

# Governance in local socio-economic development

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## 1. DEVELOPING A MODEL FOR SUCCESS

Our subject relates to the socio-economic development of a specific area. The success of any development policy depends on exercising good governance under the pressure of evolving external conditions:

$$\text{Success} = f(\text{external conditions, governance})$$

How to optimize success?

External conditions should be considered as input parameters in your system but should not be seen as a fatality. They should initiate adequate reaction.

A few examples:

- September 11 type events
- Exchange rate \$ to Euro
- Catastrophic events: earthquakes, drought, infectious diseases (SARS), etc.
- Alteration in international relations

Governing what should be considered as a **highly complex adaptive system** requires a full knowledge of its components. What are these components?

## 2. COMPONENTS OF GOOD GOVERNANCE

The model corresponds to own research but the identification of the components has been inspired by the work of Gilles Paquet, Centre on Governance, University of Ottawa <sup>(1)</sup>. Governing a complex adaptive system implies acting on a institutional process composed of *Assets, Skills and Capabilities*.

The **assets** constitute the base of the process; they are made of:

- Rights enshrined in rules
- Resources such as money, information and facilities

*Competencies and knowledge* means education, training, experience and expertise,

*Organisational capital* is the capacity to make effective use of the first three types of assets.

$$\text{Assets} = (\text{Rights} + \text{Resources} + \text{Competencies}) \times \text{Organisational Capability}$$

The **skills** permit the good use and the enrichment of the assets by political, economic and civic actors, taking into account the external conditions. Skills relate to:

- *Articulation* i.e. new ways to make sense of the situation, *adapting to change* (e.g. social relations)
- *Cross-appropriation* i.e. bringing new practices into a context that would not naturally generate them, *anticipating change* (e.g. care for the elderly generation)
- *Reconfiguration* i.e. reframe the whole perception of the way of life, *driving change* (e.g. ecology in daily life)

$$\text{Skills} = \text{Articulation} + \text{Cross-appropriation} + \text{Reconfiguration}$$

Finally, the **capabilities** constitute the framework in which assets enriched by skills can be exploited for making socio-economy development a successful one. capabilities are constituted of successive layers:

- *Relations* between agents and sources of knowledge, between suppliers and users
- *Networks*, clan-like rapports, half-way between market and hierarchy
- *Regimes* establishing new rules of the game

### 3. ASSEMBLING THE COMPONENTS

*Success = Assets X (External Conditions X Skills) X Capabilities*

By attributing numerical ratings to each factor, you can use such model for benchmarking any project.

### 4. GOOD GOVERNANCE IN THE ALTO TRÁS-OS-MONTES CASE

#### 4.1 Assets

- *Rights*, rules: need to be reinforced at EU and country level
- *Resources*: must exist locally but money can be tapped at national or EU level; information at local level could be reinforced
- *Competencies* and Knowledge: a truly local asset; technology awareness could be increased
- *Organisational* capital: to be further developed locally, involving all actors, political, economic, civic

#### 4.2 Skills

- *Articulation, adapting*: a constant fight for local actors, not a bad start in this case
- *Cross-appropriation, anticipating*: requires local determination and foresight; a challenge at all governance levels
- *Reconfiguration, driving*: can't be implemented only as a local effort; requires to be performed at higher levels

#### 4.3 Capabilities

- *Relations*: an essential component for being inserted into the global context. The choice should remain with individual actors. In the present case, relations require that the area be better known

in the outside world.

- *Networks*: another essential component to be left to individual actors. Complementarity appears to be the driving criteria and local clusters the preferred approach
- *Regimes*: can only be developed at multilateral level; Portugal should be an actor rather than a passive spectator

## 5. IN CONCLUSION

The ambition of this brief reflection has been:

- Singling out those components of governance that require most attention for gaining success and
- Identifying the best level –international, regional or national - at which the action should take place

The evaluation of the Alto Trás-os-Montes case has been based on a personal perception of the situation as seen from outside. Comments and criticisms are most welcomed.

## REFERENCES

- <sup>(1)</sup> Paquet, G., «The new governance, subsidiarity and the strategic state», in «*Governance in the 21st century*», OECD, Paris, 2001

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