

European Cohesion Policy in Slovakia

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

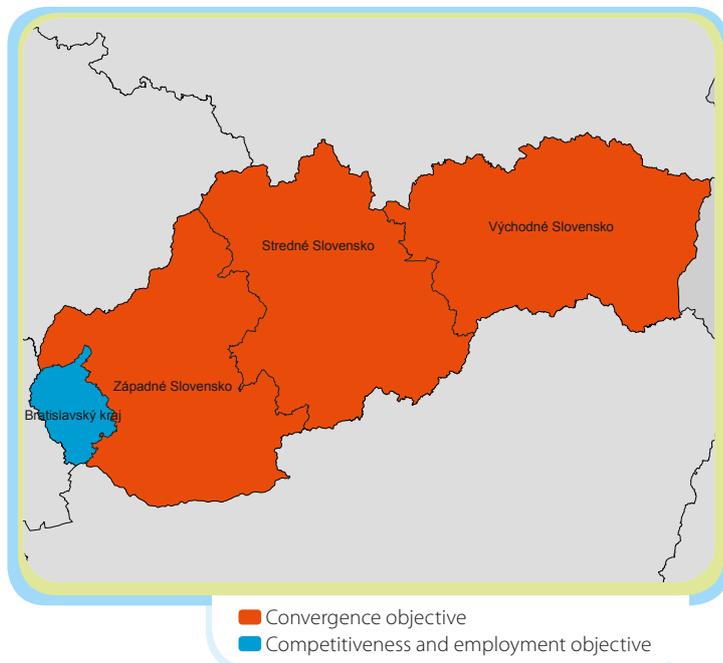
However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN SLOVAKIA

Slovakia became eligible for Structural Funds support when it entered the EU in mid-2004. The main objective of the development strategy was to tackle the major sources of regional disparities which were identified in the areas of infrastructure, human resources, industry and services and agriculture and rural development.

The majority of funding for transport infrastructure went to financing the reconstruction and electrification of selected railway lines and the integration of regional railway networks into the national trans-European network (TEN). For the roads, the priority was to reconstruct existing roads and to build new ones. Since 2004, Cohesion Policy in Slovakia has contributed to the modernisation and development of the transport sector with almost 100 km of railways being rehabilitated, 30 km of new highways and 24 km of expressways being constructed.

Cohesion Policy 2007–13



In the area of the environment, the funds assisted the construction of nearly 1 600 km of new sewerage infrastructure, which allowed for the connection of over 4 600 households. In addition, over 60 waste separation and recovery facilities were constructed or modernised, and 230 activities were financed to reduce air pollution.

In the field of human resources the main aim was to provide assistance to municipalities, individuals and organisations to tackle the most pressing problems relating to labour market development.

More than 400 small and medium-sized enterprises (SMEs) received direct support. Six business incubators and 16 industrial parks were built to facilitate the establishment of new companies. **Twenty-five research projects** were supported.

Concerning the local infrastructure, the policy helped to **reconstruct 99 schools, 17 hospitals, 24 social care facilities, 46 cultural facilities and 64 tourism development projects.**

A SNAPSHOT OF ACHIEVEMENTS SINCE 2004

- Construction of nearly 1 600 km of new sewerage infrastructure
- Direct support for 400 SMEs
- 230 activities to reduce air pollution
- Support for 25 research projects



European Union
Cohesion Policy

EUROPEAN INVESTMENT IN SLOVAKIA – 2007–13

For the 2007–13 period, Slovakia has been allocated **€11.7 billion** in total: €10.9 billion under the Convergence¹ Objective, €0.5 billion under the Regional Competitiveness and Employment Objective, and €0.2 billion under the European Territorial Cooperation Objective. The regions of Western Slovakia, Central Slovakia and Eastern Slovakia fall under the Convergence Objective, while the Bratislava region is the only region to fall under the Regional Competitiveness and Employment Objective.

Slovakia's strategic planning for the 2007–13 period is being implemented through 11 programmes. In the Western Slovakia, Central Slovakia and Eastern Slovakia regions, six sectoral programmes (including 'Information Society'; 'Environment'; 'Transport'; 'Health'; 'Competitiveness & Economic Growth'; 'Research & Development') and one regional programme are being implemented. A specific regional programme is being implemented in the Bratislava region. Additionally, one 'multi-objective' programme is covering the whole of the Slovakian territory. Two programmes are co-financed with the European Social Fund ('Education' and 'Employment & Social Inclusion').

FUNDS FOR SLOVAKIA IN BILLION € 2007–13

Objective	Fund	EU	National Public	Total
Convergence	CF	4	0.7	5
	ERDF	6	1	7
	ESF	1	0.3	2
Total Convergence		11		
Regional Competitiveness and Employment	ERDF	0.5	0.1	0.5
	ESF	0.03	0.01	0.04
Total Regional Competitiveness and Employment		0.5		
Total European Territorial Cooperation*	ERDF	0.2	-	0.2
TOTAL		11.7	2	13.7

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

It is expected that 58% of the total Community contribution will be directly invested in priorities on the growth and jobs agenda.

MAIN PRIORITIES OF COHESION POLICY IN SLOVAKIA – 2007–13

Almost one third of total EU resources, some €3.5 billion, will be invested to improve **transport infrastructure** and thus increase the accessibility of the Slovakian territory. There will also be a particular focus on developing trans-European networks for transport (TEN-T).

Protection of the environment, including protection and rational use of water resources, as well as flood protection, waste management, regeneration of nature and landscapes, risk prevention and support for renewable energies feature among the strategic priorities of Slovakia. Investments in those areas account for some €3.8 billion, or 34% of the EU contribution, while the allocation for **mitigating climate change** is about €1.7 billion.

The **water sector** will be supported with a €1 billion allocation. The projects under the 'Environment' programme will increase the number of people connected to public sewers to 4.4 million, the percentage of the population connected to waste water treatment plants to 81% and the proportion of the population supplied with drinking water from the public water supply networks to 91%.

The EU will invest some €2.6 billion in **research & development** (R&D) and innovation.

Slovakia has the highest allocation to **information and communication technologies (ICT)** in relative terms of any EU Member State, with ICT accounting for 10% of the country's total allocation, or roughly €1.2 billion. It is expected that as a result of the investments an additional 900 000 inhabitants will have access to a modern broadband network.

The investments targeting **energy efficiency** and **renewable energies** are estimated at some €169 million.

The development of entrepreneurship, especially among small and medium-sized enterprises (SMEs), is closely linked to **innovation**. Around €432 million has been allocated specifically for projects supporting the competitiveness and innovation of enterprises. Some 820 cooperation projects between enterprises and research institutions are expected to be supported in the 2007–13 period.

Over €173 million has been allocated to actions aimed at increasing the adaptability of workers and enterprises. A major part of the European Social Fund allocation, almost €547 million, will be invested in **training measures**. The activities will take into account the specific needs of disadvantaged population groups, including the Roma minority.

Through the actions planned under the 'Information Society' programme, the national authorities aim to improve public administration effectiveness in 20 key areas.

Slovakia will use technical assistance as provided for under JASPERS to help when preparing project applications for potential financing from the funds. It will also use **innovative financing mechanisms** such as JEREMIE, the financial engineering instrument. In four programmes, JEREMIE will be supported to the tune of €120 million.

The concept of integrated **urban development** will be implemented through the regional programme and Bratislava programme. Integrated urban projects account for some €270 million.

THE ESSENTIALS 2007–13

- €3.5 billion to improve transport infrastructure
- €2.6 billion for R&D and innovation
- €5.5 billion to protect the environment and mitigate climate change
- €1.2 billion for information and communication technologies

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Slovakia has a total ERDF budget of €227 million for European Territorial Cooperation for the period 2007–13 and participates in eleven programmes:

- five cross-border programmes with Hungary, Poland, Austria, Slovakia and one Neighbourhood programme with Hungary, Romania and Ukraine;
- two transnational programmes: Central Europe and South East Europe;
- four interregional² programmes: INTERREG IV C, INTERACT II, ESPON II and URBACT II.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In October 2005 a grant of €5.67 million from the European Union Solidarity Fund was given to the regions of Slovakia – including Banská Bystrica, Košice, Prešov and Žilina – worst hit by the severe storm of November 2004. The storm killed two people, and damaged around 28% of the total area in the affected regions, with a population of almost three million inhabitants. It hit infrastructure and severely affected forests, in particular in the Tatra national park.



Ferry between Zahorska Ves (Slovakia) and Angern (Austria) across the Morava River

Slovakia

€11.7 billion
for 2007–13

Boosting
growth, jobs and
competitiveness



Regional Policy on the ground

SPINEA – DEVELOPMENT AND IMPLEMENTATION OF NEW TECHNOLOGIES

Total cost: €6.6 million

ERDF support: €2.3 million

Spinea, based in Prešov, produces gearing systems for use in high-precision robotics and is the only producer in Europe working in this field. The company was supported in 2004 by funding from the 'Industry & Services' programme to the tune of €2.3 million as a contribution to a project to build a new production site for robotics and the implementation of new technologies for increased production of high-precision reducers. The total cost of the project was €6.6 million. The specific aims of the project were to encourage the development and implementation of new technologies to allow the company to compete in the global marketplace.

Spinea supplies a wide variety of sectors, including the automotive sector, which has a big presence in Slovakia, and other diverse areas such as high-precision applications in health care. The company has seen dramatic growth since 2001 (803%) and has markets in the EU, Asia, North America and Australasia. It has only three competitors worldwide, all in Asia, and has patented three products so far.

The company has close links with the Technical University of Košice. The relationship between Spinea and the university has been mutually beneficial and has ensured practical results in terms of economic growth.

MYJAVA – RECONSTRUCTION AND EXTENSION OF WASTE WATER TREATMENT PLANT (WWTP)

Total cost: €1.7 million

ERDF support: €1.3 million

The Myjava waste water treatment plant (WWTP) is located in the Trenčín region. Treated waste water from the Myjava WWTP flows into the Myjava river. The main objective of the project is to reconstruct and intensify the works of the existing Myjava WWTP in order to achieve compliance with European environmental law. The project's secondary objective is to protect water quality: the Myjava river, which is a natural monument, together with its riverside vegetation, represents a significant landscape and eco-stabilising factor. The vegetation also protects the river body from pollution by absorbing part of the fertilizers washed down from the surrounding fields. In the longer term, the reconstructed WWTP should create favourable conditions for the preservation of several species of fish and invertebrates in that protected area.

Before the works began in 2005, the treatment efficiency of the Myjava WWTP was approximately 76%. After the project was finished in 2007, measurements proved 95% efficiency of waste water treatment.

The Myjava project will have an effect on employment, as its realisation will mean the preservation of around 10 posts.



Treating waste water to protect the environment



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Slovakia

http://ec.europa.eu/regional_policy/atlas2007/slovakia/index_en.htm

National website

<http://www.nsrr.sk/>

European Social Fund

<http://ec.europa.eu/social/>