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# FULFILMENT OF THE GOALS OF THE LISBON STRATEGY THROUGH REGIONAL CO-OPERATION

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IVETA FABIANOVÁ

## Introduction

At the Lisbon Summit in March 2000 the heads of 15 EU member states set themselves a strategic goal for the next decade, namely to transform the EU, by 2010, into “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.”

External events since 2000 have not helped achieving the objectives. What is more, the European Union and its Member States have clearly themselves contributed to slow progress by failing to act on much of the Lisbon strategy with sufficient urgency. This disappointing result of their performance is due to an overloaded agenda, poor co-ordination and conflicting priorities. However, the key role played has been the lack of determined political action, mostly in the biggest EU member countries.

There are 250 regions in the European Union, each with a different level of development and wealth. With the ten new members, disparities among the regions have become even worse thanks to the poor economic and social conditions of some of the newcomers. Therefore, regional co-operation could play a crucial role in enhancing EU-competitiveness and boosting its economic potential.

The key words in regional competitiveness today are innovation, networking, exchange of skills and experience, and co-operation, whether interregional or transborder.

**Key factors in regional competitiveness<sup>1</sup>**

In its seventh Report on European Competitiveness (2004), the European Commission's DG Enterprise defined the five principal factors in regional competitiveness. Accessibility was in pole position. Many studies show that regions which are well served by intermodal transport—being close to an international airport or with a regional airport connected to an international hub were judged as key advantages—and a modern telecommunications network were in a prime position. A strong entrepreneurial culture, with the ability to connect innovative enterprises to academic or research centres in the public or private sector, was just as important as the presence of high-tech clusters in attracting fresh investment or business. Enlightened regional government or an active public authority, able to create a common vision, build a strategy and bring partners together complete the list of factors for success. Bringing partners together is particularly important in encouraging a multidisciplinary approach to development, stimulating interaction and creating public/private partnerships. Co-operation in turn is a vital element in the transfer of skills and exchange of experience, and this helps develop the information society.

**Regional Policy and Co-operation**

The regional policy of the European Union helps less-developed regions to improve their economic and social development. It is based on solidarity, partnerships and co-operation.

There are three main objectives on which the Structural funds concentrate. Namely:

- to help regions whose development is lagging behind to catch up
- to support economic and social conversion in areas experiencing structural difficulties
- to modernize training systems and to promote employment

European regional policy is financed through the four Structural Funds. In all the member states of the EU they exercise a multiplier effect on the economic and social factors in order to stimulate the economy of a region.

The European Union has started four Community Initiatives to find common solutions to specific problems affecting the whole Union:

<sup>1</sup> Assembly of European Regions, Dossier No. 8/2005, p.4

- Interreg III
- Leader+
- Urban II
- Equal

Slovakia participates in two of the Community Initiatives: Interreg and Equal.

## **INTERREG**

In 2004, the European commission approved nine new programmes for cross-border co-operation among regions of new member states, candidate countries, and neighbour-countries. There are also four programmes in which Slovakia is involved.

The primary goal of the INTERREG III, which is a continuation of INTERREG II, has been and still remains that national borders should not hinder balanced development and integration of the European territory.

The importance of improved co-operation between border regions within the Community remains significant, with benefits for both sides. The challenge becomes even greater, when we take into account Europe's enlargement, the growth of Europe's internal borders and their movement in an eastern direction.

The financing of the INTERREG programme focuses mainly on the support of joint development of small and medium enterprises, education, training initiatives, cultural exchanges, health services, protection and improvement of the environment and development of energy, transportation and telecommunication networks in border regions.

In this regard, the goal of the new round of the INTERREG III programme for the years 2000—2006 is to strengthen economic and social coherence in the European Union by promoting cross-border, trans-national and interregional co-operation and balanced development on EU territory.

Implementation of the INTERREG III must ensure cohesion and synchronisation with other financial tools. Activities within the INTERREG are financed from the European Regional Development Fund (ERDF); the co-financing of projects must be ensured from the applicant's own sources, or from the national or local budget.

According to the published financial framework for structural funds, the Slovak Republic should receive from the European Commission 36.8 million Euros within the INTERREG programme (all three aims A, B, C) between 2004 and 2006.<sup>2</sup> According to the experience of EU member states and according to INTERREG guidelines, the allocation of funds between the three aims should look as follows:<sup>3</sup>

INTERREG III A—ca. 80-85 %

INTERREG III B—ca. 10-15 %

INTERREG III C—ca. 5 %

Based on Government Resolution No. 359/2002, it was decided that the Ministry of Construction and Regional Development of the Slovak Republic would become the managing authority for INTERREG III A, the Ministry of Environment of the Slovak Republic for INTERREG III B and the Ministry of Economy of the Slovak Republic for INTERREG III C. As results from this resolution, the mentioned institutions are obliged to prepare a strategy to implement the INTERREG programme.

INTERREG III A programme, which, after Slovakia's entry to the European Union, replaced the Phare Cross-Border Co-operation (PHARE CBC) programme. In principle, INTERREG III A is a continuation of the PHARE CBC programme, which created favourable conditions for convergence of the people through joint projects in border regions of Slovakia.

The strategy of the INTERREG III A programme is based on the National Development Plan (NDP) and is an extension of the Sectoral Operation Plans (SOPs), which were prepared in connection with Slovakia's preparation for structural funds. Unlike the PHARE CBC, which concentrated on large-scale investment projects with projects costing up to 2 million EUROS, the INTERREG III A programme focuses on the support of smaller, mainly non-investment projects aimed at developing cross-border contacts (known as people-to-people projects).

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<sup>2</sup> Strategy of the Ministry of Construction and Regional Development of the Slovak Republic for successful implementation of the INTERREG III A programme.

<sup>3</sup> Strategy of the Ministry of Construction and Regional Development of the Slovak Republic for successful implementation of the INTERREG III A programme.

There are four programmes of INTERREG III A in which Slovakia participates:

- Slovakia—Austria
- Slovakia—Poland
- Slovakia—Czech Republic
- Slovakia—Hungary—Ukraine

INTERREG III C programme presents a new branch of INTERREG which focuses on inter-regional co-operation. It is based on experience acquired from other financial measures and structural funds. Its main aim is to enable the use of experience gained during the implementation of the structural funds programmes as well as relevant regional policies. In this way INTERREG III C can maintain contact with distant regions and develop the existing co-operation network by involving a maximum possible number of European regions. This should help intensify the co-operation in Europe. Slovakia is involved in the “East Zone” of the programme.

Since 1993 there have been 12 euro-regions in Slovakia. The Government of the Slovak Republic helps the regions with the financial support from the Ministry of Construction and Regional Development. It also established an independent System for support of euro-regional activities (SPERA), which helped the euro-regional institutions manage their projects and perform their activities. In the Slovak regions there are 31 regional development agencies that are currently active in providing support for the regions.

In 2003 and 2004 there were 99 applying projects of which 66 were supported by the Ministry. In the year 2005 about 9 million SK should have been invested in support of the euro-regional activities of which 6 mil SK should have gone on projects which concentrate on deepening cross-border co-operation, co-operation with higher territorial units, and members of the integrated networks of regional development agencies. Three million SK should be invested in activities of the regional associations, whereas the Ministry can support one project with up to 300 thousand SK. 10% co-financing must be ensured from euro-regions’ own sources.<sup>4</sup>

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<sup>4</sup> Hospodárske noviny (daily newspaper), 13.4.2005, p.17

***Euro-regions in Slovakia:***<sup>5</sup>

- Euro-region Váh–Dunaj–Ipel’
- Euro-region Beskydy
- Ipel’–Ipoly Euro-region
- Euro-region Bílé–Biele Karpaty
- Euro-region Neogradiensis
- Euro-region of the Danube community
- Euro-region Tatry
- Euro-region Slaná–Rimava
- Carpathian Euro-region
- Euro-region Kras
- Euro-region Pomoravie
- Euro-region Košice–Miskolc

**Examples of Euro-Regional Co-operation in Slovakia*****Beskydy Euro-region***

The region has an area of 4,473 sq km and more than 900 thousand inhabitants. It involves border areas of Slovakia, Poland and the Czech Republic and could be the leader of tourism in Slovakia. The District of Žilina has signed agreements with the District of Katowice, the District of Krakow and Ostrava. The co-operation is supposed to enhance the economy of the Districts, small and medium enterprises, local planning, environmental protection, road infrastructure, as well as tourism and intercultural issues. The border regions have great opportunities. The province of “Slaskie” is the most industrialized region in Poland, the province of “Malopolskie” belongs to economically strong regions in Poland and its area holds six national parks and 80 natural reservations. The region of “Moravskosliezsko” has a significant position in the metallurgical, power, chemical, and pharmaceutical industries in the Czech Republic. In previous years there were some projects financed by the Ministry of Construction and Regional Development of the Slovak Republic and the programme Phare. Most of the projects concentrated on promotion of tourism in the euro-region of Beskydy. However, there still remain some problems with

<sup>5</sup> Ministry of Construction and Regional Development, [www.build.gov.sk](http://www.build.gov.sk)

their implementation. Some of these are the lack of action, old governmental agreements among the Czech Republic, Slovakia, and Poland which do not correspond with the undertaken steps in the countries, reform of the legal system, large-scale centralism and undervaluation of the principle of solidarity. What is more, the relevant help in cross-border co-operation from the regional development agencies is still absent. A common information centre or web-site is not available. The reason for this inefficient action is long-term and difficult adaptation on the part of the regions to their new competencies in regional development and cross-border co-operation. Regional programming and planning is undervalued. There are no executive competencies in euro-regions, there are no executive competencies in the dividing of grants for cross-border co-operation. There is insufficient use of gained experience and of personnel potential in the creating of strategic and development plans.

### *Neogradiensis Euro-region*

The region is one of the best examples of the developing Slovak—Hungarian cross-border co-operation in the region of Banská Bystrica. The euro-region was established as an association of legal entities in March 2000. Its Slovak area includes the districts of Lučenec, Poltár, and Veľký Krtíš, the Hungarian area being the district of Nógrád.

In 2001–2002 both sides created strategic development plans. Since its creation the regional co-operation has been devoted to project activities, mostly in the form of exhibitions and conferences held for small and medium enterprises, and to the development of Slovak–Hungarian economic relations. They have also presented an urban study of the cross-border area of Lučenec–Salgótarján, organised regional information meetings and a joint “Region Kontakt” business exhibition in Lučenec. In 2002 they created working groups for the development of an activities strategy in the region, organised language courses and an international conference on increasing of quality in education. Currently they are concentrating on the individual results of their co-operation. They have conducted a study on construction of a bridge over the river Ipeľ and carried out the “Programme of economic and social development” of three micro-regions in Lučenec, Poltár and Veľký Krtíš.

*The Austrian-Slovakian Border Region*

On the Austrian side, the Austrian-Slovak programme area includes the three Lower Austrian NUTS III regions of Weinviertel, Wiener Umland Nord, Wiener Umland Süd, Nordburgenland and the capital, Vienna. On the Slovak side, it includes the counties of Bratislava (with the urban districts I-V and the districts of Malacky, Pezinok and Senec) and Trnava. In historical and economic terms, it has long existed as a region with two urban centres, and that heritage is to be revived.

The region has developed dynamically since the opening up of the borders — it is highly dynamic, advancing from a low level in Nordburgenland, which is also true for the Bratislava Region in Slovakia (the strongest region in Slovakia).

Despite the progress achieved in catching up, it is the disparity in the levels of prosperity and development, with all of the positive and negative consequences this implies, that poses the greatest challenge to the goal of establishing functioning cross-border relations.

Contacts and exchange at the personal, economical and political levels have a long tradition along this border region and offer an excellent starting position for establishing and intensifying relationships on a regular institutionalised basis.

There are many factors which make the Austrian-Slovak border region interesting and potentially successful:

1. Its central geographic position (intersection of three countries and very good accessibility).
2. The Vienna–Bratislava–Győr triangle is highly attractive to potential investors and has positive development perspectives.
3. Long-term existing cultural and social relationships between the two capitals (economic and political centres).
4. Highly qualified labour force and high level of qualification and education of the population. (University centres)

Companies from Vienna are the biggest investors in Slovakia and represent almost 50% of all Austrian investments. From 1,700 Austrian companies that are operating in Slovakia 750 come from Vienna. For the last three years the number of firms from Vienna has increased by 200.<sup>6</sup>

Bratislava has a very strong potential to co-operate successfully with the Austrian border region. Some of the most important strengths of Bratislava region are:

1. Very favourable education level of its inhabitants.
2. It is the strongest economic centre of Slovakia with the highest share of foreign investment and high economic activity.
3. It has a multi-branched structure of economic basis and activities with the prevalence of tertiary sector.
4. There is a strong position of small and medium-sized enterprises with supra-regional importance.
5. Bratislava is a centre of research institutes, universities and other educational institutions and facilities.
6. Transport accessibility on the national and international level is in a very good condition with a complex transport system.

The international cross-border region of Vienna-Bratislava is a prime example of regional co-operation and its beneficial effects on development and growth.

Numerous projects between these two countries are developed within the European Initiative Interreg. For example, one of the projects concentrates on cross-border development of programmes in the area of the National Park “Danube–Auen”. Another project is launched by “Osterreich Werbung”, the aim of which is to support tourism in the Danube area.

EU programmes such as INTERREG have developed incentives to co-operate, but the clarification of policy priorities and the building of sustainable cross-border institutions are still in their early stages and require more active local engagement. The Vienna–Bratislava region has significant potential to build a learning region. It has a solid knowledge infrastructure, a large knowledge base and expertise provided by numerous universities and Fachhochschulen. Appropriate co-operation between research institutions and firms across the border will not only increase opportunities for growth but will reduce the brain drain and upgrade the technological infrastructure of the Slovak capital. If in co-operation with the national level, regional policy makers succeed in

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<sup>6</sup> Hospodárske noviny, special supplement “Rakúsko-Slovensko 2005”, June 2005

removing the remaining barriers, actively fostering cross-border interchange and enhancing economic convergence in the area, the Vienna-Bratislava region could become a growth engine in Central and Eastern Europe and a model for other cross-border regions.

One of the most inevitable conditions for the improvement of the cross-border co-operation between Austria and Slovakia is creation of a traffic infrastructure. One part—the joining of Slovakia to the Austrian highway network—is still absent. This linking gap should be finished by 2007. Another obstacle to full exploitation of the opportunities between Bratislava and Vienna remains: a bridge over the river Morava.

On April 24, 2005 a number of applications for financial support within the INTERREG III A were approved by the common managing committee. The projects were selected according to five measures declared in the National Development Plan.

*Some of the projects approved:*<sup>7</sup>

- Spolu Plus (applicant: National agency for the support of SME) with the total cost of 907 100 SKK.
- Susedia si navzájom pomáhajú (applicant: Slovak chamber of commerce and industry—SOPK) with the total cost of 905 400 SKK.
- IDOSAR (applicant: Slovak agency for development of investments and business—SARIO) with the total cost of 2 393 600 SKK.
- TURISTINFO (applicant: The capital city of Bratislava) with the total cost of 1 276 263 SKK.
- regional cross-border centre (applicant: Municipality Záhorská Ves) with the total cost of 1 985 900 SKK.
- National employment strategy (applicant: Higher Self-government Unit of Bratislava) with the total cost of 4 926 952 SKK.
- ELSTRUC (applicant: Slovak Technical University) with the total cost of 15 620 110 SKK. And others.

50% of the total cost of each of the projects is to be financed by ERDF.

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<sup>7</sup> Ministry of Construction and Regional Development, [www.build.gov.sk](http://www.build.gov.sk)

JORDES+ (Joint regional development strategy for the Vienna–Bratislava–Győr region)

The most perspective region among more than 400 researched within Europe appeared to be the Vienna–Győr–Bratislava triangle.

A very important impulse for foreign partners and investors is a successfully developing group of big companies with foreign participation. To the most important belong the companies Volkswagen, MOL/Slovnaft, Henkel, Sasol, Coca-Cola and others.<sup>8</sup>

The project aims at setting up a common development strategy for Vienna–Bratislava–Győr region, the focus being the development of a regional planning and project development strategy that can be coordinated and accepted between the partners and the political organs in the region.

## Conclusion

Regional development policy is one of the key factors of a successful Europe. Innovation, SME (small and medium enterprises) networking and co-operation are the key to regional competitiveness and its sustainable development.

The position of the euro-regions in Slovakia has been improving. However, the lack of personal involvement of the management and people working in individual regional agencies and unclear delegating of executive competencies contribute to a relatively slow development and inefficient use of personnel and financial sources. There are many challenges and opportunities in regional co-operation that have not been used yet and that could provide great potential for the future economic and social development of the Slovak regions and contribute to the fulfilment of the goals of the Lisbon Strategy set by the European Union.

Therefore it is inevitable that the position of the euro-regions in Slovakia remains important in the programme period of 2007–2013. That requires some organisational changes in the inner structures and in the co-operation with individual higher self-government units. Euro-regions are not only classic interest associations of legal entities but they can also be developers of activities

<sup>8</sup> Lysák, L.: Slovensko v procesoch neoregionalizácie, In: Aktuálne problémy svetovej ekonomiky, p.100

in the area of cross-border co-operation. They can significantly contribute to building formal partnerships and provide public services for municipal entities and other institutions. Efficient financing is very important for the long-term and sustainable function of euro-region stabilisation.. Currently the membership contributions do not even cover the operating costs. Therefore the most important source of finance should be successfully implemented inter-regional projects.

An effective international cross-border co-operation requires common structures to prepare the programs, to involve the parties concerned, to select the activities, to control the system as a whole, to coordinate and monitor programme implementation, and to define a common mechanism for controlling individual measures and activities. The partners must set clear rules, make relevant arrangements and provide adequate resources to establish and run such structures, with the option of financing their operating costs from the programme and project results.

How the Slovak Republic and its regional entities will cope with the challenges and opportunities which the cross-border co-operation within the four programmes could offer remains to be seen.

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