

**National Report on Regional Sustainable Development; Slovak Republic**  
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**1. National background on regional development**

**a) Political and administrative systems and hierarchies**

Country's main characteristics

The Slovak Republic is the EU accession country located in the Central Europe, sharing border with Poland, Czech Republic, Austria, Hungary and Ukraine.

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| Area                                   | total: 48,845 sq km<br>water: 45 sq km<br>land: 48,800 sq km  |
| Land boundaries                        | total: 1,524 km<br>border countries: Austria 91 km, Czech Republic 215 km, Hungary 677 km, Poland 444 km, Ukraine 97 km   |
| Elevation extremes                     | lowest point: Bodrok River 94 m<br>highest point: Gerlachovsky Stit 2,655 m   |
| Natural resources                      | brown coal and lignite; small amounts of iron ore, copper and manganese ore; salt; arable land  |
| Land use                               | arable land: 30.74%<br>permanent crops: 2.64%<br>other: 66.62% (est.)   |
| Environment - current issues           | air pollution from metallurgical plants presents human health risks; acid rain damaging forests   |
| Environment – international agreements | party to: Air Pollution, Air Pollution-Nitrogen Oxides, Air Pollution-Sulphur 85, Air Pollution-Sulphur 94, Air Pollution-Volatile Organic Compounds, Antarctic Treaty, Biodiversity, Climate Change, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Nuclear Test Ban, Ozone Layer Protection, Ship Pollution, Wetlands<br>signed, but not ratified: Air Pollution-Persistent Organic Pollutants, Antarctic-Environmental Protocol, Climate Change-Kyoto Protocol |
| Population                             | 5,422,366 (July 2002 est.)  |
| Age structure                          | 0-14 years: 18.3% (male 508,256; female 484,739)<br>15-64 years: 70.1% (male 1,888,705; female 1,910,842)<br>65 years and over: 11.6% (male 237,770; female 392,054) (2002 est.)  |
| Population growth rate                 | 0.14% (2002 est.)   |

|                             |   |
|-----------------------------|---|
| Life expectancy at birth    | total population: 74.2 years<br>female: 78.41 years (2002 est.)<br>male: 70.19 years  |
| Labor force - by occupation | industry 29%, agriculture 9%, construction 8%, transport and communication 8%, services 46%   |
| Unemployment rate           | 17.2% (2002 est.)   |
| Industries                  | metal and metal products; food and beverages; electricity, gas, coke, oil, nuclear fuel; chemicals and manmade fibers; machinery; paper and printing; earthenware and ceramics; transport vehicles; textiles; electrical and optical apparatus; rubber products |
| Government type             | Parliamentary democracy   |

### Economic background

Slovakia's development during the state-socialism period (1948-1989) was an exemption of import-substitution industrialization, which was prevailing development pattern of the other Easter European countries.<sup>1</sup> For the Czechoslovak tradition of caution about internal and external macroeconomic balance, or because of ideology opposing any close involvement with the international financial systems, development programs were undertaken without reliance on Western loans (Grestkovics, 1998). Industrialization funded from internal sources was geared towards providing inputs (steel, paper, petrochemicals) for the production of finished goods in the Czech lands, as well as armament manufacturing. Emphasis was placed on heavy industry, creating a high dependency on raw material and energy import.

The reform in the 1990s can be called a "neoliberal strategy" that is based on short-term neoclassical economic stabilization measures – tight fiscal and monetary measures and exchange-rate policies, implying devaluation, with medium and long term structural reforms aimed at decreasing the role of the state and increasing the role of the market in the economy. The structural changes included trade liberalization, deregulation and privatization. Collapse of traditional markets, increased competition through trade liberalization, and a temporary ban on arms sales initially brought severe dislocation in 1990-92. However, despite a decline in industrial production share of GDP (from 49% in 1990 to 24.2% in 2002), the decrease in overall industrial employment has been more gradual than in other transition economies (from above 33% to 21.8% of total employment over the period), owing to, possibly, the lack of enterprise restructuring.

Both agriculture and heavy industry contracted as a share of GDP since the beginning of neoliberal reforms in 1990-91. Crises caused a fall in real wages and in domestic demand for domestic products, as trade liberalization allowed for foreign competition. In the agricultural sector, farm input prices were liberalized, however, most output prices remained under government control. On the macro level, following a deep recession, when GDP contracted by 23% between 1990 and 1993, real GDP growth turned positive in 1994 (5.2%) as exports grew. After domestic demand recovered strongly in 2001, GDP boosted to 3.3% in 2001 and 4.4% in 2002. Nowadays, the GDP per capita of Slovakia is less than half the OECD average

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<sup>1</sup> For Import Substitution Industrialization, a development strategy that is based on structural transformation and capital-intensive programs, see more in e.g. Grestkovics, 1998.

(as expressed in purchasing power parities) - converted using 1996 price levels Slovakia's GDP in 2002 reached SKK 738,4 billions of *koruny* in 2002 (at market prices).<sup>2</sup>

In the 1990s, Slovakia's foreign investment regime was characterized by a mix of liberalization and targeted regulation. Foreign capital was not allowed into strategic sectors such as gas, electricity, telecommunications, and armaments production, only after 1998, Slovakia implemented a general framework to attract greater inflows of foreign direct investment. The share of the private sector in GDP has grown steadily since the first wave of privatization in 1991. However, large enterprises (particularly state-owned monopolies) continue to play a major role in economy.

Slovakia, in accord with tenets of "Washington consensus"<sup>3</sup> worked hard to reduce inflation that accompanied first years of reforms (from about 23% in 1993 to 5.8% in 1996). As a result of price liberalization, nevertheless, inflation began to rise in period 1996-2001. As measured by the Consumer Price Index, inflation was 10.6% in 1999, 12% in 2000, 7.3% in 2001 and 3.3% in 2002.

The process of neoliberal reforms in Slovakia has had a significant spatial impact. Regional disparities, particularly between Bratislava and the remainder of the country, became very large. Some activity was undertaken in the years after transition but the influence of regional policy and its outcome was and remains weak. The poorer regions continue to get poorer and regional discrepancies are getting worse. Regional differences in unemployment have been growing. The highest rate of unemployment was in the Košice region (26.9%) and the Prešov region (25.6%), however, some districts reported an unemployment rate of 30-35%, for example, Revúca, Rimavská Sobota, Trebišov and Rožňava (2000). The reason for the high unemployment rates in these districts is similar: poor infrastructure, deficit of industrial production and decreasing share of agriculture production etc.

### Political and administrative system

Until 1989, Czechoslovakia was country with limited political pluralism and with a record of abuses in human rights. The country's first multiparty elections were held in June 1990, subsequently, in 1992, the two constituent Republics – Czech Republic and Slovakia - decided to divide the federation into two independent entities. A new constitution of the Slovak Republic, adopted on September 1, 1992, went into effect with independence in January 1993. On February 1, 1995, the European Agreement between the Slovak Republic and the EU was put into effect and Slovakia was granted the status of an associated country to the EU. The Application of the Slovak Republic for Membership in the EU was officially presented at the EU summit in Cannes, on June 27, 1995. In December 2000 Slovakia acceded to the OECD and in March 2000, Slovakia began accession negotiations with the EU resulting in the full EU membership on May 1, 2004.

The Slovak Republic is a parliamentary democracy headed by the President of the Republic, now elected by the people for a five-year term. The Prime Minister is the head of government. Under the advice of the Prime Minister, the President appoints a Cabinet.

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<sup>2</sup> Data in this subchapter are taken from International Monetary Fund, Slovak Republic Country Report, No. 03/234, August 2003 <<http://www.imf.org/external/pubs/cat/longres.cfm?sk=16773.0>>

<sup>3</sup> „Washington consensus“ is a policy package, shared by the ministries of finance of G 7 countries, presidents of the important commercial banks as well as international economic institutions. This policy package consists of the following set of prescriptions and instruments: e.g. fiscal discipline, exchanged rates determined by market, liberalized, export-oriented trade, privatization, property rights protection, etc.

Slovakia has a single-chamber Parliament called the Slovak National Council. Its 150 members are elected to four-year terms by popular vote. All citizens over the age of 18 are eligible to vote.

Slovakia's form of government has been centralized; however, process of decentralization of public administration is currently going on.<sup>4</sup> Slovak public administration is a three-tier system made up of central level, regional level (so called Higher Territorial Units) and local level. Regional and local level of public administration system is based on two components:

- regional and municipal self-government
- regional and district state administration

Since the last re-organization of state administration of 1996, there are 8 regional offices and 79 district offices. The state administration component is hierarchical and, therefore the regional and district offices are interrelated. The self-government component is not hierarchical, the regional and municipal self-governments are independent, and need to cooperate on special agendas. By the legal regulation, there is a relatively high degree of independence of the self-government from the central power in the decision-making process. The self-governmental components of local governments (regional and municipal) have their own administrative bodies, the regional office, the magistrate office and the municipal office. These offices carry out the tasks related to the functioning of self-government, with the preparation of administrative agenda that is decided by the councils. Their role is to carry out the self-government's tasks delegated by law. The office is led by the head of the administrative office, which is nominated by the representative body (council) and then accepted by the mayor. Magistrates and municipal offices have a dual accountability: a) to the municipal council of self-government (municipal representatives) b) to the district office (civil servants of state administration).

#### The EUROSTAT standards and institutional structures

The NUTS is a five-level hierarchical classification (three regional levels and two local levels). For practical reasons to do with data availability and the implementation of regional policies, the NUTS nomenclature is based primarily on the institutional divisions currently in force (normative criteria). Since this is a hierarchical classification, the NUTS subdivide each Member State into a whole number of NUTS 1 regions, each of which is in turn further subdivided into NUTS 2 regions. Regions are normally split between normative and analytical criteria:

-normative regions are the expression of a political will; their limits are fixed according to the tasks allocated to the territorial communities, according to the sizes of population necessary to carry out these tasks efficiently and economically, and according to historical, cultural and other factors.

-analytical (or functional) regions are defined according to analytical requirements; they group together zones using geographical criteria (e.g., altitude or type of soil) or using socio-economic criteria (e.g., homogeneity, complementarities or polarities of regional economies) (Eurostat, 1999).

In September 2000, the Government of the Slovak Republic approved the document *Principles of the Regional Policy of the Slovak Republic*, in which the general organizational, institutional, instrumental and programming possibilities for securing regional development activities were elaborated. The Document created conditions for the harmonization of Slovak regional policy with EU regional policy and the application of EU regional policy principles. Concerning regional statistics, in February 2002, the Slovak Government agreed to maintain the Nomenclature of Territorial Units for Statistics (NUTS). Principle of concentration in

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<sup>4</sup> For more on decentralization of public administration, see subchapter 1 b.

Slovakia, the NUTS II levels (as statistical units) are determined on the basis of a proposition of the Statistical Office and its acceptance by EUROSTAT as follows:

Table X. Territorial units

NUTS I - Slovak Republic

NUTS II - 4 territorial statistical units:

Bratislava region

Western Slovakia (Trnava, Trenčín and Nitra regions)

Central Slovakia (Žilina and Banská Bystrica regions)

Eastern Slovakia (Prešov and Košice regions)

NUTS III - 8 regions

NUTS IV - 79 districts

NUTS V - 2878 municipalities.

Map X: Territorial division of Slovakia (NUTS III)



## **b) History of regional development**

### On conceptualization of “regionalism” and “region”

1) Some authors differentiate between ‘regionalism’ and ‘regionalization’. While former refer to cultural historical collective self-identity, latter refers to the political processes of drawing administrative borders and of competency sharing. Since we consider both phenomena proceeding along the same path we do not employ this semantic distinction. We define *Regionalism* as the process of strengthening of political, economic and cultural power of *regions* - units at sub-national level. Typology of regionalism is based on three types: 1, Constitutional regionalism (including changes towards decentralization and federalization) 2, Non-constitutional regionalism (including separatism, and annexation) 3, other cases labeled as ‘insoluble’ (ethnic and economic regionalism) (Gorzelač, 1993).

2) For purposes of this paper, we hold that in the public discourse on the “regionalism” in Slovakia, major reasons for process of regionalism are believed to be fourfold: a) Demands for greater autonomy can be articulated from the ethnic, religious or other autochthonous groups. These groups that are discriminated in the wider majority political entity and therefore ‘naturally’ and ‘rationally’ demand the greater independence to deal with their problems alone. b) The central ‘far away’ decisions are not convincing enough. They lack the legitimacy and efficiency since they have been taken too far away from those affected. Therefore there is a need to approximate the democracy closer to citizens and to insure a genuine participation on the regional level. c) The central government legitimately can reduce the burden of responsibility by power sharing or at least bringing about some organized co-operation with actors and institutions at sub-national level. This is done from good intentions in order to insure the more efficient and better decision taking from which citizens could benefit. d) And finally: it is argued that the delegation of some decision power on sub-national level is achievement of democracy. Thus, vertical division of powers is a complementary to horizontal division. This kind of separation of control is a vital instrument to guarantee genuine democratic decision-making (Hrbek, 2000).

The vast array of entities commonly labeled *Regions* actually encompasses a wide range of quite different phenomena. This proliferation of uses poses a central question: Do common criteria and methods exist for analyzing these different phenomena? Regardless of this terminological ambivalence we will try to conceptualize the notion. According to Keating “region is an elusive concept, covering a variety of territorial levels and a range of social contents. A minimal definition would present it as an intermediate territorial level, between the state and the locality” (1998). Giddens have identified three basic elements necessary for a definition of region: (1) spatial relationships, (2) issues of scale and (3) relations between subjects and their territory (1984). According to Hettne, regions are delimited by five elements: by their geographical character, distinctive social system, by organized cooperation, by distinct civic society based on convergence of values and by identity, institutional capability and legitimacy (1999). However, no coherent definition of the term region has been developed that could be used as the basis for an interdisciplinary approach. For the purpose of this paper, we will focus our attention on the region as an action space. Thus, we understand the region to be a spatial partial unit of medium size and intermediary character whose material substratum is based on territory (Schimtt-Egner 2002).

### Challenges of further regionalization: decentralization of public administration

In its resolution no.788 of November 18, 1999, the Government of the Slovak Republic committed themselves to “modernize functioning of the democratic state, to introduce in the society efforts of justice, freedom, accountability, solidarity, the rule of law, integrity, respect for distribution of power, support for people’s initiative and involvement”. The main declared objective of the concept of decentralization of public administration was “to strengthen

the citizens constitutional right to have an impact on the state power and to foster the position of elected representatives at all levels of public administration". The concept was said to be taking into account existing situation in the country (economic conditions, current territorial and administrative arrangement), ratified international conventions (European Charters), and accession process into the EU.

In September 2001, The National Council of the Slovak Republic (parliament) approved the *Act on Transfer of some of the Competencies from the National State Administration to the Municipalities and Regional Self-Governmental Units*, with more than 300 competencies that were supposed to be moved from the state administration to the municipal and regional self-governments during two years. In October 2001, additional legislation was adopted by the National Council of the SR (Municipal Establishment), which initiated the provisions regarding the independent activities of municipalities and the process of transferring competencies from the national state administration to the municipalities. Most importantly, these included financial and economic matters, which should lead to a diversified system.

Decentralization of public administration has three dimensions: decentralization of functional responsibilities, decentralization of finances, and decentralization of political power. Decentralization is expected to be accompanied with handing over the property allowing to perform transferred competencies, namely through changes in financing public administration, deregulation and deetatization of the property and activities. Requirements on public administration, as defined by the conception, include: clear distribution of jurisdictions, powers and responsibilities of public administration institutions in relation to the citizen, high-quality legislation, compliance with the law and capacity to enforce the law, high professionalism and ethics of public administration employees. In the current public administration of the Slovak Republic, conditions prevail that result from decades of state-socialism which functioned under different structural conditions.

Conclusions: The division of competencies between state administration and self-government depend upon numerous circumstances, which can be categorized into two basic groups: those stemming from "pragmatic" reasons, and those deriving from political and power interests (Faltan, 2002). In Slovakia processes of decentralization are condensed within a short time period. On the one hand there are reflection of process of democratization (with underlying logic that neoliberal economic reforms requires also changes to be made within public sector) and at the same time, they try to reformulate in a novel way the relation between state and self-government, based on optimal balance of interests. A solution to such dilemma "often reflects not consensus as well as strong dominance in pushing forward one's particular interests" (ibid:31). Moreover, decentralization of public administration we understand as a clear instance of the regionalization process that is extending its dimensions from administrative regionalization to political regionalization. The risks of decentralizing public administration system lies in complexity of management - particularly when decisions relate to a larger number of autonomous (state and self-government) units. Thus, decisions in a decentralized system may be delayed due to the need to negotiate, while co-ordination increases costs. Danger might be the more scope there is for autonomous lower-tier elements in decision making, the less scope there is for speedy and straightforward decision making at national level. Moreover, we recognize that the actions at the central level have significant influence upon the actions at the regional and municipal self-government level, and the relations between local bodies. Insufficient horizontal and vertical co-ordination of actions of local (regional and municipal) officials and the administrative bodies might be a great problem. Little has been done so far to develop the new mechanisms for integration, co-ordination and control of the local governments.

## **c) National initiatives on sustainable development**

### 1) Documents supporting sustainable development.

In national legislation sustainable development in Slovakia is defined by the Article 6 of the Act 17/1992 on the environment. According to this Act it is “development allowing both the current and the future generations to meet their basic living needs without reduction of nature diversity, while preserving natural functions of ecosystems.” In principle, application of principles of sustainable development has been reflected also in the Article 55 of the Constitution of the Slovak Republic (the Act 460/1992), that says “the economy in the Slovak Republic shall be based on the principles of a socially and ecologically oriented market economy”.

Among the international commitments there is the European Accession Agreement agreed between the European Communities and their member states on one hand and the Slovak Republic on the other hand (Luxembourg, 1993). The Article 72, paragraph 2 of the Economic co-operation reads: “Measures of the economic policy and other measures will be intended to lead to economic and social development of the Slovak Republic and will be in compliance with the principle of sustainable development”.

The most important step is agreement with accession to the Rio Declaration and Agenda 21 by the Resolution of the Government of the Slovak Republic 118 of 8 September 1992. This Resolution assigned all Ministers and the Heads of other central state administration authorities of the Slovak Republic “to utilize the results of United Nations Conference on Environment and Development (UNCED) and incorporate them into the sectoral programmes”.

While the *Strategy, Principles and Priorities of the State Environmental Policy* was approved by the Government of the Slovak Republic one year after UNCED (the Resolution 619 of 7 September 1993) and unanimously by the National Council of the Slovak Republic (the Resolution 339 of 18 November 1993), only some partial strategic documents related to sustainable development were adopted in the social and economic areas in the 1990s. The Strategy of the State Environmental Policy was followed by the *first National Environmental Action Programme (NEAP)* (approved by the Resolution of the Government 350 of 14 May 1996) and by the second NEAP (approved by the Resolution of the Government 1112 of 16 December 1999).

Since all mentioned documents and measures remained only in “declarative” position, the Slovak Government in its Resolution (655 of 16 September 1997) concerning application of Agenda 21 and evaluation of indicators of sustainable development, assigned the Ministers and the Heads of other central state administration authorities of the Slovak Republic “to evaluate application of the individual Chapters of Agenda 21 and indicators of sustainable development in the Slovak Republic in accordance with the UN requirements and methodology and according to designated responsibility”. Within the context of complex evaluation (annual Country Profile) the Ministry of the Environment prepared *The Conception of Application of Agenda 21 and Evaluation of Indicators of Sustainable Development in the Slovak Republic* (1997) that committed central state administration authorities assess progress on particular Chapters of Agenda 21 based on the UN indicators and methodology. At the same time, the Government initiated creation of the Council of the Government of the Slovak Republic for Sustainable Development which had its first session in 1999. Starting from 1998, particular bodies responsible for indicators of sustainable development requested the Office for Statistics of the Slovak Republic to include relevant statistic indicators into the Programme of the State Statistic Data Gathering. This part of the Resolution remained unfulfilled, though a number of indicators monitored by the Office for Statistics are identical with UN indicators of sustainable development.

In the period 1999-2000, the Government approved or included into its plan of activities several important cross-sectoral documents which are determined by principles of sustainable development or which directly support sustainable development. Among these were: *The Conception of De-centralization and Modernization of Public Administration* (2000), *Integrated Plan of Regional and Social Development of the Slovak Republic for implementation of the PHARE 2000 Programme, part 1 – National Development Strategy* (1999), *Plan of Rural Development of the Slovak Republic for implementation of SAPARD* (1999), *National Plan of Regional Development* (2001), the third *Conception of Territorial Development of Slovakia 2001*. Prior to accession of Slovakia into the EU cross-sectoral *National Development Plan* and *Sectoral Operational Plans* were elaborated in 2003.

## 2) National Strategy for Sustainable Development (NSSD) in Slovak Republic

In compliance with UN requests, National Strategy for sustainable development emerged in Slovak Republic. With this strategy, Slovakia supposed to reverse trends opposing to sustainability criteria.<sup>5</sup> The Slovak NSSD as a single strategy document was prepared within the framework of the project *Capacity Building for Sustainable Development* funded by the UNDP. NSSD defines sustainable development “as a targeted, long-term (continual),

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<sup>5</sup> A milestone on the way to NSSD in Slovakia was the Agenda 21. Among the numerous sets of policy actions delineated in the Agenda 21, there is also action in chapter 8, about “Integrating Environment and Development in Decision-Making”, that means at the policy, planning and management levels. By specifying the purpose of NSSD clearly says that the country-driven NSSD’s goals “should be to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations.

comprehensive and synergetic process, affecting conditions and all aspects of life (cultural, social, economic, environmental and institutional) at all levels (local, regional, global), oriented to such a model of a certain community (local and regional community, country, international community), which meets biological, material, spiritual and social needs and interests of people, while eliminating or considerably reducing interventions threatening, damaging or destroying conditions and forms of life. It does not burden the landscape over the bearing capacity, reasonably uses its resources and protects the cultural and natural heritage" (NSSD 2001).

According to the NSSD, the basic orientation of the Slovak Republic should be a long-term, informed and complex orientation towards the society based on the principles of sustainable development and their practical application. In order to achieve this orientation it is necessary in all spheres of the social-economic life to respect the principles and criteria of sustainable development and to orient towards these long-term objectives of sustainable development:

- developed democratic country – integration of the Slovak Republic into the decisive global political and economic structures, utilisation of positive trends of globalisation, taking over the responsibility for global development of the world community, influencing positively the international orientation towards sustainability,
- modern state and system of public administration – development of political pluralistic system, creation of relevant legal instruments, building modern institutions, quality and effective activity of public administration (state, region, municipality) in favour of citizens,
- developed civic society – a complex change of value orientations, strengthening the legal awareness, historical and national awareness, achieving high level of education, information for citizens and their participation in decision-making, meaningfully working components of the society (association, family, citizens),
- social solidarity and social protection – social policy oriented towards increase of a personal participation and responsibility of citizens, acceptance of principles of social solidarity which prevent social disadvantaging or exclusion and poverty; towards support of stimulating measures of the state family policy and employment policy and towards protection of rights of citizens and their interests protected by the law and towards elimination of all forms of discrimination,
- balanced territorial development – application of a comprehensive spatial and territorial planning, preferential development of lagging and peripheral regions, application of an institute of inter-regional solidarity, integrated development of settlements, rehabilitation and maintenance of historical structures, settlement identity and forms of settlement,
- high quality of human and social resources – gradual creation and support of a healthy, demographically balanced society, ensuring the increasing quality of life – social, economic, cultural and spiritual needs with focus on problematic groups of society, elimination of negative social and socio-pathological phenomena,
- new model of economy – achieving a long-term working modern economy and information society, elimination of structural deformations of economy, balanced development of economy with focus on perspective modern branches and regional natural and social conditions,
- high quality of the environment, protection and rational use of natural resources – effective protection of the environment, rational use of natural resources, elimination of environmental burdens, limitation of economic development in accordance with natural conditions and potentials, achieving and maintaining the quality environment with focus on threatened areas. (NSSD 2001).

Conclusions: NSSD was approved by the Government of the Slovak Republic on October 10, 2002 (Resolution 978/2001) and by the National Council of the Slovak Republic on 3 April 2002 (the Resolution 1989/2002). Since then Ministries are obliged to submit to parliament

annual reports with compliance to the objectives of NSSD, however, no independent comprehensive independent assessment of the Slovak NSSD was done so far.

For the purposes of this paper, in a very brief assessment of the NSSD we use OECD-elaborated Principles for Strategies for Sustainable Development (2001).<sup>6</sup> We conclude that the NSSD in the Slovak Republic has following weaknesses: 1) the objectives of sustainable development defined in the strategy are, sometimes contradictory, and very broadly formulated. In a sense it resulted to be a “wish-list” from which particular agendas can be picked up according to the wish of “customer”. This might indicate that there were a limited consensus on a long term vision, 2) the policy instruments mixed regulatory approaches with neo-liberal pro-market strategies, which might indicate the lack of integration in objectives. 3) that the whole process was driven by civil servants, experts of non-for-profit organisation, and lower administration staff of the Regional Office of UNDP in Bratislava. This might indicate the absence of high-level political commitment as well as absence of influential lead institution. For this reason NSSD might face limits of implementation and effectiveness in future. 4) there are no binding criteria or indicators for the progress evaluation. Although Ministries are obliged to submit reports with compliance to the objectives, the process is formalized. This point to the fact that the monitoring and learning and improvement aspects were underestimated in the NSSD.

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<sup>6</sup> For the purpose of this brief analysis, we have chosen the OECD Principles as the starting point for the development of the assessment framework and methodology. “They do not represent a checklist of criteria to be met but encompass a set of desirable processes and outcomes which allow for local differences. A strategic planning process needs to strive to adhere continuously to all these principles” (OECD, 2001).

## **2. Regional sustainable development**

### **a) National initiatives linked to regional sustainable development**

#### **Regional Agenda 21**

The project *Capacity Building for Sustainable Development in the Slovak Republic* (1999-2000) was implemented at three levels – national, regional and local. At the regional level the Regional Agenda 21 in the region of Central River Hron Basin as a pilot project has been prepared. Regional strategy was based on assessment of socio-economic, economic and environmental aspects of Central River Hron Basin, at the same time, the principles, priorities and orientations of development of a selected region were defined in accordance with the NSSD.

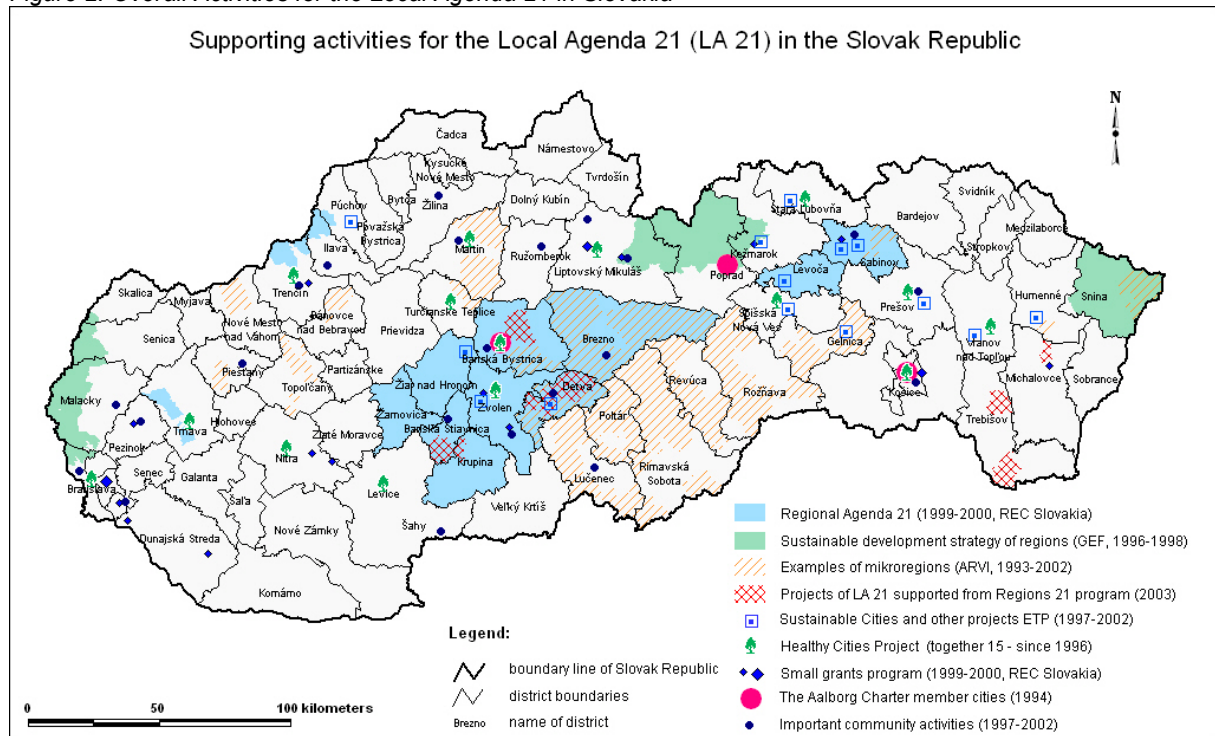
The basic objectives of Regional Agenda 21 included: 1) elaboration of a methodology for preparation of a Regional Agenda 21, which could be used also in other regions of Slovakia, 2) application of the methodology in a model territory, 3) proposal of individual steps in implementation of Agendas 21 in a given territory.

The basic policy instruments promoted by the strategy can be described as “mixed approach”. Command-and-control line can be seen in defined priorities of the environmental aspects such as “conservation of the overall spatial stability of the landscape as a basic complex condition for conservation of the gene pool, biological diversity, balance, flexibility and natural functions of ecosystems - conservation of conditions for natural production capacity of the landscape and protection and rational use of natural resources” (RA21, 2001). Market-based approach is visible in the framework of the economic aspect. The priorities of document explicitly states underlines “transformation of economic activities on a market principle”... “based on effective use of the potential of the region, oriented to meeting the basic existential and developmental needs of the inhabitants”. Co-operative approach is recognizable in the social priorities, defined as “ensuring reasonable quality of human life, while respecting social, cultural and environmental dimensions, oriented to integrated development of the region” (Ibid.).

Cooperativeness as well as public participation were also stressed in the programming and preparation process of Regional strategy, which as major players involved representatives of the state administration, municipalities, business, research institutions, civic and interest groups. Based on this a Regional Council for Sustainable Development was established. Based on methodology developed by RA 21, Slovak Environmental Agency (a detached body of the Ministry for Environment) has begun to implement Regional Agendas 21 in several other regions in 2003.



Figure 2: Overall Activities for the Local Agenda 21 in Slovakia



Source: Regions 21

Frame 1: Case studies: The following are examples of Agenda 21 initiatives

**Central River Hron Basin region: Local Agenda 21 in Podpoľanie Association – Harmonious and Balanced Development of Micro-region on Principles of Sustainable Development:** Process of Local Agenda 21 should result in partner co-operation between municipalities and other interest groups in order to work out action plan, which applies sustainable development principles in the micro-region. As a pilot project, the association has decided to launch the Communication Centre in the region on principles of public-private partnership, which will coordinate development activities in the region, monitor needs of people, ensure information flow from the region to a higher level and vice-versa.

**Association of Municipalities of the “Pod Panským dielom” micro-region – Sustainable Development Strategy and Action Plan in the “Pod Panským dielom” micro-region:** The project is oriented to preparation of the sustainable development strategy of the micro-region, which consists of seven municipalities. An Action Plan worked out specifies concrete activities, responsibility and required financial resources. In a demonstration project local citizens participate on projects, in accordance with the Action Plan priorities.

**Southern Sitno region – Local Agenda 21 in the Southern Sitno micro-region:** The key goal is to involve local people into the project and its implementation since they best understand their own interests and the territory where they live. The project involves local associations, entrepreneurs, self-governments, state administration. The micro-region has already worked out a development document as a territorial planning background in the light of the Programme of Village Renewal. In 2000, the document was worked out by external experts, who assessed the current situation in the micro-region and proposed possible way of development. This programme uses an interactive method, and experts act only as facilitators in assessment and planning activities. Use of solar energy in water heating in households has been advertised within the demonstration project. It is expected that solar

collectors will be installed in the local kindergarten. Financial grant will be provided for installation of solar panels for local people.

*Lower Zemplín region. Town of Trebišov – Development Strategy for the Town of Trebišov:* The main objective is to define principles and priorities of socio-economic development of the town in achieving quality of life in accordance with sustainable development principles. Implementation of the project activities will be carried out in a partnership among the municipalities, state-administration, business, non-governmental organizations and inhabitants of the town. An educational footway in the municipal park is built within the framework of the demonstration project.

*Municipality of Vinné – Local Agenda 21 for the Municipality of Vinné:* On the basis of assessment of socio-economic and environmental aspects the project defines principles, priorities and orientation of development for the territory in accordance with the sustainable development concept. A working party, which involves also the public, takes part in preparation of the strategy and action plan of sustainable development of the municipality Vinné, in elaboration of Local Agenda 21 for Vinné and in preparation of information materials on Local Agenda 21. Implementation of the demonstration project will contribute to improvement of bathing water in the Vinné Lake.

*Friends of Medzibodrožie Association – Sustainable Development Strategy of the Medzibodrožie Municipalities:* Objective of the association consisting of eight municipalities is to prepare a Strategic Plan of sustainable development of the micro-region, which is worked out by a working group established on the basis of partnership of stakeholders from the concerned territory. The strategy is incorporated legally in the territorial planning documentation in the region and it should be at the same time a basis for updating of regional and sectoral operational programmes of the Košice Self-governmental Administrative Region. Within the framework of the demonstration project a common office of eight municipalities responsible for execution of competencies transferring from the state to local government has been created.

Source: REC Slovakia

### Selected Examples of Regional Sustainable Development Initiatives other than Agenda 21

*Program of Village Renewal* (in accord with the Resolution No. 222/1997) as governmental program, has been development program that have provided framework for activities of municipalities, citizens of rural communities, or micro-regions. Since 1998, in summary, 1 789 municipalities (62.1% of the total of municipalities in Slovakia) were interested to participate on activities promoted by the program. These activities, based on principle of partnership between state administration, experts, citizens and entrepreneurs, were supposed to contribute to improvement of environment and quality of life. The bottom-line of the program was public participation aimed at revitalization of action-potential in communities. The role of the state administration in the program is to provide expert and financial support.

RSD for the Sabinov and Levoča counties was developed and implemented by non-for-profit organization "Water and People" in 2000-2002. Preparation of the strategy, apart from the basic principle of citizen participation, generated proposals more transparent methodically. Over forty participants of strategy represented four basic sectors state administration, local governments, business sector and NGOs with number of representatives in both counties. In principle the implementation strengthen feedbacks between sectors, and create full-area conditions for active sustainable development policy in the region.

*Small Grant Programmes* of the Regional Environmental Centre (REC) Slovakia and UNDP was oriented towards support of participation of non-for-profit and non-governmental organisations, private sector and municipalities oriented to implementation of projects related to SD. In 1999-2000 of 225 draft projects, 28 projects have been selected which then have received a total amount of USD 100,000. Based on the achievements of Small Grant Programmes, REC Slovakia in 2002-2003 carries out a "Regions 21" project that aims at strengthening capacities of local self-governments.

Activities, which are important from the point of view of regional sustainable development in Slovakia further include introduction of ISO 14000 in enterprises, projects oriented to support of utilization of renewable sources of energy, creation of so called "*Rural Parliament*". The Aalborg Charter of sustainable development of cities can be mentioned as far as activities of international character are concerned (participation of the Slovak cities of Banská Bystrica, Košice and Poprad). Thirteen cities of the National Network of Healthy Cities participated in the WHO *Healthy City Programme*. A special attention should be paid to the *Brundtland City programme* (Rajec).

Conclusions: There is no single and the only correct way how to plan and implement local initiatives for sustainable development. Effective and successful local development in a particular area there are actors that should contribute to the development of the community towards the goals of SD. Local self-government has the best potential to play a leading and central role in the process. Moreover, based on several best examples, a successful approach is often a partnership in which self-government formulates and implements local action plans. We suggest, given certain specific circumstances in Slovakia (as a country undergoing deep structural changes), it is desirable to use LA21 in the context of a more systematic approach. In order to develop capacities, local self-government should actively design ways how to attain coordination and encourage cooperation, as well as, how to acquire "know-how" to balance interests of the public and private sectors to meet development targets. Although national strategies for sustainable development provide a necessary framework for local initiatives the danger is that they might turn into a top-down approach in which local communities are prevented from genuinely developing their own ideas. In further research on LA 21 the following concepts must be discussed in more detailed way: social capital, empowerment of stakeholders (special attention to be given to NGOs), multi-sectoral partnerships in context of local development.

### **c) Pre-Accession assistance and Structural Funds and sustainable development**

#### **Pre Accession Funds Programmes: National context**

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. The PHARE programme is one of the three pre-accession instruments financed by the European Communities to assist the applicant countries of central Europe in their preparations for joining the European Union. Following the 1993 Copenhagen Council's invitation to apply for membership, PHARE support was reoriented, including an expansion in support to infrastructure investment. PHARE's total "pre-accession" focus was put in place only in 1997 in response to the Luxembourg European Council's launching of the present enlargement process.

Phare's management was integrated into Slovakia's government structures through the creation of the National Fund and a limited number of implementing agencies. These basic orientations were adjusted in 1999 to reflect the coming on stream of SAPARD in agriculture and rural development and of ISPA in transport and environment infrastructure. The principal

adjustment was to redirect PHARE's liberated funds towards dealing with the issue of economic and social cohesion.

In 2000-2006, PHARE provides in Slovakia some co-financing for institution building support through "twinning" and technical assistance and for investment support to help Slovakia in its efforts: 1) To strengthen their public administrations and institutions to function effectively inside the EU, 2) To promote convergence with the European Community's extensive legislation and reduce the need for transition periods, 3) To promote economic and social cohesion.

The guidelines for PHARE were set out in the 1997 Commission Decision entitled "New Phare Orientations for Pre-Accession Assistance" including the critical principle of accession-led programming on the basis of the Accession Partnership (AP), the National Programme for the Adoption of the Acquis (NPAA) and the Regular Reports. The reforms also built new instruments and structures to tackle the lack of impact and sustainability of PHARE projects as highlighted in Commission evaluation reports, to prepare for implementation structures for structural funds and to reduce the high accumulation of budgetary commitments that had been criticized by the Court of Auditors and the European Parliament.

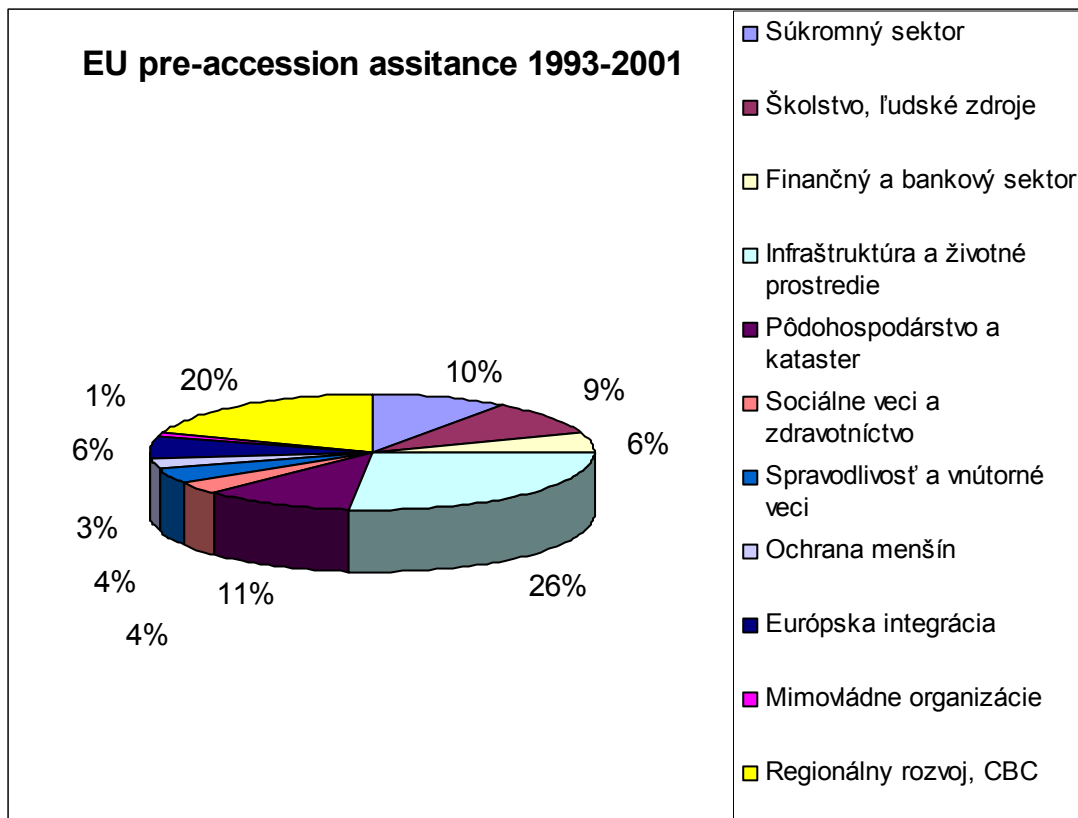
These basic Orientations were updated in 1999 (SEC (1999)1596 final) so as to redirect the PHARE funds that were liberated by the arrival of SAPARD and ISPA from rural development and from selected infrastructure projects in the sectors of transport and environment towards the area of economic and social cohesion, including projects not addressed under these two new pre-accession instruments.

Of importance are not only providing financial resources but also the fact that the competent authorities of public administration had the possibility to adopt methodological procedures in force in EU and to prepare themselves for the procedures connected with the utilization of structural funds.

*Table: EU pre-accession contribution 1993-2002 according to sectors*

| Sector                         | EU contribution (MEUR) |
|--------------------------------|------------------------|
| Private sector                 | 65,1                   |
| Education, human resources     | 60,2                   |
| Finances and banking           | 36,8                   |
| Infrastructure and environment | 172,0                  |
| Agriculture                    | 71,4                   |
| Social affairs and health      | 23,1                   |
| Justice and internal affairs   | 27,1                   |
| Minorities protection          | 18,6                   |
| European integration           | 39,4                   |
| Non-governmental organizations | 7,3                    |
| Regional development, CBC      | 126,8                  |
| <b>Total</b>                   | <b>647,8</b>           |

*Source: Office of Government*



Source: Office for Government

The financial resources of PHARE in 1993-2002 were e.g. 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, and Youth for Europe)
- Approximation of law, European integration and coordination of Phare
- Special Preparatory Programme for Structural Funds of EU
- Building institutions in the environment
- Increase of the Slovak Post-Privatization 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

#### Experiences of the regions with pre-accession funding. Selected examples

1) 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 accomplishment 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 were concentrated on the districts of Nové Zámky (production area) and Snina – Stropkov, which were chosen on the basis of criteria evaluation.

2) Eastern Slovakia Region, as based on National Plan for Regional development, was selected as priority region for post-accession assistance, is expected to receive 38% of total ISPA funds allocated in the Slovak Republic into the environmental structure up to year 2006, while Western Slovakia will receive 15% and Bratislava 23%. In total almost 50 MEUR were already allocated and another 50 MEUR has been waiting for EU approval. Majority of projects are in water management, from which 73% has been allocated in Central Slovakia, 13.4% in Western Slovakia and 13.6% in Eastern Slovakia (Kluvankova, 2002).

3) Conclusion: There is some problematic experience based on the real effects of pre-accession assistance on regional development, particularly from the whole system of management of EU pre-accession funds in Slovakia which was widely questioned due to lack of transparency and the ambiguous monitoring and supervision (CEPA, 2002). In recent programming for structural funds there was also a lack of involvement of the social partners. In future a special attention should be paid to the quality of the programming process for the EU structural and cohesion funds. We suggest focusing especially on the programming period of the Community Support Framework 2007-2012. The result of the reform should guarantee a broad and effective principle of partnership and by this means sustainable regional policy in socially and environmentally responsible EU.

#### Preparation of Slovakia for the Structural funds

Aid from the Structural Funds in Slovakia will concentrate mainly on Objective 1 "Development and structural adjustment of regions whose development is lagging behind", since with the only exception all regions in Slovakia are eligible for this funding. Aid for the region of Bratislava will concentrate on Objective 2 "Regions with structural problems whose socio-economic conversion is to be supported" and Objective 3 "Modernizing systems of training and promoting employment". In the case of Objective 1 funds, generally speaking, a Community Support Framework (CSF) describes the socio-economic context of the country or of the regions concerned, presents development priorities and objectives to be achieved, and envisages systems of financial management, monitoring, evaluation and control.

The European Commission in July 2003 announced the launch of the first round of negotiations with Slovakia on future regional development programmes. Negotiations were be dedicated to the Community Support Framework (CSF) and related Operational Programmes (OP) and Single Programming Documents (SPD) for the period 2004-2006 and should set out the Commission's position on how Structural Funds and the Cohesion Fund will be used in Slovakia.

In March 2003, Slovakia submitted to the Commission its National Development Plan 2004-2006, four draft Operational Programmes, and two Single Programming Documents for the Bratislava region. On the basis of the decisions of the Copenhagen European Council last December, 1.1 billion EUR will be allocated to Slovakia under the EU Structural Funds and some 0.6 billion EUR under the Cohesion Fund.

The overall objective of the structural funds in Slovakia is to bring about growth, competitiveness and employment, while trying to iron out regional imbalances through a growth pole approach. Through four Operational Programmes, the Structural Funds will concentrate on business infrastructure and business development, transport and environment infrastructure, multifunctional agriculture and rural development, and education, training and active labor market policies. The Single Programming Document Objective 2 for Bratislava will focus on business services, infrastructure and tourism. The Single Programming Document Objective 3 will focus on training and lifelong learning measures. The Cohesion Fund will concentrate on transport infrastructures and environment.

Slovakia has 4 cohesion regions (NUTS 2) comprising 8 sub-regions (NUTS 3) and 79 districts. Three regions are eligible for Objective 1 assistance and one region, Bratislava, is eligible for Objective 2 and 3 as defined in Council regulation 1260/99 and confirmed in the Accession Treaty.

### **3. Multi-Level Governance**

#### **a) Regional issues and cases which involve EU, national and sub-national coordination**

##### Official institutional governance and decision structure

1) From the viewpoint of **official institutional and procedural aspects** of regional policy in Slovakia, at the central level there is the central Government that: 1) approves programming documents and key measures concerning the formulation and implementation of regional development policy, 2) presents to the National Council (Parliament) of the Slovak Republic legislative proposals related to regional development, 3) suggests to the National Council of the Slovak Republic the volume of funds from the state budget for carrying out of the regional policy.

As a cross-departmental coordinating body for the regional policy, the *Council of the Slovak Government for Regional Policy* was established under 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 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<sup>7</sup>. Direct competencies for the area of regional development under the aforementioned Act are delegated to *the Ministry of Construction and Regional Development of the Slovak Republic*.

##### *The Ministry of Construction and Regional Development*

- coordinates the activities of all bodies of state administration and of territorial self-government involved in the preparation and implementation of the National Plan of Regional Development of the Slovak Republic, National Development Plan, regional operational programmes and sectoral operational programmes,
- coordinates elaboration, in cooperation with bodies of state administration and territorial self-government, as well as with social partners, the project of the National Plan of Regional Development of the Slovak Republic and National Development Plan and submits it to the Government for approval;
- in cooperation with other central bodies of state administration, bodies of territorial self-government and social partners, elaborates of regional operational programmes,
- elaborates Program Complements of the National Development Plan
- evaluates the progress and the implementation of the National Plan of Regional Development of the Slovak Republic,
- through its departments evaluates the progress and implementation of regional operational programmes,
- ensures cooperation with bodies of the European Union, coordinates the utilization of financial resources from Funds in the area of economic and social cohesion and international and cross-border cooperation,
- through its 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,

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<sup>7</sup> Act of the Slovak National Council No. 347/1990 Coll. on Organization of Ministries and Other Central Bodies of State Administration of the Slovak Republic, as amended

- through its departments prepares underlying documents for the activity of regional monitoring committees,
- through its departments prepares underlying documents for the activity of the National Monitoring Committee,
- may authorize other organizations subordinated to the Ministry to execute activities that should be ensured through its detached departments,

As the implementation of the regional development has a cross-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: 1) analyze the achieved level of economic and social development of counties and districts, 2) collaborate in the elaboration and the implementation of the National Plan of Regional Development of the Slovak Republic, National development Plan and regional programmes of development, 3) at the request of regional offices, they participate in the elaboration of the conception of development of the region, 4) fulfill tasks related to the area of promoting regional development.

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, 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, executes subsequent checks on the economic utilization 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, programmes 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 Labor, Social Affairs and Family of the Slovak Republic* – active employment policy,

*The Ministry of the Interior of the Slovak Republic* – cross-border 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 of cultural heritage and conservation and the utilization 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.

2) At the regional level official institutional aspects of regional policy are executed by regional and district offices. Regional offices elaborate and approve the conception of development of a region and participate in the elaboration of regional operational programmes for their territorial units. At the same time Regional offices are required to ensure the elaboration and the implementation of regional development programmes, to cooperate with central bodies of state and to coordinate activities of all organizations involved in the preparation of programming documents pertaining to regional development of the respective region.

Another important task is their work with regional labor offices in the implementation of labor policy. 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 Development Plan, regional programmes of development and the conception of development of the region.

Self-government of Higher Territorial Units (corresponding to NUTS III): Upon undergoing 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 annually evaluate the socio-economic development of HTU and submit this evaluation to the Ministry of Construction and Regional Development of the Slovak Republic,
- cooperate with central bodies of state administration in implementing the objectives and tasks of regional development,
- coordinate the activity of all affected organizations involved in the preparation of programming documents pertaining to the regional development of HTU.

3) At the local level there are municipalities which basically elaborate and approve the programme of development of the territorial districts and ensure their implementation. At the request of the regional office or the district office they provide required help in the preparation and the implementation of regional development programmes and the conception of development of the region. Municipalities may associate their resources with neighboring municipalities (and other legal entities) in order to realize common development intentions.

4) In addition to the official institutional structure, there are other organizations are suppose to participate in the implementation of regional policy. These are regional development agencies, professional associations and other interests groups, research, specialized institutions, non-governmental non-for-profit organizations.

5) In the context of multi-level governance and regional issues involving the EU, attention should be paid also to Euroregions. The border areas of the Slovak Republic are almost completely covered by recently established *Euroregions*.

*Table. No x: Euroregions in the Slovak Republic*

|   |
|---|
| <p style="text-align: center;"> Carpathian Euroregion - Prešov<br/> Euroregion Košice – Miskolc, Košice<br/> Euroregion Slaná – Rimava, Rožňava<br/> Euroregion Neogradiensis - Lučenec<br/> Euroregion of Ipeľ- Šahy<br/> Euroregion Váh-Dunaj - Ipeľ, Nitra<br/> Euroregion of Danube Triple Alliance- Dunajská Streda<br/> Moravian Euroregion - Holíč<br/> Euroregion White Carpathians - Trenčín<br/> Euroregion Beskydes - Žilina<br/> Euroregion Tatra - Kežmarok </p> |
|---|

*Source: Ministry of Construction and Regional Development*

In the performance of Euroregions, a special stress has been laid upon cross-border cooperation as a way of preparation to cooperation within the EU. A basic principle of cross-border cooperation is to constitute links and contract relations in the border areas and by these means to allow adoption of common solutions of social-economic and environmental problems through the cross-border integration. Activities were supposed to be normally based on the preparation of the region for the EU, solve issues of cross border migration, tackle questions of economy, agriculture, transport, regional infrastructure, harmonization of various development projects, protection of environment, joint prevention of natural disasters, constitution of specialized working groups, and info-centers, establishment of business centers and promotion of cultural activities.

It was assumed that the respective Euroregion will have better comparative advantage to present quality projects and thus gain maximum support from EU cross-border cooperation – programmes (in pre-accession period Phare CBC), however, in reality cross-border activities of main players (regional and local bodies, non-for-profit organizations) have not developed precisely in the framework of the Euroregions.

In addition to Euroregions, in the 1990s, several regional cross-border 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 geographical sub-region Vienna – Bratislava – Győr,

## **b) Multi-level interaction among the different stakeholders**

### Partnership principle in EU funds regulation in Slovakia

1) *Law on Support for Regional Development*<sup>8</sup> constitutes the partnership principle as defined by the Council Regulation (EC) No 1260/1999 in the national programming and implementation (e.g. preparation of National Development Plan and Operational Plans). However, the implementation of this principle is not further regulated and it is not legally enforceable. Preparation for EU structural policies including preparation of National Development Plan and Operational Plans is coordinated by the Preparatory Committee for Structural Funds (PCSF),<sup>9</sup> which provides one seat for non-for-profit organizations. However, unfortunately, it does not include provision on rights and duties of the Committee members and should be considered only a tool for transfer of proposals from NGOs to Committee.

Public participation in regional development programming is recommended also by the *EIA Act* that contains provision for the assessment of proposals for certain development policies and legislation from the point of view of their presumed impact on the environment. It states: "The person drawing up the proposal is obliged to inform *the public* about the preparation of the policy in an appropriate manner at least two months before it is discussed".<sup>10</sup> However, meaning of "public" is not specified. The EIA Act does not recognize the term "Non-Governmental Organization" (NGO) but it includes the foundation of "Civic Initiatives" and "Civic Associations". In Art. 9 it states that "Civic initiative for the purpose of this Act means not less than 500 physical persons more than 18 years old, of which at least 250 persons have a permanent address in the affected municipality, who will sign a joint standpoint to a proposed activity that is assessed".

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<sup>8</sup> Act No 503/2001 on Support of Regional Development has entered in force in January 1, 2002

<sup>9</sup> The PCSF was created on a basis of resolution of the Slovak Government No 69 dated February 2, 2000 on the Statute of the Preparatory Committee for Structural Funds.

<sup>10</sup> Art. 35, par. 3 of the Act No 127/1994 on EIA which has entered in force in September 1, 1994.

Considering the public participation in the Slovak EIA Act in comparison with the EU Directive there is no significant discrepancy. However, in practice, Ministry of Environment is the one and only body who are involved in every EIA procedure. Although the discussion and information flows between Ministry of Environment and involved bodies (e.g. developer) are always carried out in both directions, the communication between MoE and general public is one-way. Upon *the EIA Act* public and individuals directly affected by the proposed project might not get information or documents (e.g. the Final Record) from Ministry. This is probably treated in a way that the municipality makes the documents accessible to their citizens.

2) Since January 2001, the *Law on Free Access to Information* entered in force, providing any citizen with enforceable access for documents without a necessity to justify reasons for request for information. The law is based on principle “what is not secret, is public” and in our opinion, represents one of the best information access laws in Europe. However, this act results again only to one-way communication between public and responsible authorities and do not provide explicit space for a „feedback“.

3) Conclusions: As was corroborated empirically, partnership criterion has an influence on the quality of regional sustainable development and is indispensable underpinning for multi-level governance (CEPA, 2002). However, currently, partnership principle is treated inadequately and the interaction among stakeholders is problematical, often characterized by lack of mutual trust. In addition to external factors (no clear and binding rules, insufficient coordination, etc.) there is a number of internal factors preventing stakeholders to cooperate more significantly: weak communication between partners, lack of coherent long-term strategies reflecting the regional sustainable development, and last but not least, a general lack of in-depth knowledge of various actors on structural and regional policies of the EU, its institutional design and procedures. As we will suggest in the last chapter of this report, open question remains whether is it possible effectively reconcile long-term interests of private sector, governments and citizens?

Box No X Case Study: The programming for the National Development Plan in the light of partnership principle

The programming process for National Development Plan (NDP) and Operational Plans (OP) in Slovak Republic has been affected by organizational problems and time pressure in Slovakia. In May 2002 - less than ten months before the NDP and OPs were to be submitted to the EC - there were not clear and binding rules for programming, strategy and time schedule. Such conditions did not enable the government to actively disseminate sufficient and timely information on either the programming procedure or purpose of individual documents.

Draft proposal of the action plan for adoption of the pre-accession Chapter 21 on Regional Policy assumed that NDP would be submitted to National Monitoring Committee and Government Council for Regional policy by July 2002, following public discussion on the NDP draft taking place from March to May 2002. Then six sectoral OPs and one regional OP were to be elaborated with the deadline for their submission to the Government by January 2003. The program complements for each OP were to be developed since September 2002 until February 2003.

However, in April 2002, the Ministry of Construction and Regional Development (responsible for coordination of programming for EU structural policy) developed another proposal with completely different time schedule. The deadline for submission of the NDP to the Government was December/January 2003, with public consultations in October 2002. The deadline for submission of OPs to the Government was January 2003, with public consultations in November 2002. The program complements for each OP were to be ready by April 2003. The Government approved the proposal as late as in June 5, 2002.

Interviewed officials and persons involved confirmed that time for elaborating programming documents was not sufficient which affected the quality of both process and outputs. A private consultancy company contracted to develop the NDP was selected by the Ministry of Construction and Regional Development, a Managing Authority for CFS, without any tender. The Ministry justified this approach by a lack of time and insufficient capacities of the Ministry to fulfill this task. In reality, the NDP and OPs were developed parallel, not subsequently. In addition, structure and content of NDP and OPs substantially changed in the very final part of process without any possibility for the public to influence it.

For instance, after last elections in September 2002, the Ministry of Labor, Social Affairs and Family decided to change significantly the already prepared sectoral OP Human Resources. The new OP was finished in January 2003 with no realistic possibility for public to comment it. The Government did not inform the public sufficiently about the changes in the process. The only channel of information was an NGO representative in PCSF. However, even this person did not receive all documents due to insufficient administration of the Committee.

Each OP as well as NDP contain a special chapter on partnership and each document states that partnership principle was seriously implemented during the drafting period (until October 2002). NGO representatives were supposed to be involved in preparation of the OPs. The reality was different - several major changes in NDP & OPs were made without any consultation with the public or working groups at the end of 2002.

Process of public consultations did not follow any clear guidelines and was not coordinated among Managing Authorities. Most of the Managing Authorities reduced public consultations process on placing brief information about the possibility to comment the draft OP on their web sites and none of them informed the NGOs and public about the process (e.g. what type of comments are welcome, how the MA would consider the comments received, how one would know if his/her comments were reflected in the commented document or not and why, what is the follow-up process, etc.).

According to NGOs there was extremely short time to study the rather extensive draft documentation and no rule guaranteeing that the comments would be seriously considered. NGOs have not noticed any significant progress from programming for pre-accession assistance in 1999.

*Source CEPA*

### **c) Cross-sector policy integration**

1) Integrating environmental concerns in economic and sectoral decisions is the primary method how to demonstrate policy integration with respect to sustainable development. Integration of environmental concerns in sectoral policies was uneven in the 1990s. Basically institutional and market-based policy integration occurred in a number of instances, in the energy, transport and agricultural sectors.<sup>11</sup> Council of the Slovak Government for Regional Policy as a cross-departmental coordinating body for the regional policy was established under the Office for Government in 1998. However, further progress in the integration of environmental concerns in economic development is feasible and necessary. It should be done, first, through enhanced inter-ministerial co-operation concerning strategic planning, investment programming, annual budgeting, and project assessment; the latter applies also

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<sup>11</sup> For example, excise taxes on fuels were introduced in 1994; leaded gasoline was phased out in 1997, reduced vehicle tax for commercial cars equipped with catalytic converters, encouraged changes in the composition of the car fleet, reduced VAT apply to environmentally friendly fuels and equipment, income tax concessions to environmental services, etc.

to foreign direct investments (FDI), which should follow environmental charters and guidelines applying to multinational companies.

2) Secondly, promotion of integration of environmental concerns in agriculture, energy, and transport sectors through market-based integration and appropriate economic signals is necessary (e.g. reducing environmentally damaging subsidies, enhancing the incentive effects of current economic instruments and taxation). Given its high growth, the transport sector is of particular concern. For example, currently, road taxes only apply to commercial vehicles and not to private motor vehicles.

3) Conclusion: We strongly assume that it is regional policy for sustainable development which might be the agent of cross-sector policy integration in Slovakia. Given the far ranging structural changes in Slovakia, it is of the utmost importance for local policy strategies to include environmental concerns in their design. Inter-alia, as households have already faced relevant price changes concerning their energy needs (heating, lighting, transport fuels) attention might be given to the alternative and renewable energy sources. This might in turn bear on the capacity of investments in environmental infrastructure, in the context of both undergoing economic reform and accession into the EU. Realistically, these policies should require strategic decisions balancing economic, environmental, and social progress of the country and will imply cross-sectoral policy integration. However, based on the experience of the EU pre-accession assistance we suppose that the entry into the EU and necessity to implement the EU Directives will strengthen sectoral integration in regional policy.

With respect to cross-sector policy integration in relation with the EU structural funds operations and implementation of the EU Directives, we expect enhancing inter-ministerial co-operation, and fostering institutional integration of environmental concerns in economic and sectoral policies. This will be visible both at the regional level and at the national level. The possibility to extend further Strategic Environmental Assessment (SEA) in sectors, such as energy, transport, tourism, and agriculture could also substantially contribute to cross-sectoral policy with emphasis on the principle of sustainability. There is further possibility to extend market-based integration of environmental concerns in sectoral policies.

## **4. Evaluation Methods and Tools for Regional Sustainable Development**

### **a) Existing evaluation methods and tools**

#### **1) The conventional evaluation methods of general development**

The primary existing evaluation method of development in general is identification and collection of data on the actual situation and development trends of regional and local entities. This evaluation is primarily based on the official data published by Statistical Office SR. Besides national aggregated data (i.e., GNP) regional data (corresponding to NUTS II) are collected. Since 1998, particular governmental bodies responsible for indicators of sustainable development (in relation to the governmental document "The Conception of Application of Agenda 21 and Evaluation of Indicators of Sustainable Development in the Slovak Republic) requested the *Office for Statistics of the Slovak Republic* to include relevant statistic indicators into the Programme of the State Statistic Data Gathering. The Office for Statistics was asked to take upon responsibility for evaluation of data that should be bases for SD indicators in the way it is currently accomplished by Statistical Office of the EC. This part of the Resolution has been still unfulfilled, though a number of indicators monitored by the Office for Statistics are identical with UN indicators of sustainable development. In some instances central governmental bodies use analytical and prognostic data of the Program for Medium-term Outlook of Economic and Social Development, which is also based on official data published by Statistical Office SR.

2) What concerns more specifically the RSD evaluation method the Environmental Impact Assessment (EIA) in Slovak Republic is the primary tool for evaluation of individual projects. EIA has been specified for the first time in 127/1994 Act of 29 April 1994 on Environmental Impact Assessment (National Council of the Slovak Republic) was amended on the basis of the EU directive of EIA (1997) by 391/2000 Act of 25 October 2000 on Environmental Impact Assessment. This Act implemented detailed criteria for screening and completed the list of the relevant projects. The purpose of the Act is „to ensure the procedure for the complete expert and public assessment of planned constructions, facilities and other activities determined under this Act before the decision on their permission under special provisions is given, and also for the assessment of proposals for certain development policies and legislation from the point of view of their presumed impact on the environment“. The Ministry of the Environment in cooperation with its specific agencies (Slovak Environmental Agency) is the body which is responsible for the evaluation process.

#### **3) Strategic Environmental Assessment (SEA)**

Generally, evaluation for sustainability in regional development programming is embedded in the Act on EIA. (Art. 35 of the Act No 127/1994 on EIA which has entered in force in September 1, 1994.) The Act 127/94 contains provision for the assessment of proposals for certain development policies (§ 35) and legislation from the point of view of their presumed impact on the environment. Although term "SEA" is not explicitly included the Act requires assessment of plans, policies and programmes. SEA evaluates whether planned strategic actions (plans, programmes, policies and legislative proposals) meet environmental goals and targets established by environmental and sustainable development strategies. Whenever possible, SEA also assesses likely environmental impacts of specific activities which are

implemented as a result of strategic action. Two approaches to SEA can be distinguished: 1) Impact assessment approach: extension of standard EIA procedure (emphasis on forecasting), 2) Objective-led appraisal: integration of environmental objectives into sectoral planning and programming (emphasis on back-casting) – some elements present in traditional environmental evaluations of spatial plans in CEE.

In practice, however, the provision mentioning SEA (as part of the EIA law) is not enforceable and in general the strategic environmental assessment (SEA) is not implemented in Slovakia for several reasons. First, SEA, as was said, is not mandatory for preparation of strategies and plans. Second, the act does not request any standard procedures for SEA, which opens space for public authorities for very broad and arbitrary interpretation of the law, including no assessment. As was mentioned above, there was no SEA of the National Development Plan and Operational Plans, (which are basic program documents for EU structural and cohesion funds) and ex-ante evaluation took place instead.

4) Currently, basically three types of evaluation in programming are used in Slovakia: ex-ante, interim, and ex-post. The ex-ante evaluation is performed as the communication-based process, which was part of the preparation of the main strategic documents. Evaluation was governed by the methodology pursuant to *Council Directive 1260* from 21 June 1999 and “*The Ex-Ante Evaluation of Structural Funds interventions. The New Programming period 2000-2006 methodological working papers, WP 2, European Commission, Directorate-General XVI Regional Policy and Cohesion*“.

Box No X: The use of ex-ante on the example of the *National Development Plan* (NDP) programming:

Ex-ante evaluation of the NDP emphasises particularly following issues:

- Reasons provided for the country needs and relevant interventions of public sector;
- Consistency of NDP both internal and external towards other Operational Programmes (OP) and objectives of economic and social cohesion policy of EU (ESC);
- Links to existing ESC policies in Slovakia;
- Links to horizontal objectives of European ESC policies;

Specific focus of the evaluation was based on special conditions of the Slovak Republic as transition economy and a candidate country of EU. That is why evaluation concentrated on the issues significant namely from future NDP implementation and objective correctness point of view. In case of Slovakia these are especially:

- Specification and problem focus of the NDP;
- Narrowing, limiting the objective scope of NDP related both to shorter implementation period 2004 – 2006 and comparably limited amount of financial resources available for the implementation;
- Relevance of NDP and the interventions proposed for the period after accession to EU
- Consistency of NDP and links to Operational Programmes; logic and internal connections of proposed public interventions related to NDP objectives and strategy;

Performed activities concentrated on the following key areas: lessons learnt from results of the previous evaluation (evaluation of *National Plan of Regional Development*), analysis of assistance areas, objectives and strategy, priorities and measures, quantification, implementation and monitoring measures.

Based on the results of previous evaluations, basic lessons pursuant to preparation of NDP were identified, primarily in the following areas:

- Programming – ensuring logic and relevance of adopted strategy
- Management – higher level of co-operation and information exchange between individual managing authorities upon defining of strategies, formulation of priorities and measures, adherence to the methods for Structural Funds upon elaboration of programming documents
- Partnership – active involvement of partners in work groups at the level of individual managing authorities
- Evaluation – the system of relevant measurable indicators.

Upon work on the ex-ante evaluation of *National Development Plan* a system of indicators was established on the base of official statistics and indicators based on financial and physical indicators. As part of the quantification, an econometric model on the base of HERMES was developed for the purposes of quantifying expected impacts on the level of global objectives, key objectives of EU policies and objectives of economic and social cohesion. The ex-ante evaluation was officially procedurally carried out in the form of consultations and by elaboration of base materials for the Managing authority for NDP.

Evaluation of external coherence was focused on assessment of compliance of measures of the NDP with main areas that may be supported via ESF. Individual measures were evaluated from the perspective of the impact on the scope of jurisdiction of ESF, which is specified in more detail in Council Regulation 1784/1999. Evaluation of internal coherence was focused on assessing the mutual connections and logic between the global objective, specific objectives, priorities and measures of the programming document.

*Source: ministry for Construction and Regional Development*

## **b) Types of measurement**

### **1) Indicators of sustainable development**

The Slovak Government in its *Resolution 655 (of 16 September 1997)* concerning application of Agenda 21 and evaluation of indicators of sustainable development assigned the Ministers and the Heads of other central state administration authorities of the Slovak Republic “to evaluate application of the individual Chapters of Agenda 21 and indicators of sustainable development in the Slovak Republic in accordance with the UN requirements and methodology and according to designated responsibility”. Within the context of complex evaluation (annual Slovak Country Profile) the Ministry of the Environment prepared “The Conception of Application of Agenda 21 and Evaluation of Indicators of Sustainable Development in the Slovak Republic (1997) that committed central state administration authorities assess progress on particular Chapters of Agenda 21 based on the UN indicators and

methodology. Starting from 1998, particular bodies responsible for indicators of sustainable development requested the *Office for Statistics of the Slovak Republic* to include relevant statistic indicators into the Programme of the State Statistic Data Gathering. The Office for Statistics was supposed to take upon responsibility for evaluation of indicators in the way it is currently accomplished by Statistical Office of the EC. This part of the Resolution remained unfulfilled, though a number of indicators monitored by the Office for Statistics are identical with UN indicators of sustainable development. Resolution of Government 978/2001 that approved Slovak NSSD, required also evaluation of indicators, which should be based for monitoring of NSSD on annual base.<sup>12</sup>

In 2001 REC Slovakia published bulletin where a set of 57 selected indicators (of those adopted by UN Commission for Sustainable Development) is assessed.<sup>13</sup> This set comprises 4 main areas of sustainable development, within the comparative context at international and regional level. Selected indicators are evaluated also in annual "Report on the state of environment" issued by the Ministry for the Environment.

At regional level there was no specific evaluation of indicators for SD in Slovakia. In Human Development Report in 1999 were evaluated indicators for quality of life and modified index of human development for the regions of Slovakia.<sup>14</sup> At local level, indicators for sustainable development were in Slovak republic used in duration of only two projects: 1) program "Sustainable Cities" coordinated in 1997-2000 by non-governmental agency ETP and 2) methodological application "Common European Indicators", implemented in 2002-2003 by REC Slovakia. In Slovakia there is only one publication, which in detail is focused on problematique of indicators of SD at local level.<sup>15</sup> Although the publication is focused specifically on cities, its conclusion can be applied also for villages and micro-regions. According to authors, "indicators of SD are "measurable data, that are offering information on what activities on the territory of the city are geared towards sustainable development" (Huba, 2000).

### **c) Harmonization**

Within the framework of the legal and institutional context of SEA in Slovakia, the *Ministry of Environment* is a key player. However, experience from implementation of the paragraph 35 of 127/94 *EIA Act* do not provide for much optimism in the future. In 2004 Directive on SEA enters force, which might substantially change the system. Taking into account limited capacity and resistance to the policies and plans evaluation, there is need for coordinated effort from side of the civil society and the EU in order to implement this legislative. SEA Directive will also influence post-2006 round of programming of the EU financial instruments for regional solidarity - structural funds.

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<sup>12</sup> Relevant statistic indicators were asked to be included into the Programme of the State Statistic Data Gathering, by June 2003.

<sup>13</sup> For more see Mederly, P. (2002), Indicators for Sustainable Development, REC, Bratislava

<sup>14</sup> For more see Vagac L., ed. (1999), Human Development Report for Slovak republic, UNDP Bratislava

<sup>15</sup> Huba, M. ed (2000), Indicators of Sustainable Development for Cities, STUZ, Bratislava

In principle, ex-ante evaluation can substitute SEA; however, there were specific weak sides in the Slovak case. Experience of Slovak NDP programming indicates that ex-ante evaluation cannot be considered a full substitution of SEA. As was shown on the case study example, ex-ante evaluation of the National Development Plan was not a public processes, (instead, private companies were contracted to make the job), either ToRs for ex-ante evaluations or final reports did not undergo a public scrutiny. There is a necessity to prepare a bill for the SEA Regulation (the proposal is under preparation in the Slovak Republic). However, any good methodological regulation requires willingness of all parties involved in the SEA process to cooperate, have goodwill and possess an interest, in realizing environmentally friendly solutions with respect to sustainable development (Kozova, Szollos, 2001).

The SEA regulations will definitely need to accept public as a partner. So far, Article 35 of the EIA Act does not determine an arrangement for participation of other subjects besides *Ministry of Environment* and the proponent. An effective SEA needs to ensure SEA documentation and related materials available in user-friendly-manner open for the public. We believe that active participation of the public is essential. We suppose that public will play an important role in control and evaluation.

## **5. Analysis of Regional Sustainable Development**

### **a) Experiences with regional sustainable development**

1) What concerns the governance system, there is three-tier administrative structure pertaining regional policy in Slovakia: central level (central government), regional level (regional and district offices, higher territorial units) and local level. Slovak local administration system is based on two components – self-government and local state-administration. State administration is hierarchical, whether self-government is a hierarchical system. Self-governmental branches of local administration have their own administrative bodies, the regional office, the magistrate office and the municipal office. In addition to these official structures there are other organizations such as regional development agencies, professional associations, NGOs, non-for-profit organization, scientific agencies (e.g. Slovak Academy of Sciences, universities, etc.), which are supposed to participate in the implementation of regional policy. There is structural and functional difference between central state administration and self-government administration, stemming from the different underlying principles. These differences lies basically in the fact that state administration represents a hierarchically vertical structure, whereas self-government represent horizontal structure where hierarchical system does not exists, either in relations among self-governing subjects or with regard the state administration (Faltan 2002). There is an independence of the self-governmental administration in decision-making, however, as independent researches suggest, there is influence of central-power on local self-government bodies in decision-making (Malikova, Staronova, 2001).

2) Consistent cross-sectoral policy integration with focused on sustainability on national level in Slovakia is difficult to achieve. Although limited institutional and market-based integration occurred (e.g. in energy, transport, agriculture) progress in full integration of environmental concerns into the economic policy and developmental strategies is weak. Based on the experience from pre-accession assistance, we assume that the Structural Funds and other EU directives will facilitate and strengthen the sectoral integration both at national and at regional level. We also assume that binding implementation of sustainability evaluation methods (e.g. SEA) into sectors could make deeper cross-sectoral policy integration inevitable. The most probable scenario is further continuation of inclusion of environmental concerns into market system in sectors such as energy and transport. On the other hand, in the light of tax reform which is currently undergoing in Slovak Republic, introduction of any coherent and profound eco- taxation system is improbable in near future.

3) Regional sustainability evaluation as a systematic objective process does not have a solid base in the current development policies in Slovakia. In the sphere of individual project evaluation, basic performance is placed on the *Act on EIA* (Act No 127/1994), which was amended on the basis of the EU directive of EIA (1997) and which is implementing detailed criteria for screening and completed the list of the relevant projects. The *EIA Act* in the Slovak Republic provides for the procedure for the complete expert and public assessment of planned construction, and other investment activities. The EIA Act provides for the content, proceeding and participation and the precise technical assessment of the environmental impacts based on generally binding acts, degrees and regulations in the field of

environment (e.g. air protection, water management, nature and landscape protection). Weak sides: There were some cases of “salami slicing” of new projects in order to get below thresholds and to avoid EIA - e.g. in the case of hypermarket chains. Another problem with EIA is that in the process of screening different authorities are involved and the relevant criteria based on EIA Act can be understood in a different way.

Although there have been reported some problematic cases, which were subject of strong criticism and pressure of non-governmental organizations and public, information from EIA reports and requirements are considered and respected in the decision making process. Despite its weaknesses, which are basically that EIA is individual project evaluation and cannot be considered integrated framework, EIA is rather apt instrument for sustainability evaluation. With emphasis on improvement of external and internal conditions of public participation, EIA can be effective both democratic process and technical tools for sustainable policy application.

4) In programming, the *EIA Act* in its Art. 35 calls also for the evaluation of proposals for certain development policies and legislation from the point of view of their presumed impact on the environment, which forms the base for the SEA. There were several examples when SEA was executed in Slovakia: e.g. *National Strategy for Water Management of the Slovak republic, Energetic Policy perspective until year 2005 with outlook towards 2010*. However, in practice the provision on SEA are not enforceable and SEA in Slovakia is basically not implemented. SEA was not used in programming for the EU structural funds and ex ante evaluation was in act instead. There is still unclear situation what will happen when the EU directive on SEA will come into force in 2004. We strongly suggest that with respect to evaluation of regional sustainability programming, SEA provide in conditions of Slovakia the most apt and progressive method. It is, in a sense, a “bridge” between individual project evaluation and integrative framework evaluation. It has its potential to balance availability of data and resources with technical complexity and human capacities. At the same time it can play a multiple role - it can act as capacity building process, evaluation process and policy decision-making process.

5) We hold that general influence on the quality of the RSD might be determined by the compliance to the partnership principle, as a matter of mutual interaction between different stakeholders – private sector, government and citizens. Even if interests of those players might be naturally antagonistic, “partnership” might serve as the base for enjoying the democratic right called “equality of opportunities” (in pursuing different players’ own particular interest). Broadening of the group of stakeholders and empowering them with equal rights is conducive to the principle of participative democracy and results in fair competition of interests.

In the process of programming for the EU pre-accession funds and structural funds in Slovakia, however, weak partnership resulted in diminished role of some stakeholders. According to independent research, e.g., community-based interests groups were put into disadvantageous position vis a vis of infrastructure projects’ interests groups (CEPA, 2002). Weak partnership was caused by external factors, such as no clear binding rules, and bad coordination, as well as internal factors such as weak communication between different programming committees, lack of coherent

strategies for sustainability in programming, lack of knowledge on regional policies of the EU, insufficient commitment for respecting democracy principles.

### **b) Practical implications of regional sustainable development**

On the national level, in “top-down” approach, the UNDP funded project *Capacity Building for Sustainable Development in Slovak Republic* resulted in elaboration of *National Strategy for Sustainable Development (NSSD)*. According to NSSD the basic orientation of the country should be a long-term and complex development in accordance with principles of SD, in which environmental consideration and sustainable use of natural resources are to play primary role (NSSD 2001).

Most relevant initiatives linked to regional sustainable development and its “bottom-up” approach in Slovakia has been realized within the framework of the Local Agenda 21. Objectives of Local Agenda 21 were to define principles, priorities and goals of regional development in accordance with the sustainable development tenets, based on consideration of both socio-economic and environmental aspects. The bottom-line of all these processes has been cooperative approach - involvement of self-governments, central state-administration, business, agencies, non-governmental organizations and civic associations in the programming and implementation. Thus, the principles of partnership in bottom-up approach were considered as equal to local communities’ development.

Local Agenda 21 in municipalities and micro-regions took into account the existing territorial plans and territorial planning background as well as other strategic and planning documents in the field of the environment, sustainable development, economic and social development both at national and regional levels. Moreover, local development initiatives were supposed to consider also planning documents related to pre-accession financial assistance of the EU in respective regions (e.g. Regional operational programme for corresponding NUTS III, Regional Development Plan).

Given the specific circumstances in Slovakia as a country undergoing deep economic and consequently social structural changes, it is desirable to use for local initiatives for SD (such as LA 21) systemic approach that would take account the top-down guidance but also build on innate potential of local communities. The vehicle for this should be achieved via the means of participatory approach. As was empirically corroborated a successful approach is often a partnership between different stakeholders, in which self-government formulates and implements its own local development initiatives. Self-governments need to understand various dynamics operating in their area in order to be able to cooperate and making an attempt to reconcile public interests with private ones. For further research on RSD initiatives concepts such as social capital, empowerment of stakeholders, multi-sectoral governance should be discussed.

### **c) General trade-offs**

1) General dilemmas of regional sustainable development are, in our opinion, embraced within the macro-economic policy’s framework. For long the idea of development was connected with the idea of growth. In market economy, the growth

is the result of economic cycle based on profit-maximizing and reinvesting in the way of minimizing costs. In economy, for producers there are basically three types of costs: taxes, payment of employees, and payment for the inputs needed to produce products. There is a long term private sector's policy of reducing the costs, which generally seeks to keep down the costs of inputs, doing this primarily by favoring the externalization of costs.

This performance (externalization of costs) we define as unsustainable policy, because it permits the producers not to pay their bills and e.g. allowing them to dump waste and toxic waste, not requiring them to pay the costs of renewing basic resources they have used, contributing producers essential parts of the costs via the construction of infrastructure necessary for the marketing of the products as well to obtain necessary inputs. This is sometimes complemented by attempts lobbying to water down environmental legislation on the grounds that this increases the costs of production. To make the mosaic full, prevailing tax system is based on the taxation of labor, production and profit and in this sense contributing to externalization of costs.

2) On the regional level we have the following picture: among the basic players there are industry and private sector production which both have legitimate requirements of "healthy" economic milieu, based on effectiveness and competitiveness. These requirements conflict with sustainability policies, which tend to include environmental aspects, and non-material needs into economic considerations. But how, for example, sustainable sources management can be reconcile with the requirement of effectiveness and competitiveness?

3) In our opinion, the concept of sustainability, in a sense, contradicts to classical liberal ideas of development. SD includes notions that might contradict to a profit-maximising behaviour and predominance of economic values. There are three core meanings in the concept of sustainability: a) concept is clear about necessity to employ environmental considerations to economic policy. It suggests not more to keep apart environment and economy but on contrary to integrate them. It claims it have to be the imperative for economy not more to ignore the environmental aspects. Even if SD does not stand for the "zero growth", the concept does not acknowledge growth generally, but rather it underscore "limited" growth, as for example advance of renewable substitutes. b) the integral part of the sustainable development is appeal to equality. It implies not only the creation of wealth and protection of natural resource but also equal and just *redistribution* of resources and necessity to resolve problems such as poverty, unemployment, and unmet non-material needs. c) It includes also non-economic components in welfare and "intangibles" as natural beauty, aesthetics. It includes also qualitative indicators such as health of the people, education, quality of housing etc. Thus, the SD, understood in its entire three meanings tends to reverse policies by which production seeking to reduce costs in order to expand. The basic contradiction then arises if "sustainable development" is questioning paradigm of "development" that has been bottom line of any social reality in modern times.

4) The general trade-offs in regional sustainable development as interplay of contrary objectives pursued by different stakeholders can be best illustrated by the case of, so called, "policy of investment incentives" for foreign production. We know that foreign direct investments are necessary instrument to attain economic growth with its

beneficial impact on regional employment and living standards. However, those policies in practice were often stimulated by unsustainable steps such as “tax holidays” reducing revenues to the state budget and exemptions for investors from environmental regulations and laws that threatened environmental protection and generally lowered environmental standards. Also the European Commission permanently raised questions about the controversial tax holidays for investors in Slovak Republic. It is important to note that tax holidays involved substantial sums of money which – oftentimes at variance with the state aid regulations – reduce the revenues of the state budget.

Case study:

According to the information provided by the Central Tax Directorate, during the 1999 taxation period, the corporate income tax relief under Government Regulation No 192/1998 for Volkswagen Slovakia amounted to SKK 1,318,235,600 (app. € 31.2 million). In the tax year 2000 alone, seven companies enjoyed tax relief under §35 of the Income Tax Act in the aggregate amount of SKK 916,685,390 (app. € 21 million). In the same year, 45 companies benefited from Government Regulations No 145/1993 and 192/1998 and their total tax relief reached SKK 1,687,543,623 (app. € 38.6 million). Even these figures do not represent the total sum of tax relief granted in conflict with the state aid rules. The audit of the State Aid Office, conducted by the Audit Section of the Slovak Government Office in May and June 2001, concluded that in 8 out of 10 randomly selected transactions worth SKK 11.5 billion (app. € 263 million), the SAO approved state aid in conflict with the State Aid Act (231/1999).

*Source (Center for Environmental Policy Advocacy, 2002)*

5) The general challenge arises to reconcile between growth strategies underpinned by deregulation and low costs’ competitiveness and policies of sustainability based on non-material concerns. The shape of the regional policy will depend on configuration of power structures and corresponding strategy of main stakeholders. We assume that partnership applied on regional level in this case can alleviate adverse impact of the interplay between production on the one side and environment and citizens on the other. The question remains, to what extent voluntary partnerships, formal and informal networks can result in procedural changes and reconciliation of economic growth and environmental concerns?

#### **d) Top-down and bottom up relations**

Strategies on national level provide a necessary framework for local initiatives. However, danger is that they turn into a top-down approach in which local communities are not developing their own plans but rather plans from “above”. Based on several best practices and going beyond them, we assume that the most successful approach will be building up partnership with social partners in which local actions are done independently however under the guidance. We strongly assume that it is a democratic right of citizens and citizen associations to participate together with other stakeholders and interests groups on the decision-making on allocation of financial resources in regional policies. Based on the best practices, it can be concluded that if citizens are genuinely given that right to raised their voice they

might effectively shift local development policies from unsustainable towards its sustainable forms.

In pursuing aforementioned objective, there are several main issues in Slovakia: a) interaction between “weak” stakeholders (citizen associations, NGOs) and “strong” stakeholders (central state-administration, private sector) is generally not satisfactory, b) the public so far has not been properly represented in monitoring and use of the EU pre-accession funds and in programming for EU structural funds, c) non-governmental and non-corporate actors have feeling that vested interests of industry and private sector, given their position in power-structures, have been finding their way more successfully than concerns of “ordinary” citizens and ecological consideration.

Wide and effective interaction between social partners (governments, business, the public etc.) is promoted by the EU on the national and regional level. Partnership in structural funds assistance should cover the area of preparation, financing and monitoring and evaluation of structural funds. We think that not all these prerequisites have genuinely been met in Slovakia. Although independent citizens organizations have formally obtained representation in some monitoring committees (although not in all of them) they could not compete in access to information, abilities for programming and capacities for utilization of EU funds vis-à-vis well-prepared powerful interests groups. As significantly weaker players citizens organizations should be therefore asking for further support via the mechanism of financial and administrative measures enabling participation in programming and also in operating EU funded projects.

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