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Recommendations for regional policy: the Croatian case

Abstract

The regional differences in entrepreneurial activity are only one manifestation of the large regional differences in Croatia. From this it is obvious that Croatia needs regional policy as a part of its overall development policy. Contemporary regional policy gives strategic importance to industrial restructuring and other structural adjustments in regions that lag in development. However, it is not limited to relatively undeveloped regions, since rich regions can create demand that can "pull" growth in relatively less developed regions.

A limitation on the implementation of modern regional policy in Croatia is the inherited doctrine of the reconstruction of war affected areas. This doctrine is no longer appropriate to the needs of new regional policy, which must be formulated in the context of EU accession. This is especially important considering that the EU emphasizes that member states must be in a position to withstand competitive pressures in the single market as a key condition for accession. And regional policy has a special role in this.

The next limitation lies in the strong sectoral rather than integral approach. This is best seen in the many uncoordinated actions of various ministries and other government bodies. Furthermore, the legal framework is highly compartmentalized, so that Croatia does not have a single legal act that systematically regulates regional development on the whole territory of Croatia.

Finally, the greatest limitation lies in the low level of ability of public administration, which is particular deficient in regional planning, programming and evaluating the implementation of development programs.

These problems can be overcome through the following four goals of regional policy, which will be as recommendations discussed in the paper:

- Reach national cohesion and sustainable development of local and regional communities.
- Develop human resources with the aim of maintaining the population by opening prospects for work and employment.
- Preserve urban, rural and littoral space, value it and using it optimally
- Develop competitive, restructured sectors with special emphasis on the development of small and medium enterprises and the entrepreneurial environment.

1. Introduction

This paper draws on the basic recommendations that the National Council for Competitiveness has sent to the Government of the Republic of Croatia in order for it to take the necessary steps regarding its regional policy, particularly in the light of Croatia's efforts to join the European Union and embrace the basic principles of the European Union's regional policy.

In the last few years Croatia has focused its regional development on the reconstruction of war-torn areas, primarily the public buildings, the utilities and the transport and health infrastructure. A different regional policy is required in view of the country's development priorities and the present situation. Defining and implementing this policy at the national level is also Croatia's obligation towards the EU. This is particularly important because the EU keeps pointing out that one of the key membership criteria is a member country's capacity to withstand competitive pressure on the single market and that regional policy plays a special role in this. In other words, in addition to raising the level of competitiveness, regional policy will also contribute to the faster and more effective process of accession to the EU.

2. Basic limitations of regional policy

In view of the increasing discrepancies in regional development, it is necessary to draw attention to a number of limitations, which represent a serious obstacle to the implementation of a modern regional policy in Croatia, one that would be compatible with the regional policies of developed countries and the European Union.

The past approach to development is reflected on the limitations of today's regional development in Croatian, which is based on a strong sectoral rather than on an integrated approach. This is best seen in the many uncoordinated actions of various ministries and other government bodies. The sectoral approach has resulted, among other things, in overlapping, lack of coordination, and concentration only on specific segments of development, which makes synergetic effects impossible.

The existing legislative framework is fragmented, and there is no single law to systematically regulate regional development on the entire territory of Croatia. Instead, there are a number of laws targeting certain areas lagging in development as well as those regulating sectoral incentives. They partly concern the problem of regional development, but are not related to or directed at regional development in its entirety.

The process of decentralisation, which is very closely related to regional policy and the implementation of the principle of subsidiarity, has been somewhat delayed. At the moment, only between six and nine per cent of unallocated budgetary funds are decentralised. At this stage, the level of decentralisation in the counties should be between 20 and 25%, ultimately reaching between 50 and 70%. Only the health and education systems have been decentralised so far.

A clear, integrated and legally defined institutional framework for the implementation of regional policy does not yet exist in Croatia. This has resulted in the absence of coordinated development planning and insufficient interrelatedness between the central government and county or local authorities with regard to development initiatives, flow of information and the coordination of national, regional and local goals and development priorities in order to make maximum use of the country's overall resources and potential for development.

A further limitation is the insufficient competence of public administration at all levels, which is particularly seen in regional planning, programming and evaluation of development programmes. The latter is a key segment and one of the most important principles of any modern regional policy.

The effects of government aid are not being monitored and evaluated in Croatia, which results in the insufficient transparency, lack of coordination and ineffectiveness of government aid. The non-existence of a system of monitoring how funds are used, the absence of evaluation of the effective use of those funds, and the non-existence of clear procedures and criteria for the allocation of financial assets represent one of the key limitations to regional policy.

3. Regional development goals

The basic goals of the regional development of Croatia, with a brief explanation of some of the sub-goals, are as follows:

1. **National cohesion and the sustainable development of local and regional communities for the purpose of ensuring the economic and social stability of society**, with an emphasis on the better use of development potential and on a balanced development.

2. **Human resources development**, with special emphasis on providing the population with work and employment prospects so that they would stay in a given area.

3. **Conservation, evaluation and optimum use of space**, with an emphasis on rural and coastal development.

4. **Development of sectors for the promotion of competitiveness and economic restructuring, with special emphasis on the development of small and medium-sized enterprises and an entrepreneurial environment** through facilitated access to technologies, sources of funding, market information and so on.

4. Indicators

The achievement of the above goals can be measured by the indicators listed below. All the indicators apply to the counties and all but the GDP indicator can also be monitored at the municipal level.

1) Per capita gross domestic product at the NUTS II / NUTS III level,

2) Original budgetary revenues of towns and municipalities, according to the overall population of a given town or municipality,

3) Unemployment indicators (the share of the unemployed population in the labour force),

4) Employment indicators (the share of the employed in the working-age population /ages 15-64/),

5) Education (two-year post-secondary school qualifications and university degree),

6) Indicators of goods and services exports.

In order to ensure that the monitoring of data at the regional level is as precise as possible in terms of evaluation of results, it is proposed that towns and municipalities should be taken as units of measurement for all the indicators.

Additional analyses – some indicators necessary for monitoring regional development cannot for now be monitored at the level of counties and local self-government units, because there are no data at this level. To this end, it is necessary to urgently set up analytical platforms at local and regional levels as a basic prerequisite for monitoring and generating actions to meet the above goals.

5. Recommendations

Based on the problems and situations described above, and taking into account a series of changes that should be carried out in order to lay the foundations for the regional policy of Croatia, which would be adjusted to the approach, criteria and principles of EU regional policy, the following recommendations are proposed:

1. **Encourage local development initiatives and instruments of local/regional development,**
2. **Define and develop clusters,**
3. **Establish a legislative framework to ensure the efficient management of a modern regional policy,**
4. **Form an institutional structure at central, regional and local levels,**
5. **Develop financial mechanisms for regional development,**

6. **Provide central and regional administration with further training for the implementation of regional policy,**
7. **Apply the basic principles of regional policy at central, regional and local levels,**
8. **Establish a statistical/analytical platform for the assessment of regional competitiveness and for the monitoring and evaluation of the effects of regional policy in conformity with the statistical standards of the European Union,**
9. **Strengthen the economic component of development in regional planning and spatial management,**
10. **Integrate smaller territorial units to become agents of regional development.**

1.) Encouraging local development initiatives and instruments of local/regional development

- **A bottom-up approach to development**, meaning from the local level upwards, should be used in Croatia to encourage local and regional economic development and the development of an entrepreneurial environment. Local development initiatives should be supported by both the central government and local/regional units through special incentives. The bottom-up approach should therefore be combined with elements of a top-down approach. The government and state institutions at all levels should encourage local initiatives by:

  - **establishing and operating a network of regional development agencies** that should be made capable of programming and planning, and establishing links between all key local protagonists, agents of development and entrepreneurs in order to initiate, carry out, monitor and assess the implementation of entrepreneurial and other development programmes;
  - **designing and carrying out specialised training programmes for public administration staff** to enable them to manage local and regional development;
  - **encouraging the already existing "self-initiated" local development and entrepreneurial initiatives**, and using them as "pilot cases" for the further promotion of similar initiatives in other, less developed areas of Croatia (successful examples can be found in Međimurje, Istria, Primorje-Gorski Kotar and other counties).

- It is necessary to design and set up key instruments of regional development, such as **development agencies / centres for specific purposes**, which would be directed at particular sectors and local industries (tourism, agriculture, textiles, wood processing and so on). In the process of organising and defining the purposes and functions of regional development agencies, it is necessary to take into account two basic elements: first, the area of activity and responsibility of

these agencies should be standardised country-wide (by implementing government policy), and second, their structure should be flexible enough to respect all the specific features of a given region and innovative undertakings. In other words, the platform for the foundation of regional agencies should be the same, while the rest should be left to counties themselves. In designing regional agencies, the counties should take into account the following:

- the general state of the county's economy;
- the structure of the economy and the current situation in each sector;
- development programmes and projects already initiated by the local self-government unit or the county;
- prospects (assessments) regarding the immediate and wider environment.

After establishing this basic infrastructure of regional agencies, whose further development will depend on specific needs in the field, a course should be set for the further development of each agency (to decide whether it will remain a general-purpose agency, specialise in specific segments or whether parts of it will form separate entities).

The agencies/centres should be organised in such a way as to provide a wide range of services in the region where they are established. Their services, ranging from information to training, should be adjusted to meet the specific needs of their clients (research and planning, product quality and safety control, and highly innovative services using modern electronic technologies).

- **Strictly specialised regional agencies for technological development / research centres** should be developed with a view to encouraging technological innovations at the regional level and promoting an innovative local industrial environment. This will contribute to the successful realisation of clustering (by strengthening ties and cooperation between companies, developing collective performance and cooperation, and so on) and raise the level of competitiveness of the given region. Such specialised agencies, institutions and centres are largely based on local knowledge and resources, as well as on the local business and living environment, which additionally encourages the development of "successful" regions based on key "new" factors of development – knowledge, networking, information, technology, innovations, efficient management and so on. Regional agencies/centres should be established and developed in a way that corresponds to the economy of a particular area and this area must be directly involved in their work as one of the main agents of development.

- It is necessary to develop one or more **pilot agencies/centres** of this kind modelled on similar centres that operate very successfully, for example, in northeastern Italy (the region of Friuli-Venezia Giulia). It should be stressed here that the development of such institutions in Italy was always preceded by private initiative, which was helped by the public sector in economic development. In this regard, in the immediate term it would be useful for Croatia to follow the model

applied by Slovenia, which used Italian and Irish experiences and those of other countries in an environment which ten years ago or so was nearly the same as in Croatia. This is necessary at the present stage because the situation in Croatia is completely different. Since small enterprises primarily need the public sector to create an environment for them and strengthen the private sector, the public sector should provide initial support to these centres in the forthcoming period.

- It is necessary to influence the wider local and regional environment in order to create preconditions for the establishment and operation of regional agencies/centres. Otherwise, they will become an end in themselves.

2.) Cluster development

Lack of structural preconditions for the development of clusters in Croatia has been observed. The exception is the city of Zagreb, which has relatively favourable structural preconditions. The possible contribution of the cluster model to regional development and competitiveness in Croatia should be recognised at national and regional levels, because this model encourages regional development and competitiveness through support for joint research and innovations and for development based on technologies. Since regional-development, industrial and innovation policies influence the development of clusters, measures should be implemented consistently within each of the above policies. For example, since for the successful development of clusters it is very important to raise the overall technological level of small and medium-sized enterprises, this should be carried out within the scope of other measures and activities.

The development of clusters should be encouraged also because the level of development of this model in the regions will result in promoting a culture of entrepreneurship in institutions of higher education, attracting foreign companies, increasing the competitiveness of companies by means of technological development, increasing the innovation capabilities of small and medium-sized enterprises, promoting cross-border cooperation and so on.

In order to develop this model in Croatia, a series of short-term, medium-term and long-term measures need to be taken at national and regional levels. Priority should be given to the following:

- Establishing **a Task Force** for the development of clusters. After a National Agency for Regional Development is set up, the Task Force will represent the necessary nucleus for cluster development within the Agency. The Task Force should initiate and carry out a series of activities aimed at developing clusters, of which the following should be given priority:

    - Organise training to develop new skills and change the way of thinking and the behaviour of managers who are members of the cluster;

- **Analyse potential areas for cluster development** and plan their development. The Task Force, in cooperation with other experts, should identify priority sectors, locations for cluster development and the necessary measures to be taken.

- **Draw up a pilot cluster project** drawing on the most successful foreign experiences and begin systematically developing this model in Croatia. Bids for the pilot project should be invited. Bidding propositions should make government support conditional on the participation of a given number of companies and supporting institutions. The duration of government support should be clearly defined, because it would provide strong encouragement to the participants in the pilot project to make appropriate efforts with a view to ensuring that the project is self-sustainable.

- Implement **a training project for cluster managers / network brokers** since the improvement of the process of cluster development requires specific skills.

- Cluster development should be carried out by a National Agency for Regional Development (NARD), which should be in charge of cluster development and its coordinator at the national level. Other activities would also be carried out by NARD as recommended by the Task Force. Regional development agencies would be partners to NARD at the regional level.

- It is necessary to develop the capabilities of administrative bodies at the county level to provide support for the implementation of the cluster model.

- Other measures of support for the development of clusters should be implemented in accordance with the recommendations of the Task Force.

3.) Establishing a legislative framework to ensure the efficient management of a modern regional policy

- Since the existing legislative framework is fragmented, because there are a number of laws relevant to the regional development of particular areas of Croatia (for example, islands, areas of special concern to the government, mountainous regions and so on), as well as a number of laws which regulate sectoral incentives and which are partly directed at regional development as a whole, it should be replaced with a single law. It is necessary for such a law to address the issues of regional development in Croatia as a whole and to regulate the necessary instruments for the implementation of regional policy at all levels. Such a framework should be proposed and verified in cooperation with all the key agents of development and prepared for a parliamentary

debate during the implementation of the project of the National Strategy for Regional Development.

- It is necessary to create legal conditions for the functioning of institutions as a basis for the implementation of development policy and development management. The transfer of the rights and responsibilities of state, regional and local administration to specialised institutions has also proved to be necessary. This ties in with the need to legally regulate decentralisation as provided for by the Croatian Constitution. This would make it possible for local and regional government units to manage their own resources more significantly.

4.) Establishing an institutional structure for regional policy at central, regional and local levels

- This is a necessary precondition for regional policy since this kind of an integral and clear structure of institutions and bodies necessary for the conceptualisation, implementation, monitoring and evaluation of regional policy in Croatia does not yet exist. There are only some elements of this structure that partly regulate the problem of regional development. It is therefore necessary to legally define an institutional structure for the implementation of regional policy at central and regional levels. Priority should be given to establishing the following:

    - **A National Agency for Regional Development.** It is necessary to define its role, goals, tasks, responsibilities and competences in relation to other institutions at national and regional levels, and see how it will be funded. A plan should be drawn up to recruit the necessary staff and train them for the performance of the set functions and tasks, including providing special incentives to local protagonists and entrepreneurs, providing information and support in networking and helping them establish links with their foreign partners.

    - **A network of regional development agencies** at the county level. Regional development agencies should be organised and structured as operational bodies of their own counties or local self-government units in order to carry out development projects and programmes. At the same time they should also serve as reception points or extended arms of government ministries in implementing their own or joint projects with local, regional and state administration.

        - It is necessary to define the tasks and functions of regional development agencies, find the best location for them, provide them with start-up funds, draw up a plan for the recruitment and training of staff. The process of establishing agencies should be participatory, in other words it should involve a wide circle of local and regional protagonists and representatives of government, non-

government, development, financial and other institutions. It should be pointed out here that it would be much easier to carry out activities relating to the development of clusters and small and medium-sized businesses through newly-established regional development agencies (which will operate on the basis of modern business principles) than through the existing bureaucratic structure.

- It is necessary to clearly define the areas of activity of regional development agencies and the National Agency for Regional Development. Both national and regional levels should be coordinated and should operate on the basis of their own programmes of work in synergy with the operational programmes of relevant ministries, local self-government units or counties. As far as clusters are concerned, in practice the National Agency would draw up a plan for the implementation of clusters in Croatia (operational plan), within which regional units should draw up their own plans for cluster development at the regional level and define their own specific goals.

- **An Advisory Council for Regional Development** should be established and its main role, tasks, functions and responsibilities should be defined.

- The Government should also establish any other necessary institutions and bodies as proposed in the National Strategy for the Regional Development of Croatia.

5.) Development of financial mechanisms for regional development

- The Regional Development Fund, as the country's first and only specialised institution of the kind, should be further strengthened by:

  - financing initiatives aimed at promoting a balanced regional development through government and non-government programmes;
  - seeking and engaging domestic and foreign financial sources to co-finance development projects;
  - providing support to counties/local units in creating a transparent and efficient system of financing development projects;
  - providing support to counties/local units in applying a common methodology to identify, prepare and carry out development projects;
  - monitoring and evaluating (ex ante and ex post) the contribution of projects to the regional development of counties/local units.

- It is necessary to develop **guarantee funds** and analyse possibilities and modalities of developing other financial instruments to ensure the

implementation of sustainable entrepreneurial programmes and other regional development programmes.

- It is proposed that **a group of experts** should be formed, consisting of representatives of the Regional Development Fund, of the Advisory Council for Regional Development (which is yet to be established) and other financial experts, whose task would be as follows:

    - to identify alternative financial mechanisms to finance local development programmes;
    - to address relations between banks and non-governmental financial organisations operating at the local level;
    - to determine the best way of using the existing (Croatian and foreign) micro-financial mechanisms and identify the needs for the development of additional such mechanisms for financing local development;
    - to develop a transparent system of financing local and regional development programmes;
    - to provide for the possibility of mobilising complementary financial resources for strategic development programmes (applying the principles of additionality and complementarity at the regional level);
    - to propose transitory financial tools, ad hoc instruments and/or constant alternatives for the funding of local/regional development programmes;
    - to develop a system of monitoring and evaluating the effects of government-funded development programmes through local/regional financial instruments;
    - to define the role of local and regional development agencies and other bodies in mobilising financial resources and funding local/regional development programmes (intermediary or direct role) and to identify their responsibilities.

- It is necessary to develop **seed capital funds** in order to encourage innovative projects that are still too risky for private capital.

6.) Providing state and regional administration with further training for the implementation of regional policy

- This process has been started by central government institutions, notably the Ministry of Public Works, Reconstruction and Construction, the Ministry of Finance and the Regional Development Fund. These institutions should continue this process through EU technical assistance programmes, study visits, in-service training programmes and other specialised training programmes aimed at improving organisational, managerial, computer, communication and other skills in government institutions at all levels (human resources management).

- It is particularly important to devise and implement training programmes at county, town and municipal levels in view of their new responsibilities within the framework of administrative reform, as well as apply the basic principles of regional policy.

- It is also necessary to continue training programmes in the National Bureau of Statistics in view of the strategically important process of adjustment in the area of statistics, particularly regarding the implementation of the Regional Statistics project, the preparation of regional accounts compatible with the European System of Accounts, legislative adjustment and the introduction of a new statistical methodology in conformity with the Statistical Requirements Compendium.

7.) Applying the basic principles of a modern regional policy

- It is necessary to create a legislative platform and propose necessary mechanisms at central and lower levels to introduce and implement all the basic principles of EU regional policy (the principles of subsidiarity, partnership, programming, additionality/complementarity, coordination, concentration, monitoring and evaluation) in Croatia as a basis for the implementation of a modern regional policy compatible with EU regional policy. This is also a basic prerequisite for Croatia to gain access to the EU structural funds.

- The introduction of **the principle of subsidiarity** should continue through the process of decentralisation and state administration reform. This should be carried out simultaneously with the process of skill improvement at local and regional levels, because subsidiarity may lead to inefficiency if there is inadequate training for exercising new competences.

- **The principle of partnership** should be systematically introduced at all stages of designing, implementing, monitoring, evaluating and funding all development programmes at local and regional levels. All interested parties (local and regional authorities, other agents of development, non-governmental institutions, social partners, representatives of the business community and so on) should be involved at all stages of designing and implementing development programmes. This should be carried out on the basis of the experience gained during the implementation of EU technical assistance programmes (the designing of the first regional operational programmes in Croatia, technical assistance provided by the UN Development Programme and the German Agency for Technical Cooperation (GTZ), the National Programme for the Development of Islands and so on) and through future programmes of international technical assistance (the EU CARDS programme, bilateral technical assistance and so on).

- It is necessary to legally regulate the introduction and observance of **the principle of additionality** and define procedures for the collection and submission of data for the purpose of verifying that this principle is respected. This will also ensure that the funds allocated for a particular development programme at the regional level are not a substitute for the self-financing of the fund recipients (municipalities, towns, counties and individual institutions at the local/regional level).

- In implementing development programmes, a unified methodology should be adopted and the mandatory observance of **the principle of programming** should be introduced at all levels, and long-term development plans should be drawn up and carried out according to the principle of partnership. Programming should be coordinated at local, regional and central levels. The present practice of programmes being initiated solely at the regional or local level has turned out to be one of the obstacles to their successful implementation. It is therefore necessary to adopt this methodology by observing the principle of partnership. It is also necessary to establish a system of rules and instructions for designing, implementing, monitoring and evaluating programmes, which in turn is related to the introduction of the principles of monitoring and evaluation).

  A National Development Plan should be designed as a basis for regional development programmes. It should contain clearly defined operational programmes for its implementation and should serve as a basis for the further activities of Croatian administrative and development institutions at all levels. The preparation of the National Development Plan, which is envisaged under the forthcoming EU CARDS programme of technical assistance, should partly be linked to the results of the National Strategy for Regional Development, which is now being designed.

- **The principles of monitoring and evaluation** should be implemented by defining procedures for their systematic application before and after the implementation of each development programme.

8.) Creating a statistical and analytical basis for the assessment of regional competitiveness and for the monitoring and evaluation of the impact of regional policy in accordance with EU statistical standards

- A system of measurement should urgently be established to ensure the permanent monitoring of GDP at the regional level.
- Appropriate databases should be set up to serve as a platform for the evaluation of regional competitiveness and for the evaluation and monitoring of the effects of regional policy. These databases should ensure that all relevant data are in one place, including data from official bodies in charge of statistics and from government and other bodies, whose activities are of particular importance to regional competitiveness.

- A system of regular reporting should be established, relying on data from the above databases.
- An institution should be established to manage databases and set up a system of regular reporting.
- An analytical platform should be set up at local and regional levels as a basic prerequisite for monitoring and generating activities aimed at achieving the main regional development goals. It is therefore proposed that annual analyses should be carried out to assess the situation, monitor and evaluate the implementation of the recommendations proposed herein, and propose the necessary steps/measures if no progress has been made. This refers to the evaluation of the implementation of recommendations regarding the institutional framework (legislation and institutions), the introduction of regional policy principles, the monitoring of scientific and technological development and the development of innovative companies as part of the cluster model, the development of an entrepreneurial environment, the strengthening of the economic component of regional planning and so on.

9.) Strengthening the economic component of development in regional planning and spatial management

- Space should be treated as a strategic asset in regional planning. Ways of promoting regional planning and spatial management policy should be considered in order to ensure the successful development of regions and increase regional competitiveness.

Computerisation and integration of land registries and land books

- It is necessary to strengthen the economic component of development in regional planning and spatial management by
    - amending the Regional Planning Act and regulations defining a mandatory methodology used in designing physical and economic plans at all levels;
    - passing a special law evaluating the environmental impact;
    - improving the skills and knowledge of civil servants in spatial management at state and local levels;
    - strengthening the capacity of institutions of higher education and research institutions for regional science and regional policy that would also cover regional planning and spatial economics.

10.) Integrating smaller territorial units to become agents of regional development

- It is necessary to stop and prevent the process of atomisation of territorial units, municipalities, towns and counties, and take special measures to encourage them to interact with one another, both horizontally and vertically, in the economic, spatial and social sphere.

- As part of administrative and territorial reform at the national level, it is necessary to encourage integration processes at the county level and optimise the number of municipalities and towns at the local level.

Table 1
Matrix of goals, indicators and recommendations

GOALS	INDICATORS	RECOMMENDATIONS
National cohesion and the sustainable development of local and regional communities	Unemployment Employment Original revenues Education Exports	Encourage local development initiatives Cluster development Provide training for state and regional administration staff Create statistical basis Strengthen economic component of development in regional planning and spatial management Integrate territorial units
Human resources development	Education Unemployment Employment Original revenues	Encourage local development initiatives Cluster development Provide training for state and regional administration staff
Conservation, evaluation and optimal use of space	Original revenues Education	Strengthen economic component of development in regional planning and spatial management
Development of sectors – development of small and medium-sized enterprises and entrepreneurial environment	Per capita GDP Original revenues Exports Education	Encourage local development initiatives Cluster development Establish legislative framework Create institutional structure Develop financial mechanisms Provide training for state and regional administration staff Apply principles Create statistical basis Strengthen economic component of development in regional planning and spatial management Integrate territorial units

Table 2
Priority recommendations (model for determining priorities with examples)
Schedule of execution in terms of feasibility and the impact on competitiveness

2.1 Feasibility

Recommendations	Easily feasible	Hardly feasible
Encourage local development initiatives	x	
Cluster development	x	
Establish legislative framework	x	
Create institutional structure		x
Develop financial mechanisms	x	
Provide training for state and regional administration staff		x
Apply principles		x
Create statistical basis	x	
Strengthen economic component of development in regional planning and spatial management	x	
Integrate territorial units		x

2.2. Impact on competitiveness

Recommendations	Minor impact	Major impact
Encourage local development initiatives		x
Cluster development		x
Establish legislative framework	x	
Create institutional structure		x
Develop financial mechanisms		x
Provide training for state and regional administration staff		x
Apply principles	x	
Create statistical basis	x	
Strengthen economic component of development in regional planning and spatial management		x
Integrate territorial units		x

Impact and feasibility

Feasibility	Minor impact	Major impact
Easy feasibility	- Statistics - Legislative framework **1**	- Local initiatives (quick wins) - Clusters - Strengthening economic component of space - Financial mechanisms **2**

<u>Conclusion: priority fields are 2, 4 and 1.</u>

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