

The Ministry of Construction and Regional Development of the Slovak Republic

**National Plan of Regional Development
of the Slovak Republic**

Bratislava, March 2001

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INTRODUCTION

The National Plan of Regional Development of the Slovak Republic is based on Resolution of Slovak Government No. 242/2000 of 12 April 2000.

The National Plan of Regional Development of the Slovak Republic is the basic medium-term programming document for the implementation of regional policy of the Slovak Republic until 2006 and one of the priority objectives of our efforts for integration in EU. It was elaborated in order to mitigate the difference in per capita GDP against the average of EU member states in compliance with medium-terms priorities of the Partnership for Access in the area of economic and social cohesion. With its level of per capita GDP in PPS in nominal value, the Slovak Republic achieves only 49% of the average of EU states (source: Eurostat 1999). Therefore the strategic objective of the National Plan of Regional Development of the Slovak Republic is to ensure such growth of per capita GDP in PPS in nominal value that will allow the Slovak Republic to reach the level of 60 to 65% of average per capita GDP in PPS in nominal value of the European Union states by the year 2006.

The elaboration of this document is the basic condition for reception of funds from the Pre-accession Funds and, after integration of Slovakia into the European Union, from the Structural Funds of EU. This document also reflects the new means of cooperation with the European Union, based on openness and partnership and is an important test of the readiness of the Slovak Republic for the implementation of economic and social cohesion policy that represent one of the most important policies of the European Union. The coordination of economic and social cohesion in the area of regional development in compliance with the partnership principle includes consensual collaboration of all participants in the process of elaboration of the National Plan of Regional Development of the Slovak Republic. Upon accession of Slovakia to EU, the close cooperation of Slovak authorities in the area of regional development will also apply to the competent bodies of the Community, particularly those of the European Commission.

The programming principle is one of the priority principles of regional policy that requires elaboration of programming documents under which the regional development is implemented and support from EU resources is provided. Such a basic programming document at the national level is the National Plan of Regional Development of the Slovak Republic, which defines problems, objectives and priorities in the areas of economic and social development, and accentuates the need for support from EU resources, including planned results of assurance of administrative and implementation systems and means of financing. Based on negotiation and approbation of the National Plan of Regional Development of the Slovak Republic with bodies of the European Commission, the document Community Support Framework will be subsequently elaborated, including specific financial commitments of EU and the Slovak Republic in the view of pursuing the development objectives defined in the document.

The elaboration of the National Plan of Regional Development of the Slovak Republic was also based on the principle of subsidiarity, according to which authorities at a higher level will only be responsible for execution of such tasks that cannot be effectively executed at a lower level.

The National Plan of Regional Development of the Slovak Republic provides a complex view of the present situation of the economic and social development of Slovakia and its regions, barriers for further development and proposals for their overcoming through the determination of development priorities and strategies. The National Plan of Regional Development of the Slovak Republic will also ensure the functionality of regional policy in symbiosis with medium-term economic priorities of Slovakia. It takes into account already approved documents such as the Conception of Employment Policy until 2002, the National

Plan of Employment, the Medium-Term Priorities of Economic Policy of Slovakia and the Plan of Rural Development. The National Plan of Regional Development of the Slovak Republic respects environmental documents such as the Strategy, Rules and Priorities of State Environmental Policy, the National Environmental Action Programme, the Programme of Waste Economy and the Conception of the Application of Agenda 21, as well as Evaluation of Indicators of Sustainable Development in the Slovak Republic. It was also elaborated with regard to proposals for other documents of crucial importance that are under preparation and should be adopted in the months to come: the National Strategy of Sustainable Development in the Slovak Republic and the Conception of Territorial Development of Slovakia.

Settings of objectives, priorities and choice of strategies of the National Plan of Regional Development of the Slovak Republic are based on sectoral and regional operational programs (SOPs and ROPs). SOPs contain a complex solution of regional development from the aspect of the individual sectors. They were elaborated under the aegis of the competent ministries. ROPs contain proposals for regional development strategies worked up at the level of regions determined by the Integrated Plan of Regional and Social Development of the Slovak Republic in collaboration with the individual Regional Offices and approved by regional monitoring committees. The different documents are interconnected. The whole process of preparation of the National Plan of Regional Development of the Slovak Republic is coordinated by the Ministry of Construction and Regional Development of the Slovak Republic.

An important part of the National Plan of Regional Development of the Slovak Republic is basic macroeconomic issues. They compare indicators of CEFTA and EU countries and the development of the Slovak economy in the years 1996 to 1999 with the present economic situation and present a prognosis of the development of primary indicators of Slovak economy until 2006, as well as the economic strategy of the Slovak Republic.

Another part of the National Plan of Regional Development of the Slovak Republic is its administrative, implementation and financial framework. An important task in financial area is to lay down potential framework of financing from national resources. These requirements truly reflect the possibilities of financing the proposed measures and related material circuits from state budget and deployment of financial resources from the Pre-accession Funds of EU for the period of years 2000 to 2006.

An integral part of the National Plan of Regional Development of the Slovak Republic is also the elaboration of an evaluation of the influence of the presented strategy and measures on the environment with regard to sustainable development, in compliance with EU legislation in force.

The programming documents are being prepared within EU on the basis of intensive consultations between the European Commission, the respective member state and other authorised authorities and institutions. Depending on regulations and current practice of each member state, these authorities include economic and social partners at national, regional and local levels. This process of partnership is one of basic principles of the regional policy of EU. In accordance with the principle of partnership, the preparation of the National Plan of Regional Development of the Slovak Republic was also executed, with participation of central bodies of state administration, regional offices, self-governments and their associations, representatives of the third sector, associations of businesspeople, science, education and other relevant organisations. Work on the National Plan of Regional Development of the Slovak Republic has been in progress since May 2000. Information and statistical data appear therein in the form and values that were available to the compilers at that time.

The National Plan of Regional Development of the Slovak Republic was elaborated in an existing legal environment where self-governing bodies of HTU (Higher Territorial Units) still did not exist and did not execute their functions. From the aspect of administration and further development of regions the reform of public administration and decentralisation of competencies in the area of regional development to self-governing bodies of HTU is indispensable. As soon as the self-governing bodies of HTU are made functional, the relevant parts of NPRD SR, particularly those concerning regional operational programmes and the organisational and financial assurance of NPRD SR, will be subsequently reviewed. On these issues some documents have already been approved by the Slovak Government and others are under preparation, such as the Strategy of the Reform of Public Administration, the Conception of Decentralisation and Modernisation of Public Administration or the Proposal for Arrangement of Administration of Higher Territorial Units.

The National Plan of Regional Development of the Slovak Republic as a mid-term planning document is a „living“ document that will be regularly reviewed and updated in connection with the progress of some reforms and the development of the economic and social situation in the Slovak Republic.

I BASIC MACROECONOMIC CONDITIONS

1 International economic context

In 1999 the renewal of the world economy proceeded faster than initially expected. Against expectations, global growth of the world economy as well as growth of world trade were higher. This was a result of the acceleration of economic growth both in developed and transforming and developing countries. This development was observed under conditions of increasing oil prices and decreasing prices of most other commodities, and a decrease in the increase of consumption prices.

After several turbulent years, in 1999 the world economy reached a state of global macroeconomic stability. This state can be considered as the result of general acceptance of the strategies of sustainable economic growth and application of adequate economic and political instruments. However, within this global stability, significant polarisation trends determined especially by the relation of the United States¹ and the rest of the world were preserved.

In 1998 economic performance of EU reached 98.8% of economic performance for the whole OECD². In 1999 economic growth of EU reached 85% of the level of growth of GDP at the level of the whole OECD. In 1999 the growth of GDP for the Euro-zone reached 2.4% (against 2.8% in 1998). The development of the exchange rate of the Euro, which was almost continuously softening against the dollar during the year, had a positive influence on overcoming the cyclical fall and revival of demand and economic activity. Nevertheless the devaluation of the Euro did not threaten price stability. Consumer prices measured by a harmonised index of consumer prices increased, like in 1998, by 1.1%. The average rate of unemployment decreased to 10.1% from the value of 10.9% recorded in 1998. The balance-of-payments current account reached an excess at the level of 0.6% of GDP. However, performance of foreign trade showed a year-on-year decrease of approximately one third due to a steep rise in import prices (particularly of oil and under influence of the decrease of the exchange rate of the Euro), as well as under influence of decrease in exports, mainly during the first six months of the year, marked by after-effects of the decrease in foreign demand from the year 1998.

Economic growth of transforming countries reached 2.4% in 1999 (-0.2% in 1998). This growth was particularly supported by good economic results of Russia that after the recession in 1998 observed a growth within a range of 3%. Outcomes of the associated countries of the Central and Eastern Europe were a little worse than in 1998. The after-effects of turbulence on financial markets from the previous year, together with the Russian crisis and the conflict in Kosovo, had a negative impact on the economic development in the first six months of the year 1999. Development started to improve from the second half-year in connection with an acceleration of growth in EU countries.

Within the group of CEFTA countries, dynamics of growth generally slowed down in 1999. This slowdown was mostly tied to a decrease of inflation, foreign indebtedness and the rate of unemployment.

Table 1 Development of basic macroeconomic indicators of CEFTA countries

		Slovakia	CR	Hungary	Poland	Slovenia	Romania
GDP –year-on-year variance in constant prices (%)	1996	6.6	3.9	1.3	6.1	3.3	3.9
	1997	6.5	-1.0	4.6	6.9	4.6	-6.1
	1998	4.4	-2.2	5.1	4.8	3.9	-5.4
	1999	1.9	-0.2	4.5	4.1	3.7	-3.2

¹ As of a motor and stabilizer of world economy.

² Economic performance measured by per capita GDP in purchasing power parity (PPP)

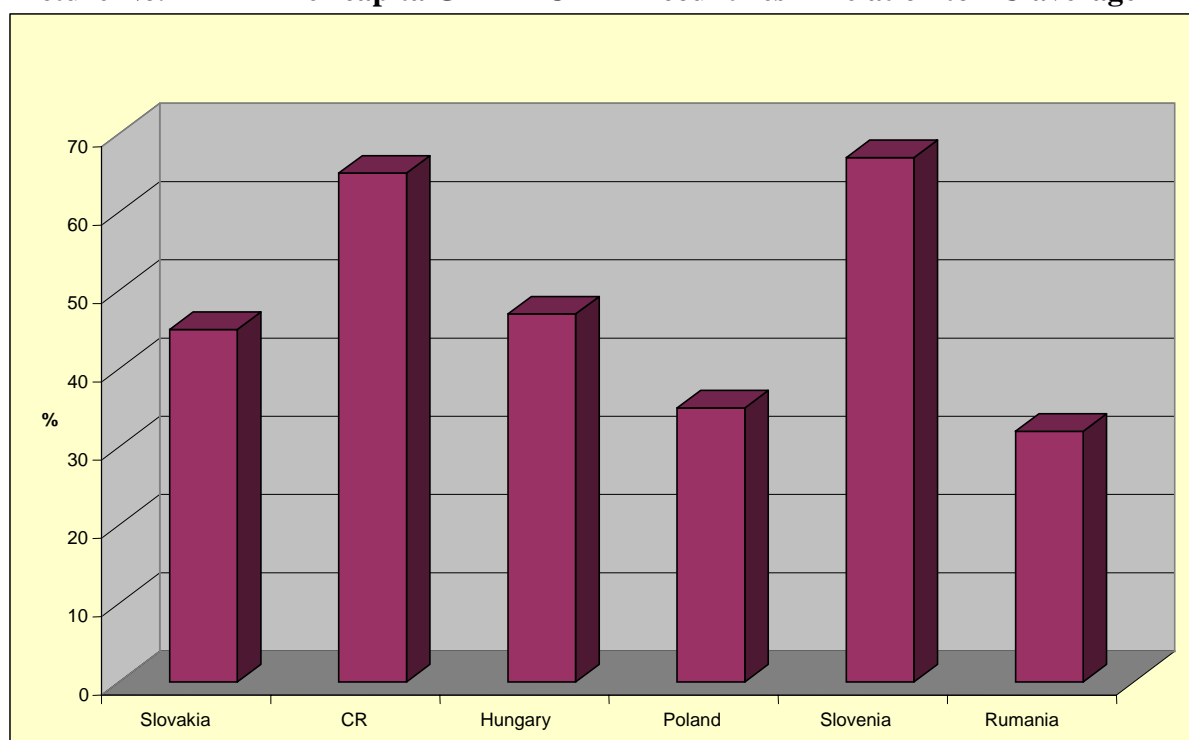
		Slovakia	CR	Hungary	Poland	Slovenia	Romania
Rate of inflation (%) – index of consumer prices, identical period of the previous year = 100	1996	5.8	8.8	23.6	19.9	9.9	38.7
	1997	6.1	8.5	18.3	14.9	8.4	154.8
	1998	6.7	10.7	14.3	11.8	7.9	59.1
	1999	10.6	2.1	10.0	7.3	6.2	45.8
Rate of registered unemployment as of 31 December (%)	1996	12.8	3.5	10.7	13.6	14.4	6.3
	1997	12.5	5.2	10.1	10.5	14.8	8.8
	1998	15.6	7.5	9.1	10.3	14.6	10.4
	1999	19.2	9.4	9.5	12.5	13.0	11.1
Balance of current account / GDP (%)	1996	-11.0	-7.6	-3.7	-0.4	-1.3	-7.3
	1997	-6.9	-6.2	-2.1	-3.2	0.2	-6.1
	1998	-10.3	-1.9	-4.8	-4.2	-0.0	-7.2
	1999	-5.8	-2.0	-4.5	-7.6	-2.9	-3.8

Source: National statistics.

As the above table shows, Slovakia maintained economic growth within the group of CEFTA countries in 1999 (unlike the Czech Republic and Romania) and decreased the deficit of foreign trade (unlike the Czech Republic and Poland) but also observed a steep increase of inflation and its rate of unemployment.

The issue determining the said development within CEFTA was economic performance and progress reached in adaptation of the individual member countries to market conditions. Basic characteristics of this economic performance are represented by the chart in **Picture No.1**. It shows per capita GDP produced in the different CEFTA countries in relation to the EU average.³

Picture No.1 Per capita GDP in CEFTA countries in relation to EU average



³ Values represented in the chart are a result of the first part of a EU pilot project focused on the compilation of regional accounts based on principles of the European System of Accounts (ESA 95) in the countries of Central Europe kept by EUROSTAT.

From the above chart it follows that in 1996 the economic performance of Slovakia reached 45% of the economic performance of EU measured by per capita GDP expressed in PPS⁴. This value moves approximately at the level of Hungary (47%) and is below the level of economic performance of Slovenia (67%) and the Czech Republic (65%). While particularly in the case of Slovenia and Hungary the stated economic performance was tied up with an advanced stage of structural reforms connected with a significant degree of completion of microeconomic adaptation, in the case of the Slovak Republic⁵ the recorded economic performance was a result of the utilisation of existing, inadequately restructured economic potential connected with a low degree of adaptation of the business sector to market conditions.

The observed development confirms that those CEFTA countries that are marked by an inadequate level of implementation of structural changes recorded a decline in key industries of material production connected with a growth of unemployment also in cases of renewal of foreign demand. This is a primary sign that the existing production capacities are unable to react to increasing foreign demand due to low competitiveness, and during stagnation of domestic demand their production falls. This development is connected with a higher dynamics of extinction of jobs rather than with an increase of new job opportunities. In this period, the described situation within CEFTA is, in addition to Slovakia, more or less typical for the Czech Republic and Romania.

This situation is a consequence of the level and structure of production potential with which Slovakia entered the transformation process, as well as the existing development of the Slovak Republic itself.

The year 1993 (the first year of the autonomous Slovak Republic) was the year of „setting“ parameters for the economy of a newly-established autonomous state and a year of continuing economic decline from the period of the former Czechoslovak Federative Republic. The year 1994 was the first year of economic growth. This growth was fully conditioned by external demand. In 1995 economic growth continued. Domestic demand became the chief determinant of growth. The important influence of external demand, however, was conserved.

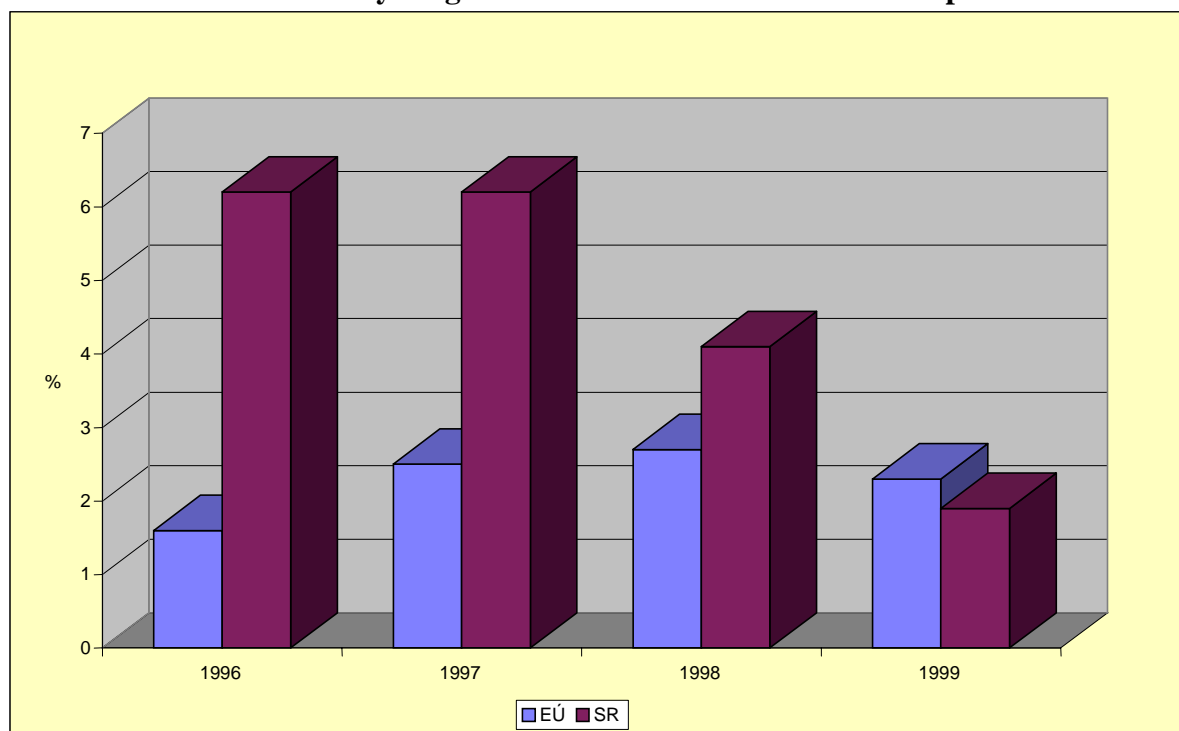
As today approximately 60% of Slovak exports are directed to the European Union, from the aspect of dynamics of foreign demand EU has a key position. This means that the higher the dynamics of economic growth in EU, the higher foreign demand for Slovak production and vice versa.

⁴ PPS (Purchasing Power Standard) provides an identical expression of Purchasing Power Parities (PPP), i. e. purchasing power parity of national currencies. Conversions of PPP use primary resources of prices covering the price basket of goods and services that is comparable and representative for countries involved in the comparison. PPS so reduces the effect of different price levels of the individual countries.

⁵ and also in the Czech Republic

Characteristics of the development of created GDP in the Slovak economy in connection with economic growth recorded in EU in the period of years 1996 to 1999 is represented by the chart in **Picture No.2**.

Picture No.2 Year-on-year growth of GDP in EU and Slovak Republic



In 1996 the large difference recorded between dynamics of growth in EU and SR was especially the result of the fact that the growth of GDP in Slovak economy was conditioned by a high increase in domestic (16.1%) and a low increase in foreign demand (0.7%). This anatomy of economic growth was a significant generator of problems in the development of the Slovak economy in the following years. Investment demand increased, and the influence of external demand decreased. In this year the economy was able to achieve economic growth only at the cost of a steep increase in imports of goods and services. This was caused by increasing GDP demands on intermediary consumption as well as the financial situation of enterprises and households, enabling higher imports than in the preceding year. On the other hand, in the area of exports a development connected with the practical exhaustion of existing, and slow creation of new, export capacities started to show up. This has led to a decrease of the effectiveness of the function of real economic processes resulting from inadequate microeconomic adaptation and small extent of proeffective structural changes.

The increase in dynamics of economic growth in EU in the year 1997 also affected the increase in external demand in the Slovak economy. The same dynamic of GDP as in the previous year was backed by an increase in foreign demand of 17.6% and an increase in domestic demand of 4.3%. However, on account of growing import demands induced by the high economic growth, the high deficit of foreign-trade relations remained⁶ in fact unchanged. Under conditions of conservation of the stability of the macroeconomic environment, the deficit of public finance deepened, and unsolved problems of business sector became even more complicated.

⁶ In spite of a decrease of the share of domestic demand in aggregate demand

The steady increase of the dynamics of economic growth in EU in 1998 on the part of Slovakia ran up against the exhaustion of exportable production capacities. On one hand a more than four per cent economic growth, under six per cent inflation and a stable rate of the national currency were reached, on the other hand internal and external imbalance increased and problems of microeconomics became ever more complicated and deeper. This was caused by non-achievement of progress in the solution of problems of microeconomic adaptation and low effectiveness of redistribution processes in the area of public finance. The potential of foreign demand increased but due to insufficient restructuring of the existing, and low dynamics of creation of new, production capacities⁷ it could be only partially satisfied by Slovak production. Under conditions of a decreasing dynamics of exports and an increasing dynamics of domestic demand and imports, dynamics of growth of GDP decreased against the previous year and the deficit of foreign-trade relations reached its historical maximum. The deficit of balance of payments reached 11%, which meant a serious threat to the total stability of further economic development. In spite of the decrease, achieved economic growth still exceeded the average level of growth in EU by almost 50%. However this growth was very fragile and was weakened, in addition to a deep external imbalance, by a persistent internal imbalance and the chronic problems of business and banking sectors.

In 1999 the initial situation of the development of Slovak economy was marked by economic imbalance, insufficient microeconomic adaptation and a slow-down of economic growth. This was caused by the joint action of economic growth of the previous year, the structure of the economy and the system of public finance with which Slovakia entered the transformation process and also because it could not adequately reform due to the short time. A logic consequence of this development was a continued decline of dynamics of economic growth and a decrease of the stability of the macroeconomic environment. While in 1999 dynamics of economic growth in EU decreased by 7.4% in comparison with the previous year, in the case of the Slovak Republic it was 46.3%. This decrease of economic growth was connected with a growth in foreign demand of 3.6%, with a decrease in domestic demand of 4.8% and a decrease in import demands of nearly 8%. The result was a substantial improvement of the external imbalance⁸ and a non-deteriorating situation in the area of the internal imbalance. This was a consequence of unsolved tension between the unbalanced economy and its growth, and insufficient microeconomic adaptation. The main result of the economic policy gaining a stabilising character was a decrease of foreign-trade and fiscal deficits and the launch of financial restructuring of banks and enterprises. The stated decrease of external and internal imbalance was however reached at the cost of a steep rise in consumer prices⁹ and an increase in unemployment¹⁰.

The development recorded in the past years in the Slovak economy suggests a close relation between dynamics of economic growth and the structure of aggregate¹¹ demand on one hand, and the deficit of foreign trade on the other. The high economic growth and the high share of domestic demand in total demand had a decisive influence on the growth of the deficit of foreign trade. This was shown in a most striking way in 1996 when domestic demand participated by 65.1 per cent in the generation of a 6.6% growth of GDP, while foreign demand participated only by 34.9 per cent. The economy was able to reach such

⁷ Resulting from general undercapitalisation of economy and low inflows of foreign capital.

⁸ A decrease of the deficit of foreign trade by almost 45%.

⁹ Great part of the increase in prices in 1999 was caused by administrative interventions in the area of regulated prices, indirect taxes and reintroduction of a surcharge on imports.

¹⁰ Provoked particularly by a decrease of dynamics of economic growth and insufficient capacity of the economy to generate effective employment

¹¹ Resulting from domestic and foreign demand.

generated economic growth only at the cost of a steep increase of the deficit of foreign trade. The decline in dynamics of economic growth and the decrease of the share of domestic demand in aggregate demand provoked only a moderate decrease of the deficit of foreign trade in 1997. Although in 1998 dynamics of economic growth decreased by more than 30% and the decrease of the share of domestic demand in aggregate demand continued, the deficit of foreign trade increased. Only another drastic decrease of dynamics of economic growth in 1999, accompanied by administrative measures limiting imports, brought about a radical decrease in the deficit of foreign trade.

Overall, we can state that in 1999 basic macroeconomic prerequisites for healthy (adequate and balanced) economic growth were created. The achievement of this growth is:

- on one hand supported by the achieved degree of economic balance and a perspective dynamics of continuity of foreign demand determined by the planned development of world economy and EU economy, and
- on the other hand rendered difficult by high unemployment, deficit of public financing and the structural problems of the business sector.

2 Analysis of present economic situation

2.1 Macroeconomics

The slowed down growth of the economy and the decrease in domestic demand also caused a decrease in demand for imported goods and services. Under conditions of steady growth in foreign demand, a significant progress in decreasing the external imbalance was achieved in 1999.

As the table below documents, the stated development was connected with a reduction in state and household consumption and significantly affected by a decrease of the dynamics of formation of gross fixed capital.

Table 2 Output and consumption, rates of growth in %

	1995	1996	1997	1998	1999
Real GDP	6.7	6.2	6.2	4.1	1.9
Domestic demand	10.6	16.1	4.3	9.5	-4.8
Foreign demand	3.0	0.7	17.6	12.2	3.6
Final consumption of households	3.0	8.2	5.6	5.3	0.1
Final consumption of state admin.	2.1	21.0	4.0	4.0	-6.9
Formation of gross fixed capital	5.3	32.0	12.0	11.1	-18.8
Imports of goods and services	3.0	0.7	17.6	12.2	3.6
Industrial production	8.3	2.5	2.7	3.4	4.2
Per capita GDP in US\$ (current prices)	3 240	3 495	3 613	3 818	3 573

Note: Indicators are compiled in ESA 95. Source: Statistical Office of the Slovak Republic.

The decrease of the deficit of foreign-trade relations of Slovakia ranks among the most important outcomes of the present economic policy of the government. The decreasing but persisting passive balance of foreign trade is a given particularly of the low level of progress in the area of microeconomic adaptation in most production capacities of Slovakia. The recorded improvement of foreign trade parameters applies especially to a small group of large enterprises constituting most of Slovakia's exports whose performance is mainly connected with the operation of foreign capital.

Table No. 3 Foreign trade and balance-of-payments current account

	1995	1996	1997	1998	1999
Exports	255.1	270.6	324	377.8	423.7
Imports	260.8	340.9	394	460.7	468.9
Balance	-5.7	-70.3	-70	-82.9	-45.2
Share of C/A in GDP	2.3	-10.6	-9.6	-10.0	-5.4

Note: Foreign trade indicators are expressed in current prices FCO, OP. For the share of current account in GDP was used GDP in current prices by ESA 95 methodology. Source: Statistical Office of the Slovak Republic.

The partial dynamisation of direct foreign investments since 1998 is a result of the improvement of global conditions for their inflows, given by a better coordination between instruments of economic policy and legislation, as well as by the overall stabilisation of the political and economic development of Slovakia. However, in spite of these positive trends, from the aspect of inflows of foreign capital the position of Slovakia, compared with other transforming countries, is among the least favourable.

Table No.4 Inflows of equity capital (property capital + reinvested profit) in the Slovak Republic, net change in mil. SKK

	1994	1995	1996	1997	1998	1999
Total inflows of equity capital	8 44	6 824	10 352	6 357	15 905	12 483
of which: in business sector	8177	6 143	7 949	6 123	14 571	12 523
in banking sector	567	681	2 403	234	1 334	-40

Source: The Ministry of Economy of the Slovak Republic

The management of state administration is marked by continuous deficits. In the last years the deficit in central and communities administration management has been compounded by deficits in management of social security funds. The most serious consequences of such development include particularly:

- recurrent failures in economic balance and in the function of financial market caused by problems of financing the deficits in the management of public administration and insufficient performance of economy;
- decreasing level of qualitative parameters of economic development¹² caused by a deterioration of the social infrastructure induced by an imbalance between the needs and possibilities of the functioning of social security funds.

Table No.5 The share of consolidated revenues and expenses of management of public administration in GDP (in %)

	1995	1996	1997	1998	1999
Revenues	44.5	44.0	40.4	37.4	39.2
Expenses	42.7	45.5	44.7	42.0	42.8
Balance	1.8	-1.5	-4.4	-4.6	-3.6

Note: GDP in current prices expressed in the methodology of ESA 95 was used for the calculation. Source: The Ministry of Finance of the Slovak Republic, the Statistical Office of the Slovak Republic.

Price development in the Slovak economy, as compared with the other transforming countries, can be characterised as favourable over a long-term perspective. The steep increase in consumer prices in 1999 is given particularly by interventions in the area of regulated prices, indirect taxes and reintroduction of a surcharge on imports, related to the stabilising measures of Slovak Government economic policy. This increase was accompanied by a decrease in interest rates, the reason for which was especially a decrease of tension on the financial market (deficit of state budget, caution of banks in granting credits, low liquidity of banking and business sectors). The devaluation of the Slovak crown in 1999, in comparison with the previous period, was particularly a result of the change to a floating rate in the second half of the year 1998.

Table No.6 Prices, exchange rate and interest rate

	1995	1996	1997	1998	1999
Rate of inflation in %	7.2	5.8	6.1	6.7	10.6
Average annual nominal exchange rate SKK/USD	29.735	30.647	33.616	35.242	42.266
Average interest rate of credits, total	13.3	11.9	12.5	13.5	11.1

Source: The Statistical Office of the Slovak Republic, The National Bank of Slovakia

¹² For ex. quality of labour force, business environment, unfavourable demographic development etc.

Table No.7 Primary indicators of labour market

	1995	1996	1997	1998	1999
Employees in thousand persons	2019.8	2036.4	2040.9	2032.1	1988.2
Rate of unemployment in %	13.8	12.6	12.9	13.8	17.48
Average monthly nominal wages in SKK	7195	8154	9226	10003	10728
Dynamics of labour productivity in %	4.5	5.3	6.0	4.5	4.2
Dynamics of real wages in %	4.0	7.1	6.6	2.7	-3.1

Note: Employees - average number of natural persons (in thousand persons). Rate of unemployment - average annual recorded rate of unemployment (calculated from the documented number of unemployed and registered unemployed persons in %). Source: Statistical Office of the Slovak Republic.

A main problem of the development in the area of unemployment is the strong imbalance between labour demand and offer, which is determined particularly by a high share of the grey economy in employment, a high rate of rigidity and the low rate of adaptability of indicators of the labour force under conditions of long-lasting business sector problems. The development in the area of labour force efficiency, given by the difference of dynamics of labour productivity and real wages, recorded in 1999 significant progress as compared with the previous period, the effect of which is however much reduced by the higher rate of inflation.

The main problems of the Slovak economy, the successful solution of which represents a prerequisite for sustainable long-term growth under conditions of socio-economic optimum, are problems connected with:

- * microeconomic adaptation
- * and human resources development.

Without a sufficiently conceptual, flexible and efficient solution of these two areas, no significant progress in any area of the social and economic development of Slovakia can be achieved.

2.2 Microeconomics

Strengths

- The successively improving feedback between economic practice and formation of economic legislation;
- The reduction of the tax load on legal persons, gradual standardisation on financial market and improvement of parameters of banking sector;
- The improvement of conditions for the flow of foreign capital into the Slovak Republic;
- The progress in restructuring and increase of competitiveness of exports in the machine-tool, electrotechnical and electronic industries;
- The enhancement of export performance with a growing share of EU markets in the foreign-trade turnover of the Slovak Republic;
- The amended legislation accelerating and improving the quality of bankruptcy proceedings;

- The adoption of the Act on Public Procurement that enables application, in relation to regions lagging behind in development, of a clause on regulation and support of businessmaking activities in precisely these underdeveloped areas,
- The rising trend of globalisation on the part of foreign trade chains, developing pressure on competitiveness enhancement of domestic entities.

Weaknesses

- The persistent deformation of the structure of industrial production and persistent excessive non-effective production capacities decreasing effectiveness and performance of the business sector;
- The low volume of direct foreign investments,
- Insufficient functioning of the complex allocations system (capital market, collective investments, bank entities),
- The poor discipline in payments relations,
- Non-transparent and only partially functional property relations, represented particularly by the existing process of privatisation,
- The high financial load of business entities,
- Undercapitalisation, low profitability and indebtedness of enterprises - slow progress of structural changes,
- The lower level of quality of the production and management process in industry than that required by investors, and insufficient level of business ethics,
- The deteriorating income situation of the population,
- Marked lessening of producers focusing mainly on the domestic market,
- The insufficient development of available and adequately secure information technologies for SME;
- The growth of export performance is connected with continued concentration of export performance to a small group of strong exporters;
- The increase of exports of goods of industrial production, the competitiveness of which is based mainly on lower price;
- Large disparities among regions in basic socio-economical parameters,
- Large regional disparities from the view of inflows of equity capital (property capital + reinvested profit), inflows of equity capital¹³
- Absence of complex conception and know-how in the area of services, and their high rate of disintegration,
- Absence of final solution of the question of under-threshold procurement within the new Act on Public Procurement,
- The low availability of soft credits and long-term credit resources,
- Inadequately built-up technical infrastructure,
- Unsettled property relations to land,
- Ineffective utilisation of natural resources with stress laid upon unrenovable resources.

Opportunities

Basic opportunities include particularly:

- More effective support of small business, with stress laid upon financial service and suitable information technologies;
- Suitable system of support for the creation of new effective jobs,

¹³ Equity capital: 1993-1999 SR, total – 100%, of which BA – 62.8, TT – 14.4%, TN – 14.6%, NR – 2.8%, ZA – 3.3%, BB – 2.9%, PR – 0.8%, KE – 4.2%; outflow of equity capital: BA – 138.4%, TT – 3.5%, TN – 42.3%, NR – 0.3%, ZA – 4.7%, BB – 2.6%, PR – 47.0%, KE – 138.7%.

- Development of industrial zones by means of domestic and foreign capital;
- Entry of new investors into existing production structures, participation of regional authorities in restructuring of existing production capacities,
- Routing of equity foreign investments to regions with low rate of industrialisation and high rate of non-utilisation of existing production capacities,
- Utilisation of potential for foreign investor - Slovak subcontractor links,
- Involvement of a wider spectrum of local enterprises in production and export activities,
- Primary and induced development of business entities, strengthening of subcontracting links,
- Utilisation of potential of mutual cooperation between Slovak industry and large foreign enterprises,
- Development of capital market and development of allocation mechanisms connected with the development of e-business,
- Junction of tourist capacities of the Slovak Republic to hotel networks and reservation systems,
- Utilisation of positional potential of the Slovak Republic, particularly of regions neighbouring EU countries,
- Conjunction of regional development planning and territorial planning,
- Utilisation of local potential of regions with linkage to cultural and natural heritage as important, so-called "soft" localisation factors.

Threats:

Basic threats to further development include particularly:

- Insufficient speed of structural changes,
- Failure in the area of successive suppression of influence of group interests in society,
- Lack of resources for the implementation of development projects in the business sector,
- Growth of development of structurally problematic commodities in industrial production, particularly in the area of machine-tool, chemical and metallurgical industries,
- Decrease of performance of trade networks of Slovak origin due to high market openness and low competitiveness against foreign trade chains;
- National economic and environmental losses in case of incorrect choice of areas for establishment of industrial parks or zones;
- Departure of young educated people for work abroad (brain-drain problem);
- Domination of economy by locally unbound capital,
- Criminalization of society.

2.3 Human resources

Strengths

- Sectoral changes in employment reflecting tendencies typical for developed EU countries: gradual decrease of the share of industries and agriculture and a gradual increase of the share of services in total employment;
- High rate of economic activity of population (both men and women),
- Growth of employment in the private sector and the sector of services,
- Relatively high share of labour force with completed secondary education,
- Existence of the National Labour Office as chief representative of public services of employment and organiser of re-training courses for registered unemployed,
- Complex geographical coverage of Slovakia by public employment services,
- Sufficient number of public and private re-training facilities.

Weaknesses

- Incapacity of economy to create a sufficient number of effective jobs, accentuated by significant regional disparities,
- Large number of unemployed for one vacancy and its significant regional disparities,
- Educational structure of labour force in the Slovak Republic shows an uneven distribution of individual levels of education: dominant representation within the structure of education of workers of the group of apprentices (34.8%) and the group with completed secondary professional education (31.2%). The share of polar educational levels of education - elementary and university - represented at 7.2% and 10.8%, respectively;
- Lack of suitable jobs for registered unemployed persons with low level of education and without education,
- Low level of the utilisation of re-training as decisive instrument of labour reintegration, its insufficient focus and effectiveness;
- Low share of expenditure on active labour market policy in total expenditure devoted to labour market policy (in 1999 only amounted to 474 mil. SKK, which represented 6.1% of total volume of financial resources devoted to the labour market policy),
- High number of workers with lower secondary education (apprentices),
- Unsatisfactory share of labour force with university education,
- Low level of qualification mobility of labour force,
- Low level of territorial mobility of labour force,
- Low share of part-time workers,
- Low level of the utilisation of atypical flexible forms of employment,
- Low cooperation of educational system and state administration in the section of education, public services of employment and employer's sector with the goal of adapting content and extent of education to job requirements.

Opportunities

- An increased share of active labour market policy in the improvement of employability of registered unemployed persons;
- Programmes of active labour market policy focused on the creation of jobs, support of maintenance and operation of jobs, support of employment of special groups of citizens, re-training, support of employment of citizens with altered working ability and long-term disabled, to mitigate fluctuations in demand and offer in labour market;
- Active utilisation of bilateral intergovernmental treaties on mutual employment of citizens between the Slovak Republic and the Federal Republic of Germany, Hungary, Poland, Russian Federation, Ukraine and the Czech Republic. The most important subject of the migration of labour is the Czech Republic;
- Cooperation and coordination of all relevant partners in the area of human resources development;
- Constitution of system of financing of further education;
- More intensive cooperation of the system of education, state administration in the section of education, public services of employment and employer's sector to adapt the content and the extent of education to job requirements;
- Extension of the modular system of further education,
- Strengthening of the position and the function of re-training in mitigating and eliminating the disparity between demand and offer in labour market,
- Integration of unemployed persons in the forms of further education,
- Enhancement of responsibility of employers for the growth of expertise, qualification of labour force and its adaptability to technical and technological changes,

- Participation in EU programmes focused on the prevention and elimination of unemployment, creation of job opportunities and adaptation of qualification structure of registered unemployed persons to qualification requirements of jobs;

Threats

- Growing unemployment and deepening internal problems of labour market,
- Deepening regional differences and higher occurrence of unemployment in previously problem-free regions,
- Further growth of marginalisation, forcing of growing number of discriminated groups out of labour market, deepening social exclusion;
- Deepening social imbalance,
- Deepening structural differences between labour demand and offer in regions. Under conditions of the application of planned rules of market economy in the sector of transport that will be accompanied by further growth of individual transport costs and malfunction of housing market, no significant positive turnover in the territorial mobility of labour force can be expected.

2.4 Environment

Conservation of nature and countryside

Strengths

- Regulated and guided development of tourism in preserved areas,
- Existing system of ecological stability of the Slovak Republic creating a basis for ensurance of ecological stability, biodiversity, country diversity and genofund of the Slovak Republic.

Weaknesses

- Lacking economic and legislative instruments for ensurance of territorial and species protection;
- Institutional non-completion of state conservation of nature and countryside, particularly administration of national parks and administration of protected country areas, Inspection of conservation of nature;
- Inadequate cooperation between authorities for conservation of nature and repressive authorities (police, customs authorities...);
- Non-completion of conservation facilities in protected areas, with exception of national natural monuments – caves,
- Insufficient level of environmental awareness on the part of production entities in relation to conservation of nature and countryside.

Opportunities

- To complete administrations of protected areas (particularly national parks),
- To update regional USES and elaborate local USES,
- To develop Programmes for rescue of threatened specifically protected parts of nature,
- To build detention facilities for threatened animal species,
- To connect scientific programmes with practical care of nature and countryside,
- To comply with EU legislation (Natura 2000),

- To participate in the Support Funds of EC (LIFE III).

Threats

- Reduction of biodiversity,
- Extinction of several threatened vegetable and animal species,
- Inadequate assurance of fulfillment of commitments arising under the implementation of EU legislation and the provisions of the individual international conventions: Convention on Biological Diversity, Convention on the Protection of European Wild Organisms and Natural Posts; Convention on Wet Grounds Having International Importance, especially Biotopes of Water Birds, Convention on International Trade of Threatened Species of Wild Animals and Plants, Convention on the Protection of Migratory Species of Wild Animals, Convention on the Protection of Bats in Europe, Convention on the Protection of Afro-Euro-Asian Species of Migratory Water Birds.

Protection and rational utilisation of waters

Strengths

- Existence of planning in the protection and rational utilisation of waters (classified) by river basins – hydro-ecological plans of basins;
- Application of the principle „Polluter pays“ – imposition of fines for discharge of waste waters and water supplies;
- Application of emission-imission principle to the authorisation of discharge of waste waters into containers;
- Solution of the deficit of drinking water in respective regions of the Slovak Republic,
- Monitoring of quality and quantity of surface and ground waters;
- Qualitative and quantitative balance of surface and ground waters;
- Non-completed network of water and sewerage piping, especially in rural dwellings, lacking sewerage treatment plants, with a negative impact on the quality of surface and ground water sources.

Weaknesses

- Partially completed information system and insufficient technical equipment of water monitoring and evaluation systems;
- Inadequate technical equipment and capacity assurance of water inspection of the Slovak Environmental Inspection (SIŽP);
- Permanent difference between provision of connection of population to public water mains and low connection to waste water removal;
- Insufficient technical assurance of the operation of sewerage treatment plants, absence of third level of sewerage treatment;
- Insufficiently executed preventive measures of water quality and quantity protection (e. g. soil erosion, introduction of „clean productions“);
- Absence of the solution of negative impacts of „old“ environmental loads on water sources;
- Inadequate personnel and technical assurance of state administration in the area of waters.

Opportunities

To increase employment in:

- building sewage systems,
- solving problems related to the redress of urgent situation in supplies of population with drinking water in those localities where they do not comply with the standard.

Threats

The actual situation threats:

- quality of drinking water, especially in river deposits,
- health condition of population in the areas where water quality is not satisfactory,
- implementation of programmes will be threatened if a real financial mechanism for elimination of weaknesses is not constituted.

Protection of the air and ozone layer of the Earth

Strengths

- The positive development of emissions, concentrations and deposits of pollutants in the Slovak Republic.

Weaknesses

- Exceeding of emission limits on some existing sources of air pollution;
- The obsolete air quality monitoring system and lack of financial resources for its reconstruction and operation;
- Lack of financial resources for purposeful monitoring of toxic and carcinogenic substances and for technical solution of reduction of emissions or modernisation of production.

Opportunities

- A successive improvement of air quality and reduction of exceeding critical loads;
- Reduction of intensity and frequency of smog situations.

Threats

- Stagnation of air pollution with negative impact on the environment and health of population,
- Potential negative impact on health of population in smog situations, nonfulfillment of NPAA and international commitments.

Waste management

Strengths

- The entry of commercial business entities in waste management of the Slovak Republic;
- Functional regional waste information system RISO;
- The observed progress in the area of reduction of waste formation by construction of dumps of regional nature, extension of separated municipal waste collection, construction of facilities for treatment of some utilisable wastes and elimination of illegal municipal waste deposits;
- The possibility of the utilisation of dual waste properties – to eliminate their dangerous properties and use wastes as potential secondary raw materials and energy potential.

Weaknesses

- Lacking capacities for waste collection and transport;
- Lack of equipment for waste evaluation and disposal;
- Closure of 159 dumps;
- Most of 92 incinerators do not meet emission limits;
- Absence of incinerator for disposal of dangerous waste meeting EU criteria;

- Lack of required financial resources for waste collection and transport.

Opportunities

- The possibility of material or energy utilisation of wastes by observing dual waste properties;
- Reform of public administration;
- Preparation and implementation of new legislation in area of waste management;
- Enhancement of the share of secondary waste treatment and reduction of the existing dominant piling in waste disposal in the Slovak Republic.

Threats

- On 31 July 2000 the transition period given by the Waste Act terminated, during which it was possible to operate dumps not fully meeting regulations under so-called special conditions laid down by competent authority of state administration. After their closure, in some cases transport distances will increase, which will be reflected in price of waste discharge and disposal;
- Lack of financial resources for reconstruction of dumps;
- Delay in implementation of reform of public administration.

Environmental education

Strengths

- Enhancement of general education of population in compliance with rules of sustainable development;
- Provision of environmental education at schools and partially out-of-school environmental education through the Slovak Agency of Environment (SAŽP), museums and educational institutions;
- Enhancement of professional competence, environmental awareness and responsibility in behaviour of Slovak population, change in the hierarchy of values in compliance with principles of sustainable development;
- By improvement of the quality of environmental education, to strengthen general education as it constitutes one pillar of the implementation of sustainable development.

Weaknesses

- Low level of environmental education at schools of lower degrees,
- Persistence of content focus of environmental education at the level of conservation of nature and countryside;
- Non-completion of network of professional environmental education centres in regions and environmental conservation centres in national parks and some other preserved areas;
- Non-readiness and low motivation of pedagogues in the educational sector as regards content and methodological assurance of education to sustainable life and development (insisting on conservation aspects only);
- Non-involvement of media in environmental education of population and enhancement of its environmental awareness;
- Materials of the educational sector „Environmental minimum“ or „Ecological minimum“ have to be revised because they do not cover the issues of sustainable development from content and methodological aspects;
- Failed efforts to guide content of education in all (not only natural scientific) specializations at Universities;

- Existence of formal obstacles (closed credit system at individual faculties) to the extension of cross-sectional character of studies at universities, the elimination of which would allow students to react more flexibly in the preparation for needs of practice and labour market.

Opportunities

- Development of local/regional conceptions of environmental education;
- Updating of contents and methods of environmental education;
- Establishment of environmental education centres;
- Establishment of Information centres of conservation of nature and countryside.

Threats

- Slowdown of adoption of principles of sustainable development and subsequent slowdown of development of society at all its levels;
- Continuation of devastation of living and country environments with subsequent deterioration of quality of life of the population.

3 Economic prognosis

3.1 Initial assumptions

The prognosis is based on knowledge of the existing development of the Slovak economy. Further to the Mid-term Conception of Economic and Social Development of the Slovak Republic, the prognosis is based on the assumption of a steady growth in foreign demand for Slovak products in accordance with the last years of economic policy, whose primary instruments in efforts to achieve correct dynamics of economic growth and adequate level of economic balance include:

- budget policy marked by descending tendency of the share of revenue and expenditure parts of state budget in GDP and efforts to reduce its deficit;
- monetary policy constituting such framework for financial service of real economy that supports internal and external stability of economic environment and effectiveness in behaviour of economic entities;
- structural policy supporting the growth of export performance and implementation of proeffective structural changes, and
- gradually developing functional regional policy promoting economic and social development at the regional level.

From the aspect of industrial structure of the formation of gross domestic product, the prognosis is based on principles resulting from the adaptation of the Industrial Policy of EU to conditions of the Slovak Republic.

Considering the wider variety of possibilities of economic development, the prognosis was elaborated using two scenarios. These are presented as low and high scenarios. The low scenario corresponds to the development characterised by prevailing inertia of previous years with below-average outcomes of economic policy in introducing measures for revival of economy and solution of its persistent problems. The high scenario represents optimistic developments tied up with development potential of the economy supported by above-average outcomes of the Government in introducing measures for revival of the economy and solution of its problems, with special regard to the growth of export performance.

3.2 Gross domestic product and price development

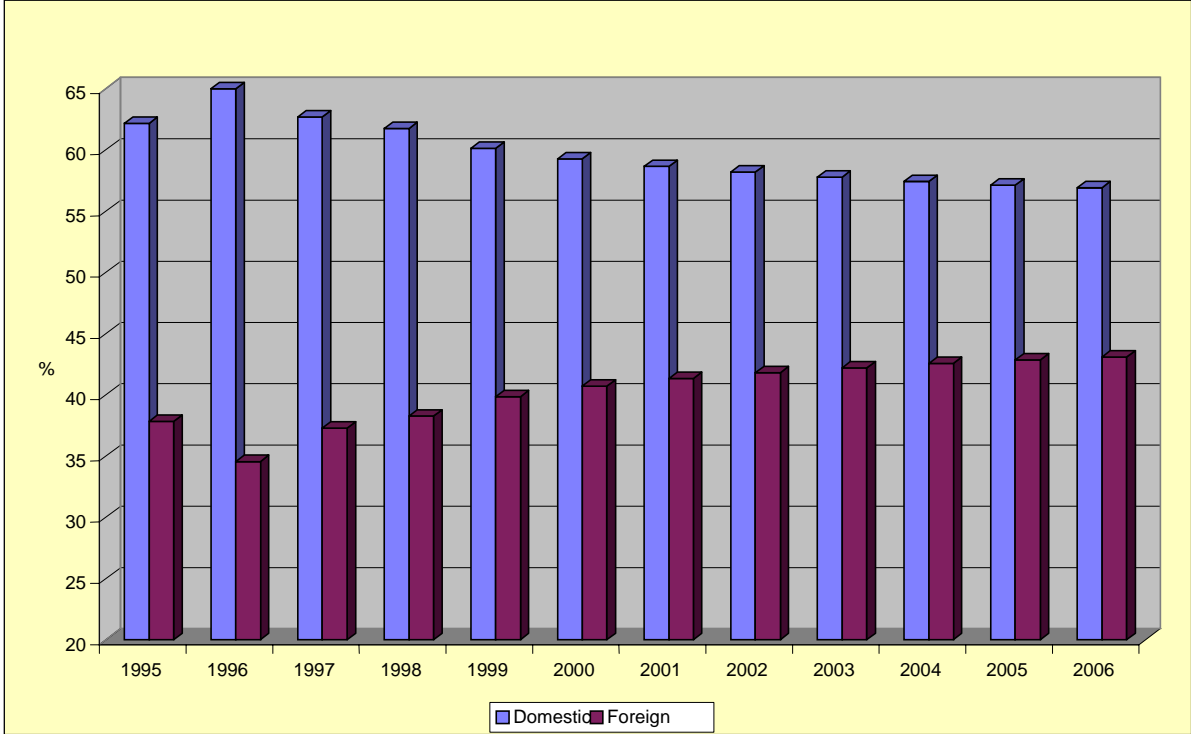
The decrease of the share of domestic demand and the increase of the share of foreign demand in aggregate demand in the year 2000 is particularly connected with lower dynamics of growth in income-generating domestic demand and the steady decrease of import demands.

Further to the existing development and due to the need for continuous enhancement of competitiveness of the economy there is a reasonable assumption that within the structure of aggregate demand the decrease of the share of domestic demand and the increase of the share of foreign demand in aggregate demand will continue. While the share of domestic demand (foreign demand) in aggregate demand was 60.1% (39.9%) in 1999, it can be reasonably supposed that in 2006 this value will fluctuate around 57% (43%). The nature of this development in connection with previous years is represented by the chart in **Picture No. 3**.

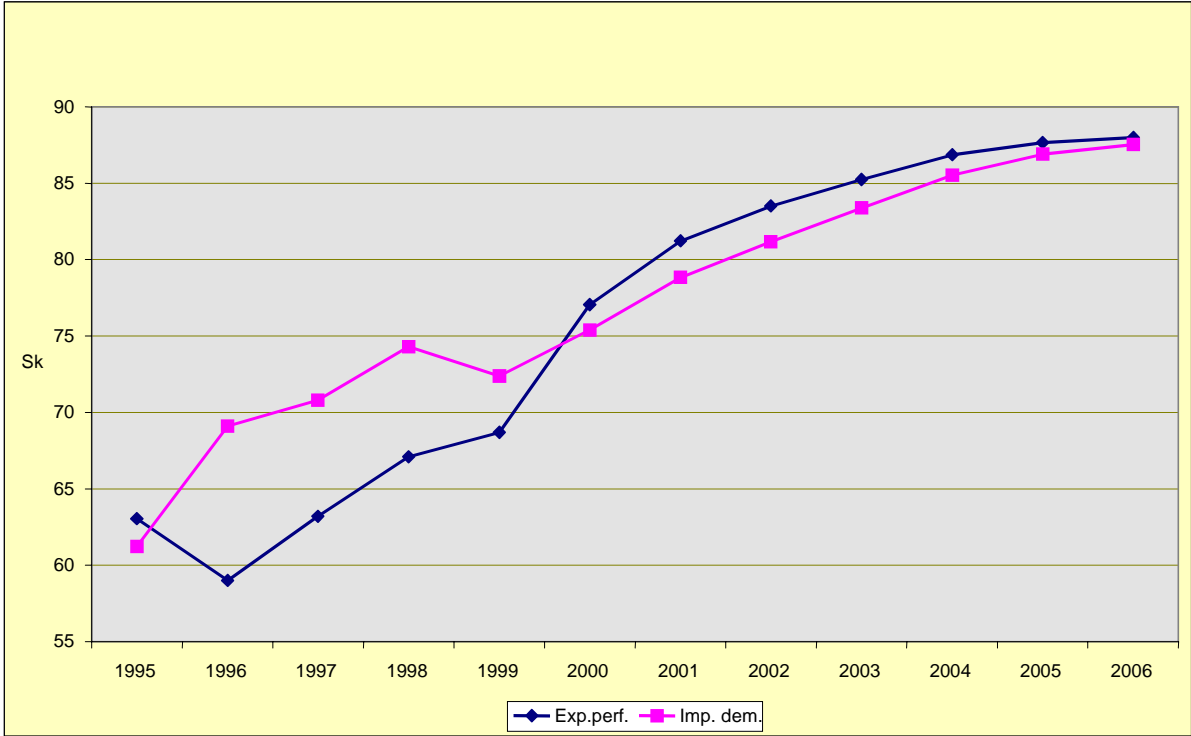
The development in the area of aggregate demand will be tied up with such dynamics of economic growth which, under conditions of non-deepening internal imbalance, ensures development in the area of foreign trade while conserving the nature of relation between

export performance and import demands reached in 2000. Transparent characteristics of this development are provided by the chart in **Picture No. 4.**

Picture No.3 Structure of aggregate demand (constant prices)



Picture No.4 Export performance and import demands (constant prices)



The chart in the **Picture No.4** shows that in the examined period we can expect a development wherein the growth in export performance will prevail over the growth in import demands. While from 100 SKK of formed GDP products and services for 1999, 68.7 SKK were exported, it can be assumed that in the years 2000, 2004 and 2006 it will be 76.7, 86.9 and 88.0 SKK, respectively. While products and services for 72.4 SKK per 100 SKK of GDP were imported in 1999, it can be expected that in the years 2000, 2004 and 2006 it will be for 75.2, 85.5 and 87.5 SKK, respectively.¹⁴

The stated development in the area of aggregate demand, export performance and import demands will be connected with such formation of macroeconomic environment whose main trends at the level of real GDP are expressed by indicators contained in **Table No.12**.

Table 12 Real GDP and its utilisation for consumption and investments in billion SKK, constant prices average of year 1995=100

Year	GDP	Total final consumption	Formation of gross fixed capital
1995	546.0	387.0	144.2
1996	579.9	431.7	190.3
1997	615.9	453.4	213.1
1998	641.1	477.4	236.8
1999	653.3	467.1	192.2
2000	667.0	449.3	193.2
2001	682.4 to 688.4	455.1 to 460.6	196.1 to 199.0
2002	699.4 to 715.9	469.3 to 483.8	201.0 to 208.3
2003	718.3 to 746.7	483.8 to 507.0	207.6 to 218.7
2004	739.9 to 780.3	500.4 to 531.9	215.3 to 231.8
2005	763.5 to 818.5	517.7 to 558.3	223.9 to 246.9
2006	790.3 to 860.3	536.5 to 587.6	233.3 to 263.7

Note: The indicators are compiled in ESA 95. 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: Data 1995 to 1999 of the Statistical Office of the Slovak Republic.

The development in the area of final consumption resulting from the above table will be a result of the growth in rate of consumption of households and the decrease in rate of consumption of state administration.¹⁵ The development in the area of formation of gross fixed capital will be related to a decrease of rate of investments¹⁶. It will be a consequence of the same development of final consumption and formation of investment activities in the economy, under conditions of solving problems of microeconomic adaptation and formation of market mechanisms.

Main trends of formation of offer aspects of the expected development of the national economy through formation of real GDP in primary industries of the economy are shown by indicators included in **Tables 13 and 14**.

¹⁴ All in constant prices of the year 1995

¹⁵ The share of final consumption of households in GDP, all in constant prices

¹⁶ The share of formation of gross fixed capital in GDP, all in constant prices

Table 13 Formation of GDP in primary industries of national economy in billion SKK, constant prices average of year 1995=100 - low scenario

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agriculture	28.8	27.9	29.4	29.3	31.9	33.7	34.8	35.9	36.9	38.0	39.0	40.1
Industry	158.9	170.8	170.2	171.9	184.4	180.7	183.1	187.3	192.3	197.9	203.6	209.6
Construction	38.1	37.6	37.7	35.5	24.7	18.3	16.5	16.6	17.0	17.4	17.9	18.3
Market services	214.3	219.3	240.5	258.7	265.2	270.5	276.7	283.6	291.9	300.9	311.4	323.3
Non-market services	63.4	75.5	88.1	84.7	84.1	85.1	86.4	87.8	89.3	91.0	92.9	95.2
Others	42.5	48.8	50.0	61.0	63.0	78.8	84.9	88.2	90.9	94.7	98.7	103.8
SR, total	546.0	579.9	615.9	641.1	653.3	667.0	682.4	699.4	718.3	739.9	763.5	790.3

Note: Indicators are compiled in ESA 95. 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

Table 14 Formation of GDP in primary industries of national economy in billion SKK, constant prices average of year 1995=100 - high scenario

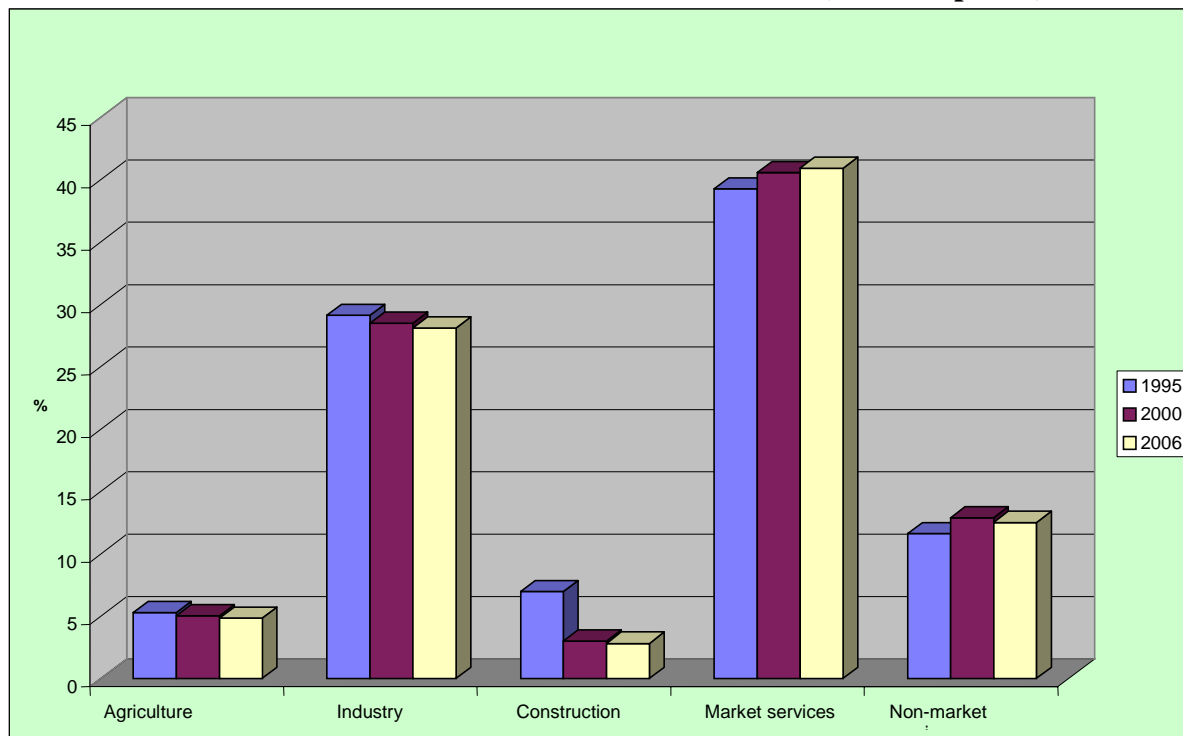
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Agriculture	28.2	27.9	29.4	29.3	31.9	34.0	35.4	36.9	38.3	39.7	40.9	42.1
Industry	158.9	170.8	170.2	171.9	184.4	185.3	190.0	196.6	204.1	212.2	220.5	229.1
Construction	38.1	37.6	37.7	35.5	24.7	19.8	20.1	20.8	21.7	22.6	23.7	24.7
Market services	214.3	219.3	240.5	258.7	265.2	273.7	283.8	295.2	308.7	324.5	342.3	362.9
Non-market services	63.4	75.5	88.1	84.7	84.1	86.0	89.0	92.4	96.7	101.3	106.5	112.7
Others	42.5	48.8	50.0	61.0	63.0	68.2	70.1	74.1	77.2	79.9	84.7	88.8
SR, total	546.0	579.9	615.9	641.1	653.3	667.0	688.4	715.9	746.7	780.3	818.5	860.3

Note: Indicators are compiled in ESA 95. 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

Summary information on formation of industrial structure of GDP formation is provided by the chart in **Picture No.5**

Picture No.5

Industrial structure of GDP formation (constant prices)



In the years 1999 and 2000, the increase in consumer prices was accelerated by regulated prices and under the influence of indirect taxes and slowed down by income limitations of population. In connection with the expected development of the national economy it can be reasonably assumed that in the period of years 2001 to 2006:

- the influence of regulated prices and indirect taxes on the growth in consumer prices will gradually decrease, and
- the influence of the growth in income on the growth of consumer prices will be higher than in the year 2000, which will reflect in dynamics of core inflation, especially by the end of examined period.

This will lead to a development that, with gradual increase of market environment quality, will finally reflect in a decrease of the growth in consumer prices. The nature of this development, in relation to the previous years, is expressed by indicators included in the table below.

Table 15 Price development

Year	Rate of inflation in %
1995	7.2
1996	5.4
1997	6.4
1998	5.6
1999	14.2
2000	8.4
2001	7.0 to 8.2
2002	5.9 to 7.6
2003	5.5 to 7.4
2004	5.4 to 7.2
2005	5.2 to 7.0
2006	5.1 to 6.7

Note: Rate of inflation – annual rate of growth of general index of consumer prices of goods and services (December against December of the previous year). 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

The mentioned trends in the area of development of real product and prices are primary determinants of income formation in the national economy. Summary characteristics of this process are represented by the development at the level of nominal GDP. The development in the area of nominal GDP and relation of its dynamics to economic growth are expressed by indicators included in **Tables No.16 and 17**.

Table 16 Development of nominal GDP

Year	GDP in billion SKK	Per capita GDP in thousand SKK
1995	546.0	101.7
1996	606.1	112.7
1997	686.1	127.3
1998	750.8	139.2
1999	815.3	151.0
2000	888.7	164.5
2001	964.2 to 970.4	178.3 to 179.5
2002	1046.2 to 1071.4	193.4 to 198.0
2003	1136.1 to 1182.8	210.0 to 218.6
2004	1235.0 to 1307.0	228.2 to 241.5
2005	1338.7 to 1439.0	247.5 to 266.0
2006	1449.8 to 1582.0	268.1 to 292.7

Note: The indicators are compiled in ESA 95. The calculation used data on population as of 31 December 1993 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

Table 17 Average annual rate of growth of GDP

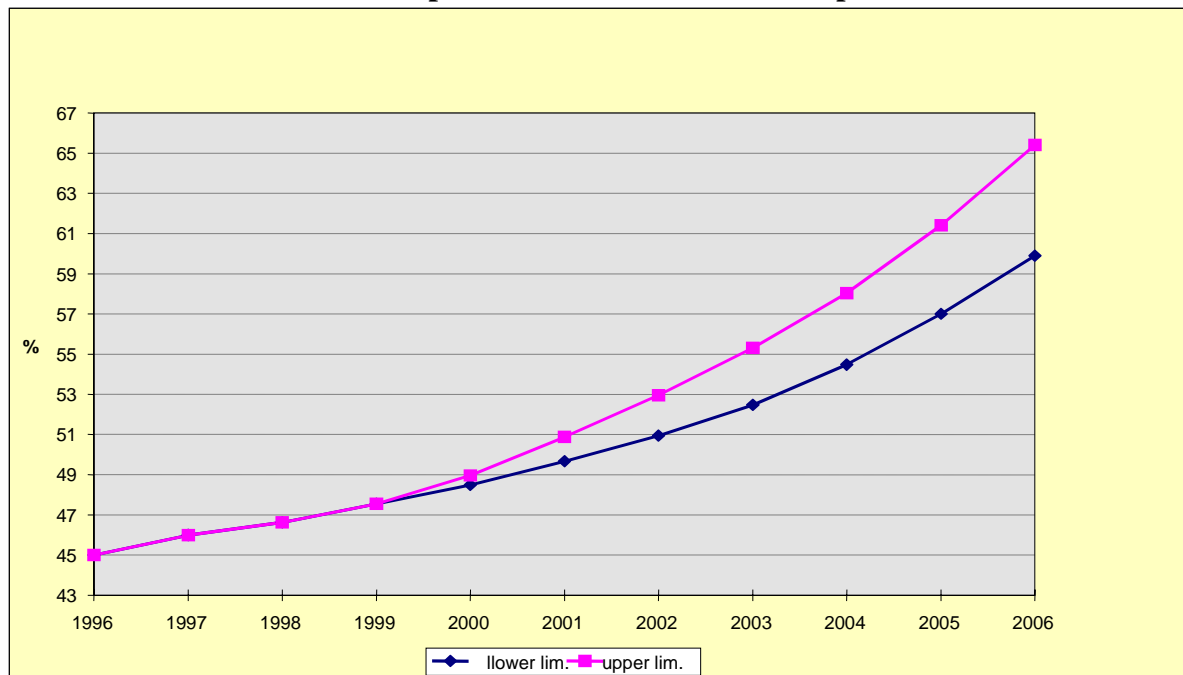
Year	Real GDP	Nominal GDP
1995	6.7	17.1
1996	6.2	11.0
1997	6.2	13.2
1998	4.1	9.4
1999	1.9	8.6
2000	2.1	9.0
2001	2.8 to 3.2	8.5 to 9.2
2002	2.5 to 4.0	8.5 to 10.4
2003	2.7 to 4.3	8.6 to 10.4
2004	3.0 to 4.5	8.7 to 10.5
2005	3.2 to 4.9	8.4 to 10.1
2006	3.5 to 5.1	8.3 to 10.0

Note: The calculation based on indicators compiled in ESA 95. 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MVRR SR. Source: The Statistical Office of the Slovak Republic.

In connection with the mentioned development of economic performance, it can be expected that in the examined period the economic performance of Slovakia in relation to EU will increase too. This will be a result of joint operation of planned economic growth, price developments and formation of the exchange rate of the national currency. Summary characteristics of this development in relation to previous years is provided by the chart on **Picture No.6**.

Picture No.6

Economic performance of the Slovak Republic in relation to EU



From the above picture it results that while the share of per capita GDP¹⁷ formed in the Slovak Republic upon analogic indicator for EU reached 45%¹⁸ in 1996 and 48% in 1999, it can be reasonably assumed that in 2002 it will move within the range from 51 to 53 per cent, in 2004 from 54 to 58 per cent and in 2006 from 60 to 65 per cent.

3.3 Foreign trade

The decrease of the deficit of foreign-trade relations is one of the most positive development trends recorded in Slovak economy in the recent period. During the years 1999 and 2000, in addition to a seasonal character induced by specifics of foreign trade and problems of the business sector, the development leading to achievement of this situation was marked especially by the economic policy of the Government, mainly in the area of restrictions on import.

The foreign trade deficiency that is mostly induced by the inherited ineffective structure of production is gradually being decreased by production of the processing industry, largely tied up with foreign capital allocated in the territory of the Slovak Republic.

From the aspect of foreign-trade orientation we can state such a development where most Slovak imports are executed on markets of EU and CEFTA. As very important should be considered the high and continuously growing share of EU markets in Slovak exports. This importance is not only given by inflows of exchange resources but also by feedback of very demanding markets to the steady increase of technical and economical parameters of exported production and also to the increase of competitiveness.

¹⁷ Expressed in PPS (Purchasing Power Standard) on the basis of current prices in methodology ESA 95. PPS represents an expression of PPP (Purchasing Power Parity).

¹⁸ Designed for free circulation.

From the aspect of total effect of foreign trade, the most advantageous territories from a long-term perspective are East Asia, North America and Australia. The prices at which Slovak production is sold in the said areas increase the level of prices of imports from these areas. In Europe, which represents the most important territory of Slovak foreign trade, price of exported production lower than price of imported goods has become one of basic parameters of foreign trade relations.

Under conditions of the stated economic growth and connected to existing development, it can be expected that foreign trade will develop as shown in **Table No.18**.

Table 18 Exports, imports and balance of foreign trade (FCO, OP current prices)

Year	Exports in billion SKK	Imports in billion SKK	Balance in billion SKK	Balance/GDP in %
1995	255.1	260.8	-5.7	-1.0
1996	270.6	340.9	-70.3	-11.6
1997	324.0	394.0	-70.0	-10.2
1998	377.8	460.7	-82.9	-11.0
1999	423.7	468.9	-45.2	-5.5
2000	548.4	590.7	-42.3	-4.8
2001	636.1 to 674.5	677.1 to 724.5	-41.0 to -50.0	-4.3 to -5.2
2002	725.2 to 816.2	763.7 to 864.9	-38.5 to -48.7	-3.7 to -4.5
2003	812.2 to 971.3	849.2 to 1019.5	-37.0 to -48.2	-3.3 to -4.1
2004	893.5 to 1131.5	928.5 to 1179.0	-35.0 to -47.5	-2.8 to -3.6
2005	969.4 to 1301.2	1002.9 to 1348.2	- 33.3 to -47.0	-2.5 to -3.3
2006	1040.2 to 1476.9	1070.9 to 1523.5	-30.8 to -46.6	-2.1 to -2.9

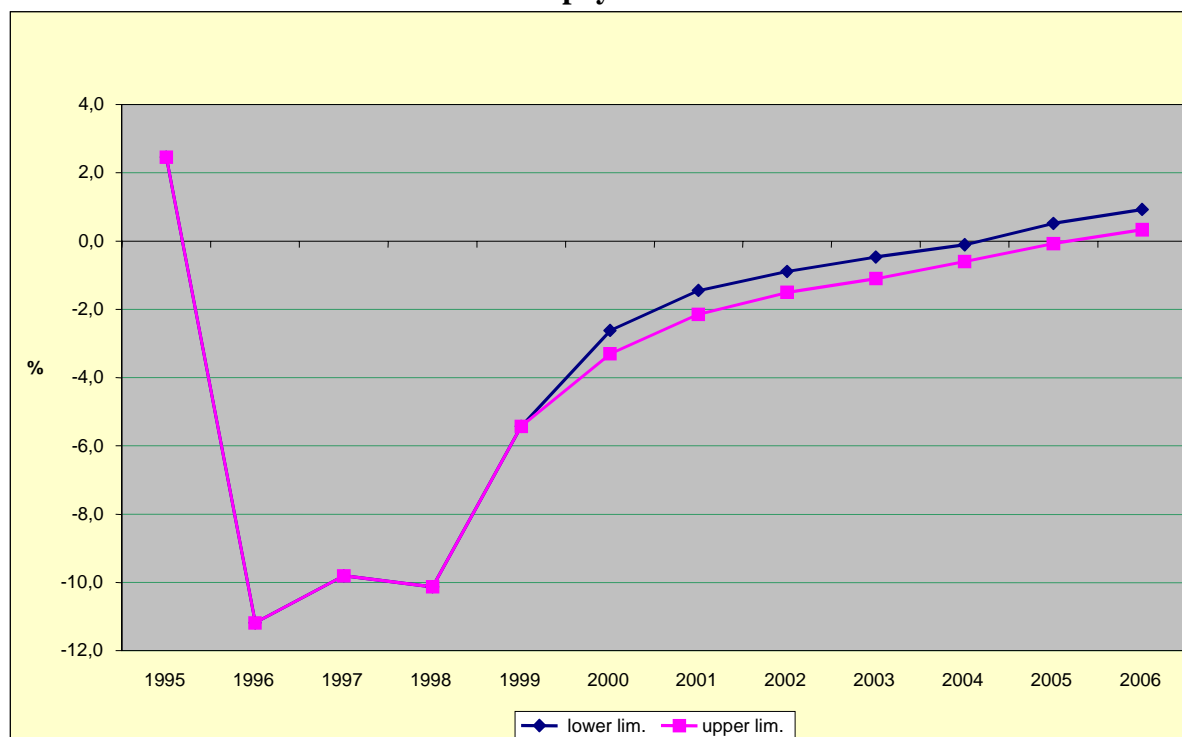
Note: 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

Based on the stated prognosis of balance of trade, the stagnating level or the moderate growth in excess of balance of services, deficit of balance of revenues¹⁹ in conditions of the previous year and the existing development in the area of current transfers, it can be expected that the balance-of-payments current account will develop within limits that are represented, in relation to previous years, by the chart in **Picture No.7**.

According to the mentioned picture we can state that while in 1999 the share of current account in GDP was -5.5% , in 2006 it can be expected that this share will be positive and its value will move by up to 1 per cent.

¹⁹ Particularly related to the growth in interest payments, given by the development in the area of foreign indebtedness.

Picture No.7 Share of balance-of-payments C/A in GDP



3.4 Employment and development in labour market

At the present stage of development of Slovak economy, the development of employment is only very moderately determined by long-term and relatively stable demographic trends. In determining employment the influence of the economic environment prevails and will prevail in the following years.

From the employment point of view, the ongoing structural changes are particularly a result of a lessening of non-effective production and reduction of overemployment. The decrease in dynamics of economic growth is reducing the already low ability of the economy to generate new jobs. According to information from the National Labour Office on registered unemployment, however, since March 2000 a successive month-on-month decrease of the rate of registered unemployment in the Slovak Republic has been recorded, which applies also to economically strongest regions of Slovakia²⁰.

The actual situation of the labour market in Slovakia is marked by a high disproportion between labour offer and labour demand, low adaptability and high rigidity. The excess labour force is forced into the grey and black economies, and to work abroad.

The solution of this situation consists of:

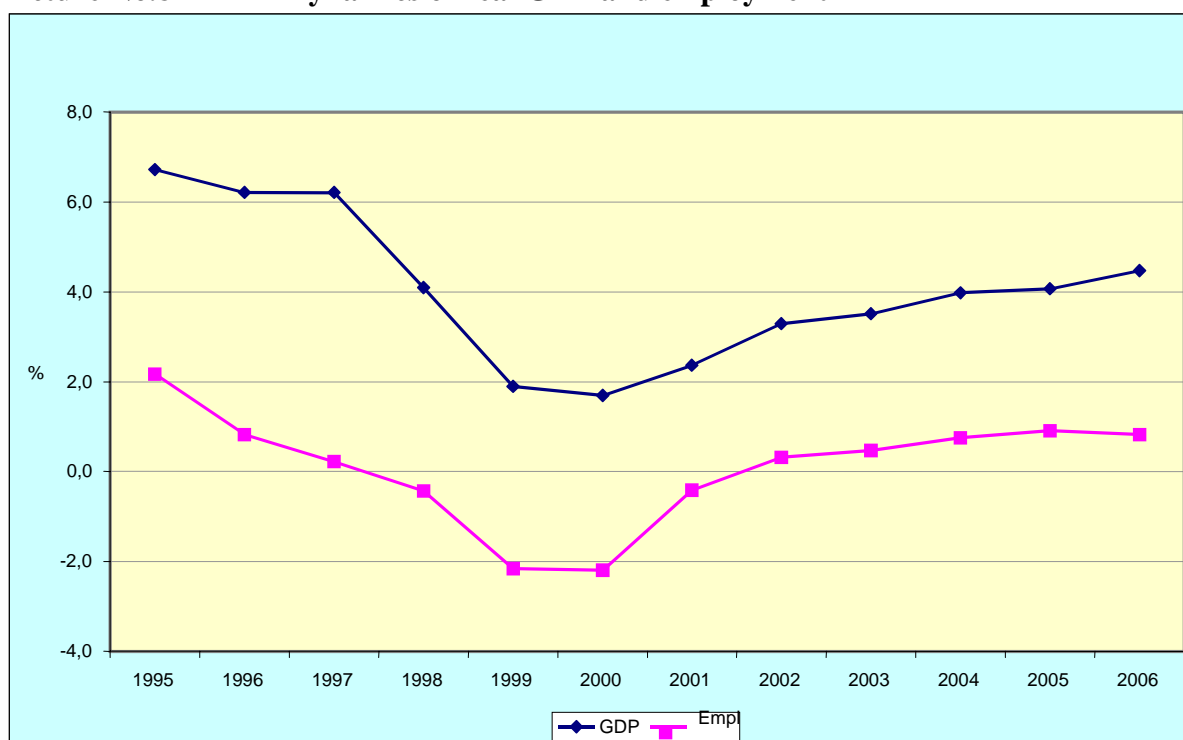
- a balanced economic growth and gradual elimination of deformations of the economic environment;
- enhancement of labour market adaptability and flexibility;
- favourable economic conditions for employers for the creation of new jobs (regionally differentiated tax, deduction liability).

²⁰ Regions of Bratislava, Trenčín, Žilina and Trnava.

It is necessary to take into account that from the employment point of view the expected economic growth will mean only a gradual and slowly proceeding solution, limited particularly by structural problems and undercapitalisation. A successive increase in labour demand will be, especially in the first years of examined period, accompanied further by a decrease of overemployment. The dynamics of creation of effective jobs will largely depend on the capacity of economic policy in the area of elimination of deformations of economic environment and mobilisation of resources of economic growth. In addition, the economic policy affects not only the level of employment but also the efficiency and quality of the labour force. An effective increase of labour market adaptability and flexibility will be impossible without significant strengthening of the regional dimension of labour market policy.

It is realistic to consider that under conditions of expected dynamics of economic growth, the development of employment will move in the direction shown, in relation to the previous years, by the chart in **Picture No.8**.

Picture No.8 Dynamics of real GDP and employment



In this period, liquidity of enterprises plays a decisive role in the development of wages. The development of wages is closely linked to the structural development, economic dynamics and processes connected to the state budget.

Primary determinants of the development of wages in the Slovak economy are, and in the following period will be: economic dynamics, labour productivity and unemployment. The low projection of growth of the economy in the growth of wages is related to a low substantiality of income-forming processes, determined performance of the business sector and non-effectiveness of the public finance system.

It can be calculated that in the examined period, due to continuous pressure on the growth of competitiveness, the growth in labour productivity will continue to be faster than the growth of wages. Primary indicators of the labour market and development of wages related to the prognosticated economic development are included in the table below.

Table 19 Primary indicators of employment and development of wages

Year	Employees	Rate of unemployment	Nominal wages
1995	2019.8	13.8	7195
1996	2036.4	12.6	8154
1997	2040.9	12.9	9226
1998	2032.1	13.7	10003
1999	1988.2	17.3	10728
2000	1970.1	18.2	11440
2001	1959.3 to 1961.1	16.9 to 18.1	12200 to 12510
2002	1957.5 to 1975.5	16.0 to 17.5	13200 to 13630
2003	1961.1 to 1991.7	15.0 to 17.0	14200 to 14900
2004	1968.3 to 2009.9	14.6 to 16.6	15200 to 16300
2005	1975.6 to 2030.2	14.0 to 16.0	16300 to 17700
2006	1984.8 to 2050.7	13.0 to 15.0	17400 to 19200

Note: Employees – average number of natural persons (in thousand persons). Rate of unemployment – average annual recorded rate of unemployment (calculated from available number of unemployed persons in %). Nominal wages – average monthly wages of an employee of Slovak economy, total (in SKK). 1995 to 1999 actual, 2000 estimate, 2001 to 2006 prognosis of MCRD SR. Source: The Statistical Office of the Slovak Republic.

4 Economic strategy of the Slovak Republic

The basic limits of the economic policy of the Slovak Republic are the initial situations of its bearing components.

In the area of fiscal policy it is the constant effort for a reduction of the share of the state budget deficit in GDP that is marked by continuous restriction of public goods, both for individual social groups and for most entities connected to the system of public finance.

In the area of monetary policy, in spite of a partial release of tension in 2000 accompanied by a general decrease of interest rates, a certain rigidity of cash-flows caused especially by problems of the business sector persists. This is the result of the compound solution of problems of the business and banking sectors, which was postponed for many years.

In the area of structural policy, partial progress in the direction of enhancement of export performance can be observed, which is however accompanied by a concentration growth in favour of strong local players. Progress in the area of proeffective structural changes, including the transfer of economic activities from non-perspective areas, can be further identified as stagnating.

In the area of a functional regional policy no significant progress has yet been achieved because its system framework is situated at an early stage of its real application. Based on available documents and executed analytical and strategic works, we can state that the regional policy has the ambition to raise the execution of overall governmental economic policy to the level of developed European economies.

4.1 Microeconomics

4.1.1 Industrial policy

From a short-term perspective, the priority of economic policy is macroeconomic stabilisation of the economy, particularly the decrease of the deficit of balance-of-payments current account and its stabilisation at a level that can be funded mostly by mid-term and long-term capital, with a growing share of direct foreign investments.

From a mid-term perspective, after the stabilisation period of years 1999 to 2000, the priority of economic policy is to increase economic dynamics by 3 to 4 per cent in 2001 and by 4 to 5 per cent per year in the following years, which would allow reaching the economic level of approximately 50 to 55 per cent of the EU average upon the accession of Slovakia to the European Union.

Systematic attainment of this objective is ensured by periodically updated conceptions of economic policy.

Bearing conceptions by their nature are:

- The Mid-Term Conception of the Economic and Social Development of the Slovak Republic (Mid-term priorities of economic policy of Slovakia),
- Adaptation of EU Industrial Policy to Conditions of the Slovak Republic,
- Development Programmes of the Ministry of Economy of the Slovak Republic.

The mid-term priorities of the economic policy of Slovakia constitute a binding document of a complex nature solving problems of the economic and social development of Slovakia through economic policy and institutional and structural reform. Objectives set in

the document are of short-term and mid-term character²¹, and address the strategy issues in the area of individual partial policies, from monetary and fiscal policies through wages (income) policy, policy of support for competitiveness and other policies, including related reforms (changes in tax system, reform of labour market etc.). The document also provides a specification of those reforms that are not directly connected to some policies, but which are a prerequisite for achievement of sustainable growth. We are referring to reforms of the financial sector, business sector, labour market and public sector.

Table No.20 Basic reforms and policies with implementation priority until 2002²²

	1999	2000	2001	2002
Reform of financial sector				
Establishment of a legislative and institutional framework for effective and transparent capital market, harmonisation with legislation of European Union				
Establishment of independent Financial Market Supervision Office (for all non-banking financial services)				
Development of banking sector and restructuring of state banks				
Privatisation of IRB, VUB, SLSP, Bank Slovakia				
Privatisation of Slovak insurance company				
Reforms in business sector				
Legislative and organisational reform of bankruptcies and of the framework for restructuring				
Financial restructuring of enterprises				
Completion of privatisation process, competition for natural monopolies and eventually their regulation				
Improvement of the framework for support of foreign investments				
Strengthening of legislative and institutional environment for development of small and medium-sized enterprises				
Fiscal policy and changes in taxation system				
Preparation of a mid-term fiscal outlook				
Reduction of government deficit and extension of the structure of repayment of public debt				
Improvement of controls and administration in the area of public finance, including a joint treasury				
Reform of tax system; harmonisation with European Union				
Monetary policy and liberalisation of prices				
Complex program of liberalisation of prices, including timetable				
Successive deregulation of prices in accordance with approved timetable				
Decrease of inflation below 6 %				
Stabilisation of exchange rate to Euro				
Reform of labour market				
Elaboration of National Programme of Employment, including timetable of measures				
Implementation of measures in accordance with timetable				
Reform of public sector				
Reform of social system				
Reform of pension system				
Reform of health system				

Considering the character of the Slovak economy, industrial policy plays a dominant role in economic policy. A successful attainment of objectives in this area is a condition of the progress in other sectors of economic policy whose interconnection should be coordinated by the National Plan of Regional Development.

²¹ For the timetable of individual reforms see Table 20

²² Mid-term priorities of economic policy of Slovakia (Joint Assessment – proposal), Bratislava, February 2000.

The adaptation of EU industrial policy to conditions of the Slovak Republic is a document that takes into account the needs of Slovak industry and the whole Slovak economy, and proposes a set of measures whose implementation is aimed to:

- decrease excessive capacities of the Slovak industry in those areas that cannot stand up to competition on international markets and that bind considerable production capacities and labour force from a long-term perspective, conserving the existing – i. e. inappropriate – industrial structure. The release of capacities, taking into account impacts of unavoidable restructuring on employment and regions, that are actually concentrated in traditional industries is a necessary step for re-orientation of economic activities to more advanced industries;
- *a parallel rerouting of production factors* (capital, labour force, technologies) to new areas that must take into account the global context, the development of decisive factors affecting the future development of the competitive environment in which the Slovak industry will operate in the following decades;
- *increase competitiveness of Slovak industry*, which can be only achieved if the two processes mentioned above are successfully implemented and which is a prerequisite for the success of the Slovak industry on world markets.

In connection with the implementation of industrial policy and in order to meet the most important priorities arising for the Ministry of Economy of the Slovak Republic under the program declaration of the government, the economic priorities are concentrated to the following areas:

- Support of direct foreign investment
- Support of small and medium-sized enterprises
- Support of savings in energy and utilisation of alternative sources of energy
- Support of perspective branches of industry
- Solution of critical situation in defence industry enterprises
- Support of foreign and domestic trade
- Support of tourism
- Support of education at SVS (secondary vocational schools)
- Support of optimal and rational acquisition and utilisation of domestic primary sources of energy
- Support to strengthening the Slovak gas industry
- Support of complex transformation of power engineering and heat-supply industries.

The instruments for attainment of the above objectives are the individual Development Programmes projected by the Ministry of Economy of the Slovak Republic addressing the following groups of problems:

- Support of small and medium-sized enterprises
- Programmes of industrial development
- Programmes of development of tourism
- Other development programmes.

Partial policies with the focus on the area of microeconomic adaptation have a decisive influence on the execution of economic policy with an effect on regional development, particularly in the following areas:

- Agrarian and food policy,
- Housing
- Transport and telecommunications.

4.1.2 Agrarian and food policy

The determining strategic framework of the agrarian and food policy of the Slovak Republic after the year 2000 and until full membership in EU is the European model of multi-function agriculture adopted by the European Union. This model presumes an orientation of agrarian policy following objectives resulting from production functions of agriculture, i. e. ensurance of affordable, quality and untainted foods for the population, as well as objectives related to accomplishment of other tasks that it executes in favour of the whole society, such as protection and improvement of natural resources, preservation of the cultural nature of the country, conservation of employment and the rural structure of settlement. The model of multi-function agriculture lays special stress upon the view of consumer: The European model is compliant with natural and socio-economic conditions of Slovakia because it takes into account the limited availability of productive natural resources, particularly water, the ecological and cultural and social limits of production intensification, the type and density of settlement of the country.

Based on a comparison of analytical materials elaborated at central level (analyses of agriculture, foodstuff industry, forestry and aquaculture, so-called „green reports“ and results of inquiries) the following priorities were laid down:

- **Improvement of agricultural production sector, including foodstuff industry:** This priority is aimed to enhancement of effectiveness of agricultural primary production with stress upon health of animals and the agroenvironment, improvement of structures of agricultural and piscicultural product processing, distribution, quality control of foods and foundation of producers' associations. Support will be directed to adaptation of producers and processors to meeting EU standards within the *acquis communautaire* and enhancement of the quality of agricultural products and foodstuffs.
- **Sustainable rural development:** In areas with less favourable natural and other conditions, farmers never were and never will be able to compete on markets for most agricultural products. However they can supply the market with local specific features and eventually create conditions for creation of job opportunities by the development of agrotourism and rural tourism.
- **Development of human activities:** Successful attainment of the objectives of the first two priorities requires a quality human potential. Through education and consultancy the potential absorption capacity will improve and the utilisation of financial resources will become more effective.

The mid-term objective of the agrarian policy is to strengthen the effectiveness and competitiveness of the agro-foodstuffs sector so as to reach an adequate utilisation of domestic production factors as well as advantages of international trade, by observing environmental and social functions of agriculture in the society.

In the pre-accession period, the Slovak republic will endeavour to adapt itself to EU legislation, direct support to priority areas defined in the National Plan for Adoption of *Acquis Communautaire* through pre-accession instruments, and implement a system of acceptance of assistance from the Structural Funds of the European Union through the

program SAPARD²³. The objective is to introduce a programming system, establish partnerships and effectively implement the programme according to principles of EU legislation in force.

4.1.3 Housing

The conceptions of state housing policy until 2005, with outlook until 2010, and the conceptions of the development of housing construction are basic programming documents of the government in the area of housing development. Their chief priority is to enhance the quality of housing. The attainment of this objective is subject to creation of economic, legislative and organisational conditions for:

- **Housing construction.** The attainment of this objective requires a progressive increase of housing construction so that in 2002 approximately 18 000 apartments are completed and intensity of construction in a longer period achieves 5 to 6 apartments per 1000 inhabitants per year.
- **Reconstruction of the existing housing fund.** The attainment of this objective requires reconstruction of a total number of 166 000 apartments until 2010 which, at a successive increase of apartments under reconstruction, means the reconstruction of approximately 18 000 apartments in 2005 and 25 000 apartments per year in the following years.
- **Construction of the technical infrastructure** so that the objective in housing construction is not threatened.
- **Housing construction for special groups of population:** for groups of citizens who need help, for citizens in a state of material need, for non-adaptable citizens.

Primary instruments of state housing policy aimed to attainment of established priorities are credit instruments, subsidy instruments, tax instruments, pricing policy instruments and adaptation of the legislative framework.

4.1.4 Transport and telecommunications

The essential complex conceptual material for the area of transport and telecommunications development is the „**Strategy of Transport, Posts and Telecommunications Development from the View of Integration of the Slovak Republic in EU**“ that was approved by a meeting of management of the Ministry of Transport, Posts and Telecommunications of the Slovak Republic in April 2000.

²³ In the program SAPARD, a *partnership* is ensured:

At the national level the National Monitoring Committee for SAPARD, at the regional level 8 Regional Monitoring Committees.

In terms of point B.5 of Resolution of the Slovak Government No. 1007/99, the Minister of Agriculture will establish these committees, to which representatives of the following bodies will be delegated:

state administration - the Ministry of Agriculture of the Slovak Republic – coordinator, MCRD SR, MF SR, ME SR, MLSAF SR

self-government: ZMOS

professional associations and unions: SPPK

non-governmental organisations (third sector, Rural Parliament)

National Fund

Slovak Payment Agency

European Commission

In compliance with methodological instructions of EC the implementation of the programme SAPARD will be ensured by the Agency SAPARD. Its components will be implementation bodies that will ensure the implementation at regional level and a payment authority that will ensure the financial framework of the programme.

The main strategic objective of the **State Transport Policy of the Slovak Republic**²⁴ resulting from the orientation of the European transport policy is to ensure conditions of a permanent orientation of the development in the view of sustainable mobility at integrated utilisation of all types of transport, with a special stress upon intermodality and the support of environmental types of transport such as railway, inland water and combined transports, as well as public passenger transport, by creating conditions for ensurance of availability of the Slovak Republic by air transport.

The objective of the **Telecommunications Policy of the Slovak Republic** for the years 2000 to 2002²⁵ is to introduce such equal and transparent conditions for the development of telecommunications market in the Slovak Republic that users are provided with quality telecommunications services for affordable prices and that conditions for accession to the European and world structures (voice telephone service and its quality, information services, satellite communications, mobile and personnel communications and lease of circuits, development of ground analogue TV and radio broadcasting in Slovakia) are created.

The development of transport infrastructure of the Slovak Republic within the implementation of the state transport policy means:

* **Regionalisation of transport** that should be solved in compliance with the process of economic transformation.

* **Integrated passenger transport system** a part of which are complex transport systems of regional service as one of the most efficient ways how to face the enormous increase of individual automobile transport.

* **Reduction of negative effects of transport to the environment** by meeting international commitments of the Slovak Republic and national programmes and plans;

* **Improvement of working conditions** and improvement of living standard of working population that should be executed by application of the provisions of the Treaty and procedures relating to the function of common market and common transport policy, as well as the particular provisions of social policy.

* **Harmonisation of conditions of economy competition in transport market** within the framework of non-discriminatory competitive environment by a successive implementation of the individual transport policy measures of EU in the transport policy of the Slovak Republic and by creation of legislative compliant with EU legislation, taking into account potential deviations for the Slovak Republic.

* **Ensurance of functionality of the transport system**, particularly from the aspect of economic and social needs of state, national defense and potential crisis situations by defining tasks of individual types of transport depending on their operating, technical and economic characteristics, and their possibilities to ensure the transport of passengers and goods under conditions of the Slovak Republic, by determining responsibilities for prevention of crisis situations in transport and ensurance of necessary important performance and functionality of the transport system.

²⁴ The amendment of which was approved by the Resolution of the Slovak Government No. 21 of 12 January 2000 – Updating and Elaboration of Principles of the State Transport Policy of the Slovak Republic

²⁵ It was approved by the Resolution of the Slovak Government No. 440 of 14 June 2000.

In the telecommunications sector, transparency, competition, simplification of regulation environment, position of independent regulation body in telecommunications, open access to the network, provision of universal telecommunication service, its financing and establishment of a standard licensing system by the Act No. 195/2000 Coll. on Telecommunications, as amended, that entered into force on 1 July 2000, are supported. The process of transformation of the company Slovenské telekomunikácie, a.s. was completed in July 2000 by entry of a strategic investor which is the German company Deutsche Telecom.

Main instruments of the state transport and telecommunications policy are legislative, economic and cross-sectional instruments.

4.2 Human resources

The essential strategic document providing a complex solution of the problem of human resources of the Slovak Republic is the **Conception of Employment Policy**²⁶. Its mid-term strategy is the **National Plan of Employment**.

The strategic objective of the employment policy is laid down in Art.35, paragraph 3 of the Constitution of the Slovak Republic (right of a citizen to work) and in the Employment Act, which stipulates that the objective of employment policy is to ensure work for all who can and want to work and search for employment, to minimize the extent of unemployment and to protect by unemployment compensation those citizens who become unemployed through no fault of their own. Its implementation would allow approaching the objective laid down in the Programme Declaration of the Slovak Government – to decrease unemployment to the level of 10%.

To attain the stated objective of employment policy, the employment policy should be particularly focused on the following strategic tasks:

- Adoption of measures of economic policy for the support of the creation of new jobs and for the support of restructuring existing employment;
- Enhancement of motivation of labour force towards acceptance of employment by making earned income clearly more advantageous than unemployment compensation and social assistance benefits.
- Adoption of measures for harmonisation of vocational education with requirements of labour market demand;
- Adoption and implementation of a programme for promoting the employment of young people,
- Assurance of organisational, personnel and financial prerequisites for the function of employment services adequate to the level of unemployment and in compliance with the prepared procedure of decentralisation and reform of public administration;
- Extension of the scope of financing the active labour market policy from other financial resources.

²⁶ adopted by the Slovak Government on 25 November 1999

In the interest of application of the Conception of Employment Policy and the National Action Plans, the Slovak Republic has to establish the respective administrative structures for management of programmes aimed to the development of human resources and their better utilisation on the labour market, including management of EU programmes such as the Paying Agency for the European Social Fund (hereinafter referred to as ESF), Managing units of ESF, Institute of Education for ESF and others.

The National Plan of Employment clearly supports the creation of jobs and support of employment (adaptation, flexibility) of the labour force. The implementation of measures for attainment of set objectives relies on active participation of ministries, other central and regional bodies of state administration, social partners, professional associations and unions, other authorities, organisations and institutions in a more specific elaboration of the general tasks contained therein, and their subsequent execution.

A systematic implementation of the National Plan of Employment will allow to attain particularly the following objectives:

- To initiate the constitution of rules for long-term programme management and financing, including co-financing from EU resources, as a prerequisite for reduction of unemployment;
- To initiate the launch of necessary legislative changes executed under the authority of the competent ministries;
- To allow the Slovak Government to assess all suggested material and legislative proposals from the view of their impact on employment;
- To limit the increasing social tension, particularly in districts with high rates of unemployment;
- To engage social partners and other entities in the solution of the problem of unemployment at national, regional and local levels;
- To start work on synchronization of the amount of unemployment compensation, the amount of social assistance benefits and minimum wages.

The principles of the employment policy adopted by EU Council are based on the following pillars, which are also elaborated in the presented measures:

- Improvement of employability of persons,
- Development of enterprise,
- Support of adaptability of enterprises and their employees,
- Strengthening of policies of equal opportunities for all persons.

These four pillars were concretized by the European Commission in 19 guidelines pertaining to employment policy binding for EU member states in the elaboration of national action plans of employment for the year 1998. These guidelines are a generalization of macroeconomic, social and educational policies of EU member states, and a result of their experiences from application of the existing measures of employment policy, including expected trends in development of employment.

The objective of the National Plan of Employment is to adhere to the principles in the area of employment policy that were adopted at the summit in Luxembourg in December 1997, and to apply them in a **creative** way in our specific conditions.

5 Initial situation and trends of development of regions in the Slovak Republic in the nineties

In the nineties the development in the individual Slovak regions was significantly determined by the process of transformation of the Slovak economy to a standard market economy.

The initial position of Slovakia at the threshold of the transformation process (as in the other Central and East European countries) was marked by a series of both material and system disparities from the position of countries with developed market economies.

Among material disparities that affected its situation, we can mention especially the low competitiveness of regions, which was shown particularly by:

- disadvantageous sectoral structure with a high rate of employment in the secondary and primary sectors and with a low rate of employment in the tertiary sector, as well as a high consumption of energy and materials,
- lack of innovative capacity of the regions,
- differentiated quality of human potential,
- different structure of size types of production units, dominated by large units founding a mono-structural economic basis of the regions;
- low level of accessibility of the regions as a result of inadequate infrastructural equipment of the regions by road, telecommunications and railway networks, having a negative impact on the development of internal, cross-border and international co-operation;
- insufficient consideration of environmental criteria in founding the production structure of regions, etc.

Among system disparities, we should mention particularly:

- absence of value criteria in drawing up programmes of development of the economy of regions and subsequent non-complex and irrational utilisation of interregional resources of development;
- absence of an interregional market environment, which is connected with insufficient interconnection of units of economic activity in the regions;
- centralist administrative regulation of the regional development processes did not initiate the development of democratic institutions of management at both local and regional levels;
- the applied management system preferred branch criteria of the economy in decision-making processes, and did not create real conditions for their horizontal co-ordination, etc.

The aforesaid, as well as other conditions, determined a formation of the spatial structure of the Slovak economy which was internally unbalanced and did not create prerequisites for effective regional development. Conditions that were created in the process of the transformation of the Slovak economy from a centrally planned to a market economy have further deepened this territorial imbalance. The actual regional disparities are shown particularly in:

- the share of regions in formation of GDP,
- rate of unemployment,

- level of entry of foreign capital in the individual regions,
- level of income of population,
- dynamics of foundation and development of small and medium-sized enterprises,
- level of utilisation of the comparative advantages of the individual regions,
- level of infrastructure etc. equipping of the regions,
- share of investments in the public sector etc.,
- development of small and medium-sized enterprises,
- establishment of new firms in the regions,
- creation of new jobs.

The evaluation of the level of regional development that meets the requirements and criteria of the European Union shows that only the region of Bratislava significantly differs in GDP/capita in PPS in nominal value. Among the other regions there are no significant differences, and the level of this indicator determines that the Slovak Republic as a whole reaches 8800 ECU in GDP/capita in PPS in nominal value, which represents 46% of the EU average. More significant differences in this indicator are obvious only at the level of counties (NUTS III – Table 21).

Table 21 Share of per capita GDP of the EU and the CEC average

Region/county	per capita GDP in PPS		per capita in % of the EU average		per capita in % of the CEC average ¹⁾	
	1996	1997	1996	1997	1996	1997
Slovak Republic	8100	8800	45	46	116	119
Region of Bratislava	17500	19900	97	105	250	269
Region Northwest	6740	7200	37	38	97	97
County of Trenčín	6700	7600	37	40	95	103
County of Žilina	6800	6900	38	36	97	93
Region Southwest	7330	7800	40	41	106	125
County of Trnava	8000	8400	44	44	114	113
County of Nitra	6900	7400	38	39	98	101
Region East	6690	7200	37	38	97	97
County of Banská Bystrica	7300	7900	40	42	104	107
County of Prešov	5100	5500	28	29	73	74
County of Košice	7800	8300	43	44	112	113

1) Central European countries (CEC) Source: Regional GDP in CEC, The Statistical Office of the Slovak Republic, National Accounts 1999

The region of Bratislava has a special position not only in comparison with other Slovak regions but also in comparison with the EU average. With the level of 105% of the EU average and 265% above the average of Central European countries, it can be classified to the most developed regions within these countries. The other regions in Slovakia attained 29 to 44% of the EU average.

In the period before transformation, the former economic system did not develop the tertiary sector. A discontinuity in this tendency in the development of economic structure can be observed after the year 1989. One of the serious problems is the high rate of unemployment in those regions whose development is lagging behind. In spite of dynamic economic changes in the transformation period, the rate of unemployment does not increase at the same rate as the tertiary sector employs unemployed persons released from the primary and secondary sectors.

From the many factors determining regional disparities, for the Slovak Republic are of importance:

- foreign development investments in the regions,
- export basis of regions,
- development of small and medium-sized enterprises, establishment of new firms in regions,
- innovation potential, qualification.

Foreign development investments (FDI) are considered one of the key factors of regional development. This also applies to Slovakia, although to a limited extent. Total foreign investments until the end of 1999 reached 85 billion SKK only, which on an annual basis represents approximately 1.5% of GDP of the country. This share is significantly lower than in the other countries (Czech Republic, Poland and Hungary) which may be one of reasons why the influence of FDI as a factor of regional development is not very significant in Slovakia.

Table 22 Development of foreign development investments in the Slovak Republic

	1996	1996 to 1999	Dynamics of growth 1996 to 1999
Region of Bratislava	17442	23044	132.11 %
Region Northwest	1973	6645	336.79%
County of Trenčín	1502	4189	278.89%
County of Žilina	471	2456	521.44%
Region Southwest	2651	9819	370.38%
County of Trnava	1480	6713	453.58%
County of Nitra	1171	3106	265.24%
Region East	4604	8862	192.48%
County of Banská Bystrica	2223	1849	-16.83%
County of Prešov	956	1751	183.59%
County of Košice	1425	5262	369.26%
Slovak Republic	26670	48370	181.36%

Data for the year 1996 are calculated for the existing counties (due to a change of classification, there were several transfers among counties /e.g. the districts of Rimavská Sobota, Revúca and Rožňava/, but the size of investments within them cannot have a significant influence on the provided values.) Source: NBS

So a process of regional differentiation went on whereby the model „core – periphery“ is more permanently created in the direction from Bratislava through the districts of south and north Slovakia to the east. This fact can be documented by several indicators (e. g. investments, unemployment etc.).

In Bratislava are concentrated financial and insurance services (92%, i. e. 29 463 employees) and science and research institutions and business services (40.8%, i. e. 62 602 employees).

The development of exports classified by region for the period 1997 to 1999 is documented by Table No.23 below.

Table 23 – Share of regions at the level of NUTS II in total exports of the Slovak Republic

Region	1997	1998	1999
Bratislava	27.1%	33.3%	33.8%
Northwest	22.7%	20.6%	22.6%
Southwest	16.1%	16.3%	16.3%
East	34.1%	29.8%	27.2%
Slovak Republic, total	100.0%	100.0%	100.0%

Source: The Ministry of Economy of the Slovak Republic

The restriction of budgets for research institutions, a significant reduction of employees, cancellation of many institutes, a low private sector share, emigration of scientific workers and other factors mean a large depression of science and research.

A very low level of knowledge is observed in the area of the regional basis of the transfer of technologies and ways how to facilitate this process. Practical consequences are that the transfer of media such as scientific parks, technological areas or scientific centres are just at the stage of origin, and the process of learning to systematically manage these activities is ongoing.

As in GDP classified by region, the region of Bratislava has an important position because 41.5% of total expenditures on research and development is located there (**Table No.24**).

Table 24 - Expenditures on research and development per capita

Region	R&D expenditures per capita (in thousand SKK)	R&D expenditures per capita (as % of national average)
Region of Bratislava	414 446	363.23
Region Northwest	230 093	201.65
County of Trenčín	164 009	143.74
County of Žilina	66 084	57.92
Region Southwest	170 406	149.34
County of Trnava	99 965	87.61
County of Nitra	70 441	61.74
Region East	147 861	129.58
County of Banská Bystrica	51 980	45.56
County of Prešov	31 684	27.77
County of Košice	64 197	56.26
Slovak Republic	114 101	100.00

Source: Own calculation

In the region of Bratislava there is concentrated more than three times the share of research and development expenditure than is the average for Slovakia and 13-times more than in the county of Prešov. 48% of total expenditures on universities are made, 49% of teachers work and 41% of full-time students study in the region of Bratislava. The share of the labour force with completed university education in the economically active population by region is not so dramatically different, but still exists. The region of Bratislava with a share of 11% of the population has a 25 per cent share of the labour force with a completed university education.

Table 25 – Regional differences in human potential

Region	Share of employees with university education in economically active population (%)	
	1997	1998
Region of Bratislava	24.6	25.0
Region Northwest	9.2	8.9
County of Trenčín	10.0	8.1
County of Žilina	8.5	9.8
Region Southwest	8.0	7.7
County of Trnava	8.5	8.6
County of Nitra	7.6	6.9
Region East	9.0	9.1
County of Banská Bystrica	10.3	9.6
County of Prešov	9.0	9.2
County of Košice	8.0	8.1
Slovak Republic	10.8	10.7

Source: Statistical Annual 1999, The Statistical Office of the Slovak Republic, Bratislava

The **first consulting activities focused on the regional development** in Slovakia appeared in the years 1990 to 1991 and many of them came from abroad. In that period, in all 38 districts regional information and consultation centres were established, based upon the initiative of the Ministry for Economic Strategy. A lot of them were transformed to private enterprises or became part of the developed network of the National Agency of Small and Medium-Sized Enterprises. Presently, 12 regional consultation and information centres and 5 business innovation centres operate in Slovakia (Tables No. 26 and 27).

Table 26 – Regional information and consultation centres in Slovakia

Region Northwest	Region East
RPIC Trenčín	RPIC Zvolen
RPIC Považská Bystrica	RPIC Lučenec
RPIC Martin	RPIC Poprad
Region Southwest	RPIC Prešov
RPIC Komárno	RPIC Košice
RPIC Dunajská Streda	RPIC Trebišov
RPIC Nitra	

Source: The Ministry of Economy of the Slovak Republic

Table 27 – Business innovation centres in Slovakia

Region of Bratislava	Region East
BIC Bratislava	BIC Banská Bystrica
Region Northwest	BIC Spišská Nová Ves
BIC Prievidza	BIC Košice

Source: The Ministry of Economy of the Slovak Republic

Economic depression linked to difficult adaptability of transition to market conditions showed particularly in the districts of Veľký Krtíš, Lučenec, Rimavská Sobota, Rožňava, Spišská Nová Ves and Trebišov, and subsequently in the districts of Čadca, Dolný Kubín, Stará Ľubovňa, Bardejov and Považská Bystrica (here the situation is combined with the highest natural increments of population in the Slovak Republic). These districts were identified as preferred and in addition to them 12 microregions with persistent socio-economic problems were selected. In 1994 their number was decreased to 9 and after 1994 the permanent identification of regions whose development is lagging behind according to exact criteria was stopped. In addition, 9 areas most affected from the environmental aspect were identified.²⁷

The worst situation from the aspect of unemployment is in those districts where several negative phenomena are cumulated, such as a low level of socio-economic development of the region, size structure and number of decisive enterprises. These districts usually enjoy no or minor comparative advantages for further development of production and labour market.

The best situation is in those districts that in the past were marked by high rates of economic activity and whose production basis consisted of several larger and medium enterprises. They are usually agglomerations with diversified industrial structures, balanced settlement and above-average technical infrastructure and amenities.

Based on an analysis by indicators such as earned income per inhabitant and rate of unemployment, it can be stated that with the exception of the region of Bratislava, the other regions constitute economically heterogeneous units.

Individual districts – microregions can be classified to the following groups.*

²⁷ Government Resolution No. 390/1991

* Tvrdoň J. : Regional Disparities and Economic Regionalisation of Slovakia, In: The Conception of Territorial Development of Slovakia – 2001, concept of project, textual part, the Ministry of Environment of the Slovak Republic, Bratislava, August 2000.

Districts classified to category A represent developed regions with a multi-sectoral economic basis. According to the above criteria, a total number of 11 districts and the agglomerations Bratislava and Košice²⁸ can be classified to this category. In the districts classified to this category live 31.63% of the Slovak population (as of 31 December 1998). These districts are: Trnava, Ilava, Nové Mesto nad Váhom, Prievidza, Púchov, Trenčín, Liptovský Mikuláš, Žilina, Banská Bystrica, Zvolen, Žiar nad Hronom.

Districts classified to category B represent economically stabilised regions availing of conditions for their future development, subject to the selective support of progressive industries. Twenty districts with 25.46% of the Slovak population can be classified to this category. These districts are: Malacky, Pezinok, Hlohovec, Piešťany, Senica, Skalica, Bánovce nad Bebravou, Myjava, Považská Bystrica, Levice, Nitra, Topoľčany, Dolný Kubín, Martin, Ružomberok, Turčianske Teplice, Tvrdošín, Detva, Poprad and Prešov.

Districts classified to category C have the character of stagnating regions with a unilaterally oriented economic potential unable to absorb the available labour force, which is reflected in the growing rate of unemployment. This category may comprise 13 districts accounting for 17.25% of the Slovak population. These districts are: Senec, Dunajská Streda, Galanta, Komárno, Nové Zámky, Šaľa, Zlaté Moravce, Bytča, Banská Štiavnica, Brezno, Žarnovica, Humenné and Michalovce.

Districts classified to category D represent economically depressed regions that, due to attenuation of traditional industries in the structural crisis or due to the former development, lack adequate economic potential and, because of their underdeveloped infrastructure, have no prerequisites for localisation of more important economic activities, even if they dispose of utilisable primary resources. Economic depression of these regions is continuously deepening, in light of the absence of own resources. Twenty-six districts accounting for 25.66% of Slovak population can be classified to this category. These districts are: Partizánske, Čadca, Kysucké Nové Mesto, Námestovo, Krupina, Lučenec, Poltár, Revúca, Rimavská Sobota, Veľký Krtíš, Bardejov, Kežmarok, Levoča, Medzilaborce, Sabinov, Snina, Stará Ľubovňa, Stropkov, Svidník, Vranov nad Topľou, Gelnica, Košice-surroundings, Rožňava, Sobrance, Spišská Nová Ves and Trebišov.

From the said analysis it follows that 42.91% of Slovak population lives in problematic regions (consisting of 39 districts classified to categories C and D).

Due to the previous development, in Slovak territory, local labour markets constitute hinterlands of towns fulfilling the function of centres of district or higher regional importance. Save small exceptions, hinterlands of these centres are constituted by existing districts. Districts are the smallest economically and functionally homogenous units, and their economic basis determines the economic (living) standard of the population.

In formulating the strategy of regional development and specific regional policy, it will be necessary to take into account that the process of concentration of economic activities to communities of urban character is continuous.

On a nation-wide scale, 86.4% of business entities – legal persons are concentrated in 134 towns; from this number of towns, 79.3% of business entities is concentrated in 77 towns (that fulfilled functions of centres of district importance) and 53.3% in 8 centres of higher regional importance.

²⁸ Five districts are classified to the agglomeration of Bratislava and four districts to the agglomeration of Košice.

The stated facts show that the subject of regional policy has to be towns forming the frame of a polycentric urban system, but also **centres of gravity of economic stability and potential development of individual regions.**

Important problems of the conservation of a decentralised structure of the economy, consisting of the polycentric system of urban neighbourhoods and hence balanced socio-economic level of regions, are:

- insufficient equipping of Slovak territory with efficient communication infrastructures, particularly highways and railways with higher speed parameters that, in the new conditions, are determined by accessibility of markets and hence the creation of equal conditions for business;
- insufficient industrial diversification of the economic basis of many towns and districts. Their economic and social stability depends on the existence of a small number (1 to 3) of larger enterprises;
- unequal distribution of the population with higher qualification, causing that in many districts with lower educational level it is not realistic to expect higher business activity, even with the utilisation of financial support programmes;
- absence of instruments (managing, planning, financial) of regional development in the hands of territorial self-government;
- absence of regional self-government (HTU);
- absence of a regionally differentiated tax system, tax policy and system of effective financial settlement.

The aforesaid suggests that territorial planning practice and particularly regional policy will have to be directed to the **development of regional centres.**

Based on the executed analysis²⁹ of regional structure we can state that in Slovakia we may encounter **two dominant regional characteristics**: a west-east cascade from developed regions to peripheral regions and dominant position of the region of Bratislava (resulting from the extreme west location of Bratislava and proximity of Vienna).

²⁹ For conclusions see: Buček et al.: pages 16 to 18.

6 Regional policy in the Slovak Republic

6.1 Initial situation

The new regional policy in Slovakia started to be formulated after the year 1990. The Slovak Government by its Decision No. 390/1991 adopted principles of regional economic policy that constituted a proposal for system measures for solving regional issues and regulating the development in problematic territorial units. By this document Slovakia also adhered to basic principles and objectives of regional planning complying with the European standard of the European Charter of Regional/Territorial Planning.

Not all intentions and tasks of the aforesaid Decision of the Government were, however, implemented (particularly the Act on Regional Development, the Fund of Regional Development and an integrated system of economic instruments were absent) resulting that in the nineties, in connection with the transformation of the economy and society, a process of differentiation of regional development from the centre of Bratislava through the districts of South and North Slovakia to the East was in progress in Slovakia.

Since 1990, institutions operated in the Slovak Republic that started to constitute a legislative framework for regional development, such as the Centre of Strategic Studies, the Office of Strategy of the Development of Society, Science and Technology of the Slovak Republic. We should also mention the regional development agencies that were founded by a general agreement with trade unions and related decisions of the Government in districts where the rate of unemployment exceeded 20%.

In 1997, the Slovak Government approved the Conception of State Regional Policy and a series of documents related to cross-border and international cooperation, integration in the European Union, and possibilities for the provision of assistance from the respective funds were elaborated.

Particularly we should mention the Integrated Plan of Regional and Social Development of the Slovak Republic (approved by Decision of The Slovak Government No. 923/1999) that selected 29 problem districts, which are concentrated in the existing regions of Košice, Prešov and Banská Bystrica.

6.2 Legislative framework of regional policy

Yet in the mentioned rules of regional economic policy from the year 1991, regional policy was defined, in addition to macroeconomic policy and sectoral policy, as a specific form of economic policy being ensured along the vertical by systematic mutually harmonizing activity of local self-government, territorial and central bodies of state administration and along the horizontal by territorial coordination of the individual types of sectoral and industrial policies.

The existing coordinator of regional policy in Slovakia, the Ministry of Construction and Regional Development of the Slovak Republic, presented for negotiation of the Government the Principles of Regional Policy of the Slovak Republic, elaborating general organisational and institutional, instrumental, programming and resource possibilities of the ensurance of regional development activities. By implementation of the Principles, Slovak regional policy should be harmonized with EU regional policy, especially in the area of principles of regional policy, its instruments and institutional assurance.

The Principles of the Regional Policy of the Slovak Republic were approved by Decision of the Slovak Government No. 725 of 13 September 2000, which decision imposes on ministers and presidents of other central bodies of state administration of the Slovak Republic the implementation of the principles of Slovak regional policy so as to ensure a complex system of support of regional development. These rules should be followed by the Act on Support of Regional Development that is at the moment presented for discussion by the Slovak Government.

6.3 Supported regions within the system of state regional policy

Under conditions of the Slovak Republic, support will be provided to:

* Economically weak regions that, according to indicators of economic and social development, report much lower level of development than is the average level in the Slovak Republic. The following indicators are used for their identification:

The rate of unemployment, the number of applicants for jobs per one vacancy, the amount of earned income, the level of tax revenue of local budgets, the share and extent of attenuation of primary industries (agriculture, forestry) in the structure of employment and density of the population,

* Structurally affected regions in which negative impacts of the structural changes are concentrated and which are affected by attenuation of industries and production enterprises and by the growth of unemployment. The following indicators serve to their identification:

The rate of unemployment, including the number of applicants for job per one vacancy, the extent and the weight of attenuation of industrial branches in employment and development of enterprise.

The starting point for identification of supported regions is an analytical evaluation of the situation in the Slovak Republic as a whole, including experiences from EU countries with similar problems. These regions will be identified in compliance with EC regulations at the levels of NUTS II or NUTS III.

6.4 Program assurance of regional policy

The system of programming documents of the regional policy consists of:

- The National Plan of Regional Development of the Slovak Republic (covering the whole territory of the Slovak Republic)
- The Conceptions of Development of Regions
- The Programmes of Development of Municipalities

The National Plan of Regional Development of the Slovak Republic is an essential mid-term programming document of the regional policy of the Slovak Republic. This document lays down state strategy in the area of promoting regional development, defines required resources and specifies development principles, objectives and priorities for elaboration of regional development programmes. A part of NPRD SR are sectoral operational programmes and regional operational programmes.

The elaboration of the National Plan of Regional Development of the Slovak Republic and its approval by the Government lie within the authority of the Ministry of Construction and Regional Development of the Slovak Republic.

Conceptions of Development of Regions are mid-term analytical and conceptual documents laying down basic directions and priorities for the development of the particular region, analysis of strengths and weaknesses, setting objectives, priorities as well as strategies for their attainment. The Conception of Development of a Region is underlying document for elaboration of regional operational programme.

Programmes of Development of Municipalities should harmonize the interests of local communities with the intentions of economic and other entities (organisations) located in the territory covered by them, depending on local conditions and possibilities. The elaboration of these programs lies within the authority of the individual municipalities.

6.5 Institutional assurance of the regional policy in the Slovak Republic

Central level

From the viewpoint of institutional assurance of regional policy in the Slovak Republic, at the central level we should mention the **Slovak Government** that:

- approves programming documents and key measures concerning the formulation and implementation of regional development policy,
- presents to the National Council of the Slovak Republic legislative proposals affecting regional development policy,
- suggests to the National Council of the Slovak Republic the volume of financial resources from the state budget for assurance of the state regional policy.

As a supradepartmental coordinating, guidance and initiative body of the Government for the regional policy, the **Council of the Slovak Government for Regional Policy** was established.

The function of the Secretariat of the Council of the Slovak Government for Regional Policy is executed by the **Department of Regional Development** of the Office of Government of the Slovak Republic, which also carries out legislative, coordinating, administrative and service activities for the needs of the Vice Prime Minister of the Slovak Republic for human rights, minorities and regional development.

The competencies and responsibilities of central bodies of state administration are laid down by the so-called Competence Act (Act of the Slovak National Council No. 347/1990 Coll. on Organisation of Ministries and Other Central Bodies of State Administration of the Slovak Republic, as amended). Direct competencies for the area of regional development under the said Act are delegated to the Ministry of Construction and Regional Development of the Slovak Republic.

The Ministry of Construction and Regional Development of SR

- coordinates the activities of all bodies of state administration and bodies of territorial self-government involved in the preparation and implementation of the National Plan of Regional Development of the Slovak Republic, regional operational programmes and sectoral operational programmes,
- elaborates, in cooperation with bodies of state administration and territorial self-government, as well as with socio-economic partners, the project of the National Plan of Regional Development of the Slovak Republic and submits it to the Government for approval;

- through its detached departments, in cooperation with other central bodies of state administration, bodies of territorial self-government and socio-economic partners, ensures the elaboration of regional operational programmes,
- evaluates the progress and the implementation of the National Plan of Regional Development of the Slovak Republic,
- through its detached departments evaluates the progress and implementation of regional operational programmes,
- ensures cooperation with bodies of the European Union, coordinates the utilisation of financial resources from Funds in the area of economic and social cohesion and international and cross-border cooperation,
- through its detached departments ensures the selection of projects within the implementation of regional operational programmes and in cooperation with state administration bodies ensures their independent expert assessment, whereby criteria for selection of projects are laid down by the competent regional monitoring committee,
- establishes the Implementation and Payments Agency of Regional Development, regional monitoring committees and the National Monitoring Committee,
- through its detached departments prepares underlying documents for the activity of regional monitoring committees,
- through its detached departments prepares underlying documents for the activity of the National Monitoring Committee,
- may authorise other organisations subordinated to the Ministry to execute activities that should be ensured through its detached departments,
- for the purpose of accomplishment of these tasks it requests the necessary information from interested bodies of state administration and territorial self-government.

As the implementation of the regional development has a multi-sectoral character, other ministries and other central bodies of state administration have within their authority certain activities more or less concerning the issues of regional development.

Within their authorities, central bodies of state administration:

- analyse the achieved level of economic and social development of counties and districts; the results of such analyses are one of underlying documents for elaboration of a project of the National Plan of Regional Development of the Slovak Republic and projects of regional programmes of development,
- collaborate in the elaboration and the implementation of the National Plan of Regional Development of the Slovak Republic and regional programmes of development,
- at the request of regional offices, they participate in the elaboration of the conception of development of the region,
- fulfil tasks related to the area of promoting regional development so as to contribute by their activity to the adjustment of differences between levels of development of individual regions.

Those ministries with a close relation to regional development are particularly :

- The Ministry of Finance of the Slovak Republic – formation and introduction of economic instruments, assurance of co-financing the Pre-accession and later the Structural Funds of the European Union, responsibility for financial management of the

programs PHARE, ISPA and SAPARD, for co-financing from the state budget and other financial resources in compliance with international financial agreements for Pre-accession Funds, methodically manages and coordinates financial controls of Pre-accession Funds in relation to the Ministries and other central bodies of state administration, executes subsequent checks on the economic utilisation of resources of Pre-accession funds in the implementation bodies;

- The Ministry of Environment of the Slovak Republic – environmental policy, territorial planning, programme ISPA,
- The Ministry of Agriculture of the Slovak Republic – agrarian policy, rural development, programme SAPARD,
- The Ministry of Transport, Posts and Telecommunications of the Slovak Republic – transport policy, programme ISPA,
- The Ministry of Economy of the Slovak Republic – industrial policy, promotion of the tourist industry, the area of foreign investments, the support of small and medium-sized enterprises,
- The Ministry of Labour, Social Affairs and Family of the Slovak Republic – active employment policy,
- The Ministry of the Interior of the Slovak Republic – cross-border and interterritorial cooperation of local state administration in the area of regional development,
- The Ministry of Foreign Affairs of the Slovak Republic – international cooperation in the area of regional policy,
- The Ministry of Culture of the Slovak Republic – protection and development of cultural heritage and conservation and the utilisation of the cultural potential of Slovak regions.

Another body of state administration having a close relation to regional development is the Office of State Aid, particularly the Section of Regional Aid, which assesses, evaluates and submits for approbation to the director of the Office the proposed state aid from a territorial viewpoint in the following areas: regional development, small and medium-sized enterprises, minimum state aid, budgets of communities etc.

Regional level

At the regional level, institutional assurance of regional policy is presently executed by regional and district offices.

Regional offices

- elaborate and approve the conception of development of a region,
- participate in the elaboration of regional operational programmes for their territorial units
- ensure the elaboration and the implementation of regional programmes of development,
- work with central bodies of state administration in the implementation of the objectives and tasks of regional development,
- coordinate activities of all affected organisations involved in the preparation of programming documents pertaining to regional development of the respective region,
- work with regional labour offices in the implementation of labour market policy.

District offices

The district offices fulfill partial tasks connected with the process of regional development for their districts; they are particularly obliged to provide, at the request of the Ministry or the regional office, the required help in the preparation and the implementation of

the National Plan of Regional Development of the Slovak Republic, regional programmes of development and the conception of development of the region..

Self-government of HTU (higher territorial units)

Upon the planned execution of the reform of public administration in the Slovak Republic, all competencies in the area of regional development of the respective HTU will be transferred to its self-governing bodies. The bodies of HTU will particularly:

- elaborate and assume responsibility for the implementation of the conception of development of HTU that will be a basis for later elaboration of regional operational programmes,
- cooperate in the elaboration of regional operational programmes and co-participate in their implementation,
- monitor and regularly (annually) evaluate the socio-economic development of HTU and submit this evaluation to the Ministry of Construction and Regional Development of the Slovak Republic,
- work with central bodies of state administration in implementing the objectives and tasks of regional development,
- coordinate the activity of all affected organisations involved in the preparation of programming documents pertaining to the regional development of HTU.

In the case of a full cancellation of district offices, their functions and competencies will be assumed by bodies of HTU.

Local level

Municipalities

- elaborate and approve the programme of development of the territorial district of the community and ensure its implementation,
- at the request of the regional office or the district office they provide the required help in the preparation and the implementation of regional programmes of development and the conception of development of the region,
- ensure and support the development of municipality activities necessary for the development of the region through generally binding regulations,
- may associate their resources with neighbouring municipalities and other legal entities in ensuring common development intentions,
- may create microregions with other municipalities.

In addition to the stated institutional structure within state administration and self-government, in compliance with the principle of partnership, many other organisations participate in the implementation of regional policy in the Slovak Republic. We are referring to regional development agencies, professional associations and other interest groups, research, specialised institutions and entities, non-governmental non-profit organisations and others.

NPRD SR respects the existing legal situation in the area of public administration. After the implementation of the reform of public administration, the Institutional Assurance part will be revised, depending on the outcomes of the reform.

6.6 Instruments of regional policy

Regional policy in general requires such a system of instruments that will allow its effective implementation at individual levels, in the observance and acceleration of own internal resources in combination with external factors. The following structure of instruments meets this condition:

- 1) from the aspect of level: instruments of the centre, regional and communal levels
- 2) from the aspect of nature of instruments:

Programming instruments

- long-term and mid-term plans of regional development at national, regional and local levels
- regional and local support programs (support of small and medium-sized enterprises, agriculture, exports, establishment of innovation centres, tourism, purposeful allocation of public investments)

Fiscal and other financial instruments

- subsidy policy (purpose and non-purpose subsidies, state orders)
- credit policy (including guarantees for credits, interest bonus, premiums)
- depreciation policy
- tax policy (including regional differentiation of taxes)
- state, regional and local budgets
- state and regional purpose funds
- European funds (Pre-accession and Structural)
- association of financial resources

Non-economic instruments

Institutional

- state support for the development of services for regional development (marketing, economic and legal advice, public/private partnership)
- support for the development of new technologies (stimulation of the establishment of educational institutions, scientific parks)
- legislative and normative instruments of the state, regions and municipalities (laws, decrees, regulations, opinions).

The Government of the Slovak Republic decided on the choice of individual instruments or a combination thereof and on their utilisation.

6.7 Existing support of regional development by the European Union

The Programme PHARE

Since 1990, the programme PHARE has in fact been the first form of financial assistance provided by EU for the social and economic development of the Slovak Republic. This assistance constitutes an important support to the formulation and implementation of regional policy in Slovakia. Of importance is not only providing financial resources but also the fact that the competent authorities of public administration have had the possibility to

adopt methodological procedures in force in EU and so prepare themselves for the procedures connected with the utilisation of Structural Funds.

By Resolution of the Slovak Government to the information on the state of works on the preparation of Phare financial memoranda for the year 2000 No. 77/2000, the Minister of Finance of the Slovak Republic was charged with the task of summarizing in the proposal of bases for state budget for the year 2001 the volume of resources necessary for co-financing the projects included in the project of Financial Memorandum for the national program Phare 2000.

The Financial Memorandum (FM) 1997 was successfully concluded when out of 44.55 MEUR allocated to the Slovak Republic 43.58 MEUR, i. e. 98%, was contracted.

The financial resources were used for:

- Restructuring of industrial enterprises
- Development of small and medium-sized enterprises
- Promotion of exports and foreign investments
- Strengthening integration in the sector of agriculture
- Development of civil society
- Community programmes (Leonardo, Socrates, Youth for Europe)

In 1998 Financial Memoranda in an amount of 78.32 MEUR were signed.

The financial resources were used for:

- * Approximation of law, European integration and coordination of Phare
- * Agriculture
- * Special Preparatory Programme for Structural Funds of EU
- * Building institutions in the environment
- * Grant Environmental Fund
- * Community programmes (Leonardo, Socrates, Youth for Europe)
- * Program Pre-Ins, of which individual projects:
 - * Increase of the Slovak Post-Privatisation Fund
 - * Improvement of the position of Romanies in the district of Spišská Nová Ves
 - * Large-Sized Infrastructural Project Fund (LSIPF)
 - * 61 by-pass of Bratislava in the length Senecká – Mierová
 - * Phare Program of Cross-Border Cooperation

From the Financial Memorandum 1998, 33.69 MEUR, i. e. 43%, was contracted by the end of year 1999. The rest of resources should be contracted by 31 December 2000.

In 1999, 69.5 MEUR was allocated to the National Program of Phare. The financial resources were directed to the following areas:

- Economic reform
- Internal market
- Agriculture
- Statistics
- Environment

- Energy
- Institutional and administrative capacities
- Bridge Štúrovo - Ostrihom
- LSIF IV. - ISPA Preparation of the programme
- 1999 Phare Pre-Ins Facility
- Phare CBC

Rural development

In the interest of solving the problems of rural areas, in the years 1999 and 2000, the European Commission and the Slovak Government supported the project PHARE „Rural Development Fund“. The objective of this project was to constitute an instrument for transparent provision of resources and ensurance of a mechanism of rural development activities based on the principles and criteria applied in the European Union. The preparation and the implementation of this project was concentrated on the districts of Nové Zámky (production area) and Snina – Stropkov, which were chosen by commissions on the basis of criteria evaluation.

One of the programmes through which EU will provide financial assistance to candidates in the pre-accession period is the program SAPARD. The program SAPARD is focused on promoting measures in the areas of agriculture and rural development. A condition of drawing resources from the said program in the period of years 2000 to 2006 is the development and presentation of a National Plan of Rural Development to EC. The Plan of Rural Development of the Slovak Republic was developed and approved by EC in October 2000.

By the Decision of the Commission No. C(2000/3327) of 17 November 2000, the programme SAPARD for the Slovak Republic was approved.

Cross-Border Cooperation

By its decisions from February and June 1999, the Slovak Government approved a proposal for signature of the European Charter of Local Self-Government and a proposal for further measures to be taken after its signature³⁰ By Decision of the National Council of the Slovak Republic No. 516 of 26 October 1999, consent with the ratification of the European Charter of Local Self-Government, with corresponding declaration to Art. 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11, was expressed.

In January 1999, the Slovak Government approved the Report on signature of the European General Agreement on Cross-Border Cooperation between territorial units or bodies and the Additional Protocol to the European General Agreement on Cross-Border Cooperation between territorial units or bodies³¹. The two Protocols were ratified and entered into force on 2 May 2000.

By the Decision of the Government, a Proposal for signature of the Protocol No.2 to the European General Agreement on Cross-Border Cooperation between territorial units or bodies, relating to interregional cooperation³², was also approved. The Slovak Republic has already signed the said Protocol and the National Council of the Slovak Republic gave consent to its ratification.

The Slovak Republic signed the Intergovernmental Agreements on Cross-Border Cooperation with Poland (in 1994), with the Czech Republic (in 2000) and with Ukraine (in

³⁰ Decisions of the Slovak Government No. 97 of 3 February 1999 and No. 453 of 2 June 1999

³¹ Decision of the Slovak Government No.72 of 27 January 1999

³² Decision of the Slovak Government No. 1029 of 25.November 1999

2000). Agreements on Cross-Border Cooperation with Hungary and Austria are being prepared for signature (2000, 2001).

Euroregions

Within European integration, special stress is laid upon cross-border cooperation as the preparation to cooperation among member countries within EU. A basic principle of cross-border cooperation is to constitute links and contract relations in the border areas so as to allow adoption of joint solutions of economic and social problems through the cross-border integration between regions.

Directives of the European Union require for the development and management of the implementation of the programmes of cross-border cooperation certain cross-border structures including institutions known as „Euroregions“. The border areas of the Slovak Republic are almost to one hundred per cent covered by recently or newly established Euroregions, and it can be assumed that cross-border activities of regional and local bodies will develop precisely in the framework of the Euroregions.

Name of Euroregion	Seat
Carpathian Euroregion	Prešov
Euroregion Košice - Miskolc	Košice
Euroregion Slaná - Rimava	Rožňava
Euroregion Neogradiensis	Lučenec
Euroregion of Ipeľ	Šahy
Euroregion Váh-Dunaj-Ipeľ	Nitra
Euroregion of Danube Triple Alliance	Dunajská Streda
Moravian Euroregion	Holíč
Euroregion White Carpathians	Trenčín
Euroregion Beskydes	Žilina
Euroregion Tatra	Kežmarok

For each Euroregion, objectives of activity are specified, particularly the preparation of the region for European integration processes, economic development, stoppage of migration of population, development of agriculture, transport, development of regional infrastructure, harmonization of development projects, protection of environment, joint prevention of natural disasters, constitution of management, specialised working groups, and infocentres, establishment of business centres, promotion of cultural activities.

Euroregion Tatra is a full member of the international organisation AEBR (Association of European Border Regions). The Euroregions of Ipeľ, Slaná-Rimava, White Carpathians and Moravian Euroregions are partially engaged in the cooperation with this organisation.

Of importance for the respective Euroregion is the ability to present quality projects allowing gaining maximum support from EU for cross-border cooperation – from the programme Phare CBC.

Regional programmes of development

In the nineties, several regional programmes were elaborated in Slovakia (e. g. The Development and Layout of Regions in the Danube Area, a Coordination Study of Development of Slovakian-Polish Border Areas, an analytical study of the geoeconomic subregion Vienna – Bratislava – Győr, The Project of Conception of Integration of the

Slovak Republic in EU, a Proposal for Procedures in the Preparation of the National Programme for Adoption of Acquis Communautaire in the Slovak Republic etc.).

In addition, it is also necessary to mention the development of the Integrated Plan of Regional and Social Development of the Slovak Republic. It is a preliminary document of the National Plan of Regional Development compatible with EU practice. This document is elaborated for the period of years 2000 to 2001 from the viewpoint of approbation of financial resources from the revised programme PHARE. A proposal of the Integrated Plan of Regional and Social Development of the Slovak Republic – Part 1 – National Development Strategy was approved by a decision of the Government³³. According to this decision, four Slovak regions were identified:

region of Bratislava,

Slovakia – South-West, consisting of the regions of Nitra and Trnava,

Slovakia – North-West, consisting of the regions of Žilina and Trenčín,

Slovakia – East, consisting of the regions of Prešov, Košice and Banská Bystrica,

wherein, for the years 2000 to 2001, districts whose development is lagging behind will be considered as priority districts within the regions, with stress laid upon the region Slovakia – East.

³³ Decision of the Slovak Government No. 923 of 27 October 1999 to the proposal of the Integrated Plan of Regional and Social Development of the Slovak Republic – Part I – National Development Strategy. A completed Integrated Plan was repeatedly approved in the Government on 1 December 1999.

II. OBJECTIVES, PRIORITIES AND IMPLEMENTATION OF THE NATIONAL PLAN OF REGIONAL DEVELOPMENT OF SR

7 Objectives and priorities of NPRD SR

7.1 Strategical objective of NPRD SR

The National Plan of Regional Development of the Slovak Republic is the essential programming document of regional development of the Slovak Republic and a condition of drawing resources from the Structural Funds of EU. Similar types of document are elaborated in each of the EU member countries.

The main task of the regional policy of the Slovak Republic is a progressive adjustment of differences between regions, social and economic cohesion and a systematic improvement of the living standard of the population. Therefore, the strategic objective of NPRD SR is:

To ensure such growth of GDP, while maintaining long-term sustainable development, that the Slovak Republic will reach the level of 60 to 65% of the average per capita GDP of EU countries by the year 2006.

The formulation of the strategic objective is based on the assumption that the year-on-year increment of GDP in current prices on average for the Slovak Republic will move within the range of 3.0 to 5.0% from 2001. Considering the actual situation of regional development, the presumed growth in GDP has to be realised under the following decisive **conditions**:

- balanced economic and social development of the regions, i. e. full observance of the **principle of equalisation** so that support measures attenuate trends toward significant regional disparities that are the result of different conditions of enterprising in the individual regions and particularly of their microregions, consisting of a hinterland of towns – centres of the tertiary and secondary sectors³⁴.

- harmonious layout and rational utilisation of the whole territory of the Slovak Republic, particularly by a consistent application of the **principle of several centres** of urban settlement and adequate development of rural settlement provided with corresponding facilities of social and technical infrastructure that should approach the standard of the EU countries.

³⁴ In 1998, the economic level of regions expressed by the indicator GDP/capita (in PPS in nominal value), compared with the average of EU states, was as follows: Bratislava - 105%, Southwest - 41%, Northwest - 38%, East - 38%. Due to different conditions given especially by accessibility of concentrated markets, structure of economic basis and educational structure of population, tendencies appear where business entities prefer regions in the western part of Slovakia, particularly the region of Bratislava that, within internal relations, especially in comparison with the East region, has a share of GDP/capita higher by 176.0%. Considering the extension of depressed territories (districts) in the other regions, development still tends to deepening interregional disparities.

The constituted polycentric system of urban settlement binds „only“ 54 % of the population but, according to the situation in 1999, 86.4 % of the total number of 63 723 business entities (legal persons) and 66.5 % of the total number of self-employed persons are located in 136 towns. From this it is clear that conservation of relatively equally located urban settlement determines the fulfilment of the condition of a balanced socio-economic development of the region and is also a factor of the stabilisation of population in rural settlement situated in an acceptable commuting isochrone (distance).

- **Principle of protection and creation of environment** so that together with the economic development of the region the environmental functions of the territory are renewed, the load of the territory by polluting emissions is reduced, and elements of the system of environmental stability are supported (protection of climate and air, protection of waters, waste-handling and elimination of old loads, environmental education). Due to the decrease of production, effects of adopted measures in the metallurgical and chemical industries and changes in the structure of the fuel and power base in favour of more refined fuels, the extent of emissions of sulphur dioxide has decreased by 65%, solid particles by 81%, nitrogen oxides by 45% and carbon monoxide by 29% since 1989.

Preserved areas account for 22.4% of the territory of the Slovak Republic but a lack of financial resources represents a potential threat to the protection of specifically preserved areas and countryside and to the provisions of international treaties.

The considered growth in GDP under the above decisive conditions will be possible **provided that** such legislative financial and institutional measures are taken at the nation-wide level that will create a space for:

- support of enterprise in the regions by regional differentiation of system regulatory and motivation instruments, particularly in the area of credit, subsidy, tax or tariff and customs policy of the state,
- transfer of responsibility for the complex development of regions and towns to regional and local self-governing bodies, with the effective support of territorial bodies of state administration, and the constitution of efficient mechanisms for coordination of plans and implementing measures of central bodies and regional self-governing bodies, and a decentralisation of (planning, managing, financial) instruments to towns, communities and HTU,
- establishment and support of public and private institutions and interest groups, orientated particularly to the generation of internal resources ensuring economic growth and enhancement of the quality of life of regions, urban and rural neighbourhoods,
- transformation of society to an information society, especially in the area of development and spread of know-how.

7.2 Development axes, global objectives and specific targets of NPRD SR until 2006

For attainment of the strategical economic objective, from a series of factors determining a balanced, dynamic, economic and social development of regions those factors were chosen for the period until 2006 that will affect in a decisive way the structure and development of the economic basis of regions, and that form together a framework proposal for priorities of NPRD SR. Four main development axes of NPRD SR have developed from these factors.

Development axes represent the strategic orientation of NPRD SR:

In the area of the support of enterprising, this concerns the **utilisation, restructuring and development of the productive potential of regions and enhancement of the innovative capacity of regions**. The objective is to support business activities that, in addition to the utilisation of own primary resources of the regions, will be focused especially to the development and foundation of new sophisticated production branches in industry and in services with a higher share of added value and of a pro-export character. In the interest of economic and social stability of the regions, support should lead towards maintenance and strengthening the industrial diversification of the economic basis as one of the decisive factors of economic prosperity and stability of regions, making them more attractive to both foreign and domestic investors. The present situation in research and development in the individual regions and especially the absence of a sufficient number of specialised institutions dealing with the transfer of new technologies and know-how to productive industries requires support for the development of the scientific and research basis and the creation of conditions for regional localisation and development of technological firms and informational and consulting centres.

In the area of the development of human resources, this concerns especially the **development of human potential and effective utilisation of labour-force resources**. A long-term objective is to enhance the educational level of the population, particularly in regions with a below-average share of their population with university or secondary professional education, to incorporate advanced trends in the development of education through adequate technical equipment of educational institutions, and adaptation of the professional orientation of graduates to forecast needs of the labour market, especially with orientation to progressive sophisticated productions and services. During high rates of unemployment, the mid-term objective is to support active employment policies, including transition measures for involvement of the available labour force in productive activities, even under the condition of direct interference of the state in the labour market.

In the area of the development of infrastructure, it concerns the **improvement of accessibility of the regions and additional equipping of their territories with infrastructure**. The objective is to improve conditions of localisation. The primary task is to modernise the transport infrastructure in multi-modal corridors and to support activities concentrated to additional equipping of the territory of regions with technical infrastructure with sufficient capacity reserves (water/waste water removal network, sewage treatment plant), at least at the level of the Slovak average, with stress laid upon rural settlements.

With regard to present problems of regional development of the Slovak Republic and assurance of conditions for non-inflation and balanced economic growth of the national economy, the above development axes were concretized within sectoral and regional operational programmes in global objectives and specific targets. Under this concretization, the following *global objectives* were specified:

1. Creation of effective jobs and decrease of unemployment
2. Support of continuous growth in competitive production
3. Development of the technical and social infrastructure
4. Development of productions and services based on the utilisation of domestic resources
5. Protection and improvement of the environment
6. Rural development and development of multi-functional agriculture.

The content securing of realization of the global objectives has led to their concretization in the form of **specific targets**, having a stabilizing and development character in sectoral and regional operational programmes. The specific targets take into account the

different conditions of regions, and are focused especially to the solution of weaknesses and threats to future development, as well as the utilisation of comparative advantages – strengths of the individual regions, indicated by SWOT analysis.

7.3 Characteristics and focus of sectoral operational programmes

7.3.1 Human resources

At the beginning of the year 1999, the population of the Slovak Republic was 5 393 382. By the end of year this number will have changed to 5 398 657. Dynamics of growth has been slowing down for 20 years. For the last six years, the population has increased by only 1.4%.

In Slovakia, the share of women in the total population is moderately higher. Women account for 51.3% of population – 1 056 women to 1 000 men (situation as of 31 December 1998). This relation only applies to the total population, in the individual generation groups the representation of men and women alters. For example, in 1970 men moderately prevailed in the Slovak population up to the age of 24 years, and from the age of 25 years women started to prevail, while in 1999 men prevailed over women until the age of 42. During the last two decades, for our population it is characteristic that the „tree of life“ has been narrowing in the direction to the youngest layers of population as well.

The development of unemployment is related not only to demographic development and economic dynamics, but also to structural development.

In addition to the high and growing rate of unemployment, large regional differentiation and large number of candidates for one vacancy, the key problem is long-term unemployment, where, according to data of the National Labour Office as of 31 December 1999, the share of recorded unemployed persons who were kept on the records of the individual District Labour Offices for longer than one year was 43.2%.

By making a summary of the strengths, opportunities resulting from weaknesses and threats to the human resources development, a project of the following specific targets was drawn up:

Specific target: Stabilisation of labour market and decrease of unemployment in regions whose development has lagged behind for many years

Support measures:

Re-training, socially purposeful jobs and agreed jobs, publicly beneficial jobs in critical situations, consultancy network for unemployed persons.

Presumed benefits:

Decrease in number of unemployed, enhancement of custom of using consultancy services.

Specific target: Increase of flexibility of labour market in regions

Support measures:

Ensurance of functionality of housing market, construction of technical infrastructure, regional, district and local programmes for the support of development of employment and re-training programmes for harmonization of structure of labour demand and offer;

Re-training programmes for ensurance of interconnection between labour market requirements and qualification structure of recorded unemployed, projects focused on the creation of conditions favourable for business activities, inflows of foreign capital,

restructuring of industry and development of regions, programme for the development of industrial parks, industrial areas and duty-free zones, programme for creation of job opportunities in self-employed and cooperative system, with the goal of absorbing the unemployed by labour market; project of enhancement of employability and flexibility of labour force through cultivation of qualification and skills.

Presumed benefits:

Decrease in the number of unemployed persons;
Decrease of tension between labour offer and demand;
Increase of interest in re-training, with the view of changing the qualification structure of the unemployed;
Intensification of cooperation between labour offices and the recorded unemployed.

Specific target: Support of marginalized groups

Support measures:

Creation of jobs for the long-term unemployed, for young people;
Re-training focused on employment in particular jobs;
Individual counselling for the unemployed in searching employment possibilities by counsellors of public employment services;
Creation of protected jobs for citizens with altered working ability and citizens with altered working ability with a more serious handicap;
Programmes for employment of the long-term unemployed;
Programmes for employment of young people;
Programme for the activation of the recorded unemployed with altered working ability on labour market, with the view of reducing the scope and structure of unemployment of discriminated participants on labour market.

Presumed benefits:

Enhancement of employment of groups of discriminated participants in labour market;
Cooperation of the educational system and the employers' sector in the preparation of curricula; harmonization of social, individual and economic needs in vocational preparation, development of vocational counselling and guidance in re-training, and employment of discriminated groups of participants in labour market, information centres for handicapped citizens about their possibilities of employment;
Development of education in the framework of a „second chance“ for young people without qualification, older citizens, women re-entering the labour market after maternity leave.

Specific target: Support of development of the educational system

Support measures:

Development intentions of research in social, exact and natural sciences;
Intensive cooperation in the area of the programmes PHARE, SOCRATES, LEONARDO, the 5th Framework programme;
Foundation and development of general training;
Building information systems, utilisation and education in the areas of multimedia, Internet, educational support services, forms of whole-life education, preparation of education in compliance with the progress of restructuring of economy, employees' education subprogrammes;
Increase of willingness of state administration to help in financing all levels of education and science; projects aimed to the support of science and development, projects aimed to the development of education and science networks;

Connection of education to European trends, interconnection of education between schools and business environment.

Presumed benefits:

Improvement of qualification level of population;

Revival of the development of science and research, intensification of contacts among educational, scientific and production entities;

Improvement of structure of the population being educated; institutional and personnel upgrading of public services of employment for providing qualified individualised services;

Creation of conditions for whole-life education in the area of information technologies, formation of instruments of active labour market policy aimed to influencing the labour force offer.

7.3.2 Industry

The share of industry in the formation of GDP in 1998 stood at 28.2% (in 1995, 32.2%) while more than 30.0% of all employees in the national economy worked in industry. The key branches of the Slovak industry are metallurgical, chemical, foodstuffs and power engineering industries.

The very low dynamic of growth in industrial production is affected by the development of the relation between labour productivity and real wages because this relation influences the competitiveness of industry on foreign markets (as a result of the fact that most Slovak exports are based on the price competitiveness of non-sophisticated products).

From the viewpoint of performance of industrial production, the regions of Bratislava, Košice and Trenčín have the leading position among Slovak regions. In the territory of these regions, more than 56% of industrial production was manufactured in 1998. This witnesses to the high concentration of industrial production. This is a result of the level of economic potential of the individual regions, as well as of structural deformations within industry.

The sectoral operational programme is devoted to one main idea – the need for restructuring industrial production with the goal of achieving growth and competitiveness on the European as well as on the world market, with emphasis on the integration efforts of Slovakia.

The main purpose of restructuring industry is the growth of competitiveness, with emphasis on efficiency, while considering of regional disparities.

Since 2006, the most important areas of restructuring are: to create effective job opportunities in this sector, liberalise the business environment also for the entry of direct foreign investments, support the development of small and medium-sized enterprising, support science, research and development, develop the infrastructure and ecology, ensure balanced regional development, and accept the need for implementation of a fundamental reform of the Slovak economy.

After the launch of the reforms in 1990, industrial production experienced a steep decrease due to the loss of East markets, low competitiveness of production, as well as the shutdown of most industrial production capacities. In the period from 1995 to 1998, GDP produced by industrial production increased by 119 %, which represents an increase lower than the whole of the Slovak economy. Total share of industrial production in added value decreased from 24.8% in 1997 to 24.5% in 1998. In 1997, 573 431 employees worked in the whole industrial sector (28.5 % of total employment) and by the end of 1998 their number decreased to 554 420 (28.1 %). The indicator of labour productivity in industrial production is developing relatively favourably. The highest labour productivity is reached in the industries highly dependent on input materials and the lowest labour productivity is in the clothing, leather and textile industries.

Specific target: Restructuring, microeconomic adaptation and stimulation of the development of business

Support measures:

Liberalisation of business environment, attraction of DFI (direct foreign investments), support of SME, promotion of research and development, development of infrastructure and ecology.

Presumed benefits:

Increase in the number of competitive enterprises; Growth in employment.

Specific target: Support of investments and allocation mechanisms enhancing long-term competitiveness and creation of effective jobs

Support measures:

Liberalisation of business environment, liberalisation and general prioritization of direct investments;

Complex information system for the needs of investors in Slovakia;

Location and economic-environmental analysis of optimal types of economic activities in industrial parks, analyses of environmental loads of existing production structures;

Acceleration of the settlement of property rights on land designed for industrial park foundation;

Consultancy help to communities / towns / and regions in drawing up quality projects, with stress on elimination of factors threatening the performance of contract obligations.

Presumed benefits:

Increase in dynamic of investment, tax benefits, creation of new primary and secondary jobs, engagement of local enterprises in export, relation of the new-created added value from investments to total added value.

Specific target: Stabilisation of business environment and its continuous improvement

Support measures:

Continuous strengthening of conceptuality and complex nature of economic policy, particularly of its market-neutral components;

Acceleration of the application in the practice of results of approximation process within the accession to EU.

Presumed benefits:

Increase of the share of SME in outputs of economy, as a bearing component of national economy

Specific target: Promotion of sales with special regard to exports

Support measures:

Maximization of export sales from existing capacities and productions for the needs of formation of resources for the transfer of exported commodities to the group of commodities competitive through quality;

Introduction of integrated data base of WTO;

Consultancy in the area of trade and gaining a market position for small and medium-sized enterprises;

Participation of industrial enterprises in exhibitions and fairs, support of industrial enterprises developing cooperation with research and universities, BIC, RIC in creating the business

environment and enterprises for introducing information technology systems such as Internet and others;

Support of industrial enterprises with production based on processing domestic raw materials, and their market competitiveness.

Presumed benefits:

Progressive decrease of the share of low quality productions, unsaleable on markets; increase of the share of innovated products;

Engagement of local enterprises in export, increase of the share of newly-produced added value from investments in total added value.

Specific target: Support of financial competitiveness

Support measures:

Enhancement of efficiency of granting loans, guarantees and contributions, with stress on their transparency;

Foundation of alternative capital associations (credit regional cooperatives and funds);

Complex development of e-business;

Open data base of non-payers available to the public;

Guidance and consulting services in the area of financial management.

Presumed benefits:

Decrease in inter-company indebtedness;

Simple access to investment resources;

Development of diversified non-banking forms of financial service for the business sector;

Solution of financial situation of enterprises having only regional importance;

Capital market development;

Generation of new financial forms for small and medium-sized enterprise (e. g. credit cooperatives); successive introduction of new forms of financing trade - e-business;

Establishment of a network of guidance and consulting services in the area of financial management.

Specific target: Continuous growth in competitive production and services with a special regard to small and medium-sized enterprises

Support measures:

Improvement of the quality of legislative and administrative environments;

Financial programmes: lower financial load and access to capital;

Enhancement of knowledge potential of managers of small and medium-sized enterprises in the area of investments, development of production (particularly knowledge in the area of technologies) and marketing; by completing the education (postgraduate studies, short-term affiliations);

Completing the educational programmes at all levels (vocational, secondary, University education) by requested subjects;

Support of participation in international projects and professional activities;

Support of innovative development based on knowledge of domestic R&D;

Support of the transfer of technological information from industrially developed countries;

Support of information systems operating mainly in the area of subcontracting and export;

Support in the area of intellectual property;

Support in improving quality and in the area of certification;

Support for introduction of new computer and communication technologies.

Presumed benefits:

Increase of the share of sophisticated production in the total volume;
Growth in labour productivity;
Lower energy and material consumption.

Specific target: Utilisation of domestic resources generating economic growth and permanent competitiveness

Support measures:

Development of productions in the sectors:

Final products of wood processing: cellulose, paper, cardboard, paper-board, furniture, wooden structures;

Products of glass industry: glass fibres and related products, technical glass, useful glass, mineral fibres, vacuum bottles;

Products of manufacture of building material: Portland cements, refractory products, ceramics;

Products of magnesite.

Presumed benefits:

Increase in the volume of production based on domestic raw materials;

Decrease in the volume of exports of unprocessed raw materials ;

Growth of employment, particularly in the problem areas.

Specific target: Enhancement of efficiency of power economy and development of communal power engineering

Support measures:

Programmes and projects aimed to the support of savings in energy and the utilisation of renewable sources of energy;

Enhancement of reliability of energy supplies in regions;

Measures towards a continuous reduction of unfavourable effects of power production and consumption on the environment, to the support of economically effective development (using price and tax instruments) of co-generation units for the production of heat and electric power, aimed to optimum energetic utilisation of primary sources and the constitution of efficient means of regulation of centralised heat supply systems at the regional level;

Creation of conditions at regional level for utilisation of all competitive energy sources for heat production, including renewable sources, in order to achieve maximum self-sufficiency of heat resources in the respective region;

Gradual transfer of competencies in the preparation of territorial energy conceptions to bodies of regional and municipal self - government;

Measures promoting competition in the area of production and supply of power by successive opening of possibilities to choose supplier.

Presumed benefits:

Volume of savings in fuels and power;

Reduced amount of emissions.

Specific target: Building and improving quality of commercial distribution networks

Support measures:

Creation of a functional legislative framework, promoting sales of quality and competitive products of Slovak origin, implementation of programmes for the support of SME.

Presumed benefits:

Growth of the volume of sales in all types of trade;

Elimination of grey economy at retail level;
Increase in the number of jobs (inclusive of businessmen in the area of trade);
Enhancement of regional potential, formation of a balanced internal market.

Specific target: Building and development of industrial parks

Support measures:

Formulation of legislation for the foundation of industrial parks and Act on Industrial Parks and Zones;

Programmes of financial and property support in relation to the community;

Formation of stimulating instruments;

Definition of the relation of state administration and self-government in founding and managing industrial parks;

Development of integrated infrastructure for the preparation for localization of industrial parks, in cooperation with public and the private sectors.

Presumed benefits:

Development of production-innovative networks (interconnection and utilisation of science and research with production); creation of new effective jobs;

Involvement of all actors in the region – initiative and participation;

Improvement of the allocation of industrial activities and foreign investments;

Extension of foreign and domestic division of labour and technology transfers;

Enhancement of competitiveness of territorial units;

Stabilisation and development of business environment;

Enhancement of qualification of labour force.

7.3.3 Multi-functional agriculture and rural development

An analysis of agriculture, foodstuffs industry and rural areas showed that the whole sector have gone through important changes since 1989. Impacts of the economic transformation on agriculture were stronger than on other industries of the national economy. At present, the produced real added value reaches approximately 65% of the level of the year 1990, also due to the differentiated price development.

The number of employees in agriculture and the share of agriculture in the formation of GDP has increased considerably. A persistent problem of most agricultural enterprises is low profitability and high indebtedness. Particularly, required investments were reduced, as a result of which the restructuring process slowed down.

In the foodstuffs sector, in spite of the decrease of production capacities within the process of transformation (privatisation, bankruptcies, liquidation of state enterprises), there are excessive capacities with regard to domestic demand.

Actual reasons for the problems of agriculture and foodstuffs production are identified as follows:

- The present situation of Slovak agriculture and the foodstuffs industry largely reflects the quality of the existing development of the whole national economy;
- Unadequate efficiency of applied measures and tools of agrarian policy;
- Unclear institutional structure of national economy, including that of agriculture, as one of its components;
- Instability of the business environment;
- Undeveloped and non-transparent capital and financial markets as a result of low foreign investments, particularly in the foodstuffs industry;

- Low productivity and high costs of inputs due to the rise in prices have caused agriculture and the foodstuffs industry to become ineffective;
- Unclarified legal issues of the utilisation, disposal and registration of land property;
- Non-functioning land market;
- Low rate of income;
- Insolvency of the original production business sector and of related segments of foodstuffs vertical;
- Underdeveloped financial infrastructure adapted to specific conditions of agricultural production;
- Undercapitalisation, low level and slow rate of modernisation of agriculture and the foodstuffs industry;
- Problems with sales of agricultural and foodstuffs products caused by low purchasing power of the population as well as unsettled customer relations and inappropriate system of state intervention in agrarian market, underdeveloped distribution system and absent promotion of sales of domestic foodstuffs by public institutions;
- Progressive devastation of agricultural land and cultural nature of the country;
- Low responsibility of new owners for land;
- Deterioration of wage parity of the industry and absence of efficient measures for ensurance of alternative employment in the country;
- Inadequate attention paid to environmental impacts of agricultural and foodstuffs productions;
- Inadequate attention paid to education in the country and in agriculture.

Objectives of the operational programme are concentrated in 3 specific areas for the purpose of the development of investment in agriculture and rural development.

Specific target: Sustainable development of rural areas

Support measures:

Foundation of microenterprises dealing with economic activities – local crafts, services and tourism;

Support to small production enterprises dealing with foodstuffs processing;

Creation in the individual rural areas of so-called „farming relief“, i. e. education, training, communication with R&D institutions and establishment of „soft“ infrastructure connected with agricultural and environmental activities;

A focus on the network of financial services designed for microenterprises;

Different initiatives aimed to rural development;

Conservation and utilisation of its cultural potential.

Presumed benefits:

Reduction of migration of population from rural areas;

Job opportunities, especially for young people;

Improvement of structure of the population – diversification of population;

Enhancement of living standard of population – increase of pensions;

Territorial development and relation of population to the territory/to the environment;

Development of housing construction, technical and social infrastructure;

Enhancement of competitiveness of rural areas against urban territories;

Preservation of cultural identity and traditional cultural values.

Specific target: Development of multi-functional agriculture

Support measures:

Investments in agricultural enterprises, development of vegetable production depending on natural conditions, development of animal production from the viewpoint of specialization, foundation of sales associations of producers, coordination of agriculture with intentions of the Joint Agricultural Policy of EU, in the orientation of the agricultural sector, legal and institutional areas, orientation to harmonization of the utilisation of agricultural land in the regions whose development is lagging behind, orientation to the transfer of biotechnology, progressive and systematic application of commercial instruments, organisation of agricultural market – development of monitoring, reporting and information systems.

Presumed benefits:

Clarification of the orientation of agricultural development in compliance with territorial potential of the country;
Definition of the structure of agricultural production in compliance with the Joint Agricultural Policy of the European Union;
Attainment of compliance between agricultural development and the sustainable development; stabilisation of jobs in agriculture;
Stabilisation of the young generation in this sector;
Interest in agriculture in areas whose development is lagging behind.

Specific target: Enhancement of competitiveness of foodstuffs industry

Support measures:

Orientation to strengthening competitiveness of the agricultural and foodstuffs sector on domestic and foreign markets;
Modernisation and technological innovation in the sector of food production aimed to the industries and branches proving competitive advantages;
Concentration of food production with the view of enhancing labour productivity and competitiveness;
Restructuring of foodstuffs industry;
Strengthening of marketing infrastructure of the agricultural and foodstuffs sector (with enhancement of the participation of original producers in the distribution system and introduction of a public institution for promoting the sales of domestic producers);
Entry of the foodstuffs industry into the network of supranational distribution networks (to build stable and favourable conditions for the entry of domestic products into these networks);
Production and export of exportable products (flexible application of commercial instruments for the external protection of domestic market in terms of legislation in force, including an information system monitoring imports and their effect on the application of domestic products on our market, and the improvement of infrastructure of foreign trade in agricultural and food commodities, inclusive of the utilisation of support and insurance schemes of Eximbank);
Strengthening of domestic sectoral research and the educational level of employees in agriculture and foodstuffs industry;
Capital connection of agricultural original production and foodstuffs processing entities.

Presumed benefits:

Improvement of processing and saleability of agricultural products;
Specification of the structure of foodstuffs industry;
Enhancement of labour productivity, creation of job opportunities;

Attainment of a partial application of the European standards of quality, hygiene and of ISO 9000 quality standards;
Increase of interest in entry of foreign capital in the foodstuffs industry.

7.3.4 Transport and telecommunications

There are territories in Slovakia where the technical infrastructure exceeds the level of the Slovak average and approaches the EU level. A territory whose transport and technical infrastructure does not meet the basic requirements is a bottle-neck and a limiting factor of territorial development, particularly of the Slovak regions whose development is lagging behind.

Railway transport

At present, in the Slovak Republic there are only nation-wide railways that also participate in regional transport. As of 31 December 1998, the total length of lines of the Slovak Railways was 3 665 km, of which 1433 km electrified.

The capacity of rolling stock exceeds operating needs of the railway. A serious problem of rolling stock of the railway transport is its technical and moral wear. Wagons have a high rate of failure, high operating and maintenance costs. They do not meet requirements on travelling safety and culture. The Slovak Railways do not have a stock of passenger wagons for international transport meeting the requirements of the International Union of Railways (UIC – *Union Internationale de Chemins de Fer*).

Combined transport

The railway lines of the Slovak Republic, being mostly identical with the lines covered by the European Convention on Important International Railway Routes (AGTC), were included in the European Convention on the Most Important Lines of the International Combined Transport and Related Structures (AGC). This basic system was completed by the railway junction Leopoldov – Galanta and by links with connections to the border-crossings in Rusovce, Devínska Nová Ves, Bratislava. This railway system allows a direct connection of 4 decisive terminals of combined transport with international importance (Čierna nad Tisou, Košice, Žilina, Bratislava) to the European railway system.

As of 30 November 2000, the Slovak Railways had 212 new wagons of combined transport.

Road and city transport

Regular bus service has a dominant position in the Slovak Republic in satisfying the transport needs of the population. The share of the state enterprise Slovenská autobusová doprava (SAD) in the passenger traffic by public transport accounted for about 87% of total transport output in 1998. Each of 2 858 communities of the Slovak Republic is connected to the system of regular bus service.

The situation in the technical basis of regular passenger transport is unfavourable with the fleet depreciated up to 80% because of a lack of funds.

Road infrastructure

As of 31 December 1999, 295 km of highways and 17 439 km of roads of 1st, 2nd and 3rd class were in operation in the Slovak Republic. Eleven roads - E50, E58, E65, E71, E75, E77, E371, E442, E571, E572 and E575 – were classified in the system of European roads type „E“ in compliance with the European Convention on Main Roads with International Traffic. From main international roads in a west – east direction the road E50, in a north-

south direction the roads E65 and E75, from intermediate international roads E71 and E77 and from branch, deviation and junction roads E371, E571, E572 and E575 run through the territory of the Slovak Republic. The main international roads E50, E58, E65 and E75 are built on Slovak territory as highways, by which the conditions laid down by the respective European Convention will be met. The international roads E71, E77, E371, E571 and E572 are built as motorways.

The technical condition of the road system is monitored within the roadway management system. The deficient sections of roads of the 1st and 2nd class, in a total length of 1 463 km, require immediate reconstruction and surface reinforcement. The existing condition of roads of the 3rd class is much worse. This situation is caused by a lack of funds, since 1992, for repairs of roads.

Civil aviation

The Slovak Airports Administration operates 5 international airports – the Airport M.R. Štefánik in Bratislava, airports in Košice, Poprad - Tatra, Sliač and Piešťany. At these airports civil transport of passengers, freight and mail is executed. The airports in Sliač and Piešťany are operated under a joint agreement between the Ministry of Transport, Posts and Telecommunications of the Slovak Republic (MDPT SR) and the Slovak Army.

The layout of this network of airports in Slovakia in fact creates favourable conditions for the economic development of all Slovak regions. The existing capacity of airport infrastructure provides a sufficient offer to domestic and foreign air carriers for its utilisation.

Water transport

The major carrier and operator of water transport on the Danube in the Slovak Republic is the company Slovenská plavba a prístavy a.s. Bratislava (SPaP). In addition to inland navigation, this company executes and also participates in the operations of the international navigation enterprise INTERLICHTER, seated in Budapest. Moreover, this company ensures by its own vessels transport services for passengers, transshipment, storage and partially distribution service by its own means in significant Slovak Danubian public ports – Bratislava and Komárno. At these ports SPaP provides domestic and foreign carriers with various services, including the delivery of fuels and collection of waste from vessels.

In addition to SPaP, several other private companies, with a smaller number of vessels and port equipment, operate in water transport in the Slovak Republic at the present.

Telecommunications

The company Slovenské telekomunikácie a.s. („Slovak Telecommunications“) is the dominant operator of telecommunication services using fixed networks. Slovak Telecommunications has exclusive rights to provide a voice service in these networks. At present the density of main telephone stations within the fixed network of the Slovak Republic is 31%. The Slovak Republic is divided to 4 secondary areas (Bratislava, Žilina, Banská Bystrica, Košice) that are subdivided to 25 primary areas (PA). Each PA is further divided to nodal telephone areas (NTA), each of which has its own calling code.

In the sector of services provided through the mobile network in the Slovak Republic, two mobile operators – EuroTel Bratislava a.s. and Globtel GSM, a.s. – operate at the present. The company EuroTel operates the analog network NMT 450MHz and the digital networks GSM 900 and GSM 1800 MHz. This company covers 98% of the Slovak population. The company Globtel GSM is the operator of the networks GSM 900 and GSM 1800 MHz and covered 94.8% of population as of 31 March 2000.

At the present time, the telecommunication infrastructure does not reach the level of developed European countries from the quantitative aspect (especially density of telephone

network) in some services. In the area of mobile communications, the Slovak Republic meets the European standard. From the qualitative aspect, the telecommunication infrastructure has been improved by the introduction of the most advanced technologies.

Broadcasting of radio and television programs for licensees is provided under contracts or through a network of the transmitters of the licensees.

Specific target: Modernisation and development of transport infrastructure

Support measures :

Regionalisation of transport, integrated passenger transport system at the level of HTU, reduction of negative impacts on the environment, harmonization of conditions of competition on the transport market, ensurance of functionality of the transport system.

- For the solution of aforesaid measures, the following activities are proposed:

F o r r a i l w a y t r a n s p o r t :

- Modernisation of the line Bratislava - Žilina in the international transport corridor „V.a“ with the first stage in the division Bratislava Rača - Trnava (2000 to 2003), the second stage in the division Trnava - Nové Mesto nad Váhom (2002 to 2005), the third stage in the division Nové Mesto nad Váhom - Púchov (2004-2007) and the last stage in the division Púchov - Žilina (2005 to 2008).

F o r c o m b i n e d t r a n s p o r t :

- Subisizing the transport system RoLa in the form of partial reimbursement of costs of transport of higher loads of road stock in wagons,
- Direct subsidies for construction and development of terminals of combined transport with international importance - TCND Bratislava, Sever, Žilina, Košice,
- Initiation of contacts with operators of combined transport in Austria and Germany to establish strategical alliances with the view of drawing the flows of combined transport so that they pass through the territory of the Slovak Republic.

F o r r o a d a n d c i t y t r a n s p o r t :

- Preparation of a project law modifying and amending Act of the National Council of the Slovak Republic No. 168/1996 Coll. on Road Transport, as amended, and a project law modifying and amending Act No. 315/1996 Coll. on Road Traffic,
- Preparation for privatisation of the proposed assets of seventeen state enterprises of the Slovak Bus Transport.

F o r r o a d i n f r a s t r u c t u r e :

- Development of a motorway network in compliance with the European Convention on main roads within lines of international corridors, particularly in the west-east direction the road E50, in the south-north direction the roads E65 and E75, as well as the complementary international roads E71 and E77 and the deflection and junction roads E571, E572 and E575,
- Interconnection of regional cities and their connection to the capital of the Slovak Republic -Bratislava,
- Improvement of cyclic nature of roads and reconstruction of roadway surfaces, subject to the progressive increase of costs, from 2001.

For civil aviation:

- Searching for a form of cooperation between the airports in Bratislava and Vienna,
- Modernisation of the existing airport base,
- Transfer of property rights from regional airports to the future higher territorial units from the year 2002, unless they are commercialised in another form with the participation of the private sector before then.

For water transport:

- Cooperation of MDPT SR with the Ministry of Agriculture of the Slovak Republic („MA SR“) during negotiations with the Hungarian party in advocacy of the Waterworks („VD“) Nagymaros, or its substitute, in compliance with the decision of the International Court of Justice in Haag,
- Launch of the preparation to construction of VD Bratislava - Wolfstahl,
- Further cooperation of MDPT SR with MA SR in the preparation of the water course of the Váh river in the division Sered' - Hlohovec and subsequently up to Púchov.

For telecommunications:

- Introduction of equal and transparent conditions for the development of the telecommunications market in the Slovak Republic, so as to provide users with quality telecommunication services for affordable prices and create conditions for accession to European and international telecommunication structures.

7.3.5 Housing

The development of housing and its financing has undergone a series of changes, reflected in the number but also in the structure of housing construction. For the period of years 1948 to 1990, 1 352 779 apartments were built in the Slovak Republic. The structure of realised housing construction changed considerably as well. In the years 1948 to 1960, the share of private housing construction was 52.2 %, while the share of state and communal housing construction was 46.3 %. In the years 1981 to 1990, the share of private housing construction was 31.1 %, the share of state and communal housing 19.4 %, and the share of cooperative housing construction was 47.5 %.

After 1990, due to the transformation of the national economy, change also marked the area of financing of housing development. In the period from 1991 to 1999, housing construction decreased when 96 486 apartments were completed. This situation is a result of a lesser engagement of the government in financing housing construction. Engagement of the population increased only moderately (by 10%) due to its limited economic possibilities.

In the Slovak Republic, 307 permanently occupied apartments fell to 1 000 inhabitants in a census taken in 1991. According to the number of households included in the census (1 931 441) and the number of apartments in 2000 (approximately 1 715 000), about 200 thousand apartments were lacking in the Slovak Republic. For apartment provision to reach the average level of the EU, the intensity of construction of 5 to 6 apartments per 1000 inhabitants per year is required over a long-term perspective.

Specific target: Support of housing development in regions

Support measures:

Improvement of quality, extension of useful life, reduction of energy consumption and operating costs in the existing housing fund by ensuring its complex reconstruction;
Formation of subsidy instruments, tax instruments, price policy instruments and amendments of related legislation;
Formulation of development intentions of housing in the individual regions;
Territorial strategy for provision of coherent long-term investment decision-making; promoting the housing development in cooperation with investments in infrastructure: public water, roads, public transport, social infrastructure;
Preparation of social housing depending on increasing/decreasing needs of particular groups of the population;

Presumed benefits:

Reconstruction of the existing housing fund, construction of apartments, construction of apartments for particular groups of population;
Development of technical infrastructure;
New job opportunities;
Multiplication effects on the development of other industries of national economy;
Increase of state budget revenues.

7.3.6 Tourism

Since 1989 a large number of concessions in the sector of tourism were granted. Hundreds of travel agencies and boarding houses were established, former recreation facilities and staff quarters were built over to hotels. Slovakia has favourable conditions for promotion of the tourist industry. Its advantages consist in favourable natural conditions, a rich history, and transport availability of tourist centres. On the other hand, its disadvantages are shown in the area of the quality of services provided to tourists.

By its territorial dimension, tourism is becoming a particularly important element of the development of individual regions.

Specific target: Development of tourism and balneology

Support measures:

Formation of local and regional travel associations;
Development of small and medium-sized enterprises in tourist industry, creation of new job opportunities;
Promotion of environmentally sustainable tourism;
Extension and development of regional information systems and institutional assurance of tourism;
Conservation and utilisation of cultural potential for the development of cultural tourism, preservation of cultural heritage;
Regional programs and marketing strategies at the level of HTU.

Presumed benefits:

Enhancement of competitiveness of tourism;
Creation of new forms of tourism adequate to the existing and future requirements of different target clients;
Improvement of territories by new business activities;
Enhancement of competitiveness of tourism in the European context and increase of growth in exchange revenues;

Renewal of dynamics of growth of domestic tourist traffic; growth in the number of foreign tourists staying for one or more nights.

7.3.7 Environment

The sectoral operational programme of the environment is based on and observes basic strategical and planning documents in the area of preservation and care of the environment, particularly the Strategy, Rules and Priorities of State Environmental Policy, the National Environmental Action Program of the Slovak Republic II, the National Strategy of the Preservation of Biodiversity in Slovakia, the Action Plan for the Implementation of the National Strategy of the Preservation of Biodiversity, the Conception of the Application of Agenda 21 and the Evaluation of Indicators of Sustainable Development in the Slovak Republic, the Action Plan for the Danube Basin, the Conception of Environmental Education, the Programme of Waste Management, the Environmental Regionalisation of the Slovak Republic, the Conception of the Territorial Development of Slovakia II, a project with approved Rules for the Implementation of the Territorial Development of Slovakia, territorial plans of regions (large territorial units) of the individual regions, etc.

Binding regulations of territorial layout and functional utilisation of the territory that are laid down in the binding part of territorial planning documentation constitute binding regulations for industrial conceptions and are programmes like ROPs and the individual SOPs.

Specific target: Conservation of nature and landscape

Support measures:

Preservation of the most precious parts of natural and cultural heritage;
Completion of the network of preserved areas, observing international criteria;
Connection of scientific programmes with practical care of nature and countryside;
application of available strategical legal, economic and communicative instruments;
Institutional reform of conservation authorities and organisations;
Strengthening and extension of human capacities;
Connection of scientific programmes with practical care of nature and countryside;
Support of traditional agriculture, crafts and tourist industry;
Strengthening of the capacity of institutions dealing with identification of components of biological diversity.

Presumed benefits:

Regulated and coordinated promotion of the tourist industry and travel in preserved areas;
development of the system of environmental stability of the Slovak Republic – a basis for ensurance of environmental stability, biodiversity, country diversity and genofund of the Slovak Republic;
Institutional arrangements in the area of state conservation of nature and countryside, particularly of national park administrations and preserved area administrations;
Stoppage of the process of biodiversity reduction as a prerequisite for the conservation of environmental stability; elaboration and implementation of programmes for the preservation of individual precious or threatened animal species.

Specific target: Water protection

Support measures:

Implementation of a new Water Act, including EU directives, implementation of programmes of international conventions in the area of waters – Convention of the United Nations European Economic Commission on the Protection and the Utilisation of Border Water Courses and International Lakes, and the Convention on the Cooperation at the Protection and the Utilisation of Danube Waters;

Decrease of storage of dangerous chemical substances and implementation of prevention from industrial accidents caused by handling of chemicals; development of an information system and technical equipping of systems for monitoring and evaluation of waters; solution of negative impacts of „old“ environmental loads on water sources;

Solution of widespread contamination of waters, which is more difficult to identify than point contamination;

Completion of technical infrastructure (water/waste network, sewage treatment plant) to ensure the protection of waters from contamination.

Presumed benefits:

Attainment of a good condition of surface and ground waters of water eco-systems;

Attainment of compliance between set objectives and limits in the preserved areas;

Establishment of a balance between consumption and replenishment of water supplies;

Creation of conditions for providing population with non-contaminated drinking water; attenuation of effects of floods and of lack of water;

Reduction of the quantity of contaminants discharged or penetrating into waters.

Specific target: Protection of air and ozone layer of the Earth

Support measures:

Air protection based on emission limits, the best available technologies, and charges for pollution;

Harmonization of requirements for refuse incineration with EU requirements;

Observance of emission limits for large sources of pollution;

Building of modern installations for fuel combustion;

Completion of air quality monitoring system of the Slovak Republic in light of EU requirements; determination and observance of emission quotas for large and medium-sized sources of air pollution for CO₂;

Execution of purpose monitoring of toxic and carcinogenous substances in selected areas of the Slovak Republic; implementation of the National Emission Inventory System (NEIS) and a systematic evaluation of emission values within the extent and formats required by international conventions;

Reduction of emissions of pollutants from transport and small sources causing local air pollution;

Gasification of small and medium-sized sources;

Enforcement of building co-generation units;

Securing capital funds for reconstruction of the air quality monitoring system of the Slovak Republic and current funds for its operation in compliance with EU international programmes;

Introduction of emission quotas; completion of legislative for air protection; enforcing maximum utilisation of renewable sources of energy in the regions.

Presumed benefits:

Positive development of emissions, concentrations and deposits of pollutants in Slovak territory.

Progressive attainment of observance of emission limits at all medium and large-sized sources of pollution in the Slovak Republic; observance of determined emission quotas by

larger and medium-sized sources of pollution; observance of purposed monitoring of toxic and carcinogenous substances in selected areas of the Slovak Republic, gasification of small and medium-sized sources; utilisation of renewable sources

Specific target: Waste disposal and elimination of old loads

Support measures:

Application of special regime of disposal of wastes containing PCB and PCT, application of special regime of disposal of sludge from sewage treatment plants, application of special regime of disposal of wastes of animal origin, application of special regime of disposal of other selected types of waste (such as building waste, electronic waste, communal waste, waste from packings etc.), environmental education of population aimed to separated communal waste collection;

Development of waste collection system and construction of equipment for processing different types of waste;

End of operating dumps with special conditions;

Reconstruction of old dumps;

Construction of lacking dumps of solid communal waste (TKO).

Presumed benefits:

Prevention of waste generation, maximum utilisation of wastes, reduction of the share of bio-degradable organic waste in dumps, limiting dangerous properties of dangerous wastes, neutralisation/disposal of unusable wastes in ways friendly to environment; disposal of wastes only in dumps meeting technical requirements, decrease of risks from old dumps.

Specific target: Environmental education

Support measures:

Implementing new environmental education system at all types of schools, introduction of environmental education system at the level of out-of-school facilities, enhancement of environmental awareness of all groups of population, building-up of system of environmental education centres in regions and of environmental centres in some parks and chosen preserved areas, collaboration with the sectors of education, science and other sectors and entities in improving the content and methods of environmental education at all types of schools, introduction of a uniform system of environmental publicity and advertising controls, development of systems of consumer information on environmental quality of products and propagation of environmental identification, coordination with other product identifications, making available the European model of environmental identification of products introduced in EU countries to Slovak entrepreneurs.

Presumed benefits:

Establishment of centres and network of centres specializing in environmental education;

Enhancement of environmental awareness of population;

Improvement of the preparation of professionals in the area of environment, extension of the system of environmental publicity and advertising control;

Adoption of systems of consumer information on environmental quality of products; building-up environmental education centres and information centres of conservation of nature and countryside.

7.4 Characteristics and focus of regional operational programmes

The elaboration of regional operational programmes was based on a uniform methodical consultancy where objectives were laid down within the basic development axes and in their framework main priorities were specified. We must point out that this part mostly includes the decisive priorities which may considerably participate in the solution of problems of regional development (a review of all priorities is provided in the documents elaborated at regional level that are attached to this Plan in the form of an annex).

7.4.1 Region: Bratislava (BA)

Summary characteristics of the region

The development of the region of Bratislava is particularly determined by its position in a wider Central European or even European context. The region is situated at the junction of important geographical units and it is crossed, or it lies in the proximity of several multimodal corridors of European importance. It is situated on the European water course Rhine - Mohan - Danube.

It spreads over a total area of 2 053 km². At the end of 1999, 617.0 thousand inhabitants lived in the territory of this region, which represents 11.4% of the total Slovak population. The region has the character of urban settlement – up to 85 % of population lives in urban areas. The population of the region is represented by 72 municipalities, of which 7 have the status of a city. The prevailing and determining city of the whole region of Bratislava is Bratislava city, accounting for approximately 69 % of the total population of the region with an average density in the region of 301 inhabitants per km² and in the Bratislava city with average density of 1218 inhabitants per km².

In 1997, gross domestic product of the region was formed in the volume of 169 415 mil. SKK, i. e. 4 446 mil. ECU. The share of the region in GDP of Slovakia was 26 %. In purchasing power parity (PPP) per inhabitant of the region it represented 19 872 ECU, which corresponds to 105% of the EU average.

The territory of the region of Bratislava, due especially to Bratislava city, has the largest share of the population with a university education. According to a census taken in 1991, 55% of its inhabitants have secondary and university education, of which almost 22% with university education.

The number of the economically active population was 335.8 thousand persons in 1999, which presented a rate of economic activity of 82.9% of the population in productive age, and a rate of economic activity of 16.5% of population in post-productive age.

26.0% persons were employed in the production sector, of which 20.7% worked in industry. Within industry, industrial production is represented by 65.7%. Within the structure of industrial production, the largest employment was in production of foodstuffs and beverages, production of transportation devices, production of electrical and optical instruments, in publishing and press.

In the districts situated out of Bratislava, the core of employment lies in the primary sector. 15.4 % employees in the district of Malacky, 13.4% of employees in the district of Pezinok, 13.4% and 16.4% of employees in the district of Senec, work in agriculture.

Transport, posts and telecommunications have the largest share in services (22.1 % of employees), public administration, defense and social security (9.6 %), education (7.4 %), real estate, leasing, commercial services, research and development (7.3 %).

Summarily we can state that for a share of 11.4% in Slovak population, the region of Bratislava concentrates 27 % of registered domestic enterprises and up to 52.0% of foreign

enterprises. The region participates in the industrial production of the Slovak Republic by 26.6%, but only at a share of 15.4% in industrial employment. Labour productivity exceeds the nation-wide average by 185% and average wages by 131.8%. In the region of Bratislava, 56.1% of investments are concentrated and 34.6% of the volume of building production of the Slovak Republic are executed. An important factor is the high concentration – 44% of research capacities and 45% of students at universities. Net earned income per person in the region exceeds the national average by 121.2%. The rate of unemployment moves within a range of 4 to 5 % and is the lowest in the Slovak Republic.

Bratislava city has the dominant position in the economy of the region and the structure of its economic base determines the economic profile and economic level of the whole region.

SWOT analysis³⁵

Strengths

- Quality human potential represented by age structure, educational level, economic activity and flexibility of population.
- Age structure of population of the region of Bratislava is favourable in Bratislava city as well as in the districts of Malacky, Pezinok and Senec.
- Population of the region of Bratislava is characterized by a high rate of economic activity. The supposed age and qualification structure of population suggests that favourable situation in the labour market can be also expected in the future. The region holds the long-term lowest rate of unemployment.
- The region of Bratislava and the capital Bratislava have very favourable educational structure of the population, with a share of 22% of population with university education and 33% of population with secondary education.
- In the region, a significant economic potential, with a science and research basis, concentration of educational institutions and participation of foreign capital, is concentrated.
- The sectoral structure characterised by the structure of employment is marked by a tertiary sector share of 72.9 %. Industries of market services have the largest share of employment within the tertiary sector (67.4%).
- The economic basis with its multi-sectoral structure has provided fast growth in entrepreneurial activities of domestic and foreign entities. In comparison with the year 1993, the number of foreign entities increased by index of 165.6, with invested capital of 16.2 billion SKK. The number of domestic business entities increased by index of 163.3 %. 64% of total foreign investments in Slovakia are concentrated in the region of Bratislava.
- The structure of population with a dominant „core“ city and developing urban centres of subregional importance (Malacky, Pezinok, Senec, Šamorín), with a differentiated system of rural population with local centres.
- Position (geographic) potential with founded transport infrastructure and links to economic centres of the Slovak Republic and to important international centres in the

³⁵ Analysis and characteristics of the level of social and economic development of Slovak regions are based on documents elaborated within the „Special Preparatory Programme for EU Structural Funds in the Slovak Republic“ – Priority A1: National Programme for the Introduction of Regional and Structural Policies, preparatory stage „Collection of Basic Data and SWOT Analysis“ (project SR 9808 – 04 – 01/0001, September 1999). In addition, it is based on results of projects executed within the programs PHARE, VISION PLANET, works on the Integrated Plan of Regional Development and other documents related to the examined problems.

contact area with Austria, Hungary, Czech Republic and EU countries in the subregion Vienna – Bratislava – Győr.

- Natural potential consisting of natural resources (mineral deposits, drinking water, quality agricultural land, forest fund) and important country components (Small Carpathians, plain of Záhorie and Danubian plain, Danube, Moravia, meadow forests and water streams), including the proximity of the waterworks in Gabčíkovo as potential activity for promotion of the tourist industry;
- Favourable geomorphologic and climatic conditions without distinct natural barriers allow universal territorial development;
- Cultural potential consisting of cultural monuments and important cultural institutions, such as the Slovak National Theatre, the Slovak National Museum or the Slovak National Gallery.

Weaknesses

- Possible ageing of population with impact on reduction of own resources of labour force.
- High energy consumption of industrial production with impact on imports of energies and transport, as well as with a high share of intermediary consumption and relatively low share of added value.
- The distribution of job opportunities in the territory of Bratislava is rather unfavourable. The downtown concentrates a large number of job opportunities (approximately 30%) whereas only 10.6% of the total number of its inhabitants live there. The number of inhabitants in the centre of Bratislava is continuously decreasing.
- Overloaded transport infrastructure with a negative impact on the environment and health condition of population.
- Lack of apartments and social amenities.
- Unilateral economic migration: Bratislava and region of Bratislava – Austria.
- Extent and configuration of sources of pollution of the country environment (emissions, wastes) - soil, water, air.
- Occupation of land and forest fund due to extensive development of urban environment, transport system and infrastructure.
- Reduction of the scope of scientific-research activities, particularly in the area of applied research directly connected to different branches of industry. Insufficiently used intellectual capacities of universities.
- Awareness of conditions of enterprise and localisation of investments is inadequate, both on the part of public administration and commercial/industrial institutions. Information is not complete.

Focus and priorities of ROPs

The conclusions of the analysis were used by local and regional actors who, from the aspect of the utilisation of comparative advantages of the region, came from its strengths and opportunities, from the need to solve problems resulting from weaknesses and threats to regional development and proposed in individual areas the following specific priorities according to the main development axes:

a) Utilisation, restructuring and development of productive potential of the region

In addition to the aforesaid facts, the position and the importance of productive potential of the region can be characterised as follows:

In export performance of the region, industrial production with a share of 81.4% and production and power, gas and water supplies with a share of 18.2% prevail;

In 1999, the number and the structure of business entities, including small and medium-sized enterprises in the territory of the region, were represented by 22 478 legal persons (27.0 % of the Slovak Republic) and total number of 53 204 business natural persons registered in the region, of which 94.8 % (50 441 persons) were self-employed.

The industry of the region has a diversified structure with prevailing chemical, engineering and foodstuffs industries. The adaptation of industrial enterprises in the region goes on without significant negative impacts on employment. The presence of foreign capital (from 17 to 100%) in core industrial enterprises, stabilized production programmes and enhancement of competitiveness of the business environment create conditions for development opportunities and maintenance of the importance and position of the region in the Slovak economy.

The construction industry of the region is marked by a decrease in domestic building production and a decrease in the volume of construction works abroad. In 1999, building production executed by own employees decreased by 38.4 % against the previous year. The volume of building production of the region accounts for 34.6% of total production of the Slovak Republic.

The volume of investments allocated in the region by the end of the year 1999 represented total amount of 152 920 mil. SKK and was the largest in the Slovak Republic, accounting for 55.2% of nation-wide volume. The sector of chosen market services /CMS/ participates in nation-wide sales by 63 %.

For the solution of above and other problems within this development axis, the following decisive specific targets were chosen:

Specific target: Restructuring and stimulation of business development

Support measures:

Creation of conditions for the entry of direct foreign investment and development objectives in the area of engineering, chemical, foodstuffs and electronic industries, intensive cooperation of industries with a scientific and research basis, reduction of energy consumption and negative impacts on the environment, transfer and introduction of new technologies, modernization and enhancement of the quality of production and services for enterprises;

Foundation and development of small and medium-sized enterprises with high added value, particularly in the area of information technologies, biotechnologies and services for industry;

Expansion of cross-border business activities and development of regional business networks;

Establishment of an innovation centre;

Re-training of labour force and educational preparation in compliance with the course of restructuring.

Presumed benefits:

Enhancement of competitiveness and development of industries with a higher share of added value;

Creation of about 3 000 new job opportunities in the engineering and foodstuffs industries;

New technologies in chemical-rubber enterprises with a volume of approx. 15 billion SKK;

Development programmes in automotive production with a presumed amount of investments of about 12 billion SKK;

Development of information networks and stimulation of innovative enterprises;

Enhancement of the quality of management and enhancement of the effect of marketing.

Specific target: Building and development of industrial parks

Support measures:

Preparation of territory (land purchase, territorial planning documentation, infrastructure) for the entry of domestic and foreign investors;

Programmes of financial support for building industrial areas and parks;

Formation of favourable stimulative instruments (taxes, deductions, duties);

Exchange of regional and cross-border knowledge and experience in building parks;

Development of information infrastructure for the preparation of industrial parks projects; searching for contacts and financial resources.

Presumed benefits:

Allocation of business and foreign investments in the region;

Connection of the scientific-research basis to production;

Enhancement of competitiveness of the region;

Creation of effective jobs and enhancement of qualification level of labour force;

Building an industrial park in the region of Záhorie (Silicon Valley), with creation of 1 200 jobs;

New plant in Lozorno (Plastik Omnium France), with creation of 450 job opportunities;

Area for Pepsi Cola production in Malacky with 100 jobs;

Modernisation of product and service technologies;

Rise in labour productivity and added value;

Expansion of finality, quality, competitiveness and export of products;

Enhancement of image of region and of the possibility of extension of territorial cooperation;

Extension and improvement of commercial network, hotel accommodation (Carlton) and administrative premises.

Specific target: Growth in competitive production and services from the viewpoint of the development of SME

Support measures:

Adaptation of financial and legislative conditions for the support of SME development, including the entry of „high-tech“;

Development of the structure and allocation of SME, preferentially in the districts of Malacky, Pezinok and Senec;

Development of SME based on innovations and transfer of technologies;

Small trade in the sector of crafts and services, preferentially in the districts of Malacky, Pezinok and Senec;

Counselling and information network, building incubators for business network;

Self-employment business-making, establishment of a regional microcredit fund;

Introduction of quality management systems (ISO 9 000) and environmental management systems (ISO 14 000);

Development of modern types of productions and services with high added value;

Presumed benefits:

Increase of share of SME in enhancement of competitiveness of production and services in the region;

Stabilisation and development of business environment.

Specific target: Development of multi-functional agriculture

Support measures:

Stabilisation of the decrease of cultivation areas and farm animal breeding;

Protection of agricultural land, more intensive utilisation of irrigation and reconstruction of machinery fleet;
Development of traditional and non-traditional vegetable production and restoration of orchards and vineyards;
Development of sales centres and storage capacities;
Technological development of foodstuffs industry and production of eco-foods;
Increase in labour productivity and competitiveness of foodstuffs production.

Presumed benefits:

Increase of agricultural production and job opportunities in countryside;
Enhancement of competitiveness of agricultural products;
Preservation and reconstruction of country-like nature of rural areas;
Benefits for environmental stability of the countryside and rural areas.

Specific target: Development of tourism and balneology

Support measures:

Complete the network of accommodation, boarding and sport/recreational capacities;
Complete and connect local cycling path to the international Danubian and Moravian cycling path;
Extend and complete border crossings on the border with Austria and extend services for tourists on highways and international roads;
Develop congress tourism and rural tourism;
Enhance the range and level of provided services in compliance with the European standard;
Build information centres and territorial orientation system, establish tourist associations and improve marketing;
Designate centres of concentrated tourism in connection with existing conditions, objectives and plans for the future;
Use geothermal waters for promoting the tourist industry (thermal swimming pools);
Preserve cultural heritage, particularly cultural monuments;
Dedicate increased attention to the protection of health and property of domestic and foreign tourists;
Increase the intensity and the quality of cultural events in the territory of Bratislava city.

Presumed benefits:

Extension and improvement of the range of tourist services;
Enhancement of competitiveness of the region in the Central European territory;
Stabilisation and increase of the domestic and foreign visitor rate;
Increase in employment, development of complementary services and increase in sales of restaurants;
Increase the number of nights spent in accommodation facilities of the region by 15 to 20% in comparison with the year 1999;
Construction of the Olympic Centre in Senec –centre for the preparation of top sportsmen with the possibility of utilisation for general public;
Completion of infrastructure of tourist industry in the area Bratislava – VD Gabčíkovo for recreational and sport activities;
Enhancement of attractiveness of destinations of cultural tourism.

b) Increase in innovative capacity of regions

For the support of development in this development axis, optimal conditions in the network of educational and scientific-research institutions, concentrated mostly in Bratislava, are created in this region.

In the area of university education, the region has the dominant position within Slovakia, whereby in the territory of Bratislava there are 5 universities with 24 faculties frequented by 40% (36 062) students of full-time studies from total number of students in the Slovak Republic. Another 7.5 thousand are external students.

In the framework of the development of science and technology, a significant number of institutions dealing with research and development in Slovakia are situated in the region, where up to 43% of the total number of 307 institutions of the Slovak Republic are localised, especially in Bratislava.

No specific target was set to support the enhancement of the innovative capacity of the region, in spite of the fact that the region of Bratislava has pre-requisites and conditions for the execution of the function of diffusing innovations in other Slovak regions as well.

c) Cultivation of human potential and effective utilisation of working potential

The development in the number of inhabitants of the region has shown a declining tendency since 1999 due to decreasing natural increments of population. A change in the development of the population also showed in the migration of population from the region when in 1998, in spite of positive results achieved in districts of a rural character, where increments in the number of inhabitants were achieved, the decrease in the number of inhabitants for the whole region could not be reduced.

The age structure of the population of the region is relatively favourable, but from the viewpoint of past trends it is deteriorating – population grows old. In comparison with the age structure of the Slovak population the situation is less favourable, particularly in pre-productive and post-productive age. The average age of 36.72 years is the highest in comparison with Slovak regions (SR 35.10 years).

In 1999, the rate of economic activity of the population in productive age of 82.9 % and the rate of economic activity of population in post-productive age of 16.5% was recorded.

In 1999, the share of the region in the total employment of the Slovak Republic was 27.0%. The prevailing sector that provided employment in the region was the tertiary sector, in which 72.3% of employees worked (in Bratislava up to 73.8%).

As the area of human potential and the effective utilisation of working potential forms one of the major strengths of the region, no specific targets were proposed in this area.

d) Improvement of accessibility of the region and complex provision of the territory with decisive facilities of social and technical infrastructure

To improve the transport situation in the region it is particularly necessary to complete highway sectors, build by-passes of the towns of Pezinok, Modra and Malacky, complete the road from Bratislava to Dunajská Streda and by-passes of the communities Rovinka and Dunajská Lužná, transform the railway station Bratislava - Filiálka to a passenger railway station and execute the presumed construction of "Goods Centre of Freight Transport Bratislava - Pálenisko". To improve the transport situation in Bratislava, it is necessary to complete ZAKOS in the founded radial-circular configuration and build up a network of core transport system of MHD (mass city transport).

In the area of telecommunications, the density of main telephone stations is 50.5% (number of MTS per 100 inhabitants), while presence of telephone lines in apartments represents 90.5%.

In supplying with drinking water the region is relatively high, 95% share of inhabitants connected to public water mains. 65 out of the total number of 72 communities are connected to the water supply network..

The region reports relatively high level of waste water disposal with 82% of inhabitants living in houses connected to a sewage system. In the territory of the region, 26 sewage treatment plants are completed, and 3 sewage treatment plants are under construction.

In the area of power engineering, the region enjoys the required energy media and related distribution network. In supplying with electric power and natural gas, the region is not self-sufficient and depends on imports – in electric power to about 75% and in natural gas to almost 100%.

Tourism is a positive factor in the development of the region, particularly from the aspect of economic benefits, exchange of information, familiarity with the region, as well as incentives towards the extension of services. By the end of the year 1999, the region had 100 accommodation facilities with 9,573 beds, which represents 9.3% of the total number of beds in Slovakia. Bratislava has 7.5% of the total number of beds in the Slovak Republic.

The dominant share (83.2%) in the total number of accommodated visitors within the region belongs to Bratislava, which participates in the visit rate of foreigners to 88.9%.

By the end of the year 1999, housing, as the basic living condition of inhabitants of the region, was represented in the total housing fund by 235 097 apartments, of which 98% (230 697 apartments) belonged to permanently occupied apartments and 2% (4 400 apartments) to non-occupied apartments. A quarter of permanently occupied facilities (57 899 housing units) were situated in family houses. The number of permanently occupied apartments per 1000 inhabitants of the region is 374, as compared to the share of 310 apartments in the whole Slovak Republic.

The structure and organisation of health care provision in the region has significant specific features that are given by the position of Bratislava as the capital of the Slovak Republic. A total number of 10 hospitals of regional and local importance with a capacity of 5 303 beds are situated on the territory of the region.

For purposes of social care, 22 state facilities of social services for children and adults operated in the region in 1999. These facilities provide care to handicapped citizens, citizens suffering from mental diseases, problematic behaviour or perceptual handicaps, while nursing houses and rest homes serve older citizens.

Within this development axis, the following targets are proposed:

Specific target: Completion of transport system in Bratislava and by-passes of cities and municipalities in the region

Support measures:

Completion of highway sectors in Bratislava;

Completion of the transport system, including MHD (mass city transport) and static transport in Bratislava;

Solution of construction of by-passes of the cities and municipalities of the region;

Completion of border crossings, particularly for freight transport;

Connection of industrial areas to the transport system.

Presumed benefits:

Enhanced coverage of communication network;

Faster transport of passengers and forwarded substrates, including transit;

Development of business environment;

Solution of environment;

Extension of the highway system in Bratislava by 13.0 km.

Specific target: Development of combined transport

Support measures:

Build an International Goods Centre for freight transport in Bratislava-Pálenisko, with the required logistics background;
Upgrade railway lines to international parameters (Bratislava – Trnava, in 2000 to 2003);
Create legislative and technical conditions for the development of combined transport;
Development of business entities in combined transport;
Build a tranship-point and a Ro-Ro terminal in Devínska Nová Ves.

Presumed benefits:

Extension of provided services for goods traffic;
Attainment of standard transport connection of Western markets with Eastern markets of Ukraine and the Russian Federation through the territory of the Slovak Republic;
Creation of new job opportunities;
Provide complete transport services of higher quality;
More effective utilisation of existing capacities.

Specific target: Housing development

Support measures:

Construction of affordable apartments, particularly for young families and migration of population, especially to Bratislava;
Reconstruction and modernisation of existing housing funds, particularly of prefabricated blocks of flats in towns of the region;
Adjustment of legislative instruments and price policy instruments for the support of housing development, including the required construction and reconstruction of technical infrastructure.

Presumed benefits:

Until 2010 to reach the share of 391 apartments per 1000 inhabitants;
Solution of the situation in housing market in favour of young families and migration to the region, particularly to Bratislava;
Improvement of quality of the existing housing fund.

Specific target: Development of social and health care

Support measures:

Solve priority objectives in the area of reprofiling, repairs, maintenance and reconstruction of social care facilities;
Implement reconstruction of health facilities within 2nd and 3rd stages of restructuring;
Support the completion of areas for high-specialised health services (Rázsochy);
Build medical institutions/hospitals for long-term patients;
Deepen cooperation between local government bodies and self-governing bodies in social and health care provision;
Complete the social care network with lacking services (establishments for minors/community homes, rest/nursing homes and hospices for citizens in social need and for inadapted citizens).

Presumed benefits:

Improvement of social and health care services;
Functional reconstruction of social and health care facilities;
Improvement of health prevention and condition of regional population.

7.4.2 Region Slovakia - Southwest

Summary characteristics of the region

The region spreads over an area of 10 491 km². The largest area is covered by the plain of Danube in the south, the plain of Záhorie in the north-west and the mountains Pohronský Inovec and Štiavnické vrchy in the north-east. The soil cover of the region is mostly represented by quality arable land that replaced original forests. Oak, beech and mixed oak and hornbeam forests prevail. In the area of the plain of Danube there live 20% of animal species that do not occur elsewhere in Slovakia or that come to the border of broad-leaved forests only. The animal kingdom is represented by biotopes of meadow forests and cultured prairies.

The population as of 31 December 1999 was 1 267 128 (23.5 % of the Slovak Republic). The density of population is 128 inhabitants/km², above the average of the Slovak Republic. Since the last census taken in 1991, regional population has increased by 8 127 persons. The age structure is relatively favourable, with population in pre-productive age at 19.5%, population in productive age, 63.2% and population in post-productive age, 18.8%. Despite the overall positive development, there are interregional differences, particularly in the south part of the region where the districts of Nové Zámky, Komárno and Piešťany rank among demographically depressed regions with subsequent decreases in population. The structure of settlement consists of 599 municipalities, of which 30 towns and cities. From the administrative point of view, the region is actually composed of 2 regions (Trnava and Nitra) and 14 districts.

Per capita gross domestic product (in purchasing power parity) reached the value of 7 800 in 1997, which represents 41 % of the average of EU countries and is 11.4% lower than the Slovak average. Save the metallurgical industry, all industries of national economy are represented in the region which has the most important concentration of energy sources and agricultural production and the least important concentration of drinking water and geothermal water sources within the Slovak Republic.

Due to structural changes, particularly in agriculture, construction, but also industry, the rate of unemployment increased to 19.3% in 1999 (against 15.5% in 1998).

In the territory of the region 8 993 business entities – legal persons and 64 121 self-employed are registered. From the total number of registered business entities, small and medium-sized enterprises with less than 250 employees account for 98%, but 145 large enterprises have the largest share in production and employment.

Considering the geographical position, dense road and railway network and direct connection to European multimodal corridors IV, V, VII (Danube) the good transport potential and possibilities given by accessibility of concentrated markets of the West and Southeast Europe are not fully used in the region.

SWOT analysis

Strengths

Multisectoral, diversified structure of the economic base of the region,

Quality energy potential consisting especially of nuclear power plants in Mochovce and Jaslovské Bohunice, the Gabčíkovo Waterworks (VD), transit gas lines and natural gas storage tanks of supranational importance;

- Soil, climatic conditions for the development of intensive agriculture,
- Network of scientific-research, educational and consultancy institutions and high level of education of managers in agriculture;

- Favourable conditions for the extension and production of biological foodstuffs and new biotechnologies in agriculture;
- Existence of large industrial companies oriented to demanding foreign markets;
- Suitable location conditions for new economic activities, including potential utilisation of existing production capacities and available qualified labour force;
- Sufficiency of building capacity;
- Utilisation of construction products based on domestic raw materials;
- Favourable conditions for the development of balneology and potential utilisation of thermal resources for summer tourism;
- Wide network of educational institutions, universities and secondary professional schools allowing replacement qualified labour force;
- Favourable geographical position on international road and railway lines and on the transcontinental water route Rhine-Mohan-Danube;
- Dense road and railway network with connection to border crossings to the Czech Republic, Hungary and Austria.

Weaknesses

- Lack of financial resources for restructuring;
- Low rate of business activity in districts with the highest rate of unemployment;
- Decrease of building production;
- Decrease in performance of the agrocomplex, caused by lower competitiveness against imported subsidized foodstuffs;
- Low share of market services in the sectoral structure of the region;
- Growth in area of uncultivated ground,
- Non-functionality of the existing reclaiming equipment,
- Insufficient connection of foodstuffs industry with agricultural original production;
- Stagnation of the scientific and research base;
- Absence of institutional assurance of information-consultancy services;
- Insufficient network of accommodation facilities in tourist centres;
- Demographic depression in the south part of the region and lower educational level, with above-average share of population with elementary education;
- Discrepancy between subjects of study and demand in labour market and unwillingness of business entities to invest in specialised preparation of employees.

Focus and priorities of the regional operational programme

The conclusions of the analysis were used by local and regional actors who, from the aspect of the utilisation of comparative advantages of the region, starting from its strengths and opportunities and from the need to solve problems resulting from weaknesses and threats to the regional development, proposed in individual areas the following specific priorities according to the main development axes:

a) Utilisation, restructuring and development of productive potential of the region

The region has a distinct industrial-agricultural character. The following production industries prevail in the structure of its economic base: industry with a share of 35.5 % (SR 33.5 %), agriculture with a share of 14.8 % (SR 7.0 %) and construction industry with a share of 4.7 % (SR 4.3 %). The primary and secondary sectors represent 55 % against 45 % on a nation-wide average. In spite of absolute growth, particularly in market services, in the years 1990 to 1999, the share of tertiary sector is only 48% (SR 55%). In addition to limited

demand on service market, enterprise in progressive sectors of services is impeded by the lower educational level, particularly in the south part of the region.

The industry has a multiindustrial structure, with the dominant position of power engineering and important position of engineering and electrotechnical industries. However, the region participates in sales revenues from industrial operations of the Slovak Republic by 15% only. On the other hand, in turnover revenues from agricultural operations of the Slovak Republic, the region participates by 48%. From the viewpoint of the volume of agricultural production and food securing for the country, the region Slovakia – Southwest has a dominant position, so measures connected with the development of multi-functional agriculture and its connection to the foodstuffs processing industry should become one of the priorities of the Regional Operational Program (ROP).

Construction that took advantage of relatively developed capacities in the region is marked by a decrease in building production. In comparison with the year 1997 the number of employees in construction enterprises with more than 20 employees decreased by 27%.

In 1999 the volume of investments was equal to 28.7 billion in current prices, which represents only 10.4% of the volume of investments in the Slovak Republic. Industry and construction makes use of free capacities in the region and it is a lack of own and credit resources that prevents their more effective utilisation.

One of weaknesses of the region is a lower share of industries of the tertiary sector, that represents 45% only and is deeply below the average of the Slovak Republic, which already amounts to 55% in the sector of services. From the aspect of development of the production sector, as a negative phenomenon can be considered the fact that market services form only 27% of the total number of 100 667 employees in the tertiary sector.

The solution of development problems of the utilisation of restructuring and the development of productive potential of the region is particularly aimed to the following specific targets:

Specific target: Restructuring, adaptation, stimulation of development of industrial production

Support measures:

Restructuring of the existing production areas, namely the project of revitalization of the area of the Nickel Smelting Plant in Sered';
Project of the development of chip and integrated circuit production in SEI, a.s. Piešťany;
Project of revitalization of the area of TAZ Trnava, project of revitalization of CALEX Zlaté Moravce, project of revitalization of SL Komárno;
Project of building an industrial and customs area, including so-called "free port" in Komárno.

Presumed benefits:

Increase in production with higher share of added value;
Increase of employment in economically depressed regions with high rates of unemployment

Specific target: Development of multi-functional agriculture and connection to the foodstuffs industry

Support measures:

Foundation of production-sales associations;
Restructuring of production and its division into sectors;
Development of ouselling activities.

Presumed benefits:

Redress of revenue deficit of agriculture;
Decrease in import of foodstuffs from the temperate zone;

Increase in sales production from the region;
Contractual ensurance of sales of production;
Making the commodity market functional.

Specific target: Development of market services

Support measures:

counselling-legal, marketing, computer, information projects for construction of business centres that should also fulfil the function of business incubators.

Specific target: Development of small and medium-sized enterprise (SME)

Support measures:

Development of consultancy and information network;

Support of communities, associations and private investors in establishing smaller industrial parks whose core will be incubators for businesses and small entrepreneurs starting their business activities;

Development of SME based on innovations and the transfer of technologies (IT companies) with creation of favourable conditions for their location in technological parks and areas of universities and research institutions.

Presumed benefits:

Keeping competitive production in the region;

More effective utilisation of local resources and creation of conditions for the transfer of higher technologies to the region;

Increase or maintenance of employment.

Specific target: Building and development of industrial parks

Support measures:

Selection of suitable localities and preparation of territory for construction of industrial parks;

Support of the entry of strategic investors in existing industrial areas;

Development of information systems for investors and a data base of projects;

Building industrial parks in Nitra, Komárno, Levice, Dunajská Streda and restructuring of the industrial zones in Trnava and Sereď.

Presumed benefits:

Creation of new jobs in the districts of Komárno and Levice;

Improvement of the sectoral structure of the economic base of the region.

Specific target: Utilisation of domestic resources generating economic growth

Support measures:

Increase the volume in the foodstuffs industry by the utilisation of resources of agricultural original production;

Enhance the completion of products in wood processing industry and in building material production.

Presumed benefits:

Growth in GDP and employment;

Growth of export performance of the region.

b) Enhancement of innovative capacity of regions

Innovative capacities mostly consist of the institutions of elementary and applied research and experimental verification. Specialized consulting and consultancy units influence the transfer of progressive technologies in know-how only as a secondary factor.

The region Slovakia-Southwest participates by 19% in the number of employees of VVZ with 4 840 employees. In comparison with the year 1996, the number of employees in VVZ organisations increased by index of 132.7%, particularly thanks to the increase of the number of employees in the region of Nitra. The region however participated by 25.2% in the volume of expenditure on research in the Slovak Republic.

ROP does not deal with possibilities of the extension of the scientific-research base, its profiling and its utilisation for diffusion of innovation; it only deals with issues of information-technological support of enterprise in the region. In any case, centres such as Trnava and Nitra have the prerequisites for intensification of innovative capacities of the region.

Specific objective: Information-technological support to the development of enterprise

Support measures:

Development of a network of information and consultancy centres;

Development of information systems with assistance of scientific and research workplaces;

Provision of complete information about the individual segments of production and provided services.

Presumed benefits:

Extension of business oriented to sophisticated products and services.

c) Cultivation of human potential and effective utilisation of labour force resources

Total population of the region as of 31 December 1999 was 1 267 128. Since the last census taken in 1991 until the end of the year 1999, the regional population increased by 8 127. The most dynamic growth was observed in the region of Trnava, where the number of inhabitants increased by 9 425 persons, while in the region of Nitra it showed a decrease of 1 298 persons. An increase in population was observed in the districts of Trnava, Dunajská Streda, Skalica, Galanta and Nitra. A decrease in population was observed in the districts of Nové Zámky (-2 345 persons), Komárno (-713 persons) and Topoľčany (-88 persons).

The educational structure is calculated from the residential population older than 15 years and within the region there are significant differences between the regions of Trnava and Nitra. Population of the Nitra region shows a below-average of Slovakia education value. The educational structure of the region of Trnava is positive; it uses sufficient resources of qualified labour force, which creates conditions for the development and the utilisation of the most advanced technologies.

The existing employment structure in the region is a result of changes in the structure of economy and is affected by the ongoing transformation and restructuring of individual industries. According to statistical indicators for the year 1999, the average recorded number of employees was 237 039.

By the end of the year 1999, the region had 124 013 registered unemployed, of whom 78 078 were recorded unemployed („RU“) in the region of Nitra and 45 935 RU in the region of Trnava. In comparison with the end of the year 1998, the number of unemployed increased by 25 457, of which by 14 911 persons in the region of Nitra and by 10 546 persons in the region of Trnava. When we compare the rate of unemployment as of 31 December 1998 where its value for the region reached 15.51% , with the rate of unemployment as of 31

December 1999, which amounted to 19.34% we can state an increase of 3.83 %. Women participated in the total number of RU by 46.53 %.

A rate of unemployment of 20 % is exceeded in the districts of Komárno, Levice, Nové Zámky, Šaľa and Zlaté Moravce. The largest category of RU was represented by persons in the most productive age. In 1999, the category in the age from 20 to 24 years participated in the total number of RU by the highest percentage.

In monitoring demand and offer of job opportunities on the labour market within the region, there is a significant disproportion persisting especially due to the unfavourable economic situation.

As primary reasons for the higher rate of unemployment in the region we should mention especially the following factors:

- Ongoing restructuring of industrial base of the region;
- Decline of agricultural co-operatives caused by inappropriate credit policy and failures in connection between agricultural original production and processing industry;
- Discrepancy between the specialization of graduates from schools and requirements of labour market;
- Weak management in some enterprises that showed in the form of bankruptcies;
- Choice of unsuitable methods of privatisation,
- Insufficient financial and institutional support of small and medium-sized enterprise.

To positively affect the situation of unemployment means first of all to revive the economy, ensure economic development by a progressive stabilisation of employers of core enterprises, promote the development of small and medium-sized enterprise with the view to creating permanent job opportunities in all sectors of economic life, i. e. to concentrate to the attainment of objectives of the first development axis and to the following specific objectives:

The region, particularly its regional centres, are important centres of education. In the region of Nitra there are 2 universities with nation-wide catchment:

- University Constantine Philosopher (UCP) with three faculties,
- Slovak University of Agriculture (SUA) consisting of four faculties.

In the region of Trnava, university education is established in the regional city Trnava with 3 universities.

The educational system in the region is also characterised by a wide network of secondary schools. In the school year 1999/2000, 194 secondary schools were situated on the regional territory. Prognoses of education and professional preparation take into account trends of demographic development.

Based on an analysis of the existing development we can expect that the development of professional education and preparation under regional conditions will be aimed to:

- Establishment and development of associated/affiliated schools and professional high schools,
- Higher demands on the quality of preparation;
- Distinct development of superstructure and re-training studies;
- Increased interest of students of elementary schools in studies of technical specialisation;
- Formation of regional departments for evaluation and rationalisation of facilities providing professional education.

Specific target : Support of development of the educational system

Support measures:

Following modern development trends and adequate technical equipping of educational facilities;

Whole-life education, organisation of re-training courses, post-graduate studies, superstructure studies and distance education;

Enhancement of the level of education of citizens belonging to national minorities.

Specific target: Stabilisation of labour market

Support measures:

Implementation of specialised re-training programmes;
Harmonization of subjects of study in schools with requirements of labour market;
Utilisation of the possibility of cross-border cooperation in employment of citizens from south parts of the region within the developing region Hungary – West;
Preventive consultancy within IPSs established at the Regional Labour Offices with utilisation of the program " School for You".

Presumed benefits:

New jobs;
Savings in financial resources for passive labour market policy.

d) Improvement of accessibility of regions and additional provision of their territories with infrastructure

A highway included in the transport line V.a and the roads of international importance E 75, E 77 and E 571 which has important internal position and is being progressively transformed to a motorway on the lines Bratislava-Nitra and Trnava-Nitra, pass through the territory of the region.

The south part is kept in acceptable contact distance of up to 20 km by a highway included in the corridor IV.

By a system of international communications the region is connected to the European railway system, particularly by line divisions included in the corridors V.a and IV. The water route Danube, as the TransEuropean corridor VII, has the same importance. The region has a dense railway transport system. A disadvantage is its lower technical level.

In the area of telecommunications, digitalisation of telephone networks in the whole region goes on. The development of the telecommunications infrastructure and telecommunication services is ensured evenly in the whole territory. The entire region has 333 927 installed telephone stations.

From the aspect of power supply, the region has a dominant position in the Slovak Republic. The largest resources for power generation in the region are situated in the areas of nuclear power plants in Jaslovské Bohunice (installed output 4x440 MW) and Mochovce, as well as hydro-electric power plants in Gabčíkovo (installed output 720 MW), in Madunice (installed output 43.2 MW) and in Kráľová nad Váhom.

In addition to these resources, 9 small hydro-electric power plants with total installed output of 7.4 MW, and large benefits consisting in environmental utilisation of the hydraulic potential are situated on the territory of the region.

The region has favourable conditions for the utilisation of hydraulic power, solar power as well as of biomass and biogas power. Of special importance is the utilisation of hydraulic potential of the region on the rivers Váh, Nitra, Hron, Ipel', Moravia and Myjava.

Considering the level of provision of the territory with facilities of technical and social infrastructure, additional provision of the territory can be ensured by its own means. Within the respective development priority, it is necessary to concentrate on utilisation of the transport potential of the region.

Specific target: Modernisation and development of transport infrastructure

Support measures:

Completion of the combined transport terminal in Štúrovo and Komárno;
Modernisation of the railway line in the direction Bratislava - Nové Zámky - Štúrovo to a line speed of 160 km/hod.;
Completion of new border crossings for the support of cross-border cooperation;
Construction of a north-east by-pass of Trnava, construction of a bridge over the Moravia river - from Moravský Sv. Ján to Hohenau;
Reconstruction of the railway network to a higher speed level;
Construction of a multi-purpose water works Sered' – Hlohovec will provide space in several areas (construction of river ports in Sered' and Hlohovec);
Reconstruction of the bridge over the river Váh in Piešťany;
Construction of a highway bridge in Komárno and of a north-south motorway I/64.

7.4.3 Region Slovakia – Northwest (NW)

Summary characteristics of the region

The area of the region is 11 290 km² (it covers 23% of the territory of the Slovak Republic). The settlement is affected by the heterogeneous structure of the landscape. In 1999 the region had 1 301 870 inhabitants. The density of population, 115.2 inhab./km², is above the nation-wide average. The north part of the region is characterised by a high natural increase of population (2.05%) while the south is characterised by minimal increases of population.

The region consists of 591 municipalities, of which 35 municipalities have the status of towns, where 54.4% (707 522 inhabitants) of the total population live.

Among important seats we can rank cities and towns such as Žilina, Trenčín, Považská Bystrica, Martin, Prievidza, Liptovský Mikuláš and others.

The share of economically active population with a university education was 8.1% in the north part and 9.05% in the south part of the region; for completed secondary education the values were 38.45% and 39.33%, respectively, for apprenticeship 43.72% and 42.85%, respectively and for the population with elementary or without education 9.75% and 8.77%, respectively. The highest educational level, as the above values show, is in the centres of education, science, research or industrial innovative centres.

In the economy of the region, 27 large enterprises (with more than 1 000 employees) operated as of 31 December 1999. They were mostly concentrated in the seats of district offices.

With a share of 24.1 % of the Slovak population, the region concentrates 24.5 % of registered domestic business entities. The region participates in industrial production by 18.8%, with a share of 30.4% in industrial employment, while in construction the region makes up 20.1% of the building production of the Slovak Republic.

The region contributes to produced added value of the Slovak Republic by 17.3% and net earned income per member of household in the region is 5 026 SKK, which is 296 SKK less. The rate of unemployment, from the available number of recorded unemployed as of 31 December 1999, was 15.73%.

The region has 63 development organisations which represents 20.0% of the total number of such organisations in the Slovak Republic. They employed 3004 persons (13.4% of the number of the Slovak Republic). The most important concentration is in the district of Žilina (data are for the year 1999).³⁶

³⁶ Values from ROP – The Region Northwest and Selected Data on Regions, Statistics Office of of SR No. 4/1999

SWOT analysis

Strengths:

- Heterogeneous production structure – with prevailing engineering, textile, glass, paper and pulp, electrotechnical and wood processing industries;
- Existence of free work areas and premises in enterprises reducing production (ZTS TEES, a.s. Martin; Koželužne Group Bošany, a.s. Bošany,...),
- Existing capacities with positive indicators of economic efficiency (SCP, a.s. Ružomberok; KLF-ZVL, a.s. Kysucké Nové Mesto; Alcatel Slovakia, a.s. Liptovský Hrádok; Hoechst-Biotika, s.r.o. Martin; Neografia, a.s. Martin; Matador, a.s. Púchov; Hornonitrianske bane, a.s. Prievidza; Novácke chemické závody, a.s. Nováky; Trens, a.s. Trenčín; Nestlé Food, s.r.o. Prievidza; ...),
- Existing potential for the utilisation of the existing capacities in engineering and electrotechnical industries;
- The region has an adequate number of local construction companies that may fully ensure the implementation of even very demanding investment programmes;
- The region enjoys deposits of lignite (district of Prievidza); from non-ore mineral deposits sufficient amounts of building materials, wood stock, rich reserves of ground water, mineral and thermal springs;
- In the south part of the territory, there are favourable natural conditions for agricultural production, with a potential even for cultivation of thermophile plants;
- Suitable conditions for sheep and cattle-breeding in the whole territory;
- Favourable structure of forest cover according to age;
- Suitable conditions for fishing and hunting;
- A sufficient potential for foundation of industrial parks, scientific and technological parks (regions of Považie, Orava, Kysuce, Turiec, Liptov, Horná Nitra);
- Existence of the University of Žilina, with a highly-specialized scientific and research potential and developed research base in the region;
- Operation of the interest group of legal persons "Scientific and Technological Park of Žilina" as a group of the most suitable entities;
- Developed banking sector with standard services situated in the region;
- Developed area of information technologies;
- Favourable geographic and transport position,
- Strategic position of the territory in the East-West and North-South transport lines;
- Location of airports in Žilina and Trenčín,
- Existence of a good potential for promotion of the tourist industry,
- Developed regional health resorts;
- Location of a large number of cultural and historical monuments,
- Economic utilisation of the position at the border with the Czech Republic and Poland.

Weaknesses:

- Reduction of coal mining;
- Unsolved conversion of the armaments industry (ZTS TEES, a.s. Martin),
- Existence of primary productions with a small share of completion (e. g. chemical, wood processing industries),
- Excessive concentration of industrial production in one or several large enterprises in some districts, risk factor from the aspect of development and maintenance of employment (Kysucké Nové Mesto, Tvrdošín, Čadca, Partizánske, Bánovce n/B, Myjava ...),

- Low share of organisations with foreign and international property in the region;
- Lack of financial resources for purchase of advanced technologies or the extension of production in most production enterprises;
- Insufficient interconnection of the research base and the production sector;
- Lack of complete consultancy services in the area of small and medium-sized enterprise;
- Low share of small and medium-sized enterprises in the area of industrial production and services,
- Inadequate utilisation of old industrial areas,
- Decrease of production in wood processing industry, insufficient utilisation of wood, which is processed to a semi-product only with added value produced outside the territory of the region;
- Seasonal utilisation of tourist capacities;
- Low labour productivity in agriculture, low economic efficiency of agricultural enterprises;
- Non-completion of combined transport terminals with international significance in Žilina and those with supraregional importance in Trenčianska Teplá and Ružomberok,
- Relatively high unemployment in some districts (Partizánske, Bánovce n/B, Kysucké Nové Mesto, Čadca, Tvrdošín, Dolný Kubín, Námestovo),
- Construction of waste water removal lagging behind the construction of water mains;
- Inadequate quantity and capacity of sewage treatment plants,
- Unequal distribution and insufficient capacity of institutional and non-institutional facilities of social care,
- Deteriorating situation of material and technical base of schools, insufficient repairs and maintenance, low level of school provision with computers and information technologies,
- Absence of quality services for promotion of rural tourism,
- Strongly contaminated areas in the region;
- Lack of financial resources for provision of care for preserved areas and significant landscape components, inclusive of monitoring,
- Non-completed higher transport system (highway system).

Focus and priorities of regional operational programme

a) Utilisation, restructuring and development of productive potential

Industry of the region is marked by a distinct industrial diversification. Of nation-wide importance is especially manufacture of machines and equipment, manufacture of pulp, paper and paper-based products, manufacture of electrical optical devices, textile and clothing manufacturing, manufacture of products from rubber, shoe manufacturing, manufacture of building materials as well as the fuel industry. The food production has an important position too. The share of the region in industrial production of the Slovak Republic is 18.8%.

The most industrial part of the region lies in the districts along the valley of the river Váh: Nové Mesto nad Váhom, Trenčín, Ilava, Púchov, Považská Bystrica, Žilina, Martin, Ružomberok, Liptovský Mikuláš and, in the south part, the district of Prievidza.

The construction industry in the region Slovakia – Northwest is going through a crisis connected with a decrease of investments. Building production as of 31 December 1999 amounted to 9146.6 mil. SKK and participated by 20.1% in building production of the Slovak Republic. The building companies employed in average 16 249 persons, i. e. 23.4% of the

total number of Slovak population employed in this industry. Building production recorded a year-on-year decrease of about 22.0% and the average number of employees decreased by approximately 17.0%.

The construction industry has a dominant position, particularly in the north part of the region, e. g. in the district of Žilina, where 54.2% of workers out of a total number of 10 440 workers are employed. The future development of the construction industry depends especially on the rate of investments.

The volume of acquired investments allocated in the region by the end of the year 1999 represented an amount of 41 070 mil. SKK, which accounts for 14.82% of the national volume.

Natural conditions for agriculture are favourable in the south part of the region. Areas of permanent growth prevail over arable land in the territory of the region. Agricultural production is ensured by 65 agricultural cooperatives, 1 state farm, 37 limited liability companies and 11 joint-stock companies.

The sector of small and medium-sized enterprising is concentrated especially to trading, hospitality, accommodation and tourism. The region has 16 878 registered legal persons (of which 11 628 concentrated to profit) and 69 046 natural persons, of which 63 888 small tradesmen.³⁷

The objective focus of the respective development axis is attained by the following specific targets:

Specific target: Restructuring, microeconomic adaptation and stimulation of business development

Support measures:

To improve the business policy of enterprises by education of managers;

To involve enterprises in the programme of development of the automotive industry in Slovakia;

To maintain effective sources of energy for the support of industrial production;

To support the domestic development of final production, care for low energy consumption and environment-friendliness of new technologies;

To modernise production and introduce new technologies;

To use free production areas of the enterprises for business activities;

To use the network of professional and vocational schools for the development of qualified labour force.

Presumed benefits:

Share in gross production, added value and export performance of the region, cost profitability, share of costs in revenues.

Specific target: Utilisation of domestic resources generating growth and permanent competitiveness

Support measures:

With the utilisation of domestic raw materials and qualified labour force to increase the share of primary wood substance processing, enhance the completion of products in the wood processing industry;

To create conditions for the development of manufacture of building materials based on raw materials and of manufacture of semi-products in the region (small-tonnage chemistry);

³⁷ Values from ROP – The Region Northwest and Selected Data on Regions, The Statistical Office of SR No. 4/1999

involvement of enterprises in the programme of the development of the automotive industry in Slovakia;
development of foodstuffs industry with 100 % chemical-free food production;
maintain effective sources of energy for the support of industrial production.

Presumed benefits:

Increase in GDP of the region, decrease in unemployment ...

Specific target: Building and development of industrial parks

Support measures:

Programme of support for building industrial zones and industrial parks – by government;
Programme of support for entry of strategic investors in existing production plants – by government;

Connection of the region to the TransEuropean highway network- completion of highways D1, D18;

Preparation of the territory for an increase of investments;

Completion of technical infrastructure of municipalities (waste water removal, water mains, gas);

Final settlement of property relations;

Information system for investors – establishment of a data base of vacant land, parcels, areas, providing information on land and buildings, consultancy for investors, publicity of areas and buildings designed for investors;

To build in Považie, Turiec, Liptov, Orava, Kysuce and the upper Nitra industrial parks and industrial zones, a scientific and technological park in Žilina for the region Slovakia - Northwest.

Presumed benefits:

Creation of new jobs, finding new investors, information system for investors - a data base of land and buildings, number of industrial parks, industrial zones, building scientific and technological parks.

Specific target: Support of building production

Support measures:

Optimization of the network of building capacities in connection with the presumed financial assurance of the development of the region;

Preference for quality suppliers of construction works;

Implement large infrastructural projects - technical infrastructure;

Completion of highways, motorways and conduits;

Increase of transport speed on railway lines;

Building industrial zones and transshipment terminals.

Presumed benefits:

Balance indicators of construction companies, quantification of technical infrastructure, number of industrial parks.

Specific target: Development of multi-functional agriculture

Support measures:

Improve product quality in agriculture;

Marketing of agricultural products and distribution;

Creation of new business activities, extension of jobs within existing business activities;

Increase of wages in agriculture;

Completion of irrigation systems.

Presumed benefits:

Growth in labour productivity, increase of average wages in agriculture, decrease of percentage share of population employed in agriculture, increase of share in formation of GDP.

Specific target: Development of tourism and balneology

Support measures:

To develop human resources in compliance with needs of promotion of tourist industry, implement areas of education for the support of specified activities, system of whole-life education;

To improve marketing and level of provided services in existing facilities so as to enhance their occupation rate, utilisation of these facilities in off-peak seasons;

To execute a marketing survey of the provision of services, and ensure coordinated advertising and publicity of tourism;

To complete the institutional network for support of the development of inward movement of foreign tourists into the country;

To develop a network of tourist and cycling tourist tracks with complementary services and technical base;

To prepare a programme offer for different categories of visitors;

To increase the share of agrotourism and rural tourism in the tourist industry;

To develop a certification system for territory and provided services;

To develop a system of so-called greenways (cycling tracks, water routes);

To restore, reconstruct and preserve historical and cultural monuments.

Presumed benefits:

More accommodated persons, more nights, higher revenue from tourist business.

Specific target: Sustainable development of rural areas

Support measures:

Establishment of information centres;

Extension of accommodation capacities;

Development of image of particular localities;

Preparation of publicity materials, advertising;

Creation of jobs in local communities, suitable also for women and youth;

Preservation of traditional culture of the region;

Export from the region;

Utilisation of raw materials from local deposits and reserves, reduction of environmental load of the region;

Utilisation of waste in raw material production in industry and agriculture.

Presumed benefits:

Relevant balanced income of rural population and urban regions, as well as rate of unemployment.

The development axis represented in this region by specific targets is relatively extensive. However we believe that it serves as a basis for the other specified development axes and that the indicated specific targets have a direct relation and multiplication effect, both in relation to other development axes of NPRD and to their presented specific targets.

b) Enhancement of innovative capacity of regions

The affected area is directly related to the institutional and personnel assurance of tasks and demands set or made on this area.

The educational system in the region is represented as follows:

516 elementary schools with 167 083 students,
41 secondary academic schools with 16 209 students,
89 secondary professional schools with 22 709 students,
95 vocational schools and training centres preparing 28 037 students,
4 universities preparing 11 616 students.

The region has 63 development organisations which represents 20.0% of the total number of such organisations in the Slovak Republic. In these facilities work 3 004 employees which accounts for 13.4 % of the number in the Slovak Republic.

Distinct concentration of aforesaid facilities is in the district of Žilina and then in the district of Trenčín.³⁸

Of course, other activities are located in the territory that cannot be presented because of unavailable statistical information. Nevertheless, the most important institutions and organisations are the Communal Bank, regional development agency, tourist-information centre, interest group of legal persons, the Scientific and Technological Park of Žilina, the Chamber of Trade in Žilina etc.

As overall quantitative characteristics of the discussed development axis we can observe that a large number of organisations dealing with research and development are without adequate connection to regional needs, and observe insufficient support of research teams, absence of coordinated procedures, insufficient orientations to innovative basis, development of business incubators, information, as well as inadequate utilisation of graduates from schools.

Considering the above facts, we recommend accomplishing the following partial targets:

Specific target: Information-technological support for business development

Support measures:

Construction of a scientific and technological park in Žilina and its connection to industrial parks in the region;

Support of the activity of the Agency for Relations with Business Environment at the Trades Licensing Office in Žilina;

Provision of complete information about available programmes of support to enterprises, at both national and European levels;

Permanent conservation of conditions for provision of business and commercial information flows;

Development of regional marketing within the activity of the Scientific and Technological Park of Žilina;

Implementation of results of science and research in practice, with a higher degree of utilisation of information technologies;

Certification of regional companies in compliance with ISO 9000.2000, EFQM standards;

Constitution of incentive mechanisms for the creation and function of interdisciplinary research teams specialising in the solution of urgent research tasks;

Development of scientific and research potential of the region using grants from domestic and foreign resources;

Ensurance of the implementation of solutions of research teams in practice;

Creation of conditions for development of the software industry.

Presumed benefits:

³⁸ Values from ROP – The Region Northwest and Selected Data on Regions, The Statistical Office of SR No. 4/1999

Number of new-founded small and medium-sized enterprises, indicators of profitability, liquidity and solvency of existing SME in the region, balance indicators of chosen enterprises, statistical indicators of industrial efficiency and effectiveness.

c) Cultivation of human potential and effective utilisation of labour force resources

The regional population stood at 1 301 870 persons by the end of the year 1999, of which the female segment accounts for 50.9%.

From this population, 20.8% are children not older than 15 years (SR 20.4%), 17.5% of population is in post-productive age (SR 17.8%) and 61.7% of population is in productive age (SR 61.8%).

The rate of unemployment is below the national average – 15.7 (SR 19.2%)³⁹

The above information clearly shows that there is enough space for the realisation of objectives towards cultivation of the human potential and effective utilisation of resources of the labour force.

For the attainment of objectives of the respective development axis, the implementation of the following specific targets can be considered:

Specific target: Stabilisation of labour market and decrease of unemployment in regions whose development is permanently lagging behind

Support measures:

To create conditions for the creation of new jobs, particularly in districts with a high rate of unemployment;

To create conditions for inflows of foreign capital and direct investment in the business environment, especially in industry;

To develop a suitable base in the area of services to promote the tourist industry and increase the number of domestic and foreign tourists;

To create conditions for enhancement of the general level of education;

To enhance the flexibility of human resources;

Renewal of cross-border cooperation with the Czech Republic and Poland in economic and cultural areas;

In the area of employment services: Improvement of the provision of services to clients;

Implementation of a short-term programme for the support of employment of young people;

Creation of agreed publicly-beneficial jobs for long-term unemployed;

Harmonisation of vocational education with requirements of labour market;

To elaborate a conception of the development of mining in the region.

Presumed benefits:

Decrease in the rate of unemployment

Specific target: Support of the system of educational development

Support measures:

Optimization of the network and capacities of educational and training facilities according to demographic, social and economic development trends;

Further development of university education in the region;

³⁹ Values from ROP – The Region Northwest and Selected data on Regions, The Statistical Office of SR No. 4/1999

Coordination of the network of secondary schools and network of subjects of study with regional needs;
Whole-life education, education of all social groups;
Enhancement of mobility of students and cooperation of schools within the countries of Central Europe and the European Union.

Presumed benefits:

Enhancement of educational level of population and subsequent improvement of economic indicators; decrease of the number of graduates not placed on the labour market.

d) Improvement of accessibility of regions and additional provision of their territories with infrastructure

From the transport point of view, the region Slovakia – Northwest ranks among the most important centres of the higher transport system of the Slovak Republic. The region concentrates connections of national and European importance. By a system of international lines, the territory is connected to the European railway system. A transshipment terminal is situated in Žilina, the network will be extended to Ružomberok and Trenčianske Teplice. Airports are situated in Žilina and Trenčín. The existing system of degrees on the river Váh allows building a water route for shipping.

It is necessary to complete the connection to border areas of the Czech Republic and Poland. Road connection of the regions of Orava and Kysuce is also lacking. The connection of district and regional seats is adequate.

The density of main telephone stations (MTS) in fixed network covering the region is at present 27.3%, which is rather below the national average (31.0%).

The region depends on imports of energies but has a favourable position from the aspect of connection to the transport system and power networks.

Water from public water mains is supplied to 84.7% of population, 51.0% of population is connected to the public waste water system and 53.8% of the total number of municipalities (591 as of 31 December 1999) were gasified⁴⁰

In the fourth development axis, the attainment of the objective is subject to the accomplishment of the following specific targets:

Specific target: Modernisation and development of transport services and regional infrastructure

Support measures:

Connection of the region to the TransEuropean highway system and modernisation of the main regional road system;
Modernisation of railway transport and its adaptation to EU parameters, modernisation of railway system;
Modernisation of air transport;
Gasification of bus transport;
Construction of logistic centres;
Development of an integrated transport system and improvement of transport services in the territory;
Reconstruction of transport vehicles, reconstruction of bus transport fleet;
Completion of the road system, improvement of construction and technical condition of roads;

⁴⁰ Values from ROP - The Region Northwest and Selected Data on Regions, The Statistical Office of SR No. 4/1999

Completion of the highway Považská Bystrica - Hričovské Podhradie - Zwardoň on the road E75 and Považská Bystrica - Hričovské Podhradie – Žilina – Martin - Ružomberok on the road E50.

Presumed benefits:

Acceleration of transport, reduction of transport costs, enhancement of operational safety, acceleration of transport service, enhancement of transport safety.

Specific target: Development of housing and technical infrastructure of municipalities and cities of the region

Support measures:

To renew housing construction, ensure construction of new affordable apartments, increase construction of rented flats, improve the readiness of land for new housing construction;

To establish an entity (or a consortium of entities) that will be able to provide real access to mortgage credits for a large group of prospective owners;

To modernize the existing housing fund;

To enhance the level of gasification of municipalities, particularly in the north part of the region (the district of Námestovo has no gasified municipality);

To complete public water mains, complete waste water system of municipalities at least to the level of water mains, complete sewage treatment plants with required capacity;

To create operational and technical conditions for improvement of complete telecommunication services:

To decrease the number of non-handled applications, complete full digitalisation of communication means, complete the transport system based on optic media, complete complex access networks based on optic and metal media;

To complete the network for general provision of services ISDN.

Presumed benefits:

Enhancement of living standard of population.

Specific target: Development of social and health care

Support measures:

Completion of the network and capacities of social care, improvement of provided social services and institutional care;

Optimisation of the network and capacities of health facilities, improvement of health services;

Preservation and development of values of historical and cultural heritage.

Presumed benefits:

Maintenance or slowdown of the increase in expenditures on social and health care, stoppage of unfavourable decrease of population in municipalities.

7.4.4 Region Slovakia – East (E)

Summary characteristics of the region

The region Slovakia – East covers the south part of central Slovakia and the whole east part of the Slovak Republic (SR). As of 31 December 1999, it had 2 212 677 inhabitants, i. e. 41% of the total Slovak population, with an average density of population of 88 inhab./km².

From the viewpoint of age structure of the population (in 1999) the number of inhabitants in pre-productive age exceeds the number of inhabitants in post-productive age. In comparison with the average of the Slovak Republic, population in pre-productive age has a larger presence in the region than the population in post-productive age. The index of vitality in the region Slovakia – East reached an average value of 126.97 (the national average is 110.45).

Approximately 85% of Slovak nationality population live in the region Slovakia – East. The most represented national minority is the Hungarian nationality, geographically concentrated in the southern districts. In the north-east of the region, in addition to the Romany minority, the largest minorities are the Russian and the Ukrainian. German, Czech and other national minorities are less represented in this region.

From the total population in the region, the active population forms 47.8 %. In 1999, the rate of economic activity in the region reached in average 61.1%, which nearly corresponds to the average of the Slovak Republic. The average recorded number of employees as of 31 December 1999 reached 477 942 persons, a decrease by 5.3% in comparison with the year 1998. The region Slovakia – East participates in the average registered number of employees in the Slovak Republic by 34 %.

In leading industries of economy – industrial production, agriculture and construction, 48 % persons were employed, of which 158 908 persons, i. e. 33 %, in industrial production.

The development of the number of registered unemployed shows that it has an ascending tendency in the whole region. This is caused by an increase in the productive population segment - increasing offer of labour force and decreasing demand for labour force due to the unfavourable economic situation of the economic base as well as a decreasing number of vacancies. The rate of unemployment in the region increased from 16.92 % in 1997 to 25.1 % in 1999.

From the aspect of educational structure, the population with elementary and vocational education (39.5%) prevails in the region, the share of which is comparable with the indicator for the Slovak Republic. According to a census of population, houses and apartments from 1991, 51.6% of the population older than 15 years in this region had completed secondary education and 6.8% had university education. The highest concentration of population with university education is in the biggest cities of the region, Prešov, Košice, Banská Bystrica and Poprad, that are also centres of education, science and research, industrial and innovation centres. In the peripheral districts of the region, the share of population with higher and university education is very low.

Rural settlement with a prevailing number of communities with up to 1000 inhabitants prevails in the region. 55% of the total population of the region live in 64 towns in the region. 1 217 thousand inhabitants live in 1 557 rural settlements, i. e. in average 782 inhabitants fall to one municipality (excluding towns). The region has an area of 25 206 km² and covers 51.4% of the territory of the Slovak Republic. The area of agricultural land is 11 467 km², i. e. 47 % of the area of agricultural land in Slovakia; forest land covers a little wider area (11 674 km², i. e. 58.4 % of the area of forest land in SR).

In the past, the region Slovakia – East had an important position from the viewpoint of mineral deposits. Significant verified deposits of energetic, ore and non-ore raw materials

are situated in the region. Energetic raw materials – oil and natural gas reserves - are concentrated in the east of the region.

In 1997, Slovakia as a whole reached in per capita DPH 8 819 in PPP which corresponds to 46 % of the EU average, while the region Slovakia-East reached only 38 % of this average. The region has an unfavourable development of GDP components, with a higher share of intermediate consumption in gross production.

Industrial production has the decisive position in the economic base of the region.

Construction is one of production industries most affected by the negative consequences of the transformation process in the society.

The housing problem negatively affects migration of young people from the country as well as the mobility of the labour force on the labour market.

As of 31 December 1999, 121 029 business entities were registered in the territory of the region Slovakia – East, of which 101 383 non-entered in the Companies Register (CR) and 19 646 entered in CR.

Considering the natural and climatic conditions and the relief of the territory, the region Slovakia – East has varied conditions for the development of agricultural production. The entire region can be divided into mountain, submountain and lowland areas. In agricultural production, the region ranks among medium-productive areas for which production favourable conditions were created in the region. The area of forest land in the region is 11 674 km². Timber output accounts for 72.1 % of timber output in the Slovak Republic, 46.6 % of which stemming from the county of Banská Bystrica. A negative is the export of wood pulp without its higher valuation.

In rural areas, the decisive production area is agriculture, even if its share in the development and economic performance of individual regions is progressively decreasing. Rural areas mostly have monostructural orientations. Traditional crafts are dying out, services are underdeveloped.

The region has only 24 km of highways, i. e. 8 % of the length of highways in the Slovak Republic. As the territory of this region covers up to 51% of the area of the Slovak Republic, its provision with highway system is extremely low. They participate in the total length of road system in the Slovak Republic by 49.6% while 0.348 km of road system fall to 1 km². 1 350 km railway lines pass through the region. Some districts in the region have no railway connections. An airport of international importance is situated in Košice. The airport in Poprad is classified to the network of public airports having the status of international airport. The airport in Sliach has the prerequisites for air civil and freight transport, with the utilisation both for entrepreneurs and promotion of the tourist industry. The other airports situated in the region have regional importance. We are referring to airports in Spišská Nová Ves, Svidník, Prešov, Nižná Šebastová, Kamenica nad Cirochou, Boľkovce and Očová.

SWOT analysis

Strengths

- Advantageous geographic position of the region within Central Europe,
- Developed industrial structure with long production tradition, particularly in metallurgical, engineering, foodstuff, chemical, clothing, electrotechnical, wood processing and other industries;
- Very favourable natural conditions and important cultural and historical monuments for the development of tourism, balneology, rural tourism and agrotourism,
- Quality agricultural and forest land fund in most areas of the region for cultivation of all traditional vegetable and wood species, development of animal production, fruit and

vegetable-growing and, in south and south-east localities, of wine-growing, with a long tradition of agricultural and forest production;

- Favourable demographic structure of population expressed in the share of pre-productive and productive segments and in the level of natural growth in population;
- Qualified labour force adequate to the existing level of the regional economy;
- Solid representation of universities, research institutes for education of high-qualified professionals which, in conjunction with relatively developed industry, creates conditions for adoption of high technologies and materialisation of application of science and research results into practice;
- Raw-material base, rich sources of wood pulp and conditions for the utilisation of alternative sources of energy;
- Existing production capacities and free areas for industrial development and the introduction of new modern production industries;
- Free areas suitable for the construction of industrial parks,
- Positive attitude of representatives of self-government, state government and the tertiary sector to development activities in the territory.

Weaknesses

- of more foreign investors;
- Lack of available financial resources for the development of production and its modernisation;
- Excess of unused production capacities;
- Obsolete technological equipment in production subjects, introduction of advanced production technologies lagging behind;
- Low level of production completion, affecting the low economic performance of the region;
- Migration of qualified labour force to other regions, particularly abroad, as a result of the lack of job opportunities and low price returns of work;
- Permanently growing rate of unemployment, with a share of 30.4 % of the registered unemployed kept on records for more than 24 months;
- Low educational level of Romany population, with a negative impact on the high rate of unemployment and unfavourable social situation;
- Insufficient utilisation of verified important sources of mineral deposits;
- Export of wood pulp without higher valuation;
- Bad condition of the environment caused by the former industrial activities and absence of technical infrastructure;

Due to the serious weaknesses and insufficient acceleration influence of the strengths on the social and economic development the region Slovakia – East is unable to solve serious problems by its own means and requires the help of the government and the European Union for the realisation of the primary objective and a strategy of development.

Focus and priorities of regional operational programme

The long-term objective of the development of the region Slovakia – East is harmonious, balanced and sustainable territorial development, with the utilisation of economic, demographic and natural potentials of the region.

The primary objective of the region Slovakia – East is to stop the decline in the economic and social level of the region by the year 2002, and to gradually ensure its growth with the view of reaching the level of the other more developed Slovak regions by the year 2006.

a) Utilisation and restructuring of the production potential of the region

The industrial structure of industrial production in the region Slovakia – East does not meet existing requirements. It is necessary to reduce excessive capacities in those areas that restrict capacities and labour force. The development opportunity of the region depends on the enhancement of competitiveness through productions and services with higher added value in connection with the creation of new conditions for the development of business environment.

The existing problems encountered by industry are of a long-term nature and have deep roots in the historical development of the industrial structure as well as the inappropriate economic policy of the government. A significant part of functional industrial enterprises in the region is undercapitalised, without the capacity to accumulate financial resources for innovation and development.

The development of small and medium-sized enterprise is also connected with the development and creation of the business environment. The less attractive business environment in the region is partially affected by the situation and the structure of the industrial sector, whereby the eastern regions are mostly suppliers of raw materials or semi-products.

The region is rich in sources of mineral deposits and energy raw materials as well as in wood pulp, which creates conditions for the economic development and competitiveness of production.

The existing efforts for the utilisation of natural renewable and non-renewable raw materials have not brought any increase of production and employment.

The region Slovakia – East holds one of the largest stocks of raw wood in Slovakia, which creates conditions for the development of the wood processing industry and a higher rate of completion of production. The non-coordinated industrial policy of this industry is shown by negative impacts on its development, especially by stagnation and reduction of final furniture production.

The region Slovakia – East has very favourable conditions for the development of a tourist industry. Of importance are its natural and cultural attributes, opportunities for winter and summer recreation, stays in health resorts etc. Of advantage is the favourable position of the region within Central Europe and its accessibility, including a relatively developed but low-quality road system, as well as railway and air transport. The region and its microregions are appropriate for the development of rural tourism in combination with agrotourism of a mountain, submountain and lowland character, in connection with the cultural and historical potential, traditions and habits.

The decisive production area of the countryside is agriculture, even if its share is decreasing. There is a weak business environment, a lack of small and medium-sized enterprises in the area of production, insufficient utilisation of domestic resources, low application of traditional methods of production, lack of jobs, high rate of unemployment, unused and delapidated building fund, low differentiation of professions, threats of extinction of traditional production and skills. The inadequate support of family and individual enterprise results in a low activity of the rural population aimed to self-employment and preservation of sustainability of rural settlement.

Actually, we must state insufficient competitiveness of the agricultural sector, a need for modernisation of technologies in processing and completing production in agriculture and

sylviculture. The low application of agricultural products on the product market is caused by the absence of common marketing associations aimed to achievement of profitability for original producers and manufacturers.

In the existing activity of business entities, especially small and medium-sized enterprises, the potential support of leading business activity through a network of market services was not fully used. In the region itself, their share in the structure of the economic base is rather low. With certain support, the region has all the prerequisites for ensurance of territorial localization and preparation of technical equipment for construction of production zones, including attraction of potential users/investors.

Specific target: Restructuring, microeconomic adaptation and stimulation of the business development

Support measures:

Enhancement of the utilisation of existing perspective production capacities;

Support of diversification of business activities;

Focus on repairs and reconstruction of buildings/structures for the purpose of their utilisation for advanced technologies;

Support aimed to the application of the spin-off method in existing industrial areas;

Searching for and winning investors for the utilisation of perspective production capacities;

Support of the introduction of quality systems;

Focus on the transfer of new technologies for ensurance of sophisticated productions;

Support for the creation and allocation of investments;

Support of restructuring and regionalisation of production;

Institutional and infrastructural support in the creation of a business environment for the entry of foreign investors.

Presumed benefits:

Enhancement of innovations in the region;

Enhancement of knowledge of business management and of new organisational structures;

Enhancement of awareness of employees in the area of quality;

Diversification of production and tertiary bases within regional structure;

Higher rate of utilisation of free capacities/structures for production purposes, development of services or other suitable activities.

Specific target: Support of investments and allocation mechanisms enhancing long-term competitiveness and creation of effective jobs

Support measures:

Support of creation and allocation of investments;

Non-profit support of a specialized agency (or establishment of a branch in the region) that will prepare, coordinate and ensure activities connected with inflow of investments;

Support for the development of production zones with complex infrastructure.

Presumed benefits:

Increase of the share of allocated foreign investments in the region (at least to a quintuple of the existing level by 2005);

Increase in employment through long-term investments, contribution of investments to the development of employment in the region;

Increase of the number of business activities created in the production zone;

Year-on-year decrease in the rate of unemployment.

Specific target: Stabilisation of business environment and development of small and medium-sized enterprise

Support measures:

Support of the existing and development of new financial programmes for small and medium-sized enterprise;
Creation of conditions for access to financial resources for entrepreneurs starting their businesses, to whom complex support (consultancy and education) will be also provided during the existence of contract relation;
Support in extending and simplifying programmes for existing entrepreneurs;
Support in making available other forms of SME financing;
Creation of conditions for regional loan funds;
Support in coordinating the activity in financial programmes at national and regional levels aimed to maximize their efficiency and develop a system of co-financing of major areas and sectors of development;
Support in founding a regional venture capital fund for direct investments in small and medium-sized enterprise;
Provision of uniform access to information at a national level in the area of individual projects;
Establishment of closer cooperation among organisations dealing with SME development, state government and self-government and a closer cooperation with foreign partners in the areas – in presenting projects, exchange of experiences, training courses etc.;
Focus on help to SME in connection to foreign data bases;
Support of institutional assurance of business environment in the districts with highest rates of unemployment;
Creation of conditions for inflows of foreign investments in the microregions with highest rates of unemployment;
Support in using the domestic raw-material base and the development of processing industry with final production;
Support in modernizing and transfer of technologies;
Support to research and technical institutions specializing in the development of new procedures and technologies;
Support in founding new services related to SME.

Presumed benefits:

Development of SME, extension of financial services for small and medium-sized entrepreneurs;
Development of cross-border cooperation (on east, north and south borders of the region);
Development of a silicate economic zone;
Building Interport in Košice;
Construction of industrial economic zones and parks;
Development of projects dealing with domestic raw material processing;
Increase of the number of prosperous firms with innovative focus;
Creation of permanent jobs, stabilisation of employment, increase in sales of production;
Development of activities connected with the tertiary sector.

Specific target: Utilisation of domestic resources generating economic growth and permanent competitiveness

Support measures:

Support of the utilisation of non-ore raw materials based on silicates and other important sources of raw materials;
Building a production zone and increase in extraction of usable raw materials;

Focus on promotion of a processing industry based on a domestic raw-material base;
Support of building technical infrastructure in connection with the utilisation of domestic raw materials;
Promotion of bilateral economic cross-border cooperation in founding joint ventures for raw material extraction and processing;
Building a consultancy-information and incubator centre for the industrial development;
Presentation of the region abroad with the view of attracting foreign investors;
Support to enhancement of completion of wood pulp processing;
Support of the programme „Wood – Raw Material of the 21st Century“;
Focus on effective utilisation and processing of wood pulp in the region.

Presumed benefits:

Improvement of provision of the territory from the aspect of the utilisation of raw materials;
Creation of new jobs in the processing industry;
Utilisation of domestic raw-material base;
Improvement of business environment by developing consultancy and information services;
Promotion of the region, inflows of investments;
Increase of employment;
Effective approach to the valorization of extracted wood pulp;
Growth of enterprises operating in the wood processing industry.

Specific target: Enhancement of effectiveness of power economy and development of communal power engineering

Support measures:

Support of programme measures for utilisation of the power potential of the region;
Support of activities related to the utilisation of alternative sources of energy situated in the region (geothermal power, biomass) for the purpose of social and economic development of the region;
Support in the introduction of technical measures for reduction of power consumption in production and buildings (modernisation of production technologies, installation of advanced control devices, thermal insulation of buildings and reconstruction of heating conduits);
Focus on the support of regional power conceptions aimed to the utilisation of alternative sources of energy;
Support of activities related to the utilisation of alternative sources (geothermal power, biomass);
Support of „Energoformance Contracting,, projects - investments in savings and modernisation.

Presumed benefits:

Reduction of power consumption;
Attainment of sustainable development of the region;
Restructuring of power sources and increase of the share of renewable and secondary sources of energy;
Enhancement of power effectiveness;
Enhanced approach to protection of the environment;
Growth of projects aimed to the utilisation of geothermal power;
Growth of projects aimed to the utilisation of biomass as a source of energy;
Utilisation of the new structure of power sources;
Better utilisation of power potential of the region;
Creation of new job opportunities in construction and operation of renewable sources of energy;
Reduction of harmful emissions arising in traditional electric power generation;

Diversification of power economy.

Specific target: Building and enhancement of distribution network quality

(without measures)

Building and enhancement of distribution network quality in connection with the utilisation of endogenous potential of the region.

Specific target: Development of tourist industry and balneology

Support measures:

Support of products of the tourist industry and so-called packages, inclusive of marketing;

Focus on coordination of tourist activities within the region and between microregions with the view of developing differentiated tourist industry products;

Support of institutional and personnel development of travel associations or similar organisations and their activities;

Focus on the support of preparedness of individual microregions for tourism;

Support of education and enhancement of qualification in the area of tourism;

Support of enhancement of the quality of tourist infrastructure and services (minor adaptations of buildings, development of minor tourist infrastructure, support of traditional crafts and activities etc.);

Support of projects aimed to the completion of tourist centres and to enhancement of the standard of accommodation facilities;

Support focused on extension of range of services for the tourist industry;

Support focused on the improvement of connection of tourist centres to technical infrastructure;

Promotion of rural tourism and agrotourism, and enhancement of the attractiveness of the countryside;

Support to enhancement of awareness of visitors in the region by improving the quality of information and navigation systems;

Support the activity of travel information offices and similar institutions;

Support aimed to reconstruction and construction of tourist tracks and marked footpaths, learning paths, cycling tracks, tracks for ski races, trails for horse riding with complete complementary services (including provision of necessary information about the track and on the track);

Focus on the support of mutual cooperation with departments of self-government, state government and institutions operating in the tourist industry;

Support of institutional and legal aspects of the tourist industry.

Presumed benefits:

Increase of the number of visitors in the region, prolongation of the average length of their stay in the region;

Increase of the share of tourist industry in GDP of the region;

Enhancement of attractiveness of the countryside (embellishment of municipalities), development of alternative forms of employment, particularly in rural areas;

Better stabilisation of rural forms of settlement;

Development of new forms of tourism;

Building new agrotourist facilities tied up with agricultural activity;

Revival of the settlement of newly cleared land, with utilisation in the tourist industry;

Enhancement of attractiveness of the environment of individual microregions;

Preservation of regional specific features;

Development of information system for the tourist industry;
Development of infrastructure and services of the individual products of the tourist industry;
Establishment of a regional centre focused on the development of the tourist industry;
Job opportunities created in the tourist industry and industries connected with the tourist industry.

Specific target: Support of building production in regions

Support measures:

Promotion of building production industries and manufacture of building materials, with the utilisation of existing capacities for the implementation of construction investment units;
Support in adopting advanced building technologies and required quality of building productions;
Support in joining the construction industry in international networks by participation in exhibitions and fairs organised in the country and abroad;
Support for the introduction of quality systems in the construction industry;
Support for the introduction of advanced building technologies and building materials.

Presumed benefits:

Creation of effective jobs in construction and related industries;
Localization of building production or manufacture of building materials in the region;
Introduction of new technologies and building materials.

Specific target: Sustainable development of rural areas

Support measures:

Support in preserving natural and cultural values and reconstruction of historical and technical monuments;
Focus on conservation of forest geofund, renewal of settlement structures (settlement of newly cleared land and hand-cultivated fields on slopes) and folk traditions;
Support for building regional and local environmental networks;
Focus on the promotion of human resources and rural communities;
Support for founding promotion, information and consultancy centres;
Support for connecting rural areas (countryside) to information systems;
Focus on initiating activities aimed to building a civic society;
Support in founding mutual networks of community members and private enterprise;
Support in reviving crafts and new skills;
Support aimed to clarification of property relations and foundation of functional land market;
Promotion and diversification of economic activities and services;
Support of building and housing activities and technical infrastructure;
Support in completing and restructuring transport systems, road system and in construction of pedestrian and cycling roads;
Focus on the support in construction of logistic centres for the improvement of supplies and sales;
Promotion of the tourist industry;
Support of diversification of social and economic activities.

Presumed benefits:

Improvement of image of region, preservation of natural values;
Accentuation of position of the tourist industry;
Observance of regional characteristics and local specific features;
Preservation of environmental stability, improvement of attractivity of the environment;
Clarification of property relations to land;

Diversification of economic activities of individual entities and municipalities in the rural territory aimed to the creation of jobs and new sources of income of the population by developing new activities in the area of agriculture, sylviculture, services and tourist industry;
Strengthening small and medium-sized enterprise in production activities;
Reduction of unemployment;
Restoration and utilisation of construction fund;
Valorization of local sources and application of traditions in production and farming;
Enhancement of competitiveness of rural environment;
Increase in the number of jobs;
Revival of crafts;
Improvement of transport availability;
Improvement of the environment of municipalities and their interest territory, enhancement of attractiveness of the environment;
National and international importance of facilities, cross-border cooperation;
Preservation of regional specific features.

Specific target:* **Development of multi-functional agriculture*

Support measures:

Support in introducing advanced technologies in cattle, sheep, goat and poultry farming;
Support of activities aimed to attainment of a balance between the productive function of agriculture and its functions in the creation and protection of environment;
Promotion of small and medium-sized enterprise in agricultural production, with special focus on agrotourism;
Support of sheep dairy-farming;
Focus of the support on new technological sowing methods;
Focus on the development of agricultural original production networks, processing industry and trade (connection of capital and production);
Support focused on the foundation, reconstruction and enhancement of profitability of existing orchards and vineyards;
Introduction of environmental agriculture and sylviculture.

Presumed benefits:

Improvement of land utilisation;
Improvement of the structure of animal farming, increased interest in farming;
Provision of new jobs, introduction of modernisation in agriculture.

Specific target:* **Development of market services*

Support measures:

Development and promotion of new market services, particularly promotion of financial and banking services, promotion of consultancy, educational and information services, promotion of other services.

Presumed benefits:

Enhancement of the quality of market services and their availability;
Utilisation of advanced information means;
Increase of the number of entities (entrepreneurs) operating in the area of market services;
Construction of business incubators.

Specific target:* **Building and development of industrial parks*

Support measures:

Focus on territorial planning preparation, including delimitation of the territory for construction of industrial parks;

Support of localization of industrial parks in problem areas;
Support in acquiring land for construction of industrial parks, including payment for purchase or lease of land;
Building technical facilities and infrastructure necessary for ensurance of the construction of production zones and industrial parks;
Focus on active contacting and winning potential investors;
Support for investment plans and creation of conditions necessary for their implementation in the territorial planning documentation.

Presumed benefits:

Solution of the problem of unemployment, enhancement of job opportunities;
Activation of education of regional population;
Improvement of sectoral structure of the region;
Development of new business forms - clusters;
Ensurance of stable development of territories by future industrial parks (at least 5 industrial parks).

b) Enhancement of innovative capacity of regions

ROP does not deal with possibilities of extension of the research and technical base, its profiling and utilisation in the diffusion of innovation. It only deals with issues of information technology support for enterprise and with plans to use innovative ways of enterprising in the region.

Advanced information technologies are an important factor of growth in efficiency and competitiveness. The fast developing information sector also requires modernization progress and attempt at systematic creation of conditions and support for success on the market in individual regions. Absence of operating capital does not allow most enterprises to invest in advanced information technologies.

Specific target: Information-technological promotion of enterprises

Support measures:

Support in introducing new information technologies;
Support of connection to international computer network;
Promotion of information services for companies and enterprises in the region.

Presumed benefits:

Extension of business through Internet (e-business), extension of information services, information network accessing small and medium-sized enterprises.

c) Cultivation of human potential and effective utilisation of labour force resources

The changes in the economy of the region Slovakia – East related to the transformation process have resulted in increases in the rate of unemployment and disproportion between demand and offer of labour force. In some microregions the rate of unemployment is significantly higher. The offer of vacancies in relation to the number of recorded unemployed is very low and it does not correspond to the qualification structure of the unemployed. A distinct weakness is mobility – low mobility and flexibility of labour force. The solution consists in stabilisation of the business environment and improvement of the information system for microregional orientation of the labour force.

The development of the rate of unemployment, showing mostly growth in unemployment of graduates and young people, points to a disproportion between labour market requirements

and the qualification structure of graduates. The ongoing economic changes led to growing discrepancies between required qualification for ensurance of economic growth of the region and the actual qualification of labour force, which calls forth the need for reconstruction of the educational system in compliance with European standards.

The requirement of active participation and cooperation of all citizens of the Slovak Republic means that special attention should be paid to the education of employees of territorial self-government.

One of the major problems of the region's development is the absence of interest of the population in public matters. Involvement of a maximum number of inhabitants in regional activities requires the introduction of different forms of education aimed to enhancement of a civil and legal conscience, awareness and potential activities of citizens' organisations.

A social and economic analysis of the region shows that the Romany population forms a special ethnic group that is relatively strongly represented in the whole region and requires a special programme of education. Another problem group in the region is abused women and children and handicapped citizens. Their emancipation within the society requires educational and social integration.

Several universities and other institutions specializing in education operate in the region. Analysis of the development of education and training suggests that the whole educational system needs a regional relation.

Specific target:* **Stabilisation of labour market and decrease of unemployment in the regions whose development is permanently lagging behind*

Support measures:

To intensify and extend cooperation of labour offices with consultancy institutions, with the view of a complex preparation of the unemployed for self-employment and the development of a system of support consultancy activities for entrepreneurs starting business;

To organize works beneficial to the public for the long-term recorded unemployed to regain work habits;

To organize special consultancy programmes for young people (age structure from 18 to 26 years).

Presumed benefits:

Decrease of the number of long-term unemployed placed on labour market;

Increase of the number of registered unemployed who started business;

Decreasing rate of unemployment;

Change in the structure of registered unemployed;

Stabilisation and reduction of unemployment;

Revival of business activities.

Specific target:* **Enhancement of flexibility of labour market in regions*

Support measures:

Introduction of information technologies for better out-of-regional orientation to labour market;

Support for performing a labour market analysis with regard to priority industries and structure of the unemployed;

Support in ensuring of information flow about vacancies, requirements of employers for qualification structure of labour force in the region and interconnection to the information system of the Slovak Republic;

Support in developing re-training and consultancy programmes in compliance with regional needs;

Support in developing support systems for motivation of employers to create jobs, network of support institutions and non-profit non-governmental organisations (NGOs);

To support the preparation of projects support revival of employment throughout the region;

To support creation of jobs in the form of self-employment.

Presumed benefits:

Decrease of the rate of unemployment in the region, maintenance of employment throughout the region;

Region provided with information system on vacancies and educational programmes;

Creation and development of new business activities;

Enhancement of the level of specialized knowledge of the unemployed in the region;

Increase of the number of entrepreneurs starting businesses;

Growth in qualified labour force;

Stabilisation of employment and decrease of unemployment;

Limitation of social-pathological phenomena.

Specific targets: Promotion of citizens' initiatives in the regions

Support measures:

Support in ensuring and applying legal consciousness of citizens;

Support in founding organisations specialising in public relations and in population learning to participate in public matters.

Presumed benefits:

Reduction of negative properties of population manifested in relation to the region;

Enhancement of activity in solving problems concerning regional development;

Better execution of public administration, inclusive of making decisions in matters of regional development;

Establishment of non-governmental organisations in the region providing know-how in the area of sophisticated forms of civil participation;

Diversification of NGOs – interest shown in areas of the region whose development is lagging behind;

Higher level of legal consciousness of population;

Strengthening of the development of citizens' initiatives, even in underdeveloped areas of the region Slovakia – East;

Reinforced networks of cooperating citizens' initiatives, business entities (entrepreneurs) – formation of social cohesion and social capital of the region.

Specific target: Support of marginalized groups

Support measures:

Support of activities solving Romanies' problems, aimed to the improvement of their living standard, education, integration and emancipation in society;

Support aimed to education in general and education to tolerance;

Support of adequate employment of this population group;

Support of own activities stemming from the group of population itself;

To focus on the solution of problems of women, especially abused women and children;

Support in building shelters for some marginalized groups of population;

Support, particularly in the form of consultancy, in solving problems related to departure from threatening environments;
Support of projects aimed to professional preparation of persons working with this population;
Support in integrating handicapped citizens in professional, cultural and social life;
Support of employment of handicapped citizens;
Support of own activities of handicapped citizens (clubs, unions, associations, events).

Presumed benefits:

Involvement of Romanians in the process of changes, enhancement of self-consciousness;
Enhancement of employment;
Extension of forms of employment providing work to members of special groups;
Establishment of specialized consultancy and educational institutions;
Increase of the number of facilities for inhabitants dependent on help of the society.

Specific target: Development of regionally differentiated system of education

Support measures:

Completion of the material and technical bases of educational system in compliance with European standards;
Support for cooperation of schools and enterprises;
Completion of the system of secondary schools and universities, taking into account labour demand;
Support in interconnecting educational institutions within the region by network and with other countries, especially with countries neighbouring with the region;
To complete a metropolitan data network, develop and search for other forms of cooperation with foreign partners in the framework of international programmes;
Support of education of public servants through educational programmes;
Support education of population in the area of protection of the environment;
Support further education of managers of enterprises;
Support for the system of continuous enhancement of educational level of employees;
Support of education of managers and mid-level technical staff;
Promotion of citizens' initiatives in the regions in connection with whole-life education.

Presumed benefits:

Improvement of school provision with computers, connection to Internet;
Better school provision with new technologies;
Reach higher level of education in the region;
Better cooperation between the business sector and educational institutions in the region;
Enhancement of complex readiness of the future labour force for requirements of labour market;
Stoppage of deterioration of school buildings;
Projects of whole-life education;
Projects aimed to restructuring of educational system and its adaptation to EU;
Support of projects of education in the area of SME, services and protection of environment;
Enhancement of professional competence of public servants;
Projects aimed on special forms of education of Romanians and other marginalized groups of population;
Provision of consultancy and psychological services;
Gaining a qualified labour force;
Interconnection of educational system and requirements of labour market;
Lower rate of unemployment, better application on labour market;

Reinforced social cohesion and social capital of the region.

d) Improvement of accessibility of regions and complex provision of their territory with facilities of technical and social infrastructure

One of the major problems of transport infrastructure in the region is homogenisation of road and railway supraregional system, the development of supraregional and international combined transport, connection to Transeuropean transport systems and to road systems of neighbouring regions.

In case of railway lines some divisions are not double-tracked or electrified, and they do not meet requirements for classification to international conventions AGTC and AGC, respectively. The transport infrastructure is completed by air transport. An inadequate transport structure and poor technical condition of the fleet have negative impacts not only on the serviceability of the territory but also on the environment. The low density of the road system, non-utilisation of combined transport and cases of non-existing road connection between districts also affect total economic performance and the way of life of microregions.

Actually there is a distinct difference in the levels of telecommunication infrastructure among north, south, south-east and other areas of the region.

The housing fund in the territory of the region, calculated per 1000 inhabitants, does not reach the average of developed countries or even the Slovak average level.

The existing level of supplying the population with drinking water from public water mains in the territory of the region varies greatly. The situation in the area of operation of sewage treatment plants and the condition of the waste water removal system in the territory of the region is unsatisfactory. Territories without removal networks and sewage treatment plants should be solved with regard to their effectiveness, efficiency and local conditions of the regional territory.

The system of health facilities and social care facilities is marked by an excess of bed, yet a deficit of out-patient facilities. Functions of health facilities and social care facilities supplement each other. The existing level of providing health and social services does not meet the requirements of the population. It is necessary to complete lacking health and social services and change the approach of the development of the social sphere by closer cooperation with non-governmental organisations.

***Specific target:* Modernisation and development of transport infrastructure**

Support measures:

Focus on the improvement of speed and direction parameters in critical transport points;
Enhance the functional level and transport capacities of the most important roads;
Support of construction of by-passes of individual towns/municipalities and highway conduits;
Support of modernisation of west-east and north-south road and railway axes;
Support of homogenisation of roads aimed to ensure the connection to the Transeuropean systems;
Support in completing highway conduits;
Support in completing the north-south road interconnection;
Focus on support for developing a combined transport system with construction of terminals (Zvolen, Lučenec, Košice, Poprad);
Support of electrification and double tracking of the lines Zvolen - Banská Bystrica and Zvolen - Košice;

Support in restoring the railway connection Šahy – Drégeypalánk;
Support in construction of border crossings;
Standardisation of take-off premises of the airport in Sliach;
Focus on the creation of conditions for restoration of regular passenger and freight air transport at the airport in Sliach;
Support of reconstruction of the terminal for passengers at the airport in Košice.

Presumed benefits:

Better accessibility among regions;
Qualitative improvement of the environment;
Enhancement of attractiveness of the territory – inflows of investments;
Gain of new job opportunities.

Specific target: Development of transport serviceability and infrastructure of the region

Support measures:

Focus on modernisation of the public transport infrastructure and its environmental aspect;
Support in restoration of the fleet in public transport;
Completion of buildings of bus and railway stations;
Completion and putting into operation of Interport with locality in Haniska pri Košiciach;
Support in developing an effective system of integrated passenger and freight transport;
Support intentions towards reconstruction of roads and bridges;
Support of city mass transport;
Improvement of transport interconnectibility between regions and enhancement of density of the road system;
Ensurance of good technical conditions on road and railway systems.

Presumed benefits:

Reduction of transport load, rate of accidents in localities surrounding municipalities and cities;
Enhancement of density of the road system;
Enhanced mobility of employees and citizens;
Enhancement of tourism;
Improvement of travel;
Improvement of serviceability in the region;
Achievement of the integration of city, inter-city bus and railway passenger and freight transport in crucial areas;
Enhancement of attractiveness of the territory to investors.

Specific target: Development of telecommunication technologies

Support measures:

Support should be aimed to the replacement of analog telecommunication exchanges by digital exchanges;
Support of construction of adequately dimensioned access network.

Presumed benefits:

Improvement of quality of services in the region;
Ensurance of coverage of most regional territory by a range of telecommunication services;
Enhancement of density of main telephone stations (MTS);
Increase of the number of card-operated public payphones in small municipalities;
Enhancement of communication and information availability in the region.

Specific target: Development of housing and technical infrastructure of the region

Support measures:

Support of the introduction of new forms of promoting housing construction;
Support of construction and reconstruction of the housing fund;
Support of construction of communal apartments of the public leasing sector for low-income groups of population;
Support of partnership of state and non-state organisations;
Support in ensuring adequate quantity and quality of drinking water with rational utilisation;
To focus on reconstruction of water supply systems and new housing construction;
Modernisation of control, measuring and sanitary equipment;
Support in ensuring the sewage treatment plant system;
Completion of waste water systems and sewage treatment plants under construction;
Building local biological sewage treatment plants, septics or small house treatment plants, including sorted waste disposal or recycling.

Presumed benefits:

Attainment of required quality and standard of housing;
Ensurance of availability of housing for specific and marginalized groups of population;
Rational utilisation of water sources in chosen areas;
Protection of surface and ground water sources from contamination;
Increase of the share of the population supplied from public water mains;
Enhancement of quality of the environment;
Increase of the number of completed local and small sewage treatment plants;
Improvement of health condition of population;
Elimination of risks arising from imperfect waste water disposal.

Specific target: Development of social and health care in regions

Support measures:

Support of transformation of the system of health and social service facilities;
Support of cooperation between bodies dealing with health and social services;
Focus on the support of modernisation of health facilities;
Support of new infrastructure of health facilities in terms of newly-appearing negative phenomena in the society;
Support of the health education system;
Support in building support health and social organisations.

Presumed benefits:

Extension of the network of agencies for health and nursing care;
Enhancement of the network of social service facilities;
Improvement of the quality of social services;
Improvement of health condition;
Enhancement of professional knowledge of citizens in the area of health and social aid.

8 Evaluation of the influence of the projected National Plan of Regional Development of the Slovak Republic

8.1 Evaluation of the influence of the projected NPRD SR on economy and social and territorial development

8.1.1 Initial conditions

The subject of evaluation and measurement of the influence of NPRD SR on the regional development is the essential relation between expenditures and actual contribution of the solution, whereby the basic condition is a functional relation between problems of the socio-economic environment and their solution. This means that measurement and evaluation are oriented to relevancy of the strategy, its efficiency and effectiveness.

Relevancy

Relevancy

Unambiguous formulation of global objectives and specific targets has to demonstrably reflect „actual needs“⁴¹ of sustainable development of Slovakia under conditions of the socio-economical optimum.

Effectiveness

Effectiveness

Relation between committed expenditures (Input) and the measurable output (Output) quantified at the level of priorities, specific and global targets.

Efficiency

Influence of the Input (in the form of technical, organisational, financial and human quantifiable inputs and resources) on the solution of priorities – stabilisation and development objectives, specific and global targets and strategic objective.

Important areas of evaluation are equal job opportunities for men and women and impacts on the environment. Ex-ante evaluation is a basis for monitoring and future evaluation of NPRD SR.

Considering the high level of territorial differentiation of the economy, a successful solution of problems of its further development is impossible without application of a regional approach. Therefore it is necessary that the regional dimension is an integral part of economic policy. This requires that the National Plan of Regional Development of SR is, in the particular case of Slovakia, a complex document dealing not only with matters related to the utilisation of potential resources of the European Union but also problems related to the regional dimension of the economic development of Slovakia until 2006. It means that NPRD SR has to solve problems that have short-term, mid-term and long-term characters. The regional policy is then the primary instrument of economic policy, the task of which is to

⁴¹ based on ROP and SOP

stimulate development in a way allowing achievement of the strategic objective of the Slovak Republic:

Growth in GDP to the level of 60 – 65 % of the EU average in 2006.

A condition of attainment of the strategic objective of the Slovak Republic is such direction of the development axes that supposes:

- Utilisation of productive potential of regions
- Enhancement of innovative capacity of regions
- Development of human resources
- Improvement of availability and adequate provision of the territory with infrastructure.

A successful solution of these key issues of social development under conditions of active searching for a social, economic and environmental optimum is subject to progress in fulfilling the following global targets:

- 1. Creation of effective jobs and decrease of unemployment**
- 2. Support of continuous growth in competitive production**
- 3. Development of technical and social infrastructure**
- 4. Development of productions and services based on the utilisation of domestic resources**
- 5. Protection and improvement of the environment**
- 6. Development of rural areas and multi-functional agriculture.**

When taking into account these conditions and the existing efforts to solve problems of social development of the Slovak Republic from the aspect of attainment of global objectives of NPRD SR, it is necessary to concentrate on activities leading towards realisation of specific targets in the related sectors.

A summary review of the structure of target areas (targets) of NPRD SR is provided in the following table.

Table 28 Strategic objective, main development axes, global and specific targets of NPRD SR

Strategic objective of SR	Main development axes	Global target	Specific target
<p>Growth in GDP to the level of 60 - 65 % of the EU average in 2006</p> <p>subject to: relative stability of external environment, adequate effectiveness of economic policy and public administration and decentralisation</p> <p>Utilisation of productive potential of regions Enhancement of innovative capacity of regions Development of human resources Improvement of availability and adequate provision of the territory with infrastructure</p>		1. Creation of effective jobs and decrease of unemployment	Restructuring, microeconomic adaptation and stimulation of business development Support of investments and allocation mechanisms enhancing long-term competitiveness and creation of effective jobs Information-technological support of enterprises Stabilisation of labour market and decrease of unemployment in regions whose development is permanently lagging behind Support of building production in regions Support of sales, with special regard to export Support of financial competitiveness Stabilisation of business environment and its continuous improvement
		2. Support of continuous growth in competitive production	Continual growth in competitive production and services, with special regard to small and medium-sized enterprise Modernisation and development of transport infrastructure Development of transport serviceability and infrastructure of regions
		3. Development of technical and social infrastructure	Development of housing and technical infrastructure of municipalities, cities and regions Enhancement of flexibility of labour market in regions Development of social and health care in regions Promotion of educational system Modernisation of public administration Promotion of citizens' initiatives in regions Support of marginalized groups Utilisation of resources generating economic growth and permanent competitiveness
		4. Development of productions and services based on the utilisation of domestic resources	Development of tourist industry and balneology Enhancement of effectiveness of power economy and development of communal power engineering Building and enhancement of quality of distribution networks Promotion of market services Building and development of industrial parks Renewal of environmental functions in the territory
		5. Protection and improvement of the environment	Water protection Protection of climate and air Disposal of waste and elimination of old loads Environmental education
		6. Development of rural areas and multi-functional agriculture	Sustainable development of rural areas Development of multi-functional agriculture Enhancement of competitiveness of agriculture and silviculture

Formulation of objectives of NPRD SR is based on synthetic parts of the document:

- International economic context
- Analysis of present economic situation
- Prognosis of development of primary indicators of Slovak economy for needs of NPRD SR
- Evaluation of presently implemented policies or programmes and preparatory analytical works.

We can state that the formulation of objectives of NPRD SR meets requirements for the solution of balanced development, observing conditions of the application of the principles: equalisation, polycentric system of settlement, protection and creation of environment⁴².

⁴² Observing the principle of equalization so that the support measures will attenuate tendencies towards significant regional disparities. Harmonious layout and rational utilisation of the whole Slovak territory, particularly by systematic application of the principle of polycentric system of urban settlement and adequate development of rural settlement with corresponding equipment with facilities of social and technical infrastructure that should approach the standard of the EU countries.

The ensurance of regional policy is closely related to the territorial planning policy and their mutual relationship is expressed by collaboration.

In the Slovak Republic, nation-wide documents of territorial development are prepared at the national level. In 1994, the Government of the Slovak Republic approved the Conception of Territorial Development of Slovakia, which was updated in 1997.

The Conception of Territorial Development of Slovakia is a document for coordination of the development of all activities with territorial and geographic features relevant for the national level. At the same time, it creates prerequisites of the spatial integration of the Slovak Republic, as an associated member of the European Union, for coordinated territorial development within a European context, the creation of prerequisites of competition for individual regional units, the protection of natural and cultural values in the regions, and the building of transport and technical infrastructures. The Conception of Territorial Development of Slovakia is a coordination document for territorial plans of the regions.

This fundamental conceptual territorial planning document was one of underlying documents for elaboration by NPRD SR. This applies to the elaboration of the essential document as well as the individual sectoral operational programmes. The respective territorial plans of large territorial units served as a basis for the elaboration of regional operational programmes.

Parallel to the elaboration of the project of the National Plan of Regional Development of SR, in compliance with the Amendment of Act No. 50/1976 Coll. on Territorial Planning and Construction Order from the year 2000, the Conception of Territorial Development of Slovakia 2001 (CTDS 2001) is elaborated, which will become nation-wide territorial planning documentation after approval by the Slovak Government.

The basic conception of the development of settlement and settlement structures proposed in the Conception of Territorial Development of Slovakia 2001 is based on essential principles, directions and rules of the territorial planning (spatial) policy of European countries.

The proposal of the Conception of Territorial Development of Slovakia 2001 is elaborated in two alternatives. Both alternatives are based on the said rules and principles of the development of settlement and settlement structures. One alternative – so-called polycentric – is oriented to a „general“ but differentiated promotion of the centres of settlement of the first and the second levels as impulse development poles for the rest of territory. The other alternative – so-called triple – supposes ensurance of the required global development of the state by the way of preferred development of three chosen centres of settlement as impulse development poles for the rest of territory. The substance of the alternatives consists in a differentiated preference of the development of individual settlement units.

After negotiation with participation of the state government at regional level, ministries, self-governing bodies and public, including non-governmental organisations, the polycentric alternative was chosen for completion.

The proposal of NPRD SR respects these facts and by presumed measures within the delimited development axes creates conditions for the execution of the polycentric system of settlement and related system of transport, technical and social infrastructure because such system the best meets requirements of a balanced economic and social development of regions.

From the aforesaid it results that „interface“ between regional and territorial planning is the proposed structure of settlement. It is also clear that the subject of the regional policy within the state regional policy and the policy of development of individual regions should be

the centres of settlement which are a 80% bearer of all economic activities in the secondary and the tertiary sectors to which their share in the formation of GDP also corresponds.

The integration of regional development planning and territorial planning as a primary instrument of the protection and creation of environment appears as necessary.

8.1.2 Evaluated and monitored inputs and outputs

As actually there is no complex system of data collection and provision at the level of the individual projects or a system of evaluation of effectiveness of the implemented programmes the execution of ex ante evaluation at all target levels is impossible. For this reason ex ante evaluation was executed at the level of global targets the quantification of which does not primarily require analytical bases at the level of individual projects and programmes.

Table 29 Basic review of the system of measurement and evaluation of NPRD SR

Target level	Evaluation and measuring methods			
	Strategic objective of SR	Global target	Specific target	Priority
Object of measurement				
Ex post				
Relevancy	Summary socio-economic analysis	Analysis at the level of specific targets and their synthesis	Analysis at the level of projects and their synthesis	Financial analysis at the level of projects
Efficiency				
Effectiveness				
Ex ante				
Relevancy	Summary socio-economic analysis and prognosis	Prognosis, analysis at the level of specific targets and their synthesis	Ex ante analysis at the level of projects and their synthesis	Financial analysis and prediction at the level of projects
Efficiency				
Effectiveness				

Table 30 Evaluated and monitored inputs and outputs at the level of global targets, including ex ante evaluation at the level of selected global targets

Global target	Monitored Output at the level of NUTS II	Monitored factors of ex ante evaluation at the level NUTS II	Ex ante evaluation
Creation of effective jobs and decrease of unemployment	Growth in labour productivity Growth in employment	Initial situation, presumed financial allocations, development of labour productivity, development of employment	Growth in labour productivity for the years 2000 to 2006 of: 60% to 73% in BA, 65% to 79% in SW, 63% to 75% in NW and 55% to 71% in E. (SR total 61% to 74%.) Growth in employment for the years 2000 to 2006 of : 3.9% to 5.5% in BA, 1.1% to 2.2% in SW, 1.6% to 4.1% in NW and 1.5% to 4.4% in E. (SR total 1.8% to 4.0%.)
Support of continuous growth of competitive production	Growth in added value Growth of export performance	Initial situation, presumed financial allocations, development of added value, development of export performance	Growth in added value for the years 2000 to 2006 of: 66% to 82% in BA, 67% to 83% in SW, 66% to 82% in NW and 57% to 79% in E. (SR total of 63% to 81%.) Growth in export performance for SR total in the period of years 2000 to 2006 of 18% to 52%.
Development of technical and social infrastructure	Physical units in the area of technical infrastructure, growth in number of vacancies per unemployed, growth and improvement of the structure of social services, enhancement of quality of educational system, development of science and research	Initial situation, presumed financial allocations, development in the area of number and structure of the unemployed, development in the area of social services, number and structure of graduates from schools and improvement of infrastructure of science and research.	
Development of productions and services based on the	At the level of projects: Low import demands, long-term competitiveness,	At the level of projects: Low import demands, long-term competitiveness, creation	

Global target	Monitored Output at the level of NUTS II	Monitored factors of ex ante evaluation at the level NUTS II	Ex ante evaluation
utilisation of domestic resources	creation of jobs	of jobs	
Protection and improvement of environment	At the level of projects in the area of individual segments of environment	At the level of projects individual segments of environment, development in the area of individual segments of environment	
Development of rural areas and multi-functional agriculture	At the level of individual projects, indicators of microeconomic performance	At the level of individual projects, indicators of microeconomic performance	

Table 31 Evaluated and monitored inputs and outputs at the level of specific targets, monitored target areas of ex ante evaluation

Global target Specific target	Sector ⁴³	Measurable output (Input / Output)	Ex ante evaluation – monitored target areas
Global target No.1 Creation of effective jobs and decrease of unemployment			
Restructuring, microeconomic adaptation and stimulation of business development	IN	balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value	Reduction of excessive capacities of industry in the regions, parallel rerouting of production factors, introduction of new and progressive technologies, improvement of capitalisation, increase of labour productivity, increase of added value at parallel reduction of environmental impacts
Support of investments and allocation mechanisms enhancing long-term competitiveness and creation of effective jobs	IN	balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value	Capitalisation of microeconomics under conditions of long-term effectiveness of allocation
Information-technology promotion of enterprises	IN	Number of users and volume of concluded contracts	From the aspect of the need to apply effective forms of promotion of the regions, the problem of introduction of information technologies or enhancement of effectiveness of their utilisation through their integration and mutual coordination should be solved in connection with the existing strategies and programmes of individual sectors.
Stabilisation of labour market and decrease of unemployment in the regions whose development is permanently lagging behind	HR	Rate of growth in GDP, rate of unemployment, regional rates of unemployment, number of new-created jobs, number of founded small and medium-sized enterprises, number of recorded unemployed placed by the labour offices in vacancies, number of re-trained recorded unemployed and success of their realization, average period of keeping the unemployed in records of the labour office, number of part-time workers	To stop the growth in unemployment Intensification of labour demand and enhancement of capacity and readiness of labour force to react to labour market requirements
Promotion of housing in regions	HOUS	Volume and structure of housing fund (number of new-built apartments: private ownership, cooperative ownership, communal and state ownership, other apartments) Share of permanently occupied apartments per 1000 inhabitants Effectiveness-related indicators of organisations managing the housing fund	Reconstruction of the existing housing fund so as to eliminate deficiencies menacing safety of their utilisation and to restore or enhance the quality of housing adequate to the existing technical possibilities. Construction of apartments so that provision with apartments is comparable with the level in transforming countries and approaches the level of developed countries of the West Europe. Construction of apartments without connection to the creation of job opportunities is no expression of economic relations but it can lead to the requirement for a more significant building of infrastructure the assurance of which may not be effective. Construction of technical infrastructure so as not to threaten the target in housing construction. Housing construction for special groups of population so as to develop adequate and appropriate forms of accommodation for groups of citizens needing help, for

⁴³ **IN: Industry**. **HR: Human resources**, **HOUS: Housing**, **T&T: Transport and telecommunications**, **TI: Tourist industry**, **ENV: Environment**, **MFA: Multi-functional agriculture**

Global target Specific target	Sector ⁴³	Measurable output (Input / Output)	Ex ante evaluation – monitored target areas
			citizens who are in material need and for inadaptable citizens.
Global target No.2 Support of continuous growth in competitive production			
Sales promotion with special regard to exports	IN	Depending on conditions of priority projects, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value	Maximisation of export sales of existing capacities and productions for needs of the creation of resources for reclassification of exported commodities to the category of commodities competitive by quality. Promotion of the share of export commodities competitive by quality in total exports and successive reclassification of commodities competitive by price to the category of commodities competitive by quality under conditions of non-passive trade balance.
Support of financial competitiveness	IN	Balance indicators, tax benefits, amount of investments, selective investigations	Stabilisation and development of external financial environment Enhancement of effectiveness of corporate financial management
Stabilisation of business environment and its continuous improvement	IN	surveys and selective investigations in the area of quality of business environment	Dynamisation of functional links between conceptions of economic development and executive
Continuous growth in competitive production and services with special regard to small and medium-sized enterprises	IN	Depending on conditions of priority projects and share of production of commodities competitive by quality, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value	Enhancement of SME competitiveness, extension of the participation of SMEs in international trade and their professional knowledge under conditions of multilateral business system, launch of the campaign „go digital“ for acceleration of e-commerce of SMEs in line with intentions of the Lisbon Summit of EU in March of this year, enhancement of interest of foreign investors in Slovakia and hence of the volume of strategic investments, utilisation of the existing production buildings (premises)
Global target No.3 Development of technical and social infrastructure			
Modernisation and development of transport infrastructure	T&T	Provision of regions with transport and telecommunication infrastructure : Transport Length of railway lines (km) Density of railway lines (km of line/ thousand km2) Length of road system (km) Density of road system (km/km2) Telecommunications Density of MTS + B-channels per 100 inhabitants Density of apartment telephone penetration in apartments	Railway transport: Modernisation of international corridors, economic stabilisation and transformation of the Slovak Railways Combined transport: Construction of other so-called Regional combined transport terminals (CTT) Road and city transport: Continued privatisation of 17 state enterprises of SAD Road infrastructure: Realisation of objectives of the Conception of Development of Speed Network Completion of highway system Civil aviation: Transformation of Slovak airports to future independent commercial entities Water transport: Danube – a part of European transport corridors as No. VII.A according to agreement AGN express water way E 80, river Váh – a part of intermodal transport corridors No. V. A VI. A of the agreement AGN as water way E 81 Making navigable of lower divisions of water ways Nitra, Hron, Ipel', Making navigable the East Slovakian rivers – Laborec, Latorica, Bodrog Telecommunications: Implementation of telecommunications policy 2000 to 2002
Development of transport serviceability and infrastructure of regions	T&T	Provision of regions with transport and telecommunication infrastructure : Transport Length of railway lines (km) Density of railway lines (km of line/ thousand km2) Length of road system (km) Density of road system (km/km2)	Railway transport: Modernisation of international corridors, economic stabilisation and transformation of the Slovak Railways Combined transport: Construction of other so-called Regional combined transport terminals (CTT) Road and city transport: Continued privatisation of 17 state enterprises of SAD Road infrastructure: Realisation of objectives of the Conception of Development of Speed Network

Global target Specific target	Sector ⁴³	Measurable output (Input / Output)	Ex ante evaluation – monitored target areas
		Telecommunications Density of MTS + B-channels per 100 inhabitants Density of apartment telephone penetration in apartments	Completion of highway system Civil aviation: Transformation of Slovak airports to future independent commercial entities Water transport: Danube – a part of European transport corridors as No. VII.A according to agreement AGN express water way E 80, river Váh – a part of intermodal transport corridors No. V. A VI. A of the agreement AGN as water way E 81 Making navigable of lower divisions of water ways Nitra, Hron, Ipel, Making navigable the East Slovakian rivers – Laborec, Latorica, Bodrog Telecommunications: Implementation of telecommunications policy 2000 to 2002
Housing development and development of infrastructure of municipalities, cities and regions	HOUS	Volume and structure of housing fund (number of new-built apartments: private ownership, cooperative ownership, communal and state ownership, other apartments) Share of permanently occupied apartments per 1000 inhabitants Effectiveness-related indicators of organisations managing the housing fund	<ol style="list-style-type: none"> 1. Support of reconstruction of the existing housing fund with focus on elimination of system failures of apartment houses by providing state allowances. 2. Support of construction of apartments to ownership with the view of gradual elimination of differences of individual regions in provision with apartments per 1000 inhabitants, executed through provision of state contribution to mortgage credits, - state bonus to construction savings, - state support especially in the form of advantageous credits out of means of the State Housing Development Fund, - state contribution to construction of technical infrastructure. 3. Support of construction of apartments in public lease sector designed for housing of citizens with low income, for groups of citizens who need help and for inadapted citizens, by providing – state contribution to construction of rented flats, - state support especially in the form of advantageous credits out of means of the State Housing Development Fund, - state contribution for construction of technical infrastructure. 4. Support of construction of apartments in private lease sector which supports mobility of labour force by providing – state support in the form of advantageous credits out of means of the Housing Development Fund, - state contribution for construction of technical infrastructure. 5. Support of housing construction realised by SMEs by providing bank guarantees for credits granted to construction of apartments and technical infrastructure. 6. Solution of legislative obligation of building technical infrastructure.
Enhancement of flexibility of labour market in regions	HR	Rate of unemployment, specific rates of unemployment, educational and qualification structure of labour force, duration of unemployment by education, age, sex, structure of vacancies by qualification, success of re-training. Influence of economic growth on the number of created jobs, rate of unemployed from VZPS, rate of registered unemployment, number and structure of created supported jobs, number and structure or registered unemployed employed in these jobs, period of their employment, number and structure of re-trained registered unemployed for supported jobs, number of jobs created in small and medium-sized enterprises	To stop growth in unemployment during the years 2000 to 2001 Elaboration and implementation of projects and programmes for promotion of employment in the area beneficial to the public, in the sector of social services as well as in profit making area.

Global target Specific target	Sector ⁴³	Measurable output (Input / Output)	Ex ante evaluation – monitored target areas
Development of social and health care in regions			
Promotion of educational system	HR	<p>Science and technology: Research reports, technological procedures, functional designs, prototypes Quantification of social and economic benefits of solutions Monitoring results of solution after/in the period of 3 years Further education: Real changes in quality and number of graduates from Universities, research outputs, material and personnel assurance of Universities Every year statistically really increased number of graduates against the previous years Real outputs in introduced information technologies by projects Accelerated built PC network New system of subjects of study and its introduction into practice Plan of interconnected system of libraries Real outputs in introduced library systems by projects Elementary and secondary education: Structure and number of graduates, state budget expenditures on elementary and secondary education</p>	<p>Science and technology Further education University education Elementary and secondary education</p>
Modernisation of public administration			
Promotion of citizens' initiatives in regions			
Support of marginalized groups	HR	<p>Rate of registered unemployment, specific rates of registered unemployment of discriminated groups on labour market, number of participants in individual programmes, period of their employment after termination of supported employment, success of re-training, share of the employed after completion of re-training.</p>	<p>Implementation of projects and programmes for improvement of employability of discriminated groups of participants in labour market.</p>
Global target No.4 Development of productions based on the utilisation of domestic resources			
Utilisation of domestic resources generating economic growth and permanent competitiveness	PR	<p>Depending on conditions of priority projects and rate of domestic raw material refining, share of production of commodities competitive by quality, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value.</p>	<p>Development of productions competitive on the basis of advantages resulting from treatment of local raw material, development of productions competitive first by quality and second by price</p>
Development of tourist industry and balneology	TI	<p>Volume of exchange revenues and their average year-on-year rate of growth Utilisation of bed capacity (actual level 3.6 days) Volume of sale revenues from accommodation of</p>	<p>Enhancement of competitiveness of our tourist industry in the European context Revival of dynamics of growth in exchange revenues at a rate exceeding the European average Renewal of dynamics of growth in domestic tourist traffic</p>

Global target Specific target	Sector ⁴³	Measurable output (Input / Output)	Ex ante evaluation – monitored target areas
		visitors Creation of new job opportunities both directly in tourist facilities and in facilities used in connection with tourism, formation of new capacities	Growth in stay-related tourism from abroad (with nights) Penetration in new markets and improvement of the structure of visits from the aspect of economic benefits Tying up with decisive development trends of the world tourist industry Keeping pace with the Czech Republic and Hungary in enhancement of service quality
Enhancement of effectiveness of power management and development of communal power engineering	IN	Volume of savings in fuels and power Reduced quantity of emissions Increase of employment Balance indicators of production and distribution companies	Power consumption Environment Creation of jobs Liberalisation of electricity and gas markets
Building and enhancement of the quality of distribution networks	IN	Volume of sales in all types of trade, structure and number of business entities, share of large, medium and small-sized enterprises in total turnover, aggregate	Balanced, effectively structured and adequately protected internal market
Promotion of market services	IN	Turnover and tax revenues in the sector of market services, balance indicators of organisations in the sector of market services	Dynamisation of demand after market services Effective allocation of market services in Slovak regions
Building and development of industrial parks	IN	Creation of primary and secondary jobs, balance indicators of industrial parks and zones, share of produced added value	Foundation of long-term effective industrial parks in the individual regions of the Slovak Republic and the utilisation of the existing production plants (buildings)

Global target No.5 Protection and improvement of environment			
Restoration of environmental functions in territory	ENV	Completed Slovak Environmental Inspection, professional organisation of the State Conservation of Nature of the Slovak Republic (administration of preserved areas) and customs bodies of the Ministry of Finance of the Slovak Republic, Established specialized state administration for environment, Completed technological infrastructure of detention centres.	Preservation of most precious parts of natural and cultural heritage, Completion of preserved area network, observing international criteria, Strengthening of organisational structure of protection of nature and landscape Connection of scientific programmes with practical care of nature and landscape Application of available strategic legal, economic and communication instruments Amendment of selected legislation in area of nature protection in general Amendment of legislation in area of international trade in threatened types of organisms Institutional reform of authorities and organisations of nature protection Reinforcement and extension of human capacities (by about 500 persons) Agroenvironmental programmes Intensification of research activities Environmental education and cooperation with the public in protection and care of nature and landscape
Water protection	ENV	Enhancement of effectiveness of information and monitoring systems Addition to instrumental and personnel provision of inspection Addition in population connected to public waste water and public water system and improvement of mutual relation Technological equipment of sewage treatment plants Their addition with tertiary equipment of sewage	Achievement of good condition of surface and ground water, water ecosystems, Achievement of compliance with set objectives and limits in preserved areas Establishment of balance between deliveries and replenishment of water supplies Creation of conditions for provision of population with non-contaminated drinking water, Mitigation of effects of floods and lack of water Reduction of the number of contaminants discharged or penetrating into waters.

		<p>treatment</p> <p>Addition of productions meeting environmental criteria and which introduced in their production procedures the best available technology</p> <p>Evaluation of erosion processes in the country, introduction of systematic approach to deal with old environmental loads, evaluation of capacity and technical assurance of state administration in relation to its effectiveness.</p>	
Protection of climate and air	ENV	<p>Classification of large sources of air pollution to class A</p> <p>consumption of light heat oil with content of sulphur up to 0.2% against other liquid fuels, quantity of power generated from renewable resources, consumption of power per unit of GDP, number of monitoring stations.</p>	<p>Harmonisation of requirements for incineration of refuse with EU requirements, observance of emission limits by large sources of contamination containing stationary equipment for fuel combustion, implementation of generally binding legal regulations on requirements for fuel quality, keeping operating records on type, extent and way of providing air protection data (Decree of the Ministry of Environment of SR No. 144/2000 Coll.), reduction of emissions of volatile organic substances in compliance with EU in area of measures in distribution stores of fuels and selected equipment and in utilisation of solvents, implementation of measures to achieve compliance in air quality (and related directives) in affected territories.</p>
Waste disposal and elimination of old loads	ENV	<p>Reduction of occurrence of wastes,</p> <p>Improvement of waste valorisation (utilisation),</p> <p>Reduction of volume of piled wastes (in dumps)</p>	<p>Prevention of waste generation</p> <p>Maximum valorisation of waste</p> <p>Waste disposal in compliance with conditions laid down in the Act on Waste and its implementing legislation,</p> <p>Creation of conditions for utilisation of presently non-valorisable waste,</p> <p>Reduction of share of piled biodegradable organic waste (in dumps)</p> <p>Reduction of risks from old dumps</p> <p>Authorisation of disposal of utilisable batteries and accumulators</p> <p>Authorisation of disposal of oil waste</p> <p>Authorisation of collection and treatment of old vehicles.</p>
Environmental education	ENV	<p>Building up a new environmental education system at all types of schools</p> <p>Introduction of environmental education system at the level of out-of-school facilities,</p> <p>Enhancement of environmental consciousness of all groups of population</p> <p>Development of system of environmental education centres in regions and environmental centres in some national parks and selected preserved areas</p> <p>Cooperation with the sector of education, science and other sectors and entities on the improvement of content and methods of environmental education at all types of schools,</p> <p>Enhancement of professional competence for the execution of state administration in the sector, by enhancing environmental consciousness in all groups of population to contribute to sustainable development</p> <p>Enhancement of environmental consciousness and improvement of environmental education at all levels,</p>	<p>Changes in content and application of alternative methods in environmental education within the whole educational sector</p> <p>Completed centres of environmental education and information centres of protection of nature and landscape.</p>

	<p>Introduction of Programme of Environmental Academy as a permanent educational process for different levels and age groups, Introduction of a uniform system of environmental propagation and control of advertising Development of systems of consumer information on environmental quality of products and propagation of environmental identification, coordination with other product identifications, allowing access for Slovak business entities to the European model of environmental identification of products in place in EU countries.</p>	
Global target No. 6 Rural development and multi-functional agriculture		

Sustainable development of rural areas	MFA	<p>Economic performance in rural area and its structure Creation of jobs Technical infrastructure Legislative environment, quality of human resources</p>	<p>Diversification activities in rural area a)- development of complementary utility productions, manufacture of traditional materials and utility objects, manufacture and sale of local specialities, minor handicraft, - promotion of services to visitors of countryside (reconstruction of farming structures, e. g. family farms specializing in providing tourist services, modernisation of existing facilities, construction of new facilities) , - development of recreational and leisure activities, including purchase of technology and equipment (tourist tracks, sport equitation, sport fishing, sport hunting, raftsmanship, cyclotourism, water sports, winter sports etc.). b)- support of small-scale public investments in the area of reconstruction of buildings, including embellishment of their surroundings, with historical, cultural and folkloric values connected with the development of services and attendance rate. Sylviculture - purchase of new machines, equipment and technologies used in nurseries, in forest cultivation, forest protection, forest production, skidding, primary treatment and transport of wood , - building activities related to operation of new technologies, - investments in improvement of wood and forest product marketing (purchase of computers and office equipment, software, development of computer networks etc.). Agricultural production procedures leading to protection of environment and landscape - in five pilot projects to ensure education of management and realise agroenvironmental measures. Land adjustments - making land accessible by construction and reconstruction of field and forest paths - implementation of revitalizing measures for creation and protection of landscape, development and renovation of segments of environmental stability of the landscape - settlement of property relations - reduction of land fragmentation - reduction of the number of coproprietary shares. Development of human resources - Implementation of training enhancing the capacity of candidates to execute projects within the programme SAPARD. Technical assistance - elaboration of territorial planning documentation, - elaboration of studies for needs of SAPARD monitoring - elaboration of programmes for development of microregions.</p>
Development of multi-functional agriculture	MFA	<p>Economic and export performance, its structure, investments, added value, sales revenues from agricultural and animal products, number of created jobs</p>	<p>Investments in agricultural enterprises a) Animal production - Revitalisation of sheep-farming - Investments in reconstruction of technologies for sheep-farming - Investments in new technologies for layer-farming - reconstruction of transport containers for one-day chickens aimed to welfare b) Vegetable production - Reconstruction and construction of storage premises for fruits, vegetables</p>

			<p>and low-tonnage plants with after-harvest treatment.</p> <p>Support of foundation of marketing organisations of producers</p> <ul style="list-style-type: none"> - Support of establishment of marketing organisations of producers during the first five years of activity in the area of breeding cattle for milk, cattle for meat, pigs for meat, freshwater fish, poultry and eggs, in the area of growing fruits and vegetables, cereals, oil seeds, potatoes and sugar-beet. <p>Development of human resources</p> <ul style="list-style-type: none"> - Realisation of training enhancing the possibility of candidates to implement projects within the programme SAPARD. <p>Technical assistance</p> <ul style="list-style-type: none"> - elaboration of territorial planning documentation - elaboration of studies for needs of SAPARD monitoring - elaboration of programmes for development of microregions.
Enhancement of competitiveness of agriculture and sylviculture	MFA	Export performance, investments, added value, sales revenues from agricultural and animal products, number of created jobs	<p>Improvement of treatment and saleability of agricultural products: reconstruction and purchase of new technological equipment in order to achieve the standard ISO 9000, reconstruction and purchase of new technological equipment in order to enhance their applicability, increase exports of foodstuff products</p> <p>Development of human resources implementation of training enhancing the possibility of candidates to implement projects within the programme SAPARD</p> <p>Technical assistance</p> <ul style="list-style-type: none"> - elaboration of territorial planning documentation - elaboration of studies for needs of SAPARD monitoring - elaboration of programmes for development of microregions.

9 Administrative and implementation system

9.1 Institutions for implementation of the National Plan of Regional Development of the Slovak Republic

At the central level, it is necessary to mention the Slovak Government. The Council of Slovak Government for Regional Policy (CGRP) operates as a supradepartmental body under the lead of the Vice Prime Minister.⁴⁴ It is the strategic, coordinating, consultancy and initiative body for issues of regional policy and coordination of structural instruments.

In terms of § 10 of Act No. 293 of 2 November 1999 modifying and amending the Act of the Slovak National Council No. 347/1990 Coll. on Organisation of Ministries and other central bodies of state government of the Slovak Republic, as amended, the Ministry of Construction and Regional Development of the Slovak Republic (hereinafter referred to as „MCRD SR“) is the central body of state government of the Slovak Republic for regional development.

In the implementation of NPRD SR, the Ministry of Construction and Regional Development of the Slovak Republic executes the function of a so-called managing body (pursuant to Regulation of EC 1260/1999) for NPRD SR (primary document) and individual ROPs coordinates the activity of all state government bodies and territorial self-governing bodies involved in the implementation of NPRD SR, ROPs a SOPs, evaluates the progress and fulfilment of NPRD SR (primary document) and through its detached departments evaluates the progress and fulfilment of ROPs, ensures the selection of projects within ROPs and, in cooperation with state government bodies, ensures their independent professional assessment, whereby criteria for the selection of projects are laid down by the competent RMMC.

The ministries and other central bodies of state government should contribute by their activity to the support of regional development, particularly to the adjustment of differences between the levels of development of individual regions. The responsible relevant ministries execute the function of a so-called managing body (pursuant to Regulation of EC 1260/1999) for individual SOPs, and regularly evaluate the fulfilment of SOPs. Within the implementation of SOPs they ensure the selection of projects in compliance with SOP priorities and ensure their independent professional assessment.

The regional offices cooperate in the implementation and evaluation of ROPs.

Table 31 – Functions of individual bodies in implementation of NPRD

Level	Authorities/responsibilities	Implementation
Regional	Decision-making/Monitoring RMMC	Regional branches
National	CGRP, NMC, NAC	National fund, payment and implementation agencies Ministries – implementation part of NPRD SR

The national aid coordinator (NAC) at the Office of Government of the Slovak Republic is responsible for programming, monitoring and evaluation of the programmes.

The implementation agencies (IA) provide the material implementation of the individual projects and ensurance of selection procedure (tender), contracting and payments. One of IAs is the Central Financial and Contracting Unit (CFCU). It executes the function of IA for projects of institutional development whereby their material implementation lies within authority of senior programming officers (SPOs) at the competent ministries.

⁴⁴ Decision of Slovak Government No. 606 of 7 July 1999

RMMC – Regional managing and monitoring committees consist of representatives of regions at the level NUTS II and of socio-economic partners⁴⁵.

PCSF – Preparatory Committee for Structural Funds of EU is the coordinating and consultancy body of the National Aid Coordinator, the Vice Prime Minister of the Slovak Government for human and minority rights and regional development and the Minister of Construction and Regional Development of the Slovak Republic in order to ensure coordination of all instruments of EU pre-accession aid in the preparation of the Slovak Republic for the utilisation of the structural funds of the European Union.

NMC – National Monitoring Committee (to be established in the near future) is composed of representatives of competent departments, representatives of regions at the NUTS II level, and socio-economic partners. Its main task will be to monitor the progress and results of the implementation of NPRD SR.

9.2 Funds management

The management of funds designed for ensurance of the implementation of measures of NPRD SR includes administration of public resources and EU resources.

Issues of funds management are solved in close cooperation with the Ministry of Finance of the Slovak Republic.

The competent body for management of funds of all pre-accession instruments – PHARE, SAPARD and ISPA is the National Fund⁴⁶ established at the Ministry of Finance of the Slovak Republic. The National Fund ensures the transfer of funds to the accounts of implementation agencies (IAs) and CFCU. The National Authorised Officer (NAO) is responsible for financial management of EU funds and for provision of co-financing out of domestic resources.

The funds management is subject to Slovak legislation in force regulating cash flows of state budget and other public budgets⁴⁷, as well as to applicable legislation in the area of EU pre-accession aid, in close cooperation with the Preparatory Committee for Structural Funds of EU⁴⁸.

9.3 System of NPRD SR monitoring and evaluation

The system of NPRD SR monitoring and evaluation is based on EU legislation in force, particularly on the Regulation of EU Council, Part IV, Chapter I, Articles 34 to 37⁴⁹, establishing general provisions on the Structural Funds. Within the system, the recommended General Methodology of EC on indicators for monitoring and evaluation of documents related to the

⁴⁵ Progressively in compliance with objectives of the Conception of decentralisation and modernisation of public administration, the self-governments, particularly self-governments of higher territorial unit, should assume a decisive part in regional development. By Decision of Slovak Government No. 230 of 11 April 2000, the Government approved the transfer of competencies to the self-governments of higher territorial units.

At the same time, the Slovak Government approved by the said Resolution the start of activity of the self-government of higher territorial units as from 1 January 2002.

⁴⁶ Established in terms of Decision of Slovak Government No. 856/1998 and the Memorandum of Understanding on the establishment of the National Fund signed between the European Commission and the Slovak Government on 10 December 1998

⁴⁷ Budgets of state purpose funds, budgets of public institutions

⁴⁸ under direction and coordination of the Ministry of Construction and Regional Development of the Slovak Republic

⁴⁹ Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds. Official Journal of the European Communities, L 161, 26.6.1999.

Structural Funds is also applied⁵⁰. The system is based on the principles of decentralisation, partnership, programming and coordination.

The system of NPRD SR monitoring and evaluation is ensured by two interconnected bodies:

9.3.1 National Monitoring Committee (NMC)⁵¹

Responsible for overall coordination of ensurance of preparation and monitoring of the implementation of NPRD SR;

Coordinating the activity of regional managing and monitoring committees;

Ensuring the preparation of interim and final reports, the execution of evaluations and of functions according to statute of NMC.

NMC members are representatives of the relevant ministries, relevant socio-economic partners, representatives of professional and citizens' associations.

9.3.2 Regional Managing and Monitoring Committees (RMMCs)

They represent the interests of individual regions in the process of preparation and the implementation of NPRD SR. They are responsible for the preparation of Regional Operational Programmes, their implementation, and monitoring of their implementation. RMMCs are established for four regions approved by Decision of the Slovak Government No. 923/1999: county of Bratislava, Slovakia – Southwest, Slovakia – Northwest and Slovakia – East⁵². They are established for the programming period laid down by NPRD SR. The composition of RMMCs observes the territorial principle and the principle of partnership. Members of RMMCs are representatives of state government bodies, representatives of self-governments (cities and municipalities) or their associations, representatives of the business sector, representatives of universities and other scientific workplaces and the tertiary sector, appointed by the Minister of Construction and Regional Development of the Slovak Republic.

9.4 Basic relations in the area of the implementation and evaluation of NPRD SR

A pre-requisite of the successful implementation of NPRD SR is the establishment of a functional mechanism for its monitoring and the evaluation of short-term, mid-term and long-term influences on the individual regions and Slovakia as a whole.

In the first place, the system of monitoring and evaluation examines and evaluates the rate of influence of public financial resources and EU resources used for the solution of individual levels of the target areas⁵³.

The purpose of the system of NPRD SR monitoring and evaluation is to analyse the effectiveness of the utilisation of NPRD SR funds with regard to set priorities, specific targets, global and strategic objectives of the regional and sectoral operational programmes.

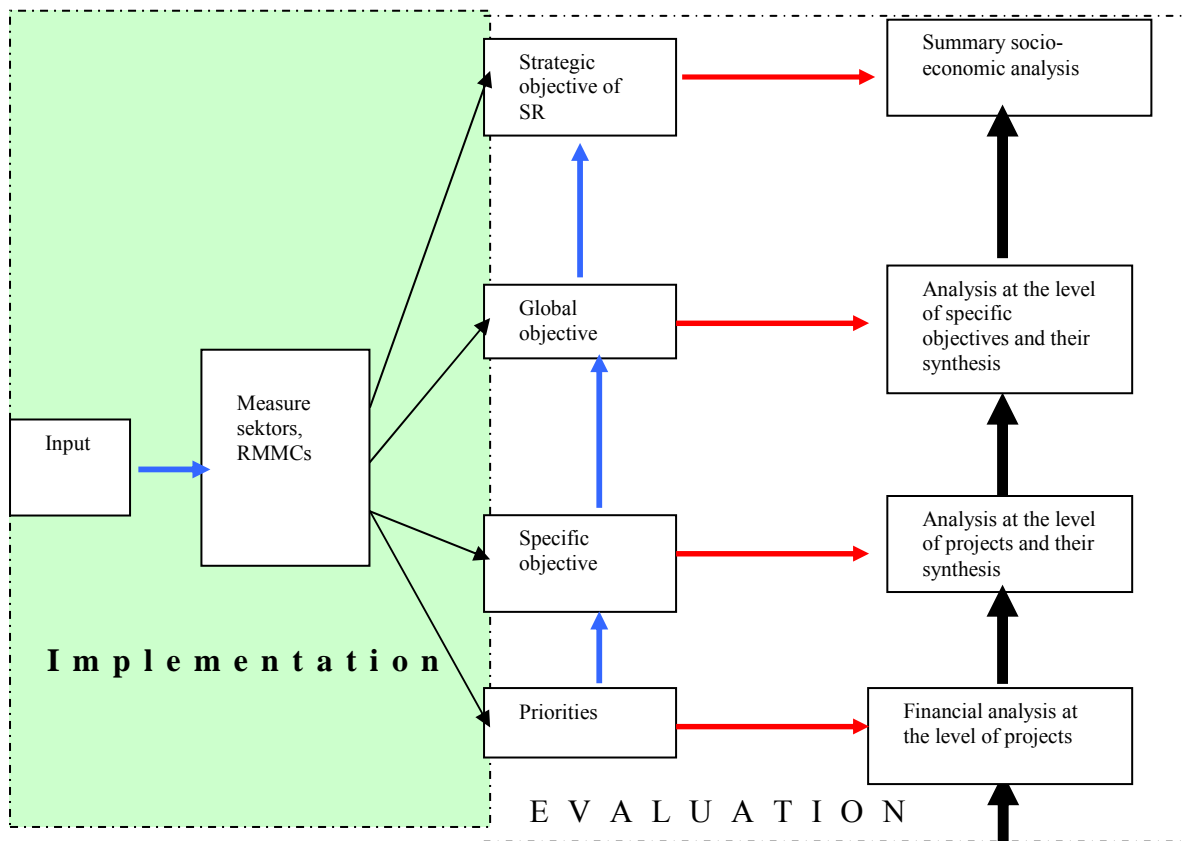
⁵⁰ Indicators for Monitoring and Evaluation: An indicative methodology. Working Paper 3. EC, DG Regional Policy, 1999.

⁵¹ To be established following to approbation of NPRD SR, presumed before the end of the year 2000

⁵² Statute of RMMCs was approved at the 5th session of the Council of Government for regional policy on 11 July 2000; the proposal of RMMC members was approved on the 6th session of RVRP on 25 September 2000

⁵³ This means at the level of strategic objective, global objectives, specific targets and priorities of sectoral and regional operational programmes

Picture 1 Basic relations in the area of implementation and evaluation of NPRD SR



IMPLEMENTATION:

- Individual measures of the sectors, RMMCs and entrepreneurs are implemented in the form of technical, organisational, financial and human quantifiable input funds and resources (Input)
- Quantification means nominal quantification and quantification in physical units
- Measures are related to individual priorities of sectoral and regional operational programmes
- A summary of relevant measures is related to individual specific objectives
- A summary of measures related to individual specific objectives follows the attainment of individual global objectives
- A summary of measures related to global objectives follows the attainment of the strategic objective of the Slovak Republic.

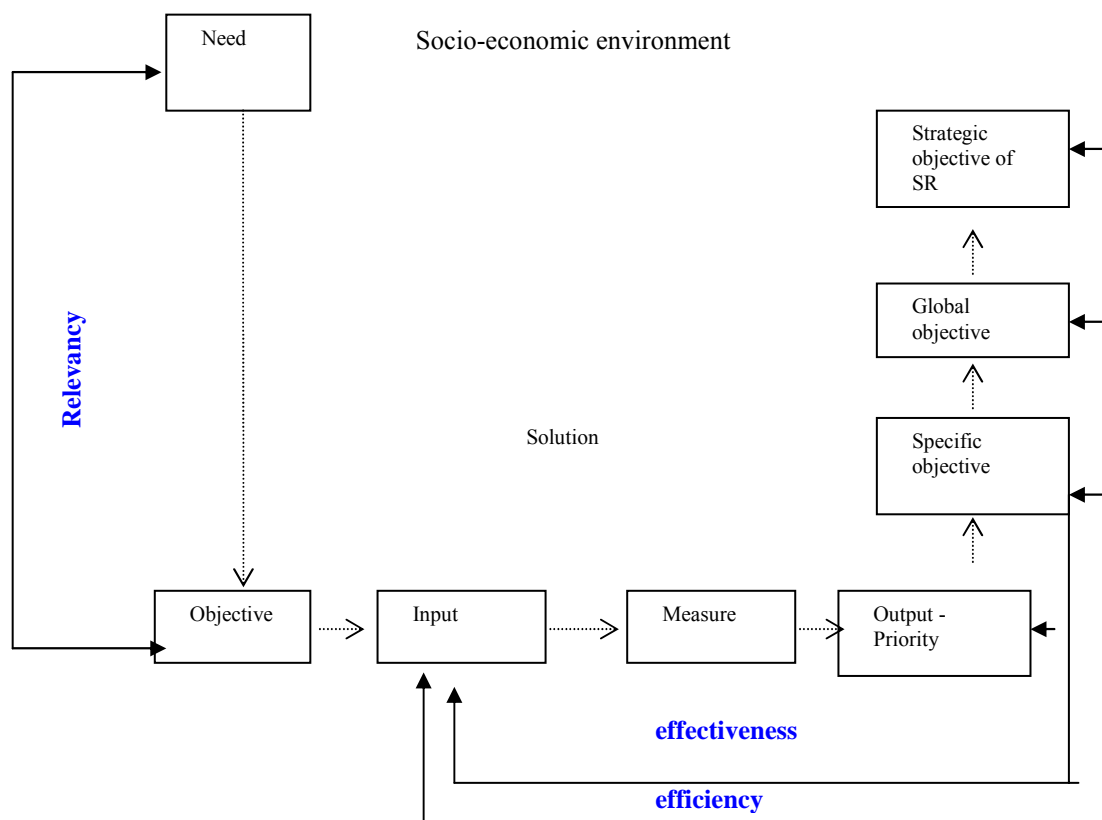
EVALUATION:

- Expenses on the implementation of individual measures are directly related to real benefit (Output)
- The achieved Output is monitored and evaluated on the basis of a measurable output at the level of priorities in the form of a financial analysis at the level of projects
- The achieved Output is further monitored and evaluated at the level of specific objectives in the form of an analysis and a synthesis of results of financial analyses at the level of projects

- The achieved Output is further monitored and evaluated at the level of global objectives in the form of an analysis and a synthesis of results of monitoring and evaluation at the level of specific objectives
- A summary socio-economic analysis takes into account the results of monitoring and evaluation at the other levels and evaluates internal and external aspects of the development of Slovakia.

Monitoring and evaluation are executed depending on need, but at least once a year at the level of projects, priorities, specific objectives and global objectives, and once every three years at the level of the strategic objective of the Slovak Republic.

Picture 2 Primary circuit of monitored and evaluated relations of NPRD SR



Monitored and evaluated relations of NPRD SR include:

Relevancy

Unambiguous formulation of global and specific objectives has to demonstrably reflect the real needs of⁵⁴sustainable development of Slovakia under conditions of a socio-economic optimum
It is explained in the synthetical part Evaluation of Influence of the Projected NPRD SR

Efficiency

Influence of the Input on the solution of priorities – stabilisation and development objectives, specific objectives, global objectives and strategic objective
It is elaborated in the synthetical part e) Evaluation of Influence of the Projected NPRD SR – ex ante evaluation

Effectiveness

Relation of used means (Input) to the measurable result (Output) quantified at the level of priorities, specific objectives and global objectives.

Methods of evaluation and measuring include:

Summary socio – economic evaluation

- Evaluation on the level of global objectives, or specific objectives and priorities and measures serving for evaluation of the total socio-economic impacts on regional development
- The applied method is an analysis of statistical data and soft information on the utilisation of model procedures, particularly in ex ante evaluation
- Applied especially to measuring and evaluation of impacts on the level of strategic objective of the Slovak Republic, development axes, global objectives and specific objectives

Evaluation on the level of projects

- Bottom-up approach for which impacts of individual thoroughly examined and evaluated projects on the level of specific objectives are summarized
- Used for evaluation and measuring efficiency and effectiveness

Financial analysis

- Thanks to its high predictability, it represents the most effective method for evaluation and measuring on the level of individual projects;
- It is applied to the evaluation of effectiveness on the level of specific objectives, priorities – stabilisation and development objectives.

For the evaluation of impacts of NPRD SR on all levels, aspects of all potential methods of measuring and evaluation should be evaluated.

⁵⁴ based on ROPs and SOPs

9.5 Indicators of monitoring and evaluation of NPRD SR and its measurable outputs

To strengthen content monitoring and evaluation of the implementation of NPRD SR, preliminary quantifiable indicators for individual measures are determined, observing the codes of general methodology⁵⁵.

Table 33 Monitored indicators according to general methodology of EU

Area	Monitored indicators
Employment	<p>Growth in employment Rate of employment Difference between rates of employment Men/Women Rate of employment of age group from 50 to 64 years Rate of unemployment Rate of unemployment of young people Difference between rates of unemployment Men/Women Long-term unemployment Created new jobs (expressed by number of jobs in enterprises or institutions that would not have been created without the implementation of the programme) Conserved jobs (those jobs that were conserved in enterprises or institutions thanks to successful implementation of project/programme). Complementary to indicators of the programme SAPARD: Number and scope of implemented projects aimed to enhancement of competitiveness of the foodstuffs industry, volume of invested funds from individual resources (EU, national contribution, private expenses)</p>
Development of agriculture and rural development	<p>Number and scope of implemented projects aimed to the promotion of multi-functional agriculture; volume of invested funds from individual funds (EU, national contribution, private expenses) Number and scope of implemented projects aimed to sustainable rural development from individual resources (EU, national contribution, private expenses).</p>
Development of SME and artisan trade	<p>Number and volume of provided grants, volume of provided advantageous loans for SMEs and artisans starting businesses Number of built or extended consultancy centres for SME and artisans in individual regions Share of direct investments from total investments in the development of small and medium-sized enterprises. Volume of provided grants and advantageous loans for development and modernisation of the network of regional organisations in tourist industry</p>
Development of tourist industry (including balneology)	<p>Volume of provided grants and advantageous loans for development of information system; number of enterprises in tourist industry from regions engaged in the information system and their connection to foreign information and promotion networks Number of monitored statistical indicators on the tourist industry and balneology at the level of regions and centre.</p>
Research, technical development and innovation	<p>Number of implemented joint projects between enterprises and research and development workplaces; volume of invested funds in these projects Growth in investments in joint projects between enterprises and research on the part of budgets in the business sector Number of small and medium-sized enterprises of priority regions engaged in the network and projects supporting technical development Number of persons (end users) covered by projects support employability (professional preparation, consultancy for labour market)</p>
Development of human resources	<p>Rate of placement of end users on labour market 1 year after completion of professional preparation Number of implemented pilot projects aimed to innovation of professional education and preparation Number of young professionals, students, workers dealing with professional preparation of young persons who participated in professional training in domestic or foreign enterprises within mobility projects Indicators: To monitor and evaluate the share of women in all indicators of the Group 2.</p>
Development of technical infrastructure	<p>Number of kilometres of built and/or modernised speed railways; rate of completion of railway system Number of kilometres of built and/or modernised highways; rate of completion of the highway system Number of implemented projects aimed to improvement of public transport services in cities; Growth in percentage of public city transport users Growth in number (and percentage) of digital telephone lines Length of connecting network with optic fibre (in km) Number of new firms providing services of information technology Number of new Internet connections (per 1000 inhabitants) Volume (in MW) of new or modernised power plants (classified by source of power) Length of new or modernised distribution network (km) Growth in share of renewable resources in total power consumption</p>
Development and	<p>Number of power plants with new or modernised equipment for capture of harmful emissions discharged</p>

⁵⁵ Codes of indicators in general methodology are based on codes of the areas in which investments within the Structural Funds can be made.

Area	Monitored indicators
improvement of environmental infrastructure	to the air Length of completed sound barriers along highways Growth in built capacities (in %) for recycling city and industrial waste Number of implemented projects aimed to improvement of drinking water quality by introduction of environmental technologies Number of constructed new and modernised sewage treatment plants
Support of regeneration of industrial zones and urban areas	Number of implemented projects aimed to revitalisation of buildings of factories for new utilisation Area of repair of devastated land and countryside damaged by industrial activity Number of implemented projects aimed to regeneration of urban areas
Development of social infrastructure and public health system	Number and growth in capacity of modernised hospitals, rehabilitation centres and centres for seniors Number of modernised nurseries, kindergartens and growth in number of their users Number of constructed or modernised facilities for handicapped citizens and growth in number of their users

Table 34 Measurable outputs and their primary factors on the level of global objectives of NPRD SR

Global objective	Monitored Output at the NUTS II level	Monitored factors of ex ante evaluation at the NUTS II level
Creation of effective jobs and decrease of unemployment	Growth in labour productivity Growth in employment	Initial situation Presumed financial allocations, development of employment, development of labour productivity
Support of continuous growth in competitive production	Growth in added value Growth in export performance	Initial situation Presumed financial allocations, development of GDP – added value, development of export performance
Development of technical and social infrastructure	Physical units in the area of technical infrastructure, Growth of number of vacancies per unemployed, growth and improvement of structure of social services, Improvement of the quality of education, development of science and research, number of unemployed per vacancy	Initial situation Presumed financial allocations, development in the area of number and structure of the unemployed, development in the area of social services, number and structure of graduates from schools and improvement of infrastructure of science and research.
Development of productions and services based on the utilisation of domestic resources	At the level of projects: Low import demands Long-term competitiveness Creation of jobs	At the level of projects: Low import demands Long-term competitiveness Creation of jobs
Protection and improvement of the environment	At the level of projects development in the area of individual segments of environment	At the level of projects individual segments of environment at the level of projects development in the area of individual segments of environment
Rural development and development of multi-functional agriculture	At the level of individual projects indicators of microeconomic performance	At the level of individual projects indicators of microeconomic performance

Table 35 Measurable outputs at the level of specific objectives of NPRD SR

Global objective Specific objective	Sector	Measurable output (Input / Output)
Global objective No.1 Creation of effective jobs and decrease of unemployment		
Restructuring, microeconomic adaptation and stimulation of business development	IN	Balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value
Promotion of investments and allocation mechanisms enhancing long-term competitiveness and creation of effective jobs	IN	Balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value
IT support of business development	IN	Number of users and volume of concluded contracts
Stabilisation of labour market and decrease of unemployment in regions whose development is permanently lagging behind	HR	Rate of growth in GDP, rate of unemployment, regional rates of unemployment, number of newly-created jobs, number of established SMEs, number of registered unemployed placed by labour offices to vacancies, number of re-trained registered unemployed and success of their application, average period of keeping the unemployed in records of labour offices, number of

Global objective Specific objective	Sector	Measurable output (Input / Output)
		part-time workers
Support of building production in regions	HOUS	Volume of public investments, volume of private investments, number of new-created jobs in construction
Global objective No.2 support of continuous growth in competitive production		
Promotion of sales with special regard to export	IN	Depending on conditions of priority projects, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value
Support of financial competitiveness	IN	Balance indicators, tax benefits, amount of investments
Stabilisation of business environment and its continuous improvement	IN	Surveys and investigations in the area of quality of business environment
Continuous growth in competitive production and services with special regard to SME	IN	Depending on conditions of priority projects, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value
Global objective No.3 Development of technical and social infrastructure		
Modernisation and development of transport infrastructure	T&T	Equipment of regions with transport and telecommunication infrastructure
Development of transport serviceability and infrastructure of regions	T&T	Equipment of regions with transport and telecommunication infrastructure
Development of housing and technical infrastructure of municipalities, cities and regions	HOUS	Volume and structure of housing fund Share of permanently occupied apartments per 1000 inhabitants Effectiveness-related indicators of organisations managing the housing fund
Enhancement of flexibility of labour market in regions	HR	Number and structure of created supported jobs, number and structure of registered unemployed employed in these jobs, period of their employment, number and structure of re-trained registered unemployed for supported jobs, number of jobs created in small and medium-sized enterprises
Development of social and health care in regions		
Promotion of educational system	HR	Science and technology: Quantification of social and economic benefits of solutions Further education: Expenditures on further education University education: Share of state budget expenditures on Slovak Universities in GDP, quality and number of graduates from Universities, research outputs, real outputs in introduced information technologies Elementary and secondary education: Structure and number of graduates, stage budget expenditures on elementary and secondary education
Modernisation of public administration		
Promotion of citizens' initiatives in regions		
Support of marginalized groups	HR	Specific rates of registered unemployment of discriminated groups on labour market, number of participants in individual programmes and their real outputs
Global objective No.4: Development of productions based on the utilisation of domestic resources		
Utilisation of domestic resources generating economic growth and permanent competitiveness	IN	Rate of refinement of domestic raw materials, share of production of commodities competitive by quality, balance indicators, tax benefits, amount of investments, creation of new primary and secondary jobs, integration of local enterprises in export, relation of new-produced added value from investments to total added value
Development of tourist industry and balneology	TI	Development of exchange revenues, utilisation of bed capacity, volume of sales from accommodation of visitors, creation of new primary and secondary job opportunities
Enhancement of effectiveness of power management and development of communal power engineering	IN	Volume of savings in fuels and power Reduced quantity of emissions Increase of employment
Development and enhancement of distribution network quality	IN	Volume of sales in all types of trade, structure and number of business entities, total share of SMEs in total turnover
Promotion of market services	IN	Turnover and tax revenues in sector of market services, balance indicators of organisations in sector of market services
Building and development of industrial parks	IN	Creation of primary and secondary jobs, balance indicators of industrial parks and zones, share of produced added value, volume of production of industrial parks, volume of export of

Global objective Specific objective	Sector	Measurable output (Input / Output)
		industrial park production
Global objective No.5: Protection and improvement of environment		
Restoration of environmental functions in the territory	ENV	Level and quality of environmental balance of the territory Development in area of biodiversity of genetic resources Level, quality and effectiveness of infrastructure in area of protection of nature and landscape
Water protection	ENV	Level, quality and effectiveness of infrastructure in the area of water protection Development of number of population connected to public waste water removal and public water mains Technological equipment of sewage treatment plants and their addition with tertiary equipment for sewage treatment, Environmental load of productions, Evaluation of erosive processes in country
Climate and air protection	ENV	Amount of power generated from renewable resources Power consumption per unit of GDP Level, quality and effectiveness of infrastructure in area of protection of air and ozone layer of the Earth
Waste disposal and elimination of old loads	ENV	Development of occurrence of wastes Development in the area of waste valorization Development of the amount of piled waste (in dumps)
Environmental education	ENV	Changes in content and application of alternative methods in environmental education within the whole educational sector Level and quality of the system of environmental education
Global objective No.6 Rural development and multi-functional agriculture		
Sustainable development of rural areas	MFA	Development in areas: Diversification activities in rural area Sylviculture (forestry) Agricultural production procedures leading towards the protection of environment and landscape Land adjustments Development of human resources Technical assistance in the form of analytical and planning documents
Development of multi-functional agriculture	MFA	Development in areas: Investments in agricultural enterprises Support of foundation of marketing organisations of producers Development of human resources Technical assistance in the form of analytical and planning documents
Enhancement of competitiveness of agriculture and sylviculture	MFA	Development in areas: Added value and saleability of agricultural products: Development of human resources Technical assistance in the form of analytical and planning documents

Evaluation of the quality of implementation and monitoring system of NPRD SR

The purpose of the evaluation will be outputs in the form of recommendations aimed to assurance of basic functional relations of NPRD SR and maximization of monitored and evaluated relations⁵⁶.

⁵⁶ characterized in more detail by Picture No. 1 and Picture No. 2

10 Financial framework

The financial framework represents a primary basis for the allocation of **available resources** of state budget (including state funds that in terms of the Decision of Slovak Government No. 850/2000 to the proposed reform of state funds will be cancelled and their function will be ensured by individual chapters or by the Slovak Guarantee and Development Bank), as well as of the pre-accession funds of the European Union, to the individual regions at the level NUTS II, from the view of sectors or global objectives and specific objectives of NPRD SR. The proposal of results for the allocation of financial resources serves as a financial basis of the economic policy for the solution of target areas of regional development specified in NPRD SR.

The European Commission (EC) elaborated based on conclusions of the Berlin Summit⁵⁷ a proposal for financial allocation of funds to the countries applying for accession. These funds will be provided to candidates within the pre-accession aid through three programmes: PHARE (Council Regulation 3906/89), ISPA (Council Regulation 1267/99) and SAPARD (Council Regulation 1268/99) from 2000 until their admission to the European Union.

Based on criteria established, the European Commission proposed for the Slovak Republic the following annual indicative financial allocation:

PHARE (including PHARE CBC)	SAPARD	ISPA	Total
49	18.3	36.4 – 57.2	103.7 – 124.5

Data in mil. EUR,

* For PHARE, maximum 50% of allocated funds may go to the support of economic and social cohesion.

Coordination and financing of the above three programmes in the period of years 2000 to 2006 are implemented in compliance with the Council Regulation No.1266/99 on Coordination of Pre-Accession Aid, the Council Regulation No. 2759/99 on the implementation of SAPARD and the Council Regulation SEC (1999) 1596 final of 13 October 1999 on the implementation of the programme PHARE in the candidate countries for the period of years 2000 to 2006.

The approach of providing funds from PHARE to the associated countries takes into account the changing needs of the individual countries within the pre-accession process during the following years⁵⁸. The funds provided from the programme PHARE to candidates will be the subject of annual individual specification on the part of EC, based on progress made. At least 20% of annual allocation of the Program PHARE for institutional development and investments relating to the *acquis communautaire* will be left outside the approved multi-year indicative financial allocation. This takes into account the impossibility to predict all future needs and the need to keep funds for coverage of unforeseen priorities that will every year result from the regular evaluation report on progress made and actual needs. This is connected with the need of annual programming which covers the said 20% and programming up to the projected level for multi-year commitments.

In addition to public and EU resources, the implementation of measures oriented to the attainment of global objectives and specific objectives of NPRD SR requires the involvement

⁵⁷ Berlin, 24 to 25 March 1999

⁵⁸ see PHARE 2000 Review - Strengthening Preparations For Membership , October 2000

of resources of the private sector⁵⁹, whose share in formation of GDP represents more than 80 %. The quantification of these resources depends on the expected economic development as well as efficiency of economic policy in the area of regional development. An approximate quantification of **real financial needs** consisting of state budget resources, EU funds and private sector resources will be then possible only upon completion of the first stage of the implementation of NPRD SR, when preliminary evaluations of its efficiency through relevant measures of the economic policy will be known. This approach is analogous to the EC approach in planning financial allocations for financing of individual pre-accession programmes.

The proposal for financial allocations is an expression of the share of individual regions in available financial resources that will be used for the support of implementation of the respective global objective or specific objective. This proposal is based on:

– internal regional needs (represented by weights, which are percentage expressions of the distribution of funds among individual global objectives / specific objectives) formulated by the Regional Managing and Monitoring Committees and

– national economic needs expressed by weights of the individual regions, determined as follows:

In the Industry sector:

- by the share of the region in the Slovak population
- by the share of the region in the total number of registered unemployed
- by the share of the region in total produced added value;

In the Human Resources sector:

- by the share of the region in the Slovak population
- by the share of the region in the total number of registered unemployed
- by the share of the region in total produced added value.

In the Housing Development sector:

- by the number of inhabitants corresponding to one apartment
- by the share of inhabitants connected to the public waste water removal system
- by the share of inhabitants supplied with water from public water mains;

In the Tourist Industry sector:

- by the share of the number of visitors
- by the share of the number of nights
- by the utilisation of bed capacity;

In the Rural Development and Multi-functional Agriculture sector:

- by the share of the region in the Slovak population
- by the share of the region in the total number of registered unemployed
- by the share of the region in total produced added value.

In the Transport and Telecommunications sector:

- by technical criteria for the development of individual types of technical infrastructure;

In the Environment sector:

⁵⁹ Principle of additionality

- by the share of occurrence of emissions.

The final proposal for weights determining the share of individual regions in allocation of unbound financial resources is the penetration through A) and B) in relation 50 : 50.

In general the following applies:

a) the larger the share of a region in total population, the number of registered unemployed, number of visitors, number of nights, the utilisation of bed capacity, occurrence of emissions and the **smaller** the share of this region in total added value, number of inhabitants corresponding to one apartment, in supplying with water from public water mains and in connection to the public water removal system, the stronger is its position from the aspect of inflows of public financial resources against the other regions;

b) the larger the weight allocated to the respective global objective or specific target by RMMC in comparison with another region, the larger its weight on available resources allocated to the global objective or specific target in comparison with the other regions;

c) the stronger the national economic position of the region and the **larger** the weight of the region in the respective global objectives or specific objectives against the other regions, the higher the share of the region in available financial resources allocated to the support of implementation of the global objectives or specific objectives of NPRD SR.

The construction of weights determining the share of individual regions in allocated financial resources can be generally described by the following relation:

$$C_n = (A_n + B_n) / \sum (A_n + B_n)$$

C_n : share of the region in available financial resources

A_n : weight of the region from the aspect of internal regional needs

B_n : weight of the region based on national economic position

$n = 4$ (4 regions at the NUTS II level)

The quantification of funds allocated to the development of individual regions in terms of the respective global objectives and specific objectives is given by multiplication of obtained weights by available resources of the individual sectors. The specification will be executed on an annual basis. This approach is analogous to the EC approach in planning financial allocations for financing of the individual pre-accession programmes.

The following tables provide an overview of financial allocations by sector for the six global objectives of NPRD SR for individual years of the period 2000 to 2006. We have considered the fact that presently funds from the state budget and EU go to the implementation of all development programmes through budget chapters of individual ministries and payment agencies at the central level. These ensure reallocation of funds to regions. After execution of the expected decentralisation of public administration and related transfer of authorities to regional self-government, we will execute the required specification as a part of the annual updating of adopted measures of NPRD SR.

Private resources account for up to 75% of the volume of presumed funds allocated to investments in the productive sector and business infrastructure within the PHARE programme and up to 50% for the support of profit making investments within the SAPARD programme.

NPRD SR does not present any additional claims on the state budget; the financial framework was elaborated on the basis of real possibilities of the state budget for the year 2001 and real estimates of its development until 2006. Documents and information necessary

for the elaboration of financial assurance of NPRD SR were provided by the Ministry of Finance of the Slovak Republic.

State budget resources are public resources. The national commitment consists of public resources and resources of the private sector.

GLC/Sector	Total expenditures	Public resources		Private resources	National contribution
Global objectives 1, 2, 4-PR.		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	810,25	157,56	45,00	607,69	765,25
2001	5239,59	971,10	338,80	3929,69	4900,79
2002	12749,58	2824,37	363,02	9562,19	12386,56
2003	6749,17	1416,39	270,90	5061,88	6478,27
2004	7008,44	1502,11	250,00	5256,33	6758,44
2005	x	x	x	x	x
2006	x	x	x	x	x
Total	32557,03	6871,53	1267,72	24417,77	31289,31

Note: The year 2001, including programmes in a total amount of 273 097 thousand SKK, under Decision of Government No. 1/1999 of 14 July 1999

GLC/Sector	Total expenditures	Public resources		Private resources	National contribution
Global objectives 1, 3-LR - MPSVR		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	5520,00	1300,00	80,00	5440,00	6740,00
2001	6720,00	1600,00	80,00	6640,00	8240,00
2002	10448,00	2532,00	80,00	10368,00	12900,00
2003	15256,00	3734,00	80,00	15176,00	18910,00
2004	15920,00	3900,00	80,00	15840,00	19740,00
2005	16320,00	4000,00	80,00	16240,00	20240,00
2006	16320,00	4000,00	80,00	16240,00	20240,00
Total	86504,00	21066,00	560,00	85944,00	107010,00

GLC/Sector	Total expenditures	Public resources		Private resources	National contribution
Global objectives 1,3-LR - MŠ		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	174,20	174,20	0,00	0,00	174,20
2001	2227,20	2227,20	0,00	0,00	2227,20
2002	2213,20	2213,20	0,00	0,00	2213,20
2003	2120,00	2120,00	0,00	0,00	2120,00
2004	2120,00	2120,00	0,00	0,00	2120,00
2005	2120,00	2120,00	0,00	0,00	2120,00
2006	2120,00	2120,00	0,00	0,00	2120,00
Total	13094,60	13094,60	0,00	0,00	13094,60

GLC/Sector	Total expenditures	Public resources		Private resources	National contribution
Global objectives 1, 3-Hous.		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	41612,00	8200,00	0,00	33412,00	41612,00
2001	49156,00	7333,00	0,00	41823,00	49156,00
2002	57977,00	7910,00	0,00	50067,00	57977,00
2003	63015,00	7540,00	0,00	55475,00	63015,00
2004	70852,00	7550,00	0,00	63302,00	70852,00
2005	78591,00	7340,00	0,00	71251,00	78591,00
2006	87141,00	7320,00	0,00	79821,00	87141,00
Total	448344,00	53193,00	0,00	395151,00	448344,00

GLC/Sector	Total expenditures	Public resources		Private resources	National commitment
Global objectives 1, 3-Transport and Telecom.		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	x	x	x	x	x
2001	6274,70	5227,80	1046,90	0,00	5227,80
2002	8851,00	7309,00	1542,00	0,00	7309,00
2003	12388,00	10388,00	2000,00	0,00	10388,00
2004	15677,20	13677,00	2000,00	0,00	13677,20
2005	17477,00	15477,00	2000,00	0,00	15477,00
2006	18409,20	16409,20	2000,00	0,00	16409,20
Total	79077,10	68488,00	10588,90	0,00	68488,20

Note: Development plans of the sector Transport and Telecommunications in 2001 are ensured from public resources in the chapter MDPaT up to the amount of 4440.7 mil SKK, in 2001 to 2002 the Community budget commitment consists of resources from ISPA a PHARE

GLC/Sector	Total expenditures	Public resources		Private resources	National commitment
Global objective 6-MFA		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	1813,39	265,65	758,78	801,69	1067,34
2001	1744,91	239,60	757,78	734,53	974,13
2002	1663,08	252,59	757,78	652,70	905,29
2003	1684,27	252,59	757,78	673,90	926,49
2004	1711,70	252,59	757,78	701,33	953,92
2005	1787,42	252,59	757,78	777,05	1029,64
2006	1828,73	252,59	757,78	818,36	1070,95
Total	12233,50	1768,49	5305,46	5159,55	6927,77

GLC/Sector	Total expenditures	Public resources		Private resources	National commitment
Global objective 5-ENV.		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	11150,20	3767,30	1047,20	6335,70	10103,00
2001	10233,20	2497,00	1047,20	6689,00	9186,00
2002	13194,20	4859,00	1047,20	7288,00	12147,00
2003	14722,20	5470,00	1047,20	8205,00	13675,00
2004	16355,20	6123,00	1047,20	9185,00	15308,00
2005	18161,20	6846,00	1047,20	10268,00	17114,00
2006	20088,20	7236,00	1047,20	11805,00	19041,00
Total	103904,40	36798,30	7330,40	59775,70	96574,00

Note.: Financial resources of the chapter of the Ministry of Environment of SR for the year 2001:

- approved budget of the chapter 1 157 mil. SKK
- commitment of SR to the programme ISPA (VPS) 100 mil. SKK
- expected resources from privatisation, total 240 mil. SKK
- State Fund of Environment of the Slovak Republic 1 000 mil. SKK

GLC/Sector	Total expenditures	Public resources		Private resources	National commitment
Global objectives 1, 4-TI		Public resources, total	Commitment of Community - PHARE		
Year	mil. SKK				
2000	160,00	40,00	0,00	120,00	160,00
2001	686,04	109,25	62,26	514,53	623,78
2002	560,00	140,00	0,00	420,00	560,00
2003	640,00	160,00	0,00	480,00	640,00
2004	640,00	160,00	0,00	480,00	640,00
2005	x	x	x	x	x
2006	x	x	x	x	x
Total	2686,04	609,25	62,26	2014,53	2623,78

Global objectives 1-6	GLC1-6-Phare-CBC	Public resources		Private resources	National commitment
		Public resources, total	Commitment of the Community - PHARE - CBC		
Year	mil.SKK				
2000	7979,52	1496,16	498,72	5984,64	7480,80
2001	7979,52	1496,16	498,72	5984,64	7480,80
2002	7979,52	1496,16	498,72	5984,64	7480,80
2003	7979,52	1496,16	498,72	5984,64	7480,80
2004	7979,52	1496,16	498,72	5984,64	7480,80
2005	7979,52	1496,16	498,72	5984,64	7480,80
2006	7979,52	1496,16	498,72	5984,64	7480,80
Total	55856,64	10473,12	3491,04	41892,48	52365,60

GLC/Sector	Total expenditures	Public resources		Private resources	National commitment
Global objectives 1, 2, 4-IN		Public resources, total	Commitment of the Community - PHARE		
Year	MEURO				
2000	19,50	3,79	1,08	14,62	18,41
2001	126,07	23,37	8,15	94,55	117,92
2002	306,78	67,96	8,73	230,08	298,04
2003	162,40	34,08	6,52	121,80	155,88
2004	168,63	36,14	6,02	126,48	162,62
2005	x	x	x	x	x
2006	x	x	x	x	x
Total	783,37	165,34	30,50	587,53	752,87

Global objectives 1, 3-HR - MPSVR	Total expenditures	Public resources		Private resources	National commitment
		Public resources, total	Commitment of the Community - PHARE		
Year	MEURO				
2000	132,82	31,28	1,92	130,90	162,18
2001	161,69	38,50	1,92	159,77	198,27
2002	251,40	60,92	1,92	249,47	310,39
2003	367,08	89,85	1,92	365,16	455,00
2004	383,06	93,84	1,92	381,14	474,98
2005	392,69	96,25	1,92	390,76	487,01
2006	392,69	96,25	1,92	390,76	487,01
Total	2081,42	506,88	13,47	2067,95	2574,83

Global objectives 1, 3- HR - MŠ	Total expenditures	Public resources		Private resources	National contribution
		Public resources, total	Commitment of the Community - PHARE		
Year	MEURO				
2000	4,19	4,19	0,00	0,00	4,19
2001	53,59	53,59	0,00	0,00	53,59
2002	53,25	53,25	0,00	0,00	53,25
2003	51,01	51,01	0,00	0,00	51,01
2004	51,01	51,01	0,00	0,00	51,01
2005	51,01	51,01	0,00	0,00	51,01
2006	51,01	51,01	0,00	0,00	51,01
Total	315,08	315,08	0,00	0,00	315,08

Global objectives 1, 3- Hous.	Total expenditures	Public resources		Private resources	National contribution
		Public resources, total	Commitment of the Community		
Year	MEURO				
2000	1001,25	197,31	0,00	803,95	1001,25
2001	1182,77	176,44	0,00	1006,33	1182,77
2002	1395,02	190,33	0,00	1204,69	1395,02
2003	1516,24	181,42	0,00	1334,82	1516,24
2004	1704,81	181,67	0,00	1523,15	1704,81
2005	1891,03	176,61	0,00	1714,41	1891,03
2006	2096,75	176,13	0,00	1920,62	2096,75
Total	10787,87	1279,91	0,00	9507,96	10787,87

Global objectives 1, 3- Transport and telecom.	Total expenditures	Public resources		Private resources	National contribution
		Public resources, total	Commitment of the Community – ISPA, Phare		
Year	MEURO				
2000	x	x	x	x	x
2001	148,53	123,76	24,78	0,00	123,76
2002	209,51	173,04	36,51	0,00	173,04
2003	293,24	245,93	47,35	0,00	245,93
2004	371,10	323,79	47,35	0,00	323,80
2005	413,70	366,41	47,35	0,00	366,41
2006	435,77	388,48	47,35	0,00	388,48
Total	3493,06	3242,61	1871,89	1621,21	3242,62

Global objective 6-MFA	Total expenditures	Public resources		Private resources	National contribution
		Public resources, total	Commitment of the Community - SAPARD		
Year	MEURO				
2000	43,63	6,39	18,26	19,29	25,68
2001	41,99	5,77	18,23	17,67	23,44
2002	40,02	6,08	18,23	15,71	21,78
2003	40,53	6,08	18,23	16,22	22,29
2004	41,19	6,08	18,23	16,88	22,95
2005	43,01	6,08	18,23	18,70	24,77
2006	44,00	6,08	18,23	19,69	25,77
Total	294,36	42,55	127,66	124,15	166,69

Global objective 5-Environment	Total expenditures	Public resources		Private resources	National contribution
		Public resources total	Contribution of the Community - PHARE		
Year	MEURO				
2000	268,29	90,65	25,20	152,45	243,09
2001	246,23	60,08	25,20	160,95	221,03
2002	317,47	116,92	25,20	175,36	292,28
2003	354,24	131,62	25,20	197,43	329,04
2004	393,53	147,33	25,20	221,01	368,33
2005	436,99	164,73	25,20	247,06	411,79
2006	483,35	174,11	25,20	284,05	458,16
Total	2500,11	885,43	176,38	1438,30	2323,72

Global objective 1, 4 – Tourist ind.	Total expenditures	Public resources		Private resources	National contribution
		Public resources total	Contribution of the Community - PHARE		
Year	MEURO				
2000	3,85	0,96	0,00	2,89	3,85
2001	16,51	2,63	1,50	12,38	15,01
2002	13,47	3,37	0,00	10,11	13,47
2003	15,40	3,85	0,00	11,55	15,40
2004	15,40	3,85	0,00	11,55	15,40
2005	x	x	x	x	x
2006	x	x	x	x	x
Total	64,63	14,66	1,50	48,47	63,13

Global objective 1-6	GLC1-6-Phare-CBC	Public resources		Private resources	National contribution
		Public resources total	Community contribution - PHARE - CBC		
Year	<i>MEURO</i>				
2000	192,00	36,00	12,00	144,00	180,00
2001	192,00	36,00	12,00	144,00	180,00
2002	192,00	36,00	12,00	144,00	180,00
2003	192,00	36,00	12,00	144,00	180,00
2004	192,00	36,00	12,00	144,00	180,00
2005	192,00	36,00	12,00	144,00	180,00
2006	192,00	36,00	12,00	144,00	180,00
Total	1344,00	252,00	84,00	1008,00	1260,00

Public resources								EU resources								Total
(mil. SKK)	2000	2001	2002	2003	2004	2005	2006	(mil. SKK)	2000	2001	2002	2003	2004	2005	2006	2000-2006
Sector Housing: The Ministry of Construction and Regional Development of the Slovak Republic																
SW	1524,5	1363,3	1470,6	1401,8	1403,7	1364,7	1360,9		0,0	0,0	0,0	0,0	0,0	0,0	0,0	9889,6
BA	1610,0	1439,8	1553,1	1480,4	1482,4	1441,1	1437,2		0,0	0,0	0,0	0,0	0,0	0,0	0,0	10444,0
NW	2479,8	2217,6	2392,1	2280,2	2283,2	2219,7	2213,7		0,0	0,0	0,0	0,0	0,0	0,0	0,0	16086,3
E	2585,7	2312,3	2494,2	2377,6	2380,7	2314,5	2308,2		0,0	0,0	0,0	0,0	0,0	0,0	0,0	16773,2
SR total	8200,0	7333,0	7910,0	7540,0	7550,0	7340,0	7320,0		0,0	0,0	0,0	0,0	0,0	0,0	0,0	53193,0
Sector Transport and Telecommunications: The Ministry of Transport, Posts and Telecommunications of the Slovak Republic¹																
SW	x	134,0	535,0	555,0	770,7	635,0	0,0		x	0,0	300,0	600,0	700,0	500,0	0,0	4729,7
BA	x	2800,0	2350,0	2350,0	1297,2	0,0	0,0		x	1000,0	1200,0	900,0	0,0	0,0	0,0	11897,2
NW	x	198,2	507,0	3620,0	5618,3	8400,0	9769,0		x	0,0	0,0	500,0	800,0	1000,0	1500,0	31912,5
E	x	508,4	1974,0	2453,0	4011,0	4258,0	4540,2		x	46,9	42,0	0,0	500,0	500,0	500,0	19333,5
SR total	x	3640,6	5366,0	8978,0	11697,2	13293,0	14309,2		x	1046,9	1542,0	2000,0	2000,0	2000,0	2000,0	67872,9
Sector Industry: The Ministry of Economy of the Slovak Republic																
SW	36,4	224,6	653,1	327,5	347,4	x	x		10,4	78,3	83,9	62,6	57,8	x	x	1882,1
BA	22,0	135,7	394,6	197,9	209,8	x	x		6,3	47,3	50,7	37,8	34,9	x	x	1137,0
NW	45,5	280,6	816,2	409,3	434,1	x	x		13,0	97,9	104,9	78,3	72,2	x	x	2352,1
E	53,6	330,2	960,5	481,7	510,8	x	x		15,3	115,2	123,5	92,1	85,0	x	x	2768,0
SR total	157,6	971,1	2824,4	1416,4	1502,1	x	x		45,0	338,8	363,0	270,9	250,0	x	x	8139,3
Sector Tourism The Ministry of Economy of the Slovak Republic																
SW	9,6	26,2	33,6	38,4	38,4	x	x		0,0	14,9	0,0	0,0	0,0	x	x	161,2
BA	9,3	25,5	32,7	37,4	37,4	x	x		0,0	14,5	0,0	0,0	0,0	x	x	156,9
NW	11,2	30,5	39,1	44,7	44,7	x	x		0,0	17,4	0,0	0,0	0,0	x	x	187,7
E	9,9	27,0	34,6	39,5	39,5	x	x		0,0	15,4	0,0	0,0	0,0	x	x	165,8
SR total	40,0	109,3	140,0	160,0	160,0	x	x		0,0	62,3	0,0	0,0	0,0	x	x	671,5
Sector Human resources: The Ministry of Labour, Social Affairs and Family of the Slovak Republic, The Ministry of Education of the Slovak Republic																
SW	360,9	992,8	1213,8	1478,2	1518,2	1542,3	1542,3		19,3	19,3	19,3	19,3	19,3	19,3	19,3	8783,7
BA	66,5	172,5	213,9	263,9	271,4	275,9	275,9		3,6	3,6	3,6	3,6	3,6	3,6	3,6	1565,3

¹ Indicative financial allocation of the sector T&T does not include any regionally non-differentiable presumed expenditures on **repairs of roads**

NW	345,2	917,0	1130,5	1387,4	1426,1	1449,3	1449,3		18,6	18,6	18,6	18,6	18,6	18,6	18,6	8235,1
E	701,6	1744,8	2187,0	2724,5	2804,3	2852,4	2852,4		38,5	38,5	38,5	38,5	38,5	38,5	38,5	16136,5
SR total	1474,2	3827,2	4745,2	5854,0	6020,0	6120,0	6120,0		80,0	80,0	80,0	80,0	80,0	80,0	80,0	34720,6
Sector Multi-functional agriculture and countryside: The Ministry of Agriculture of the Slovak Republic																
SW	65,5	59,1	62,3	62,3	62,3	62,3	62,3		187,2	186,9	186,9	186,9	186,9	186,9	186,9	1744,8
BA	62,9	56,7	59,8	59,8	59,8	59,8	59,8		179,6	179,3	179,3	179,3	179,3	179,3	179,3	1674,1
NW	70,0	63,1	66,5	66,5	66,5	66,5	66,5		199,8	199,5	199,5	199,5	199,5	199,5	199,5	1862,7
E	67,3	60,7	64,0	64,0	64,0	64,0	64,0		192,2	192,0	192,0	192,0	192,0	192,0	192,0	1792,0
SR total	265,650	239,600	252,594	252,594	252,594	252,594	252,594		758,775	757,781	757,781	757,781	757,781	757,781	757,781	7073,681
Sector Environment : The Ministry of Environment of the Slovak Republic																
SW	558,5	370,2	720,3	810,9	907,7	1 014,9	1 072,7		155,2	155,2	155,2	155,2	155,2	155,2	155,2	6 541,7
BA	890,4	590,1	1 148,4	1 292,8	1 447,1	1 618,0	1 710,2		247,5	247,5	247,5	247,5	247,5	247,5	247,5	10 429,4
NW	879,7	583,1	1 134,6	1 277,3	1 429,8	1 598,6	1 689,6		244,5	244,5	244,5	244,5	244,5	244,5	244,5	10 304,3
E	1 438,8	953,6	1 855,7	2 089,1	2 338,4	2 614,6	2 763,5		399,9	399,9	399,9	399,9	399,9	399,9	399,9	16 853,3
SR total	3 767,3	2 497,0	4 859,0	5 470,0	6 123,0	6 846,0	7 236,0		1 047,2	1 047,2	1 047,2	1 047,2	1 047,2	1 047,2	1 047,2	44 128,7

(mil. SKK)	Public resources								EU resources						Total	
	2000	2001	2002	2003	2004	2005	2006		2000	2001	2002	2003	2004	2005		2006
SW total	2555,5	3170,2	4688,7	4674,2	5048,4	4619,2	4038,3		372,1	454,7	745,4	1024,1	1119,3	861,4	361,4	33732,9
BA total	2661,0	5220,3	5752,4	5682,1	4805,1	3394,8	3483,1		437,0	1492,3	1681,2	1368,3	465,4	430,4	430,4	37303,9
NW total	3831,3	4290,1	6086,0	9085,5	11302,7	13734,1	15188,2		476,0	578,0	567,6	1041,0	1334,9	1462,7	1962,7	70940,7
East total	4856,8	5937,1	9570,0	10229,2	12148,8	12103,5	12528,3		645,9	807,9	795,8	722,5	1215,4	1130,4	1130,4	73822,1
SR total	13904,7	18617,7	26097,2	29671,0	33304,9	33851,6	35237,8		1931,0	3332,9	3790,0	4155,9	4135,0	3885,0	3885,0	215799,6

11 Procedure of elaboration of the National Plan of Regional Development of the Slovak Republic for the years 2000 to 2006

For the elaboration of NPRD SR a procedure was proposed that is at present applied in the EU countries (for support under Objective 1 of the EU Structural Policy) and fully observes the General Regulation of Council (EC) for Structural Funds (Regulation No. 1260/1999).

Work on NPRD SR was started in April 2000. The first factual step in the preparation was compilation of the methodology for the preparation of NPRD SR in the form of the Project of Content and Organisational Assurance of the Elaboration of NPRD SR that was approved by Decision of Slovak Government No. 242/2000. The project established the content structure of NPRD SR, the timetable of work on the preparation of NPRD SR and organisational assurance of the NPRD SR elaboration.

The elaboration of NPRD SR lies within the authority of the Ministry of Construction and Regional Development of the Slovak Republic (MCRD SR), that coordinates activities related to the preparation of the project NPRD SR.

In addition to MCRD SR, the following important actors participated in the preparation of the document:

- Involved sectors
- Regional offices
- Economic and social partners, including representatives of non-governmental organisations.

The procedure of work on the project of NPRD SR was regularly monitored by the Preparatory Committee for Structural Funds of EU (PCSF), composed of representatives of the chosen ministries⁶⁰.

NPRD SR consists of the so-called basic document, which includes its analytic, synthetic, implementary and evaluation part, and of regional and sectoral parts consisting of sectoral and regional operational programmes.

For the purpose of elaboration of the basic document, MCRD SR approached with a request for cooperation several experts, particularly in the area of economy and regional policy. Subsequently a working team of professional experts was established, which in May started to work on the preparation of individual parts of the basic document. Besides the elaboration of the basic document, the team of experts ensured methodical support for working committees and groups in the preparation of the sectoral and regional parts, and provided managerial and expert background for the preparation of NPRD SR.

MCRD SR, working with the team of experts, elaborated methodical instructions for the elaboration of sectoral and regional operational programmes so as to prevent mutual overlapping of the individual sectoral parts or overlapping between sectoral and regional parts of the National Plan.

A project of four main development axes was also formulated. In the framework of the development axes, for the period of years 2000 to 2006, six global objectives were laid out, which react to contemporary problems in the development of the Slovak Republic, and the attainment of which forms a basic framework of the content of NPRD SR.

At the beginning of June 2000, the Introductory Seminar to the elaboration of NPRD SR under the auspices of MCRD SR was held in Bratislava, to which representatives of

⁶⁰ PCSF was approved by Decision of Slovak Government No. ... of 2 February 2000

central bodies of state government, regional offices, self-government, academic community, employers' associations, tertiary sector and many other experts were invited.

The purpose of the Introductory Seminar was to negotiate and assess a project of global objectives and basic priorities whose solution was subsequently elaborated in both sectoral and regional operational programmes.

All participants were invited to mutual communication and the application of the principle of partnership in the development of individual parts of NPRD SR.

The Sectoral part of NPRD SR comprises seven sectoral documents: development of human resources, industrial sector, transport and telecommunications, environment, rural development and multi-functional agriculture, tourist industry and housing development.

Sectoral parts were created under management and coordination of the competent ministries as follows:

- SOP Development of human resources – Ministry of Labour, Social Affairs and Family of the Slovak Republic
- SOP Industrial sector – Ministry of Economy of the Slovak Republic
- SOP Environment – Ministry of Environment of the Slovak Republic
- SOP Transport and Telecommunications – Ministry of Transport, Posts and Telecommunications of the Slovak Republic
- SOP Multi-functional agriculture and rural development – Ministry of Agriculture of the Slovak Republic
- SOP Tourist industry – Ministry of Economy of the Slovak Republic
- SOP Housing development – Ministry of Construction and Regional Development of the Slovak Republic.

Within departments responsible for the elaboration of the sectoral document, working committees were established during May in which, based on the principle of partnership, all competent authorities of state government, self-governing associations, tertiary sector and many other professional associations and organisations were represented.

Following their establishment, the working committees prepared basic drafts under which they started to elaborate individual sectoral documents.

In the elaboration of individual sectoral documents some sectoral specific features were taken into account and special attention was paid to the following items:

In the part Development of Human Resources – to the labour offer and its qualitative characteristics, function of labour market, income situation and living standard of the population, education, research and professional preparation.

In the part Industrial Sector – to performance and effectiveness in industrial sectors, factors of industrial production, investment process, structural changes in the industry, utilisation of production capacities and foreign trade position of industrial sectors and international division of work.

In the part Transport and Telecommunications – to the possibilities of future development with the view to enhancement of competitiveness of the national economy.

In the part Environment – to convergence criteria for the accession of the Slovak Republic to the European Union and sustainable development under conditions of balanced economic growth.

In the part Rural Development and Multi-functional Agriculture – to criteria related to effective utilisation of Structural Funds of the EU, enhancement of effectiveness

of the utilisation of subsidies from state budget and a symbiosis between enhancement of competitiveness of agricultural production and the development of rural areas, with stress laid upon the landscape-forming and environmental aspects.

In the part Housing Development – to an increase of dynamics of housing construction and making functional the market in apartments and enhancement of their availability for larger groups of the population.

In the part Tourist Industry – to factors promoting the inward movement of foreign tourists into the country and enhancement of the share of the tourist industry in the equilibrium of the balance-of-payments account.

The results of the first stage of activity of working committees were so-called consulting documents that briefly described the main problems of the sector, sectoral priorities, objectives of the proposed policies in the respective areas and proposals for the strategy to attain these objectives.

The main stage of the development of sectoral operational programmes /SOPs/ took place in July and August, when individual consulting documents were elaborated in the form of operational programmes.

The main stage in elaboration of SOPs comprised:

- Content assurance of underlying documents – consulting documents in terms of the solution of the respective global objectives and specific objectives at the sectoral level;
- Functional assurance of sectoral documents consisting in ensurance of the principle of partnership on the part of individual managers and coordinators of the elaboration of SOPs, and
- Formal assurance consisting in maximization of compatibility of the sectoral documents with the regional operational programmes.

In August, in terms of the timetable, the first projects of SOPs were completed and subsequently the process of consultations related to NPRD SR started.

The preparation of regional parts of NPRD SR included, in comparison with the preparation of sectoral parts, an intermediate stage that consisted first in the development of regional strategies at a regional level. These documents serve both as strategic planning documents of individual regions and as a basis for the development of regional operational programmes for the priority regions established under the Integrated Plan of Regional and Social Development of the Slovak Republic, approved by Decision of Slovak Government No. 923/1999 in October 1999.

The responsibility for the elaboration of documents at the regional level fell to individual regional offices that, observing the principle of partnership, also established expert working groups with representation of all relevant economic and social partners.

The working groups developed so-called consulting documents that were later elaborated in more detail. The regional strategies at the regional level were approved before the beginning of September.

Each of regional documents includes a socio-economic analysis of the region, identification of possibilities for its development and proposals for strategy of regional development, as well as priorities and measures necessary for their attainment.

At the level of regions, Regional Managing and Monitoring Committees /RMMCs/ were established⁶¹. Observing the relation to the Integrated Plan of Regional and Social Development of the Slovak Republic, the following RMMCs were established:

RMMC – Bratislava with its Secretariat at the Regional Office in Bratislava

RMMC – Slovakia – Southwest with its Secretariat at the Regional Office in Nitra

RMMC - Slovakia – Northwest with its Secretariat at the Regional Office in Žilina

RMMC - Slovakia - East with its Secretariat at the Regional Office in Košice.

After elaboration of the regional documents at regional level and their consultation with departmental bodies and professional experts, the stage of the development of regional operational programmes (ROPs) for the priority regions started in August.

During the main stage of the development of ROPs at the level of priority regions, several common negotiations with representatives of working groups of the respective regions and MCRD SR took place. Their chief objective was to draw up a proposal for a systematic and functional strategy of sustainable development aimed to the implementation of economic and social development of a designated priority region, respecting the effort for attainment of global objectives of NPRD SR.

After consultations with SOP authors, the proposals of developed ROPs were passed for negotiation to RMMCs and, after incorporation of comments, all ROPs were approved by the competent RMMCs before the end of October.

A very important stage in the preparation and elaboration of NPRD SR was a *process of consultations*, the content of which was mutual comments of bilaterally presented documents between authors of the regional and sectoral operational programmes.

The process of consultations took place at several stages in the months from August to October, during which period the individual sectoral and regional documents were repeatedly consulted and commented, until a consensus of opposing parties was reached on essential aspects of the solution of global objectives and specific objectives.

During the process of consultation a serious difference in opinions only arose in case of SOP Transport and Telecommunications, whose manager and coordinator was the Ministry of Transport, Posts and Telecommunications of the Slovak Republic, and ROP of the priority region Slovakia – East (conflict concerned especially the counties of Banská Bystrica and Košice). Several common negotiations were held between the involved parties. The difference was finally settled, by which the agreement was reached during negotiations of the chief of the regional office in Banská Bystrica and the State Secretary of the Ministry of Transport, Posts and Telecommunications of the Slovak Republic.

In October, in compliance with the timetable, a team of professional experts started to execute the **process of completion of NPRD SR** in order to complete the sectoral and regional operational programmes and the basic document of NPRD SR.

In the case of the sectoral and regional operational programmes, the purpose was especially to incorporate conclusions of the process of consultations and the quantification of the ensurance of the implementation of set priorities.

In the elaboration of the basic document, final works particularly concerned the preparation of proposals of operational programs and the completion of evaluation sections, the parts describing the administrative and implementory system, the financial framework and the system for monitoring NPRD SR.

NPRD SR outlines a strategy for the development of the Slovak regions, and hence of the country as a whole, for the coming six years.

⁶¹ proposal for members approved by the Decision of RVRP at the 6th session on 25 September 2000

An integral part of the basic conceptual document is also the **Strategic Environmental Assessment /SEA/**. The elaboration of SEA was given to the Ministry of Environment of the Slovak Republic. Within the process of SEA which started during October, the text of the basic document but also the proposals of SOPs and ROPs were published on Internet sites, with the possibility of public comments. In this way NPRD SR became available to every one interested in becoming familiar with this document.

At the beginning of November 2000, the NPRD SR proposal was passed for interdepartmental comment, in which process it was sent to all central bodies of state government and other involved parties, inclusive of social and economic partners.

The proposal of NPRD SR was also discussed in the relevant consulting bodies of the Slovak Government (Economic Council of the Slovak Government, Council of the Slovak Government for Regional Policy).

After incorporation of comments from the consulting bodies of the Slovak Government and interdepartmental comments, the NPRD SR proposal was approved by the Slovak Government.

12 Compliance of the National Plan of Regional Development of the Slovak Republic with the EU and national policies

12.1 Compliance of the National Plan of Regional Development of the Slovak Republic with the amended National Programme for Adoption of Acquis Communautaire 2000 (NPAA), approved in the Slovak Government on 22 March 2000, and with the Partnership for Accession

- The National Plan of Regional Development of the Slovak Republic (hereinafter referred to as „NPRD SR“) is compliant with the mid-term priorities of the Partnership for Accession in the area of economic and social cohesion: „To elaborate a national policy of economic and social cohesion; to prepare the implementation of programmes of regional development and community initiatives; to improve administrative structures and clarify responsibility for the area of regional policy; to develop a budget system and procedures in compliance with standards of the Structural Funds, including assessment and evaluation".
- NPRD SR is compliant with the short-term priorities of the Partnership for Accession in the area of the Pre-structural Funds PHARE, SAPARD and ISPA: "To prepare a National Plan of Regional Development and a Plan of Rural Development; to adopt legal, administrative and budget frameworks with the view of preparing and managing the ISPA and SAPARD programmes, including the introduction of the evaluation of influences on the environment and rules of public procurement, compatible with EU, for the assessment of projects co-financed by Community funds".
- NPRD SR is compliant with NPAA, Chapter 2 Economic Criteria, Section 2.2 Measures to Ensure Meeting of the Copenhagen Criteria, particularly in the development of functional market economies, including structural reforms and strengthening of competitiveness in the business sector.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.4 Sectoral Policies, Part 3.4.1 Industrial Policy, particularly in restructuring industry and its individual sectors, continuation of privatisation processes, enhancement of labour productivity and increase of the share of added value, support for the creation of an environment supporting business activities and direct foreign investment, promotion of small and medium-sized enterprise and support of regional development.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.4 Sectoral Policies, Part 3.4.2 Agriculture – Structural Policy, particularly in meeting basic measures of the structural policy, agro-environmental policy and rural development policy defined in the Plan of Rural Development, in adopting the implementary regulations on regional development elaborated in the Integrated Plan of Regional and Social Development, which include measures aimed to the promotion of agricultural and rural areas, in the development of cooperation in the preparation and implementation of the pre-accession assistance programmes Phare 2000, ISPA and SAPARD.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.4 Sectoral Policies, Part 3.4.5 Transport, particularly in continuation of construction, modernisation and connection of the Slovak transport network to the European network with an equivalent quality standard;

- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.4 Sectoral Policies, Part 3.4.6 Small and Medium-Sized Enterprise, particularly in strengthening the position of SME and the stimulation of their growth, in enhancing their competitiveness and in supporting the acceleration of their internationalisation and penetration into new markets.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.5 Economic and Social Cohesion, Part 3.5.1 Employment and Social Policy – Mid-Term Priorities in the Area of Employment, particularly in the implementation of re-training programmes aimed to ensure a connection with labour market demand, and in the qualification of the registered unemployed and employed, as well as in support for the preparation and implementation of programmes for promotion of regional and local employment.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.5 Economic and Social Cohesion, Part 3.5.2 Regional Policy and Cohesion, particularly in the ensurance of general objective of the regional policy – to prevent further economic decline in regions, ensure their balanced economic development and eliminate main differences among individual regions in social, economic, cultural and infrastructural conditions.
- NPRD SR is compliant with NPAA, Chapter 3 Capacity to Accept Conditions of Membership, Section 3.6 Quality of Life and Environment, Part 3.6.1 Environment, particularly in the implementation of technical measures related to the adoption of EC/EU directives in the areas of water, waste, air and protection of nature.

NPRD SR is compliant with:

- EC Treaty (Part 3 – The Community Policies, Title XVII., as amended by Articles 158 to 162 of the Amsterdam Convention)
- EC Treaty (Part 3 - The Community Policies, Title VI., as amended by Articles 87 to 89 of the Amsterdam Convention)
- Council Regulation No. 1164/1994 on Foundation of the Cohesion Fund
- Council Regulation No. 1260/1999 of 21 June 1999 on Structural Funds
- Council Regulation No. 1261/1999 of 21 June 1999 on the European Fund for Regional Development
- Council Regulation No. 1262/1999 of 21 June 1999 on the European Social Fund
- Council Regulation No. 1264/1999 amending Council Regulation No. 1164/1994
- Council Regulation No. 1265/1999 amending Annex II to Council Regulation No. 1164/1994
- Council Regulation No. 1266/1999 of 21 June 1999 on Coordination of Assistance to Countries Applying for Membership within the Pre-Accession Strategy and on the Amendment of Council Regulation No. 3906/1989
- Council Regulation No. 1267/1999 of 21 June 1999 on Creation of an Instrument of Structural Policies for the Pre-Accession Period
- Council Regulation No. 1750/1999 of 23 July 1999 to the Implementation of the Council Regulation No.1257/1999 on the Support of Rural Development from EAGGF
- European Parliament and Council Regulation No. 1783/1999 of 12 July 1999 on the European Fund for Regional Development replacing Regulation No. 1261/1999
- Council Regulation No. 1784/1999 on the European Social Fund replaces Regulation No. 1262/1999

- Commission Regulation No. 1685/2000 of 28 July 2000 establishing specific measures for the implementation of Council Regulation No. 1260/1999 on the authority to use funds for activities in co-financing from the Structural Funds
- Commission Regulation No. 1159/2000 of 30 May 2000 on Information and Promotion Measures concerning the support from the Structural Funds executed by the member countries
- EU Directive for Phare 2000 Programming

12.2. Compliance of the National Plan of Regional Development of the Slovak Republic with national policies

NPRD SR is compliant with the following documents:

- The Mid-Term Conception of Economic and Social Development of the Slovak Republic
- Strategy of Development of Slovak Industry for the 21st Century (ME SR)
- Plan of Agricultural and Rural Development (SAPARD) and Programming Objectives of ISPA
- Integrated Plan of Regional and Social Development of the Slovak Republic, approved by Decision of Slovak Government No. 923/1999
- Conception of State Regional Policy, approved by Decision of Slovak Government No.802/1997
- Strategy of State Environmental Policy (SEP SR), adopted by Decision of Slovak Government No. 619/1993 and Decision of the National Council of the Slovak Republic No. 339/1993
- National Environmental Action Plan, adopted by Decision of Slovak Government No. 350/1996
- Act No. 127/1994 Coll. on Assessment of Influences on the Environment
- Conception of Territorial Development of Slovakia II, approved by Decision of Slovak Government No.903/1997
- Territorial plans of regions (large territorial units) of individual Slovak counties
- Act No.237/2000 Coll. of the National Council of the Slovak Republic modifying and amending Act No.50/1976 Coll. on Territorial Planning and Construction Code (Construction Law), as amended, and on the Modification and Amendment of Some Acts
- National Plan of Employment
- Act No.231/1999 Coll. on State Aid.

Conclusion

Since its formation, the Slovak Republic has endeavoured for integration in the European Union, which appears as the single realistic alternative ensuring the universal and sustainable development of society, as well as keeping pace in development with the most developed countries, under conditions of globalisation of the economy and society. At the threshold of a new millennium it is necessary to state the new objectives and challenges for our country and its young population to ensure the best conditions for future development.

At the present time, a complicated process of transformation of the economy and society and the establishment of the required institutional and legislative framework for the adoption and implementation of the EU rules is going on in the Slovak Republic. For these intentions it was necessary to map the problems and issues of the pre-accession period and set socio-economic and environmental development objectives and priorities for the Slovak Republic.

An instrument for attainment of these difficult tasks is the National Plan of Regional Development of the Slovak Republic, presented to the European Union as a basic programming document for the implementation of regional policy, as well as a basic framework for future projects in the area of reducing regional disparities. This document also reflects a new style of cooperation with the EU, based on the principles of partnership, openness, subsidiarity and economic and social cohesion in the area of regional development.

The primary objective of this document is to improve the quality of life of citizens and social cohesion of the society, especially to create conditions for economic development and the creation of job opportunities, to implant the concept of sustainable development so that Slovakia becomes a full, economically performing member of the European Union, with observance of the way and quality of life corresponding to our historical tradition and the position of the Slovak Republic in Europe.

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