



**WP6: Territorial Dimension of EU Integration
as Challenges for Cohesion Policy
Task 3: In-depth Comparative Analysis
of Specific Territorial Cases**

Moravian-Silesian Region Case Study Report

Jiří Blažek, Ilona Bečicová

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Ilona Bečicová, Jiří Blažek

In-depth Comparative Analysis of Specific Territorial Cases

Moravian-Silesian Region Case Study Report

Abstract: The Moravian-Silesian region had to deal with many challenges in the past, mainly restructuring, deindustrialization and resulting high unemployment rate. Its pathway to prosperity was rather thorny, nevertheless, the performance of the region improved significantly until the crisis hit the regional economy in the second half of 2008. The developmental trajectory switched from growth to stagnation or even decline. However the complicated situation taught regional actors to cooperate to achieve a common goal. Their effort and relatively well developed social capital might become one of the most important sources for improvement of the overall socioeconomic situation in the region.

1. Introduction

The Moravian-Silesian region located in the east of the country is the easternmost region in the Czechia, neighbouring Polish Silesian and Opole Voivodeship in the north and east and Slovak Žilina region in the south-east. Classified as NUTS 3 region, Moravian-Silesian region might be considered as a city-region, with the “capital” city of Ostrava. Presented study focuses on the period after 1989 with emphasis upon the most recent years. The goal of the study is to capture the developmental trajectory of the region and to identify key factors influencing its development.

The first part of the study focuses on the outline of the context for the development of this region. In the first instance, brief historical outset is presented, complemented by basic geographical and settlement features. Following survey of basic socioeconomic characteristics, based mainly on statistical data of Czech Statistical Office and its regional studies, outlines the development and current situation of demographic and economic structures. Summary of the administrative and governance context concludes the first part.

The second part of the study is based on the qualitative analysis using in-depth interviews with the key actors in the region. In total 11 interviews were made with representatives of higher education institutions, regional development agency, city office, regional office, regional council, chamber of commerce, entrepreneurs, Union for the development of Moravia-Silesia region and other institutions operating in the region. Interviews were made in the period from September to November 2013. Results presented in this part of the study are based exclusively on information gathered within these interviews. The vast majority of respondents was exceptionally willing and openly talked about the issues, for which we are very grateful.

1.1. History and location

Since 18th century the region went through a series of wars, passage of troops, economic consequences of Napoleonic wars, crop failures and epidemics, but nevertheless the population of the region steadily grew. Historically, the region had a high proportion of inhabitants of German nationality, whose significant representation in the population in Czech lands has been known for

centuries. Inhabitants of Polish nationality represented a smaller group in the population. Thus three nationalities lived next to each other, but in the public life the German language prevailed. Until the 18th century there was no larger centre, the population was relatively evenly distributed (Gawrecki et al., 2003). The second half of the 18th century represents an important milestone in the history of region, when coal mining in Landek in Petřkovice (mine Anselm) began (Moravskoslezský kraj, 2013a). Since the 19th century, the industry has become an important pillar of the region and during the times of Austria-Hungary the region belonged to the most important industrial areas in Central Europe (Český statistický úřad, 2013a). The mining industry prevailed mainly in eastern areas, where also new ironwork enterprises were established, while the western part of the region was characterized by textile and glass industry, e.g. Krnov and Vrbno pod Pradědem. Since the mid of 19th century, the City of Ostrava has experienced dynamic population and economic growth and has become the centre of region. After the Munich Agreement at the eve of World War II, the large part of the region (Sudetenland) was taken over by the Germans and a large part of Czech population had to move to the Protectorate of Bohemia and Moravia. During post-war years and the return of the Sudetenland to the Czechoslovakia, the German population was evicted (with the exception of antifascists). Subsequently, the former Sudetenland was resettled not only by original inhabitants, who returned back to home, but also by other inhabitants from the Czechoslovakia, Poland, Romania, Hungary and other countries. The expulsion of Germans significantly hit the region and also caused significant demographical changes. Some areas, e.g. Bruntál district still have not reached the population number as in 1930. During the 1948 – 1989 period of communism, the economy in the region was like the rest of the country centrally planned and directly managed. In the western part of the region, textile industry, agriculture, forestry and wood processing prevailed, while the eastern part was traditionally based on mining industry, heavy industry, metallurgy and heavy engineering. This type of industry was more preferred and supported. The development of the region was entirely dependent on the national economic policy (Gawrecki et al., 2003).

The region is geographically very diverse. The ridge of Hrubý Jeseník, with the highest peak of the region and of the entire Moravia - Praděd (1491 m), stretches in the west along the border of the region. To the east, the mountains slowly pass to the Nízký Jeseník and the Odra Hills. Along the borders with Slovakia and partly Poland in the south-east, the region is bound by the massif of the Moravian-Silesian Beskydy, with highest peak Lysá (1323 m). In between these mountainous areas, there is lowland territory of the Ostrava basin, the Opava lowlands and the Moravian gateway, which is densely populated. The rich, natural environment in the region is legally protected; protected landscape areas occupy approximately one third of the entire region. Agricultural land occupies more than a half of the region and more than 35 % of the entire area cover forest, mainly in mountainous areas. Rich mineral resources that can be found in the region have been essential for its development. Mainly black coal deposits, but also natural gas, calcite, granite, marble, slate and others have had an important role (Český statistický úřad, 2013a, Moravskoslezský kraj, 2013a).

The region covers an area of 5 427 km², that represents 6.9 % of the area of Czechia, and is the sixth largest of its 14 regions. Czech settlement system differs from most of other European countries, especially because of significantly higher number of municipalities and much lower average number of inhabitants in every municipality. So does the settlement in Moravian-Silesian region. It consists of 22 administrative districts of municipalities with extended powers, in which there are 300 municipalities, of which 41 are towns. In municipalities of 499 inhabitants and less live less than 2 % of the region's population, in municipalities with 500-4 999 inhabitants live 24 % of the region's

population, 14 % in municipalities of 5 000-19 999 inhabitants and over 60 % live in towns of 20 000 inhabitants and more (Český statistický úřad, 2013a). The administrative centre of the region is the City of Ostrava, third largest city in Czechia with a population of 300 thousand inhabitants, representing 24.3 % of the population of Moravian-Silesian region (Český statistický úřad, 2013b).

The region is currently well accessible by train and road transport. Especially railway has been very important for years; its dense network has been widely used for personal and freight transport. Situated in the “triangle” of three countries, Ostrava represents an important railway intersection in both domestic and international transport (see Figure 1). Since 2012, region has been linked to the highway D1 leading from Prague to Brno and forward to Ostrava and Gliwice (highway A1) in Poland. It is part of an important international highway network. Also two international roads I/11 (E 75) connecting Opava – Ostrava – Český Těšín – Mosty u Jablunkova and I/48 (E 462) connecting Nový Jičín – Frýdek-Místek – Český Těšín are essential in the region.

Figure 1. Moravian-Silesian region and its geographical position within Czechia



Source: Moravskoslezský kraj, 2012

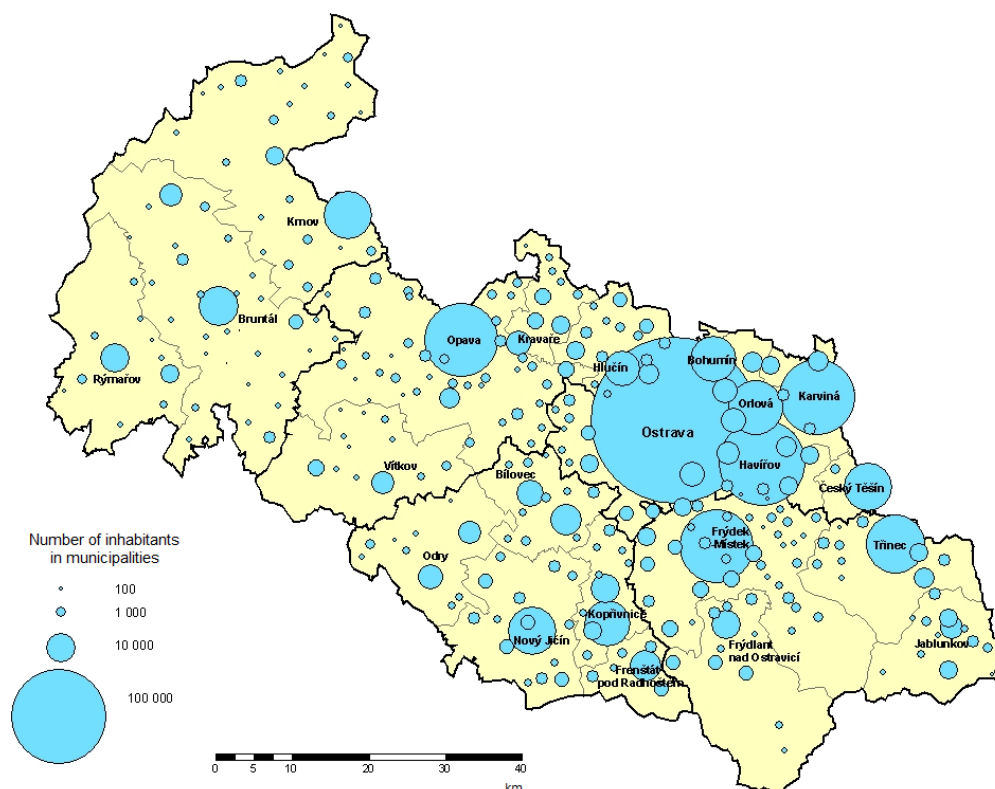
At present, time needed to get from Ostrava to the capital city Prague is less than 4 hours by road transport, 3 hours by train or less than 1 hour by plane. Reconstructed Leos Janacek Airport located close to Ostrava in Mošnov has great potential, but it’s not fully utilized. Airports in Katowice and Krakow pose strong competition with Leos Janacek Airport in Ostrava and are currently much more successful. Scheduled flights from Ostrava are directed only to Prague, Paris and London. The rest of the flights are represented by charter flights mainly to tourist destinations in the Mediterranean (Ostrava Airport, 2013). Insufficient use of the airport points to the missed opportunity, which could have brought with it a number of positive effects.

1.2. Basic socio-economic characteristic

With the population of 1.2 million, the region is the third most populated region in Czechia. However till 2009 the region was the most populated region of all. But steady growth of population in Prague and Central Bohemian Region and conversely steady decline of population in Moravian-Silesian region caused such changes in ranking (Czech Statistical Office, 2013b). The population decline has two sources: natural decrease (in 2012, the largest in entire Czechia - 1.1 per 1000 inhabitants; in total 1361 inhabitants) and negative migration balance (the second largest in Czechia – 2.2 per 1000 inhabitants; in total 2650 inhabitants). Population decline by migration in the region has been steady process since 1993. Currently the region has the lowest number of inhabitants in its modern history. According to the current age structure of the population, further decline of the number of inhabitants is very probable (Český statistický úřad, 2013a, 2013d).

Population density in the region is much higher than the national average, which implies the sixth position within the state according to area and third position according to population. In 2011, the population density of the Czechia reached 133 inhabitants/km², while the Moravian-Silesian region reached 227 inhabitants/km². In both cases, a decrease over the years occurred, but the changes were slight. Only Prague reaches higher values than the Moravian-Silesian region. The share of urban population exceeds 75 %, which is 5 percentage points higher, than national average (Český statistický úřad, 2013f). The population density in the region is very diverse, as shown in Figure 2.

Figure 2. Settlement in the Moravian-Silesian region – number of inhabitants in municipalities in 2007



Source: Český statistický úřad, 2013i

Pattern of settlement in the region is characterized by densely populated lowlands around Ostrava and sparsely populated mountainous areas in the north-west and south-east.

Age structure of the region displayed using the age pyramid (see Figure 3) corresponds to the structure of the entire Czechia. The age pyramid is distinctly regressive, with several bumps and notches caused by different factors. For example, increased fertility at the end and after the World War II, decrease of fertility due to adoption of the law on legally induced abortion in 1958, increased fertility caused by adoption of the pro-natal provisions in 1970s or significant decrease of the number of births in 1990s caused by shift of the childbirth to a later age are visible. The representation of age groups of the region differs a little bit from the national, e.g. the structure of persons in the age group of 35-44 years in the region is lower, than the national average. Lower fertility rate in the region manifests the lower share of the age group 0-9 years as well. On the other hand, the share of age group 20-29 is higher than in the age structure of entire Czechia. The average age in 2012 was almost equal to the average age of entire Czechia and reached 39.6 years for men and 42.7 years for women (Czech Statistical Office, 2013a).

Figure 3. Age structure of the population in the region as at 31 December 2012



Data source: Czech Statistical Office, 2013a

Ethnically, the region is currently homogenous, only less than 2 % of its population is represented by foreigners, which is 2 percentage point lower than national average. At the end of 2011, there were less than 23 thousands foreigners, mainly from Slovakia, Poland, Vietnam and Ukraine (Czech Statistical Office, 2013b).

The development of the educational structure since 2000, shown in Table 1, is reflected by the decrease of the share of population with primary and secondary education without graduation. However, both are still above the national average. Conversely the share of population with secondary education with graduation and higher education increased, but neither one reaches the national average. It implies that the level of education of the population of the region is improving, which can be appreciated. Nevertheless, the mismatch between the industrial structure of the region and the structure of education is growing due to increasing preference of young people to study non-technical branches. Moreover, due to the decrease of fertility, there is oversupply of places at various educational institutions over demand, which makes the situation even worse. The decrease of number of students of vocational and technical schools begins to translate to the situation at labour market. Especially the demand for technical workers, mainly electrical engineering,

construction fields etc. is not being satisfied. Institutions in the region facing the problem are trying to promote technical field of study among students of primary school.

Table 1. Share of groups according to educational attainment in the population 15 years of age and over.

Year	Area	Without education	Primary incl. unfinished	Secondary incl. apprenticeships (without graduation)	Secondary (with graduation)	Higher professional education + follow-up study	College	Not identified
2001	Mor.-Sil.	0.5	25.2	38.7	23.4	3.1	7.8	1.3
	Czechia	0.4	23.0	38.0	24.9	3.5	8.9	1.3
2011	Mor.-Sil.	0.6	19.6	35.1	25.9	3.6	11.2	4.1
	Czechia	0.5	17.6	33.0	27.1	4.1	12.5	5.3

Data source: Český statistický úřad, 2001, Czech Statistical Office, 2011

Since 1995, the GDP in the region has gone through similar development as the national average, it steadily grew till 2008. Then the economic crisis hit and the regional GDP fell by 7.6 percentage point. As one can see from the Table 2, the crisis hit the regional economy relatively hard. Anyway, the following year the decline stopped and GDP even increased by 1 percentage point.

Table 2. Selected indicators of the regional economy

Year	GDP in current prices (mil. EUR)	Share of the region on the GDP of Czechia (in %)	GDP of the region, volume indices, previous year = 100	GDP of Czechia, volume indices, previous year = 100	GDP per capita (in EUR)	GDP per capita (Czechia average = 100 %)	GVA in current prices (mil. EUR)
1995	6 537	11.0	-	-	5 050	87.9	5 939
1996	7 628	11.2	106.6	104.5	5 920	89.6	6 915
1997	7 910	10.8	96.2	99.1	6 148	86.9	7 199
1998	8 285	10.4	95.8	99.8	6 447	83.2	7 547
1999	8 338	10.0	98.3	101.7	6 501	80.4	7 560
2000	8 552	9.7	101.6	104.2	6 682	78.2	7 781
2001	9 202	9.7	102.6	103.1	7 254	78.3	8 379
2002	9 578	9.6	102.2	102.1	7 575	77.8	8 744
2003	9 941	9.6	102.9	103.8	7 882	77.3	9 077
2004	11 381	10.0	103.5	104.7	9 042	81.5	10 275
2005	12 522	10.4	108.2	106.8	10 004	84.9	11 284
2006	13 133	10.1	104.9	107.0	10 507	83.2	11 898
2007	14 366	10.1	104.1	105.7	11 499	83.8	12 961
2008	15 216	10.2	101.5	103.1	12 171	85.3	13 759
2009	14 238	9.8	92.4	95.5	11 396	82.2	12 841
2010	14 651	10.0	104.6	102.5	11 770	84.4	13 219
2011	15 154	10.2	103.7	101.8	12 294	87.3	13 652
2012	15 171	10.2	99.3	99.0	12 352	87.3	13 616

Note: Values in EUR by the exchange rate of the third quarter of 2013 (Česká národní banka, 2013a)

Data source: Czech Statistical Office, 2013c

The share of the region on the GDP of Czechia oscillates around 10 % during the period. GDP growth during the period predominantly did not reach the growth of national GDP; however since 2010 the growth of regional GDP was steeper than national average. In 2011, the GDP per capita overcame the value from 2008 and the steepness of growth was even higher than national average. However the

GDP per capita in the region is still below the national average. Gross value added (GVA) in the region has grown steadily since 1995, however in 2009 the decrease occurred and even further growth didn't help to reach value in 2008. Currently over 50 % of GVA is made by the sector of services, over 41 % by industry. Notwithstanding the share of manufacturing industry grew in past few years, in long term the share of market services, production and distribution of energy sources is reflected by the growing importance (Český statistický úřad, 2012, 2013e).

Employment structure of the region has gone through changes since 1993, nevertheless it still reflects the industrial character of the region. The development of the sectoral composition of employment is characterized by gradual and slow decline of share of primary sector from 4.5 % in 1993 to 2.2 % in 2013. The secondary sector registered more pronounced decline from 54.3 % in 1993 to 40.3 % in 2013. Currently, more than 57 % of employed work in the tertiary sector, but in 1993 its share reached 46.8 % (Český statistický úřad, 2013c, 2013h). Current more detailed structure of employment is shown in Table 3.

Table 3. Share of employment in selected sectors of the regional economy as at second quarter 2013

Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Construction	Wholesale and retail trade; repair of motor vehicles	Transportation and storage	Accommodation and food service activities
2.2	3.3	26.5	7.8	13.2	5.9	3.2
Information and communication	Financial and insurance activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence	Education	Human health and social work activities
2.1	1.8	3.6	3.1	6.3	6.9	6.8

Data source: Český statistický úřad, 2013h

Universities, especially VŠB-Technical University of Ostrava, with its science base, but also large enterprises with its own research-technology base have significant influence on the development of region. When comparing the position of human resources in science and technology, the Moravian-Silesian region is rather below the average, but since 2000 has had a clearly growing trend. In the last years, we can observe significant (higher than national average) growth of persons with tertiary education working in the field of science and technology (Český statistický úřad, 2010).

As one can see from Table 4, the number of employed persons in the region currently exceeds 540 thousands. The economic activity rate, currently fluctuating around 57 %, is rather low and has not reached national average since 1993. The average gross monthly wage in the region has steadily grown since 1993, but it is still below the national average. Poverty in the region is becoming more frequent, than in other parts of the country. Share of households with incomes below the subsistence minimum in the region reached 3.4 % in 2006. It was the third highest value in Czechia and 0.9 % percentage point higher than the national average. The situation worsen over the recent years, and by 2012 the share more than doubled and reached 6.9 %, the second highest figure after the Usti region, which reached even 0.8 % percentage point higher. National average in the Czechia comes up to 3.8 %, thus the situation in the country worsens, but the trend towards deterioration was in Moravian-Silesian region even more profound. However, there are significant differences within the region. The average gross household incomes in the region represent the second lowest value in Czechia (again, just after the Usti region, see Český statistický úřad, 2013g). Likewise, the share of housing costs from the household net income in the region is the second highest. On

average, people spend 21 % of their income for housing costs, while the Czech average is 18.2 %. Importantly, this is not caused by higher housing costs in the region, but rather by lower income, thus the proportion of income and costs of housing is less favourable than in most of other regions (Český statistický úřad, 2013h).

Table 4. Selected indicators of employment and unemployment

Year	Number of employed persons (in ths)	Economic activity rate	Average gross monthly wage (in EUR)	Number of unemployed persons	Unemployment rate	Free job positions
1993	575	59.5	237	40 986	6.6	3 063
1994	580	60.0	274	37 985	6.0	6 352
1995	588	60.0	323	32 153	5.1	8 601
1996	598	60.6	380	36 673	5.7	7 243
1997	582	60.5	415	49 061	7.8	5 399
1998	569	60.3	449	71 568	11.4	2 132
1999	543	59.2	478	93 686	14.9	1 700
2000	531	58.6	502	94 609	15.1	2 973
2001	528	58.6	543	94 226	15.1	2 566
2002	536	58.7	552	101 214	15.9	2 301
2003	524	58.1	587	106 304	16.8	2 403
2004	523	57.6	625	105 486	16.8	2 674
2005	536	58.5	658	96 528	14.2*	3 306
2006	537	57.3	693	85 422	12.6	7 896
2007	553	56.6	745	65 816	9.6	10 696
2008	569	57.3	802	57 455	8.5	8 795
2009	557	57.6	818	80 581	12.1	2 756
2010	544	56.7	830	82 776	12.4	3 191
2011	541	56.6	855	75 019	11.2	4 163
2012	543	57.2	-	81 099	12.3	3 335

* different method since 2005

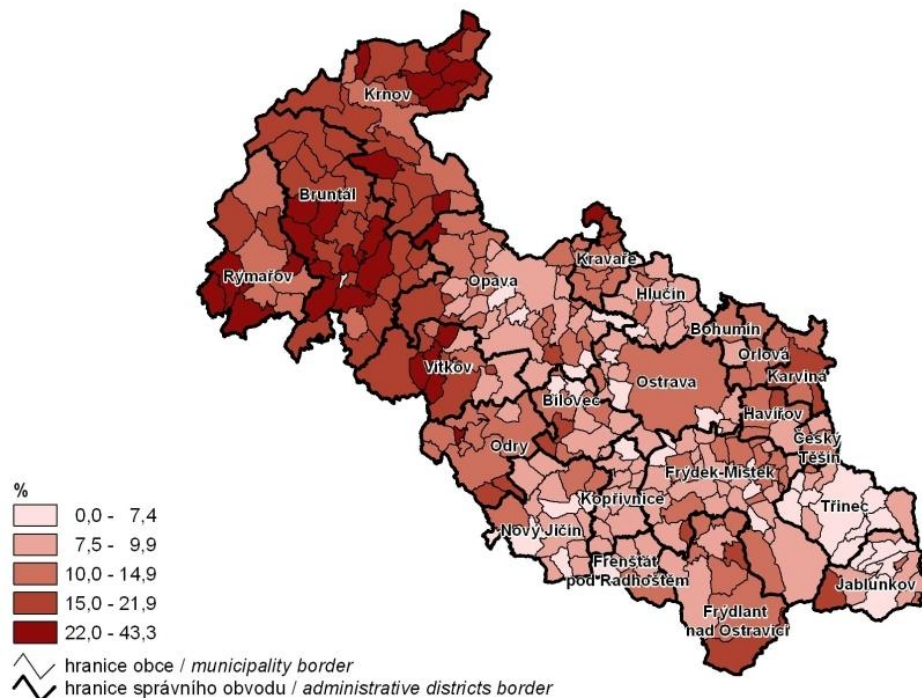
Note: Values in EUR by the exchange rate of the third quarter of 2013 (Česká národní banka, 2013a)

Data source: Český statistický úřad, 2013c

Unemployment belongs to the most critical aspects of socioeconomic situation of the region. After the year 2000, the unemployment rate fluctuated around 15 %, which - in absolute terms – represents between 90 and 100 thousand of unemployed persons. The unemployment peaked in 2003, when the rate of unemployment reached 16.8 % and more than 106 thousand of unemployed persons. Since the year 2003, the situation gradually improved. In 2008 the rate fell to 8.5 %, which was the best result in a decade. However, due to the global financial crisis, the situation in the labour market worsened. The rise of the unemployment after the crisis affected all categories of according to education. Since 2009, the rate has been relatively stabilized at the level around 12 % (80 thousand persons). Global economic crisis resulted also in the increase of the long-term unemployment in the region. Consequently, in 2012, more than 19 % of all long-term unemployed in Czechia lived in the Moravian-Silesian region (Český statistický úřad, 2013d). The problem is getting more serious over time and some segments of population are excluded from the labour market. Nevertheless, relatively high number of vacancies in the region points towards severe structural problem in the labour market. On one hand, there are not enough jobs for “blue-collar” workers, on the other there is a need for educated and qualified technical workers in the region. As mentioned above, students often enrol in grammar school instead of secondary vocational schools and apprenticeships, which exacerbates the situation. Nevertheless, recently, the responsible regional

institutions (such as Chamber of Commerce of Moravia-Silesia Region) have started to promote actively technical secondary vocational schools and apprenticeships among potential students. The problem of relatively large number of vacancies on the one hand, and high unemployment rate on the other hand relates also to low willingness of people to move to get a job. There are available job positions in some parts of the region, but people do not tend to move. The unemployment rate in the region is highly differentiated, as can be seen in Figure 4. Relatively sparsely populated north-western area of the region is characterized by peripherality and the unemployment rate in this part of region reaches the highest values. On the other hand, there are municipalities with significantly lower rate of joblessness, e.g. Třinec with more favourable economic profile. From a long-term perspective, the region has the second highest unemployment rate from all 14 regions (again after the Usti region). As shown above, both regions exhibit the least favourable scores in a number of socio-economic statistics (Český statistický úřad, 2013c, Český statistický úřad, 2013e).

Figure 4. Unemployment rate by municipality in the Moravian-Silesian Region as at 31 December 2011



Source: Český statistický úřad, 2013i

An important feature of the regional economy related to the above mentioned issues is the strongly embedded “employees culture” of local residents. Consequently, Moravian-Silesian region has the lowest number of economic subjects per 1000 inhabitants in the entire Czechia (Czech Statistical Office, 2013b). This culture is at least partly related to the tradition of large enterprises of heavy industries spanning over several generations. As a result local people get used to be employed and they do not tend to risk and start their own company. In many ways, it is more comfortable, but the regional economy suffers from this regional trend.

1.3. Administrative and governance context

Since January 1st 1993, when the Czech Republic was established after the split of the former Czechoslovakia, the first significant adjustment of spatial arrangement was the creation of higher territorial self-governing units in January 1st, 2000. Therefore, Moravian-Silesian region is one of the

14 self-governing regions in Czechia. Competences of the region cover relatively wide range of fields. The region establishes and runs secondary schools, regional and district hospitals and institutes of social care. It also provides transport services in the region (bus and train) and manages maintenance of roads of II. and III. classes. Among other competences, it also governs the integrated rescue system and organizes and coordinates rescue works. The region's other competences include legislative initiative, a possibility to establish legal entities and organizational units of the region, coordination of the regional development, distribution of selected state resources (for social care, protection of historical and cultural monuments, rural revitalisation etc.). Czech regions can also engage in various forms of international cooperation. Important part of activity of regional self-government is also the grant policy, esp. provision of financial resources to civil society organizations, non-governmental, non-profit organizations and other legal and natural persons in the spheres of social services, culture, education, sport, activities for young people, etc. The Regional Office also provides several types of grants to municipalities for various types of projects as envisaged by the legislative framework (Zákon č. 129/2000 Sb., Svaz měst a obcí ČR, 2012). Budget of the Moravian-Silesian region in 2013 reached 712 mil EUR¹ (Moravskoslezský kraj, 2013a).

The region is divided into micro-regions of 22 municipalities with extended powers, which represent the level between self-governing regions and municipalities and procures state administrative tasks, mainly administrative services often used by the citizens. Competences include residency records, issuing personal and travel documents as well as driving licenses. It also comprises social care, e.g. care for disabled and elderly people. Municipalities with extended powers issue also business permits, deal with environmental issues, provide payments of welfare benefits etc. (Moravskoslezský kraj, 2013a, Zákon č. 314/2002 Sb.).

The lowest level of public administration is represented by municipalities. Among competences of municipalities belongs approval of the program of development and of municipal master plan, establishment of kindergartens and of primary schools, possibility to establish and dissolve municipal police, issue municipal regulations and others (Zákon č. 128/2000 Sb.). The budget of particular municipalities differs, it is based on the several types of incomes, of which the most important are revenues from the shared taxes redistributed among municipalities by the state according to highly equalising formula, own income, such as revenues from renting the municipal property or revenues from the property tax (upon which municipalities dispose a significant discretion), grants and other sources of income. The budget of the City of Ostrava – most populated city in the region reached 272 mil EUR in 2013 (Statutární město Ostrava, 2013).

Currently, there are 5 universities in the region, VŠB-Technical University of Ostrava, University of Ostrava, Silesian University, Business School Ostrava and Vysoká škola sociálně-správní, altogether educating more than 36 thousands of students. However, the strongest position in the region enjoys VŠB-Technical University of Ostrava, which study programmes were traditionally closely connected with the economic activities in the region. With 7 faculties of mainly technical, but also economical focus produces a large number of graduates, but also expands its research and development activities. Establishment of the University of Ostrava in 1991 had significant impact on the region, mainly because of a wide range of programmes in humanities and science. Recently, the faculty of medicine has been established. Thus, the University of Ostrava helps significantly to diversify the range of study programmes in the region.

¹ All values in EUR by the exchange rate of the third quarter of 2013 (Česká národní banka, 2013a)

There is a number of intermediary institutions in the region aiming at support to the economic performance of the region. Some instruments used by these institutions are of a pilot character within Czechia, e.g. the Moravian-Silesian Employment Pact. Thanks to the successful implementation in the Moravian-Silesian region, they are beginning to emerge in some other regions in Czechia. Huge challenges stemming from the need of a deep economic and social transformation of the region lead regional institutions and actors from both private and public sector to mutual cooperation to achieve a common goal. Communication between regional actors is highly developed and has the potential to facilitate the improvement of economic performance of the region.

One of principal regional development actors in the Moravian-Silesian region is the Regional Development Agency in Ostrava. It is key actor in a wide range of development activities; it coordinates preparation and implementation of the regional development strategy, including the regional innovation strategy. The Agency is also directly responsible for implementation of number of projects including the projects financed from the EU. Currently, the main objectives of its activity are improvement of the absorption capacity of organizations, help with preparation of project applications for operational programmes and many others. The Agency also elaborates development strategies of municipalities, associations of municipalities, micro-regions etc. Agency provides support in the sphere of brownfields management, communication with potential investors, collecting and evaluating information for decision-making process (Regional development agency Ostrava, 2013).

Regional Council of the Moravia Silesia Cohesion Region, the governing body of the Regional Operational Programme Moravia Silesia, manage the support from the European Structural Funds as well as Czech public resources and ensure the efficient use of these resources through provision of grants. Regional Operational Programme Moravia Silesia, managed by the Council, focuses mainly on improvements in spheres of transport accessibility (including modernisation of transport facilities), regeneration of brownfields for non-industrial use (e.g. successful project The Lower Area of Vítkovice), improvement of educational, social, health care infrastructure etc. (Regional Council of the Moravia Silesia Cohesion Region, 2013). The Chamber of Commerce of Moravian-Silesian Region, an independent legal entity, operates predominately as an advisor and consultant. The Chamber organizes training activities, provides information services, helps with re-training and is trying to support entrepreneurs in their activities. The Chamber also implements projects to support the cross-border cooperation, particularly strengthening cooperative relations and economic ties of entrepreneurs from Moravian-Silesian Region with entrepreneurs from Slovakia and Poland. Among activities of the Chamber also belongs the promotion and popularization of technical education via cooperation among primary, secondary schools and regional employers. The main goal is to motivate students to choose technical specialisation for their study and to preserve this profession after graduation. Linking of theoretical and practical training is being actively promoted (Chamber of Commerce of Moravian-Silesian Region, 2013).

The Union for the Development of the Moravian-Silesian Region is the interest group of legal persons and its aim is to promote the interests of its members in accordance with the development strategy of the Moravian-Silesian region. The Union has 156 members from both private and public sector, such as industrial, construction and trading companies, municipalities, secondary schools, universities, training and development agencies, clusters, healthcare organizations, insurance companies and others. The Union seeks to stimulate the intraregional discussion (Sdružení pro rozvoj Moravskoslezského kraje, 2013). Among the most important initiatives of the Union belongs the

Moravian-Silesian Employment Pact, a partnership to address the long-lasting unfavourable situation on the labour market and to provide a systemic solution to the labour market failures. This initiative is based on the cooperation of number of institutions, especially secondary schools and major employers. Several dozens of representatives of relevant institutions have signed the pact since 2010 including the Regional Office of Moravian-Silesian Region, The Chamber of Commerce of Moravian-Silesian Region and The Regional Council of the Moravian-Silesian Cohesion Region. Among activities of the Pact belongs the creation of “The Joint Action Plan: employed and educated Moravian-Silesian Region”, focused on integrated solution for the labour market. Via international exchange of know-how, the Pact targets to familiarize the key regional actors with relevant examples of good practice to achieve higher level of employment (Moravian-Silesian Employment Pact, 2013).

2. Trajectories of economic development and structural change, social cohesion

The region has undergone significant changes since 1989. Before 1989, the economic structure was dominantly one-sided, focused on traditional heavy industries and was characteristic by very large enterprises. The first phase of the restructuring of the regional economy is represented by an exposure of the industrial base to the market economy pressures and subsequent decline of traditional industries in 1990s, which resulted in the increase of unemployment rate due to attenuation of mining activity and closing several mines and other factories. Releasing of tens of thousands employees mainly in two main industries, mining and metallurgy, but also heavy engineering and chemical industry, brought about a difficult challenge to ensure an alternative employment for these workers. A large part of the workforce was absorbed by other sectors in the region, which is generally considered as a very successful step. Privatization, which took place during this period and parallel reorientation of the business model according to the principles of the market economy were among the most important milestones in the post-1989 era.

The second phase, the period from 2003 to 2008, is characterized by a strong growth of the regional economy. Atmosphere in the region was quite positive and the Moravian-Silesian region seemed to become a region with a good development potential. The region was considered as a “good address” for business. Important milestone in the development of the region occurred in 2004 (the year of accession of Czechia into the EU), when foreign investors started to invest in the region massively. Investors introduced new industrial branches such as automotive and ICT (Skokan, 2006) and thus helped to diversify the regional economy. Inflow of FDI had also important multiplier effect upon the region as local firms (both new and old) have been subcontracted by large multinational players. This helped to diversify the regional industrial base even further. Accession to the EU is by regional experts generally regarded as a very positive step for regional economy. Opening of the economy, free movement of goods and people within the European Union, transfer of know-how, gaining various management experiences etc. influenced the region. However, it should be stressed that not only branch-plants of large multinational companies were entering the region, but the region succeed in attracting landmark projects such as supercomputer project “IT4Innovations”, or the ambitious brownfield regeneration project “The Lower Area of Vítkovice” (Slach, Boruta, 2013) and several others. The overall development seemed very positive at that time. However, since the second half of 2008 when the global economic crisis hit the region, the fragile regional economy suffered tremendously. Export demand declined sharply, vast number of enterprises lost their contracts, investment activity dropped, and the developmental trajectory of the region switched from growth to stagnation or even decline. Currently, there are signs of a recovery visible in the

region, but these are infrequent and still rather modest. Therefore, the decline caused by the crisis will be distinct for years.

Despite profound changes of the regional economy, the mentality of people has not changed so dynamically. Probably the most significant remnant of the former command economy is still represented by “the employees culture”, which is widely spread in the region. The Moravian-Silesian region is by the words of one interviewee “the region of employees”, as entrepreneurial activity is rather low. People are not used to start their own business and prefer the employee status. The situation has slightly improved over the last 20 years, nevertheless, the entrepreneurial activity is still below the national average. Several respondents stated that it is not only the “the employees culture”, but also the fact that problematic form of privatization caused the loss of trustworthiness of entrepreneurs in the eyes of general public. The statement of one respondent “an entrepreneur - a thief” relatively accurately reflects the thinking of a significant part of inhabitants.

The structure of the economic subjects according to their size still to a large extent mirrors the monopolistic industrial structure of the former socialistic system, but there are clear signs of a change. The rise of new SMEs developing in the region is an important step forward. The SMEs have helped not only to decrease the unemployment rate, but also helped to diversify the spectrum of economic activities performed in the region. Nevertheless, the traditional large enterprises still represent significant part of the regional economy. These large enterprises, which are in addition intensively mutually interconnected, play a key role as employers of dozens of thousands of workers. Therefore, the regional economy is still fragile and some experts even consider this situation as a potential time-bomb with a threat of possible loss of thousands of jobs in case these large companies would cease their activity in the region.

Heavy industries and especially engineering have long tradition in the region, despite their attenuation and diversification over last two decades. It is unrealistic to change entirely the economic structure of the region within such a period of time, but the diversification of the economy and growth of endogenous SME indicates positive trends of structural changes in the region. Diversification of the regional economy is characterized mainly by the growth of automotive, ICT and tertiary sectors. The Hyundai investment in Nošovice and the expansion of the supplier network in the automotive industry contributed significantly to the diversification of economic structure as well as to a decrease of unemployment. A remarkable growth in the region also experienced the ICT sector (see Blažek et al., 2011). For example, in 2004, Scandinavian investor Tieto opened a software development centre in Ostrava, headquarter of the Tieto Czech. It employs more than 1900 employees in Czechia, majority of them in Ostrava (Tieto, 2013). Large potential has also the project IT4Innovations implemented by the VŠB-Technical University of Ostrava focused on the top-class research in fields of high performance computing and embedded systems contributing to industry (IT4Innovations, 2013). All this is accompanied by the expansion of tertiary sector, most importantly, the advanced business services. Despite the development of “new branches” within the regional economy, according to our interviewees, the most important branch of regional economy is still engineering.

The accessibility of various public services in the region is considered relatively positive. There are no significant shortcomings; situation mostly corresponds to the national average. Health care is on a relatively high level in the region and is provided by the university hospital, 6 regional hospitals and a network of city hospitals, complemented by a network of private hospitals. Child care assessed by

the number of places in kindergartens in the region does not deviate from the average of entire Czechia. Nevertheless, the capacity was rather inadequate, but several private kindergartens were set-up. Moreover, some companies, but also VŠB-Technical University of Ostrava opened kindergartens for children of their employees. The situation is still far from ideal, but is getting better. Due to suburbanisation process, the lack of places in kindergartens is often locally bounded. The opposite problem concerns primary and secondary schools. As mentioned above, currently, there are more places available at schools, than the number of students. Consequently, some schools are being closed which, especially in peripheral micro-regions, meets much local resistance.

Capacity in the homes for the elderly in region is currently not sufficient, but the situation is improving, as both public and private elderly homes and hospices are being built. According to the demographic structure of the population, which is gradually ageing, it might increase a business potential in the sphere of social services. The Regional Office provides soft-loans for social enterprises from the regional budget to help to satisfy the demand for these services. Charities, Salvation Army and other non-profit organisations work well in the region and provide social care for needy.

As mentioned above, unemployment in the region belongs to the most critical issues. Even in relatively well-off parts of the region, localities with very high unemployment rate can be found. In these localities, social exclusion is relatively frequent phenomenon and, moreover, currently the number of people who are threatened by the exclusion is increasing. The dense situation on the labour market (with a high share of long-term unemployment) negatively affects social cohesion in the region by increasing the number of people in the poverty trap. Such unfavourable situation on the labour market is not only a result of the economic structure of the region but also by improper design of the state social policy, which does not stimulate unemployed people sufficiently to actively search for a job. Consequently, in practice thousands of unemployed resigned on any employment perspective.

Related to this problem is a Roma issue in the region. The problem rests in the social and spatial exclusion of a significant part of this population. Traditional lack of education of this population in combination with a decline of employment in heavy industries results in mass unemployment and thus existential problems of a sizeable part of this population. Moreover, the population is highly spatially concentrated, which gives rise to excluded localities and these localities are transforming into ghettos. On the other hand, the wealthier population often move to suburbia thus the increasing social polarisation has also a distinctive spatial dimension.

3. Development factors

According to interviewed regional actors, among the most important factors influencing the development of the region in recent years belongs the (re) establishment of the higher territorial self-governing units equipped with a spectrum of competences in 2001. The accession into the EU in 2004 resulting in even higher openness of the economy with export growth and strong inflow of FDIs has had a significant impact on the region as well. Importantly, improving cooperation of a number of actors and institutions in the region motivated by ambition to achieve a better economic and social performance belongs to factors opening great potential and already represents an advantage of the region. Associated to this is the improvement of conditions for businesses and the overall business support provided by the Region together with the development of various networking and innovation platforms. Development of universities, mainly new faculties and new fields of study

helped to diversify the orientation of the region, which is considered very positively. Last but not least, the significant investments into transport infrastructure, namely completion of the motorway network (Prague – Brno - Ostrava - Polish border) and upgrading a railway network up to the 160kph enabled comfortable connection between Ostrava and Prague in three hours. On the other hand, the regional airport has difficulties as it has to compete with much larger airports in nearby Polish cities of Krakow and Katowice.

The main obstacles hindering the socioeconomic development of the region represent still significant orientation of the regional economy upon traditional heavy industries and significant lock-in; especially mining, but also metallurgy faces intensive competitive pressures and their prospects are uncertain. Surprisingly, among the other obstacles is also the lack of sites for greenfield investments. Minor industrial zones are currently available in Mošnov (close to the regional airport), Krnov etc., but there is not enough space for larger investment. Nevertheless, the new industrial zone on a place of the former mine Barbora close to Karviná is under preparation with the government financial support. The lack of entrepreneurial spirit in the region, in comparison with the national average, hinder the creation of new SMEs, further diversification of the economic activities and the decrease of the unemployment rate. Emigration of the young qualified labour force from the region also represents a negative factor. Furthermore, negative environmental and social image of the region is a strong obstacle influencing the possibilities for future development. Negative perception of the region may negatively affect not only the potential investors, but also highly qualified labour force that is needed in the region. Polluted environment still represents a problem, nevertheless, despite significant improvements that have been achieved; the negative image has not changed much, yet.

3a. External context of development: trade and FDI (external interventions see part 5)

Similarly as the rest of Czechia, Moravian-Silesian region is export-oriented. After the accession to the EU, the export has started to grow even swifter and its importance for the regional economy grew as well. Since 2003, the export steadily grew and reached 10 billion EUR² in 2008. In 2009 when the crisis hit hardest, the export decreased to 8.7 billion EUR. Nevertheless, the following year export increased and value of export reached 10.6 billion EUR. The export is oriented mainly into the European Union, in 2010, its share reached 85.8 %, of which 22.5 % represents export to Germany, 11.1 % to Slovakia and 10.9 % to Poland (Český statistický úřad, 2012). To keep pace with the global trends, companies have to innovate and improve their services. However, in a majority of cases, the innovations are rather minor process and product innovations. Nevertheless, the enterprises are supported by various intermediaries as well as by public sector institutions in the region, e.g. The Chamber of Commerce of Moravian-Silesian Region supports enterprises of innovative character to export through providing information services, contacts, consultations etc. Various services for firms provides also RDA Ostrava.

Attractiveness of the region for FDIs has changed during the last ten years. Since 2004, a lot of foreign investors came to the region and the positive impact of these investments on regional economy is distinct. Till 31 December 2011, the volume of FDIs in the region reached 6.7 billion EUR representing 6.9 % of all FDIs in Czechia. The lion's share of this amount (68.4 %) were invested into the Ostrava district and 12.6 % to the Frýdek-Místek district (Česká národní banka, 2013b). Active preparation of the industrial zones such as Hrabová, Mošnov, Karviná - Nové pole, Třinec or Kopřivnice proved to be a successful mechanism for attraction of investors. More than 1000 hectares

² All values in EUR by the exchange rate of the third quarter of 2013 (Česká národní banka, 2013a)

of industrial zones was prepared in the region (Tödting et al., 2011). The arrival of foreign investors helped to develop a network of subcontractors, decrease unemployment and, most importantly, to diversify economic activities. However, currently, the attractiveness of the region among investors is weaker, particularly due to a gradual loss of the low-costs advantage and perhaps also due to unfavourable political and institutional situation in Czechia. From a European perspective, the region faces a difficult position, its attractiveness is relatively weak, nevertheless the region still might be attractive within Czechia. Inhabitants of the region are accustomed to industrial life and labour style, new factories and investments do not meet much resistance as in some other Czech regions with lower industrial tradition. As one of the respondents somewhat bluntly pointed out “the need for labour opportunities exceeds the need for environmental protection”. Moreover, for investors searching for technically educated workforce the region still represents an attractive location. However, unless a coordinated action (such as Regional employment pact – see above) is successful, this might change in coming years, as a retirement of about 20 thousand workers from technical positions in next few years is foreseen. Also localization of the region in the “triangle” of Czechia, Poland and Slovakia represents an advantage, multiplied by recent upgrading of transport infrastructure. On the other hand, foreign investors might meet problems with inadequate conditions for their foreign top managers and their families in the region. There is not sufficient infrastructure for foreigners, such as English schools, cultural activities and overall opportunities to communicate in English are rather poor as the ability to speak English among most of inhabitants is limited.

3b. Endogenous growth factors: innovation and entrepreneurship

In the field of innovations, the Moravian-Silesian region is often compared with the South Moravian region, currently the most successful region in Czechia concerning innovations. However, the Moravian-Silesian region is not primarily the region that would aim to be more or even most innovative. The innovativeness is still not the main theme in the region. Nevertheless, this does not mean that there are no innovations and innovative ideas in the region. Institutional support to foster innovation in the region has been developing over recent years and has potential to improve the innovation capacity of the region. Science-Technological Park Ostrava is an instrument of the development of new innovative business and for fostering growth of employment of highly qualified experts in several high-tech fields, such as ICT, biotechnology and nanotechnology, alternative energy resources, high tech and progressive technologies etc. The mission of the park is to provide a space for research, product innovation and business development in cooperation with universities and science & research institutes. The aim is to create conditions for commercially oriented science and technology research, industrial integration of university research and business support (Science-Technological Park Ostrava, 2013). In addition, Business Incubator, operated by the Innovation Support Centre, was established at the VŠB-Technical University of Ostrava. The centre helps students, but also to experienced entrepreneurs to succeed in the market through providing services within various spheres, consultations and contact information (Business Incubator, 2013). The centre has become an important element of support for innovation and creation of new companies in the region. The innovation activities performed in the region in cooperation with higher level educational institution are almost exclusively represented by the cooperation of firms with the VŠB-Technical University of Ostrava. Business Innovation Centre Ostrava, an institution focusing on emerging but also growing companies, currently offers services in the area of technology transfer, innovation, investment projects etc. (Business Innovation Centre Ostrava, 2013). The institutional support for

innovations in the region is developing well, but the desire to establish own start-up company among students and graduates is still rather low. The effort to prompt entrepreneurial spirit and establishment of new business is highly desirable. Start-ups with innovative ideas could help to expand the sector of SMEs in the region and further diversify the economic activities and diversify the employment opportunities.

Despite the fact that entrepreneurial activity in the region is in comparison with the other Czech regions rather low, in recent years, the shift toward establishing new SMEs has become discernible and the situation gradually improves. Supporting institutions in the region strongly focus on the development of SMEs and are trying to provide services to improve their competitiveness. As explained above, further opening of the economy after the accession into the EU provided the opportunity for Czech entrepreneurs to succeed in foreign markets. Nevertheless, it also brought a threat for Czech entrepreneurs, because of higher competitive pressure from the large European market and also due to the proximity of Poland, where the level of entrepreneurial activity is higher. The active approach of Polish businessmen, who start to penetrate the regional market, is reflected in a number of sectors, most strongly in construction and production of building materials, windows and doors. On the other hand, the activity of Czech entrepreneurs in Poland is not so intensive.

The endogenous SME sector is rather weak in the region, but is highly heterogeneous. Production of some SMEs is closely tied to major employers in the region, numerous SMEs are producing various components (e.g. for automotive industry), but there are also SMEs, which, despite starting from scratch, were able to penetrate the Czech and even foreign markets with products, which were having only limited or even no tradition in the region. Therefore, the economic landscape of the region is highly differentiated and ever-changing.

Cooperation of enterprises in the region and the connection to the academia is supported also by clusters. Currently, there are 10 functional clusters in the region. "The Moravian-Silesian region can be called the 'Clusterland' of Czechia" (Skokan 2009, in Blažek et al., 2013, p.287). Through this network of clusters, investors have facilitated access to subcontractors. This is especially relevant in case of the automotive cluster, which is very active player in the region. The IT cluster focuses on development of human resources via participation of IT companies in educational process at the Technical University in Ostrava. Moravian Silesian Engineering Cluster mission is to build up a platform for emergence of supply chains in the area of strategic projects. Moravian Silesian Wood Processing Cluster aim is to set up a wood processing sector with potential to become a successful supplier and exporter of timber structures and innovative components. ENVICRACK Cluster focuses on the R&D activities in the field of renewable and alternative sources of energy, focusing on the use of waste. Knowledge Management Cluster mission is the development of information and communication technology and knowledge transfer in business. The Moravian-Silesian Energy Cluster focuses on the cooperation on creation of national energetic conception with emphasis on the use of renewable and alternative energy sources. The Safety & Security Technology Cluster promotes research and development of technology for security systems in the region. The Tourism Cluster (KLACR) concentrates on the creation of a competitive touristic region, while HYDROGEN Cluster focuses on the research and development activities in the field of hydrogen technologies (RIS of the Moravian-Silesian Region, 2013, Skokan, 2007, 2011).

4. Governance and local/regional development policies

The communication among various actors and institutions in the region is something to be exalted, as it is generally assessed extraordinarily positive. The effort to communicate and cooperate within the region is distinct. Public, but also private actors participate in the development process of the region. Social capital in the region is clearly highly developed. Also non-profit institutions play important role in the region, and the initiative of local actors is noticeable. The main factor behind such cooperative culture is complicated situation in the region, which taught the key actors to cooperate in order to achieve a common goal. Partnerships are created both horizontally and vertically. Willingness of the number of actors to communicate and cooperate and to eliminate existing barriers represents a huge advantage of the region. There are almost no animosities between the statutory cities, agglomeration and the Regional Office. On the micro-regional level, the formal boundaries are being broken. Naturally the communication is not always easy, the decision making process is often accompanied by a lively discussion, but the effort to communicate and find a common solution is distinct. The state regional policy does not help much; it is the initiative of the local actors playing the key role, they feel that they have to help themselves.

Nevertheless, opinions of the interviewed actors in the region on the regional development strategy are rather contradictory. There are critics (which are surprisingly predominating), mainly from the academic sphere and from non-profit institutions supporting development of the region, but also the proponents of the current strategy, mainly from the public sector (e.g. Regional Office, RDA). The criticism concerns mainly the width of priorities and an excessive number of goals. According to their opinion, the strategy seeks to address the whole range of issues, which is considered ineffective. Consequently, resources allocated to achieve these goals are fragmented into many parts and the impact of the whole strategy in practice does not correspond to the effort that was put in development of the strategy. According to interviewees, the focus should be put on a clear vision, and financial and human resources should be concentrated upon the most important priorities. The criticism of the strategy neatly represents a statement of one of interviewees „too much priorities means no priority“.

Nevertheless, the discussion during the preparatory phase of the document is considered relatively positively as it promotes the dialog among the main actors in the region, who are trying to find the best solutions. Nevertheless, the final set of priorities does not meet positive reactions even among the members of the preparatory team. One of the critics, member of the working group preparing the strategy, admitted that he himself is not entirely satisfied with the final form of the strategy.

On the other hand, the system of action plans, regular revisions, updates and the overall form of the document is assessed positively; the problem lies mainly in the lack of clear strategic vision and consequent large number of priorities and goals. Implementation of the strategy has already started, but most of the interviewees were not able to identify tangible effects. However, the regional innovation strategy, which is currently part of the regional development strategy, meets with rather positive reactions. Due to strong role of the VŠB-Technical University of Ostrava in the sphere of innovation support, the development of the research & development infrastructure and the rise of innovative projects are distinct.

Respondents were rather careful with evaluating local and regional policies. The outcome of particular policies is according to responses not so visible. Nevertheless, distinctive improvement has been achieved in the field of the environment, and this change is considered highly positive. Currently, especially, the level of pollution in Ostrava and its surroundings has improved significantly.

The public sector, but also large enterprises invested enormous amount into environmentally related technology. Some private companies invest even beyond the scope of mandatory investment as required by environmental legislation. Also old environmental burdens from the period of communism are being dealt with. These investments are having enormous positive impacts upon the environment. Notwithstanding these activities, there are still problematic areas, such as the surroundings of ArcelorMittal steelworks in Ostrava-Radvanice, but the overall improvement is distinct. Improvement of the environment is vital for the region but also subsequent change of the image of the region. Despite significant improvements that have been already achieved, the image of region as polluted one persists.

5. External interventions: national policies and EU cohesion policy

The most significant impact on the region have, according to vast majority of interviewed regional actors, the sectoral policies. Sectoral policies may have strong impacts on the region, often even unintended. According to experts, the regional dimension of individual measures has to be taken into account; thus regionalization of sectoral policies is felt as a necessity. However, in case the Czech sectoral policies, there is no tradition (and know-how) in ex ante evaluation of the territorial impacts of envisaged policies (TIA). Consequently, out of numerous Czech sectoral policies, only the active labour market policy has developed and incorporated a distinctive regional dimension. Currently, the explicit regional policy as pursued by the Ministry for Regional Development is extremely weak (annual allocation represents just over 3 mil. EURs for all types of Czech assisted areas in 2013!, cfr. with the size of budget of the city of Ostrava amounting to 272 mil. EURs in the same year). Thus, regional development rests almost exclusively upon the regional actors, mainly upon the Regional Offices. However, these are limited not only by the obvious lack of resources, but often also by the lack of competence, sometimes also by a lack of respect among other regional development actors, but perhaps most importantly, by a lack of vision and know-how needed for its achievement.

Not surprisingly, the current regional policy is considered as a very controversial policy. The majority of interviewees claim that this policy is in fact having almost no influence upon the region. The amount of resources is perceived as totally insufficient. The claim of one interviewee "it is just like a drop of water" precisely captures this point. Moreover, and even worse, several respondents emphasized, that the policy does not facilitate regional development and is not desired as it is a typical top-down policy without a dialog with the regional actors. Centralization of decision-making in this case is a principal impediment. Regional policy has to allow for a participation of regional actors otherwise, the change of the region will not be promoted. Another respondent summarized his negative view over this policy in a nutshell "it is an anachronism in the era of self-governing regions".

The structure of European interventions in the region address regional needs relatively well; in general, the logic of the structure of external interventions from EU is perceived as correct. The major problem rests in the overcomplicated and over bureaucratic implementation of particular projects. Second criticism concerning the use of resources provided from the European Union rests in fact that very often the most important projects for the region are not implemented because there is no sufficient support, whereas less important projects are carried out due to the availability of financial resources. Region should not copy the goals of EU, but rather it should focus on the most important of these for the region. Criticism is also targeted on the efficiency of resources used in some fields, e.g. retraining as retraining courses, widely used in last years are not considered as effective. Several respondents also highlighted the fact that emphasis should be placed more on the

investments into the infrastructure as the region still has important gaps in this regard, e.g. educational, research, transport infrastructure etc. According to the perception of several regional actors, the resources provided from the European Regional Development Fund should be strengthened as the region had not been able to built up all the needed infrastructure (in comparison with other regions) while the resources provided via European Social Fund are currently perceived as rather excessive. This might seem surprising given the scale of social problems in general and of social exclusion in particular, but this point emerged clearly from the interviews.

Nevertheless, the overall impact of external interventions in the region is obvious. Industrial zones, transport infrastructure, investment to education, revitalisation of urban areas, rehabilitation of contaminated land and other environmentally related projects, investment to tourist infrastructure and many others were supported and appreciated by the actors. The EU contribution to these investments is undisputed.

The Cohesion Policy resulted in a significant improvement in a number of fields. Its positive effects probably predominate mainly in the sphere of social well-being. Projects implemented in the region improved the overall environment for life. Investments included mainly improvements in educational, social, medical and transport infrastructure. Nevertheless the policy contributed also to the modernization, renovation and construction of sport training facilities, rural development, construction of the integrated security system, and many others (Moravskoslezský kraj, 2013b). On the other hand, the most important player in the sphere of the improvement of the economic potential in last years was the inflow of FDIs, exhibiting a key role in the diversification of the economic activities and in job creation. However, the contribution of the Cohesion Policy to the improvement of the economic potential is also considerable, but was not a fundamental driver of change. Several interviewed actors also pointed to the distortion of the competitive environment due to the grants, but failed to provide a specific example. Nevertheless, apparently, the dependence on the grants from EU in the region has developed, which might bring about impediments in the future, when this support might not be available any more.

6. Future prospects

There are many opportunities in the region, however, the possibilities to take-up the chance differ significantly among various spheres. Among the main challenges is the completion of restructuralisation of large enterprises, support to SMEs and, more generally, support to development of the entrepreneurial spirit in the region. It is also important to utilize the tradition of engineering to excel in modern engineering. Likewise, further diversification of the economic activities is perceived by interviewees as one of the most important. Namely, the ICT sector has grown significantly over the last decade, and the possibilities of its further development in the region are promising also due to a major project IT4Innovations. The creation of a more pro-innovation environment under the auspices of the VŠB-Technical University of Ostrava, achieving of a greater development of start-ups and further expansion of ICT might be possible future trajectories. Exceptionally well developed net of clusters, offering a possibility of cross-cluster cooperation opens potential in numerous interdisciplinary interactions. Further decline of the environmental pollution and the improvement of the image of the region, which are to a significant extent interrelated, represent a chance as well. Last, but not least opportunity represents reconstructed Leos Janacek Airport located close to Ostrava in Mošnov. Nevertheless, according to some of the interviewees the opportunity might have been already lost. The airport has a competition in Katowice and Krakow that

proved to be much more successful over the last years and chances of airport in Mošnov to develop into a transport hub has decreased significantly.

Among the threats endangering the region in the near future belong first of all problems with the further decline of coal prices on the world markets and related closure of mines. The problem has already manifested in planned closure of the mine Paskov. In case of problems with traditional heavy industries, is the situation even multiplied by the huge size of potentially affected companies as well as by the fact that these are strongly related giving rise to a sort of negative synergy. Consequently, there is a real danger of a loss of several dozens of thousands of employment opportunities in case that major firms would cease their activity in the region. Moreover, in the near future, a retirement of approximately 20 thousand people from technical positions is expected. According to the current structure of graduates, it seems likely, that these technicians might not be easily replaced which could significantly worsen the situation on the labour market. In case the economic rentability of other mines will be questioned, even a threat of depopulation of some towns might occur, which concerns especially city of Karviná. The centre of the City of Ostrava has already begun to depopulate (see Rumpel et al., 2009, Rumpel, Slach, 2012). Due to suburbanization, but also due to large urban commercial and office development projects such as Nova Karolina, the centre loses both small business and residents. Therefore, the intensification of depopulation trends belongs to realistic threats as well.

The future objectives of the national development policy, should, according to interviewees, focus especially upon human resources and competitiveness. In the field of human resources, it is essential to significantly improve the overall quality of educational system. For example, the skills of graduates from secondary vocational schools and apprenticeships are often inadequate and thus the education should be more connected to the labour market requirement, for example, the dual educational system as used in Germany and other countries could serve as an inspiration. Where needed, the support should be targeted at social inclusion and investment into measures that have real effects and allow return of people to the labour market. The support of competitiveness and innovations represents the second main priority. Creation of the environment, where companies can develop and grow, and formation of conditions for the support of the start of new enterprises and creation of innovative environment belongs to the most important. Likewise, support of the projects with higher added value is a commonplace. Last, but not least, the emphasis should be put on the reduction of bureaucratization and effective management within the public sector. In particular, there should always be a discussion behind every particular decision and all implications of a single decision (for example upon entrepreneurial sector) should be carefully considered.

The future objectives of the EU Cohesion policy should be also focused on fostering of a stable environment for businesses. The administration should be simplified and conditions should be transparent and stable. Simplification of the public procurement rules is very desirable as the current Czech public procurement Act in a number of cases stopped implementation of desirable projects, which might be potentially co-financed by the EU Funds, mainly in cases, when only one offer was received. Complication also arises in case of researchers, who need basic software or tools for their research, previously easily and quickly ensured, currently intricately chosen through public procurement, moreover with considerable time delay.

Likewise, subsequent controls of the projects should be adjusted. Currently, there are too many control authorities and their decisions are not uniform. Better coordination and transparency of

audit and control activities is desired. Also a strict application of the competition rules in cases compromises the effects of Cohesion policy. The number of priorities supported by this policy should be reduced and the emphasis should focus on the most important domains. According to our interviewees, predominately, the development of infrastructure, R&D&I and the effective development of human resources should be supported. Nevertheless, during the programming period 2014+, the completion of the infrastructure, mainly educational, research and transport should be also a priority as the region still has large deficiencies in the basic infrastructure. Further support of the cooperation between academic and private sector is also highly desired.

7. Conclusions

Regional economy of Moravia-Silesia has undergone significant changes since 1989; the economy passed through fundamental restructuring of the ownership structure, profound diversification of activities and partly also through the change of the size structure of enterprises. Economic activities were diversified, mainly into automotive and related sectors, electrical engineering, but also into services and into currently swiftly developing ICT sector. The region performed well before the crisis; however, since the second half of 2008, when the crisis hit strongest, the growth turned to stagnation or even to a decline. So far, this negative trend has not been reversed. Consequently, currently, and in the years to come, the region is and will be facing fundamental challenges.

Important factors of the regional development, playing the key role in the restructuration, were particularly the exogenous factors. The most important factor represents the inflow of FDIs. Foreign investments helped to diversify the economy and decrease the unemployment rate, and their overall impact on the region is enormous. Investors came often on the basis of investment incentives provided by the state to ensure new jobs creation. However, currently, due to several factors, there is a threat of possible delocalisation of these investments, especially to lower cost countries. On the other hand, there are foreign enterprises, entering the region without any incentives, for example Tieto, the IT services company, providing highly qualified jobs.

The inflow of foreign investment also helped to increase the productivity of region. Therefore, FDIs represented the key factor of development, which undoubtedly helped to deal with problems persisting from the past. Nevertheless, in the future, the endogenous factors should gain much more in their prominence. However, the regional actors are aware of the need to mobilise endogenous potential and therefore bottom-up initiatives aiming at support of SMEs, cultivation of innovative environment and stimulation of cooperation among various actors in the region have been already launched. Current policy focused on the support of business environment is assessed relatively positively. The Science-technological Park Ostrava, development of industrial zones in the past and improvement in the overall economic development was generally conceived by the interviewees as beneficial. Nevertheless, given the scale of challenges standing ahead of this region, existing bottom-up initiatives do not represent nothing more than a mere start. Consequently, there is a pressing need to expand the spectrum of local initiatives and to learn, which of these are most efficient and effective. Especially, the last point on policy learning seems to be urgent as in the Czech Republic there is generally low tradition of impact evaluations.

Among policies assessed as highly successful belongs also the support in the field of the environment. In this sphere, important achievements have been attained. Investments into “greening” operations and dealing with the old environmental burdens are crucial for the

improvement of the environment, but also for the improvement of the image of the region. However, the image of the region still persists to be rather negative.

More generally, it should be stressed, that the productivity growth has been related to the increase of the innovative capacity of the region, however, at least two dimensions of „innovative capacity of the region” should be distinguished. The first dimension refers to internal capacity of individual firms, while the second reflects the enhancement of innovative capacity due to factors that are external to the given firm, such as the overall quality of national and regional innovation system. Concerning the first dimension, i.e. the effort of firms to innovate and the regime of innovation employed within the firms, a discernible, but highly differentiated progress has been achieved over the last years. In particular, the firms of various industries are following the trends of global technological development (only very few firms from the region can be considered as the trend setters) and, moreover, due to integration of many of them into the global production networks in a position of a lower-tier suppliers are exposed primarily to the intensive pressure to save the costs (resulting in process innovation/process upgrading). Other forms of innovation, such as product upgrading, are less frequent and are limited mostly to firms, which have already achieved relatively higher level of sophistication of their production. Consequently, the productivity growth in various segments of regional economy differs substantially (for more see Pavlínek, Ženka, 2011).

Secondly, despite more than a decade of attempts to enhance the quality of regional innovation system, the real effects for productivity of firms are so far limited (Blažek et al, 2013). This is mainly due to sluggish pace of implementation of pro-innovation measures, but also due to limited resources allocated to this sort of interventions. However, various forms of inter-firm cooperation including mutual learning are gradually expanding. This concerns both horizontal learning (among the firms with related production) and vertical learning (among the firms integrated into the same supply chain).

Moravian-Silesian region is the region of differences, with profound differentiation of socioeconomic but also physical–geographic conditions. The north-western part of the region is strongly peripheral, and it struggles with very high unemployment rate. Nevertheless, areas with better economic performance meet important challenges as well. Social exclusion represents an important challenge for the whole region, but is particularly harsh in several micro-regions. It affects especially the population lacking education; these inhabitants have serious problems on the labour market due to shift of economic and employment structure of the last years. Consequently, these persons face fundamental economic and social problems. The higher economic growth in some micro-regions within the Moravia-Silesia region does not necessarily bring about a lower degree of inequalities.

External interventions have been important for the development of the region, particularly interventions co-financed by the EU. Due to these interventions, significant improvements have been achieved in a number of fields. Resources were used for the improvement of environment, transport infrastructure, social well-being but also economic potential. Nevertheless, the common criticism of the use of these resources concerns the lack of strategic focus and the lack of clear prioritisation of interventions according to specific needs of this region. Nevertheless, given the scale of challenges this region is facing, it is clear that the region cannot be re-juvenelised only by activity of some local or regional actors, but systemic measures need to be taken also at the national level (esp. in the sphere of education, innovation support, but also in the sphere of social benefits). Consequently,

only coherent effort of local/regional actors accompanied by well thought-off systemic measures taken at the national level supported by mobilisation of external resources (both private and of the EU) can bring about the needed change of the evolutionary trajectory of this region.

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