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REPORT

**GOOD GOVERNANCE OF REGIONS:
A TENTATIVE DEFINITION**

by

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A. Introduction

1. The Regionalisation process faces a double challenge: not only establishing institutional and administrative modes of democratic governance nearer to the citizens but also implementing good managerial and financial practices, both more effective and cost-efficient for the taxpayers.
2. Thus the governance of regions has two branches, the administrative and the budgetary one -- and both are connected, loosely or tightly, and both can be performed by either the State **central** services directly (in a totally centralised country) or by either the State **deconcentrated** services or the **decentralised** self-governments' services or by a mixture of both.
3. After excluding the first possibility, which would refer to the type of regime France had under Louis XIV ("I am the State") or more recent somewhat totalitarian regimes, the definition of good governance can derive from the evaluation of the degree of effectiveness and cost-efficiency of its results and the degree of satisfaction of its citizens and taxpayers – evaluation which may vary according to countries and times.
4. Thus the description and analysis of good governance in regions will be more that of good practices than the identification of an ideal model. Good governance of regions is what the people in the region, as citizens and taxpayers, consider as such.

B. The Regionalisation process in Europe: Regions and NUTS

5. Regionalisation can be the result of a long historical process or of a voluntary political decision¹. Today, regionalisation is an important part of the decentralisation processes to be found in a lot of democratic countries. If we figure out the process on an axis, from centralisation to decentralisation, we can conceive some sort of measure made with the help of some quantitative indicators referring to the different types of governance. A third dimension can also be added: time. Countries and the organisation of their modes of governance evolve with the evolution of their histories.
6. For instance, regional and local territorial units in the 27 EU Member States (MS) have all different institutional, legal, economic, social and cultural histories and have been greatly influenced by their geographical positions. They have different names and sizes: *länder*, provinces, regions, *autonomias*, *oblast*, *voïvodship*, departments, districts, counties, municipalities, communes, parishes, *rayons* etc.
7. The Statistical Territorial Units Nomenclature or NUTS², designed by EUROSTAT to provide the European Union (EU) with a common global descriptive and analytical instrument meant to enable comparisons and benchmarking within the whole territory of the Union, enable all the Member States (MS) to be analysed in the same way and provide useful indicators to measure a certain number of objective data – including the quantifiable aspects of their modes of governance.
8. An issue still remains to be addressed: why should a country be divided into regions? Why couldn't there be only a central government for national matters and local self-governments for local matters?
9. As we have seen in the case of the French regionalisation process (cf. note 1), the existence of regions or not depends on how to share power – be it political or economical.

¹ AAP, COE Trieste Seminar on Models of Regional Development, « The French Regionalisation process »

² *Nomenclature d'Unités Territoriales Statistiques* (Statistical Territorial Units Nomenclature)

C. The long history of the French regionalisation process: some lessons to be learnt concerning the modes of governance

10. In French history a double movement has been identified: the creation of more and more powerful regions or provinces in the Middle Ages then a slow opposite movement culminating with the absolute power of the king in the seventeenth century, reducing the formerly powerful feudal lords to sycophant courtiers.

11. Integrating this lesson of history that institutionalising the existence of regions might be “dangerous” as these territorial units might wish to claim some autonomy – not to say independence – from the central State, the French revolution created smaller and more manageable units, the departments – today NUTS 3.

12. Regions, as fully-fledged self-governments, with an executive composed of a regional council directly elected by the people and a president, were only created in France in 1982 with the great laws on decentralisation and were only inscribed in the French Constitution in 2003, when the explicit mention that the Republic “is organised in a decentralised way”³ was added in article 1 and the regions explicitly introduced in article 72⁴.

13. Article 72, paragraph 2, refers to the principle of subsidiarity. Paragraph 3 provides that the regional and local territories freely administer themselves, i.e. are self-governments, with elected councils and an executive to implement the decisions taken. Paragraph 4 introduces the right of experimentation. Paragraph 5 stresses that no territorial unit has a power on another one but that in case of a common project one of them can be agreed upon to be the team leader in the partnership.

14. Last but not least, paragraph 6 states that in parallel to the decentralised self-governments, the deconcentrated services of the State are headed by the representative of the State and all the ministers of the Government who is in charge of national interests, administrative control and the respect of the law.

15. Thus, in France regions have been created to implement a more efficient national mode of governance as President de GAULLE clearly stressed in his important speech in Lyon on March 24th 1968 during his political campaign for regional reform:

“The multi-secular effort, which for a long time was necessary for our country to achieve and preserve its unity in spite of the divergences of the provinces which were successively

³ **Article 1^{er}** La France est une République indivisible, laïque, démocratique et sociale. Elle assure l'égalité devant la loi de tous les citoyens sans distinction d'origine, de race ou de religion. Elle respecte toutes les croyances. Son organisation est décentralisée.

⁴ **TITRE XII, DES COLLECTIVITÉS TERRITORIALES, Article 72 :**

Les collectivités territoriales de la République sont les communes, les départements, les régions, les collectivités à statut particulier et les collectivités d'outre-mer régies par l'article 74. [...]

Les collectivités territoriales ont vocation à prendre les décisions pour l'ensemble des compétences qui peuvent le mieux être mises en œuvre à leur échelon.

Dans les conditions prévues par la loi, ces collectivités s'administrent librement par des conseils élus et disposent d'un pouvoir réglementaire pour l'exercice de leurs compétences.

Dans les conditions prévues par la loi organique, [...], les collectivités territoriales ou leurs groupements peuvent, lorsque, selon le cas, la loi ou le règlement l'a prévu, déroger, à titre expérimental et pour un objet et une durée limités, aux dispositions législatives ou réglementaires qui régissent l'exercice de leurs compétences.

Aucune collectivité territoriale ne peut exercer une tutelle sur une autre. Cependant, lorsque l'exercice d'une compétence nécessite le concours de plusieurs collectivités territoriales, la loi peut autoriser l'une d'entre elles ou un de leurs groupements à organiser les modalités de leur action commune.

Dans les collectivités territoriales de la République, le représentant de l'État, représentant de chacun des membres du Gouvernement, a la charge des intérêts nationaux, du contrôle administratif et du respect des lois.

*added to it, is no longer a necessity today. On the contrary, regional activities appear to be the springs of its economic power of tomorrow.*⁵

The history of French regions is also interesting as it shows very well that regions can be administered or governed in very different ways – even when the concept of regions has started to emerge.

16. In 1954, the Regional Development Committees (RDC) created by private sector initiative receive official agreement. In 1955, Economic Programming Regions, comprising several departments, are created. These regions are administered by an inter-departmental conference composed of the department prefects – the deconcentrated representatives of the State and all ministries. One of the prefects is appointed coordinator and chairs the conference. Its mission is to prepare Regional Development Plans (RDPs). The prefects have to consult the RDC.

17. In **1963, DATAR, Delegation for Spatial Planning and Regional Action**, introduces the concept of “regional action”, an other wording for regional economic, social and territorial development. And in 1964 a Government Decree creates 21 region Prefects in France.

18. De GAULLE’s 1969 referendum to create regions failed but a 1972 law created territorial units for regional action. The mode of governance is a partnership one but the deconcentrated representative of the Central administration remains the executive, the Region is NOT yet a Self-Government (cf. article 3⁶): the Regional Council votes decisions, the Economic and Social Council provides opinions and the Region Prefect, with his deconcentrated administrative services prepares the dossiers and executes the decisions.

19. With the laws on decentralisation in 1982, the mode of governance of the French regions radically changes: the Regional Councils, with their newly elected Presidents, become the executives and the Region Prefects only control the legality of the acts voted (cf. Note 6, paragraph 6).

20. This complete change of perspective in the mode of governance of regions in France clearly shows that the concept of “good governance” cannot be automatically equated with one institutional mode of governance or another.

21. The French Region Prefects of the fifties did a very good job given the historical context and they benefited from the “30 glorious years”⁷. In the eighties, the world had changed, the two big world economic crises of the seventies had darkened the economic and social horizon and the concept of democratic governance was more and more closely linked to the principle of subsidiarity and thus decentralisation. Citizens were no longer satisfied with good results only they also wanted to have their opinions taken into account and they considered that having the executives of the regions elected gave them more power of decision. That is why when placing the cursor along the centralisation / decentralisation axis in order to measure the degree of good governance, the time parameter must be taken into account.

⁵ « L’effort multiséculaire, qui fut longtemps nécessaire à notre pays pour réaliser et maintenir son unité malgré les divergences des provinces qui lui étaient successivement rattachées, ne s’impose plus désormais. Au contraire, ce sont les activités régionales qui apparaissent comme les ressorts de sa puissance économique de demain. » Cf. AAP, COE Trieste seminar, The French Regionalisation Process

⁶ « Le conseil régional par ses délibérations, le conseil économique et social par ses avis, et le préfet de région par l’instruction des affaires et l’exécution des délibérations, concourent à l’administration de la région ».

⁷ Les 30 Glorieuses : roughly 1945-1975, when the world experienced an economic boom, notably France

D. Two powerful instruments experimented in France for an efficient governance of regions: DATAR / SGARs and the State / Regions Project Plans

22. As shown in the scheme in annex representing the French Regional Policy implementation system, the “pilot” is DATAR – now called DIACT⁸ since 2005. The whole management system has been computerised in the nineties with a powerful IT programme called PRESAGE⁹ connecting all levels concerned by the management of the EU funds and national State / Regions Project Plans, from the European Commission to the end-users, the beneficiaries.

23. As all EU members – and many other partner countries around the EU, France has a Permanent Representation (PR) in Brussels, which informs the General Secretariat for European Affairs (SGAE) in Paris and receives from it all the instructions for its actions.

24. For Regional Policy, DIACT has a representative in the PR – who is the interface between the EU regional policy, the national one developed by DIACT and the regional strategies developed by the 26 French regions.

25. At regional level, DIACT has a network of 26 SGARs¹⁰ or General Secretariats for Regional Affairs, placed next to Region Prefects.

26. This deepening of the regionalisation process shows how closely the quality of **territorial administration -- or good governance**, both deconcentrated (State) and decentralised (Self-Governments), is linked to the **regional policy** of both and conditioned by the coordination of these two complementary policies, which in their turn have also to take into account the policies of the territory above, i.e. the EU, and the territories below, i.e NUTS 3 Departments and NUTS 4 / 5 Communes.

27. At central and deconcentrated levels, **the administration of the French territory, notably regions**, is ensured by **the Ministry of Interior**, in particular by two important directorates:

a) the General Directorate for Modernisation and Territorial Administration (DMAT), is the strategic pilot and monitor of the territorial network of the deconcentrated services of the State, coordinated at regional and departmental levels by the prefects and their prefectures and with their SGARs, at regional level

b) the General Directorate for Local Self-Governments (DGCL), supported by an Observatory for Local Finances and acting as the secretariat of the Committee for Local Finances. To ensure national solidarity through equalization, according to objective criteria, indicators and ratios, the DGCL calculates the share of the State budget allocated to each of the more than 40 000 Self-Government (26 regions, NUTS II, 101 departments, NUTS III, and 36000 cities and villages, NUTS IV, plus several thousands inter-communal groupings). It also prepares all the draft legislation related to local and regional institutions, finance and civil servants.

⁸ DIACT : Interministerial Delegation for Spatial Planning and Territorial Competitiveness, cf. [Décret no 2005-1791 du 31 décembre 2005 créant la délégation interministérielle à l'aménagement et à la compétitivité des territoires, paru au JO du 1er janvier 2006](#)

⁹ http://presage-info.org/fileadmin/Presage-Info/Documents_animateurs/Guides/070928_LeGuide_presage_V301.pdf

¹⁰ www.diact.gouv.fr/fr_1/contenus_secondaires_714/sgar_recrutent_3/est_un_sgar_749/secretariat_general_520.html

28. DIACT works very closely with the Ministry of Interior – being part of it or not according to Governments.

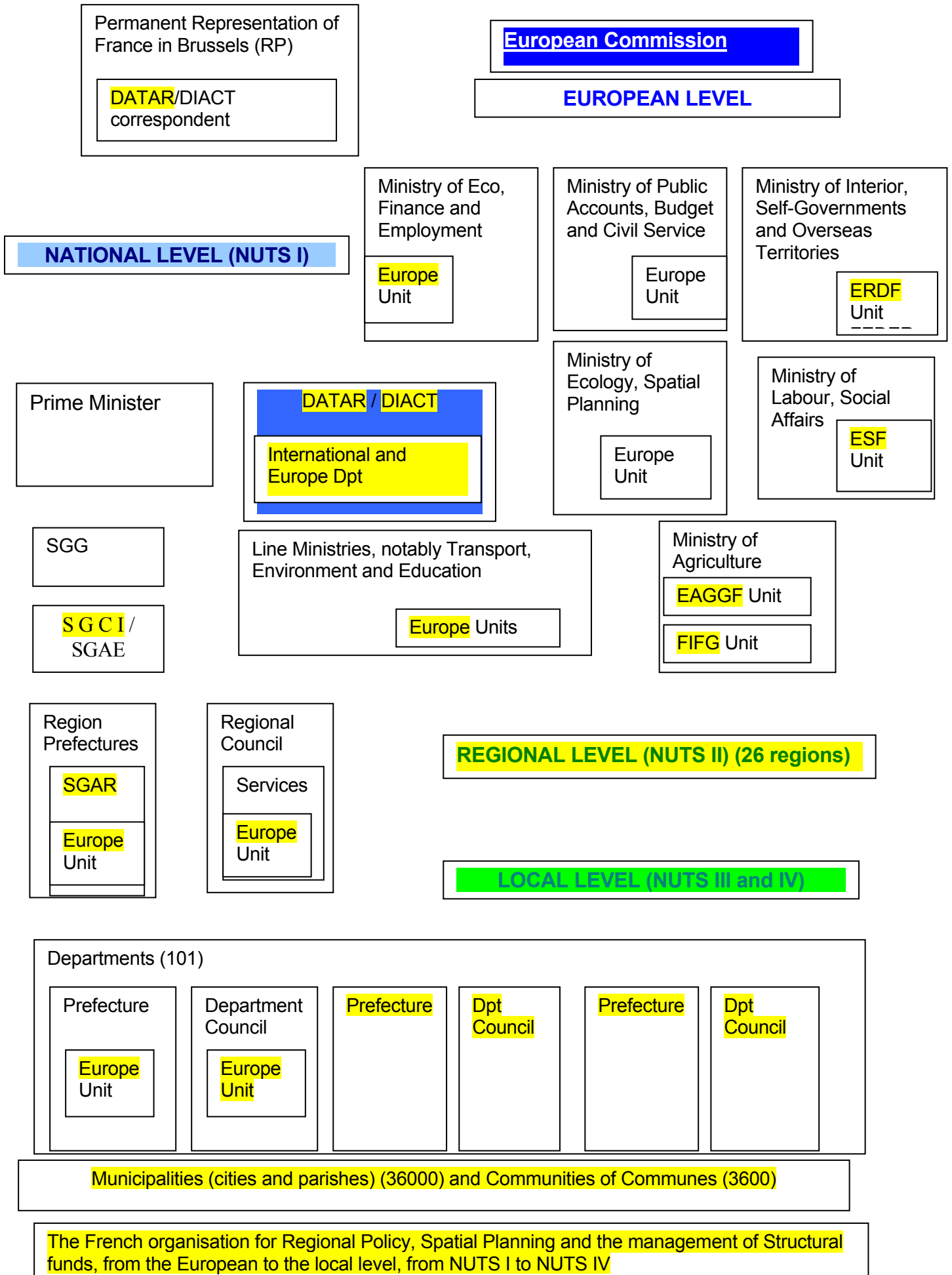
29. In France the Regional 7-year European Structural Funds programs are coordinated with **State–Region Project Plans**¹¹ elaborated in partnership by the deconcentrated services of the State and the Regional Councils. Each CPER is co-signed by both the Region Prefect and the President of the Regional Council. The 1st State / Region Project Plan for 2007-2013 was signed on December 18th 2006 in the Languedoc-Roussillon region for 1310 Meuros, 496 from the State and 814 from the region. DIACT monitors the progress of the implementation of the Plans – more than 30 Billion EUR, by organizing meetings with the 26 SGARs, sometimes together with the 26 directors of the services of the Regional Councils.

30. Thus regional policy at regional level is a shared policy elaborated in accordance to the EU framework and the national strategy. The region prefects, supported by the administrative and technical services of their SGARs, are both management and payment authorities but the CPERs are co-signed and the EU funds Monitoring Committees are co-chaired.

31. An experiment has been going on in the Alsace Region since 2002 with the management of the EU funds decentralized to the President of the Regional Council. No other Regional Council has yet wished to have this competence transferred to them.

¹¹ *Contrat de Projet Etat-Région* or *CPER*

http://www.diact.gouv.fr/fr_1/amenagement_competitivite_territoires_44/contrats_etat_regions_173/principes_1472.html



E. Regions are considered in Europe as the most relevant and efficient territorial level for economic development but they are not all self-governments:

32. In order to implement its policies in the most efficient way, the European Commission has divided all the MS national territories into several NUTS levels, notably for the implementation of the EU Regional Policy and the management of structural and cohesion funds – made at NUTS 2 level all over the EU. In this nomenclature, small countries are considered as regions-countries or NUTS 1 / NUTS 2 countries --like Cyprus, Estonia, Latvia (see further on), Luxembourg, Malta and Slovenia.

33. Bigger MS usually have several tiers of territorial units but these are not yet everywhere Self-Governments, notably in the new MS.

34. Poland and Romania exemplify clearly these two different modes of governance.

35. Poland has three tiers of territorial units, which are Self-Governments: 16 regions (voivodeship), 379 counties (powiat) and 2478 communes (gmina). Self-governmental elections are held every four years and are both direct and general. Poland has 16 Regional Parliament (Voivodeship Sejmik), which elect their Presidium with the Sejmik President as the (legislative) head and the Board with a Marshal as the (executive) head. At regional level, Poland also has a central government representative – the governor (voivod), appointed by the Prime Minister, whose role is mainly supervisory. His administration is responsible for law enforcement and the execution and enforcement of national policies, public security, etc. On the French model of the State / Region Project Plans, Poland has established a “Voivodship Contract” signed by both the decentralised and deconcentrated regional powers.

36. Romania has also three tiers of territorial units, communes, towns and counties. Some of the towns are declared by law municipalities (large cities). Romania has 41 counties (*judete*), 103 municipalities (*municipii*), 208 towns (*orase*), and 2825 communes (*comune*). Romania has also 8 development regions, each of them formed by the voluntary association of neighbouring counties. But Romanian development regions are not administrative territorial units and have no legal personality. A national deliberative body, the National Council for Regional Development (NCRD), functions on the principle of partnership and coordinates the implementation of the regional development policies. NCRD is chaired by the Minister for development, public works and housing and composed by 15 representatives of the Government and 16 representatives of the Regional Developments Councils (RDC). The 8 RDCs are also deliberative bodies but with no legal personality, each of them being assisted by executive bodies, the Regional Development Agencies (RDA).

37. There is no deconcentrated representative of central government at regional level and EU funds are managed at national level with sectoral operational programs.

38. By EU standards Latvia is a NUTS 1 / NUTS 2 country. Nevertheless, the small Latvian territory is divided into long-standing historical “regions”: Kurzeme, Zemgale, Latgale and Vidzeme – considered as NUTS 3 level, notably for the management of EU funds. In order to take into account this regional feeling, these territories have been “legitimised” as “Planning Regions” – adding a fifth “region” around the capital city, Riga. And the law on Regional Development voted in Mars 2002 defines the concept of Regional Policy and the organisation of the management of its implementation, notably describing how all levels are coordinated, vertically, from the national to the local (top-down) and from the local to the national (bottom-up) and horizontally, between “regions”. But these regions are not yet Self-Governments. The Ministry of Regional Development elaborates the national strategy with the help of numerous partners and the National Development Council (NDC) coordinates the efforts of the five Regional Development Councils (RDC) – themselves supported by five Regional Development Agencies (RDAs). The RDAs prepare their respective Regional Development Plans (RDPs),

which are voted by the RDCs – respecting the National Development Plan.

39. Regional policy in Latvia is a very active policy¹² and the EU funds consumption rate has been very good after accession. Much reflection is going on to render the RDAs even more efficient and the RDCs more democratic, i.e. directly elected by the citizens. Latvia does not have deconcentrated representatives of central government at regional level but partnership at every level is certainly the most striking feature of the system.

40. In order to optimise the regional development efforts of all the MS, an EU programme called ESPON¹³, has been created to support policy development for territorial cohesion and a harmonious development of the European territory. The ESPON 2013 Programme shall provide comparable information, evidence, analyses and scenarios on framework conditions for the development of regions, cities and larger territories. The objective – just like DIACT's, is to improve European competitiveness, widen and deepen European territorial cooperation and foster a sustainable and balanced development. ESPON will inscribe itself within the ESDP - European Spatial Development Perspective¹⁴.

F. Conclusion

41. The recognition of regions as a most important institutional level in Europe has now been consecrated both in the European Union with the Committee of Regions and in the Council of Europe with the Congress of the Local and Regional Powers.

42. In the EU, in particular since the last enlargements of 2004 and 2007 which stressed the necessity of an ambitious cohesion policy, Regional Policy is becoming more important, notably in terms of budget and financial instruments, than Common Agricultural Policy.

43. As a complement to the Charter for Local Autonomy signed in 1985, the Council of Europe is preparing a very ambitious Charter for Regional Democracy – which will stress the increasing importance of regions in Europe in terms of subsidiarity and participation of European citizens to the governance of their own countries.

44. Good governance of regions – whatever the institutional framework chosen by each country – will thus be at the heart of all these challenges.

¹² Ministry of Regional Development and Local Government: <http://www.rapl.gov.lv/eng/links/>, State Regional Development Agency - www.vraa.gov.lv, The Latvian Association of Local and Regional Governments - www.lps.lv/jaunumi.php?lang=en

¹³ ESPON (En) European Spatial Planning Observation Network, ORATE (Fr) Observatoire en Réseau de l'Aménagement du territoire Européen

¹⁴ <http://europa.eu/scadplus/leg/fr/lvb/g24401.htm>, SDEC - Schéma de Développement de l'Espace Communautaire. Vers un développement spatial équilibré et durable du territoire de l'Union européenne.