

## KOŠICE SELF GOVERNING REGION – SLOVAK REPUBLIC

### Basic regional socio economic data

#### Basic data

Slovak republic (see the picture below) is divided into 8 regions of NUTS III level, according to the EU territorial classification. Košice Region is situated in the south-east edge of the Slovak Republic. Its area covers 6,753 km<sup>2</sup>, i.e. 14% of the territory of the Slovak Republic.

#### Territorial and administrative division

Košice Region is administratively divided into 11 districts. Residential structure of the Košice Region is based on 442 municipalities, out of this number 17 are represented by towns.

The regional capital is the city Košice with 236 thousand inhabitants, which figures at the administrative, industrial, business, economic, educational, cultural and historical centre of the East Slovak territory. By its population Košice is the second largest town in Slovakia after the national capital Bratislava.



**Slovakia** is a landlocked republic in Central Europe, bounded on the northwest by the Czech Republic, on the north by Poland, on the east by Ukraine, on the south by Hungary, and on the southwest by Austria. Bratislava is its capital and the largest city.

**The Košice region** is geographically located in the southeast of Slovakia and it has a border with Ukraine in the east, Hungary in the south, the Prešov region in the north and the Banská Bystrica region in the west.

The terrain of this region is mostly flat or rolling hills.

This region also includes the lowest point in Slovakia, the opening of the River Bodrog, which is 94 m above sea level.

#### Economy

The decisive economic sectors in Košice Region are industry, services, agriculture and building industry. There are more than 45 thousand of economically active physical and legal entities in the region, out of which almost 75 % are business persons. The largest number of businesses is registered in the districts of Košice, Michalovce and Spišská Nová Ves. Some 8% of companies are internationally owned.

From the point of view of the economic performance the Košice Region is the second most important region of the Slovak Republic. The gross domestic product (GDP) in 2001 as compared with 1999 grew by 25%. The primary economic centres of the region as far as GDP generation is

concerned are Košice, Spišská Nová Ves, Michalovce and the economic potential of their respective areas.

The growth trends in GDP generation in Košice Region were almost on the level of the average of the Slovak Republic. Recently, the favourable development of the economic performance was reflected in a mild improvement of the standing of the Košice Region when compared with the average for the Slovak Republic as far as GDP per head of population expressed in the purchasing power parity is concerned.

### **Transportation infrastructure**

Košice Region and its capital, the city of Košice, are an important west-east and north-south crossroad. The road and railroad network is connected to the surrounding countries and integrated in the European international transportation network. Also there is an airport close to Košice available with a brand-new terminal offering regular international flights (the second biggest airport in Slovakia).



### **Social data**

In the first half of 2003 some 767.3 thousand inhabitants lived in the Košice self-governing region, out of this number 48.6% were men and 51.4% women. As compared with 2002 the overall number of population grew by 300 persons (0,40‰). As on 1<sup>st</sup> July 2003 the number of economically active population was 359.4 thousand; the women were represented in this figure by 44.5%.

### **Employment**

From the point of view sectoral classification of the economic activities the largest number of persons in Košice Region in 2001 were employed in industry (30%), education (15%), transportation and telecommunications (13%), medical and social care (10%), agriculture (6%) and construction industry (4%).

The unemployment rate in the Košice Region was 22.16% at the end of 2003, which means 2 % below the unemployment rate on the same day of the previous year

### **Educational structure of population**

The Košice Region has a favourable educational structure of population. The biggest share includes the economically active population with completed secondary and vocational education. Also the population with the university education has relatively high share.

The educational structure of population reflects to a large extent the territorial structure. The towns have larger portion of population with university and secondary school education and the regional capital Košice has the highest share of inhabitants with higher education.

### **Community support framework Objective 1 slovakia**

Economic growth in Slovakia in recent years has been above the average for the EU15, GDP per capita is at only 50% of the level of the EU15. This qualifies most of the country for Objective 1 status (where GDP is below 75% of the average of the EU15) in relation to receipt of the European Union's Structural Funds in 2004 to 2006. Only the Bratislava region does not have Objective 1 status, as GDP per capita here is just short of the average of the EU15. The Bratislava region consequently has been in part designated for funding under Objective 2, and will receive Objective 3 funding in addition. The Objective 1 Community Support Framework (CSF) will cover a total population of 4,779,909.

The National Development Plan (NDP) for Slovakia constituted this country's overall application for Structural funding, and was received by the European Commission on 17 March 2003. It is an analysis of the macro-economic environment and the economic and social situation in the country. This document formed the basis for drawing up the CSF. The NDP was accompanied by 4

Operational Programmes (OP's) to be managed within the CSF, and 2 Single Programming Documents (SPD) for the Bratislava region, to be managed separately.

The CSF has **3 specific objectives**, which are:

- **Encouraging economic growth and competitiveness** (to encourage GDP growth at national level and within the regions, to encourage competitiveness in European and global markets, and to help address the substantial current account deficit, attention is needed to better exploitation of innovative capacity in the regions of Slovakia.
- **Promoting employment creation** (this objective concerns efficient utilisation of the potential for human resource development in the face of a high unemployment level in Slovakia, especially among older workers and the young. The aim in the long-term is to increase the educational standard of the population, particularly in regions with a below-average share of tertiary and secondary vocational education provision.
- **Encouraging well-balanced regional development** (this objective aims to reduce the marked disparities that exist between the regions from west to east, and to encourage a better balance in economic and social conditions throughout the country. It requires a targeting of resources at regional needs.

The SF are focused on the following **priorities**:

- **Competitiveness**
- **Employment**
- **Basic infrastructures**
- **Agriculture and rural development**

The following 4 **Operational Programmes** will be the funding vehicles for the implementation of CSF /also in self-governing regions/:

1. **Basic Infrastructure OP**
2. **Human Resources OP**
3. **Industry and Services OP**
4. **Agriculture and Rural Development OP**

#### **Structural Funds Management in Slovak Republic /2004-2006/:**

##### **National Level**

- ❖ Managing Authority/MA/: **Ministry of construction and regional development of SR**
- ❖ Paying Authority /PA/: **Ministry of finance of SR**
- ❖ Monitoring Committee /MC/: **National Monitoring Committee**

##### **Regional Level:**

The **Self-Governing Regions** (Higher Territorial Units) in Slovakia are still being developed. It is not yet clear if their fiscal autonomy will match their political status. However their regional development departments are responsible for regional economic development, and have started compiling regional economic and social development plans. The Commission would like to begin working with the regions – in full partnership with the national Ministries – with the aim that they can in the future run funding programmes themselves. ***The regions should also facilitate local and regional initiatives coming from municipalities, other public authorities, business, social partners, NGOs and other organisations.*** It is recognised that the regions may well be in a position to implement pilot projects during the current funding round, and this will be encouraged. It will be necessary to ensure – as the NDP and OPs are national initiatives – that any initiatives coming from the regions are compatible with national priorities in the area concerned

### Responsibilities of regions in the SF management process:

#### 1. Managing and Monitoring Tasks

- ❖ delegated competences from Managing authority to **Self-governing Regions / NUTS III/** on the basis of partnership contracts / only within the **Basic Infrastructures OP/**

#### 2. They are final beneficiaries of SF

The following **Operational Programmes** will be the funding vehicles for the implementation of CSF:

**1. Basic Infrastructures OP** (objectives- transport improvements in road, rail and safety and security at certain airports, environmental upgrading in relation to water services, air emissions, waste and protection of the natural environment, to ensure a programme to enhance health, educational and other civic amenities. These investments in physical infrastructure will be complemented by support for a knowledge-based economy and the development of strong institutional capability at regional level.)

**2. Human Resources OP** (the global objective of the OP is "**employment growth based on a qualified and flexible labour force**", and is expected to be gradually achieved through the pursuit of a coherent set of specific objectives, priorities and measures)

Activities within the OP will focus on:

- Increasing labour market flexibility,
- Fostering employment,
- Reducing unemployment (with a particular emphasis on preventing and combating long-term unemployment),
- Reducing the risk of social exclusion for the most vulnerable groups, especially the Roma, by improving their employability and facilitating their access to the labour market,
- Promoting gender equality, through strengthening the compatibility of family and working life,
- Increasing the qualification potential of the workforce through life-long education.)

**3. Industry and Services OP** (the key strategic objective of the Industry and Services OP is the growth of competitiveness of industry and services). The strategic objective defined above will be implemented through the following specific objectives:

- Support for development of industrial production and services, including infrastructure,
- Support for linking the results of research and development, knowledge potential and needs of businesses,
- Improvements in energy efficiency and energy savings, including acquisition of technology and conversion of existing energy plants to renewable and less polluting sources of energy,
- Capitalising on the natural, cultural and historical potential of the country to develop tourism.

**4. Agriculture and Rural Development OP** (the overall objective of the OP is to attain multifunctional agriculture and sustainable rural development. This is translated into the following strategic objectives:

- To increase the efficiency of agricultural and aquacultural production while respecting environmental protection, hygiene, and animal welfare requirements,
- To improve the processing of agricultural and fisheries products,
- To ensure food quality,
- To improve the quality of life of the rural population,
- To create a suitable social environment,
- To develop countryside activities, and
- To provide vocational training.

## **Community programmes**

### **INTERREG**

In order to strengthen economic and social cohesion across the whole of the European Union, and to encourage cooperation between Member States, the INTERREG initiative is implemented in three strands A, B and C

The INTERREG programme of which Slovakia is a part will focus on the following:

- Strand A will deal with business development, human resources, environmental protection, and transport
- Strand B will deal with sustainable territorial development, transport and information society, management of the countryside and natural and cultural heritage, and environmental protection and resource and risk management
- Strand C will deal with development of SMEs and support for tourism projects.

At operational level, attention will be paid to ensuring coherence and complementarity at all levels.

### **EQUAL**

The Community Initiative Programme EQUAL and the Human Resources OP also complement each other. The EQUAL Programme has a broader perspective, the emphasis being mainly on:

- Priority to innovative solutions,
- Clear territorial delimitation of projects,
- Implementation of activities by so-called Development Partnerships,
- Multinational partnerships.

### **Cohesion Fund**

The projects funded under the Cohesion Fund will be allocated more than one third of the total volume of structural assistance for Slovakia between 2004 and 2006. Finance from the Cohesion Fund will complement the assistance provided under the Structural Funds in the area of transport and the environment. Total project costs will generally be not lower than € 10m.

The strategic aims of the Cohesion Fund are detailed in the Cohesion Fund Strategy 2004-2006 prepared by the Ministry of Construction and Regional Development which acts as the Managing Authority for the Cohesion Fund. The strategy was based on sectoral strategies elaborated by the Ministry of Transport, Posts and Telecommunications and Ministry of Environment. These documents were approved by the Slovak Government in December 2003 and submitted to the European Commission.

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Slovakia has been allocated a total of €1,041,043,045 from the Structural Funds in 2004 to 2006. Although not part of the CSF, the CSF also mentions related allocations for the Cohesion Fund (between €489,523,583 and €662,655,734 for 2004-2006), which covers the whole of the country. The Objective 2 SPD (Bratislava - €37,168,218), the Objective 3 SPD (Bratislava - €44,939,754), and the Community Initiatives Interreg (€41,466,096), and Equal (€22,266,351) are also mentioned in this CSF, although these also are not a part of it. All amounts are in 2003 prices.

### **Organizations supporting the region in the management process:**

1. Implementation agencies of the OP
2. Intermediate bodies /regional development agencies, regional information centres, chambers of commerce etc.