

REGIONS OF THE THREE SEAS INITIATIVE



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REGIONS OF THE THREE SEAS INITIATIVE

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Dear Sir/Madam,

The Lublin Voivodeship is the initiator of the Three Seas Regions Economic Network. Its foundation was initiated by signing the so-called Lublin Declaration, adopted in June 2021 in Lublin. The main objective of this project is to build strong relations and establish direct cooperation in various areas of the economy and social life among local governments from the twelve countries of the Three Seas Initiative.

By cooperating and achieving our goals, we have a unique opportunity to build a good climate and relations together, not only in the economic, cultural and social areas, but also to strengthen the integration of free and democratic Europe. Therefore, all actions should be aimed at supporting and improving the position of all regions of the Three Seas Initiative in Europe.

In order to better understand the specificity and potential of the regions, the Lublin Voivodeship commissioned a team of specialists and experts from the Institute of Central Europe in Lublin to develop the study entitled "Regions of the Three Seas Initiative". This is the first monographic description of regions and local government units collectively grouped in the Three Seas Initiative.

I would like to thank the authors of the study headed by **Prof. Beata Surmacz** – the Director of the Institute of Central Europe, all experts, specialists and colleagues for this pioneering study.

I sincerely hope this publication will contribute to a deeper understanding of the Three Seas regions, and in the longer term will result in closer cooperation involving new tasks and innovative economic projects.

Marshal
of the Lublin Voivodeship

Jarosław Stawiarski

INTRODUCTION

The Three Seas Initiative was created as a presidential format in order to deepen relations in the region of the broadly understood Central Europe (between the Baltic, Adriatic and the Black Sea) and to strengthen the cohesion of the European Union. The public discourse emphasises the potential of extending the Three Seas Initiative from the strictly presidential format to intergovernmental, parliamentary and – important from the point of view of this study – regional cooperation. Cooperation at the level of the regions of the countries associated under the Three Seas Initiative can significantly contribute to the development of this format.

First of all, it can improve the implementation of investment projects in key areas: transport, energy and digital infrastructure, due to the fact that regional policy is responsible for increasing the competitiveness of the regions in these three fields by reducing backwardness and stimulating development. Secondly, the regional dimension can develop projects that are important for the societies of the countries of the Three Seas Initiative, not only in the three key areas, but also in other fields, such as science or culture. Next, it can contribute to increasing the recognition of this format. On the one hand, it affects its promotion among the region's societies. On the other hand, it translates into the possibility of attracting investors, which may facilitate the implementation of ambitious infrastructural projects. Last but not least, the regional dimension of the Three Seas Initiative can be an important complement to the European Union's cohesion policy – the Three Seas Initiative regions can play an important role in promoting common interests within the European Union.

Regional cooperation is to be developed through the Three Seas Regions Economic Network which is to be a format for direct cooperation between local governments under the Three Seas Initiative. The declaration on the creation of the network was signed during the Local Government Economic Congress II Three Seas Forum of Regions in Lublin on June 29, 2021. The Lublin Voivodeship was the initiator of the event¹. The establishment of such cooperation implies the identification of regional policy entities in the countries of the Three Seas Initiative, which include: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia and Hungary.

In view of the foregoing, the main objective of the study is to identify the regions of the Three Seas Initiative countries and to present their specificities, especially in the area of regional policy and international cooperation, as well as to analyse their socio-economic potential. It should be noted that the pursuit of such an objective was accompanied by methodological difficulties, resulting from a significant diversity in the administrative division in individual countries, as well as the systemic forms of the local government (see Table 1).

¹ The network does not currently have a formalised structure. The creation of a European Grouping of Territorial Cooperation under the name "Three Seas Regions Economic Network" with its seat in Lublin is under consideration. Regulation (EC) No. 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European Grouping of Territorial Cooperation (EGTC), as amended, provides the basis for such an action.

Table 1. Administrative division, local government units, government and NUTS units in the Three Seas Initiative countries

Country	Administrative division		Local government units		Units for the performance of government administration tasks	Territorial units for statistical purposes		
	Characteristics	Division	Characteristics	Division		NUTS 1	NUTS 2	NUTS 3
Austria	three-level	2,094 municipalities, 93 districts, 9 federal states	two-level	municipalities federal states	districts	3	9	35
Bulgaria	two-level	28 provinces, 266 municipalities	one-level	municipalities	provinces	2	6	28
Croatia	two-level	127 cities and 428 municipalities 20 counties + the city of Zagreb	two-level	municipalities counties	-	1	4	21
Czech Republic	two-level	6,253 municipalities 13 regions + the city of Prague	two-level	municipalities regions	-	1	8	14
Estonia	two-level	79 municipalities 15 counties	one-level	municipalities	counties	1	1	5
Lithuania	two-level	60 municipalities 10 counties	one-level	municipalities	counties	1	2	10
Latvia	one-level	43 municipalities	one-level	municipalities	5 national planning regions*	1	1	6
Poland	three-level	2,477 municipalities 314 counties and 66 cities with county rights, 16 voivodeships	three-level	municipalities counties voivodeships	voivodeships	7	17	73
Romania	two-level	2,862 municipalities and 319 cities, 41 counties	two-level	municipalities counties	8 development regions*	4	8	42
Slovakia	three-level	2,927 municipalities 79 districts, 8 regions	two-level	municipalities regions	-	1	4	8
Slovenia	two-level	212 municipalities 58 state administration units	one-level	municipalities	state administration units	1	2	12
Hungary	three-level	3,155 cities and municipalities, 197 districts, 19 counties + the city of Budapest	two-level	municipalities counties	districts	3	8	20

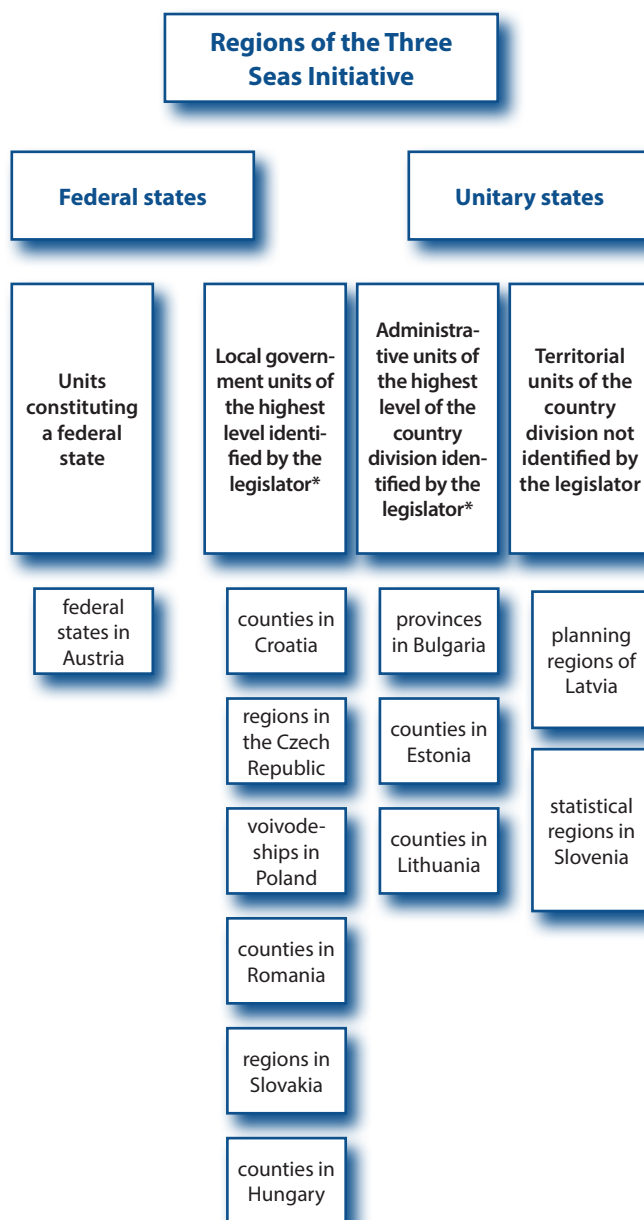
* Derivative public units which are in fact government administration units.

Source: Own elaboration.

In view of such a considerable diversity, the following methodology for identifying the regions of the Three Seas Initiative was adopted:

- **Local government units of the highest level** identified by the legislator and whose authorities are independent of the government administration, were treated as regions. In order to avoid treating a lot of very small, in terms of population and territory, units as regions, only those countries were taken into account where the number of local government units of the highest level was not higher than the number of the smallest territorial units within the classification created for statistical purposes in the European Union (i.e. NUTS 3 units). In this way, the following were identified as regions: **counties in Croatia, countries in the Czech Republic, voivodeships in Poland, voivodeships in Romania, countries in Slovakia, counties in Hungary.**
- If the regions were not identified in accordance with the above assumption, the regions were treated as **administrative units of the highest level of the country division identified by the legislator**, authorised to perform tasks of government administration specified by law. Moreover, again, in order to avoid treating a lot of very demographically and territorially small units as regions, only those countries were taken into account where the number of the highest level units was not higher than the number of the smallest territorial units within the classification created for statistical purposes in the European Union (i.e. NUTS 3 units). In this way, the following were identified as regions: **provinces in Bulgaria, provinces in Estonia, districts in Lithuania.**
- If the regions were not identified in accordance with the above assumptions, other **territorial units of the administrative division, not identified by the legislator**, were treated as regions: **national planning regions in Latvia**, which are the so-called derivative public units and in fact government administration units, and **territorial units for statistical purposes in Slovenia** (NUTS 3). Such an approach was pursued in order to avoid treating a lot of small, in terms of population and territory, state administration units as regions.
- The identified regions concerned internally unified unitary countries with the same political system, law and administration within their borders. In this respect, Austria, which is a federation, stands out due to its federal states with significantly broader powers in the field of establishing the political system, law and administration. Therefore, the regions of Austria should be treated as a separate category of regions – **units constituting the federal state: the federal states in Austria.**

Fig. 1. Diagram of the Three Seas Initiative regions



* Their number cannot be greater than NUTS 3.

Source: Own elaboration.

It should be pointed out that such identified regions of the Three Seas Initiative countries are characterised by a significant diversity. First of all, they differ in nomenclature. Regions in the Three Seas Initiative countries refer to counties, states, provinces, districts, voivodeships, national planning regions and territorial units for statistical purposes. Secondly, they differ in character. The regions are units in countries with a federal system with a large degree of autonomy (Austria), local government units in countries with a unitary system and a much lower degree of autonomy (Croatia, the Czech Republic, Poland, Romania, Slovakia and Hungary) and units authorised only to perform specific tasks of government administration (Bulgaria, Estonia, Lithuania, Latvia and Slovenia). Next, they differ in their social and economic potential. For comparison,

the largest region in terms of area is the Polish Masovian Voivodeship (35,559 km²), the smallest one – the Romanian district of București (248 km²), the largest in terms of population is also the Masovian Voivodeship (5,423,168 inhabitants), the smallest one – the Estonian province of Hiiu (9,315 inhabitants), the wealthiest region is Prague (EUR 64,600 GDP per capita), the poorest – the Bulgarian province of Silistra (EUR 4,237 GDP per capita). Therefore, this study presents the characteristics of the regions. They are covered in the following order:

- a) **Political system and administrative division of the country** – this section indicates and characterises the political system and administrative division of the country along with the map of this division, as well as the systemic form of the local government along with an indication of the powers of individual units, with particular emphasis on powers in the field of international cooperation.
- b) **NUTS units** – this section presents the classification of NUTS (*Nomenclature of Territorial Units for Statistics*), which was established in the European Union to facilitate the collection, development and dissemination of harmonised regional statistical data and the planning of interventions in the context of cohesion policy. This classification is presented in the form of a map and a table with a list of units in accordance with the NUTS 2021 revision. It should be emphasised that in many countries of the Three Seas Initiative, the EU NUTS units correspond to specific regions identified as local government units or entities authorised to perform government administration tasks, and therefore their cooperation can potentially be used to promote common interests in the European Union.

- c) **Identification of the entities of regional policy** – this section presents regional policy entities that are responsible for the management of European Union funds under the cohesion policy in individual countries.
- d) **Characteristics of the potential of subsequent regions** – this section presents a table of synthetic characteristics of individual regions, including data on area, population and GDP per capita. Descriptive characteristics of individual regions in terms of basic social and economic indicators were also offered.
- e) **The role of regions in the regional development** – this part includes the share of individual regions in the financial allocation of EU funds in 2014-2020 and 2021-2027, as well as the share in macro-regional strategies.

The sources used in this study include normative acts, studies and reports presented by the European Union institutions and national regional policy entities data of the European Statistical Office and statistical offices of the individual countries of the Three Seas Initiative.

The study was developed by the team of the Institute of Central Europe in Lublin. We would like to thank the Ambassador of the Republic of Austria in Poland, **Andreas Stadler**, and the Honorary Consul of the Republic of Austria in Lublin, **Piotr Majchrzak**, for drafting the section concerning the regions of Austria. We would also like to thank **Bogdan Kawałko**, the Director of the Strategy and Development Department of the Marshal's Office in Lublin, for his cooperation.

*Beata Surmacz
Tomasz Stępniewski
Marlena Gołębiowska*

IDEA AND OBJECTIVES OF THE THREE SEAS INITIATIVE

The Three Seas Initiative (3SI) is the presidential platform for regional cooperation, established in 2016 by the representatives of twelve European Union Member States: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia and Hungary. The area covering the Three Seas Initiative countries represents almost one third of the total area of the European Union. Over 112 million inhabitants live here.

The initiators of establishing this format of cooperation were the presidents of Poland and Croatia – Andrzej Duda and Kolinda Grabar-Kitarović. The declaration adopted at the founding summit in Dubrovnik indicated that the 3SI was to serve to increase European integration and strengthen EU cohesion, mainly through the development of communication infrastructure, strengthening energy security and supporting the digital economy in Central Europe, which would make up for developmental backwardness resulting from historical events.

The Three Seas Initiative is characterised by a relatively low level of institutionalisation. The 3SI is not a classic international organisation which means that there is no legally binding document, such as a statute, that would clearly define its objectives. Additionally, no secretary-general or other officials are nominated to represent and speak on its behalf. The 3SI operates mainly through annual summits involving the heads of member states (or possibly government representatives). So far, five such summits have taken place.

The first summit of the Initiative took place in 2016 in Dubrovnik. The main postulates of the programme were specified and the main areas of cooperation were identified at the summit. The next meeting of the Three Seas Initiative took place in 2017 in Warsaw with the participation of the President of the United States, Donald Trump. There was a breakthrough in the operation of the 3SI in Bucharest in 2018 which was attended for the first time

by the representatives of the European Commission (EC) and Germany, and where a decision was made to establish the Three Seas Initiative Investment Fund (TSIIF). It was inaugurated in 2019 at the Ljubljana summit. Further meetings were held in 2020 in Tallinn (online) and in 2021 in Sofia. The upcoming seventh 3SI summit will be held in Riga. Currently, Germany, the USA, the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development as well as the World Bank have an observer status in the 3SI.

The above-mentioned TSIIF, the main purpose of which is to raise funds for the implementation of various cross-border projects, is of particular importance for the Three Seas Initiative. The financing of the Fund is to originate from the state and international capital institutions, and ultimately its budget is to amount to EUR 5 billion. Yet, the total value of priority projects (currently 90) is approx. EUR 181 billion, while investment needs in the 3SI area are estimated at a minimum of EUR 1.15 trillion. Currently, nine out of the twelve 3SI countries belong to the Fund, excluding Austria, the Czech Republic and Slovakia. Poland has made the largest contribution to the TSIIF, amounting to EUR 750 million.

Another example of closer economic cooperation within the 3SI is the creation of a common stock exchange index. The CEEplus index, called the Three Seas Index, was launched in 2019 during the Economic Forum in Krynica. The letter of intent on this matter was signed by the heads of the stock exchanges from the Visegrad Group (Poland, the Czech Republic, Slovakia and Hungary) as well as Croatia, Romania and Slovenia. It was decided that the largest of the region's stock exchanges, the Warsaw Stock Exchange, would be responsible for the calculation and publication of the CEEplus index.

On the infrastructural level, Via Carpatia is to be the main transport axis of the twelve countries. This route will run along the eastern border of the EU, crossing the routes connecting Western Europe with Russia. Via Carpatia is to improve road network from the Lithuanian port of Klaipėda to Thessaloniki in Greece, connecting Lithuania, Poland, Slovakia, Hungary, Romania, Bulgaria and Greece. Currently, Poland is the leader when it comes to the level of implementation of this important communication investment.

The declaration summarising the recent Sofia summit positively assessed the ongoing operation of the 3SI, emphasising its intra-Union and transatlantic dimensions. Member states pointed out that the Initiative is not an alternative or a competition for the European integration but rather an important complement to the EU cohesion policy. The new US administration has officially confirmed its intention to engage in the Three Seas Initiative. In Sofia, the economic dimension of the 3SI was emphasised again and the willingness to continue cooperation in the three strategic areas (infrastructure, energy sector and digitisation) was declared, at the same time taking into account EU climate policy objectives.

As for the forthcoming summit in Riga, the Latvian vision of this format is dominated by a pragmatic approach, focusing on economic cooperation on specific road (Rail Baltica, Via Baltica), energy (mainly related to renewable sources), as well as digital (5G technology) projects. Therefore, at the 3SI summit in Riga, the Latvian President Egils Levits is planning to emphasise the search for private capital for their co-financing. The need to move away from strictly presidential cooperation towards inter-government, parliamentary and local government cooperation is also emphasised. In the public discourse, there are also ideas for the institutionalisation of the three seas cooperation. No less important will be the clear position of the states of the Three Seas Initiative in view of Russia's aggression against Ukraine.

THE REPUBLIC OF AUSTRIA

a) System and administrative division

Pursuant to Art. 2 of the Federal Constitutional Act of the Republic of Austria, Austria is a federal state composed of 9 federal states (German: Bundesländer). Austria has a bicameral parliamentary system, consisting of the National Council (German: Nationalrat) and the Federal Council (German: Bundesrat). The First Chamber, the National Council, has 183 members and is elected in the general elections in a proportional system. The term of office lasts five years. The Second Chamber, the Federal Council, represents the interests of individual federal states and thus constitutes their delegation. Federal states are represented in the Council in proportion to the number of citizens, where each federal state must have at least three representatives in the Council. The members of the National Council are elected by Landtags, i.e. the legislative assemblies at the regional level. The National Council consists of 62 deputies. Both chambers of parliament are of different rank and importance – the National Council has a significant advantage in both the legislative and the government control areas. Although the Federal Council may object to the National Council Act, it is not equivalent to the right of veto. However both chambers have a large share in the decision-making process concerning the European Union

and the control of European policy implemented by the federal government. The highest executive authorities in Austria are the federal government and the federal president. The government is formed by the strongest party in the National Council or a coalition of parties, and is headed by a chancellor. Non-parliamentary persons may also sit in the cabinet. The chancellor has at his disposal the Chancellor's Office which is the coordination centre for the activities undertaken by individual ministries. Pursuant to Art. 41 (1) of the Constitution, the government is also one of the subjects having legislative initiative. A federal president is elected in the general elections. The term of office lasts six years with the right to one re-election. However, the manner of election of the President does not define his powers. The President does not have the right of legislative veto and, in principle, does not have the so-called prerogatives – legal acts always require the countersignature of the chancellor or the competent minister. The President represents the country outside, appoints and receives diplomatic and consular corps, has the right of clemency, the right to issue emergency ordinances and the right to make a referendum. He grants academic titles and appoints state officials and army officers. In practice, he most often acts as an arbitrator mitigating intra-political disputes.

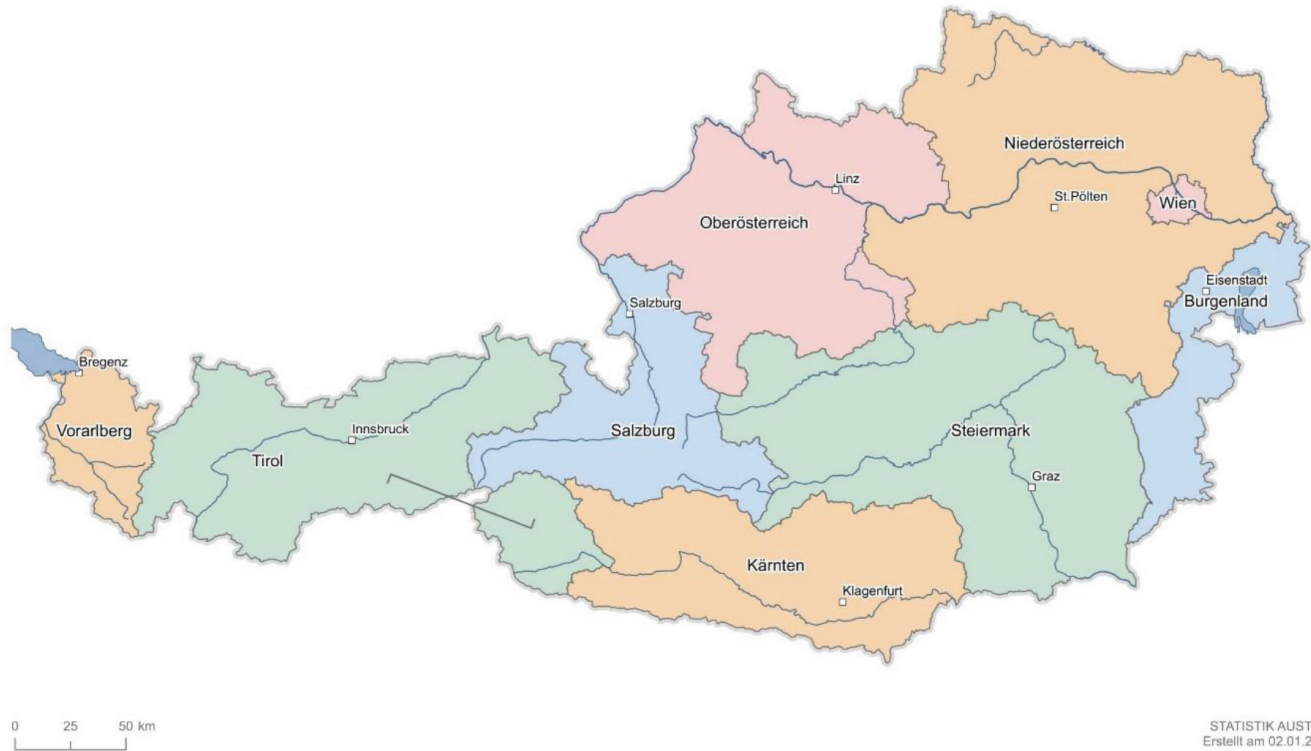
Austria has a **three-level territorial and administrative division**. It consists of:

- 9 federal states (Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg and Vienna), each of which has its own system of state bodies, i.e. unicameral parliament (German: Landtag) and an administration headed by the head of government (German: Landeshauptmann),

- 93 districts (German: Bezirk),
- 2094 municipalities (German: Gemeinde).

Federal states and municipalities play a dual role, i.e. they are self-government institutions and representatives of the federation. In Austria, there are also 15 so-called self-governing cities, with the exception of Vienna divided into 23 districts.

Map 1. Administrative division of the Republic of Austria into federal states (as at 21.04.2022)



Source: <https://www.statistik.at>.

The systemic basis for the functioning of the Austrian self-government are: the Federal Constitutional Law of the Republic of Austria, the legislation of the federal states – eight municipal ordinances for national municipalities, except for the city of Vienna and city rights for cities with their own statute.

The system of individual federal states is regulated by the federal constitution. Each federal state also has its own constitution which defines the structure of the local administrative authorities. The decision-making body is the national parliament (German Landtag) elected in the general elections in a proportional system for a term of five or six years. It has legislative power, while the scope of its prerogatives is limited and in fact concerns the construction law, environmental issues or the regulation of the municipality system. In six federal states, parliaments may also issue positions binding national governments on matters concerning the European Union. The executive body is the national government (German Landesregierung) whose prime minister is elected by the national parliament and approved by the

President of the Republic of Austria. The Prime Minister is also an official of the federal state and the federation. The rest of the government is elected by the national parliament and there are two electoral systems, i.e. a proportional one according to which and depending on the number of seats in the national parliament each political party has a certain number of ministries, and a coalition one according to which the government is formed by groups with a majority in the parliament. Federal states have powers in the field of local policy, environmental protection and shaping cultural policy. The prime minister of the national government has the right to represent the federal state outside, and thus establishing international partnerships, signing cooperation agreements or implementing cross-border projects lie within his powers.

The very important powers of the federal states in the field of broadly understood European integration should also be emphasised. Already in the late 1980s, the Austrian federal states intensified their efforts to expand their powers in foreign policy. As a result, the principle of active participation

of Austrian regions in cross-border cooperation was adopted, and it was not only about increasing their autonomy in international relations, but above all about the participation of individual federal states in the implementation of the so-called European policy of Austria. In 1992, i.e. three years before gaining formal EU membership, the Austrian regions were given the right to participate directly in European integration in three areas of powers: information, 'taking positions', i.e. opinion formulation as well as direct participation in pro-European integration policy. In fact, this meant the right of federal states to shape EU policy equitably with EU member states. Institutionally, this right still means the functioning of two instruments of a political and legal nature: constitutional authorisation to participate in the EU decision-making process and the possibility of participation of federal states in the work of the Committee of the Regions. The introduction of these solutions, their good organisation and smooth functioning contribute to a high absorption of significant amounts of EU structural funds, and thus to a permanent increase in the competitiveness of Austrian regions in Europe and in the world.

The basic unit of the local self-government in Austria is a municipality. The current system of municipalities in Austria was guaranteed in an amendment to the Basic Law together with the Federal Law of 1962. The municipality creates the so-called territorial corporation with the right to self-government and an administrative district. It is economically independent. It participates in part of national taxes and has complete freedom in determining the scope of local taxes, from which 50-60% of its income comes. In order to perform its own tasks, the municipality may form associations of municipalities. The body constituting the municipalities is the municipal council elected for a 5- or 6-year term. The executive body is the municipal board (city council or senate in self-governing cities) whose structure reflects the proportional system of political forces in the municipal council. The board is composed of the mayor, his deputy and possibly other members. The mayor is elected by the municipal council or in direct elections. It represents the municipality outside and fulfils the role of an executive body. There is a municipality office in each municipality. Municipalities perform their own and commissioned tasks. As part of its own tasks, the municipality has powers in the field of social policy, implementation of public procurement, spatial policy and regional development, water and sewage management, maintenance of local roads, organisation of public transport. The municipality is also responsible for issues related to the safety of its inhabitants, basic health care and cultural policy. The municipality's activities in the field of its own tasks are not subject to administrative authority – it is only subject to supervision. However, the tasks commissioned to the municipality include conducting national elections, managing civil status matters or keeping land and mortgage registers – these tasks are subsidised.

Self-governing cities are cities with more than 20 thousand inhabitants and perform administrative duties of the municipality and district administration. In fact, they are equivalent to the Polish local self-government unit, referred to as a city with district rights.

The districts are not local self-government units but bodies of both federal and government administration of the respective federal state. They are not independent or elective. Therefore, at their level there is no separate public administration. Its role is played by the district chief appointed by the prime minister of the national government (German Landesregierung) who supervises the municipality self-government and, compared to it, is a higher administrative body within the meaning of the administrative procedure. District chiefs are subordinate to national chiefs in the implementation of federal laws and at the same time they are subordinate to national governments in the implementation of national laws.

Vienna has a specific status. It is also a federal state and a self-governing municipality. The status of Vienna as the capital of the federation, municipality and federal state is directly governed by the Federal Constitution. All this translates into a unique way of organising the city authorities. The municipal council in Vienna is also the national parliament, and the executive body, which in this case is the city senate, also plays the role of the national government. As a result, the mayor of Vienna is also the prime minister of the national government. The mayor is elected by the municipal council (national parliament) and heads the municipal administration. The following are also subordinated to the mayor: members of the senate who head the ministries of the municipality, 23 district chairmen and all municipal employees. As the prime minister of a federal state, he submits the laws of the national parliament to the federal government. He also represents the city of Vienna outside. This right enables, on the one hand, establishment of representations abroad, and, on the other hand, appointment of proxies who perform representation tasks. The mayor is also indirectly a representative of the federal administration to the national parliament. The mayor is responsible before the municipal council for his own scope of activities, and before the relevant state institutions for the scope of indirect federal administration. It is also not possible to directly elect the mayor of Vienna because of the single-person function of the mayor and the prime minister of the federal state. Similarly, 100 Viennese councillors have a dual function – at the same time, they are elected to the city parliament (German Gemeinderat) and to the parliament of the federal state (German Landtag). Both functions are held at the same time in the personal union, i.e. the same persons are city councillors and members of the national parliament, and Vienna has – as an urban municipality and as a federal state – two

personally identical parliaments. The municipal council of Vienna is the equivalent of the national government administration, therefore senior officials of the municipal council correspond to officials (functions) in the national office. Vienna as a municipality is divided into 23 districts (German Gemeindebezirke) in which a representation of the district with chiefs is elected. They perform the tasks entrusted to them by the municipal council. Depending

on the matter under consideration, meetings of the council are held either as sessions of the municipal council of Vienna or as sessions of the national parliament. The executive body, i.e. the city senate, consists of the mayor and the senate councillors and, like the council, it is constructed according to the principle of proportionality in relation to the represented political parties.

Map 2. NUTS 2021 units in the Republic of Austria



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

b) NUTS units

According to the NUTS 21 revision, there are 47 NUTS units in Austria:

- NUTS 1 – macro-regions – 3 units,
- NUTS 2 – regions – 9 units,
- NUTS 3 – subregions – 35 units.

Table 1. List of NUTS 2021 units in the Republic of Austria

NUTS 1	NUTS 2	NUTS 3
AT1 Eastern Austria (Ostösterreich)	AT11 Burgenland	AT111 Mittelburgenland AT112 Nordburgenland AT113 Südburgenland
	AT12 Lower Austria (Niederösterreich)	AT121 Mostviertel-Eisenwurzen AT122 Niederösterreich-Süd AT123 Sankt Pölten AT124 Waldviertel AT125 Weinviertel AT126 Wiener Umland/Nordteil AT127 Wiener Umland/Südteil
	AT13 Vienna (Wien)	AT130 Wien
AT2 South Austria (Südösterreich)	AT21 Carinthia (Kärnten)	AT211 Klagenfurt-Villach AT212 Oberkärnten AT213 Unterkärnten
	AT22 Styria (Steiermark)	AT221 Graz AT222 Liezen AT223 Östliche Obersteiermark AT224 Oststeiermark AT225 West- und Südsteiermark AT226 Westliche Obersteiermark
AT3 Western Austria (Westösterreich)	AT31 Upper Austria (Oberösterreich)	AT311 Innviertel AT312 Linz-Wels AT313 Mühlviertel AT314 Steyr-Kirchdorf AT315 Traunviertel
	AT32 Salzburg	AT321 Lungau AT322 Pinzgau-Pongau AT323 Salzburg und Umgebung
	AT33 Tyrol (Tirol)	AT331 Außerfern AT332 Innsbruck AT333 Osttirol AT334 Tiroler Oberland AT335 Tiroler Unterland
	AT34 Vorarlberg	AT341 Bludenz-Bregenzer Wald AT342 Rheintal-Bodenseegebiet

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

The regional policy subjects in Austria are federal states and the Austrian Spatial Planning Conference which are responsible for the implementation of the European Funds.

The Austrian Spatial Planning Conference is a body established jointly by the federation, federal states as well as cities and municipalities. Its main task is the cross-sectoral coordination of all issues in the field of spatial planning and regional policy of the country. It plays the role of the Managing Authority (German VB – Verwaltungsbehörde) for all operational programmes – except for the so-called sectoral programmes for which the ministries competent for the intervention area are responsible. The Austrian Spatial Planning Conference is responsible for the preparation and management of operational programmes, where it should be noted that operational programmes in Austria are developed for a given EU fund/ instrument, e.g. the Operational Programme of the European Regional Development Fund, and not for specific areas of intervention as is the case in Poland, e.g. as part of regional operational programmes. As Managing Authority, the Austrian Spatial Planning Conference sets the rules for the activity of operational programmes, thereby ensuring that all projects are properly implemented, prepares procedures and criteria for project selection, as well as evaluates and monitors the implementation progress of individual programmes. In the performance of its tasks, it is supported by 15 regional funding agencies (German Förderstelle) which also play the role of Managing Authorities in the Austrian nomenclature (German VB), but are in fact equivalent to Polish Intermediate Bodies. In fact, this means that the Office of the Austrian Spatial Planning Conference delegates part of its powers to funding institutions which carry out tasks related to the management of specific financial resources, i.e. advise potential beneficiaries, explain the legal bases and conditions, accept applications for funding, select projects eligible for funding, support beneficiaries throughout the project implementation stage and are responsible for project control (first-level control). Among the 15 funding agencies, 4 are federal agencies based in Vienna. The remaining 11 agencies are regional funding agencies, the operation of which is the sole responsibility of the federal states. It should be emphasised, however, that their role is played by various subjects, i.e. not only designated departments in national offices, but also agencies, funds or special purpose commercial companies established by the federal states and owned by the self-government.

The system of implementation of the European Funds in Austria also includes the operation of two additional institutions, i.e. Certifying Authority and Audit Authority. Both operate on a federal level but cooperate closely with Managing Authorities.

The Certifying Authority is responsible for the financial management of operational programmes. In Austria, the certification authority is located in the Federal Ministry of Agriculture, Regions and Tourism, Department VII/5. The tasks of the Certifying Authority include in particular: submitting requests for payments to the European Commission, obtaining EU funds, payment of these funds to project providers.

The Audit Authority is responsible for the system control of the entire EU funds processing structure, as well as for the random control of approved projects (second-level control). The financial control of the ERDF programmes in Austria is also carried out by the Federal Ministry of Agriculture, Regions and Tourism in the ERDF Financial Control Department.

d) Characteristics of the potential of subsequent regions

In the case of Austria, the units constituting the federal state are characterised.

Table 2. Characteristics of regions – as at 2021

Region name	Area (km ²)	Population	GDP per capita (EUR)
Burgenland	3 965	296 010	30 600
Carinthia	9 536	562 089	36 700
Lower Austria	19 180	1 690 879	35 000
Upper Austria	11 983	1 495 608	43 400
Salzburg	7 155	560 710	50 400
Styria	16 399	1 247 077	38 300
Tyrol	12 648	760 105	44 500
Vorarlberg	2 602	399 237	45 700
Vienna	415	1 920 949	50 100

Source: <https://www.statistik.at>; <https://de.statista.com/statistik/daten/studie/703733/umfrage/bruttoinlandsprodukt-bip-pro-kopf-in-oesterreich-nach-bundeslaendern/>.

Burgenland

The federal state of Burgenland is the easternmost and the youngest federal state in Austria – it joined the Austrian country at the turn of 1921/22. It borders on Slovakia, Hungary and Slovenia. It consists of 9 political districts, including 2 self-governing cities of Eisenstadt and Rust as well as 171 municipalities. Burgenland is the smallest of the federal states in terms of population (3.31%), with an average population density of 75.1 people/km². It is actually the only lowland region in Austria, characterised by low-forested steppe areas and numerous lakes. The structure of GDP production is dominated by services (68.4%) and industry, including the extractive industry, the energy sector and construction (28%). Agriculture, forestry and fishing account for only 3.5% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 30,600 and it was the lowest value of the indicator on a national scale – it was 68% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 33 107 (the average for Austria is EUR 31 059).

The capital of the federal state of Burgenland, and thus the largest scientific and cultural centre, is the self-governing city of Eisenstadt. However, Burgenland is not a homogeneous area in terms of economy. Due to their geographical location, its individual parts are closely connected economically and communicatively with the major centres of other federal states, i.e. Vienna, Wiener Neustadt and Graz. In 2020, 52 120 out of 136 600 employees worked in other federal states, 24 500 of them in Vienna. Despite the low share of agriculture in the structure of GDP production, a large part of the local population works in this sector and in the accompanying food industry. Horticulture, viticulture and the cultivation of cereals and sugar beet are highly developed. Burgenland accounts for around 26% of national vineyards, resulting in production of almost 618,000 hectolitres of wine in 2020 – 42.5% white wine, 57.5% red wine. There are practically no large industrial plants here. Northern Burgenland is rich in tourist assets – 34% of the country's areas are nature reserves – and in its southern part there are numerous health resorts. Six universities are located in the federal state: AIM Austrian Institute of Management, eLearnig Academy of Communication, Joseph Haydn Konservatorium des Landes Burgenland, Pädagogische Hochschule Burgenland Wirtschaftsförderungs-institut Österreich and Fachhochschule Burgenland, which is the leading university in the region.

Carinthia (Kärnten)

The federal state of Carinthia is located in southern Austria. It borders on Slovenia and Italy. It consists of 10 political districts, including two self-governing cities of Klagenfurt and Villach as well as 132 municipalities. Carinthia belongs to the group of smaller federal states in terms of population (6.29%), the average population density is 59.2 people/km². In its area there is mainly a high-mountain landscape with numerous lakes. In the western part there are the High Tauern with the highest peak of Austria, Grossglockner – 3798 m above sea level, the Carnic Alps and the Gailtal Alps. The structure of GDP production is dominated by services (64.4%) and industry, including the extractive industry, the energy sector and construction (34.2%). Agriculture, forestry and fishing account for only 1.4% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 36,700, which was 81.48% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 30 708 (the average for Austria is EUR 31 059).

The capital of the federal state of Carinthia, and thus the largest economic, scientific and cultural centre, is the self-governing city of Klagenfurt am Wörthersee. The main sector of the economy is the exploitation of forests. In addition, sheep, cattle and pigs are raised in Carinthia. Among the relatively small agricultural crops are cereals and fodder plants. The wood, paper, metal and leather industries are developed. Zinc and lead ores are mined in the federal state. The broadly understood tourism industry plays a significant role in the structure of economic operators. The main academic centre of Carinthia is Klagenfurt where the University of Klagenfurt and the Pädagogische Hochschule Kärnten Viktor Frankl Hochschule are located. The Fachhochschule Kärnten – Carinthia University of Applied Sciences is also located in Klagenfurt and three other locations in Carinthia.

Lower Austria (Niederösterreich)

The federal state of Lower Austria is situated in northern Austria. It borders on the Czech Republic and Slovakia. It consists of 24 political districts, including 4 self-governing cities of Krems an der Donau, Sankt Pölten, Waidhofen an der Ybbs and Wiener Neustadt, as well as 573 municipalities. Lower Austria is the second largest federal state after Vienna in terms of population (18.93%) with an average population density of 88.6 people/km². Its landscape is diverse and in this respect it is divided into 4 regions, i.e. Weinviertel, Waldviertel, Mostviertel and Industrieviertel. Lower Austria is the cradle of today's Austria. Geographically, the northern part of the federal state and the Danube valley are dominated by lowlands, while the south is dominated by mountains, the summits of which reach a height of up to 2000 m above sea level. It is the largest federal state in terms of area.

The structure of GDP production is dominated by services (66.7%) and industry, including the extractive industry, the energy sector and construction (30.9%). Agriculture, forestry and fishing account for only 2.4% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 35 000 which was 77.71% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 33 327 (the average for Austria is EUR 31 059).

The capital of the federal state of Lower Austria, and thus the largest economic, scientific and cultural centre, is the self-governing city of Sankt Pölten. Compared to other federal states, Lower Austria has the highest share of agricultural area, including arable land, orchards and vineyards, with 32% of domestic agricultural production. It occupies the first place in Austria in the cultivation of wheat and sugar beet. Wine originating from Wachau, Vienna region, Gumpoldskirchen, Baden and Vöslau are very highly valued and constitute approx. 60% of the domestic production². Lower Austria is also rich in mineral resources and industrial areas. To the north of the Danube there are the largest oil deposits in Austria, while to the south, in the Vienna Basin, there are large chemical, steel, metallurgical, textile, food and stimulant production plants. There are also large hydroelectric power stations which are extremely important for supplying Austria with electricity. The largest Austrian river port Freudenau is located in Krems on the Danube. Tourism is also a very important sector of the region's economy³. The most important academic centres of Lower Austria are: Donau-Universität Krems, Fachhochschule Krems, Ferdinand Porsche FernFH, Fachhochschule St. Pölten, Fachhochschule Wiener Neustadt, Pädagogische Hochschule Niederösterreich, Theresianische Militärakademie and Danube Private University.

Upper Austria (Oberösterreich)

The federal state of Upper Austria is located in the northern part of Austria. It borders on the Czech Republic and Germany. It consists of 18 political districts, including 3 self-governing cities of Linz, Steyr and Wels, as well as 438 municipalities. Upper Austria is one of the largest federal states in terms of population (16.74%) with an average population density of 125.6 people/km². The federal state has a very diverse geographical landscape. In the upland/ hilly areas of Upper Austria, agriculture – the highest share in pig and cattle breeding in Austria – as well as tourism are prospering well. Lower Austria also occupies the second place in the country in terms of oil and natural gas extraction. The structure of GDP production is dominated by services (59.7%) and industry, including the extractive industry, the energy sector and construction (38.7%). Agriculture, forestry and fishing account for only 1.6% of the federal state's

GDP. GDP per capita in 2021 amounted to EUR 43 400 which was 96.36% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 32 701 (the average for Austria is EUR 31 059).

The capital of the federal state of Upper Austria, and thus the largest economic, scientific and cultural centre, is the self-governing city of Linz. Upper Austria is one of Europe's leading regions in technology, education and employment. Almost 25% of the state's professionally active inhabitants works in the modern industrial sector which is located in the vicinity of three main centres: Linz, Wels and Steyr. The local industry successfully uses the synergies between several large corporations and many small and medium-sized companies that are sub-suppliers of various parts, sub-assemblies and components. The main industries are the production of iron and steel, the automotive industry, the construction of machinery and steel construction elements, the aluminium, chemical and pharmaceutical industries. The most important academic centres of Upper Austria are: Johannes Kepler Universität in Linz, Fachhochschule Oberösterreich, Universität für künstlerische und industrielle Gestaltung Linz, Pädagogische Hochschule Oberösterreich as well as Anton Brucker Privatuniversität and Katholische Privatuniversität Linz.

Salzburg

The federal state of Salzburg is located in central Austria. It borders on Germany and Italy. It consists of 6 political districts, including one self-governing city of Salzburg and 119 municipalities. Salzburg is one of the smallest federal states in terms of population (6.28%), the average population density is 78.6 people/km². Salzburg is Austria's second most visited region after Tyrol. Health resorts such as Badgastein and Bad Hofgastein, famous for their warm springs enjoy an international reputation. Important winter sports centres include Saalbach/ Hinterglemm, Zell am See and Kaprun. The structure of GDP production is dominated by services (73.4%) and industry, including the extractive industry, the energy sector and construction (25.9%). Agriculture, forestry and fishing account for only 0.7% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 50 400 which was 111.9% compared to this indicator for the whole country. Thus, Salzburg is a small but richest federal state in Austria. The average annual gross salary in 2020 was EUR 29 292 (the average for Austria is EUR 31 059).

The capital of the federal state of Salzburg, and thus the largest economic, scientific and cultural centre, is the self-governing city of Salzburg which is inscribed on UNESCO's World Heritage List. Besides Vienna, Salzburg is Austria's most visited city and one of Europe's most important cultural centres. Salzburg's economy is at the forefront of

² Österreich. Zahlen, Daten, Fakten, Statistik Austria, Wien 2022, p. 127.

³ https://austria.trade.gov.pl/pl/ff/download/fobject_id:266370.

the Austrian economy. The electrical engineering, wood and paper industries are the main sectors. In the vicinity of the capital of the federal state there are also plants producing optical instruments. In addition, the tourism industry plays a very important role. The most important academic centres of Salzburg are: Universität Salzburg, Fachhochschule Salzburg, Universität Mozarteum Salzburg, Paracelsus Medizinische Privatuniversität and Pädagogische Hochschule Salzburg Stefan Zweig.

Styria (Steiermark)

The federal state of Styria is located in southern Austria. It is a part of a historical land of the same name, also located in the area bordering on the Republic of Slovenia. It consists of 13 political districts, including one self-governing city of Graz and 286 municipalities. Styria is one of the largest federal states in terms of population (13.96%) with an average population density of 76.4 people/km². Styria is also Austria's second largest federal state in terms of area. The structure of GDP production is dominated by services (63.6%) and industry, including the extractive industry, the energy sector and construction (34.3%). Agriculture, forestry and fishing account for only 2.1% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 38 300 which was 85.04% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 31 173 (the average for Austria is EUR 31 059).

The capital of the federal state of Styria, and thus the largest economic, scientific and cultural centre, is the self-governing city of Graz which is also the second most populated city in Austria. Styria is one of Europe's leading regions in technology, education and employment. Styria is dominated by the automotive, steel, electronics, wood and food industries. Agriculture and extractive industry also play a very important role, Styria has rich iron deposits and occupies the first place in mining among the federal states. In addition, tourism plays an important role due to Styria's geographical assets – it is the first choice as a holiday destination for the inhabitants of Austria. The federal state of Styria can boast the largest share of R&D expenditure compared to other federal states, exceeding 5% of GDP in 2019. Five universities and several research and development centres closely linked to industry play an important role here. Supporting the modern model of education makes that every third Austrian modern (high-tech) product comes from Styria. The most important academic centres of Styria are: Karl-Franzens-Universität Graz, Technische Universität Graz (Erzherzog-Johann-Universität), Medizinische Universität Graz, Universität für Musik und darstellende Kunst Graz, Montanuniversität Leoben, FH Joanneum, Fachhochschule Campus, Universitätszentrum Rottenmann and Pädagogische Hochschule Steiermark.

Tyrol (Tirol)

The federal state of Tyrol is located in western Austria, near the border with Germany, Italy and Switzerland. It consists of 9 political districts, including one self-governing city of Innsbruck and 279 municipalities. Tyrol belongs to the group of smaller federal states in terms of population (8.51%), the average population density is 76.4 people/km². Tyrol is the third largest Austrian federal state and covers 15% of the country area. It consists of North Tyrol and the territorially separated (via Salzburg) East Tyrol. The area is dominated by high-mountain areas. In the entire area of Tyrol, forests occupy the most, over 36% and a little more than 25% of the area is covered by alpine areas – 573 peaks reach a height of at least 3000 m above sea level. Built-up and thus populated areas account for only 0.3% of Tyrol's area. The structure of GDP production is dominated by services (70.2%) and industry, including the extractive industry, the energy sector and construction (29.1%). Agriculture, forestry and fishing account for only 0.7% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 44 500 which was 98.84% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 28 694 (the average for Austria is EUR 31 059).

The capital of the federal state of Tyrol, and thus the largest economic, scientific and cultural centre, is the self-governing city of Innsbruck. The tourism industry is the driving force for the economy in Tyrol. There are excellent conditions for mountain tourism, mountaineering and winter sports. Nevertheless, the economy is dominated by very modern industrial and service sectors. Its important field is also power industry, based on excellent hydropower conditions. The textile and food industries are also developed in Innsbruck. Agriculture is poorly developed but potatoes and wheat are grown in lower areas. The sunny southern slopes allow for the cultivation of apples and vines. High quality wines are produced in the vicinity of Kaltern. Tyrol's economy is dominated by small businesses – almost 90% are micro-enterprises. 50% of all businesses are sole proprietorships. Among the few large business entities, we should mention such companies as: Svarowski, Egger Spanplatten or Sandoz. The most important academic centres of Tyrol are: Leopold-Franzens-Universität Innsbruck, Management Center Innsbruck, Medizinische Universität Innsbruck, Innsbruck Private Universität für Gesundheitswissenschaften, Medizinische Informatik und Technik, Fachhochschule Kufstein Tirol and Pädagogische Hochschule Tirol.

Vorarlberg

The federal state of Vorarlberg is the westernmost federal state of Austria. It borders on Germany, Switzerland and Liechtenstein. It consists of 4 political districts and 96 municipalities. Vorarlberg is the second smallest federal state in terms of population (4.47%) with an average population density of 154.4 people/km². It is a mountainous region between Lake Constance and Arlberg – less than 95 km is between the north and the south. The federal state is entirely located in the Eastern Alps. Due to the terrain – approx. 2/3 of its area is located higher than at an altitude of 1000 m above sea level – only 30% of the Vorarlberg area is inhabited. The remaining part consists of high-mountain areas. The settlement is concentrated in the Upper Rhine Plain, which runs along the western border of the federal state (and at the same time the country), i.e. along the border of the Rhine river which flows into Lake Constance, where 75% of the population lives. There are all the cities, forming in practice one agglomeration. The structure of GDP production is dominated by services (60.5%) and industry, including the extractive industry, the energy sector and construction (39.0%). Agriculture, forestry and fishing account for only 0.51% of the federal state's GDP. GDP per capita in 2021 amounted to EUR 45 700 which was 101.47% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 31 945 (the average for Austria is EUR 31 059).

The capital of the federal state of Vorarlberg and thus the largest economic, scientific and cultural centre, is the city of Bregenz. Although the Alps are a tourist attraction, only valleys are economically used. The largest of them is the Ill River valley where settlement of this area is concentrated. Tourism, which is the main source of income for this federal state, dominates in the Vorarlberg economy. Vorarlberg is considered to be the land of winter sports and the cradle of skiing in the Alps. In addition, clothing, textile, metallurgy, iron and food industries are well developed. In this federal state there are also numerous hydroelectric power stations from which not only Austria but also Germany and the Benelux countries are supplied with electricity. Agriculture is of marginal importance – cattle breeding is dominating. The specialty of Vorarlberg is cheese-making and the production of ski infrastructure – Doppelmayr has its headquarters here. The most important academic centres in Vorarlberg are the Fachhochschule Vorarlberg in Dornbirn and the Pädagogische Hochschule Vorarlberg.

Vienna (Wien)

The federal state of Vienna is both the capital and the largest city in Austria. It has over 1.9 million inhabitants. Thus, it is the largest federal state in terms of population (21.50%) with an average population density of 4567 people/km². Vienna is located on the Danube, in the eastern part of Austria. It is located approx. 70 km from the border with the Czech Republic and Slovakia. It is divided administratively into 23 districts which are not independent administrative units corresponding to districts in other Austrian federal states but only parts of a single municipal administration. The structure of GDP production is definitely dominated by services (85.8%). Industry, including the extractive industry, the energy sector and construction (14.2%) are in the second place. Agriculture, forestry and fishing have a negligible share of the federal state GDP, and their share in the production structure is statistically below 1%. GDP per capita in 2021 amounted to EUR 50 100 which was 111.23% compared to this indicator for the whole country. The average annual gross salary in 2020 was EUR 28 511 (the average for Austria is EUR 31 059).

Vienna is an administrative, industrial, commercial and service, academic, tourism and cultural centre of international importance, and at the same time the seat of Austrian central offices, religious associations operating in Austria and numerous companies, associations, universities and international organisations⁴. The city is the most important road and railway junction in the country, it also has an international airport and an underground network. Vienna is also the economic centre of Austria. There are metal processing plants, electronic, petrochemical, clothing, paper, printing, textile, leather, wood, porcelain and automotive engine production plants. Most of the key Austrian companies are based here⁵. Just like in Tyrol, small and medium-sized enterprises make up approx. 99% of all businesses here. Compared to other federal states, Vienna can boast the second largest share of R&D expenditure after Styria, reaching almost 4% of GDP in 2019⁶. The most important academic centres in Vienna are: University of Vienna, Vienna University of Economics and Business, Medizinische Universität Wien, Technische Universität Wien, Veterinärmedizinische Universität Wien, Universität für Bodenkultur Wien, Universität für Musik und darstellende Kunst Wien, Universität für angewandte Kunst Wien, Academy of Fine Arts Vienna, Konservatorium Wien Privatuniversität, PEF Privatuniversität für Management, Webster University Vienna, TCM Privatuniversität Li Shi Zhen, Sigmund Freud PrivatUniversität Wien, Fachhochschule Technikum Wien, FH Campus Wien, Fachhochschule des bfi Wien, Fachhochschule der Wirtschaft Wien and Diplomatische Akademie Wien.

⁴ Statistik Austria – Bevölkerung zu Jahresbeginn 2002-2020 nach Gemeinden, Gebietsstand 01.01.2020, www.statistik.at [30.04.2022].

⁵ <https://austria.trade.gov.pl/austria/o-kraju/austriacki-elementarz/kraje-zwiazkowe-powiaty-gminy/2499,wieden.html> [30.04.2022].

⁶ Österreich. Zahlen, Daten, Fakten, Statistik Austria, Wien 2022, p. 139.

e) The role of regions in regional development

The share in financial allocation of EU funds

As part of the EU cohesion policy planned in the Multiannual Financial Framework for 2014-2020, Austria managed two national operational programmes, i.e. the Operational Programme of the European Regional Development Fund (ERDF) and the Operational Programme of the European Social Fund (ESF). In the then programming period, Austria was granted a total of almost EUR 1.3 billion in support, 906.1 million of which was allocated under ERDF to developed regions, i.e. all federal states except Burgenland, EUR 72.3 million to the transformation of the federal state of Burgenland and EUR 257.3 million to European Territorial Cooperation. Under the ESF, Austria received additional EUR 442.1 million. In line with the priorities set out in the Partnership Agreement, most of the investments co-financed from the EU funds have been implemented in areas related to the development of innovation, support for the labour market, including social inclusion and education, as well as in projects aimed at reducing CO₂ emission into the atmosphere. The office of the Austrian Spatial Management Conference, acting as the Managing Authority, was responsible for the correct implementation and management of EU funds. Thanks to these investments, the European Union has given a significant impuls for Austria's regional development.

In 2021-2027, as part of the EU cohesion policy, Austria will receive EUR 741.1 million from the European Union budget from the European Regional Development Fund and slightly more than EUR 409.7 million from the European Social Fund Plus⁷. In addition, from the European Union budget Austria will receive EUR 3.5 billion in grants under the so-called Instrument for Reconstruction and Improvement of Resilience as well as EUR 135.8 million from the Just Transition Fund where the second amount will be allocated to areas for which the transition to climate neutrality is a priority.

⁷ Similarly to the financial perspective for 2014-2020, Austria will also receive subsidies from the European Agricultural Fund for Rural Development in the years 2021-2027 in the amount of EUR 4.1 billion and funds from the European Maritime, Fisheries and Aquaculture Fund, the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for External Borders and Visas in the total amount of approx. EUR 220 million. Thus, in the financial perspective for 2021-2027, seven out of the eight European Union funds set out in the EU General Regulation will be represented in Austria.

Areas in Austria where a total of 22.42% of the Austrian population lives, with the exception referred to in Art. 107 (3 C) of the Treaty on the Functioning of the European Union are eligible as areas of support for regional investment under the regional aid guidelines. Yet, the current funding framework for 2021-2027 covers 20.59% of the Austrian population. However, the population share of 1.83% remains a reserve, in accordance with section 7.6.1 of the above-mentioned guidelines. The designation of these areas will take place at a later date – after the approval of the “Territorial Plan for Just Transition” – and will then change the map of the assisted area. Thus, the European Union will currently support the following areas: part of the federal state of Burgenland, part of Carinthia, part of Lower Austria, part of the Mühlviertel area in Upper Austria, part of the Pinzgau-Pongau area in Salzburg, part of Styria, East Tyrol and part of the Bludenz-Bregenzer forest area in the federal state of Vorarlberg.

Similarly to the financial perspective for 2014-2020, two national operational programmes will be implemented. Their correct implementation will be the responsibility of the Austrian Spatial Management Conference and 15 financial agencies supporting it – granting and coordinating support at the level of federal states. At the date of preparation of this expertise, the exact distribution of EU funds for individual support areas is not known yet.

Austria participates in the implementation of two European macro-regional strategies, i.e. the European Union Strategy for the Danube Region (EUSDR) and the Macro-Regional Strategy for the Alpine Region (EUSALP). As part of the EUSDR, Austria has actively participated in the works of all steering groups in priority areas and in the implementation of the so-called Alpine space strategy. Austria was also a coordinator of 3 out of the 11 priority areas, namely:

- 1a. Improving mobility and multimodality on inland waterways – coordination by the Federal Ministry for Climate, Environment, Energy, Mobility, Innovation and Technology (BMK) together with Via Donau – in cooperation with Romania;
- 9. Investments in people and qualifications – coordination by the Federal Ministry of Labour, Family and Youth together with the Federal Ministry of Education, Science and Research – in cooperation with Moldova and Ukraine;
- 10. Improving institutional capacity and cooperation: City of Vienna – in cooperation with Slovenia.

The national coordinator for the implementation of the EUSDR in Austria is the Federal Ministry of European and International Affairs (BMEiA) in cooperation with the Federal Ministry of Agriculture, Regions and Tourism (BMLRT). For the proper implementation of the strategy, Austria has created its own internal coordination platform, the main activities of which include: mutual information on activities in the EUSDR and those relevant for the EUSDR, their joint reflection and, consequently, the development of an Austrian position. Representatives of federal ministries, federal states, the Austrian Union of Cities, the Austrian Union of Municipalities as well as economic and social partners are involved in the platform.

From the outset, Austria has also played an active role in shaping and supporting the development of the EU Strategy for the Alpine Region (EUSALP). The Austrian institutions and subjects have been involved in various ways in the process and implementation of the Alpine Strategy. As in the case of the EUSDR, horizontal monitoring of the EUSALP at national level has been developed and is conducted by the National Coordinators. In Austria, this function is performed by the Federal Ministry of European and International Affairs (BMEiA) in cooperation with the Federal Ministry of Agriculture, Regions and Tourism. In

addition, the federal states of Tyrol and Carinthia are represented by the EUSALP Executive Board. Austria actively participates in all nine action groups and co-chairs three of them, i.e. 4. Mobility, 6. Natural and cultural resources and 8. Climate change and prevention of the climate change.

Participation in macro-regional strategies

Austria participates in the implementation of:

- the European Union Strategy for the Danube Region (EUSDR),
- the EU Strategy for the Alpine Region (EUSALP).

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THE REPUBLIC OF BULGARIA

a) System and administrative division

Bulgaria is a parliamentary democracy. The Bulgarian parliament – the National Assembly (Народно събрание) – is a unicameral parliament and consists of 240 deputies elected directly. The executive power is exercised by the President and the Council of Ministers. The President of Bulgaria is elected directly by the citizens for a term of five years, with the right to one re-election. Along with the president, the vice president is also elected. The Council of Ministers is headed by the Prime Minister, and the Council is composed of vice-presidents of the Council of Ministers and ministers.

Bulgaria is a unitary republican state. The Constitution introduces the principle of local self-government (Art. 135-146). The Act on the administrative and territorial organisation introduces **a two-level division of the territory of the state:**

- 28 provinces (област),
- 266 municipalities (община).

The legal framework of the administrative division is regulated in the Constitution and in the following legal acts: the Act on the administrative and territorial organisation

of the Republic of Bulgaria and the Act on self-government and local administration.

The province is an administrative and territorial unit conducting regional policy, exercising state authority in the field and ensuring the compatibility of national and local interests. The province is headed by a chief (областен управител). It is appointed by the Council of Ministers and is responsible for the implementation of state policy at the province level. In practice, the role of the chief consists in ensuring cohesion between the interests of the state and self-government authorities. To that end, the chief conducts administrative control. In addition, he manages state property in the area of the province, supervises law enforcement and the activities of provincial branches of central administration structures, is the organiser and the manager of civil protection, cultural activity, environmental protection and manages assistance in the event of natural disasters. In these areas, the chief can also implement international projects.

Municipality, in accordance with Art. 136 of the Constitution, is the basic administrative and territorial unit in which local self-government is implemented. Citizens participate in the management of the municipality both by local self-government bodies of their choice, as well

as directly through a referendum and a general assembly of the municipality inhabitants. The municipality is divided administratively into districts (кметство) and regions (райони). These units exist only within the municipalities and in this sense their independence is limited⁸. The obligation to create regions applies to cities with a population of over 300,000.

The local self-government authority in the municipality is the Municipal Council, elected by the population of a given municipality for a period of four years. The Municipal Council (Общински съвет) adopts strategies, programmes and development plans of the municipality and decides on the participation of the municipality in associations of local authorities in the country and abroad. A typical form of cooperation of municipalities in Bulgaria are partner cities. The areas of cooperation concern economy or culture. In the structures of municipal administration there are units responsible for international cooperation, business contacts and the implementation of European policies.

⁸ Art. 2 (2) of the Act on the administrative and territorial organisation of the Republic of Bulgaria, <https://www.mrrb.bg/bg/zakon-za-administrativno-teritorialnoto-ustrojstvo-na-republika-bulgariya/>.

The executive authority in the municipality is the mayor of the municipality (кмет). The mayor of the municipality is elected in direct elections for a four-year term. His task is to implement and execute the policies of the Municipality Council, as well as to represent the municipality and manage self-government employees.

The powers of the municipality include:

- management of property, enterprises and economic entities of the municipality, budget and municipal administration, public safety, education, social services, cultural and educational activity, public works, parks and green areas, sport and recreation, water supply and sewage, tourism, waste management, spatial planning, public transport, care and maintenance of cultural monuments and statues as well as environmental protection.

In the areas of public safety, social services, cultural activity and environmental protection, powers of central and self-government authorities are shared.

Map 1. Administrative division of the Republic of Bulgaria into provinces (области)



Source: https://eacea.ec.europa.eu/national-policies/eurydice/content/main-executive-and-legislative-bodies-12_bg.

b) NUTS units

According to the NUTS 2021 revision, there are 36 NUTS units in the country:

- NUTS 1 – macro-regions – 2 units,
- NUTS 2 – regions – 6 units,
- NUTS 3 – subregions – 28 units.

In Bulgaria, the division into NUTS 3 regions corresponds to the division into provinces.

Map 2. List of NUTS 2021 units in the Republic of Bulgaria



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3
BG3 – Northern and South-eastern Bulgaria	BG31 – Northwest	BG311 – Widin BG312 – Montana BG313 – Vratsa BG314 – Pleven BG315 – Lovech
	BG32 – North-Central	BG321 – Veliko Tarnovo BG322 – Gabrovo BG323 – Ruse BG324 – Razgrad BG325 – Silistra
	BG33 – Northeast	BG331 – Varna BG332 – Dobrich BG333 – Shumen BG334 – Targovishte
	BG34 – Southeast	BG341 – Burgas BG342 – Sliven BG343 – Yambol BG344 – Stara Zagora
BG4 – South-Western and South-Central Bulgaria	BG41 – Southwest	BG411 – Sofia (capital) BG412 – Sofia BG413 – Blagoevgrad BG414 – Pernik BG415 – Kyustendil
	BG42 – South-Central	BG421 – Plovdiv BG422 – Haskovo BG423 – Pazardzhik BG424 – Smolyan BG425 – Kardzhali

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

Regional policy subjects in Bulgaria include the Council of Ministers, the Minister for Regional Development, provinces and province heads. The Act on Regional Development creates a hierarchical system of regional policy management. The Council of Ministers adopts the national concept of regional and spatial development. The powers of the Minister of Regional Development include, among others: conducting the state policy of regional development by ensuring the cohesion of its implementation with other objectives, organisation and control of the implementation of the National Concept of Regional and Spatial Development at level 2, organisation and supervision over regional control in the implementation of operational programmes.

Regional Development Councils (RDCs) at NUTS 2 level were also established by law. The RDCs are composed of presidents, vice-presidents and members, assisted by experts. RDCs members are the heads of provinces included in the planning region, as well as municipality mayors or presidents of municipal councils. The number of representatives of municipalities depends on the number of inhabitants in the provinces. The RDC secretary is the head of the regional department of the Ministry of Regional Development. The RDC approves the Integrated Territorial Development Strategy project at level 2, manages, coordinates and controls the implementation of the development strategy, participates in the project selection process as well as supports the participation of Bulgarian partners in EU co-financed cross-border partnership projects.

Province heads support municipal administrations in the territory of the province in the development and implementation of plans for the integrated development of municipalities, support the execution, supervision and evaluation of the integrated territorial strategy, coordinate the implementation of sectoral strategic documents for province development, support the preparation of projects in accordance with the objectives and priorities of the integrated territorial strategy of the region at level 2 and plans for the integrated development of municipalities in the territory of the province, as well as establish cooperation with other subjects in the country and abroad for regional development and territorial cooperation.

In turn, there are province development councils (PDCs) in the provinces whose president is the head of the province. The PDCs consist of the municipality mayors (кметове), one representative of the municipal council from each municipality, as well as representatives of province structures of national organisations of employers and state employees.

The municipality mayors (кметове) organise the work on the integrated development plan of the municipality and present it to the Municipal Council. They monitor the implementation of the regional development plan and present annual reports on its implementation. In turn, the Municipal Council adopts the integrated development plan of the municipality, ensures the consistency of the regional development plan with the spatial development plan and adopts annual reports on the implementation of the regional development plan.

d) Characteristics of the potential of subsequent regions

In the case of Bulgaria, due to the large number of municipalities that are local self-government units and their low territorial and demographic potential, the provinces that are government administration units in the field were selected for the characteristics.

Table 2. Area, population and income per capita of the provinces – as at 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Vidin	3 033	91 235	4 512
Montana	3 636	129 637	5 114
Vratsa	3 620	168 727	7 942
Pleven	4 653	240 380	5 237
Lovech	4 128	124 873	5 541
Veliko Tarnovo	4 662	258 494	5 861
Gabrovo	2 023	122 702	7 473
Ruse	2 803	218 556	6 422
Razgrad	2 640	125 190	5 424
Silistra	2 846	109 271	4 237
Varna	3 818	472 654	7 971
Dobrich	4 720	173 831	5 200
Shumen	3 390	172 355	5 343
Targovishte	2 558	113 694	5 617
Burgas	7 748	412 684	5 703
Sliven	3 544	186 495	4 394
Yambol	3 356	122 276	5 309
Stara Zagora	5 151	316 356	8 280
Sofia (capital)	1 344	1 480 830	19 837
Sofia	7 059	229 041	8 745
Blagoevgrad	6 449	305 123	5 295
Pernik	2 390	120 880	4 770
Kyustendil	3 084	119 041	4 904
Plovdiv	5 973	668 334	7 471
Haskovo	5 533	233 415	4 641
Pazardzhik	4 457	260 814	5 608
Smolyan	3 193	105 421	6 135
Kardzhali	3 209	150 836	5 628

Source: Statistics Poland, Administrative division of Poland 2020, <https://www.nsi.bg/bg/content/2215/бвп-регионално-ниво>.

Characteristics of provinces

The north-western region includes the following provinces: Vidin, Montana, Vratsa, Pleven and Lovech. The region is one of the poorest in the European Union. Although these provinces are among the best absorbing EU funds in Bulgaria, they are characterised by the highest unemployment rate and the worst demographic indicators.

Vidin province

It is located in north-western Bulgaria. It is one of the smallest provinces in terms of the number of inhabitants (approx. 91 thousand). It is also one of the poorest – GDP per capita is EUR 4512. Unemployment rate in the province is among the highest ones (16.1%). At the same time, it is a province with potential resulting from a favourable geographical location at the border with Romania and Serbia. With the construction of the bridge between the cities of Vidin and Calafat, the role of the region from the transport perspective has increased significantly, relieving the only bridge on the Danube, located on the Bulgarian-Romanian border Ruse – Giurgiu. At the same time, there is a possibility of inland waterway transport from Vidin to Passau. However, access roads from Vidin into Bulgaria, which are part of European transport corridors No. 7 and No. 4, require further infrastructure investments.

Montana province

It is located in north-western Bulgaria. It is inhabited by approx. 129,000 people. Unemployment rate here is the highest in Bulgaria and amounts to 17.3%. The province is also one of the poorest in Bulgaria, with GDP per capita of EUR 5,114. The share of the region to the GDP of the whole country is only 1%. The region's economy is dominated by industry (68%) whose percentage decreases however at the expense of the share of services and agriculture. The Montana province has for years been considered one of the least attractive places for foreign investors, among other things due to the fact that there is no motorway running through its territory, and the province roads constitute only 10% of all roads. The advantages of the province include the port in Lom which has a possibility of a direct railway connection with the port in Thessaloniki.

Vratsa Province

It is located in north-western Bulgaria. In 10 municipalities of the province there are approx. 168,000 inhabitants. Unemployment rate here is 10%. In the territory of the Danube province there is a nuclear power plant Kozloduy. The operation of the power plant affects the relatively high GDP per capita in the province (EUR 7942). The characteristic feature of the province is a diverse area – from plains along the Danube to hilly areas with a height of 150-300 m above sea level and mountainous areas in the southern part of the province. The main development axes are concentrated around the part of the trans-European transport corridor No. 4: Vratsa – Mezdra – Sofia and Vratsa – Kozloduy. The main sources of employment are food processing sector, services and electricity production.

Lovech province

It is located in north-western Bulgaria. In 8 municipalities there are approx. 124,000 inhabitants. According to the latest available data, unemployment rate in the province remains at 5.6% and the GDP per capita is EUR 5541. The province is dominated by furniture and pharmaceutical industries, production of machinery, construction materials and logging. At the same time, a challenge for the province, as well as for the entire north-western region, is the relatively low percentage of external investments, the decreasing percentage of medium-sized and large enterprises as well as the growth of micro-enterprises.

Pleven province

It is located in north-western Bulgaria. In 11 municipalities there are approx. 240,000 inhabitants. Unemployment rate in the province is 10% and GDP per capita is EUR 5237. Also in this province, growth in the services sector at the expense of industry has been noticeable over the past decade. Oil is extracted, cement and glass are produced, there are textile and chemical companies in the territory of the province. However, the main role in the economy of the province is played by food processing industry (approx. 40%) and agriculture (approx. 12%). Industrial production is concentrated around the province city, and agriculture on its outskirts.

The provinces of Silistra, Gabrovo, Veliko Tarnovo, Ruse and Razgrad are located in the north-central part of Bulgaria.

Silistra province

It is located in north-central Bulgaria. In 7 municipalities there are approx. 109,000 inhabitants. This is the poorest region of Bulgaria. GDP per capita is only EUR 4237 and the unemployment rate remains at 14.5%. Silistra is the most agricultural province, in which – the only one in Bulgaria – the percentage of agriculture is higher than that of industry. Services (56%) play the largest role in the structure of the province economy but there is a negative trend in the declining industrial sector and agricultural growth. Silistra belongs to the provinces with the lowest percentage of foreign investments in Bulgaria. The port of Silistra and the possibility of water transport do not substantially affect the economic situation of the province, and the railway line to Silistra has not been electrified to this day. Until 1999, there was an airport in the province city. It is a region with a diverse ethnic structure where Muslims constitute over 30% of believers and Christians about 43% of the population.

Gabrovo province

It is located in the southern part of north-central Bulgaria. In 4 municipalities there are approx. 122,000 inhabitants. Gabrovo is Bulgaria's sixth most industrialised province with the second-largest, after the capital city, GDP per capita of EUR 7473. Unemployment rate remains at 7%. Although the province is well connected by infrastructure and its location in the centre of the country has a great potential, it is still waiting for more investment in expressways. The percentage of people employed and having tertiary education is high but the ageing population remains a problem. Significant investments in the Gabrovo province include the Ideal Standard Vidima plant – a manufacturer of ceramic sanitary ware and bathroom equipment. The processing industry which accounts for more than half of the province production, is also developed. Textile industry, mechanical engineering and light industry are also present here. Gabrovo Innovation Centre plays an important role in the province, connecting self-government with business and science.

Ruse province

It is located in the northern part of north-central Bulgaria. In 8 municipalities there are approx. 218,000 inhabitants. GDP per capita is only EUR 6422 and unemployment rate remains at 4.5%. The province city of Ruse is one of the most important industrial centres in Bulgaria, and the Ruse – Giurgiu bridge on the Danube – is of strategic importance not only for the Bulgarian economy but also for the transport of goods between Asia and Europe. The city is well connected although there is a shortage of motorways and modern expressways. Most of the industry is concentrated around the capital of the province. The service sector plays a major role in the region's economy, and the largest shipping company in Bulgaria: Econt is based in Ruse. Large companies in the province include: Astra-Bioplant biofuel production plants, Bulmarket Ltd private port operator, Linamar, Kaolin AD porcelain clay manufacturer or Dunar-it powder manufacturer. In Ruse there is also a university with its branches in Silistra and Razgrad.

Razgrad province

It is located in the central part of north-central Bulgaria. In 7 municipalities there are approx. 125,000 inhabitants. Unemployment rate in the province remains at 11.7% and the GDP per capita is EUR 5424. In the province, three quarters of the industry are concentrated in the municipality of Razgrad. Services account for almost half of the province economy. Pharmaceutical plants Biovet, Huvepharma and Zavet, corn and flour processing plants, as well as the production of pipes and metal parts play an important role among the companies. There is a Han

Asparuh ceramic tile plant in Isperih. In the province, the dominant ethnic group are Turks who constitute approx. 45% of the population.

Veliko Tarnovo province

It is located in the central part of north-central Bulgaria. In 10 municipalities there are approx. 258,000 inhabitants. The capital of the province is the former capital of Bulgaria and at the same time an important cultural centre. Near Veliko Tarnovo, there is also a strategic railway junction in Gorna Oryahovitsa. The structure of the economy is largely dominated by commercial and renovation services sectors as well as processing and agriculture sectors. One of the most important universities in Bulgaria is located in Veliko Tarnovo, and the local university has its branches in Pleven, Vratsa, Sofia, Plovdiv and Dobrich. There is also a University of Economics in Svishtov. Tourism also plays an important role. Unemployment rate is the lowest in north-central Bulgaria and remains at 3.5%, and GDP per capita is EUR 5861.

The provinces of Varna, Dobrich, Targovishte and Shumen are located in the north-eastern part of Bulgaria.

Varna province

It is located in the eastern part of northeastern Bulgaria, by the Black Sea. In 12 municipalities there are approx. 472,000 inhabitants, and GDP per capita is EUR 7971. The province is one of the most industrialised in Bulgaria. Three international transport corridors run through its territory: No. 7 (Danube waterway), No. 8 (Duras – Skopje – Sofia – Burgas – Varna) and No. 9 (Helsinki – Kiev – Ruse – Alexandropolis). There are six universities in Varna. Gas deposits were found in the shelf, while manganite, salt, calcium and sand ores were found in the territory of the province. The main role in the economy of the province is played by industry, especially shipbuilding, chemical and engine construction industries. Sodium carbonate, sodium hydroxide and polyvinyl chloride are produced. The marine economy and tourism also play an important role. Unemployment rate is 1.7%. On the coast there are well-known resorts, such as Golden Sands or Albena. Two-thirds of foreign direct investment for north-eastern Bulgaria are also cumulated in this province.

Dobrich province

It is located in the eastern part of northeastern Bulgaria. In 8 municipalities there are approx. 173,000 inhabitants, and the GDP per capita is EUR 5200. The province is also called the “granary” of Bulgaria where 48% of the industry belongs to the food processing industry. Flour, oil as well as dairy and meat products are produced in the region.

Plastchim, Agrochimikali and Sun Foods are among the largest companies in the region. There are branches of the Technical University of Varna and the University of Shumen in Dobrich. Regardless of the fertile soil, the unemployment rate in the province is 8.6%.

Targovishte province

It is located in the western part of northeastern Bulgaria. In 5 municipalities there are approx. 113,000 inhabitants, and the unemployment rate is 10.4%. GDP per capita is EUR 5617. In the territory of the province there are two plants producing glass and glass products, there is also one of the largest plants producing lead-acid batteries. Wine, textiles, vegetable oils, furniture, bricks and expanded clay ceramics are also manufactured here.

Shumen province

It is located in the central part of northeastern Bulgaria. In 10 municipalities there are approx. 172,000 inhabitants. Although industry plays a dominant role, the unemployment rate remains at 13.9%, with GDP per capita of EUR 5343. The industry is concentrated around the main city of the province. Investments with Danish (Carlsberg), Turkish (Faf-metal) or Spanish (Roca) capital are made in the vicinity of Shumen. The production of silicates belongs to the specificity of this province.

In the south-eastern part of Bulgaria there are provinces of Burgas, Yambol, Sliven and Stara Zagora.

Burgas province

It is located in the eastern part of southeastern Bulgaria, by the Black Sea. In 14 municipalities there are approx. 412,000 inhabitants. Lukoil’s refinery in Burgas, which produces 70% of the region’s industrial production and supplies more than 5% of Bulgaria’s GDP, plays a key role in the province. In addition, among many sectors of the province economy, textile, food and wine industries can be distinguished. Larger companies also include: Promet Steel JSC - manufacturer of steel bars, Sevan food manufacturer or Kronospan manufacturer of boards for the furniture industry. There are two universities in Burgas. Tourism is also developed along the coast, and some of the municipalities in the province – such as Sozopol or Primorsko – are among the largest recipients of EU funds. Unemployment rate in the Burgas province is 5.6% and GDP per capita is EUR 5703.

Yambol province

It is located in the eastern part of southeastern Bulgaria. In 5 municipalities there are approx. 122,000 inhabitants. Micro- and small enterprises, accounting for approx. 98% of all businesses in this province, play a special role in economic development. Such a high percentage results from the economic collapse in the region. GDP per capita is EUR 5309. Incomplete data of the National Statistical Institute (Национален Статистически Институт – NSI) on unemployment indicate that it amounts to approx. 6.4%. Yambol, together with the provinces of north-western Bulgaria and Silistra, is one of the provinces struggling with the problem of depopulation.

Sliven province

It is located in the central part of southeastern Bulgaria. In 4 municipalities there are approx. 186,000 inhabitants. In this province, depopulation and lack of prospects also affect the wealth of the inhabitants. Unemployment rate amounts to 9.2% and GDP per capita is EUR 4394. In the Sliven province, the main sectors of the economy are: services, agriculture and wine production. Among the larger winemakers in the region are Vini and Domejn Bojar.

Stara Zagora province

It is located in the western part of southeastern Bulgaria. In 4 municipalities there are approx. 316,000 inhabitants. The province is one of the most industrialised in Bulgaria. Unemployment rate remains at 3.2% and GDP per capita is EUR 8280. In the city itself there is also a university with branches in Haskovo and Yambol. The Maritsa Iztok energy complex is located in in this province, producing approx. 40% of Bulgaria's electricity, which is connected to both the Bulgarian and Turkish power grids. In addition, near Stara Zagora there are companies operating in food, cast iron, injection moulding industries, and Videoton, Heineken or Belvedere Group are among the main investors. The disproportions in south-eastern Bulgaria are well evidenced by the allocation of foreign direct investments in 2020 in individual provinces: from EUR 3.6 million of foreign investments approx. 70% was allocated for Burgas, 25% for Stara Zagora and 1% for Yambol.

The provinces of Kardzhali, Plovdiv, Pazardzik, Smolyan and Haskovo are located in the south-central part of Bulgaria.

Kardzhali province

It is located in the south-eastern part of south-central Bulgaria. In 7 municipalities there are approx. 150,000 inhabitants. More than 75% of the region's population are Muslims. Unemployment data suggest only 1.7%. However, this is also due to the high dynamics of the inhabitants who leave this province and move to other EU countries. GDP per capita is EUR 5628. Until recently, the economy was based primarily on the extraction of deposits containing precious metal ores and other minerals, as well as on the production of tin, zinc, lead and products from bentonite, pearlite and zeolite. The textile industry, with foreign investments from Greece, Turkey, Germany and the Netherlands, is also developed in the region. The specificity of the province, as well as the entire mountain range of Rhodopes, Rila and Pirin, i.e. the Smolyan, Haskovo, Pazardzhik and Blagoevgrad provinces, is the cultivation of tobacco and the production of tobacco products.

Smolyan province

It is located in the western part of south-central Bulgaria. In 10 municipalities there are approx. 305,000 inhabitants. Unemployment rate is 9.0% and GDP per capita is EUR 6135. The territory of the province consists only of mountainous areas. From the south, the province borders on Greece and offers excellent conditions for mountain tourism. Mineral water sources are an important element of the economy. The mineral water produced dominates in the Bulgarian market, and the thermal springs in the Rhodopes promote therapeutic tourism. In addition, the main sectors of the economy include food industry, car repair and construction. There is a ski factory in Chepelare that belonged to the Finnish company Amer Sports until 2019 and is now owned by the Chinese company Mascot Bidco.

Haskovo province

It is located in the eastern part of south-central Bulgaria. In 11 municipalities there are approx. 233,000 inhabitants. The province borders on Turkey and Greece, with two main communication routes running through its territory: east-west and north-south, including the pan-European transport corridor X Salzburg – Istanbul. In addition to the typical in this part of Bulgaria industry, such as wine production, agriculture, transport, mechanical engineering or textiles, the production of formalin, urea, formaldehyde resin, nitrogen oxide, sodium nitrate or sulphur dioxide as well as fertilisers should be mentioned. Unemployment rate in Haskovo is very low – 1.6% and the GDP per capita is EUR 4641.

Pazardzhik province

It is located in the western part of south-central Bulgaria. In 12 municipalities there are approx. 260,000 inhabitants. The province has a varied terrain. Its northern part lies in the Thracian Lowland and the southern part covers the central and western mountains of the Rhodopes. The region's economy is based on agriculture, breeding, winemaking, as well as logging and production of wood. Copper is also extracted, as well as rubber is manufactured here. The main production plants in the region are: Belovo AD paper manufacturer, Asarel Medet AD copper manufacturer, Biovet owned by Huvepharma, Bulpharma medical company or DS. Smith packaging manufacturer. Unemployment rate in the province remains at 7.5% and the GDP per capita is EUR 5608.

Plovdiv province

It is located in the central part of south-central Bulgaria. In 18 municipalities there are approx. 660,000 inhabitants. It is the second largest province in Bulgaria, providing approx. 7.5% of the GDP. Plovdiv is the second largest city in Bulgaria with the unemployment rate of 3.2% and the GDP per capita of EUR 7471. There are 8 universities in the city, and the University of Plovdiv has its branches in Kardzhali and Smolyan. Convenient location of the province positively affects the development of transport and transport companies which provide 7% of the province GDP. Near Plovdiv there is one of the four operating airports for commercial flights in Bulgaria. Services (57%) dominate over industry (39%) in the province economy. Companies such as Liebherr-Hausgerette, Socotab, Schneider Electric, Shell Gas, William Hughes, Kaufland, Zobeles, Magna and Mecalit have invested in the province. Bulgarian companies also have their production centres: KCM 2000 – a manufacturer of non-ferrous metals, EVN, Tabaco Trade and Tabaco Ventures, or the transport company PIMK. In addition, the IT and outsourcing sectors, as well as electronics and components for the automotive industry are developing dynamically. Since its creation in 1995, the Thrakia economic zone has attracted more than 114 investors. Investments worth more than EUR 1 billion were made in the zone. The amount of direct investments in the south-central part in 2020 amounted to EUR 2.9 million, about two thirds of which were allocated in the Plovdiv province.

In the south-western part of Bulgaria there are the provinces of Sofia – city, Sofia – province, Blagoevgrad, Kyustendil and Pernik.

Blagoevgrad province

It is located in the southern part of south-western Bulgaria. In 14 municipalities there are approx. 305,000 inhabitants. The province borders on Greece and North Macedonia, and the main north-south E-79 route runs through its territory, connecting the port of Thessaloniki with the north of the continent. Work is still ongoing to complete the construction of the Struma motorway in order to improve transport through the Kresna gorge which is also a natural barrier separating the Mediterranean and continental climates. To the south of Kresna, temperatures are much higher and this is the only area where almonds grow in Bulgaria. The main areas of economic activity in the region of Blagoevgrad are: food industry, winemaking, tobacco production, forest management and wood production, as well as tourism. Here, there is also the largest ski resort – Bansko. The province is rich in thermal springs. Lignite is also extracted here. There are 3 universities in the capital of the province, among which is the American University in Blagoevgrad. Unemployment rate remains at 8% and the GDP per capita is EUR 5295.

Kyustendil province

It is located in the western part of south-western Bulgaria. In 9 municipalities there are approx. 119,000 inhabitants. The province borders on North Macedonia and Serbia. There is an active lignite mine and the Bobov Dol heat&power plant which is one of the largest electricity producers in Bulgaria. There are also hydroelectric power plants in the territory of the province. Due to favourable conditions and the development of the agricultural sector which constitutes approx. 11% of the economy, the province is called the “orchard” of Bulgaria. Incomplete unemployment data suggest that it is below 3% and the GDP per capita is EUR 4904.

Pernik province

It is located in the western part of south-western Bulgaria. In 6 municipalities there are approx. 120,000 inhabitants. The province borders on Serbia. The main sectors of the economy cover heavy industry, including production of electricity and heat, as well as steel. The share of textile industry and services is also growing. The unemployment rate for the Pernik province is 7% and the GDP per capita is EUR 4770. Due to the proximity of the capital, a lot of people commute to work in Sofia.

Sofia province

It is located in the western part of south-western Bulgaria. It is the second largest province in Bulgaria, after Burgas. In 22 municipalities there are approx. 229,000 inhabitants. The landscape of the region is very diverse – from the Sofia Valley to the mountains surrounding it on all sides. The economy of the Sofia province is also diverse and covers a wide range of investments: from the food industry (including Koka Kola, Mondelez, Olineza, Kenar), electronic industry (including Siemens, Inkotex, Grammer, Octa-light), mining and production of copper (including Aurubis, Chelopech mining) and precious metals to photovoltaic parks and hydroelectric power plants. In the territory of the province, in the municipality of Bozhurishte, there is also the largest logistics park in Bulgaria. The capital's production needs affect the low unemployment in the Sofia province which remains at the level of 0.8%. GDP per capita is EUR 8745.

Sofia

It is located in the middle of the Sofia province, in the western part of south-western Bulgaria. Sofia is a city with the province status and at the same time the only municipality divided into regions. In Sofia there are approx. 1.5 million registered inhabitants. The city provides approx. 43% of Bulgaria's GDP (BGN 51 billion in 2019) and the unemployment rate is 2.7%. GDP per capita in the capital city is EUR 19,837. Sofia is home to the main offices of the state administration. There are also 16 universities here. It is the city with the highest income and the lowest percentage of poverty in Bulgaria. The services sector plays a major role, accounting for 87%. In Sofia, the average gross salary is approx. EUR 1000 with an average for the country of approx. EUR 750). The main service sectors are: IT, outsourcing and call centers. Sofia is also home to strategic companies such as the Bulgarian Energy Holding (BEH), Bulgargaz, the Bulgarian Energy Company and the copper producer Aurubis. Sofia is also the main beneficiary of EU funds due to the continuous expansion of the Sofia underground network, as well as the prolonged construction of the bypass. In the years 2014-2020 the capital company Metrolin received EUR 96.5 million of ESF funding. Direct investments in the south-western region amounted to EUR 16.3 billion in 2020, EUR 15.5 billion of which in the capital and the Sofia province alone.

e) The role of regions in regional development

The share in financial allocation of EU funds

In the years 2014-2020, projects of 7 operational programmes under the EU cohesion policy were implemented in Bulgaria. Their value was EUR 7.6 billion, EUR 5.1 billion of which was for less developed regions, EUR 2.3 billion was raised under the Cohesion Fund and EUR 166 million – with intention for European Territorial Cooperation.

Under the multi-annual financial framework for 2021-2027, under the Cohesion Policy Bulgaria will receive more than EUR 10.2 billion, EUR 2.6 billion of which under the European Social Fund+ (ESF+), EUR 5.745 billion under the European Regional Development Fund (ERDF), EUR 1.656 billion under the Cohesion Fund (CF), EUR 390 million under the Connecting Europe Facility (CEF) and EUR 134 million under the European Cross-Border Cooperation (ETC). The objectives of the Partnership Agreement will be pursued through the following programmes: 'Regional development', 'Competitiveness and innovation of enterprises', 'Environment', 'Transport connectivity', 'Programme for research, innovation and digitisation for smart transformation', 'Education', 'Development of human resources', 'Food and basic material support', 'Technical assistance' as well as 'Maritime, fisheries and aquaculture'. In the new financial period, no changes has been made in the way EU funds are managed. Ministries will thus play a key role at the central level.

Participation in macro-regional strategies

Bulgaria participates in the implementation of:

- the European Union Strategy for the Danube Region (EUSDR). Strategii Unii Europejskiej dla regionu Dunaju (EUSDR).

Spasimir Domaradzki

REPUBLIC OF CROATIA

a) Political system and administrative division of the country

Croatia is a parliamentary republic. The head of state is the president, elected in direct elections for a five-year term. The structure of power is based on a model in which legislative, executive and judicial functions are separated. The Parliament has a legislative role and controls the executive power. 151 Members of Parliament are elected for a term of four years. The executive power is exercised by the Prime Minister and the government. The Prime Minister is elected by the majority in Parliament.

Croatia is a unitary state. The administrative division of the state is two-level:

- 21 counties,
- 127 cities and 428 municipalities.

The city of Zagreb has a special status – it has both municipal and county powers and plays a significant role in the performance of administrative tasks of the state on its territory.

In addition to the Constitution which defines the system of local self-government, the status of local self-government units is regulated by the Act on local and regional self-government of 2001, the Act on public utility services and in detail by many other special laws.

Croatia is divided into 21 regional self-government units: 20 counties (Bjelovarsko-bilogorska, Virovitičko-podravska, Požeško-slavonska, Brodsko-posavska, Osječko-baranjska, Vukovarsko-srijemska, Karlovačka, Sisačko-moslavačka, Primorsko-goranska, Ličko-senjska, Zadarska, Šibensko-kninska, Splitsko-dalmatinska, Istarska, Dubrovačko-neretvanska, Međimurska, Varaždinska, Koprivničko-križevačka, Krapinsko-zagorska, Zagrebačka) and the city of Zagreb. Each county (apart from Zagreb which as the capital and the largest city has a special status of both the city and the district) consists of cities and municipalities. In total, there are 127 cities (without Zagreb) and 428 municipalities. The largest municipality in terms of population is Viškovo with 14,445 inhabitants.

Both municipalities, cities, counties and the city of Zagreb are local self-government units, with directly elected authorities. In the county, the legislative authority is exercised by the county assembly, the so-called Skupština. The executive power is exercised by a prefect who, like the councillors for the assemblies, is elected in direct elections for four-year terms. The implementation of tasks in the field of local administration is conducted by administrative departments and services which are managed by persons appointed by the prefect. The City Assembly of the City of Zagreb is a representative body of the citizens of the City of Zagreb which adopts acts within the scope of the self-government of the City of Zagreb and performs

other tasks in accordance with the law and the adopted statute of the city. The City Assembly consists of 51 members. The executive body of the city of Zagreb is the mayor. The Municipal Council in municipalities (City Council in cities) is a representative body of citizens and local self-government bodies which takes actions in the field of a local self-government unit and performs other tasks in accordance with the law and the statute. The executive power, also in urban municipalities, is exercised by the mayor who is elected in direct elections.

Local self-governments can provide public services belonging to the central state administration. The implementation of these tasks is regulated by law and financed from the central budget.

In the field of self-government powers, the counties have tasks of regional importance which include in particular: primary and secondary education; government-financed

health care; regional and urban planning; economic development; transport and road infrastructure; creation and development of networks of educational, medical, social assistance and cultural institutions; maintenance of public roads; implementation of spatial development.

Municipalities and cities within the powers of the self-government have tasks of local importance which directly concern the needs of citizens and are not assigned to state bodies by the Constitution or other laws. These include, in particular: housing policy; spatial and urban planning; public utility services; childcare; social care; basic health protection; primary schools; culture, sport and recreation; consumer protection; environmental protection; fire protection and civil protection; local traffic.

Local self-government units may cooperate with other domestic and foreign local self-government subjects.

Map 1. Administrative division of the Republic of Croatia into counties – as at 26.04.2022



Source: <https://www.total-croatia-news.com>.

b) NUTS units

According to the NUTS 2021 revision, there are 26 NUTS units in the country:

- Nuts 1 – macro-regions – 1 unit,
- Nuts 2 – regions – 4 units,
- NUTS 3 – subregions – 21 units.

Map 2. List of NUTS 2021 units in the Republic of Croatia



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3
Croatia HR0	HR02 Pannonian Croatia	HR021 Bjelovar-Bilogora County
		HR022 Virovitica-Podravina County
		HR023 Požega-Slavonia County
		HR024 Brod-Posavina County
		HR025 Osijek-Baranja County
		HR026 Vukovar-Syrmia County
		HR027 Karlovac County
		HR028 Sisak-Moslavina County
	HR03 Adriatic Croatia	HR031 Primorje-Gorski County
		HR032 Lika-Senj County
		HR033 Zadar County
		HR034 Šibenik-Knin County
		HR035 Split-Dalmatia County
		HR036 Istria County
		HR037 Dubrovnik-Neretva County
	HR05 City of Zagreb	HR050 City of Zagreb
	HR06 North- ern Croatia	HR061 Međimurje County
		HR062 Varaždin County
		HR063 Koprivnica-Križevci County
		HR064 Krapina-Zagorje County
		HR065 Zagreb County

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

The medium-term (5-10 years) regional development plans are adopted by the county assemblies, the Zagreb City Assembly, and – within their scope of powers – the city or municipality councils. The implementation plan is made by prefects, city and municipality mayors. At the same time, both municipalities and counties may undertake international cooperation with other subjects abroad within the scope of their powers.

The Ministry of Regional Development and European Union Funds, in cooperation with the European Commission, is the body responsible for preparing strategic programming documents at the national level for the financial period of 2021-2027 and for programming the new generation of programming documents, and thus preparing the institutional framework for their creation.

d) Characteristics of the potential of subsequent regions

In the case of Croatia, the characteristics relate to counties which are regional self-government units.

Table 2. Characteristics of regions – as at 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)*
Bjelovar-Bilogora County	2 640	102 295	9 026
Virovitica-Podravina County	2 024	70 666	7 778
Požega-Slavonia County	1 823	64 420	8 122
Brod-Posavina County	2 030	130 782	8 116
Osijek-Baranja County	4 155	259 481	10 114
Vukovar-Syrmia County	2 454	144 438	8 506
Karlovac County	3 622	112 596	9 400
Sisak-Moslavina County	4 468	140 549	9 594
Primorje-Gorski County	3 588	266 503	15 056
Lika-Senj County	5 383	42 893	10 601
Zadar County	3 646	160 340	11 410
Šibenik-Knin County	2 994	96 624	11 194
Split-Dalmatia County	4 540	425 412	10 634
Istria County	2 813	195 794	15 776
Dubrovnik-Neretva County	1 781	115 862	14 503
City of Zagreb	641	769 944	23 468
Međimurje County	729	105 863	11 343
Varaždin County	1 261	160 264	11 972
Koprivnica-Križevci County	1 748	101 661	9 993
Krapina-Zagorje County	1 229	120 942	8 851
Zagreb County	3 062	301 206	10 644

* GDP per capita – 2019.

Bjelovar-Bilogora County

It is located in northwestern Croatia. It consists of 23 municipalities, including 5 urban and 18 rural ones. The area of the county is 2640 km². It is inhabited by 102 295 people. The population density is 38 people/km². The average income per capita is EUR 9026. The largest urban centre and at the same time the county capital is Bjelovar with 36 thousand inhabitants.

In economic terms, it is a county with developed agriculture. There is a significant food industry here, an important part of which is the production and processing of milk. In this way, dairies with their annual production volume provide more than 50% of Croatia's total milk supply. The timber industry is also important, with its significant production capacities in terms of sawn timber and boards, plywood, veneer, solid plywood and panel furniture, parquet, wood and other products. There are also textile and metal industries. Mechanical engineering specialises in the production of machinery, including the production of caravans and tractors. The location of the county has a positive impact on the development of road traffic which is why the number of transport companies is constantly growing.

The following companies have their headquarters in Bjelovar: Sirela which manufactures cheeses; Koestlin, a wafer and biscuit factory; Pevex which has a chain of shops with home furnishings; Troha-dil which produces PVC windows and doors; Prima Commerce which produces and sells furniture; Iverica which produces wood-based materials such as veneer, etc.; Metalind producing fire doors; Elektrometal making assemblies and installations; Hittner producing agricultural machinery; Eso-Fofonjka producing metal products; and Ljevaonica Bjelovar iron foundry.

Virovitica-Podravina County

This county, located in the north-east of the country, consists of 16 municipalities – 3 urban and 3 rural ones. It covers an area of 2024 km². It is inhabited by 70,666 people which is approx. 34 people/km². GDP per capita is EUR 7778. The largest city and at the same time the county capital is Virovitica with 21 thousand inhabitants.

The county's economy is export-oriented and regularly reveals a trade surplus, driven by high-quality products that are the basis for good trade performance. For the period 01.01. – 31.12.2020, the county's exports amounted to EUR 121.5 million, import EUR 78 million, and the balance of foreign trade EUR 43.5 million. The structure of total income of the county economy is dominated by: processing industry (final wood processing, food, non-metallic and metal industries), agriculture (production of cereals, tobacco, sugar beet, herbs, fruit, vegetables, beekeeping and fish farming) and trade.

The most important companies in Virovitica are: Tvin which deals with wood logging and processing; Silosi which produces, trades and stores grain; Viro sugar manufacturer; Viržinija which produces and trades tobacco.

Požega-Slavonia County

It is located in the eastern part of the country, in central Slavonia. It consists of 5 urban and 5 rural municipalities. It covers an area of 1823 km². It is inhabited by 64 420 people. The population density is 35 people/km². The average GDP is EUR 8122 per capita. The largest city and at the same time the county capital is Požega with 22 thousand inhabitants.

The most profitable sectors are industry and agriculture, followed by trade. Slightly more than 40% of the area is covered by arable fields. Agriculture is the most developed in the vicinity of the city of Požega. The main crops are corn, wheat, sunflower, rapeseed, sugar beet and vine. Pig farming is an essential branch of farming. The industry is concentrated in Požega. The following companies operate here: food industry (chocolate, sweets and beverages): Zvečevo (formerly Nestle, Stock); metal treatment (iron foundry, household appliances): Plamen International, Color Enamel, Alles; textile industry: Sloga IMK, Orljava; woodworking and furniture production: Spin Vallis, Vallis Fagus; viticulture and horticulture: numerous private vineyards (Zrinščak, Galić, Glasnović, Bartolović, Romić, Bauer, Katušić) and the production of brandy (Šimić fruit spirit, Boić horticulture). The negative demographic trend remains the problem. The previous census of 2011 recorded 78 thousand inhabitants of the county, while the current one was 14 thousand fewer.

Brod-Posavina County

It is located in the eastern part of the country, near the border with Bosnia and Herzegovina, and occupies 2030 km². It consists of 28 municipalities, 2 of which are urban municipalities. According to the 2021 census, the county has 130,782 inhabitants which is 17.5% less than in 2011. The population density is 64 people/km². GDP per capita is EUR 8116 The county capital is Slavonski Brod with 50,000 inhabitants.

The Đuro Đaković holding company, one of the largest and most famous metallurgical companies (armaments factories, agricultural machinery, wagons, power engineering and infrastructure), has its headquarters in Slavonski Brod. Agricultural production, mostly agriculture and animal breeding, is also an important sector of the county economy.

Osijek-Baranja County

It is located in the eastern part of the country, near the border with Hungary and Serbia. It covers an area of 4,155 km². It is inhabited by 259 481 people. The population density is 62 people/km². It consists of 42 municipalities, including 7 urban ones. GDP per capita is EUR 10 114. The county seat is Osijek with 96,000 inhabitants.

It is the economic and cultural centre of eastern Croatia. The Saponia chemical factory is the largest factory, located in Osijek and the main manufacturer of detergents, soap and cosmetics, whose products are considered to be of high quality throughout the region. It is by far the largest exporter in the city. Other industries include the regional brewery Pivovara Osijek (the first Croatian beer), a sugar factory, as well as the Kandit candy factory. The Niveta brush factory, founded as Siva in 1922, is still in operation. In addition, an important economic centre is Belišće where wood, paper, chemical, plastics, textile, metallurgical and electronics industries have developed.

Osijek is the centre of Slavonia and the fourth largest city in Croatia. The main institutions are: Josip Juraj Strossmayer University in Osijek (founded in 1975, 18 thousand students), Croatian National Theatre, Museum of Slavonia (founded in 1877) and a printing house founded in 1735.

Vukovar-Syrmia County

It is the easternmost county in Croatia. It borders on Serbia as well as Bosnia and Herzegovina. It covers an area of 2454 km². The population density is 58 people/km². There are 31 municipalities, 5 of which are urban ones. GDP per capita is EUR 8506. The county is inhabited by 144 438 people, slightly over 23 000 of them live in Vukovar, the county capital.

The county has rich natural resources, the most important of which are: arable land, forests, oil, gas, clay and gravel deposits as well as a developed hydrographic network. In addition to the food industry, agriculture is the most important activity with a dominant role in the overall economic structure. Agricultural area covers 150,856 ha, i.e. 61.8% of the district area, 93% of which are arable lands and gardens, and the remaining 7% are pastures, meadows, vineyards and orchards. 58% of agricultural land is private property and the rest of the former social sector is state-owned. There are well-structured production capacities in the county for the production of sugar and spirit drinks, milk and milk products, milling and baking products, meat and cold meats, fruit and vegetable products, wine, animal feed and seed processing. The wealth of the available wood mass is approx. 20 million m³, and the annual capacity is approx. 290 thousand m³. The rich deposits of high quality clay, gravel and sand enabled the development of

the building materials industry, especially the brickyard. In the area of Đeletovac there are valuable oil and gas shafts, whose annual production before the war amounted to approx. 252 thousand tonnes of oil and 26 million m³ of natural gas. Currently, the most important activity related to metal processing is the production of agricultural machinery and equipment, including the development of a number of smaller subcontractors from the county.

Vukovar has one of the most important river ports on the Danube in this part of Europe. The largest companies operating in Vukovar are: Vupik – food industry, Borovo – footwear industry, Vukovar river port, Velepromet multi-branch wholesalers, Yassenka drug factory and Biodiesel Vukovar biodiesel factory.

Karlovac County

It is located in the central Croatia and covers an area of 3622 km². It is inhabited by 112 596 people. The population density is 31 people/km². GDP per capita is EUR 9400. There are 22 municipalities, 5 of which are urban ones. The most important urban centre and at the same time the county capital is Karlovac with 55 thousand inhabitants.

The main sectors of the economy are: production, trade, construction and transport. They account for 88% of the county's total income. The manufacturing industry is the most important driver of technological development, exports and employment. Its impact on the county economy is evidenced by data on its high share in the total income of the county economy, amounting to 58%.

There are several large companies in the city, such as Alstom Hrvatska or Adriadiesel, representing the metal industry, as well as the Karlovacka pivara brewery and HS produkt company which produces small arms.

Sisak-Moslavina County

It is located in the central Croatia and covers an area of 4468 km². It is inhabited by 140 549 people. The population density is 31 people/km². It consists of 19 municipalities, 6 of which are urban ones. GDP per capita is EUR 9594. The county capital is Sisak with 40,000 inhabitants.

The main areas of economic activity in the county are: industry with particular emphasis on the energy, oil, petrochemical and chemical industries, metallurgy and metal processing, food industry as well as agriculture and forestry, trade, catering, construction, transport and communication. Recently, in the county there has been development and application of advanced technologies noticed in the electronics industry and a significant development of the pharmaceutical industry. Other economic activities and crafts are also present here to a lesser extent.

Definitely, the successful continuity of the county's economy in the foreign market is reflected in the trade data which in recent years has recorded a constant trade surplus and a high coverage of imports by exports. The share of the county's exports abroad in the total exports of the Republic of Croatia is approx. 3.3%, while the share of district imports in the total imports of the Republic of Croatia is 1.2%. The European Union countries (Austria, Italy, Germany) and then neighbouring countries (Serbia, Bosnia and Herzegovina) are still the most important trading partners in the exports of the county.

In Sisko there are: Nafty Sisak refinery which belongs to the state-owned company INA, and the manufacturer of alcoholic beverages Segestica. Mlin and pekare Sisak are engaged in the production of flour and baking products. Dunavski Lloyd Sisak, one of the largest river transport operators in Croatia, is also based in Sisko.

Primorje-Gorski County

It is located in the western part of the country and occupies 3588 km². It borders on Slovenia from the north. It is inhabited by 266 503 people. The population density is 74 people/km². GDP per capita is EUR 15 056. It consists of 14 urban and 22 rural municipalities. The county capital and the most important city is Rijeka, inhabited by 108 thousand people.

The extremely favourable location (intersection of important European land and sea routes) makes the region economically linked to the sea. Therefore, this area, and especially Rijeka as the centre of the county and the third largest city in the country, has transformed into a strong maritime centre with a developed port, maritime transport, shipbuilding and tourism activities which is important for the whole Croatia. The second part of the region – wooded and mountainous Gorski Kotar – can boast of traditionally strong forestry and wood industry.

Rijeka is one of the strongest Croatian transport and industrial centres. The shipbuilding industry (shipyard 3. Maja, part of Uljanik Group, Viktor Lenac shipyard), metal industry (diesel engines, cranes, floating platforms, marine equipment, etc.), petrochemical industry, wood and food production, oil refining (refinery) and printing industry have developed particularly well. The city is the seat of the Jadrolinija forwarding company and the Autotrans transport company. In Rijeka there is an important port of Luka Rijeka, and nearby – on the Krk island there is an LNG terminal.

Rijeka is an important academic centre. There is also a technical college (Veleučilište) and a university (17 000 students).

Lika-Senj County

Located in the south of the country, it borders on Bosnia and Herzegovina but also has access to the sea. It covers an area of 5353 km². It is inhabited by 42,893 people. GDP per capita is EUR 10 601. The population density is 8 people/km². The county consists of 12 municipalities, 4 of which are urban ones. The most important urban centre is Gospić with 11 thousand inhabitants.

The region has an agricultural character. Restricted industry virtually disappeared after the disintegration of Yugoslavia. It is a traditional workforce base for Dalmatia.

Zadar County

It is located in the northern part of Dalmatia and covers an area of 3646 km². The population density is 43 people/km². The county consists of 6 urban and 28 rural municipalities. It is inhabited by 160,340 people. GDP per capita is EUR 11 410. The county capital and at the same time its largest city is Zadar with 75 thousand inhabitants.

The area of Ravni Kotari constitutes the greater part of the county, covering most of the farmland and cities with industrial, craft, commercial and communication potential. Tourism is one of the most important industries of the county due to its geographical location, mild climate, indented coast, clean sea, numerous bays, coves and beaches located in the area of 1300 km of the sea coast and islands. The tourist attractions of the Zadar County are also areas of exceptional natural values: Velebit, Telaščica and Paklenica, as well as the adjacent national parks of Krka and Kornati in the south and the Plitvice Lakes National Park in the north.

An important element of the county's economy is the port of Zadra. In addition, the city is the seat of, among others, tourism industry enterprises: Turisthotel, Tankerkomerc, Tankerska plovdba, Falkensteiner Hotels & Resorts, as well as Makarska juice and alcoholic beverages plant, SAS strojogradnja machine factory; Lignum trading in construction materials, and Aluflexpack novi from the metal industry.

Šibenik-Knin County

It is located in the central part of the Dalmatian coast, in the southern part of Croatia, and covers an area of 2994 km². It borders on Bosnia and Herzegovina from the north. The population is 96 624. The population density is 32 people/km². GDP per capita is EUR 11 194. The county consists of 20 municipalities, 5 of which are urban ones. The capital and largest city of the county is Šibenik with 42 thousand inhabitants.

The most numerous branches are agriculture, industry and tourism. Thanks to foreign investments and government programmes related to economic activity, plans for the construction of industrial and economic zones were developed. The most economically developed cities are Šibenik and Drniš. An important element of the economy is the port in Šibenik.

Split-Dalmatia County

It is located in the central part of Dalmatia. It borders on Bosnia and Herzegovina from the north. It covers an area of 4540 km². It is inhabited by 425 thousand people. The population density is 93 people/km². It consists of 55 municipalities, 16 of which are urban municipalities. GDP per capita is EUR 10 634. The county capital is Split with 342,000 inhabitants.

The most important economic activity is tourism, while the importance of production and agriculture is declining. Mainly, olives, cabbage, grapes, figs and strawberries are grown. Both shipyards (in Split and Trogir) are in decline. Brodosplit is the largest shipyard in Croatia. It employs approx. 2.3 thousand people, has built more than 350 vessels, including many tankers, both panamax and non-panamax, as well as container ships, bulk carriers, dredgers, off-shore platforms, frigates, submarines, patrol boats and passenger ships. 80% of ships built is exported to foreign contractors. Split is the largest economic centre in Dalmatia, as well as an important industrial city and communication centre. The city has an airport, an important railway station connecting Dalmatia with Europe, and a ferry terminal serving cruises, among others, to Rijeka, Dubrovnik, nearby islands and Italy. There is also a road junction. Shipbuilding, chemical, cement, wood, fish and brewing industries have developed in the city. Split is the seat of many companies, and there is also a university (18 thousand students).

Istria County

It covers an area of 2813 km² with a population of 425 412 people. The population density is 69 people/km². The county consists of 41 municipalities, 10 of which are urban ones. GDP per capita is EUR 15 776. It is the westernmost region in Croatia. It borders on Slovenia from the north. The most important city is Pula with 105 thousand inhabitants. The county capital is Pazin which is an administrative centre with approx. 9 thousand inhabitants.

There is a highly developed manufacturing industry in the region, with traditional agriculture, fisheries, construction and production of building materials (lime, cement, brick, stone), trade and transport. The most developed industries are: processing of metals, wood (furniture), glass, plastics, textiles and tobacco. According to economic indicators, the leading activity is production, tourism and trade. Significant efforts are made in agriculture and organic food production, viticulture and olive cultivation.

The economic sectors in Pula are: shipbuilding, textile, tourism, processing and construction industries. Important companies are: Bina Istra (construction industry), Put (construction industry), Arena Hospitality Group (tourism), Duran (production) and Uljanik (shipbuilding industry, electronics industry).

Pula is an important academic and cultural centre. 2,400 students attend the Juraj Dobrila University in Pula.

Dubrovnik-Neretva County

It is the southeasternmost region of Croatia. It covers an area of 1781 km². It borders on Bosnia and Herzegovina from the north and Montenegro from the east. The county is inhabited by 115,794 people. The population density is 65 people/km². GDP per capita is EUR 14 503. The county consists of 22 municipalities, 5 of which are urban ones. Its capital is Dubrovnik.

Tourism is the most important sector of economy. The beautiful old town of Dubrovnik and the clean sea attract millions of tourists, which is why Dubrovnik and its surroundings are one of the most popular destinations for tourists from all over the world. Maritime economy is developed in the county. Ston is the seat of the European oldest saltworks, founded in the 14th century, where salt is still extracted and produced in the old traditional way. The inhabitants of the Neretva and Konavla valleys are engaged in agriculture and, to a lesser extent, animal breeding. In Pelješec and Korčula, the most important sectors of economy are viticulture, indigenous wine production, olive cultivation and shipbuilding. An important economic sector is the extraction and processing of stone, mainly on the coast of the municipality of Dubrovnik.

Dubrovnik is an important academic centre. The University of Dubrovnik is attended by approx. 2,000 students. There is an important commercial port in Ploče.

City of Zagreb

The city of Zagreb is located in the centre of Croatia. It covers an area of 641 km² and is inhabited by 770 862 people. GDP per capita is EUR 23 468.

The most important sectors of the economy in Zagreb are: production of electrical equipment as well as chemical, pharmaceutical, textile and food industries. Zagreb is an international shopping and business centre. The city of Zagreb has the highest nominal GDP per capita in Croatia. Zagreb is home to 34% of companies in Croatia. 38.4% of the Croatian workforce is employed here. There are almost all banks, service companies, as well as public transport. Zagreb is the seat of the most important business entities in Croatia. The most famous entities are: Franck, Kraš, Croatia Airlines, Croatia osiguranje, Croatia Records, HT, A1 Croatia, INA, Konzum, Ledo, Pliva, RIZ and Tisak. Companies in Zagreb accounted for 52% of total turnover and 60% of Croatia's total income, as well as 35% of Croatian exports and 57% of Croatian imports.

Apart from the University of Zagreb (72 thousand students) which is a public institution, Zagreb is also the seat of two private universities: the Catholic University of Croatia and the Libertas International University. There are also a lot of public and private universities in the city. There are 22 institutes in the field of social and natural sciences in Zagreb. The most famous institutions in the field of natural sciences are: the Ruđer Bošković Institute, the Institute of Social Sciences Ivo Pilar, while scientific works in the field of humanities are conducted by the Croatian Institute of History, the Institute of Art History and the Institute of Archaeology. Zagreb is also the seat of the Croatian Academy of Sciences and Arts operating since 1866.

Međimurje County

The county covers an area of 729 km² and is inhabited by 105 863 people. The population density is 145 people/km². It is the northernmost region in Croatia, bordering on Hungary and Slovenia. GDP per capita is EUR 11 343. The county consists of 25 municipalities, 3 of which are urban ones. Its capital is Čakovec with 15 thousand inhabitants.

The industry is more developed in the central and eastern parts where there are larger towns with the necessary workforce and local market. The employment in this sector amounts to approx. 22 thousand people, 60% of which

work in larger companies. Agriculture has traditionally been a developed and important part of the county's economy, which is why today there are: Agromedimurje, Čakovečki Mlinovi which produce and process cereals, and Vajda which is engaged in cattle breeding and meat processing.

Varaždin County

It is located in the northern part of the country and covers an area of 1262 km². It borders on Slovenia. It is inhabited by 160 264 people. The population density is 126 people/km². GDP per capita is EUR 11 972. The county consists of 28 municipalities, 6 of which are urban ones. The county capital – Varaždin – is inhabited by 44 thousand people.

The county economy focuses on the manufacturing industry, in particular in the following industries: dairy processing, beverage production, meat packaging industry, clothing and textile industry, metal industry, leather footwear industry, production of high quality wooden furniture and other wood products.

The most developed industries in Varaždin are: food industry (Vindija, Koka), construction industry (Zagorje-tehnobeton, Hidroing), textile industry (Varteks, VIS), metal-working (MIV) and woodworking (Mundus).

Koprivnica-Križevci County

It is located in the northern part of the country. It borders on Hungary and covers an area of 1,748 km². It has 101,661 inhabitants and a population density of 58 people/km². GDP per capita is EUR 9993. It consists of 25 municipalities, 3 of which are urban ones. The county capital is Koprivnica which is inhabited by 30 thousand people.

It is mostly a lowland area, enabling abundant agricultural production with considerable forest and mineral wealth as well as opportunities for the development of livestock, viticulture and horticulture on the hills of Bilogora and Kalnik. Mild moderate-continental climate should be added here. Almost a third of the county area is occupied by oak and beech forests. Mineral resources are of particular importance for the county. In 2019, there were 1993 active entities in the county that generated total revenues of HRK 12.4 billion (approx. EUR 1.8 billion) and employed 18,285 employees. The leading activity is the manufacturing industry with the dominant food, commercial, construction and agricultural industries. In Koprivnica, the economic basis is the food (Podravka, Carlsberg Croatia), pharmaceutical (Belupo), wood, paper (Bilokalnik, Hartman), leather, metal and construction material production industries.

Krapina-Zagorje County

It covers an area of 1229 km² and is inhabited by 120,942 people. It consists of 32 municipalities, including 7 urban ones. GDP per capita is EUR 8851. The county is located in the northern part of the country and borders on Slovenia. The population density is 98 people/km². The county capital is Krapina with less than 13,000 inhabitants.

The processing industry is the most important economic sector and a very important indicator of economic orientation and the basis for growth. The economy is mainly export-oriented and has a positive foreign trade balance. The importance and success of exports are also emphasised by the fact that companies of the region generate 32.3% of total revenues in foreign markets.

The most important exports products come from companies that are also the most important exporters. In particular, they are: glass packaging, glass moulds, viscose and synthetic yarns, containers and equipment of containers, men's suits, parts of seats for the automotive industry, cardboard packaging (boxes), iron structures, tiles, ceramic products, other metal products, etc.

There is a private Technical University "Hrvatsko Zagorje" in Krapina.

Zagreb County

The area of the county, which is located in central Croatia, is 3060 km². It borders on Slovenia. It consists of 34 municipalities, 9 of which are urban ones. It is inhabited by 301,206 people. GDP per capita is EUR 10 644. The population density is 98 people/km². The county capital is Zagreb which does not belong to the county itself.

The region is in fact a suburb of Zagreb and sleeping accommodation for the workforce of the capital. Industry and trade provide two thirds of income, followed by agriculture and transport. Agriculture is most developed in the Vrbovec region, and viticulture in the Zelina and Jastrebarsko regions. Near Ivanić-Grad there are oil and natural gas deposits. There are numerous smaller industrial enterprises in many towns in the county.

e) The role of regions in regional development

The share in financial allocation of EU funds

In Croatia under the EU cohesion policy **for 2014 - 2020**, two operational programmes were implemented with a total value of **approx. EUR 8.6 billion** – 5.8 of which for less developed regions, 2.6 within the Cohesion Fund and 66 million for European territorial cooperation.

The funds allocated to the Republic of Croatia **for the period 2021-2027** amount to almost EUR 14 billion and slightly more than EUR 11 billion from the Next Generation EU fund. EUR 8.7 billion of it will be allocated to the cohesion policy.

Participation in macro-regional strategies

Croatia participates in the implementation of:

- the European Union Strategy for the Danube Region (EUSDR),
- the European Union Strategy for the Adriatic and Ionian Region (EUSAIR).

Jan Muš

THE CZECH REPUBLIC

a) Political system and administrative division of the country

According to the Constitution, the Czech Republic is a parliamentary democracy with a political system based on free competition of political parties and movements. The head of state is the president, who is elected through popular vote for a five-year term. The legislative body is the bicameral parliament of the Czech Republic, consisting of the lower house (Poslanecká sněmovna) and the upper house (Senát Parlamentu České republiky). The organs of executive power are the president and the government. The territorial structure of public administration in the Czech Republic reflects a number of reforms, the most important of which took place in 1997, 2003 and 2021. The current administrative division of the country is based on the Act č. 51/2020 Sb. on the territorial administrative division of the state (Zákon o územně správním členění státu), prepared by the Ministry of the Interior of the Czech Republic.

The territorial division is a two-tier division. The basis of the general territorial division of the country are:

- 6,253 administrative districts of communes with extended powers (správní obvody obcí s rozšířenou působností – SO ORP),
- 14 local government districts (obvody samosprávných kraju).

The administrative district of the country, with the exception of the administrative district of the capital city of Prague, is divided into administrative districts of communes with extended powers. The Act maintained the previously binding division into poviats (okresy) as territorial units whose borders are determined by administrative districts of communes with extended powers. The Czech Republic has a total of 76 districts. The capital city of Prague does not belong to any of them, and its territorially defined city quarters (1-10) are separate areas, legally with districts competences.

At present, the Czech Republic has a two-tier structure of local self-government, divided into communes and regions. Their right to local government is enshrined in the Constitution (Chapter One: Articles 8, Chapter Seven: Articles 99-105). Regions that are higher units of local self-government (vyšší územní samosprávné celky), which are territorial communities of citizens with the right to local government (právo na samosprávu), were established in 2000 pursuant to the constitutional law on the establishment of higher units of local government, and local government powers were acquired by on the basis of the Act on Regions (zákon o krajích). The structure of the income of communes and regions was regulated by the Act of June 29, 2000 on the division of income from certain taxes between local government units and some state funds. Currently, there are 6,258 communes and 14 higher local government units in the Czech Republic (13 regions and the capital - the separated city of Prague).

A region in the Czech Republic is a territorial community of citizens who have the right to local government. The self-administering body of a region is its board (zastupitelstvo). The members of the region's board elect the gover-

nor (Hejtman) and his/her deputy. The executive body of a region is its council, which consists of the governor (Hejtman), his/her deputy and persons selected from among the members of the board (zastupitelstva). The governor represents the region externally, has a dual role as the chairman of the local government constitutive and executive body of the region. Another regional authority is the Region Office (Krajský úřad), which carries out tasks imposed by the board (zastupitelstvo) or the council (rada), and also performs delegated tasks that are not entrusted to the council or the board. The office is headed by the director (ředitel), who is accountable to the governor. Regions have a budget that includes tax revenues and state subsidies. They represent on average two-thirds of the income of regions in the state. At the regional level, actually the seventh part of the state budget is decided. With this money, the regions finance, among others, education, social services, public transport and integrated health services. A region in the Czech Republic has its own assets and its own income defined by law. In legal relations, it acts on its own behalf and bears the responsibility arising from these relations. The aim of the region's activity is to take care of the comprehensive development of its territory and the needs of its inhabitants.

Map 1. Administrative division of the Czech Republic into regions – as of 26.04.2022



Source: Administrative divisions of the Czech Republic with the analysed micro-regions denoted by numbers, https://www.researchgate.net/figure/Administrative-divisions-of-the-Czech-Republic-with-the-analysed-micro-regions-denoted-by_fig1_46535726 [20.04.2022].

The obligations and competences of regions are determined by law dedicated to them, pursuant to which regions have the following competences:

- Management of the region and its budget, legislative initiative. The council of the region may submit bills to the Chamber of Deputies, as well as submit complaints to the Constitutional Tribunal.
- Regional health care and infrastructure. Local authorities may decide on the establishment and liquidation of health facilities, they have an influence on what care will be provided in hospitals, including, inter alia, on the number of beds or hospital wards.
- Education. Local government authorities of a region have the power to appoint directors of secondary and vocational schools and the possibility of announcing the recruitment procedure for director positions.
- Transport and road infrastructure. Local authorities decide about the condition of the public transport fleet and the frequency of runs, they are responsible for the construction and renovation of class II and III roads, they have an impact on the construction and location of highways by approving spatial development plans.
- Social services. The local government at the regional level is responsible for support programs for people at risk of economic exclusion and for the social infrastructure.
- Taking care of monuments. Local authorities are responsible for the implementation of the state protection of monuments, the implementation of plans for the conservation and restoration of monuments.
- Nature protection. The local government is responsible for nature protection or air protection, and the preparation of the concept of waste management in the region.
- Regional and international cooperation. The local government is responsible for interregional and international cooperation.

From the beginning of their existence, regions have been establishing international relations and developing partnerships with regions and areas in other countries. In addition to partnerships, they are part of international institutions and cooperate with various entities (e.g. the Permanent Representation of the Czech Republic to the EU). The basis of these partnerships is gaining and sharing experiences and ideas, and at the same time offering the possibility of presenting the region as a foreign partner.

A commune is the basic local government territorial community of citizens. It creates a territorial unit that is determined by the border of the commune. The legal status and tasks of communes are governed by Act No 128/2000 on communes, as amended. The local government position of communes, including their functioning, has a personal, territorial and economic character. The key right resulting from independent competence is the right of a commune to asset ownership and to management according to its own budget. The act on communes also provides for the functioning of statutory cities. Currently, there are 27 statutory cities in the Czech Republic. Pursuant to the generally applicable statute, these cities have the right to define quarters or districts with their own local government bodies. Examples of commune tasks include: managing the commune, its assets, financial resources and local taxes, implementing the commune budget, managing the commune office, issuing and implementing local acts, imposing administrative penalties, protecting citizens' health, fire protection, primary education. Communes may cooperate with communes of other regions and be members of international associations of local government units. Unions of communes may cooperate with unions of communes of other regions. The subject of cooperation may only be activities that are the subject of the activity of a union of communes that has concluded a mutual cooperation agreement. Each commune with at least 3,000 inhabitants can be a city. Such a decision is announced by the chairman of the Chamber of Deputies after getting acquainted with the government's statement.

b) NUTS units

According to the NUTS 2021 revision, there are 23 NUTS units in the country:

- NUTS 1 – micro-regions – 1 unit,
- NUTS 2 – regions – 8 units,
- NUTS 3 – sub-regions – 14 units.

Map 2. List of NUTS 2 2021 units in the Czech Republic



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [20.04.2022].

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3
CZ0 Czech Republic	CZ01 Praga	CZ010 Hlavní město Praha
	CZ02 Střední Čechy	CZ020 Central Bohemian Region
	CZ03 Jihozápad	CZ031 South Bohemian Region
		CZ032 Plzeň Region
	CZ04 Severozápad	CZ041 Karlovy Vary Region
		CZ042 Ústí nad Labem Region
	CZ05 Severovýchod	CZ051 Liberec Region
		CZ052 Hradec Králové Region
CZ053 Pardubice Region		
CZ06 Jihovýchod	CZ063 Vysočina Region	
	CZ064 South Moravian Region	
CZ07 Střední Morava	CZ071 Olomouc Region	
	CZ072 Zlín Region	
CZ08 Moravskoslezsko	CZ080 Moravian-Silesian Region	

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [20.04.2022].

c) Identification of the subjects of regional policy

A subject of regional policy in the Czech Republic is the Ministry of Regional Development. EU funds for the Czech Republic are distributed through operational programs. The ministries act as coordinators of the programs. In the programming period 2007-2013, the funds for the regions were divided into 7 regional operational programs (ROPs) intended for the entire territory of the Czech Republic with the exception of the capital city. In the programming period 2014-2020, the regional programs implemented so far were included in the so-called Integrated Operational Program for Regional Development (IROP) for 2014-2020. During the 2021-2027 funding period, the IROP will continue. The Integrated Operational Program for Regional Development (IROP) is managed by the Ministry of Regional Development. Some of the IROP management staff is referred to as the IROP Governing Body. This body submits calls for proposals, determines the conditions for submitting projects and issues decisions on granting a subsidy. Projects are assessed and approved by the Centre for Regional Development of the Czech Republic. The Centre's regional offices are located in every capital city of the country, where it is possible to consult IROP projects.

d) Characteristics of the potential of subsequent regions

In the case of the Czech Republic, the characteristics refer to regions that are units of local government of a regional nature.

According to data for 2020, the Czech Republic has a population of 10,701,777 people, making the Czech Republic the 10th largest country in the EU in terms of population. The country covers 78,868 km², making the Czech Republic the 14th largest country in the EU.

Table 2. Characteristics of the regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Prague	496	1,335,084	64,600
Central Bohemian Region	10,928	1,397,997	26,800
South Bohemian Region	10,058	643,551	23,771
Plzeň Region	7,649	591,041	25,735
Karlovy Vary Region	3,310	293,311	18,530
Ústí nad Labem Region	5,339	817,004	20,963
Liberec Region	3,163	442,476	22,322
Hradec Králové Region	4,759	550,803	26,000
Pardubice Region	4,519	522,856	22,934
Vysočina Region	6,796	508,852	23,549
South Moravian Region	7,188	1,195,327	27,450
Olomouc Region	5,272	630,522	22,708
Zlín Region	3,963	580,119	24,816
Moravian-Silesian Region	5,427	1,192,834	22,800

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [20.04.2022].

Prague

It is the capital of the Czech Republic and the most important political, economic, educational and cultural centre of the country. Prague is both the capital of the country and the statutory city. It is the seat of the highest legislative, administrative and political organs of the country. The city covers an area of 496 km² and is inhabited by over 1,335,000 people. Prague is the main communication, economic and cultural centre of the state. It is the seat of over a dozen universities, including founded in 1348, the oldest in the Czech Republic, Charles University, the Czech University of Technology (České vysoké učení technické v Praze), the Higher School of Economics, the Academy of

Fine Arts and the Academy of Performing Arts. Prague has a developed service sector (84.8% of gross value added). In 2020, it was responsible for generating 27% of the country's GDP, and its GDP per capita reached 217.4% of the national average, occupying the highest position among all regions. Prague is the most popular tourist destination in the Czech Republic, with over 8 million visitors in 2019, i.e. before the COVID-19 pandemic, in the capital city's hotels, guesthouses and campsites.

Central Bohemian Region (Středočeský kraj)

The largest region in the Czech Republic in terms of area, number of communes and population. Its area, 10,928.5 km², covers almost 14% of the territory of the Czech Republic and is almost twice as large as the average area of the regions in the country. Right after Prague, Central Bohemia has the densest transport network in the country. The region is characterized by developed agricultural and industrial production. Gross GDP per capita in 2020 accounted for 89.4% of the average GDP per capita in the country, placing the region in third place in the Czech Republic. Gross value added (GVA) in the region reached CZK 602.5 billion in 2020, which translated into a share of 11.6% of the national value, being the second largest indicator after Prague. This result was significantly influenced by, among others, the share of the automotive industry and the favourable location of the region surrounding the capital of the country. The sectors' shares in gross value added in Central Bohemia amounted to, respectively: 52.2% - services, 45.4% - industry and 2.4% - agriculture. Agricultural production is distinguished mainly by plant production, the cultivation of wheat, barley, sugar beet and the cultivation of fruit, vegetables and flowers. Over 351,000 business entities have their headquarters in Central Bohemia. In organizational statistics, the region is characterized by a high proportion of the self-employed. The largest employer in the region and at the same time in the Czech Republic is ŠKODA AUTO, a.s., located in Mlada Boleslav.

South Bohemian Region (Jihočeský kraj)

It is located in the southern part of the country. It is a region with the lowest population density in the entire country. In 2020, 643,551 people lived there. The area of the region is 10,058 km², which is 12.8% of the country's territory. As a result, the region is the second largest region in the country, after Central Bohemia. The largest urban centre is České Budějovice. In 2020, South Bohemia accounted for 4.9% of the country's GDP, and GDP per capita reached 82.7% of the average for the Czech Republic, thus ranking eighth. The sectors' shares in gross value added in Central Bohemia amounted to 55.1% for the service sector, 40.5% for industry

and 4.4% for agriculture, respectively. Agriculture was dominated by the cultivation of cereals, oilseeds and fodder. The industry is dominated by the automotive industry, including the production of motor vehicles, trailers and semi-trailers, and the production of food products. Construction companies in the region accounted for 7.1% of the state's production. The average monthly gross salary in the region in 2020 was lower than the national average by 10.1%. At the end of 2020, 166,853 business entities were registered in the statistical register of business entities. The largest part was commercial activity. Among the most important business entities in the country there are institutions operating in the field of: engineering and production of machines and their parts, energy and food processing.

Plzeň Region (Plzeňský kraj)

It is located in the southwestern part of the Czech Republic. It has the longest border in the southwest with Germany (Bavaria). The Plzeň region is the third largest region in the Czech Republic in terms of area (7,649 km²) and the ninth largest region in terms of population (578,000) - 5.4% of the total population of the Czech Republic. It is the second most sparsely populated region in the country, after South Bohemia. The sectors' shares in gross value added in Central Bohemia amounted to 55.3% for the service sector, 41.4% for industry and 3.3% for agriculture, respectively. Its capital is Plzeň, the fourth largest city in the Czech Republic, with a population of 169,000 people. The capital of the region is home to the West Bohemian University and the Faculty of Medicine of the Charles University in Prague. The Plzeň region is one of the most economically developed regions in the Czech Republic, generating approx. 5.5% of the Czech Republic's GDP. In terms of its share of GDP per capita, it ranks fifth compared to other regions, mainly due to the strong economic performance of the city of Plzeň, which is estimated to generate almost two-thirds of the total GDP of the Plzeň region. The most important industries represented in the Plzeň region include: engineering, food industry, building and ceramic materials industry, energy production and distribution, and metallurgy. Companies with foreign capital constitute approx. 3.4% of all industrial enterprises in the region - twice as much as the national average. Within the Czech Republic, the Plzeň region belongs to the areas with a long-term lower unemployment rate, which amounts to approximately 2.55% (2021). As of December 31, 2020, 147,671 business entities were registered in the Plzeň region, which is 5.0% of the total number of registered business entities in the Czech Republic. Most entities operated in the sectors of trade, industry and construction. The largest employers in the region are: University Hospital Plzeň, University of West Bohemia in Plzeň and companies located in industrial zones in Plzeň and in zones built along the D5 motorway.

Karlovy Vary Region (Karlovarský kraj)

It is located in the western part of the Czech Republic. As of December 31, 2020, 293,311 people lived there, which is 2.8% of the population of the Czech Republic. With an area of 3,310 km², the region is one of the smallest in the country, occupying 4.2% of the territory of the Czech Republic. The Karlovy Vary region is especially famous for its spas. There are famous spa centres such as Mariánské Lázně, Františkovy Lázně, Kynžvart and Jáchymov Lázně. The sectors' shares in gross value added in the Karlovy Vary Region amounted to 63.9% for the service sector, 33.7% for industry and 2.4% for agriculture, respectively. In 2020, the Karlovy Vary Region accounted for approx. 1.7% of the Czech Republic's GDP, while GDP per capita reached 62.4% of the country's average. In 2020, there were 74,177 business entities registered in the region, of which service activities were the dominant sector. The largest and most important employers in the Karlovy Vary region include, among others: Sokolovská uhelná, a.s., which mainly deals with the extraction and processing of lignite, and Witte Nejde, which specializes in the production of locks and door handles for car manufacturers.

Ústí nad Labem Region (Ústecký kraj)

It is located in the northwest of the Czech Republic. Its area is 5,339 km² (6.8% of the country's area). The region has a population of 817,004 people. There are 4 areas that differ significantly in economic specialization, settlement and social structure, and the degree of environmental destruction. The vicinity of the towns of Chomutov, Most, Teplice and partly Ústí nad Labem is characterized by a typical industrial concentration, high population density and the presence of larger cities, while the economic structure is dominated by industry (energy, coal mining and chemical production). The rest of the region is characterized by agricultural and upland areas with a negligible share of industry in the economic structure. For decades, the Ústí nad Labem region was the country's energy centre (lignite mining, coal-fired power plants, energy). The focus on heavy industry had a significant impact on the occupational and educational composition of the population, so along with the restructuring of industry and services, there was a significant increase in unemployment. Agricultural production in the 1990s went through a period of strong decline in the region, but still maintained its position in the cultivation of hops. The sectors' shares in gross value added in the Ústí nad Labem region amounted to 52.5% for the services sector, 45.6% for industry and 1.9% for agriculture, respectively. In 2020, the Ústí nad Labem Region accounted for approx. 5.3% of the Czech Republic's GDP, and GDP per capita reached 69.8% of the national average.

Liberec Region (Liberecký kraj)

It is located in the north of the Czech Republic. Its northern end forms a 20-kilometer state border with the Federal Republic of Germany and a 130-kilometer-long border with Poland. The region is mainly industrial in nature. The glass and jewellery industry is present there, as well as the production and processing of plastics, mechanical engineering and the automotive industry. The territory of the Liberec region is an integral part of the Euroregion Neisse - Nisa - Nysa, established in 1991. The Technical University is located in the capital of the region, Liberec. The sectors' shares in gross value added in the Liberec region amounted to: 52.2% - services, 45.4% - industry and 2.4% - agriculture, respectively. In 2020, the region accounted for 3.2% of the state's GDP, and GDP per capita reached 76.2% of the country's average.

Hradec Králové Region (Královéhradecký kraj)

It is located in the north-eastern part of the Czech Republic. With an area of 4,759 km², the region covers about 6% of the Czech Republic. As of September 30, 2021, it had 550,803 inhabitants, which is 5.1% of the total population of the Czech Republic. The main centre of the region is the statutory city of Hradec Králové with 92,683 inhabitants. The second largest city with 29,958 inhabitants is Trutnov. The Hradec Králové Region is the fifth region in the Czech Republic with the highest share of usable agricultural land and arable land. As of December 31, 2020, usable agricultural land accounted for 58% of the total area of the country, arable land for 39%, and forests for 31%. The region can be characterized as an agricultural and industrial region with richly developed tourism. Industry is concentrated in large cities and intensive agriculture - in the Elbe region. In 2020, the region accounted for 4.7% of the Czech Republic's GDP. GDP per capita there reached 90.4% of the national average per capita, which puts the Hradec Králové Region in third place among the regions. The economy of the region employs a total of approx. 265 thousand people, of which 31% in industrial processing, 12% in wholesale and retail trade, 6% in construction, 4.7% in transport and storage, 6.8% in health care and social assistance, 7.4% in education, 5.4% in public administration and defence. In industry, the manufacturing industry is the most important one, dominated by the production of motor vehicles, the production of electrical equipment and the production of textiles. Many forms of cross-border cooperation are developing at the border with Poland. One of them is the Euroregion Glacensis, which was established in 1995 on the Polish-Czech border.

Pardubice Region (Pardubický kraj)

It is located in the eastern part of historical Bohemia, but also covers the north-western edge of the historical territory of Moravia. With an area of 4,519 km² (5.7% of the Czech Republic), it is the fifth smallest region in the Czech Republic. As of December 31, 2020, the region had 522,856 inhabitants, which is 4.9% of the total population of the country. 59.8% of the area of the Pardubice region is usable agricultural land, while arable land - 43.2%. Services dominate in gross value added - 53.6%. The share of industry in GAV is 42.8%, and agriculture - 3.6%. GDP per capita in 2020 was 82% of the national average. The region accounts for 4% of the GDP of the Czech Republic. Higher education in the country is represented by the University of Pardubice.

Vysočina Region (Kraj Vysočina) with its seat in Iglawa

It is one of the largest regions in the Czech Republic (6,795.73 km²). At the end of 2020, Vysočina had almost 509,000 inhabitants, which is the third lowest population among the regions of the Czech Republic. Together with the South Bohemian and South Moravian regions, it is involved in a number of activities in the field of cross-border cooperation with Austria. The region's economic performance is below the national average. The region's share in GDP in recent years has been around 4%. In 2020, GDP per capita of the region amounted to over CZK 445,000, or 83.7% of the Czech average. At the end of 2020, 116,400 entities were included in the register of business entities. In the Czech Republic, Vysočina came second to last, ahead of the Karlovy Vary Region, which, taking into account the number of inhabitants, indicates a lower level of economic activity. Agriculture (potato and oilseed production, cattle breeding) plays an important role in the region.

South Moravian Region (Jihomoravský kraj)

It is located in the south-eastern part of the Czech Republic, near the border with Austria and Slovakia. With an area of 7187,83 km² and a population of almost 1,179,000, it is one of the largest in the country. Its location on the historic connection, the north-south axis is relatively favourable from a geographic point of view. In the European Union, it borders on Slovakia and Austria, and in the country on the regions of South Bohemia, Pardubice, Olomouc, Zlín and Vysočina. The South Moravian Region is one of the regions with great economic potential. Especially in recent years, the number of business entities in the field of IT, telecommunications, software development and other high-tech areas has been growing. It also significantly

supports the development of technology and biotechnology incubators for start-up companies. The GDP generated represents 10.8% of the GDP of the Czech Republic. The achieved share of GDP corresponds to the share of the region's population in the Czech population, which is 11.1%. Due to the industrial traditions of the region's capital - Brno - and its surroundings, industry continues to occupy a significant position in Czech economy, accounting for 33% of the region's total gross value added. An important part of regional cooperation, supported mainly by the South Moravian Regional Office, is the creation of micro-regions. Cross-border cooperation is also developing in the Pomoraví Euroregion, which connects Weinviertel, South Moravia and West Slovakia. The seat of the region is Brno, which is the second largest city in the Czech Republic, both in terms of population and area, and the largest urban centre in Moravia. Numbering approx. 382,000 inhabitants, the city is one of the most important educational centres in the Czech Republic. There are over a dozen universities with 83,000 students. The city is also one of the most important economic centres, with a developed manufacturing industry and a sector of new technologies.

Olomouc Region (Olomoucký kraj)

It is situated in the central part of Moravia and extends to its northern part. The area of the region is 5,267 km² and constitutes 6.7% of the total area of the Czech Republic. It is therefore one of the smaller regions, ranking eighth among the 14 regions of the Czech Republic. With 622,813 inhabitants (as of December 31, 2021), the region ranks sixth among the 14 regions of the Czech Republic (representing 6.1% of the total population of the Czech Republic). In the north, the Olomouc region borders on Poland (104 km), in the east on the Moravian-Silesian Region, in the south on the South Moravian Region and the Zlín Region, and in the west on the Pardubice Region. GDP per capita in 2020 was 78.8% of the national average. The region accounts for 4.7% of the GDP of the Czech Republic. Services dominate in gross value added in the Olomouc Region, as in most regions - 57.5%. The share of industry in GAV in 2020 was 39.2%, and agriculture - 3.2%. Usable agricultural land in the country covers 53.0%. There are also numerous forest areas (34.9% of the total area of the region), especially in the north, in the Jeseník district (59.5%) and in the Šumperk district (48.5%). The seat of the region is the city of Olomouc, with about 101,000 inhabitants, being the centre of the region and a significant academic centre, with the second oldest university in the country (Palacky University in Olomouc). The city is also an important tourist destination, with the second largest historic urban area in the Czech Republic after Prague.

Zlín Region (Zlínský kraj)

It is situated in the eastern part of the Czech Republic, and its eastern end is the border with Slovakia. It borders on the South Moravian Region in the south-west, the Olomouc Region in the north-west and the Moravian-Silesian Region in the north. With an area of 3,963.04 km², it is the fourth smallest region in the country. At the end of 2020, 580,000 people lived in the Zlín Region. The seat of the region is city of Zlín with approx. 74,000 inhabitants, distinguished by functionalistic architecture. In terms of GDP, the region ranks 10th in the Czech Republic (4.6%). In 2020, the region's average GDP per capita was CZK 452,650 (85.1%). The region's industrial potential is created by production companies, which account for 15.0% of all registered business entities. These are mainly companies from the metal and wood industries. Due to the slope and uneven terrain in a large part of the region, cultivation is difficult. The sectors' shares in gross value added in the Zlín Region amounted to: 47.3% - services, 50.2% - industry and 2.5% - agriculture, respectively.

Moravian-Silesian Region (Moravskoslezský kraj)

It is the most densely populated region (except Prague) in the Czech Republic (12.2% of the population lives on 6.9% of the country's territory). It is situated in the north-eastern part of the Czech Republic. In the north and east it borders on the Polish voivodeships - Silesian and Opole, in the south-east on the Žilina region in Slovakia. As part of the regional organization of the Czech Republic, it borders on the Olomouc Region. The cross-border nature of the region creates opportunities for effective cooperation, which is why 4 Euroregions operate here - Beskidy, Pradziad, Silesia and Cieszyn Silesia. Historically, most of the Moravian-Silesian Region was one of the most important industrial areas. The main part of the region, concentrated around the cities of Ostrava, Havířov, Karviná and Frýdek-Místek, is one of the most densely populated areas in the Czech Republic. The region's capital - Ostrava - is the third largest city in the Czech Republic. Approx. 285,000 people live in Ostrava, while the entire agglomeration of Ostrava is inhabited by approx. 1 million people, thus creating the second largest urban agglomeration in the Czech Republic, after Prague. The city is a significant economic and educational centre of the Czech Republic. There are several universities in the region, including Vysoká škola báňská - Ostrava University of Technology, University of Ostrava and University of Silesia in Opava. The Moravian-Silesian Region is an important centre of metallurgical production, and at the same time almost all hard coal production in the Czech Republic is concentrated there (although the mining output is falling). In addition to traditional industries, in the region also the

production and distribution of electricity, gas and water, the production of means of transport, and the chemical and pharmaceutical industries are increasing. The sectors' shares in gross value added in the Moravian-Silesian Region amounted to: 54.7% - services, 43.62% - industry and 1.7% agriculture. GDP per capita in 2020 was 78.0% of the state average. The region accounts for 8.7% of the GDP of the Czech Republic.

e) The role of regions in regional development

For the **programming period 2014-2020**, almost EUR 24 billion has been allocated to the Czech Republic from the European Structural and Investment Funds (ESIF). During this period, the Czech Republic obtained funding from 10 thematic programs, of which the largest funds in 2014-2020 were accumulated in the Integrated Regional Operational Program (EUR 4.76 billion), Transport Operational Program, Entrepreneurship Operational Program, Environment Operational Program, Research Operational Program, Rural Areas Development Operational Program and Employment Operational Program.

As part of the European Structural and Investment Funds, projects implemented under: the European Regional Development Fund (ERDF) - 51.3%, the Cohesion Fund (CF) - 21%, the European Agricultural Fund for Rural Areas Development - 14.2% and the European Social Fund - 13.2%, which were mostly focused on creating jobs, supporting companies and the business environment, improving infrastructure and environmental conditions, and developing human resources, predominate. In the programming period 2014-2020, the regional programs implemented so far under the ROP were included in the so-called Integrated Operational Program of Regional Development for the years 2014-2020, managed by the Ministry of Regional Development, and not as before - by regions. The objectives of the Integrated Operational Program - Regional Development for 2014-2020 were: development of public transport infrastructure, innovative forms of tourism and support for cultural sectors, improvement of energy efficiency of buildings, public infrastructure and promotion of low-emission strategies, development of services in the field of social integration and health protection, development of educational infrastructure, integrated urban and territorial development, ICT development within territorial public administration and increase of institutional capacity and territorial efficiency of public administration, support for obtaining planning and program documentation for regions and communes. Until January 1, 2021, 10,383 contracts for project financing in the amount of CZK 122 billion were signed with beneficiaries (the total allocation for this period was CZK 125 billion), the value of the beneficiaries' expenditure settled

at the state level was nearly CZK 61 billion. The presented data relate to the IROP program for 2014-2020. Supported projects can be implemented until 2023.

Table 2. Completed and settled projects in particular regions in 2014-2020

Region	Value in CZK	Number of projects
Prague*	2,145,684,919	57
Central Bohemian Region	7,896,816,527	797
South Bohemian Region	5,279,839,380	616
Plzeň Region	3,179,477,947	385
Karlovy Vary Region	1,892,881,959	253
Ústí nad Labem Region	3,166,103,078	373
Liberec Region	2,440,836,117	273
Hradec Králové Region	4,709,541,266	534
Pardubice Region	2,886,058,663	459
Vysočina Region	3,698,074,801	379
South Moravian Region	7,473,317,417	608
Olomouc Region	4,522,782,626	585
Moravian-Silesian Region	7,708,674,735	898
Zlín Region	3,756,898,979	577
Total	60,756,988,416	6 794

* In the case of projects implemented in the capital of the country - the project has a nationwide scope.

Source: Official website of the IROP program for 2014-2020, <https://irop.mmr.cz/cs/ostatni/web/novinky/irop-hodnoti-uspechy-za-obdobi-2014-2020>.

In the programming period for the years 2021-2027, the Integrated Operational Program for Regional Development (IROP) will be continued. The priority of the program is balanced territorial development, improvement of infrastructure, improvement of public services and public administration, and ensuring sustainable development of communes, cities and regions. The program covers 13 regions of the Czech Republic, excluding Prague. As the objectives of the IROP, three main directions have been set, i.e. ensuring sustainable development in the regions, ensuring sustainable development of the country's territory, improving public services and management in order to increase competitiveness in Europe. The activities that are to fulfil the indicated objectives include, among others: development of transport infrastructure of class II roads, development of urban mobility, revitalization of cities and communes, clean and active mobility, local community-led development, development of cultural heritage and tourism, improvement of efficiency of public administration (eGovernment and cybersecurity), improvement of the quality and accessibility of social and health services and educational infrastructure, development of health-care, social and educational infrastructure. EUR 4.8 billion will be allocated to the program.

Participation in macro-regional strategies

The Czech Republic is participating in the implementation of:

- The European Union Strategy for the Danube Region (EUSDR).

Szczepan Czarnecki

THE REPUBLIC OF ESTONIA

a) Political system and administrative division of the country

Estonia is a parliamentary republic. Legislative power belongs to the unicameral parliament (Riigikogu), made up of 101 members, directly elected every 4 years. The head of government - the prime minister - is appointed by the president and approved by the parliament. It is responsible for the executive authority of the government. The head of state - the president - is elected by the parliament or the electoral college for 5 years.

In the light of the 1992 Constitution, Estonia is a unitary state (Art. 2)⁹. **The territorial organization is two-tier:**

- 64 rural municipalities (vald) and 15 urban municipalities (linn). As of January 2021, the smallest municipality of Estonia, Ruhnu (an island in the Baltic Sea, belonging to the Saare region), has 140 inhabitants, and the largest, Tallinn, has 438,341 people.
- 15 counties (maakonnad). These are state administration units that constitute a decentralized level of central government. They are not local governments,

do not have separately elected representative bodies or other significant independent competences. Till the end of 2017 each county had its own county government (maavalitsus) headed by a county governor (maavanem). A county governor was appointed by the central government and represented it at the regional level. After the 2017 administrative-territorial reform their tasks were transferred to central ministries, other government bodies (like agencies) or municipalities. Thus, there is no regional level of local government in Estonia, and municipalities are the only level of local government.

Local government is the right guaranteed by the Constitution, which stipulates that all local affairs are determined and administered by local authorities, which perform their duties autonomously, in accordance with the law (Art. 154). Local government operates on the basis of the Act on the organization of local government of June 2, 1993. It has been amended many times - it was adopted in its present form on June 16, 2021 and has been in force since October 18, 2021¹⁰. This Act defines functions, tasks and organization of local government, as well as relations between individual local government authorities and between

⁹ Constitution of the Republic of Estonia, <https://www.president.ee/en/republic-of-estonia/the-constitution/index.html> [15.04.2022].

¹⁰ Riigi Teataja, Local Government Organisation Act, <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/530082021001/consolidate> [07.05.2022].

local government and central authorities. The **municipal council** (volikogu), whose system is defined in Chapter 2 of the Act, is the municipal’s legislative body and consists of members whose number depends on the demographic size of the municipality, elected through direct universal election for a four-year term. The city council appoints and may dismiss the chairman of the council and the mayor. In its work, it is supported by sectoral committees. Chapter 3 of the Act is devoted to the local executive authorities, which make up the **municipal administration** (valitsus) and the **mayor** (vallavanem in rural municipalities and linnaeapea in cities). Local government is made up of the mayor and members appointed by the mayor with the approval of the council. Members of the local government cannot be part of the municipal council. The mayor is appointed by the municipal council for a four-year term. He/she is a representative of the local government, but cannot be the chairman/woman of the city council.

In Art. 154 the Estonian Constitution introduces differentiation between local government tasks (“local affairs”) and

national tasks (“national government duties”). Local government has general powers to make decisions on local government tasks and to organize them, i.e. to decide and manage all matters of local life without special authorization. **It is impossible to establish an exhaustive list of local government tasks, i.e. their closed catalogue, because they may be mandatory or voluntary.** The former result from the provisions of the act on the organization of local government - they include delegated powers, e.g. organizing social welfare services, organizing cultural, sports and youth activities, housing and municipal management, cleaning and waste management, coordinating spatial planning, local public transport. On the other hand, voluntary local government tasks are tasks which the local government is not obliged to implement, but can do so at any time. This is due to the fact that the local government has the so-called right to discover new tasks in the field of local affairs (issues that arise from the local community, concern it and do not fall within the competence of any state body). They include, among others, the following tasks: cooperation with other (including foreign) local

Map 1. The administrative division of the Republic of Estonia into counties (as of 29.04.2022)



Source: *Counties Of Estonia Map*, <https://www.worldatlas.com/upload/4a/46/b4/counties-of-estonia-map.png> [15.04.2022].

governments, organizing various cultural events, creating opportunities for the development of tourism and recreation, or creating specific structural units.

Most Estonian municipalities maintain relations and have friendship and cooperation agreements with local authorities abroad, most of which are located in the Baltic and Nordic states. Estonian local authorities are represented, through a national association, on the Committee of the Regions of the European Union (full membership since accession in 2004). The Congress of Local and Regional Authorities in Europe (CLRAE) is another important international forum for Estonian local governments. The Association of Estonian Cities and Municipalities (AECM) is a member of the Council of European Municipalities and Regions (CEMR), the United Cities and Local Governments (UCLG) and the Conference of Peripheral Maritime Regions of Europe (CPMR). AECM is also actively involved in the Baltic Sea Sub-Regional Cooperation (BSSSC).

The current administrative division was introduced by the Administrative Reform Act, adopted on June 7, 2016 (entered into force on January 1, 2017)¹¹. According to it, all local government units must have at least 5,000 inhabitants (§ 3). Until the end of 2016, local government units that did not meet this criterion could negotiate mergers on their own initiative (§ 2). As at the beginning of 2017, these criteria were not met by 26 local government units, and initiating mergers has become the competence of the government. Ultimately, the reform was completed before the local government elections in October 2017. The aim of the reform was to increase the capacity of local government units - municipalities, and to ensure a more coherent regional development, as set out in § 1 of the Administrative Reform Act. The act did not provide for any changes in the policy area and competences of local governments.

Counties governments and county governors were abolished as part of the administrative and territorial reform of 2017, and their tasks, as of January 1, 2018, were delegated

¹¹ Riigi Teataja, Administrative Reform Act, <https://www.riigiteataja.ee/en/eli/ee/514072016004/consolide/current> [15.04.2022].

to ministries, other government bodies or municipalities¹². Each governmental body can create its own territorial structure, which does not have to be compatible with the territorial structure of other bodies or the number of regions. With this change, territorial administration has in principle been abolished as regions have lost their importance and function mainly as the lowest level of cooperation between municipalities. Accordingly, **although there are regions, policy is not made at the regional level.** There are regional agencies that implement centrally managed policy at the regional level and provide coordination in certain areas. The competences of the counties authorities are very limited and mainly concern tasks related to planning the development of the region (Regional Development Centres) and population registration (including registration of divorces, marriages, procedures related to surnames, and even gender reassignment). In addition, there are joint centres and associations of local governments at the counties level that manage public transport within the county, health promotion, the organization of cultural events and educational events at the regional level. In contrast, in many policy areas, counties do not have any competences.

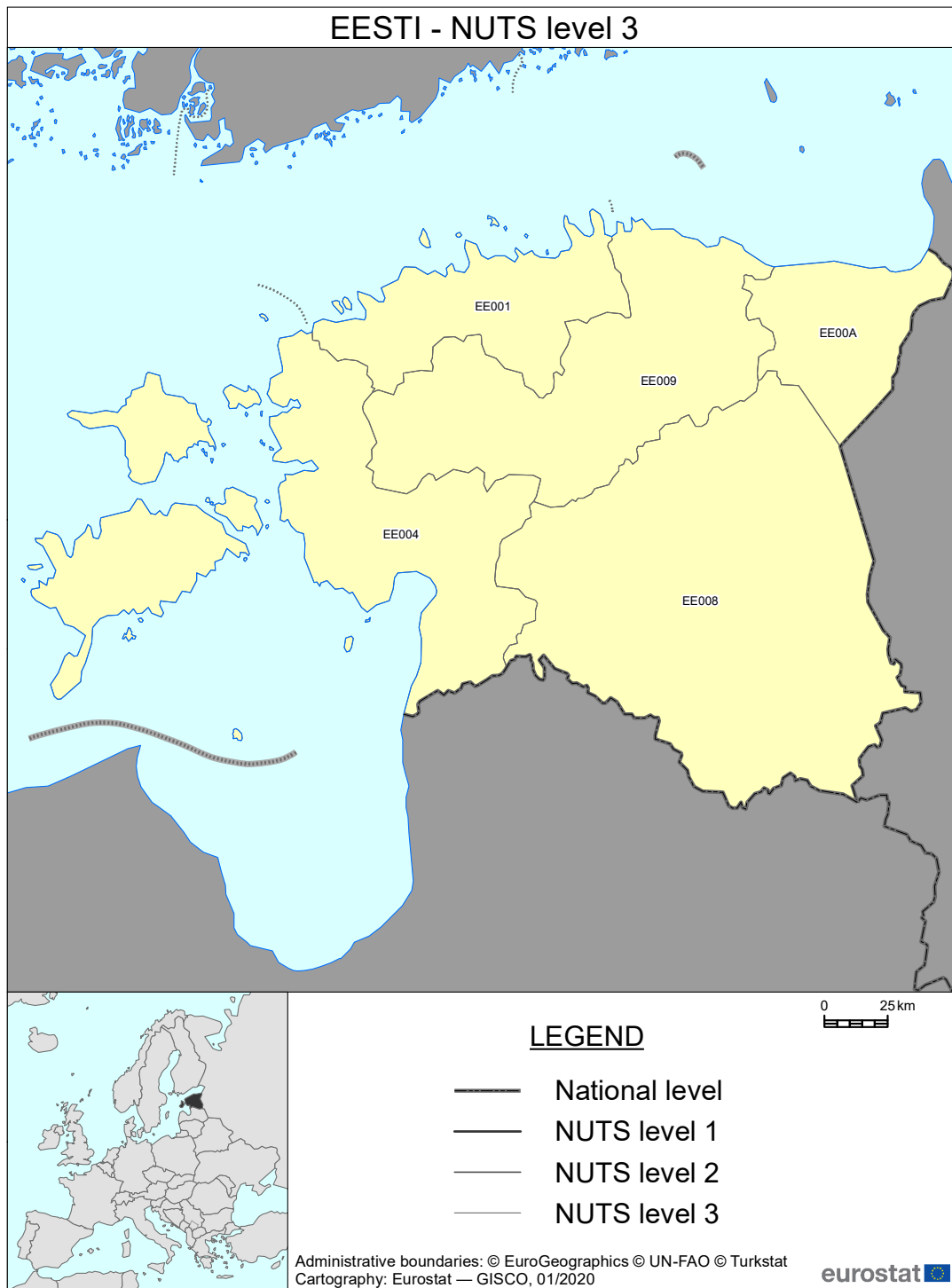
b) NUTS units

According to the NUTS 2021 revision, there are 7 NUTS units in the country:

- NUTS 1 – macro-regions – 1 unit,
- NUTS 2 – regions – 1 unit,
- NUTS 3 – sub-regions – 5 units.

¹² Riigi Teataja, Maavalitsuste tegevuse lõpetamisest tulenev Vabariigi Valitsuse seaduse ja teiste seaduste muutmise seadus [Act Amending the Government of the Republic Act and Other Acts Regarding the Abolishment of County Governments], <https://www.riigiteataja.ee/akt/104072017001> [15.04.2022].

Map 2. List of NUTS 2021 units in the Republic of Estonia



Source: Estonia – NUTS 3, <https://ec.europa.eu/eurostat/documents/345175/7451602/2021-NUTS-3-map-EE.pdf> [15.04.2022].

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3
EE0 Estonia	EE00 Estonia	EE00A North-East Estonia (Kirde-Eesti) EE001 North-Estonia (Põhja-Eesti) EE004 West-Estonia (Lääne-Eesti) EE008 South-Estonia (Lõuna-Eesti) EE009 Central-Estonia (Kesk-Eesti)

The NUTS 3 level combines regions (maakond) into the following groups:

- EE001 North-Estonia (Põhja-Eesti) –Harju county (with the capital city of the country – Tallinn);
- EE004 West-Estonia (Lääne-Eesti) –Hiiumaa, Lääne, Pärnu and Saare counties;
- EE009 Central-Estonia (Kesk-Eesti) –Järva, Lääne-Viru and Rapla counties;
- EE00A North-East Estonia (Kirde-Eesti) – Ida-Viru county;
- EE008 South-Estonia (Lõuna-Eesti) – Jõgeva, Põlva, Tartu, Valga, Viljandi and Võru counties.

c) Identification of the subjects of regional policy

The Ministry of Finance of Estonia is a subject of regional policy that analyses and monitors the development of individual counties and ensures that regional policy priorities are integrated into all other national policy areas. It develops and provides guidelines and supporting documents on which regional policy is based. Through the Department of Regional Development, it coordinates the work of various cooperation networks through which information is exchanged at the national level. It participates in the works of several international working groups at the European Union and the Organization for Economic Cooperation and Development. In addition, it supports counties with development organizations (MARO, maakondlikud arendusorganisatsioonid), preparing a poviat development strategy and coordinating its implementation.

The **State Shared Service Centre** (Riigi Tugiteenuste Keskus - RTK, State Shared Service Centre - SSSC) is a government agency under the Ministry of Finance. It performs the tasks of the managing institution, which provides information on programs, selects projects and monitors their implementation. The SSSC has been operating since January 1, 2013. Initially, it provided accounting services for four ministries: the Ministry of Finance, the Ministry

of Justice, the Ministry of Social Affairs and the Ministry of Economic Affairs and Communication. The SSSC provides various ancillary services to central government agencies (which have concluded an appropriate ancillary service agreement) and acts as the managing and paying institution for the European Union structural funds and cross-border programs (from September 2018); Liaison Office for Norway and EEA funds; and, in the cases provided for by law, the tasks of the implementing unit.

d) Characteristics of the potential of subsequent regions

In the case of Estonia, due to the large number of municipalities that are local government units and their small territorial and demographic potential, counties that are government administration units in the area were selected for the characteristics.

Table 2. Characteristics of subsequent regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Harju	4,327	605,029	28,928
Hiiumaa	1,032	9,315	8,073
Ida-Viru	2,972	134,259	11,665
Jõgeva	2,545	28,442	9,295
Järva	2,674	30,174	12,609
Lääne	1,816	20,444	10,314
Lääne-Viru	3,696	58,862	12,966
Põlva	1,823	24,647	7,758
Parnawa	5,419	86,185	11,883
Rapla	2,765	33,282	9,541
Saaremaa	2,938	33,083	11,712
Tartu	2,993	153,317	19,280
Valga	1,917	28,204	7,981
Viljandi	3,422	46,161	12,388
Võru	2,305	35,415	8,496

Source: Statistics Estonia, Statistical database, <https://andmed.stat.ee/en/stat>.

Harju county (Harju maakond)

Harju county is situated in the northern part of Estonia. It consists of 16 municipalities (4 cities, including the capital of Estonia - Tallinn - and 12 rural local governments). It is the largest region of Estonia in terms of population (45.53%), the average population density is approx. 140 people/km². GDP in 2020 amounted to EUR 17,604.83 million, which accounted for 65.6% of the GDP of the entire

country. Services (79.5%) as well as industry and construction (20.2%) dominate in the GDP generation structure, while agriculture, forestry and fishery account for only 0.3% of the county's GDP. Harju county is characterized by an above-average value of GDP per capita - in 2020 it amounted to EUR 28,927.62, which was 143.3% compared to the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,653 (the average for Estonia is EUR 1,515).

Tallinn is the largest economic, scientific and cultural centre. The largest Estonian companies have their headquarters in Tallinn, including Eesti Energia, AS (state-owned energy group, value in 2021: EUR 2,092.57 million, also present on the Polish market - Enefit), Tallink Grupp (a private company operating in the transport sector, value in 2021: EUR 1,200.84 million) or Riigi Kinnisvara (a state-owned company operating in the development industry, value in 2021: EUR 922.39 million) and banks: Swedbank, Luminor Bank, SEB Pank, often owned by international groups. Tallinn is also a university city. The largest universities are: Tallinn University (TLU, 7,000 students), Tallinn University of Technology (TalTech, 9,200 students) and Estonian University of Life Sciences (EMU, 3,000 students).

Hiiu county (Hiiu maakond)

Hiiu county is located in the northwest of Estonia. It consists of one municipality, including the second largest island of Estonia - Hiiumaa (1,018 km²), and a number of smaller islands and islets. It is the smallest region of Estonia in terms of population (only 0.7% of Estonia's population) and area. The average population density is just over 9 people/km². Also in economic terms, Hiiu county is the smallest unit - GDP in 2020 amounted to EUR 75.62 million, which accounted for 0.3% of the GDP of the entire country. Services (50.4%) as well as industry and construction (41.5%) dominate in the GDP generation structure, while agriculture, forestry and fishery account for 8.1% of the county's GDP. Hiiu county is one of the poorest in terms of GDP per capita - in 2020 it amounted to EUR 8,072.53, which was 40.0% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,163 (the average for Estonia is EUR 1,515).

The largest economic centre and the only city is Kärdla (slightly over 3,000 inhabitants). The most important sectors of economy are: trade, industry (especially wood and plastic industries), construction, tourism (especially in summer), transport, agriculture and fisheries.

Ida-Viru county (Ida-Viru maakond)

Ida-Viru county is situated in the northeastern part of Estonia. It consists of eight municipalities (4 urban and 4 rural municipalities). It is one of the largest regions in Estonia in terms of population (10.10%), the average population density is approx. 45 people/km². GDP in 2020 amounted to EUR 1,555.81 million, which accounted for 5.8% of the GDP of the entire country. The GDP generation structure is dominated by industry and construction (53.2%) and services (46.0%), while agriculture, forestry and fishery constitute only 0.8% of the county's GDP. GDP per capita of this county in 2020 amounted to EUR 11,665.17, which was 57.8% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,202 (the average for Estonia is EUR 1,515).

The administrative centre is located in Jõhvi (just over 10,000 people), and the largest city is Narva (the third largest city in Estonia, with a population of around 53,000). There are two university colleges in the county: Tartu University Narva College and TalTech Virumaa College, and two vocational training centres. In 2021, several famous Estonian entrepreneurs opened a coding school in Jõhvi. Ida-Viru is primarily an industrial area. There are oil shale mines and the largest complex of power plants in Estonia - Narva Elektriijaamad (owned by Eesti Energia), consisting of two power plants: Eesti and Balti, where electricity is produced from oil shale. The largest companies operate in the chemical industry (Viru Keemia Grupp, NPM Silmet, AS Velsicol, EuroChem, Eastman) and the metal and machine industry (Fortaco Well Technology, Hanza Mechanics). The export, import and transit of goods is possible through the main port of the region - Port Sillamäe, which is located in north-eastern Estonia, 25 km from the European Union border with Russia, and is open and navigable all year round.

Jõgeva county (Jõgeva maakond)

Jõgeva county is situated in eastern Estonia. It consists of three rural municipalities. It belongs to the group of smaller regions of Estonia in terms of population (2.14% of Estonia's population) and area. The average population density is just over 11 people/km². Also in economic terms, the county of Jõgeva is a relatively small unit - GDP in 2020 amounted to EUR 263.26 million, which accounted for 1.0% of the country's GDP. Services (50.9%) as well as industry and construction (35.7%) dominate in the GDP generation structure. Agriculture, forestry and fishing account for 13.4% of the county's GDP (one of the regions with the highest share of these sectors). Jõgeva county is one of the poorest in terms of GDP per capita - in 2020 it amounted to EUR 9294.80, which was 46.0% of the average for the whole country. The average gross monthly

salary in the fourth quarter of 2020 was EUR 1,222 (the average for Estonia is EUR 1,515).

The administrative centre is located in the largest city in the region, which is Jõgeva (approx. 5,500 inhabitants). One of the most important sectors of the economy is agriculture. The most famous agricultural enterprises are: Orkla Eesti AS (the factory in Põltsamaa is known primarily as a producer of juices, canned vegetables, soups, mustard and wine), Epiim (one of Estonia's largest producers and exporters of cheese, butter and powdered milk), Scanola Baltic (producer of oils) and Sadala Agro (cultivation of cereals as well as propagation and sale of certified seeds). Fishing (the region borders on the east with Lake Peipus, which is one of the largest lakes in Europe) and the wood industry (Estonian Plywood and Lemeks - plywood producers, Palmako - a producer of garden architecture, Baltania - known for its torrefaction of biomass, Scandiwood - producer floor panels), but also the metal industry (Birger - producer of hook containers (HL type), Kitzinger Progress - steel products and structures) are equally important.

Järva county (Järva maakond)

Järva county is situated in the central part of Estonia. It consists of three municipalities: 2 rural municipalities and 1 urban municipality. It belongs to the group of smaller regions of Estonia in terms of population (2.27% of Estonia's population) and area. The average population density is just over 11 people/km². Also economically, Järva county is a relatively small unit - GDP in 2020 amounted to EUR 379.04 million, which accounted for 1.4% of the GDP of the entire country. In the GDP generation structure, the share of industry and construction (43.8%) is slightly higher than that of the services sector (42.6%). Agriculture, forestry and fishing generate 13.6% of the county's GDP (one of the regions with the highest share of these sectors). Järva county is one of the richest in terms of GDP per capita - in 2020 it amounted to EUR 12,609.28, which was 62.5% of the average for the whole country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,418, close to the Estonian average of EUR 1,515.

The administrative centre is located in the largest city in the region, which is Paide (approx. 8,000 inhabitants). Two main national roads (E263 and national road No. 5) pass through the county, intersecting in Mäo, making it easy to access all regions of Estonia. Several industrial parks are located along these roads (e.g. in Türi). Järva county is agricultural - a large acreage of fields and meadows enables the operation of several agricultural enterprises and the food industry (e.g. E-Piim, EuroLeib). The county is known for its wood processing and engineering companies that take advantage of its dense forests. Companies from this sector (Graanul Invest - a producer of wood pellets, Stora Enso - a concern producing renewable materials, also present in

Lublin, or Thermoarena - a producer of thermally modified wood) are willing to introduce innovation and high-tech/clean-tech production. The production of building materials and the metal industry are also well developed.

Lääne county (Lääne maakond)

Lääne county is situated in the northwest of Estonia. It consists of three municipalities: 2 rural municipalities and 1 urban municipality. It belongs to the group of smaller regions of Estonia in terms of population (1.54% of Estonia's population) and area. The average population density is just over 10 people/km². Also in economic terms, Lääne county is one of the smaller units - GDP in 2020 amounted to EUR 210.51 million, which accounted for 0.8% of the GDP of the entire country. Services (61.3%) as well as industry and construction (31.1%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate 5.7% of the county's GDP. Lääne county is one of the poorest in terms of GDP per capita - in 2020 it amounted to EUR 10,314.34, which was 51.1% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,237 (the average for Estonia is EUR 1,515).

The largest economic centre and the only city is Haapsalu (just over 9,400 inhabitants), which also has an administrative centre. The most important sectors of economy include trade, industry (especially the wood industry, e.g. furniture manufacturer Helland Baltic, and the metal industry - Haapsalu Metal), tourism (especially in summer), transport, and agriculture and fisheries. Companies from the wood sector have a significant position in terms of the number of employees and the size of industrial production. They gradually moved from the production of sawn timber to the production of final products: plywood, veneer, fibreboard, windows and doors, furniture, log houses, prefabricated houses.

Lääne-Viru county (Lääne-Viru maakond)

Lääne-Viru is situated in the northern part of Estonia. It consists of eight municipalities (1 urban and 7 rural municipalities). It is one of the largest regions in Estonia in terms of population (4.43%), the average population density is approx. 16 people/km². GDP in 2020 amounted to EUR 761.87 million, which accounted for 2.8% of the GDP of the entire country. The share of individual sectors in the GDP generation structure is balanced: industry and construction (38.2%), services (37.7%), while agriculture, forestry and fishery generate 24.1% of the county's GDP. GDP per capita is also one of the highest in Estonia and in 2020 it amounted to EUR 12,966.17, which was 64.2% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,233 (the average for Estonia is EUR 1,515).

The administrative centre and an important regional centre of industrial activity are located in the largest city in the county - Rakvere (approx. 15,000 inhabitants). Other notable entrepreneurial regions include the cities of Kunda and Tapa, where several important industries can be found. The largest enterprises in the county operate in the food (HKS-can Estonia and OG Elektra) and wood industries (Estonian Cell - pulp and paper manufacturer, part of the Heinzl Group, JELD WEN - door manufacturer, Flexa - furniture production). The building materials industry includes the cement plant Kunda Nordic Tsement (belongs to the HeidelbergCement Group) and Wienerberger AS - a producer of ceramic tiles, bricks and clinker tiles (belongs to the Wienerberger group). Large infrastructure projects, in particular the expansion of the Kunda Port and the development of shipping routes in the region, have a significant impact on the development of industry in the region.

Põlva county (Põlva maakond)

Põlva county is situated in the south-eastern part of Estonia. It consists of three municipalities. It belongs to the group of smaller regions of Estonia in terms of population (1.85% of Estonia's population) and area. The average population density is around 14 people/km². Also in economic terms, Põlva county is one of the smaller units - GDP in 2020 amounted to EUR 190.95 million, which accounted for 0.7% of the GDP of the entire country. Services (51.9%) and industry and construction (31.3%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate 16.8% of the county's GDP. Põlva county ranks last in terms of GDP per capita - in 2020 it amounted to EUR 7759.94, which was only 38.4% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,324 (the average for Estonia is EUR 1,515).

The largest economic centre and the only city is Põlva (approx. 5,500 inhabitants), which also has an administrative centre. One of the characteristic aspects of the business environment in Põlva county is the high proportion of micro-enterprises, such as the pharmaceutical industry Acino Estonia OÜ. The main sectors of economy include: agriculture (Atria Eesti AS - pork producer, Tere Piim AS - dairy processing), forestry (Peetri Puit OÜ - glued laminated timber producer) and fishing. Tourism plays an important role in the region as well as in neighbouring regions. Räpina Paberivabrik AS is located here - the largest producer of packaging corners in the Baltic and Nordic countries (also in the top three in the world in terms of this assortment).

Pärnu county (Pärnu maakond)

Pärnu county is located in the southwestern part of Estonia, on the border with Latvia. It consists of seven municipalities: 1 urban and 6 rural. It is the largest region in Estonia in terms of area and belongs to the group of larger regions in terms of population (6.49% of Estonia's population). The average population density is around 16 people/km². In economic terms, Pärnu county is one of the largest units - GDP in 2020 amounted to EUR 1,023.84 million (4th place), which accounted for 3.8% of the GDP of the entire country. Services (57.6%) as well as industry and construction (36.8%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate 5.6% of the county's GDP. Pärnu county also ranks high (6th) in terms of GDP per capita - in 2020 it amounted to EUR 11,883.48, which was 58.9% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was only EUR 1,185 (the average for Estonia is EUR 1,515).

The largest economic centre is Pärnu (Estonia's fourth largest city with approx. 40,000 inhabitants), which also has an administrative centre. The most important sectors of economy include: trade, industry (especially wood industry, such as Metsä Wood, Nordic Fiberboard OÜ, and electronics industry - Note Pärnu), tourism (especially in summer) as well as agriculture and fisheries. Companies in the transport sector use the port of Pärnu, which is located in the southwestern part of Estonia, at the mouth of the Pärnu River, and in recent years has become a significant regional port in southwest and southern Estonia.

Rapla county (Rapla maakond)

Rapla county is situated in the western part of Estonia. It consists of four rural municipalities. It belongs to the group of medium-sized regions in Estonia in terms of population (2.5% of Estonia's population) and area. The average population density is around 12 people/km². In economic terms, Rapla county is one of the average units - GDP in 2020 amounted to EUR 317.41 million, which accounted for 1.2% of the GDP of the entire country. The share of services (46.6%) and industry and construction (45.3%) in the GDP generation structure is similar, while agriculture, forestry and fishery generate 8.2% of the county's GDP. Rapla county is one of the poorest units in terms of GDP per capita - in 2020 it amounted to EUR 9 540.57, which was only 47.3% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,263 (the average for Estonia is EUR 1,515).

The administrative centre is located in the city of Rapla (approx. 5,100 inhabitants). The centre of the Rapla region is only 50 km from the capital, which provides quick access to the international airport, cargo and passenger ports. It

is also close to other transport hubs such as the ports of Paldiski and the Port of Pärnu. Via Baltica also runs through the region, and the construction of the Rail Baltica railway infrastructure is currently underway.

Enterprises in the county are very diverse, with many SMEs operating there. In addition, several large international corporations such as Lallemand (Canada), OI Production (USA), Lindström (Sweden) have set up their production units there. Most of the companies are involved in the production of wooden products and furniture (Vindor OÜ, Kohila Vineer OÜ, Arca Nova Element OÜ, Cube House OÜ), metals (Oniar OÜ, Norcar-BSB Eesti AS), plastics (O-I Production Estonia, Krynicki Glass Recycling OÜ). It is the number and variety of small enterprises that are the main assets of the economic life in this region.

Saaremaa county (Saare maakond)

Saaremaa is located in the western part of Estonia and includes the islands of Saaremaa, Muhu and Ruhnu. It consists of three rural municipalities. It belongs to the group of medium-sized regions in Estonia in terms of population (2.49% of Estonia's population) and area. The average population density is just over 11 people/km². In economic terms, Saaremaa county is one of the average units - GDP in 2020 amounted to EUR 388.01 million, which accounted for 1.4% of the GDP of the entire country. Services (60.8%) as well as industry and construction (34.2%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate 5.0% of the county's GDP. Saaremaa county is also in the middle in terms of GDP per capita - in 2020 it amounted to EUR 11,712.07, which was 58% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,209 (the average for Estonia is EUR 1,515).

The largest economic and administrative centre is Kuressaare (approx. 13,300 inhabitants). The most important sectors of economy include: trade, industry (especially wood and metal industry, e.g. Sigma Polymer Group), tourism (especially in summer, e.g. OÜ Gospa, AS Kuressaare Sanatoorium, OÜ SPA Tours and OÜ Arensburg), transport and agriculture (Saaremaa Meat and Dairy industries) and fishing (OÜ Vettel, AS Läätsa Kalatööstus). Companies from the electronics industry are also present (Enerpoint Saare OÜ, Ionix Systems OÜ, OÜ Merinvest and Trelleborg Industrial Products Estonia OÜ).

Tartu county (Tartu maakond)

Tartu county is located in the eastern part of Estonia, on the border with Latvia. It consists of seven municipalities: 1 urban and 6 rural. It is the second largest region in Estonia in terms of population (11.54% of Estonia's population) and one of the largest in terms of area. The average population density is just over 51 people/km². In economic terms, Tartu county is also in second place - GDP in 2020 amounted to EUR 2,968.12 million, which accounted for 11.1% of the GDP of the entire country. Services (73.3%) as well as industry and construction (24.1%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate only 2.6% of the county's GDP. Tartu county also ranks high (2nd place) in terms of GDP per capita - in 2020 it amounted to EUR 19,280.38, which was 95.5% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,542, slightly higher than the average for Estonia as a whole (EUR 1,515).

Tartu county is an integrated economic system and work area centred in Tartu, the largest city in the county and its administrative centre. It is the second largest city in Estonia (approx. 95,000 inhabitants) and at the same time an important economic, scientific and cultural centre. Tartu is a service and logistics centre for the whole southern Estonia - it has a well-developed infrastructure and an excellent communication system, connecting highways, railways and the regional airport (Reola). It is the only regional airport in Estonia where the airline operates regular international connections (between Tartu and Helsinki in Finland; operated by Finnair). Tartu Airport is also home to the Estonian Aviation Academy, a state-run professional higher education institution dedicated to teaching and training specialists for Estonian and international aviation companies and organizations.

Tartu is known as the first city in Estonia to implement mobile parking and the first city in the world to build a broadband network connecting all schools and public buildings (in 2000), including the largest and oldest university in Estonia - University of Tartu (UT, approx. 14,000 students). Since 2016, Tartu has hosted the largest start-up festival in the Baltic States, sTARTUp Day, which brings together start-ups, traditional entrepreneurs, investors, innovators and students.

The main industries in rural municipalities in this county include: agriculture (Salvest AS, Nõo Lihetööstus AS, Maag Grupp AS, A Le Coq AS, Valio Eesti AS), forestry (Lasita Maja OÜ, Tarmeko, Vara Saeveski OÜ) and fishing; metal industry and mechanical engineering (HANZA Mechanics, METEC, TORM Metall); construction (Saint-Gobain Glass Estonia SE, Kodumaja AS, RPC Promens) as well as production and professional, scientific and technical activities (Playtech, Mooncascade, Axinom, Nortal).

Valga county (Valga maakond)

Valga county is located in the southern part of Estonia, on the border with Latvia. It consists of three rural municipalities. It belongs to the group of smaller regions of Estonia in terms of population (2.12% of Estonia's population) and area. The average population density is around 15 people/km². Also in economic terms, Valga county is one of the smaller units - GDP in 2020 amounted to EUR 224.62 million, which accounted for 0.8% of the GDP of the entire country. The GDP generation structure is dominated by industry and construction (49.1%) and services (41.6%), while agriculture, forestry and fishery generate 9.3% of the county's GDP. Valga county is one of the poorest in terms of GDP per capita - in 2020 it amounted to EUR 7,981.41, which was only 39.5% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was one of the lowest in Estonia and was only EUR 1,164 (the average for Estonia is EUR 1,515).

The largest city and administrative centre is Valga (approx. 13,000 inhabitants), situated on the Estonian-Latvian border and being a twin city to the city of Valga. Valga region is an industrial and agricultural area, but also an area of the well-known Otepää recreation and sports centre, which is called the Winter Capital of Estonia every year from December 21 to March 20. The main areas of interest in the region are the following areas of economy: production of wood products (producer of wooden strips Combiwood OÜ, producer of plywood UPM-Kymmene Otepää AS), construction, agri-food production, animal husbandry and wholesale trade.

Viljandi county (Viljandi maakond)

Viljandi county is located in the southern part of Estonia, on the border with Latvia. It consists of four municipalities: 1 urban and 3 rural. It belongs to the group of medium-sized regions in Estonia in terms of population (3.47% of Estonia's population) and area. The average population density is around 14 people/km². In economic terms, Viljandi county is one of the largest units - GDP in 2020 amounted to EUR 571.3 million, which accounted for 2.1% of the GDP of the entire country. Services (49.1%) as well as industry and construction (41.6%) dominate in the GDP generation structure, while agriculture, forestry and fishery generate 9.3% of the county's GDP. Viljandi county also ranks high (5th place) in terms of GDP per capita - in 2020 it amounted to EUR 12,387.7, which was 61.4% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,266 (the average for Estonia is EUR 1,515).

The largest economic centre is Viljandi (Estonia's sixth largest city with approx. 17,000 inhabitants), which also has an administrative centre. The Estonian Centre for Traditional Music has its seat in the city. It organizes the Viljandi Folk Music Festival every summer, attracting approx. 30,000 people to the city. Important industrial, technological and service enterprises are represented in the county. The main focus is on the wood, paper and furniture industries (AS Viljandi Aken ja Uks, Dold Puidutööstus OÜ, Viiratsi Saeveski AS, Eesti Hõövellist OÜ). Other areas of industrial production also include textiles (Delux Production OÜ, Mivar-Viva AS, Bed Factory Sweden OÜ), the machine industry (pump manufacturer Kolmeks AS) and metalworking (Viljandi Metall AS). Traditionally, agriculture and the food industry play a significant role in the economy of the region (Scandagra Eesti AS). One of the important educational institutions in this region is the Olustvere School of Service and Rural Economics.

Võru county (Võru maakond)

Võru county is located in the south-eastern part of Estonia and is the only one bordering two countries: the Russian Federation to the east and Latvia to the south. It consists of five municipalities: 4 rural municipalities and 1 urban municipality. It belongs to the group of medium-sized regions in Estonia in terms of population (2.67% of Estonia's population) and area. The average population density is just over 15 people/km². Also in economic terms, Võru county is one of the smaller units - GDP in 2020 amounted to EUR 299.34 million, which accounted for 1.1% of the GDP of the entire country. The GDP generation structure is dominated by industry and construction (46.3%) and services (45.9%), while agriculture, forestry and fishery generate 7.8% of the county's GDP. Võru county is one of the poorest in terms of GDP per capita - in 2020 it amounted to EUR 8,496.28, which was only 42.1% of the average for the entire country. The average gross monthly salary in the fourth quarter of 2020 was EUR 1,248 (the average for Estonia is EUR 1,515).

The largest economic centre is Võru (approx. 12,500 inhabitants), also being the administrative centre of the county. The main sectors of economy of Võru county include: forestry and wood processing (Toftan AS), the furniture industry, the food industry (cheese producer Valio Eesti AS) and tourism. The county is strategically located on the trade routes between East and West Europe - it is a suitable location for the transport and logistics sector (Psków - 100 km, Riga - 220 km).

e) The role of regions in regional development

Participation in the financial allocation of EU funds

The partnership agreement between the European Commission and Estonia, defining the directions of intervention in the years 2014-2020 of three EU policies in Estonia - the cohesion policy, the common agricultural policy and the common fisheries policy - was signed on June 20, 2014. During this budget period of the European Union (spending will end at the end of 2023) Estonia received a total of EUR 4.4 billion in support from five Structural and Investment Funds.

On the basis of the partnership agreement, under the leadership of the Ministry of Finance, the **Operational Program of the Cohesion Policy Funds** was prepared, which was approved by the European Commission on December 10, 2014. The Operational Program describes the specific objectives and the expected results of using EU instruments in various areas of activity that receive funding, and also activities and their financing. This Operational Program was financed from three funds, i.e. the European Regional Development Fund (ERDF), the Cohesion Fund and the European Social Fund (ESF). Its total budget (EUR 3.59 billion) consists of EUR 2.46 billion for less developed regions (all Estonia is classified as such a region), EUR 1.07 billion under the Cohesion Fund and EUR 55.4 million for European Territorial Cooperation programs.

In addition, the above-mentioned partnership agreement became the basis for the preparation by the Ministry of Agriculture of Estonia of **two further operational programs**, i.e. the Operational Program for the Estonian Rural Development Plan for 2014-2020 (EUR 726 million under the European Agricultural Fund for Rural Development (EAFRD)) and the Operational Program for the European Maritime and Fisheries Fund 2014-2020 (EUR 101 million under the European Maritime and Fisheries Fund (EMFF)).

The preparation of the Operational Program was based on the assumption that the European Structural and Investment Funds are a one-time leverage to achieve significant changes in Estonia, and their use must lead to a

development leap in individual counties. In Estonia, both national and EU structural funds are used to implement regional policy. Various support programs are implemented in order to improve the development conditions in individual counties of Estonia and to guide the country's regional development. Some of them are aimed at supporting specific regions, e.g. Ida-Virumaa 2018-2022 program (aligning the development of this county with the rest of Estonia), the South East Estonia program 2015-2020 (strengthening economic activity in the counties of Põlva, Valga and Võru). On the other hand, the remaining ones are available to all Estonian counties, e.g. a program for supporting the implementation of a development strategy for poviats (increasing the availability of services necessary for economic growth and improving the quality of life), a program for sparsely populated areas (ensuring good living conditions for families living in sparsely populated rural areas).

The **State Shared Services Centre (SSSC)**, which performed the functions of the managing institution in the 2014-2020 financial perspective, will also perform the same tasks in relation to EU funds for 2021-2027. During this period, Estonia will receive EUR 3.37 billion under the EU Structural Funds and approx. EUR 860 million under the Facility for Reconstruction and Resilience (Estonia was originally supposed to receive EUR 1.1 billion, but this amount will decrease due to the faster than assumed GDP growth in 2020-2021; the final amount will be known in June 2022). Six objectives for the implementation of cohesion policy in 2021-2027 were identified: smarter Estonia, green Estonia, more united Estonia, social Estonia, socially inclusive Estonia and just transition. All objectives take into account regional balance, and the envisaged funds and implementation mechanisms are intended to help support regional development.

Participation in macro-regional strategies

Estonia is participating in the implementation of:

- The European Union Strategy for the Baltic Sea Region (EUSBSR).

Damian Szacawa

THE REPUBLIC OF LITHUANIA

a) Political system and administrative division of the country

The basic principles of the Lithuanian system are the republican and democratic form of the state, the principle of national sovereignty, the principle of legalism and the protection of human rights. Lithuania is a unitary state. Pursuant to the Lithuanian constitution adopted in 1992, the legislative power in the Republic of Lithuania is exercised by the Sejm (Seimas) composed of 141 deputies - representatives of the people, who are elected for a period of four years on the basis of universal, equal, direct right to vote by secret ballot. The head of the state is the president, elected for a five-year term by universal, equal, direct and secret ballot. A citizen of the Republic of Lithuania of origin who has lived in Lithuania for at least three years, has reached the age of forty before the election day and has full public rights may stand for president. The same person

may not be elected president more than twice in a row. The judiciary belongs to independent courts.

The administrative division in Lithuania is a two-tier division. Since 1994, in accordance with the Act on Administrative Units of the Territory of the Republic of Lithuania and Their Borders¹³, the administrative units of the territory of the Republic of Lithuania are counties (apskritis, districts) and municipalities (rajonas, regions)¹⁴ (Art. 1) (Map 1). On the territory of the Republic of Lithuania there are:

- 10 counties,
- 60 municipalities.

¹³ Lietuvos Respublikos teritorijos administracinių vienetų ir jų ribų įstatymas 1994, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.5911/asr> [4.05.2022].

¹⁴ Teritorijos administracinis suskirstymas, <https://osp.stat.gov.lt/regionine-statistika-pagal-statistikos-sritis> [4.05.2022].

A district municipality (rajonas) is the basic administrative unit, while a county is a higher administrative unit of the territory of the Republic of Lithuania, administered by the Government of the Republic of Lithuania (Art. 2 according to the aforementioned Act, amended in 2010). In practice, counties do not have any competences and are only statistical units (their capitals are located in Vilnius, Klaipėda, Kaunas, Marijampolė, Alytus, Panevėžys, Šiauliai, Tauragė, Telšiai and Utena). Until 2010, there was an act on the management of counties, defining the tasks of county governors in counties, but after the reform their functions were taken over by local governments and specific ministries. In the areas of counties, regional development councils are established, which include members delegated by local government councils of municipalities and social and economic entities. This model is justified by the size of this country and the fact that higher administrative units are listed in the Constitution, in Art. 123 (so far there have been no attempts to amend the Constitution in this regard). The act on administrative units of the territory of the Republic of Lithuania and their borders also mentions an eldership (seniūnija)

(Art. 3). However, it would be a mistake to apply for a three-tier administrative division, as an eldership is a part (branch) of the municipality administration (Article 31 of the Local Government Act, amended in 2018)¹⁵. It can be created in the area of municipalities and perform tasks delegated by municipality councils. In practice, it is to increase the accessibility of local government institutions to the public.

The single-tier local government system in Lithuania grants local government authority (savivaldybė) to municipalities (rajonas), while county administrative units (apskritis) do not have local governments and are units of government administration. General regulations regarding the administrative division and local government can be found in the Basic Law. The Lithuanian Constitution does not specify the number of levels of local government or the names of units of the local government. Although Art. 120 of the Constitution of Lithuania uses the plural term “local governments”, but this does not mean the necessity to create different

¹⁵ Lietuvos Respublikos vietos savivaldos įstatymas 1994, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.5884/lmEurKsnKz> [4.05.2022].

Map 1. Administrative divisions of the Republic of Lithuania into municipalities



Source: Lietuvos administracinis suskirstymas, https://lt.wikipedia.org/wiki/Lietuvos_administracinis_suskirstymas [20.08.2022].

levels of local government, but it also does not prohibit the multi-tier system of local governments, either. The Lithuanian Constitution clearly specifies one of the organs of local governments, which is a competent local government council. A local government council can therefore be appointed at various levels of local governments. Pursuant to Art. 120 of the Constitution of Lithuania, local governments operate freely and independently, within the framework defined by the Constitution and laws, and the state supports local governments. The principle of local government participation in the exercise of public authority is expressed in the Lithuanian Local Government Act of 1994¹⁶.

The independent functions of municipalities (Art. 6) include:

- preparation and approval of the municipality budget, determination of local fees, management, use and disposal of land and other real estate owned by the municipality, establishing and maintaining public institutions (educational, health protection, social welfare), municipal enterprises and other legal persons of the municipality, organizing and implementing surveying works, supervision of museums, theatres, community centres, issuing building permits, creating regional development councils, organizing free transport to schools and homes for students living in the countryside, creating hunting area units and changing their borders, creating conditions for social integration of the disabled, participation in the preparation and implementation of regional development plans, maintenance and management of greenery, establishing the mode of conducting trade and other services at marketplaces and in public places, organizing care for cemeteries, cooperation in ensuring public order, developing and implementing crime prevention measures and others.

¹⁶ Lietuvos Respublikos vietos savivaldos įstatymas 1994, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.5884/asr> [4.05.2022].

The state functions (transferred to municipalities by the state) of municipalities (art. 7) include:

- registration of vital records, ensuring fire safety, participation in the management of state parks, organizing pre-school education, general education, vocational education and vocational counselling, providing free meals to students in schools established by the municipality and in non-state schools based in the municipality, management and disposition state-owned land and their use, supervision over the use and correctness of the state language, management of archival documents entrusted to municipalities, provision of basic legal assistance guaranteed by the state, social welfare for persons with severe disabilities and others.

In the field of international cooperation and regional policy, the competences of municipality councils include: making decisions on merging into unions of municipalities, cooperation with municipalities of foreign countries or joining international local government organizations (Article 16 of the Act on Local Government), as well as concluding cooperation agreements between the municipality and state institutions, other municipalities or foreign institutions. When it comes to regional policy, municipalities are involved in the preparation and implementation of regional development plans. In order to achieve common goals, a municipality may conclude joint action or joint procurement contracts with state institutions, regional development councils and/or other municipalities (Art. 5). A municipality may also transfer the performance of administrative functions and public services to another municipality by mutual agreement of municipality councils, or delegate to the regional development council (operating at the poviats level) the performance of specific tasks.

b) NUTS units

According to the NUTS 2021 revision, there are 13 NUTS units in the country:

- NUTS 1 – macro-regions – 1 unit,
- NUTS 2 – regions – 2 units,
- NUTS 3 – sub-regions – 10 units.

Map 2. List of NUTS 2021 units in the Republic of Lithuania



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

In 2016, by the resolution of the Government of the Republic of Lithuania “On the formation of the capital region and the region of Central and Western Lithuania” two regions (NUTS 2) were created: the capital region consisting of the Vilnius county and the region of Central and Western Lithuania consisting of Alytus, Kaunas, Klaipėda, Marijampolė, Panevėžys, Šiauliai, Tauragė, Telšiai and Utena counties. Thus, the NUTS 3 units coincide with the division into counties (apskritis) in Lithuania. This was done in order to avoid losing some of the European Union funds in the upcoming financial perspective (Vilnius region is economically much more developed than the rest of Lithuania).

Table 1. NUTS units in Lithuania

NUTS 1	NUTS 2	NUTS 3
LT0 – Lithuania	LT01 – Capital region	LT011 – Vilnius county
	LT02 – Central and Western Lithuania region	LT021 – Alytus county LT022 – Kaunas county LT023 – Klaipėda county LT024 – Marijampolė county LT025 – Panevėžys county LT026 – Šiauliai county LT027 – Tauragė county LT028 – Telšiai county LT 029 – Utena county

Source: Developed by the author based on data from: <https://ec.europa.eu/eurostat/web/nuts/background> [20.08.2022].

c) Identification of the subjects of regional policy

The Act on Regional Development of the Republic of Lithuania of 2000 designates the subjects responsible for the creation and implementation of the national regional policy. They are:

1. The Ministry of the Interior is the most important subject responsible for the implementation of the national regional policy, formulates the national regional policy, organizes, coordinates and controls its implementation; prepares the Regional Development Program; makes proposals to other state institutions; advises regional development councils in accordance with their competence in the preparation, implementation and monitoring of the implementation of regional development plans; assesses whether draft regional development plans and their amendments are consistent with the objectives of the state’s regional policy; monitors the implementation of the impact and result indicators as well as the preconditions set out in the regional development plans, and submits proposals for revising the regional development plans to regional development

councils; controls the use of state budget funds allocated to the operation of regional development councils and administers state budget funds allocated to the implementation of the Regional Development Program; provides methodological and technical assistance to state institutions and bodies in the preparation and implementation of activities for regional development.

2. Other ministries may also be involved in the formation of national regional policy, e.g. by submitting applications to the Ministry of the Interior and regional development councils regarding the inclusion of provisions in documents in the field of shaping regional policy, as well as evaluating projects and plans, in accordance with their competences. In addition, the government approves the Regional Development Program and other development programs contributing to the achievement of the objective and tasks of the state regional policy, and also takes decisions on financing the reduction of socio-economic disproportions.

3. The National Council for Regional Development is a collective advisory body to the government and the Ministry of the Interior in the field of shaping and implementing the state’s regional policy. It is composed of representatives of ministries and other state institutions and bodies, chairmen of regional development councils, as well as representatives of employers’ organizations and trade unions. It meets at least once a year and its decisions are not legally binding.

4. Regional Development Councils are legal persons appointed by the municipalities of a given county, which plan and coordinate the implementation of the state’s regional policy in a given county, act for the socio-economic development of the county and cooperation of municipalities within the county. They include representatives of ministries and other state institutions and bodies, representatives of the Association of Lithuanian Municipalities, employers’ organizations and trade unions.

This means that neither the capital region and Central and Western Lithuania (NUTS 2) nor units under NUTS 3 have the competences and rights to receive direct financial support from the European Union. It is managed and administered through a centralized national system. At the county level, regional development councils are involved in works at the level of regional development planning. The functions of implementing the state’s regional policy have been entrusted to state administration institutions - the government and the Ministry of the Interior, and to a lesser extent - also to regional development councils. The body responsible for the coordination and implementation of the national regional policy is the Ministry of the Interior.

d) Characteristics of the potential of subsequent regions

In the case of Lithuania, due to the large number of municipalities that are local government units and their low territorial and demographic potential, the counties that are government administration units in the area were selected for characterization.

Table 2. Characteristics of the regions – as of 2021

Region name	Area (km ²)	Population	GDP per capita (EUR)
Vilnius county	9,730	810,290	25,400
Alytus county	5,418	132,422	10,500
Kaunas county	8,086	565,628	17,700
Klaipėda county	5,222	317,742	15,100
Marijampolė county	4,466	138,697	10,500
Panevėžys county	7,878	214,628	11,000
Šiauliai county	8,537	262,483	11,500
Tauragė county	4,408	93,719	8,200
Telšiai county	4,350	132,071	10,700
Utena county	7,191	126,993	9,100

Source: Developed by the author based on data from: <https://www.stat.gov.lt/> [20.08.2022].

Vilnius county

Vilnius county is located in south-eastern Lithuania. It consists of eight municipalities (rajonas) and 16 cities, the largest of which are Vilnius, Elektrėnai and Ukmergė. Vilnius county is the largest (its area is 14.9% of Lithuania's area), the most populated and the richest (GDP per capita is EUR 25.4 thousand, which is 145.2% of the national average) in Lithuania. It is inhabited by 29.7% of the Lithuanian population. 59.7% of the inhabitants are Lithuanians, 23.0% - Poles, 10.3% - Russians, and 3.3% - Belarusians. The average population density is 83 people/km².

Vilnius county is an area with a modern, competitively developing economy, with an average (gross) earnings of EUR 1,034.6 (2018). The centre of the region is Vilnius - the capital of the country - the most important historical, cultural, tourist, communication (Vilnius airport) and scientific centre (Vilnius University). Vilnius county is responsible for 29.8% of the domestic industry, 10% of agriculture and 37.5% of the construction industry. Production of wood, metal, chemicals, pharmaceuticals, building materials, cellulose and paper, textiles, sewing, footwear, food and machine also develop there. The county attracts approx.

65% of Lithuanian foreign investments. Vilnius county has a rich historical and cultural heritage. It is also a tourist region: Vilnius Old Town and the Cultural Reserve of Kernavė are inscribed on the UNESCO World Heritage List. Services dominate in the structure of the Vilnius county's GDP, followed by construction - 9%, industry - 7% and agriculture - 1%. The Vilnius-Minsk (Belarus), Vilnius-Kaunas and Vilnius-Daugavpils (Latvia) routes run through Vilnius county.

Alytus county

Alytus county is located in the southern part of the country, near the border with Poland and Belarus. Its area constitutes 8.3% of the area of Lithuania. The population is 4.7% of the Lithuanian population. The county consists of eight municipalities. 94% of the population are Lithuanians, 2.4% - Poles, 1.7% - Russians, and 0.6% - Belarusians. 60.9% of the population lives in cities. The average population density is 25.5 people/km². Alytus county is the most forested area of Lithuania (44% of afforestation), there are also protected areas: Žuvintas Biosphere Reserve (the oldest protected territory of Lithuania), Čepkeliai Reserve, Dzūkija National Park, Nemunas Regional Park and others. This is an area with an average (gross) earnings of 771.9 euros (2018). GDP per capita is EUR 10.5 thousand, which is 59.9% of the national average. Alytus county is responsible for 3.4% of the domestic industry, 4.6% of agriculture and 3.5% of construction. Agricultural land covers 37.5% of the county's area.

Kaunas county

Kaunas county is located in the central part of Lithuania. It borders on the Šiauliai and Panevėžys counties in the north, Vilnius county in the east, Alytus county in the south, and Marijampolė and Tauragė counties in the west. It consists of eight municipalities and fourteen cities, the largest of which are Kaunas, Kėdainiai, Kaišiadorys and Raseiniai. Kaunas is the centre of the county. The county's area constitutes 12.4% of the entire territory of Lithuania. The county's population is 20.2% of the country's population. 72% of the population lives in cities. The average population density is 70 people/km². The municipality of Kaunas is the most densely populated municipality, and the least densely populated region is the Raseiniai region.

Kaunas county is a region of dynamically developing economy, business and new technologies, a centre of research (Kaunas University), culture and tourism, with a well-developed international transport and logistics infrastructure (Kaunas airport). GDP per capita is EUR 17.7 thousand, which is 101.5% of the national average. Average earnings (gross) are EUR 909.2 (2018). Forests constitute 28.1% of the county. Kaunas county is responsible for 23.7% of the domestic

industry, 17% of agriculture and 22.6% of the construction industry. It mainly produces furniture, textiles, medicines, food products and mineral fertilizers. A Free Economic Zone was established in Kaunas. The most important transport routes are Via Baltica and the Vilnius-Klaipėda route.

Klaipėda county

Klaipėda county is located in the west of Lithuania, by the Baltic Sea and the Curonian Lagoon. It borders on the Telšiai county in the north-east and east and the Tauragė county in the south-east. In the north, the district county with Latvia, in the south (i.e. on the Curonian Spit) with the Kaliningrad Oblast (Russia). There are seven municipalities in the county.

The county's area is 8% of the total territory of Lithuania. The county's population is 11.2% of the country's population. 84.2% of the Klaipėda county's population are Lithuanians, 11.4% - Russians, 1.3% - Ukrainians, 1.0% - Belarusians, 0.3% - Germans, 0.3% - Poles, and 0.2% - Latvians. 73.4% of the population live in cities. The population density is 60.8 people/km². Forests constitute 24.7% of the county's area. Protected areas are: Curonian Spit National Park, the northern fringes of the Samogitia National Park, the Coastal Regional Park, and the Nemunas Delta Regional Park.

The average earnings (gross) are EUR 887.2 (2018). Klaipėda county is responsible for 13% of the domestic industry, 8.4% of agriculture and 11% of construction. The shipbuilding and repair industries, as well as the pulp and paper, furniture, textile, food and tobacco industries are dynamically developing. The most important city for the county's economy is Klaipėda, where the largest and most important enterprises in the county are concentrated (Būtingė terminal). The Klaipėda Free Economic Zone is of great importance for economic development. The municipalities of the county have the largest amber resources in Lithuania, as well as resources of peat, gravel and sand. The county is responsible for 10.8% of Lithuanian foreign investments. Usable agricultural land covers 54.0% of the county's area. Fishing is also an important industry. Klaipėda county is a tourist region. Most tourists are attracted by the Curonian Spit, Neringa, Palanga with its sandy beaches and spas. It is also a significant centre for science (Klaipėda University), culture and communication (Palanga airport).

Marijampolė county

Marijampolė county is located in the south-west of Lithuania. In the north it borders on Tauragė county, in the east on Kaunas one, in the south-east on Alytus county, in the south on Poland, and in the west on the Kaliningrad Oblast

(Russian Federation). Its area is 6.8% of the area of Lithuania. The population is 4.8% of the country's population. There are 5 municipalities in the county. The largest city is Marijampolė, the seventh largest in Lithuania.

98.5% of the county's population are Lithuanians, 0.6% - Russians, 0.2% - Poles and 0.1% - Germans. 49.6% of the population lives in cities. The population density is 31.6 people/km². The largest rivers are Šešupė and Širvinta. 21.7% of the county's area is covered by forests. Protected areas are: Panemuniai Regional Park, Vištytis Regional Park and several national reserves. Marijampolė county is responsible for 3.7% of the domestic industry, 11.1% of agriculture and 2.1% of the construction industry. Food, textile, furniture, chemical, metal and wood processing industries are well developed. Usable agricultural land covers 67.1% of the county's area.

It is an area with a competitively developing economy, with an average (gross) earnings of EUR 1,057.2 (2018). GDP per capita is EUR 10.5 thousand, which is 60.1% of the national average. It plays an important transit role (from Belarus to the Kaliningrad Oblast, from Poland to Lithuania). The Via Baltica, Marijampolė - Kaliningrad (Russian Federation), Vilnius - Marijampolė, Kaunas - Suwałki (Poland) routes run through Marijampolė county.

Panevėžys county

Panevėžys county is located in the northeastern part of Lithuania. It borders on the Utena county in the east, Vilnius county in the south-east, the Šiauliai county in the west and the Kaunas county in the south. In the north, the county borders on Latvia. Its area is 12.1% of the area of Lithuania. The population is 7.4% of the country's population. Panevėžys is the county centre. There are six municipalities in the county.

96.3% of the county's population are Lithuanians, 2.5% - Russians, 0.3% - Ukrainians. 59% of the population lives in cities. The population density is 27.8 people/km². Forests constitute 27.3% of the county's area. Panevėžys county is responsible for 7.5% of the domestic industry (of which 50% is the food industry), 14% of agriculture and 6.5% of construction. The construction industry, glass industry, chemical (plastics) industry, textile industry and automotive parts manufacturing are also developing there. Usable agricultural land covers 50% of the county's area. The average earnings (gross) is EUR 801.0 (2018). The most important transport routes are Via Baltica and Vilnius-Panevėžys-Klaipėda.

Šiauliai county

Šiauliai county is located in the north of Lithuania. It borders on Telšiai county in the west, Tauragė county in the southwest, Kaunas county in the south and Panevėžys county in the east. In the north, Šiauliai county borders on Latvia. There are 15 cities in this area, the largest of which is Šiauliai, the fourth largest in terms of the number of inhabitants in this country, as well as Radviliškis and Kuršėnai. The county is divided into seven municipalities.

Its area is 13.1% of the area of Lithuania. The population is 9.8% of the country's population. 95.4% of the county's population are Lithuanians, 3.0% - Russians, and 0.4% - Ukrainians, Belarusians, Latvians, Poles and others. 61.9% of the population lives in cities. The population density is 31.1 people/km². The most densely populated area is the city of Šiauliai. Forests constitute 27.5% of the county's area. In the vicinity of Šiauliai, there is the Hill of Crosses, which is a place of great religious importance.

The average earnings (gross) are EUR 772.8 (2018). Šiauliai county is responsible for 7.5% of the domestic industry, 17.7% of agriculture and 6% of construction. The chemical, construction, food and machine industries are well developed. The county is responsible for 1.5% of Lithuanian foreign investments. Usable agricultural land covers 54.4% of the county's area. The most important routes run from Latvia towards the Kaliningrad Oblast (Russian Federation), Tallinn (Estonia) and Warsaw.

Tauragė county

Tauragė county is located in the western part of the country. It borders in the north on Telšiai county, in the north-east on Šiauliai county, in the east on Kaunas, in the south-east on Marijampolė, in the west on Klaipėda counties, and in the south-west on the Kaliningrad Oblast of the Russian Federation. In terms of population, the county is the smallest in Lithuania (3.6% of the country's population). Its area is 6.8% of the area of Lithuania. It consists of four municipalities.

8.7% of the county's population are Lithuanians, 0.6% - Russians, 0.2% - Germans, and 0.1% - Ukrainians, Belarusians, Poles, Latvians and others. 41.5% of the population lives in cities. The population density is 21.7 people/km². Forests constitute 33% of the county's area. Tauragė county is responsible for 1.7% of the domestic industry, 6.1% of agriculture and 1.8% of construction. The average earnings (gross) are EUR 731.0 (2018). The construction, furniture and food industries developed here. The county is responsible for 0.1% of Lithuanian foreign investments. Usable agricultural land covers 50.0% of the county's area.

The Radviliškis - Kaliningrad Oblast railway line, and important road routes: Vilnius - Klaipėda and St. Petersburg (Russia) - Kaliningrad Oblast run through Tauragė county.

Telšiai county

Telšiai county is located in the north-west of Lithuania. It borders on Klaipėda county in the west, Tauragė county in the south and Šiauliai county in the east. It borders on Latvia in the north. Its area constitutes 6.7% of the area of Lithuania - it is the smallest county in Lithuania in terms of area. The county's population constitutes 4.9% of the Lithuanian population. The most important city is Telšiai. There are four municipalities in the county.

97.4% of the county's population are Lithuanians, 1.5% - Russians, 0.2% - Belarusians, and 0.2% - Ukrainians. 59.0% of the population lives in cities. The population density is 30.8 people/km². Forests constitute 36.1% of the county's area. Protected areas include: Samogitia National Park, part of the Salantai Regional Park, Venta Regional Park and Varniai Regional Park.

The average earnings (gross) are EUR 818.3 (2018). Telšiai county is responsible for 5.2% of the domestic industry, 5.8% of agriculture and 6.1% of construction. The oil sector is the most important branch of industry (ORLEN Lietuva owns a refinery in Mažeikiai). The county is responsible for 9.9% of Lithuanian foreign investments. Usable agricultural land covers 44.0% of the county's area.

Utena county

Utena county is located in the northeastern part of Lithuania. It borders on Panevėžys county in the north and north-west and on Vilnius county in the south-west, south and south-east. The county also borders on Latvia in the northeast and Belarus in the east. Utena is the largest city in the region. The county's area is 11.0% of the Lithuanian area. The population is 4.9% of the country's population. The county consists of six municipalities. 55.4% of people live in cities. The population density is 18.0 people/km². In the county there are: the largest lake in Lithuania (Drūkšiai, with an area of 4,480 ha, of which 1,000 ha in Belarus), the longest lake in Lithuania (Asveja, the length of which with bays is 29.7 km) and the deepest lake in Lithuania (Tauragnas, 62.5 m deep). Forests constitute 34% of the county's area.

The average earnings (gross) are EUR 775.8 (2018). Utena county is responsible for 4.3% of the domestic industry, 5.8% of agriculture and 2.5% of the construction industry. The furniture, construction and food industries are well developed. Peat, quartz sand and gravel are mined. The county is responsible for 0.6% of Lithuanian foreign investments. Usable agricultural land covers 31.4% of the county's territory. The county is home to the most visited national park - Aukštaitija National Park, while Ignalina has the largest winter sports centre in Lithuania.

e) The role of regions in regional development

Participation in the financial allocation of EU funds

As part of the EU cohesion policy, **in the 2014-2020 perspective**, Lithuania was implementing one operational program with a total value of approx. EUR 6.9 billion, including EUR 4.63 billion for less developed regions (the whole country is classified as a less developed region), EUR 2.05 billion under the Cohesion Fund, EUR 113.7 million for European territorial cooperation, EUR 31.8 million for the initiative for youth employment.

As part of the EU cohesion policy, operational programs with a total value of EUR 6.4 billion will be implemented in Lithuania **in the 2021-2027 perspective**.

Participation in macro-regional strategies

Lithuania participates in the implementation of:

- The European Union Strategy for the Baltic Sea Region (EUSBSR).

Aleksandra Kuczyńska-Zonik

THE REPUBLIC OF LATVIA

a) Political system and administrative division of the country

n the principles of parliamentary democracy. A unicameral parliament is elected by universal, equal, direct, secret elections for a period of 4 years. It consists of 100 deputies. Parliamentary elections are held every four years on the first Saturday in October. The Saeima (Saeima) plays a significant role in the state system. It is the only state institution that can adopt laws and also has the right to amend Satversme (Basic Law of the Republic of Latvia - Constitution). Parliament elects the president, approves and supervises the government, and appoints and approves the highest officials of the state. Saeima also plays an important role in the country's foreign policy. The president is elected for four years. He/she can be dismissed by the parliament at any time. To dismiss the president, the initiative of at least 1/2 members of the parliament is required and supported by a qualified majority of voters - 2/3 of the members of the chamber. Executive power rests with the Cabinet of Ministers. The judiciary is made up of independent judges who are subject only to the law.

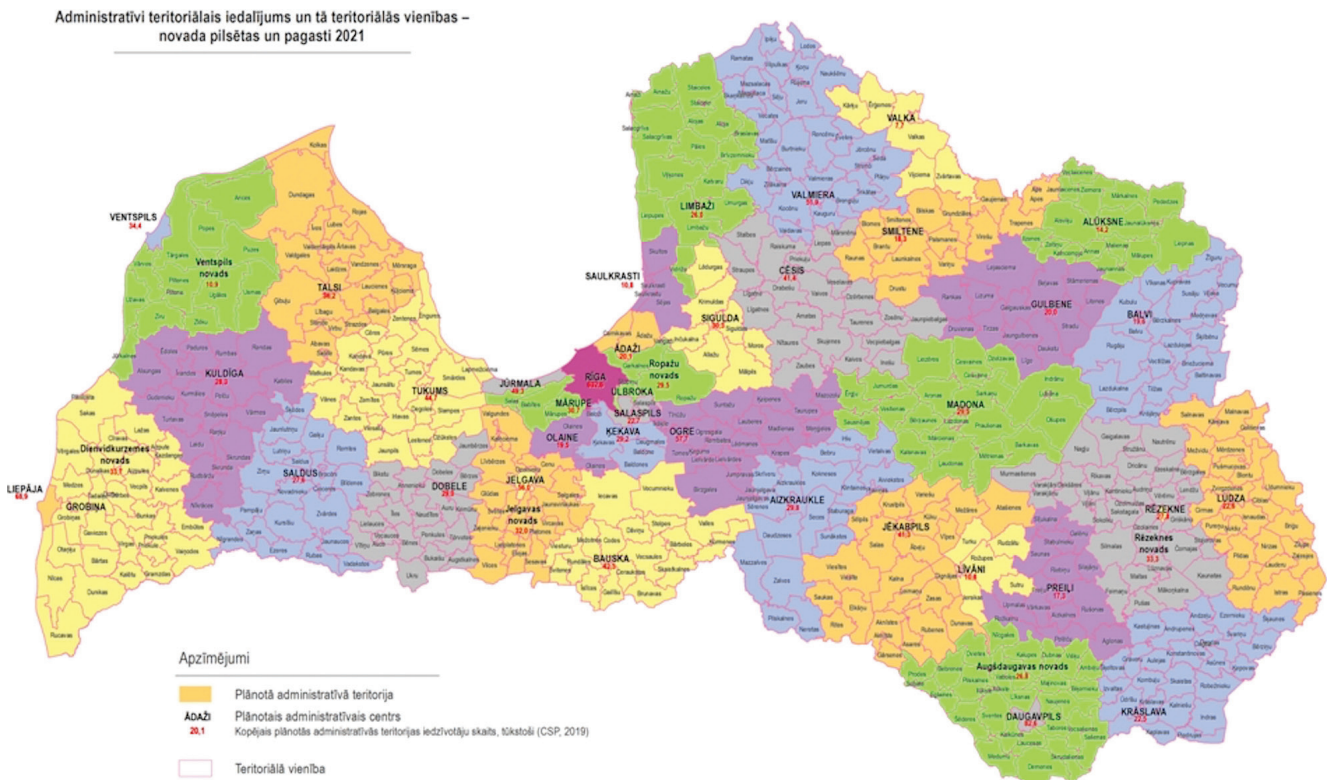
According to the Law on Administrative Territories and Populated Areas¹⁷, **the administrative division is a**

¹⁷ Administratīvo teritoriju un apdzīvoto vietu likums 2020, <https://likumi.lv/ta/id/315654-administrativo-teritoriju-un-apdzivoto-vietu-likums> [6.05.2020].

one-tier division, and the basic administrative units of Latvia are state cities and communes. In the years 2009-2020, there were 110 municipalities and 9 separate cities in Latvia. They had their own city councils and administrative bodies. The administrative reform of June 23, 2020 (entered into force on July 1, 2021) introduced the following changes: the existing 119 municipalities were reduced to 43¹⁸ larger units (Map 1). In each of them, the main regional city was established. The second unit is state cities, of which there are 10 after the reform: Daugavpils, Jelgava, Jēkabpils, Jurmala, Liepāja, Ogre, Rēzekne, Rīga, Valmiera and Ventspils. The act also indicated that administrative regions would be created in Kurzeme, Zemgale, Rīga, Vidzeme and Latgale (Article 12), which would be a new model of cooperation between the state and local governments, and their main task was to reduce disproportions in regional development. However, due to the lack of a political agreement, this postulate was abandoned (the amendments of December 2021 remove the above-mentioned article from the act).

¹⁸ Initially, it was envisaged that 42 local governments would be established in Latvia, but the Constitutional Court found the incorporation of Varakļāni municipality to Rēzekne one unconstitutional. Ultimately, Varakļāni municipality is to continue to function as an independent territorial unit.

Map 1. Administrative divisions of the Republic of Latvia into communes



Source: Delfi.lv, https://g1.delfi.lv/images/pix/file52219123_atr-karte-992-701-10062020-2.jpg [20.08.2022].

Local government in Latvia has a single-tier character. Pursuant to the Act on Communes (1994)¹⁹, local governments fulfil the following tasks:

- autonomous functions specified in the act, functions delegated by the state administration, functions belonging to the competences of other units of local government, the performance of which has been delegated to the competent local government, administrative tasks, the performance of which has been entrusted to local governments by public administration institutions, autonomous functions carried out as voluntary initiatives.

Autonomous functions of communes include:

- organization and provision of public services (water and heat supply; waste management, sewage disposal), construction, reconstruction and maintenance of the quality of streets, roads and squares; street lighting, establishment and maintenance of parks, squares and green areas; controlling the collection and disposal of waste, establishing and maintaining cemeteries, determining the mode of using forests, organizing the education of children and adolescents, providing preschool and

school children with places in educational institutions, providing organizational and financial assistance to educational institutions, promoting traditional cultural values and the development of national creativity (organizational and financial assistance for cultural institutions, supporting the protection of cultural monuments), ensuring the availability of health care, as well as promoting a healthy lifestyle and sport among people, providing social assistance (social assistance for low-income families, providing elderly places in nursing homes, creating orphanages, providing accommodation for the homeless), supporting business activity, reducing unemployment, issuing permits and concessions for running a business, taking care of public order, determining the mode of use and development of land, keeping vital records, collection and sharing of information necessary for public statistics, organization of public transport services, implementation of the protection of children's rights in the relevant administrative territory.

In addition, the Cabinet of Ministers may, in the manner specified in the Act on Public Administration System of 2002, conclude public-law contracts with local government units regarding the performance of certain tasks falling within the scope of public administration functions (Article 17).

¹⁹ Par pašvaldībām, <https://likumi.lv/ta/id/57255-par-pasvaldibam> [6.05.2022].

Riga commune fulfils special functions:

- it participates in ensuring the conditions necessary for the functioning of central state institutions, foreign diplomatic representations and consular offices as well as international organizations, provides conditions for receiving foreign delegations and maintaining related national representation facilities belonging to local government, participates in the maintenance and development of historic buildings of national and international importance, cultural and historical sites of national importance and cultural infrastructure; participates in the maintenance and development of communication systems and transport infrastructure of national importance.

The Act on communes does not mention any other powers and tasks of local governments in the field of international cooperation.

In Latvia, there are additionally so-called national planning regions (Map 2), which are the so-called derivative public units (a territorial unit with its own autonomous competence exercised on behalf of the governing bodies). They are Kurzeme, Latgale, Riga, Vidzeme and Zemgale. They

were established in June 2006 in order to ensure regional development planning, coordination and cooperation between local governments and other public administration institutions (Article 5)²⁰. They are units of government administration and are supervised by the Ministry of Environmental Protection and Regional Development. Competences of planning regions include planning and coordination of cooperation between local governments and other public administration institutions, including:

- development of principles, objectives and priorities for the long-term development of the region, preparation of long-term and medium-term development documents as well as management and monitoring of the implementation of regional development projects, evaluation and opinion on the consistency of planning documents at the regional and local level and compliance with the requirements of legal acts, evaluation and opinion on project applications of local governments or natural persons for obtaining state support for regional development.

²⁰ Reģionālās attīstības likums 2002, <https://likumi.lv/doc.php?id=61002> [6.05.2022].

Map 2. National planning regions in the Republic of Latvia



Source: *Plānošanas reģioni*, <https://www.varam.gov.lv/lv/planosanas-regioni> [20.08.2022].

The decision-making bodies in the planning regions are the Planning Region Development Councils. This council is elected from among the deputies of the respective local governments during the assembly of the heads of local governments that make up the planning region.

The Planning Region Development Council approves the regulations and budget of the planning region, can create, reorganize and liquidate institutions and capital companies of the planning region, decide on membership in associations and foundations, and delegate certain

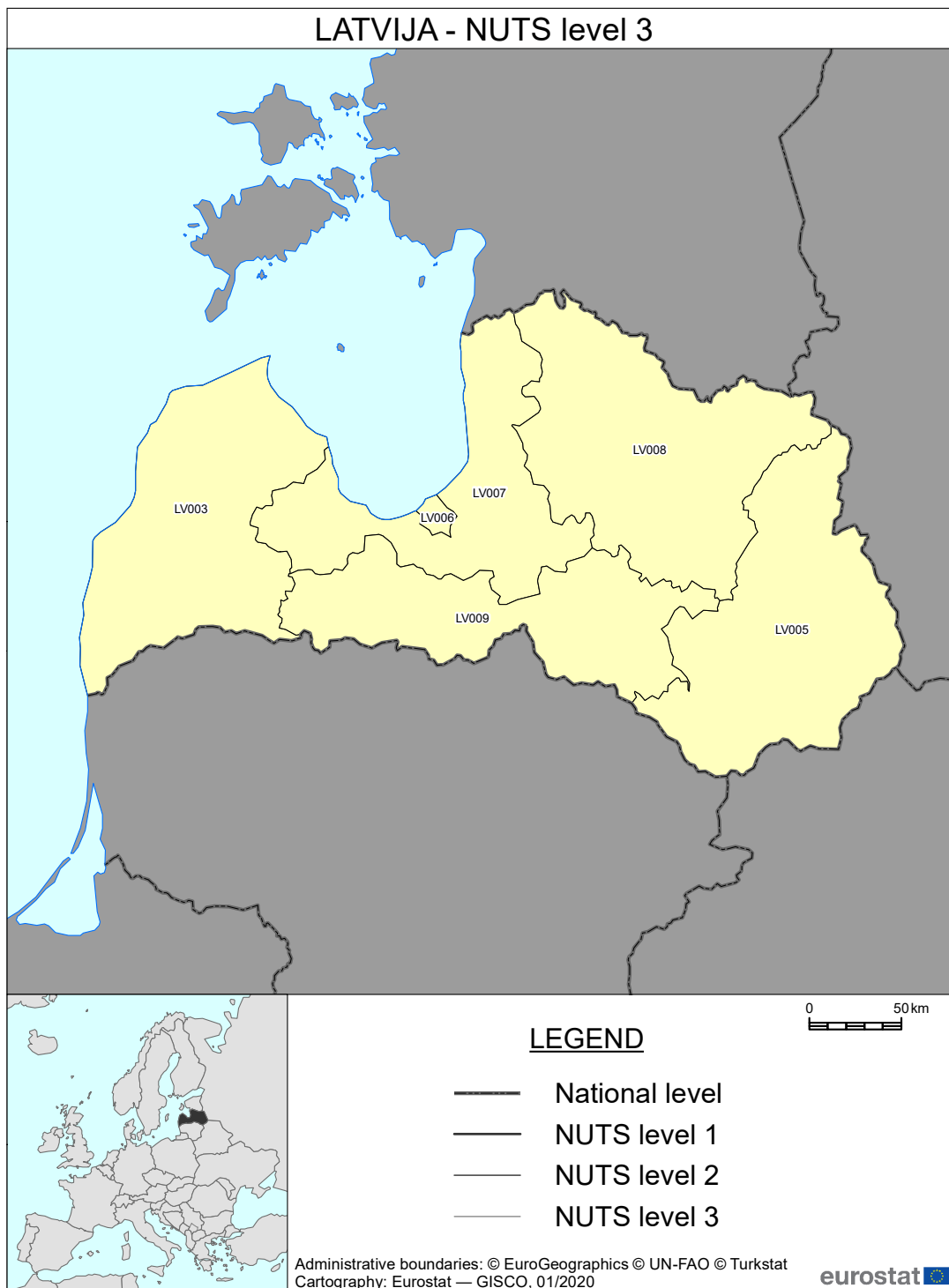
administrative tasks to natural persons. The meetings of the Planning Region Development Council are open and may be attended by representatives of public administration, international institutions, associations and foundations, entrepreneurs and other local governments belonging to the planning region. The chairman of the council may represent the council in state and local government institutions, as well as in international organizations. The councils may also establish international cooperation with local government institutions and state administration.

b) NUTS units

According to the NUTS 2021 revision, there are eight NUTS units in the country:

- NUTS 1 – macro-regions – 1 unit,
- NUTS 2 – regions – 1 unit,
- NUTS 3 – sub-regions – 6 units.

Map 3. NUTS classification in the Republic of Latvia



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. NUTS units in Latvia

NUTS 1	NUTS 2	NUTS 3
LV0 – Latvia	LV00 – Latvia	LV003 – Kurzeme (Kurzeme) LV005 – Latgale (Latgale) LV006 – City of Riga (Rīga) LV007 – Riga region (Pierīga) LV008 – Vidzeme (Vidzeme) LV009 – Zemgale (Zemgale)

Source: Developed by the author based on data from: <https://ec.europa.eu/eurostat/web/nuts/background> [20.08.2022].

c) Identification of the subjects of regional policy

Within the framework of regional policy, competences are divided between:

1. The Cabinet of Ministers - approves the guidelines of regional policy; determines the mode of implementation, evaluation and financing of state regional development support measures, procedures for monitoring and evaluation of regional development as well as the procedure for granting and using targeted subsidies for investments for local government units.
2. The Ministry of Environmental Protection and Regional Development is the leading institution in the area of developing, implementing and supervising the state's regional policy, as well as coordinating the implementation of activities supporting territorial development. The Ministry of Environmental Protection and Regional Development defines the basic principles, objectives and priorities of the long-term development of regions, manages and supervises the preparation and implementation of documents for the region.
3. Planning Region Development Councils - their tasks include: development, implementation and monitoring of planning documents at the regional level; assessment of local government spatial development plans in terms of their compliance with the requirements of legal acts; coordination of cooperation with local governments in the planning, development and implementation of projects; networking between regional planning and development specialists; ensuring the cooperation of local governments with institutions at the national and international level in the implementation of activities supporting regional development.
4. Planning Regions Cooperation Commissions - established in each planning region to ensure coordination and cooperation with the national level institutions and the planning region (its representatives are appointed by the Planning Region Development Council and the ministry).

d) Characteristics of the potential of subsequent regions

In the case of Latvia, due to the large number of municipalities that are local government units and their small territorial and demographic potential, as well as the lack of field local government administration units, national planning regions were selected for characteristics, which are territorial units with their own autonomous competences implemented on behalf of the managing bodies (Ministry of Environmental Protection and Regional Development).

Table 2. Characteristics of the regions - as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Kurzeme	16,054	270,498	12,000
Latgale	14,547	304,032	7,800
Riga	10,438	1,089,960	14,500
Vidzeme	19,770	211,309	10,900
Zemgale	10,742	254,461	10,300

Source: Developed by the author based on data from: <https://stat.gov.lv/lv> [20.08.2022].

Kurzeme

Kurzeme is a coastal region with a 36 km long coastline. In the south, the region borders on the Lithuanian cultural and historical region of Samogitia, in the east on the regions of Zemgale and Riga. The northernmost point of Kurzeme is Cape Kolka, which is part of the Slitere National Park. The region includes two state cities and five municipalities. Courland occupies 24.85% of Latvia's territory. The population density is 17.5 people/km². City dwellers constitute 71%. The working age population is 61.2% of the region's population. The employment rate (15-74) is 63.2%, and the unemployment rate is 7.4%. In terms of nationality, the region is inhabited by: 77.3% Latvians, 13.5% Russians, 1.9% Belarusians, 2.4% Ukrainians and 0.6% Poles. There are over 200 lakes and rivers in the region. In the northern part of Kurzeme there is the Slitere National Park.

Kurzeme is responsible for 13% of the domestic industry, 23.3% of agriculture, 11% of construction, 11.2% of transport and 13% of services. The largest share of industrial companies is found in the cities of Liepāja and Ventspils and their suburbs. However, important industrial enterprises are also located in Brocēni, Tukums and Saldus and in the surrounding areas. Average monthly gross earnings in 2021 amounted to EUR 1,062. The basis of the transport and transit system in Latvia is the multimodal East-West transit corridor, one of the destinations of which are the ports in the

region. It includes two international ports, four small ports, major oil pipelines, rail and road lines of strategic national importance connecting the ports of Liepāja and Ventspils with Riga, as well as airports in Liepāja and Ventspils and near Tukums.

Latgale

Latgale borders on the Russian Federation to the east, the Republic of Belarus to the southeast, and the Republic of Lithuania to the south. It is the easternmost region of Latvia. It includes two state cities and seven municipalities. Latgale accounts for 22.52% of the entire territory of Latvia and 16% of the population. The largest cities are Daugavpils and Rēzekne. In terms of nationality, the region is inhabited by: 46.3% Latvians, 36% Russians, 4.9% Belarusians, 1.3% Ukrainians and 6.3% Poles. Latgale is responsible for 8% of the domestic industry, 9.9% of agriculture, 4.6% of construction, 4.7% of transport and 7.8% of services. Average monthly gross earnings in 2021 amounted to EUR 880. Unemployment was 14.4% and it was the highest in the country.

In terms of turnover, the region is dominated by the transport and logistics sector (13.82%), followed by: industry (12.79%), construction (12.58%), forestry (11.06%) and the production of food and drink products (10.74%). In 2021, 14,733 companies were operating in Latgale. The largest enterprises (in terms of net turnover) operating in the region are: Preiļu siers (food processing), Daugavpils Lokomotīvu Remonta Rūpnīca (rail transport), Latvijas Maiznieks (food processing) and Daugavpils reģionālā slimnīca (health care). The most important research centre is the University of Daugavpils.

Riga

Riga is the capital region of Latvia. It consists of two state cities and seven municipalities. The area is 16.2% of the total area of Latvia. It is the most densely populated region, inhabited by 50.5% of the entire population of the country. In terms of nationality, the region is inhabited by: 56.7% Latvians, 29.1% Russians (36% in the capital itself), 3.2% Belarusians, 2.8% Ukrainians and 1.5% Poles. There are two national parks in the Riga region: the southwestern part of the Gauja National Park and the Ķemeri National Park, as well as part of the North Vidzeme Biosphere Reserve, protected landscape areas (Ādaži) and many natural monuments.

Riga region is the economic centre of the country. It is responsible for 57.4% of the domestic industry, 22% of agriculture, 69.1% of construction, 77.9% of transport and 57.5% of services. 78% of all direct foreign investments are

concentrated there. The region is of particular economic importance - the Riga Free Port and four smaller ports are located on the Gulf of Riga on the Baltic Sea. Riga region also plays a significant historical, cultural, scientific (University of Latvia) and tourist role. Average monthly gross earnings in 2021 amounted to EUR 1,343. The region is a junction for national and international freight and passenger transport organizations. The international East-West TEN-T (European Road Network) corridors and the North-South Via Baltica corridor intersecting in the region are of particular importance. Riga Airport is the largest airport in the Baltic States.

Vidzeme

Vidzeme occupies the northeastern part of Latvia, and its territory covers the central and eastern part of the cultural and historical Livonia and the northwest of Latgale. The area covers eleven communes.

It is the largest region of national planning and accounts for almost a third (30.6%) of the total territory of Latvia. The population constitutes 9.5% of the total population of the country. The population density is 15 people/km². 58% of the population lives in cities. In terms of nationality, the region is inhabited by: 87.7% Latvians, 7.9% Russians, 1.2% Belarusians, 0.8% Ukrainians and 0.7% Poles. Forests cover a significant part of the region. In general, the region is characterized by a low density of buildings and a high proportion of natural landscapes with low human influence. Kurzeme is responsible for 9.5% of the domestic industry, 20.6% of agriculture, 6% of construction, 2.6% of transport and 9% of services. Average monthly gross earnings in 2021 amounted to EUR 990.

Zemgale

Zemgale is located in the central part of Latvia, south of Riga. It borders on Lithuania. It consists of one state city of Jelgava and five municipalities. Zemgale accounts for 16.6% of the total area of the country. 6% of the region's area is covered by cities inhabited by about half of the region's population. In terms of nationality, the region is inhabited by: 72.2% Latvians, 16.1% Russians, 3.6% Belarusians, 1.7% Ukrainians and 1.5% Poles. Most of the region is on a plain. It is crossed by the two largest rivers of Latvia: the Daugava and the Lielupe. Due to the relatively fertile soil, in the past this region was called the Latvian granary. The quality of most of the land in Zemgale is almost 50% better than in other rural areas in the country. Forests cover 40.2% of the region's territory. There are also significant deposits of peat, clay, dolomite, limestone, gravel and sand mines.

Zemgale is responsible for 12% of the domestic industry, 23.4% of agriculture, 9.1% of construction, 3.5% of transport and 11.6% of services. The most important sectors of the national economy in Zemgale are industry and agriculture, including logging. Average monthly earnings (gross) in 2021 amounted to EUR 1,061. There are 60 protected natural areas of European importance in the region that are included in the harmonized NATURA 2000 network, including the Tērvete Nature Park. The region is also an important transit junction - national, regional and local roads form a denser road network than the national average. Industry and agriculture are developing there. One of the largest institutions of higher education in the country - the Latvian University of Agriculture is also located there.

e) The role of regions in regional development

Participation in the financial allocation of EU funds

As part of the EU cohesion policy, **in the 2014-2020 perspective**, Latvia was implementing one operational program with a total value of approx. EUR 4.5 billion, including EUR 3.04 billion for less developed regions (the whole country is classified as a less developed region), EUR 1.35

billion under the Cohesion Fund, EUR 93.6 million for European Territorial Cooperation, EUR 29 million for the initiative for the employment of young people.

This means that during this period, Latvia was the fourth largest net recipient among all EU Member States, and in 2014-2020 it received about EUR 3,000 per capita from the EU budget.

As part of the EU cohesion policy, **in the perspective for the years 2021-2027**, in Latvia operational programs with a total value of approx. EUR 4.24 billion²¹ will be implemented.

Participation in macro-regional strategies

Latvia participates in the implementation:

- The European Union Strategy for the Baltic Sea Region (EUSBSR).

Aleksandra Kuczyńska-Zonik

²¹ ES fondi 2021-2027, <https://www.esfondi.lv/es-fondi-2021---2027> [6.05.2022].

THE REPUBLIC OF POLAND

a) Political system and administrative division of the country

Under the Constitution of the Republic of Poland, adopted by the National Assembly on April 2, 1997, Poland is a parliamentary republic. Legislative power is constituted by a bicameral parliament: the Sejm - with 460 deputies, and the Senate - with 100 senators. Both chambers are elected for a 4-year term in general, direct and secret voting, and in the case of the Sejm, also in equal and direct elections. Executive power is exercised by the president and the Council of Ministers as well as its central and local government administration bodies. The president is elected by universal, equal, direct and secret ballot for a 5-year term,

with the right of one re-election. The Council of Ministers is formed by the Prime Minister together with ministers subordinate to him/her. The judiciary is made up of autonomous and independent courts and tribunals.

Poland is a unitary state. As of January 1, 2022, **the three-tier administrative division of Poland** included:

- 16 voivodeships (województwa),
- 314 counties (powiaty) and 66 cities with county rights,
- 2,477 communes (gminy) – including 302 urban municipalities, 662 urban-rural municipalities and 1,513 rural municipalities.

Map 1. Administrative division of the Republic of Poland into voivodships and counties (as of 01.01.2022)



Source: Statistics Poland, Administrative division of Poland, <https://stat.gov.pl/statystyka-regionalna/jednostki-terytorialne/podzial-administracyjny-polski/> [19.04.2022].

The system of local authority in Poland is based on administrative dualism, i.e. the existence of government and local government administration. The government administration is established to implement the state policy and general management of public affairs and is represented in voivodeships by a voivode (wojewoda) - as the government representative in the field. Local government administration is appointed to manage regional and local affairs. The subjectivity and independence of local government administration are expressed in the Constitution of the Republic of Poland (Chapter VII) and specified in local government laws: Act of March 8, 1990 on municipal local government; Act of June 5, 1998 on county local government; Act of June 5, 1998 on voivodship local government.

Units of the three-tier local government are the voivodeship, county and municipality.

The decision-making bodies of local government units in voivodeships are the regional assembly (sejmik województwa), in counties - the county council (rada powiatu) and in municipalities - the municipal council (rada gminy). The executive bodies in voivodeships are the voivodeship executive board (zarząd województwa) led by the voivodeship marshal (marszałek województwa), in counties - the county executive board led by the starosta, in municipalities - the wójt, the mayor (burmistrz) or president (prezydent) - depending on the size and nature of the municipality.

The supervision authorities over the activities of local government units are the Prime Minister and voivodes, and in the field of financial matters, the regional accounting chambers.

The powers of local government are defined in Art. 163 of the Constitution, which states that “local government shall perform public tasks not reserved by the Constitution or statutes to the organs of other public authorities”. The competences of individual units of local government have been specified in the local government acts.

- The tasks of voivodeship local government include performing voivodeship public tasks, not reserved by statutes for the benefit of government administration bodies, including cultivating Polishness as well as developing and shaping national, civic and cultural awareness of the inhabitants, stimulating economic activity, increasing the level of competitiveness and innovation of the voivodeship economy and shaping and maintaining spatial order.
- The tasks of county local government include the performance of county public tasks, not reserved by statutes for government administration bodies, in the field of public education, promotion and health protection, social assistance, supporting the family and foster care system, pro-family policy, supporting disabled people, public transport and public roads, culture and monument protection, physical education and tourism, geodesy, cartography and cadastre, real estate management, architectural and construction administration, water management, environmental and nature protection, agriculture, forestry and inland fishing, public order and security of citizens, flood protection, counteracting unemployment and activation of the local labour market, protection of consumer rights, maintenance of public utility facilities and devices, defence, promotion of the county, cooperation and activities for non-governmental organizations and activities in the field of telecommunication.
- The tasks of municipality local government include the performance of county public tasks, not reserved by statutes for government administration bodies, in the field of spatial order, real estate management, environmental and nature protection and water man-

agement, communal roads, streets, bridges, squares and road traffic organization, waterlines and water supply, sewage, municipal wastewater disposal and treatment, maintenance of cleanliness and order and sanitation, landfills and municipal waste disposal, electricity, heat and gas supply, telecommunications activities, local public transport, health protection, social assistance, including care centres and institutions, supporting the family and foster care, communal housing, public education, culture, including communal libraries and other cultural institutions, and the protection of monuments, physical education and tourism, including recreational areas and sports facilities, marketplaces and market halls, maintenance of public utility facilities and devices and administrative facilities, pro-family policy, supporting and disseminating the idea of local government, promotion of the municipality, cooperation and activities for non-governmental organizations and cooperation with local and regional communities of other countries.

Local government units are equipped with material resources enabling the implementation of tasks assigned to them.

Regarding the competence for international and regional cooperation pursuant to Article 146 sec. 1 of the Constitution, it is the Council of Ministers that conducts the policy, including foreign policy, of the Republic of Poland. At the same time, Article 172 sec. 1 indicates that “a unit of local government shall have the right to join international associations of local and regional communities as well as cooperate with local and regional communities of other states”. Voivodeship local government received the broadest competences in this respect. The act on voivodeship local government specifies that the voivodeship may cooperate with international organizations and regions of other countries, especially neighbouring ones. Voivodeships conduct their foreign cooperation on the basis of the priorities of international cooperation adopted by the regional assembly, which define the main objectives of foreign cooperation, geographical priorities for future cooperation and intentions to join international regional associations.

b) NUTS units

According to the NUTS 2021 revision, there are 97 NUTS units in the country:

- NUTS 1 – macro-regions – 7 units (grouping voivodeships),
- NUTS 2 – regions – 17 units (grouping voivodeships or their parts),
- NUTS 3 – sub-regions – 73 units (grouping counties).

Map 2. List of NUTS 2021 units in the Republic of Poland



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3
PL2 Southern macro-region	PL21 Lesser Poland	PL213 City of Kraków PL214 Kraków PL217 Tarnów PL218 Nowy Sącz PL219 Nowy Targ PL21A Oświęcim
	PL22 Silesian	PL224 Częstochowa PL225 Bielsko PL227 Rybnik PL228 Bytom PL229 Gliwice PL22A Katowice PL22B Sosnowiec PL22C Tychy
PL4 North-western macro-region	PL41 Greater Poland	PL411 Piła PL414 Konin PL415 City of Poznań PL416 Kalisz PL417 Leszno PL418 Poznań
	PL42 West Pomeranian	PL424 City of Szczecin PL426 Koszalin PL427 Szczecin-Pyrzyce PL428 Szczecin
	PL 43 Lubusz	PL431 Gorzów PL432 Zielona Góra
PL5 South-western macro-region	PL51 Lower Silesian	PL514 City of Wrocław PL515 Jelenia Góra PL516 Legnica-Głogów PL517 Wałbrzych PL518 Wrocław
	PL52 Opole	PL523 Nysa PL524 Opole
PL6 Northern macro-region	PL61 Kuyavian-Pomeranian	PL613 Bydgoszcz-Toruń PL616 Grudziądz PL617 Inowrocław PL618 Świecie PL619 Włocławek
	62 Warmian-Masurian	PL621 Elbląg PL622 Olsztyn PL623 Ełk
	PL63 Pomeranian	PL633 Tri-City PL634 Gdańsk PL636 Słupsk PL637 Chojnice PL638 Starogard

NUTS 1	NUTS 2	NUTS 3
PL7 Central macro-region	PL71 Łódź	PL711 City of Łódź PL712 Łódź PL713 Piotrków PL714 Sieradz PL715 Skierniewice
	PL72 Świętokrzyskie	PL721 Kielce PL722 Sandomierz-Jędrzejów
PL8 Eastern macro-region	PL81 Lublin	PL811 Białsk PL812 Chełm-Zamość PL814 Lublin PL815 Puławy
	PL82 Subcarpathian	PL821 Krośnięńko PL822 Przemyśl PL823 Rzeszów PL824 Tarnobrzeg
	PL84 Podlaskie	PL841 Białystok PL842 Łomża PL843 Suwałki
PL9 Masovian Voivodeship macro-region	PL91 Warsaw capital	PL911 City of Warsaw PL912 East Warsaw PL913 West Warsaw
	PL92 Masovian regional	PL921 Radom PL922 Ciechanów PL923 Płock PL924 Ostrołęka PL925 Siedlce PL926 Żyrardów

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

Regional policy in the European Union is implemented under the cohesion policy. Partnership Agreements constitute the basic document that defines the cooperation between the European Union and Poland in the field of cohesion policy. These are strategies for the use of European Funds agreed with the European Commission, which

define the objectives and methods of investing EU funds from the cohesion policy. Pursuant to the Partnership Agreements concluded by Poland in the last financial perspectives, the managing authority for **national programs is the Ministry of Regional Funds and Policy**, and for each of the **regional programs - the regional assembly**. In this case, the funds are managed not by the central authorities, but by local government institutions - i.e. voivodeship marshals.

d) Characteristics of the potential of subsequent regions

In the case of Poland, the characteristic applies to voivodships which are local government units of a regional nature.

Table 2. Characteristics of the regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Lower Silesian Voivodeship	19,947	2,900,163	13,700
Kuyavian-Pomeranian Voivodeship	17,971	2,072,373	15,100
Lublin Voivodeship	25,123	2,108,270	11,100
Lubusz Voivodeship	13,988	1,011,592	9,300
Łódź Voivodeship	18,219	2,454,779	11,100
Lesser Poland Voivodeship	15,183	3,410,901	13,200
Masovian Voivodeship	35,559	5,423,168	22,100
Opole Voivodeship	9,412	982,626	12,500
Subcarpathian Voivodeship	17,846	2,127,164	11,600
Podlaskie Voivodeship	20,187	1,178,353	10,700
Pomeranian Voivodeship	18,323	2,343,928	9,400
Silesian Voivodeship	12,333	4,517,635	10,000
Świętokrzyskie Voivodeship	11,710	1,233,961	13,000
Warmian-Masurian Voivodeship	24,173	1,422,737	13,500
Greater Poland Voivodeship	29,826	3,498,733	9,800
West Pomeranian Voivodeship	22,905	1,696,193	9,600

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Lower Silesian Voivodeship

Lower Silesian Voivodeship is located in south-west Poland and borders on Germany and the Czech Republic, and with three voivodships: Lubusz, Greater Poland and Opole. It ranks 7th in terms of the size of voivodships (6.4%) and 5th in terms of the population of voivodships (7.6%), and the average population density is approx. 145 people/km². The largest centre and, at the same time, the capital of the voivodeship is Wrocław (642,000 inhabitants). Other cities with county rights are Legnica, Jelenia Góra and Wałbrzych.

In 2020, GDP in the voivodeship reached EUR 43.8 billion, which accounted for 8.4% of Poland's GDP, and in terms of GDP per capita, it ranked second compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (60.2%), followed by industry (31.0%) and construction (7.6%). Agriculture, forestry, hunting and fishing are of little importance in generating GDP (1.2%). The average monthly gross salary in 2020 was higher than the average monthly gross salary in the country (110.5%). KGHM Polska Miedź S.A., GK in Lubin, AmRest Holdings in Wrocław, CCC Spółka Akcyjna in Polkowice, Grupa Impel Wrocław and Bank Zachodni WBK S.A. GK in Wrocław can be identified among the largest employers. Among the universities in Lower Silesia, the University of Wrocław is the largest.

Kuyavian-Pomeranian Voivodeship

Kuyavian-Pomeranian Voivodeship is located in north-central Poland and borders on five voivodships: Pomeranian, Warmian-Masurian, Masovian, Łódź and Greater Poland. It ranks 10th in terms of the size of voivodships (5.7%) and 10th in terms of voivodships' population (5.4%), and the average population density is approx. 115 people/km². The largest centres and, at the same time, the capitals of the voivodeship are Toruń (199,000 inhabitants) and Bydgoszcz (344,000 inhabitants). Other cities with county rights are Grudziądz and Włocławek.

In 2020, GDP in the voivodeship reached EUR 23.0 billion, which accounted for 4.4% of Poland's GDP, and in terms of GDP per capita, it ranked 9th compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (60.4%), followed by industry (27.9%), construction (7.9%) and agriculture, forestry, hunting and fishing (3.7%). The average monthly gross salary in 2020 was lower than in the average monthly gross salary in Poland (95.5%). The largest employers include Atos IT Services in Bydgoszcz, Majster Budowlane Abc in Włocławek, and Filmar in Toruń. Among Kuyavian-Pomeranian universities, the largest is the Nicolaus Copernicus University in Toruń.

Lublin Voivodeship

Lublin Voivodeship is located in eastern Poland and borders on Ukraine and Belarus, and on four voivodships: Podlaskie, Masovian, Świętokrzyskie and Subcarpathian. It ranks 3rd in terms of the size of voivodships (8.0%) and ninth in terms of the population (5.5%), and the average population density is approx. 83 people/km². The largest centre and, at the same time, the capital of the voivodeship is Lublin (339,000 inhabitants). Other cities with county rights are Zamość, Chełm and Biała Podlaska.

In 2020, GDP in the voivodeship reached EUR 19.6 billion, which accounted for 3.7% of Poland's GDP, and in terms of GDP per capita, it ranked 16th compared to other voivodships. The share of agriculture, forestry, hunting and fishing in generating GDP secured the second highest result in Poland (5.6%). The share of services in generating GDP also achieved the third highest result in Poland (66.0%). In the GDP structure, after services, there was industry (21.1%), followed by construction (7.3%). The average monthly gross salary in 2020 was lower than the average monthly gross salary in Poland (95.8%). The largest employers include Emperia Holding S.A. GK in Lublin, Black Red White S.A. GK in Biłgoraj and Stokrotka Sp. z o.o. in Lublin. The largest universities in Lublin are the Maria Curie-Skłodowska University in Lublin and the John Paul II Catholic University of Lublin.

Lubusz Voivodeship

Lubusz Voivodeship is located in western Poland and borders on Germany and three voivodships: West Pomeranian, Greater Poland and Lower Silesian. It ranks 13th in terms of the size of voivodships (4.5%) and 15th in terms of population (2.6%), and the average population density is approx. 72 people/km². The largest centres and, at the same time, the capitals of the voivodeship are Gorzów Wielkopolski (123,000 inhabitants) and Zielona Góra (141,000 inhabitants).

In 2020, GDP in the voivodeship amounted to EUR 11.2 billion, which accounted for 2.1% of Poland's GDP, and in conversion it was ranked 10th compared to other voivodships. The share of industry in generating GDP achieved the highest result in Poland (32.9%). The GDP structure - similarly to other voivodships - is dominated by services (57.4%), followed by construction (6.8%) and agriculture, forestry, hunting and fishing (3.0%). The average monthly gross salary in 2020 was lower than the average monthly gross salary in Poland (94.4%). The largest employers include Faurecia in Gorzów Wielkopolski, Swiss Krono in Żary and Arctic Paper Kostrzyń. Among the universities in Lubusz Voivodeship the University of Zielona Góra is the largest.

Łódź Voivodeship

Łódź Voivodeship is located in central Poland and borders on six voivodships: Kuyavian-Pomerania, Masovian, Opole, Silesian, Świętokrzyskie and Greater Poland. It ranks 9th in terms of the size of voivodships (5.8%) and 6th in terms of population (6.4%), and the average population density is approx. 134 people/km². The largest centre and, at the same time, the capital of the voivodeship is Łódź (672,000 inhabitants). Other cities with county rights are Skierniewice and Piotrków Trybunalski.

In 2020, GDP in the voivodeship reached EUR 32.4 billion, which accounted for 6.2% of Poland's GDP, and in terms of GDP per capita, it ranked 5th compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (62.1%), followed by industry (28.5%), construction (6.2%) and agriculture, forestry, hunting and fishing (3.2%). The average monthly gross salary in 2020 was higher than the average monthly gross salary in Poland (100.8%). The largest employers include Samsung Electronics Polska BSH and Barry Callebaut in Łódź. Among the universities in Łódź, the University of Łódź is the largest.

Lesser Poland Voivodeship

Lesser Poland Voivodeship is located in southern Poland and borders on Slovakia and three voivodeships: Silesian, Świętokrzyskie and Subcarpathian. It ranks 12th in terms of the size of voivodeships (4.9%) and 4th in terms of population (8.9%), and the average population density is approx. 225 people/km². The largest centre and, at the same time, the capital of the voivodeship is Kraków (780,000 inhabitants). Other cities with county rights are Tarnów and Nowy Sącz.

In 2020, GDP in the voivodeship reached EUR 42.6 billion, which accounted for 8.1% of Poland's GDP, and in terms of GDP per capita, it ranked 7th compared to other voivodeships. The share of construction in generating GDP in this voivodeship achieved the highest result in Poland (9.4%). The share of services in generating GDP also achieved the second highest result in Poland (68.2%). In the GDP structure, industry followed services (21.1%), while agriculture, forestry, hunting and fishing had a small share (1.3%). The average monthly gross salary in 2020 was higher than the average monthly gross salary in Poland (107.9%). The largest employers include Tesco Polska in Kraków, Grupa Azoty S.A. GK in Tarnow-Mościce and Capgemini Polska Sp. z o.o. in Kraków. The largest academic city is Kraków. Among the universities in Lesser Poland, the Jagiellonian University is the largest.

Masovian Voivodeship

Masovian Voivodeship is located in central-eastern Poland and borders on six voivodeships: Kuyavian-Pomeranian, Lublin, Łódź, Podlaskie, Świętokrzyskie and Warmian-Masurian. It ranks 1st in terms of the size of voivodeships (11.4%) and 1st in terms of population (14.1%), and the average population density is approximately 153 people/km². The largest centre and, at the same time, the capital of the voivodeship and the entire country is Warsaw (1,794,000 inhabitants). Other cities with county rights are Radom, Siedlce, Płock and Ostrołęka.

In 2020, GDP in the voivodeship amounted to EUR 120.0 billion, which accounted for as much as 22.9% of Poland's GDP, and in terms of GDP per capita, it ranked 1st compared to other voivodeships. The share of services in generating GDP achieved the highest result in Poland (73.0%). In the structure of GDP, it was followed by industry (17.3%), then construction (7.1%) and agriculture, forestry, hunting and fishing (2.5%). The average monthly gross salary in 2020 was much higher than the national average (127.0%). The largest employers include PKN Orlen, Polskie Górnictwo Naftowe i Gazownictwo and PGE Polska Grupa Energetyczna. The largest academic city is Warsaw. The largest universities in Mazovia are the University of Warsaw, the Warsaw University of Technology, the Cardinal Stefan Wyszyński University in Warsaw and the Warsaw University of Life Sciences.

Opole Voivodeship

Opole Voivodeship is located in the southwestern part of Poland, bordering on the Czech Republic and four voivodeships: Lower Silesian, Greater Poland, Łódź and Silesian. It ranks the last, 16th place in terms of the size of voivodeships (3.0%) and also the last, 16th place in terms of population (2.6%), and the average population density is approx. 104 people/km². The largest centre and, at the same time, the capital of the voivodeship is Opole (128,000 inhabitants).

In 2020, GDP in the voivodeship amounted to EUR 10.5 billion, which accounted for 2.0% of Poland's GDP, and in terms of GDP per capita it ranked 11th compared to other voivodeships. The share of industry in generating GDP achieved the third highest result in Poland (31.1%). The GDP structure - similarly to other voivodeships - is dominated by services (57.8%), followed by construction (8.5%) and agriculture, forestry, hunting and fishing (2.6%). The average monthly gross salary in 2020 was lower than the national average (99.3%). The largest employers include Velux Group in Namysłów, Coroplast in Strzelce Opolskie and Marcegaglia Poland in Kluczbork. Among the universities in Opole, the University of Opole is the largest.

Subcarpathian Voivodeship

Subcarpathian Voivodeship is located in south-eastern Poland and borders on Ukraine, Slovakia and three voivodships: Lesser Poland, Świętokrzyskie and Lublin. It ranks 11th in terms of the size of voivodships (5.7%) and 8th in terms of population (5.5%), and the average population density is approx. 119 people/km². The largest centre and, at the same time, the capital of the voivodeship is Rzeszów (197,000 inhabitants). Other cities with county rights are Krosno, Tarnobrzeg and Przemyśl.

In 2020, GDP in the voivodeship reached EUR 20.1 billion, which accounted for 3.8% of Poland's GDP, and in terms of GDP per capita, it ranked 15th compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (60.2%), followed by industry (30.8%) and construction (7.5%). Agriculture, forestry, hunting and fishing are of little importance in generating GDP (1.6%). The average monthly gross salary in 2020 was lower than the national average (92.3%). The largest employers include Nowy Styl Sp. z o.o. in Krosno, Pratt & Whitney S.A. in Rzeszów and Sanok Rubber Company S.A. in Sanok. The largest university in Subcarpathia is the University of Rzeszów.

Podlaskie Voivodeship

Podlaskie Voivodeship is located in northeastern Poland and borders on Lithuania and Belarus, and three voivodships: Warmian-Masurian, Masovian and Lublin. It ranks 6th in terms of the size of voivodships (6.5%) and 14th in terms of population (3.1%), and the average population density is the lowest in Poland, amounting to approx. 58 people/km². The largest centre and, at the same time, the capital of the voivodeship is Białystok (297,000 inhabitants). Other cities with county rights are Suwałki and Łomża.

In 2020, GDP in the voivodeship reached EUR 11.8 billion, which accounted for 2.3% of Poland's GDP, and in terms of GDP per capita it ranked 12th compared to other voivodships. The share of agriculture, forestry, hunting and fishing in generating GDP was the highest in Poland (7.1%). The GDP structure - similarly to other voivodships - is dominated by services (62.5%), followed by industry (22.6%) and construction (7.8%). The average monthly gross salary in 2020 was lower than the national average (96.8%). The largest employers include SM Mlekovita in Wysokie Mazowieckie, Mlekpól in Grajewo and Suempol in Bielsk Podlaski. Among the universities in Podlasie, the University of Białystok is the largest.

Pomeranian Voivodeship

Pomeranian Voivodeship is located in northern Poland and borders on the Baltic Sea, Russia (via the Vistula Spit) and four voivodships: Warmian-Masurian, Kuyavian-Pomeranian, Greater Poland and West Pomerania. It ranks 8th in terms of the size of voivodships (5.9%) and 7th in terms of population (6.1%), and the average population density is approx. 128 people/km². The largest centre and, at the same time, the capital of the voivodeship is Gdańsk (471,000 inhabitants). Other cities with county rights are Gdynia, Sopot and Słupsk.

In 2020, GDP in the voivodeship reached EUR 30.5 billion, which accounted for 5.8% of Poland's GDP, and in terms of GDP per capita it ranked 6th compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (64.3%), followed by industry (25.2%), construction (8.4%) and agriculture, forestry, hunting and fishing (2.1%). The average monthly gross salary in 2020 was higher than the national average (108.1%). The largest employers include PHU Depo, Elszyk and RTB Developer in Gdańsk. The largest among Pomeranian universities is the University of Gdańsk.

Silesian Voivodeship

Silesian Voivodeship is located in the southern part of Poland, borders on the Czech Republic and Slovakia, and on four voivodships: Łódź, Świętokrzyskie, Lesser Poland and Opole. It ranks 14th in terms of the size of voivodships (3.9%) and second in terms of population (11.8%), and the average population density is the highest in Poland, amounting to approx. 364 people/km². The largest centre and, at the same time, the capital of the voivodeship is Katowice (291,000 inhabitants). Other cities with county rights are Bielsko-Biała, Bytom, Chorzów, Częstochowa, Dąbrowa Górnicza, Gliwice, Jastrzębie, Jaworzno, Mysłowice, Ruda Śląska, Piekary Śląskie, Rybnik, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tychy, Zabrze and Żory.

In 2020, GDP in the voivodeship reached EUR 61.0 billion, which accounted for 11.6% of Poland's GDP, and in terms of GDP per capita, it ranked 4th compared to other voivodships. The share of industry in generating GDP achieved the second highest result in Poland (32.9%). The GDP structure - similarly to other voivodships - is dominated by services (58.5%), followed by construction (7.8%). Agriculture is of little importance in generating GDP (0.8%). The average monthly gross salary in 2020 was higher than the national average (106.6%). The largest employers include Polska Grupa Górnicza, PPHU Specjał and Tauron Polska Energia S.A. Among the Silesian universities, the largest is the University of Silesia in Katowice.

Świętokrzyskie Voivodeship

Świętokrzyskie Voivodeship is located in the south-eastern part of Poland and borders on six voivodships: Masovian, Lublin, Subcarpathian, Lesser Poland, Silesian and Łódź. It ranks 15th in terms of the size of voivodships (3.7%) and 13th in terms of population (3.2%), and the average population density is approx. 105 people/km². The largest centre and, at the same time, the capital of the voivodeship is Kielce (193,000 inhabitants).

In 2020, GDP in the voivodeship reached the value of EUR 12.1 billion, which accounted for 2.3% of Poland's GDP, and in terms of GDP per capita it ranked 13th compared to other voivodships. The share of construction in generating GDP achieved the third highest result in Poland (8.8%). The GDP structure - similarly to other voivodships - is dominated by services (60.5%), followed by industry (26.4%) and agriculture, forestry, hunting and fishing (4.2%). The average monthly gross salary in 2020 was lower than the national average (94.1%). The largest employers include Cersanit in Ostrowiec Świętokrzyski, Pilkington in Sandomierz and Barlinek S.A. in Kielce. Among the universities in Świętokrzyskie Voivodeship, the Jan Kochanowski University of Kielce is the largest.

Warmian-Masurian Voivodeship

Warmian-Masurian Voivodeship is located in northeastern Poland and borders on Russia (Kaliningrad Oblast) and four voivodships: Podlaskie, Masovian, Kuyavian-Pomeranian and Pomeranian. It ranks 4th in terms of the size of voivodships (7.7%) and 12th in terms of population (3.7%), and the average population density is approx. 59 people/km². The largest centre and, at the same time, the capital of the voivodeship is Olsztyn (171,000 inhabitants). Another city with county rights is Elbląg.

In 2020, GDP in the voivodeship reached the value of EUR 13.6 billion, which accounted for 2.6% of Poland's GDP, and in terms of GDP per capita it ranked 14th as compared to other voivodships. The share of agriculture, forestry, hunting and fishing in generating GDP reached the third highest result in Poland (5.6%). The GDP structure - similarly to other voivodships - is dominated by services (61.5%), followed by industry (25.6%) and construction (7.4%). The average monthly gross salary in 2020 was lower than the national average (92.2%). The largest employers include Res Energy BGW in Olsztyn, Konter in Kurzętnik, Wimax Mazury in Iława. Among the universities in Warmia and Mazury, the largest is the University of Warmia and Mazury in Olsztyn.

Greater Poland Voivodeship

Greater Poland Voivodeship is located in central-western Poland and borders on seven voivodships: Lower Silesian, Kuyavian-Pomeranian, Lubusz, Łódź, Opole, Pomeranian and West Pomeranian. It ranks second in terms of the size of voivodships (9.5%) and third in terms of population (9.1%), and the average population density is approx. 117 people/km². The largest centre and, at the same time, the capital of the voivodeship is Poznań (532,000 inhabitants). Other cities with county rights are Konin and Leszno.

In 2020, GDP in the voivodeship amounted to EUR 52.2 billion, which accounted for 10.0% of Poland's GDP, and in terms of GDP per capita, it ranked 3rd compared to other voivodships. The GDP structure - similarly to other voivodships - is dominated by services (60.2%), followed by industry (28.6%), construction (7.6%) and agriculture, forestry, hunting and fishing (3.6%). The average monthly gross salary in 2020 was lower than the national average (97.8%). The largest employers include Volkswagen Poznań, Kompania Piwowarska and Clar System S.A. The largest academic city is Poznań, and the largest among the universities in Greater Poland is the Adam Mickiewicz University in Poznań.

West Pomeranian Voivodeship

West Pomeranian Voivodeship is located in north-west Poland and borders on the Baltic Sea, Germany and three voivodships: Pomeranian, Greater Poland and Lubusz. It ranks 5th in terms of the size of voivodships (7.3%) and 11th in terms of population (4.4%), and the average population density is approx. 74 people/km². The largest centre and, at the same time, the capital of the voivodeship is Szczecin (398,000 inhabitants). Other cities with county rights are Koszalin and Świnoujście.

In 2020, GDP in the voivodeship reached EUR 19.3 billion, which accounted for 3.7% of Poland's GDP, and in terms of GDP per capita, it ranked 8th compared to other voivodships. The share of construction in generating GDP reached the 3rd highest result in Poland (8.9%). The GDP structure - similarly to other voivodships - is dominated by services (66.6%), followed by industry (21.6%) and agriculture, forestry, hunting and fishing (2.9%). The average monthly gross salary in 2020 was higher than the national average (100.6%). The largest employers include Polska Żegluga Morska in Szczecin, Euroafrica Linie Żeglugowe and Grupa Azoty Zakłady Chemiczne "Police". Among the universities in West Pomerania, the largest is the University of Szczecin.

The presented data applies to 2020 and the structure of GDP generation due to the lack of more recent data - 2019.

e) The role of regions in regional development

Participation in the financial allocation of EU funds

As part of the EU cohesion policy, **in the 2014-2020 perspective**, operational programs were implemented in Poland with a total value of approx. **EUR 77.6 billion**, of which: 6 national operational programs were managed by the Ministry of Funds and Regional Policy (approx. 60% of funds) and 16 regional programs were managed by voivodship marshals (approx. 40% of funds - over **EUR 31 billion**). EUR 23.2 billion was allocated under the Cohesion Fund.

Under the EU cohesion policy, **in the perspective for the years 2021-2027**, operational programs will be implemented in Poland with a total value of approx. **EUR 72.2 billion** and, moreover, the Just Transition Fund with a value of approx. EUR 3.8 billion - i.e. a total of approx. EUR 76 billion. As in the years 2014-2020, also in the new perspective, funds from the cohesion policy will be allocated to programs implemented at the national level (approx. 60% of funds) and at the regional level through 16 regional programs managed by voivodship marshals (approx. 40% of funds - over **EUR 28 billion**).

The division of funds into regional programs in both perspectives is presented in Table 3.

Table 3. Distribution of funds for regional programs in Poland in the 2014-2020 and 2021-2027 perspective

Name of the region	2014-2020 Perspective	2021-2027 Perspective
Lower Silesian Voivodeship	EUR 2.25 million	EUR 1.67 million
Kuyavian-Pomeranian Voivodeship	EUR 1.90 million	EUR 1.75 million
Lublin Voivodeship	EUR 2.23 million	EUR 2.27 million
Lubusz Voivodeship	EUR 0.90 million	EUR 0.86 million
Łódź Voivodeship	EUR 2.25 million	EUR 2.29 million
Lesser Poland Voivodeship	EUR 2.87 million	EUR 2.32 million
Masovian Voivodeship	EUR 2.08 million	EUR 2.00 million
Opole Voivodeship	EUR 0.90 million	EUR 0.92 million
Subcarpathian Voivodeship	EUR 2.1 million	EUR 2.18 million
Podlaskie Voivodeship	EUR 1.21 million	EUR 1.25 million
Pomeranian Voivodeship	EUR 1.86 million	EUR 1.67 million
Silesian Voivodeship	EUR 3.47 million	EUR 2.79 million
Świętokrzyskie Voivodeship	EUR 1.36 million	EUR 1.40 million
Warmian-Masurian Voivodeship	EUR 1.72 million	EUR 1.73 million
Greater Poland Voivodeship	EUR 2.45 million	EUR 1.67 million
West Pomeranian Voivodeship	EUR 1.60 million	EUR 1.61 million
Total	EUR 31 million	EUR 28 million

Source: Developed by the author based on data from <https://www.funduszeuropejskie.gov.pl/>.

Participation in macro-regional strategies

Poland participates in the implementation of:

- The European Union Strategy for the Baltic Sea Region (EUSBSR).

Marlena Gołębiowska

ROMANIA

a) Political system and administrative division of the country

Romania is a unitary state. In terms of the political system, it is a parliamentary republic with a semi-presidential system. The bicameral parliament is elected through universal elections for a four-year term of office. The president is elected through universal elections for a five-year term of office (office may be held by one person for a maximum of two terms of office). The president and members of the Council of Ministers are appointed by the president after receiving the majority of votes in the parliament.

There are two tiers of territorial administration:

- Within the first tier, there are rural communes (comune, in the number of 2,862), cities (orașe, 216) and municipalities (municipii; 103; this status is given to the largest and most economically significant cities).
- The second tier of administration consists of voivodeships (județe, in literature also called oblasts), in the number of 42 – this number also includes the capital city of Bucharest, which has the status of a voivodeship.

First-level administration units are local government units. According to the Romanian Constitution, “the public administration authorities in communes and cities are representative local councils and mayors elected in the manner prescribed by law” (Article 121/1).

At the voivodeship level, there is dualism of central and local government. The authority of public administration in the voivodeship is the **Council**, elected in general elections for a four-year term of office, and the **prefect**, who is appointed by the government. The prefect is the representative of the government at the local level. The Constitution emphasizes that “there are no relations of subordination between the prefects, on one hand, and voivodeship councils and their chairmen, on the other” (Article 123/4).

At the voivodeship level, the Council exercises legislative power, and its particular task is to “coordinate the activities of commune and city councils in order to provide public services of voivodeship importance” (Constitution, Article 122/1). On the other hand, the prefect exercises executive power, coordinates the operation of all institutions subordinate to the Council of Ministers, and controls the Voivodeship Council in terms of compliance of the legal acts it adopts with national law.

The territorial division into voivodeships, communes and cities is determined by the constitution. The number and shape of the voivodeships have remained almost unchanged since 1968 (with one exception being the establishment of Ilofov Voivodeship in 1995). Romanian local government has not been subject to extensive and in-depth reform. Nevertheless, after 1989, a number of minor changes were introduced in the legal framework for the functioning of local government, which were to adapt

the functioning of territorial administration to the conditions of a democratic state. This process gained particular pace during the accession to the EU and was largely conditioned by the accession requirements. It should be emphasized that Romania is perceived as a highly centralized country. This is also reflected in the fact that voivodeships' tasks involve a rather limited scope (see below).

In addition, there are also eight Development Regions (DRs) in Romania, which are however not administrative units and do not have legal personality. These regions are created by several voivodships, and their functioning is mainly related to the distribution of funds from the European Union (see below).

Map 1. Administrative divisions of Romania into voivodeships (județe) with Development Regions marked



Source: The map was developed by Jakub Pieńkowski.

The most important tasks of voivodeships include:

- management of regional airports;
- management of public and private property in the voivodeship;
- management of cultural institutions of voivodeship importance;
- administration of public health units in the voivodeship;
- basic social services.

Voivodeships also share a number of tasks with the central administration, including: road infrastructure management, education, medical care, social services for people

with social problems, basic social services, specialist services in the field of child protection.

The 2001 Local Public Administration Act (*Legea administrației publice locale nr. 215/2001*) states that territorial units have the right to join international associations to protect, develop and promote their interests. All initiatives in this regard must be reported to the Ministry of Foreign Affairs and the Ministry of Administration. **In the case of voivodeships, the decision to join the cooperation or international association is made by the Voivodeship Council** (*Legea 215/2001, Article 11.4, at. 16.1, Article 18.6.P*).

b) NUTS units

According to the NUTS 2021 revision, 53 NUTS units operate in the country:

- NUTS 1 – macro-regions – 3 units,
- NUTS 2 – regions – 8 units (according to the division into Development Regions),
- NUTS 3 – sub-regions – 42 units (according to the division into voivodships, including Bucharest).

Map 3. List of NUTS3 2021 units in Romania



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. List of NUTS 2021 units

NUTS 1	NUTS 2	NUTS 3	
RO1 Macroregiunea Unu	RO11 Nord-Vest	RO11 Nord-Vest	
		RO111 Bihor	
		RO112 Bistrița-Năsăud	
		RO113 Cluj	
		RO114 Maramureș	
		RO115 Satu Mare	
	RO12 Centrum	RO121 Alba	
		RO122 Brașov	
		RO123 Covasna	
		RO124 Harghita	
		RO125 Mureș	
		RO126 Sibiu	
RO2 Macroregiunea Doi	RO21 Nord-Est	RO211 Bacău	
		RO212 Botoșani	
		RO213 Iași	
		RO214 Neamț	
		RO215 Suceava	
		RO216 Vaslui	
	RO22 Sud-Est	RO221 Brăila	
		RO222 Buzău	
		RO223 Constanța	
		RO224 Galați	
		RO225 Tulcea	
		RO226 Vrancea	
RO3 Macroregiunea Trei	RO31 Sud-Muntenia	RO311 Argeș	
		RO312 Călărași	
		RO313 Dâmbovița	
		RO314 Giurgiu	
		RO315 Ialomița	
		RO316 Prahova	
		RO317 Teleorman	
	RO32 București - Ilfov	RO321 București	
		RO322 Ilfov	
	RO4 Macroregiunea Patru	RO41 Sud-Vest Oltenia	RO411 Dolj
			RO412 Gorj
			RO413 Mehedinți
RO414 Olt			
RO415 Vâlcea			
RO42 Vest		RO421 Arad	
		RO422 Caraș-Severin	
		RO423 Hunedoara	
		RO424 Timiș	

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

The Ministry of Investments and European Projects is currently responsible for the implementation of regional policy and the management of EU funds (also regarding the management of EU funds for 2021-2027).

At the consultative and executive level, the Ministry cooperates with eight Development Regions: North-East, North-West, Centre, West, South-East, South-West, South-Muntenia (the division into DRs corresponds to the NUTS 2 classification). The regions associate voivodships, but they are not separate administrative units and do not have legal personality.

The regions are managed by the Regional Development Council (RDC), which includes the chairmen of the Voivodship Councils. The task of the RDC is to coordinate the entire development policy, analyse and develop development strategies, approve regional development programs, approve criteria, priorities and objectives for allocating funds from the Regional Development Fund.

The executive bodies are the Regional Development Agencies. These are state institutions that are subordinate to the Ministry of Investments and European Projects and have a separate legal personality. Their task is to develop strategies, raise funds, identify and implement financial programs, as well as offer services that stimulate economic development, cooperation and entrepreneurship.

d) Characteristics of the potential of subsequent regions

In the case of Romania, the characteristics apply to voivodships/oblasts which are regional local government units. Due to their large number, only a dozen or so of them with different potential have been selected for a broader description.

Table 2. Characteristics of the regions - as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Bihor	7,544.3	560,203	9,300
Bistrița-Năsăud	5,355.2	277,849	8,200
Cluj	6,674.4	709,585	15,800
Maramureș	6,304.4	458,636	8,200
Satu-Mare	4,417.9	331,207	8,800
Sălaj	3,864.4	209,939	9,200
Alba	6,241.6	328,879	11,200
Brașov	5,363.1	553,520	13,400
Covasna	3,709.8	201,475	8,300
Harghita	6,638.9	301,465	8,500
Mureș	6,713.9	533,186	9,000
Sibiu	5,432.5	401,301	12,400
Bacău	6,620.5	581,442	7,400
Botoșani	4,985.7	376,562	6,000
Iași	5,475.6	792,692	9,100
Neamț	5,896.1	438,460	7,000
Sucava	8,553.5	623,019	6,800
Vaslui	5,318.4	372,040	5,200
Brăila	4,765.8	285,916	9,200
Buzău	6,102.6	409,162	7,700
Constanța	7,071.3	672,152	12,500
Galați	4,466.3	500,213	7,800
Tulcea	8,498.8	192,101	8,600
Vrancea	4,857	317,567	7,200
Argeș	6,826.3	575,027	10,500
Călărași	5,087.9	280,252	6,900
Dâmbovița	4,054.3	487,115	8,000
Giurgiu	3,526	263,263	5,400
Ialomița	4,529	254,405	8,600
Prahova	4,715.9	712,447	10,800
Teleorman	5,789.8	328,867	6,800
București	237.9	1,835,258	30,300
Ilfov	1,583.3	486,744	12,900
Dolj	7,414	621,410	9,000
Gorj	5,601.7	311,985	12,000
Mehedinți	4,932.9	238,907	6,700
Olt	5,498.3	389,730	7,600
Vâlcea	5,764.8	348,377	7,200
Arad	7,754.1	415,910	11,700
Caraș-Severin	8,519.8	269,551	8,600
Hunedoara	7,062.7	380,105	9,200
Timiș	8,696.7	705,914	14,800

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Characteristics of selected voivodeships:

Sucava (Suczawa)

The voivodeship is located in the North-East Development Region, near the border with Ukraine. It is relatively large: its surface area is 8,553.5 km², with the population of 623,019, which gives a population density of 73.3 people/km². GDP in 2020 amounted to EUR 4.4 billion, and GDP per capita was EUR 6,800. The most important sectors of the local economy are forestry, the food and restaurant industry, and the production of mechanical components. The city of Sucava, taking advantage of its border location, developed into an important centre of retail trade (shopping centres, supermarkets). The Sucava area has the largest concentration of the Polish minority in Romania, which accounts for 2.6% of the voivodeship's population. The region is known for its medieval monasteries, which constitute a tourist attraction.

Iași (Jassy)

The voivodeship is located in the North-East Development Region, near the border with the Republic of Moldova. Its surface area is 5,475.6 km². It is one of the largest in terms of population. It is inhabited by 792,692 people, and the population density is 146.9 people/km². GDP in 2020 amounted to approx. EUR 8 billion, and GDP per capita was EUR 9,100. The local economy is based primarily on agriculture, and the IT, pharmaceutical and automotive industries are also developing. The city of Iași, the capital of the voivodeship, is the most important academic centre in eastern Romania. The region is characterized by strong social and economic ties with the Republic of Moldova.

Maramureș (Maramuresz)

The voivodeship is located in the North-West Development Region, near the border with Ukraine. Its surface area is 6,304.4 km², it is inhabited by 458,636 people, which gives a population density of 73.2 people/km². It is one of the least prosperous: GDP in 2020 amounted to approx. EUR 4 billion, while GDP per capita was EUR 8,200. Local economy is dominated by agriculture and mining. A large part of the local farms work on the basis of traditional agriculture, the farms are family-run; there are also metal ore mines and industrial plants related to the processing of this raw material in the region. The capital of the voivodeship is the city of Baia Mare, which is associated with mining traditions. The region is perceived as culturally attractive and is often visited by tourists from Poland. Its most important brand is the visible presence of traditional culture (including pastoral culture) and multi-ethnicity - Romanians account for about 81% of the population, the

rest of the community consists mainly of Ukrainians and representatives of smaller ethnic groups (Hutsuls, Ruthenians) and Germans.

Satu-Mare

The voivodeship is located in the North-West Development Region, near the borders on Hungary and Ukraine. Its surface area is 4,417.9 km². It is inhabited by 331,207 people, which gives a population density of 75.4 people/km². In 2020, GDP was EUR 2.8 billion, and GDP per capita was EUR 8,800. The convenient, border location makes the region attract foreign investors, mainly from the textile, car and food industries. The voivodship is characterized by high multi-ethnicity: Romanians constitute 57% of the population, while Hungarians 34%.

Cluj (Kluż)

The voivodeship is located in the North-West Development Region, in the historic Transylvania region. Its surface area is 6,674.4 km². It is one of the largest in terms of population: 709,585 inhabitants, with the population density of 106.8 people/km². This voivodship is one of the most dynamically developing in terms of economy. In 2020, GDP amounted to EUR 12.4 billion, while GDP per capita was EUR 15,800. It is in second place (after Bucharest) in terms of the number of registered business entities; it also enjoys one of the highest average incomes. The automotive industry and the IT sector are developing in the region - over 30% of employees are employed in this sector or related services. The capital of the voivodeship, Cluj-Napoca, home to Universitatea Babeş-Bolyai, is one of the two most important academic centres in Romania (next to Bucharest). Cluj-Napoca is also an important centre of Hungarian culture in Romania. It is a multi-ethnic region - Romanians constitute approx. 80% of the region's population, Hungarians approx. 16%.

Braşov (Braszów)

The voivodeship is located in the Centrum Development Region. It is quite small, covering a surface area of 5,363.1 km², but it is inhabited by 553,520 people, which is a high, for Romania, population density - 103.6 people/km². In 2020, GDP amounted to approx. EUR 8.2 billion, while GDP per capita was EUR 13,400. This region was heavily industrialized during the communist era, when, among others, military aircraft factories and food and chemical industry plants were established there. Moreover, it is an important centre for mountain, skiing and cultural tourism. The region is rich in monuments (castles, palaces and churches), the most famous and recognizable in Europe are the

royal palace in Peles and the so-called Dracula's Castle in Bran. The region is also historically and culturally connected with German settlement.

Sibiu (Sybin)

The voivodeship is part of the Centrum Development Region. It is relatively small: its surface area is 5,432.5 km², with the population is 401,301 inhabitants, and the population density of 74.2 people/km². In terms of economy, it is one of the fastest growing voivodships in recent years. In 2020, GDP amounted to EUR 5.4 billion, while GDP per capita was EUR 12,400. It has one of the highest levels of foreign investment. The machinery and automotive, food and textile industries dominate there. Sibiu voivodeship is an important tourist centre, based on landscape and historical values - the capital of the voivodeship, the city of Sibiu, which has a beautiful old town, is of particular importance here. The city of Sibiu is also seen as an example of a Romanian success story - a place that in a few years turned from a ruined town into one of the most attractive in Central Europe (which culminated in it being the European Capital of Culture in 2007). Historically it is associated with German settlement. The city's success is associated with the mayoral period of Klaus Iohannis, the current president of Romania.

Timiș

The voivodeship is located in the West Development Region, close to the borders on Hungary and Serbia. It is the largest voivodeship in terms of territory (8,696.7 km²) and one of the largest in terms of population: it is inhabited by 705,924 people, and the population density is 81.6 people/km². In terms of economy, the voivodship is one of the most dynamically developing voivodships. GDP in 2020 amounted to approx. EUR 11.2 billion, and GDP per capita was EUR 14,800. There are global and European leaders in the IT industry (Microsoft, Intel, Nokia, Huawei), engineering and mechanical industry (Continental, Draxlamaier) and electronics (Felixtronics, Dura) there. Important European communication routes (pan-European transport corridor IV) also run through the region. The capital of the region, the city of Timișoara, is an important academic centre - the largest and most important university in the region is the University of Western Timișoara.

Mehedinți

The voivodeship is located in the South-West Development Region, close to the borders with Bulgaria and Serbia. It is relatively small: its surface area is 4,932.9 km², while the population is 238,907 inhabitants, which gives

a population density of 49.9 persons/km². GDP in 2020 amounted to approx. EUR 2 billion, while GDP per capita was EUR 6,700. The region's economy is closely linked to the energy industry (Danube hydroelectric power plants). There is a large diversification within the voivodship: the northern part is industrialized (there are food, chemical, textile and mechanical plants there), while the south is dominated by agriculture.

Călărași

The voivodship is located in the South-Muntenia Development Region, by the Danube River, next to the border with Bulgaria. Its surface area is 5,087.9 km². It is small in terms of population: only 280,252 people live there, which gives a population density of 57.6 people/km². It is also quite poor: GDP in 2020 was EUR 1.9 billion, and GDP per capita was EUR 6,900. Agriculture dominates the economy and the structure of employment. The region produces about 3% of the national agricultural production. In the capital of the voivodship, the city of Călărași, there is also a large and significant metallurgical plant.

Argeș

The voivodship is located in the South-Muntenia Development Region. It is relatively large: the surface area is 6,826.3 km² and the population is 575,027, which gives a population density of 85.3 people/km². GDP in 2020 amounted to approximately EUR 6.3 billion, while GDP per capita was EUR 6,900. It is one of the most industrialized voivodships, it houses Dacia (Renault) and ARO car factories. Oil and coal are mined there, and there is also a nuclear research and production facility that produces nuclear fuel for the Cernavodă nuclear power plant.

Galați (Galacz)

The voivodship is located in the south-east, on the Black Sea coast, and includes part of the Danube Delta. Its surface area is 500,213 km², it is inhabited by 500,213 people, which gives a population density of 99.9 people/km². GDP in 2020 amounted to approximately EUR 4.2 billion, and GDP per capita was EUR 7,800. The population is mainly employed in agriculture, fishing, the transport and logistics industry (river transport and port service) and the metallurgical industry - 55% of Romania's metallurgical production is situated in this region. The capital of the province, the city of Galați, is also an academic centre - Danube University, located there, is trying to pursue international cooperation.

e) The role of regions in regional development

Participation in the financial allocation of EU funds

In Romania, regional development management and resource allocation are very centralized. The Ministry of Investments and European Projects and its subordinate Regional Development Agencies play a key role. Voivodships take part in the decision-making process, primarily through the Regional Development Councils, which prepare development strategies and approve regional development programs, criteria, priorities and objectives for allocating funds from the Regional Development Fund (it is worth emphasizing that programs, criteria and priorities are only approved by the RDCs, and not being developed by them). Funds are raised by voivodships in the process of grant competitions carried out by the Ministry or Regional Development Agencies.

In 2014-2020, a total of approx. EUR 23 billion was allocated under the cohesion policy in Romania, of which EUR 6.93 billion from the Cohesion Fund. Almost all of Romania, with the exception of Bucharest, falls under the category of "a less developed region". Based on this category, the country allocated EUR 15.6 billion (mainly from the European Regional Development Fund). Unfortunately, there is no information about the allocation of funds in individual voivodships or development regions, which may result from strong centralization of the process of their distribution.

There is no detailed information on the planned allocation of funds in the 2021-2027 perspective. Romania had a long delay in presenting operational programs for regional funds. The government focused on the Reconstruction Fund, while the issue of regional funds stood still. The development of operational programs was also negatively affected by the government crisis in autumn 2021 and the resignation of the Minister of Investments and Regional Projects at the beginning of April 2022.

Participation in macro-regional strategies

Romania participates in the implementation of:

- The European Union Strategy for the Danube Region (EUSDR).

Piotr Oleksy

THE SLOVAK REPUBLIC

a) Political system and administrative division of the country

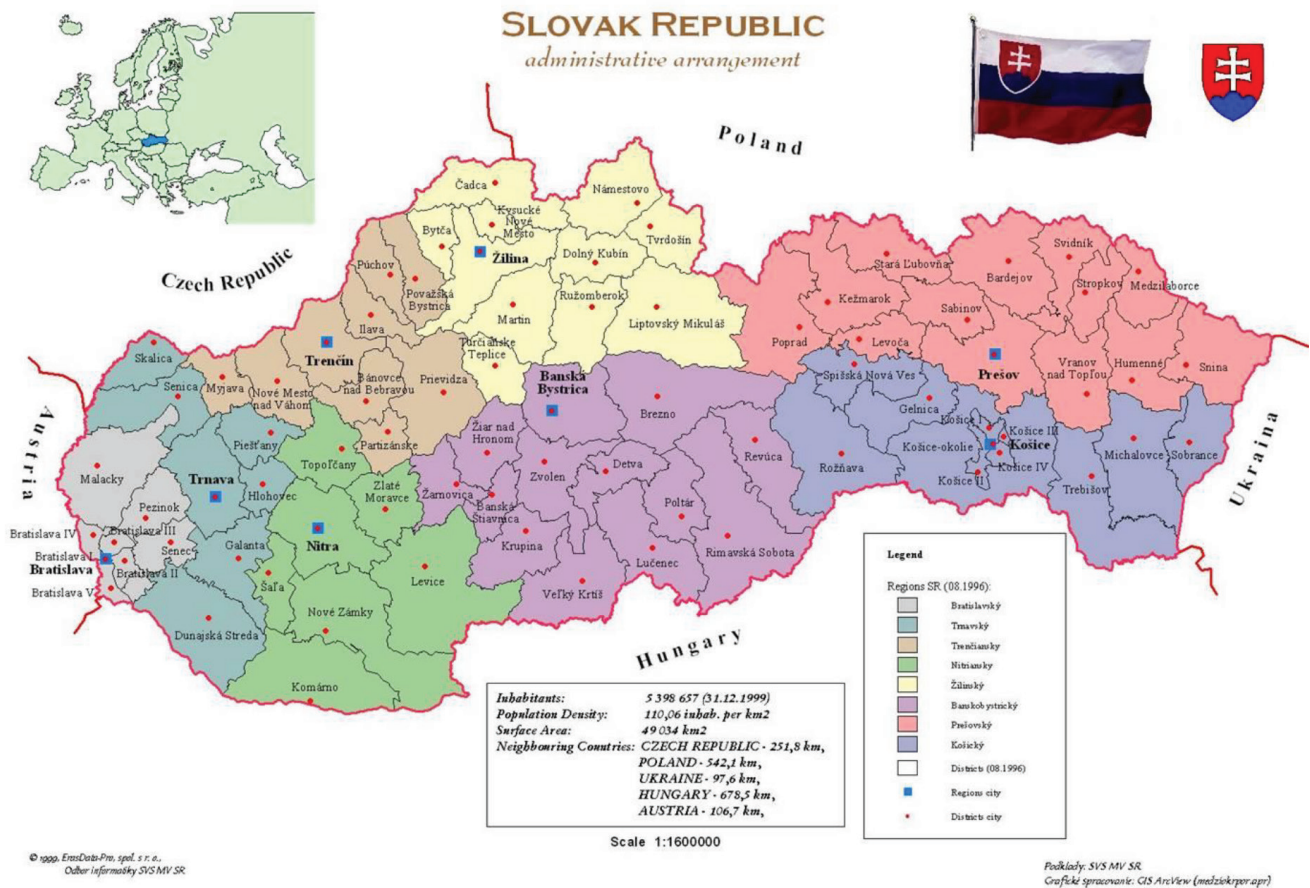
According to the constitution as of 1992 (amended several times), Slovakia is a republic with a parliamentary-cabinet system of government. Its legislative body is constituted by unicameral parliament – the National Council (Národná rada Slovenskej republiky) with 150 deputies elected in five-adjective voting for a four-year term. Executive power is represented by the president and government. The President of Slovakia is elected in general election for the term of 5 years, with the right to a single re-election. The highest executive body in Slovakia is constituted by the government (Vláda Slovenskej republiky). It consists

of the prime minister leading its works, deputy prime ministers and ministers. Prime minister is appointed by the president and upon the request of the prime minister, the head of state also appoints ministers. Judicial power in Slovakia is constituted by independent courts (Constitutional Court – Ústavný súd, Supreme Court – Najvyšší správny súd, as well as lower courts).

Slovakia is a unitary state. Since July 1st 1996, it has **three-level administrative division**. Slovakia is divided into:

- 8 regions (kraj),
- 79 districts (okres),
- 2890 municipalities (obec).

Map 1. Administrative division of the Slovak Republic (including regions and districts)



Source: Územné a správne usporiadanie Slovenskej republiky, <https://www.minv.sk/?uzemne-a-spravne-usporiadanie-slovenskej-republiky> [20.04.2022].

The municipalities are divided into ordinary ones (2750) and cities (140). What is more, the districts of two largest Slovak cities, Bratislava and Košice, have municipal rights (Bratislava is divided into 5 districts and Košice into 4 districts). Slovak regions and municipalities constitute the units of territorial self-governments, while districts represent exclusively statistical character. Administrative division of Slovakia including regions and districts is presented on Map 1.

Territorial self-government in Slovakia was reactivated on September 6th 1990 with the adoption of the act on municipal system. Two separate legislative regulations were adopted for self-government systems of two largest Slovak cities – Bratislava and Košice. Territorial self-government is also referred to in Chapter IV (Art. 64-71) of the Slovak constitution as of 1992. In Slovakia, municipalities constitute basic units of self-government and administrative division. They are the counterparts of municipalities in Poland, but their surface is much smaller, as usually they cover a single village. Municipalities are legal persons possessing legal personality, acquiring their

incomes, managing their own assets and monetary funds. Municipal authority bodies are constituted by municipal representative offices (obecné zastupiteľstvo) as well as starosts. Deputies of representative offices are elected in direct voting by municipality inhabitants for the term of four years. The starost, in turn, acts as representative of the municipality, representing it outside and constitutes its highest executive body. The term of office lasts 4 years.

The tasks of municipalities constitute: collecting local taxes and fees, constructing and maintaining local roads, managing communal cemeteries, facilities connected with culture and monuments, sports and touristic attractions. The municipality conducts the activity promoting the development of culture, arts, sports and entertainment. It provides public utility services, such as public transport, waste management, maintaining the order and cleanliness within its territory, urban planning, street illumination, water supply, sewage and wastewater treatment maintenance, managing fairs, municipal police and social assistance.

The competencies of municipal representative office include as well the approval of agreements on international cooperation as well as the participation of municipalities in international associations. Municipal self-government obtained the opportunity to cooperate with territorial administration units or offices of other countries responsible for local management tasks. The act on municipal self-government specifies as well that the agreement or participation in the association may not be inconsistent with Slovak legislation or public interest.

Regions constitute the highest level of administrative division of Slovakia. They were created basing on the Act as of July 4th 2001 on the self-government of higher territorial units (the act on self-government regions). The names of all five regions correspond to the names of the cities in which their authorities are located. Regional bodies are constituted by: the representative office of higher territorial unit (zastupiteľstvo samosprávneho kraja) and the head of higher territorial unit (predseda samosprávneho kraja). Deputies of the representative office are elected for the term of four years in general voting. The head is elected for a four-year term of office basing on common, equal and direct voting rights in secret voting. The head constitutes an executive body, serves the administrative function as well as represents the region beyond its borders.

The competencies of regions include:

- social, economic and cultural development of regions, managing their own budget, investment projects and public procurement, international and sub-regional cooperation, regional planning, social assistance and providing social services, healthcare, including the creation of hospitals, management of non-public healthcare (such as psychiatric hospitals and dental

services), education, including secondary, vocational and artistic schools, construction and maintenance of buildings, remuneration of teachers, transport, including the construction and maintenance of regional roads, coordination of the railway system within the regions, cultural policy, including the management of regional theatres, libraries, museums, galleries and culture centres, touristic activity, including the planning and development of tourism in the regions, sports policy, youth policy, pharmaceutical policy, including the issuing of licences for open-access pharmacies, extending the supervision over open-access pharmacies, making decisions concerning pharmaceutical reserves, civil defence (in cooperation with state bodies).

In Slovakia, international cooperation at the regional level was regulated by the act on self-government regions as of 2001. According to this act, the regions are entitled to, within the framework of their competencies, cooperate with territorial self-government units as well as offices of other countries serving regional functions. What is more, they are entitled to become the members of international associations as well as their bodies. The act assumes that the cooperation should be performed basing on cooperation agreement including the list of members cooperating with one another and their seats, the scope of activity, as well as time perspective in which it is to be signed. International cooperation agreement, similarly to Polish solutions, has to comply with state legislation as well as international commitments undertaken by Slovakia. It enters into force only by virtue of the resolution of the decision-making authority of self-government territorial unit adopted with the absolute majority of votes.

b) NUTS Units

According to NUTS 2021 revision, 13 NUTS units operate in Slovakia:

- NUTS 1 – macroregions – 1 unit,
- NUTS 2 – regions – 4 units,
- NUTS 3 – sub-regions – 8 units.

Map. 2. NUTS 2021 Units in the Slovak Republic



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [20.04.2022].

Table 1. List of NUTS 2021 Units in Slovakia

NUTS 1	NUTS 2	NUTS 3
SK0 Slovakia	SK1 Bratislava Region	SK010 Bratislava Region
	SK2 Western Slovakia	SK021 Trnava Region SK022 Trenčín Region
	SK3 Central Slovakia	SK031 Žilina Region SK032 Banská Bystrica Region
	SK4 Eastern Slovakia	SK041 Prešov Region SK042 Košice Region

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [20.04.2022].

c) Identification of the subjects of regional policy

The Ministry of Investment Projects, Regional Development and Informatisation of the Slovak Republic (*Ministerstvo investícií, regionálneho rozvoja a informatizácie Slovenskej republiky*, MIRRI) is responsible for the allocation of EU funds at a central level in Slovakia. Its main tasks include: management, coordination and supervision over the use of EU funds, informatisation of the country, investment policy and regional development.

Within the area of EU funds, MIRRI coordinates the compliance with Partnership Agreement for the years 2021-2027, makes the decisions concerning binding plans and crisis management within operational programmes as well as ensures the performance of strategic objectives of Slovakia in the area of financing with EU funds. When it comes to regional development, in turn, MIRRI supports the activity of district development centres, approves and forwards the subsidies and regional payments approved by the government for self-government projects in districts characterized by the lowest level of development as well as evaluates the performance of action plans in cooperation with local authorities.

At the regional level, EU funds are managed by the regions acting as intermediary institutions. Their tasks include the management and implementation of Integrated Operational Program for Regional Development (*Integrovaný regionálny operačný program*, IROP). Operational Programmes Implementation Departments operate within the regions, subjected to the representative of higher territorial unit. They consist of two separate organizational units: project implementation department as well as management and coordination department. Each region (apart from the Bratislava region) keeps their own Advisory Centres providing potential beneficiaries of EU programmes with advice and information.

In 2019, the government of Slovakia appointed the Council of the Slovak Republic for Cohesion Policy 2021-2027. It is the advisory and coordination body involved in all

matters referring to cohesion policy within the current programming period. The council coordinates among others the process of preparing the Partnership Agreement as well as operational programmes for the years 2021-2027, supervision in cooperation with appropriate institutions of the implementation of EU funds within the programming period 2021-2027. At present, the Council consists of 33 members, being the representatives of the government, self-government members (including the representatives of all regions) as well as social and economic partners.

d) Characteristics of the potential of subsequent regions

When it comes to Slovakia, the characteristics refer to the regions constituting territorial self-government units representing regional character.

Table 2. Characteristics of the regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Bratislava Region	2 053	677 024	26 189.74
Trnava Region	4 146	565 324	10 456.21
Trenčín Region	4 502	312 020	8148.27
Nitra Region	6 344	671 508	9 755.8
Žilina Region	6 809	691 136	10 119.25
Banská Bystrica Region	9 454	643 102	7 796.32
Prešov Region	8 973	827 028	8 510.85
Košice Region	6 754	802 092	11 102.82

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/regions/data/database>; <https://slovak.statistics.sk/wps/portal/ext/themes/regional> [20.04.2022].

Bratislava Region

Bratislava Region is situated in the south-western part of Slovakia, by the border with Austria and Hungary. It is at the same time the smallest and economically highest developed region in Slovakia. In 2020, 52.9% of the total of its inhabitants remained professionally active. Unemployment rate amounted to 3.4% and was the lowest in the entire Slovakia. Average nominal monthly income reached EUR 1704 and was the highest in the entire country (28% higher than the national average). 94.8 thousand business entities were registered in the region.

The largest administrative, economic, scientific and cultural centre of the region and at the same time of the entire country is Bratislava (ca. 475 thousand inhabitants). In the capital city, over a half of businesses and ca. 40% of self-employed individuals are active in the sector of services, science, technology as well as in wholesale and retail commerce; what is more, the sector of car and motorbike repair is well-developed. When it comes to GDP, Bratislava

Region is the most efficient region in Slovakia. Regional GDP volume amounts to 28.1% of state GDP. The most developed sectors in the Bratislava Region are chemical industry, automotive, machine, electrical as well as food industry. In 2020, the turnover of industrial enterprises reached EUR 31.3 billion and its main part originated from businesses having their seats in the capital city. 84.6 thousand people were employed in the industrial sector. The Bratislava Region is the second largest producer of grapes in Slovakia. It is also third most frequently visited touristic region in the country. In the academic year 2019/2020, eleven universities functioned in Bratislava, including among others the Comenius University, Slovak University of Technology, University of Economics.

Trnava Region

Trnava Region is located in the western part of Slovakia, by the border with the Czech Republic, Austria and Hungary. In 2020, 51.1% of the total of its inhabitants remained professionally active. Long-term decreasing trend of unemployment rate was in 2020 replaced with a slight increase of 0.4 percentage points to reach 5%. Average nominal monthly income increased to EUR 1278 and was 4.1% lower than the national average. According to the data as of the end of 2020, 27 thousand business entities were registered in the Trnava Region. Businesses and self-employed individuals were active mainly in the sectors of services, science and technology, industrial production and construction.

The City of Trnava is the region's administrative and economic centre (ca. 63 thousand people). The Trnava Region is the second most productive agricultural region in Slovakia. Agricultural lands constitute 69.3% of the surface of the region. The share of arable land is the highest in the entire country. The location of industrial facilities in the region is not territorially proportional: the northern and central part represents industrial character, while the southern industrial and agricultural. The most developed sectors are the production of milk and dairy products, meat and meat products, sugar, confectionery and sparkling wines. Particularly significant role for the development of the region is played by geothermal and therapeutical springs used in the spa centres of Piešťany and Smrdáky. Main academic centre is constituted by the City of Trnava, the seat among others of the University of Trnava and the University of Ss. Cyril and Methodius. In the region one can also find the Sládkovičova College and the Central European University in Skalica.

Trenčín Region

Trenčín Region is located in the north-western part of Slovakia, by the border with the Czech Republic. It represents industrial and agricultural character. In 2020, 50.2% of the total of its inhabitants remained professionally active. Unemployment rate used to decrease in the region until 2019. In 2020, the increase by 1 percentage point was recorded in

comparison to the previous year and it was the second lowest value in Slovakia (3.9%). The level of average nominal monthly income was 7% lower than the national average and reached EUR 1240. The volume of regional GDP represented the value of EUR 8110 million, which constituted 8.6% of the GDP in Slovakia in 2019. According to the data as of the end of 2020, 20.1 thousand businesses were registered in the region together with 32.8 thousand self-employed individuals. The enterprises would concentrate their activity around the sectors of wholesale and retail trade as well as repair of cars and motorbikes. Self-employed individuals conducted their activity mainly in the construction sector.

The City of Trenčín constitutes the administrative centre of the region (ca. 54 thousand inhabitants). Arable lands take up two fifths of the total surface of the region. In its lower and warmer parts, barley, sugar beet and wheat are mainly cultivated. Machine and electrical sectors are developing, together with mining industry, textile and clothing sector and the manufacturing of glass, leather and food. In 2020, the turnover of industrial companies reached EUR 10.3 billion. The sector employed 86 408 people, which corresponds to the highest employment rate in the industrial sector compared to other regions. Even if the number of tourists was in 2020 one of the lowest in Slovakia, 201 thousand visitors were received. University education is represented by the Alexander Dubček University in and the DTI University in Dubnica nad Váhom.

Nitra Region

Nitra Region is located in the south-western part of Slovakia, by the border with Hungary. In 2020, 49.8% of the total of its inhabitants remained professionally active. Unemployment rate used to decrease in the region in the years 2010-2019, but in 2020, the increase by 0.6 percentage points was recorded and it reached the value of 5.2%. Average monthly income was 10.7% lower than the national average and reached EUR 1191. According to the data as of the end of 2020, 31.4 thousand businesses were registered in the region. They conducted their activity mainly in the sectors of commerce, services, science and technology and industry and self-employed individuals worked in the construction sector as well as commerce and industry.

The City of Nitra constitutes the administrative centre of the region (ca. 79 thousand inhabitants). The region manages the greatest surface of arable lands in Slovakia (464.1 thousand hectares) and is one of the biggest producers of cereals, legumes and grapes in Slovakia. The industry is diversified with the capital city of the region, Nitra, playing the leading role. Car manufacturer Jaguar Land Rover constitutes a very important enterprise in the area. Main industrial sectors are the automotive, electrical, machine, food, chemical and rubber industry. A major chemical plant Duslo, a.s. is located in the City of Šala. In 2020, the region was visited by 180 thousand tourists. Universities operating in the region are the

Slovak University of Agriculture and Constantine the Philosopher University in Nitra as well as the University in Komárno.

Žilina Region

Žilina Region is located in the north-western part of Slovakia, by the border with the Czech Republic and Poland. It is one of the most important regions in Slovakia from the economic point of view. In 2020, 49.4% of the total of its inhabitants remained professionally active. In 2020, unemployment rate increased by 1 percentage point to the level of 5.5%. Average nominal monthly income amounted to EUR 1238 and was 7.1% lower than the national average. According to the data as of the end of 2020, in the Žilina Region 31.8 thousand legal persons conducted business activity (with 85.9% of them constituted by enterprises) and 53.6 thousand natural persons (with 94.5% of them being self-employed). The enterprises concentrated their activity mainly around the sector of wholesale and retail commerce, then industry, construction as well as science and technology. The volume of GDP produced within the region constituted 11.4% of national GDP.

The City of Žilina (ca. 81.5 thousand inhabitants) constitutes the administrative and economic centre of the region. Due to vast mountain chains present in the region, the share of agricultural lands (35.1%) is the lowest throughout Slovakia. KIA automotive plant situated in the vicinity of Žilina constitutes the biggest industrial facility in the region. Machine manufacturing is developing in Považie, Turiec area, while the production of iron and electronics in Orava and the manufacturing of paper in the cities of Žilina and Ružomberok. An important role is also played by hydroelectric power plants on the Váh River. The capital city of the region is also the seat of its biggest university, the University of Žilina. What is more, one can also find there the Catholic University in Ružomberok and the Academy of Armed Forces in Liptovský Mikuláš. Numerous cultural and historical monuments together with mountains in northern Slovakia attracted the greatest number of tourists compared to other regions. In 2020, it was visited by 815.9 thousand tourists. It also possesses the biggest number of accommodation places in Slovakia (1125).

Banská Bystrica Region

Banská Bystrica Region is situated in the southern part of central Slovakia, by the border with Hungary. Its surface is the biggest among all regions in the country. 50.7% of its inhabitants were professionally active. Unemployment rate used to decrease until 2019, when it reached the level of 7.9%. It remained the same in 2020 as well. Average nominal monthly salary amounted to EUR 1180 and was the second lowest in comparison to other regions. It was 11.5% lower than the national average. According to economic statistics as of the end of 2020, 27.7 thousand business entities were registered in the region. The businesses concentrated their activity within the sectors of services,

science and technology (15%) as well as industry (12.8%). The biggest number of those self-employed (over one fifth) worked in the construction industry. In 2019, regional GDP constituted 8.7% of its national value.

The City of Banská Bystrica (76.5 thousand citizens) constitutes the administrative centre of the region. Agricultural lands of medium quality constitute 43.1% of the area of the region. In this region, the population of sheep has been the biggest on the national scale for many years. The region is also characterized by the largest area covered by forests that form nearly a half of its surface. The harvesting of wood (in particular in the northern and north-eastern part of the country) exceeds the values registered in other regions. The industry is mainly directed at the manufacturing of metals and metal products, production from non-metallic raw materials, production of food and beverages as well as machines. Banská Bystrica is the seat of the Matej Bel University and the Academy of Fine Arts, while Banská Štiavnica houses the Ján Albrecht Academy of Music and Arts. The richness of mountain areas in the northern part of the region is widely enjoyed by winter tourists. In 2020, it was in total visited by 418.6 thousand of them.

Prešov Region

Prešov Region is situated in the north-eastern part of Slovakia, by the border with Poland and Ukraine. In 2020, 48.3% of its inhabitants were professionally active. Due to the lack of employment opportunities, the inhabitants of the region often migrated to other Slovak regions or abroad. Unemployment rate was plummeting until 2019, but in 2020, it increased by 2 percentage points to reach the level of 12.1%, the highest in the entire Slovakia. Average monthly earnings were at the lowest level in the country and amounted to EUR 1091. GDP produced in the region constituted 9.3% of Slovak GDP. At the end of 2020, 28.8 thousand business entities were active in the region.

The City of Prešov (ca. 83.5 thousand inhabitants) constitutes the administrative centre of the region. Agricultural areas cover 41.5% of the total of its surface. Nearly two fifths are arable lands. The region is the biggest producer of potatoes in Slovakia. Its industrial branch is diversified. Important sectors are: the manufacturing of metals, timber, food, electrical and mechanical appliances, chemical products, textiles and clothing. Industrial activity is concentrated mainly around district cities. The most important industrial plants in the region are: Tatrávagonka in Poprad, Lear Corporation Seating Slovakia in Prešov, Pivovary TOPVAR, a.s., MECOM GROUP in Humenné, MILK-AGRO in Prešov. The University of Prešov as well as College of International Business ISM Slovakia have their seats in the capital city of the region. Its natural beauty created favourable conditions for the development of touristic activity. In 2020, the region was visited by ca. 654.6 thousand tourists. Vysoké Tatry and the Sub-Tatra area enjoyed the greatest popularity.

Košice Region

Košice Region is located in the south-eastern part of Slovakia, by the border with Hungary and Ukraine. In 2020, professionally active inhabitants of the region constituted 46.5% of its population, while unemployment rate amounted to 8.8%. Job offers concentrated mainly around the City of Košice and its surroundings. Average monthly gross remuneration amounted to EUR 1237 and was 7.2% lower than the national average. In 2020, 65795 business entities were active in the region. When it comes to creating the GDP of Slovakia (share in GDP at the level of 11.7% in 2019) and the existing economic backgrounds, the Košice Region constitutes one of the most important areas within the country.

The City of Košice (ca. 240 thousand inhabitants) constitutes the administrative and economic centre of the region. Agricultural lands take up 333 thousand hectares, which forms nearly a half of the surface of the region; over three fifths are constituted by arable lands, while a third by grasslands and meadows. The Tokaj area, where famous Tokaj wine is grown and manufactured, constitutes the landmark of the region. Main economic areas are metallurgy, engineering, food production, electro-technical industry, mining, manufacturing of construction materials, fuels and energetics as well as construction industry and agriculture. Food production and agricultural processing play a crucial role in the region. The City of Košice constitutes the academic centre of the region with its four universities: Pavol Jozef Šafárik University, University of Technology, University of Veterinary Medicine as well as private Security Management University. The conditions are very favourable for the development of touristic activity thanks to the natural potential of the region as well as numerous cultural and historical monuments. In 2020, nearly 227 thousand tourists were accommodated in 369 local facilities.

e) The role of regions in regional development

The share in financial allocation of EU funds

In the years 2014-2020, basing on 9 national programmes, Slovakia benefited from EU funding in the amount of EUR 16.6 billion (as of January 2022). It amounted on average to EUR 3070 per citizen according to the population as of 2014. Within the European Regional Development Fund (ERDF), important from the regional point of view, during the previous programming period, EU provided Slovakia with funds in the amount of EUR 1 894 842 772. The majority of them were spent on fighting social exclusion, the development of transport and energetic infrastructure as well as education. The analysis of implementation of ERDF in Slovakia shows very low use of EU funds in the years 2015-2019 and significant progress after the change of government in the years

2020-2021. In spite of this fact, according to the data by the European Commission as of May 2022, the Slovak side managed to spend as little as slightly over 40% of all funds.

1. As far as the regional level is concerned, according to the data by MIRRI as of December 31st
2. 2020, three Slovak regions managed to implement EU funds best, and they were: the Žilina
3. Region, the Prešov Region and the Košice Region (Table 3).

Table 3. Implementation of subsidies from EU structural and investment funds according to regions (as of 31.12.2020)

Name of the region	Amount of contracted EU funds in EUR	Amount of used EU funds in EUR
Žilina Region	2 294 018 467	1 290 192 375
Prešov Region	1 828 942 113	650 270 707
Košice Region	1 533 692 382	753 887 199
Trenčín Region	1 483 938 709	627 414 465
Banská Bystrica Region	1 430 386 796	528 912 023
Nitra Region	1 194 636 745	447 098 445
Trnava Region	944 215 550	300 055 282
Bratislava Region	705 982 054	200 440 368

Source: Own study based on: *I Informácia o stave implementácie európskych štrukturálnych a investičných fondov v programovom období 2014-2020*, <https://www.mirri.gov.sk> [20.04.2022].

At present, Slovakia has the opportunity to use the funds from long-term EU financial frameworks and Recovery Funds (Next Generation EU) for the years 2021-2023 in the amount of EUR 26.1 billion (in current prices). The allocation of these funds is to be as follows: 49% (EUR 12.8 billion) to be intended for cohesion policy (with MIRRI being the responsible sector), 24% (EUR 6.4 billion) will be allocated to National Recovery Plan (with the Ministry of Finance acting as the responsible entity), 19% (EUR 4.9 billion) to Common Agricultural Policy (with the Ministry of Agriculture and Rural Development being the competent authority here), 8% (EUR 2 billion) to other EU programmes (e.g. Erasmus+, the Connecting Europe instrument, Digital Europe etc.) – in this case the Slovak side will have to compete for acquiring the funds with other member states. It is necessary to emphasize that Slovakia possesses the third largest allocation of cohesion policy in the entire EU. The country negotiated EUR 2354 per citizen for the period of 7 years (amount in current prices for the entire programming period for the years 2021-2027). Data on how EU funds are going to be distributed between the regions remains unknown.

Participation in macro-regional strategies

Slovakia takes part in the implementation of:

- EU Strategy for the Danube Region (EUSDR).

Łukasz Lewkowicz

THE REPUBLIC OF SLOVENIA

a) Political system and administrative division of the country

Slovenia is a parliamentary republic with proportional election system. In Slovenia, the authority belongs to its citizens. Legislative power is exercised by a single-chamber parliament consisting of 90 deputies elected for a four-year term of office. Executive power belongs to the government and judicial authority is separated from legislative and executive ones. The president elected directly by citizens for a five-year term of office is the head of state.

Slovenia is a decentralized unitary state with **two-level administrative division**. It consists of decentralized state administration units (upravne enote) and communes (občine), constituting the subjects of local self-government administration. Slovenia consists of:

- 58 state administration units,
- 212 communes, among which the status of cities have: Ljubljana, Maribor, Kranj, Koper, Celje, Novo Mesto, Velenje, Nova Gorica, Krško, Ptuj, Murska Subota, Slovenj Gradec.

The constitution adopted in 1991 guarantees territorial self-governance (Art. 9 and Art. 138-144). This fact paved the way towards the establishment of communes in October 1994. They replaced previous "social and political communities". The act on local self-government, adopted in 1993, established communes as basic self-governmental local communities in Slovenia.

State administration units exercise at the regional level the tasks of governmental administration included within the competencies of subsequent ministries. A unit is led by its head, appointed by public administration minister. However, these units do not possess the status of territorial self-government.

The status of territorial self-government units is, in turn, assigned to communes that remain independent from central authorities. Commune council (občinski svet) constitutes a commune's self-governmental body and is formed by members elected in direct common voting for the term of office of four years. The council is responsible for making most important decisions by the commune, such as adopting local regulations, spatial development plans and the budget of the commune as well as making decisions on the purchase or sale of communal property. The mayor (župan) constitutes executive body of the

commune and is elected in direct common voting for the term of office of four years. They represent the commune and preside over local administration. The mayor appoints vice mayors from council members.

According to Art. 140 of the constitution, competencies of a commune include:

- local matters: aid and rescue in the event of natural disasters, education, childcare, family support and support of the young, holiday facilities, social assistance, housing, urban development and planning, water, energy and sewage, cemeteries, environmental protection, culture, sport and recreation, promotion of agriculture, economic development of the commune, promoting

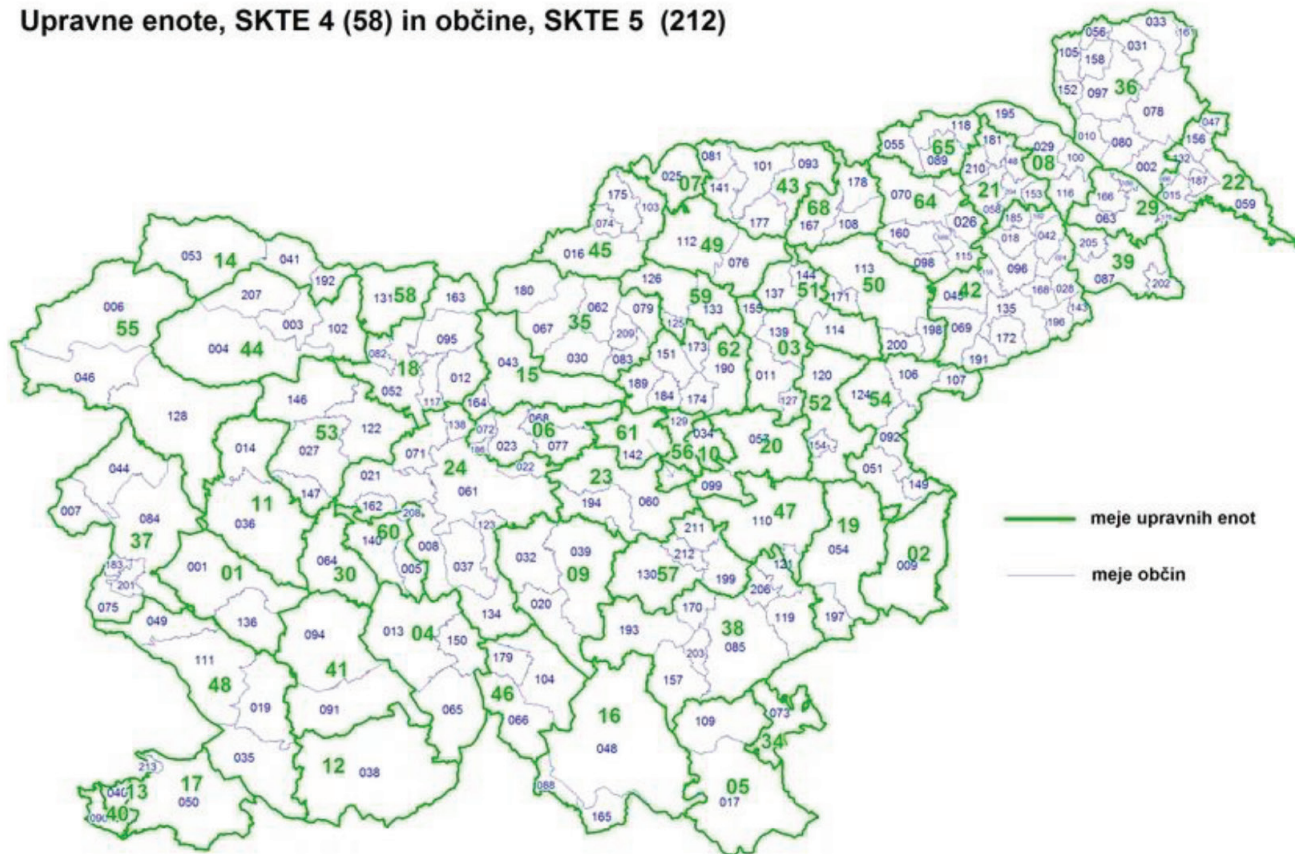
touristic activity, management of communal property, construction and maintenance of local roads, organization of communal services.

State bodies supervise the legitimacy of the work of communal authorities.

Communes do not possess separate competencies for international cooperation or regional cooperation *per se*. Nevertheless, such cooperation is not forbidden. The communes are entitled to enter into inter-regional cooperation agreements within the area subjected to them, such as the development of entrepreneurship, education, tourism or communal infrastructure.

Map 1. Administrative division of the Republic of Slovenia (as of 21.04.2022)

Upravne enote, SKTE 4 (58) in občine, SKTE 5 (212)



Vira: Statistični urad Republike Slovenije in Geodetska uprava Republike Slovenije

Source: Statistični urad Republike Slovenije oraz Geodetska uprava Republike Slovenije.

b) NUTS Units

According to the NUTS 2021 revision, there are 15 NUTS units operating within the country:

- NUTS 1 – macroregions – 1 unit,
- NUTS 2 – regions – 2 units,
- NUTS 3 – sub-regions – 12 units.

Map 2. List of NUTS 2021 Units in the Republic of Slovenia



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Table 1. List of NUTS 2021 Units

NUTS 1	NUTS 2	NUTS 3
S10 Slovenia	S103 Eastern Slovenia	SI031 Mura Statistical Region SI032 Drava Statistical Region SI033 Carinthia Statistical Region SI034 Savinja Statistical Region SI035 Central Sava Statistical Region SI036 Lower Sava Statistical Region SI037 Southeast Slovenia Statistical Region SI038 Littoral-Inner Carniola Statistical Region
	S104 Western Slovenia	SI041 Central Slovenia Statistical Region SI042 Upper Carniola Statistical Region SI043 Gorizia Statistical Region SI044 Coastal-Karst Statistical Region

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

c) Identification of the subjects of regional policy

Key subject of regional policy is constituted by the Ministry of Economic Development and Technology. Regional development policies conducted within this ministry promote broadly understood sustainable development, enhance development potential and eliminate development barriers in all Slovenian regions, at the same time preserving the resources and development opportunities of future generations. Regional development programmes are supposed to extend beyond national borders, i.e. include the cooperation with regions in neighbouring countries. Slovenia is divided into 12 statistical regions, with each of them having its own Regional Development Agency performing the tasks representing the areas of economic, social and cultural development in the region as well as preparation, coordination, supervision and evaluation of regional development programs.

d) Characteristics of the potential of subsequent regions

In the case of Slovenia, due to a big number of communes being territorial self-government entities, as well as their limited territorial and demographic potential and a big number of governmental administration units in the field, territorial units adopted for statistical purposes at the NUTS 3 level were selected for the characteristics.

Table 2. Characteristics of the regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Mura Statistical Region	1 337	114 397	15 705
Drava Statistical Region	2 170	326 510	18 887
Carinthia Statistical Region	1 041	70 835	18 694
Savinja Statistical Region	2 384	258 345	20 954
Central Sava Statistical Region	485	57 148	12 287
Lower Sava Statistical Region	885	75 893	19 456
Southeast Slovenia Statistical Region	2 675	145 859	23 096
Littoral-Inner Carniola Statistical Region	1 456	53 092	16 154
Central Slovenia Statistical Region	2 555	554 823	32 620
Upper Carniola Statistical Region	2 137	207 842	20 790
Gorizia Statistical Region	2 325	118 421	20 707
Coastal-Karst Statistical Region	1 044	116 871	22 894

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

Mura Statistical Region (Pomurska statistična regija)

The region is situated in south-western part of Slovenia. It covers the surface of 1337 km². It borders Hungary from the north. It is inhabited by 114 397 persons and the density of population is 85 persons/ km². In 2019 regional GDP amounted to EUR 1.796 billion, while GDP per capita is relatively low in the region – EUR 15 075. The most important city is Murska Subota with 11 thousand inhabitants. Employment structure: services 57.3%, industry 39.9%, agriculture 2.7%.

The region represents agricultural character. Field crops take up over three quarters of the total surface of agricultural lands (two times higher than the national average). On one hand, thanks to climate conditions and rich soil, it is the region with the highest plant production in Slovenia, while on the other, its geographical location and poor infrastructure result in its unfavourable economic situation.

Drava Statistical Region (Podravska statistična regija)

The region covers the surface of 2170 km². It is situated in the north-eastern part of the country. It borders Austria from north-east and Croatia from south-east. It is inhabited by 326 510 persons. Regional GDP amounted to EUR 6.135 billion, while GDP per capita – EUR 18 887. The most important city is Maribor with 97 thousand inhabitants. Employment structure: services 63.4%, industry 35.8%, agriculture 0.8%.

Water resources of the region are used for the production of electrical energy (the network of hydroelectric power plants on the Drava River), while fertile soils for agricultural activity. The Drava region constitutes one of the most densely populated areas of the country. Employment rate was in 2019 one of the lowest at a regional level (61.2%). In 2019, slightly over 27 100 businesses were operating here, with each of them employing on average 4.8 people.

Maribor constitutes an important academic centre (11 thousand students) as well as the centre of economic, administrative, educational and cultural activity in eastern Slovenia. Enterprises active within the Melje industrial zone are among others - MLM – Mariborska livarna Maribor, Henkel, TMI Košaki, TVT Boris Kidrič, Mlinotest. The companies cooperate with the Styria Economic Chamber as well as Regional Chamber of Craftsmanship and Entrepreneurship. The biggest sources of income for the city are services and industry. Commerce has importantly developed in recent years (a lot of new commercial centres expanded) together with the banking and financial sector. The seat of Pošta Slovenije is also located in Maribor.

Carinthia Statistical Region (Koroška statistična regija)

The region is situated in the northern part of the country, by the border with Austria. It takes up 1041 km² and is inhabited by 70 835 citizens, while population density amounts to 68 persons/ km². Regional GDP amounted to EUR 1.321 billion, while GDP per capita – to EUR 18 694. In 2019, the region generated 2.7% of national GDP. The most important city in the region is Slovenj Gradec with 7 thousand inhabitants. Employment structure: 46.6% services, 49.6% industry, 3.8% agriculture.

The region is not easily available and poorly communicated with the central part of Slovenia. The environment has been severely impacted by heavy industry concentrated in valleys. However, the importance of agriculture is reflected in the fact that farms in the region belong to the biggest in the country. Over 90% of them are involved in breeding livestock.

Savinja Statistical Region (Savinjska statistična regija)

The region is situated in the central part of the country. Its north-western part borders Austria, while south eastern Croatia. It covers the surface of 2384 km² and is inhabited by 258 345 people. Population density amounts to 110 people/km². Regional GDP amounted to EUR 5.393 billion, while GDP per capita - EUR 20 954. Celje is the biggest city of the region with its 37 thousand inhabitants. In 2019, employment rate was 66.7%. Employment structure: 51.8% services, 45.6% industry, 2.6% agriculture.

The region is much diversified when it comes to its natural geography. It covers the forested and mountainous area of the Upper Savinja Valley, attractive for tourists, and part of the Alps Kamnik-Savinja, fertile Lower Savinja Valley with favourable conditions for growing hops, Kozje hills and the Velenje basin with its lignite deposits used for the production of electrical energy.

The City of Celje does not have its own university; however, it offers some forms of university education with the Department of Logistics having its seat there (formally part of the University in Maribor), International School of Social and Business Studies, Department of Trade and Business Sciences. There are in total 10 thousand students in the region.

Central Sava Statistical Region (Zasavska statistična regija)

The region is situated in the central part of Slovenia and takes up the surface of 485 km². It is inhabited by 57 148 people, while population density amounts to 120 persons/ km². The region generated 701 million of Slovenian GDP, while GDP per capita in the region amounted to over EUR 12 287. Natural and geographical characteristics of the region create appropriate conditions for the development of industrial activity, while over a third of gross added value is still generated by manufacturing industry, extraction industry and other. At the same time, employment rate amounts to 65.6%. Employment structure: services 51.2%, industry 46.9%, agriculture 1.9%.

Lower Sava Statistical Region (Posavska statistična regija)

The region is situated in the central part of Slovenia. It borders Croatia from south-east. It takes up the surface of 885 km² and is inhabited by 75 893 people. Population density amounts to 79 citizens/ km². GDP amounted in the region to EUR 1.475 billion, while GDP per capita to EUR 19456. In 2019, the level of employment in the region was slightly lower than the average in the entire Slovenia and amounted to 66.8%. Employment structure: services 45.8%, industry 50%, agriculture 4.2%.

The region is well communicated both with the rest of the country as well as with Croatia. At the same time it is the second smallest statistical region in Slovenia. It houses the only nuclear power plant in Slovenia and the Čatež spa centre is situated here.

Southeast Slovenia Statistical Region (Jugovzhodna Slovenija statistična regija)

It is the biggest statistical region. It covers the surface of 2675 km² and is located in the southern part of the country. It borders Croatia from the south. It is inhabited by 145 859 people and population density amounts to 45 persons/km². GDP amounted to EUR 3.341 billion, while GDP per capita to EUR 23 096. Novo Mesto is the biggest city with its 24 thousand inhabitants. Employment structure: services 43.4%, industry 52.6%, agriculture 4%.

The development of this region is to a large extent attributed to the industry (automotive, pharmaceutical and light industry) that generated nearly a half of regional gross added value. The greatest share in gross added value in the region was generated by industry (54%). Businesses that operate in the region are among others: Revoz (Renault subsidiary), a camper manufacturer Adria Mobil and Krka manufacturing pharmaceutical products. The seats of these three companies are located in Novo Mesto.

Littoral-Inner Carniola Statistical (Primorsko-notranjska statistična regija)

The region is situated in the southern part of Slovenia, where it borders Croatia. It takes up the surface of 1456 km². Its population is 53 092 citizens, while population density – 36 persons/km². GDP of the region amounts to EUR 853 million, while GDP per capita – EUR 16 154. Employment rate in the region is high compared to the rest of the country (in 2019 it was 69.9%). Postojna is the biggest city with its 16 thousand inhabitants. Employment structure: services 55.8%, industry 36.8%, agriculture 7.4%.

The region belongs to those characterized by the lowest level of development in the country, as it generated as little as 1.8% of Slovenian GDP. Businesses operating in the region belong to the smallest in the country as they on average employ four people per company. Agriculture in this region generated ca. 6% of gross added value, which in turn constitutes one of the highest shares of gross added value in agriculture per region. In 2013 average surface of agricultural lands per farm was in this region the highest in the entire Slovenia.

Central Slovenia Statistical Region (Osrednjeslovenska statistična regija)

The region is situated in the central part of the country. It covers the surface of 2555 km² and is the most populated in the entire Slovenia, as it is inhabited by 554 823 people, while population density amounts to 220 inhabitants/ km². The region generated over 37% of national GDP. GDP amounted to EUR 18.011 billion, while GDP per capita to EUR 32 620. The City of Ljubljana is the largest in the region. Employment structure: services 69.7%, industry 28.1%, agriculture 2.2%.

Average monthly net remuneration of employees in the region was in 2019 the highest compared to other regions and amounted to EUR 1231, which represented the value 8.6% higher than the annual average of monthly salary in Slovenia. According to economic migration ratio (126.0), the region was very employment-oriented. Its significance in this area is also proved by the fact that the number of workplaces in the region is significantly higher than the number of those actually working here.

In Ljubljana, the sector employing the largest number of people is industry, in particular pharmaceutical, petrochemical and food. Other important branches of economy are the banking sector, finances, transport, construction, qualified craftsmanship as well as services and tourism. The public sector hires staff in the areas of education, culture, healthcare and local administration. The Ljubljana Stock Exchange (Ljubljanska borza), purchased in 2008 by the Vienna Stock Exchange, is concentrated on large Slovenian businesses. Some of them have their seats in the capital city, for example the Mercator retail network, Petrol d.d. oil company as well as Telekom Slovenije telecommunication company. Over 15 thousand businesses are active in the city, representing mainly the sector of services. Numerous companies and over 450 shops are located in BTC City, the largest business, commercial, recreational, entertainment and cultural centre in Slovenia.

What is more, Ljubljana is an important academic centre. Students constitute one seventh of the entire population of the city. The University in Ljubljana, the oldest and biggest Slovenian academic institution, was established in 1919. It consists of 23 departments and 3 academies and educates ca. 64 thousand students. The University employs 4 thousand staff members. The City of Ljubljana is also the seat of several national research institutes, with the most important of them being: SAZU Scientific Research Centre, Jožef Stefan Institute (they both also conduct post-graduate programs), the Institute of Chemistry and National Institute of Biology as well as several private universities.

Upper Carniola Statistical Region (Gorenjska statistična regija)

The region is situated in the northern part of the country and takes up the surface of 2137 km². It borders Austria from the north. It is inhabited by 207 842 people and population density amounts to 97 persons/km². GDP of the region is EUR 4.276 billion, while GDP per capita – EUR 20 790. The most important urban centre is the City of Kranj with the population of 38 thousand. Employment structure: services 58.9%, industry 39%, agriculture 2.1%.

It is the Alpine region with high mountains, including Triglav – the highest summit in Slovenia and its important touristic attraction. A big part of the region is protected as a national park. Land relief and climate are favourable for the development of touristic activity. In 2013, nearly 19% of touristic stays in the entire Slovenia were booked here, with 78% of them by foreign tourists. Even though agriculture does not constitute one of the most important sectors of activity in the region, local farms are the biggest in the country when it comes both to the surface of their agricultural lands as well as number of livestock population per farm. Bled Strategic Forum, the event of an international character, is each year organized in the town of Bled.

Kranj is an industrial city. Within the last years, local manufacturing branch began to operate basing on highly competitive export-oriented sectors. Main industrial companies active in Kranj include: Goodyear (car parts), Iskratel (IT) and Hidria (energetics).

Gorizia Statistical Region (Goriška statistična regija)

The region is situated in the western part of the country, along the border with Italy. It takes up the surface of 2325 km² and is inhabited by 118 421 people. Population density amounts here to 51 people/ km². GDP reached the value of EUR 2.443 billion, while GDP per capita - EUR 20 707. The City of Nova Gorica is the biggest urban area (ca. 15 thousand inhabitants), at the same time constituting an important academic centre, tightly cooperating with the sub-border Italian region. Employment structure: services 59%, industry 37.8%, agriculture 3.2%.

The region is famous in particular for the Julian Alps, the Soča River and Vipava Valley. When it comes to the surface, it is similar to the surface of the Central Slovenia Region, but in this region, the population is nearly five times lower. In 2019, people inhabiting the region constituted 6% of the population in the entire Slovenia – it is one of the least densely populated areas in the country. 16% of its professionally active inhabitants worked outside their place of residence, which constitutes a small proportion compared to other regions. The level of employment amounted to 69%.

Coastal-Karst Statistical Region (Obalno-kraška statistična regija)

The Coastal-Karst Region can be found at the south-western edge of the country, taking up the surface of 1044 km². It is inhabited by 116 871 people, while population density amounts to 110 persons/ km². GDP was EUR 2.646 billion, while GDP per capita 22 894 euros. In 2019, employment rate amounted in the region to 66.9% (being 0.9 percentage points higher than the national average). Average monthly net remuneration amounted to EUR 1114 (so ca. 20 euros less than the average for the entire Slovenia). The region is characterized by the highest percentage of employees representing the sector of services. 37.1% of GDP is generated by transport, commerce and food services. The region is visited by 19.6% of all tourists, in particular from abroad (62.5%). The City of Koper constitutes the largest urban centre with 26 thousand inhabitants. Employment structure: services 77.8%, industry 20.7%, agriculture 1.5%.

The region is characterized by Mediterranean climate and is the only statistical region in Slovenia situated by the sea. Its natural assets enable the development of tourism, transport and the cultivation of specific crops. Over two thirds of gross added value are generated by services (commerce, hotel sector and transport); the biggest amounts were generated by the activities in the Koper port as well as coastal and spa tourism.

e) The role of regions in regional development

The share in financial allocation of EU funds

In the years 2014-2020, Slovenia obtained ca. EUR 3.07 billion (in current prices) for the financing of cohesion policy: EUR 1.26 billion for the less developed region of Eastern Slovenia, EUR 847.3 million in a more developed region of Western Slovenia, EUR 895.4 million within the framework of the Cohesion Fund, EUR 64 million for European Territorial Cooperation, EUR 9.2 million for the Initiative in favour of the employment of the young in Eastern Slovenia.

Within the financial perspective for the years 2021-2027, Slovenia received from the EU budget in total EUR 10.5 billion, with EUR 6.6 billion under the form of subsidies. Slovenia will be subsidized with ca. EUR 3 billion for cohesion policy and EUR 1.6 billion for common agricultural policy. The country will also receive EUR 2.1 billion of subsidies and EUR 3.6 billion of loans within the EU Next Generation economic recovery plan. Slovenia takes part in EU Strategy for the Adriatic-Ionian region.

The role of regions in regional development is limited by the absence of self-government administration at the NUTS3 level, representing in Slovenia exclusively the character of statistical regions that does not correspond to self-governmental division. The situation looks similar when it comes to the NUTS2 level.

Participation in macro-regional strategies

Slovenia takes part in the implementation of:

- EU Strategy for the Danube Region (EUSDR),
- EU Strategy for the Adriatic-Ionian Region (EUSAIR),
- EU Strategy for the Alpine Region (EUSALP).

Jan Muš

HUNGARY

a) Political system and administrative division of the country

Hungary is a republic with the system of parliamentary democracy and a unicameral parliament – National Assembly (Országgyűlés). It consists of 199 deputies elected in mixed voting system every four years. Executive power is exercised by the government and president elected by the National Assembly for the term of office of five years with the possibility of a single re-election.

According to Hungarian Basic Law (in force since January 1st 2012), Article F, the state has three-level administrative division. In the original version as of 2011, it was divided into: town counties (vármegye), towns (város) and municipalities (község). The fourth law amending Hungarian Basic Law totally reconstructed this Article and restored the division from the constitution of the Republic of Hungary.

At present, Hungary is divided into its capital – Budapest (főváros) and 19 counties (megye), as well as towns (város) and municipalities (község). According to the Basic Law, the capital city and towns are entitled to establish departments (kerület). There are nineteen counties. The Capital City of Budapest has its rank equal to the one of a county, but as such does not constitute one of them. Some sources describe this division differently and quote: counties, districts (járás) as well as towns and villages or: counties, districts and municipalities. However, this information is incorrect. The only correct division results directly from Basic Law. It is necessary to emphasize that the description of administrative division in Hungary constitutes a problematic issue.

Map 1. Administrative division of Hungary (as of 04.06.2020)



MAGYARORSZÁG MEGYÉI, 2020. JÚNIUS 4.



Source: <https://www.ksh.hu/docs/teruletiatlasz/megyek.pdf> [25.04.2022].

It is worth to mention that on June 4th 2020, the name of one of the counties was changed – from Csongrád into Csongrád-Csanád, which constitutes a reference to the period of the Kingdom of Hungary from before 1920. This name is not always included in subject-related literature; however, it is necessary to refer to updated information. Similarly, on May 1st 2022, the number of self-governmental units was updated.

On the national scale, the government implements its policy within subsequent counties by means of 20 governmental county offices (Megyei Kormányhivatal), which could be compared to Polish voivodeship offices, as well as (literally) governmental poviats offices (Járás Kormányhivatal). There are 197 of them in Hungary (including 23 in Budapest). Poviats were restored in Hungary by virtue of the act 2012. évi XCIII. törvény a járások kialakításáról, valamint egyes ezzel összefüggő törvények módosításáról and since January 2013, they function exclusively as a field component of governmental administration.

The first act referring to the division of territorial self-government was adopted in 1990 – *évi LXV. törvény a helyi önkormányzatokról*. Current legal basis regulating the functioning of territorial self-governments and implementing Art. 31 section 3 of the Basic Law is constituted by the act as of 2011 on territorial self-government – *2011. évi CLXXXIX. törvény Magyarország helyi önkormányzatairól*.

Territorial self-government has two-level structure. Its basic unit is constituted by the county – there are 19 of them, towns and villages (település) are the next one. There are currently 3155 of them. Towns and villages are the closest to the broader definition of Polish municipality (units between municipality and poviat). Self-governments of towns and villages (település) consist of: 2807 communities (község), 348 towns (város), and there are also 25 towns with county rights (megyei jogú város). After 16 years, on May 1st, the map of towns with county rights was extended with Esztergom and Baja. Apart from the abovementioned units, the City of Budapest (Budapest

Főváros) constitutes a separate one, composed of 23 districts (kerület). With its rank, Budapest is equivalent to a county.

Self-governmental authority is exercised at the level of counties via 19 county offices (megyei önkormányzats) including the counterparts of Polish voivodeship marshal offices (közgyűlés), constituting legislative power. Regional parliaments are an elected body, but the voting is not direct, but indirect basing on the party list, for the term of office of five years. Regional parliament is presided by közgyűlés elnöke, the head of regional parliament, elected by regional parliament among its members for a five-year term of office. Executive power is exercised by county offices (megyei hivatal), presided over (literally) by county superior notary (megyei főjegyző).

Competencies at the county level include all those competencies that were not reserved for lower-level entities (described below), including tasks in the area of territorial development, the development of rural areas, spatial management.

At the lower level of towns and villages (település) legislative power is exercised through deputies in subsequent town councils (települési önkormányzat). Representative bodies are elected in general elections every 5 years. Executive power is exercised by mayors (polgármester), also those elected in general elections for the term of office of five years. In Budapest, executive power is implemented by superior mayor (főpolgármester) elected in general voting (term of office of 5 years) as well as mayors (polgármester) in 23 districts (also direct voting). In all of Budapest districts (23) operates an elected body exercising legislative power – the counterpart of Polish district council. What is more, Budapest possesses one central city council – counterpart for example of the Council of the Capital City of Warsaw. It constitutes a legislative body called (literally) the Council of the Capital City (Fővárosi Közgyűlés). It consists of 33 council members.

The competencies of self-governmental units of towns and villages (település), including the capital (főváros) as well as towns with county rights:

- municipal management, spatial management, public utility management (public cemeteries, public illumination, chimney maintenance etc.);
- kindergarten services; social and care-related services and benefits, childcare, healthcare, basic services and those aimed at creating healthy lifestyle – ecology; cultural services (libraries, public education, supporting art, theatres etc.); local protection of the environment and nature, water management, preventing water damage, supply of potable water, sewage collection, wastewater treatment, purification (servicing water channels); managing housing and space; national defence, civil defence, emergency services (disaster management); cooperation aimed at ensuring public security within the municipality; local public employment; tasks connected with local taxes, economic management and tourism; tasks connected with sports and youth; issues connected with minorities and nationalities; waste management; heat supply services; ensuring selling opportunities, weekend fairs with products by small and original manufacturers.

The right to enter into agreements (including international ones and those concluded with other regions) is attributed to counties, and it is done exclusively in the scope remaining within the area of competencies of a county. Such possibility refers also to the level of subsequent towns within the framework of international partnership.

It has to be kept in mind that after 2012, general re-centralisation of authority took place in Hungary through limiting the competencies of local self-governments. The presence of governmental administration was significantly reinforced throughout the country (restoration of poviats), which in multiple cases leads to competence-related confusion at the local level.

b) NUTS Units

In Hungary, according to NUTS 2021 revision, there are 31 NUTS units:

- NUTS 1 – macroregions – 3 units,
- NUTS 2 – regions – 8 units,
- NUTS 3 – sub-regions – 20 units.

Map 2. List of NUTS 2021 Units in Hungary



Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [25.04.2022].

Table 1. List of NUTS 2021 Units

NUTS 1	NUTS 2	NUTS 3
HU1 Közép-Magyarország Central Hungary	HU11 Budapest Budapest	HU110 Budapest
	HU12 Pest	HU120 Pest
HU2 Dunántúl Transdanubia	HU21 Közép-Dunántúl Central Transdanubia	HU211 Fejér HU212 Komárom-Esztergom HU213 Veszprém
	HU22 Nyugat-Dunántúl Western Transdanubia	HU221 Győr-Moson-Sopron HU222 Vas HU223 Zala
	HU23 Dél-Dunántúl Southern Transdanubia	HU231 Baranya HU232 Somogy HU233 Tolna
HU3 Alföld és Észak Great Plain and North	HU31 Észak-Magyarország Northern Hungary	HU311 Borsod-Abaúj-Zemplén HU312 Heves HU313 Nógrád
	HU32 Észak-Alföld Northern Great Plain	HU321 Hajdú-Bihar HU322 Jász-Nagykun-Szolnok HU323 Szabolcs-Szatmár-Bereg
	HU33 Dél-Alföld Southern Great Plain	HU331 Bács-Kiskun HU332 Békés HU333 Csongrád-Csanád

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [25.04.2022].

c) Identification of the subjects of regional policy

EU funds are allocated centrally – at the state level and exclusive competencies in the area of the distribution of funds are held by the government of Hungary. Since January 1st 2021, EU funds fall in total into the competencies of the Head of the Chancellery of the Prime Minister of Hungary (*Miniszterelnökség*). The division of EU funds is performed by the Chancellery of the Prime Minister within the framework of the programme Széchenyi2020 (financial perspective 2014-2020) as well as New Széchenyi Plan Plus (*Széchenyi Terv Plusz*) – financial perspective 2021-2027. The Chancellery of the Prime Minister is responsible for the implementation of EU financial perspectives, supervises EU programmes, including competitions. Responsibility for the payment of funds is held by the Secretary of State for the Use of EU Funds, at present within the rank of Deputy Minister of Finance.

At the same time, opposition's postulate was to achieve the situation when EU funds will be distributed directly to

self-governments, skipping centralized distribution system. In the early May 2022, Gergely Karácsony, Superior Mayor of Budapest, informed that self-governmental authorities managed to introduce the principle of direct transfer by the European Commission to the capital city of subsidies intended for projects implemented within the framework of EU programme *Fit for 55* connected with green energy.

It also has to be considered that on April 27th 2022, European Commission formally launched against Hungary so called conditionality mechanism, as a result of which the payment to Hungary of EUR 40 billion within the financial perspective 2021-2027 may be suspended. Even if the probability of undertaking such step is low, it is worth to realize the challenge that Hungary may be forced to face. The system of distribution of EU funds will most probably have to be changed into a more transparent one, subject to stricter EU supervision.

d) Characteristics of the potential of subsequent regions

In the case of Hungary, the characteristics refer to counties constituting the units of territorial self-government representing regional character.

Table 2. Characteristics of the regions – as of 2020

Region name	Area (km ²)	Population	GDP per capita (EUR)
Budapest	525	1 752 286	26 514
Pest	6 393	1 278 874	10 231
Fejér	4358	418 603	12 646
Komárom-Esztergom	2264	300 995	12 321
Veszprém	4463	341 157	9675
Győr-Moson-Sopron	4208	473 141	14 464
Vas	3336	254 137	11 045
Zala	3784	267 271	9186
Baranya	4430	359 109	8765
Somogy	6065	299 950	8310
Tolna	3703	215 514	9667
Borsod-Abaúj-Zemplén	7247	637 064	9025
Heves	3637	293 421	9656
Nógrád	2544	188 092	5780
Hajdú-Bihar	6209	526 727	9196
Jász-Nagykun-Szolnok	5581	366 905	8723
Szabolcs-Szatmár-Bereg	5933	549 028	7415
Bács-Kiskun	8433	502 220	10 270
Békés	5630	330 542	7618
Csongrád-Csanád	4262	398 332	9760

Source: NUTS 2021, <https://ec.europa.eu/eurostat/web/nuts/nuts-maps> [25.04.2022].

Name of the region: Bács-Kiskun, capital city: Kecskemét

This county is situated in southern Hungary, by the border with Serbia. Its surface is the largest among all Hungarian counties. The economy relies on agriculture, dominated by fruit cultivation. Peaches, cherries, apples and apricots are grown in vast orchards. The majority of fruits are cultivated in the north-eastern part of Kecskemét, while wheat, maize and vegetables are grown in the entire Bács-Kiskun region. Kecskemét is the seat of facilities processing agricultural products. Textiles are manufactured in Baja. In the Kiskunhalas area, in turn, natural gas and crude oil are extracted. Dynamically developing Mercedes plant operates in Kecskemét, while in Jászfényszaru – Thyssenkrupp and SMP. In 2021, the share of services in generating GDP reached 52%, while for industry the ratio was 39% and for agriculture 9%. National average amounts to 66%, 29% and 4% respectively. Average earnings amounted to EUR 968, compared to the national average of EUR 1141. Unemployment rate is 4.6%. GDP per capita is EUR 10 270, i.e. 80.2% of the national average. The number of foreign businesses making direct investments in the county was 372. The biggest academic centre is the John von Neumann University in Kecskemét.

Name of the region: Baranya county, capital city: Pécs

The county is situated in southern Hungary. It borders Croatia from the south. Its semi-Mediterranean climate is favourable for the cultivation of fruit: peaches, plums, cherries as well as cereals, vegetables and wine (in particular from the Villánykövesd region). Pork and poultry are produced as well. Industrial activity focuses mainly on processing locally extracted resources. Stone and limestone mines operate in the Mecsek Mountains. Baranya is famous for its thermal springs. The share of services in generating GDP reached 52%, while for industry it was 39% and for agriculture 9%. National average here is 65%, 27% and 8% respectively. Average earnings amounted to EUR 942 compared to the national average of EUR 1141. Unemployment rate exceeds the national average – 5.8%. GDP per capita is EUR 8765, which constitutes the 15th position in the country. The number of foreign businesses making direct investments in the county was 335. The biggest academic centre is the University in Pécs, very often chosen by students taking part in the Socrates-Erasmus programme (next to Debrecen and Budapest).

Name of the region: Békés, capital city: Békéscsaba

The county is located in south-eastern Hungary, within the farming lands of Hungarian Great Plain, which determines the development of its agricultural sector. Apart from cereals, specialist poppy seed and cherry crops are kept. Wheat and maize fields constitute an important majority of crops. Cattle are also bred and pork and poultry produced. Traditional industry is represented by the food sector (flour milling and meat production) as well as construction materials (bricks and tiles). Timber and furniture industry plays an important role as well, together with the manufacturing of shoes and glass. In the vicinity of Orosháza, several experimental farms managed by the state are located, where hybrid cereal varieties were tested and produced. In 2021, the share of services in generating GDP reached 59%, while for industry it was 25% and for agriculture 16%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 833 compared to the national average of EUR 1141. Unemployment rate amounts to 4.8%. GDP per capita is EUR 7618, which constitutes 59.5% of the national average. It is the third worst result in the country. The number of 108 foreign businesses making direct investments in the county was the lowest in the entire Hungary.

Name of the region: Borsod-Abaúj-Zemplén, capital city: Miskolc

The county is located in the northern part of the country. It borders Slovakia from the north and north-west. It is to a large extent a touristic area in Hungary. In the vicinity of the City of Miskolc, one of the biggest underground cave systems in the entire Europe can be found, including underground lakes and limestone formations. In 1995 they were inscribed on UNESCO World Heritage List, together with thermal springs. Agriculture constitutes the sector dynamically developing in this county. At the same time, wines are produced in the Tokaj area. Tokaj winery region was inscribed on UNESCO World Heritage List in 2002. In the past, the county used to rely to a large extent on mining and heavy industry (important lignite deposits can still be found there). At present, the most important sectors operating in the region are those connected with electronics, engineering, automotive industry and food processing. In connection with the presence of the Miskolc University, investment expenditure on development and innovation increased. In 2021, the share of services in generating GDP reached 52%, while for industry it was 44% and for agriculture 4%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 900 compared to the national average of EUR 1141. Unemployment rate amounts to 7.1% and is higher than the national average.

GDP per capita is EUR 9025, which constitutes 70.5% of the national average. The number of foreign businesses making direct investments in the county amounted to 315.

Name of the region: Csongrád-Csanád, capital city: Szeged

The county is located in south-eastern Hungary. It borders Romania and Serbia from the east. About three fifths of its territory is constituted by arable lands and agriculture is the basis of local economy. In the course of years, cultivation areas were enlarged as a result of marsh drainage. The climate is favourable for growing peppers as well as rye, onions and fruits. In the Kiskunhalas and Algyő area there are oil fields. The biggest industrial plants in the region are BP in Szeged and Continental in Makó. The University in Szeged has become an extremely important centre of research and development, in particular in the area of natural sciences, biotechnology, laser technology and IT. Szeged is also the seat of Biological Research Centre of Hungarian Academy of Sciences. In 2021, the share of services in generating GDP reached 67%, while for industry it was 25% and for agriculture 8%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 971 compared to the national average of EUR 1141. Unemployment rate amounts to 1.1% and it is the lowest value recorded in the entire Hungary. GDP per capita is EUR 9760, which constitutes 76.3% of the national average. The number of foreign businesses making direct investments in the county amounted to 327.

Name of the region: Fejér, capital city: Székesfehérvár

The county is situated in central Hungary. The presence of the Danube River along an important part of its eastern border contributes to the county being an important transport node. Eastern part of the poviát is located within Mezőföld, a fertile loess soil area, where the following crops are mainly cultivated: maize, wheat, barley, sugar beet, potatoes and bean. Fejér is the biggest producer of maize in the entire country. Its main industrial branches are the manufacturing of metals, electronics, machine engineering, food processing and furniture manufacturing. In Dunaújváros, an industrial centre famous for the production of iron and steel developed. The largest industrial plant is SK On Hungary Kft. in Iváncsa. In 2021, the share of services in generating GDP reached 47%, while for industry it was 49% and for agriculture 4%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1117 compared to the national average of EUR 1141. Unemployment rate amounts to 2.0% and is one of the lowest in the entire Hungary. GDP per capita is EUR 12 646, which constitutes 98.8% of the

national average and represents one of the highest results in the country. The number of foreign businesses making direct investments in the county amounted to 359. Academic life is concentrated mainly around Budapest, and locally around János Kodolányi College in Székesfehérvár.

Name of the region: Győr-Moson-Sopron, capital city: Sopron

The county is situated in north-western part of Hungary. It borders Austria and Slovakia from the south. Agricultural soils in Győr-Moson-Sopron belong to the most fertile in the country. Sugar beets and apricots are cultivated there. Livestock breeding is developed as well. Main branches of industry in the region are the production of cars, rubber, plastics and construction materials, as well as food processing, metal processing and metallurgy. The Audi brand has located and is developing its plant in Győr. Academic life is concentrated around two centres: the University in Sopron and István Széchenyi University in Győr. In 2021, the share of services in generating GDP reached 45%, while for industry it was 51% and for agriculture 4%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1206 compared to the national average of EUR 1141. Unemployment rate amounts to 1.6%. Average national earnings increased by 11% and were higher than the national average. GDP per capita is EUR 14 464, exceeding the average by 13.6%. It is the second highest result after Budapest. It is the richest and most rapidly developing region in Hungary. The number of foreign businesses making direct investments in the county amounted to 1115 in 2020.

Name of the region: Hajdú-Bihar, capital city: Debrecen

The county is located in the east of Hungary and the border with Romania passes through its territory. Debrecen is its major city, while Hajdúszoboszló is a touristic resort very popular among the Poles (together with the Miskolc area located nearby). Agriculture plays an important role in the region, with such crops as wheat, maize, bean, lucerne, sunflower and horseradish. Cattle are also bred and pork and poultry produced. Hajdú-Bihar is one of the least industrialized regions of the country, but chemical products are manufactured here (and natural gas and crude oil are extracted in Ásványkincsek). Machine industry is developing, together with food processing and the manufacturing of pharmaceutical products. National Medicines Factory is being constructed near Debrecen. The biggest industrial plants to be located in the region are Flowserve and the BMW plant currently under construction (investment project with the value of EUR 1 billion). Important scientific background is provided by the University in Debrecen.

In 2021, the share of services in generating GDP reached 64%, while for industry it was 26% and for agriculture 10%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 940 compared to the national average of EUR 1141. Unemployment rate was higher than the national average and reached 5.1%. GDP per capita was EUR 9196, i.e. 71.9% of the average for Hungary. The number of foreign businesses making direct investments in the county amounted to 278 in 2020.

Name of the region: Heves, capital city: Eger

This county is located in northern Hungary. Industrial centres are situated in Gyöngyös and Hatvan. In connection with the presence of the Mátra and Bükk Mountains together with the national park this region possesses attractive cultural assets. The highest summit in Hungary - Kékes (1014 m.a.s.l.) is situated here.

Heves is both an agricultural region, where lentils, tobacco and melons are cultivated, as well as a wine-making one, in particular the areas of Mátraalja and Eger. An important role is also played here by horse breeding. Crude oil deposits can be found in the Demjén area, while natural gas is extracted near Demjén or Fedémes. Industrial plants classified among the biggest in the country are located in Eger – ZF Hungária Kft. is the manufacturer among others of automatic gearboxes, while in Eger, steering columns are produced at Robert Bosch Automotive Steering Kft. In 2021, the share of services in generating GDP reached 49%, while for industry it was 47% and for agriculture 4%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1041 compared to the national average of EUR 1141. Unemployment rate amounts to 3.7%. Average monthly earnings were 9.3% higher than a year before, but they did not reach the national average. GDP per capita was EUR 9656, i.e. 75.5% of the average for Hungary. It is the result halfway through the list of other counties. The number of foreign businesses making direct investments in the county amounted to 173 in 2020. Academic centre is the Eszterházy Károly University in Gyöngyös.

Name of the region: Jász-Nagykun-Szolnok, capital city: Szolnok

The county is located in east-central Hungary. The region between Szolnok and Berekfürdő is abundant in natural gas and crude oil reserves. The extraction of clay and sand plays an important role as well. Even though the region is the least industrialized in the entire Hungary, the

manufacturing of electrical appliances, batteries as well as agricultural and forestry machines contribute to the development of local economy. Academic life is concentrated around the John von Neumann University in Szolnok. In 2021, the share of services in generating GDP reached 48%, while for industry it was 44% and for agriculture 8%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 926 compared to the national average of EUR 1141. Unemployment rate amounted to 5.3%. In spite of the increase in earnings by 7.8%, their value is significantly lower than the national average. GDP per capita amounts to EUR 8723, i.e. 68.2% of the average for Hungary, which constitutes the 16th result (out of the total of 20). The number of foreign businesses making direct investments in the county amounted to 173 in 2020.

Name of the region: Komárom-Esztergom, capital city: Tatabánya

This county is situated in north-western Hungary. It borders Slovakia from the north, which results from the division of the City of Komárom into its Hungarian and Slovak part after the Treaty of Trianon in 1920. The region represents touristic character thanks to the City of Esztergom. Important crops are here sugar beets and peaches. The Neszmély area is a developing wine-making region. Tatabánya currently plays the role of the centre of service industry. Industrial activity concentrates around the Danube River. The City of Komárom is a railway centre and port on the Danube River. In Látatlan, cement, paper and pre-fabricated construction components are manufactured. A crude oil refinery operates in Szőny, connected by a pipeline with the Zala deposit. Oil is also refined in Almásfüzitő. Nyergesújfalu specialises in plastic materials. Limestone is extracted in Dunaalmás, while red marble in Süttő. Esztergom, in turn, is the centre of automotive industry (Suzuki factory). The biggest industrial plants are Toray in Nyersegyújfal and SK in Komárom. In 2021, the share of services in generating GDP reached 44%, while for industry it was 51% and for agriculture 5%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1132 compared to the national average of EUR 1141. Unemployment rate is one of the lowest in Hungary and amounts to 1.2%. GDP per capita amounts to EUR 12321, i.e. 96.3% of the average, being one of the highest scores. The number of foreign businesses making direct investments in the county amounted to 531 in 2020. Edutus College in Tatabánya constitutes the academic centre.

Name of the region: Nógrád, capital city Salgótarján

This county is located in the north of Hungary. It borders Slovakia from the north. It is the second smallest county in Hungary. In spite of unfavourable soil conditions, agriculture is the dominating area of activity with the cultivation of cereals, sunflowers, potatoes, poppy seeds and lentils. Livestock is also bred here. It is also one of the poorest regions in Hungary, which results from the decline of heavy industry and mining after many years of prosperity. In 2021, the share of services in generating GDP reached 65%, while for industry it was 30% and for agriculture 5%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 859 compared to the national average of EUR 1141. Unemployment rate of 8.6% is the second highest result recorded in the country. GDP per capita amounts to EUR 5780, i.e. 45.2% of the average. It is the lowest result in the entire Hungary. The number of foreign businesses making direct investments in the county amounted to 116 in 2020 (there were fewer of them only in the Békés county).

Name of the region: Pest, seat of authorities: Budapest

Pest is the most populated and industrialized county in Hungary. Despite the fact that the City of Budapest is located in its centre, the county and capital city are totally independent from one another. The majority of county institutions have their seats in Budapest. The Pest county is famous for fruit production (mostly apples) as well as the cultivation of sugar beets and tomatoes. Main industrial branches are the machine sector, electronics and automotive as well as construction industry. AVL in Érd and Samsung in Göd belong to the biggest plants in the region. An important role is played by tourism, favoured by the county's location in the Danube Bend (Szentendre, Visegrád). In 2021, the share of services in generating GDP reached 67%, while for industry it was 31% and for agriculture 2%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1047 compared to the national average of EUR 1141. Unemployment rate is 2.5%. GDP per capita amounts to EUR 10 231, i.e. 79.9% of the average. The number of foreign businesses making direct investments in the county amounted to 2258 in 2020 (a bigger number was recorded exclusively in Budapest). Academic centres are Pázmány Péter Catholic University (Piliscsaba) and Saint Stephen University in Gödöllő.

Name of the region: Somogy, capital city: Kaposvár

It is the county with the smallest number of inhabitants in the entire Hungary. It borders southern part of the lake and the most famous city within its borders is Siófok – touristic centre situated by Lake Balaton. Somogy borders Slovakia as well. The region is famous in particular for its touristic activity attracting potential investors. Agriculture has an important influence on its economy as well. Cereals, grapes and other fruits are mainly cultivated and fish and game breeding is developing. Computers are manufactured here as well as electronics and optical products. The biggest industrial plants are: MOL Földgázzállító Zrt., Törley Pezsgőpincészet Kft. or Agro-Centrál Bt. In 2021, the share of services in generating GDP reached 65%, while for industry it was 24% and for agriculture 11%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 915 compared to the national average of EUR 1141. Unemployment rate is higher than the average recorded for the entire country and amounts to 5.0%. GDP per capita amounts to EUR 8310, i.e. 64.9% of the average and it is one of the worst results recorded in Hungary. The number of foreign businesses making direct investments in the county amounted to 295 in 2020. The University in Kaposvár constitutes the academic centre here.

Name of the region: Szabolcs-Szatmár-Bereg, capital city: Nyíregyháza

It is a frontier county located in north-eastern Hungary with a short border with Slovakia in the north, Ukraine in the north and north-east as well as Romania in south-east. The region represents to a large extent agricultural character and local climate is favourable for the cultivation of fruits (plums, apples and nuts), cereals (mainly rye and wheat), sunflowers and tobacco. In 2021, the share of services in generating GDP reached 65%, while for industry it was 24% and for agriculture 11%. National average here is 58%, 32% and 10% respectively. Average earnings amounted to EUR 789 compared to the national average of EUR 1141 and the value is the lowest in the entire country. Unemployment rate recorded in the county was the highest with the value of 9.2%. GDP per capita amounts to EUR 7415, i.e. 57.9% of the average in Hungary, which makes it one of the poorest regions. The number of foreign businesses making direct investments in the county amounted to 225 in 2020. The biggest plants in the region are the Lego blocks factory in Nyíregyháza and Continental tyre manufacturer.

Name of the region: Tolna, capital city: Szekszárd

The county is located in central-southern Hungary. Its economy relies on agriculture. Cereals, sunflowers and fodder crops are cultivated here. Cattle are raised and pork produced. In the Szekszárd region grapevine has been cultivated for nearly 2000 years, so the tradition is very long. Bio-refinery has its seat in Dunaföldvár, where fodder maize is used for the production of animal feed, bioethanol and maize oil. Enamel dishes manufactured in Bonyhád are famous all over the world. A nuclear power plant operates in Paks and it is currently supposed to be extended with two new reactors as well as the construction of the long-awaited Kalocsa-Paks bridge is planned in connection with this fact. Kalocsa is famous for the production of peppers and fabrics appreciated all over the world for their characteristic "Kalocsa" patterns. In 2021, the share of services in generating GDP reached 65%, while for industry it was 24% and for agriculture 11%. National average here is 52%, 39% and 9% respectively. Average earnings amounted to EUR 1085 compared to the national average of EUR 1141. Unemployment rate is one of the lowest in the country with the value of 2.2%. GDP per capita amounts to EUR 9667, i.e. 75.5% of the average in Hungary (the result exactly in the middle). The number of foreign businesses making direct investments in the county amounted to 121 in 2020.

Name of the region: Vas, capital city: Szombathely

The county borders the Győr-Moson-Sopron county in the north, Veszprém in the east and Zala in the south. National border also passes through its territory – with Slovenia in south-west and Austria in the west. Agriculture is a developing field of activity in the region: cattle are bred and pork and poultry produced (mainly turkeys). Other investment-related areas concentrate around broadly understood industry: machine, textile, chemical, wine-making, timber or food sector. The most important plant in the region is located in Szentgotthárd, where Opel engines used to be manufactured, but due to property transformations (its acquisition by Stellantis), discussions concerning the future of the facility are in progress. Touristic activity plays an important role in the region as well. In 2021, the share of services in generating GDP reached 48%, while for industry it was 46% and for agriculture 6%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1043 compared to the national average of EUR 1141. Unemployment rate, 1.2%, is one of the lowest in the country. GDP per capita amounts to EUR 11045, i.e. 86.3% of the average in Hungary and it is the fifth result in Hungary. The number of foreign businesses making direct investments in the county amounted to 492

in 2020. Academic centre - Loránd Eötvös University – is situated in Szombathely, capital city of the county..

Name of the region: Veszprém, capital city: Veszprém

The county is situated in western Hungary and it stretches to the north from Lake Balaton, which naturally makes it an important touristic resort (bigger cities by Lake Balaton are Balatonfüred and Balatonalmádi). Soil and geographical conditions are not favourable for agriculture, but appropriate for wine-making, in particular in Badacsony, the Szent György Mountains, Somló and on the northern shore of Lake Balaton. In Ajka operates chemical plant manufacturing aluminium. In 2021, the share of services in generating GDP reached 58%, while for industry it was 37% and for agriculture 5%. National average here is 67%, 29% and 4% respectively. Average earnings amounted to EUR 1043 compared to the national average of EUR 1141. Unemployment rate, 1.5%, is one of the lowest in the country. GDP per capita amounts to EUR 9675, i.e. 75.6% of the average in Hungary. The number of foreign businesses making direct investments in the county amounted to 333 in 2020. One academic centre is located within the county – the Pannonia University in Veszprém.

Name of the region: Zala, capital city Zalaegerszeg

The county is located in the southern part of Hungary, it borders Croatia in the south and Slovenia in south-west. The county is famous for its touristic activity – in particular for thermal springs in Hévíz, as well as a charming town of Keszthely situated by Lake Balaton. Agriculture is developing here: livestock breeding, fruit cultivation as well as forest economy.

However, industry constitutes main driver of the county's development, in particular in connection with the fact that crude oil used to be extracted here, which contributed to its growth and attracted foreign businesses, also thanks to the proximity of the border with Western Europe, a favourable condition for export activity and establishment of companies. The Zala county transformed into crude oil extraction centre, while Zalaegerszeg is the seat of crude oil refinery as well as electronic and chemical industry centre. In 2021, the share of services in generating GDP reached 58%, while for industry it was 37% and for agriculture 5%. National average here is 62%, 31% and 7% respectively. Average earnings amounted to EUR 913 compared to the national average of EUR 1141. Unemployment rate amounts to 3.2%. GDP per capita is EUR 9186, i.e. 71.8% of the national average. The number of foreign businesses making direct investments in the county amounted to 451 in 2020.

Name of the region: Budapest, Capital City

The capital city constitutes the political, administrative, business and industrial centre of Hungary. At least one fifth of all Hungarians live in the capital. In 2020, 15 204 companies made direct investments in Budapest. Interestingly enough, ca. 50% of income from touristic activity in the entire country is generated by Budapest. The capital city houses a genuine academic centre, among others with Loránd Eötvös University, Semmelweis University, the University of Technology and Economics, Korvin University, Óbuda University, Ludovica – Civil Service University. The biggest plants operating here are: Sanofi, Gedeon Richter, Bosch, ThermoFisher, Thyssenkrupp, Itron, Jaguar and Land Rover premises. Industrial part of Budapest is constituted to a large extent by the Csepel island in the south of the city. In 2021, the share of services in generating GDP reached 85%, while for industry it was 15% and for agriculture 0%. National average here is 62%, 31% and 7% respectively. Average earnings amounted to EUR 1406 compared to the national average of EUR 1141, which is a factor significantly exceeding the average for the entire country. Unemployment rate amounts to 3.2%. Huge disproportion is observed between the earnings in Budapest and the rest of the country. GDP per capita amounts to EUR 26 514, i.e. 207.2% of the average.

e) The role of regions in regional development

Within the framework of cohesion policy in the 2014-2020 financial perspective Hungary received in total EUR 21.9 billion used for the financing of the following programmes:

- EUR 15 billion for less developed regions (Közép-Dunántúl, Nyugat-Dunántúl, Dél-Dunántúl, Észak-Magyarország, Észak-Alföld and Dél-Alföld);
- EUR 463.7 million for the most developed region (Közép-Magyarország);
- EUR 6 billion from the Cohesion Fund;
- EUR 361.8 million within the framework of European territorial cooperation;
- EUR 49.8 million for Youth Employment Initiative.

Within the 2014-2020 budget perspective, seven operational programmes were implemented in Hungary. They will be settled until 2023.

Table 3. Share of subsequent counties in the allocation of funds within 2014-2020 budget perspective (in EUR)

Name of the region	2014-2020 Perspective
Budapest	17 890 111 086
Pest	713 277 811
Fejér	534 164 090
Komárom-Esztergom	555 601 212
Veszprém	551 447 732
Győr-Moson-Sopron	683 987 971
Vas	314 692 546
Zala	430 283 944
Baranya	740 216 338
Somogy	575 121 193
Tolna	111 219 988
Borsod-Abaúj-Zemplén	1 129 694 748
Heves	513 611 831
Nógrád	300 945 959
Hajdú-Bihar	1 070 495 041
Jász-Nagykun-Szolnok	555 601 212
Szabolcs-Szatmár-Bereg	1 112 199 888
Bács-Kiskun	966 517 047
Békés	625 548 234
Csongrád-Csanád	924 854 056
Total	30 313 434 845

Source: <https://www.palyazat.gov.hu/aktstat?lang=hu> [25.04.2022].

It is worth to mention that Budapest absorbs 59% of EU funds. Three counties are recorded on the second position with the share of 9% each: Hajdú-Bihar, Bács-Kiskun and Szabolcs-Szatmár-Bereg. Within the previous perspective – 2007-2013 – Budapest absorbed 55% of EU funds. The Borsod-Abaúj-Zemplén county found itself on the second position with 7%, while Pest and Hajdú-Bihar, with 4% each, on the third position.

Participation in macro-regional strategies

Hungary takes part in the implementation of:

- EU Strategy for the Danube Region (EUSDR).

Dominik Héjj



**European
Funds**
Regional Programme



**Republic
of Poland**



lubelskie
Taste life!

European Union
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