

# Optimal functioning of Slovak self-governing regions in the area of development process management – long road ahead

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## Abstract

*Inadequate development of the territory, that means nonsystematic problems solutions, unused all development opportunities, as well as only partial exploitation of the endogenous potential, is often caused by low quality governance. Self-governing regions (regional public administration in Slovakia) are the ones who, by management of development processes and by utilizing available instruments should pursue goals and objectives of the regional policy leading to alleviation of intra-regional disparities and to growth of the region's competitiveness. Based on findings from our research carried out since 2007 (Project Governance, financed from the Norwegian financial mechanism) we can point out, that regional self-governments, as the key players on their territories, not always succeed in performing this task. The main causes are, apart from inappropriately set up legal, institutional, policy and financial frameworks, development plans of insufficient quality, missing effective mechanisms for development plan implementation, lack of awareness and incomplete competencies needed for development processes, as well as limited utilization of available tools for a transparent and effective development support. The paper presents an innovative approach to optimal functioning of self-governing regions in the sphere of management of the development processes on its territory – the good governance model.*

**Key words:** self-governing regions, regional policy, regional governance, management of development processes

**JEL Classification:** R58 - Regional Development Policy

## 1. Introduction

During the process of decentralization in Slovakia, eight self-governing regions (higher territorial units) were established and started their functioning in 2002. As the first and the most important original power, they gained responsibility for development of their territory – region. Public administration in Slovakia thus achieved another key player to contribute to resolution of the deepening regional differences across the country and to promote the search for endogenous resources for development of the regions.

The initial idea – to create a functioning, coordinating, initiatory and cooperation platform of regional development for all subjects within the region and improve governance in this field at the regional level, has not been reached sufficiently.

After almost two four-year periods we can conclude that the self-governing regions suffer in the area of regional development, inter alia, from the following insufficiencies:

- insufficiently elaborated and applied regional policies on the regional level
- insufficient effectiveness and efficiency of existing mechanisms, procedures and methodologies for the decision-making process management in the field of the regional development
- insufficient cooperation of regional self-governments with entities vested with co-responsibility for the regional policy and the regional development by virtue of law (general government, towns and municipalities) and other socio-economic partners
- lack of knowledge and skills for high-standard decision-making processes and process management in the area of the regional development

- insufficient application of experience and knowledge derived from other governance processes abroad

Due to the foregoing, and other reasons as well, there is a high degree of splitting and little integration of development activities, continuous lack of transparency and low quality of decision-making processes. This condition further entails a low rate of the socio-economic development, primarily in under-developed regions and, at the same time, an increase in regional disparities.

Work of the expert team around Carpathian Development Institute within the project “Good Governance on the Regional Level in the area of Regional Development in Slovakia – GOVERNANCE” financed by the Norwegian Financial Mechanism, is aimed at improvement of quality of the regional-level governance within the regional development.

Initial expert work has been dedicated to identification and analyzing the current state of development environment within self-governing regions. Research targeted the quality of the process of preparation and implementation of decisions focusing on the processes’ transparency, participation efficiency and effectiveness. Subsequently elaboration of a good governance model started with the aim of improving quality of decision-making in the field of regional development.

The paper presents an innovative approach to optimal functioning of self-governing regions in the sphere of management of the development processes on its territory – the good governance model, starting points and assumptions for its design and application putting emphasis on development processes.

## 2. Good Governance Model and its Elements

Deriving from the definition of governance<sup>1</sup> a **good governance of the regional development** can be characterized as a process in which the regional self government is a real and respected leader, coordinator and mediator of the regional development. Key factors of the process include: systematic approach, qualification and partnership based on the principles of transparency, participation, effectiveness and efficiency. Shift from the governance towards “good governance” is an assumption for a more dynamic regional development based on synergic exploitation of all available resources (expert, material, financial and informational), existing opportunities and endogenous regional potential.

The “Good Governance Model” is based on the following **assumptions**:

- regional self-government is responsible for development of its territory
- regional self-government is interested in using all instruments for development of the territory
- there is a will within regional self-government to implement changes in favor of a higher effectiveness, efficiency, transparency, participation in the field of governance of the regional development, hence in favor of a common welfare,
- competencies of the regional self-government and its development instruments will mirror at least the 2009 state,

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<sup>1</sup> **Governance in Regional Development** is a process of coordination of various activities and interests of both public and private institutions in order to reach the most effective and efficient solutions of common regional development issues. It is an accumulation of social and thus also human capital on the given territory in order to enhance its dynamic and synergic socio-economic development. It refers to exploitation of potential of the regional subjects (institutions and individuals) by means of existing instruments and mechanisms (Economic and Social Development plan, Territorial plan, partnerships, legal norms etc.). Governance is a continual process of harmonization of different, often contradictory interests and stimulation of cooperation activities.

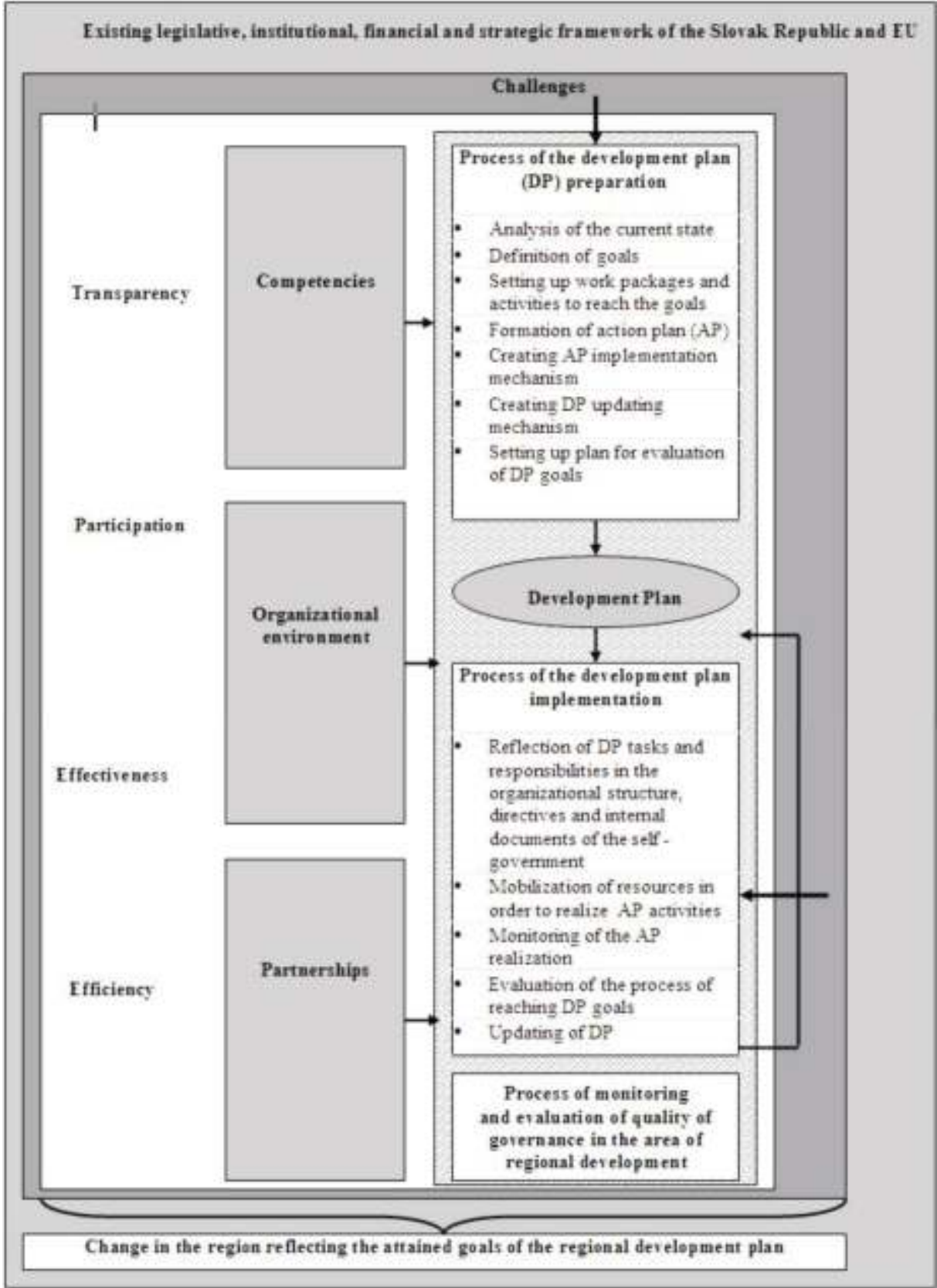
- the basic legislative, institutional and financial framework for the regional self-government activities will not substantially change,
- quality of human resources (knowledge, skills, attitudes) in regional self-government (on the executive as well as decision-making level) will improve above the current level,
- common problems can be solved best in cooperation and decision-making on the level of networks or partnerships is under certain circumstances more apt for development than decisions made on the principle of higher authority,
- development success is not only argued by mobilized, eventually invested financial resources and partial results and values such as public responsibility, transparency, honesty, effectiveness and efficiency are not less important in terms of their impact on the development dynamics,
- regional self-government deals, in the development process, also with issues which are not under its direct control and thus it has to share the responsibility with other subjects of public, private and non governmental sector,
- since regional development is by nature a political process in which various actors interact and pursue their own interests, a democratic decision-making upon in advance set clear criteria and rules is needed,
- it is assumed that a good quality of each element of the model along with rise in trust towards regional self-government results in a faster and more dynamic growth of the region.

**The Good Governance Model in the area of regional development** is in fact a description of an optimal state of governance (coordination of various activities and interests of public and private institutions in order to reach the most effective and efficient solution of common regional development issues) by means of the model's individual elements creating an enabling environment for good governance.

The model derives on the current legislative, institutional, financial and policy framework for regional self-governments (Higher Territorial Units) in Slovakia and aims at proposing a optimization of the processes, activities, structures, human resources profiles and evaluation in such a manner that the principles of good governance in regional development would be met.

Elements of the Good Governance Model can be according to their character divided into groups: **processes** – process of the development plan preparation, process of the development plan implementation, process of monitoring and evaluation of the governance; **determining factors** – competencies (knowledge, skills, attitudes), organizational environment of the regional self-government, partnerships, development plan; **principles** – participation, transparency, effectiveness and efficiency.

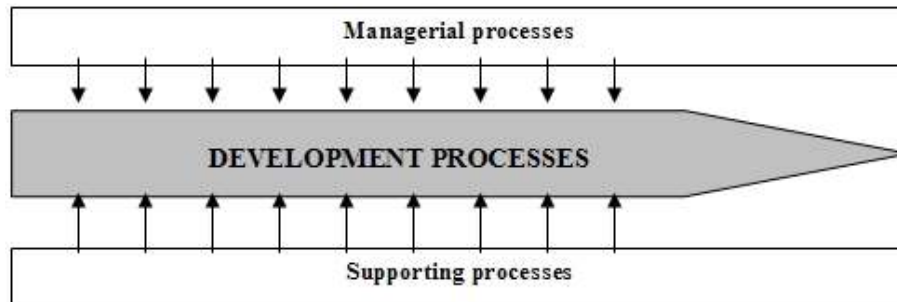
**Figure 1: Visualization of elements of the good governance model in regional development**



## 2.1 Development Processes and Management of Development Processes

The Model of Good Governance in regional development on the regional level is using the so called procedural approach. In the Model visualization processes create a system (series of succeeding steps) – the so called development process chain. It refers to the **process of preparation** and the **process of implementation of the development plan**. Their functioning is provided by appropriately set managerial (systematic identification/visualization, measurement/evaluation and ongoing improvement) and supporting (standard regional self-government operations) processes.

Figure 2: Management of Development Processes



### Process of the development plan preparation

Process of the development plan (DP) preparation consists of:

- Analysis of the current state
- Setting up the strategic-programmatic part
- Formation of the action plan
- Creating an implementation mechanism
- Creating DP updating mechanism
- Setting up the evaluation plan of attaining the DP goals

The process has to be set in such a manner that all development challenges<sup>2</sup> were not just identified, but also prioritized and their solutions should be effective, in compliance with the principles of coordinated and synergic approach having a maximal positive impact on the region. The process must not only enable participation of all involved and interested subjects, relevant to address the respective challenge, but also actively support it.

Development plan of the region is the basic development document on the regional level. The development plan by itself is the **output** of the process of the development plan preparation and all at once the **input** of the process of implementation. Dynamic and sustainable regional development can be pursued only **on the basis of the good quality development plan**. Such a plan is vertically consistent (regional goals are compliant with local or national goals, goals reflect identified and prioritized problems of the territory, and goals are refer to resourceful and feasible activities); horizontally consistent (economic, social and environmental goals are harmonized.); updated (reflecting coming challenges and being in compliance with legislative, institutional, strategic and financial frameworks); feasible (secured by financial and other resources, interrelated with the territorial plan, and manageable).

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<sup>2</sup> Development challenges refer to all initiatives, stimuli, proposals, improvements coming up from various sources and their resolutions may lead to elimination of problems, exploitation existing and coming opportunities or meeting needs, and so contribute to development of the region.

### **Process of the development plan implementation**

Assignment of the process of the development plan implementation as one of the fundamental elements of the Good Governance Model is based on the fact that it tends to be often the weak spot of the management of regional development processes. DP implementation process often does not relate to the common routine agenda of regional self-government (implied by their direct competencies) and it is not even sufficiently reflected in its tasks and responsibilities.

Implementation process has to derive from the following principles:

- development plan is the basic document which has to be considered while profiling all development and development supporting activities;
- development plan activities are reflected in the budget;
- development plan is the basic background for creating of sectoral conceptions/strategies. Existing conceptions/strategies are incorporated into the development plan;
- DP is a development guiding document for all subjects existing or realizing activities on the given territory which plan to launch activities of the regional character;
- development plan must be interrelated with territorial plan of the area;
- development plan is open, publicly accessible document, updated periodically and it reacts to incoming incentives, opportunities or changes of the external environment;
- elected and executive authorities of self-government are responsible for implementation, updating and communication of development plan;
- each activity involves those who “must” be involved and enables involvement of those who are interested to be involved;
- every decision on whichever activity is made according to in advance set and recognized criteria. Rules of the overall process are set and publicly known and entire process is formally documented.
- management of the development process is as effective as possible, i.e. number of procedures in individual activities is optimal. At the same time number of institutional units (departments, sections, committees etc.) involved in each single activity should be logical and all required competencies are covered either by internal staff or external expertise.

Process of DP implementation can be divided into the following partial processes:

- Reflection of tasks and responsibilities into organizational structure, directives and internal documents of regional self-government
- Mobilization of human, material and financial resources in order to realize activities of the AP
- Monitoring of AP realization
- Evaluation of the process of attaining DP goals
- DP updating

### **2.2 Other Elements of Good Governance Model**

A functioning model of good governance assumes a good quality of its individual elements. Apart from development processes there are also determining factors (competencies, partnerships, organizational environment) and principles of good governance (participation, transparency, effectiveness, efficiency).

**Competencies** for good governance in the area of regional development, hence for the process of preparation and implementation of the regional development plan, sum up a set of knowledge, skills and attitudes of those who take decisions, those who manage development

processes and those who participate in these processes on the basis of their professional background. Each group (decisive sphere, managers and experts) needs distinct competencies on the different level. However, it is necessary for successful processes to bring together and synchronize all needed competencies including common understanding of the subject.

**Partnership** is an alliance of relevant subjects with a common intention to define and reach common goals in regional development. Partnership is relevant only if it helps to achieve more than without it and it functions only if the partners realize that benefits out of the “common” assume a giving up a part of “mine“. Making partnership a key element of the model of good governance we build on the assumption that common problems can be resolved only together and decision-making on the level of networks and partnerships is, under certain circumstances, much more appropriate than on hierarchical level as provided by law. On the regional level partnerships should include sectoral partnerships (e.g. council of mayors of towns and villages of the region, council of entrepreneurs, council of nonprofit organizations etc.) as well as thematic partnerships (e.g. for the sphere of culture, innovations, environment etc.). Their initiation, formalization and functioning should be provided by regional self-government.

**Organizational environment of regional self-government** refers to such institutional arrangement (organizational structure of an executive office, job descriptions of office staff, professional relationships in the office and between the office and regional parliament) which would enable and facilitate effective and efficient processes in terms of good governance in regional development.

Inevitable assumption of a well functioning organizational structure is motivating leadership on all levels. It can be characterized as an ability of individuals (leaders) to lead and guide endeavor of people with the aim to reach desired development milestones. This is to be achieved by means of instilling strong motivation and devotion of those who participate in the given assignments. It can be fulfilled by a person bearing personal qualities to become a leader. These include mainly courage, personal honesty, intelligence, empathy and ability to communicate effectively.

Organizational environment comes along with organizational culture. It refers to a typical behavior/negotiation, thinking and presentation of elected and executive representatives of self governments. It creates a unity of common values, norms, models of behavior in common sustained rituals and unwritten rules. It has an internal (form of social contacts among members of self governments) as well as external (form of negotiation with partners or clients of regional self government) expression. Organizational culture is often a product of activities in the past and at the same time a limiting factor to the present or future activities.

The key principles of good governance which are reflected in Good Governance Model are participation, transparency, effectiveness and efficiency.

**Participation** is based on the premise that public decision-making has public consequences. Supposing that subjects or citizens are to face consequences of these decisions, the requirement to participate in and influence decision-making is legitimate. Participation is not perceived as a purely formal opportunity to be informed or comment on public materials and activities. It is a role of self-government to build favorable conditions for participation, and involve proactively subjects into the processes of preparation and implementation of decisions as well as consider their ideas and incorporate them into public documents.

**Transparency** characterizes an accessible, open and comprehensible, on publicly known criteria based, self-government which fights against clientelism and corruption. Transparency or openness is based on free flow of information and processes, institutions and information

are accessible to those who are concerned. Information provided is clear, relevant, reliable and verifiable.

**Effectiveness** evaluates inputs (time, number of people, finances, qualification etc.) vs. achieved outputs. It evaluates whether with the same inputs we could achieve better and of higher quality outputs, or with lower inputs we could achieve the same outputs.

**Efficiency** is evaluation of the degree of the strategy goals attainment, planned or unplanned benefits and positive or negative impacts of the strategy realization.

### 3 Conclusions

Introduction of the Good Governance Model will bring in the development processes an increase of transparency (in what is happening, why is it happening, what are the tasks and responsibilities), effective participation (active mobilization of all who have to be or should be involved relevant for the particular phase of the process), and also higher effectiveness and efficiency of the development processes. It should result in strengthening public trust in regional self-governments, in more effective use of public resources, in limiting space for clientelism, in increased acceptability of decisions in the field of regional policy and, in medium and long term perspective, in increase in socio-economic level of the region.

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