



Committee on Regional Development

11.4.2018

MISSION REPORT

following the Committee mission to Slovenia, from 3 to 5 April 2018

Committee on Regional Development

Members of the mission:

Lambert van Nistelrooij	(PPE) (Leader of the mission)
Ivan Jakov i	(ALDE)
Ivana Maleti	(PPE)
Fernando Ruas	(PPE)
Julie Ward	(S&D)
Maria Gabriela Zoan	(S&D)
Franc Bogovi	(PPE) (Accompanying Member)
Milan Zver	(PPE) (Accompanying Member)

Introduction

The mission of the Committee on Regional Development of the European Parliament to Slovenia took place from 3 to 5 April 2018. The purpose of the mission was to gain a general overview of the operation of cohesion policy in a relatively disadvantaged region of the EU as a way of preparing for the new, post-2020 cohesion policy. A full programme included meetings with (i) the Minister for Development, Strategic Projects and Cohesion, and with the Minister for Economic Development and Technology; (ii) the Committee of Economy and the Committee on EU Affairs of the National Assembly; (iii) the Mayors of Ljubljana, the Posavje region, and Pod etrtek, and representatives of local and regional government associations; as well as (iv) visits to projects supported by the European Structural and Investment Funds.

Summary account of meetings

Tuesday, 3 April

The first meeting in the mission programme was with the Mayor of the City of Ljubljana, Mr Zoran Jankovi . In his opening remarks, the mayor welcomed the delegation of MEPs and introduced his closest collaborators. He paid particular attention to Ljubljana as European Green Capital in 2016. This had affected every aspect of the city's administration: for example, the city employed over 12,000 staff, and each one of them had planted a tree. The mayor also underlined the importance of further development of the EU urban agenda, especially as regards greater budgetary autonomy of cities. Unnecessarily bureaucratic procedures and "gold plating" had led to only a limited implementation of integrated territorial investment and smart specialisation initiatives.

The mission spent most of the afternoon visiting the Ljubljana Regional Waste Management Centre (RCERO). This is a flagship recycling plant: the biggest environmental project in Slovenia supported by the Cohesion Fund and the most modern facility for waste treatment in Europe, it processes waste from a third of the country (700,000 citizens).

RCERO comprises three facilities for mechanical-biological waste treatment, where two types of waste are processed: it was completed in 2015. The plant can receive annually up to 150,000 tonnes of mixed municipal waste and over 20,000 tonnes of biodegradable waste. From this waste, it produces 30,000 tonnes of raw, recyclable materials, 60,000 tonnes of fuel, and 7,000 tonnes of compost.

The total cost of the project was EUR 155 million. In the 2017-2013 programme period, the Cohesion Fund contributed half of this sum - EUR 77.5 million - through the environment and infrastructure operational programme (the remainder was financed by central government, local government, and the environment waste disposal charge).

The director of the company (SNAGA) which runs the plant, Mr Janko Kramžar, explained that it is only part of a whole chain of waste management, stretching from collection, through green area maintenance to recycling. Slovenia has much higher levels of recycling of household waste than the EU average and much lower levels of disposal in landfill. The key elements in Ljubljana's strategy, he argued, are door-to-door collection of sorted waste, and

an effective (i.e. targeted) communication strategy. The city has set a number of “zero waste goals” for 2025 and was committed to developing a circular economy.

The first day of the mission concluded with a working dinner at Ljubljana castle with representatives of local government - the President of the Association of Municipalities of Slovenia, Mr Robert Smrdelj, and the President of the Association of Municipalities and Towns of Slovenia, Mr Branko Ledinek. Slovenia does not have a layer of regional government between the national government and the 212 municipalities which are responsible for local land and development plans as well as a municipal budget. The mayors of the municipalities, who are directly-elected for four-year terms, are thus important political actors: the municipality’s deliberative and decision-making body, the municipal council, is made up of members who are also elected for four-year terms.

Wednesday, 4 April

The morning of the second day was given over to two political meetings.

First, the delegation met Ms Alenka Smerkolj, Minister without portfolio responsible for Development, Strategic Projects and Cohesion, at the Government Office for Development and European Cohesion Policy. Discussion centred on the recently-adopted non-paper of the Slovenian government on the future of cohesion policy after 2020. The key concept in the paper is that of “structural transformation” of economies, by boosting and speeding up the deployment of new technologies, facilitating social change and supporting the development of associated infrastructure. This entails combining simultaneously innovation, infrastructure development, skills acquisition and improvement and improving the quality of institutions. The minister emphasised that the Slovenian government was determined to prevent Slovenia becoming “collateral damage” in a process of budgetary changes arising from Brexit. While the western half of the country has now reached GDP levels about equal to the EU average, the eastern half of Slovenia is a lagging region. There should be no sudden cut-off of cohesion funding (in the 2014-2020 programming period, Slovenia has been allocated EUR 3.87 billion from the ESI Funds, which will be supplemented by EUR 1.02 billion in the form of national contributions), and Slovenia is keen to avoid falling into the “middle income trap”. Stability and continuity are essential, as is simplification.

The delegation then moved to the National Assembly, the directly-elected chamber of the national parliament, where it held a joint meeting with members of the Committee of Economy (chair: Ms Andreja Potočnik) and the Committee on EU Affairs (chair: Mr Izidor Kamal Shaker). Discussion covered a wide range of aspects of cohesion policy: the overall position of cohesion policy in the new MFF; general regret at Brexit and the belief shared by the Slovenian and other EU speakers that this was a lose-lose situation; the communication of the successes of cohesion policy and the importance of this in underpinning support for the EU; macro-regional strategies; the situation in the Western Balkans and prospects for enlargement; the situation of marginalised communities. The chair of the EU Affairs committee said that his committee’s position is to support an increase in Slovenia’s contribution to the EU budget, which he believed to be justified since Slovenia is so prosperous.

The first two half days of the delegation were focussed on Ljubljana, and meetings with central government actors in the capital in the western half of the country: the second pair of half days were focussed on meetings with municipal government actors and the eastern half of

Slovenia.

The first meeting of the afternoon was a working lunch in the Rajhenburg castle, Brestanica, with mayors from the Posavje region and a discussion about major EU co-funded projects. The six mayors present represented municipalities with a combined population of some 70,000. They were Mr Ivan Molan, mayor of Brežice; Mr Miran Stanko, mayor of Krško; Mr Ladko Petreti , mayor of Konstanjevica na Krki; Mr Sre ko Ocvirk, mayor of Sevnica; Mr Tomaž Režun, mayor of Rade e; and Mr Franjo Debelak, mayor of Bistrica ob Sotli.

The keynote of the Sava river area economy is energy production. The region contains the only nuclear power plant in Slovenia (jointly owned by the Slovenian and Croatian governments) as well as five hydro-electric plants producing in total about 7.5% of the electricity consumed nationally. Rajhenburg castle dates from the mid-12th century, as a strongpoint at the confluence of the Brestanica and Sava rivers. It was, successively, an ecclesiastical possession, the property of a powerful local landowner, a monastery, after 1941 a deportation centre during the German occupation, and a women's prison. It is now the property of the municipality of Krško, and managed by a local cultural institution. The renovation of the castle building took place between 2010 and 2012, and was financed (to the tune of about EUR 10 million) under the operational programme for strengthening regional development potentials 2017-13.

In the lunch-time discussion, a number of aspects of cohesion policy were touched upon: the continuing need for infrastructural investment; the growth of disparities within regions; a perceived over-emphasis on “soft” aspects of cohesion policy (knowledge, skills), which was seen as favouring capital cities; the heavy administrative burden of the current policy and the pressing need for simplification; the problems arising from unregulated migration (the area is a Schengen border); and demographic change and the importance of maintaining job opportunities in rural areas.

The second element in the programme for the afternoon was a visit to Olimje village (Pod etrtek municipality). The redevelopment of this village (population: 3,500) was largely funded through ESI Funds, and includes the restoration of a monastery church, aid to build a sports centre of international quality, and support for a hotel/spa complex (Sotelia). Taken together, these add up to a “365-tourism” site: international sports competitions and a steady stream of overnight visitors to the hotel/spa complex provide a source of income for the village throughout the year. The success of the development rests on its location (within a few hours' drive of Munich, Vienna, Zagreb and Budapest), the luxury facilities it offers, and an unspoilt natural environment. In this case, concentrating on tourism was the smart specialisation which EU funds supported.

The day concluded with a working dinner with the mayor of Pod etrtek municipality, Mr Peter Misja, and the Minister of Economic development and Technology, and former manager of the Terme Olimia Spa, Mr Zdravko Po ivalšek.

Thursday 5 April

The delegation transferred by bus to the third geographical site of the mission - the municipality of Slovenska Bistrica.

The final half day of the programme was given over to a conference meeting in Slovenska

Bistrica castle with representatives of the Association of Municipalities of Slovenia, the Association of Municipalities and Towns of Slovenia, Slovenian members of the Committee of the Regions, and members of the Western- and Eastern- Slovenian Cohesion Regions.

The conference took the form of a panel discussion, with the following speakers:

- Dr. Ivan Žagar, mayor of Slovenska Bistrica and chairman of the Development Council of the cohesion region Eastern Slovenia (also a member of the Committee of the Regions).
- Mr Alojz Kovšca, President of the National Council.
- Mr Andrej Engelman, deputy director of the Government Office for Development and European Cohesion Policy.
- Ms. Liliana Madjar, President of the Western Cohesion Region of Slovenia.
- Mr Lambert van Nistelrooij, leader of the EP delegation.

Each of the panellists outlined his view of the strengths and weaknesses of the current cohesion policy and the how the challenges that the policy might face under the new MFF might be best addressed. The initial round of presentations was followed by comments from the floor and from the other members of the EP delegation.

All of the panellists noted that cohesion policy in Slovenia is a success story - there is a high level of absorption of EU funds - but also that significant regional disparities remain. In a wide-ranging discussion, many points familiar from routine committee discussions were reiterated and underlined by the Slovenian speakers: infrastructure investment remains important, alongside investment in R&D and in soft areas, such as skills; alongside a growing role for financial instruments, grants will remain important; simplification of the future policy is essential; regional coordination of projects and development is important; evolution rather than revolution is the way forward (with adequate transitional periods and a stable political and institutional environment); national, regional and local actors must all be involved in decision-making, through the partnership principle.

Less familiar, perhaps, was the emphasis that a number of speakers put on the need for greater decentralisation of governmental and economic activity; rural development and a possible new partnership between the ESI Funds and EU support for agriculture; and the role of the ESF in promoting social and human cohesion, for example in addressing the challenges posed by an ageing population.

Conclusions

The mission provided Members with a good overview of the achievements of cohesion funding in Slovenia. It also highlighted the general problem of unbalanced development, exemplified by the growing gaps in wealth and opportunities between capital cities and less developed areas. The strengths and weaknesses of the current generation of cohesion policy were underlined, and Members heard thought-provoking suggestions about how the policy should be developed in future. Perhaps the key message from the mission with which

Members were left was that the goal of structural transformation must be accompanied by balanced development.