

Introduction

- EaP countries` decentralization experience: central authority is the challenge. EP report on AA and related reforms implementation with decentralization chapters on Ukraine, Moldova and Georgia
<http://www.europarl.europa.eu/cmsdata/133501/The%20state%20of%20the%20implementation%20of%20the%20associations%20and%20free%20trade%20agreements%20with%20Ukraine,%20Georgia%20and%20Moldova.pdf>
Carnegie`s first regional report from Ukraine – Bessarabia
<https://carnegieeurope.eu/2018/05/24/bessarabia-s-hopes-and-fears-on-ukraine-s-edge-pub-76445>
- East-West divide: shows similar transformation challenges in Central and Eastern Europe
- Polarization: moreover, there is an East-West divide within countries of CEE and not only (Brexit, Trump) what suggests that these challenges are not isolated and the West is not immune from these either.

Urban-Rural Divide exists everywhere in CEE:

- Differences between regions having no jobs and lack of labor (for example Nitra and Banska Stiavnica), labor migration is still low, mostly due to low level of wages.
- Infrastructure development is one of key factors, human resources development is another
- Quality human resources migrate toward urban centers and toward West.

Civil Society: Legitimacy Gap

- Value gap/difference between urban and rural population – what central government in Hungary (actually ruling party) manages to exploit
- NGOs are urban based overwhelmingly – NGOization of civil society - “we wanted to have civil society but what we got is NGOs”
- Civil society, professionalization, only a limited number of NGOs has administrative capacity to process complex EU bids,
- Salary gap between top NGOs and population, donor-driven approach, they go where they know donors' interest and therefore funding is. This does not add to their credibility and domestic legitimacy.

Governance Matters (differences between Slovakia and Hungary)

- Stronger central government in government in Hungary – due to different electoral system and a ruling party managed to build a monopolistic political force on the conservative side
- Visible civil society is urban connected – promotes minority related issues and values
- Conservative majority is less organized – but actively engaged into “alternative” circles. In Hungary it got boosted with ruling party managed NGOs, media. In Slovakia, it is largely remain in social networks as well as at some of the radical parties. The latter gets more and more popular though and next elections will likely to bring those into the government.
- Hungary – ambition to reform the EU, Slovakia – being in the core. Question is how much this will change at next elections (how much the foreign policy oriented elites will be able to “influence” the populist parties).

Impact of Decentralization

- In Slovakia regional institutions gained little trust/credibility – despite actual mandates – as these are less relevant than central level as well as the local governments. Appeals and lobbying for state donations and EU funds is central for local policymaking though.
- In Hungary the government effort is centralization – mostly due to debt level of local and regional governments – but also “extreme” decentralization effort (Budapest has 23 local governments and a mayor is essentially a federal “judge”).
- Comfort zones for corruption, enormous coordination effort to make bigger projects between state, region and local governments

EU Funds

- EU projects have become sources of political power (see about this Imre Kovach’s interview https://index.hu/tudomany/2018/03/26/az_orban-rendszer_mukodese_kovach_imre_interju/), such a political power was unheard of previously in a democratic system w/o the necessary accountability (that is not OLAF, but local civil society and politics as watchdog). In Hungary, Fidesz rural support is for the emergence of state what role has been relegated (deregulation and decentralization) while Orban has used this new power for building clientele (but also to invest into infrastructure). Fidesz does not build a national bourgeoisie as it states but a political clientele

Agricultural/Rural Support

- Big land owners versus small farmers (in Slovakia as it was found out after Kuciak murder in the case of East Slovakia – PM Fico to EP delegation: there is nothing in the East).
- On ecological Armageddon <https://dennikn.sk/blog/1080986/dotacie-agromafia-a-ekologicky-armagedon-v-polnohospodarstve-ako-to-vsetko-spolu-suvisi/>

Emerging Neo-Feudalism

- Neo-feudalism is the result where citizen needs to adapt to the current system of elite interests driven politics and state institutions.
- Urban protests can mobilize society: in Slovakia this is the case *Za slusne (fair) Slovensko* after the Kuciak murder, in Hungary large protests were connected to consumer interests (internet tax for example in 2012). It can influence from outside, via media – and NGOs and media are becoming the new activists – mobilizing society while politicizing these institutions and losing credibility with a large segment of a more conservative society

Bottom Line:

- Role of state/central level still key
- But: the state is currently on the side of the big owners
- Better utilization of EU funds, state support toward rural areas particularly focusing on human resources infrastructure/development. Missing stronger watchdog role of civil society regarding country-side and poorer regions in the East.
- Decentralize with care – those effort should fit with actual social, economic and political criteria + civil society capacity. Creating a better balance in order to balance interests should be the main objective.