Swiss Contribution to the enlargement of the EU in the domain of regional development in the Czech Republic, Hungary, Poland and Slovakia

Regional Development Paradigms and Experiences in Switzerland

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1. Purpose

Context
This presentation synthesizes the Swiss experiences in the regional development domain for
• local project partners
• the expert pool
• other interested network partners

Kick-off
The document is supposed to inform and promote discussion between involved partners (incl. SDC staff).
Purpose (2) - How to use it

• Slides
• Supplementary background information (notes)
• Printing of slides and notes
2. Introduction

Basic features of Switzerland that have a substantial influence on regional affairs:

Strong federalism with at least three levels:
  a) communes (ca. 2‘700)
  b) cantons (26)
  c) confederation
  d) and differing organisational levels (districts, regions) in between

Myths and history
Smallness and autonomy
Introduction (2)

Excellent infrastructure - interlocked regions
Polycentric situation
Introduction (3): Financial transfer mechanisms

Cantons and communes have a fairly extensive fiscal autonomy since a long time. Fiscal equalisation policies are in place at cantonal and federal level (since 1959, overhauled in 2008). The fiscal equalisation has been modest and disparities between poor and rich Cantons/communes remain high.

Vertical and horizontal balancing
Expenses for explicit regional development programmes are marginal compared to a) sectoral budgets and b) fiscal equalization transfers. Inhabitants in the Alps receive substantial subsidies.


Centre – Periphery

Agglomeration & Regionalisation

De-Industrialisation with Partial Urban and Rural Decay

Urban Renaissance & Contrasting Landscapes
Centre – Periphery era
(ca. 1950-1975)

- Industrialisation, modernisation, a booming economy and traffic infrastructure development led to a drift to the cities
- Awareness of centre – periphery disparities
- New strategies of balancing
Centre – Periphery era (2)

Principles
• Stop exodus from mountain areas

Instruments
• No coordinated regional policy
• Instruments of sectoral policies in mountain areas: infrastructure development, agriculture, social policy, housing development, etc.
• Fiscal equalisation mechanisms
Agglomeration & regionalisation era (ca. 1970-1990)

Agglomeration building leads to urban sprawl
- Commuting (better mobility facilities)
- Town expansion

Conceptualisation of Regional Dev. Policies
- Definition of development regions in the mountain areas (micro-regions)
- Economically motivated creation of regions along functional or administrative criteria (top-down)
Principles
• Stop the exodus from mountain areas
• Marcoeconomic development
• Decentralised concentration / regional centralisation
• Equal financial participation of cantons

Instruments
• Investment Assistance for Mountain Areas (IHG), CHF 1.5 billion (incl. rotational funds) for basic infrastructure
• Area based regional development concepts (REK 1)
• Loan assistance for hotels, later also SMEs
Agglomeration & regionalisation era (3)

Instruments (cont.)

- Regional development secretaries
- Additional legal regulations
Regionalisation era (4):
54 micro-regions (as of 1990)
Agglomeration & regionalisation era (5)
Strengths and weaknesses of policy outcomes

+ • Significant effects on attractiveness of habitation (housing, leisure time facilities, Infrastructure and transport connection)
  • Development of small and middle centres (tourist destinations)
  • Effects are analysed thoroughly

- • Marginal effect on regional competitiveness
  • Location attractiveness (business)
  • Job creation and preservation (job exit)
  • No broader perspective / too narrow
De-industrialisation and partial urban and rural decay (ca. 1980 – 1995)

Background and general development trends:
- Town drain and peripheral drain
- Towns become actors in regional policy
- Diversification of regional policy instruments in peripheral regions
De-industrialisation and partial urban and rural decay (2)

Principles of Regional Development

• Holistic view / intersectoral approach: Economy, culture, ecology, society
• Cross-linking of sectors, with SWOT analysis
• Forward-looking, focus on strategic issues

Instruments

• Same as before, plus
• New Regional Development Concepts 2 (REK 2)
• Bonny resolution
• Regio Plus
• Interreg

The long way to a **new approach** to regional development policy in Switzerland, 1990-2008

Especially after 2000 the following four development trends emerge:

1. Renaissance of towns
2. Boom in the outskirts of towns
3. Nature parks
4. Resort projects
4. The new regional development policy (NRDP) of Switzerland (2006)

The NRDP focuses on three fields of activity:
1. Direct promotion to strengthen innovation, added value and competitiveness
2. Cooperation and synergies between regional policy and sectoral policies
3. Knowledge system regional development policy

The geographic area was considerably expanded
NRDP geographic coverage
(mountainous regions and wider rural areas)
- Grants for projects
- Tax reductions (federal tax for private businesses)
- Investments Development infrastructure

Grants amortisation and interests (CHF 40 Mio. p.a.)

New funds (CHF 30 Mio. p.a.)

Funds for regional development

Reimbursable grants for dev. infrastruct. (CHF 30 Mio. p.a.)

Contributions investments, projects (CHF 40 Mio. p.a.)
# 5. Overview on phasing: principles, instruments 1950-2008

## Principles
- **Stop exodus from mountainous regions**
  - Comprehensive Economic Development
  - Deconcentrated concentration
  - Equal financial participation of cantons
  - Stop exodus from mountainous areas

## Instruments
### Sectoral policies
- Basic infrastructure support
- Touristic infrastructure support
- Hotel loan assistance
- Guarantees for SMEs
- Regional development secretariates

### Financial balancing mechanisms
- Regio Plus
- Bonny resolution
- Interreg I, II, III

### Complementary measures
- Support for Development infrastructure
- Federal Tax reductions

### Other measures
- Cross-sectoral integration (inc. culture, etc.)
- Cross-linking
- Forward-looking
- Focus on strategic issues
- SWOT-Analysis for REK2

### Additional measures
- Competitiveness
- Employment creation
- Strengthening local and regional added value
- Cooperation with sectoral policies

## Phasing
- 1950
- 1960
- 1970
- 1980
- 1990
- 2000
- 2008

### Steps
- Agglomeration & Regionalisation
- De-Industrialisation with...
Overview Phasing (2): Scope of regional policy instruments over time

- **Sectoral policies**
  - REK 1
  - REK 2
  - NRP

- **Phasing**:
  - 1950
  - 1974
  - 1990
  - 2008

- **Instruments**:
  - Regio Plus
  - Inter-reg
Overview Phasing (3): Challenges ahead

• Can regional development policy foster sectoral coherence?
• Does the merging of communes erode regional identity?
• Can the erosion of employment in structurally weak areas dampened?
• Can the natural parks and resort produce spill-over effects for micro regions?
6. SDCs approach to regional development in the New EU Member States

Goal
Reduction of regional disparities in the new member states (HU, PL, CZ, SK)

Core elements
• Micro- / Sub-region is key
• Selection of the micro- / sub-region
• Integrated development strategy with objectives
• Lead-projects
6. SDCs approach to regional development (2)

Core elements (cont.)

- Bottom-up approach
- Capacity building
- Regional facilitator
- Complementarity
- Model/paradigmatic projects

This approach was developed on the basis of the so-called “leader approach” developed and mainstreamed by the EU for rural development
SDCs approach (3): Comparison with Swiss regional development policies

Similar with REK 2 (90ies)
- Area based strategy
- Bottom-up approach
- Cross sectoral
- Networking
- Facilitator (with sort of local action group)
- Institutional network
- cooperation

Similar with NRP (since 06)
- Promotion of public private partnerships (PPP)
- Facilitating innovation and competitiveness

→ Swiss Federation fosters lead-projects