

Governance in local socio-economic development



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Introduction: developing a model for success (1)

- The subject of our workshop 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

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

How to optimize success?



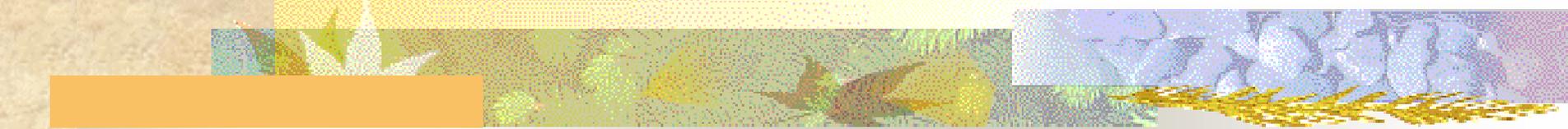
Introduction: developing a model for success (2)

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



Introduction: developing a model for success (3)

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



Introduction: developing a model for success (4)

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



Components of good governance (1)

- 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
(Chapter 7 « The New Governance, Subsidiarity, and the Strategic State » of the 2001 OECD book « Governance in the 21st Century »)
- Governing a complex adaptive system implies acting on a institutional process composed of *Assets, Skills and Capabilities*



Components of good governance (2)

- The *Assets* constitute the base of the process; they are made of:
 - *Rights* enshrined in rules
 - *Resources* such as money, information and facilities



Components of good governance (3)

- *Competencies and knowledge* i.e. education, training, experience and expertise,
- *Organisational capital* i.e. the capacity to make effective use of the first three types of assets



Components of good governance (4)

*Assets = (Rights + Resources +
Competencies) X Organisational
Capability*



Components of good governance (5)

- 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)



Components of good governance (6)

- *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)



Components of good governance (7)

Skills = Articulation + Cross-appropriation + Reconfiguration



Components of good governance (8)

- 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



Components of good governance (9)

- *Networks*, clan-like rapports, half-way between market and hierarchy
- *Regimes* establishing new rules of the game



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



Good governance in the Trás-Os-Montes case (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



Good governance in the Trás-Os-Montes case (2)

ASSETS (cont.)

- *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



Good governance in the Trás-Os-Montes case (3)

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



Good governance in the Trás-Os-Montes case (4)

SKILLS (cont.)

- *Reconfiguration, driving*: can't be implemented only as a local effort; requires to be performed at higher levels



Good governance in the Trás-Os-Montes case (5)

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.



Good governance in the Trás-Os-Montes case (6)

CAPABILITIES (cont.)

- *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



In conclusion (1)

- 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



In conclusion (2)

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