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COMPETENCES, POWERS, FINANCES AND THE COORDINATING ROLE OF THE REGIONAL LEVEL OF SELF-GOVERNMENT IN SLOVAKIA – POLICY ADVICE

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Good Governance

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INTRODUCTORY REMARKS

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Rationale and Purpose of the Policy Advice

- Informs the ongoing debate about regional de-centralisation ("Higher Territorial Units")
- Provides a single stock-taking overview
- Organises view-points and inputs by various stakeholders
- Offers possible ways forward to structure the debate further

- Complementarity with other CoE initiatives

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A structured and cohesive approach

- Senior SK and international experts (UK, MESA10, Comenius University, et al.)
- Comprehensive interview programme (March 2022)
- Desk review of legal text and public policy analysis
- Guidance from the ECLSG, the CoE Principles of Good Democratic Governance, Recommendations and Guidelines

Three main parts of the PA report

- Current (2022) legal and policy framework
  Historical perspective
  Fiscal / financial arrangements
- Critical appraisal of context / debate
  Systemic governance elements
  'Narrower' issues
- Conclusions
  Policy advice

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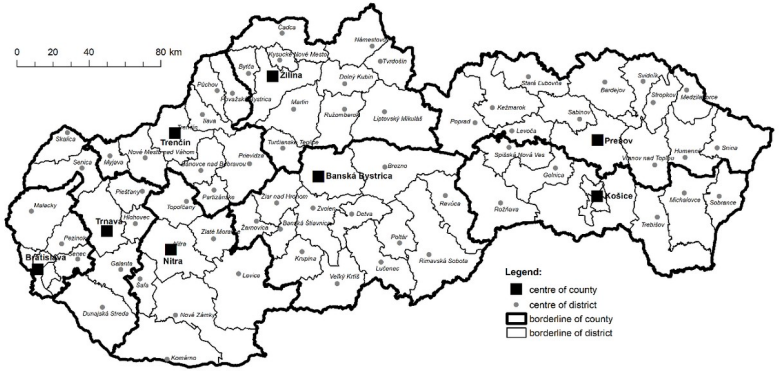
Territorial governance in SK

- **Two distinctive systems of local self-government**
  Independent, on equal footing
  >2,900 municipalities (since 1991)
  8 self-governing regions (since 2001)
  – 79 Districts (72 DOs, 'de-concentrated' State Admin.)

- **Rather heterogeneous regions**
  Size of territory
  Demography
  Economic fabric and performance



Bačík in Klimovský (2022)

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Territorial governance – Competence allocation

- **Transfer of competences since early 2000s** – Law Nr. 416/2001 Coll. (2015)
  Retained by the State, unless expressly attributed to local self-gvts.
  Includes property, staff, resources

- **Original competences** of the regions – directly conferred by law

  Delegated State competences to the regions – devolved by the central gvt.

Territorial governance – Finances

- **Comparatively small share of national GDP**
  Main sources: taxes; non-tax revenues (fees, property); transfers (gvt. / EU)

- **2005 Reform for fiscal (regional) decentralization**
  Own regional tax – (corporate / commercial) motor vehicles; until 2014
  A share of personal income tax – not ear-marked grants from central gvt.
  Set criteria, but large variation in actual redistribution (e.g. economic crisis)

Territorial governance – Controls

- ***De iure* and *de facto* independence** – Law Nr. 302/2001 Coll. (2018)
  Controls exist, though

- **Own mechanisms** – Principal Controller (audit) and related arrangements
  State-level mechanisms – State Public Prosecutor (legal scrutiny of all administrative acts); Supreme Audit Office (balanced budget rule)
  Main DOs as administrative appeal bodies

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Competences: No radical re-allocation, exploit flexibility

- **Historic legacy, possibly out of date** – natural geography / functional territories

  Yet, debate largely not about the number or size of the regions

- **Lack of clarity of current definition of competences is of concern**

  E.g. planning

  Current allocation in line with the ECLSG

- **Exploit opportunities for regions to contribute to development**

  Functional areas to better reflect the socio-economic activities on the territory

  Adjustment of competences of District Offices

  Flexible initiatives and experimentation in policies areas (e.g. Covid-19 management / regional development)

Finances: Overcome current centralisation

- **Virtually no fiscal autonomy for regions to expand their budget** – no own revenues
  Sheer coverage of ongoing administrative affairs
  Minimal / sub-optimal maintenance of infrastructure and properties (inherited debts)

- **Fundamental consequences:**
  Policy-making – Policy prioritisation and entrepreneurship are hampered
  Policy integrity – Rent-seeking; risk of mis-management / corruption
  Legitimacy and reputation – Poor perception of the (potential) role and performance by regions

- **Wide-spread call for more fiscal autonomy** – revision of current fiscal and financial framework
  Stronger, more effective and professionalised accountability (control) systems
  Shift to performance-based reviews

Multi-level interface: Political and governance issues

- **Missing overarching strategic political vision** – Untapped potential for constructive dialogue on modernisation and de-centralisation
  An alleged self-serving stance of political leaderships – at all levels of government
  Preferences for status quo (large, long-lasting coalitions and cumulative mandates)

- **Policy coordination mechanisms are not formalised** – ad hoc, ad personam, voluntary
  Both vis-à-vis the central government / State administration (DOs); and the municipalities
  Siloed administrative practices (epitomised by the Covid-19 crisis)
  SK8 role acknowledged
  No formal obligation for assistance or coordination between the local self-governments

- **Bratislava metropolitan area / main towns**

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Decision-making: Planning and regulatory issues

- **Strategic planning and programme budgeting still partially developed**
  Despite legal obligations, mixed experiences across regional governments
  Unstructured procedures; unsystematic (non-mandatory) consultations with governments / public
  In several regions, plans are missing or largely out-dated
  Programme budgeting largely a pro-forma exercise (poor or missing KPIs); capacities
- **Good regulatory practices unevenly applied** – certainty, predictability, effectiveness, coherence
  Unclear legal bases and legal drafting
  Lacking impact assessment
- **Areas of progress: public integrity and participatory decision-making**
  Codes of Ethics; participatory budgeting

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Overall: A welcomed and needed debate

- **Broad agreement on fundamental qualitative change in SK territorial governance through de-centralization**

- Government to consider:
  Direct approach – should the reform pivot around the regional dimension?
  Indirect approach – regional decentralization supporting other reform objectives and priorities (municipalities, deconcentrated State administration)

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POLICY CONSIDERATIONS

1. Promote a structured, evidence-based debate

- **Co-creative / inclusive approach**
- **Regionalisation included in / a lever for wider reforms**
- **Public Administration Reform**
- **Dedicated Working Group (task force)**
  Coordination of multi-disciplinary research & expertise
  Facilitation of stakeholder participation
  Ensuring government-wide strategic vision and coherence across reform strands

2. Clarify the definition of competences

- **Overcome ambiguities / clearer (governance) differentiation across the various levels**
- **Clearly established criteria**
  Subsidiarity / efficiency / certainty of delivery / accountability
- **'Incremental' approach**
  A political inter-institutional memorandum first, for a pilot / transition period
  Consolidation in the legal / constitutional framework

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3. Analyse "current" regions and "functional" regions

- **Better align regional competences and powers to actual socio-economic dynamics**
- **Consider adjusting administrative borders**
  Incentes through fiscal arrangements and inter-regional equalisation mechanisms

4. Grant more fiscal and financial autonomy

- **Confer more decision-making and management powers to the regions**
  Levy and retain regional taxes (e.g. property tax / real estate tax / Value-Added Tax)
- **Couple such greater autonomy and financial endowment with stronger controls**
  Internal and external controls
  Council of Europe Recommendation on supervision of local authorities' activities
- **Promote professionalization of controllers, and nature of the audits**
  Performance-based indicators

5. Institutionalise and strengthen coordination mechanisms

- **A pivotal 'means' for necessary 'ends'**
  Strategic planning / policy coherence / effective implementation / efficient administration
  Across all levels of government
- **'Incremental' approach**
  Exploit digitalization and ICT interfaces
  Formalisation in legal bases

6. Consider limiting cumulative political mandates

- **Framing the multiple mandate policy of the Slovak system**
  by-partisan
  Code of Conduct on public integrity, conflict of interests, diversity
- **Attractiveness of regional political offices as a pre-condition for regionalisation**
  Head of the Region / Member of the Regional Council

7. Mainstream good planning and regulatory practices

- **Performance-based planning and budgeting**
- **Evidence-based, participatory decision-making**
- **'Incremental' approach**
  No need for additional legal amendments
  Pilot phase with lessons-drawing and subsequent scaling up
  Code of Conduct on public integrity, conflict of interests, diversity
- **Council of Europe Centre of Expertise' toolkits**
  Local Finance Benchmarking and Performance Management tools

THANK YOU !