



Action Plan for the Growth and Employment in the Prešov Region

The Prešov Region (PSK) is one of the economically weakest regions of Slovakia. Its population, 822 thousand inhabitants, makes 15 % of the population of Slovakia, but the generated GDP is only just under 10 % of the GDP of Slovakia. The region has a low rate of economic activity, a high unemployment rate, and a high long-term unemployment rate (62 % of the registered unemployed). The average number of people employed in the region in 2016 reached just 263,001 persons. Out of the total number of employees, most of them, 28.2 %, worked in the manufacturing industry, 13.7 % in education, and 8.5 % in the public administration. The average gross minimum monthly wage in the region reached 817 euros in 2016, by 22 % less than was then the Slovak nationwide average of 1,044 euros and it was lower when compared to all other regions.

The population in the PSK is growing, despite a reduction caused by outmigration. The Prešov Region is also the youngest region of Slovakia, with the average age of the population of 38.8 years, despite the demographic aging of the population in Slovakia.

In terms of ethnic composition of the population, 82.0% of the Prešov region population has the Slovak nationality, 5.3% are Roma and 3.5% of the population are Ruthenians (Rusyns). Other ethnic groups (Hungarian, Czech, Ukrainian, German ...) account for less than 0.5% of the total population of Prešov Region. However, at the latest population census (in 2011), its nationality did not provide 7.9% of the population of Prešov Region.

A specific group of the population is a Roma ethnic group, which in most cases does not declare their ethnicity and thus their share in official results of population census does not correspond to actual data. According to the Atlas of Roma Communities (2013), the highest proportion of Roma is in the districts of Kežmarok (27 %), Vranov nad Topľou (20 %), Sabinov (19 %), and Stará Ľubovňa (14 %). There were about 253 Roma settlements in the Prešov Region, with 10,731 dwellings in 243 municipalities, with an average of 30.6% of Roma living on the total population of those municipalities included into the Atlas.

In the PSK, there are more than 19 thousand companies - legal entities and 50 thousand small businesses, while 56 % of the companies have less than 59 employees. **Industrial companies in the PSK reached the sales of 4,484.5 million euros, which is just 5 % of the total sales in Slovakia.** The most important industries in terms of employment are mechanical engineering, metal processing, electrical engineering, and chemical industries. The most significant companies in the region include: Whirlpool Slovakia, s.r.o., Poprad, Tatrabagónka a.s. in Poprad, Lear Corporation Seating Slovakia, s.r.o., Prešov, MILK-AGRO s.r.o. in Prešov, Chemosvit Folie, a.s., Svit, ELCOM s.r.o. Prešov, Pivovary Topvar, a.s., Veľký Šariš, MECOM GROUP s.r.o. in Humenné, Nexis Fibers, a.s. in Humenné, and BUKOCEL a.s. in Hencovce. SPINEA s.r.o. in Prešov is an example of a strongly innovative company. The



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agriculture in the PSK has reached the total sales of less than 100 million euros at a 42 % agricultural land share of the total area of the region.

The development of the manufacturing industry is concentrated in the created industrial parks in the following towns and cities: Poprad, Snina, Sabinov, Lipany, Kežmarok, Humenné, Prešov, Vranov nad Topľou, Medzilaborce, Levoča, and Bardejov. **The inflow of foreign direct investment (FDI) into the region in the long-term horizon is the lowest from among all regions of Slovakia.**

The Prešov Region is the biggest region of Slovakia by population and the second largest by area behind the Banská Bystrica Region. It spreads in the northeast of Slovakia and borders Poland and Ukraine. Most of the territory of the region is a mountainous countryside with a rich and specific cultural and historical tradition and a recreational potential. The environment is relatively little disturbed, in particular in the areas with low economic activity. The territory of the region belongs to more sparsely settled areas of Slovakia, with a higher proportion of rural areas. The average population density is 91.3 per sq. km. The region is administratively divided into 13 districts. In the region, there are 665 municipalities (highest number within Slovakia), 23 of which are towns and cities.

The PSK's strengths are:

- strong industrial base in mechanical engineering, robotics and chemistry
- widening capacity of the infrastructure for research, development, and innovations (e.g. UNIPO (Prešov University), FVT TUKE (Faculty of Manufacturing Technologies of the Technical University of Košice), research and development sites); existence of a network of secondary schools and universities
- sufficient workforce
- strong potential for the development of tourism and food industry; existence of an international airport in the most significant tourist region (Tatry Region)
- existence of food industry
- innovative approach in the field of systemic measures for energy savings and the use of renewable sources of energy

As the **PSK's weaknesses** may be considered:

- low share of high added value production
- mismatch between the demand and supply on the job market; mismatch between the existing offer of study and learning specializations and the needs of the job market
- insufficient transport infrastructure
- insufficient capacity to create and coordinate the development of the region



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- insufficient support of innovation processes, ineffective cooperation between small and medium-size enterprises and universities and research and development institutions
- insufficient coordination and low quality of services in tourism
- low energy self-sufficiency

1. Challenges for Prešov Region

1.1 Challenge: Aligning the supply of vocational secondary schools (SOŠ) education with the requirements of the labor market

- lack of information on the demands and needs of the labor market (employers) and on the need for employees by qualification and study courses
- low level of qualifications of specific part of the population (long-term unemployed)
- retraining courses are often not targeted enough, often there is not enough interest of jobseekers to look for job or retraining
- low wages - brain drain out of Prešov region, especially young people,
- there is a lack of increased motivation for small and medium-sized enterprises to participate in the dual education system
- vocational schools inadequately equipped with modern material and technical equipment for professional practice and vocational training that reflects the current demands of employers
- low participation of vocational training masters and teachers of vocational subjects in lifelong learning programs - absence of these programs in the education market
- insufficient regional regulation of the number of classes and pupils of the first year in VET

1.2 Challenge: Increasing energy efficiency and self-sufficiency of PSK

The subject of innovations and energy self-sufficiency requires a major change in the understanding of the energy base and of the transition from conventional sources of energy to renewable sources and their local/regional use, and of the necessity of the deployment of innovations and SMART solutions in the area of their management. That requires the allocation of the necessary financial resources, the creation of cooperating structures of the business, research and public sectors, as well as the interconnection of local/regional energy producers and consumers.

- the current database, derived from measured data and input analyses, requires the development of a Master Plan of energy innovations at the level of PSK
- the implementation of measures and projects in the field of innovations and energy efficiency requires managed cooperation between individual actors at the regional level
- the lack of coordinated procedures requires to start with the implementation of energy management, smart metering, and data analyses (Eco-Management and Audit Scheme, EMAS) at all levels of management

- high dependence of innovation processes and achieving of a higher level of energy self-sufficiency on EU resources requires the preparation and implementation of activities focused on the financing from savings, guaranteed energy services and the use of the „value for money“ method in each investment directed to buildings and energy sources
- low level of cooperation between companies, research organisations of the third sector and universities in the research and development in the field of energy innovations and their deployment in practice requires increased effectiveness of networking and clustering of regional actors

1.3 Challenge: Insufficient capacity to create and coordinate the development of the region = urban/regional management incl. management of the public finance

Weak management of the regional development in the Prešov region, including absence of tools to coordinate stakeholders involved in the region development and smart specialisation processes. Lack of attention to addressing the implementation of the development strategies, low flexibility and insufficient reflection of spatial specifics into the financial mechanism management for the support of the regional and especially economic development.

The challenges can be perceived as follows:

- better use of available resources for regional development is crucial. This requires better management, coordination and use of available finances. There is a need to strengthen and reorganise capacity of PSK in planning, execution and financing of development activities
- tools for optimizing multi-source financing of regional development in the PSK need to be developed. Development of the region is mainly financed from the state budget and ESIF. The region is aware about financial shortage may occur after 2020. There is a need to prepare the region for future support of regional development projects beyond recent schemes of ESIF
- innovation support instruments must be developed and start to operate in the region, increasing competitiveness of its economy. The focus should be at supporting the job creation in the machinery, robotics and chemistry, tourism, services and food and wood processing
- PSK must become strategic integrator of the regional development policies on its territory

2. Investment for growth and jobs until 2023

2.1 Regional Integrated Territorial Strategy

The Regional Integrated Territorial Strategy of the Prešov Region for 2014-2020 (RIUS) was developed in order to have a coordinated implementation of the Integrated Regional Operational Programme (IROP) and to achieve complementarity and synergies with other operational programmes on the territory of the Prešov Region. RIUS is a planning tool for applying the principle of integrated approach to territorial development in the region. In this way, the conditions for efficient use of funding from the European Structural and Investment Funds, the national budget and other recourses during the Cohesion policy programming period 2014-2020 are ensured. Individual parts of RIUS are substantively linked to priority axes of the IROP and the thematic focus is on the following priorities:

- building a safe road infrastructure in the NUTS 3 region and promoting sustainable transport;
- investing in education;
- investing in building quality social and health services and support to socio-legal protection of children and social guardianship;
- the creation of a favourable environment for the development of creative talent and non-technological innovation and stimulating the support of employment and job creation in the cultural and creative sector;
- reducing the environmental burden of wastewater in the Prešov Region and promoting green infrastructure

Territorial focus of RIUS investments across the region will meet with the support of local action groups under a community-based local development (CLLD) in the IROP and from the European Agricultural Fund for Rural Development through LEADER in the Rural Development Programme and through targeted support from other local initiatives from other OPs and community programmes of the EU.

Table 1: Indicative financial plan for RIUS

Specific objective	Total in EUR
Specific objective 1.1: Improve access to road infrastructure TEN-T and first class roads	36,057,190.00
Specific objective 1.2.1: Increasing the attractiveness and competitiveness of public passenger transport	10,210,965.00
Specific objective 1.2.2: Increasing attractiveness and transport capacity non-motorized transport (in particular cycling) in the total number of passengers	10,210,965.00

Specific objective 2.1.1: Supporting the transition of social services and security measures of social and legal protection of children and social guardianship in Prešov region from institutional to community-based forms and support the development of childcare facilities under three years	28,739,272.00
Specific objective 2.1.2: Modernise healthcare infrastructure for the integration of primary healthcare	22,383,900.00
Specific objective 2.2.1: Increase of gross school readiness of children in kindergartens	16,891,266.00
Specific objective 2.2.2: Improve the key competences of pupils of primary schools	7,854,587.00
Specific objective 2.2.3: An increase in the number of pupils in secondary vocational schools for practical teaching	14,138,258.00
Specific objective 3.1: Encouraging the promotion of sustainable employment and job creation in the cultural and creative industries, through the creation of a favourable environment for the development of creative talent, non-technological innovation in PSK and the city of Prešov	17,800,000.00
Specific objective 4.2.1: Increase the share of the population served by improved supply of drinking water and the collection and treatment of waste water to public sewerage without negative impacts on the environment	18,205,600.00
Specific objective 4.3.1: Improve the environmental aspects in cities and urban areas through the development of green infrastructure elements and adaptation of urbanized environment to climate change as well as the introduction of systemic elements of reducing air pollution and noise	14,783,669.00
Total in EUR	197,275,672.00

2.2 Action Plan activities in the context of the operational programmes

Individual activities and sub-activities under the Action Plan for Growth and Jobs in the Prešov self-governing region (PSK) could be funded under the Operational Programme (OP) Human Resources, priority axis 1 – Education, OP Quality of Environment, priority axis 4- Energy-efficient low-carbon economy in all sectors, OP Effective Public Administration, of priority axis 1- A reinforced institutional capacity, OP Research and Innovation from priority axis 1 — Support for research, development, and innovation and priority axis 3 — Enhancing the competitiveness and growth of SMEs, and the Integrated Regional Operational Programme (IROP) of priority axis 3- Mobilising creative potential in regions and priority axis 4- Improving quality of life in regions with an emphasis on environment.

Table 2: An overview of the funds allocated in the OPs of the 2014-2020 programming period

Operational programme	Priority axis	Thematic/Specific objective	Fund	Allocated EU funds (EUR)	National co-financing (EUR)
Human resources	1 Education		ESF, ERDF, Youth Employment Initiative	2 204 983 517	423 549 903
Quality of	4 energy efficient		CF, ERDF	3 137 900 110	1 172 503 139

Environment	low-carbon economy in all sectors				
Efficient public administration	1 A stronger institutional capacity and efficient public administration		ESF	278 449 284	56 931 740
IROP		SO 8b	ERDF	1 754 490 415	368 395 827
Research and innovation	3 Enhancing the competitiveness and growth of SMEs		ERDF	2 266 776 537	1 440 433 721
Rural Development Programme	xxx				

Source: The Office of the Government of the Slovak Republic, the Partnership Agreement with Slovakia

The amount of OP Human Resources allocation amounts to a total of EUR 2 628 533 420, of which EUR 2 204 983 517 is allocated from the European Social Fund, the European Regional Development Fund and the Youth Employment Initiative. There is from the state budget of the Slovak Republic for this OP EUR 423 549 903. The amount allocated to the OP Quality of Environment totals to EUR 4 310 403 249, of which EUR 3 137 900 100 comes from the Cohesion Fund and European Regional Development Fund and EUR 1 172 503 139 is allocated from the state budget of the Slovak Republic. OP Effective Public Administration has funds of EUR 335 381 024. The majority of financial resources in this OP comes from the European Social Fund (EUR 278 449 284). The Slovak Republic has contributed to this OP financial resources amounting to EUR 56 931 740. Funding in the OP Research and Innovation amounts to a total of EUR 3 707 210 258. EUR 2 266 776 537 comes from the European Regional Development Fund, EUR 1 440 433 721 comes from the sources of the Slovak Republic. The Integrated Regional Operational Programme is allocated in total EUR 2 122 886 242. European Regional Development Fund provided financial resources amounting to EUR 1 754 490 415, the Slovak side contributes with financial resources in the amount of EUR 368 395 827.



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I. Obstacle: Mismatch between supply and demand on the labor market; mismatch between the existing supply of study and learning specializations and the needs of the job market (including dual education)

1.1 Activity: Survey of labor market needs

Sub-activity:

1.1.1 Overview of local companies' demand for VET graduates

- In-depth interviews with a representational group of 40 different types of employers/companies in the PSK, taking into account the subregions - Prešov metropolitan region (Prešov, Vranov nad Topľou and Sabinov districts), Podtatranský region (Poprad, Kežmarok and Stará Ľubovňa), North Carpathian region (districts Bardejov, Svidník and Stropkov) and the North-East Carpathian region (the districts of Medzilaborce, Snina and Humenné)

Output: Report on labor market needs in the Prešov region

Duration: 3 months (June 2018 – August 2018)

1.2 Activity: Analysis and design of reform of the secondary vocational schools

Sub-activity:

1.2.1 Analysis of the secondary vocational schools (SVS) on the supply side

- pupils (number of pupils in study and teaching specialisations in view of the outcome of the report on labor market needs), qualifications of teachers (general education and vocational education subjects)
- offer of existing study and teaching specialisations (in which are students currently studying at SVS) – there are 60 SVS established by PSK and 16 private/ church SVS
- recommendations for enlargement or abolition of the study programmes according to the analysis of the labor market survey, expansion of the supply of schools for retraining courses, lifelong learning

Output:

- A report mapping the existing secondary vocational study and teaching courses and specialisation in the PSK area, including a proposal to optimize the structure of secondary vocational education study programs in line with labor market needs

Duration: 9 months (June 2018 – February 2019)

1.3 Activity: Investment needs analysis of prioritized secondary vocational schools

Sub-activity:

1.3.1 Identification of investment needs of the secondary vocational schools:

- analysis according to material-technical and geographic distribution for individual prioritized study programs
- analysis of staff capacities of the SVS - proposals for training of pedagogical staff, needed curriculum modifications, increase of the recommended number of staff etc.

Output: Report with recommendations on necessary investments needs for the prioritized secondary vocational schools (ca. 5 selected schools)

Duration: 5 months (January 2019-May 2019)

Final output:

- Sufficient data concerning under/over-supply in secondary vocational education sector and labour market needs leading to a prioritized set of investment needs in a sample of schools. The tailor-made recommendations will serve as a starting point for the reform process in order to improve matching between the existing supply of vocational secondary study programmes and needs of the labour market in the region.

II. Obstacle: Low energy efficiency (EE) of PSK public buildings (schools, social facilities, administrative buildings) and a high need for investment resources to modernize them

Note: The below mentioned activities are subject to the timely submission of additional documentation required from the region.

2.1 Activity: Strategic plan for scaling-up energy efficiency in PSK buildings

Sub-activities:

2.1.1 Assessment of the regulatory and institutional framework, that impacts on the implementation of energy efficiency projects in PSK public buildings.

- Assessing the regulatory and institutional barriers that may hinder the scale-up of EE (budgetary issues and who stays with savings, procurement of lower cost vs. life-cycle costs, etc.)
- Recommending changes on regulatory and institutional aspects that need to be completed to help scale-up EE projects in PSK public buildings.

Output: Report summarizing the regulatory and institutional situation in PSK and recommendations for overcoming the key barriers to scale-up EE.

Duration: 4 months (May 2018 – September 2018)

2.1.2 Identification of funding opportunities by conducting a broad review of various financial schemes (credit lines, third party financing, grant sources, combination of resources, etc.) that could be used to support the scaling-up of energy efficiency in PSK public buildings.

- Review of several public and commercial financial instruments applicable to Slovakia's regulatory environment to support PSK undertake energy efficiency rehabilitation/renovation of public building,
- Recommendation on financing schemes for PSK public building portfolio (approximately 130 facilities)

Outputs:

- Strategic Plan recommending renovation packages of public buildings with viable financial sources.

Duration: 8 months (June 2018 – February 2019)

2.2 Activity: Action Plan to develop an energy management unit for public buildings within the PSK Administration

Sub-activity:

2.2.1 Guidebook for the Implementation of Energy Management Systems (EMS). The guidebook will propose a methodology for the implementation of EMS (including the establishment of an initial scenario, responsible entities, scope definition, commitments, participating entities, baseline definition and data collection, action plan definition and implementation, progress assessment and achievements, etc.). The guidebook is expected to be used by the different parties (schools, social facilities, administrative buildings, and PSK Regional Administration) and provide a ‘hands on’ manual on how to implement EMS.

Outputs:

- Guidebook for the Implementation of Energy Management Systems

Duration: 4 months (May 2018 – September 2018)

2.2.2. Action Plan to establish an energy management unit within PSK Regional Administration. PSK Administration would like to establish an energy management unit within their property management department. The sub-activity would provide an action plan for its establishment (professionals needed, monitoring system, etc.).

Outputs:

- Action Plan proposed on the establishment of an energy management unit for public buildings within the PSK Regional Administration.

Duration: 10 months (June 2018 – April 2019)

Final outputs:

- Strategy to scale-up EE for PSC Public Buildings including: (i) recommendations to overcome the regulatory and institutional barriers; (ii) strategic planning for scaling-up EE in in PSK public building portfolio; (iii) guidebook for the development of EMS; and (iv) action plan to establish an energy management unit within PSK Regional Administration

III. Obstacle: Insufficient capacity to create and coordinate the development of the region = urban/regional management incl. management of the public finance

3.1 Activity: Design and validation of geo-spatial open data development in region and their publishing to support analytical and decision making processes of PSK

Requirements for creating a Geographic Information System (GIS) department:

Sub-activities:

3.1.1 Needs analysis in order to create a department of open data, GIS and regional spatial information database rSDI (including financial analysis and feasibility study)

The results of a preliminary review of the collection and use of data of individual departments in the PSK regional government highlighted the need to establish a common regional spatial data infrastructure (rSDI). In the above-mentioned needs analysis, the following aspects will be analyzed:

- existing data, its structure and purpose of use, as well as the extent to which the data will need to be obtained
- current software and hardware equipment in PSK, networks and possibilities of deploying the most suitable GIS solution for PSK
- financial issues and needs related to the deployment of the infrastructure and setting up of sustainable processes

Output: Review of the needs and of the capacity concerning the open data workspace, GIS and rSDI, including recommendations

Duration: 4 months (June 2018 – September 2018)

3.1.2 Human resources training based on the outcomes of the analysis

Following the set-up of the GIS Department in PSK and on the basis of the outputs from the needs analysis, the following will be provided:

- human resources training package
- introductory workshop(s)
- study visit under TAIEX REGIO Peer2Peer tool

Output: Training program based on the curriculum requirements for the GIS department staff, supported by a study visit and a basic training.

Duration: 9 months (June 2018 – February 2019)

3.1.3 Deployment of the geoportal prototype

The preparation, geocoding and creation of databases will be in accordance with SK and EU legislation and standards of open data. The geodatabases will be created for the areas selected on the basis of the needs analysis (point 3.1.1).

Output: Creation of a geoportal and a catalogue of relevant data sets

Duration: 12 months (May 2018 – May 2019)

Final output: Functioning GIS infrastructure in selected areas.

3.2 Activity: Supporting the development of the endogenous potential of the region for tourism

Sub-activities:

3.2.1 Explore opportunities for improving the Tourist Information Offices/Centers (TIC)

3.2.1.1 Analysis of the current state of Tourist Information Offices/Centers (TIC) in the Prešov Region

- analysis of the region's coverage by TIC services, definition of areas with low / absent TIC coverage
- analysis of ownership of TIC, possibilities for cooperation
- analysis of the services provided, technical equipment of TIC
- determining the level of staff's language skills
- a survey of further needs of TIC staff and
- a survey of visitors' needs

Output: Report on TIC's services and products, including recommendations for improvements

Duration: 8 months (May 2018 – December 2018)

3.2.1.2 Address the challenges and opportunities identified in the analysis of the TICs in the Prešov Region

- recommendations to improve TIC interconnectivity and services; and meet the interests of current and future visitors, private sector, and the communities which they serve
- recommendations for gathering data and updating the information system



Output: Proposal to address the challenges and opportunities identified in the analysis of the TICs in the Prešov Region

Duration: 5 months (December 2018 – April 2019)

3.2.2 Mobilisation of region's endogenous potential in tourism development in the Poloniny region

3.2.2.1 Analysis of the area's tourism potential

- analysis the current infrastructure and services in HORECA related to the tourism value chain
- analysis of the potential to develop existing assets in the region in a sustainable way (e.g. natural, cultural, historical, sports, adventure activities, etc.), taking visitors demand into account
- recommendations to exploit the endogenous potential of the Poloniny area for sustainable tourism

Output: Report on the endogenous potential of Poloniny region including recommendations for its sustainable growth

Duration: 9 months (May 2018 – January 2019)

3.2.2.2 Strengthening the tourism enabling environment in Poloniny region

- on the basis of the abovementioned report (point 3.2.2.1), definition of a roadmap in order to address the challenges in the sector
- this could entail a proposal for a support scheme for the setting-up and further development of local business and tourism enabling environment with a view to preserving the protection of the nature and unique assets of the region

Output: Recommendations for strengthening the enabling environment related to tourism in Poloniny region and identification of potential investments

Duration: 9 months (September 2018 – May 2019)

Final output: Strengthening of the tourism enabling environment and unlocking opportunities for local businesses