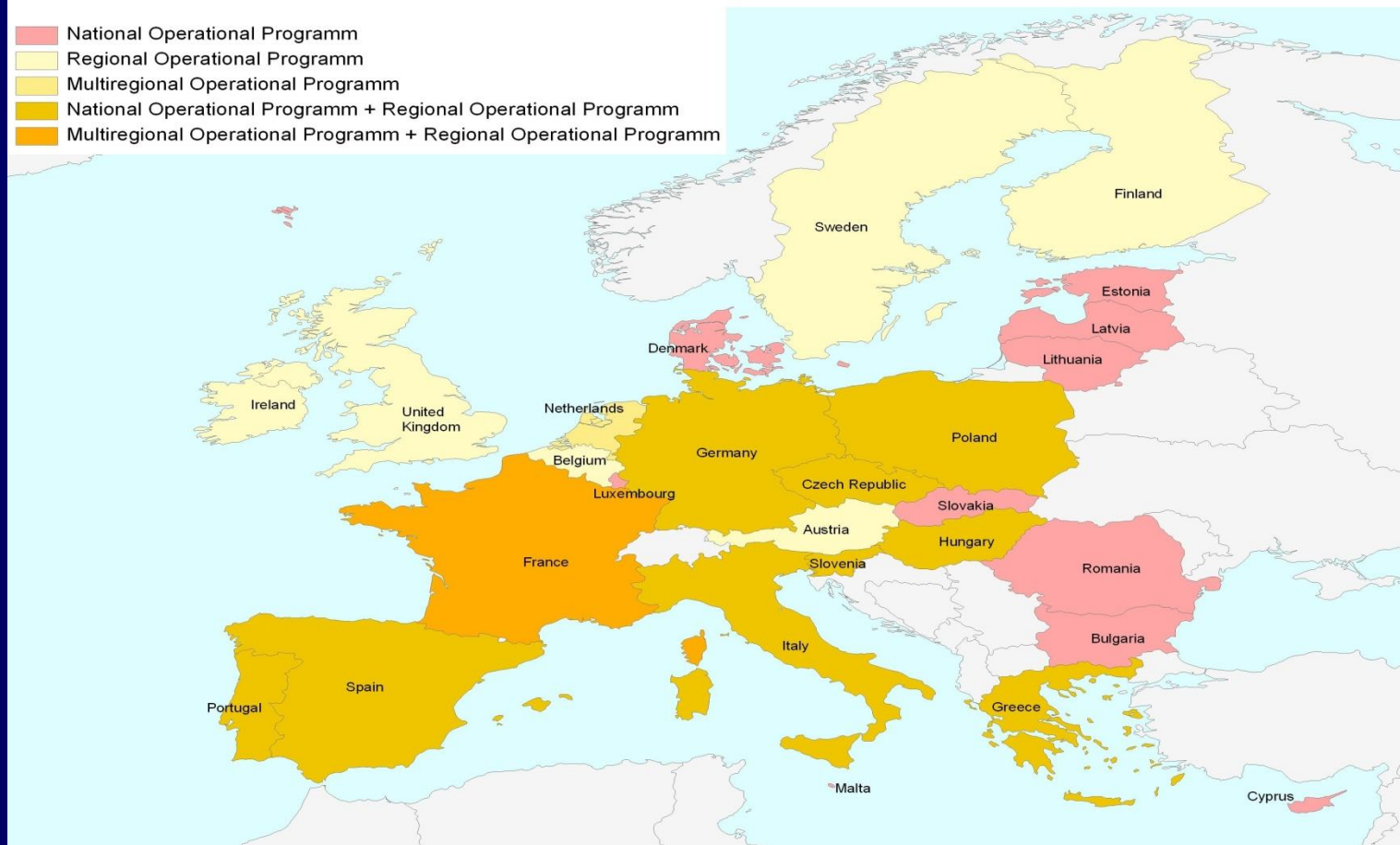
## UNFAVORABLE POLICY ENVIRONMENT

- Regional operational program have not been managed at regional level. A good dialogue is missing between the national and the regional level as well as adequate mechanisms of coordination to ensure a bottom up approach enters adequately the national policy design. Analysis and objectivity is missing for strategic planning and identification of priorities in the region due to a lack of capacity at regional level. Evaluation methods are missing and there is a need for a more transparent and objective policy process.
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# UNFAVORABLE POLICY ENVIRONMENT

Levels of Operational Programms in EU Member States in 2007-2013 Programming Period

- National Operational Programm
- Regional Operational Programm
- Multiregional Operational Programm
- National Operational Programm + Regional Operational Programm
- Multiregional Operational Programm + Regional Operational Programm





## BRAIN DRAIN

- Brain drain due to insufficient industrial production in the region. After the demise of the former USSR markets, many companies became bankrupt unable to adapt to new business and management skills. Due to insufficient production the region suffer form brain drain and outmigration of skilled labour reflected a significant lower employment rate (56%) than the national (64%) and OECD average (66,7%). Furthermore the cooperation between the private sector and academia is not sufficient in the region in order to retina the existing human potential in the region.



Thank you

