

Good governance and regional development: challenges not only for the Slovak Republic

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Abstract

Good governance of development processes is a precondition for sustainable development. There is also the prerequisite that legal, institutional and policy frameworks as well as competencies (knowledge, skills and attitudes) of the management enable a transparent, participative, effective and efficient development process. Unfortunately in Slovakia, as well as in many other European countries, this assumption is only partly met, and socio-economic progress is directly influenced by this fact. The research, focusing on good governance in the area of regional development, which has been carried out by the Carpathian Development Institute in Slovakia since 2007, has manifested major challenges and their causes in the concerned field. The research findings are based on a formal secondary survey of existing documentation and on a primary survey carried out among regional development actors. The surveys' results were exposed to and verified by an independent expert's testimony. Comparative consultations in other European countries (with a focus on the Czech Republic, Hungary and Poland) have discovered that research findings are comparable. The aim of this paper is to present outcomes of the survey and outline a model of good regional governance in the area of regional development. The model is based on principles of good governance referring to the best practices from abroad. The model is expected to be introduced in Slovakia in 2010, simultaneously being made available to countries with a similar socio-economic history (Hungary, Poland Czech Republic) as well as to other countries and regions.

Keywords: good governance, sustainable regional development, processes, model, regional self-government.



1 Introduction

In spatial development the assumption prevails that regional development and good governance are interconnected vessels, hence achievement of development goals depends on the degree and logic of their interlacing.

Regional development could be characterized as a process, which does not only result from regional policies but also from complex processes including the exploitation of endogenous social capital, historical and natural resources, as well as innovation and creativity leading to a higher level of the region's competitiveness and after all, it has a positive impact on the well-being of people. The implications and scope of regional development may vary in accordance with the definition of a region, and how the region and its boundaries are perceived or administratively demarcated. Usually we talk about regional development only in reference to an administrative area that possesses competencies and policy instruments enabling it to effectively and efficiently influence and coordinate processes leading to an increase of the region's competitiveness. Apart from the national level, territorial units on the level of NUTS II (eventually NUTS III) are within the EU usually recognized as the basic cells for regional policy.

Good governance, as the key factor of sustainable development, is the guiding principle in demanding adherence to proper administrative processes in handling public resources. The adjective "good" gives the concept a dimension of evaluation, i.e. how the region is governed. It enables us to evaluate how proper the procedures used actually were, what the level of transparency is, what is the quality of decision-making. It covers voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of clientelism and corruption. For our research purposes we use the concept of governance referring to the execution of socio-economic power and the implementation of policies through processes, mechanisms and institutions in the respective region.

In 2001, for the first time in the modern Slovak history, eight self-governing regions (RSGs) on the NUTS III level were established. The powers and responsibilities delegated to regional self-governments also included responsibility for regional development. Thus, the state gained a new "player" to contribute in the process of fighting the deepening regional differences across the country and promote a search for endogenous regional resources.

After the first six years, when the new government level already should have been integrated into the "public administration market", we can observe that the regional government suffers, inter alia, from the following:

- inadequately elaborated, applied and evaluated regional policies on the NUTS III level;
- insufficient effectiveness and efficiency of existing mechanisms, procedures and methodologies for the process of governance, particularly in the field of regional development;
- lack of cooperation among regional self-government entities vested with co-responsibility in regional policy and regional development by virtue of law



(central government, towns and municipalities) and other socio-economic partners;

- limited knowledge and skills for managing the regional development process on a high quality level.

Due to the foregoing, integration of development activities in Slovakia is on a very poor level. There is a continuous lack of transparency and low quality of decision-making processes, as well as insufficient EU funding absorption capacity of the self-governing regions. These circumstances further entail a low rate of the socio-economic development, primarily in under-developed regions and, at the same time, an increase in regional disparities.

Awareness of the role and competencies of regional self-governments among citizens continues to be very low. It was proved by the low turnout for the RSG elections in November 2005 (only 18.02% in the first round, and 11.07% in the second round); and according to a survey undertaken by the MVK agency at the beginning of 2008, over 50% of people can imagine life without self-governing regions as the intermediary between central and local government levels.

With the accession of Slovakia to the European Union in 2004, regional governments were confronted with significant quality requirements. In the 2007-2013 programming period, the involvement of regional self-governments in the process of programming, implementing, monitoring and reviewing of the operational development programs has been, in comparison to the 2004-2006 programming period, enlarged. Recognition and extension of RSG powers will, to a major extent, depend on their comprehensive readiness for management of sustainable development processes.

Research which has been carried out by the Carpathian Development Institute in Slovakia since 2007, which is focused on good governance in the area of regional development and has identified major challenges and their causes in the field, as well as outlining the model for good regional governance in the area of regional development aiming at sustainability of the respective territory.

2 Analysis of the current state

Analysis of the current state was the first part in the carried out research. The main challenges for regional self-governments in Slovakia were the primary source for the analysis, as mentioned in Section 1. The goal of the analysis was to identify their principal reasons and subreasons in order to define and apply the most effective approach for their elimination.

2.1 Scope of the current state analysis

The analysis was focused on four key areas that play an important role in the process of the regional development governance on the regional level. It was targeted on the crucial principles of *transparency, participation, efficiency and effectiveness*.

Within a survey of the **legislative, institutional and financial framework** we analyzed the space for functioning of a RSG, as for the subject responsible for regional development on the concerned territory. Position and competence of

a RSG in the public sector, its financing and budget, instruments and position in the area of regional development and relations of a RSG to the EU regional policy were studied and assessed in details.

Objective of the survey in the field of **RSG development plans** was to assess quality and applicability of the up to date development plans on the regional level. It was targeted on structure of the documents, level of specificity and explicitness of the strategy and its linkage to the identified region's specific challenges, quality of the implementation and updating mechanisms, relations to development documents on the national and local levels, as well as relevance of indicators for evaluation of the development plans objectives.

A properly set up **organizational structure of RSG** is crucial for an effective preparation, implementation and updating of development policies. We focused specifically on RSG departments charged with competencies in regional development. We assessed to what extent their position and competencies contribute to an effective, efficient, participatory and transparent coordination of development processes.

A study of **decision making process** in the field of regional development was focused on quality of preparatory phase of the decision making, transparency of the actual decision making, effectiveness and efficiency of implementation of decisions, monitoring and evaluation processes. A cross-section research on participation of relevant socio-economic partners in the process was done.

2.2 Methodology of the situation analysis

Research findings were based on *formal secondary survey* of existing documentation and on *primary survey* carried out among regional development actors. Outcomes of the surveys (secondary and primary) have been subject to a thorough *expert appraisal* by specialists deeply involved in this field (academicians and practitioners).

In the so called formal secondary survey we explored only formal, publicly accessible documentation – legal acts, existing documents relevant for national and regional levels, written guidelines, instructions, criteria, minutes, etc.

Within the primary survey, forty respondents from two pilot regions (out of eight RSGs in Slovakia) were interviewed in order to *complement the results* of the formal survey. Respondents came from regional self-governments' internal environment (executive and elected representatives), as well as from the side of socio-economic partners of the regional self-governments (local governments, central government, business associations, agencies and NGOs). Results of the survey have a qualitative character. They refer to the interviewees' individual perceptions of the quality of governance and its implications in the regional development processes.

2.3 Main research findings

The existing *legal environment is not favourable* for regional self-government to act as the key player in regional development on the respective territory. Act on Support of Regional Development does not cover coordination of development



activities on the side of the RSGs and on the side of citizens. The act does not enforce any inter municipal cooperation. On the contrary, it supports the already existing, contra productive model of more than 2800 independent, self-governing subjects – cities and towns. The act is focused on the stage of programming of development documents but very superficially refers to the stage of the programmes' implementation and assessment of the impacts.

Vague legislative description of the role and responsibilities of regional self-governments in regional development leads politicians and executive staff to underestimation of their task in initiation, coordination and evaluation of development processes.

Regional self-government operates *insufficient policy tools* to influence integrated development more significantly and many RSGs do not use the existing tools efficiently. Traditional, legitimate financial tools (tax, fund contribution allowances, etc.) are almost missing at the regional level in Slovakia.

Territorial subdivision and administrative boundaries of self-governing regions is *subject of political compromises* instead of adherence to development principles.

Regional self-governments are financially relatively strong but *only approx. 10-20% of their budgets go directly to development activities*. The rest is consumed by operational expenses.

Quality of development documents is low and majority of decisions made by regional parliaments is more of operational than strategy character.

Decision-making process in the area of regional development is *not sufficiently documented and provable*. Decisions are dragged by political trade-offs and local concerns rather than by objective prioritization.

Development indicators are oriented mostly on measuring *quantitative outputs instead of qualitative outcomes* for evaluation of change.

Organizational charts of regional self-government offices in majority of cases *do not fulfil regional development needs* and thus do not enable the subjects in charge to play their coordinating, initiatory and advisory roles in the development of the region. The concept of *partnership* in regional development is *perceived as more required than needed*. Formal mechanisms of cooperation are often missing at the regional level.

All three levels of government (central, regional and local) *act* in the area of development more or less *separately*. There is practically no relation between regional self-governments and network of development agencies established by the central government in the region.

There is a *lack of regional development competencies* (knowledge, skills and attitudes) and *missing awareness* of the concept of a balanced regional development among executive as well as elected representatives of the region.

The above mentioned findings indicate that **regional self-government** in Slovakia is **not**, at the time being, a **significant player** in the field of regional development on the concerned territory as it should be. That is why we come with a new way/model of good regional governance in the area of regional development.



3 Model of good governance

Our model of good regional governance in the area of regional development is based on the following *assumptions*:

- there is a real need to keep the regional level as the most effective platform for balanced development of a region;
- regional self-government authorities play a distinctive role in initiation, coordination and creation of environment for regional development on the concerned territory;
- roles and responsibilities of RSGs do not overlap with those of central government, or cities and towns;
- legal, institutional, financial and policy frameworks are set in such a way that RSG has space (competencies, instruments) for preparation and implementation of its regional policy.

Philosophy of regional development is based on the following chart (figure 1).

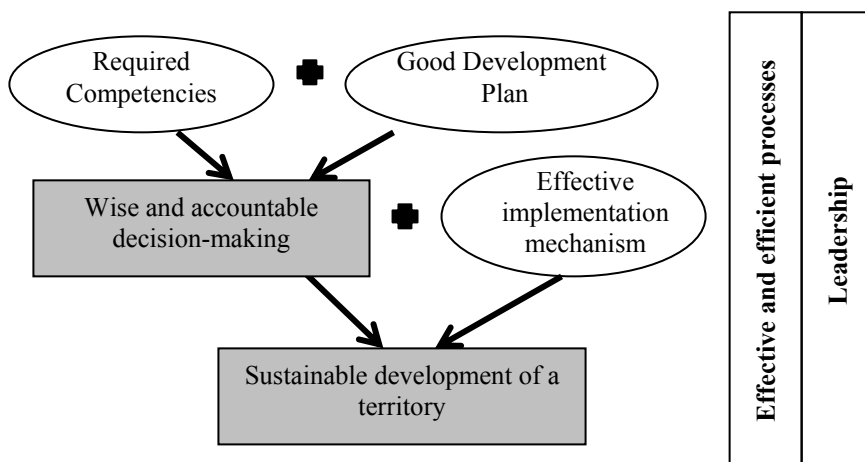


Figure 1: Factors of sustainable development.

There are three “horizontal” input factors (adequate competencies, good development plan, and an effective mechanism for development plan implementation) and two “vertical” cross-sectional factors (effective and efficient processes and leadership). All are vital for reaching sequential effects (wise and accountable decision-making and established enabling environment for sustainable development of a given territory).

It is definitely proved by practice that if any of the factors is missing or is of low quality desired effects will not be achieved. Due to these facts, it makes sense to deal with/improve all the development input factors at once and not with a time shift. As the concept is multidimensional and very extensive in our research we focus on processes which are underlying actual operation of the system.

A chain of the processes (figure 2) has been designed in order to systematize approach to the management of regional development. This system should serve the purpose of an effective, efficient, transparent and participative process, leading to the optimal exploitation of endogenous resources to tackle regional challenges (problems and opportunities).

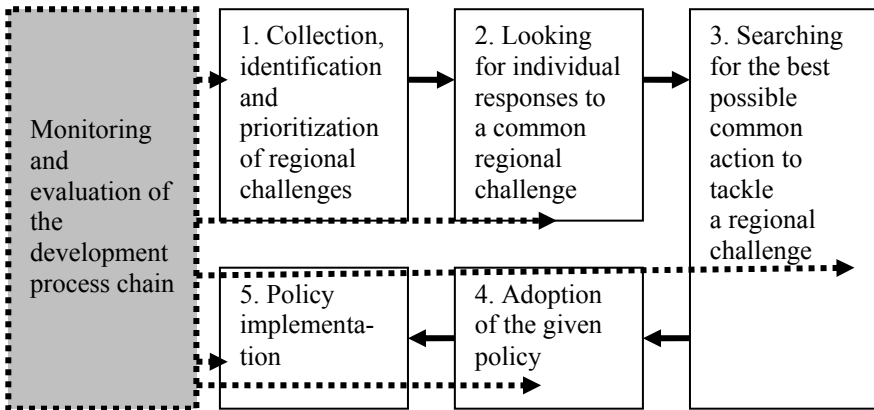


Figure 2: Chain of the processes.

Collection, identification and prioritization of regional challenges (step 1) are based on the assumption that there are many good ideas for improvement of the region's competitiveness emerging on various levels. Those ideas should be collected, sorted and prioritized. The whole process within this step should ensure that no initiative or stimulus is neglected and guarantee that procedures of the regional challenge(s) selection should be efficient and transparent. Selected challenges will undergo further elaboration.

This approach requires a well elaborated and publicly known set of criteria for each phase of the step 1 procedures. Within our research we have developed three sets of criteria (figure 3, crosshatched areas)

- for identification of the regional development challenges out of all collected challenges (e.g. solution is out of national or local competency; the local challenge has impact on a significant part of the region; the challenge is addressed in regional development strategy; the idea is very innovative, brings a new perspective of exploitation of regional resources, etc.);
- for prioritization of the identified regional development challenges (e.g. number of people/area largeness addressed by the challenge; extent of the challenge solving capitalization; solving of the given challenge is precondition for solving other ones; urgency of the challenge; etc.);
- for selection of the priority regional development challenges for further elaboration (e.g. resources for the given challenge solution are available; expert, managerial and political judgment; etc.).

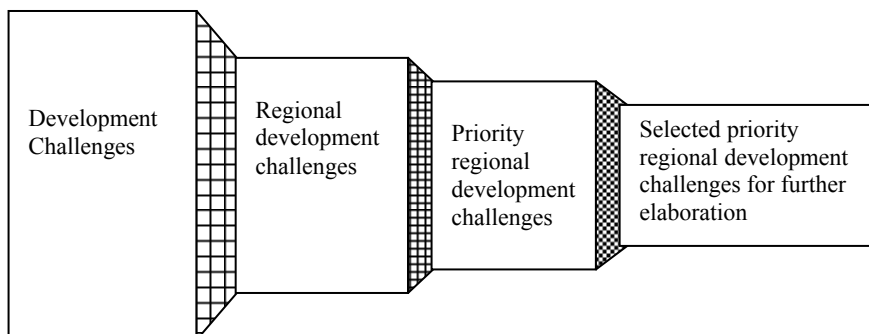


Figure 3: Collection, identification and prioritization of regional challenges.

Table 1: Major proposed indicators.

Step 1	<ul style="list-style-type: none"> a. number of collected challenges b. time period from collection until prioritization of a regional challenge c. existence, utilization and public exposure of all sets of criteria d. result of an external audit of effectiveness, efficiency and relevance of the selected priority regional development challenge
Step 2	<ul style="list-style-type: none"> e. list of subjects approached disclosed f. number of individual responses in proportion to number of subjects approached g. number of individual responses disclosed h. time keeping of the set up deadlines
Step 3	<ul style="list-style-type: none"> i. criteria for participation in the expert working group disclosed j. list of the expert working group members disclosed k. disclosure of the policy draft for public comments l. proportion of comments accepted and incorporated into the policy draft to the number of comments obtained
Step 4	<ul style="list-style-type: none"> m. number of comments coming from parliamentary committees n. proportion of comments accepted by the expert working group and incorporated into the policy draft to the number of comments obtained from parliamentary committees o. timely disclosure of the voting results
Step 5	<ul style="list-style-type: none"> p. elaboration of the policy monitoring plan q. number of the breached policy principles and guidelines

Looking for individual responses to a common regional challenge (step 2) requires sophisticated proactive communication with subjects which submitted their impulses, which handle expertise relevant for the concerned challenge and those which are co-responsible (from the legal point of view) for a sustainable territory development. Analysis of the causes and environment referring to the challenge is inevitable for working out an assignment for the subjects involved.

The result of the step 2 should be a package of individual solutions of the common priority regional development challenge.

Searching for the best possible common action to tackle a regional challenge (step 3) embraces preparation of regional policy response at the expert working group level. Regional policy responding to the selected challenge should be harmonized with other policies either on the national, regional or local levels. Mechanism of implementation, as an integral part of a policy, is essential for turning the policy/strategy into an action. Widely communicated and thoroughly prepared policy becomes a basis for its adoption by the regional parliament.

Step 4 – Adoption of the given policy by the regional parliament is a routinely running process. Despite this fact it is recommended that any suggestions for a policy change coming from the parliamentary committees or presented directly at a session of the parliament would not be incorporated into the policy by majority voting without a prior written expert opinion.

Policy implementation (step 5) includes monitoring and evaluation of the policy outputs and outcomes.

Monitoring and evaluation of the development process chain is a basic cross-sectional activity focused on providing compliance with principles of good governance in each single step of the chain. Following major indicators have been suggested.

4 Conclusions

This research represents the first attempt of a comprehensive view on governance of the Slovak self-governing regions with respect to the regional development. Results of the analysis were communicated and compared with situation in countries with similar historical as well as current legal, institutional and policy frameworks such as the Czech Republic, Hungary and Poland. It is astonishing how many parallels among the four countries did we find. They do not concern only factual findings but also personal perceptions of the situation. This knowledge justifies our belief that the outlined model will be applicable not only to Slovakia but also to other countries with corresponding approximation.

The concept of good governance in the area of sustainable regional development is rather new in this part of Europe. A legitimate question is: How are we going to promote this concept among those who are supposed to implement it? We are fully aware that any process of change requires firstly, a change of thinking followed by the desired carry-over effect – a change of acting. That is why the whole process is accompanied by an explanatory campaign including a series of workshops, seminars and conferences as well as an active participation of RSGs' representatives in research working groups. Despite of all described effort, we are aware that successful operation of the model is conditioned (besides the above mentioned issues) by other factors such as a proper set up of the legal and financial frameworks, distinctive leadership, a tuned up organizational culture of the self-governing region's authority, continuing capacity building of the appointed and elected representatives, as well as functional partnerships.



Another relevant question is what will follow once the governance processes are improved. Despite all conflicts and dilemmas questioning the concept of good governance we are convinced, referring also to extensive econometric studies, that there is a strong correlation between long-term economic performance and good governance. In other words, the quality of governance fundamentally determines developmental outcomes in the long run. Obviously, there are also other determinants of sustainable growth involved so to define long-term governance indicators demonstrating positive impact on socio-economic development might be impugnable.

The research of the Carpathian Development Institute will continue with the goal to assist regional governments in Slovakia in defining their role of a sustainable development coordinating entity on the regional level also in the future. At the same time results of the research will be disseminated among other countries where applicable.

We know that a good governance model in this particular field is difficult to achieve in its totality. Very few countries and regions have come close enough to construct a model of the desired quality. However, to ensure sustainable development, attempts must be made and actions must be taken in order to make models work.

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