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ASPECTS OF LOCAL AND REGIONAL DEVELOPMENT

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“Is regional development just an abstract EU policy – or it lives on the regional and local level: experiences of the key regional stakeholders in cross-border region of Croatia and Hungary”

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Accession process - changes and customizing towards the planning and functioning system of the EU – since 2008 along with the crisis

- Pre-accession assistance (IPA) - many opportunities for "coaching" a strategic approach; no plan or actions aimed at strengthening human and financial capacities at local and regional level - necessary for the preparation and implementation of development projects



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- The paper highlights the need for strengthening the capacity of key actors at local and regional level, and also refers to ways and forms of cooperation in the Croatian-Hungarian border region which, given the most important defined outlines of ***Europe's 2020*** strategy, present the ground for the development of the region based on knowledge and innovation.





Linking of two aspects:

(1) Joining the European Union is viewed primarily as an opportunity for economic development - in line with the (2) Endogenous growth theory (or New Growth Theory) which consider knowledge and ideas as an inexhaustible potential of economic growth.





I. Definitions of regional policy and regional development:

What „regional“ usually defines?; What is regional policy?; What is regional development?



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“REGIONAL “ :

- Territorial dimension, but space attribute is too narrow
- **PEOPLE**
- Correlation to natural features, socio-economic context, business ventures and political entities





REGIONAL POLICY: Governments' dealing with uneven or unfair distribution of income, employment and prosperity in general – remains the core of every regional policy in last fifty years.

REGIONAL DEVELOPMENT can be seen as a general effort to reduce regional disparities

REGIONAL ECONOMY: race for competitiveness



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EU REGIONAL POLICY

- due to significant differences among its member states and their regions → policy primarily built upon the effort to reduce economic disparities between regions and support development of undeveloped regions through redistribution of EU budget funds (use of variety of financing instruments, mainly the Structural Funds and the Cohesion Fund)





- Considering the *theoretical framework* of the Regional Policy, the underlying economic theory was the Neoclassical growth theory, and during the 80's there was a shift towards the *Endogenous growth theory*, also as an attempt to answer questions and challenges of economic changes in the European Union and on global level.





- Ability to compete in a global environment and regional growth: are they result of exogenous factors (primarily national factors and FDI) that boost local economy, or of **internal forces and endogenous capacity of a region to grow**, taking into account that the “role of exogenous and endogenous factors highly depends on the development stage of the economies”?





- **Endogenous growth theory:** holds the economic growth primarily as the result of endogenous, not external forces; **emphasizes the role of human capital: qualified labour, knowledge (particularly technical knowledge) and know-how are recognised as main resources** “to restructure and upgrade production structures to promote innovation complexes and create new clusters of comparative advantage”





- Within the context of EU Regional Policy, in many countries of the EU, especially in the lagging areas of the East and South of Europe, **the Regional Policy is the main source of funding for Research and Innovation policies, and the new Europe 2020 flagship initiative “Innovation Union” aims at strengthening and further developing the role of EU funds to support innovation.** Due to the new EU Regional Policy and the Europe 2020 strategy, ***innovation is the ultimate focus***, foreseen as the main drive of economic growth.





In attempt to answer questions and challenges of economic changes in the European Union and globally, regional policy had been trying to maximize its effects; however, due to numerous evidences that past policies have not been able to reduce regional disparities significantly and to help lagging regions to catch up despite the allocation of significant public funding, redistribution and subsidies for lagging regions are changed over time into measures to improve competitiveness of all regions



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- ***The main problems of implementation and reasons why programmes do not produce more effective outcomes are the following:*** „problems related to bureaucratic procedures and the limited capabilities of implementing bodies (lack of know-how and/or of personnel, inadequate organisation, poor use of information technology and so on); problems related to decision-making procedures and policy design (as regards, e.g. selection criteria and the extent of involvement of final beneficiaries); and problems related to inadequate coordination between different authorities, especially between those at central level and those at regional or local level”.





Croatia defined the following priorities for funding 2014-2020:

1. Strengthening the competitiveness of the economy;
2. Increasing labour market participation, ensure better education and skills and reduce poverty taking into account regional differences;
3. Preserving and maintaining a healthy environment and protecting the natural resources and heritage, and adapting to climate change, and
4. Strengthening the administrative capacity, enhancing an efficient public administration and increasing the involvement of civil society and social partners





III. Regional policy and regional development in the Republic of Croatia within the context of Croatian accession to the EU:

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- VISION ?
- STRUCTURE: exists for its own purpose?
- DIALOGUE
- COMMUNICATION
- WHY and FOR WHOM?





- Although the **“investment in local and regional capacity”** was recognized as key factor for successful regional development by the Strategy of regional development, no systematic effort has not been made in the past five years in terms of building the partners’ relations and dialogue, transparent and accurate delivery of information – and especially not in provision of training or education.





What is possible to do at the regional and local level is the following:

- to adopt the principles of partnership, teamwork and project methodology;
- to work on strategic planning and policy documents with consideration of specific, local context and local resources;
- to strengthen human and fiscal capacities at the county and municipal level;
- to develop the inter-sector, inter-municipal and inter-county partnerships;
- to gain both experts' and political consensus in defining of development priorities at the regional level;
- to build project pipeline
- and to learn upon the experiences of Croatian neighbors – EU member



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es.



The structure of the regional development in Croatia exists; it has been structured and regulated by law and the National Strategy for Regional Development since 2010.

Lack of vision and poor understanding of both national and EU experiences of regional development failed to provide a solid basis of regional development.

As other policies in Croatia, the regional policy is also marked with discontinuity, high level of politization and inter-ministerial confusion.





- Capacities
- Communication
- Cooperation
- Coordination
- Strategic approach?





IV. Territorial cooperation and its importance for cross-border region of Croatia and Hungary: Territorial cooperation as part of the Regional Policy of the EU; Danube strategy: macro-strategy - many micro initiatives; Cross-border cooperation of Croatia and Hungary; Benefits and best practices of the cross-border cooperation; Knowledge and cooperation as common ground for building the learning region with EU funding support





- Programs of cross-border, transnational and interregional cooperation have shown the effectiveness of the regional and local level in Croatia, since the regional and local governments as well as regional development agencies were largely involved in design, preparation and implementation of projects. In the new financial perspective of the EU Objective 3 - Territorial Cooperation will increase by 30%.





- The Hungary-Croatia IPA Cross-border Cooperation Program 2007-2013 promotes cross-border cooperation and territorial development between Hungary and Croatia, having strategic objectives such as EU accession and integration and also practical social, economic and environmental goals. The main actors involved were/are public and some *benefits* are obvious: **building the absorption capacity of the cross-border region and increased dynamics of socio-economic life of the cross-border territory through joint project activities of various stakeholders**



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IS THERE HOPE? In line with findings of many studies researching the impact of regional policy throughout the EU, in the Research, Technological Development and Innovation Evaluations (RTDI) it has been pointed out that that field records **“positive results in respect of RTDI interventions which generated a critical mass which enabled a leap forward in national or regional R&D activity** (in Lithuania, R&D expenditure is estimated to have a multiplier effect of 2.3 on GDP, higher than that of other interventions)“. The same evaluation report stress overall positive results of support for RTDI, especially in helping to create links between the public and private sector.





- over 5.mil EUR disbursed into the joint research, development and innovation, utilized mainly by universities of the CBC region,
- over 3.mil. EUR shared for joint cross-border education and other training projects between educational institutions,

leads to conclusion that tremendous environment of linkages, networks, shared informations and knowledge exists in the region.

If the region is observed as a network of interdependent stakeholders within the context of regional development, many authors understand and uphold linkages and networks distinctively important in creation of learning and innovative regions.





- Lundvall and Borrás identify policy and public players and their forms of partnership with businesses as very important for the „**innovative milieu**“, regarding the „establishment of innovation networks as an essential policy instrument to enhance the technological capacities of less favoured regions





Thematic fields of the cross-border cooperation, identified in 4 measures:

thematic fields which are identified are medicine (cancerous and autoimmune diseases, immunodiagnostics, occupational health and ergonomics, biotechnology aging and regenerative medicine), agriculture and food production, environment protection, revitalization of eco-systems and management of natural resources, energy efficiency and renewable energy resources (as multidisciplinary field it is exploited by various stakeholders), field of construction and construction material production and recycling, hydrography, risk assessment and disaster prevention, etc.





„ each location has to shape its own competitive advantage on the basis of functional and effective interactions between local economic agents and socio-institutional forces“



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- Within the regional policy framework and its territorial cooperation objective, cooperation in the cross-border region of Hungary and Croatia affirms its values within many joint projects, proving that local and regional stakeholders chose the knowledge and skills exchange, capacity-building and cooperation as the best long-term investment for their future, creating patterns for the region to be imagined as a “learning region”.





• Thank you for your attention



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