

# PLANNING REGIONAL DEVELOPMENT OF “LAGGING REGIONS” – EXAMPLE FROM SLOVAKIA

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## ABSTRACT

In this paper there are analyzed some of the planning aspects for regional development. Genuine regional approach to the planning and implementation process of “lagging regions” development brings benefits as well as challenges, but less centralized approach will be a significant key to regional growth, with less bureaucracy, more coherent regional policy, and better quality of programmes and projects, as well as it will win stronger public support.

## KEY WORDS

Planning, development, lagging regions, regional approach, main elements of the planning process

## 1. Introduction

It is generally acknowledged that there has been a steady trend towards an increase in spatial and regional disparities within the EU. The European Commission has long recognized that the process of economic integration championed by the EC through the construction of the Single European market and the EMU could and does sharpen regional inequalities in the EU. This could ultimately undermine the cohesion of the EU and the political viability of (and support for) the project of European economic and political integration.

An active EU policy to address above-mentioned challenges has been reflected mainly in creation of the “European Regional Development Fund” to assist the development of the lagging or declining regions of the European Community. However, it has often been highlighted that there are strong tensions and incompatibilities between the objectives of economic competitiveness through economic integration and liberalisation on the one hand and 'economic and social cohesion' on the other.

## 2. Planning aspects for regional development

Currently Slovakia, as one of the EU newcomers, is taken by EC as one region lagging deeply behind of the EU GDP average. The Slovak government has based so far its development policy on the National Development Plan and central management of EU funds. The Slovak economy as whole (NUTS I level) is, at present, improving (mainly in macro-economic indicators) but the economies (and quality of life) of four NUTS II regions differ a lot. The greatest difference (in negative sense) one can find between the Slovakia–East region (Kosice and Presov self-governing NUTS III regions) and Slovakia as such. This gap in growth rates is damaging and could even more damage the national economy, as it means that these regions are not fulfilling their potential. It also results in reduced life chances for people in the poorer regions where not only low productivity but also unemployment and ill health are concentrated. The Government has not so far acknowledge fully the scale and persistence of this gap and we are concerned that not enough has yet been done to ensure that policies and funds distribution are in place to allow to reduce the intra-national development gaps.

We are confident the Government needs to take tough decision about priorities including:

- Recognising the differences between regions and prioritising the least prosperous ones, rather than current approach of developing policies for the benefit of all regions.
- Acknowledging that measures needed to tackle unemployment need to be different in areas where are a lots of jobs and in place where job opportunities are few and far between
- Ensuring that the fundamentals for growth – infrastructure, research and development investment are put in place now in less prosperous regions
- Giving adequate powers and resources to elected regional assemblies
- Reviewing the allocation of public resources between regions of Slovakia

Furthermore the major indicator for the measurement of performance – regional Gross Domestic Product per head, does not represent the real situation in the region and we recommend instead the use of basket of measures including productivity, employment and unemployment rates, household income, span of GDP in different districts within the region, quality of life etc.

Various EU countries have started to pay attention to decentralized development management, which creates a favorable environment for local/regional economic development planning. However, a number of basic problems in Slovakia hinder the effective functioning of such a system. One of the most important obstacles constitutes a general lack of reliable planning relevant information at that level. The shortcomings especially pertain to the peripheral regions. This observation implies that particularly in those contexts where a planning decision support basis is needed most urgently, data and information on the availability and use of resources and the potentials and constraints for local/regional economic development are highly deficient. Especially socio-economic profile data, including baseline figures, dynamics and trends, are either unavailable, or invalid/outdated. Moreover, planning relevant information on spatial aspects, such as socio-economic distribution patterns and their dynamics, is largely absent. Ensuing, a framework for public action in the three principal development policy areas of promoting opportunity, facilitating empowerment and enhancing human resources, respectively, is difficult to construct. It is vital, particularly in remote peripheral regions, to build capacity for regional participatory planning and management decision support bases by gaining insight in the availability and use of indigenous resources, and to assess the regional potentials and constraints concerning sustainable regional development within the context of national and EU development philosophy.

The underlying assumption is often that the problems of 'lagging regions' can be solved by copying more successful regions, which is not always the case. A more nuanced approach, tailored to individual regions, is strongly recommended. For example, in relation to peripheral regions, a critical factor for successful regional development tends to be the need for branches of local/regional state and self-governing governments to work together, also so they can better attract investments and support the regional private sector. Such areas do not always have the opportunity or resources to develop strong PPPs or establish local industrial clusters. Networking, both within and external to the region should, however, be a key component of all regions' knowledge economy development strategies. Introducing the new regional policy model i.e. shifting from regional *government* to regional *governance* (from public sector as direct deliverer of services and policy maker to just one player and at best the *strategic enabler*), apart from the democratic assets in this approach, is often appropriate in

peripheral regions. There is also a tendency, at both national and sometimes European level, to underplay the role of the regional authorities and their responsibility for development of the area under their jurisdiction. Indeed, the role of regional government is vitally important and does not seem to be being squeezed to insignificance between the jaws of a new global dichotomy as some would have it.

Regional policies and regional development programs in peripheral lagging regions should be appropriate to practical needs. For example, the importance of business concentration highlights policy interventions that focus on improving regional/local factor conditions as a means of enhancing competitive advantage. Most of those factor conditions depend often on regional or proximate markets for factor inputs such as local demand and supply, industrial and other interdependencies, accessibility and the governance structure.

Policy initiatives can play an important role in improving these conditions. At a regional level, major efforts can be devoted to improving tailored education, training, public research and infrastructure. Exchange of information can be stimulated and common approaches can be developed to improve synergies between businesses, and between public and private agents. Barriers to market entry or growth can be reduced, particularly for small firms, by improving access to 'business supports', for example through provision of information, advice and improved access to venture capital.

The self-governing regions of Košice and Prešov belong among the least developed territories in the Slovak Republic and among ten least developed regions of the European Union. This is a consequence of the difficult transformation process in the region, insufficiently developed transport, technological, and civic infrastructure, but also influence of the peripheral position of the region within Slovakia (not merely from the geographical distance viewpoint but also from partially organizational and institutional separation).

Today's approach of the Slovak central government in setting up development priorities and mechanism for decision-making process of EU financial assistance distribution has only marginally contributed towards reducing intra-national regional disparities. The process of development of the genuine Regional Development Plan (RDP) for the Slovakia East - NUTS II region (consisting of two administratively independent NUTS III regions) has been initiated by regional authorities in 2004 and should lead to

- reinforcement of the Slovakia-East regional priorities in the National Strategic Reference Framework - based on deep knowledge of regional/local needs and potential

- empowerment of regional structures enabling their active role in decision-making process
- more responsibility in the sphere of EU funds management to the region

Often regional governments complain that their attempts to introduce improved planning and control systems into their operations have not yielded the anticipated results. When self-governing regions procedures are investigated, it generally becomes quite clear that “planning” is seen as an activity which is separate from others, and has been added as a superficial afterthought to existing operations.

For planning and control to become integral to a regional government it must consider the variety of barriers that may or may not exist in its implementation and consider how they can be overcome. Effective planning and control does not happen automatically overnight – it involves and demands eternal vigilance. Otherwise, the forces of darkness (anti-planning and non-effective control) can easily re-assert themselves. Good planning and control systems after all demand work and continued attention to detail; the need to often face up to unpleasant and disturbing facts; the requirement to be open-minded rather than closed, and the acceptance that you as an individual may not know best, but that others in the organization (including external expertise) are better qualified in many matters to determine the new directions.

Research in many regional government institutions identified certain characteristics of what can be called the “premium planning” enterprise, and put them in some sort of order of importance. This does not mean that they operate in isolation to each other; but suggests to the outsider looking for reasons for success and failure in planning and control measures, what the most likely and least likely factors are for the success or otherwise of the exercise.

The main elements for the planning process on the regional level are:

- \* Shared values – planning based on personal involvement and commitment; objectivity and honesty in the planning process; criterion approach.
- \* Style – planning process is inclusive rather than exclusive; information is shared throughout the relevant subjects
- \* System – regional governance structure meets best practice; planning and project management seen as core technique for human resource development; motivational component in being a member of the “planning group”.
- \* Support - planning information held centrally and accessible to all relevant stakeholders
- \* Skills – necessity to have them both analytical and for implementation
- \* Staff - sufficient staff involved in the planning process; gatekeeper and decision leader roles clearly understood
- \* Structure - reporting system linked to functionality and control; bottom up rather than top down

### 3. Conclusion

We believe that the most important components in the development and maintenance of planning system – shared values and integrated approach are stronger developed at the regional/local level, so the planning process for the given disadvantaged region, including partial or full implementation, should stay there. It is obvious that appropriate managerial mechanism/system, capacity and skills, public support and interconnectedness with national plans should be in place.

Less centralized approach will be a significant key to regional growth, with less bureaucracy, more coherent regional policy, and better quality of programmes and projects, as well as it will win stronger public support.

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