Policy advice

on the competences, powers, finances and the coordinating role of the regional level of self-government in Slovakia

Council of Europe

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in cooperation with the Slovak NGO MESA10

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Delivering Good Governance in Slovakia – II phase

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Executive Summary

This Policy Advice was requested by the Slovak Government as part of the Council of Europe – European Union Joint Project "Delivering Good Governance in Slovakia – II phase". It considers the ongoing debate in the Slovak Government and among civil society and academia about the regional decentralisation process in the country. It offers the Slovak authorities and stakeholders a framework to further discuss possible reform avenues by identifying current crucial issues and options for consideration. The report was prepared by a team of Council of Europe international and local experts. It draws from a structured programme of meetings with institutional and non-governmental stakeholders in Slovakia, and it is informed by principles and standards of the Council of Europe as well as by the best European practice.

The Council of Europe team finds that, while not yet considered as a pressing political priority, it is opportune to address the underlying challenges related to regional self-government in Slovakia in a structural and objective manner. There appears to be a general dissatisfaction among stakeholders with the status quo, coupled with a sense of untapped potential for the socio-economic development that has not been unleashed at the regional level. The performance of the regional authorities in recent years, not least in relation to the management of the COVID-19 pandemic, is a proof of the possible added value that entrepreneurial and properly equipped self-governments can bring to the Slovak society, notably when committing to shared objectives and outcomes.

Specific points raised by various stakeholders during the Policy Advice exercise include:

- **Competences**: There does not seem to be a call from stakeholders to radically redefine the types of competences allocated to the regional self-government. It is rather the lacking clarity in the definition of the current competences that is a primary cause of concern and dissatisfaction among stakeholders – more so than the number or size of the current regions. Far from being optimal, the leeway offered by the current definition of competence allocation nonetheless allows for flexible policy initiatives and experimenting. The regional development policy is a case in point of the current challenges and may be a helpful test-bed for improvements of the system.

- **Fiscal and financial arrangements**: Despite significant legal steps undertaken as a part of the fiscal decentralisation reforms that took place in 2005, Slovakia remains one of the most centralised OECD countries in terms of sub-national expenditure and tax revenue. Because of the lacking fiscal autonomy, regions rely primarily on transfers from the central government and the EU. There is a general agreement on the need to amend the current framework. Any advance towards enhanced regional fiscal and financial autonomy must be coupled with effective accountability systems. There is also agreement on the need for further strengthening the professionalisation of the control regime and embrace more performance-based reviews. The discussions on the future Public Administration Reform (see page 15) provide for the proper framework to address the debate comprehensively. Individual, unstructured legislative initiatives should be avoided, and the reform should be evidence-based.

- **Inter-governmental coordination arrangements**: The political landscape in Slovakia has so far not been fully conducive to addressing the threats and opportunities offered by the regionalisation process. The possibility to cumulate political mandates thereby holding different offices simultaneously might be one of the causes thereof. Policy coordination with the central government and the State administration largely depends on voluntary initiatives and suffers from administrative fragmentation. Similarly to their relationships with the central government, regions entertain only informal and partial collaboration with the municipalities. There remains great margin to strengthen coordination and rationalise the interface between the two self-government levels. Striking policy differences characterise the relationship with the main cities, notably with regard to the future of the Bratislava metropolitan area.

- **Decision-making in the self-governing regions**: Despite legal obligations, regional governments have not fully internalised and mainstreamed good planning and regulatory practices in their decision-making processes, to the detriment of the regional governments' effectiveness and accountability. Nonetheless, public governance is improving at the regional level, with encouraging progress for instance being made in terms of public integrity and participatory decision-making.

Based on the above findings, and on the Council of Europe's recommendations and standards on local and regional democracy and on good democratic governance, this Policy Advice provides the following recommendations:

1. Promote a structured, evidence-based debate about the regionalisation process in Slovakia in the framework of the future Public Administration Reform, as a way to best unleash the country's potential to meet national strategic objectives and apply principles of good democratic governance.

2. Clarify the definition of the competences allocated to all levels of government, by means of a Government memorandum agreed upon by all institutional stakeholders, with a view to preparing future constitutional amendments.

3. Encourage in-depth analysis on the competences, powers, and authority of the self-governing regions on the one hand, and the functional regions on the other hand, and take appropriate action for redefining regional administrative boundaries.

4. Revisit the fiscal and financial arrangements governing the self-governments, notably with a view to granting more autonomy to the regions. Increase, at the same time, the mechanisms to hold regional self-governments more accountable.

5. Institutionalise and strengthen coordination mechanisms across levels of government to ensure better strategic planning, policy coherence and effective implementation.

6. Consider limiting the practice of cumulating political mandates of elected officials.

7. Promote the development and mainstreaming of good planning and regulatory practices through the regional decision-making process and build adequate levels of capacities and expertise within the regional public administration.

List of Acronyms

ECLSG	: European Charter of Local Self-Government
EU	: European Union
GDP	: Gross Domestic Product
ICT	: Information and Communication Technologies
OECD	: Organisation for the Economic Cooperation and Development
PAR	: Public Administration Reform
SAO	: Slovak Supreme Audit Office
SK8	: Association of the Slovak Self-governing Regions

I. Introduction

The Slovak Government requested the Council of Europe to prepare legal and policy advice on different topics related to the challenges of the self-governing regions; the redistribution of competences to local governments with rural and urban character; the strengthening of the financial independence of both local and regional self-governments and the enhancing of their financial management capacities; as well as the status of the Capital city Bratislava and the city of Kosice.

These advisory inputs are paired with various capacity-building activities implemented by the Council of Europe. Support has been given to the implementation of the Slovak national training strategy for public authorities; to the introduction of public ethics standards and accountability measures; to strategic planning and financial benchmarking at the local level; as well as to the dissemination of best practices related to the Council of Europe 12 Principles of Good Democratic Governance.

These initiatives assist the Slovak authorities in designing an overall new, modern and more efficient concept for the functioning of the local and regional self-government in the country.

I.1. Purpose and structure of the Policy Advice

This Policy Advice report considers the ongoing debate in the Slovak Government and among civil society and academia about the regional decentralisation process in the country. By providing a single stock-taking framework, it organises the main issues currently at stake and points to some options for future scenarios. As such, the report seeks to offer to the Government, stakeholders and experts, possible inputs to inform and further structure the debate on the future of the higher tier of self-government.

Besides the Introduction, the report is structured in the following three parts:

- Part II - shortly outlines the current legal and policy framework governing the Higher Territorial Units (regions) in Slovakia. It provides a historical perspective of the genesis and development of the decentralisation process and summarises the competences attributed to the regions. It also describes the fiscal and financial arrangements as well as the control mechanisms currently in place at the regional level.
- Part III - offers a critical appraisal of the current context and debate about the role and function of the Slovak regions. It covers systemic as well as narrower governance issues.
- Part IV - concludes and presents a series of policy considerations addressed to the Ministry of the Interior of the Slovak Government.

A series of Annexes complement the information about this Council of Europe Policy Advice exercise.

I.2. Methodological remarks

The preparation and elaboration of this Policy Advice report is the result of a cohesive effort of the Council of Europe team that included several experts:

- Paul Rowsell, Chair of the European Committee on Democracy and Governance (CDDG); Head of Governance Reform and Democracy, Department for Levelling Up, Housing and Communities, United Kingdom

- Siobhan Smyth, Co-Deputy Head, Governance Reform and Democracy, Department for Levelling Up, Housing and Communities, United Kingdom
- Ján Marušinec, Executive Director, MESA10, Slovakia
- Rastislav Valentovič, Fellow, MESA10, Slovakia
- Daniel Klimovský, Associate Professor, Comenius University in Bratislava, Slovakia
- Jaroslav Pilát, Local public administration expert, Slovakia
- Lorenzo Allio, Council of Europe expert, Switzerland.

The Policy Advice largely draws from a comprehensive interview programme conducted by the Council of Europe team. The programme covered institutional stakeholders as well as leading academic experts. A list of the meetings held by the Council of Europe team is reported in the Annex.

The discussions took place online, on the basis of indicative open questions in a semi-structured approach, as well as through email exchanges. They primarily aimed at identifying the core issues, problems, and challenges that regions currently face in Slovakia, and outlining the visions and expectations that various actors have from a possible reform of the territorial administration in the country.

The direct fact-finding approach was complemented by a review of the legal bases, policy documents and academic literature pertaining to the organisation and functioning of the self-government in Slovakia (see the References list at the end of the report).

The European Charter of Local Self-Government (ECLSG)[1], the Council of Europe Principles of Good Democratic Governance[2] and relevant Council of Europe Recommendations and Guidelines[3] inform the Policy Advice.

[1] See https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treatynum=122

[2] See https://www.coe.int/en/web/good-governance/12-principles.

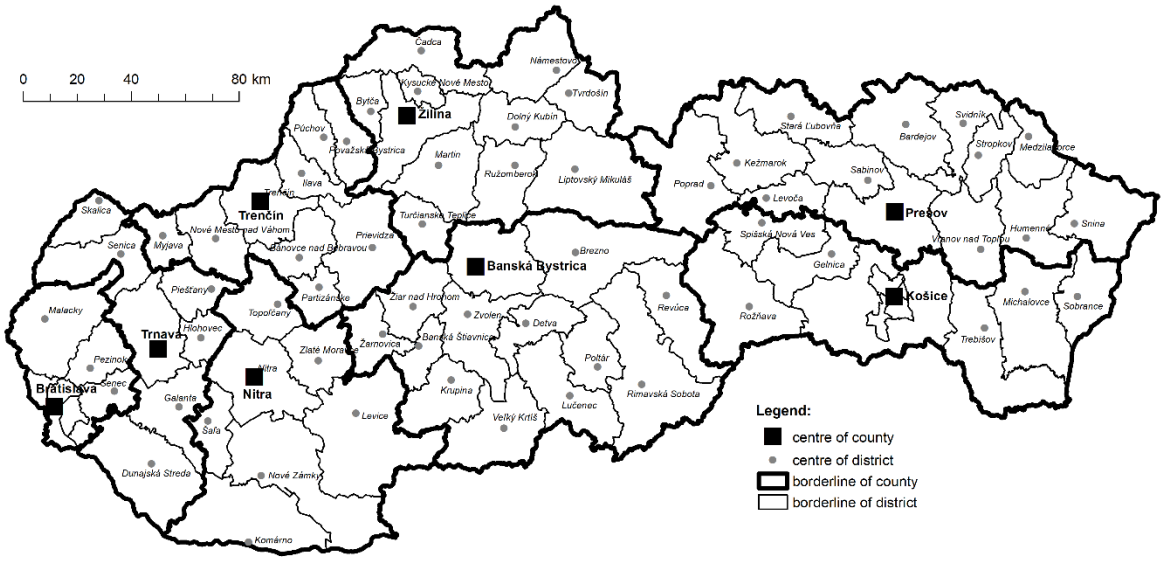
[3] See https://www.coe.int/en/web/good-governance/standards.

II. The structure of Slovakia's territorial administration: Higher Territorial Units

II.1. Short overview

The Slovak Republic (Slovakia) operates according to a dual system of State administration and autonomous self-government. Specifically, two distinct systems of local self-government are in place. The lower tier consists of around 2,930 municipalities, which are recognised as legal persons with autonomous authority since 1991. The upper tier of self-government includes eight self-governing regions (*Samosprávne kraje*), established in 2001 (see Figure 1.). Since that year, the regions have held specific competences in several areas, as well as competences delegated to them by the central government.

Figure 1. Territorial administration in Slovakia

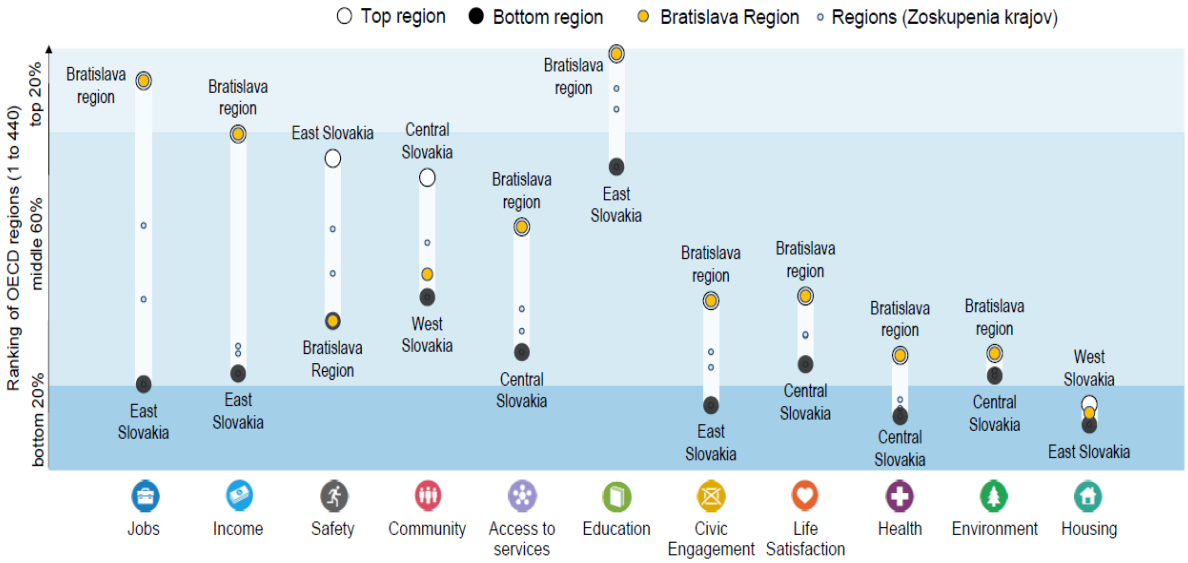


Source: Source: Bačík in Klimovský (2022).

For local State administration delivery, the national territory was divided into 8 administrative counties (*kraje*) and 79 districts (*okresy*) in 1996. Since then, the institutional structure of local State administration has been redefined on several occasions. Further to the rationalisation reform implemented in 2013, the present local State administration is primarily represented by 72 district offices (directly subordinated under the Ministry of Interior as its deconcentrated administrative territorial units), and a few other State administration offices which are responsible for some specific tasks (e.g., district mining offices which are subordinated to the Main Mining Office).

While corresponding to the EU's NUTS 3 level of local administrative units, the eight Slovak regions are not uniform in terms of territory, demography nor economic performance. Population in the regions ranges from about 560,000 to more than 800,000 inhabitants, with varying levels of density. Figure 2. highlights the fact that Slovakia has one of the highest regional economic disparities among OECD countries, with the Bratislava Region generating almost 3.3 times higher GDP per capita than the Easter regions in 2018 (OECD, 2020).

Figure 2. Well-being regional disparities in Slovakia



Note: Relative ranking of the regions with the best and worst outcomes in the 11 well-being dimensions, with respect to all 440 OECD regions. The eleven dimensions are ordered by decreasing regional disparities in the country.
Source: OECD (2020)

In 2006, the regions founded a common, voluntary "Association of the Self-governing Regions" (SK8, http://samospravnekraje.sk/), formally regrouping the Heads of the regions. The SK8 enjoys own legal status and over time it has acted as the primary representative of the regional interest and the main interlocutor of the regions vis-à-vis the central government, the National Council (the Slovak Parliament), and the local self-governments.

II.2. Historical background

Historically, the emergence of the regions as autonomous, operational self-government in Slovakia has not been linear. With the Velvet Revolution and regime change in 1989, the then Federal Assembly of Czechoslovakia proceeded to a swift reorganisation of the territorial administration to accommodate the new political and economic context. Because of the urgency, the re-design of the administration was not comprehensive, and it primarily focused on replacing the old system of national committees with the municipalities as the basic territorial units. Higher tiers of government (counties) were abolished as being considered a symbol of the previous political regime. Despite a lively debate and engagement among experts and stakeholders, since the very early 1990s territorial decentralisation efforts have been hampered by the priority of the ruling coalition to strengthen the basic functioning and improving the performance of the central level. Especially in the mid-1990s, the ruling coalition preferred a centralistic approach and excluded the possibility to introduce a regional level of self-government from its official political agenda.

The limited attention devoted to de-centralisation in the early 1990s was reflected in the relatively weak provision included in the Constitution of the Slovak Republic. The original Art.64 merely indicated that the scope and powers of self-government of the "Higher Territorial Units" and their authorities had to be laid down by a separate dedicated law. The subsequent Law Nr.221/1996 Coll. on Territorial and Administrative Organisation of the Slovak Republic and Law Nr. 222/1996 Coll. on Organisation of Local State Administration constituted the first milestones in the process. They referred to the territorial self-

government in Slovakia as consisting of municipalities and higher territorial units, although they left the definition of the status, scope and self-governance bodies of the latter to a subsequent special law.

How such regions had to be governed and with what means continued to remain a highly political and politicised issue (Klimovský and Marušinec, 2022). The number, size, and seat of the several regions were largely the most critical question during the process of establishing the regions. A first governmental *Public Administration Decentralisation Strategy* was presented in 1999. This initiative nonetheless met with significant resistance not only by opposition parties but also by individual line ministries, which feared to lose competences and control over the territory. The unpreparedness and low level of capacities in the administration constituted a further weakening factor for the Strategy's acceptance and implementation (Klimovský, 2022).

The overall context had nonetheless evolved in those years. On the one hand, Slovakia signed the European Charter of Local Self-Government (through Government Resolution 97/1999). Yet, it was clear that the existing legal order of Slovakia was not compatible with the Charter's provisions and requirements. On the other hand, the country embarked firmly in the accession process to join the European Union, which required several constitutional and legal modifications. Accordingly, a more comprehensive exercise to reform the territorial administration was launched at the turn of the 2000s, this time supported more structurally by analyses and inputs from national and international experts. These developments were significantly informed and promoted through communication and expert initiatives across the Slovak society. Dozens of conferences and workshops were organised by organisations representing the economy and civil society, as well as by the government by means of a so-called "Road show" with events and roundtables.

The Government Resolution 462 of April 2000 launched the *Concept of Decentralisation and Modernization of the Public Administration*. The reform had to be steered by a Coordination Group chaired by the Deputy Prime Minister. In February 2001, the National Council approved the Constitutional Law Nr. 90/2001, which amended Art.64 by enshrining the regions as also constitutionally recognised constitutive self-governing and administrative entities of the Slovak territory, besides the municipalities. At the same time, the regions acquired the right to manage their own property independently; the right to finance their needs and the execution of their competences primarily from their own revenues and also from State subsidies (Art. 65); and the right to associate with other higher territorial units to promote matters of common interest (Art.66). Other articles of the Constitution (Art. 67-71) introduced additional rights and duties, including regulatory authority as well as control mechanisms.

It was established that the eight self-governing regions started operating as legal entities from 2002. The same territorial basis was chosen as the governmental regional offices created in 1996. The first general elections of the Heads of the regions and of the Regional Councils took place in December 2001.

Since then, the *Project of Further Decentralisation of Public Government for the years 2003-2006* consolidated the decentralisation process. In 2004, the Law Nr. 564/2004 Coll. on budgetary determination of revenue of income tax to territorial self-government deeply altered the fiscal and financial arrangements for the sub-national level, modifying the level of both shared taxes and own-source taxes, and reducing central government transfers to the self-governments. *The Programme Efficient, Reliable and Open (ESO) State administration* of 2014 further restructured the territorial administration of the central government. Simplification and efficiency-oriented measures included smoother multi-level governance at the local level and better provision of public services to citizens. Most of the initiatives under the ESO Programme concerned the municipalities.

II.3. Political organisation

Art.69 of the Constitution establishes that the region's legislative and decision-making body is the Regional Council. This is composed of members elected by direct universal suffrage for a four-year term.

The Head (or Chair, *predseda*) is the highest official of the executive authority of the region, managing the regional administration and resources. Reflecting the double legitimacy tradition at the other two levels of government (Mayor and Municipal Council at the local level; and President and National Council at the national level), the Head is the political leader of the region and its "visible leader". He or she is elected, independently from the regional legislative election, also by direct universal suffrage for a four-year mandate. He or she chairs the Regional Council meetings, although is not a member of it. Deputy-heads may by appointed by the Regional Council upon nomination of the Head of the Region. The Head also proposes the type of responsibilities for his/her own deputy, with the Regional Council endorsing such decision.[4]

II.4. Competences

The distribution of the competences is laid down in Law Nr. 416/2001 Coll. on the Transfer of some competences from State administration to Municipalities and Higher Territorial Units, last amended in 2015. The central government is in charge and responsible for any competence that is not expressly attributed to the municipalities or the regions.

The process of defining the competences to be exercised at the regional level started in 2002. Initially, it included the phasing out of the regional and district offices of the State administration. Their powers were transferred from the State in part to specialised territorial State administrations and in part to the regional and/or the local layer, according to the territorial or economic scale of the competence at stake. For instance, in the domain of education, local governments became responsible for primary schools and preliminary "fine arts" schools; regional governments for secondary schools, conservatories and "upper fine arts schools"; and the central government is responsible for the universities. The transfer implied not only the nominal or formal conveyance of the competences, but also of property, infrastructures, personnel, and resources.

As a result, the Slovak regions are entrusted with two types of competences (see also Table 1.):

- **original competences** directly conferred on them by law; these include 2nd and 3rd class roads; territorial planning; regional development;[5] own investment activities; secondary schools; hospitals; certain social service establishments (e.g. retirement homes, social services for children, crises centres, children's homes, etc.); cultural establishments (such as galleries, museums, theatres, certain libraries, etc.); participation in civil defence; licensing of pharmacies and private physicians; and

[4] The nature and scope of the responsibilities attributed to a deputy head is not codified in any legal nor guidance document.

[5] Although regions are commonly perceived as having the primary task of regional development, in Slovakia the management of the European Union structural funds is performed by the central administration – the Ministry of Investments, Regional Development and Informatization, notably. On the one hand, this arrangement allows to de-couple spending activities (by the regions) and auditing tasks (by the central administration). On the other hand, it consolidates administrative expertise and capacities.

- **delegated State administration competences**, devolved to them by the central government. Those pertain to authority mainly in the education, health care, and road transport sectors.

Table 1. Sub-national competences in Slovakia

	Regions	Municipalities
1. General public services	Internal administration; international and trans-regional co-operation	Internal administration; management of movable property and real estate owned by the municipality, or transferred temporarily by the State; building permits; registry offices
2. Public order and safety	Civil defence (in co-operation with State bodies)	Municipal police; public order; fire-fighting
3. Economic affairs / transports	Transport (roads, railways); regional economic development	Supervision of economic activities; consumer protection; local roads; local public transport; tourism
4. Environmental protection		Protection of the environment; sewage; heating; refuse collection and disposal
5. Housing and community amenities		Housing and town planning; cemeteries; public lightning; water supply; parks and open spaces; urban regeneration; social housing
6. Health	Secondary hospitals; management of non-State healthcare as psychiatric hospitals and dental services	First aid stations and primary medical centres
7. Recreation, culture & religion	Regional theatres; libraries; museums; galleries; cultural centres	Sports facilities; cultural facilities
8. Education	Secondary, professional, art and vocational schools; construction and maintenance of buildings; payment of teachers on behalf of the State	Pre-school and primary schools; kindergarten and nurseries
9. Social protection	Homes for children	Social aid for elderly and children

Source: Reproduced from SNG-WOFI (2019).

As a part of the ESO reform in the mid-2010s, the State administration was restructured with the introduction of the 79 districts with 72 State District Offices,[6] integrating several State entities. District Offices operate under the authority of the Ministry of the Interior and are primarily responsible for issues related to civil protection, management of crisis situations, cadastre, national defence, environmental protection, agriculture, forestry, hunting, transportation, and internal affairs.[7] These competences are legally and operationally distinct from the original and delegated State administration competences of the regions.

[6] There is one District Office in the City of Bratislava covering five districts, and one office in Košice covering 4 districts.

[7] A District Office is led by public officials nominated by the Government upon proposal of the Ministry of the Interior. The staff and organisation of a District Office falls under the responsibility and budget of the Ministry of the Interior. However, District Office officials working on policies and services pertaining to the portfolio of other ministries report directly to those line ministries.

II.5. Finances

The funding schemes of the self-government in Slovakia has evolved over the past two decades (Klimovský and Marušinec, 2022). In general, the self-government revenue accounts for a relatively small share of the national GDP, well below the average of OECD countries. The funding draws from three main sources: taxes, non-tax revenues (tariffs and fees and property income) and transfers (from the central government and EU funds).

In particular, the financial system of the region is based on the 2005 reform introduced by the Law Nr. 564/2004 Coll. on Budgetary determination of income tax yields to territorial self-government and the Law Nr. 583/2004 Coll. on Budgetary rules of the territorial self-government. The reform aimed at strengthening fiscal decentralisation and ensuring greater financial predictability and stability. Accordingly, the basic sources of funding for the regions became:

- **own regional (motor vehicle) tax**; this constituted the only genuine own tax revenue for the region, to be collected on corporate (commercial) vehicles. Regions could largely determine the rate of the tax, and retain the entirety of the revenues collected.
- **A share of the personal income tax**; the regions received a proportion of the (national) income tax collected by the central government. These government grants are not ear-marked.[8] Once transferred, the regions may decide freely how they spend them.

The original provisions of the Law Nr. 564/2004 set the total share of the income tax global collection to be divided among the eight regions at 23.5% (whereas 70.3% was allocated to the municipalities and 6.2% retained in the central budget). The redistribution of that amount among the regions unfolded according to the following criteria:

- 15%, reflecting the number of inhabitants with permanent residence in the region;
- 15%, reflecting the number of citizens between the age of 15-18 (this criterion accounted for the region's responsibilities in secondary education);
- 32%, reflecting the number of citizens being older than 62 (this criterion accounted for the region's responsibilities for social and health care of the elderly)
- 9%, reflecting the population density of the region (in relation to the sub-urban transport system);
- 20%, reflecting the length of the 2nd and 3rd class roads in the region (the maintenance of which is a responsibility of the region); and
- 9%, reflecting the overall territorial area of the region.

While these criteria and their weighting have remained unchanged to date (only redistributive coefficients did), the funding schemes have significantly shifted in several aspects over the past decade, mainly further to the 2009 global financial crisis. One the one hand, in 2012 the overall share of income tax allocated to the regions was reduced to 21.9% (from 23.5%), with the one for the municipalities shrinking to 65.4% as a balancing measure to strengthen the shrinking central budget because of the crisis. One the other hand, the National Council adopted the Law Nr. 361/2014 Coll. in November 2014 centralising the motor vehicle tax, de facto depriving the regions from their sole own source of revenue. This decision was taken on the ground that the tax was perceived both as excessively hitting the road hauling sector and as unfair

[8] The central government transfers also ear-marked grants to finance certain services. However, such grants are mainly allocated to the municipalities, not to the regions.

since it reflected where the vehicle was registered but not where it was used. As a way of compensation, the proportion of income tax revenues allocated to the regions was raised to 29.2%.

II.6. Controls

The Law Nr. 302/2001 Coll. on Administration of Higher Territorial Units (last amended in 2018) regulates the legal status of the self-governing regions. The Slovak regions are free from day-to-day operational guidance or prior approval or consent from other entities.

Various forms of control exist, though. Under the law, regional authorities are obligated to develop within their powers an effective audit system, set up a function of a Principal Controller of the self-governing region, who is elected by the Regional Council and serves as the "principal auditor". A region is also obligated to create appropriate organisational, financial, personnel and material conditions for independent conduct of audit.

The legal control of sub-national acts is carried out by a Public Prosecutor representing the State General Prosecution Office. The State Prosecutor is responsible for the legal control of all administrative acts, undertaken both by sub-national self‑governments and the State administration at the regional or local level. In the exercise of the delegated State administration competences, there is room for the central administration to issue guidelines or to check the way in which a region is exercising those competences.

Since 2005, each self-government authority in Slovakia must follow a balanced budget rule.[9] The Fiscal Responsibility Constitutional Act of 2011 (Law Nr. 493/2011) and the Law on Budgetary Responsibility in the EU of 2013 (Law 35/2013) strengthened the fiscal rules applied to self-governments. They also reinforced the role of the Supreme Audit Office (SAO), which controls local and regional accounting, budgeting, and public expenditures.

The eight main District Offices (located in the eight seat towns of the regions) act nonetheless as the administrative appeal bodies for decisions taken by regional governments related to the execution of both original and delegated State administration competences.[10]

[9] Despite the decline in revenues and the general slow-down of the Slovak economy, the regions did not incur deficits during the immediate years of the 2009 financial crisis. A legislative amendment was however introduced in March 2009, which allowed municipalities, towns, and regions to temporarily run deficits. The central government also stepped in with occasional bailouts to regional and city authorities to prevent the closure of public centres, in particular care centres.

[10] Track record however indicates that by the nature of the competences allocated to the local self-government, most appeals filed to the District Offices pertain to municipal (not regional) decisions. Similarly, District Offices have the authority to control self-governments' spending decisions, in so far as those execute tasks funded directly through the Ministry of the Interior's budget. Again, this almost exclusively applies to tasks carried out by municipalities.

III. Regional decentralisation in Slovakia: A critical assessment

III.1. General remarks

While not yet considered as a pressing political priority, it is opportune to address the underlying challenges related to regional self-government in a structural and objective manner.

The discussions held by the Council of Europe team as part of this Policy Advice exercise have been welcomed by all interlocutors. There is a broad agreement among them that such an input from the Centre of Expertise for Good Governance is not only a relevant substantial contribution, but it also comes at an opportune time in the ongoing discussions about decentralisation in Slovakia.

To date, the Government has yet to elaborate a clear vision about the future role of the regions. The decentralisation debate in Slovakia has traditionally focused on the local self-government units – the municipalities, mainly due to the high fragmentation at that level (see for instance Council of Europe Policy Advice 2021a and 2021b - as noted in the list of references on page 30). Most recently, the central level has also launched a comprehensive approach of how to modernise the public administration (see Box 1.). At the same time, the national Recovery and Resilience Plan strongly affirms the commitment of Slovakia to embark on a green and sustainable transition for its economic growth and societal prosperity.[11] Moreover, in October 2022 the self-government elections for the local and the regional levels were held, for the first time, jointly. Taken together, these elements increase the **relevance of the debate** about the role and function of the regions in shaping the future of the country.

Box 1. Towards a comprehensive Public Administration Reform

Further to the 2020 general election, the central Government included the launch and implementation of a comprehensive Public Administration Reform (PAR) as a part of the coalition agreement and the government programme. However, the outbreak of the COVID-19 pandemic early that year shifted priorities and needs, causing the postponement of the reform endeavour for several months.

A dedicated multi-stakeholder PAR Committee was eventually established in September 2021, including officials and academic experts. In its first meetings, the Committee have mainly focused on identifying the most critical areas for reform and in appraising possible margins for political debate.

Over the past years various stakeholders have stressed the necessity to thoroughly review and reform the territorial self-government framework. This notwithstanding, and also in the light of the regional and local elections in October 2022, the Committee has so far deemed that there still remains wide political unclarity and uncertainty as to the status, tasks and modus operandi of the self-governing regions. Territorial governance might be addressed through current related yet broader reform strands, most notably the revision of the fiscal regime.

Against this background, it is important to highlight and contextualise the main challenging features (if not open contentious elements) of the current governance framework, and to position the debate about the regions within the wider vision of the 21st century territorial administration in Slovakia. Virtually all

[11] See https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility/slovakias-recovery-and-resilience-plan_en#further-information.

relevant actors in the decentralisation debate call for a fundamental qualitative change of the current multi-level governance – including with regard to the regional self-government (Klimovský and Černěnko, 2022). The SK8 Association, in particular, has developed strategic thinking about a vision of the regions, as a contribution to a wide and comprehensive debate (see SK8, 2020 in the list of references).

The next sections of this report present some of such crucial issues. It will be up to the Slovak Government, in a **co-creative and inclusive** approach, to gauge whether the debate about a possible reform of the regional self-government ought to be tackled "directly" or rather "indirectly".

- A **direct** approach to framing the debate would respond to the question whether the regions ought to feature centrally and directly in the reform design, as institutional actors actively shaping the higher tier level of the territorial administration.
- The **indirect** approach would reflect a less prominent profile given to regional decentralisation. It would consider revising (if at all) the role and powers of the regions as a means to achieve other overarching objectives and priorities elsewhere in the multi-level governance design – notably in relation to the future of the local governments (towns and municipalities) and the nature of the deconcentrated State administration.

III.2. Competences

There does not seem to be a call from stakeholders to radically redefine the types of competences allocated to the regional self-government. It is rather the lacking clarity in the definition of the current competences that is a primary cause of concern and dissatisfaction among stakeholders – more so than the number or size of the current regions.

One of the core issues raised during the discussions held by the Council of Europe team refers to the current allocation of competences. Rather than seeking a radical redefinition of the competence allocation across the levels of government, stakeholders insisted on the need for better framing the current scope and implementation mechanisms. The Council of Europe also concludes that by and large the number and importance of the competences allocated to the self-government units in Slovakia comply with the ECLSG and satisfy the requirements of the Reference Framework for Regional Democracy (Council of Europe, 2016).

The scope of the responsibilities conferred on the regions is set out by the Law Nr. 302/2001 and the Law Nr. 416/2011, but stakeholders pointed out that those responsibilities are **not clearly defined**.[12]

For instance, the obligation to "carry out planning activities" related to its own territory is not further qualified. Thus, there is discretion in interpreting what concrete deliverables such function shall entail, and how the process ought to be organised for the elaboration, validation, and implementation of those plans.

[12] As documented also by Klimovský (2022), the lack of clearer definitions of the competences allocated to the regions did not spark political controversy at the moment of drafting the legal base because at the time the most controversial issues were the number and the size of the regions.

One aggravating factor for the resulting inefficient or unsatisfactory relationship between the levels of government might also be the fact that formalised coordination and communication mechanisms are not well developed and/or systematically used (see Section III.4. below).

During the discussions, stakeholders and experts acknowledged that the **borders** of the existing eight regions cut the national territory rather artificially. The geographical area of the regions does not necessarily coincide with natural, economic, functional, culture- or identity-based cohesive territories. The establishment of the regions followed a technocratic and abstract rationale, which has rendered the whole decentralisation and regionalisation process less appealing and inclusive. This has been well illustrated by the very name chosen for the regional entities: "Higher (or Upper) Territorial Units" as opposed to "regions" or any of the names that the regional instance has had in the Slovak history.

The relative distance of the regions from the population seems to be confirmed by a survey commissioned by the SK8 Association in 2021, according to which as many as 45 percent of the respondents declare not knowing about projects and activities promoted by the regions (MEDIAN SK, 2021 in the list of references).

Despite recurring proposals from various stakeholders over the past years, however, it appears to the Council of Europe team that a reconsideration of **the number and size of the regions is no longer as topical** in the current debate. Rather than reverting to the drawing board and map out completely new regional territories, the team was told, the reform should primarily determine what the regions should do, and how they will be able to perform such responsibilities. It is in this regard that the **clarification of the competences** gains higher relevance today than 20 years ago. (As to the reform of the fiscal and financial schemes, see Section III.3. below).

In the light of the high fragmentation of the local level (see Council of Europe Policy Advice 2021a - as noted in the list of references on page 30), however, stakeholders nonetheless agree on the need to **create functional areas** that better reflect the socio-economic activities on the territory. This may be promoted through enhanced inter-municipal cooperation; municipal amalgamations; and other approaches involving local self-government, with a more or less direct coordinating role of the regions. More generally, data collected by the SK8 Association suggests that there is a strong demand from the population to better exploit opportunities for development at the regional level. The better provision of health care services is overwhelmingly considered a priority in this respect, followed by the general development of the region and the construction of transport infrastructure.[13]

On the other hand, the Council of Europe team also takes note of the readiness expressed by representatives of the Government and of the SK8 Association to consider exploring possible adjustments in the allocation of some of the **responsibilities attributed to the District Offices** and the possible transfer of those responsibilities to the self-governments (including the regions), as a part of the ongoing PAR debate.

[13] 90% of the surveyed population indicated "Better health care" as a "very important" opportunity for development. Regional development and the construction of roads and highways were considered "very important" by about three in four respondents (MEDIAN SK, 2021).

Far from being optimal, the leeway offered by the current definition of competence allocation nonetheless allows for flexible policy initiatives and experimenting. The regional development policy is a case in point of the current challenges and may be a helpful test-bed for system refinements.

Initiatives taken recently have profiled the regions as dynamic actors and they can prompt possible lessons for future governance frameworks.

One example of the potential for dynamism at regional level was offered by the **management of the COVID-19 pandemic**. In the light of the objective difficulties of the central Government to organise and deliver the necessary health care services to the population in a prompt and widespread manner, the regions have intervened rapidly, with greater flexibility and more effectively both to coordinate the emergency treatment in hospital and the vaccination campaign and to ensure the vicinity and effectiveness of the State action in crisis situations. The performance of the regions during the pandemic has in part strengthened their credibility and trust among the public opinion, which has traditionally been low (see Section III.3. below).

In their assessment of the self-governments' performance during COVID-19, Jüptner and Klimovský (2021) point also to enhanced self-confidence of the regions (and the municipalities) in being visible to the citizens and end-users and delivering services effectively. This prompts the authors to speculate not only about a possible further development in inter-governmental relations, but also about the emergence of a more integrated multi-level model of territorial governance, whereby the remit of political responsibility and administrative implementation blur across formal boundaries of competences. The experience gained with the management of the COVID-19 crisis has also revealed the potential to use specific, jointly agreed outcomes and objectives as a lever for securing greater cooperation across boundaries of competences.

Another dynamism example refers to the **regional development policy**. According to many of the interlocutors, the main focus of this policy in Slovakia has traditionally been about the absorption and spending of the EU Cohesion and Regional Funds. Less prominent emphasis had been placed on seeking strategic vision and achieving coherence across several policy domains.

This relatively narrower approach to regional development was reflected first in the type of monitoring and auditing performed. Reporting on regional development typically takes the form of an annual appraisal of the spending activities, rather than a performance-based analysis of implementation and achievement of the set policy outcomes. Secondly, the approach resulted in the sharp differentiation between "regional development" and "local (or city) development". The two competences are kept **separated both formally and in practice**. They involve different actors: on the one hand the central government and the regions as leading decision-making entities on regional development, as opposed to the towns and municipalities for the local development on the other. The two policies also ran along independent and parallel tracks, following separate decision-making processes. These were a source of non-trivial policy and political disputes between the regions and the main towns.

Besides challenges related to multi-level coordination and capacities, one additional major issue concerned the incentives and attitudes of regions to be pro-active and "entrepreneurial" at promoting socio-economic development in their territory. Because their budget is not determined by the level of regional economic growth or by the strategic objectives of their policies, over the years, the regions have tended to focus on providing the basic services under their responsibilities. Shaping a more vibrant socio-economic reality has been beyond their reach. This has reverberated on the overall capacity and attitude of the regional public administration, which were still not fully familiarised with strategic planning and

performance-based policy design. The regions have remained supply-driven, instead of becoming demand-creating actors for regional development.

Against this background, the Ministry of Investments, Regional Development and Informatization has sought to better involve and empower both regions and towns in what would be a pioneering and potentially radical innovation in Slovakia's multi-level governance.

The initiative has the potential to overcome structural challenges by introducing different policy logic; re-distributing financial incentives; and establishing more or less institutionalised multi-level decision-making platforms and coordination mechanisms for policy deliberation and implementation. The proposed framework does not require constitutional or legal adjustments and can serve as a test-bed from which lessons can be drawn, good practices shared, thereby improving the public governance.

III.3. Fiscal and financial arrangements

Despite significant legal steps undertaken as a part of the fiscal decentralisation reforms that took place in 2005, Slovakia remains one of the most centralised OECD countries in terms of sub-national expenditure and tax revenue. Because of the lacking fiscal autonomy, regions rely primarily on transfers from the central government and the EU. There is a general agreement on the need to amend the current framework.

As briefly outlined in Section II.5 above, the Slovak regions enjoy **very limited fiscal autonomy**. The loss of the motor vehicle tax has not been replaced by other own revenues. Nor has it been compensated by the increased share of income tax transferred from the central budget. Therefore, since 2016 the regions have virtually no possibility to expand their budgets to reflect policy objectives and needs and to differentiate their policy-making from the other regions, apart from the direct transfers received through the EU funds. This significantly hampers policy entrepreneurship and innovation at the regional level (SK8, 2020).

Such a limited margin of financial manoeuvre has been a long-lasting negative asset for the regions. Since their creation, regions have also inherited infrastructure and property (such as school, hospital and social service facilities) which required major renovation investments to upgrade them from the status under the socialist regime. Many of those facilities had generated debts over several years and the regions had to take over their maintenance and functioning when they were already in a precarious state. In a context of fragile budgetary endowments and sub-optimal human resources and expertise capacities on public finance management, those investments have diverted significant resources from other types of expenditures. The risks of mismanagement and corruption, in such conditions, could not be excluded. As a result, the regions have been long associated with poor performance among the public opinion.

This **negative reputation** has not fully vanished, yet. The increase of the wages of teachers and other public employees (as well as in other expenditures) may explain the persisting tight budget available to the regions, despite the higher share of direct transfer received from the central government (now amounting to 30% of the overall income tax revenues). However, such structural budgetary constraints are difficult to be understood by the electorate, which continues to perceive the regions as rather distant and limited administrations.

To a certain extent, the regions also suffer from the poor financial performance of the local authorities. The revenue-raising power and the spending efficiency of municipalities is indeed severely limited by

their small size and the lack of joint public service delivery. Accordingly, the self-governments in Slovakia are, in general, seen as a trailer of the central government.

Hence there is among the stakeholders met by the Council of Europe team, a **common strong call to revisit the current fiscal and financial framework** for the self-government. With specific regard to the regional level, it is acknowledged that **more fiscal autonomy** should be granted in order to better allow the implementation of the responsibilities allocated to the regions.

Any advance towards enhanced regional fiscal and financial autonomy must be coupled with effective accountability systems. There is an agreement among the stakeholders on the need to further strengthen the professionalisation of the control regime and embrace more performance-based reviews.

The accountability and control system which the regional authorities are currently subject to, has not raised direct concerns among the stakeholders met by the Council of Europe team. Particular gaps or inefficiencies were not highlighted, and no cases of manifest malfunctioning or mis-management due to structural faults were reported. At present, the spending reviews and audit mechanisms carried out by the internal Principal Controllers and by the Supreme Audit Office are in line with the accepted type and stringency of the controls.

The Council of Europe Peer Review Report (see in the list of references - Council of Europe, 2019b) confirms the general validity of the control system in place in the Slovak territorial self-governments, as noted by the Congress 2016 Recommendation: *"the current system complies with Art. 8 of the ECLSG, notably with respect to the systematic nature and formal independence of the system (Council of Europe, 2016)."*

At the same time, the Council of Europe Peer Review Report highlighted a number of important areas for improvement, which the stakeholders intervening in this Policy Advice agreed upon. Shifts to larger fiscal autonomy as well as financial and spending capacity of the regions should imply commensurate checks and balances. This meant that not only should adequate qualification and resources be provided to the controllers but, also a reconsideration of the scope of the audit itself should be taken into account – not only whether and on which activities resources are spent, but also whether there are changes in the performance and outcomes thanks to those expenditures, which reflect the planned objectives.

The discussions on the future PAR provide for the proper framework to address the debate comprehensively. Individual, unstructured legislative initiatives should be avoided, and decisions related to reforms should be evidence-based.

The stakeholders acknowledged the importance of striking a better balance between promoting subsidiarity and ensuring effectiveness and efficiency in policy implementation and public service delivery. The discussion about the revision of the financial means granted to the regions (and the self-governments in general) cannot be disjoined from the one about the allocation of the competences across the levels of government.

In this regard, some of the stakeholders pointed to the debate currently taking place as a part of the PAR and insisted on linking the general fiscal reform to a **comprehensive reform** of Slovakia's multi-level governance. The elements of the reform should be wide-ranging (Klimovský and Černěnko, 2022).

- For instance, the discussion should include the **criteria for the redistribution** of the government transfers, which currently do not fully capture important variables such as the degree of mobility

of the population within and across regions and the actual economic output produced and consumed in the region. The current criteria could be excessively static and can lead to misalignments between financial transfers, actual expenditures and attractiveness of regions and municipalities to businesses, workers, and consumers.

- Over and above, the reform should aim at granting regions greater budgetary security and autonomy. A possible way forward is to introduce new types of tax revenues for the regions, in addition to the current revenues from the shared income tax. A **mix of taxes and duties** (e.g. real estate tax, property tax and/or Value-Added Tax) could reduce the financial dependence of the regions, increase budgetary and planning flexibility, and mitigate the current vulnerability to economic cycles.

It appears regrettable in this regard that a number of **individual legislative initiatives** have been recently tabled in the National Council which, if adopted, intentionally or indirectly affect parts of the fiscal and financial arrangements currently in place. While it is not the intention of this Policy Advice to appraise the merit of such initiatives, the Council of Europe team invites decision-makers to consider legislative amendments consistently and upon a shared strategic vision of the future multi-level framework.

To that end, it is crucial that any reform be based on **relevant multi-disciplinary analyses** and evidence. The ambition and responsibility of Slovakia as a member of the European Union to secure prosperity, equity and sustainable growth to its citizens call for a well-informed, rigorous consideration of facts, trends, and scenarios.

Evidence-based reforms are important, especially when it comes to gauge efficiencies and "value-for-money" considerations that the further regionalisation process would inevitably bring about. Trade-offs will have to be made between decentralisation efforts and economies of scale, both with regard to the delegated State administration competences and the interface with the municipalities – on this important issue, cfr. the related Council of Europe Policy Advice (2021a).

III.4. Inter-governmental coordination arrangements

This section considers relationships that the regional self-government level nurtures with other institutional actors both from a political and from a governance perspective.

The political landscape in Slovakia has, so far, not been fully conducive to addressing the threats and opportunities offered by the regionalisation process. The possibility to cumulate political mandates might be one of the causes thereof.

Some of the participants in the discussions for the preparation of this Policy Advice pointed to the rather **self-serving stance** taken over time by the Slovak political leadership at all levels of government as an important obstacle to fully exploit the potential from decentralising and modernising territorial governance in the country.

One of the main reasons for the persistence of inefficiencies at regional level were the reticence among various political circles to better engage across levels of government. A general "not-in-my-backyard" attitude had emerged over the past two decades, which might have prevented political leaders from reconsidering own prerogatives and competences and seeking compromise for reforming ways forward. Paradoxically, the large political compatibility between governing coalitions at the central and the regional level during several electoral terms and the possibility for elected officials to cumulate political

mandates thereby holding different offices simultaneously have not created a fertile political climate for shared reform but rather a passive approach.

Nevertheless, for ensuring an informed understanding of this phenomenon, the possibility granted by the Slovak system to hold more than one political office simultaneously is not unique among Council of Europe member countries. There are merits in this practice. The fact, for instance, that a legislator (a member of parliament) may also be a mayor or elected at the regional level, can in principle allow more in-depth experience with self-government contexts. The relevance and quality of the political deliberations may benefit from such compatibility. Combined mandates might nonetheless also grant considerable individual political power to those holding them. This might put at question the needed level-playing field in the political debate.

Over the past years, **no uniform and coherent political vision** about the regionalisation process has been developed at any level of government. At the same time, the scope of the policy decisions taken at the regional level has remained rather narrow and inward-looking.

Policy coordination with the central government and the State administration largely depends on voluntary initiatives and suffers from administrative fragmentation.

Beyond the legally set control mechanisms, Slovak regions and the central government do not systematically exchange on the basis of formalised coordination channels. Coordination unfolds upon political decisions and personal contacts and is hampered by **siloed administrative practices**. The stakeholders interviewed by the Council of Europe team indicated that the crisis brought about by the COVID-19 pandemic exacerbated structural tensions.

Regional authorities may on the other hand contribute to central government decision-making thanks to rather rich consultation practices (Council of Europe, 2016). This was confirmed by the stakeholders met by the Council of Europe team, who highlighted in this regard the role played by the SK8 Association as a legitimate and credible organisation representing the interests and voice of the regions throughout the policy-making process. The SK8 Association was regularly invited in public consultations and offers advisory inputs to the decision-making of the central government.

Because of the parallel and independent nature of their respective competences, the self-governing regions and the District Offices have not engaged in systematic institutional dialogue, either. By the same token, the regions have not been affected by, nor involved in, the ESO Programme which rationalised the presence of the deconcentrated State administration and led to the creation of the so-called "Client Centres" within the District Offices. These are one-stop shops (or "government windows") that strengthen the back-office efficiency and delivery capacity of the State administration in providing administrative services to citizens and businesses.

Similarly to their relationships with the central government, regions entertain only informal and partial collaboration with the municipalities. There remains great margin to strengthen coordination and rationalise the interface between the two self-government levels. Striking policy differences characterise the relationship with the main towns, notably with regard to the future of the Bratislava metropolitan area.

As highlighted in Part II. already, there is no hierarchical nexus between regions and local government units in Slovakia. The Constitution establishes the two self-government levels as **to operate**

independently and on equal footing. In this context, there is no formal subsidiarity relationship that binds them, **nor any formal obligation** to assist or coordinate each other.

The region-municipality relationship is defined by additional important factors in practice. First, the financial authority and endowment of the two levels are very unequal. On the one hand, the regions lack fiscal autonomy. On the other hand, most municipalities are very small both in territorial and economic terms, and they operate individually. Their financial capacities are thus very limited. Second, the fragmentation of the municipal context implies that regional authorities must relate to (and coordinate efforts with) hundreds of different local counterparts. Politically and administratively, this is a daunting task even under ideal framework conditions.

Against this background, inter-institutional **coordination is very volatile**. It depends largely on ad hoc personal (political) commitment and alliances, which might vanish in subsequent government mandates and might remain limited to individual projects or policy initiatives. There are, to date, **no institutionalised platforms** for deliberation between the head of the region and the mayors of the municipalities in that region. Decision-making remains largely disconnected and no institutional actor has stepped in to mediate or catalyse coordination.

Together with the incapacity of the regions to act as a driver for change, such a weak coordination relationship has not contributed to envisaging the establishment of stronger actors at the regional level.

Policy overlaps, contradictions and inefficiencies result from the current political and governance system. They are particularly felt on the interface between the regions and the **bigger towns**, including around the future of the **Bratislava metropolitan area**. Representatives of those large urban realities for instance reclaim greater consideration from the regional counterparts in terms of the economic dynamism that the city development could trigger for the entire region. At present, the vision of how roles, powers and functions should be defined between regions and towns appears to depend more on political opinions and value judgments than on objective analyses and shared vision for development.

III.5. Decision-making in the self-governing regions

Despite legal obligations, regional governments have not fully internalised and mainstreamed good planning and regulatory practices in their decision-making processes, to the detriment of the regional governments' effectiveness and accountability.

The current legal framework establishes planning and performance-related principles that regions must abide by as part of their decision-making responsibilities. In this context, the regions are mandated to apply **strategic planning** for several policy areas such as territorial development, social services delivery, environmental protection, and tourism. In turn, **programme budgeting** was first introduced at the regional level by law in 2007 and piloted the following year. Initially made mandatory for all self-governing entities, programme budgeting has remained an obligation only for the regions and the municipalities with more than 2,000 inhabitants.

Over the past decade, experience with these tools has been mixed. Regions have complied with the requirement to develop strategic plans with different degrees of stringency. An analysis of the SAO (as reported by Klimovský and Černěnko, 2022) indicates that some regional governments operate either without any such plans or with **largely out-of-date** documents. The process to elaborate such plans is not structured and there is, for instance, no standard requirement for the regional authorities to carry out

consultations with the central administration and the municipalities, nor with stakeholders. On a number of occasions, regions are reported to have produced strategic plans pertaining to areas that do not strictly fall within the scope of their competences. While such initiatives are to be welcomed, they should not usurp already scarce resources and expertise. They show dynamism, but also that there is no systematic and structured approach to strategic planning within the regional administrations – a further factor aggravating the insufficient coordination with the planning function performed by the towns and municipalities.

As to performance budgeting, while documents are produced, these remain largely a **formal exercise** with analysts and civil servants still having difficulties at defining the correct performance indicators and identifying sources of significant and reliable data. Capacities for evidence-based decision-making are scarce and unevenly distributed across the regional public administration. Relevant profiles such as policy analysts and economists are often not available in key departments. As a result, policy and expenditure evaluations remain highly qualitative, not sufficiently precise, and relevant for further decision-making. These remarks made by stakeholders to the Council of Europe team largely confirmed the appraisal by Hronec (2019): the main sources of the current dysfunctional performance budgeting system are administrative complexity and lack of professional expertise within the territorial public administration. Over the years, programme budget has been run independently and in parallel with traditional activity-based budgeting, rather than progressively replacing it. In many cases, this has only created formal compliance, confusion, and inertia for reforms.

The **normative function** is a pivotal activity of modern government. It translates strategies and policies into implementable and biding government interventions, leveraging the budgetary resources available. Recent assessments of the regulatory processes and performance in the regions reveal some areas of concern. Klimovsky and Černěnko (2022), point in this respect to unclarities in the use of legal bases to underpin regulatory interventions, relatively poorly justified decisions (with a general lack of regulatory impact assessments), and the use of unclear and potentially contradicting legal drafting. These can be significant factors eroding regulatory predictability, effectiveness, and proportionality.

Nonetheless, public governance is improving at the regional level, with encouraging progress for instance being made in terms of public integrity and participatory decision-making.

Regular reports from Transparency International Slovakia over the past decade testify of an overall **increase in transparency** – from a score of 53% (C+) of the best performing region in 2011 to the average score (among all eight regions) of 63% (B) in 2020.[14]

These achievements are due to several reform initiatives to strengthen open government and public integrity over the years, including the introduction of **Code of Ethics** for elected officials as well as **involvement of stakeholders** and civil society organisations in the elaboration of regional plans and concept documents. On occasions, experiences with **participatory budgeting** have been pioneered as in the case of the Trenčin region since 2017 (Klimovsky and Černěnko, 2022). In this respect, the Slovak regions are approaching the standards set out in the Council of Europe Recommendation on participation of citizens in local public life (Council of Europe, 2018).

[14] As another way of reporting such an achievement, it suffices to remark that the worst score recorded by a region in the 2020 review (54%) was higher than the best score of 2011 (53%). The Trenčin self-governing region experienced the largest improvement – from ranking last in 2011 to topping it in 2020 (77%).

IV. Concluding remarks and policy considerations

IV.1. Overall assessment

This Policy Advice Report builds on and consolidates the expert views shared by institutional and non-governmental stakeholders representing relevant actors in the debate about decentralisation in Slovakia.

It is not clear if the regionalisation process is among the top priorities of the Slovak political leadership. Yet, the Report reveals a general dissatisfaction with the status quo, which concerns several dimensions. Because of the original rationale behind their establishment and the nature of the tasks they perform, the regions have remained rather abstract, distant entities to the Slovak citizens. Their visibility, popularity and credibility are therefore low, and there is a sense of untapped potential for the socio-economic development that the regions have not been able to unleash.

In recent years, the regions have shown entrepreneurship to address such gaps, as the initiatives to participatory decision-making and enhanced public integrity illustrate. The more direct involvement and performance in the management by the regional (and local) authorities of the COVID-19 pandemic is a further proof of the possible added value that entrepreneurial and properly equipped self-governments can bring to society. As such, it might reverse in part the traditionally rather disappointing turn-out in the past regional elections.

The experience acquired by the self-governments through jointly taking over more tasks for a shared purpose (ensuring the protection of the citizens and mitigating the risk of contagion) should be leveraged in terms of lessons-drawing beyond crisis management.

It is therefore opportune and timely to organise a comprehensive debate about the regional self-government. Such debate should be structured, inclusive, evidence-based, and open to possible large-scale changes in the multi-level governance of the country (notably with regard to the financial schemes and the clarification of competences). The debate would offer also the possibility to better communicate and inform the public about the role played by the different levels of government.

There are, along those systemic elements, also several issues that the debate should tackle, which however pertain to steps that might be taken within the current constitutional and legal framework. This report highlights three such steps that would reflect a more incremental approach to reform:

- seeking to improve the correspondence between the administrative boundaries of a region with relevant actual socio-economic functional areas;
- institutionalising vertical coordination mechanisms between the regional self-governments and the central government on the one hand, vis-à-vis the municipalities on the other hand; and
- enhancing good planning and regulatory practices while building adequate levels of capacities and expertise within the regional administration.

The final section of this report elaborates on these conclusions and presents policy considerations that may help the Slovak Government to further progress in the regionalisation process over the next years.

The proposed policy considerations draw from the well-acknowledged, extensive repository of Council of Europe standards on good democratic governance, which consolidate best practices and relevant experiences from all Council of Europe member states.[15] They form a coherent set of initiatives and approaches which, if implemented, is likely to leverage synergies and the added value of any individual policy consideration.

IV.2. Policy considerations

1. Promote a structured, evidence-based debate about the regionalisation process in Slovakia as a part of the future Public Administration Reform, as a way to best unleash the country's potential to meet national strategic objectives and apply principles of good democratic governance.

Because it is structural by nature, the possible further regionalisation of the Slovak territorial governance requires an organised and inclusive process with all relevant stakeholders. The status, role and functioning of the regions must correspond to the sustainable vision of the future as seen by the State and its institutional components. As such, regionalisation should be included in – and used as a lever for – the endeavours for a comprehensive reform. Accordingly, it should rest on broad political deliberations and the widest consensus possible.

The commitment by the current Government to engage in a large Public Administration Reform is essential in this respect. The launch of the works of the PAR Committee in winter 2021 is an opportunity to be seized. The PAR Committee offers an institutional, credible, multi-stakeholder platform where the debate about the future of the self-governing regions can be formalised and organised.

While ultimately political, the debate should not remain partisan and idealistic. It should be informed by evidence and analyses, for instance in terms of subsidiarity, economies of scale, cost-effectiveness ("value-for-money") as well as socio-economic functional considerations (Council of Europe, 2021a).

To that end, a dedicated "task force" or "working group" mandated by the PAR Committee should be established that could be charged with the following tasks:

- consolidating existing and promoting additional multi-disciplinary research and expert advice on legal, financial, economic and policy issues pertaining to the reform of the self-governing regions;
- facilitating and coordinating the participation of relevant stakeholders in the reform debate;
- liaising with other structures active within the PAR initiatives to ensure coherence, synergies and integration of the regional dimension in the development of the overall public sector and territorial administration reform (for instance in relation to the fiscal reform or the public sector digitalisation);
- taking into account and reflecting the overarching strategic policy priorities for sustainable growth, prosperity, security and resilience of the Slovak Government in the regionalisation process; and
- contributing to the developing of a consistent Strategy for strengthening local governance in the country, including by elaborating an Action Plan with indicators and targets as well as a set of communication and information activities (possibly along the lines of the proposals in a related Council of Europe Policy Advice (Council of Europe, 2021c);

[15] See https://www.coe.int/en/web/good-governance/standards.

2. Clarify the definition of the competences allocated to all levels of government, by means of a Government memorandum agreed upon by all institutional stakeholders, with a view to preparing future constitutional amendments.

There appears to be widespread agreement on the need to overcome the current ambiguity in the definition of competence allocation across levels of government, and to streamline the complexity of the resulting governance system. A clearer differentiation of the respective responsibilities is believed to significantly make the self-governing regions fitter-for-purpose. At the same time, well-defined competences are likely to strengthen the "ownership" by decision-makers of the policy functions attributed to them, profile visibility and enhance accountability.

Included in such competence clarification exercise could be also certain State competences currently exercised by the territorial deconcentrated State authorities (the District Offices), which might be transferred to the regions. Like any of such possible competence transfers, also this should be done on the basis of clearly established criteria of subsidiarity, efficiency, and certainty of delivery, while ensuring full accountability of the institutional authority exercising the competences allocated to it.

By the same token, the clarification of the competences might include the possibility to reconsider the residual powers clause (*clause générale de competence*), which in the current understanding is tilted in favour of the State administration. In line also with the spirit of the Council of Europe Congress of Local and Regional Authorities Recommendation (Council of Europe, 2016), the Slovak authorities could consider introducing such a clause by means of which they would opt for allocating to the appropriate local self-government the power to execute any competence which is not expressly attributed to the State administration.

Acknowledging the possibly politically charged implications of a fully-fledged legislative amendment procedure, the Slovak authorities should consider agreeing initially on a political inter-institutional memorandum which could test largely agreed (yet not definitive) definitions over a pilot or transition period.

3. Encourage in-depth analysis on the competence, powers, and authority of the self-governing regions on the one hand, and the functional regions on the other hand, and take appropriate action for redefining regional administrative boundaries

The positions and ideas tabled by several stakeholders on the number, size and administrative boundaries of the regions diverge significantly, ranging from abolishing the regions altogether to reducing their current number while strengthening Bratislava as a metropolitan area. Whilst there does not seem to be political consensus on any of these scenarios, it appears crucial for the regional authorities to better reflect the actual socio-economic dynamics on the Slovak territory.

For this reason, the Slovak authorities should consider carrying out tailored analyses with a view of possibly redefining parts of the current regional administrative boundaries on a case-by-case basis to better reflect a functional regionalisation approach. Such ad hoc adjustments might be incentivised also through fiscal arrangements and inter-regional equalisation mechanisms.

4. Revisit the fiscal and financial arrangements governing the self-governments, notably with a view to granting more autonomy to the regions. Increase, at the same time, the mechanisms to hold regional self-governments more accountable.

The narrow fiscal autonomy of the self-governing regions does not appear to be disputed. It allegedly counts among the principal reasons why regions are not in a position to embark on significant investments, having the financial means to cover only operating costs and delivering standard services.

The Slovak authorities should consider granting the regions own power to levy and retain regional taxes, for instance in the form of property tax, real estate tax and/or Value-Added Tax. They should also consider revisiting the set of criteria defining the State grants to local self-governments so that such transfers best meet the needs and specificities of regional (and local) territories.

A "Tax Simulation", as proposed in the Council of Europe Policy Advice (2021a), could be a valuable means to determine what kind of changes in the fiscal regime would achieve the envisaged balance between regional and State revenue availability.

Accompanying such enhanced fiscal autonomy and potentially greater financial endowment for the regions, the Slovak authorities should strengthen and expand the current system of internal and external controls to ensure full accountability and integrity, in accordance with the Council of Europe Recommendation on supervision of local authorities' activities (Council of Europe, 2019a). Along with the recommendations included in the dedicated Council of Europe Policy Advice (Council of Europe, 2021c), the reformed system should place more emphasis on the continued professionalisation of the control officials and on the nature of the audit. The latter should be based on clearly defined performance and impact indicators.

5. Institutionalise and strengthen coordination mechanisms across levels of government to ensure better strategic planning, policy coherence and effective implementation.

Effective and transparent governance is hampered because no mechanisms are in place for a region to coordinate directly and institutionally with the central government on the one hand, and the municipalities on the other hand.

Enhanced coordination may not necessarily require legal amendments. Existing good communication and collaboration practices within policy sectors (including the recent initiatives on regional development) should be appraised and mainstreamed as appropriate. Digitalisation and the use of ICT interfaces should be promoted.

Over time, however, the institutionalisation of coordination between levels of government should be set out in formal, legal basis. Beside granting accountability to the parties involved and ensures the legitimacy of the resulting agreements, this would be a major step towards further strengthening the transparency and openness across levels of governments in Slovakia.

6. Consider limiting the practice of cumulating political mandates of elected officials.

While legitimate and not disruptive per se, the right to simultaneously exercise several political mandates should be balanced against the risk of concentrating excessive political influence in the hand of few individual decision-makers.

To that end, the Slovak authorities should consider introducing a by-partisan political agreement aimed at framing the multiple mandate policy of the Slovak system, for instance by drawing up a specific Code of Conduct that strengthens public integrity; prevents and manages conflicts of interests; and promotes diversity.

Thanks to such "mitigating" measure, the Slovak authorities would arguably contribute to leveraging individual offices such as the ones of the Head of the Region and of the members of the Regional Councils, which have allegedly remained relatively less visible in the country's political landscape. In turn, this might help regions acquire more political and functional status and foster the emergence of a community of identities and interests at the regional level. These are pre-conditions for a successful decentralisation reform process.

7. Promote the development and mainstreaming of good planning and regulatory practices through the regional decision-making process and build adequate levels of capacities and expertise within the regional public administration.

This Policy Advice places particular emphasis on the importance to carry out strategic planning and deploy good regulatory practices more systematically at the regional level. Reform initiatives in this respect have been launched already to a certain extent; they do not require additional legal amendments necessarily; they can be introduced on a pilot basis and scaled-up progressively; and yet allow regional authorities to make a difference in the way they shape and implement policy and regulatory interventions.

Improving the governance of their own decision-making mechanisms would concretely translate the entrepreneurial ambition of many regions in profiling themselves as a stable and reliable actor in the Slovak multi-level government system. In this respect, more performance-oriented planning and budgeting cycles allow for a more efficient and tailored allocation of financial and human resources.

In turn, evidence-based, participatory, and transparent legislative processes increase the predictability and effectiveness of decisions. These are important success factors to set out those framework conditions necessary for investment in the regional territory.

These reforms, if implemented, have the potential to profile the regional authorities not only as more efficient deliverers of public services but key actors that shape and implement strategic policies. They can also help address structural challenges stemming at other levels of government, such as the high fragmentation, weak coordination and financial fragility of the municipal level. This further contributes to enhance the role of the regions in the Slovak institutional ecosystem and create political and civic momentum among the citizens.

To that end, sustained investment should be made to mainstream robust policy performance analysis and tools; build expertise and capacities in the regional public administration;[16] and stimulate ad hoc collaborations with local self-governments.

[16] Cfr., in this respect, Council of Europe (2021b) as well as the Council of Europe Centre of Expertise' toolkits (available at http://www.coe.int/en/web/good-governance/toolkits), in particular the Local Finance Benchmarking and Performance Management tools.

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Annex – List of meetings

The Council of Europe team has held the following meetings (online):

Date	Stakeholder
25 January 2022	Ministry of the Interior
15 March 2022	Association of Self-governing Regions (SK8)
17 March 2022	Ministry of Finance
17 March 2022	Ministry of Regional Development
17 March 2022	Ministry of the Interior
18 March 2022	Union of Towns