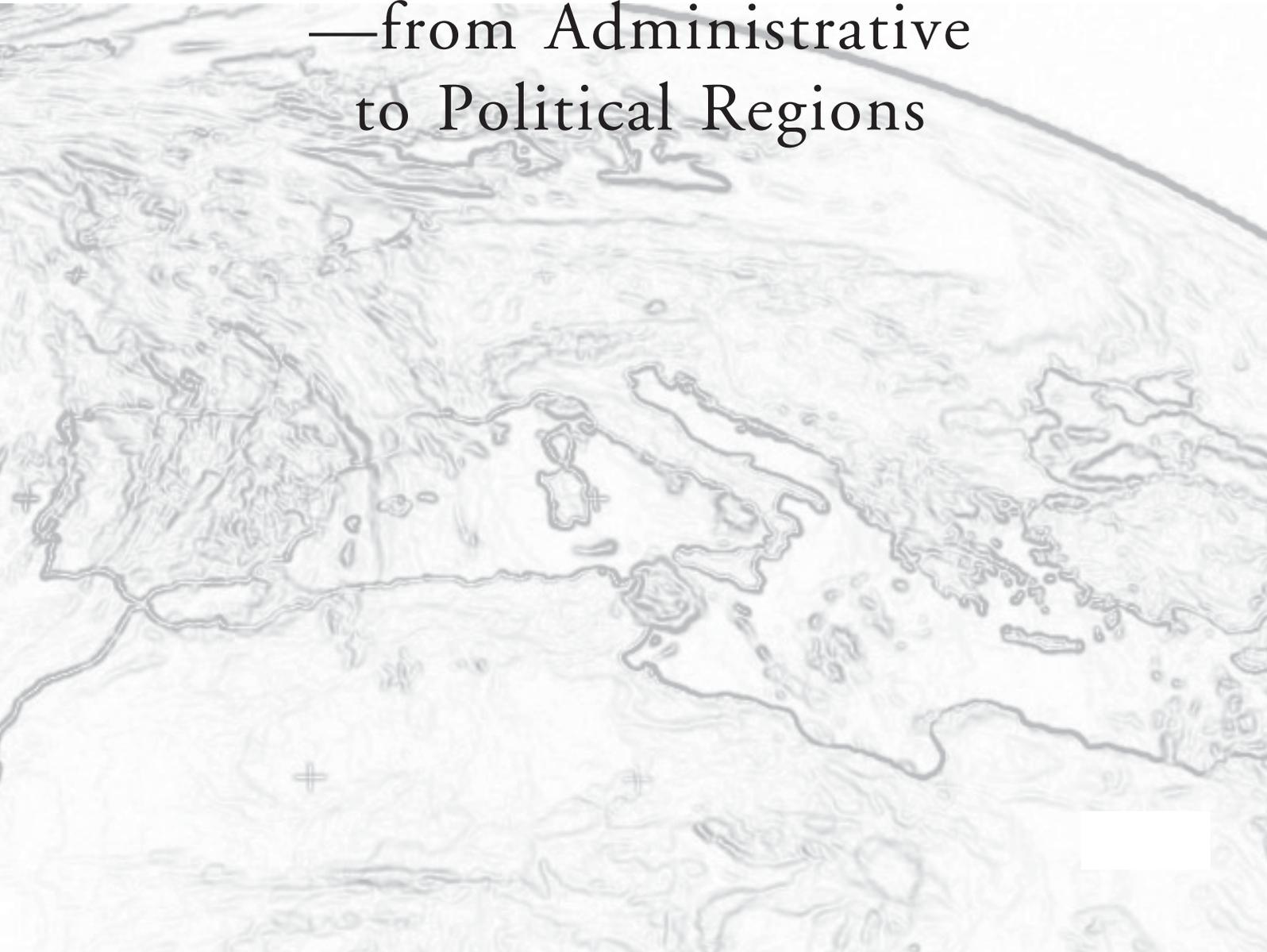


REGIONALIZATION FOR DEVELOPMENT AND ACCESSION
TO THE EUROPEAN UNION: A COMPARATIVE PERSPECTIVE

Ján Buček

Regionalization
in the Slovak Republic
—from Administrative
to Political Regions



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1. INTRODUCTION

Regionalization has been one of the most interesting fields of social and political development in Slovakia during the 1990s. Changes in two main directions dominated this field: regionalization from the political and administrative point of view, and regionalization from the regional development and regional policy perspective. The need to reorganize public administration was related to post-socialist transformation and to state-building processes. The second direction has emerged as a consequence of rising inter-regional social and economic disparities. In both cases the prospect of EU integration was also very influential.

Surprisingly, despite the above-mentioned reasons, as well as a tradition of intermediate levels of government, regionalization progressed slowly. Important decisions were often postponed and incomplete. They were overshadowed by more pressing issues, such as the break-up of Czechoslovakia, building the institutions of a new “central” state and social and economic transformation. The fragmented and unstable post-communist political environment prevented consensus-building on the important issue of the internal organization of the state. Dominant government concepts often emphasized a strong state and centralization. Regions, as a new political space with the potential for inter-regional political competition, could contest central government and its approaches to reform.¹ The cost of regionalization reforms during transition also hampered rapid progress in this field. Similarly, regional policy had a very weak position within liberal economic reform, which presumes that the economy should work without any strong state intervention. All these aspects were reflected in the almost total absence of regionalization at the beginning of the 1990s, and later ended with the introduction of administrative regions in 1996. Promising growth in regionalization initiatives followed the 1998 parliamentary elections. The newly elected government coalition considered public administration reform, regionalization and regional development as key program issues. This resulted in the institutionalization of regional government from 2002 and substantial progress in building an institutional and legal framework for regional development policy. A new institutional structure is being formed not only at the central level, but also in regions. They can play an important role in strengthening regional democracy, building civil society, and mobilizing forces in favor of regional development. The nature of the Slovak Republic as a highly centralized state started to change.

Political regionalization was a long-term and sensitive political agenda within public administration reform in Slovakia. Important societal actors—political parties, state administration, interest groups, professionals, and others—all had their own diverse opinions concerning the scope of decentralization and territorial aspects, and have searched for compromises in repeated reform attempts. Calls for large-scale, fast reform were replaced by long-term “step by step” regionalization, with some contradictory steps. The introduction of administrative regions in 1996 was criticized for its subordination to the political interests of governing parties, the strong role of the state administration and an inappropriate territorial division. Political parties with a centrist state outlook, as well as the state bureaucracy (ministries, regional and district administration) attempted to protect their interests by limiting the transfer of powers to regional and local governments, and also sought to influence regional territorial organization and electoral rules after 1998. Proponents of reform within the government suffered from insufficient and fragile political support in implementing their concept.² Proponents of regionalization within political parties, representatives of regional and local interests, associations of towns and professional groups were also not powerful enough to implement their ideas. Reform was slowed down when a compromise over territorial division was sought, more detailed work had to be done by ministries (which were controlled by various political parties), important state administration powers and resources had to be transferred, and very detailed legislative work had to be done. Reform and regionalization was rescued at the last minute, near the end of the electoral cycle.³ It remains far from complete and cannot be considered the best solution. Too many interests remained unsatisfied—including pro-reform political parties, representatives of regions that failed to win approval, associations of towns, and “third sector” (non-profit, non-governmental) organizations—and problem issues remained unresolved, among them the distribution of powers, the territorial division, electoral rules, and the future of the lower level of state administration as regards district offices and an adequate financial base. The introduction of self-governing regions in 2002 can be considered an early phase of political regionalization in Slovakia. The building of a well-established intermediate level of government will be a long-term process requiring many adjustments.

The situation in the field of regional development and regional policy has also taken on a new quality since 1998 after years of receiving little attention. The central government curtailed the

long-standing practice of making preferential decisions based on individual considerations (e.g. for specific enterprises). The building of the legal and institutional environment has been more systematic, with the establishment of a Ministry of Construction and Regional Development being a crucial step. The process also included the strengthening of institutions at the regional level outside the regional government, such as regional development agencies, regional advisory and information centers, and business innovation centers. Large-scale works were done in the related legal environment (Act on Support for Regional Development), as well as in the planning and programming documents (National Plan for Regional Development). New legislation covers the development of industrial parks and investment stimuli. It is also true that only a basic legal and institutional framework has been formed and experience of implementation is still lacking. The available financial resources are insufficient, while the financial rules and management tools are not precisely defined. Nevertheless, the formation of a more efficient, compact and inter-linked environment in this field is very promising.

Two important phenomena emerged during the 1990s in relation to the regional dimension in Slovakia: cross-border cooperation and spontaneous regionalization from below. Cross-border cooperation seemed very natural in Slovak conditions. Nevertheless, state interests dominated this field. Euro-regional initiatives were restricted and their development undermined during the 1990s. The Slovak Republic brought its legal basis in this field closer to European standards, including the signing of bilateral treaties during 1999–2001. The introduction of regional governments will improve capacities for cross-border cooperation. Further progress depends on the improved functioning of existing cross-border cooperation, a clearer position of cross-border institutions and documents, as well as more financial resources for this purpose.

In the absence of any form of official regionalization, the vitality of this idea was demonstrated by the formation of alternative bottom-up regionalization activities by local government associations and non-governmental organizations. Regional associations formed by communities took an important role in initiating and coordinating joint activities and development projects. They have been among the most visible representatives of regional interests. Non-profit, non-governmental organizations (the third sector) also began to influence various regionalization issues. They formed their own regional structures and began to deal with regional development problems, including strong criticism of the approaches to regional development adopted by the state. They mobilized their activities in favor of public administration reform. Despite the fact that the third sector was not fully successful, it is now a respected actor in these areas at the central as well as regional level.

The most important factor that led to substantial progress in regionalization in a short period was the Slovak Republic's ambition to join the EU, as the top political priority. The serious

danger that the non-existence of a regional level of government and the absence of major regional policy institutions and documents would prevent Slovak accession to EU forced Slovak political representatives to overcome certain discrepancies and mobilize resources. Intensive communication with EU institutions also had an important role in speeding up the regionalization process in Slovakia. It can be concluded that without this integration context there would be only a minimal shift towards regionalization within recent years, especially as regards a regional level of government. It was only a vision of joining the EU that persuaded a majority of members of the Slovak parliament to go ahead with compromising public administration reform legislation. In the face of different opinions on the scope of decentralization, limited public funds and very contradictory opinions on the territorial administrative division of the country, the regionalization process would probably have stagnated further, with only very minor steps forward, were it not for strict EU requirements.

The main aim of this study is to assess various aspects of regionalization in Slovakia. Primary attention will be paid to the processes leading to the introduction of political regions and the consolidation of regional development policy. This study focuses on development after 1989, with a detailed presentation of the latest regionalization efforts up to the beginning of 2002. The most important legislation, institutions and documents are examined, major problems identified, their backgrounds illustrated, and the positions of the main actors documented. The lessons of previous development are taken into account, and some policy recommendations propose alternative action in some fields. The dynamics of more recent developments (most changes apply from 2001–02) have reduced the possibility of deep insights into the functioning of many new institutions, the implementation of new policies or an evaluation of their effects.

In the present study the dominant concept of regionalization is related to the intermediate level of government, as well as activities with an explicitly regional dimension, including regional policy, planning, and cross-border cooperation. In discussing lower levels of public administration, I prefer the terms "local government," or "communities" (in Slovak: *obec*) for the lowest level of government, "area" (*obvod*) or "district" (*okres*) for a wider level of government, and "region" for the intermediate level of public administration (the most common Slovak equivalents are *kraj* and *zupa*, meaning county).

2. THE TRADITION OF REGIONALIZATION IN SLOVAKIA BEFORE 1989

The intermediate level of territorial organization of public administration has a long-lasting tradition in the territory of Slovakia. This level of government existed permanently, with very short periods of interruption. Very frequent alterations, large changes in the number of regions and the short duration of each period

of territorial division were especially typical of the last century (see Table 1). This greatly hampered arguments in favor of their restoration. Although the scope of democracy and autonomous government in regional administration was expanding over the long term, despite a 50-year interruption before 1989, historical experiences are a long way from current requirements.

Regional institutions and regions emerged in early medieval times (the tenth to thirteenth centuries) and were later consolidated as part of the development of the Kingdom of Hungary. There were generally sixteen such territorial units (*komitat, stolica, zupa*). Some smaller parts of Slovakia were parts of counties centered in present-day Hungary (e.g. in Győr and Esztergom), so the maximum number of counties was 21. Attempts to reorganize these into larger units were very brief—they were integrated into three units during 1785–90 and five units during 1850–60. All these historical regional institutions served the interests of a narrow segment of the privileged population, such as the nobility and landowners. Only since the end of the nineteenth century have county institutions had greater power and the beginnings of representative democracy. However, they were strongly circumscribed by a centralist state with a markedly bureaucratic character.

The inter-war Czechoslovak Republic could not avoid reorganization at this level of government. Reorganization came into force in Slovakia in 1923 in the form of six counties. However, no new territorial division was applied in the Czech part of the country, so the public administration system was not unified. This led to the application of the “land” system (the Czech, Moravia-Silesian, Slovak and Subcarpathian-Ruthenian lands) since 1928. These “lands” were intended to reduce the influence of the ethnic German minority, as well as to satisfy the ambitions of the Slovak political elite. As a result, the traditional intermediate level of government in Slovakia disappeared. The principles of self-government were applied at the local, communal and district level (79 districts), as well as at the “land” level. The state used various tools to interfere with local government institutions in this period.⁴ During World War II, Slovakia went back to six large counties, and only 59 districts, due to territorial losses in the south and east of the country, but their role was greatly reduced.

The first reorganization at the intermediate level under the communist regime came into effect in 1949 and was valid until 1960. It introduced six territorial units (*kraj*) and 92–98 districts (*okres*). The most typical feature was the application of a national committee model strongly centralized and subordinate to the Communist Party. At that time, local government institutions were passive, lacked competent personnel and management, had insufficient powers and were predominantly staffed by political appointees, leading to inefficiency.⁵ Large numbers of territorial units were difficult to control and application of the whole system of directive planning was inefficient. A territorial reorganization into three *kraj* and 33 *okres* was intended to improve conditions for economic planning. A minor adjustment

creating four units (Bratislava received the status of *kraj*) and 38 districts was adopted in 1968 and remained valid until 1990.

3. CONSTITUTIONAL CONDITIONS OF REGIONALIZATION AFTER 1989

Slovakia’s constitutional framework did not offer a suitable basis for the efficient introduction of regional government until 2001. Changes to the constitution completed in that year allowed most crucial issues to be clarified, which stabilized the status of regional government.

The Slovak constitution adopted in 1992 had expressed the political will for a regional level of government within the administrative structure of the country. However, the section addressing territorial government was rather concise in defining the position of “higher territorial units” (as regions were neutrally called) saying that “The government of higher territorial units and its organs will be defined by law.” It only indicated that such an intermediate level of government would be introduced in the future, but no rights, responsibilities, or autonomy were guaranteed by the constitution. The most critical problem was the uncertainty over whether regional governments could pass their own legislation and, if so, how and under what conditions.⁶ The constitutional position of the intermediate level of government was thus very vulnerable. It was open to very free interpretation, long-term delays in introduction and doubtful application. Any introduction of self-governing regions could face serious difficulties in social praxis. All basic conditions of their operation could be changed by a simple majority of the Slovak parliament.⁷

This somewhat fragile constitutional backing for a regional level of government served to strengthen proponents of the constitutional amendment approved in February 2001. This was an essential step in large-scale public administration reform, as it introduced a regional level of government. Whereas the previous constitution primarily considered towns to be the basis of local government in Slovakia, the new constitution put regions on an equal position with them (“territorial government consists of community and higher territorial units,” Art. 64). Both levels were defined as separate legal entities, with a degree of autonomy and not answerable to one another. They are guaranteed autonomous decision-making in the field of regional and local government, and can approve by-laws within their purviews, as well as by-laws within their legally delegated powers. The duties and limitations on local governments can be introduced by legislation only. The 2001 constitutional amendment also defines the main principles of democracy at the regional level. Both key institutions—the Regional Council (the representative body) and the Regional Chairperson (the executive)—result from general, direct and secret elections. Any doubts regarding the compatibility of regional legislation (by-laws) with national legislation are to be resolved by the Constitutional Court. The Constitutional

Court will also decide on unconstitutional or illegal state interference with the regions' right to govern themselves. The Supreme Audit Office of the Slovak Republic as an independent supervisory institution can act regarding financial resources and the use of property to cover the costs of exercising powers transferred from the state to regional governments. The constitution now allows the transfer of some powers from the state to regional and local governments.

It is often stressed that this constitutional amendment creates a real opportunity for intensive self-government not only at the level of communities, but also in Slovak regions.⁸ Despite the fact that the position of regions was improved, important issues remain to be more precisely defined in legislation, including interregional cooperation and referenda at the regional level. There are no constitutional guarantees of a solid and stable financial base (or even financial autonomy), nor a basic framework of the rights and functions of regions. We can expect that there will be frequent attempts to reduce the role of regional government. The interpretation of the Constitutional Court will be of crucial importance.⁹

4. PUBLIC ADMINISTRATION REFORMS AND REGIONALIZATION

Public administration has been undergoing almost constant reform in Slovakia since 1990. While strengthening of local government prevailed in the first years after 1989, the tendency to strengthen state administration dominated during 1994–98 (including the introduction of regional state administration). This trend has been reversed in favor of local government since 1998, including the most postponed issue, the introduction of regional governments. (For the current territorial administrative organization see Table 5.2 and Figure 5.1). Despite evident progress, the construction of effective regional government with a solid position and reputation is far from complete.

From the point of view of regionalization, the following decisions in local public administration were crucial in the 1990s:

- the strategic decision to apply a *dual model of public administration* (relatively separate lines of state administration and local government);
- the formation of the most stable part of local public administration; i.e., *local government* (since 1990);
- the introduction of *regional state administration* (eight regions established in 1996).

The dual principle (applied immediately after the changes) has remained untouched throughout the whole period. Local governments have created a new political level, developed their capacities and demonstrated their abilities. They have grown

into a strong interest group in favor of decentralization and regionalization. Although the introduction of regional state administration was contrary to the proclaimed decentralization (regional government excluded), it was the starting point for a new era of regionalization in Slovakia.

All reform plans faced a series of difficulties that affected progress in introducing an intermediate level of government:

- complexity of reform (many interrelated issues);
- clarification of principles of reform and public administration model (what kind of intermediate level, which powers, property, finances);
- high costs of reform (given scarcity of public finances);
- unstable and fragmented political environment (in the first half of the 1990s there were frequent changes at the central level, and a large number of small parties);
- many interests involved in reform (besides political parties, for example, state bureaucracy at the central and local level);
- plans for large-scale reform were completed in short time (complex, addressing the entire public administration system, within one or two years), or reform in stages;
- great attention paid to territorial issues (borders, centers);
- management of public administration reform under such conditions.

4.1 First Attempts at Regionalization of Public Administration

At the regional level, the immediate destruction of the old regional administration was an important element of eliminating communist control in 1990. District offices (*okres*) remained from the previous regime and very local state administrative units were established as area offices (*obvody*, 121 units). Field offices of special state institutions (mostly at the area and district level) and local governments were also newly institutionalized. Regionalization remained a matter of discussion and elaboration in conceptual documents.

It was expected that the reorganization of public administration should be completed by an intermediate level of government. From various alternatives the central government headed by Prime Minister J. Carnogursky recommended for further elaboration the "county" variant. As a result, the first complex proposal for territorial administrative divisions and the reorganization of public administration was completed by a parliamentary committee in 1992.¹⁰ Besides a proposal for dividing Slovakia into fifteen (sixteen) regions and counties (symmetrical for state administration and local government), this included framework principles for the division of powers, regional elections, property and financial issues. This proposal was based on historical and geographical arguments, with attention to regional identity and regional cohesion.

The next government (1992–94) rejected this proposal. Opponents of the “county” proposal claimed that its divisions had been rendered outdated by the effects of industrialization, urbanization, the formation of new regional centers, and changes in the accessibility of centers. They also argued that the proposal brought regional identity into question. The government initiated the elaboration of a new proposal paying more attention to the economic viability of proposed regions. However, all work on reform during these years was slow, and insufficiently complex. Although the government led by J. Moravcik¹¹ approved a “Strategy for local public administration reform” (1994), more detailed and objective research, as well as a long-term solution to this issue, were recommended. Outside government efforts, only one alternative is worthy of mention. This is the activity of experts working on the “county” proposal on behalf of the City Mayors Association and later the Union of Towns.¹²

4.2 Deconcentration Instead of Decentralization During 1994–98

The most typical feature of this period is the process of local state administration consolidation. Decisions adopted aimed at a fast introduction of regional state administration, division of territory, deconcentration of powers and their redistribution within state administrative levels. The balance of power lay very much with the state administration. A partial reduction of the extreme fragmentation of state administration was achieved, but the strong centralization of decision-making and financing was not eliminated. Administration did not improve, administrative costs increased, employment grew and was politicized, and party political interests prevailed in many cases.¹³ The effects of such “state administration reform” were inadequate in, for example, reducing regional disparities or mobilizing capacities for regional development. This approach caused distrust among local politicians and their representative institutions, as well as opposition parties. It can be concluded that the dominant Slovak political representation during this period strongly underestimated the role of regional government.

The government of V. Meciar (1994–98)¹⁴ significantly modified the aims of reform. Priority was given to dividing the territory and building local state administration, instead of expanding local government. Reform was simplified to the problem of redistribution of powers from central to local state administration. Regional state administration (eight regions) was introduced in 1996, together with a new structure of 79 district offices.¹⁵ The powers transferred to regional and district offices were explicitly listed. Regional offices were able to issue binding regulations within their purview, and were defined as budgetary organizations of the state (as well as district offices linked to the budgets of their respective regional offices). They

were formed as part of the general state administration subordinated to the Ministry of the Interior, however specialized branches within the office also had links to other ministries concerning their professional agenda (e.g. Ministry of Environment, Ministry of Education).

The purely administrative role of regional and district offices, serving as an extension of the central government, is clear from their financing. Each regional state office had its own item in the State Budget Act. More than twenty percent of state budget expenditures were distributed through regional offices from the time they were introduced until 2001 (extensive centralization of finance documents see Table 5.3). However, the freedom and flexibility of decision-making over financial matters at the regional and district state administrative level was strictly limited. Extensive and precisely defined spending limits for regional administration were explicitly defined in the state budget.¹⁶ Some 88% (44.6 billion Slovak crowns) of all distributed expenditures via regional offices (more than Skr50 billion) in the 2001 state budget were assigned for obligatory spending according to defined fields. The majority of these binding expenditures covered education (51% of all regional administrative expenditure) and state social aid (33%).¹⁷ The transfer of most of these expenditures from regional and district administration to the control of regional and local government could be an important shift in fiscal decentralization.

Despite efforts, the goal of reducing the extreme fragmentation of local state administration was not fully achieved. The birth of the sectoral ministries’ network of field offices was especially related to the first stage of administrative reform after 1989. Many of them built their own “empire” of offices located and working independently from general state administrative offices. They were very diverse in organization and combined two or three levels of administration during 1991–96. Some of them also had their own regional offices for their specific needs. Thus, the forestry authority had six regional offices, the tax authority had seven, and the mining authority had five. The most dramatic fragmentation was at the lower level of administration. At the district level the number of offices was 33–46, while there were 121–144 offices at the area level.¹⁸ However, even in the state administrative reform of 1996, some ministries were strong enough to argue for their own independent local administration (e.g. tax offices, forest offices, regional cultural centers, new regional development agencies financed by state). In all, 24 networks were identified, many of them with office locations very different to those of the general state administration.¹⁹

The matter of decentralization was postponed, and was ultimately not completed in this period. Nevertheless, it is worth noting that Act No. 221/1996 required symmetrical organization at the regional level; i.e. conformity of regional state administration and regional government units. The central government also prepared draft legislation on regional government

(1997–98).²⁰ This envisioned “weak” regional governments with rather symbolic roles. Regional government powers were very limited, and conditions of their transfer and financing were unclear. The draft would subordinate the regional government to the regional state administration in many respects (e.g., its by-laws would have to be approved by the regional office). This proposal faced very strong objections from local government associations, as well as political opposition. Criticism from European institutions, such as the Council of Europe, was very helpful in this matter, as these institutions described the proposal as inconsistent with the basic principles of regional government.

4.3 Regionalization Within Public Administration Reform After 1998

Public administration reform has been one of the main points in the program of the government formed after the 1998 parliamentary election.²¹ All parties involved in the governing coalition declared their support for decentralization and stronger local government. A series of decisions and documents confirmed this support, but reform lost momentum because of the diverse opinions among coalition parties. This led to many compromises in legislation that was adopted, altering the original intent. Nevertheless, all necessary legislation was passed to enable regional government to begin functioning in January 2002. This follows the dual principle of public administration organization in eight regions. The future of district offices that were to be abolished remained unclear. There are doubts as to which powers will be original and which will be delegated powers. It is clear that the transfer of powers will be a long-term issue, as the first wave of powers was reduced. The same is true of fiscal decentralization.²²

The government indicated the importance of reform by establishing the special post of Government Commissioner for Public Administration Reform and appointed V. Niznansky, who had been working on public administration reform for a long time. This allowed the mobilization of experts and a speedy elaboration of analytical and conceptual work separate from the interests of the state administration. However, the commissioner lacked substantial power in the later phases of reform, so could not effectively influence the process of implementing reform, including the transfer of powers and finances, and the formation of a legal base. The major public administration reform documents—the “Strategy for Public Administration Reform” (August 1999) and the “Concept for the Decentralization and Modernization of Public Administration” (April 2000)—were approved by the government quite quickly. The chief tasks of reform were the decentralization of powers and resources, better delivery of services, the reduction of costs, a decrease in unemployment, and the formation of more flexible, transparent and efficient public administration. A special part of reform included

changes in management, the application of information technology and training in public administration.

It was recommended that Slovakia be divided into twelve regions (Table 5.4), and that district state administration offices be abolished. The reform of public administration was supported by an audit of the activities and financing of state administrative offices and organizations under their control, approved by the government in August 2000. The central government also approved the proposal to divide the Slovak Republic into twelve regions. (The first version was presented in August 2000, a compromise proposal was accepted in April 2001, see Figure 5.2). Other draft legislation and guidelines for executing certain reform steps were also decided upon by the government. When the reform concept was approved in April 2000 the process of long-term negotiations started, as crucial issues had to be resolved among the governing coalition parties. This caused some considerable delay and fragmentation, as the reform was adjusted due to political compromises and a lack of time. An increasing number of interventions by affected ministries further complicated the process, as ministries were controlled by different political parties, and were not prepared to transfer power and financial resources to regional governments. In particular, the conversion of the concept into concrete legislation was affected by long-term disputes.²³

Besides the amendment of the Slovak constitution (February 2001), the principal step forward was the approval of the “Act on government of larger territorial units” (i.e. regions) and the “Act on the election to local governments of larger territorial units” by parliament in July 2001. These acts provide a basic framework necessary for the introduction of regional government in the Slovak Republic. According to these acts, regional government will be responsible for regional development and regional international cooperation, will execute delegated powers, issue by-laws, have their own revenue and property and be able to conduct referendums. The main decision-body is the Regional Council, the key representative and executive is the Chairperson. The direct election of members of the Regional Council is based on the highest number of votes obtained, with a two-round direct election of the regional Chairperson.

Both draft proposals went before parliament without the clear political support of all government coalition parties. The resulting legislation was not the best message for decentralization and regionalization. Parliament approved the existing eight regions for regional government, contrary to the original proposal for twelve regions. The most controversial point was the central government’s power to intervene in regional by-laws by if the by-law is contradictory to the national interest or the interests of other regions or communities. The final decision is, surprisingly, left to the regional court only. This rather peculiar and unclear requirement that could be easily misused was subsequently abolished by parliament in December 2001. The Regional Office

can submit to the Regional Court a proposal to cancel international agreements on cooperation, or membership in international associations of regional governments, if it is not in harmony with Slovak legislation. Regarding the electoral rules, the two-round election of a regional chairperson was criticized. Representatives of the ethnic Hungarian minority viewed this procedure as a tool to eliminate the possibility that any of their representatives could win election to the post of chairperson, as the Hungarians did not constitute a majority in any region. However, such procedure also widens the possibility of the election of more acceptable moderate leaders in all regions. Changes in the territorial division and electoral rules shook the government coalition, and the ethnic Hungarian party almost left the coalition.

The basic framework for the operation of regional government passed by the parliament in October 2001 completed the “second wave” of regionalization legislation.²⁴ It addressed the most important issues in the redistribution of powers, as well as the budgets and property of regional governments. The transfer of powers concerned lower-level governments as well as regional governments. The legislation assigns to regional governments responsibilities for road management, road transport management, civil protection and emergencies, social welfare, territorial planning, education (mostly secondary), sport, theatres, museums, galleries, libraries (regional), health (health centers and hospitals), pharmaceuticals, regional development and tourism. The reduced scope of decentralization led to the sharing of certain functions between the state administration and local governments, leaving teachers’ salaries in the hands of the state, but assigning responsibility for the material condition of schools to local governments. The transfer of property from the state is based on the territorial principle in relation to powers transferred. The original function of property—for education, health, culture, or social welfare—is legally protected.

Fiscal decentralization is at a very early stage. Budgetary and financial issues have merely been outlined, and legislation approved to date reflects the transitional situation. Only the major categories of regional budget revenues are mentioned, to be more precisely defined in future legislation. Rights of supervision and intervention in the field of borrowing are reserved for the Ministry of Finance.²⁵ Horizontal and vertical equalization among regions is expected. Until a fully functioning budget system is developed, “decentralization subvention” to cover the costs of exercising newly transferred powers will play an important role. In fact, financial issues remain under state control for a certain period, and at least for the duration of the first electoral term of regional governments.

The main motors of progress in public administrative reform in 2000–02 were the urgency of such reform as a precondition of EU accession and growing pressure from the EU. Slovakia faced long-standing criticism regarding the state of public administration and its compatibility with EU standards.

In particular, criticism was directed at the absence of self-governing regions, a high level of centralization that was unacceptable to the EU, the incomplete legal framework, the low implementation capacity, the weak and disjointed administrative capacities, and the need for better coordination.²⁶ Criticisms demanding progress in regionalization were most often expressed by representatives of Directorate General for Enlargement.²⁷ However, most EU institutions delivered a similar message to Slovak political leaders, among them the Committee of the Regions (CoR),²⁸ the European Parliament,²⁹ and the European Commission Delegation in Bratislava.³⁰ Although the EU welcomed the introduction of political regions in Slovakia, many of its concerns were not fully satisfied.

4.4 First Regional Elections and Institutionalization of Regional Government

The first regional elections were held in December 2001, followed by the first meetings of regional councils and the real beginning of regional government in January 2002. Despite this positive development, certain problems existed. They were reflected in low electoral participation and in the many obstacles encountered during the initial period of regional government. There emerged a need to build trust, respect and understanding between citizens and the regional government over the long term. In addition, it is essential that the new level of government be assertive towards other levels, especially the state. If regional governments want to play an important role, they must be very active in pressing for continuity in reform, delivering more information on regions and regional government, reconsidering electoral rules and asking for new election campaign rules.

The low electoral participation—26.02% in the first round, 22.61% in the second (see Table 5.5)—was a result of several factors. These included dissatisfaction with the scope of reform and the territorial division in some regions. A lack of clear information on public administration reform, and on the future role of regional governments undermined perceptions of the importance of the election. Electoral rules that preferred party voting and placed restrictions on campaigning via the electronic media also affected voter turnout. Governing party voters probably stayed home due to dissatisfaction with the efficiency of their national government. Large and in some cases strange regional electoral coalitions that mixed governing coalition parties with opposition and non-parliamentary parties may also have dismayed the electorate. It also is true that political parties underestimated regional government, as was reflected in their very minor efforts and expenditures on the election campaign. It must be stressed, however, that the short time between the adoption of crucial legislation

(which did not precisely address all issues) and the regional elections reduced the opportunity for preparing efficient campaigns and fully informing potential voters. The only regions that experienced higher voter participation in the second round (in which regional chairpersons were elected) were the most ethnically mixed regions of Trnava and Nitra, revealing the importance of ethnic mobilization. (Both ethnic Hungarian candidates were defeated).

Despite difficulties in precisely assessing the electoral results along political party lines,³¹ the real winner of the first regional election was the opposition HZDS. This party achieved the largest number of regional chairpersons (six of eight) and regional councilors. Of all regional councilors elected in Slovakia it is estimated that about 35% represent HZDS, nineteen percent the SMK–MKP, seven percent the KDĽ, five percent the Smer, five percent the SDKU, and four percent the SDĽ, while four percent are independent candidates. Other parties obtained less than two percent of all seats.³² Among the governing parties, the SMK–MKP (the ethnic Hungarian party) obtained a majority on the regional council of the Nitra region, despite the fact that ethnic Hungarians are a minority in this region, as they were best able to mobilize their supporters. Governing coalition parties also emerged with a stronger position in the Bratislava and Kosice regions. The “one color” (HZDS) Regional Council in the Trenčín region is unique.

Regional governments began to be organized with the help of the state’s regional offices. Regional Councils appointed deputy chairpersons and formed committees during their first meetings. The difficulty of forming regional government offices and the unclear financial situation emerged immediately. The distribution of leading posts in the regional government administration according to the influence of political parties in regional councils will be quite common, although some regional chairpersons plan to hold competitions for the main professional posts.³³ The structure of the office is decided by the Regional Council. Regional development departments transferred from Regional Offices have proved to be solid bases among the newly created offices. It is expected that regional government offices should have 50 to 100 employees. The regional governments faced problems typical of newly created institutions, such as problems with office space, meeting rooms and equipment. Most of them were located in the state Regional Office buildings during the initial period. By far the biggest difficulty was uncertainty over the financial operations of regional governments. They were in fact dependent on financial transfers from the Ministry of Finance. It was not clear for months how regional budgets will be prepared nor was their real financial situation clear.³⁴ Newly elected regional chairpersons decided to establish a Council of Regional Chairpersons with quarterly meetings. Most of them also plan to establish a Council of Mayors of their region.

4.5 Main Issues in Regionalization Within Public Administration Reform

Regionalization within public administration reform faced the following major obstacles to decentralization:

- Diverse opinions of major political parties.
- Territorial issues (including centers of regions).
- Opposition from the state administration.
- General weakness of regional and local interests.

The *positions of the major political parties* on regionalization have been diverse. All political parties have supported their own definition of regionalization. One group of parties—the HZDS and SNS—prefers a smaller number (four to eight) of larger regions and a stronger role for the state at all levels. These parties documented reform processes while they formed the government before 1998. They usually cited a need for economically strong regions, criticized the lack of conceptual work on reform and expressed fears that local state administration would be disrupted. The SNS also opposed making concessions to ethnic requirements of the SMK–MKP.³⁵

Hopes for public administration reform seemed high at the beginning of the 1998–2002 electoral term. All parties in the governing coalition declared their strong support for reform. However, there were sharp differences among them over important matters. The coalition did not achieve clear political agreement on the scope of decentralization, the structure of public administration or territorial administrative divisions. The leftist SDĽ was the strongest supporter among coalition parties of a more centralized state, so is not a keen supporter of extensive decentralization by transferring powers to local governments. The SOP later formulated a position similar to the SDĽ, due to the fact that both parties have built good positions in state administration. M. Sykora³⁶ observed that the position adopted by the SDĽ in this matter was a consequence of the greater influence within the party of representatives of the state administration. They took these posts as representatives of the party in regional and district offices after the 1998 elections. Local government representatives within these parties lost their former influence, despite the fact that the SOP was originally a party of former local politicians. This combined with a decline in the popularity of both parties in the opinion polls to produce internal turmoil. Another critical problem was that these two parties changed their stance on the number of regions in favor of eight regions and favored the preservation of district offices, which were to be abolished in a complete administrative reform. The SMK–MKP’s position on these issues is precise. This party has no problem with the decentralization of powers, but has formulated the very strict and not easily negotiable requirement that a thirteenth region be formed of territories in western Slo-

vakia with a large Hungarian population. The main governing party, the SDK, was the strongest advocate of extensive regionalization and twelve regions.

After briefly reviewing the reform processes during the 1990s it can be concluded that *territorial issues* almost always overrode the substance of the reforms—transfer of powers, regional democracy—and paralyzed progress in reform for long periods. They attracted too much attention from both politicians and the public. The process of elaborating public administration reform in 1999–2001 tried to avoid a preoccupation with territorial issues. The main thrust of work concentrated on issues of decentralization, transfer of powers, modernization and the like. However, while the main conceptual materials were approved and not directly challenged (there has been a willingness to compromise), territorial issues were a source of tension. Much time was spent building consensus on regional divisions within the governing coalition, which delayed the introduction of reform.³⁷ The most sensitive issues were size—the number of regions and their borders—and regional centers. The two most disputed aspects were the proposal by experts and regional interests for regional governments in twelve regions (which was adopted by the central government) and the drawing of boundaries in ethnically mixed regions of southern Slovakia.

The delineation of the eight regions introduced in 1996 was strongly criticized. The political opposition at the time frequently articulated the need to revise this delineation, arguing that the existing regional structure was not respected in some cases (e.g., Spis, Zemplin), the territorial division was unbalanced (with four regions in Western Slovakia and only four in Central and Eastern Slovakia), and that the hierarchy of regional centers was ignored.³⁸ There were also interventions in favor of national interests as they were understood by the governing coalition of the time, regarding the territorial division in ethnically mixed areas. Argumentation was not complex and economic factors received the greatest emphasis. The eight regions of state administration were a result of interventions by governing parties and served the interests of the government at that time, in part because the building of offices at the regional and district level provided state administrative jobs for supporters of the governing parties. The boundaries and the number of regions were influenced by the desire of the governing parties to reward regions in which their political and electoral support was higher, and by political pressure from the governing parties' strong regional political elite, especially that of the HZDS in the Trenčín and Trnava regions. The proposal for twelve regions approved by the central government in 2000–01 revised the main failures of the previous division and was based on detailed analyses and a consideration of fourteen criteria, later slightly modified by political compromise.³⁹

The most complicated issue of delineating regions concerned the ethnically mixed territory in southern Slovakia. The political representatives of the Hungarian minority have considered this

issue one of their key interests. They presented politically unrealistic proposals for one or three ethnic regions dominated by ethnic Hungarians in the early 1990s.⁴⁰ Political parties representing ethnic Hungarians strongly opposed the territorial division of 1996. Pressure from them, combined with protests from opposition parties and international institutions, reduced the fragmentation of the Hungarian minority, but did not fully prevent it. The Slovak Republic was forced to respect international treaties and avoid territorial changes that could have a harmful effect on the ethnic minorities' share of administrative units.⁴¹ While the boundaries of districts with the highest concentration of ethnic Hungarians (e.g. Dunajská Streda, Komárno) were not changed, in some cases a north-south division affected the proportion of this minority in the new administrative units.⁴²

The SMK–MKP, representing the Hungarian minority, were not satisfied with the 1996 territorial division and considered changing it to be a top priority. When conceptual work on public administration reform was finished, they declared that the experts' proposal of twelve regions was not fully acceptable to them.⁴³ The SMK–MKP then submitted a proposal to create an additional thirteenth so-called "Komárno" county in southwest Slovakia (the core area inhabited by ethnic Hungarians). Opposition parties, as well as the SDL' and SOP, immediately rejected this proposal. The request for a Komárno county came too late and was not suitably discussed. Critics argued that such a region was based on preference given to one criterion (ethnicity) and undermined the principles of the division of territory. It was acknowledged that the proposed region had no historical predecessor on that territory. Careful commentators on this proposal pointed out the very sensitive ethnic composition of the region (52% Hungarian, 48% Slovak), with its potential for a struggle for dominance in the region.⁴⁴ The Hungarian Coalition Party continued to negotiate, seeking coalition support for its own legitimate need to have effective influence over regional governments in areas inhabited by ethnic Hungarians. Later the SMK position shifted to a compromise in favor of a higher proportion of its population in regions and, after territorial adjustments, declared its support for twelve regions in April 2001. However, the discussions were too long and the SMK compromise came too late. In the meantime, the SDL' and SOP officially adopted a different view in favor of eight regions of state administration and regional government.

Decentralization was accompanied by *opposition from the state administration* to the extensive transfer of powers and finances. Relations between the state administration and regional governments have become important, especially after the introduction of regional state administration. The earlier institutionalization of regional state administration put this line of public administration in a stronger position. The process of reform and regionalization required the transfer of powers from central, regional, and district state bodies. One of the most problematic issues was the planned abolition of the network of district offices

and the reduction of personnel at the regional state offices, despite the fact that many professionals could transfer to the regional government. Further decentralization also threatened jobs and the positions of the ministries, especially their power and control over resources. Ministries were inclined to demonstrate why certain powers should remain in their hands, or the hands of their field offices. This was most noticeable during the process of preparing legislation for the transfer of powers.⁴⁵

The current results of regionalization—fewer powers and fewer regions—confirm the *general weakness of local and regional interest groups* (usually led by local governments, often with the support of leading corporations in the region, and “third sector” bodies). They competed especially for regions and seats of regional government and regional state administration. Among the most often used tools were the elaboration of expert studies documenting the potential of their region along with their own strengths and the weaknesses of competing cities, petitions of local governments, articles in national newspapers, and public meetings (including rallies in front of the Government Office in Bratislava). In some cases, it led to proposals to locate centers of regional state administration and regional government for the same region in different cities, (e.g., Lucenec–Rimavska Sobota, Poprad–Spisska Nova Ves). Being too preoccupied with intra and inter-regional issues, they did not develop effective united pressure on the Slovak parliament.

Regional branches of political parties, in some cases dissatisfied with the views of their party headquarters on this issue, also entered the debate on the number and borders of regions.⁴⁶ This was true of regional branches of political parties in territories where new regions were planned. Some representatives of large regions and their centers opposed the proposal for twelve regions, as it would diminish their own territory, power and resources. However regional interests are not influential enough within political parties and the parliament. This is due in part to the existing electoral law, which considers the Slovak Republic to be one electoral region for the purposes of election to parliament, mitigating against the formation of deeper ties to regions and the creation of real regional representatives. The regional interests of political parties cannot be overlooked. Parties calculated their potential position within regional elected bodies. They also compared the effect on their influence if proposed regional divisions were to be converted into new electoral districts. (Such districts can be formed along the lines of the new regions for future parliamentary elections.)

4.6 Local Government Associations and Regionalization

Nationwide associations of local governments, most notably the Association of Towns and Communities of the Slovak Republic

and the Union of Cities, are among the strongest proponents of public administration reform, including the formation of a new intermediate level of government. They strongly preferred decentralization prior to de-concentration, with protection of the autonomy of both levels of local government. They were also able to formulate clear standpoints in favor of regional government. Unfortunately, these two leading associations did not co-operate effectively and were unable to develop a joint strategy of opposition to the reform of 1994–96. The Union of Cities was in a minor position and more or less had opposition status due to stronger links with the then opposition parties, whereas the Association of Towns and Communities suffered from a more hesitant approach and internal disagreements. Both associations began to formulate closer views from 1997–98, when delays in the introduction of regional government and the strong preference given to state administration over regional government became quite clear. They unanimously rejected regional government legislation prepared by the Meciar government in 1998 and played a very positive role during preparatory work on reform during 1999–2001. They took a leading role in advocating reform, and their experts directly participated in its elaboration. Finally they used their tools to press the government coalition to go ahead with the approved form of reform.

The *Association of Towns and Communities of the Slovak Republic* (ZMOS) is the most influential organization in protecting local government interests in Slovakia. More than 90% of the country’s cities and communities are members. For more than ten years, ZMOS has been promoting the interests of local government and presenting important arguments in support of regional government. Local governments always considered an intermediate level of government as essential within the Slovak public administration system. ZMOS’s views on public administration reform have been clarified since 1990, and achieved a sophisticated form especially during 1994–96, when the next stage of reform was under discussion and the first decisions on regionalization were taken. In crucial documents from that time,⁴⁷ alongside concrete responses to central government approaches (changed priorities harming local government in favor of state administration), ZMOS formulated its main positions concerning regional government. They stressed its independent position toward lower-level governments, with neither level subordinate to the other, nor controlled by the other, and recommended a strict division of powers between levels as well as lines of public administration. They also argued that the size of regions should be dependent on the regional governments’ responsibilities. ZMOS raised the possibility of an asymmetric division of the country. The group also reflected the principle of subsidiarity, preferred a majority electoral system, the direct election of representatives and a strict division of resources (no redistribution from regional level to community level). They argued that the property of regional governments should be

based on property transferred from the state, and asked for a reorganization of the tax system. ZMOS also proposed a framework distribution of responsibilities and asked that they be explicitly listed as original and delegated powers. As far as territorial administrative division was concerned, ZMOS asked for a division adopted by constitutional law; i.e., by a three-fifths majority in parliament. Despite clarifying its principles, ZMOS did not present a solid position toward the central government in the key period of 1994–98. They preferred to stay in contact with the central government, and in the search for compromises, sacrificed many principles that they had adopted earlier.

The *Union of Cities*⁴⁸ is the second most influential association of local governments, and is dominant among larger cities. This smaller association (in terms of membership) developed a large and long-term public administration reform campaign. It made regionalization one of its most important objectives (many member cities are centers of particular regions). The main difference compared to the ZMOS was that the Union of Cities endeavored to prepare its own reform proposal, including the position and roles of regional governments. The group was heavily involved in continued work on the so-called “county” proposal. It should be mentioned that at the time of the Meciar government’s decision in favor of eight regions and its own sequence of reform steps, this proposal was by far the most elaborated. When it was clear that the Meciar government would go ahead with its modified reform, the Union of Cities tried to adjust its regional government units to the state administration regions (e.g., one state administrative region would comprise two self-governing regions). The Union criticized the Meciar government for not defining powers and especially the transfer of powers to regional governments. It became one of the strongest supporters of public administration reform after 1998.⁴⁹ A considerable part of its expertise and efforts were directly involved in elaborating the reform documents and the group also participated in disseminating information about public administration reform.⁵⁰

5. CENTRAL STATE APPROACHES TOWARD REGIONAL POLICY AND REGIONAL DEVELOPMENT

5.1 Problems of Regional Development Under State Control

The economic and social transformation during the 1990s caused deep regional disparities (Table 5.6) that were not addressed effectively. Regional policy was in fact a “minimum policy”—because no coherent, systematic policy was developed, very limited powers and resources were granted.⁵¹ A highly centralized and state centrist approach prevailed. Activities in favor of regional

development were in fact decided by the central government and organized within various ministries, often as individual decisions and short-term initiatives. Only later were they combined with the limited role of state institutions in the regions. The main tasks were supposed to be organized by the state and its agencies, financed by the state budget. The main features of regional policy and development in the 1990s were the following:

- centralization of powers and resources;
- institutional instability at the central level;
- strong influence of sectoral approaches, weak position of institutions responsible for regional policy;
- almost no legislation addressing regional development policy;
- fragmented, in some cases more or less individual, experimental and unsystematic approach;
- prevalence of monitoring, analytical and conceptual documents over programming and implementation;
- lack of financial resources for activities related to regional development;
- insufficient administrative/personnel capacities (lack of experienced professionals, civil servants, trained project managers, etc.);
- uncoordinated and unbalanced planning (territorial, environmental, regional);
- minor role of regions—long-term absence of institutions at the regional level, later partly improved in 1996, absence of regional government.

Surprisingly, it seems that it was not the growing regional social and economic disparities that finally prompted an acceleration of efficient regional policy formulation, but the effort to join the EU and gain access to EU pre-accession funds. The development in this field was criticized by the European Commission. The non-existence of regional government has been a long-standing problem in the allocation of EU structural support to the Slovak Republic. EU institutions also decried the slow and incomplete progress in regional policy and slow progress in regional statistics.⁵² Action was also spurred by pre-accession negotiations on relevant chapters of EU policy, such as regional policy and the coordination of structural instruments.⁵³

A series of institutional developments, the elaboration of principal documents and legislation rapidly improved the situation, especially from 1999. This positive trend has had stronger institutional backing in the newly established Ministry of Construction and Regional Development. Although there have emerged signs of the decentralization of particular activities in this field, the long-term absence of regional government is affecting the mobilization of regional initiatives. A basic legal and institutional environment in favor of regional policy is to be completed within 2001–02, followed by much

improved implementation, including a more extensive role for regional governments.

5.2 Central State Approaches and Institution-Building

The absence of a regional level of government and the limited capacities of local governments mean that central government and state institutions have a key role in addressing regional development and regional policy. However, this important role was not fulfilled for years. The non-existence of a more elaborated regional policy, as well as pressure to respond in certain ways to emerging social and economic problems in regions forced central governments to adopt individual decisions that should improve the situation in regions and confirm its political interest in this field. There were three most typical areas of support—special measures in favor of particular enterprises, intervention regarding the (re)location of institutional or company headquarters, and support for university education in regions. The central government supported large enterprises in the economic transformation process⁵⁴ and large foreign investors, in an effort to protect jobs in regions. The main tools here were subsidies, state guarantees of loans, and tax holidays. Other methods of intervention included the transfer of institutions, such as Slovak Post and the Slovak Patent Office and the headquarters of companies with large state ownership, to the regions, mostly to Banská Bystrica. While in some cases these institutions remained in the regions, others—most notably the Slovak Savings Bank, one of the country's largest commercial banks—moved their headquarters back to Bratislava. A similar initiative was the establishment or strengthening of regional universities, according to new administrative regions. The main beneficiaries were universities in Banská Bystrica, Trenčín and Trnava.

One of the obstacles to efficiency in addressing regional development issues was the instability of the institutional environment at the central level. This was combined with frequent personnel changes, changing priorities and reservations about work done previously. The following institutions have been responsible for regional policy at the central level since 1991:

- Ministry for Economic Strategy of the Slovak Republic.
- Government Council for Regional Development.
- Center for Strategic Studies.
- Office for a Strategy for the Development of Society, Science and Technology.
- Deputy Prime Minister for Human and Minority Rights and Regional Development.
- Ministry of Construction and Regional Development—(since December 1999).

All of these institutions were of various natures, and regional policy bodies had various positions within their structures, taking the form of departments, sections within ministries, ad hoc bodies with a supporting office, or other forms. They were in many cases quite successful in preparing analytical and conceptual documents. However, they had limited implementation powers and resources, and were not strong enough to accelerate real activities in their field. They had difficulty in competing with well-established ministries and their agencies. The manifold transfers of powers, problems with staff levels and discontinuity combined to limit their ability to function effectively. There were also problems with initial personal and financial consolidation, as well as agony in each “transfer” from an old to a new institution. Even the final transfer of regional development responsibilities to the Ministry of Construction and Regional Development (MVRR) necessitated a new period of institution-building, as powers, staff and resources were brought together. Besides regional policy and public works administration, the transfer of central level responsibilities in tourism to the MVRR was discussed. Opinions differed as to whether the MVRR should deal exclusively with regional development activities, or whether responsibility for construction should be moved to the Ministry of the Economy, or whether the ministry should remain in its current form.⁵⁵ MVRR departments faced a lack of well-experienced staff and had to hire new personnel, as only some employees responsible for regional policy at the Office for a Strategy for the Development of Society, Science and Technology (USRSVT) moved to the MVRR. The resources available for regional development initiatives were inadequate, compared to those of well-established ministries. Nevertheless, with a ministry devoted to them, regional development issues became much more prominent. The strengthened administrative position brings more influence over the legislative process, greater organization of activities in regions and eventually a higher share of state budget resources.

Institutions responsible for regional policy at the national level had very limited room for maneuver. Since 1996 they were oriented towards programs for distributing financial support and building development agencies to facilitate regional development. A program of state subsidies for support of regional development projects in identified regions has been implemented since 1996. The selection of projects for such support was based on recommendations of the district and regional state administration and inter-sectoral commission (established at the USRSVT). Some Skr100 million a year on average (almost Skr140 million in 2000) was distributed (later through respective institutions). More than half of these subsidies went to support small and medium-sized enterprises (SMEs), with the remainder going to projects managed by local governments and to the establishment of Regional Development Agencies (which received almost Skr30 million in 1997–98). This “*Program of state help for the development of dis-*

districts with high unemployment” has been administered by the MVRR since 1999. Some 510 projects applied for Skr95 million in support under this program in 2001 with priority given to small enterprises (those with up to 50 employees). However, many projects did not meet basic formal requirements, while others fell victim to poor administrative capacities at district offices and the insufficient participation of individual applicants. Of 29 districts identified as having structural problems, fourteen failed to elaborate an acceptable project.

Regional Development Agencies (RDAs) have been formed in selected affected regions since 1997 (initiated by the USRSVT). However, this initiative was not well prepared. RDAs depended on state budgets, suffered under an unclear regional policy framework, and often did not function efficiently. They were not able to mobilize resources, nor to prepare successful projects addressing regional development needs, and were not successful enough in cooperating with partners in regions. A new attempt to build an effective RDA network, initiated by the MVRR, began in 2001. They address mostly the peripheral regions and eastern Slovakia.⁵⁶ Some of them will face difficult tasks because they are located in small cities with a population of about 10,000 and will be oriented towards local development issues (e.g. in Sahy, Kralovsky Chlmec, Moldava and Bodvou).

The MVRR is responsible for the *PHARE program in the field of economic and social cohesion* (EUR18 million for 2001). This covers projects for the production sector, human resources and business infrastructure. Projects are exclusively from the NUTS II priority region East Slovakia.⁵⁷ Projects submitted seek support for the development of industrial parks and tourism, as well as support for institutions and human resources development. There are problems in preparing acceptable projects, despite the urgent need for them.

Specific fields of regional development initiatives have been managed by sectoral ministries, or other institutions subordinated to or initiated by the state. The development of SMEs in regions is influenced by the Ministry of Economy and the National Agency for the Development of SMEs. Public works have been organized by the National Labor Office and later in cooperation with the MVRR. The Slovak Guarantee and Development Bank has a specific position within the administration of guarantee and subsidy programs. The Ministry of Environment and the Ministry of Agriculture are involved in the fields of quality of life, rural development and agriculture, while the Ministry of Transport, Post and Telecommunications coordinates investments in the transport infrastructure.

The *National Agency for the Development of Small and Medium Enterprises* (NADSME) was established as a joint initiative of the Slovak government and the EU PHARE program⁵⁸ and coordinates all activities directed towards support for SMEs at all levels. It addresses the development of SMEs in regions via a network of twelve regional Advisory and Information

Centers (RPIC) and five business and innovation centers (BIC). The RPICs are legal entities based on public-private partnership, oriented towards advisory, information and education and training services in support of new SMEs. Business and innovation centers are independent corporate bodies that offer services to businesses, including business plans, legal advice, and technological and patent advice. BICs also provide a business environment for innovative firms for two to three years and act as incubators for newly registered entrepreneurs with innovative business ideas. NADSME implements state programs for the support and development of SMEs oriented towards the transfer of technologies, quality management, export assistance and micro-loans.⁵⁹

The existing network of SME support is insufficient, and has limited accessibility and effects in regions.⁶⁰ Some forms of services (e.g. incubators) have limited capacities (in 1999 there were only 35 companies in incubators). In an effort to strengthen the support infrastructure, a “Centers of first contact” network is to be built in cooperation with local governments, with PHARE support in 2001–03.⁶¹ This network will be coordinated by RPICs and BICs at the regional level and by NADSME at the national level. It will establish nine such centers in the priority regions of Banska Bystrica, Presov, and Kosice. Extensive coordination with regional branches of the Slovak Chamber of Commerce and Industry, the National Labor Office and professional associations is expected.

The *Slovak Guarantee and Development Bank* administers a wide range of programs addressing selected regions. Its main instruments are loan guarantees, credit programs and subsidies. The *National Labor Office* also has an important role with its programs of active employment policy and public works, in which regional aspects are also taken into consideration.

The *Program for Village Revitalization* was established to address development in rural areas, albeit with very limited financial resources (e.g., Skr20 million in 1998). Other programs and support schemes address rural development and regional development programs in the agriculture and food industry, mostly through the Ministry of Agriculture and its specialized funds.⁶²

Improvement of the transport infrastructure is considered one of the crucial factors in boosting regional development. This should improve Slovakia’s integration into the global economy as well as the accessibility of the country and its regions and provide better links between regions. Large-scale highway construction and railway network modernization programs are under way, financed by state bonds, the state budget and other resources, such as EU ISPA funds, and EIB loans.⁶³ The *subvention in support of mass bus transport* has a specific role in the field of transport, and had almost Skr1 billion in 2001 distributed by district offices to assist services in the public interest in regions.⁶⁴ This covers discounts for students and the elderly and covers

the cost of public transport in remote areas. It is particularly important in providing access to the labor market in cities for the large number of people living in the countryside.

The upsurge in activity addressing regional policy and development issues led to the formation of a new institutional structure in for regional policy in 2000:

- Slovak Government Council on Regional Policy.
- Department of Regional Development at the Office of the Government (since January 2000). This serves as a support unit for the Government Council on Regional Policy, coordinating inter-sectoral issues and monitoring activities in regional policy (serving especially Vice-Premier responsible for regional policy).
- Section for management of regional development (since March 2000) as an operation tool of the MVRR. This was transformed into the Implementation Agency for Regional Development as a financial and implementation unit during 2001.
- Committee for Structural Funds at the MVRR (inter-sectoral).
- Regional management and monitoring committees (according to four NUTS II regions, with centers in Bratislava, Nitra, Zilina and Kosice).
- Departments for regional development at regional government offices (since 2002).

5.3 Documents and Key Legislation Prepared at the Central Level

Deep regional differentiation emerged in Slovakia very soon after 1990–91 as a consequence of rapid economic transformation. Along with institution-building, documents were prepared to define approaches and tools for addressing regional development. Despite the growing scale of regional disparities, the documents did not lead to a breakthrough for regions.⁶⁵ Most earlier documents contained an analysis of regional disparities and an expression of general intentions. However, these were not converted into functioning policies or more efficient individual tools or support schemes. A compact and stable legal environment was lacking throughout the 1990s. This was in many ways responsible for the declaratory character of regional policy, with a lack of relevant financial, institutional, personal and operational specifications and capacities. Even tools that were implemented can not be considered long-term and efficient policies. A drive to elaborate documents and adopt legislation began after the 1998 change of government. Intensive planning and programming activities have been strongly related to the creation of a base suitable for the management of EU pre-accession funds and future structural funds.

The main documents approved by the government in the field of regional policy are the following:

- Principles of regional economic policy (1991).
- Principles of regional policy (1994).
- Concept of state regional policy (1997).
- Criteria for assessing, approving, and financing projects that support regional development (1999).
- Integrated plan of regional and social development of the Slovak Republic (1999).
- Principles of regional policy in the Slovak Republic (September 2000).
- National Regional Development Plan (March 2001).
- Act on Support for Regional Development (2001).

In terms of the current development, the documents prepared since 1998 are the most significant. An “Integrated Plan of Regional and Social Development of the Slovak Republic” was prepared at the USRSVT as an introductory document required to obtain support from EU pre-accession funds. On the basis of this, work on the “*National Regional Development Plan*” (NPRR) accelerated during 2000, leading to final approval by the central government in March 2001. The NPRR is a strategic document for the planning period 2000–06 and a basic condition of pre-accession support from PHARE, SAPARD and ISPA funds. It concentrates on sectoral programs in the fields of human resources, industry, transport and telecommunications, environment, agriculture and rural development, tourism and housing. Regional operation plans are organized according to NUTS II regions and are oriented towards regional development strategies. The NPRR is a combination of the efforts of a few hundred professionals from state administration, local and regional governments, the third sector and other specialized agencies. In order to enhance Slovakia’s capacity to make use of structural funds the “Special Preparatory Program” was carried out, with EU financing. This employed a large group of foreign and Slovak experts in training professionals from the regions for various roles in the implementation of future projects.

The document “*Principles of regional policy in the Slovak Republic*” was prepared as a guideline in the field of regional policy. It defined the main institutions, tools, programs and resources for regional development activities. According to this document, regions supported by the state should be structurally damaged regions, economically weak regions, or regions chosen by the central government, such as border regions, or regions affected by natural disasters. This document outlined future programming documents and tools, including subsidies, state guarantees, financial aid, and tax-exempt status, among others. The government council for regional policy, as a coordinating and initiative body, and the MVRR should play key institutional roles. At the regional level, until the regional government was

established, regional offices should be the responsible institutions. It was supposed that other public administration institutions (e.g. local governments) would have an important role. The integrated network of Regional Development Agencies should serve as executive bodies for support of regional development, and as professional bodies for the elaboration of regional development plans and concepts for regional development. Institutions responsible for regional planning, coordination and management of EU funds should be established at national and NUTS II levels.

The absence of any major legislation is evidence of the very slow progress of regional development and regional policy in Slovakia. The *Act on Support for Regional Development* although prepared in the mid-1990s, was not passed until October 2001.⁶⁶ It is narrower legislation than the “Principles of Regional Policy in the Slovak Republic.” It sets out the basic terminology and the aims and areas of regional development, defines supported regions and programming tools in general terms, as well as outlining financial conditions and the institutional framework. It also creates a new and more compact legislative framework for regional development. The act gives for the first time extensive powers to regional and local government institutions in this field. Nevertheless, it does not explicitly define tools of support, nor financial schemes.

This legislation combines Slovak conditions and needs with the European perspective on regional development policy. The EU integration dimension is reflected by a frequent emphasis on general principles, such as programming, concentration, additionality, and partnership, as well as on developing institutions and documents suitable for managing pre-accession and future EU structural and cohesion funds. Regions in need of support are defined from an internal, as well as European point of view. In the case of regions supported from EU funds, respective parameters will be used (75% of GDP per capita in NUTS II level regions). From the Slovak point of view, regions eligible for support are defined as economically weak—far below the Slovak average—and structurally damaged, as decided by the central government.

This act had to cope with the inconsistency between the boundaries of NUTS II regions, which are purely statistical and programming regions, and those of regional government units. As a result, programming, implementation and monitoring require cooperation between more than one region when they make up one NUTS II region (as is usually the case in Slovakia) when EU funds are used. Coordination of programming between NUTS II regions and self-governing regions is necessary.

The transitional situation in the field of public administration and regional policy is creating potential problems. The major programming documents as mid-term documents have already been adopted (National Regional Development Plan) for the following planning period. The influence of elected regional

councils on regional development priorities is thus questionable in the following years. Similarly unclear is the definition of financial and administrative sections of future economic development programs and the social development of self-governing regions while fiscal decentralization is not completed.

The chief aims of regional development support are the balanced social and economic development of the country, the elimination or reduction of regional disparities, and the prevention of the formation of new underdeveloped regions. Regional development programs should also enhance the sustainable economic and social development of regions. The main fields for support should be the regional economy and business environment, human resources, research and development, tourism, infrastructure of all types, cultural heritage, environment, and cross-border and international inter-regional cooperation.

Regional development support will be organized according to the following hierarchy of programming documents:

- National Regional Development Plan of the Slovak Republic.
- Regional Operation Program (NUTS II level).
- Sectoral Operation Program.
- Program of Economic Development and Social Development of Self-Governing Regions.
- Program of Economic Development and Social Development of Community (economic and social development).

These are medium-term documents, adopted by the central government (such as the National Plan, regional and sectoral programs), or regional and local governments. Besides analytical sections and priorities, they will include sections addressing the required financial and administrative capacities.

Regional development support can use state, public, or private financial resources. Resources for EU funds are defined as additional. The recipients of support are defined very freely, as legal entities from all sectors. The support will be project-based, according to activities required by programming documents. Financial support from the state and the EU is supervised in accordance with special audit legislation.

This act specifies the role of the central level—in particular the MVRR—and the state administration in general, as well as the role of self-governing institutions. The act also defines the new institutions and their tasks. The National Monitoring Committee will have a crucial role, dealing mostly with implementation and monitoring the National Regional Development Plan, as will the Regional Monitoring Committees, whose main tasks are related to Regional Operation Plans, based on partnership principles. The National Implementation Agency for Regional Development (IARR) will from 2002 fulfill many tasks in managing financial flows from the EU—among them public tendering, contracting, monitoring approved projects—

for economic and social cohesion and cross-border cooperation (PHARE CBC funds). After Slovakia joins the EU, the IARR will serve as a payment unit for the European Regional Development Fund.

Two other new pieces of legislation, the *Act on Support for the Development of Industrial Parks* and the *Act on Investment Stimuli* should have a large impact on regional development. Besides the internal need for such legislation, it is important to raise the business support environment to a level comparable to that prevailing in neighboring countries. Due to the fact that real application of these acts began only in 2002, their effects can be evaluated only after a few years of implementation.

Support for the development of industrial parks⁶⁷ is considered an integral part of state regional policy. Local governments will have an important role in establishing such parks, and the state budget will be a major but not exclusive source of financing. The Ministry of Economy will play a key role in management and decision-making, in cooperation with other affected ministries and special state agencies, taking into account the economic situation in regions. Support will be oriented towards technical infrastructure development and purchasing or renting land. At least Skr500 million should be available each year, and was available in the 2001 state budget. However, the limited financial and administrative resources of local governments are the main obstacles to the rapid development of industrial parks. Support cannot exceed 70% of total costs, limiting the activities of smaller communities. Extensive documentation, including documentation of planned entrepreneurial activities, is also necessary to obtain support. This is a product of a cautious approach, to avoid the creation of unused industrial parks. The legislation reflects the growing opportunities for local and regional initiatives to develop industrial parks. There are already numerous activities in this field, but they are in most cases quite vague and not well elaborated proposals.⁶⁸ Among the exceptions are the Zahorie industrial park near Bratislava with close ties to the Volkswagen plant in Bratislava, and the industrial park in the city of Vrable.⁶⁹

The Act on investment stimuli⁷⁰ defines the provision of investment stimuli as specific state aid in favor of regions. The main tools for supporting investments are tax relief, subsidies for newly created jobs and subsidies for workforce retraining. The rules for their distribution respect regional social and economic differentiation.⁷¹ Applications for investment stimuli will be administered individually by the Ministry of Economy. All proposals (resulting from consultations among the applicant company and the Ministry of Economy) require the approval of the national Office for State Aid. The central government has the right of final approval over each proposal. It is estimated that the passage of this law is responsible for creating about 8,000–10,000 new jobs annually.⁷² Workforce-based subsidies will be distributed by National Labor Office field offices at district level. Tax relief will be administered by the tax office.

Planning documents occupy a unique position. There is a certain amount of competing and overlapping, leading to “disintegrated” planning praxis under the control of different ministries, most notably the MVRR and the Ministry of the Environment. At the same time, large-scale planning documents were prepared, among them the National Regional Development Plan, the National Strategy for Sustainable Life, and the Concept for Territorial Development of the Slovak Republic. However, these plans are not linked, coordinated or integrated. A similar coordination of planning documents is also necessary at the regional level. Due to the strong interests of individual sectors and professional groups, this will not be an easy or short-term task.

6. CROSS-BORDER COOPERATION AND REGIONALIZATION

The configuration and length of state boundaries, social and economic marginalization, or, on the other hand, the strong economic potential of many border regions (e.g. Bratislava and Vienna), the linguistic and cultural proximity, jointly shared environmental resources, and common problems all offer large opportunities for cross-border cooperation at the regional level. Despite this natural potential, no system for cross-border regional cooperation was built during the 1990s. Cooperation was underdeveloped, informal, consultative, without clear territorial coverage, and oriented towards social and cultural activities. More favorable conditions for regional cross-border initiatives, including state support, have been formed only since 1999. The most important stimulus for reviving cross-border cooperation is expected to come from regional governments.

The main reasons for this stagnation are the following:

- absence of state political support for regional cross-border cooperation;
- slow progress in adopting European standards and bilateral framework for cross-border cooperation;
- incomplete and/or restrictive legal environment that could not offer potential actors a clear legal framework and sufficient room to maneuver;
- suspicion of spontaneous cross-border activities from below based on joint action of more authorities (local governments, local state administration);
- insufficient institutional development and reduced personnel and financial capacities at all levels, and unsatisfactory institutional efficiency, including institutions responsible for implementing EU programs;
- absence of regional government as a key institution in cooperation.

Although spontaneous cross-border cooperation at the regional level began immediately after 1989, it was later met with

state indifference or, conversely, by tight control and arbitrary state intervention during 1992–98. The state could exploit the fact that local governments as well as local state administration could not rely on a clear set of rules for cross-border cooperation. Although they had the right to engage in international cooperation, they faced complications when this took on a regional and more formal institutional dimension.

The difficulties of regional cross-border cooperation development and the absence of political will and support during the 1990s is best documented by the fate of the Carpathian Euroregion (Euroregion Karpaty). Representatives of Slovak district offices (state administration) freely entered into cooperation with similar bodies from Hungary, Poland, Ukraine and Romania in 1990–91. This cooperation became more official in 1992–93 and proceeded further to obtain the higher status of Euroregion as an inter-governmental coordination mechanism with assistance from the East–West Institute in 1993.⁷³ However, this initiative faced criticism and direct political intervention from the Slovak central government from 1993. This was due in part to its size, and the perception of the initiative as a tool for neighboring countries to gain influence in the region, and a potential threat to the territorial integrity of the new state.⁷⁴ Various obstacles prevented the Slovak part from gaining full membership in the Euroregion, so it remained with special affiliated observer status. At that time the Ministry of Foreign Affairs decided that state institutions would not be allowed to participate. As an alternative, the Slovak part of the Euroregion was represented by the Karpaty Regional Association of Municipalities. As a result, the Slovak part became an official member of the Carpathian Euroregion only in 1999.

The central government took positive steps in favor of regional cross-border cooperation especially after 1998. Such cooperation has become an important part of EU pre-accession processes and has been considered fully consistent with Slovak foreign policy priorities. The first positive step was the adoption of the European Charter on Local Government, which gave stronger positions to local governments at the international level. This was later followed by ratification of the European Outline Convention on Cross-border Cooperation between Territorial Communities or Authorities, as well as its Additional Protocol (both valid in Slovakia since May 2000) and Protocol No. 2 concerning inter-territorial cooperation (valid since February 2001). This led to an adjustment of conditions in this field to European standards and the establishment of a framework for developing the Slovak legal system in this field.

Cross-border cooperation has been heavily dependent on the existence of bilateral treaties with neighboring countries. Participants were restricted by long-term uncertainty, especially in forming joint bodies and developing more ambitious joint projects and documents. The first bilateral agreement was signed with Poland in 1994, leading to the establishment of the Tatr Euroregion in that same year. The process of creating a bilateral

environment supportive of cross-border cooperation is quite new (2000–01).⁷⁵ Other international treaties facilitated improvements in regional cross-border cooperation, but they were not always effectively used.⁷⁶

The EU's main instrument for supporting cross-border cooperation in Slovakia has been the PHARE CBC program for cross-border cooperation, which distributes resources for projects in border regions. Until 1999, the program suffered in Slovakia from poor implementation capacity and too much centralization. Nevertheless, it has been successful, especially in the fields of infrastructure and environmental improvement. Cross-border cooperation in communication, networking, and "people to people" projects have been expanding rapidly since 2000, when the Small Projects Fund (the non-investment part of the PHARE CBC program) began to function more efficiently. A more balanced mixture of decision-making that includes regional and local actors has been developing in Slovakia only since 2000. The PHARE CBC program is expected to be much more efficient in the 2000–06 planning period, especially due to requirements for clearly defined regional priorities and an improved framework for the participation of regional and local actors, including, among others, the state administration, local governments, experts, and voluntary organizations. Its activities and resources have addressed on a larger scale the border region with Austria as an EU member state. Smaller initiatives address other border regions. Activities near the border with Ukraine, a potential EU external border in future, are very limited.

The frequent transfer of responsibility for coordinating cross-border cooperation among institutions at the national level has been a major problem.⁷⁷ General powers in this matter were repeatedly moved to newly created institutions. Cross-border cooperation was part of the agenda of the Center for Strategic Studies in 1993–95, then of the USRSVT in 1995–98. The USRSVT also took over responsibilities for managing the PHARE CBC program. After failures in implementing this program (and the closure of this office) some responsibilities for PHARE CBC funds—the program and management unit, central financing and contracting unit—were transferred to the Office of the Government in 1999. At present, general coordination powers are in the hands of the newly created MVRP. The Ministry of Interior and Ministry of Foreign Affairs have had important roles in coordinating cross-border cooperation and elaborating a general legal framework.

The powers (circumscribed in exchange for experiences in state administration) and capacities of district and regional state administration for multipurpose cross-border activities have been very limited. The Ministry of Foreign Affairs did not impose rules on local state administrations regarding international relations until 1999.⁷⁸ The position of regional state administrations in cross-border cooperation is still being discussed, although regional state administrations have been more involved since 1999.

The absence of regional government was the principal problem in developing regional cross-border cooperation. Regions and regional authorities from neighboring countries could not find Slovak counterparts. It has to be stressed that members representing the Slovak side were mostly regional associations of communities, or local governments, and not regions nor regional institutions set up according to administrative divisions, whereas their partners in neighboring countries are mostly communities and regional governments. The absence of institutions and the limitations on the Slovak side have prevented more formal and institutionalized forms of cooperation, such as activities in managing joint social and economic development, an coordination of planning. As a result, we can only very carefully talk about cross-border regionalization, or more developed cross-border regions in Slovakia. It was not easy to move beyond the phase of cross-border cooperation toward more developed cross-border regions. Even existing cross-border regions were not greatly sustained by joint institutions or documents. Despite these obstacles, there were twelve cases of regional cross-border cooperation, mostly called Euroregions, in Slovakia in 2001. Only a minority of them have joint secretariats, regular conferences, and joint planning documents. The Slovak government has recognized the role of cross-border cooperation and the need for building cross-border structures since 1999. Euro-regions have received special financial support to set up institutions, build cross-border structures, make more effective use of other resources and join cross-border development and cooperation programs. However, the total support for all Euro-regions was a mere Skr4.2 million in 2001.⁷⁹

7. REGIONALIZATION FROM BELOW

7.1 Regionalization on Local Government Base

Local governments formed voluntary regional associations in an effort to overcome the political unacceptability of amalgamating and integrating small communities into cities after years of forced integration under the previous regime, as well as the absence of a regional government. They recognized the need to coordinate their own activities and solve common problems, such as the consequences of the economic transition, regional development, completing the basic infrastructure, and keeping basic local services functioning. They also were forced into cooperation and association by their insufficient personal and financial resources, which were mostly a consequence of the small size of these communities. Regional associations have since become a widespread means of expressing and protecting common interests in various fields.

The need for regional coordination and cooperation emerged immediately in 1990. While in 1991 there were 22 regional associations, there were 47 such associations in 1994 and 57 in 2000, covering almost the entire Slovak territory.⁸⁰ While some of them have a more or less local character, with about ten member communities, others are genuinely regional, comprising more than 100 communities. Each regional association is an autonomous legal entity, with its own statute and bodies. They are part of the organizational structure of the Association of Towns and Communities of the Slovak Republic (ZMOS). Membership is voluntary, based on the decision of the local council. Regional associations have representatives on the ZMOS board (one for each 30 communities), which is the main decision-making body of the ZMOS between its congresses.⁸¹ They are very influential in formulating the final goals of the entire ZMOS.

Regional associations act as interest and pressure groups, especially those with more members, rather than to deliver public services or manage joint projects.⁸² For those purposes, membership communities form new legal entities. One of the reasons is that private companies are included in a growing number of initiatives and joint projects. The benefits of private-sector involvement include know-how transfer in the form of new technologies, professional management skills and investment capital.⁸³ Such arrangements are usually set up for a single purpose. The most usual fields of cooperation are waste collection and disposal, infrastructure development, health services, planning, marketing of tourism and special training for local government. They also perform an important role in delivering regional development and public services in the context of EU support. For example, 52 local governments from the Zemplin region of eastern Slovakia established a joint stock company to distribute drinking water and complete the sewage network with extensive support from EU ISPA funds. (The total costs of the project are about Skr2 billion).⁸⁴ Regional as well as functional associations also set up communities with a majority Hungarian population, in some aspects replacing the missing intermediate level of government.⁸⁵

Regional associations have been important forums for expressing opinions on regionalization and public administration reform. They have been among the strongest supporters of decentralization and building regional government. However, the issue of territorial administrative division was also a divisive one for them. In 1993 the proposal for seven regions (eighteen associations) received the highest support, while a proposal for sixteen provinces received only one vote fewer.⁸⁶ The question of territorial division totally divided regional associations and finally the entire ZMOS in 1995–1996.⁸⁷ It undermined the position of the ZMOS and it was one reason why the governing parties at the time preferred a political decision. The differences of opinion among regional associations were much more reduced in 1999–2001. Some 70% of 57 regional associations agreed with the

proposed reform into twelve regions, while 10.5% favored a division into eight regions).⁸⁸ The wide-ranging consent achieved at the regional level was a result of the very extensive communications between leading reformers and regional associations, most notably in the form of special conferences in regions. The ZMOS and regional associations were among the strongest proponents of the reform proposal and supported the division of the country into twelve regions. Regional associations were very much opposed to the adoption of eight regions with no regional boundary adjustments, but their aspirations were not respected.

7.2 Regionalization and the “Third Sector”

An important form of regionalization from below is based on the activities of non-governmental organizations (NGOs). Regionalization emerged in the so-called “third sector” in three main forms:

- decentralization of own activity to the regions, and the construction of own regional structures;
- opinions of the third sector on regional policy and regional development, and its role in this field;
- their interests in the implementation of public administration reform and the decentralization of powers to regions.

It is important to mention that extensive analytical and conceptual work in favor of public administration reform, decentralization and the position of regions took place within third-sector bodies in the 1990s. One of the most important of these was the “MESA 10” non-governmental think tank that served as the original base for I. Miklos, who later became the deputy premier responsible for public administration reform, and for V. Niznansky, the Government Commissioner for Public Administration Reform.

The third sector developed in Slovakia into a very significant actor, with an influence on many aspects of social and economic life. During the first years after 1989, its activities were concentrated in Bratislava, although the sector supported projects all across Slovakia. Its development faced the problem of expansion and coordination. Leaders and leading NGOs had to cope with the question of how to assist new NGOs and how to support smaller but active local organizations throughout the country. There was also a need to improve cooperation among NGOs in regions, deepen cooperation with local administration, establish links and cooperation with the private sector operating in regions, and create structures for better communication with citizens in the regions. The only possible outcome was the regionalization of its activities. This became more urgent after regional state administration was introduced. Regionalization in

the third sector was one of the reactions to the expansion of the state, and aimed at a comparable strengthening of civil society in the regions. The result was the creation of the network of *Third Sector Regional Panels (Slovak Krajske gremia tretieho sektoru)*⁸⁹ and the development since 1997 of the network of third-sector service centers along the lines of administrative regions. These centers concentrated on intensifying cooperation among NGOs within their regions, presenting and defending their interests against the regional administration, improving the activity of NGOs in regions, presenting their activities to citizens in regions, and cooperating with regional media.⁹⁰ Regional panels are independent of third sector panels working at the national level, serving as a coordinating and representative body of all Slovak NGOs. Service centers (SAIA–SCTS) have more facilitative, advisory, networking and communication roles, undertaken by a professional, full-time staff. They operate in eight branches in all administrative regional centers.⁹¹

Regionalization from below is well documented by *Slovak Chamber of Commerce and Industry (SCCI)* activities. This influential representative of business interests developed its own regional structures and, indeed, its own regions of operation. Due to the autonomous nature of decision-making in the SCCI, its regional structures reflect the opinions of its members, their regional clustering and the strengths of regional economies. Regional chambers are an influential part of the national chamber, but also conduct their own activities and have their own offices, as well as their own supervisory and decision-making bodies. At present, there are nine regional chambers with permanent offices in all administrative regions, and in south central Slovakia. Some regional chambers also have decentralized offices in other centers.⁹² The SCCI’s perception of regionalization according to its members’ needs is different compared to the administrative regions of 1996. Its perspective is close to the proposed twelve regions as regards regions, as well as all offices, although some of them are competing for selection as a regional capital, such as Martin and Ružomberok. The SCCI and regional CCIs are in favor of public administration reform, in the expectation that decentralization of powers and resources to the regional and local level will spur economic growth in their respective regions. They expect flexible cooperation with regional bodies in addressing social and economic development.

The regionalization of third-sector activities helped give greater prominence to the problems of regions. Many NGOs began to focus on regional development and regional policy problems at the end of the 1990s, and have been participating in preparatory work on major regional policy programming documents. A special working group for regional development has been working within all NGOs since May 1999.⁹³ NGOs also participate in preparing regional development projects and in the activities of Euroregions. The virtual network “changenet” on the Internet plays an important communication role. Well-

established NGOs also serve as a means of distributing support for regions and civil society.

The most active, influential NGOs and their Regional Gremiums have become courageous proponents of regional interests, both on their own, as well as in participation with other regional actors. They have at the same time become strong critics of state activities in regional development. According to them, no efficient regional policy existed throughout the 1990s. In support of their argument, they cite the growing regional disparities and social and economic polarization between Bratislava and the rest of the country. Understandably, most criticism comes from NGOs based in central and eastern Slovakia. The strongest proponents of regionalization within public administration reform were also from these regions. After their previous experience of slow progress in addressing regional problems during 1999–2000, the third sector has considered regional government an important catalyst for regional development.

Transport and infrastructure policy, as an important regional development factor, was the main source of criticism. NGOs especially opposed the spending of a high portion of transport infrastructure investments in the most developed regions of western and northern Slovakia (especially on highways), and the selection of routes of trans-European importance outside central and southern Slovakia. Leaders in these activities were the Regional Panels of the Banska Bystrica and Kosice region, as well as environmental NGOs in general. This gave rise to a conflict between NGO representatives and representatives of the Ministry of Transport, Post and Telecommunications. Representatives of the third sector later expanded their communication with relevant ministries to include the Prime Minister, and even European Commission offices, including Enlargement Commissioner Gunter Verheugen.⁹⁴ They also asked for more extensive support for public transport, the modernization of railways, and a more open discussion of transport route options, and criticized the inefficient spending of huge amounts of resources from a long-term perspective. They urged that greater attention be paid to regional transport infrastructure needs from the Slovak point of view, and not only to trans-European transport networks. The results of these activities were minor, as the activists expected, but an evaluation of their activities will be more suitable after a longer period.⁹⁵ It can be said that these initiatives induced certain transport policy adjustments and increased spending on infrastructure in central and eastern Slovakia.⁹⁶

The third sector in Slovakia is very vital, and is able to exert considerable pressure in influencing social development. Its members successfully campaigned in favor of higher electoral participation and anti-Meciar parties in 1998, as well as for new legislation concerning free access to information in 2000. The main issue of their 2001 campaign was an initiative for genuine public administration reform. When the leaders of many NGOs understood that the scope and timing of the public administration reform was threatened by disagreements within the government

coalition, they quickly started to mobilize third-sector bodies and citizens. They formed the “Anti-crisis Committee for real reform of public administration” in March 2001, prepared the “Proclamation” of non-governmental non-profit organizations addressing political parties in Parliament, formulated the “Petition in support of real public administration reform,” which was signed by more than 300 NGOs after two months, and drew up the special “challenge” letter to the Prime Minister and the central government. The key point of all these activities was decentralization and the modernization of public administration, including twelve regions, as approved by the central government in 2000. Third-sector campaign leaders distributed explanatory material, such as the “twelve good reasons for twelve higher territorial units,” and organized special discussions and meetings with citizens. These activities finished with a public demonstration in favor of reform on May 9, the day on which parliamentary debate on the first public administration reform laws began. The experiences of third-sector activists confirmed the low level of knowledge among ordinary citizens of the details of reform.⁹⁷ For a majority of citizens, the issue of public administration reform was reduced to the territorial-administrative division of the country. For example, citizens did not know that district offices would be closed with the introduction of twelve regions. The third sector acted unanimously, with no important NGO opposing this initiative, respecting its nature in favor of a decentralized and destatised society.⁹⁸ It seems, however, that these activities came too late to effectively influence the views of the public and politicians.

8. LESSONS LEARNED AND POLICY RECOMMENDATIONS

Completion of decentralization

Despite the progress in decentralization made by the introduction of regional governments in 2002, the limited scope of their powers and resources remains a concern. More extensive decentralization will depend on the approach of the central government formed after the 2002 parliamentary elections. The most critical issue will be the financial aspects of regional government operations. Quick decisions on the real financial and property base are urgently needed for the consolidation of regional budgets, and for progress in decision-making and programming activities. The position of dependency and the subordination of regional government to the state should be reduced in a limited period of time.

Building public support

Public administration reform and regionalization were not supported by an efficient information and media campaign. No program of media support was executed. As a result, the public remained uninformed, without reliable information, and in doubt

as to the reasons for changes. This made very free interpretations possible and left considerable scope for discrediting reform. New forms of communication with citizens are needed to inform them about the main aims, features and advantages of reform. These should include multi-faceted information and media activities from the central, regional and local level. This is urgently needed to enhance the positive perception and acceptance of new institutions among the public. More links and communication with citizens and regional institutions should be developed.

Regionalization in social and political life

Regional interests are not sufficiently developed and effectively presented in Slovak society. Many natural and traditional regions lack sufficiently influential regional representations. Regionalization within political parties that could influence decisions in the Slovak parliament (as was proved by the adoption of eight regions) is not sufficient. Eventual changes in electoral legislation that could deepen ties between members of parliament and the regions should be considered. One such change could be the election of MPs according to regions. The successful functioning of regional councils for a few electoral terms, their expanded role and enhanced image within society could help regionalization to become more extensively understood.

Stabilization of territorial administrative division

The current territorial administrative division can not be considered a long-term solution. It seems to be only another short-term territorial division, in the tradition of twentieth-century short-term divisions. Important political and regional interests remain unsatisfied. Future efforts for change seem inevitable, in the direction of a greater number of regions or the eventual re-shaping of existing regions. A wide-ranging political and public consensus is needed for territorial division to become stable, at least in the medium term.

Future of district offices

The adoption of eight regions also in a case of regional government generated problems in internal integrity of the reform. According to the original intent, district offices should be abolished after twelve regional governments are set up. Their powers should be redistributed to local governments, specialized state administration and regional government. However, district offices continue to operate, with an uncertain future. Political interference and the slowdown of reform processes have led to costly and long-term uncertainty. A final decision concerning the future of district offices is needed, although due to the parliamentary election in 2002 they will probably function for another two or three years, at least.

Shift to practical regional development policy

The Slovak Republic has done enormous work in building basic institutional structures, and in the preparation of planning and

programming documents in recent years. Significant attention has to be paid to stabilizing the institutional framework, the efficient functioning of institutions and implementing adopted policies. Any further radical changes in basic institutional structures should be prevented. All existing and planned institutions, including inter-sectoral ones, should quickly achieve a well-functioning status at the central and regional level. Problems related to personnel and financial resources should be identified and promptly solved, especially at the regional level. Substantial increases in funding for regional development are essential, both from the state budget as well as EU funds, and other potential sources. More variable, efficient and well-defined tools that promote regional development should be developed and applied.

Regional government involvement in programming

Two issues stand out—the regional governments' relation to already adopted programming documents, especially NPRR and its regional operation plans—and the elaboration of programs for economic development and social development by regional governments.

Newly elected regional institutions will probably review existing programming documents carefully. Their position can range from respecting already adopted documents to attempting to challenge aims and priorities with which they disagree and to press for their own development priorities, or to use their own resources and tools for their new development priorities. Procedures for the potential modification of already adopted priorities should be established that favor new democratic institutions and their regional development goals.

An environment suitable for the rapid development of regional governments' own programming activities should be formed. Due to the incomplete decentralization, especially in fiscal matters, programming faces delays or vulnerability. A certain reasonable financial base should be established to allow regional governments to act efficiently in this field.

Electoral participation

Regional government, as the newest elected political institution introduced in Slovakia, competes for electoral participation with other levels of government. Its position is more complicated, due to the growing number of mostly separately organized elections in Slovakia. Along with parliamentary and local elections, citizens are called upon to vote in presidential elections (two rounds) regional elections (two rounds) and possibly in referenda at the national, local, or regional level. Citizens are asked to vote too often. A reasonable combination of some elections should be considered to reduce the frequency of voting.

There is also a question as to whether two-round elections for regional chairpersons are urgently needed. Other electoral systems allow similar outcomes with one round of voting. One example is preferential voting—often also referred to as the alternative vote system—in which voters can express a first and a

second preference, or further preferences.⁹⁹ In elections for regional councilors, single-member constituencies on the majority principle could reduce party voting, and give more chances to independent candidates. In addition, it is urgent that regional election campaign rules be changed to allow the use of all available media and information channels.

The future of regional development agencies

The future position and role of Regional Development Agencies (RDAs) should be specified, as concerns their position and relation towards the state and regional governments, as well as their professional staff dealing with regional development. Their tasks and status should be clarified. It must be decided whether these agencies should be executive implementation bodies or planning bodies; and whether they should be a tool of state regional development policy in regions defined by the state, a tool of regional development linked to regional government, or independent development bodies. If they remain under central government control, the creation of other development agencies initiated by regional and local governments can be expected. This could lead to greater diversity among development agencies, with some oriented towards local development, dealing with the local business environment, SMEs, local human resources and services; and others oriented towards regional development, dealing with foreign investors, large-scale development projects, and infrastructure projects. Such necessary diversity should also include RDAs established in the most developed regions, with more specific aims, (e.g. more technology-based development).

More confidence and activities in cross-border regional cooperation

Despite the growing activity of and support for cross-border regional cooperation, its potential is not yet properly exploited. Initiatives should address the revitalization of the positive perception of cross-border cooperation and its efficiency among various actors, especially at the local level that was lost during the previous period. The domestic legal environment should be completed and stabilized. It is crucial that the positions of cross-border bodies and joint documents be clarified. The resources for dealing with cross-border cooperation are insufficient and should be strengthened as part of the completion of the basic institutional environment at the regional level (especially regional governments and Euroregions). Suitable roles and forms of participation should be found for associations of communities already active in Euro-regions, as well as other actors. In order to improve cooperation, more resources are needed from those institutions directly involved, such as regional authorities and local governments, as well as from external sources, such as the central government and the EU.¹⁰⁰ Closer links should be formed among Euroregions, regional governments and EU initiatives. A more balanced approach to all border areas should be adopted.

The role of the third sector—need for greater efficiency

The activities of the third sector in favor of regionalization—i.e., public administration reform and regional development—confirmed that resources and capacities were inadequate and that the tools and strategies applied were not the most efficient. The third sector should reconsider how to face very complex and long-debated issues. The sector's ability to develop successful short-term and efficient campaigns in such cases is questionable. From this point of view, its initiative in favor of decentralization should start much earlier. The third sector did not observe the situation carefully and did not search for partners to exert more effective pressure. It seems that the third sector in this case abdicated its own natural role. It made the mistake of relying on politicians' promises that reform was their key program issue. The sector's campaign in favor of public administration reform was more or less self-centered, which was sufficient only within the sector. It developed pressure on behalf of the third sector, but not pressure initiated by the third sector and representing the public.

Despite its growing regionalization and partial successes, the third sector is still not fully efficient in addressing related issues, such as decentralization and regional development. The regional tier of the third sector is still characterized by unbalanced development and lack of resources. More extensive support for building up third-sector bodies focused on various regionalization issues is needed. It should be the task not only of nationwide NGOs, but also of regional public administration, the regional business sector, and others. Weak and blurred regional institutional environments also create difficulties for regional NGOs. They are not well enough embedded in the region, and lack effective links with other regional actors, including business and state administration bodies. Communication skills and techniques should be improved, especially in addressing the wider public audience in regions.

Transcending the weak regional institutional environment

Regionalization in the Slovak Republic has moved forward in recent years. However, it is only the starting point in forming a much-needed rich and vital regional institutional and social structure. Despite plans for institutional development—regional government, development agencies, and others—it is not clear whether the roles of particular institutions will be quickly understood, whether cooperation will be achieved, whether qualified staff will be available and financial resources sufficient. Important representatives from all sectors—public, quasi-public, private and third-sector bodies—have to be trained in networking and partnership in favor of their regions, to recognize one other's roles, and build communication links. For example, the potential of the regional business and entrepreneurial sphere—including its role in development projects—has not been sufficiently mobilized.

Table 5.1
Main Periods of Administrative-Territorial Organisation in Slovakia

Period	Intermediate Level Units (Number of Units, Name)	
	Upper Level	Lower Level
13th century to 1848	21 (provinces— <i>stolica</i>)	districts (<i>okres</i>)
1785 to 1790	3 (districts— <i>distrikt</i>)	19 (provinces— <i>stolica</i>)
1850 to 1860	2 (districts— <i>distrikt</i>)	19 (counties— <i>zupa</i>)
1867 to 1922	16—19 (counties— <i>zupa</i>)	92—102 (districts— <i>okres</i>)
1923 to 1928	6 (large counties— <i>velzupa</i>)	79 (districts— <i>okres</i>) 2 (magistrate cities)
1929 to 1938	1 (land— <i>krajina</i>)	79 (districts— <i>okres</i>) 2 (magistrate cities)
1939 to 1945	6 (large counties— <i>zupa</i>)	59 (districts— <i>okres</i>)
1945 to 1948		79 (districts— <i>okres</i>)
1949 to 1960	6 (regions— <i>kraj</i>)	92 (districts— <i>okres</i>) 6 (urban districts)
1960 to 1968	3 (regions— <i>kraj</i>)	33 (districts— <i>okres</i>)
1968 to 1990	4 (regions— <i>kraj</i>)	38 (districts— <i>okres</i>)
1990 to 1996		38 (districts— <i>okres</i>) 121 (areas— <i>obvod</i>)
Since 1996	8 (region— <i>kraj</i>)	79 (districts— <i>okres</i>)

SOURCE: Malikova, Bucek, 1996.

Table 5.2
Basic Territorial Administrative Organisation and NUTS Units (Since 2002)

Name	Number of Units	Main Institutions	NUTS Level
Slovak Republic	1	President National Council of the Slovak Republic (Slovak Parliament) Government of the Slovak Republic	NUTS I
	4*		NUTS II
Region (<i>kraj</i>)	8	Regional Government (Chairperson, Regional Council) Regional Office (state administration)	NUTS III
District (<i>okres</i>)	79	District Office (state administration)	NUTS IV
Community (<i>obec</i>)	2,883**	local government	NUTS V

* NUTS II regions combine administrative regions: Bratislava (Bratislavsky)
West Slovakia (Nitriansky, Trnavsky, Trenciansky)
Central Slovakia (Banskobystricky, Zilinsky)
East Slovakia (Kosicky, Presovsky)

** as of May 26, 2001

Table 5.3
Public Budgets in the Slovak Republic 1997 to 2000 [Billion Skr]

	1997	1998	1999	2000
<i>Public Budgets*</i>				
Total revenues	279	287.4	323.7	370.6
Total expenditures	309.2	321.8	352.9	400.5
<i>Central Government Budgets</i>				
Total revenues	175.8	179	179	224.4
of which regional and district offices	1.4	1.6	1.5	2.2
total expenditures	192.8	199.5	235	251.1
of which regional and district offices	41.8	43.8	49.7	54.6
<i>Local Budgets</i>				
revenues	26.7	25.9	24.2	27.4
expenditures	25.3	25.8	23.9	26.5
<i>Local Budgets Total**</i>				
total revenues	28.8	28.9	27.3	33.7
total expenditures	26.6	27.4	26.1	31.6
<i>Gross Domestic Product (GDP, current prices)</i>	686.1	750.8	815.3	887.2
<i>Local budget revenues/public budget revenues [%]</i>	9.6	9	7.5	7.4
<i>Local budget expenditures/public budget expenditures [%]</i>	8.2	8	6.8	6.6
<i>Regional and district office expenditures/total central Budget expenditures [%]</i>	21.7	22	21.1	21.7
<i>Total local budget revenues/GDP [%]</i>	4.2	3.8	3.3	3.8
<i>Total local budget expenditures/GDP [%]</i>	3.9	3.6	3.2	3.6

SOURCES: Statistical Yearbook of the Slovak Republic 2001.

Ministry of Finance of the Slovak Republic 2001.

Nemec, Bercík, Kuklis, 2000.

NOTES: * including social security funds and special state funds

** including transfers from monetary funds of municipalities, received credits and payments of principals

Table 5.4
Proposed Regions According to Concept of Decentralisation and Modernisation of Public Administration
(Basic Data as of December 31, 2000)

No.	Name of Region	Centre of Region	Size [km ²]	Population
1	Bratislavsky	Bratislava	3,096	725,018
2	Trnavsky	Trnava	3,105	443,472
3	Trenciansky	Trencin	4,501	608,786
4	Nitriansky	Nitra	6,339	714,602
5	Zilinsky	Zilina	2,031	314,250
6	Liptovsko-oravsko-turciansky	Martin	4,757	379,603
7	Zvolensky	Banska Bystrica	5,129	395,745

Table 5.4 (continued)
Proposed Regions According to Concept of Decentralisation and Modernisation of Public Administration
(Basic Data as of December 31, 2000)

No.	Name of Region	Centre of Region	Size [km ²]	Population
8	Gemersko-Novohradsky	Lucenec	4,326	266,332
9	Spissky	Poprad	4,115	370,736
10	Sarissky	Presov	4,063	421,742
11	Zemplinsky	Michalovce	4,617	352,832
12	Kosicky	Kosice	2,951	409,429

SOURCE: Concept for decentralisation and modernisation of public administration. May 2001.

Table 5.5
Participation in 2001 Regional Elections

	Participation First Round [%]	Number of Councillors	Round in which Chairperson Elected	Participation Second Round [%]	Regional Chairperson Political Affiliation
Bratislavsky	23.96	46	first	n.a.	ANO, DS, KDH, SDKU, SMK-MKP
Trnavsky	33.73	40	second	36.87	HZDS-Smer-SOP
Trenciansky	21.55	45	second	16.17	HZDS
Nitriansky	34.69	52	second	39.49	HZDS--SDL'-Stred-SOP
Zilinsky	23.47	52	second	10.85	HZDS
Banskobystricky	24.16	49	second	19.92	HZDS-Smer
Presovsky	25.50	60	second	18.37	HZDS-Smer
Kosicky	21.79	57	second	18.06	KDH-DS
Slovak Republic	26.02	401	second	22.61	

SOURCE: Statistical Office of the Slovak Republic. 2001.

Table 5.6
Regional Diversity—Selected Data (1999)

Region	Population Number (as of December 31)	Unemployment Rate [%] (as of December 31)	Average Salary [SKK]	Regional GDP per Capita [Thous. SKK]	Regional GDP per Capita in PPS [% of EU Average]
Bratislavsky	616,982	7.2	14,611	311.7	100
Trnavsky	551,287	16.3	10,556	153.9	50
Trenciansky	609,288	13.5	10,134	136.4	44
Nitriansky	715,841	21.5	9,968	127.5	41
Zilinsky	692,582	17.7	9,874	122.5	40
Banskobystricky	662,932	23.1	10,019	137.7	44
Presovsky	784,451	26.0	9,618	100	32
Kosicky	765,294	26.0	11,157	142.9	46
Slovak Republic	5,398,657	19.2	10,961	151.1	49

SOURCE: Regional Comparisons in the Slovak Republic, 1999. Statistical Office of the Slovak Republic. 2000.

ANNEX

List of the Most Frequent Slovak Abbreviations

BIC—Business Innovation Center

MVRR—Ministry of Construction and Regional Development

NADSME—National Agency for Development of Small and Medium Enterprises

NPRR—National Plan of Regional Development

RPIC—Regional Advisory and Information Centers

RDA—Regional Development Agency

USRSVT—Office for the Strategy of the Development of Society, Science and Technology

VUC—higher territorial unit (region)

ZMOS—Association of Towns and Communities in the Slovak Republic

List of the Main Political Parties

SDK—Slovak Democratic Coalition (Part of the governing coalition 1998–2002, leader M. Dzurinda, electoral party consisting originally of KDH, DU, DS, SDSS, SZS)

SDKU—Slovak Democratic and Christian Union (Part of the governing coalition 1998–2002, established in 2000 on SDK grounds, leader M. Dzurinda)

SDL'—Party of the Democratic Left (Part of the governing coalition 1998–2002, leader J. Migas, later P. Koncos)

SOP—Party of Civic Understanding (Part of the governing coalition 1998–2002, leader R. Schuster, later P. Hamzik)

SMK–MKP—Hungarian Coalition Party (Part of the governing coalition 1998–2002, leader B. Bugar)

HZDS—Movement for Democratic Slovakia (Part of the parliamentary opposition 1998–2002, leader V. Meciar)

SNS—Slovak National Party (Part of the parliamentary opposition 1998–2002, leader J. Slota, later A. Malikova)

KDH—Christian Democratic Movement (in 1998 parliamentary elections included in SDKU, leader J. Carnogursky, later P. Hrusovsky)

DU—Democratic Union (in 1998 parliamentary elections included in SDKU, in 2000 merged into SDKU, leader E. Kukan, later L. Harach)

DS—Democratic Party (in 1998 parliamentary elections included in SDKU, leader J. Langos, L. Kanik)

SDSS—Social Democratic Party of Slovakia (in 1998 parliamentary elections included in SDKU, leader J. Wolf, later L. Slahor)

SZS—Slovak Green Party (in 1998 parliamentary elections included in SDKU, leader Z. Tothova, later L. Ambros, P. Petrik)

SMER (non-parliamentary, established in 1999, leader R. Fico—member of Slovak Parliament, former SDL')

ANO—Alliance of New Citizens (non-parliamentary, established 2001, leader P. Rusko)

Figure 5.1
Territorial Administrative Division of the Slovak Republic (Regions and Districts Valid Since 1996)

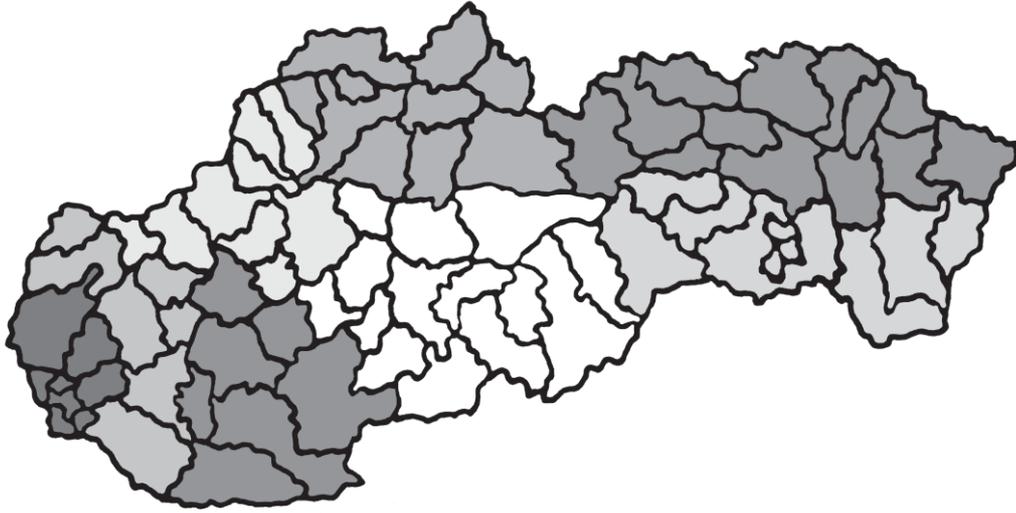
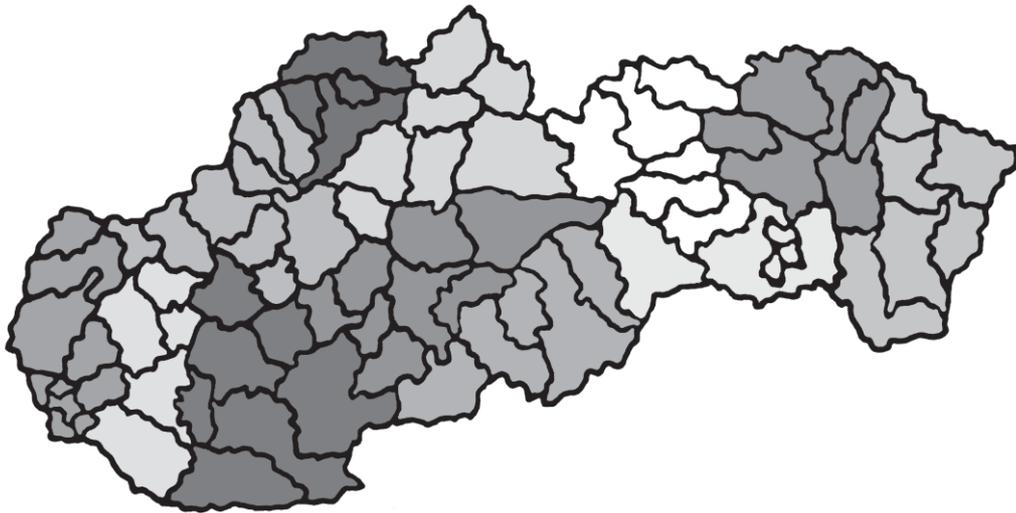


Figure 5.2
Proposal of Territorial Administrative Division of the Slovak Republic (Prepared within Public Administration Reform in 2000)



NOTES

- ¹ General conditions of regionalization during the first half of the 1990s addressed, e.g. Surazska et. al., 1996.
- ² Introductory legislation concerning regional government was adopted with many inappropriate political interventions (July 2001). As a result, the Governmental Commissioner for Public Administration Reform, V. Niznansky, resigned.
- ³ The coalition government was pressed to adopt reform in order to avert a complete domestic political fiasco concerning one of its top priorities (public administration reform), as well as by criticism from the EU. The last essential legislative package was passed in September 2001, close to scheduled regional elections (December 2001). Regional governments began functioning in January 2002.
- ⁴ The most typical was the nomination of one third of land or district councils (the remaining councilors were elected) and a wide range of opportunities for the Ministry of the Interior to interfere with decisions adopted by these bodies (according to Act 126/1920 and Act 125/1927 Coll).
- ⁵ Administrative situation of that time addressed, e.g., Sikora, 1989.
- ⁶ For example, Drgonec, 2001.
- ⁷ But any change to the Slovak constitution has to be approved by a two-thirds majority.
- ⁸ For example, Simko, 2001.
- ⁹ Already the first regionalization legislation—Act No. 302/2001 on regional government adopted in July 2001, introduced an unclear formulation concerning intervention into regional government rights. (This was amended later into an acceptable form by the Slovak Parliament).
- ¹⁰ That is, in the Commission of the Slovak Parliament, Niznansky, 1999.
- ¹¹ This replaced the second Meciar government for half a year, when he lost his majority in parliament until parliamentary elections were held.
- ¹² This proposal was completed within the following years up to 1996 (see Miklos, et al., 1996).
- ¹³ For more details, see Strategy of Public Administration Reform in the Slovak Republic, 1999.
- ¹⁴ A coalition government consisting of the Movement for Democratic Slovakia (led by V. Meciar), the Slovak National Party (J. Slota) and the Workers Association (J. L'uptak).
- ¹⁵ Based on Acts No. 221 and 222/1996.
- ¹⁶ See state Budget Acts and their supplements (State Budget Acts from 1999 to 2001).
- ¹⁷ Besides limits imposed by the state budget, there are numerous other budgetary rules and guidelines that have to respect state administration in general.
- ¹⁸ For details on local state administration organization up to 1996, see Slavik, Svonavec, 1996.
- ¹⁹ Niznansky, Kling and Petras, 1999.
- ²⁰ *Obecne Noviny*, January 20, 1998.
- ²¹ This government consists of the Slovak Democratic Coalition (SDK), Party of the Democratic Left (SDL'), Party of Civic Understanding (SOP) and the Hungarian Coalition Party (SMK–MKP), see Annex.
- ²² Based on powers and resources that should be under the control of regional governments from 2002. Real fiscal decentralization was in fact not prepared according to 2001 legislation.
- ²³ Prime Minister M. Dzurinda effectively entered into the process of preparing reform legislation in an attempt to protect the reasonable scope of decentralization to regional government.
- ²⁴ The most important were Acts No. 416/2001, 445/2001, 446/2001, 453/2001 Coll.
- ²⁵ The Ministry of Finance defines information needed on regional budgets, limits are imposed on borrowing, loans of more than Skr75 million must be approved by the ministry.
- ²⁶ Most of these EU reservations were repeatedly expressed in “Regular Report from the Commission on Progress towards Accession—Slovakia,” October 1999, as well as in “2000 Regular Report from Commission on Slovakia’s progress toward accession,” November 2000.
- ²⁷ Commissioner G. Verheugen, responsible for the Enlargement of the European Union, addressed the need for public administration reform, decentralization and the role of regions at his speech at the Technical University of Kosice. General Director E. Landaburu delivered a similar message to Vice-Premier P. Csaky in May 2001 (*SME*, May 30 2001).
- ²⁸ The CoR Applicant States Liaison Group organized a conference for Slovak local and regional authorities in Bratislava in May 2001 close to the main parliamentary discussion on public administration reform. One week later it was followed by a visit by CoR president J. Chabert to Bratislava.

- ²⁹ See, e.g., Recommendations of the EU-Slovak Republic Joint Parliamentary Committee from March 2001.
- ³⁰ It concerns, e.g., official opinions, publications delivered by the Delegation of the European Commission in the Slovak Republic.
- ³¹ Most parties went into electoral coalitions, different in each region, and often different for the regional council election and the election of the regional chairperson. Some signs of the polarization of the political environment were noticeable, with the emergence of right-oriented coalitions (including SDKU, KDĽ, DS, ANO) and left-oriented coalitions (HZDS, SDL, SOP, Smer).
- ³² According to *SME* newspaper (December 4, 2001) inquiry at political parties' headquarters.
- ³³ While political nomination at a certain level is understandable (e.g., director of the office, controller), there will be diversity at the level of department heads (in some regions political, in some cases professional). The remaining executive places will be based on transfer from state administration and competition for posts. The politicization of local government offices is addressed in the December 18, 2001, January 10, 2002 and January 17, 2002 editions of the *SME* newspaper.
- ³⁴ Their representative expressed various aspects of the very vulnerable initial stage of regional government, e.g., in *SME*, January 19, 2002; *Pravda*, January 24, 2002.
- ³⁵ Statement of SNS regarding the concept of decentralization of public administration (Kollarikova, April 4, 2000), statement of SNS regarding the government decision to establish twelve regional units (July 3, 2000).
- ³⁶ Michal Sykora is the long-standing president of ZMOS and a former member of the Czechoslovak Parliament as an SDL' representative. See interview by Vagovic, 2000.
- ³⁷ The Coalition Board is the unofficial negotiation forum in which the leaders of the governing parties discuss and decide upon political issues.
- ³⁸ For a more extensive evaluation of territorial division at the regional level, see Bezak, 1998.
- ³⁹ See Concept of Decentralization and Modernization of Public Administration, 2000, 2001.
- ⁴⁰ For details on the earlier proposal of territorial division, see Bakker, 1996.
- ⁴¹ In particular Recommendation 1201 of the Parliamentary Assembly of the Council of Europe and the Framework Convention for the Protection of Ethnic Minorities.
- ⁴² At the regional level the "shape" of the Trnava region was problematic, as this outer hinterland of Bratislava took the form of a ring from the Czech border to the Slovak–Hungarian border.
- ⁴³ Ethnic structure of population was only one of fourteen criteria for territorial division.
- ⁴⁴ P. Huncik in an interview with Domino Forum (Durkova, Wienk, 2000).
- ⁴⁵ It eventually required the personal intervention and involvement of Prime Minister Dzurinda.
- ⁴⁶ Stanislav, 2001.
- ⁴⁷ "Concept of Municipal and Regional government Organization" (1994)—see Malikova, Bucek, 1996; and "Standpoint of ZMOS on Public Administration Reform" (1996).
- ⁴⁸ Established in 1994; total 43 members in 2001. Its full official name in English is Union of Towns and Cities of Slovakia.
- ⁴⁹ The Union of Cities addressed all influential actors by a series of appeals, e.g., as a result of the ninth Assembly Meeting of the Union in July 2000, or the assembly meeting of March 27, 2001 (*Obečne Noviny*, May 8, 2001)
- ⁵⁰ E.g., elaboration and distribution of a special information booklet on decentralization and public administration reform (Niznansky, 2001).
- ⁵¹ Regional disparities and regional development policy in the 1990s addressed, e.g., Bucek, M., 1999 or Silvan, 2000.
- ⁵² Most of these reservations from the EU side were expressed in the EU Commission's annual report of November 2000 on Slovakia's progress toward accession.
- ⁵³ It should be mentioned that regional policy was among the last chapters prepared for completion.
- ⁵⁴ For details on the various forms of financial aid to enterprises in earlier stages of the transformation process, see, e.g., information on guarantees paid by the state and state claims in supplements of the Draft Proposal of State Final Account of the Slovak Republic for 2000.
- ⁵⁵ A proposal for changes in responsibilities of particular ministries approved by the Slovak Government on May 23, 2001 would transfer construction powers. However, this is not likely to happen in the near future.
- ⁵⁶ According to a MVRR document on establishing an integrated network of RDAs, March 2001.
- ⁵⁷ There are four NUTS II regions in Slovakia (Bratislava, Western Slovakia, Central Slovakia, Eastern Slovakia) and eight NUTS III regions (current administrative regions). For more details on the NUTS structure in Slovakia, see Table 2.
- ⁵⁸ NADSME serves as a PMU of the PHARE SME development project.

- ⁵⁹ State programs for support of small and medium enterprises, 2000.
- ⁶⁰ For details see, e.g. State, problems and perspectives of small and medium enterprises in the Slovak Republic, 2001.
- ⁶¹ Kellenbergerova, 2001.
- ⁶² State Fund for Agricultural Land Conservation and Enhancement; State Support Fund for Agriculture and Food Industry.
- ⁶³ E.g., funds spent on highway construction exceeded Skr16 billion in 1999 and 2000, according to the Ministry of Transport, Post and Telecommunications.
- ⁶⁴ Based on finances approved by the annual State Budget Act.
- ⁶⁵ For details on regional development policies in Slovakia in the 1990s see, e.g., Rajcak, 1997; Sirak, 1999; Regional Policy and Regional Capacities in Slovakia (1999).
- ⁶⁶ This Act No. 503/2001 is valid since January 2002. Its approval also depended on progress in public administration reform.
- ⁶⁷ According to Act No. 193/2001, valid since June 2001.
- ⁶⁸ Sipikal (2001) mentioned 47 known intentions to develop industrial parks.
- ⁶⁹ Based on foreign private initiatives and begun in 2000 (Kremsky, 2000).
- ⁷⁰ Act No. 565/2001 Coll., passed by the Slovak Parliament in December 2001, valid since January 2002.
- ⁷¹ One of the crucial conditions is that the size of the investment must exceed Skr400 million, or, in regions with unemployment of more than ten percent, Skr200 million. In a similar way, the subsidy for each job created depends on the unemployment level in the region. Thus, the subsidy could reach Skr160,000 in regions with unemployment of more than 30%, but only Skr40,000 in regions with unemployment of 10–15%. Allowance for retraining will not exceed Skr10,000 per employee. Various kinds of tax relief are available for up to ten years.
- ⁷² According to the draft proposal of this act (Ministry of Economy).
- ⁷³ The Carpathian Euroregion was supported for years by, e.g., the U.S.-based East-West Institute. One of its most effective tools is the Carpathian Foundation, which has its own grant scheme, thanks to extensive financial support, mainly from the Charles Stewart Mott Foundation, oriented especially towards multiethnic cooperation and social and economic development (see, e.g., www.carpathianfoundation.org).
- ⁷⁴ The Carpathian Euroregion was the first such initiative in Central Eastern Europe, across an area of some 140,000 square kilometers and a population of more than fourteen million, linking former territories of the Austro–Hungarian empire. For many Slovak politicians it was a serious challenge to the power and territorial integrity of the new state. For details on difficulties with cross-border cooperation, see, e.g., Faltan, 1997, Alner, 1999.
- ⁷⁵ E.g., treaties with Ukraine in 2000, the Czech Republic in 2000, Hungary in 2001.
- ⁷⁶ As Zemko and Bucek (2000) noted, the existing potential, e.g., in spatial planning, was not used effectively, even in the case of the attractive Vienna–Bratislava–Gyor region.
- ⁷⁷ Combined with frequent personnel changes in personnel.
- ⁷⁸ Based on the Act on local state administration 222/1996, Ministry of Foreign Affairs Guidance No. 207/1999, or Skultety, 1999.
- ⁷⁹ MVRR press release, February 13, 2001.
- ⁸⁰ Slavik, 1993; ZMOS, 2001.
- ⁸¹ The position of regional associations within ZMOS is defined in the ZMOS Statutes.
- ⁸² Not all communities are interested in particular projects.
- ⁸³ See Bucek, 1999 for more details.
- ⁸⁴ This region suffers from a lack of water and sewage infrastructure, as well as poor quality of drinking water, facing serious epidemiological problems (*Pravda*, April 11, 2001).
- ⁸⁵ Brusis, 1997.
- ⁸⁶ These were the two main proposals (Malikova, Bucek, 1996).
- ⁸⁷ Of 46 associations that expressed an opinion, eighteen supported the government proposal for eight regions, nine associations preferred sixteen regions, and the rest supported different proposals. (Viewpoint of ZMOS to Public Administration Reform in the Slovak Republic. *Obecne Noviny*, 1996).
- ⁸⁸ The position of regional associations was used as an argument by the “Anti-crisis committee for real public administration reform” in their publication “Twelve Good Reasons for Twelve Higher Territorial Units,” distributed as part of third-sector pro-reform activities.
- ⁸⁹ Each panel is a coordinating body representing NGOs operating in the region. Regional panels currently operate in seven regions (but not in Bratislava, which has the largest concentration of NGOs).

- ⁹⁰ In Demes, Butora, 1998.
- ⁹¹ Their network is related to regional administration and university centers, because they were originally information centers for education, later also for building a civil society. (SAIA SCTS is the Slovak Academic Information Agency—Service Center for the Third Sector).
- ⁹² Regional chamber in Zilina in Martin and Ruzomberok, regional chamber in Kosice in Michalovce and Spisska Nova Ves, and regional chamber in Presov in Poprad.
- ⁹³ Demes, 2000.
- ⁹⁴ E.g., “Open letter of representatives of 39 non-governmental organizations to representatives of the government coalition requesting an immediate and substantial change in practical transport policy” (e.g., www.changenet.sk/dokumenty). These issues were extensively discussed in the national media. For details of third-sector arguments, see e.g. Mesik, 2000, 2001, Stiegel, 2001.
- ⁹⁵ The government approved its program for highway construction in March 2001 without significant changes.
- ⁹⁶ Financial resources, including loans from the EIB, were mobilised in favor of better roads towards Banska Bystrica (selected sections).
- ⁹⁷ TREND, Non-governmental organizations active again. May 2, 2001, p.12.
- ⁹⁸ There were attempts to present the third sector as divided in its views on public administration reform. However, only one new, marginal NGO (the Slovak Regional Society), not known for its activities, supported the model of eight regions.
- ⁹⁹ When no candidate achieves more than 50% of the first preference votes, the (second) votes for the least popular candidate are distributed among the rest of candidates, until one of the candidates has more than 50% of the votes. This can prevent the electoral success of extreme ethnic leaders, and give moderate candidates a greater chance. This is a more complicated system, requiring good organization of elections and a strong explanatory campaign when introduced for the first time.
- ¹⁰⁰ An improvement in financing is indicated by the Slovak government decision to support Euroregions with an Skr18.5 million subsidy for 2002, much more than in previous years. The MVRR will organize the selection of projects and their financing. (Materials from a meeting of the Slovak government on October 17, 2001; *Pravda*, October 18, 2001).

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