

THE REGIONAL DEVELOPMENT OF DISTRICTS

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We want to point to the problems of the development of regions, their solution, deficiencies in this area and reserves still not used in their development, using the example of two regions with comparable conditions.

In harmony with the project VEGA 1/9182/02 „Economic, Ecological and Social Problems of the East Slovak Region“ being carried out by a group of researchers at the Economics Faculty of the Technical University in Košice, we selected the neighbouring districts of Bardejov and Svidník.

Socio-Economic Analysis of the Selected Districts

The districts of Bardejov and Svidník are situated in north-eastern Slovakia, in the northern part of the Prešov region. The district of Bardejov with an area of 937 square kilometers and 75,793 inhabitants, belongs to the second group of Slovak districts in terms of size. The district of Svidník is one of the smaller districts of Slovakia, with an area of 550 square kilometers and 33,443 inhabitants.

The economic potential of the districts is characterized by two branches – industry and agriculture, with tourism as well in the district of Bardejov. The process of transformation of the economy in market conditions and the restructuring of industry and agriculture brought various negative effects, which were manifested in the two districts. Their peripheral position and inaccessibility in the framework of Slovakia contributes to the unfavourable economic situation in the districts. This geographical position brings one advantage: that of easier penetration into the markets of Poland, Ukraine and Bielorus.

The two districts together produce about 1.5% of the total gross domestic product of Slovakia. At the beginning of 2001, 1,941 organizational entities were registered in the district of Svidník, including 1,386 natural persons and 555 legal persons. On the same date, the district of Bardejov had 3,766 organizational entities, divided into 2,909 natural persons and 857 legal persons. According to ownership of businesses, private companies have the greatest share in both districts. According to legal forms of organization, limited liability companies appear most frequently.

Companies with an orientation to the leather, engi-

neering, clothing, wood working and food processing industries represent the basis of productive industry in the districts. Industrial production is centralized in the district towns. Such a spatial situation was created during the period of directed urbanization and planned industrialization of the territory of Slovakia.

Small and medium-sized wood processing businesses situated in villages began to develop more significantly in the districts in recent years. A deficiency is that the partly processed wooden materials are not completed, but taken for further processing outside the analysed districts or abroad. The economic environment for businesses of various sizes in the industrial area has worsened since 1990. The problems concern mainly the financial liquidity of companies and the accessibility of finance from internal and external sources. Secondary payment inability has been a great problem in recent times for the majority of industrial companies in the district. This development of businesses was connected with the decline of industrial production during the period 1990 to 2000 in the decisive companies of the district, and the associated increased unemployment. In 2000, the average number of employees recorded in industry was 1,200 in the district of Svidník and 3,366 in the district of Bardejov. These figures are more than 40% below the levels of employment in industry reached before 1990.

Mainly firms, which carry out their activity especially in the Czech Republic, are active in construction in these districts. The districts contain a relatively large number of buildings started, especially by local councils, but without sufficient financial resources for their completion. It is necessary to emphasize that the construction firms in the districts mostly employ unqualified applicants for work. Therefore, it is necessary to create suitable financial instruments for these firms; that is special grants for construction of housing or for the reconstruction and modernization of buildings, and in this way support increased employment in the districts.

According to the analyses of the Ministry of Agriculture of Slovakia from 1998, the districts of Bardejov and Svidník are placed among the rural areas. Agriculture has a long tradition in this region, in spite of the fact that the districts are situated in the flysch zone, where reduced soil fertility and permanent pasture are typical. The natural and climatic condi-



ons are unfavourable for the development of highly intensive agricultural production. An orientation to primary agricultural production continues. Plant production is oriented mainly towards the cultivation of fodder, grain and technical crops, cultivation of root-crops has significantly declined. Animal production concerns mainly cattle and sheep.

The new economic conditions also influenced agriculture in the districts. In spite of decline, it is still one of the main productive activities. Especially measures in the grant policy of the state, rising costs, the credit burden from the past, failure to observe payment discipline, disturbance of supplier-consumer relations and the low ability of agricultural cooperatives to adapt to the demands of the market have influenced the state of agriculture. One of the problems in the development of the region is the great number of agricultural businesses, which are small and do not have enough of their own financial resources, which are and will be a condition for drawing money from the SAPARD programme. In connection with the development of agriculture, it is necessary to devote attention to processing capacities, which are inadequate and need to be increased.

The agricultural and forestry potential in the analysed districts is not only used for agricultural and forestry production, but also for tourist purposes. The low level of damage to the environment and small farms create ideal conditions for the development of rural tourism. The protected territories are suitable for nature trails. Spa and health recreation is no less interesting, especially in the district of Bardejov. The geographical position of the districts enables the development of near-frontier and international tourism. A socio-economic analysis of a region also requires an analysis of human resources, which gathers together a series of problems. Especially the labour market will interest us.

From the point of view of long-term unemployment, the districts have a leading place in Slovakia. At the beginning of 2000, the level of unemployment in Slovakia reached 19.2%. The Prešov region had an unemployment rate of 26%, the highest level among the eight regions of Slovakia. The district of Svidník had unemployment of 31.2%, while Bardejov district had 29.38%. The level of unemployment at the beginning of 2001, was 17.9% in Slovakia, 22.1% in the Prešov region, 24.6% in the district of Svidník and 24.68% in the district of Bardejov. Unemployment in the districts was caused mainly by privatization of the state owned shops, services, catering and tourist enterprises, the unfavourable financial situation and deepening economic problems in the private sector, the break up of construction companies

because of insufficient work, decline of industrial production and sales in the most important works of the districts, a significant decline of agricultural production in cooperatives and state properties, caused by their break up and transformation into small shareholding forms.

In 2000, the average monthly salary in the district of Svidník was SKK 8,216, in the district of Bardejov SKK 7,539, in the Prešov region SKK 10,351 and in the whole of Slovakia SKK 11,430.

Possibilities for development of the districts

Strong points:

- High quality socio-demographic potential – the high percentage share of inhabitants of productive age together with improved education enable the stabilization of employment,
- A qualified work force – in the areas of industry (leather and engineering), agriculture and construction enables the rapid and effective introduction of new technologies and the resulting increase of productive and competitive abilities,
- The existing productive base creates conditions for the rapid modernization or restructuring of production,
- The ability of economic entities to enter supra-regional forms of cooperation – the practical experience of some entities in the districts enables entry to various cooperative relationships,
- The advantageous geographical position of the districts for penetration into the markets of Poland, Ukraine and Belarus – the existence of road frontier crossings creates possibilities for cross-frontier cooperation and conditions for a transit region,
- High quality environment – a low level of damage to the environment, medicinal mineral waters create conditions for the development of tourism, especially spa-recreational tourism,
- A high quality cultural heritage – important historic monuments, traditions and folklore create good conditions for sight-seeing tourism,
- A high quality socio-cultural environment – traditional culture activities, character of inter-personal relations and low level of threat of social pathology create conditions for the development of tourism, as well as for the establishment of branches of various institutions.

Weak points:

- Mono-structural orientation of the productive base – during the restructuring of production, employment declined rapidly and the flexible creation of new job opportunities in other areas of production was not enabled,



- Industrial production is centralized in the central towns of the districts – the villages have very little business activity and this leads to social stagnation,
- Insufficient infrastructure in the districts – lack of conditions for their development, the territory is not interesting for investors, which leads to its stagnation,
- A high level of unemployment – associated with social stagnation and decline of the population by migration,
- Low absorption ability of small and medium-sized businesses in the area of employment – the area does not provide conditions for the creation of a larger number of new jobs, raising or stabilizing the level of employment,
- A high percentage of migration to jobs outside the districts – leading to social stagnation of the territory,
- Decline of the population in the villages of the district – leading to social decline of the territory,
- Social problems in the villages with a high proportion of Romany population are leading to social

stagnation of the territory and increased threat of social pathology.

Conclusion

The strategy should lead to a region with evenly developed industrial production and services, supplemented by advantageous agricultural production and rural development, high quality tourism and a standard level of technical and social infrastructure.

One of the obstacles to achievement of these aims is a lack of financial resources. The districts need to create a system of coordination and information level about the use of financial resources from state and foreign funds, especially those of the EU, contributing to the implementation of programmes for technological and innovation development, the support of small and medium-sized businesses and the development of agriculture. Clearly, if the aim is to gain financial support, all these efforts must end with the preparation of high quality business projects, and the analysed districts should use all the reserves here.