EUROPEAN STRUCTURAL FUNDS ELIGIBILITY FOR THE BRATISLAVA REGION

Bachelor Thesis

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EUROPEAN STRUCTURAL FUNDS ELIGIBILITY FOR THE BRATISLAVA REGION

Alternative Evaluation of NUTS 2 Regions of the European Union with an Emphasis on the Regions of Capital Cities of the Visegrad Group

Bachelor Thesis

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PREFACE

"The appropriate choice of indicators is key to boost our understanding of the complexity of our diverse societies within the European Union, to better communicate on it, and to better respond to new policy needs as for example with the "GDP and beyond" initiative to include measurement of well-being."

(José Barroso, President of the European Commission 2004-2014)

The process of finding an appropriate, suitable, necessary and relevant research topic has been conducted in several steps. Bratislava Self-Governing Region office in Bratislava together with Bratislava Region Brussels Office discussed main areas of their interest which could be processed at the level of bachelor thesis.

After the discussion about the main challenges Bratislava Region is facing status quo, the office has decided on an issue regarding the Bratislava Region budget and the regional development the most. Bratislava Self-Governing Region has limited access to European Structural Funds, particularly to the European Regional Development Fund and the European Social Fund. The mentioned limitation causes a shortage of financial resources in certain areas. Nevertheless, Bratislava Region is disadvantaged in funding possibilities in comparison to the other seven Slovak regions or to the other three NUTS 2 regions at the European level. Being fully eligible for European Structural Funds is one of the main objectives of Bratislava Region Brussels Office.

Based on personal interest of the author and needs of Bratislava Region Brussels Office together with future possibility of further application of this bachelor thesis on European NUTS 2 regions, the author has decided to choose the mentioned research topic about an alternative evaluation of NUTS 2 regions in the European Union with an aim to make Bratislava Region eligible for European Structural Funds to a greater extent.

"We need to move beyond gross domestic product as our main measure of progress, and fashion a sustainable development index that puts people first."

(Ban Ki-moon, UN Secretary-General)

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SUMMARY

Insufficient evaluation of NUTS 2 regions of the European Union based on the GDP per capita in PPS as an indicator determining the accessibility to European Structural Funds has led to introduction a new eligibility criteria of NUTS 2 regions of the European Union with an emphasis on the regions of capital cities of Visegrad Group. Alternative European Regional Development Fund finance allocation for the main target group, Bratislava Self-Governing Region, is presented along with the demarcation of problematic areas for the region of capital cities of the Visegrad Group based on the European Regional Social Progress Index and possible opportunities for improvement.

The main research question "How to adapt the evaluation criteria of NUTS 2 regions of the European Union to make the Bratislava Region eligible for the European Regional Development Fund to a greater extent?" and subquestions "How will the allocation of the European Regional Development Fund change for the Bratislava Region based on the new evaluation criteria?", subquestion No. 2 "How could alternative allocation of the European Regional Development Fund for the Bratislava Region improve underdeveloped areas?", subquestion No. 3 "How could alternative evaluation criteria based on the European Regional Social Progress Index affect regions of capital cities of the Visegrad Group?" and the last subquestion No. 4 "How could alternative evaluation of NUTS 2 regions of the European Union initiate an improvement of underdeveloped areas in regions of capital cities of the Visegrad Group?" are answered and justified.

To answer the main question and subquestions, the author used quantitative research supporting by theoretical overview of the main research problem. Mathematical methods like the arithmetic average and the simple comparison were used along with the identification of new alternatives. Extraction of data from EUROSTAT and Social Progress Imperative was conducted.

Achieved results consist of the introduction of the alternative evaluation of NUTS 2 regions of the European Union based on the European Regional Social Progress Index with provisions enabling the Bratislava Region to access European Structural Funds to a greater extent. A decrease was proved on ERSPI value in comparison to GDP value in case of regions of capital cities only and based on the demarcation of problematic areas of mentioned regions were suggested new methods of cooperation like establishing the Visegrad Fund for the Regions of Capital Cities. In case of Bratislava Region was based on the new ERSPI NUTS 2 regions evaluation introduced alternative European Regional Development Fund finance allocation with the overall raise of ERDF finance 7 555 624 EUR. Possible allocation of acquired money are problematic areas in the Bratislava Self-Governing Region eligible for European Regional Development Fund in priority axes "Local development of community" (*Shelter*) and "Improvement of the quality of life in the regions with emphasis on environment" of the Integrated Regional Operational Program for Bratislava Region.

To conclude, the main research question and all subquestions were answered based on author's research. Possible solutions of bachelor thesis were successfully conducted and all three hypotheses "Alternative evaluation of NUTS 2 region of the European Union based on the European Regional Social Progress Index will entitle Bratislava Region to reach a higher level share of the European Regional Development Fund", Regions of capital cities of the Visegrad group will record a significant decline in NUTS 2 regions evaluation according to the European Regional Social Progress Index" and "Regions of capital cities of the Visegrad group are characterized by the same underdeveloped areas according to the European Regional Social Progress Index" confirmed.

Bachelor thesis recommends to the European Commission an adaptation of presented alternative system of NUTS 2 region evaluation, address to the regions of capital cities to work and lobby closely and to introduce the Visegrad Fund for the Regions and Cities for underdeveloped areas. The allocation of greater amount of money in the Bratislava Region for underdeveloped areas is the last recommendation.

1 INTRODUCTION

Introduction is focused on the main research problem and describes the research strategy. Problem description, demarcation and justification are specified along with the definition of target group. The main research question and subquestions are mentioned with given hypothesis and possible solutions. Short description of the methodology and the structure of the thesis is given.

1.1 Problem Description

Gross domestic product (GDP) is considered as not reliable or sufficiently expressive to point out the multidimensional nature of progress. While it measures only economic performance, it is still mistakenly used as an indicator of welfare. The economic performance of countries or regions expressed in monetary terms is not coming even close to the modelling the real situation. Social and territorial inequalities, environmental and social problems, none of these issues are being taken into consideration beside the GDP indicator. The economic crisis in 2008 has pointed out the fact, that GDP indicator does not match the actual situation and it can easily mask actual problems in particular regions and countries. The need of an alternative indicator has led to the creation of other alternative ways of national and regional evaluation based on social factors and indicators. Different choices of indicators led to various kind of indexes and evaluations. A number of indicator shas been developed by NGOs, statistical offices and international organizations. In recent years the number of alternative indexes has been rising without sufficient demarcation of target group. (Blanchet, D., & Fleurbaey, M.,2013)

Gross domestic product per capita in purchasing power standard (PPS) does not reflect the complex reality in the regions of the European Union (EU). Therefore, Bratislava Region is not fully eligible for the European Structural Funds and as a metropolitan and main area of development in Slovakia is still suffering from the lack of investments. Regions of the EU should be evaluated based on different criteria, and that is what author is going to study and examine. (Fioramonti. L., 2013)

1.2 Justification and Demarcation

Current eligibility criteria for NUTS 2 regions cause the problem that Bratislava Region is not fully eligible for the EU funding. The objective of the thesis is to come up with alternative criteria for regions evaluation. It is a present challenge for Bratislava region and the thesis will indicate the solution.

Large metropolitan areas, urban areas and capital regions throughout the European Union typically produce higher level of gross domestic product per capita than other peripheral and rural regions. A considerable number of the high GDP regions show an excessive number of professionals working in business sector, financial sector, scientific or technological areas.

1.3 Target Group

The main target group of the elaborated thesis is Bratislava Self-Governing Region. Nevertheless, regions of capital cities within the Visegrad group (V4) with an emphasis on Bratislava Region and each NUTS 2 region of the European Union. Based on this particular research an opportunity arises for Bratislava Region to better concentrate its regional policy and for capital regions of the V4 to define their common regional problems. Final member of target group is a potential law proposing institution of the European Union, the European Commission.

1.4 Research Objectives

The thesis will provide us by the possible evidence, that the current EU regions' evaluation is not equitable solution for all EU regions. Underdeveloped, problematic areas in the Bratislava Region are not supported fully by the European Structural Funds (ESF) what causes even bigger gap between Bratislava Region and western Europe. Same applies for the regions of capital cities in the V4. The author can conclude that the current EU region' evaluation is not sufficient and it has to be changed. Bratislava Region can use this study and research to create a pressure on the European Commission and ask for the special treatment and subsidies in particular areas. Regions of capital cities in the Visegrad Group can utilize this study along with all regions of the EU in favor of new, more equitable evaluation of NUTS 2 regions.

Research outcome will express a conclusion, that there is an evaluation of regions more profitable for Bratislava Region, and possible confirmation of the hypothesis of correlation between the situation in regions of capital cities of the V4.

1.5 Relevance of the Research

Concern about the GDP as an indicator of regional development for NUTS 2 regions of the EU does not take into consideration the social, territorial and environmental factors. Last measurement of regional GDP per capita in the EU-28 in 2014 shows regions from less developed countries with a capital city within their region reaching the level of regions in well-developed countries. Among the regions with the highest GDP per capita in PPS belongs Inner London (UK), Luxembourg (LU), Brussels (BE), Hamburg (DE), and Groningen (NL). Based on mentioned data, SK01 Bratislava Region has 186% the average of European regions based on GDP per capita in (PPS) evaluation. Given data and results do not reflect the reality in the Bratislava Region which raises the question about the GDP region evaluation relevance. (EUROSTAT, 2014)

This particular research and thesis is relevant, because there is a need of making European Structural Funds available for Bratislava Region to its full extent. Same position of regions of capital cities of the V4 will to prove a connection between four regions of capital cities and define current underdeveloped areas. Looking for an alternative evaluation of European regions to make ESF available for the Bratislava Region can be defined as a present, relevant and necessary topic.

1.6 Main Research Question and Subquestions

Main research question

How to adapt the evaluation criteria of NUTS 2 regions of the European Union to make the Bratislava Region eligible for the European Regional Development Fund to a greater extent?

Subquestions

Subquestion No. 1

How will the allocation of the European Regional Development Fund change for the Bratislava Region based on the new evaluation criteria?

Subquestion No. 2

How could alternative allocation of the European Regional Development Fund for the Bratislava Region improve underdeveloped areas?

Subquestion No. 3

How could alternative evaluation criteria based on the European Regional Social Progress Index affect regions of capital cities of the Visegrad Group?

Subquestion No. 4

How could alternative evaluation of NUTS 2 regions of the European Union initiate an improvement of underdeveloped areas in regions of capital cities of the Visegrad Group?

1.7 Hypotheses

Hypothesis No. 1

Alternative evaluation of NUTS 2 region of the European Union based on the European Regional Social Progress Index will entitle Bratislava Region to reach a higher level share of the European Regional Development Fund.

Hypothesis No. 2

Regions of capital cities of the Visegrad group will record a significant decline in NUTS 2 regions evaluation according to the European Regional Social Progress Index.

Hypothesis No. 3

Regions of capital cities of the Visegrad group are characterized by the same underdeveloped areas according to the European Regional Social Progress Index.

1.8 Possible Solutions

Solution No. 1

Introduction of new, alternative evaluation of NUTS 2 regions of the European Union based on the European Regional Social Progress Index based on innovative principles with the assumption of extended access of Bratislava Region to European Structural Funds.

Solution No. 2

In case of same characteristics in regions of capital cities of the Visegrad Group together along with identical underdeveloped areas, an introduction of possible regional cooperation among mentioned regions.

1.9 Methodology

The quantitative research as basic mathematic operations and skills was used due to mathematical expression of the current evaluation of NUTS 2 regions of the EU. Methodology of the bachelor thesis consists of extraction GDP per capita in PPS values and of European Regional Social Progress Index values using relevant sources. Following calculations are based on arithmetic mean system a, comparison and obtained variables.

The topic of GDP indicator and systematic evaluation of NUTS 2 regions cannot be responsibly dealt with at the level of qualitative research. Values, number, averages and tables are needed to reach the final result.

1.10 Thesis Structure

The bachelor thesis starts with the introduction with the overview of the main problem, its justification and demarcation. Main research question, subquestions, research objectives and the target group are all included in the introduction.

In the next chapter called "literature review" are included all relevant and necessary information to give a reader an overview about the research problem. Description of the Cohesion Policy of the Slovak Republic and the European Union both in programming periods 2007-2013 and 2014-2020 along with description of ESIF, GDP and European Regional Social Progress Index, are a part of literature review.

Chapter 3 called "methodology" introduces the methodological background and method of the thesis research along with the sample of regions and the data base used as input materials following by chapter "results" with findings, tables and quantitative research.

Chapters "discussion of results", "conclusions" and "recommendations" give an overview about achieved results with their possible exploitation. Conclusions are closing the bachelor thesis and recommendations are giving recommendations for all stakeholders for the future concerning the research topic.

2 LITERATURE REVIEW

Chapter 2 called "literature review" will inform about already known facts about the research topic. Cohesion Policy of the Slovak Republic and EU Cohesion Policy will be discussed for the programming periods both 2007-2013 and 2014-2020 along with the European Structural and Investment Funds (ESIF) description to gain more detail description of current situation. NUTS 2 regions system division, demarcation of the GDP as an indicator and short description of European Regional Social Progress Index are very last topics of literature review.

2.1 EU Cohesion Policy

EU Cohesion Policy, also referred as the Regional Policy of the European Union, is the main investment policy of the European Union. It supports sustainable development, economic growth, and business competitiveness. Improving the quality of life and economic well-being of all citizens of the European Union is prosperously targeting each and every one of member states of the European Union along with their regions and cities. Strengthening the economic, territorial and social cohesion is one of the main objectives of the European Union being realized primarily by the EU Cohesion Policy. Stated otherwise, reducing disparities and inequality between various regions with diverse economic and social platforms in the European Union and through this creating an equal and perspective Europe for all Europeans without any distinction. (Jacques Lecarte, 2016)

The Regional Policy of the European Union is being negotiated and subsequently adopted by the European Parliament and the Council of the European Union every seven years. In the programming period 2007-2013, spending on the Cohesion Policy was more than one third of the total EU budget (35,7%), at the average of almost 50 billion EUR per year. In the current programming period 2014-2020, it has reached 32,5% from overall EU budget of 1082 billion EUR, 351,8 billion EUR for the Regional Policy of the European Union. Huge spending on this particular policy offers a lot of opportunities, but nevertheless a responsibility for the well-being of European citizens. (Europe Direct, 2014) (EU Cohesion Policy 2014-2020, 2012)

Ever since the time of the European Economic Community (EEC), there has been a significant demographic and territorial disparities which could presumably cause problems for future development and integration of the European Union. Therefore, two Structural Funds, specifically the European Social Fund and the European Agricultural and Guarantee Fund, were established by the Treaty of Rome in 1957 as solidarity mechanisms with an aim of reducing regional disparities. The European Regional Development Fund was introduced in 1975 and then followed by the Cohesion Fund in 1994. Social and economic cohesion became an EU competence in 1986, by signing of the Single European Act (SEA). Treaty of Lisbon in 2008 delivered further changes and introduced next dimension of Cohesion Policy named territorial cohesion. All three of mentioned platforms are currently supported and financed through EU Cohesion Policy and European Structural and Investment Funds (ESIF). (Jacques Lecarte, 2016)

Following facts highlights the success and achievements of the Cohesion Policy in present millennium. Regions of the EU classified as "more developed regions" reached an average of GDP per capita in PPS 2,8 times higher as regions classified as "less developed regions". 13 years later, there has been a visible improvement and reduction of mentioned ratio due to the outstanding success of the EU Cohesion Policy. In accordance with Eurostat data from 2013, GDP capita in PPS was in regions classified as "less developed regions" merely 2.0 times higher than GDP per capita in PPS in regions classified as "less developed regions". The Regional Policy of the European Union may be considered as EU Policy, which fulfills its purpose and helps the citizens of the European Union. (EUROSTAT, 2013)

2.2 European Structural and Investment Funds

European Structural and Investment Funds (ESIF), are the main tool of EU's investment policy. In the current programming period 2014-2020, there was allocated an amount of 454 billion EUR for ESIF. National co-financing of ESIF consists of 183 billion EUR, which adds up to 637 billion EUR. ESIF, as EU's main investment policy, are used for achievement of general EU objectives and purposes. Five measurable EU targets for European Union in 2020, called Europe 2020 and the European Commission's Investment Plan for Europe (EC IPE), known as "Juncker Plan" with an emphasis on newly introduced European Fund for Strategic Investments along with funding of projects stemming from two main objectives of EU Cohesion Policy are different areas of EU policy, but with the same source of funding, specifically European Structural and Investment Funds.

Investment areas of ESIF are jobs, growth and investment, enhancement of digital single market for the European Union, protection of climate and related energy union, support for internal market and migration along with assistance in economic and monetary issues. ESI funds coordinates five funds, namely European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development EAFRD) and European Maritime and Fisheries Fund (EMFF). Each one of them holds a different system of criteria for finance allocation. The table below gives an overview about ESIF as Investments Funds, Structural Funds and funds supporting the EU Cohesion Policy.

European Structural and Investment Funds	European Structural Funds	Cohesion Policy Funds
Cohesion Fund European Regional Development Fund	European Regional Development Fund	Cohesion Fund
European Social Fund		European Regional
for Rural Development	European Social Fund	Development Fund
European Maritime and Fisheries Fund	European Social Fund	European Social Fund

Table	1.	European	Structural	and	Investment	Funds
I GOIC		Eur opeun	Suracturar	unu	III , councile	I WIIGO

(Own elaboration based on: Regional and Urban Policy, 2015)

2.3 European Structural Funds

European Structural Funds consist of two main funds, concretely the European Regional Development Fund (ERDF) and the European Social Fund (ESF). Mentioned two funds are at the same time the most significant tools of EU Cohesion Policy characterized by the largest capacity of the EU budget. For the programming period 2014-2020 have European Structural Funds a total budget of around 308 billion EUR.

An increase in the Structural Funds budget is enormous. In early 90s ESF had at their disposal 8 billion EUR per year. In 1999 it was already 32 billion EUR annually. For the programming period 2000-2006 was subsequently set aside 195 billion EUR and for the programming period 2007-2013 already 278 billion EUR.

2.3.1 Financial Allocation of European Structural Funds

The European Commission introduced a new eligibility and allocation criteria for European Structural Funds for the programming period 2014-2020. Out of two goals of the Cohesion Policy for 2014-2020, concretely "Investment for growth and jobs" and "European Territorial Cooperation", was the first mentioned defined as mutual policy goal for all 272 NUTS 2 regions of the European Union. Each region is eligible for the funding from European Structural Funds, however under various conditions and different co-financing rates. Second goal of the Cohesion Policy, The European Territorial Cooperation, is separated goal with different eligibility criteria. (Europa, 2016)

GDP per capita in PPS it single indicator defining the eligibility, allocation and the level of support from the European Structural Funds for the particular region. Along with European Structural Funds, the European Agriculture Fund for Rural Development is the only ESIF fund with the same eligibility criteria as ESFs. Maximum co-financing rates of the ERDF and the ESF begin at the value of 50% and finish at the value of 85%, based on the classification of each particular region. Common Provision Regulation determines categories of NUTS 2 regions in the European Union. (EPRS, 2014)

Table 2. NUTS 2 regions of the European Union and GDP criteria

Less developed regions	Gross domestic product per capita in purchasing power standard			
	reaches a value of less than 75% of the average GDP of the EU-27			
	(In accordance with Eurostat data from 2007-2009)			
Transition regions	Gross domestic product per capita in purchasing power standard			
	reaches a value of more than 75% and less than 90% of the average			
	GDP of the EU-27 (In accordance with Eurostat data from 2007-			
	2009)			
More developed regions	Gross domestic product per capita in purchasing power standard			
	reaches a value of more than 90% of the average GDP of the EU-27			
	(In accordance with Eurostat data from 2007-2009)			

⁽Own elaboration based on: Regional and Urban Policy, 2015)

Note: Every project financed from European Structural Funds must include in its finance an obligated share of European Social Fund. Minimum share of 23,1% is guaranteed.

Regions of the European Union classified as "less developed regions" covers 52,45% of EU budget for the goal "Investment for growth and jobs" in the Cohesion Policy, in terms of money concretely 164,3 billion EUR. There is allocated 10,24% of the EU Cohesion Policy budget in terms of money 32,1 billion EUR for transition regions and 15,67% of the budget for more developed regions in the amount of 49,1 billion EUR. 21,19% of the Cohesion Policy budget in sum of 66,4 billion EUR is allocated for the Cohesion Fund to help underdeveloped member states. (Europedia, 2014)



Figure 1. NUTS 2 regions of the European Union

(Retrieved from: Eurostat, 2016)

2.3.2 Co-financing Rate for European Structural Funds

The level of co-financing in projects financed by European Structural Funds differ relatively to the level of NUTS 2 region's development. European Structural Funds can finance up to 85% from the particular project in less developed regions. In case of transition regions, the amount can reach 60%, and in the case of regions classified as more developed region, the co-finance rate of project up to 50%.

2.3.3 European Regional Development Fund

Unequivocally, one of the main instruments of the Regional Policy of the European Union is the European Regional Development Fund (ERDF). Main purposes and simultaneously a significant contribution of ERDF lies in constant reduction of disparities between underdeveloped regions of the European Union and in the minimization of the least favored regions of the European Union. The European Regional Development Fund is designed to help, solve and deal with the most significant regional disparities and imbalances of the European Union. Structural and development adjustment of European regions together with the conversion of declining industrial regions are the main methods of support by the European Regional Development Fund. (Jacques Lecarte, 2016)

Four key priorities of European Regional Development Fund, namely Innovation and Research, The Digital Agenda, Support for Small and Medium Enterprises and The low-carbon Economy define ERDF's local and regional objectives. (Regional Policy InfoRegio, 2014)

2.3.4 European Social Fund

Investments from the European Social Fund must cover each region of the European Union. 80 billion EUR is set aside for the need of human capital investment in member states for the programming period 2014-2020. Moreover, 3,2 billion EUR is allocated to the Youth Employment Initiative. Four thematic objectives were defined in order to reach high quality allocation of financial resources:

- Promoting employment and supporting labor mobility
- Promoting social inclusion and combating poverty
- Investing in education, skills and lifelong learning
- Enhancing institutional capacity and an efficient public administration

(Regional Policy INFORegio, 2014)

2.4 Cohesion Policy for the Programming Period 2007-2013 in the European Union

For the programming period 2007-2013, the EU Cohesion Policy allocated about 50 billion EUR per year for the EU-27, which corresponds with more than 35,7 % of the total budget of the European Union. EU Cohesion Policy has defined following three main objectives for the programming period 2007-2013:

Objective No. 1 : Convergence

First objective covered over 80% of the Regional Policy of the European Union by means of allocation to the poorest regions of the European Union. EU funding under convergence objective were eligible for NUT 2 regions of gross domestic product per capita in purchasing power standard less than 75% of the average of NUTS 2 regions of the European Union. 100 regions were funded from the convergence objective.

Objective No. 2 : Regional Competitiveness and Employment objectives

Second objective of the EU Cohesion Policy with approximately 16% of the Cohesion budget, in terms of money 8 billion per one year, was distributed among approximately 170 regions with GDP per capita in PPS higher than 75% average of the European Union.

Objective No. 3 : European Territorial Cooperation

Last objective of the Regional Policy of the EU used only 2,5% of the Cohesion budget for joint exchange of experience and projects among the regions in various member states.

2.5 Cohesion Policy for the Programming Period 2007-2013 in the Slovak Republic

Slovak republic became a member state and a legal part of the European Union during the largest single expansion of the European Union in 2004. Since 2004, Slovak republic has been a beneficiary of the EU Cohesion Policy during two complete seven-year period and partially of one programming period (2004-2006).

Main strategic objective for the programming period 2007-2013 is formulated in the National Strategic Reference Framework as "to significantly increase the competitiveness of the regions and Slovak economy and employment while respecting sustainable development by 2013" represents not just continuation trend of approaching the EU average, but also increasing the quality of life of Slovak citizens and the competitiveness of Slovak republic in the European Union and in to world. Strategy, priorities and objectives of the "National Strategic Reference Framework" were implemented through 11 operational programs with focus on following 9 operational programs. (Integrovaný regionálny operačný program, 2014)

National Strategic Reference Framework					
Operational Program	Fund	Amount (€)			
Regional OP	1 554 503 927				
Environment OP	ERDF + CF	1 820 000 000			
	ERDF				
	CF	1 569 243 065			
Transport OP	ERDF + CF	3 160 154 595			
	ERDF	830 659 097			
	CF	2 329 495 498			
Informatization of society OP	ERDF	843 595 405			
Research and Development	1 209 415 373				
OP					
Competitiveness and	968 250 000				
economic growth					
Healthcare OP	250 000 000				
Technical Help OPERDF		97 601 421			
Bratislava Region OP	ERDF	95 207 607			
Employment and social	ESF	941 301 578			
inclusion					
Education OP	ESF	542 728 760			
European Regional	Development Fund	6 099 989 765			
Cohesia	3 898 738 563				
European S	1 484 030 338				
European Agriculture Fu	1 996 908 078				
European Maritime	12 898 749				
National Strategic R	11 482 758 666				

Table 3. European Structural Funds in the Slovak Republic for the programming period 2007-2013

(Own elaboration based on: National Strategic Reference Framework 2007-2013)

Total allocation of funding from the Regional Policy of European Union for the programming period 2007-2013 was almost 11,5 billion EUR.

Key achievements for Slovak republic in programming period 2007-2013

- Creation of more than 2600 jobs including almost 2000 jobs in small and medium enterprises •
- Direct investments for more than 1000 small and medium enterprises •
- Financial support for more than 100 new companies and assistance of start-up industry •
- Waste water projects for more than 3300 citizens •
- Improvement of public transport in Slovak republic •

(Cohesion Policy and Slovakia, 2014)

2.6 Cohesion Policy for the Programming Period 2014-2020 in the Slovak Republic

Compared to the programming period 2007-2013, Slovak republic manages currently seven operational programs under the platform of Regional Policy of the European Union. Slovak republic receives money and funding from European Structural and Investment Funds under seven operational programs. First one is financed from the European Social Fund, second one from the European Regional Development Fund and the European Social Fund and the last five programs from the European Regional Development Fund and the Cohesion Fund. Around 14 billion EUR in total is presently allocated in the Slovak republic for the EU Cohesion Policy. The table below illustrates ongoing distribution of Cohesion Policy budget in the Slovak republic. (Cohesion Policy and Slovakia, 2014)

Table 4.	EU	Cohesion	Policy	in the	Slovak	Republic	for the	e prograi	nming p	eriod	2014-	-2020
						-		1 0	01			

Less developed regions	9,2 billion €
More developed regions	0,3287 billion €
Cohesion Fund	4,2 billion €
European Territorial	0,2234 billion €
Cooperation	
Youth Employment Initiative	0,072 billion €
(Own elaboration based on: Cohesion Poli	cy and Slovakia, 2014)

Following main investment priorities for 2014-2020 programming period determine the project selection:

- Promotion of innovation friendly business environment by enhancing the competitiveness of • SMEs, innovation improvement and e-economy development
- Infrastructure development for economic growth, sustainable urban transport
- Human capital development, labor market participation improvement, •
- Sustainable use of natural resources encouragement •
- Professional and modern public administration, impartiality and efficiency of judiciary

(Cohesion Policy and Slovakia, 2014)

In the picture (figure 2.) is illustrated a current division of NUTS 2 regions in the Slovak Republic. Slovak Republic has according to the NUTS division of European regions 4 NUTS 2 regions. Namely, Bratislava Region (SK01), Western Slovakia (SK02), Central Slovakia (SK03) and Eastern Slovakia (SK04). Three regions marked by red color and covering the most of the territory of the Slovak Republic are classified as less developed NUTS 2 regions. Only Bratislava Region, marked by vellow color, is assigned to more developed regions. Slovak republic has no representation of transition region in its territory. (Cohesion Policy and Slovakia, 2014)



Figure 2. NUTS 2 regions of the Slovak Republic

(Retrieved from: Cohesion Policy and Slovakia, 2014)

2.7 Cohesion Policy for the Programming Period 2014-2020 in the European Union

To determine and specify the direct link between the President of the European Commission Jean-Claude Junker's strategy Europe 2020 and EU Cohesion Policy, there was presented a single set of rules to guide five Structural and Investment Funds of the European Union. Europe 2020 strategy determines a Common Strategic Framework for member States followed by its specification in form of Partnership Agreements for each member state individually. Partnership agreements consist from Operational Programs. An indication of five main targets of the Europe 2020:

1	Employment	• 75% of the 20-64 years old to be employed	
2	R&D / Innovation	• 3% of the EU's GDP to be invested in R&D /innovation	
3	Climate Change / Energy	 Greenhouse gas emission 20% lower than 1990 20% of energy from renewables 	
		• 20% increase in energy efficiency	
4	Education	 Reducing school drop-out rates below 10% At least 40% of 30-34 years-old completing third level education 	
5	Poverty / Social Exclusion	• At least 20 million fewer people in or at the risk of poverty and social exclusion	

Table 5.	The Five	Target f	or the	European	Union in	2020
				F		

(Own elaboration based on: Europe 2020 Target, 2015)

A budget of 454 billion EUR for the programming period 2014-2020 represents European Structural and Investment Funds as European Union's main investment policy tool. The new policy framework for ESIF define their correlation with upper mentioned EU 2020 strategy's objectives. The EU 2020 follows principles of the previous programming period and did come up with a framework for the same five funds.

Table 6. European Structural and Investment Funds for the programming period 2014-2020

European Structural and Investment Funds	European Structural Funds	Cohesion Policy Funds	
Cohesion Fund			
European Regional	European Regional	Cohesion Fund	
Development Fund	Development Fund		
European Social Fund		European Begional	
European Agricultural Fund for		Development Fund	
Rural Development	Europeen Social Fund	Development Fund	
European Maritime and	European Social Fund	European Secial Fund	
Fisheries Fund		European Social Fund	

(Own elaboration based on: Regional and Urban Policy, 2015)

Broad objectives for European Structural and Investment Funds are clearly defined in Treaties, but the current 2014-2020 goals are derived from the Europe 2020 strategy. It is necessary to mentioned two key goals of the Cohesion Policy for the programming period 2014-2020:

- Investment for growth and jobs
- European territorial cooperation

(Europa, n.d.)

Table 7. Comparison of the Cohesion Policy key goals

Investment for growth and jobs
(ERDF, ESF, CF)
European territorial cooperation (ERDF)

(Own elaboration based on: Regional and Urban Policy, 2015)

The best interest of connecting key goals of ESIF and the Europe's growth strategy Europe 2020, there were introduced 11 thematic objectives. European Structural and Investment Funds' reform aims to maximize ESIF's contribution towards current EU strategy. The table below clearly illustrates the correlation between Europe 2020 goals and thematic objectives of European Structural and Investment Funds.

Table 8. Thematic objectives and ESIF

EUROPE 2020 GOALS	THEMATIC OBJECTIVES	Main priorities for Fund	Secondary priorities for Fund
Smart growth	1. Strengthening research, technological development and innovation	ERDF	ESF
	2. Enhancing access to, and use and quality of ICT	ERDF	ESF
	3. Enhancing competitiveness of SMEs, agriculture, fishery (EAFRD) and aquaculture sector (EMFF)	ERDF	ESF
Sustainable	1. Supporting the shift towards low	ERDF,	ERDF,
growth	carbon economy in all sectors	CF	ESF
	2. Promoting climate change adaptation,	CF	ERDF
	risk prevention		
	3. Preserving and protecting environment	CF	ERDF
	and promoting resource efficiency		
	4. Promoting sustainable transport and	CF	ERDF
	removing bottlenecks		
Inclusive	1. Promoting sustainable, quality	ESF	ERDF
growth	employment and labor mobility		
	2. Promoting social inclusion, combating	ESF	ERDF
	poverty and discrimination		
	3. Investing in education, training and	ESF	ERDF
	vocational training for skills and		
	lifelong learning		
	4. Enhancing institutional capacity of	ESF,	ERDF
	public authorities	CF	

(Own elaboration based on: Regional and Urban Policy, 2015 and INGORegio, 2014)

Table 9. Co-financing rates of ESIF for the programming period 2014-2020

Fund	Maximum co-financing rate
European Regional Development Fund	Between 50% and 85% depending on the
European Social Fund	category of regions
European Territorial Cooperation	85%
Cohesion Fund	85%
European Maritime and Fisheries Fund	75%
European Agriculture Fund for Rural	53% - 85%
Development	

(Own elaboration based on: Regional and Urban Policy, 2015)

2.8 Common Classification of Territorial Unit for the Statistical Purposes

The European Union has developed a system called "Nomenclature of Territorial Units for Statistics" (NUTS) in order to make the territory of the European Union reasonably and systematically accessible for regional statistics and assess the level of eligibility for European Structural Funds. Council of the European Union and European Parliament established a common classification of territorial units for statistics in 2003. (EUR-Lex, 2014)

All countries of the European Union have their own system of administrative structure and government. Regional population, area and development of European Union is extremely various. To fight this diversity and to set clear and measurable eligibility criteria to access European Structural Funds, has the European Commission developed NUTS. There is a clear thee-level hierarchy of regional subdivisions which are based on the level of population. (EUR-LEX 2014)

Table 10. NUTS criteria

Level	Minimum population	Maximum population
NUTS 1	3 million	7 million
NUTS 2	800 000	3 million
NUTS 3	150 000	800 000

(Own elaboration based on: EUR-Lex, 2014)

Eligibility of financing NUTS 2 region of the European Union from European Structural Funds is based on GDP per capita in PPS. Every NUTS 2 region of the EU is covered, however regions classified as "less developed region" are characterized by higher co-financing rate and thereby they are enabled to more money. Difference in gross domestic product per capita in purchasing power standards determines the level of co-financing.

2.9 Gross Domestic Product

A monetary measurement of economic activity capturing the value of services and goods produced by an economy during a given period, typically a quarter or a year, is in general called gross domestic product (GDP). It estimates an economic performance and measures the size of an economy in means of monetary terms. GDP per capita has become a universal measuring instrument of living standards and well-being, even it was not developed for this particular purpose. Higher GDP represents better living standards, higher incomes and higher consumptions. GDP per capita in PPS is the main giving indicator for the eligibility of ESF. (Abdalah, S., Hák, T., Janoušková, S., Mahony, S., & Seaford, C., 2012)

2.9.1 Gross Domestic Product Advantages

As a tool for comparison of economic performance, both between countries and regions is GDP considered as reliable and often used for a long time period. Statistics of GDP are available for decades, which make it easy to measure national accounts and countries' performance. What more, it is published in three-month intervals, which allows governments to use GDP for short-term policy making. Eventually, it is straightforward and understandable for policy makers, media and even general public.

2.9.2 Gross Domestic Product Limitations

While GDP is straightforward, understandable, simple and reliable tool, it only measures material wellbeing. It does not take into consideration regional disparities, social inequalities, environmental and social costs like crime, pollution etc. Confusing paradox is that GDP considers negative cases like car accidents or natural disasters as positive indicators, while ignoring generally positive non-market transactions like family care, volunteering and domestic labor. Measuring only material consumption and economic activity in monetary terms fails to considerate other aspects namely health, crime, level of education or work-life balance.

2.10 Social Progress Index

"GDP does not allow for the health of our children, the quality of their education, or the joy of their play"

(Robert Kennedy)

The Social Progress Index was introduced in 2014, based on a beta version of SPI from 2013. Measurement of a comprehensive array of components of environmental and social performance has aggregate into an overall framework. After numerous discussions with many stakeholders around the world about the missing components in GDP evaluation system, has Social Progress Imperative group of workers came into conclusion. Social Progress Index consists of four key principles:

1 Exclusively social and environmental indicator

Exclusion of economic indicators for the first time allows to focus primarily on social, environmental and territorial indicators. This allows to create a relationship between economic development (GDP per capita) and exclusive social development.

2 Outcomes not inputs

SPI measures what really matters to the lives of ordinary people, it does not measure inputs to countries´ economics. SPI measures well-being achieved, not inputs used to achieve the current situation.

3 Holistic and relevant to all countries

SPI does not concentrate on underdeveloped countries or concrete regions. It is global and holistic measurement tool available for each country in the world.

4 Actionable

Social Progress Index is a practical tool that can help government, private sector, regions, businesses, and general public. Structure of 12 components with 52 different indicators known for its practical focus allow using and implement SPI directly. SPI is transparent, provide scores, rankings together with analysis of specific areas.

Definition of social progress in an inclusive and comprehensive way: "Social progress is the capacity of a society to meet the basic human need of its citizens, establish the building blocks that allow citizens and communities to enhance and sustain the quality of their lives, and create the conditions for all individuals to reach their full potential." (Social Progress Imperative, 2016)

Based on upper mentioned definition, the Social Progress Imperative presented three main questions, to be followed in methodology:

- 1. Does a country provide for its people's most essential needs?
- 2. Are the building blocks in place for individuals and communities to enhance and sustain well-being?
- 3. Is there opportunity for all individuals to reach their full potential?

According to the social progress definition and three main question has been developed three main dimensions of Social Progress Index, namely Basic Human Needs, Foundation of Well-being and Opportunity.

2.10.1 Methodology of the Social Progress Index

Social Progress Index evaluates countries and regions based on their performance in three upper mentioned dimensions. Assessment of basic human needs takes into consideration access to basic medical care, drinking water, society safety and security. Basic education, knowledge level, healthy lifestyle, countries protection are measured with the dimension of Foundation of Well-being. Last dimension, Opportunity, studies personal rights, freedom, and prohibition of society to reach its maximum potential. Each dimension consists of four components, as is illustrated in the table below. (Social Progress Imperative, 2016)

Social Progress Index								
Basic Human Needs	Foundation of Well-being	Opportunity						
Nutrition and Basic Medical Care	Access to Basic Knowledge	Personal rights						
Water and Sanitation	Access to Information and Communication	Personal Freedom and Choice						
Shelter	Health and Wellness	Tolerance and Inclusion						
Personal Safety	Ecosystem Sustainability	Access to Advanced Education						

Tahla	11	Dimonsions	and com	nononte o	f tha	Social	Prograce	Indov
abic	11.	Dimensions	and com	ponents o	n une	Social	TTOGICSS	muca

(Own elaboration based on: Social Progress Imperative, 2016)

Each mentioned component consists of three to five specific indicators. Therefore, Social Progress Index offers overall level, dimension level and also component level and evaluates all on a scale 0-100. SPI evaluates each indicator on a scale from minimum of 0 bounds up to maximum of 100 bounds. Rules and requirements are the very same for each country in the world. (European Commission, 2016)

SPI has been already used in large number of regions and countries. 161 countries at the national level, NUTS 2 regions in the European Union, cantons in Costa Rica, municipalities in Brazil, cities in Colombia and districts with the city of Bogota in Columbia have used the opportunity which SPI offers. (Iceland and the Social Progress Imperative, 2016)

2.10.2 European Regional Social Progress Index

The European Regional Social Progress Index (ERSPI) for NUTS 2 regions of the European Union was developed by the Directorate-General for Regional and Urban Policy of the European Commission, the Social Progress Imperative and Orkestra – Basque Institute of Competitiveness. European Regional Social Progress Index have precisely the same methodology and principles and Social Progress Inde and it concentrates exactly on 272 NUTS 2 regions of the European Union. Social Progress Imperative with associates used mainly data from Eurostat and rated each NUTS 2 region of the European Union on a scale 1-100 across 50 indicators. (European Commission, 2016)

Twelve mentioned components consists together out of 52 indicators. Approximately two-third from 52 indicators are extracted from EUROSTAT website or from ad-hoc extraction from the module on well-being of EU Survey on Social and Living conditions – EU-SILC. The remaining one-third is extracted from sources such as the European Environmental Agency (EEA), the Quality of Government Institute of the University of Gothenburg, the Gallup World Poll and the Eurobarometer. The main aim of SPI is to create an alternative to GDP indicator, due to the social, environmental and territorial shortcoming of current EU region evaluation. (The EU Regional Social Progress Index: Methodological Note, 2015)

2.11 Opinion on GDP evaluation in the Bratislava Region

European Structural Funds are source of finance for infrastructure, integrated transport and bicycle transport, social service facilities, secondary schools, culture and creative industries for the programming period 2014-2020. (Permanent Representation of Slovak Republic, 2014)

Bratislava Region's eligibility to ESF is on a higher level in current programming period 2014-2020 in comparison with the programming period 2017-2013 due to continuing and patient lobbying of Bratislava Region Brussels Office and cooperation with many more-developed regions at the EU level. After adaptation of Partnership Agreement for Slovak Republic by European Commission in 2014, there was set aside a greater amount of funds with more flexibility. Infrastructure development, research and innovation are the main strategic objectives of Bratislava Region. (Európske noviny, 2015)

Despite visible improvement of Bratislava Region eligibility for European Structural Funds for the programming period 2014-2020, Partnership Agreement of Slovak republic still highlights inadequate and inequitable eligibility system for ESF. Bratislava Region has a longstanding relationship with other more-developed regions of the European Union suffering from the same lack of investments. The strongest links have Bratislava Region with the regions of East Europe member states of EU. Cooperation at the level of the Visegrad Group has brought an opportunity of cooperation between regions of capital cities in the Visegrad Group. Incomparably higher GDP level compared to the other regions of Visegrad Group with almost no visible results in social progress are raising a question. (Integrovaný regionálny operačný program, 2014)

"Thanks to Bratislava Region Brussels Office and our proactive approach at all negotiation's levels in Brussels, Bratislava Region positively influence all activities going even beyond the territory of Bratislava Region. More than half of the EU agenda directly affects the regions and it is our duty to lobby for our region during the whole process of policy making. We have to work hard to get more finance from the European Union for underdeveloped areas in the Bratislava Region", said Pavol Frešo, the Chairman of the Bratislava Self-Governing Region. (Európske noviny, 2015)

2.12 Current NUTS 2 Regions Evaluation and Regions of the Capital Cities of the Visegrad Group

As mentioned before, a question if the GDP represents real assessment and proper evaluation, is in discussion lately. There are number of new indexes consisting of several indicators, which does not take into consideration GDP and economics related issues. New alternative indicators are taking into consideration social, environmental indicators like unemployment, level of crime, personal rights, health, ecosystem sustainability, personal safety and social differences. These social indexes created a need of alternative evaluation of EU regions in opposite to the GDP evaluation. ESF finances are allocated in the European Union based on GDP. If this platform is incorrect, there is harm inflicting on the inhabitants of the European Union. (European Parliamentary Research Service, 2014)

Regions of capital cities in the Slovak republic, Czech Republic, Hungary and Poland, The Visegrad Group, are in GDP measurement rated considerably high according to the last 2014 evaluation. These regions are namely Bratislava Region in Slovak republic, Prague Region in Czech Republic, Közép-Magyarország Region in Hungary and Mazowieckie Region in Poland. All of them score in the GDP rating higher than the average of the European Union regions, while there a writer's hypothesis that in other evaluation methods with help of European Regional Social Progress Index developed by Social Progress Imperative will have significantly lowered evaluation in comparison to the average of the EU. (EUROSTAT, 2014)

3 METHODOLOGY

Chapter "Methodology" will present the system of result exploration. Indication of the basic sample of investigated regions and data base as input materials followed by the description of every single one of conducted research steps and improvements.

3.1 Methodological Background

The methodology process of the bachelor thesis was carried out in three main steps:

- Familiarizing with the problem, conducting primary and secondary research, online and newspaper research and the visiting of the library of the European Parliament
- Meeting with Richard Woods, a representative of Social Progress Imperative to get familiar with the objectives of SPI and discuss further possible cooperation of Bratislava Region
- The process of finding the results and answers to the research questions, which is further described below.

3.2 Sample of Regions and Data Base as Input Materials

272 NUTS 2 regions of the EU are used in the bachelor thesis. These regions are specified according to the system called "Nomenclature of Territorial Units for Statistics" introduced by the European Commission. Data on regional economic performance in means of gross domestic product per capita in purchasing power standards were derived from the EUROSTAT database, 2014. The data of European Regional Social Progress Index were collected and processed in 2014.

The allocation of European Structural Funds is currently based on a decision referring to average GDP per capita during the three-year period from 2007-2009. (Legislative package for Cohesion Policy for 2014-2020, 2013).

Both data of European Regional Social Progress Imperative and of GDP per capita in PPS were based on 2014 data. Croatia joined the European Union on 1. July 2013, which is one year before the data extraction year. NUTS 2 regions data are relevant and correspond with EU-28.

Delimitation of selected regions into further regions specifies 33 NUTS 2 regions of the European Union. All 33 regions are regional participants of the Visegrad Group. The Visegrad Group, also known as the "Visegrad Four" or simply V4, is a group of the countries of the Central European region decided to work together in number of fields with European integration process. The Slovak Republic, the Czech Republic, Hungary and Poland share the same social, intellectual and cultural values. The reason for selection of the Visegrad Group regions was the hypothesis of their common eligibility and underdeveloped areas. The table 12. shows the list of selected, further analyzed regions. (About the Visegrad Group, 2011)

Code	Name of the region	Code	Name of the region
SK01	Bratislavský kraj	CZ01	Praha
SK02	Západné Slovensko	CZ02	Střední Čechy
SK03	Stredné Slovensko	CZ03	Jihozápad
SK04	Východné Slovensko	CZ04	Severozápad
PL11	Lódzkie	CZ05	Severovýchod
PL12	Mazowieckie	CZ06	Jihovýchod
PL21	Malopolskie	CZ07	Střední Morava
PL22	Śląskie	CZ08	Moravskoslezsko
PL31	Lubelskie	HU10	Közép-Magyarország
PL32	Podkarpackie	HU21	Közép-Dunántúl
PL33	Świętokrzyskie	HU22	Nyugat-Dunántúl
PL34	Podlaskie	HU23	Dél-Dunántúl
PL41	Wielkopolskie	HU31	Észak-Magyarország
PL42	Zachodniopomirskie	HU32	Észak-Alföld
PL43	Lubuskie	HU33	Dél-Alföld
PL51	Dolnośląskie		
PL52	Opolskie		
PL61	Kujawsko-pomorskie		
PL62	Warmińsko-mazurskie		
PL63	Pomorskie		

 Table 12. NUTS 2 regions of the Visegrad Group

3.3 Method

The description of methodology and method used for achievement of desirable results is presented in the direct link with the main research question and subquestions. The method was designed with focus on research objectives and the thesis hypothesis. The entire process was conducted in the following steps:

1. Selection of an alternative indicator to create the new evaluation criteria for NUTS 2 regions of the European Union, with an emphasis on the main research question.

Author has decided to use the social indicator. From the given number of indicators, European Regional Social Progress Indicator was chosen out of two main reasons. As one of the few indicators, it separately evaluates all NUTS 2 regions of the European Union. Its accuracy and attention to detail as it consists from 50 indicators with possible evaluation from 0 to 100 bounds, makes it exact, precise and specific.

- 2. Extraction of data of 33 NUTS 2 regions of the European Union from Eurostat and European Regional Social Progress Index.
- 3. Whereas EUROSTAT database states the average value of GDP per capita in PPS, average value of NUTS 2 regions based on European Regional Social Progress Index is not stated. Therefore, based on 272 regions of the NUTS 2 regions of the European Union the average value of ERSPI.

Addition of SPI values of all NUTS 2 regions of the European Union divided by number of NUT S regions equals average value.

(SPI (NUTS 2 region no. 1) + SPI (NUTS 2 region no. 2) + SPI (NUTS 2 region no 3) ++ SPI (NUTS 2 region no. 272))/272 = Average value of ERSPI

4. GDP per capita in PPS is in case of NUTS 2 regions presented as a percentage value of meeting the average value of GDP of the EU. For a better comparison of the situation between NUTS 2 regions of the Visegrad Group, the author had created value "*MAV*" based on the same principle.

SPI Value of NUS 2 region / Average value of ERSPI = meeting the average value of the EU (MAV)

5. A comparison of average value of gross domestic product per capita in purchasing power standard and the "MAV"

With an emphasis on the question no. 3, given comparison will present a change in evaluation of NUTS 2 region of the Visegrad Group.

- 6. Development of a new eligibility criteria system with alternative co-financing rates for the NUTS 2 regions of the EU.
- 7. Based on the data of European Regional Development Fund finance allocation in Bratislava Region for the programming period 2014-2020 and the new eligibility criteria system, creation of alternative allocation of ERDF for Bratislava Region based on the new eligibility criteria system, with an emphasis on subquestion no. 1.
- 8. Definition of problematic areas of NUTS 2 regions of the Visegrad Group. The problematic component will be identified as the components with lower average EPSPI value than the average ERSPI value of the whole NUTS 2 region.
- 9. Based on the discussion of results with Bratislava Region Brussels Office, scientific articles and author's own opinions possible improvements in underdeveloped areas after new allocation system of ERDF and possible improvement of underdeveloped areas in the regions of capital cities in the Visegrad Group will be presented with an emphasis on subquestion no. 2 and subquestion no. 4.

4 RESULTS

Chapter results provides the reader by all available outputs of bachelor thesis based on the methodology, described in the previous chapter, with an emphasis to meet the research objectives. All results and outputs are presented by using the most suitable medium, the tables. Each table will include the title, content, source and short description of given result.

Main findings resulting from the conducted research describe the situation in 33 NUTS 2 regions of the Visegrad Group based on means of European Regional Social Progress Index and GDP per capita in PPS. Comparison of the situation in mentioned regions and definition of their underdeveloped areas.

Introduction of the alternative evaluation of NUTS 2 regions, comparison of GDP and ERSPI values for NUTS 2 regions of the V4 with the demarcation of common problematic areas and alternative ERDF finance allocation with possible improvements of underdeveloped areas in the Bratislava Region will be introduced.

4.1 Gross Domestic Product per Capita in Purchasing Power Standard for NUTS 2 Regions of the Visegrad Group in 2014

Code	Name of the region	%	Code	Name of the region	%
Slovak	Republic	77	Czech	Republic	84
SK01	Bratislavský kraj	186	CZ 01	Praha	173
SK02	Západné Slovensko	72	CZ02	Střední Čechy	77
SK03	Stredné Slovensko	61	CZ03	Jihozápad	76
SK04	Východné Slovensko	53	CZ04	Severozápad	63
Polance	1	68	CZ05	Severovýchod	70
PL11	Lódzkie	63	CZ06	Jihovýchod	79
PL12	Mazowieckie	108	CZ07	Střední Morava	70
PL21	Malopolskie	60	CZ08	Moravskoslezsko	70
PL22	Śląskie	70	Hungary		68
PL31	Lubelskie	48	HU10	Közép-Magyarország	107
PL32	Podkarpackie	48	HU21	Közép-Dunántúl	61
PL33	Świętokrzyskie	49	HU22	Nyugat-Dunántúl	71
PL34	Podlaskie	49	HU23	Dél-Dunántúl	45
PL41	Wielkopolskie	73	HU31	Észak-Magyarország	42
PL42	Zachodniopomirskie	57	HU32	Észak-Alföld	43
PL43	Lubuskie	57	HU33	Dél-Alföld	47
PL51	Dolnośląskie	76			
PL52	Opolskie	55			
PL61	Kujawsko-pomorskie	55			
PL62	Warmińsko-mazurskie	48			
PL63	Pomorskie	64			

Table 13. GDP per capita in PPS for NUTS 2 regions of the Visegrad Group in 2014

(Own elaboration based on: Eurostat, 2014)

The above table indicates a current situation of GDP per capita in PPS. Data are extracted from EUROSTAT database in 2014. There is a need to highlight a fact, that only regions of capital cities of the Visegrad Group reach values above the average of the European Union. Namely, Bratislavský kraj , Praha, Mazowieckie and Közép-Magyarország. Bratislavský kraj and Praha even reach the values 186% and 173% of the EU average and both of them can be found in the first ten NUTS 2 regions of the European Union according to EUROSTAT. First common feature of regions of capital cities in the Visegrad group is far surpassing other regions of V4 in GDP.

4.2 European Regional Social Progress Index for NUTS 2 Regions of the Visegrad Group

Code	Name of the region		Code	Name of the region	
	Slovak Republic			Czech Republic	
SK01	Bratislavský kraj	61,28	CZ01	Praha	64,39
SK02	Západné Slovensko	55,38	CZ02	Střední Čechy	57,67
SK03	Stredné Slovensko	56,15	CZ03	Jihozápad	61,67
SK04	Východné Slovensko	53,69	CZ04	Severozápad	55,27
PL11	Lódzkie	53,17	CZ05	Severovýchod	60,06
PL12	Mazowieckie	56,6	CZ06	Jihovýchod	61,95
PL21	Malopolskie	56,04	CZ07	Střední Morava	59,97
PL22	Śląskie	52,26	CZ08	Moravskoslezsko	56,85
PL31	Lubelskie	56,21	HU10	Közép-Magyarország	58,02
PL32	Podkarpackie	56,01	HU21	Közép-Dunántúl	54,95
PL33	Świętokrzyskie	54,34	HU22	Nyugat-Dunántúl	56,53
PL34	Podlaskie	58,78	HU23	Dél-Dunántúl	51,22
PL41	Wielkopolskie	56,33	HU31	Észak-Magyarország	51,53
PL42	Zachodniopomirskie	57,12	HU32	Észak-Alföld	52,72
PL43	Lubuskie	55,09	HU33	Dél-Alföld	53,28
PL51	Dolnośląskie	55,19		Hungary	
PL52	Opolskie	52,92			
PL61	Kujawsko-pomorskie	55,5			
PL62	Warmińsko-mazurskie	55,99			
PL63	Pomorskie	58,81			
	Poland				

Table 14. ERSPI for NUTS 2 regions of the Visegrad Group

(Own elaboration based on: European Regional Social Progress Index, 2014)

The table above shows processed values of NUTS 2 region of the Visegrad Group in 2014 of European Regional Social Progress Index.

Note: The average value of ERSPI in 272 NUTS 2 regions of the European Union is **64,47**, calculated based on system mentioned in chapter 4, Methodology.

4.3 Percentage of European Regional Social Progress Index for NUTS 2 Regions of the Visegrad Group

Code	Name of the region		Code	Name of the region	
	Slovakia			Czech republic	
SK01	Bratislavský kraj	95	CZ01	Praha	100
SK02	Západné Slovensko	86	CZ02	Střední Čechy	89
SK03	Stredné Slovensko	87	CZ03	Jihozápad	95
SK04	Východné Slovensko	83	CZ04	Severozápad	86
PL11	Lódzkie	82	CZ05	Severovýchod	93
PL12	Mazowieckie	86	CZ06	Jihovýchod	95
PL21	Malopolskie	87	CZ07	Střední Morava	93
PL22	Śląskie	80	CZ08	Moravskoslezsko	88
PL31	Lubelskie	87	HU10	Közép-Magyarország	90
PL32	Podkarpackie	87	HU21	Közép-Dunántúl	85
PL33	Świętokrzyskie	84	HU22	Nyugat-Dunántúl	87
PL34	Podlaskie	90	HU23	Dél-Dunántúl	79
PL41	Wielkopolskie	87	HU31	Észak-Magyarország	80
PL42	Zachodniopomirskie	88	HU32	Észak-Alföld	82
PL43	Lubuskie	85	HU33	Dél-Alföld	82
PL51	Dolnośląskie	85		Hungary	
PL52	Opolskie	82			
PL61	Kujawsko-pomorskie	86			
PL62	Warmińsko-mazurskie	87			
PL63	Pomorskie	91			
	Poland				

Table 15 Percentage of ERSPI .

(Own elaboration based on: SPI Data and own calculations)

Note: Average value of ERSPI of NUTS 2 regions of the EU is 64,47.

The table above shows a percentage of current ERSPI value of NUTS 2 region of the Visegrad Group to the average value of ERSPI of 272 NUTS 2 regions of the EU. Values are region's percentage of average value of ERSPI of NUTS 2 regions of the EU.

4.4 Comparison of Percentage Value of ERSPI for NUTS 2 Regions of the Visegrad Group and Percentage Value of GDP per Capita in PPS for NUTS 2 Regions of the Visegrad Group

Code	Name of the region			Code	ode Name of the region		
	SLOVAKIA	77			Czech republic	84	
SK01	Bratislavský kraj	186	95	CZ01	Praha	173	100
SK02	Západné Slovensko	72	86	CZ02	Střední Čechy	77	89
SK03	Stredné Slovensko	61	87	CZ03	Jihozápad	76	95
SK04	Východné Slovensko	53	83	CZ04	Severozápad	63	86
PL11	Lódzkie	63	82	CZ05	Severovýchod	70	93
PL12	Mazowieckie	108	86	CZ06	Jihovýchod	79	95
PL21	Malopolskie	60	87	CZ07	Střední Morava	70	93
PL22	Śląskie	70	80	CZ08	Moravskoslezsko	70	88
PL31	Lubelskie	48	87	HU10	Közép-Magyarország	107	90
PL32	Podkarpackie	48	87	HU21	Közép-Dunántúl	61	85
PL33	Świętokrzyskie	49	84	HU22	Nyugat-Dunántúl	71	87
PL34	Podlaskie	49	90	HU23	Dél-Dunántúl	45	79
PL41	Wielkopolskie	73	87	HU31	Észak-Magyarország	42	80
PL42	Zachodniopomirskie	57	88	HU32	Észak-Alföld	43	82
PL43	Lubuskie	57	85	HU33	Dél-Alföld	47	82
PL51	Dolnośląskie	76	85				
PL52	Opolskie	55	82				
PL61	Kujawsko-pomorskie	55	86				
PL62	Warmińsko-	48	87				
	mazurskie						
PL63	Pomorskie	64	91				

Table 16. Comparison of the capital regions

The table above shows a comparison between percentage value of GDP and ERSPI in the NUTS 2 regions of the Visegrad Group. Outcome clearly determines that in case of regions of the capital cities of the Visegrad Group is the percentage value of SPI clearly lower than the percentage value of GDP per capita in PPS. In no other region, not a single one is recognized such a hypothecation.

Table 17. Selected regions

SK01	Bratislavský kraj	186	95	CZ01	Praha	173	100
PL12	Mazowieckie	108	86	HU10	Közép-Magyarország	107	90

⁽Own elaboration based on: SPI Data, EUROSTAT Data, own calculations)

4.5 Introduction of an Alternative Classification of NUTS 2 Regions and New Eligibility Criteria for NUTS 2 Regions of the European Union

Final adaptation of the evaluation criteria of NUTS 2 regions of the European Union to make Bratislava Self-Governing Region eligible for the European Regional Development Fund to a greater extent is one of the main objectives of thesis.

Alternative evaluation of NUTS 2 regions will not be based on GDP per capita in PPS as an indicator. New indicator will be set to determine the success of NUTS 2 regions, the European Regional Social Progress Imperative. The basic classification of regions of the European Union based on NUTS system will remain the same as well as co-financing rate. ERSPI as an eligibility indicator will evaluate the NUTS 2 regions based on the same methodology, as described in the chapter 2. However, percentage performance of particular regions will be redefined as follows:

Table 18. Alternative eligibility system for NUTS 2 regions of the European Union

Region	SPI indicator	Co-funding rate	
Less-developed regions	85% of EU average and less	85%	
Transition regions	100% of EU average and less	60%	
More developed regions	Higher than EU average	50%	

European Structural Funds, namely European Regional Development Fund and European Social Fund will be funded according to the new, alternative rules.

4.6 Demarcation of problematic areas of NUTS 2 Capital Regions of the Visegrad Group

Region, component	Score	Region, component	Score
Bratislava Region	61	Praha	64
Shelter	55	Shelter	63
Health & Wellness	61		
Ecosystem Sustainability	40	Ecosystem Sustainability	26
Personal Rights	27	Personal rights	34
Tolerance & Inclusion	59	Tolerance & Inclusion	62
Mazowieckie	57	Közép-Magyarország	58
Shelter	43	Shelter	58
Heath & Wellness	55	Heath & Wellness	50
Ecosystem Sustainability	33	Ecosystem Sustainability	30
Personal Rights	32	Personal Rights	40
		Tolerance & Inclusion	57
		Access to Advance	52
		Education	

Table 19. Demarcation of problematic areas of NUTS 2 capital regions of the Visegrad Group

(Own elaboration based on: European Regional Social Progress Index)

Common problematic areas of the regions of capital cities of the Visegrad Group, so called "components" according to the Social Progress Index Methodology are:

- Shelter
- Health & Wellness
- Ecosystem Sustainability
- Personal Rights
- Tolerance and Inclusion

Mentioned five components scored on the European Regional Social Progress Index evaluation lower than is the average of capital regions.

4.7 European Regional Development Fund Funding of Bratislava Region

				-	_	
	Priority axis	Fund	ERDF	Co-	Rate	Total
				financing		funding
1	Safe and green	ERDF	21 000 000	21 000 000	50%	42 000 000
	transport in regions					
2	Easier access to	ERDF	32 566 725	32 566 726	50%	65 133 451
	effective and higher					
	quality public					
	services					
3	Mobilization of	ERDF	20 000 000	20 000 000	50%	40 000 000
	regions' creative					
	potential					
4	Improvement of the	ERDF	9 961 782	9 961 782	50%	19 923 564
	quality of life in					
	regions with					
	emphasis on					
	environment					
5	Local development of	ERDF	1 000 000	666 667	60%	1 666 667
	community					
6	Technical help	ERDF	2 139 000	2 139 000	50%	4 278 000
	Total		86 667 507	85 357 001	50,10%	173 001 682
5 6	Local development of community Technical help Total	ERDF ERDF	1 000 000 2 139 000 86 667 507	666 667 2 139 000 85 357 001	60% 50% 50,10%	1 666 667 4 278 000 173 001 682

Table 20. European Regional Development Fund for Bratislava Region for the programming period 2014-2020

(Own elaboration based on: Integrated Regional Operational Program 2014-2020)

Conducted research enabled the author to data of European Regional Development Fund funding for Bratislava Region in programming period 2014-2020.

Alternative European Regional Development Fund funding for Bratislava Region in programming period 2014-2020

Based on alternative evaluation of NUTS 2 regions, will the Bratislava Region be among so called "transition regions" with co-financing rate of 60%. Based on Eurostat data, transition regions get from ERDF double as much funding as more developed regions, and that without taking into account the co-financing rate. To be as much realistic, correct and fair as possible, for next alternative redistribution of ERDF for programming period 2014-2020 will be used an alternative financing rate of 60% and with an increase of ERDF finance in a minimum value of 25% for each priority axes.

	Priority axis	Fund	ERDF	Co-	Rate	Total
				financing		funding
1	Safe and green	ERDF			60%	
	transport in regions		26 250 000	17 500 000		43 750 000
2	Easier access to	ERDF			60%	
	effective and higher					
	quality public services		40 708 406	27 138 937		67 847 343
3	Mobilization of	ERDF			60%	
	regions' creative					
	potential		25 000 000	16 666 667		41 666 667
4	Improvement of the	ERDF			60%	
	quality of life in					
	regions with emphasis					
	on environment		12 452 228	8 301 485		20 753 713
5	Local development of	ERDF			60%	
	community		1 250 000	833 333		2 083 333
6	Technical help	ERDF	2 673 750	1 782 500	60%	4 456 250
	Total		108 334 383	72 222 923	60%	180 557 306

 Table 21. Alternative allocation of ERDF for Bratislava Region for the programming period 2014-2020

(Own elaboration based on: Own findings and own calculations)

 Table 22. Substantial differences in ERDF funding for Bratislava Region for the programming period 2014-2020

 based on new eligibility criteria

	Current evaluation	Alternative evaluation		
ERDF	86 667 507	108 334 383		
Co-financing	85 357 001	72 222 923		
Total funding	173 001 682	180 557 306		

(Own elaboration based on: Own findings and own calculations)

The table above shows differences between possible funding from the European Regional Development Fund and current situation. It is observed a significant increase in the ERDF contribution and in the total available funding. At the same time, the amount of money compulsory paid by Slovak ministries, has fall down.

5 DISCUSSION OF RESULTS

Chapter discussion of the results consists of data evaluation and interpretation with an emphasis on hypothesis and possible solutions. Conclusions, applicability and usefulness of each part is clearly described. Author supports all three original hypothesis and proves them as follows.

The discussion of results is provided in two steps:

- 1. Revision of the literature review and resources used
- 2. Evaluation and interpretation of findings and results

Revision of the literature

To achieve the required result, research of literature, books, web pages the EU, Eurostat, Social Progress Imperative was conducted and all sources were listed in the Reference section. This research led to a more detailed in-depth problem definition. The review of the problem enabled selection of a proper and correct alternative to evaluate the necessary information.

Evaluation and interpretation of results

Evaluation and interpretation of results is presented with respect to the main research question, subquestions and with an emphasis on the mentioned hypotheses and possible solutions. Confirmation or refutation of given hypothesis will be given with argumentation together with inferences, consequences and validity of all conclusions and results. At the end of the chapter the applicability of the conducted research and its results will be presented.

After explicit interpretation of the current situation of NUTS 2 regions according to the gross domestic product per capita in purchasing power standard and to European Regional Social Progress Imperative, the following comparisons and calculations have been conducted.

5.1 Alternative Classification and New Eligibility Criteria for NUTS 2 Regions of the European Union

Solution No. 1

Introduction of new, alternative evaluation of NUTS 2 regions of the European Union based on the European Regional Social Progress Index based on innovative principles with the assumption of extended access of Bratislava Region to European Structural Funds.

Solution No. 1 mentioned in the introduction was successfully introduced in the results. GDP per capita in PPS was not proven as reliable and reflecting the true reality in the regions of the European Union, the Visegrad Group regions in particular. This has resulted in the introduction of an alternative index for regions evaluation, the European Regional Social Progress Index.

The author does not sympathize with the evaluation system, particularly with its division of NUTS 2 regions of the EU into "less developed region", "transition regions" and "more developed regions" according to percentage of gross domestic product per capita in purchasing power standard in values of 75% and 90%. More developed regions should be characterized by overcoming the average of the European Union and not by overcoming a value of 90%. The author does not share an understanding with the current percentage division, whether under gross domestic product or ERSPI.

The mentioned facts and significant differences in regions evaluation escalated into new regions' evaluation. Regions will be classified as "less developed regions" having an ERSPI score less than 85% of the average value of ERSPI in the European Union and will be associated with a co-funding rate 85%. Regions will be classified as "transition regions" in case of having an ERSPI score of less than the average value of ERSPI in the European Union and will be associated with a co-funding rate 60%.

Regions will be classified as "more developed regions" in case of scoring higher than average value of ERSPI in the European Union while associated with a co-funding rate 50%.

To conclude, the NUTS 2 regions of capital cities in the Visegrad Group will be classified as "transition regions" instead of "more developed regions" and thereby be more eligible for European Structural Funds, with an emphasis on Bratislava Region, mentioned later.

The new alternative classification of NUTS 2 regions of the European Union is not applicable only for Bratislava Region or regions of capital cities of Visegrad Group, but for all regions of the European Union to newly assess their performance and prove the inadequacy of GDP as an indicator.

5.2 Differences in Values of ERSPI and GDP of the Visegrad Group

Hypothesis No. 2

Regions of capital cities of the Visegrad group will record a significant decline in NUTS 2 regions evaluation according to the European Regional Social Progress Index.

Conducted research confirmed H2. As demonstrated in the results, the hypothesis was not only confirmed but confirmed only for the regions of capital cities in the Visegrad Group in comparison with other V4 regions, which strongly confirms author's vision and idea.

Out of 33 NUTS 2 regions of the Visegrad Group 29 have reported an increase in ERSPI value to the average of the European Union towards GDP per capita. All 29 regions are not regions of capital cities of the Visegrad Group. Only 4 regions out of 33 investigated regions reported a decrease in ERSPI value to average of the European towards GDP per capita. These regions are namely Bratislavský región from Slovak Republic, Praha from Czech Republic, Mazowiecke from Poland and Közép-Magyarország from Hungary. Previous 4 regions are regions of capital cities of the Visegrad Group, H2 is confirmed.

To conclude, hypothesis No. 2 has been confirmed. Main consequences are the following. Found facts resulted in confirmation of non-applicability of GDP per capita as an indicator, and for the regions of capital cities in particular. Results led to introduction of a new system of classification and eligibility criteria for the aforementioned NUTS 2 regions of the EU.

Applicability and the results of research led to following definition of common problematic areas exactly for the 4 regions of capital cities, since they had the same results.

5.3 Possible Improvement of Underdeveloped Areas in the Regions of Capital Cities of the Visegrad Group

Hypothesis No. 3

Regions of capital cities of the Visegrad group are characterized by the same underdeveloped areas according to the European Regional Social Progress Index.

Hypothesis No. 3 was also confirmed. Based on the demarcation of problematic areas and "the components" for four regions of capital cities of the Visegrad Group extracted from the data of European Regional Social Progress Imperative, 5 common problematic areas were set aside, namely shelter, health & wellness, ecosystem sustainability, personal rights, tolerance and inclusion. Out of mentioned 5, 3 areas were identical in all 4 regions of capital cities of the V4.

Solution No. 2

In case of same characteristics in regions of capital cities of the Visegrad Group together along with identical underdeveloped areas, an introduction of possible regional cooperation among mentioned regions.

As mentioned above, hypothesis was confirmed, which gave an opportunity to introduce possible improvements for underdeveloped areas. Taking into consideration subquestion No. 4, the process of alternative evaluation of NUTS 2 regions indirectly shows the relation between regions of capital cities by means of ERSPI evaluation. Moreover, problematic areas within the regions of capital cities are the same. Facts suggest a stronger and more linked cooperation among the regions of capital cities in the V4.

Supported and more connected cooperation among these regions in problematic areas could improve the regions on 2 levels:

- 1. National level Enhancement of cooperation between regions for the establishment of new systems of cooperation in the problematic areas.
- 2. EU level Put pressure on the European Commission, be more active in lobbying at the EU level during the whole process of following programming period development.

Note: Concrete recommendation will be given in the chapter "Recommendations"

Introduction of the "Visegrad Fund for the Regions of Capital Cities" as a new and necessary fund financed from the national budget. It should be introduced in year 2018, before the next programming period 2020-2026 (2020-2030 in case of the decade system) because of the possibility of no introduction of the ERSPI evaluation system. This fund will finance all underdeveloped areas whether affected by the lack of EU funding or by lack of national investment in Bratislavský region, Praha, Mazowieckie and Közép-Magyarország regions.

5.4 Alternative Allocation of ERDF Finance in the Bratislava Region

Hypothesis No. 1

Alternative evaluation of NUTS 2 regions of the European Union based on the European Regional Social Progress Index will entitle the Bratislava Region to reach a higher level share of the European Regional Development Fund.

Hypothesis No. 1 is confirmed. Based on alternative evaluation of NUTS 2 regions of the European Union mentioned before, an alternative evaluation of ERDF funding for Bratislava Region was elaborated for the programming period 2014-2020. Same co-financing rate system but different classification of Bratislava Region as "transition regions" and suggested 25% increase in the amount of ERDF finance, the amount of available finances for Bratislava Region has dramatically raised.

The available funding from the European Regional Development Fund increased from 86 667 507 EUR to 108 334 383 EUR, which represents significant rise. The amount of co-financing decreased from 85 357 001 EUR to 72 222 923 EUR and the total available funding increased from 173 001 682 EUR to 180 557 306 EUR. The results of the total available funding were not outstanding, but according to the significant decrease of co-financing amount, financing is more advantageous and beneficial for Bratislava Region. To conclude, the amount of money Bratislava Region would obtain from the ERDF would be 7 555 624 EUR higher.

Based on the performed calculations, Bratislava Region is aware of the real and tangible added value of the alternative system of classification of eligibility criteria of NUTS 2 regions. Results of alternative allocation are measurable and applicable for Bratislava Region.

5.5 Suggested Improvement of Underdeveloped Areas in the Bratislava Region

Underdeveloped areas in the Bratislava Region according to the ERSPI (61)

- Shelter (55)
- Health & Wellness (61)
- Ecosystem Sustainability (40)
- Personal Rights (27)
- Tolerance and Inclusion (59)

Priority axes of ERDF for possible improvement of underdeveloped areas in the Bratislava Region

- Local development of community (*Shelter*)
- Improvement of the quality of life in the regions with emphasis on environment (*Ecosystem sustainability*)

Note: Underdeveloped areas such as *Health & Wellness, Personal Rights, Tolerance and Inclusion* and their finance allocation are dealt with at the national level. Mentioned areas are not solved in the Integrated Regional Operational Program 2014-2020. The idea is to focus all additional finance from European Regional Development Fund which can be solved at the regional level to the underdeveloped areas. European Social Fund, Cohesion Funds and European Regional Development Fund at the national level can deal with the other 3 underdeveloped areas. Concentration of ERDF finance in case of ERSPI underdeveloped areas is clearly focused.

For the underdeveloped areas "Shelter" and "Health & Wellness" there will be an allocation of finance from the European Regional Development Fund in an amount of 7 555 624 EUR for further development of these problematic areas.

The implication and consequences of proposed decision will be the improvement of the underdeveloped areas "Shelter" and "Ecosystem sustainability" in Bratislava Region.

6 CONSLUSIONS

Justification of the research problem and repetition of the main research question and subquestions along with the answers are provided. Contribution of the thesis and practical information are given.

6.1 Achievement of the Thesis

After the description and demarcation of the main research problem, which was current but not relevant evaluation of NUTS 2 region of the European Union, the major achievement of the given bachelor thesis was to introduce new, alternative evaluation of NUTS 2 regions of the European Union based not on gross domestic product per capita in purchasing power standard but on European Regional Social Progress Index to extended the access of Bratislava Region to European Structural Funds, European Regional Development Fund in particular.

Introduction of a new method, evaluation of given regions and recalculation of the Bratislava Region ERDF funding are matters, which can be measured statistically and mathematically. Possible cooperation between regions of capital cities and possible improvements of underdeveloped areas introduced the theoretical basis for the described problem and they could form the core principle for future solutions of similar problems. The desired objective of the thesis was successfully achieved.

6.2 Answering the Main Research Question and Subquestions of the Thesis Main research question

How to adapt the evaluation criteria of NUTS 2 regions of the European Union to make the Bratislava Region eligible for the European Regional Development Fund to a greater extent?

The evaluation criteria of NUTS 2 regions of the European Union were adapted to make Bratislava Region eligible for the ERDF by changing the current indicator GDP per capita in purchasing power standard and substituting it with European Regional Social Progress Indicator. After the introduction of new eligibility criteria based upon ERSPI with different requirements on NUTS 2 regions division, Bratislava Region was classified as "transition region" with more eligibility for funding from European Structural Funds, ERDF in particular. Stated results are based on own calculations and findings.

Sub-questions

Subquestion No. 1

How will the allocation of the European Regional Development Fund change for the Bratislava Region based on the new evaluation criteria?

The allocation of European Regional Development Fund in Bratislava region will increase from 86 667 507 EUR up to 108 334 383 with a given result of 7 555 624 EUR for Bratislava Region. Tangible, realistic and measurable results can be further used for Bratislava Region argumentation in favor of ERSPI system of evaluation introduction.

Subquestion No. 2

How could alternative allocation of the European Regional Development Fund for the Bratislava Region improve underdeveloped areas?

Alternative allocation of the European Regional Development Fund will bring Bratislava Region 7 555 624 EUR. This amount can be used for the underdeveloped areas with competency of Integrated Regional Operational Program. Particular underdeveloped areas available for additional ERDF finance are "Shelter" and "Ecosystem and Sustainability" under priority axes of "Local development of community" and "Improvement of the quality of life in the regions with emphasis on environment".

Subquestion No. 3

How could alternative evaluation criteria based on the European Regional Social Progress Index affect regions of capital cities of the Visegrad Group?

The answer to the subquestion No. 3 hypothesis No. 2. Out of the 33 studied NUTS 2 regions of the Visegrad Group, only 4 regions reported a decrease in ERSPI value to the average of the European Union towards GDP evaluation. These four regions were the regions of capital cities of the Visegrad Group. To answer the question, alternative evaluation based on ERSPI significantly changed the evaluation of NUTS 2, in regions of capital cities of the Visegrad Group the most, which were the only ones with observed decline. To conclude, GDP indicator disadvantages above all the regions of capital cities when taking V4 into consideration.

Subquestion No. 4

How could alternative evaluation of NUTS 2 regions of the European Union initiate an improvement of underdeveloped areas in regions of capital cities of the Visegrad Group?

The demonstration of a stronger and closer cooperation among the regions of capital cities of the Visegrad Group is the idea of improvement of mentioned underdeveloped areas. This cooperation can be boosted at the national level in the form of the enhancement the collaboration and teamwork and at the EU level in the form of lobbying during the whole process of adjusting laws and next programming period ESF finance.

Based on alternative evaluation, the capital regions have access to information that they are all very similar in way of ERSPI evaluation and in underdeveloped areas derived from ERSPI as well. An introduction of the "Visegrad Fund for the Regions of Capital Cities" is a strict move. This fund will subsidize all underdeveloped areas whether affected by the lack of EU funding or by national underinvestment in Bratislavský region, Praha, Mazowieckie and Közép-Magyarország regions.

6.3 Contribution of the Thesis to the Main Research Problem

Consideration of gross domestic product per capita in purchasing power standard as not reliable and not sufficient indicator for regions progress as the main research problem has led to the introduction of European Regional Social Progress Indicator as an alternative. After the introduction of a new eligibility criteria and new Visegrad Group capital regions' evaluation, the alternative evaluation of European Regional Development Funding for Bratislava Region together with demarcation of underdeveloped areas for capital regions and opportunities for their development was reached.

The contribution consists of the facilitation of Bratislava Region and regions of the capital cities of the Visegrad Group argumentation in favor of ERSPI evaluation of NUTS 2 region of the European Union. Demarcation of underdeveloped areas will stimulate the region of capital cities to mutual cooperation and collaboration.

At the same time it has been shown that GDP does not evaluate the regions according to their welfare, social inequalities and environmental problems. The bachelor thesis has contributed to a number of publications dealing with the same problem, but with different approach and target group.

The tangible implication of the thesis is possible presentation of the alternative system of NUTS 2 regions evaluation to the European Commission.

7 RECCOMENDATIONS

Four realistic, relevant and concrete recommendations addressed to the specific target group based on research findings of the bachelor thesis are introduced.

Recommendation No. 1

The first recommendation is addressed to the European Commission and recommends adaptation of an alternative system of evaluation and eligibility criteria of NUTS 2 regions of the European Union to European Structural Funds based on European Regional Social Progress Index for discussion, negotiation and possible potential improvements.

Recommendation No. 2

The second recommendation is addressed to the regions of the capital cities of the Visegrad Group namely Bratislavský region, Praha, Mazowieckie and Közép-Magyarország to work closer together so as to create pressure and joint lobbying activity towards European Commission in order to adopt the alternative system of evaluation and eligibility criteria of NUTS 2 regions of the European Union.

Recommendation No. 3

The third recommendation is addressed to the regions of capital cities of the Visegrad Group, as well. It is to introduce the *Visegrad Fund for the Regions of Capital Cities* for funding underdeveloped areas in the four capital regions.

Recommendation No.4

Recommendation No. 4 is intended for Bratislava Region. It is to concentrate a larger amount of money for underdeveloped areas according to the European Regional Social Progress Index namely for Shelter, Health & Wellness, Ecosystem Sustainability, Personal Rights, Tolerance and Inclusion from the European Regional Development Fund and European Social Fund.

8 LIST OF SOURCES

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