



Republic of Slovenia
The Government of the Republic of Slovenia

Policy Perspectives on Globalization and Rural Development

*Implementation of Place Based Intervention in
Slovenia*

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RURAL DEVELOPMENT
—
WHAT IS THAT?

What means / Does not mean “Rural”?

Which is the “right” definition?





- non-urban?
- agricultural?
- economically lagging behind?
- non-accessible?
- availability of infrastructure (transport, environmental, social)

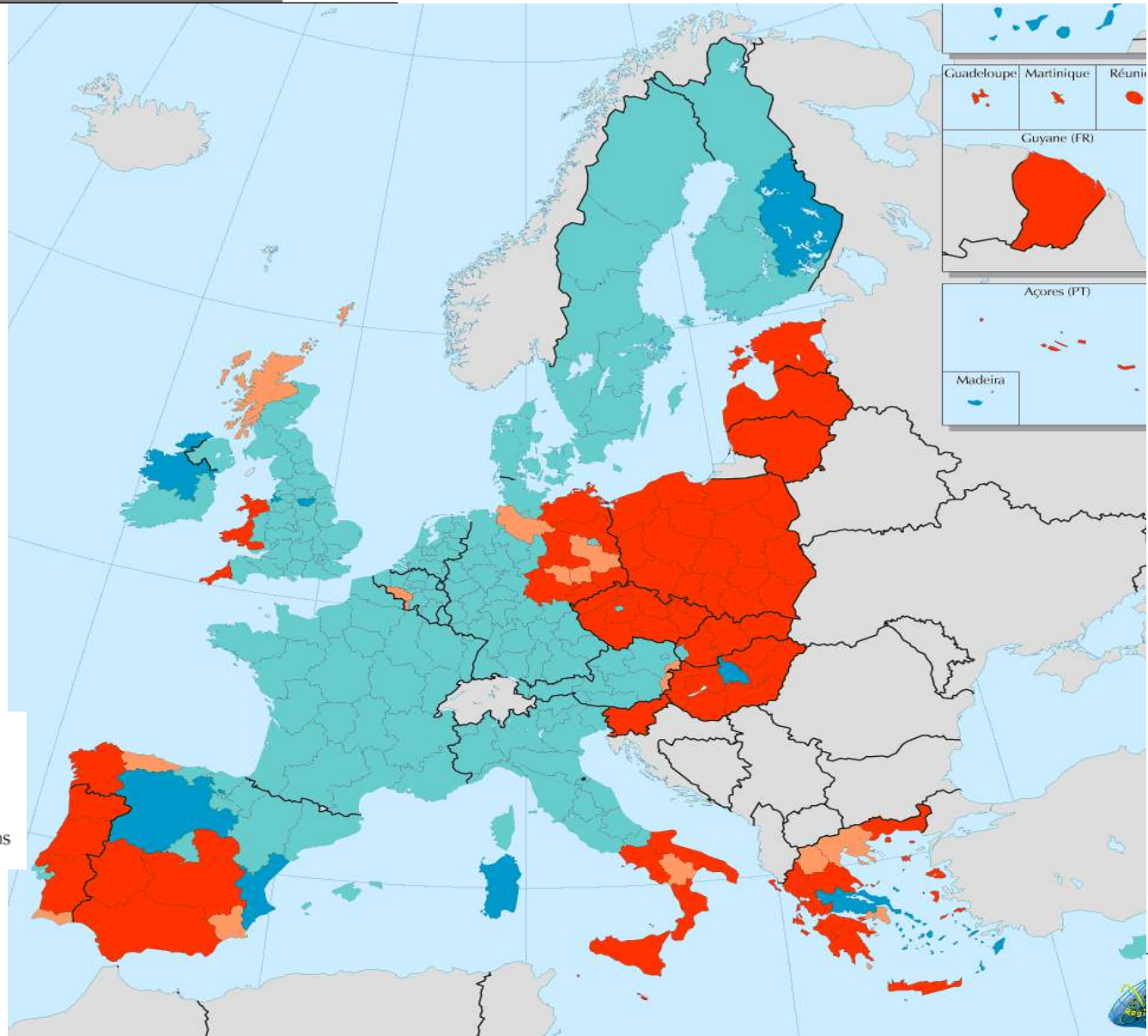
... many of definitions of rural areas!

- International comparison – standardisation by the OECD

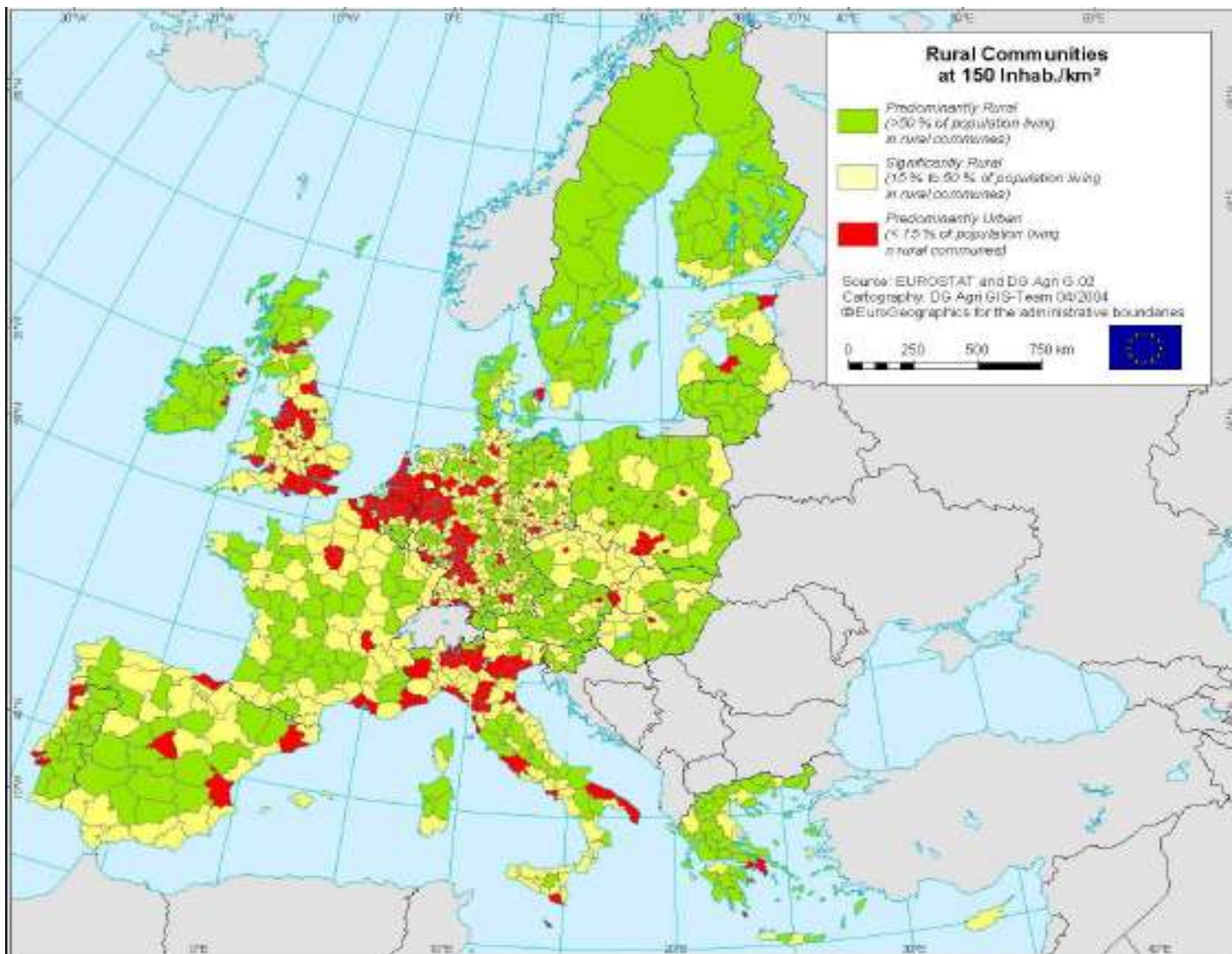
2007-2013

**SLOVENIA IS ONE
CONVERGENCE
REGION NUTS-2**

-  Convergence Regions
-  Phasing-out Regions
-  Phasing-in Regions
-  Competitiveness and Employment Regions



Rural areas in EU-27 - OECD tipology

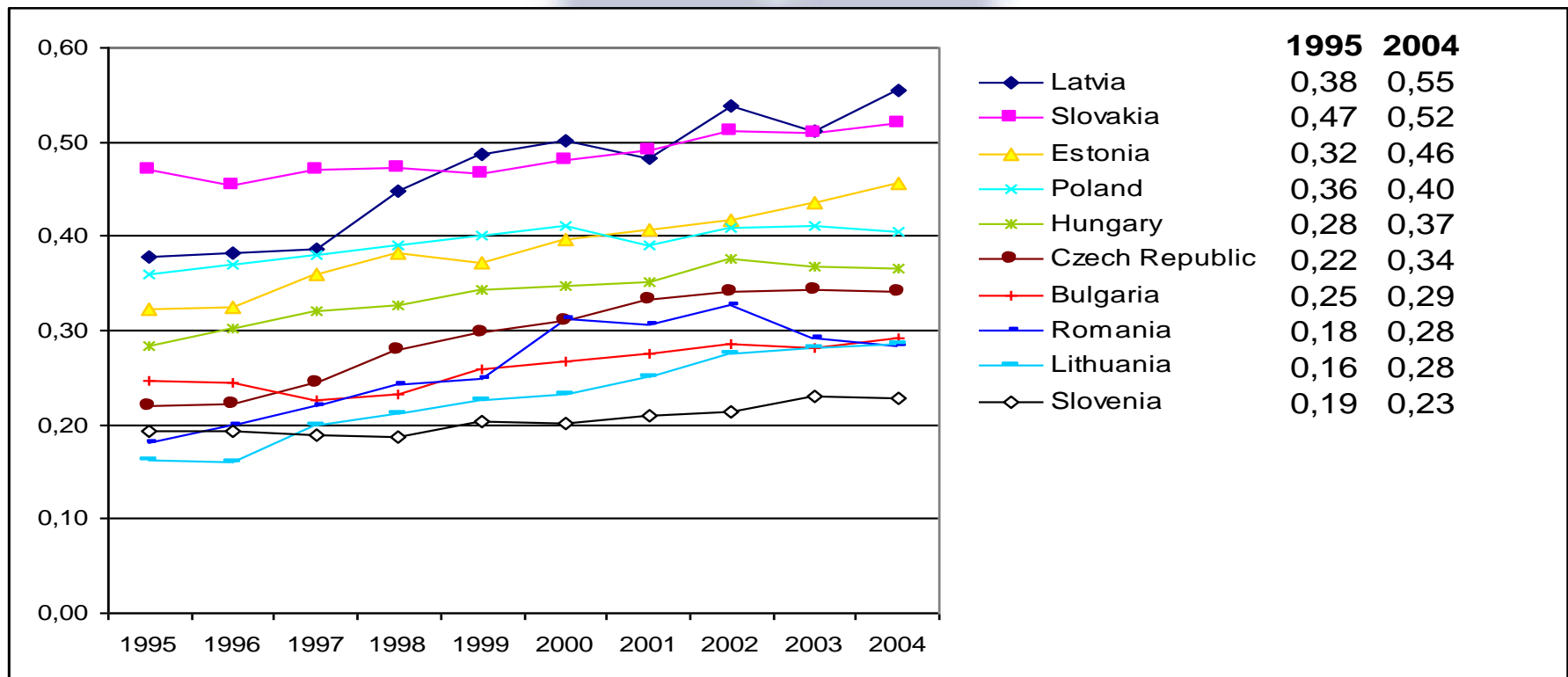


90% area
56% population
43 % GVAdd
55% employed

Achieving economic convergence: How does it look like in rural areas of EU-12?

Coeficient of variation GDP/per capita (PPP) between NUTS-3 regions, 1995-2004

- 50% difference on the urban-rural level
- Increasing regional disparities



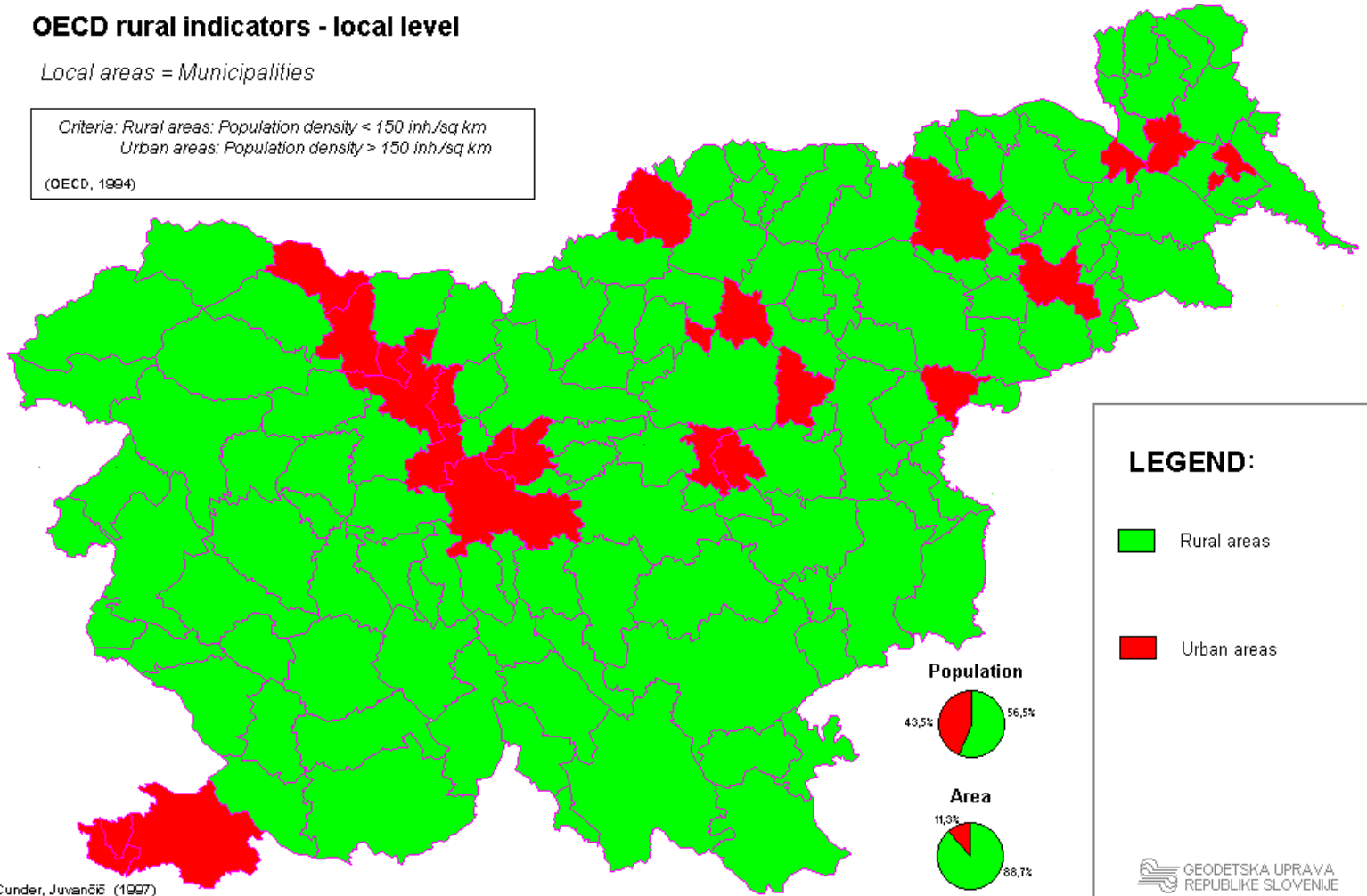
Urban versus Rural

OECD rural indicators - local level

Local areas = Municipalities

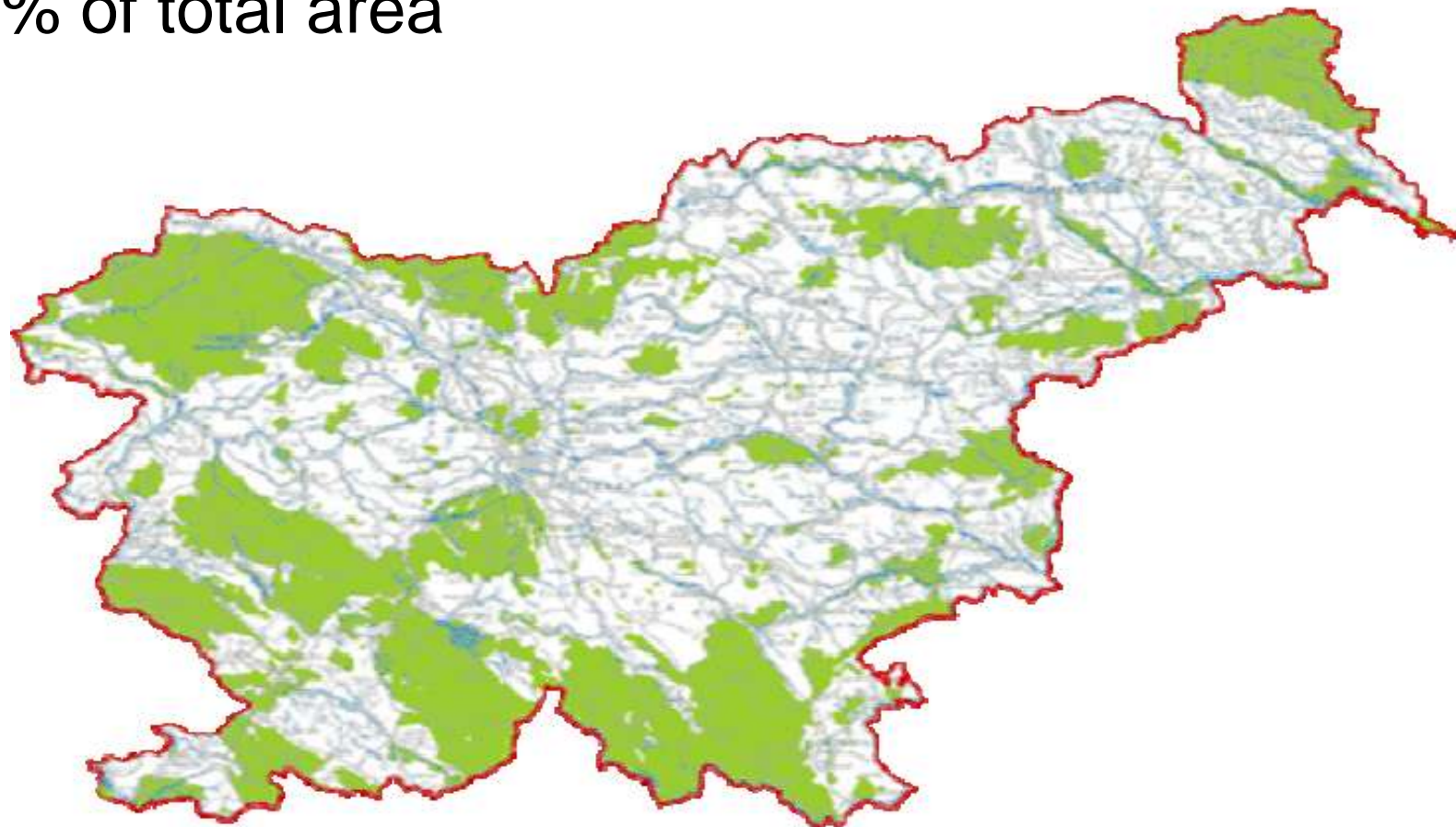
Criteria: Rural areas: Population density < 150 inh./sq km
 Urban areas: Population density > 150 inh./sq km

(OECD, 1994)

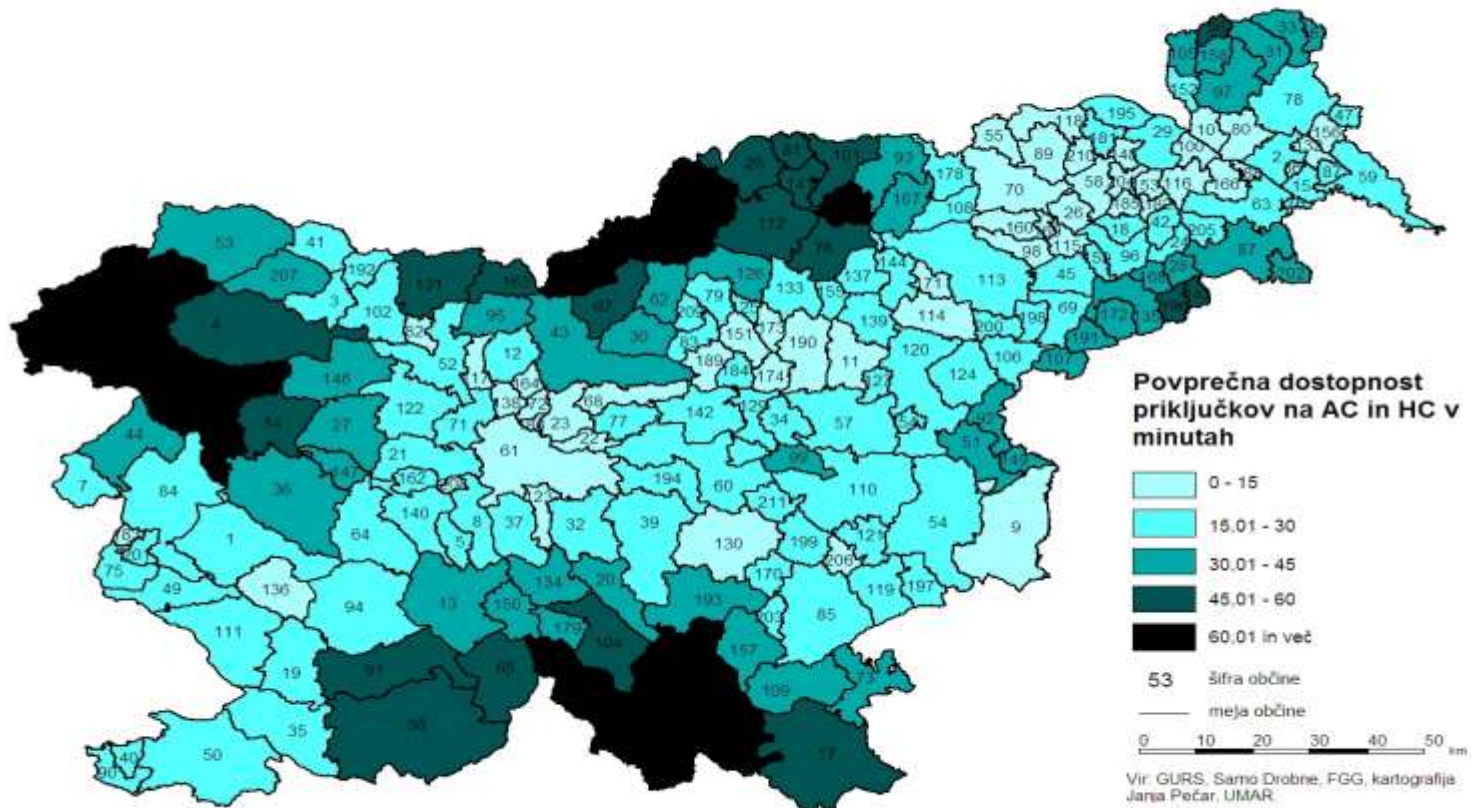


Natura 2000 in Slovenia

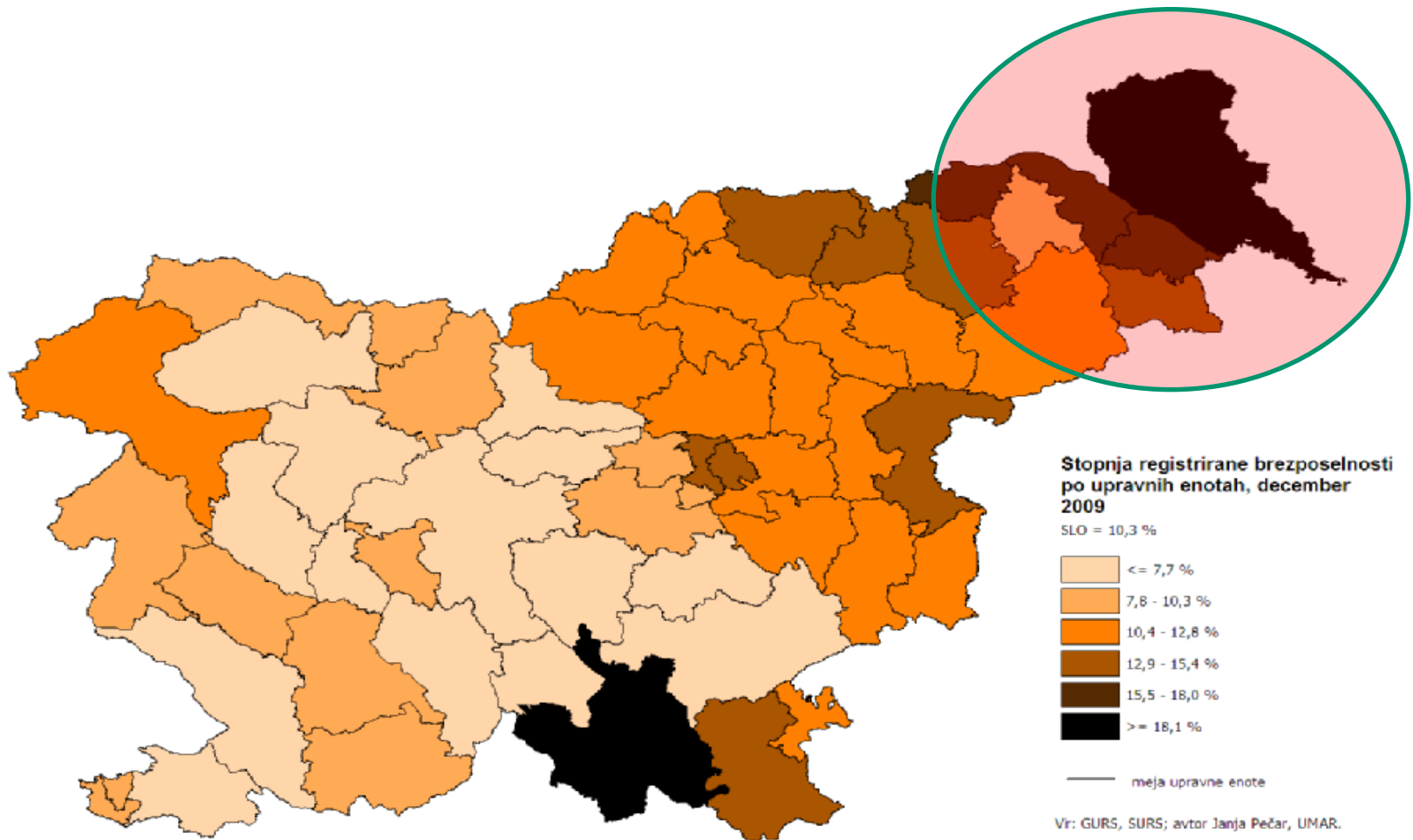
36% of total area



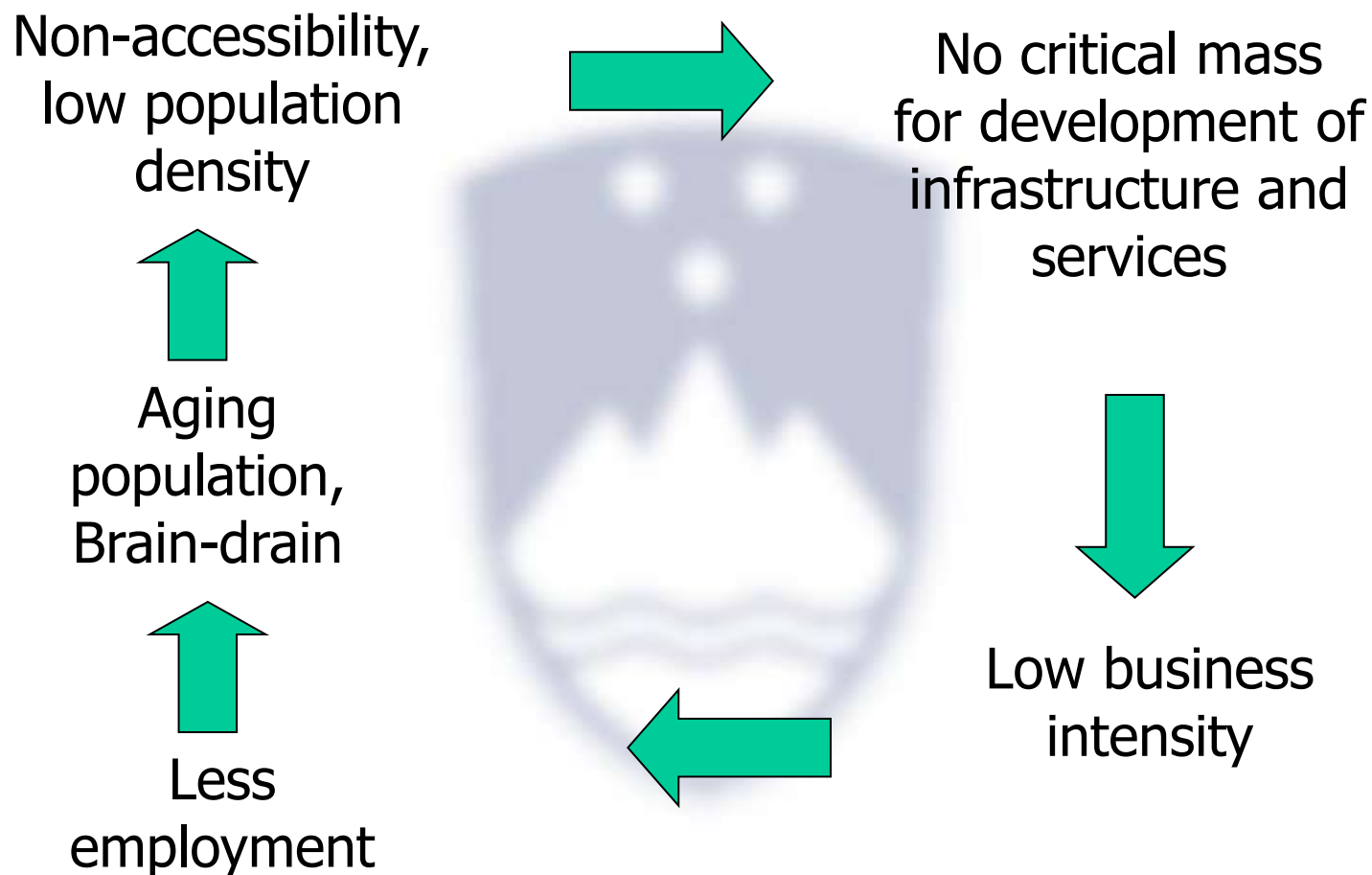
Average accessibility to Highway in minutes (NUTS 5)



Registered unemployment rate by administrative unit (NUTS 4); Dec 2009



A Rural “Poverty Circle”





RURAL DEVELOPMENT POLICY
—
A PARADIGM SHIFT!

Paradigm SHIFT?

- **OECD (2006)**; *The New Rural Paradigm, Policies and Governance*, OECD Rural Policy Reviews, Paris.
- **Johnson**, Thomas G. (2007); *Place-Based Economic Policy: Innovation or Fad?*; *Agricultural and Resources Economics Review*.
- **Barca**, Fabrizio (2009); *An Agenda for a Reformed Cohesion Policy, A place-based approach to meeting European Union challenges and expectations*; Commissioner for Regional Policy, April 2009.
- **The White House**, (2010); *Memorandum for the Heads of Executive Departments and Agencies; Subject: Developing Effective Place-Based Policies for the FY 2010 Budget*, Washington, August 11.
- **Fifth Cohesion Report (2010)**; *Investing in Europe's Future*, Fifth report on economic, social and territorial cohesion
- **COMM 553/2010**; *Regional Policy contributing to smart growth in Europe 2020 (Smart regional specialization)*
- **RuDi (2010)**; *Assessing the Impacts of Rural Development Policies*; funded by the 7th Framework Programme, Contract no. 213034.

Paradigm Shift!

- EU is keen to strengthen links between the overarching Europe 2020 Strategy and a new Cohesion Policy.
- It is vital to mobilise EU, national, regional and local level actors and there is a need to strengthen the role of local development approaches and to promote flexibility.
- This is particularly the case in areas with specific geographic feature, including areas with specific problems (EC DG REGIO, Fifth Cohesion Report).

The question is

"how" to make such "place-based" development happen
and how to better learn from good practices?

Rural Development Policy

- Often **insufficient co-ordination** between RDPs and other rural funds. Weak links/integration between different policies negatively affect overall policy impact.
- **The vision** of Rural Development as expressed in the Strategic Guidelines is consistent and coherent with what is to be really necessary at the local level, but it is **often not realised in practice**. This is due to **failings in the institutional apparatus** which lie between the EU level and the Managing Authorities, delivery agencies and procedures at a national, regional and sub-regional levels.
- A minority of Member States manifest a **deliberate focus on non-agricultural sectors**, regional employment issues, or social and cultural criteria and values, as driving forces in their rural development programmes.

Agriculture may be important but it cannot alone deliver RD, even in the least developed regions.

Paradigm Shift – “New Rural Paradigm”?!

- It is based on the notion of the ***multifunctionality*** of rural areas, where various sectors beyond agriculture are acknowledged to play a key role with regard to rural areas’ competitiveness;
- ***Investments*** across sectors are considered to be a more appropriate tool than ***farm subsidies*** alone;
- Change from an exogenous model of Rural Development, emphasizing policy interventions “from outside”, to a more ***endogenous approach*** based on the notion of Rural Development as a process involving multiple levels, dimensions and actors, that is **also self-driven**.

Paradigm Shift – “New Rural Paradigm”!

- Difficulty of establishing an appropriately **territorial approach to rural development** => ‘contested space’ between actors and institutions governing Rural and Regional Development.
- Wide range of mechanisms that can seek to overcome this difficulty => **national strategic plans** which seek to integrate both kinds of policy, or careful separation with rural development as a “niche policy” closely aligned with agriculture.
- Mechanisms that promote **greater integration** offer most potential for enhanced policy performance;
- Mechanisms in which Pillar 2 RDPs are seen as **separate and highly agricultural/land-based** can face problems of perverse outcomes which work against RD goals, and/or have insufficient impact as a result of only a partial grasp of the relevant barriers to development.

Paradigm Shift – “New Rural Paradigm”?! ---

- There is a need to provide **more flexible frameworks** at EU as well as at national / regional level, to account for the diversity in relative needs, opportunities, beneficiary contexts and institutional frameworks.
- There is the potential to enable packages of measures to be designed and delivered in an **innovative manner**, and/or at the local level, rather than set in stone in the regulations.
- This is not to call for a renationalisation of the RD vision and goals of the EU – it is simply **to enable policies to be more responsive to local situations.**
- **A need for stronger policy coordination** between different EU and national funds in order to make best use of all available resources for rural territorial development.

Paradigm shift in regional/ rural policies

	Traditional regional policies	New paradigm
Objectives	Balancing economic performances by temporarily compensating for disparities	<i>Tapping under-utilised potential to enhance regional competitiveness</i>
Strategies	Sectoral approaches	<i>Integrated development projects</i>
Tools	<i>Subsidies and state aids</i>	Soft and hard infrastructures
Actors	<i>Central government</i>	Different levels of government &

Source: Mario Pezzini, OECD;

OECD (2006) The New Rural Paradigm, Policies and Governance, OECD Rural Policy Reviews, Paris.

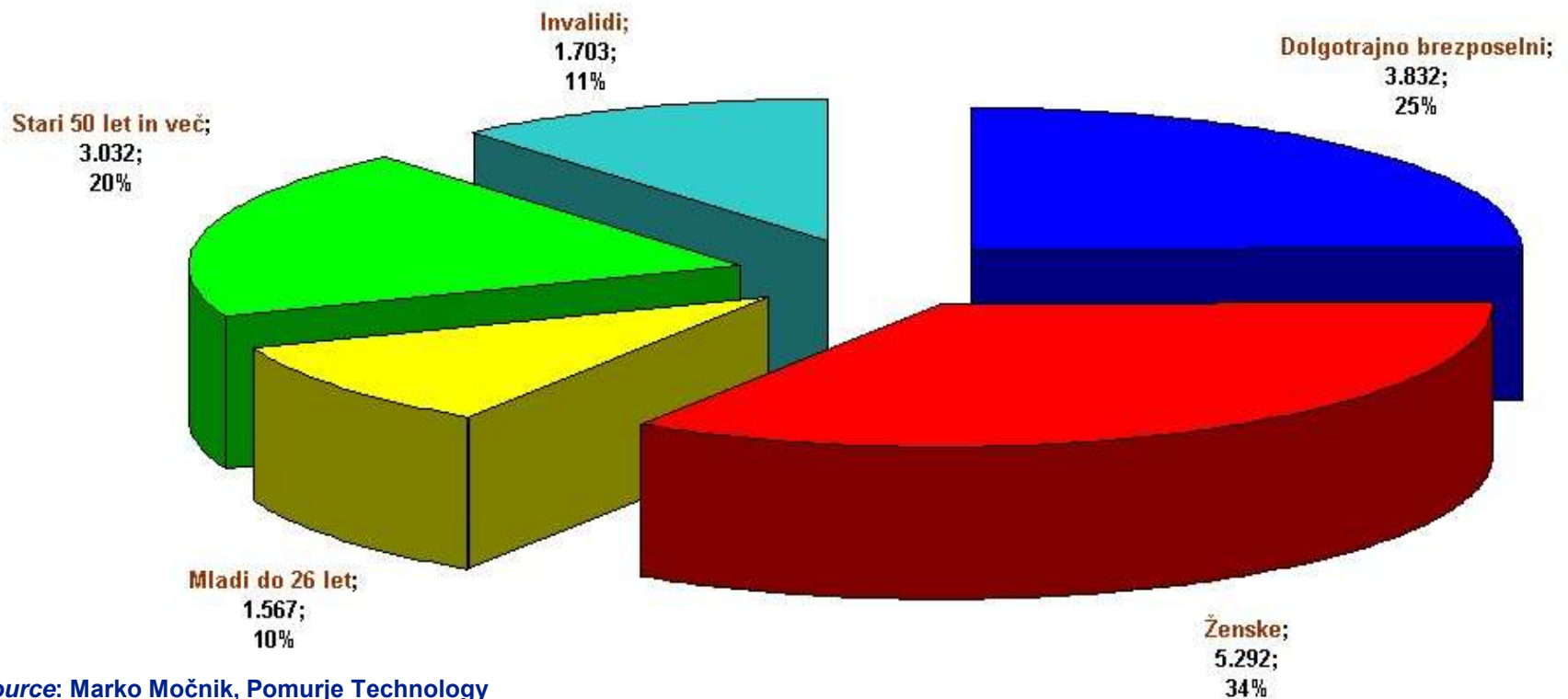


THE LAW ON POMURJE REGION
-
INTERVENTION
in
SLOVENIA

What happened in Pomurje region in 2009?

Additional 3457 unemployed

Structure of unemployed



Source: Marko Močnik, Pomurje Technology Park

POMURJE REGION

Level of registered unemployment 2010

	Dec.08	Jan.10	Difference
G.Radgona	11,0	16,2	5,2
Lendava	14,3	23,4	9,1
Ljutomer	10,5	17,1	6,6
M.Sobota	13,8	23,1	9,3
OS M.Sobota	13,2	21,1	7,9
Slovenija	7,0	10,6	3,6

Source: Employment Service of Republic of Slovenia

Law on Pomurje region

Law adopted in the Slovene Parliament in October 2009; in action with 1st January 2010

Start of the “*new regional policy in Slovenia*”, based on “*Place Based Approach*”

Analysis of programmes and projects showed following *comparative advantages* of the Pomurje Region, that may be supported by public means:

- ***geothermal energy and other renewable energy sources,***
- ***sustainable and competitive agriculture, food-processing industry and rural development,***
- ***tourism.***

Measures in the Act

- 1. Programme to foster competitiveness of the Pomurje region in the period 2010–2015**
- 2. employment incentives**
- 3. tax relief applicable to investments**
- 4. Priority treatment of programmes and projects in the Pomurje region competing for funds from national programmes, European cohesion policy and rural development policy.**

Programme to foster competitiveness of the Region (33 M€)

=> **NATIONAL FUNDS**

A combination of different instruments is used to mitigate the consequences of the financial and economic crisis and, in a period of six years, directly create 1,000 new jobs.

The programme consists of the following **instruments**:

- I. encouraging corporate investments and the creation of new jobs*
- II. encouraging human resources development*
- III. promoting social entrepreneurship*
- IV. promoting the region to attract new domestic and foreign investors*
- V. support in the preparation and implementation of new development projects in the region*

Programmes and projects related to EU Cohesion Policy (170 MEUR)

=> **EU FUNDS**

INVESTMENTS IN:

1. establishing an **inter-company education centre** (IEC) in the approximate amount of EUR 2 million
2. establishing a **regional economic centre** in the Pomurje region in the approximate amount of EUR 30 million
3. *restructuring and increasing the competitiveness of **agriculture** and forestry, and the **food processing industry**, and **diversification into non-agricultural activities** in the Pomurje region in the approximate amount of EUR 40 million*
4. **drinking water supply infrastructure** in the Pomurje region in the approximate amount of EUR 98 million

INTEGRATED APPROACH



Implementation framework

- **Place Based Intervention of the Government represents following institutions:**

1. *Inter-ministerial Commission*
2. *Government Bureau in the Pomurje Region*
3. *Project Unit of the Government Office for Local Self-Government and Regional Policy*
4. *Regional Development Agency.*

THE BUREAU IN THE REGION;

- *It involves temporary operation of the Government in the Pomurje region*
- *The Office is headed by a State Secretary from the Prime Minister's Cabinet, and the necessary political mandate is assured for the purpose of concerted action of the state and region in dealing with a number of pending development issues.*

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT

Article 10

- ***Investment in restructuring and increasing the competitiveness of agriculture and forestry, food-processing industry, and diversification into non-agricultural activities***
 1. Funds in the approximate amount of **EUR 40 million** shall be allocated for the measure investing in restructuring and increasing the competitiveness of agriculture and forestry, the food-processing industry, and diversification into non-agricultural activities).
 2. The measure shall be carried out alongside measures related to the **Rural Development Programme** of the Republic of Slovenia for 2007–2013 (hereinafter: RDP), which are financed from the funds of the European Agricultural Fund for Rural Development.
 3. The funds referred to in the preceding paragraph shall be directed as a priority in the Pomurje region so as to use the selection criteria and to open an invitation for investors in the Pomurje **region to apply for approximately 10% of RDP grants** for implementation of the measures of the first and third axis of the RDP.

Food Industry and Rural Development

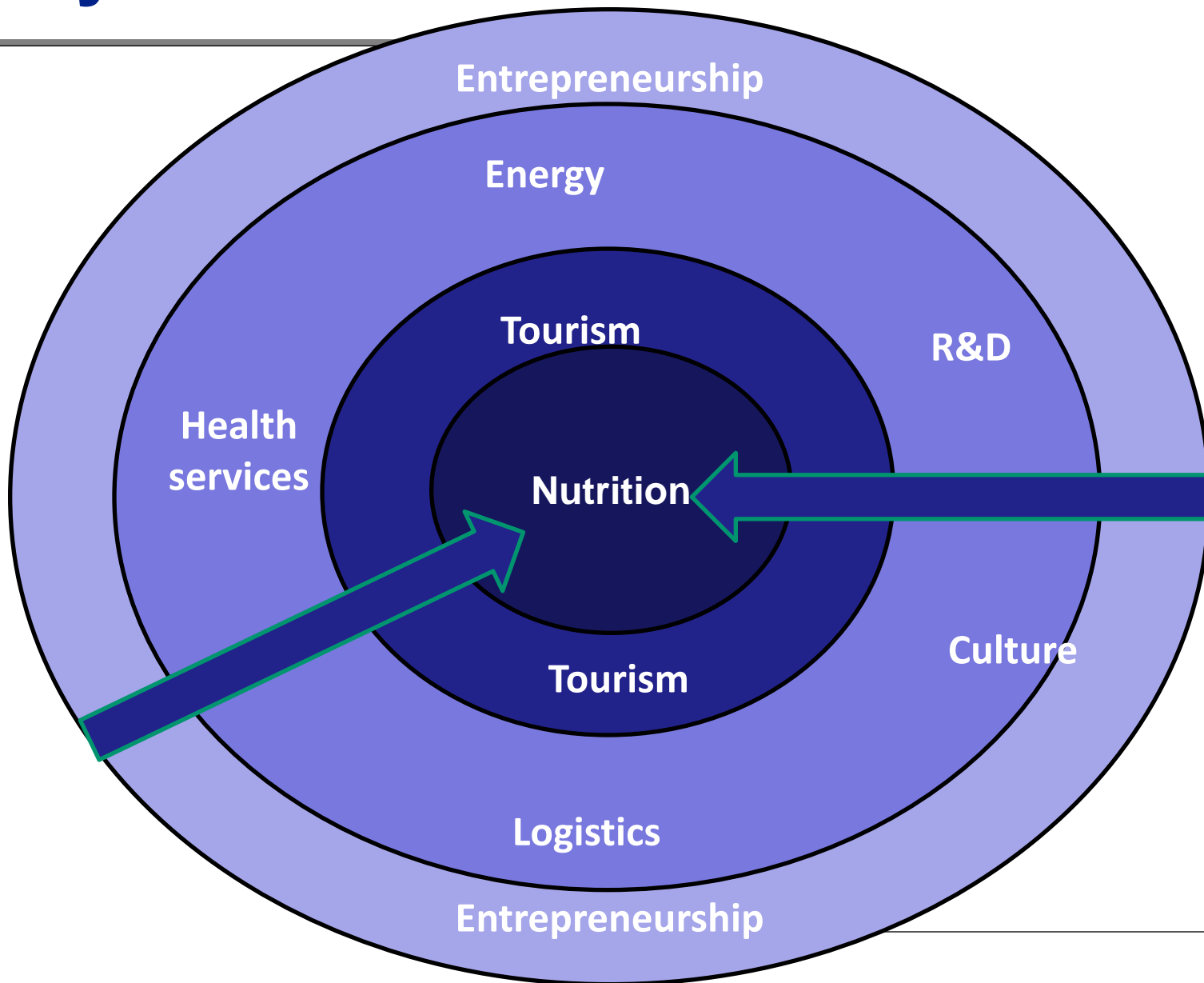
- ***Agriculture is the cornerstone of the economy in certain parts of the Pomurje Region and represents a substantial development potential for rural areas.***

- 1. **Vegetables** from Pomurje are a development opportunity for classic and organic production of vegetables. The projects concerning classic production involve setting up intensive production of vegetables with the pertaining warehousing & logistics centre for supplying the Slovenian market and the regional market of the European Union.
- 2. **Fruit growing.** Slovenia unfortunately currently lags behind the developed fruit-growing countries in several production areas which makes good sales organisation of Slovenian fruit growers and joint marketing paramount.
- 3. **Herbs.** Production and processing of herbs offer plenty of development opportunities as herbs have several interesting aspects, however, the current production in Slovenia is low.

Food Industry and Rural Development

- 1. Fibre plants.** Production and processing will be promoted of fibre plants once at home in Pomurje, such as flax and hemp, as will be the related top-quality products with high value added.
- 2. Regional cuisine and food with origin.** Producers of regional food products of higher quality can be linked together to set up an integrated production & processing chain to supply the tourist industry and public institutions in the region.
- 3. Production and processing of functional food.** A new market niche has sprung to life in the world's agriculture, production of the so-called "functional food" which requires a "gardening & greenhouse approach". The region's weakness is its small size and dispersion, however, the geothermal energy sources present a big opportunity for development of the field.

Key areas for future....





**IMMEDIATE IMPACT
AND
WHAT HAVE WE LEARNED?**

RESULTS ORIENTED APPROACH (1)

1. Funds for **corporate investments and the creation of new jobs**; out of 8 million € tendered and 100 applications approved; about 3 meur disbursed and 160 new jobs gained in 2010; additional 200 jobs expected by the end of implementation of projects.
2. **Social entrepreneurship** instrument was divided into two phases, first one as a project preparation facility which analysed social entrepreneurship potential and developed some new projects for application. The tender for the implementation of social entrepreneurship projects is active and should lead to creation of additional 50 new employments.
3. Project for the **promotion of the region** to attract new domestic and foreign investors started in late 2010 and focuses on designing the regional brand which should lead to attraction of investors.

RESULTS ORIENTED APPROACH (2)

1. Support in the preparation and implementation of **new development projects in the region** is designed to create more efficient **regional development structures** to be able to respond to regional needs and facilitate regional development in full capacity. The preparation of **long terms operational program till 2020** will be based on understanding of the regional potentials and possibilities while catching-up on internal and external capacities in human resources and financial capital.
2. Last but not least the Government is planning the implementation of the project for encouraging **human resources development** which should lead to innovation schemes and entrepreneurship support for the region.
3. In the period 1st January 2010 – 30th June 2011 **47 projects were approved in value of 15 MEUR.**

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VARY GOOD
Pravica

POMURJE

