



Socio-economic analysis of Sokolov East

**Background paper for START analysis
of local development and employment
creation opportunities for the Sokolov
East microregion**

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Disclaimer

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Introduction

Within the scope of its support to the Karlovy Vary region, START has been requested to provide assistance and advice to explore employment creation challenges and possibilities within the Sokolov-East microregion, in the short and longer-term. This support should contribute to the formulation, by the Sokolov-East microregion, of a strategy and action plan(s) for economic development and diversification. The focus on employment creation possibilities is an acknowledgement of the acute unemployment situation within the micro-region due to the disappearance of jobs in lignite mining and the power and heat generation sectors and accompanying supply chain. In addition, the negative situation faced by the micro-region has been exacerbated by the Covid-19 pandemic and the accompanying slow-down in economic activities – notably in the tourism / spa sector – and restrictions on cross border commuting.

This background report, based on a data review and interviews with key local stakeholders, aims to describe the socio-economic situation of the Sokolov-East microregion and the challenges that it faces. It documents information relating to the demographic situation of the microregion, its infrastructure and its employment situation, including levels of

entrepreneurship. It then documents the main social and educational challenges for the region, which include high levels of unemployment and low educational attainment levels. The report also considers capacity and support needs for local development. A SWOT analysis builds on this information, summarising the microregion's key strengths, weaknesses, opportunities, and threats.

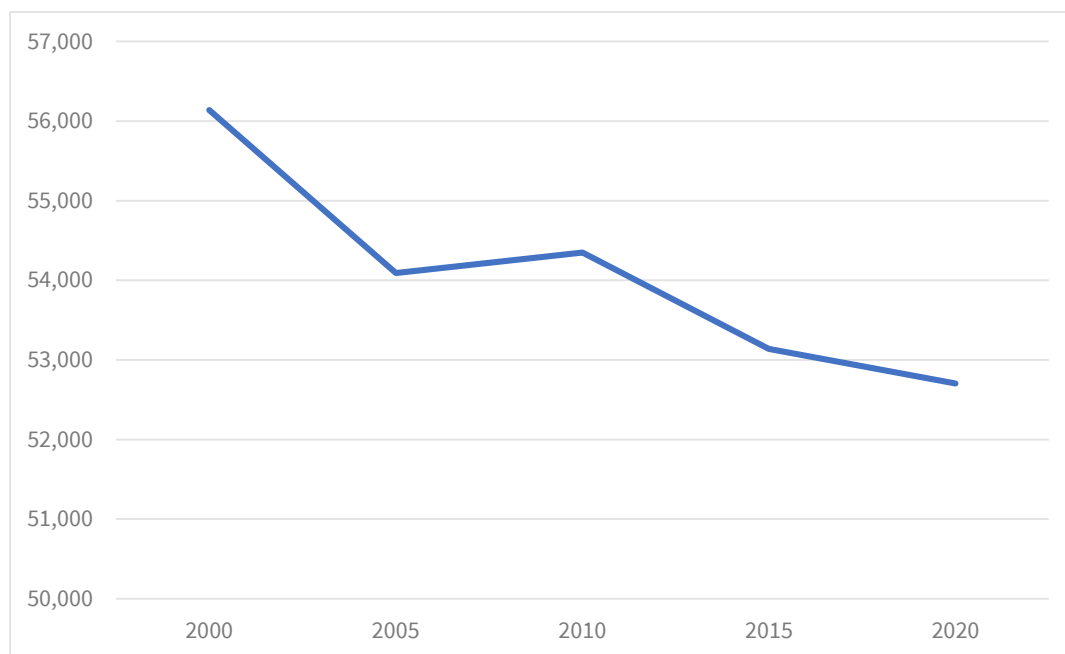
Features of the socio-economic context of the microregion

This section of the report examines the socio-economic context of the microregion of Sokolov East, looking at the demographic situation, transport infrastructure, and levels of entrepreneurship.

Demographic situation

The microregion of Sokolov East brings together five towns and nine villages (as indicated in Table 1), coming mostly from the Sokolov subregion, but with three villages belong to the Karlovy Vary subregion. As shown

Figure 1: Population of Sokolov East, 2000-2020 (permanent resident population at end of year)



Source: ČSÚ data, retrieved in June 2021

Table 1: Population developments in Sokolov East, 2000-2020 (population by permanent residence at end of year)

	2000	Change 2000 to 2005	2005	Change 2005 to 2010	2010	Change 2010 to 2015	2015	Change 2010 to 2015	2020	Change 2000 to 2020
Sokolov	25,565	-986 (-3.9%)	24,579	-177 (-0.7%)	24,402	-724 (-3.0%)	23,678	-754 (-3.2%)	22,924	-2,641 (-10.3%)
Chodov	15,169	-736 (-4.9%)	14,433	-299 (-2.1%)	14,134	-318 (-2.2%)	13,816	-727 (-5.3%)	13,089	-2,080 (-13.7%)
Loket	3,227	-34 (-1.1%)	3,193	-1 (0.0%)	3,192	-110 (-3.4%)	3,082	-3 (-0.1%)	3,079	-148 (-4.6%)
Březová	2,779	-21 (-0.8%)	2,758	-12 (-0.4%)	2,746	-19 (-0.7%)	2,727	-67 (-2.5%)	2,660	-119 (-4.3%)
Nové Sedlo	2,593	105 (4.0%)	2,698	16 (0.6%)	2,714	-149 (-5.5%)	2,565	47 (1.8%)	2,612	19 (0.7%)
Lomnice	1,088	65 (6.0%)	1,153	54 (4.7%)	1,207	80 (6.6%)	1,287	71 (5.5%)	1,358	270 (24.8%)
Dolní Rychnov	1,227	162 (13.2%)	1,389	78 (5.6%)	1,467	-102 (-7.0%)	1,365	-49 (-3.6%)	1,316	89 (7.3%)
Vintřov	1,062	104 (9.8%)	1,166	-2 (-0.2%)	1,164	-29 (-2.5%)	1,135	61 (5.4%)	1,196	134 (12.6%)
Staré Sedlo	704	71 (10.1%)	775	34 (4.4%)	809	29 (3.6%)	838	-6 (-0.7%)	832	128 (18.2%)
Královské Poříčí	696	84 (12.1%)	780	82 (10.5%)	862	-51 (-5.9%)	811	-34 (-4.2%)	777	81 (11.6%)
Šabina	292	-20 (-6.8%)	272	41 (15.1%)	313	-15 (-4.8%)	298	30 (10.1%)	328	36 (12.3%)
Sokolov subregion										
Jenišov	338	124 (36.7%)	462	361 (78.1%)	823	135 (16.4%)	958	99 (10.3%)	1,057	719 (212.7%)
Hory	191	6 (3.1%)	197	25 (12.7%)	222	30 (13.5%)	252	86 (34.1%)	338	147 (77.0%)
Mírová	208	17 (8.2%)	225	67 (29.8%)	292	32 (11.0%)	324	-4 (-1.2%)	320	112 (53.8%)
KV subregion										
TOTAL	55,139	-1059 (-1.9%)	54,080	267 (0.5%)	54,347	-1211 (-2.2%)	53,136	-1250 (-2.4%)	51,886	-3,253 (-5.9%)

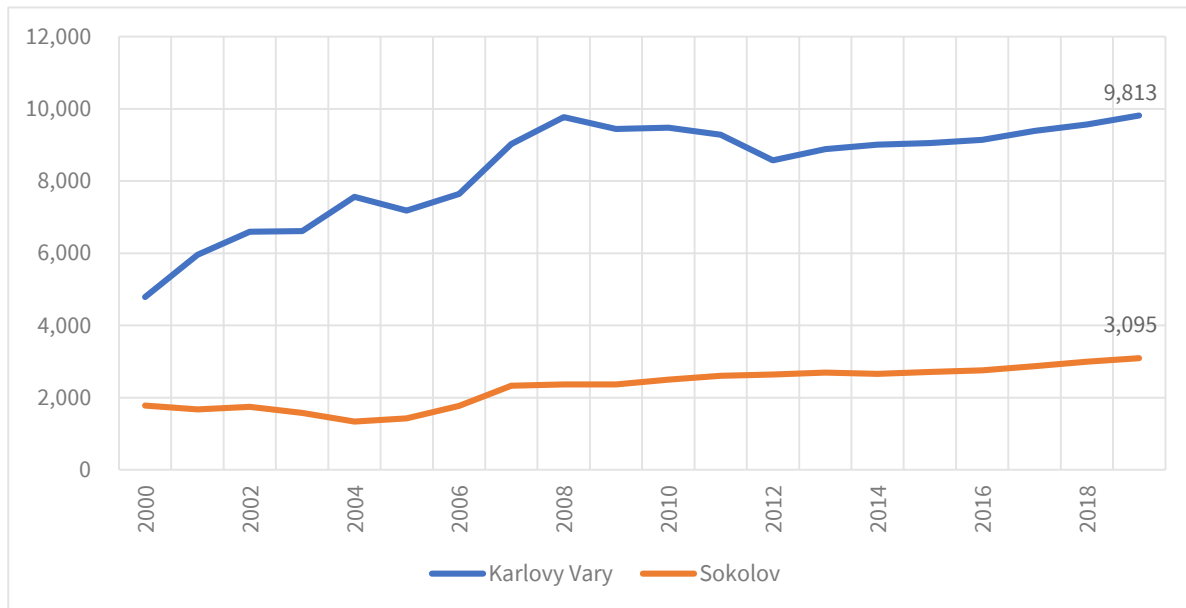
Source: ČSÚ data, retrieved in June 2021

in Figure 1 the population in the microregion is steadily declining, following the overall trend in Karlovy Vary region.

Between 2000 and 2020, the total population of the microregion fell by nearly 6% but, as shown in Table 1, this overall figure masks differences between places. The two larger towns in the microregion – Sokolov and Chodov – have both seen their population fall by over 10% in the past two decades, while secondary towns – Loket and Březová – have seen their populations fall by over 4%. This situation contrasts sharply with surrounding villages, which have typically seen strong growth in their populations, most notable the 3 villages belonging to the Karlovy Vary sub-region, especially Jenišov that has seen a threefold increase in its population.

Figure 2 shows the development of the number of foreign citizens living in the Karlovy Vary and Sokolov subregions; these data are available only on the subregional level and so cannot be matched precisely to the Sokolov East microregion. The data shows that since 2000, the number of foreign citizens has increased in both subregions. The most recent data, from 2019, show that there were almost 10,000 foreign citizens living in the KV subregion and more than 3,000 living in the Sokolov subregion.

For the Sokolov subregion, foreigners correspond to around 3.5% of the resident population, compared to 8.5% for the Karlovy Vary subregion. Available data gives a limited breakdown (for the most frequent categories) of foreigners by citizenship, as shown in Figure 3. For

Figure 2: Number of foreign citizens in the Sokolov and KV subregions, 2000-2019

Source: ČSÚ data, retrieved in June 2021

both subregions, foreigners from Vietnam are the most important category. The popularity of Karlovy Vary subregion for Russian and Ukrainian citizens is also evident from the data, while there is a more balanced picture for citizens from Germany and Slovakia, especially when adjusting for the relative size of the resident population in each subregion.

Taking a more historically perspective, the Karlovy Vary region was part of Sudetenland that was restored to Czechoslovakia after World War II, when most of the German inhabitants were expelled and the area was repopulated with Czechs who came from other parts of the country, including people from as far as the area of current east Slovakia. Many people moved into the Sokolov microregion to work in the coal mines and consequently the current population includes quite recent arrivals that lack historical ties to the region when compared to the population in other areas in Czechia.

Unemployment rate and new vacancies

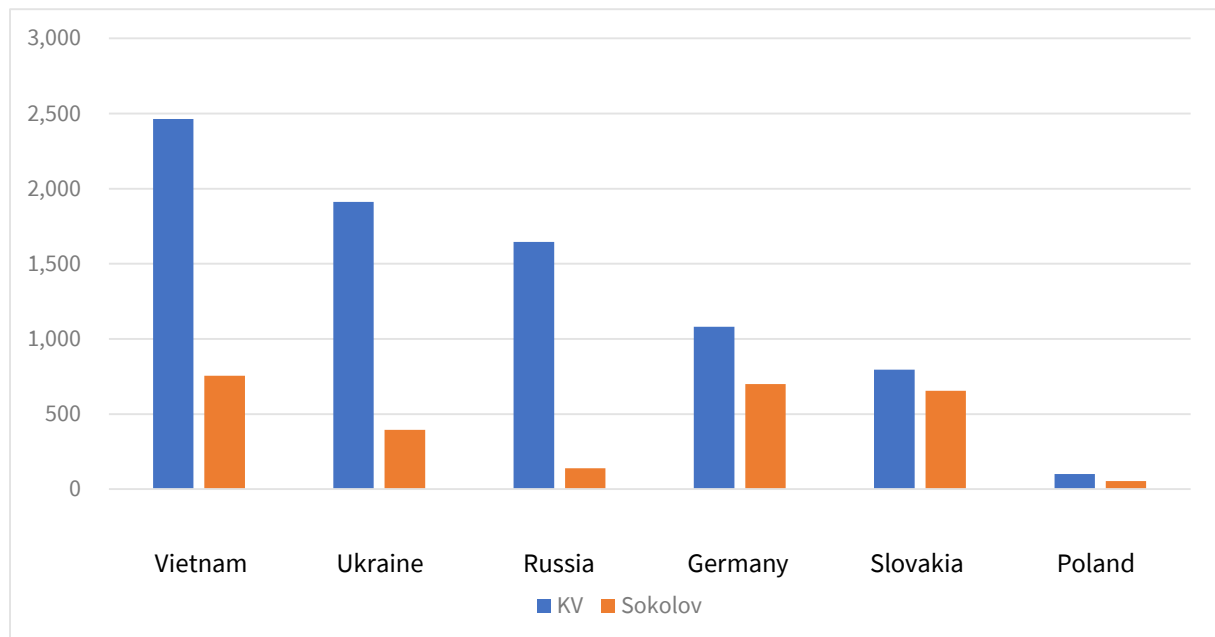
Prior to the onset of the Covid-19 pandemic, unemployment in both the Karlovy Vary region and Czechia had been on a downward trend since 2013. The general unemployment rate in the Karlovy Vary region has been quite persistently above the national average, although the gap had been narrowing and briefly, at the start of 2018, unemployment in the Karlovy Vary region fell below the national average. However, since this low

point, unemployment in the Karlovy Vary region has been on an upward trend, standing at 6.1% at the end of 2020 compared to a national average of 3.0% (see Figure 4).

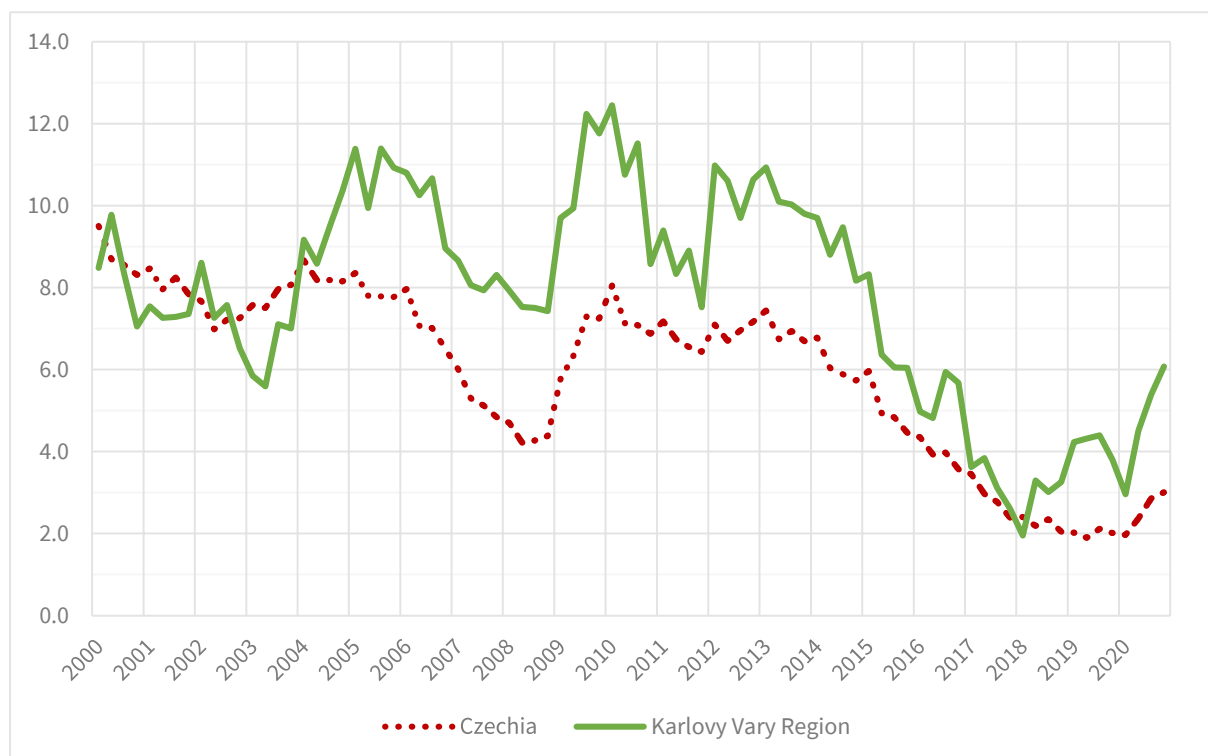
The subregion of Sokolov has one of the highest unemployment rates in Czechia; in May 2021, the unemployment rate in the Sokolov subregion was 6.5%, compared to 6.1% in the Karlovy Vary subregion and a national average rate of 3.9% (see Figure 5). Within the Sokolov East microregion, prior to 2020, unemployment rates in almost all the towns and villages in the microregion had been declining. This trend was reversed in 2020 throughout the microregion, although with important differences between locations in the region. For example, at the end of 2020, the unemployment rate in Vintířov had reached 11.4% and 9.7% in Nové Sedlo, as compared to 2.8% in Mírová and only 1.8% in Staré Sedlo (see Figure 6).

In absolute numbers, there were 3,885 registered unemployed in the Sokolov subregion at the end of May 2021, an increase of over 60% compared to the end of 2019. While for the Karly Vary subregion, the number of registered unemployed more than doubled, from 2,120 at the end on 2019 to 4,675 in May 2021. These increases in the number of unemployed appear to have been distributed across all age groups, causing relatively little change in the age distribution of unemployed persons (see Figure 7).

The number of unemployed persons can be contrasted with the evolution of recorded vacancies. Vacancy

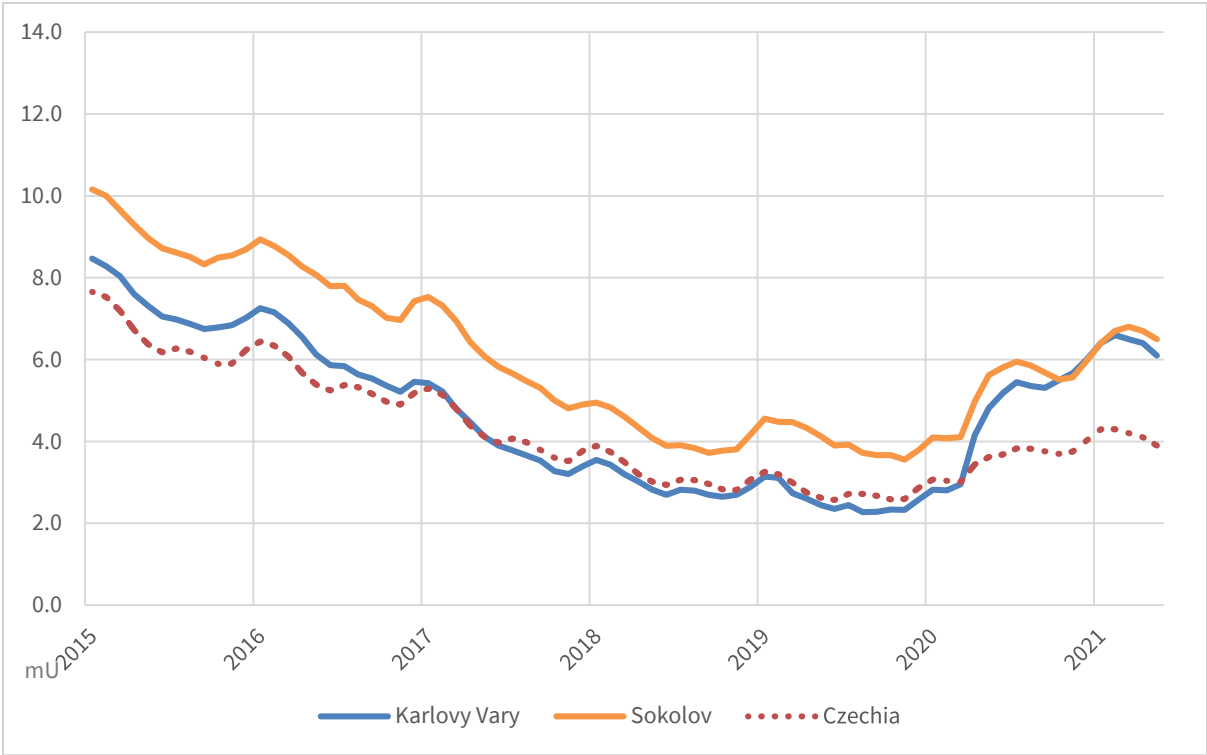
Figure 3: Foreign citizens in the Sokolov and KV subregions, by country of citizenship

Sokolov subregion, as compared to 1,900 vacancies and 4,700 unemployed persons (ratio 1:2.5).

Figure 4: General unemployment rate 2000-2020 (quarterly, %)

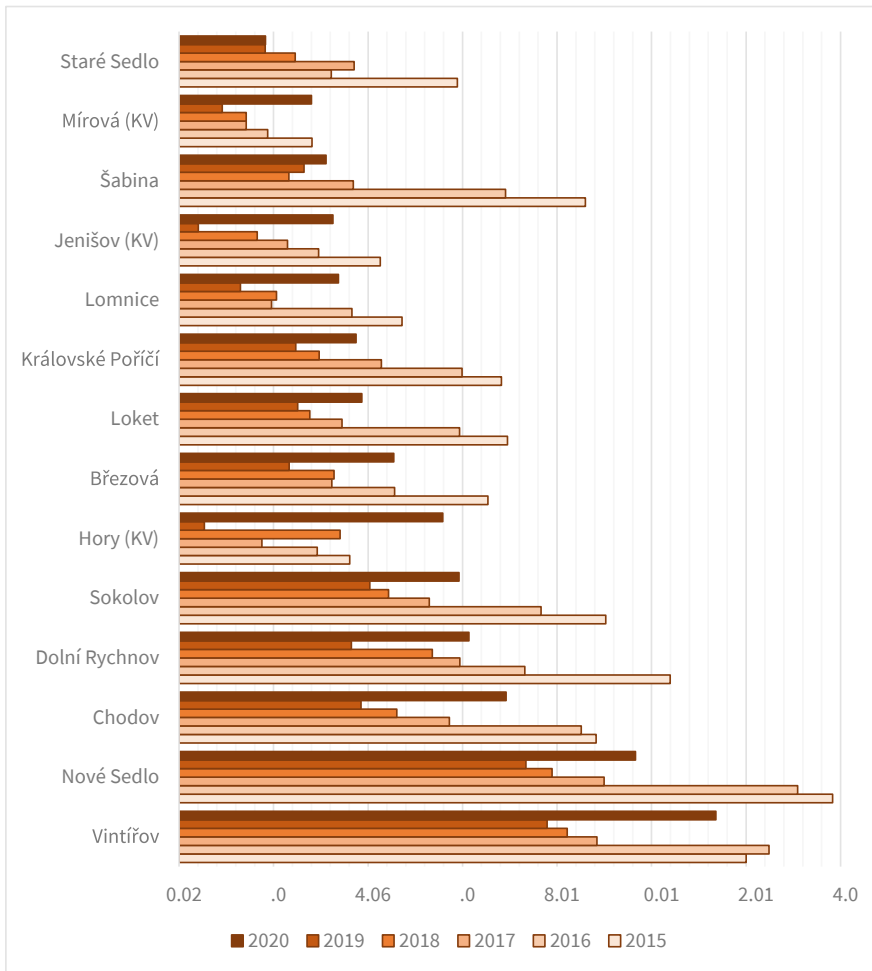
Source: ČSÚ data, retrieved in June 2021

Figure 5: General unemployment rate 2015-2021 (monthly, %)



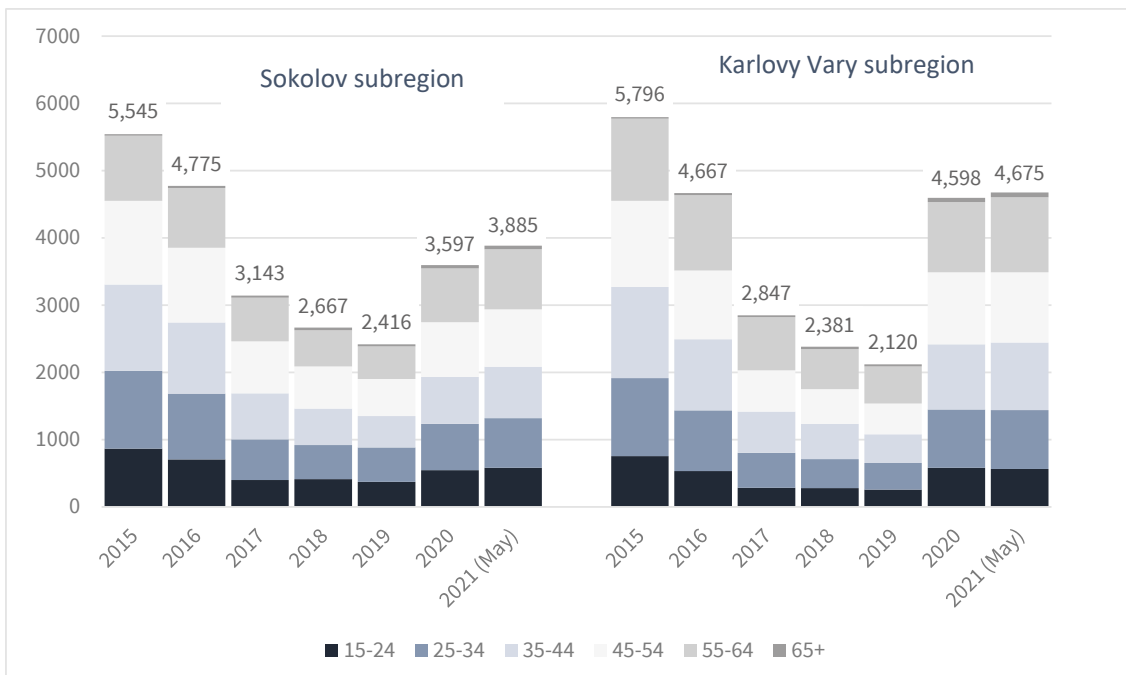
Source: Ministry of Labour and Social Affairs (MPSV) data, retrieved in June 2021

Figure 6: Unemployment rates in Sokolov East microregion, 2015-2020 (end of year, %)



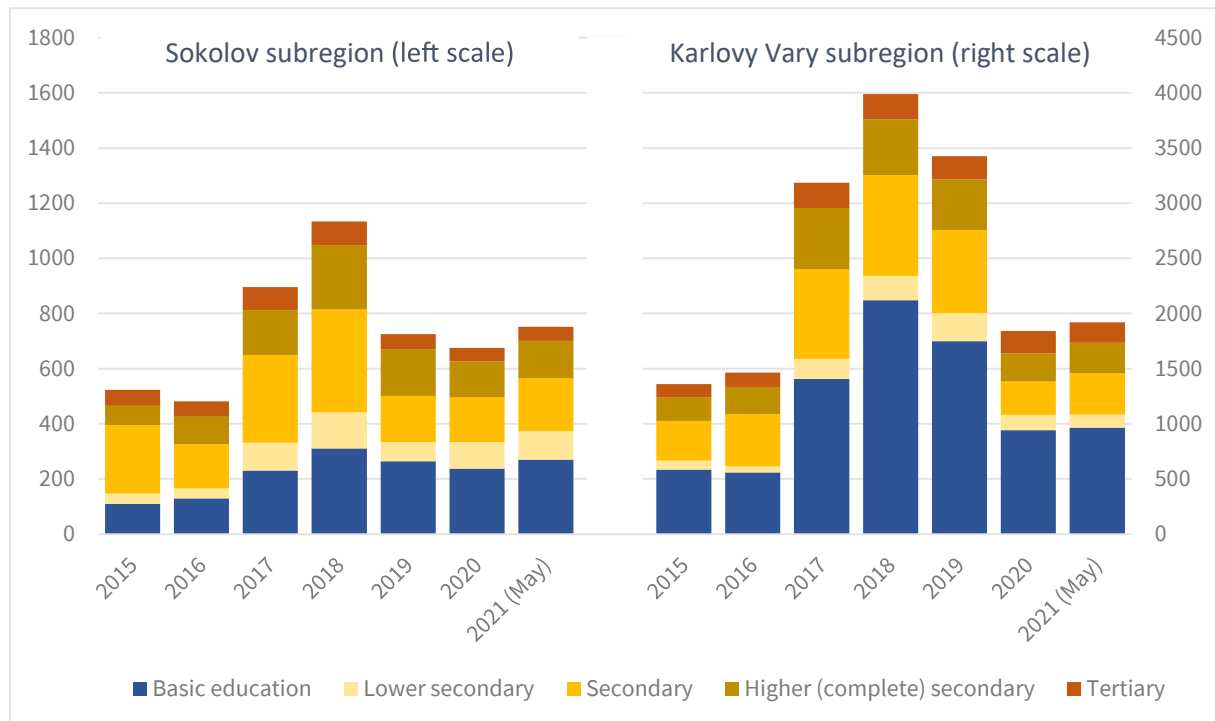
Source: Ministry of Labour and Social Affairs (MPSV) data, retrieved in June 2021

Figure 7: Number of registered unemployed by age group, 2015-2021 (end of year except 2021, %)



Source: Ministry of Labour and Social Affairs (MPSV) data, retrieved in June 2021

Figure 8: Number of vacancies by education required by the employer, 2015-2021 (end of year except 2021)



Source: Ministry of Labour and Social Affairs (MPSV) data, retrieved in June 2021

number in both Sokolov subregion and Karlovy Vary subregion have fallen since 2018, more steeply in Sokolov in 2019 and then in Karlovy Vary in 2020. In May 2021, there were approximately 750 vacancies compared to nearly 3,900 unemployed persons (ratio 1:5.2) in

Infrastructure

The local infrastructure offers adequate transport connections between towns within the microregion, including well-developed cycling paths, which interviewees consider offer great potential for tourism. However, transport connections beyond the microregion are viewed less favourably, particularly the unfinished highway between Karlovy Vary and Prague, which several interviewees have suggested creates a barrier for attracting potential investors to the microregion. Finalising the highway would greatly improve the connection between the microregion and the capital and allow more people to come to the microregion for tourism and for work.

Entrepreneurship levels

Since 2014 there has been a steady growth in the number of registered business in Czechia, reaching a total of 1,051 thousand by the start of 2021 (See Figure 9).¹ There are currently 658 registered companies in the microregion of Sokolov East. In terms of the registration of new business, the creation of new companies had been relatively steady until recent years, with a significant increase observed since 2016 (see Figure 10). Some interviewees have indicated that the microregion lacks adequate spaces and ‘incubator’ style facilities that can support new entrepreneurs and help them to develop their businesses.

As described previously in the START report on employment opportunities for the Karlovy Vary region, the region has secured a collaboration with the BMW Group, one of the largest German auto manufacturers, to set up research and development facilities in the Karlovy Vary region near Sokolov. BMW has started building works of a 500-hectare plot of land purchased from SUAS, which will house a research centre for innovation

¹ <https://www.podnikatel.cz/clanky/velke-prekvapeni-pocet-osvc-navzdory-koronaviru-a-opatrenim-vzrostl/>

and modernisation of automotive engineering, including electrification, digitalisation, and automated driving systems². There is a possibility that the creation of this research centre will help attract more inward investment and enable enhanced collaboration with Czech research centres and universities which, in turn, can create competitive job opportunities for talented and highly educated people in the region.

Social challenges of the microregion

This section gives an overview of the main social challenges for the microregion. As already described, the microregion Sokolov East has one of the highest unemployment rates in Czechia and, in common with the Karlovy Vary region, is faced with structural unemployment issues. In addition, to unemployment, the microregion is characterised by a declining and ageing population, low educational attainment levels, socially disadvantaged areas and social segregation, and accompanying social tensions.

The average income level in the microregion is below

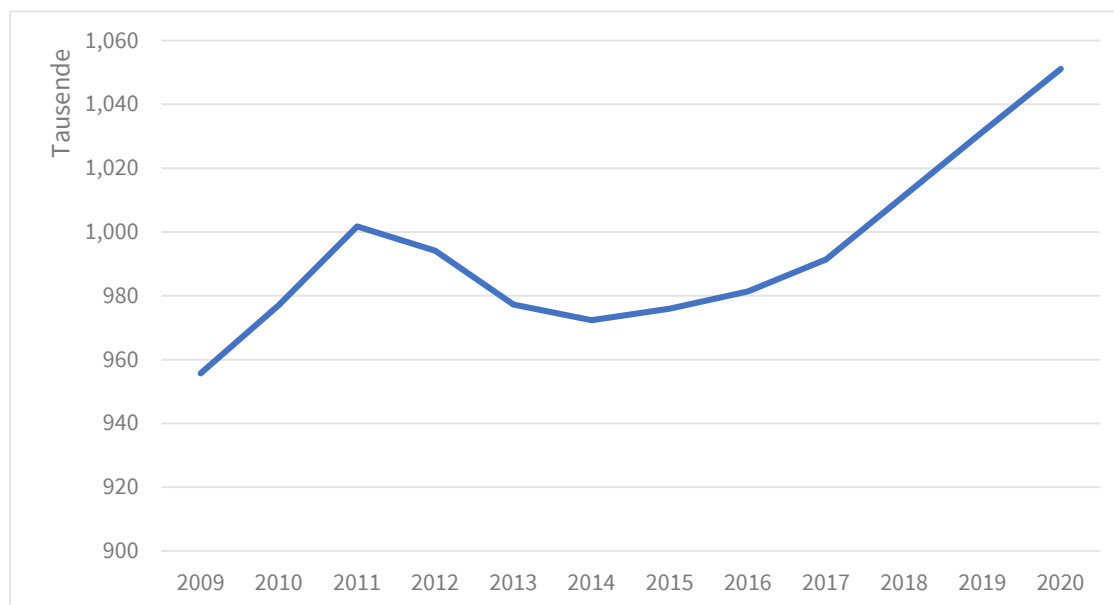
² <https://www.bizjournals.com/sanfrancisco/news/2017/12/22/bmw-chooses->

the national average. A problem that is likely to be compounded by the loss of jobs at SUAS, which remains the main employer in this region, offering salaries above the national average. Consequently, workers leaving SUAS are likely to be confronted with a substantial drop in income if they find alternative work within the microregion.

Generally, the population in the microregion is faced with challenges related to outward migration and an ageing population. It was reported by interviewees that ageing of the population is perceived as one of the main issues in the microregion, together with outward mobility of young people. The trends of outward migration and an ageing population are consistent with data for the whole Karlovy Vary region, which has been described in the START report on employment opportunities for the Karlovy Vary region.

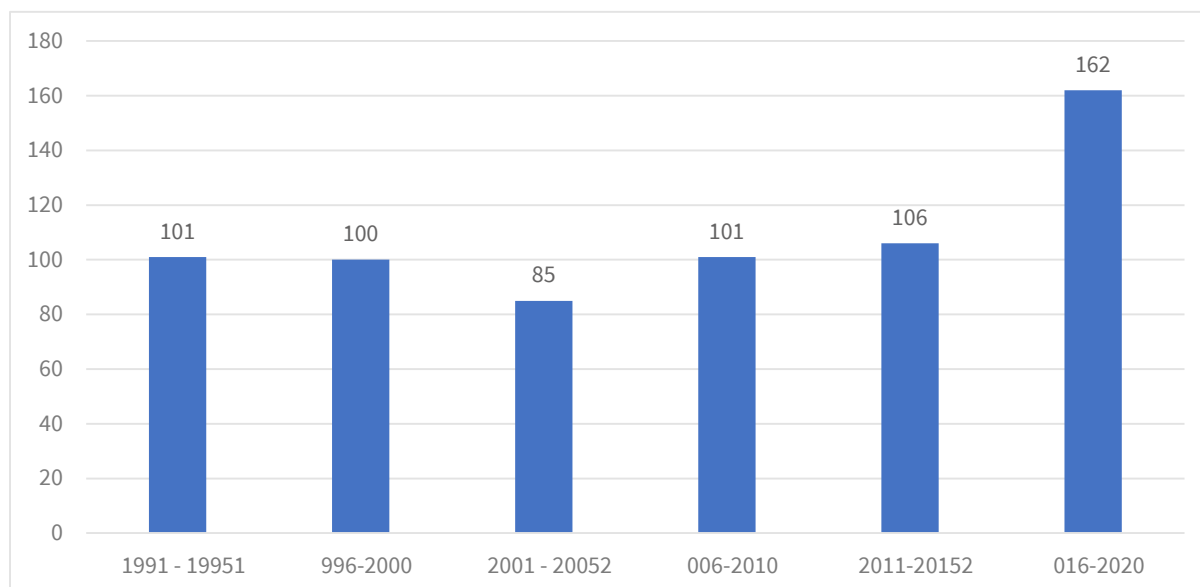
It was also noted by interviewees that the Sokolov subregion has several disadvantaged locations, mostly in cities such as Chodov, Sokolov, and Rotava, which are characterised by high unemployment, low educational attainment levels, a high share of Roma population, low-income households, poverty, and citizens depending on social benefits and support from the state. Some interviewees reported an increasing social tension between citizens from these disadvantaged areas and citizens who are 'actively contributing to the society'

Figure 9: Number of registered businesses in Czechia, 2009-2020



Source: Czech social security administration (CSSZ) open data, retrieved in June 2021

Figure 10: Number of new company registrations in the microregion of Sokolov East, 1991-2020



Source: Regional data retrieved from MAS databases

and who are frustrated by the dependent population, describing them as a 'group which is unable to integrate into mainstream society'. For further details, see below.

On the one hand, interviewees noted that the villages and cities in the microregion of Sokolov East have a well-developed community life. Interviewees referred to local cultural events, including sport events, events for children, playgrounds and sport facilities, local sport clubs, a local firefighter volunteering club, and local clubs for gardening. The clubs and cultural activities are financially supported by each town or village. On the other hand, there is increasing social tension between so-called mainstream society and people from disadvantaged areas, especially the Roma population and unemployed people. These social tensions impact on feelings of safety and overall wellbeing of citizens in the microregion.

The situation of the town of Rotava illustrates the kinds of social tensions occurring in the Sokolov subregions. Rotava, a town of approximately 3 thousand inhabitants is not perceived as a safe and comfortable place to live. Over the past 20 years, significant numbers of persons from disadvantaged socio-economic backgrounds and/or living in poverty have moved to the city because of the low rent in paneláks (panel buildings)³ that are affordable for households receiving state social benefits. However,

interviewees point out that the arrival of persons from disadvantaged socio-economic backgrounds is associated with increased criminality in the town that has affected safety of other citizens. This has meant that Rotava residents have started to move out from the town and re-locate their children in schools in other towns⁴. This behaviour has increased social segregation. For example, the local primary school, which has capacity for 500 children, was able to attract less than 200 children in 2019. Most of those children that attend the school are from disadvantaged backgrounds and many exhibit problematic behaviour; as explained by the mayor of Rotava the primary school often has to deal with bullying, petty theft, lack of social manners and an absence of learning habits, and difficulties related to low levels of hygiene (e.g., head lice and bed bugs).

As described by the mayor of Rotava, a root of the observed social segregation are businesses that 'trade in poverty'. In Czech, this expression refers to investors that buy a panel building for a low price and rents it out to people who are dependent on state social benefits (e.g., unemployment support, financial support for children under 18 living in the household with no income, and support for carers). These investors can receive a relatively sure and fast return on their investment. A potential alternative solution highlighted by the mayor could be for the state to provide financial support to enable local administrations to buy paneláks (panel buildings) from private investors and convert them

³ Paneláks - panel buildings - are constructed from prefabricated, pre-stressed concrete, and are common in parts of Czechia. Paneláks are usually located in housing estates.

⁴ <https://www.youtube.com/watch?v=TFM1zcH8lwg>

into homes that are owned, controlled, and properly managed by the towns.

In conclusion, the microregion could benefit from state support mechanisms to address social tensions and segregation. Some interviewees noted that state intervention is needed in terms of regulating the 'businesses with poverty' and providing the people in poverty or who live in disadvantaged locations with decent publicly owned accommodation. Further, additional support is needed to redevelop these disadvantaged locations, invest in these areas, repair buildings, and build new modern houses which would attract inward movement of persons and improve the social (and economic) profile of the area.

Educational challenges for the microregion

This section examines educational challenges for the microregion, centring on high early school leaving rates and the challenges related to a high number of students from disadvantaged backgrounds.

Interviewees point to lack of support for students from disadvantaged backgrounds as being directly linked to a very high dropout rate after primary school (15-year-old students). The head teacher of ISSTE⁵, the largest technical high school in the microregion, noted that the dropout rate of children from education at the end of primary school is increasing every year, and is currently among the highest in Czechia. Contributing factors are low motivation of students to continue studying, low interest in lifelong learning in society, lack of support from parents (especially from disadvantaged socio-economic backgrounds), the presence of large numbers of Roma families, and the high number of people living in disadvantaged areas of the microregion.

The Covid-19 pandemic is also reported to have had an impact on education in the region. Interviewees reports that during the pandemic, students' pace of learning declined, and they also lost their learning habits. The head teacher interviewed stated that students started to cheat more often during exams and their social skills/behaviour have also deteriorated.

Currently, there are no specific programmes or projects to help students to stay in education and to provide them with the additional support they need. Support mechanisms and coordination between primary schools

and the technical high school are required to help students, especially from disadvantaged backgrounds, to successfully negotiate the transition and continue their education. Activities that could be highly beneficial in this area include mentoring (older students mentoring younger students), extracurricular activities, special tutoring for children who do not have support from their families, professional teacher training focused on how to work with children from problematic backgrounds, and prevention of bullying and problematic behaviour in schools.

The technical high school, which is located in the middle of the microregion and is accessible for all students from the microregion, was originally established to prepare young people to work in SUAS. Currently the school offers a variety of study programmes, including VET apprenticeship training programmes as well as the final school examination ('maturita') that allows students to enter tertiary education. However, the head teacher also pointed to the lack of a long-term regional education strategy and the need for diversification of the study programmes, tailored to meet demand from employers. Currently the school observes a low level of demand from employers for (more) educated persons⁶, which makes it difficult to articulate a clear direction for the school to innovate and develop new study programmes to include in its portfolio. Similarly, a lack of coordination between the regional stakeholders and a lack of vision, most specifically a long-term plan for the next 10-15 years, hinders the formulation of a clear direction for development of the school.

Local development capacity

This section looks at capacity in the Sokolov East microregion for economic and social development. It attempts to identify those areas that currently are relatively well-developed, and those areas that need strengthening. It also looks at the tools available to develop the region, under the leadership of a new regional government.

Overall, it was reported by the interviewees that the microregion of Sokolov East plays an important role in supporting development of local towns and villages and ensures effective cooperation among all actors in this area. The main stakeholders in this area are MAS ('mistni akcni skupiny') local action groups⁷ directly set up and supported by the state, SUAS and

⁵ <https://www.isste.cz/>

⁶ This seems to be borne out by the high proportion of vacancies requiring only basis or lower secondary education levels, as shown in Figure 8.

⁷ <http://mas-sokolovsko.eu/>

other larger employers, CzechInvest, the Business Development Agency of the KV region⁸, the office of the Karlovy Vary regional administration, the Regional Chamber of Commerce of the Karlovy Vary Region⁹, and administrations of local towns and villages.

Each town or village in the microregion has its own budget but can apply for additional financial support through specific tenders/funding applications. Calls for tender/application procedures are prepared by different Ministries, depending on the topic area. It is part of the competence of each town or village to find and prepare tenders/applications for additional funding from the Czech State or EU funds.

The Sokolov East microregion employs one manager who is responsible for identifying new tender opportunities and who regularly communicates with local mayors, organises monthly meetings and helps them to identify relevant funding opportunities. However, several interviewees note that processes can be complex, and that local mayors often lack the time or expertise/knowledge to prepare successful applications/tenders. Consequently, the quality of applications often do not meet requirements and local administrations do not receive the funding they applied for. This is a long-term issue which shows that there is a need for more support. Interviewees point to the need for additional support to help with preparing funding proposals/applications and for advance planning and preparation for upcoming tenders to be better able to meet tight deadlines. It was noted by one of the interviewees that mayors often do not have any prepared materials which would help them to quickly prepare applications. Thus, more guidance to mayors when applying for additional financial support, together with preparation of application templates, and administrative support for the preparation of concrete applications would be welcomed.

In addition, support mechanisms are required to facilitate better collaboration between key development actors at the local level, notably the local office of the Karlovy Vary regional administration, SUAS, and administrations of towns and villages in the microregion.

⁸ <https://www.karp-kv.cz/>

⁹ <https://www.khkkk.cz/>

Development policies and instruments

Since December 2020, a new regional government has been in place in the Karlovy Vary region¹⁰. The previous coalition government was led by the ANO political party and consisted of three political parties (ANO, ODS, Pirates). Even though the ANO party (leading party of the national coalition government) received the most votes in Karlovy Vary regional elections in 2020, the party was not successful in establishing a governing coalition. Six other political parties created a coalition agreement, forming a new government that represents a new leadership for the region and promises to shape regional policies in a different way to the previous coalition government led by ANO.

Interviewees report that there are several regional and microregional strategies in place (see Box), but these have not been effectively implemented. They also reported that there is low motivation to fulfil implement these strategies, together with practical difficulties arising from administrative burden, complex legislation, and low levels of expertise/knowledge of local mayors to implement socio-economic development activities.

¹⁰ <https://vary.rozhlas.cz/koalichni-smlouva-v-karlovskem-kraji-je-uzavrena-hejtmanem-bude-petr-kulhanek-8381777>

Regional and local development strategies

Karlovy Vary Region strategies for different areas such as regional development, environment, transport, social development.

See: <https://www.kr-karlovarsky.cz/samosprava/dokumenty/stranky/koncepce/strategie.aspx>

Karlovy Vary Business Development Agency; e.g.:

- Regional innovation strategy of the Karlovy Vary region
- The concept of spa development and balneology of the Karlovy Vary region
- Competitiveness development strategy of the Karlovy Vary region
- Karlovy Vary Region Development Program (Analytical part, Strategic part)
- Employment development strategy of the Karlovy Vary region

See: <https://www.karp-kv.cz/dokumenty?lang=cs>

Sokolov East microregion

- Microregion strategy 2025

See: <https://www.sokolov-vychod.cz/file.php?nid=13258&oid=6653325>

MAS local action group projects and strategies; e.g.:

- Strategy of community-led local development of LAG Sokolovsko

See: <http://mas-sokolovsko.eu/projekty/ukoncene/strategie-rozvoje/> and <http://mas-sokolovsko.eu/wp-content/uploads/2015/10/SCLLD-MAS-Sokolovsko-2015-10-07.pdf>

ESF project 'Development strategy of municipalities of the Sokolov Microregion – East.' For elaboration and discussion of the Development Strategy of 10 municipalities of the Sokolov Microregion - East for the period up to 2030.

See: https://www.esfcr.cz/zadavaci-rizeni-opz/-/asset_publisher/0vxsQYRpZsom/content/strategie-rozvoje-obci-mikroregionu-sokolov-vychod?inheritRedirect=false

Sokolov town

- Strategic plan for social inclusion of the city of Sokolov for the period 2017-2019,
- Strategic plan for sustainable city development
- Sports development plan of the town of Sokolov for the period 2018 – 2025

See: https://www.sokolov.cz/urad/odbory/odbor_rozvoje_mesta/program-rozvoje-mesta-26515

Chodov town several strategies and analysis

See: <https://www.mestochodov.cz/strategicky-plan-mesta/>

SWOT analysis of the microregion

This section contains a SWOT analysis of the microregion of Sokolov East, based on the assessment of collected data and information, and findings from interviews with local stakeholders (see Figure 11).

Currently, there are some areas of socio-economic development which are well-supported and relatively well-developed (e.g., leisure, sporting, and cultural activities). However, interviewees identify several areas requiring attention:

- Transport connectivity. The micro region offers a favourable location in the heart of Karlovy Vary and in terms of proximity to Germany, with good relations with neighbouring German regions. However, transport connectivity should be improved to take advantage of microregions geographic position. Especially, finishing the highway between Karlovy Vary and Prague is seen as key to the future development of the microregion. Also, the highway connection to Germany should be finished.
- Education and health sector activities are generally well-supported financially in terms of maintaining existing infrastructure and provision of standard services. However, there is inadequate emphasis on enhancing services and innovation (e.g., there is support for things like repairing windows in school buildings but very little focus on the professional development of teachers or for implementing innovative teaching methods). Specific potential opportunities for enhancing education provision include:
 - Establishing a new curriculum for the technical high school with a focus on information technology, digitalisation, and innovation.
 - Improving VET education in the region and creating new study programmes which will prepare young people for future, including a greater focus on ICT, digitalisation, and new technologies.
- Entrepreneurship and development of small and medium-sized companies requires additional support. Limited flexibility and adaptability of local businesses is seen as a barrier to the

Figure 11: Summary SWOT assessment for microregion of Sokolov East

<p style="text-align: center;">STRENGTHS</p> <p style="text-align: center;">Proximity to Germany (Zwickau 80km) Proximity to Karlovy Vary, Cheb and Pilsen Land availability Anchor firm (SUAS) BMW investment Expanding rural settlements</p>	<p style="text-align: center;">WEAKNESSES</p> <p style="text-align: center;">Demographic decline, especially in urban centres Unemployment and economic inactivity Low educational achievement Lack of businesses with higher added value Social deprivation Infrastructure (inter-regional / international)</p>
<p style="text-align: center;">OPPORTUNITIES</p> <p style="text-align: center;">Business start-ups and expansion German investment / networking with German companies / marketing and awareness Greening of landscape and economy Renewable energy / energy transition New remote / ICT models of working Radical new narrative for sub-region</p>	<p style="text-align: center;">THREATS</p> <p style="text-align: center;">Social exclusion Future of urban centres Increasingly uncompetitive labour force Limited opportunities for young, ambitious, or qualified persons Insufficient public and private action / investment / co-ordination</p>

microregion's development. However, there is a lack of infrastructure and supportive environment for innovation and start-up activities in the region. Moreover, there is a lack of land available for development of business premises; this can be partly attributed to the large amount of land in the microregion that is owned by SUAS.

- **Tourism.** The microregion has tourism assets such as beautiful scenery and natural habitats ('Slavkovský les'), and well-developed cycling paths along the river Ohře, but their tourism potential could be better exploited. Efforts are needed to improve marketing of the microregion to attract more tourists to the area.
- **Social development.** The increasing presence of persons coming from disadvantaged socio-economic backgrounds is seen as a potential constraint on the development of local communities, especially in larger towns of the region.
- **Institutional capacity and mindset.** Some regional administrative offices are seen to be too focused on 'maintenance' of the region rather than focusing on creating a long-term vision and proactively carving out a way forward for the microregion. This goes together with an ad hoc approach of short-term problem solving and, more broadly, a conservative mindset of people in the microregion that can be resistant to change.

List of interviewees

The START team thanks the following persons who agreed to be interviewed as part of the preparation of this document.

1. **Jan Pícka** – Deputy Mayor of Sokolov, Chairman of the Sokolov Microregion
2. **Vlastimil Veselý** – Director of Karlovy Vary Business Development Agency
3. **Pavel Janus** – Director of Integrated Technical and Economic High School Sokolov
4. **Ivana Jágriková** – Director of MAS Sokolovsko (local action group)
5. **Tomáš Linda** – Deputy Director of Regional Chambers of Commerce Karlovy Vary Region