

# Regional Planning and Management

Introduction.....	3
1 Basics of regional planning.....	4
1.1 Historical review of regional planning.....	4
1.1.1 Occasions of regional planning, planning theories and styles.....	5
Evaluation of the possibilities and roles of regional planning.....	5
1.1.2 Theories and styles of regional planning.....	6
1.1.3 Basics of communicative decentralized regional planning.....	10
1.1.4 Interpreting regionality.....	11
1.1.5 Actors of regional planning.....	12
1.1.6 Community planning.....	12
1.1.7 Strategic community planning – Step by step.....	13
1.1.8 The position of regional planning in the EU policies.....	16
1.1.9 Project cycle management in EU regional programming.....	19
1.1.10 Methodology and regulations concerning regional planning.....	21
Basic regional plans.....	21
1.1.11 Basic types of regional plans.....	21
1.1.12 Regional plans according to the level of regions.....	22
1.1.13 Regional plans according to hierarchy and characteristics.....	23
1.1.14 Regional plans according to time horizon.....	23
Tasks:.....	24
Review questions:.....	25
Recommended literature:.....	25
2 Establishment of regional strategy.....	26
2.1 Arranging and starting-up regional planning.....	26
2.1.1 Planning team.....	26
2.1.2 Planning the plan.....	29
2.2 Data collection (2) to evaluate current situation.....	30
2.2.1 Information demand of regional strategy.....	30
2.2.2 Data from secondary sources (statistical data, documents, books, papers).....	35
2.2.3 Data from primary sources (observation, questionnaires, interviews).....	36
2.2.4 Organizing databases.....	39
2.3 The analysis of the situation (2) Methods and their Application (learned from the application of spatial analysis).....	39
2.3.1 Analysis of regional situation.....	39
2.3.2 Descriptive statistical analysis methods (Means, standard deviation, coefficient of concentration).....	43
2.3.3 Detecting stochastis relations.....	43
2.3.4 Methods of analysing time series.....	44
2.3.5 Processing interviews.....	44
Tasks.....	44
Review questions.....	45
Recommended literature.....	45
3 Creating regional strategy.....	46
3.1 Quantitative methods of positioning.....	46
3.1.1 Quantitative ranking, complex indicators.....	46
3.1.2 Classifying methods.....	46
3.1.3 Portfolio analysis.....	47
3.1.4 Potential indices and potential star.....	47
3.2 Positioning methods (Qualitative methods).....	48
3.2.1 SWOT analysis.....	48
3.2.2 PEST analysis.....	51
3.2.3 Finding the focus.....	51
3.2.4 The 'WHY' method and the problem-tree.....	52
3.3 Formulating forecasts and visions.....	54
3.3.1 Methodology for making predictions.....	54
3.3.2 Anticipating trends.....	54
3.3.3 Writing scenarios.....	54
3.3.4 SCAMPER method.....	55
3.3.5 Delphi method.....	55
3.3.6 Creating vision.....	56

3.3.7	Clarification of the vision's background.....	56
3.3.8	Formulating a brief vision.....	57
3.4	Setting up development targets.....	57
3.4.1	Selecting development objectives.....	57
3.4.2	Establishing priorities in teamwork.....	58
3.4.3	Six Hats method aims to clarify development objectives.....	58
3.4.4	Defining complex objectives by the Mandala method.....	60
	Tasks.....	61
	Review questions.....	62
	Recommended literature.....	62
4	The Regional Development Strategy.....	63
4.1	Defining development tasks.....	63
	Finding development alternatives.....	63
4.1.1	Defining tasks with brain storming.....	63
4.1.2	Drawing flowcharts.....	64
4.1.3	Creating scenarios.....	65
	Selection of development projects.....	66
4.1.4	Systematic evaluation sheets.....	66
4.1.5	„The Devil's advocate“.....	66
	Explanation of measures.....	66
4.1.6	Idea Matrix Method.....	66
4.1.7	Systematic exposition of the measures table (fact sheet).....	67
4.2	Planning operative programs.....	67
4.2.1	Action plan.....	67
4.2.2	Financial plan.....	68
4.2.3	Organizational plan.....	68
4.2.4	Achievement plan.....	68
4.3	Validation of horizontal criteria.....	68
4.3.1	Mainstreaming equal opportunities.....	69
4.3.2	Enforcing the requirements of sustainable development.....	71
4.3.3	Further horizontal aspects.....	73
4.3.4	Integration of horizontal aspects in development programs.....	73
4.4	Developing monitoring systems.....	74
4.4.1	Structure of monitoring plan.....	74
4.4.2	Indicators.....	75
4.5.4	The process of monitoring.....	77
4.6	Ex ante evaluation of regional plans.....	78
4.6.1	Formal and structural evaluation of the plans.....	78
4.6.2	Assesing the relevance of the plans.....	78
4.6.3	Evaluating the feasibility of the plans.....	78
4.6.4	Evaluating the sustainability of the plans.....	80
4.7	The reconciliation process of strategy forming – Ensuring legitimacy and publicity.....	85
4.7.1	Grounds of public involvement and publicity.....	85
4.7.2	Levels of public involvement.....	85
4.7.3	Public discussion of regional plans.....	86
	Tasks.....	87
	Review questions.....	88
	Recommended literature.....	88
5	Management and evaluation of the regional strategy's implementation.....	89
5.1	Creating the organizational background of the implementation.....	89
5.1.1	The institutional system of regional programming.....	90
5.1.2	Building partnership.....	92
5.1.2.1	Concept and interpretation of partnership in development.....	92
5.1.2.2	Actors of partnership.....	93
5.1.2.3	Steps of building partnership.....	94
5.1.2.4	Western European experience in partnership.....	97
5.2	Preparation of action plans and inviting applications.....	97
5.2.1	Action plan.....	97
5.2.2	Inviting applications.....	99
	Recommended literature.....	121

## Introduction

The responsibility to plan and manage the tasks of regional processes of intervention requires special expertise. Those who undertake this responsibility must be aware of the regional functions of the economy, the behaviour of the society and the way they influence environmental sustainability. The basic knowledge and the professional approach can be acquired through the basic courses of regional studies (e.g. regional politics). At master's level the questions emphasized are no longer 'why' or 'what' (in examining the processes of regionality) but 'how'.

However, we must consider theoretical questions as well when preparing the students for the practical side of regional planning and management. There is a theoretical issue in every five module of this course which inspires the students to further scientific investigation. We will have a look at the theory of regional planning (Module 1); study the methods of analysis and the results of regional interventions (Modules 2 and 5); and study the methods of social communication (Module 3) and those of good governance (Module 4).

However, the subject is focused primarily on methodological tasks.

This study program is based on the cycle of regional planning. First, we start with the preparations of regional planning (Module 1) to learn the methods of analysis and positioning (Module 2) to be able to create a vision (defining tasks and objectives) (Module 3). When realizing the plan we must control the managerial tasks of organizational development, project management and communication (Module 4) to finally monitor and evaluate the tasks performed (Module 5). Following this pathway, we can acquire the capabilities mentioned.

Among the methods mentioned – unconventionally – we emphasize qualitative and creative problem-solving methods. The reason is that we follow the community based, communicative strategies of regional planning which require the methods to ensure the efficiency of the common thinking of the stakeholders. On the other hand, the use of quantitative tools can be learned in the course Regional Analysis. In this syllabus we present a short summary of the works of quantitative (Nemes Nagy József, Kocziszky György, Tóth Géza) and qualitative researchers (Babbie, de Bono Kaszás György), but every Module also gives a list of recommended literature which can help to enlarge our knowledge. The tasks and case studies provide plenty of work for those who want to develop their skills in qualitative and quantitative methods.

Altogether the recommended literature, the tasks and the glossary contribute to deepening the knowledge acquired and to checking our skills.

The issues of regional planning and management change day-by-day in the European Union. This material is meant to summarize timeless knowledge based on the experience of previous programming cycles which can be used in regional development at national, regional and local level in the future. For a complete preparation for regional planning we suggest you study further literature and follow the actualities of regional planning and get practical experience in a local or regional institute of regional development.

I wish the students successful work in deepening their theoretical knowledge, learning about the tools of regional policies and solving the tasks set.

The Author

# 1. Basics of regional planning

## 1.1. *Historical review of regional planning*

Regional planning (which summarizes development plans according to designated areas) is a sub-discipline of spatial development which covers planning interventions in spatial processes. (Unfortunately, it is difficult to express the differences between these two categories. Let us accept that spatial development is an older and broader perspective, while regional development is the younger and narrower discipline.)

Spatial planning is likely to be as old as human civilization, for the natural frame of human thinking, work, and planning is based on the space around us. The first documented plans of spatial development were connected to ancient river regulations, canalization, and military actions such as building defence sites. All these activities embodied the basics of the effective exploitation and utilization of natural resources.

Territorial demarcation (as part of public administration) also has age-old traditions. The formulation of central settlement (urban development) plans was embodied especially in the form of mapping.

Spatial planning (as a sub-discipline of community planning) has created its methods in the early 20<sup>th</sup> century.

The exploration of spatial economic regularities (Thünen, Lösch, Weber, Christaller), the efforts (based on this knowledge) to optimize locations, the increased needs of the population for technological improvement have all been factors that provide a new focus on regional planning.

The first significant tasks of regional planning were: the GOELRO-plan in the USSR (1920s), the highway building in Germany (1930s); the development plans of Greater London (1936); and the complex development of the Tennessee River valley (1930s). These plans were unfolded within the framework of market economy and although the plans were often not realized, they were generally focused on solving the problems of specific territorial units.

The reconstructions after World War II, the rapid economic growth and the differences in regional growth set the parameters for the regional planning process.

Regional planning in the 1960s and 1970s mainly focused on narrowing the gap between regional differences. The gap occurred due to the rapid economic changes caused by the differences between disadvantaged areas and central locations. These plans included large-scale interventions using abundant resources as far as the states were able to finance them.

In the era of planned economy the plans were not intended to be changed only the results, but based on the logic of totalitarian systems, the causes were also meant to be changed. These plans were part of a larger national plan and the implementation was guaranteed by the government. The widespread system of socialism was based on central planning made by the governments, so in the 1960s and 1970s this kind of planning did not consider the needs of the regions.

After a decrease in the resources, regional planning changed in the Western and socialist countries as well. According to the change of the approach of regional planning and policy, spatial planning increased its weight among public policies.

Through the works of Porter and Krugman regional factors influencing economic competitiveness have become more widely known and regional planning has been integrated into economic policies and a strategic approach has become dominant.

A new period of regional planning began in the European Union regional policy in 1988. In addition to the implementation of decentralization, regional policy is characterized by institutionalization and unification between nations (Rechnitzer – Smahó 2011).

### **1.1.1.Occasions of regional planning, planning theories and styles**

#### **Evaluation of the possibilities and roles of regional planning**

The foundation of regional development carried out by the public sector is that community intervention into regional processes is justified and so processes in the environment, the society and the economy can be influenced as its results. The assumption is not equivocal. The perceptions and ideas of development and planning have changed over time just as the possibilities and methods of regional planning.

- a.) Based on the classical and neoliberal schools of economics, it is presumed that the market is the most efficient regulator of spatial processes in the economy. The rules of the market can be manifest through the decisions of the players of the market. The government and other public entities do not influence regional processes or they will only ruin the market actions which can result in equilibrium (Lal 1980). As a result of this assumption, governmental interventions are unnecessary and they are only allowed by some parts of the economy (e.g. to protect start-up sectors) (Balassa 1981).
- b.) The need for governmental interventions started with the revelation of spatial disparities and the effects of the market which have lead to an escalation of regional differences. A radical advocate of this thesis was the Keynes school and it was inherent in the ideas of Development Economics. According to this theory, the failures of an “ineffective market” can be reduced by governmental decisions. The model devotes a significant role of to governmental interventions (such as large public investment, public procurement and public employment) to troubleshoot “market malfunctions” and reduce regional disparities. These ideas emphasize regional development planning and politics to neutralize the detrimental effects (Meier 1984).
- c.) In the first half of the 1970s, global economic restructuring led to a drastic reduction in state funds, which led to abandoning the concept of the welfare state and a strengthening of neo-liberal thinking in developed countries. The period of large public investments was over, but public regional policy has not disappeared. The states still deemed it necessary to perform their intervention in regional development. In addition to the basic objective of fairness (which was decisive in regional policies), efficiency became dominant and new instruments were used to compensate for regional differences. Governments needed accurate knowledge on the current situation in order to explore the alternatives, the expected results and possible effects of regional intervention. Among the tools of state development, regional planning became the most significant.
- d.) The detrimental consequences of regional politics and querying the legitimacy of growth led to a reconstruction of regional development and regional planning. In these times the idea of 'bottom-up' initiatives became stronger. The previous actions were concentrated attempts which led to rising poverty-level, starvation, epidemics and unemployment so radical humanists who were disappointed in the international efforts developed a new approach based on local issues (Galtung 1978). As a general objective the development of a broader and more direct self-governmental representation system appeared, which they intended to achieve by *participant research* and community planning.
- e.) In the 1980s the attitude of regional development changed due to the strengthening criticism against the humanists' efforts. What people perceived earlier as progressive, human and beneficial now they described as autocratic, mandatory and often detrimental. Development and benefits became suspicious when defining something as 'beneficial' and also defining the group who will benefit from it. On the other hand, economic evolution was not considered to be a natural process but regarded as a cultural product, which is available in two interconnected forms. One form is the set of ideas, behaviours, and social practices derived from business interests and also as discourse rooted in governmental bureaucracy which displays these practices, not only to show the existing economic practices in institutional thinking but to form the beliefs and concepts of economic actors through politics (Escobar 1984-85).

### 1.1.2.Theories and styles of regional planning

Planning theories of the formation and evolution of planning methodology can be linked to the formulation of ideas about growth and development. Different planning methods have evolved according to how planners held onto the illusion of objectivity (or used subjective elements) or how they interpreted rationality of plans or how they rejected or required the commitment of the planners (Faragó 2005). It is a long way from the workshops called by politics through scientifically analyzed planning work to the creative discourse based on collective wisdom.

László Faragó (2005) identified six planning theories. Strategic planning is one of the six, but an overview of the other five theories is instructive.

Summary of planning theories (based on Faragó 2005):

1. *Positivist (or pseudo-positivist) functional planning*: Planning is free of ideologies and politics. This approach can be achieved by separating the roles of planning (the end-objectives), rationalizing the use of (professional) tools, and decision-making. Questions like “What shall we do” or “What can we do?” are not part of regional planning. Objectives are defined before regional planning. The role of the planner is only to draw up the way of achieving these objectives and to define the tools needed on this road.
2. *Comprehensive rational planning*: Planning is an integrated process where (theoretically) all relevant factors are analyzed and using the result an extrapolation shows the long-term objectives and visions. After that alternative ways and tools are listed. This method can be characterized by long-term thinking and completeness (within the limits of manageability). Planning is a professional task. The planner institution does not necessarily want to seek partnerships which can threaten the comprehensiveness of vision due to impairment. This method can only be used if the facts are adequately supported on the long-term, or if the uncertainty risk is not very high. Another constraint of applying this method is time. In the short term this method does not fulfil the requirements and in practice a search for satisfaction replaces overall rationality. This can decrease political acceptance and support.
3. *Pragmatic incrementalism*: Planning is about solving a topical social problem and is not meant to help achieving 'the final good'. This approach attempts to handle the processes in their manageable parts only. The method uses a gradual, step-by-step approach. This practice cannot lead to significantly different solutions (and the way of achieving the objective can be much longer) but serious mistakes and their consequences can be avoided in order to minimize the risk of changes induced. The alternatives show small differences due to the slight shift from the current situation. It is assumed that these small differences will appear as actual benefits and the most appropriate alternatives will lead to the greatest benefits. Short-term tangible objectives provide opportunities for consensus-building on the basis of democratic participation.
4. *Strategic planning in the public sector*: Strategic planning was imported from corporate planning into the public sector. This approach emphasizes the role of objective setting and objective achieving (in an ever-changing environment) equally. The planning process is not restricted to drawing up plans only; it is a complex strategic management system of implementation and feedback as well. Intuition becomes more relevant in this approach but makes the classification of the plans possible only after implementation. As a result and due to constraints within political cycles, the optimal time horizon for strategic planning is mid-term. Allocation of responsibilities is typical. With different group methods the range of those involved can be widened. However, due to the informal effects (such as lobbying or background compromises) only a narrower (or wider) political and professional elite will make decisions about the objectives, priorities and tools.
5. *Communicative and collaborative planning*: The starting point of this theory is: "If we see the individual action plans derived from the results of communication by consensus in accordance with the living world, the validity of these plans will be harmonic with the accepted standards"

(Faragó 2005: 129.) Plans are the results of discourses between the different actors of plan implementers. According to Habermas, the favourable way of mutual understanding and cooperative action based on full consensus is unfortunately not an option when planning. Partly because it is hard to achieve consensus between different communities (because of their different intentions) and also because we cannot interview the future generation or the absent members of a community. Consensus is not needed for regional development because the changes often take place just before a collision of differing opinions. We cannot count on full agreement when creating innovative plans; innovators are usually on their own. What is left is the manipulative, success-oriented strategic action which is based on power requests to achieve concerted movements. Planning is not a regulation rather a notice. This model presumes the joint decisions and actions of the stakeholders.

6. *Postmodern pragmatic eclecticism*: This approach rejects the idea of planning. However, there is conscious vision creation in the postmodern era as well. The basic question is the possibility to manage conflicts of interests. One of the basic tenets is that traditional power poles lose their leading roles and they are not only replaced by others, but also a new, ever-changing structure is created. The new power struggle is about disposing of information and knowledge in order to enforce the positions. We must accept the diversity of parallel approaches. Social justice can be provided by using the power of diversity in the different communities. The purposeful, conscious, systemized factors of clustering (based on reflections or future expectations) must be managed. Social planning is not a hierarchical organization, but a net of autonomous groups. Consensus is not a validity criterion. What matters is how people sell their ideas and how they enforce acceptance of their ideas by others or find partners with common interests.

The change of planning theories shows a paradigm shift. While earlier planning was about how the future is forecast from an analysis of past actions, in the new concept the future cannot be derived analytically. It has to be created alongside a new concept which never existed before. In our rapidly changing world the strategy of the future cannot be a repeated solution of the past neither a new procedure formed by new principles based on past experiences, but a real innovation with unknown elements.

*Table 1/1: Change of paradigm in planning theories*

<i>Positivist (empirical-analytic) approach</i>	<i>Normative (concept-driven) approach</i>
Absolutist	Relativistic
Materialism	Existentialism, structuralism
Objective	Subjective
Objective-subjective	True or false
Physical and social	Concrete-abstract
Certificate (objectivity)	Validity, legitimacy
Empiricist	Rationalistic
Past- and present-based	Future-oriented
Causality, "because"	Teleology, "so that"
Moral universalism	Cultural differentiation
Meta-narration	"Small stories"
Induction	Deduction
Analysis	Synthesis
Descriptive	Normative
Constant environment	Constructed "life-world"
Measurable quantity	Quality, value
Persuasion, validation	Criticism, argument
Rationality means	Practical, communicative rationality
Work performance	Discourse comprehension

Source: Faragó 2005

Different planning styles are based on different planning theories. These styles are also influenced by socio-economic and environmental factors. The plan can be a tool of exercising power, a tool of supporting the (real or perceived) interests of the community or a technique of formulating the future collectively.

Historically, these planning styles appeared one after the other, but nowadays they appear parallel or in a mixed form as well. The planning styles distinguished by László Faragó (2005) are categorized by the role of the plan and planner; the place of the planner in the power hierarchy, and the way of exercising power. We can meet the following practical planning styles. These are in harmony with the previously summarized (theoretical) planning styles and with the socio-economic environment.

#### ***A. Modern community planning: planning is a tool of power***

Modern planning is based on rational decision-making, calculation of facts and evaluation. The representatives of this model advocate value-neutrality. The parts of strategy formation and functional implementation of the hierarchical, bureaucratic and political planning are separated from each other. Social participation does not exist; citizens and companies meet the plan only in the phase of implementation. The legitimacy of the plans is based on the implementation.

Sub-groups:

- a. *Command planning*: It is a characteristic of totalitarian systems, but it can appear anywhere in an economic crisis. Only a narrow range of leaders commands the transformation of the whole society. The objectives and the ways are defined explicitly. Development and implementation are carried out by experts dedicated to the ruling power. Both are controlled and sanctioned centrally. Only top-down approach is used. Higher-level plans are binding for lower-level planning as well. Social involvement is an illusion: it is only to demonstrate popularity of the central government.
- b. *Corporative planning*: Planning is performed by a wider range of participants; it is still limited to a low number of institutions committed in political status-quo. The choice of participants is a relevant question of the ruling power. The main role is played by the bureaucrats in planning and implementation. Objectives are set centrally. Only the objectives which coincide with the central ideas have relevance. Alternative objectives must be negotiated and can be used as a result of continuous political arrangements. Participants can veto questions affecting their own interests negatively.
- c. *Political planning*: It focuses on community objectives and strategies for the development of 'policy-making'. It is characterized by rational procedures and is more sophisticated than the previous techniques (part of "planning school", using SWOT, portfolio, modelling decision-making processes). It aims to influence socio-economic actors with indirect means. Direct interventions are rarely allowed. Every level of planning has the task to influence indirectly other actions. Not only bureaucrats but experts can make plans. It requires a wide-ranging political discussion of the interests.

#### ***B. Pragmatic idealism: Let's plan directly for the people***

It breaks with the dominant idea of one-sided dependence. In addition to the state, local government bureaucracy and others can plan with their partners. This view considers public opinion. In this respect it is certainly more democratic than the previous methods. Professional planning and objective setting are not separated. Planners are required to identify themselves with the client's intentions and values. However, community participation is limited: it is only to legitimize the plan. Decision-making remains in the hands of politicians and bureaucrats.

Sub-groups:

- a. *Broad-based participatory planning*: It aims to involve all stakeholders in the planning process. Mainly it comes to the fore in decentralized situation, thus providing a winning condition for the



implementation of a successful implementation. The planning is focused on the process of negotiation, conciliation of interests, exploring and resolving the conflicts. The planning professionals are not employees of the bureaucracy, but independent experts with their own values and individual commitment. The role of the central authority is limited to information dissemination and technical assistance. A wide variety of plans integrate a bottom-up approach.

- b. *Action planning*: Requires active participation of the stakeholders focusing on the problems. It is about determining the planning methodology for the actual tasks. It is to solve partial problems and planning is often not documented. The planners have general technical and psychological skills and are given a specific role in the planning project. They are moderators of problem solving, decision-making and planning at the same time.

### ***C. Postmodern romantic: Let's plan our own life***

This is planning as used in societies where different parties adjust their views mutually and people are allowed to create their own lives based on their sound discretion. It recognizes the plurality of values and interests. Objectivity or rationality is not a necessary requirement. Planning is based on story-writing and text interpretation; rhetoric is stronger than logic. Ethical compliance provides legitimacy. Planning - decision - implementation systems appear integrated. Direct participation is in the foreground of decision making.

Sub-groups:

- a. *Transactive planning*: It is a mutual learning process where personal knowledge is transformed into actions and a new approach. This method is excellent in bridging the communication gap between different groups and in the creation of partnerships. The planner is open-minded, ready to learn, and to use their knowledge, background information and communication techniques in order to facilitate the learning process.
- b. *Collaboration-based planning*: It is an interactive planning form based on discourses between individuals and groups of interests. It aims to develop agreement without a violation of values and interests. The planners are not influenced by different interests during planning because communication is in the focus of the method. Rational decision-making is replaced by surveys, analyses, social atlases, consensus panels, interviews and discussion groups.

Faragó highlights some constraints and risks of the methods mentioned. Modern planning undoubtedly shows a lack of democratic deficit. In cases when action planning and post-modern planning are used, sometimes the plans are created for the present moment not for the future. In collaborative communicative planning distortion of communication, consensus volatility, the availability of complete consensus appear as practical threats.

All in all, the best way to form the future by means of regional development seems to be communicative strategic planning (which has some elements of post-modern planning). (We do not exclude that some parts of planning may require different approaches as well.)

*Community-based strategic planning in the area of communicative development based on local initiatives is to help the community to:*

1. clarify the directions of development,
2. show the best priorities according to its interests,
3. be able to use the resources to minimize conflicts in the community, and to connect parallel programs in order to enhance effectivity,
4. be able to follow a clear course of action,
5. be able to channel public and private business resources,
6. be able to motivate participants and involve the stakeholders.

In addition to the above, we talk about strategic planning when:

7. a complex information system is created which substantiates decisions by providing the necessary information for implementing the strategy and following the changes in the environment,

8. creativity and innovation come to surface in the region,
9. the plan contributes to a change of attitude and value system developments, and
10. the participants' skills and commitment increase in the region.

The positive effects mentioned can be achieved when a strategic plan is anticipating, creative, flexible, proactive, programmable, change-oriented, and sustainable (Csath 1996).

It is self-evident that the payment system is a basic requirement for supporting those involved as well as the preparation and presentation of the strategic plan.

*Post modern elements of planning* can be perceived in:

1. showing diversity as a value,
2. honouring the different views,
3. finding the way of good cohabitation instead of conflicts,
4. the recognition of the importance of information management,
5. defining culture as a major category,
6. showing the role of aesthetics and emotions,
7. emphasizing the roles of clusters and business networks, and
8. implementing the various techniques of persuasion.

### **1.1.3. Basics of communicative decentralized regional planning**

#### **Interpreting strategy**

The term 'strategy' comes from the military. It is the science to achieve victory. "... To achieve a winner situation, which – not implying that the opponent surrenders – leads to certain victory on the battlefield" (Makridakis cited by Korompai 1995).

Strategic thinking is always based on some interests and (changing) intentions. These intentions are based on the possibilities provided by the environment and aim to define the achievable objectives. Achievable objectives can be reached by planning the best 'routes' using adequate tools. The eight principles below also come from the military world.

#### Eight maxims of strategy (Hart 1957)

1. *Adjust your end to your means.* Clear sight and cool calculation should prevail. Do not bite off more than you can chew. Keep a clear sense of what is possible. Face facts while preserving faith. Confidence will be of no avail if the troops are run down.
2. *Keep your object always in mind, while adapting your plan to circumstances* Recognize that alternatives exist but make sure they all bear on the object. Weigh the feasibility of attaining an objective against its contribution to the attainment of the end in mind..
3. Choose the line (or course) of least expectation. Put yourself in your opposition's shoes and try to see what course of action he will see as least probable and thus not try to forestall.
4. Exploit the line of least resistance – so long as it can lead you to any objective that would contribute to your underlying object. Seize on opportunity – but not any opportunity. Tactically, this refers to following up on success; strategically, it refers to the management and deployment of your reserves.
5. *Take a line of operation which offers alternative objectives.* Choose a single course of action that could have several objectives; do not let your actions reveal your objectives. This puts your opponent on the horns of a dilemma. It introduces un-certainty regarding that which is to be guarded against.
6. *Ensure that both plans and dispositions are flexible – adaptable to circumstances.* Include contingencies or next steps – for success as well as failure. Organize and deploy your resources in ways that facilitate adaptation to either.
7. *Do not throw your weight into a stroke whilst your opponent is on guard – whilst he is well placed to parry or evade it.* Unless your opponent is much inferior, do not attack until he has

been disorganized and de-moralized. Psychological warfare precedes physical warfare. Similarly, physical warfare can be psychological in nature.

8. *Do not renew an attack along the same line (or in the same form) after it has once failed. If at first you don't succeed, give up. Your reinforcements will likely be matched by the enemy. Moreover, successfully repulsing you the first time will morally strengthen him for the second.*

*Strategic planning* is a basic condition for developing the future and also an instrument of change. Strategy is a continuous activity to implement a plan based on different interests and environmental conditions.

A *strategic plan* is:

- an achievement plan fixing future results,
- an action plan defining the tasks to achieve our objectives,
- a competence plan which includes the tools to implement the plan,
- a financial plan of earnings and expenses,
- a management plan of ordering and timing the operations (Korompai 1995).

When we are making a strategic plan we should answer the following five questions:

The main strategic planning issues

- 1 Who are we?
- 2 Where are we?
- 3 Where do we want to go?
- 4 How can we achieve our objectives?
- 5 How do we know whether we have achieved our objective?

### **Role and conditions of communication**

The attribute “*communicative*” refers to the continuous communication during the planning process. This method also predicts an equal involvement of a wide range of the stakeholders. As a product of democracy, the method assumes that a well-driven communication process will lead to a plan which is acceptable and is in accordance with the norms of the group.

In organizing the communication – according to the criteria of Habermas – we must ensure that all the participants are there by free will; nobody can distort the participants' skills of communication and decision-making; the roles can change in the dialogue; consensus is based on argumentation; and finally all the participants understand and accept the parts of the plans from their own positions. A common language (which is understood by everyone) is also compulsory (Habermas 2001).

### **1.1.4. Interpreting regionality**

Regionality can refer to three different things. First of all it shows that the subject is related to a certain region. Secondly, it can also represent the interests behind planning. Finally, it shows the specific focus of the planning: the process is not a general one.

It expresses that the plan refers to a smaller region of a certain larger territory, so development and planning will be directed to that region. This territory can be as large as the European Union (or a continent) or the size of a country, so accordingly, a smaller region (where the intervention will be performed) can vary from large scales (country) to a local scale. Although the number and the borders of the regions of the EU are defined, we can use the term regional development in a different meaning as well. These management techniques can be used for specific regions of the EU but also for other regions (different size, partition, etc.) as well.

Regionality shows that the development of a certain region is performed not only with the aid of the central government but also in a decentralized way where the actors of the regions are involved and the local interests are considered. This approach differs from spatial planning where

the region is just a part of a larger system and planning is performed from a broader perspective according to centralized intentions.

Compared with spatial planning there is also a difference in the scope of planning. While spatial planning refers to the exact territory, regional development focuses on the socio-economic factors. It means that regionality becomes regional in the consideration of those committed in the development of that area.

### **1.1.5. Actors of regional planning**

Actors involved in communicative strategic planning are of the following four types:

*Politicians* – defining objectives and selecting alternatives

*Planners* – analyzing and developing alternatives, motivating working groups

*Implementers* – organizing information gathering, designing the PR of planning, implementing and testing

*Commentators* – involved in the process of planning in different intensity but asked for their opinions.

With their knowledge and experience, their critical vision (or the strategy of the devil's advocate) can help in shaping a better compliance with the local needs, feasibility and sustainability. Due to the nature of regional planning, most of the actors are located (and living) in the region.

### **1.1.6. Community planning**

The strongest form of public involvement is community planning where the stakeholders are involved in the early phases of regional planning.

This approach was supported by the post-modern streams of the 1980s and 1990s which emphasized that the role of the planner is to harmonize the different forms of knowledge and not to dictate specific solutions. Community planning can be interpreted as an efficient tool and also as an objective which has a significant value for the future of local communities. Even if community planning does not lead to significantly different results (in comparison with traditional expert planning), the involvement of the public sector and the activation of the community can produce meaningful long-term benefits. This method is more effective when we would like to 'socialize' the plans according to the traditional argumentation techniques. The acceptance of the plans and the developments are much higher when this form of planning is used.

The procedures of community planning differ from the level of public involvement. The basic tools are:

- (1) *facilitation – helping the process,*
- (2) *competence development – supporting the actors to be able to cooperate,*
- (3) *community planning techniques,*
- (4) *project cycle management tools.*

Three factors must be mentioned as the basic conditions of community planning:

- (1) *Motivation.* Community planning is hard work for all the stakeholders. It does not mean only time and energy but we must calculate also with psychological pressure which arises when facing problems, human weaknesses and conflicts. These are difficulties that require strong motivation from at least one of the participants.
- (2) *Resources – time and money.* The local interest groups must be identified and addressed about the planning issues. The conflicts must be managed while creating consensus consumes time and energy from the planners. The time used for planning (which cannot be calculated) is a basic condition of success.
- (3) *Planner competences.* A workshop or a debate needs special competencies and expertise, special knowledge and skills. The international literature has abundant examples of simple

community planning techniques describing animation and facilitation possibilities which make it possible to discuss the needs of the participants in a democratic way within a set time limit. (Sain 2010)

### **1.1.7.Strategic community planning – step by step**

The steps of the planning are based on the following five questions:

#### *A. Who are we? (Introduction and preparation)*

In the introductory phase the reasons of planning, the style of regional strategy, the time-horizon, the validity, the values (which we want to reach), the hypotheses (built in the past), the range of stakeholders and the tools of planning must be defined. We can read about all these parts in the introductions of strategic documents.

#### *B. Where are we? (Environmental analysis and positioning)*

*Environmental analysis* consists of the measurement of the external and internal environment. In a strategic approach an environmental analysis is not a list of all the data but a summary of the carefully selected area and characteristics which are relevant for the planning. Among the methods of analysis we can use global statistics or individual observations.

*Positioning* is about evaluating the results of the analysis, defining the weaknesses and strengths of the field of operation and the definition of the development of the region.

#### *C. Where would we like to go? (Objectives and vision)*

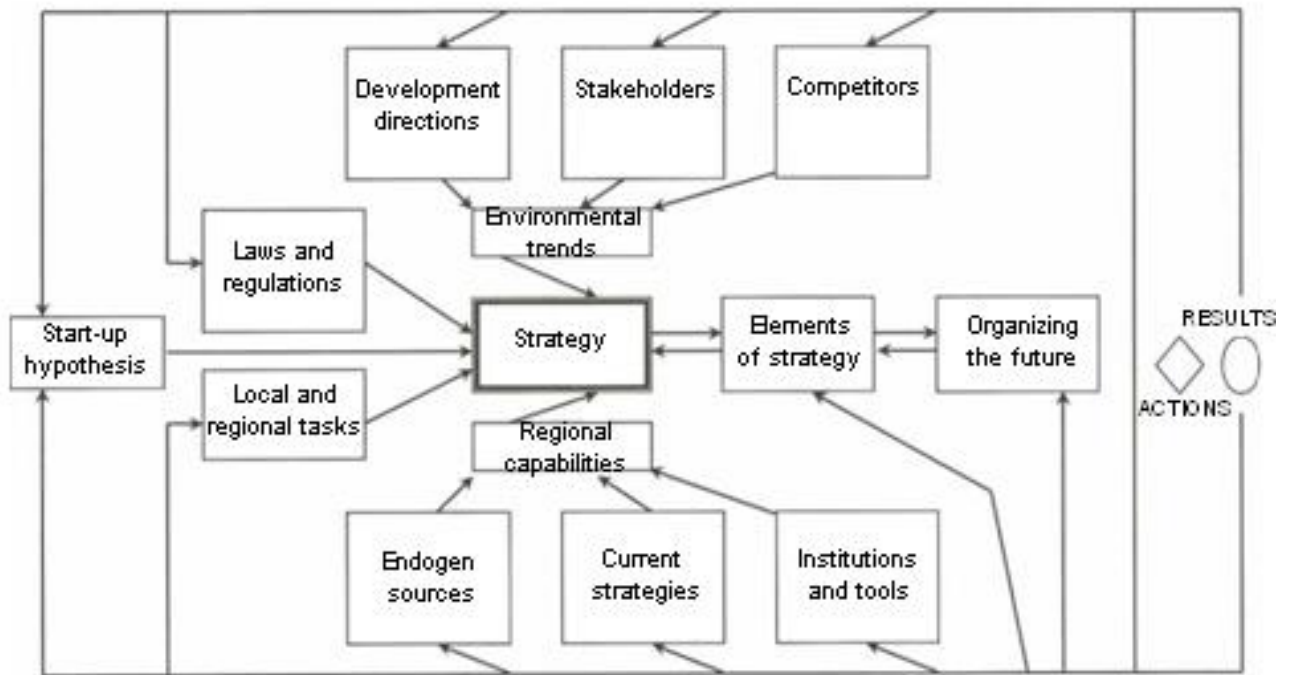
It is necessary to present a common future vision (which is derived from the community's values and the actual situation) to elaborate the strategy. The vision is a dream or wish of where the region would like to get in some time. When drawing up the vision we must focus on asking the stakeholders about the existing and changing attributes of the region.

*D. How can we achieve that? (strategy formulation: scenario development, hierarchy of objectives and impact analysis, operationalization (future management) tasks, scheduling, organizational background, resource requirements)*

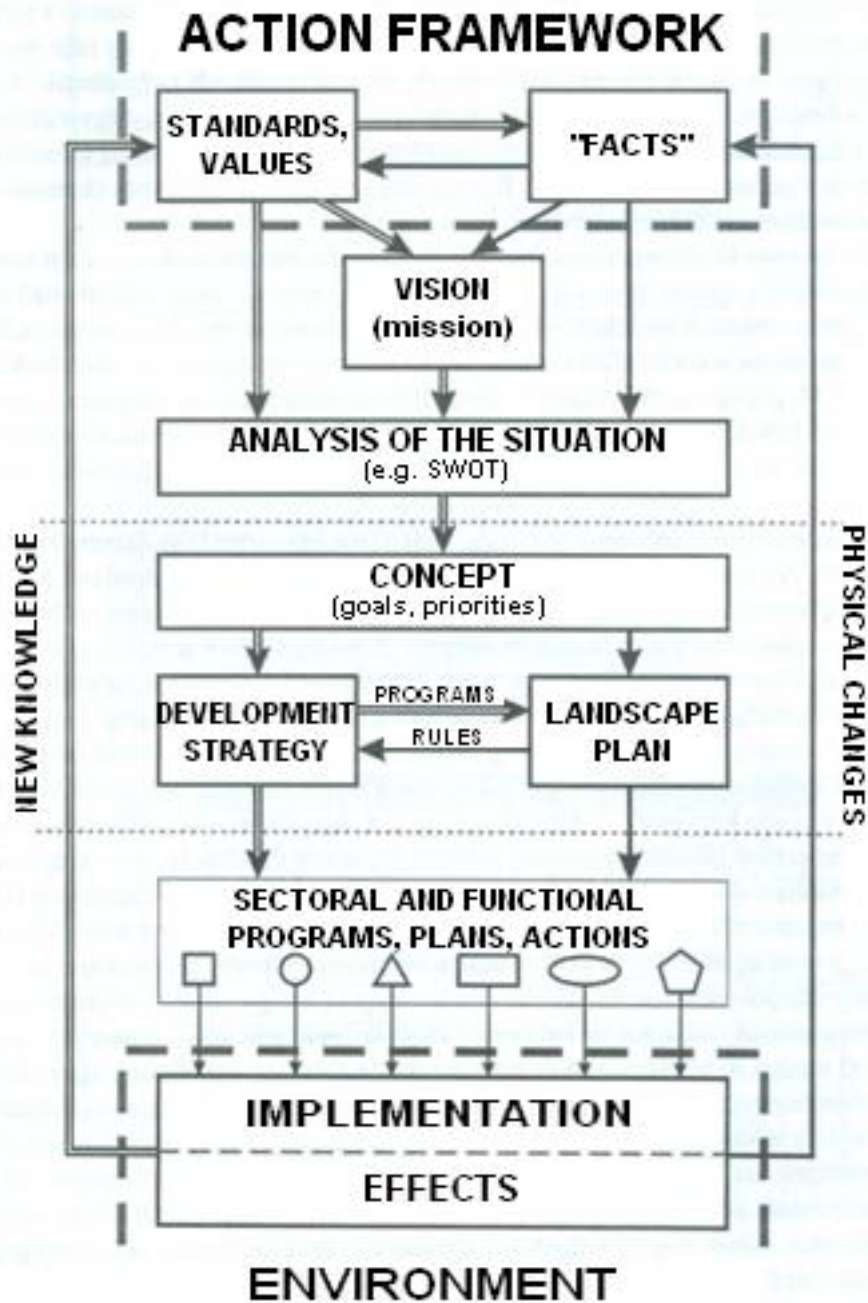
The extrapolation of the present moment into the future can lead to drawing up some alternatives of development. Based on these alternatives the scenarios of the regions can be constructed. The selection of the scenarios is based on possible changes in the factors involved in planning and on the values of the planning community.

*E. How do we know that we have reached our objective? (follow-up process – the development of indicators and monitoring systems, feedback)*

It is not satisfactory to define the objectives, the ways and the methods, we must also know the time when the stakeholders become satisfied and we finally see whether the strategy was successful or not. Monitoring the strategy, evaluating the processes and results, motivating those involved, leadership and control are inevitable not only because of using public funds but because of the corrections possibly perceived and executed.



Source: Rehnitz - Lados 2004:75



Source: Faragó 2005: 225

Figures 1.1 and 1.2. General process of regional development

### Methods of strategic regional planning

In regional planning we use quantitative (1), qualitative (2), creative (3) and communicative (participative) (4) techniques as well. The first group consists of statistical analysis, the second is mainly about interviewing, questionnaires and scenarios, the third group is about brainstorming and the last one is about organizing working groups which evaluate the plans and take action.

Table 1.2: Tools of regional planning

Quantitative methods	Qualitative methods	Creative methods	Communicative and participative methods
• Descriptive	• Interviewing	• Focus-determination	• Teamwork

statistical analysis • Methods for the detection of stochastic relations • Analysis of time series • Quantitative ranking • Clustering methods • Portfolio analysis • Calculation of potential indices • Identifying complex indicators • Calculation of spatial indices	• Questionnaires • Content analysis • SWOT analysis • PEST analysis • Problem-tree – setting up a objective tree • Creating scenarios • Creating a flowchart • Systematic evaluation sheets • Devil's advocate method	• Why method • SCAMPER technique • Brainstorming • Delphi method • Six Hats method • Mandala-making • Idea-matrix	• Forums
--	---	---	----------

## ***Regional planning and programming in the EU***

### **1.1.8. The position of regional planning in the EU policies**

Among the policies of the European Union, cohesion and regional politics have great importance. A common objective of the member states is to decrease the differences between the regions of Europe. Through the equality of the regions using a better allocation of funds European global competitiveness can be ensured. The regional dimension is significant in the cohesion politics and the relevance of regionality is increasing. The fundamentals of cohesion politics are the regions (mainly urban regions) so regional politics is being integrated into the field of economic politics. Accordingly, regional plans are no longer just about developing a designated area but are also tools of establishing a better allocation of common development program funds.

Regional programming is one of the basic principles (pervading the process of fund reallocation) of cohesion and regional politics. Accordingly, these funds finance not single projects but a national framework of financial support designed for a long-term period. In the planning and implementation of the programs we must consider the other principles as well.

#### **Principles of Regional Policy in the EU**

Structural politics of the members are based on the following five principles:

- Concentration: Aids must be transferred through a few channels, financing few goals, directly to the needy ones.
- Programming: National development strategies must define the programs which should (only) be supported.
- Partnership: An efficient cooperation among the different stakeholders interested in regional development.
- Additionality: Development projects are only financed partly. The European Union ensures a certain percentage of support from the funds, but the remaining part must be self-financed (or co-financed with the government).
- Subsidiarity: Development-driven decision-making and implementation should be placed at the lowest level where the actual problem has arisen; where the problem can be solved in the most efficient way or where information is sufficient for solving the problem.

Two new principles are added in the next programming cycle:



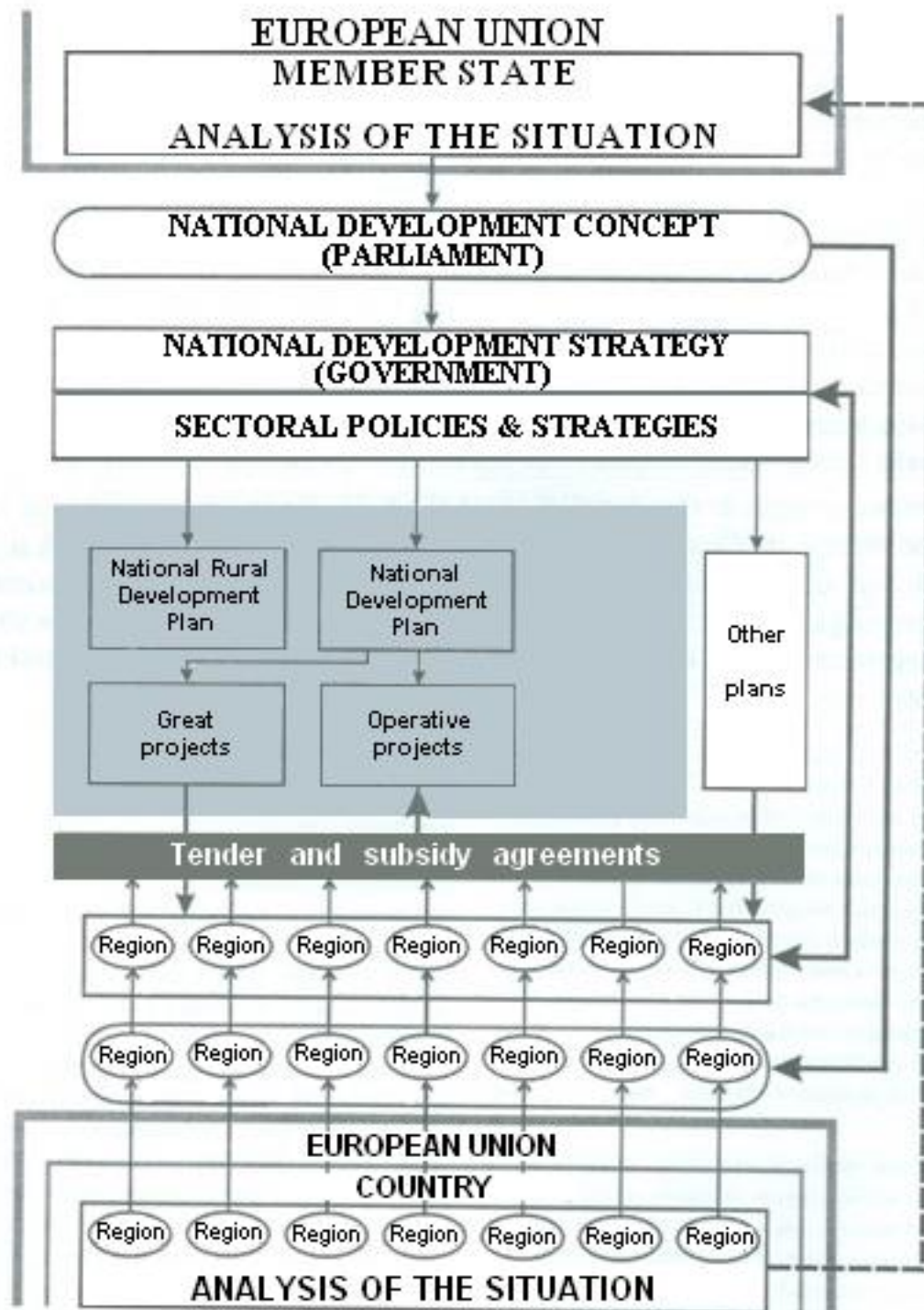
- f) Result-based: A viable change toward the goals must be performed. It is ensured by the indicators, by the simplified processes and with the efficiency conditions.
- g) Regionality: Projects must fit the needs of the regions and projects in the same regions must also fit each other.

In the course of programming member states and regions define their concepts of development and compile the development plans of the convergence regions considering the EU regulations (Common Strategic Framework) and the national development frameworks. Involving the public, private and local actors a national program is created which will be the foundation of the Development and Investment Partnership Contract which is signed by the national government and the responsible of the European Union.

#### The process of programming and regional planning in the European Union

- The European Commission makes a report of the budget of Structural Funds. Based on this report, the European Council and the European Parliament make a decision about the Structural Funds.
  - During the consultation of the European Commission and the member states, the document summarizing the principles and priorities of cohesion politics is clarified. This document is the "The Community Strategic Guidelines on Cohesion". National and regional institutions form their programs according to that document in order to make a compatible program regarding the EU priorities.
  - Every nation defines its **National Strategic Framework** which should be passed to the European Commission within 5 months. This document presents the strategy of the country and contains advice about the operative programs. After that the Commission has three months to write its opinions about the framework or to ask for further information.
  - The Commission endorses the framework and the **operative programs**. These programs demonstrate the regional priorities. In the creation of the operative programs employees, employers and public bodies are involved. Between 2007 and 2013 455 operative programs were accepted.
  - **Operative programs** are performed jointly with the member states and the regions. This means the evaluation and tracking of thousands of projects. This task is performed by the "Managing Authorities" of the regions.
  - The Commission makes a commitment about the support (it allows the member states to use the resources to finance the program.)
  - The Commission transfers the **proven costs** of the programs to the states.
  - The Commission in cooperation with the member state **monitors and traces the operative programmes**.
  - Between 2007 and 2013 the Commission and the member states can present strategic reports.
- [http://ec.europa.eu/regional\\_policy/how/policy/index\\_hu.cfm](http://ec.europa.eu/regional_policy/how/policy/index_hu.cfm) (2013)

Regional planning – as part of regional policy – is related to this process of programming. As a preparation of programming regional concepts are created. In the process of programming every NUTS and LAU level creates its own program. The connection of local programs is ensured in the national planning process. There is no common planning regulation in the European Union (yet).



Source: Faragó 2005: 227

Figure 1.3. Decentralized planning and development model

### 1.1.9. Project cycle management in EU regional programming

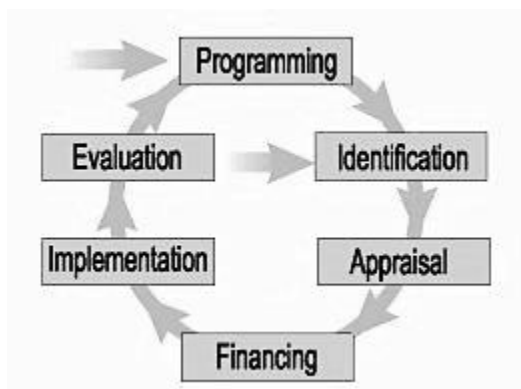
The project cycle management (PCM) was created in the 1980s by the OECD Development Assistance Committee and the European Commission introduced it in the early 1990s into regional politics. The reason for its introduction was the fact that the evaluations of the previous development programs showed weak performance and also highlighted related problems.

Table 1.3: Reasons for project cycle management

Negative experiences:	Expected features:
<ul style="list-style-type: none"> <li>• Unclear strategic framework</li> <li>• Poor situational analysis</li> <li>• Task-oriented design and implementation</li> <li>• No verifiable results</li> <li>• Disbursement pressure</li> <li>• Short-termism</li> <li>• Incoherent project documents</li> <li>• Lack of a common approach</li> <li>• Supply-driven projects</li> </ul>	<ul style="list-style-type: none"> <li>• Approach is clearly defined</li> <li>• Advanced analysis of the situation</li> <li>• Goal-oriented design and implementation</li> <li>• Measurable results</li> <li>• Greater emphasis on quality</li> <li>• Focusing on sustainability</li> <li>• Standardized formats</li> <li>• The treatment of process goals and to achieve them</li> <li>• Demand-driven solutions</li> </ul>

Source: Bloom–Hulsker–G. Fekete 2001

According to the expectations above a new system which follows the life-cycle of projects was created.



Source: CEC (PCM Handbook) 2002: 3

Figure 1.4. Project cycle

A general project cycle consists of six phases: *Programming, identification, elaboration, financing, implementation and evaluation*. The subjects of the different phases vary from institution to institution due to the differences in their procedures. However, there are three common parts in the cycle which are the same in all the institutions:

- A cycle defines the most important *decisions*, the information *criteria* and the *responsibilities*.
- The phases within the cycles are *progressive*, which means that the next phase can only be started successfully if the previous one is performed.
- The purpose of the *evaluation* within the cycle is to include experience of past projects in

future programs and projects.

The starting and end points of the project cycle are the programming. In this phase the sectoral and national analysis is performed to highlight the problems, constraints and opportunities which can be the foundation for the development cooperation. This includes the socio-economic indicators, the national and subsidy priorities as well. The aim is to specify the general objectives of development and the priorities of the industries in order to create a relevant *framework* in which projects can be prepared and elaborated. According to every priority *strategies* are formed which consider past experience and the conclusions made in the last programming cycle of the EU.

The PCM cycle makes the whole process not only transparent, but provides a structure which ensures the collection of the opinions of the stakeholders and the availability of relevant information. In this manner well-grounded decisions can be made in the key phases of the program. PCM includes the *principles, tools and techniques* of managing the subsidies.

With PCM we can guarantee:

- A. Relevance: Projects must fit the strategy and the real needs of the grantees:
  - Projects fit the sectoral, national and local objectives;
  - Grantees are involved in the early phases of planning;
  - Careful problem analysis;
  - Objectives are clarified and the advantages are well presented to the target groups.
- B. Feasibility: Objectives can be achieved realistically when considering the constraints of the operation environment and the capacity of executing institutions:
  - Objectives are logical and measureable;
  - Risks, assumptions and capacities of the executing institutions are considered;
  - Monitoring the relevant objectives.
- C. Sustainability:
  - Factors influencing sustainability are considered in the phase of planning;
  - The results of the evaluations are considered and used in future project planning tasks.

The strength of PCM is that the documents are structured in a *unified form*. Every relevant question and assumption is considered in the phase of planning. These questions are checked in every phase of the project and are carried on into the next phase. This system makes the programming context *clear and transparent* and enables a better evaluation and monitoring as well.

### *PCM principles*

- **Project cycle stages - Structured and informed decision-making**
- **Ensuring participation - Interest groups in decision-making**
- **Logical framework - A comprehensive and consistent analysis**
- **Mechanisms to ensure continuity of benefits - Sustainability**
- **Integrated approach - Vertical integration and uniform documentation**

PCM principles follow the complete cycle of regional program planning and implementation.

### **1.1.10. Methodology and regulations concerning regional planning**

The form of the regional plans differs from country to country. Nevertheless, the European Union created a common methodology (recommended to the member states) summarized in the European Regional/Spatial Planning Charta (TTCH 1988). Alongside the Charta, European Union regulations and methodological guidelines regulate the system of fund reallocation of common regional politics.

In some countries there are two separate plans: development plans and landscaping plans. Regional development plans include the socio-economic targets and actions and landscape the relevant technical and physical plans, also the regulations of areal modifications – the defined environmental milieu. Landscaping plans are to represent the physical form of the development plans.

### ***Basic regional plans***

#### **1.1.11. Basic types of regional plans**

*According to the functions of regional plans, we can speak about allocative, innovative and radical plans (Tóth 2008, Faragó 1997).*

- (1) *Allocative plan:* This plan is about allocating limited resources among the applicants. Planning aims to find the optimal and peaceful solution for the program. The critical point is decision-making. It presumes that in a democracy decision-makers are about seeking the common good. Among planning competences rationality, logic and professional knowledge are emphasized. The plan presents a quantitative approach.
- (2) *Innovative plan:* Objectives evolve during the process of planning. Among the narratives accepted, this type of planning aims to find new solutions to a problem. In the process of decision-making the role of planner is also important alongside the politicians. It is because in this type of planning not only bureaucratic expertise but also the capability of innovation and entrepreneurial spirit are important. This type is characterized by a qualitative and action-oriented approach. This means that objectives and actions cannot be separated. Planning competences are intuition and open-minded attitude.
- (3) *Radical plan:* Radical planning initiates fundamental changes against the existing structure. This process is based on new knowledge in order to create a development spiral. This is because the method considers the assumption that from an economic depression there is no way back to the previous state and only radical changes can lead to development to be a fact. So planning competences are dedication and persuasiveness. Radical planning insists on the fusion of planning and decision-making. In an ideal state radical planning is independent of the ruling decision-making structure. The planner (mainly a team) is the program creator and the executive as well. The planner obtains and uses the resources and is about expanding its power and influence. The planner works outside of governmental institutions.

Table 1.4: Characteristics of the basic types of plans

Aspect	Allocative plan	Innovative plan	Radical plan
Basic goal	maintenance	evolutionary	fundamental change
Priority / task	maintaining a balance	problem solving, development	planner in action
Approach	objective, quantitative	qualitative, normative	comprehensive
Decision-making	politicians	politicians and planners	radical
Most important characteristic of the planner	rationality, logic, factual knowledge	intuition, receptivity for new	fundamental change
Planner's influence / responsibility	"only" professional	policy	planner in action
Theoretical design	functional, comprehensive rational	strategic , incremental	comprehensive

Source: Faragó 2005: 163.

### 1.1.12. Regional plans according to the level of regions

Different strategic objectives can be presented in the different stages of regional planning so the objectives and stakeholders can change from stage-to-stage.

These are the different stages of regional planning:

- Community of countries
- Macro-regional
- National
- Interregional
- Regional
- Local
- (Micro-) regional
- Settlement

The stakeholders and the strategic objectives can be different in the different types of planning

Table 1.5: Stakeholders and strategic objectives in the different stages

<i>Regional level</i>	<i>Stakeholders</i>	<i>Strategic objectives</i>
Community of countries	planning staff, representatives of countries and various professional / interest groups, regional level, representatives, consultants, evaluators	improving territorial cohesion and regional development objectives of the various enforcement contexts, creating a single space
Macro-regional	various national organizations, territorial and local governments and institutions to initiate cooperation	empowering the relations of neighbouring countries and regions, reducing the common weaknesses of these regions, establishing new dimensions of cooperation
National	business and social actors, regional (priority regions) and central institutions, interest groups, NGOs	acceleration of modernization, reduction of regional disparities, regional characteristics of mobilization, development of an efficient institutional system operation
Interregional	regional and local authorities, civic communities,	improving the contact between regions of the country (region), the relationship between the common endowments utilization, the development of forms of co-operation
Regional	regional and local authorities, regional	activation of the region's endowments, increasing the region's competitiveness,

	development organizations, NGOs	internal cohesion, creation of a framework for the development
Local	local governments, their institutions, companies, NGOs	activation of the regional conditions, development of internal and external relations system
Settlement	business organizations, local institutions, NGOs, private households	development of economic base, enhancing the quality of life, improving the efficiency of public services

Source: Rechnitzer Smahó 2011. 142., 146.

### 1.1.13. Regional plans according to hierarchy and characteristics

At the top of the hierarchy is the *development concept* which is a complex document of long-term regional development. It can define the long-term objectives of growth and development for a region and can be a guideline to elaborating development programs. It contains the directives and information about regional planning in order to support the actors of regional development.

A *strategic plan* is connected to the development concept. This plan defines the objectives and the required elements of the plan, the financial, executive and organizational framework of the development concept. The *operative program* contains the tasks and the schedule, the persons responsible, the distribution of resources, the way of execution and the way of monitoring. At the bottom of the hierarchy is the *action plan* which contains the actual steps of implementing the project.

Based on the strategic plans a (physical) landscaping plan is created. The connection between development and landscaping plans can differ from country to country. (We will discuss regional development and strategic plans in the following chapters.)

### 1.1.14. Regional plans according to time horizon

The time-horizon of the plan must be adjusted to the nature of the (changing) socio-economic process. Take my simple advice: Look back into the past as long as you want to in order to foresee the future.

Planning documents can be created for the following time horizons:

- *Great visions* (15-30 years): Only visions and scenarios can be made for this term
- *Long-term* (8-15 years): These programs contain the main trends for the future and the main ways of development. They have a significant role in harmonizing the different scenarios and balancing the possible and necessary actions. They may be specific programs for special long-term tasks but do not define the specific rate of interventions. They show the key structural changes. This is the typical timeline for development concepts and strategic programs.
- *Mid-term* (3-7 years): Such plans define the main ways and levels of development. They are not only a breakdown of long-term plans. In my subjective opinion this is the most important time-horizon in terms of predictability and programmability. The error limits of forecasts are acceptable and our actions have tangible effects. This is the typical timeline for development / operational programs.
- *Short-term* (some months to 3 years): topical tasks are defined here. Concrete action programs with the necessary means of execution and the persons responsible. The degree of free choice is low, the results of the past programs are greater and the consequences are stronger.

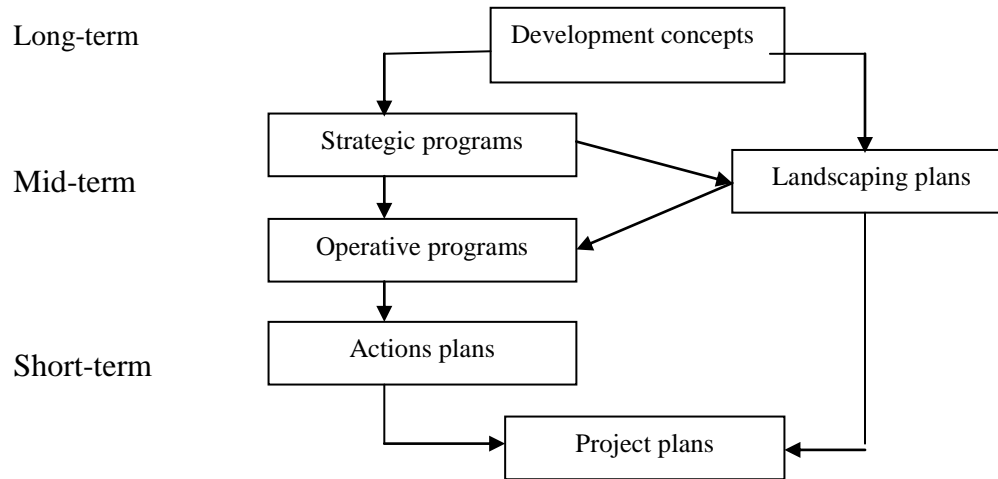


Figure 1.5. System of regional plans  
Source: author's own work

### ***Tasks***

Determine the

- planning style
- basic type
- nature
- and time horizon of the attached document.

(Attachment 1)



### ***Review questions***

1. How has the approach of spatial planning and development changed in time?
2. What is the difference between spatial and regional planning?
3. What kind of planning theories are behind the different types of regional planning?
4. What are the features of communicative regional planning?
5. What are the phases of regional planning?
6. How is regional planning done in the European Union?
7. What are the advantages of applying PCM in regional programming?
8. How can regional plans be classified (according to what criteria)?

### ***Recommended literature***

- Faragó László (2005): A jövőalkotás társadalomtechnikája. Dialóg Campus Kiadó, Budapest – Pécs.
- Kocziszký György (2008): Területfejlesztés módszertana. Miskolci Egyetem, Miskolc
- Korompai Attila (1995): Regionális stratégiák jövőkutatási megalapozása, Az ELTE Regionális Földrajzi Tanszék kiadványsorozata, Budapest
- Rechnitzer János – Smahó Melinda (2011): Területi politika. Budapest, Akadémiai Kiadó.
- Sain Mátyás (szerk.) (2010): Segédlet a közösségi tervezéshez. Területfejlesztési Füzetek 1. Nemzeti Fejlesztési és Gazdasági Minisztérium Területfejlesztési és Építésügyi Szakállamtitkársága – VÁTI Budapest
- Waterhout, B. (2008): The institutionalisation of European spatial planning. Delft University Press, Amsterdam

## **2. Establishment of regional strategy**

### ***2.1. Arranging and starting-up regional planning***

Before starting on the classical topics of regional planning we must clarify who our stakeholders are and answer the question: For whom we are making regional plans? And for what purpose? These questions lead to the following tasks: defining the stakeholders and recognizing the corresponding cultural values and the attitudes of the people towards these values. In a certain location several interests can live together. There is a definable circle of interest for every actor such as: SMEs, multinational companies which want to move to the region, the central government, students, the environmentalists who are worried about bee-eating birds, or ethnical minorities, etc.

Top-down strategies typically represent the interests of a small group or focus on one particular problem. Initiatives made by the local communities usually have the widest perspective to represent all the local interests.

The most successful way to create a regional strategy is to involve the local stakeholders and the experts. The active participation of the stakeholders is a criterion for successful future implementation. The role of the experts includes using the methods in a professional way which leads to the exploration of ideas, transferring general and specific experience and solutions from other regions, having the approach of the outsider to identifying values and problems and to professionally compiling the documentation. In the process of planning the tasks of the local stakeholders and the experts can be separated so we can talk about:

- a. *Teamwork*: When making a draft or make decisions about the basic questions of local strategy with the involvement of local working groups. – *Leading role: politicians.*
- b. *Fieldwork*: When the local workgroup and the experts create a direct link with the local inhabitants in order to get acquainted with the capabilities and the public opinion. - *Leading role: executors.*
- c. *Expert work*: When experts (based on their professional knowledge and experience) perform analyses and make suggestions. - *Leading role: Planners.*

The phases of the process of planning alternate.

Strategic planning is an endless process. From time to time planning documents are made which describe the results of the working groups in order to endorse the communication and task priorities. The written plan is accepted by one of the decision-making institutions of the region and also that institution has the right to change it. Usually development concepts of sub-regions can be modified or accepted by the local authorities. To ensure the quality of these papers, a governmental decree prescribes the formal and content elements of the plan. This is also important because in this way the incorporation of the plans into the national plan can be ensured.

#### **2.1.1. Planning team**

It is highly important to involve local stakeholders (as emphasized above) in the process of planning. However, it is always a problem to select the persons to participate and to find out what we can expect from them. We can say (in a general way) that all the key-individuals must work together to form the strategy. According to our experience the key-individuals are the following:

1. elected or acting head of economic, local government and public agencies,
2. people with high prestige (maybe they are not in a leading position currently, but based on their past record, they have significant experience, they are experts or entrepreneurs with public respect,

3. informal decision-makers, decision supporters (people in the background who help decision-makers or prepare materials for them),
4. prominent people with active social life (social organizations, activists, many human interface community "engines") and
5. external agents (individuals with connections outside the region who possibly have useful experience for the region).

Among the criteria mentioned, professional, regional and social representation is also important. Concerning the professional group, we must look for experts of the key sectors of the region who have knowledge and local experience. If the plan is about an issue of forestry we must have a forester in our group, if it is about education an educational expert should be involved. Regional representativity is a necessary principle for greater regions. A micro-regional or settlement-based participation helps to vary local interests. Social representation is not necessarily connected to non-governmental organizations. In terms of social representativity the important groups of entrepreneurs, young people, old people, women, religious and ethnic groups, the disabled are highly important for purposes of equality.

The members of the groups mentioned will not participate equally in the planning work, so it is important to give an opportunity to these groups to follow up processes and results and also to make comments. Also, we should avoid splitting the group into 'accepters' and 'planners' as we would risk the commitment and jointly taken responsibility. We should also avoid the situation when leaders delegate someone instead of themselves (maybe a new representative for every meeting), for this can ruin the work.

The group should work together in every phase of the development, in the planning phase and in the implementation phase as well. This requires the development and awareness of team-building collaborative skills. The fundament of team building is learning about ourselves and the others and based on this knowledge, the development of the most appropriate division of work. People with different personal preferences in performing different tasks can be successful in the different phases of development.

We must know that in our team we will need participants who are willing and able to:

- clearly see the processes in their context,
- explore the sub-fields of the projects in a precise, prudent and well-established way,
- maintain contact with those involved,
- perform the tasks of planning appropriately,
- have rational and well-grounded thinking,
- appreciate and understand the feelings and emotions of the people,
- lead and manage a team,
- manage and plan finances,
- write clearly and plainly,
- conceive creative ideas,
- perform continuous and persistent work, and
- manage hard-work campaigns.

It is not enough to ensure social, professional and regional representation but it is also necessary to see the constraints and opportunities of the planning individuals.

In an ideal situation we already have a workgroup dedicated to regional development. We can interview this group and ask the members to recommend other members when we work on forming a new group. We can also ask them about the changes in their group and about the attitude of the members.

Recruiting regional key individuals to this group is not so difficult if there has been no such group before. However, if we have no knowledge about the region we can identify the key individuals using the "snowball" method. This method is about asking the leading persons about the recommended range of persons to be involved and then ask this group again until we get new

names. The frequency and rank of those people who were mentioned in this way represent the local social relations. We can start building our “snowball” also from a different point of view. A more democratic way is to ask the local people in public and start the search there.

In this case we should probably make a selection from these names. Now we can involve a local leader. However, if we want to avoid subjective judgement, it is advantageous to use empirical frequency or (if the sample is not bigger than 50) self-selection.

After that we can post these people (max. 50) the first invitation (which includes the date, venue, agenda, and expected duration) to start the first local workshop. We shall ask the addressees to response if they would like to participate and only the date is unfavourable. The interest depends on the region’s characteristics, the recognition of necessary changes and the past experience of the people involved. In an ordinary region we could count on a 50% participation rate (which means only every second addressee will come to the workshop).

In this meeting we should interpret the objectives of the strategy developer, the progression of the program and the possible tasks and roles of the members.

We should set the rules of the meetings together with the participants in order to avoid future conflicts and confusion. Let’s make some suggestions to help the formation of these rules:

1. Targets – There should be consensus about the strategic plan and the objective of the plan.
2. Milestones – The results and the dates of internal and final tasks of progress must be defined.
3. Location and dates – It is practical to choose a set venue and dates for the meetings (e.g. every second Tuesday of the month) so it is easy to adjust it to our personal timetables. There could be an exception if a visit to other places serves the purpose of familiarisation with each other's places.
4. Participation – There can be some participants who cannot manage to join every workshop. With them we should fix some milestone dates when participation is obligatory. Distribution of the expenses of the workshops should also be considered. In most of the cases participation is voluntary and the expenses (travel, phone, and subsistence) cannot be paid. The participants must be aware of the burdens they take.
5. Division of labour – This should be done according to personal preferences, workload and willingness to accept new tasks.
6. Internal communication – We must clarify the ways of communication between two meetings: e.g. e-mail subscription, web pages, etc. Are there any notes and reminders about upcoming meetings? These channels can be followed by the absentees. What do the members suggest for channelling opinions?
7. Publicity and external communication – Which persons are the responsible for making statements for publicity purposes (local TV channel, radio, newspapers, website forums, news conference)? How often should we inform the media?
8. Involving experts – Who will be involved and in which professional field? Who is going to negotiate with the experts? What conditions will be offered to the experts?
9. Decision-making – Who will accept final documents? What kind of acceptance criteria will be defined?

All the suggestions should be negotiated and the final version must be accepted by the participants. It is not sure that we will reach consensus at the first meeting so (if needed) several workshops should be arranged in order to let people know each other and to define working methods and rules. The results of the negotiations should be published through the internal communication channel accepted.

If we would like to work together in the long-term, it is important to have enough time for conversation to come to know each other and test the participants to highlight their personal preferences.

## 2.1.2.Planning the plan

Every conscious human activity (including planning) must be planned. It is necessary to endorse the approved principles, to ensure future objectives, and to make the optimum use of our resources (human, financial, social, etc.).

Planning the plan includes the following:

1. *Program developer (or the clients who order it)*: We should mention the interests, motivation and opportunities of the developer according to regional planning.
2. *Defining the objectives of the plan*: Several different plans can be made in the same region based on different motivations. Therefore the method of planning the plan should begin by defining the basic plans (innovative, allocative, and radical) and problems to solve.
3. *Geographical framework of the plan, identification of regions*: We can assign the plan to a region (e.g. regional tourism development or educational development is widely interpreted in different settlements), but regional plans are usually created specifically for a designated region. An accurate list of settlements is the basis of further data gathering and calculations. This can be used to identify the specific factors of a region (geographical, cultural homogeneity, complementarity, administrative classification) in order to use it while forming the strategy.
4. *Principles and requirements of planning*: In order to avoid future conflicts and to make the interests behind the strategy visible we should clarify the internal and external interests (which represent the requirements) according to the community at the beginning.
5. *Planning and analysis history and the hypothesis deduced*: Planning is usually not unprecedented; the earlier studies, the knowledge of plans and an analysis of their realization can save significant energy and increase the efficiency of the current plan. Hypotheses about previous plans (analysis of the plan at a later stage can be demonstrated or refuted) will help to pinpoint focus and to strengthen strategic thinking.
6. *Work phases of planning and their time demands*: The usual stages of the planning process will be assigned to the methods, tools and time requirements. According to the programming cycle, the following tasks should be performed:
  1. preparation,
  2. start-up workshop,
  3. assessment of the situation,
  4. positioning,
  5. construction of vision,
  6. setting objectives,
  7. development of programs, sub-programs,
  8. organizational background,
  9. schedule,
  10. source map,
  11. establishing a monitoring system,
  12. ex-ante evaluation,
  13. final justification.

Every stage has a minimal and optimal time requirement which depends on the regional level, size of the region, type of the plan and the prevailing regulations (e.g. the acts of negotiation are regulated by the law).

7. *Range of professional skills and experts*: According to the specification and the method of development a variety of expertise is needed. The participants have to be made aware of this in the early phases. We should choose the experts and define the division of labour and also of the responsibilities among them.
8. *Decision points and decision makers*: As a closure of the planning phases the results must be accepted. We must appoint the persons who are authorized to approve the plans, and also the way of acceptance must be defined.

9. *Deadline and format:* While calculating the time requirements of the separate phases, the time consumption of the whole process is also determined. The format of the planning documentation may affect the time needed for planning and the budget as well.
10. *Costs of planning:* The previous clauses approved (topic/field, plan type, the tasks arising from these, experts, deadlines, and formal requirements) determine the budget of the plan. The calculation is done often in reverse order when the tasks are allocated to the available resources. The previous clauses of planning can be used for task schedules and bids for plan drafting. Some of them are included in the introductory part of the final planning documentation.

## **2.2. *Data collection to evaluate current situation***

A good strategy must be based on a complex and deep analysis. This does not mean that we have to create an accurate list about all the phenomena inside or outside the region. Too much data and information gathering is not only costly but also endangers the success of strategic planning. We cannot take in all the details. We must limit our investigation to the mandatory and essential information to form strategic directions. Based on these strategic directions, related indices (which interpret the contents) must be created and an evaluation must be performed according to them. However, in the key areas (such as sectoral or regional units) a deep multifactor analysis should be made to confirm program elaboration.

### **2.2.1. Information demand of regional strategy**

Analysing the region's external and internal influencing factors is also important to define the needs and development opportunities of the region.

Table 2.1. Information demand of regional development

<b>A. Environmental characteristics</b>	<b>B. Internal regional facilities</b>
– Centres and peripheries	– Evaluation of geography, geopolitics
– Global environmental issues	– Natural and cultural landscape, assessing the state of the environment (topography, mineral resources, climate, soils , hydrology , wildlife and built heritage)
– Demographic trends	– Social environment assessment (population, composition, culture , employment, social status , communities , participating population)
– (Global) market trends	– Assessment of the state economy (business, generating infrastructure , power - income, employment structure , R & D and innovation potential , investment and administrative services)
– Innovation, technical trends	– Assessment of living conditions (housing, human services, commercial services)
– Urbanization trends – Changes in regional differences	– Evaluation of spatial relations (settlement network , transport, information systems, networks, technical , economic networks, and social networks)
– Higher level strategies – Strategies of competitors	– Evaluation of capacities (institutions, development of financial resources, intellectual resources, social capital, political advocacy)

The creation of indicators connected to the topic above is performed in two steps:

- Step 1: Conceptualization: We investigate the factors of the objective and attempt to determine the correlation between them. It is highly important to identify the indicator-effect, which means that an index is suitable to track the progress in other fields as well.
- Step 2: Operationalization: This method is about finding the data related to the different objectives and from these data we create the indices and formulate the calculation processes.

The data about the external environment can be gathered from different sources. Statistical databases and surveys of the OECD, UN and EU can be used as sources of information.

In our practice, statistics of the European Union and data of the member state investigated can be used in the process of low-volume data collection to get the primary information about the following topics:

#### *Locational energy and networks*

1. Distance from capital (km and minutes)
2. Distance from the country's borders (km and minutes)
3. Proximity to river water (km and minutes)
4. Natural routes
5. Distance from main road (km and minutes)
6. Distance from large city / county town (k and minutes)
7. Vertical and horizontal inter-municipal relationships (reviewed as above)

### *Natural resources*

- Topography, surface
  - Relative relief (expressed as the difference between the highest and lowest points per unit area of the surface in meters)
  - Ratio of slopes (%)
- Agricultural land, forests
  - Arable land (ha)
  - Soil quality
  - Typical structure of land (less than 5 ha, 5-10 ha, 10-20ha, 20-50 ha, 50-100H, over 100 ha estates over % share of total cultivated land area)
  - Current land use (arable land, meadows and pastures, vineyards, orchards, marsh, fallow land and forest in %)
  - The amount and composition of tree characteristics (Wood species, ha)
  - Forests
- Exploitable mineral-property (type, indicating the scale of the quantitative indicator set)
- Climate
  - Length of growing season (days from when and how long, for a few plants)
  - Growing season rainfall (in mm, a few specific plants)
  - Number of hours of sunshine (hours / year)
  - Number of days with snow cover (days / year)
  - Typical winds
  - Water resources
- Coverage
  - Watersheds
  - Surface water quantity and water quality of available water (m<sup>3</sup>)
  - Recoverable amount of water under the surface and its quality (m<sup>3</sup>)
- Wildlife
  - Wildlife (list, ranking compared to average density in the country)
  - Wild plants (list, ranking compared to average density in the country)
- Existing or potential domestic sources of energy
  - Non-renewable resources: lignite, natural gas (volume t)
  - Use of renewable resources: water, thermal, solar, wind energy (potential output in kWh)
- Environmental quality indicators
  - Air pollution (CO, emissions of dust pollution in kg)
  - Soil erosion and contamination (ratio of erosion areas)
  - Contamination of water (oxygen balance, nutrient balance, microbial characteristics, micro-contaminants and other toxicity)
  - Presence of environmental indicator wildlife

### *Cultural heritage*

- Historical turning points, development trends of material and architectural monuments, buildings under protection (pc)
- Intellectual traditions, customs
- Special days and holidays
- Arts
- Traditional ethnic, religious and cultural characteristics, composition resulting from (%) traditional social stratification, the differences broken down by settlements (historical sources)
- Notable families
- Typical attitude, mentality

### *Economic structure*

- Companies



- A breakdown of the number and magnitude, and the industry sector (number, %)
- Current and expected changes (timeline)
- Profitability and local taxes paid (million EUR / year)
- Highlighting the most important economic units
- Employment
  - Number of employees on site and in the distribution sector (persons, %)
  - Number of commuters by sector (persons, %)
  - Number of commuters by subsector (persons, %)
  - The unemployed
    - Number, age, gender, educational level and composition of previous jobs (persons, %)
    - Current number and expected changes (timeline)
- Revenue-generating capacity
  - Changes in income tax paid (timeline)
  - GDP by sector (EUR million, %)
- Products
  - Characteristics of local products, annual production and market recognition
  - Internal market
  - Annual retail sales (in thousands EUR / year)
  - Structure of household consumption (EUR / person / year / product group)
  - Business need for raw materials (in thousands EUR / year)
- Economic relations
  - Raw material and finished product markets, distribution channels
  - Integrators
  - Economic cooperation within the specific locality
- Innovation
  - Business equipment required
  - Prevalence and demonstrated need for businesses to use some new products and services
  - PC penetration (number / employee)
- Financial resources
  - Management of local government: the size and composition, revenues and expenses (in thousand EUR / y, %)
  - Retail deposits (in thousand EUR)
  - External aid in the past five years (in thousand EUR)

### *Social structure*

- Demographics
  - Change in the number of population (timeline)
  - Natural growth rate, trends (per thousand)
  - Gender, age, educational level and composition of trade (%)
  - Social groups and their spatial appearance (segregation) (% segregation index)
  - Ethnic and religious composition (%)
- Health of society
  - Number and percentage of major diseases, disease groups (persons, %)
  - Home care (persons / year)
  - Number of people with disabilities, age, disease type and composition of care (persons, %)
  - Trends (time series)
- Social situation
  - Persons eligible for assistance
  - Recipients, aid recipients by gender
  - Anticipated trends
  - Deviance: crime, suicide, alcoholism (%)
- Social innovation

- Number and composition of persons with university degree
- Number of persons with primary school education in the region (persons, %)
- Number of persons with secondary school education in the region (persons, %)
- Number of persons acquiring higher qualification in the past 10 years, trade by region
- Number of persons with higher education degrees leaving the region (%)
- Number of retraining courses and worldly profession
- Competences (who knows what, what competences are available, and what knowledge is needed)
- Communities
  - Associations, number of associations/societies, number of members, management (pcs, persons, thousands of EUR)
  - Churches and their properties (number, million EUR)
  - Citizens' participation intention and motivation
- Control
  - Power relations
  - Holders of formal and informal power
  - Decision-making, planning organizations, institutions
  - Flow of information, public information
  - Local media
  - Conventional forms of communication and expression
  - Self-government
  - Role undertaken by the local government
  - Public perception of the board's work

#### *Economic infrastructure*

- Public utilities
  - Electricity supply (thousand kWh / year)
  - Water supply (thousand m<sup>3</sup> / year)
  - Sewerage (yes / no)
  - Natural gas supply (thousand m<sup>3</sup>)
  - Number of telephone subscribers (pcs)
- Usable households
  - Number and condition of existing housing (pcs)
  - Free space/Vacancy (thousands of m<sup>2</sup>)
  - Needs (thousand m<sup>2</sup>)
- Business services
  - Wholesale (yes / no)
  - Financial institutions (yes / no)
  - Rental of office space (yes / no)
  - Legal representation (yes / no)
  - Tax administration (yes / no)
  - Customs (yes / no)
  - Counselling (yes / no)
  - Access to databases (yes / no)
  - PR activities (yes / no)
- Transportation and communication
  - Rail and road transport (yes / no, thousand tons / year)
  - Postal services (yes / no)
  - Fax, internet (yes / no)
  - Logistics services (yes / no)
  - Local commercial media (yes / no)

#### *Housing conditions*

- Housing
  - Housing supply, demand (person/m2)
  - Housing construction by year (%)
  - By comfort level (%)
- Quality of basic services
  - Repair, maintenance services (shoemaker, tailor, radio, TV repair service, household appliances, automobile mechanic, bike repair) (yes / no)
  - Personal services (photographer, hairdresser) (yes / no)
  - Financial services (banking, insurance) (yes / no)
  - Health (primary and secondary) (yes / no)
  - Education (primary and secondary) (yes / no)
  - Administration offices (yes / no)
  - Funeral service (yes / no)
  - Leisure (sport, cultural) (yes / no)
  - Scenes of community life (yes / no)
  - Reaching locally non-existent services (km)
  - Transport and communications (mail) (yes / no)
- Availability of mid-stage services
  - Retail supply (yes / no)
  - Number of stores and floor space (pcs, m2)
  - Specialist shop network (pcs)
  - The free market (yes / no)
- Settlement operation
  - Operation of utilities
  - Operation and maintenance of public buildings
  - Cleanliness of public areas
  - Public safety, fire safety
  - Street lighting
  - Coordination between institutions
  - Governance institutions
- Image and identity
  - Logos, slogans
  - Townscape
  - Presence outside the city (press introductions)
  - Residents of the binding settlement
  - Typical "we" consciousness
  - Image-forming factors

The above information can be collected from various sources with several types of methods.

## **2.2.2. Data from secondary sources (statistical data, documents, books, newspapers)**

### ***Statistical databases***

*Statistical yearbooks and databases are the most common sources of information used in analysis.* The data of the previous year are available usually only in autumn. Sometimes information can be gathered directly from the local councils earlier. However, settlement databases can also be purchased but usually we need a managing technical tool to use it.

Among the government agencies, labour centres, land offices, training centres collect data which is relevant for regional development. For businesses the chambers (chamber of commerce) have up-

to-date information. The data of the councils can be bought or can be obtained through personal contacts. The establishment of county spatial information systems is expected to introduce changes in the work of local authorities and associations.

### ***Documents***

*It is also essential to be informed about the concepts of national and local government and to know the documents relating to regional and county organizations.*

### ***Books and studies***

*Regional historical publications:* documents of the past, contemporary photos, local or county newspapers can be found in the local libraries. The size of the newspaper archives is based on the commitment of the librarians.

We should not be lost in details in secondary data. All the documents relating to the past and present should be evaluated in the perspective of the development.

## **2.2.3. Data from primary sources (observation, questionnaires, interviews)**

### ***Direct observation***

Direct observation is the basic source of knowledge about the region. Our observation can be complex or focused on a subtask. In both types of observation it is important to define our standpoints and to approach the problem consciously. A predefined framework of criteria can show new things also to people who are familiar with the situation. Observation criteria could be:

- the condition of public and private areas,
- environmental consciousness and economic structure (on the basis of advertisements and signs/public notices),
- places of social life, their physical structure,
- the condition of central and periphery places,
- preservation of architectural traditions,
- social differences (based on housing conditions),
- channels and tools of information flow,
- the way visitors are welcome,
- garden and park culture.

### ***Informal surveys***

This is about deepening our impressions and creating empathy in ourselves towards the region. To achieve this, we should engage in spontaneous informal conversations directly with the local population. The best way is to chit-chat with people at local events. These informal surveys can confirm the information from other sources or maybe can point out their falseness. However, the results of these surveys cannot be handled as facts or as the opinion of the majority.

### ***Formal surveys***

The form, content and scope are consciously designed in these surveys. The basis data and the answers to the questions are recorded and the interviewee is always informed that it is a formal survey. These surveys are also data sources for the planning. Depending on the technology used, the way of evaluation and the number of samples, this method needs more time so it is costlier. Because

of the potential negative reactions of the interviewees and because of the costs increased attention must be paid to choosing the proper form of the survey.

### *Interviews*

Every interview starts with a formulation of the strategic questions (scope). Don't try to ask more than three questions at a time. If the scope of the interview is clear, we have to find the proper interviewee and arrange a meeting. We should not neglect the precise formulation of the interview questions (derived from the strategic questions). To find the most comprehensible and purposeful questions we should perform a test-interview questioning. When we have the exact and informative questions, we can start the interview and record the results at the same time. To record the results we can take notes or use technical tools. Recording the notes is tiresome both ways. The usefulness of the results is based on the proper choice of questions and interviewees and also on the way of recording. We can choose from a wide range of interviews:

- *Focus-group interviews to get the key information*

We use this method if there are only 5-6 relevant questions that we would like to have answered. In this case we should create a mixed group or target groups for each question with homogenous participants (e.g. young people, elderly people, agricultural entrepreneurs, etc.). The group size should be 10-15 persons with creative participants. We ask the pre-formulated, short and easy to understand questions one by one and record the answers one after the other. In the phase of polling we cannot let opinions stray from the topic; it is all about the appropriate subject. After the interview we can certainly have a free conversation to get acquainted with the interviewees.

According to past experience, a well-designed group with 15 members leads to the same result as if we asked a wider public with questionnaires.

- *Personal interviews*

If we would like to get a deeper insight into a selected topic, we make personal interviews. In this case the formulation of the questions and the selection of the interviewees are very important. Don't plan more than 10-12 questions, but the topics can be unfolded into smaller questions to get more information. Interviewing requests from the interviewer intensify focus, flexibility and firmness. While we let our interviewees daydream about his/her opinion we should not let the control go out of our hands and should not let them deviate from the subject and talk about irrelevant things.

An in-depth interview is a planned interview targeting the deeper levels of the partner's personality. This could explore something that the interviewee may not be conscious about. It is rarely used for business surveys. We talk about a targeted interview if we are not interested in the interviewee's personality but we would like to get information and attitude about a specific field.

The advantage of an interview compared with a questionnaire is that it gives more opportunity to adjust ourselves to the person asked. We can also go deeper into the subject and in a good situation we can persuade the interviewees to come out with serious answers.

- *Telephone interviews*

This is a newer form of interviews. It does not require personal contact (which can be an advantage), but it does not offer an opportunity to create a personal relation between the interviewee and the interviewer as it happens in personal interviews. It can be used if we would like to get answers to maximum one or two short questions. It is also a basic condition that we have to explain clearly the purpose of the interview and the method of data processing. It is more likely to be used with people who we already know.

We must count on the fact that we will use only a snippet of the recorded interviews. Despite that we must insist on recording the whole interview. We cannot know exactly what parts will be useful (and what will be left out). We shall know that only after the collection of the data.

### *Questionnaire-based surveys*

This is a costly way to obtain frequently numerous opinions. The process of a questionnaire survey is based on a particular choreography where every step has its own rules and tricks.

The steps of a questionnaire survey are as follows:

1. make guidelines,
2. specify the information you want,
3. define the target group,
4. establish a model selection method,
5. determine the course of processing,
6. determine the number of questions (extent),
7. formulate the questions,
8. review: objectives, target processing time, cost,
9. questions for respondent,
10. proof of interview,
11. correction,
12. interview,
13. processing,
14. write a report.

The results of the survey will be fundamentally influenced by the selection, composition, and type of the sample and the method of asking the questions.

*Table 2.2. Compulsory parts of the questionnaire*

<i>Topic</i>	<i>Specifics</i>
Introduction	purpose of the survey, the survey creator and customer, method of selection, the expected recovery, informing the responders that it is a voluntary questionnaire
Asking for identification data	necessary data (gender, age, education, occupation, marital status, position)
Questions	
Asking about conditions	the respondent's actual situation, conditions, respecting the privacy rights
Asking about values	importance of issues and ideas, investigating it indirectly often by ranking methods
Asking about opinions	opinions and attitudes about the fields investigated

- *Postal questionnaires:* It is practical to create a representative sample for postal questionnaires. This means creating a sample selected for the occasion which reflects a certain attribute of the whole population. The bigger the population, the more certain it is that we must use a register. This can only be avoided if we simply drop a letter to every second household's mailbox or we ask the people of every third settlement alongside a road. (Often we make a multiple representative and complex sample for the analysis).  
We must know that approximately only the 30% of the letters will be sent back. The response can be enhanced if a short form and a response envelope are used.
- *Questionnaires retrieved by interviewer supervisors:* This is the most expensive and most reliable way of questioning. In this case we must focus on the training of the supervisors. Try to

make a short questionnaire this time too even if longer questions can be asked with the help of the supervisor.

- *Telephones questionnaires:* It brings quick results. We must prepare the whole scenario of the questionnaire with the necessary introduction, the statement of the objective of the interview and the way of information processing. For telephone interviews use only quick and easy-to-decide questions and avoid questions which require long answers. We must be aware that the sample cannot be representative for the whole country because we can only ask those on the telephone.
- *Questionnaires handed out in public places* (voluntary performed): This is a widely used method for market research and public-opinion surveys. The response level is low (10%), which can be boosted with motivational factors (e.g. prize draws).
- *Online questionnaires:* Today it is a commonly used tool. Service providers offer questionnaire builders, evaluators and sender programs. The disadvantage is the same as with telephone questionnaires, i.e. not every social group can be reached. The advantage is the great number of participants who can be involved in order to increase the number of responders. Representativity can be ensured by different filters. When we would like to target a special group, compiling the mailing list can also be difficult.

The results of questionnaires can be processed in a tabular form. Short and simple questionnaires can be evaluated in MS Excel, but a large sample with numerous questions should be evaluated by the use of software such as SPSS. The way of processing and evaluation should be defined in the preparation phase well before formulating the questions, because the processing method influences the types and the formulation of the questions.

The way of data collection should correspond to the particular subject and our financial possibilities. We should try and be modest and ask only the amount that we are able to process and that is inevitable for making the strategy.

## **2.2.4. Organizing databases**

The data collected should be systemized. The simplest way is to use an electronic database or spreadsheet software. The data collected represent the core regional database for strategy formation.

## **2.3. *The analysis of the situation Methods and their application (learned from the application of spatial analysis)***

### **2.3.1. Analysis of regional situation**

Data is not information. We create the useful information by deriving indices and rankings from the data pool using mathematical statistical tools. We cannot make a useful analysis only from the data collected without a comparison database or without knowing the relations between the numbers and the phenomena. Accordingly, data collection starts well before the start of regional strategic planning. This work can be partly separated from strategy formulation in order to get expertise in the field.

During the processing we should be aware of the formal demands of environmental analysis and later on of those of the monitoring of the regional development.

After collecting and processing the data carefully, they are used together with our past experience and expertise to make the analysis as the next step.

#### **1. *Requirements and needs according to the development***

The expectations concerning the development depend to a great extent on the values and theories of development.

When defining the needs of the development program both 'hard' indices (number and composition of inhabitants, economic and service capacities) and 'soft' indices (investigated with soft methods such as interviews) should be taken into consideration. None of the indices can be stressed more than the others. Purely statistical data can mislead us and we will be diverted from cultural and subjective elements which show numerous interests and needs. Soft analysis (based on the interviews of the local society) can contain exaggerations. We can neglect the old under-utilized capacities and this can lead to parallel development. The local survey can show the scope of the development needs and the targeted quality level while the statistical analysis gives the basis for the quantity of the capacities we would like to produce.

## *2. External environment analysis*

Besides regional factors the national environment and future tendencies should be examined. This includes the following: governmental aid in regional development, regulations of development projects, international trade affairs, demographic processes and other important factors affecting the region.

## *3. Analysing local conditions*

The longest part of the environmental analysis is about exploring local conditions. We must take care not to get lost in the details. In addition to the problems of the region, we also focus on the positive circumstances and the local specialties of the utilization of these factors.

When creating a development-oriented analysis we should also consider the following:

- natural environment (soil, climate and hydrological characteristics, energy, mineral resources, wildlife, environmental quality, uniqueness and natural tourist attraction strength values ),
- cultural heritage (specificity, tourist attraction reinforcing cultural values, cultural elements defining mentality of the population),
- present situation of the local businesses (structure, efficiency, renewable capacity),
- analysis of local supply market (high-quality raw materials, competitive products),
- the local market demand (demographic characteristics, income levels, consumption patterns),
- terms of delivery (availability, road conditions, public transportation, logistic services),
- characteristics of the labour market (the amount of labour, quality, allocation, price),
- public utilities (the productive infrastructure, structure, quality and cost of services),
- relationship between the local population and the development program (equity, motivation, personal life strategies, community initiatives and participation intentions),
- performance of historical efforts of economic development, the evaluation of the causes of success or failure.

In our conclusions we should attempt not just to create a pile of data, but also to highlight the real trends and tendencies.

## *4. Analysing the competitive positions of competitors and potential allies*

One of the most important parts of the local analysis is the investigation of the region's comparative advantages and unique features. We should point out the *products and services* that cannot be found outside the region (or not in this quality/quantity) or cannot be produced with such intensity. What kinds of products have a significant market share?

Who are our competitors on the regional market? In what fields are we better (financial, labour, infrastructure, industry, commerce, geographical position)? Why is our image better than the others'?



Who are our *partners*? Who can be a potential partner? What kind of strengths and weaknesses have they got?

Our analysis should be focused. It is not necessary to make a detailed analysis for all aspects of life. Keep the analysis in mind because we should assign a *keyword* to every development target so there cannot be an objective which does not have its antecedent in the analysis.

#### An example for local condition analysis

##### Natural Resources

- Varied scenery, abundant wildlife, world heritage site
- Limited potential habitat
- Extensive forest, high forest coverage rate
- National importance of water resources, it is an important aquifer
- It will save the environment from increasing environmental hazards

##### Cultural heritage

- Preserved medieval architectural monuments
- Traditional structures and architecture of small towns
- Unused castles and manor houses
- Various religious heritages, Greek Catholics
- Palóc / Polish minority and cultural monuments
- Preserve Roma cultural heritage
- Well-known predecessors
- Examples of a varied and colourful music, art and amateur theatre life
- Forgotten folk traditions and folk customs
- Hidden values and low cultural activity

##### Human Resources

- Rapid aging and rejuvenation dynamic one another
- Dozens of villages depopulated
- Disadvantaged (mainly Roma) population and a growing number of money
- "Escape" of educated young people
- Low concentration and skilled workforce
- Low employment rates
- High rates of commuting
- Change's to stay
- Expectation of external interference

##### Economic resources

- Lack of business, forced businesses
- Dominance of agricultural and construction businesses

- Low employment and income-generating capacity
- There is little added value
- You cannot use extensive livestock production facilities
- Increasing fruit and wine growing area around Edelény
- Developing tourism capability
- Significant impact on the social sector of employment
- Poor development of absorption ability
- Very limited internal development resources

##### Communications

- Remoteness from centres
- Poor quality of roads
- Low level of motorization
- Gradual deterioration of public transport
- Poor IT systems
- Low number of computers
- Well-developed cable TV network

#### Living Conditions

- Partly out of date, partly undervalued social housing, upgraded housing supply
- Incompletely developed, partly unused basic infrastructure
- Unsolved waste management and environmental risk
- Primary education: appropriate in quantity, but one-sided in quality
- Failure to retain young people in the secondary and adult education and recreation services
- Demand for care for the elderly
- Changing public safety
- Underdeveloped or hard-to-reach urban services

#### The current area of development actors and initiatives

- Diverse institutional development background, little development experience
- Active labour engagement
- Changing meaning of readiness for change and local leadership
- Existing regional cooperation intentions, but lack of practice or experience
- Moderate tendering activity and effectiveness
- Infrastructure development - oriented government
- A small number of boost organic investments

We can explore the relations between the regional development objectives and the local conditions with statistical methods that analyse the data in our database. From these results we can make an evaluation about the local conditions.

### 2.3.2. Descriptive statistical analysis methods (means, standard deviation, coefficient of concentration)

When calculating the mean and the standard deviation of the factors in different regions we can compare these regions. We can also use these methods to look at intraregional processes. Usually the following methods are used to represent changes in the socio-economic structures:

- mean values (arithmetic, harmonic, geometric, square or simple weighted average)
- situational mean values (median and modus)
- degree of dispersion (population standard deviation, standard deviation, relative standard deviation multiplicity, relative standard deviation, mean absolute deviation).

The concentration coefficient represents geographical concentration of certain factors in the region.

### 2.3.3. Detecting stochastic relations

The relation between two or more variables can be defined by correlation or regression analysis. A correlation analysis shows the strength of the relation of the variables while a regression analysis is about finding a function relationship between the variables.

*Correlation* measures the relation between two continuous variables. It shows how strong the relation is between the variables. It does not show only the relation but also the direction of the relation. The value of correlation is between -1 and +1. If the value is zero, there is no relation between the variables.

*Regression* predicts also the relation between the variables but shows a more precise picture about the relation of the two variables. The estimator function will be the best fitting function (according to slope and constant values). After that, we can estimate the most likely value of one variable and the expected value for the other. Not only linear functions can be assigned to the database elements.

These analyses are used in a wide range. We can analyse the relation of employment and educational level with the income or the relation of GDP with the density of firms. We should not forget that real results can be recovered only from a vast database. We should also be aware that a correlation is a symmetric index so it does not tell us which variable has an effect on the other.

General steps of the analyses: Defining the objective (1), Creating a database (2), Specialized function selection for the subject (3), Calculation of the function's parameter (4), Fitting test (5), Significance test (6), Determination of confidence limits with regression analysis (7), Elasticity (8), Correlation analysis (9), Interpretation of results (10).

### 2.3.4. Methods of analysing time series

Time series can be used to represent the past characteristics and the future trends of market processes, economic growth, demographic changes, etc. The change of the attributes in time can be displayed with trend calculations and averages.

The absolute average change of the data of a time series shows the change of the series between the two end lines. The relative average change shows the change between the two end lines in percentage.

Trend estimation aims to find the best fit line for the data. It can be used to analyze past experience and also to forecast.

### 2.3.5. Processing interviews

According to the questions of the development plan and the questions of the interviews we make a criteria framework to process the records. We should examine the whole interview for the evaluation of every criterion (represented by codes). The whole text is the basis for finding the direct and indirect messages from the interviews. This is the way to exploit the 'values' of the interview and get as much information as possible. We can encode such nuances that would be nonsensical to investigate by means of questionnaires. We should not forget that the explanatory power of the interview comes not from a simple listing. The truth of one interview is not explained by other interviews, and only some parts of the interviews testify the whole idea. The explanatory power is hidden in a life, a personality or a belief.

It is inevitable to use quotes from the interviews to process the interviews. A quote should be no longer than half a page. There should be equilibrium between the quotes and the analysis. Quotes should be presented in a system of relations according to the criteria. Use only the best quotes and try to use plain symbols in the text.

### *Tasks*

1. Arrange a working group for regional planning tasks:
  - a. Touristic developments in South Slovakia
  - b. Factors influencing competitiveness and transportation infrastructure around Kosice
  - c. Complex sub-region development for Kendice
  - d. An integrated rural development program for Dobsina
2. Create a working schedule for regional planning.  
Chapters: (1) Objective of planning, (2) Standard features: time frame, region, sector, (3) Planning style (4) Cast (5) Issues, methods and operators (6) Schedule (7) Planning costs.
3. Examine the attached plan documents in terms of the conditions of planning.
4. Create a literature database for evaluating regional development processes of region X.
5. Create an observation plan to enhance the state of environment in our place of residence and perform the observation. Also record the collected data.
6. Make a personal interview and summarize it including the previous experience.
7. Plan and conduct a focus-group interview to investigate the entrepreneurs' ability to employ.
8. Conduct an online questionnaire about the travel habits of tourists for a particular touristic area.
9. Record and analyze the questionnaires.
10. Examine the following using a statistical database:
  - Labour market supply
  - - Labour market demand
  - - Potential for innovation
  - - Tourism potential

- - Reindustrialization processes
- - Economic conditions of culture
- - Environmental sustainability
- - Population dynamics
- - Development of living conditions
- - Background structural changes

11. Create a plan of survey for a sub-regional touristic strategy.
12. Make a time-series analysis of the attached data. What kind of relations can be outlined?
13. Choose an analysis method to evaluate the attached data. What kind of processes can be outlined?

### ***Review questions***

1. What kind of questions should be answered before starting regional strategic planning?
2. What tasks should a group of experts be ready to perform in regional strategic planning?
3. What kinds of competences are needed for a regional planning expert group member?
4. What kind of information is needed to establish a regional strategy?
5. With what kind of methods can we collect data for planning a regional strategy?
6. What should a questionnaire contain?
7. In which topics do we perform a local analysis to create the strategy?
8. What kind methods can be used for the assessment of the condition analysis part of a regional strategy?

### ***Recommended literature***

Babbie, Earl (2003): *A társadalomtudományi kutatás gyakorlata*. Hatodik, átdolgozott kiadás. Balassi Kiadó: Budapest.

Kaszás György (2011): *Gondolkodjunk, mert vagyunk! - 12 kreatív problémamegoldó módszer*. Budapest: HVG Kiadó

Kocziszky György (2008): *Területfejlesztés módszertana*. Miskolci Egyetem Miskolc

Kvale, Steinar (2005): *Az interjú. Bevezetés a kvalitatív kutatás interjútechnikáiba*. Budapest: József Műhely Kiadó

Nemes Nagy József (1998): *A tér a társadalomtudományban*. Hilscher Rezső Szociálpolitikai Egyesület, Budapest

Tóth Géza (2013): *Bevezetés a területi elemzések módszertanába*. Miskolc: Miskolci Egyetemi Kiadó

### 3. Creating regional strategy

#### 3.1. *Quantitative methods of positioning*

Regional positioning shows the situation of the region in question compared to other regions. It helps to identify the region's problems and comparative and competitive advantages.

##### 3.1.1. Quantitative ranking, complex indicators

*Quantitative ranking* can be performed by means of partial indices (1), performance or result indices (2), and complex indices (3). Complex indices represent several factors combined as one value. Complex indices include the following: human development index (HDI), innovation potential index, absorption capacity, competitiveness and territorial complex development index.

The Bennett method and ranking matrix are (easy-to-use but hotly debated) tools to create complex indices.

In the *ranking matrix* the different regions are ranked by different characteristics achieving a certain position. After that all the rankings are averaged. We can weight the characteristics if we want to and then we obtain a weighted average. (The reliability of the method is distorted by the weighting process because it represents subjective opinions. The correlation between the factors can multiply the importance of the factors.)

The first step of the *Bennett method* is dividing the data in every line by the maximum value of the current line. We get a dividend between 0 and 1. According to the meaning of the line we assign + or – signs to the lines (positive or negative in our point of view). Now we can summarize the values for every component.

The *main component analysis* and the *factor analysis* can be used for continuous variables to reduce the dimension.

The *main component analysis* shows the explanatory factor with the highest explanatory power among the other factors.

The *factor analysis* describes the behaviour of different variables by artificial variables. We can create an artificial variable from six different variables, which will be called the factor. Factors can also be used to make regression analysis.

##### 3.1.2. Classifying methods

*Cluster analysis* creates groups from the variables. Grouping is based on the relative distance of the factors values. The variables which are close enough to each other form a cluster. The main difficulty in cluster analysis is naming the clusters which are identified in this process.

### 3.1.3. Portfolio analysis

This is one of the best known market analysis tools. In regional development we use it to evaluate the region's products and services and also to analyze the opportunities of the environment. In the first step we must identify the region's most important and relevant products and services, and then we can investigate the market position of these goods. By means of the analysis we can get the strategic objectives for every product or service group. After that we can assign financial, material and human resources to the tasks.

### 3.1.4. Potential indices and potential star

As in physical gravitation, every spatial factor has a locational gravity which can be calculated. When the distance of the spatial elements is known, the gravity field of a socio-economic characteristic can be drawn. The potential of a region/settlement can be calculated from the external and internal potentials.

The external potential is  $K_i = \sum T_j / d_{ij}$  ( $i \neq j$ ), where  $T_j$  is the weight of the element 'j', and  $d_{ij}$  is the distance of 'j' from another element. The inner potential can be calculated in several ways. One option is to examine the circle around the element and multiply the radius ( $r_i$ ) of this circle with the weight of element 'i' ( $T_i$ ). The potential values for several factors can be compared and an aggregated index can be built.

A *potential star* is used to compare the region's industry or other regional factors with other region's values. It can demonstrate the potential values of different factors or can also be used as a supplement for the Bennett method.

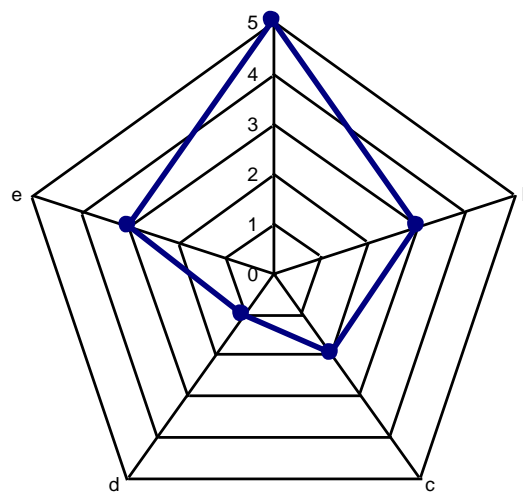


Figure 3.1. Multivariable potential star

### 3.2. Positioning methods (*Qualitative methods*)

Qualitative methods (which have been emphasized recently) make it possible to perform large-scale and complex environmental studies and also to create a complex, consensus-based ranking (which is used in the strategic planning phase) to identify the main problems and to present reports.

Every form of analysis is based on statements (supported by quantitative methods). In the first two methods below the values are approached in significantly different ways. SWOT is based on subjective values while PEST contains no judgemental statement. A SWOT analysis also divides internal and external factors. The problem-tree aims to focus on the causal relations which cannot be revealed by a PEST or SWOT analysis.

#### 3.2.1. SWOT analysis

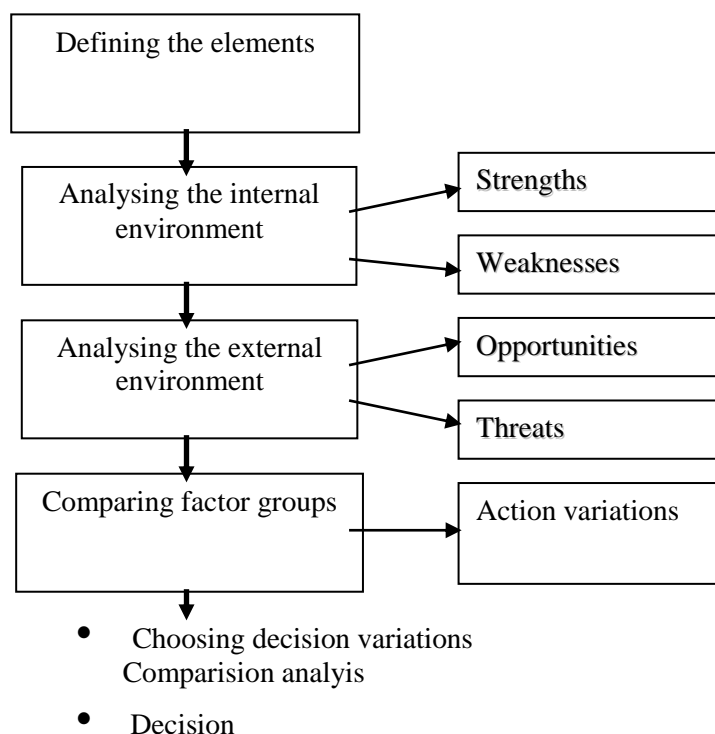
The name comes from the first letters of the following parts.

Strengths:	Further development can be built on them
Weaknesses:	These can be obstacles to further development
Opportunities:	External supports
Threats:	External barriers

The first two parts are defined by the internal fundamentals and the other two are defined by the influence of external processes.

The external world cannot be manipulated by the planner. In regional strategies it is really the world outside the region, but in regional sectoral strategies it can refer to several intraregional factors as well. For example: from the standpoint of a regional touristic strategy natural increase or ageing are external factors.

The identification of the four parts is not a random exercise but is done according to several criteria. The criteria framework based on the regional trends (which define regional development) can be summarized using the regional analysis conducted earlier. Most commonly we use the dimensions of the community - society - nature triangle.



Source: Structural Funds Training Program 2001

Figure 3.2.:SWOT analysis



A SWOT analysis is performed in five steps:

*Step 1. Creating criteria*

On the basis of the situation analysis we can draw up a system of criteria with no more than 10-12 elements.

Some systems can be combined with each other. The results of a more complex criteria framework can be simply demonstrated in the four dimensional system of environment - society - economy - infrastructure.

Criteria for SWOT in regional strategies

This method helps the subtle exploration of the situation and to point out the possible solutions if we perform it in a larger evaluation system in the view of the trends. For regional strategies the following economic-aspect oriented system could be used.

**A. Utilized and retained funds**

Natural resources, raw materials • available

- Status environment changes
- Property
- Internal markets
- Workforce
- Other

**B. Market background**

- Geography
- Unique natural and cultural values
- Market share
- Traffic flow (transit, roads and commuting options)
- External Relations (investor or owner companies, suppliers and dealers, political and governmental organizations, sister cities)

- The current image of the area
- Other

**C. Human resources, community background**

- Demographics
- Quality of local labour
- Emerging and lagging groups
- Equal opportunity
- Leaders' level of experience, qualification
- Motivation of those involved
- Expected support of conflicts in the development
- Other

**D. Financial background**

- Banks, financial institutions coverage
- Investment, capital flows
- Existing businesses generate profits
- External sources of funds
- Potential reduction in the area of financial contribution
- Other

*Step 2: Formulation of conclusions*

Identify the strengths, weaknesses, opportunities and threats according to the criteria. Be aware that threats and opportunities are external factors. Do not mix internal and external factors and separate the suggestions from the current situation. Try to make an analysis which considers the trends and the typical processes of the situation and do not make just a static evaluation. We can do

that analysis in teamwork as well. After all the participants have made their suggestions, summarize them from the point of view of topics and logical steps. Try to formulate a well-acceptable form (where some unacceptable parts can be deleted and the part - whole relationships are clear) in several iterations till everybody agrees on the conclusions.

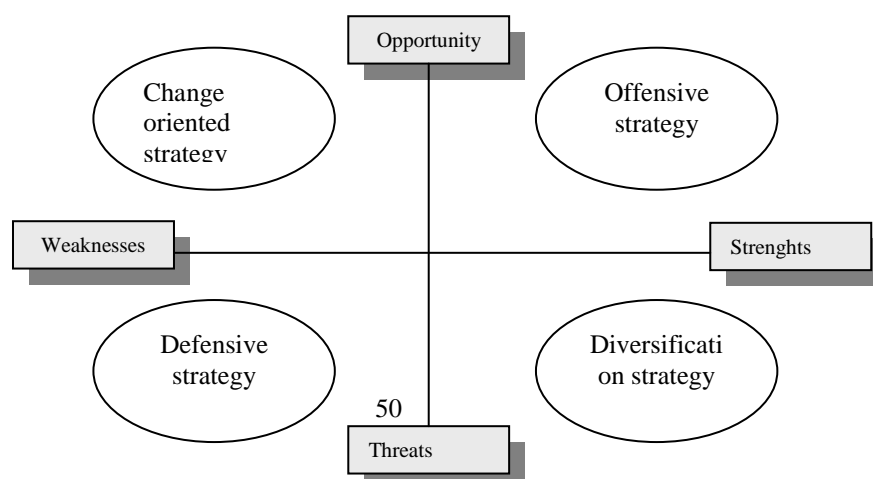
### Step 3: Ranking

After the summary of all the statements we need a kind of synthesis which considers all the aspects of the situation. To do so we can rank the statements among the different groups (S,W,O,T). The statements in every group can be ranked in teamwork. First, we must make individual rankings, then summarize them and make a final common ranking. Maybe we can agree that the statements with low rankings can be deleted to simplify the SWOT analysis.

### Step 4: Strategic analysis

The statements about the regional situation can be investigated together with the other results from different evaluations. The sensitive parts of regional strategy will be made from these comparisons and the places of interventions will also be drawn up accordingly. Action plans and possible strategies can also be derived from our results. When comparing the four factors the following four strategies can be formulated.

1. A *defensive (conversion) strategy* investigates the weak parts of and the threats to a certain area. These two parts create a pile of problems that the conversion strategy would like to solve or avoid. Not every conversion strategy includes both threats and weaknesses, sometimes only one part is considered. It should not contain weaknesses which will be resolved by an external effect (such as political decisions). The weaknesses and threats which belong together logically (as the displacement of a disadvantageous demographic group from the knowledge economy or the growth of this group due to general demographics) represent a worsening situation. A conversion strategy would like to avoid that. In an extreme case if the resource demand of this kind of sustaining/corrective strategy is too high or the possibility of good results is low, this can lead to an escape strategy. This version is not part of a development plan, but a broader and more realistic part in some settlement strategy.
2. An *offensive (matching) strategy* builds on the strengths and aims to exploit the supportive opportunities which are connected to these factors. In the case of a changing demand better conditions to satisfy the needs can be a breakthrough. The factors of strengths which can be eroded by the external threats cannot be part of the strategy. So for example the quantitative advantage of public educational capacity can erode with the decrease of school age population.
3. The quarters for advantageous external possibilities and weaknesses leads us to a *change-oriented strategy*. We should be cautious with these programs. Only a well-designed preference ranking can lead to a successful change so as to use the favourable trends followed by a full or partial liquidation of the decisive weaknesses.
4. Between threats and strengths lies the *diversification strategy*, which has high risks and the development requires a careful approach. We should consider a diversification strategy if offensive strategies cannot be performed.



Source: Structural Funds Training Program 2001

Figure 3.3. Strategies of SWOT

#### Step 5: Formulation of a short assessment of the situation

A SWOT analysis can be performed as a task for experts, but it is usually conducted in teamwork to embed the strategy and also to enforce community interests instead of individual interests. When making a SWOT analysis in teamwork we should collect the main assumptions of the situational analysis and send them to the participants. The team's job is to insert any unrecognized elements, to set up rankings and to define the strategies from the conjunction of the factors revealed.

### 3.2.2. PEST analysis

The letters come from the different approaches of the analysis:

P – Political: stability of the government, political change in value, operation of the legislature and parliament, regional institutions, political objectives and programs, policies, operations, regulations, etc.

E – Economic: economic cycles, trends in GDP and GNP, infrastructure improvements, inflation, unemployment, changes in family income, capital movements, trends, globalization, etc.

S – Social: demographic changes, changes in levels of education, social mobility, lifestyle changes, relationship to work, changes in patterns of consumption, communities, minority groups, social participation, etc.

T – Technological: new discoveries and technologies, R & D spending levels, the rate of technology transfer and regulation, changes in technology infrastructure, etc.

The analysis can be completed with two further aspects into PESTEL analysis.

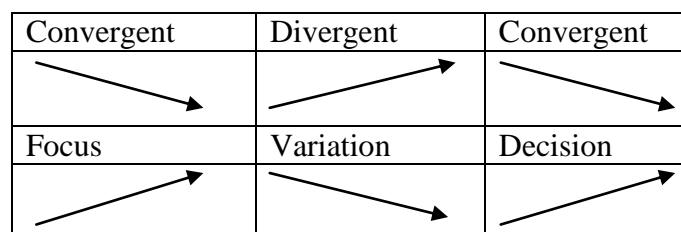
E – Environmental: state of the natural environment, natural resources (minerals, soil, energy, and water), etc.

L – Legal: rules and regulations

The comparison and the analysis of the different aspects can be performed in the way described in the section on the SWOT analysis. The only difference is that we should not commit ourselves either to the side of negative or positive results. The assumptions ranked can be used later on in the short summary of the situation.

### 3.2.3. Finding the focus

We can only find a solution to a problem if we ask the relevant questions. First let's narrow our view, make corrections and find the problem's focus. After that we can search for alternative solutions and finally we can choose one variation from the pool.



Source: Kaszás 2011

Figure 3.4. Problem solving model

The definition of the primary focus will ensure the right approach. It also allows us to evaluate the opportunities at the end of the process. A wrong focus leads us to a dead end and also to false solutions.

De Bono mentions two different types of focus:

- a. The *area focus* is the development factor which helps us to refine details and explore improvement possibilities. A selected factor is followed and we try to find the possible opportunities to find all the relevant ideas. An area focus can be narrowed to one element of the certain subject. (This approach can be strange for Western culture thinking, where problem focus is dominant.)

*Using area focus*

1. Name the subject you want to develop: e.g. tourism.
2. Formulate a question: What kind of ideas can make tourism in the region better and stronger?
3. Investigate the contents of the subject. Contents of tourism:  
Supply side: attractions, accommodation, information, transportation  
Demand side: recreation, purchasing, travel habits
4. Narrow subject focus! What ideas do we have to improve these contents?

- b. The *purpose focus* is about finding a certain problem or a designated task. It helps us to find the purpose focus if we approach the problem from different aspects. A practical problem may have different definitions and so different target foci can be derived from them. These new foci can also lead us to new approaches.

*Using purpose focus*

- 1 Determine the main problem: e.g. low-income and a reduction of the region's tourism industry.
- 2 Formulate a basic problem in many ways.
  - The number of tourists is low / reduced
  - Low / reduced length of stay of tourists
  - Low / decreasing consumption of tourists
  - Low prices
  - High service expenditures
- 3 Select one (the most relevant and easiest to use) problem definition: e.g. the low number of tourists.
- 4 Form a target focus: e.g. How can we increase the number of tourists visiting the area?

### 3.2.4. The 'WHY' method and the problem-tree

The first two methods can be well-completed with a tool which can create a causal chain between the factors of the analysis so as to ease further planning work. The reason for creating a new framework is to separate the disease from the symptoms in order to find the root of the problem, solve it and terminate the source of anxieties.

Asking questions is one of the most efficient ways of solving problems and it also improves mental activities. The 'Why' method became popular among technical experts but it has been used in several other fields as well. (The number of the 'Why'-s can vary.)

The essence of this method is the continuous asking of why-questions, which creates a system, can go deep into the problem and leads to asking about the core problems. Basically it is about finding the fundamental cause of some effects. If we are persistent and profound we can find the answers to our questions (the root of all the problems). (With a linear problem usually five questions are enough to find the fundamental problem. Multiple causes may need more and there is no exact number of or limit to the number of questions.) The interventions are usually derived from these fundamental problems.

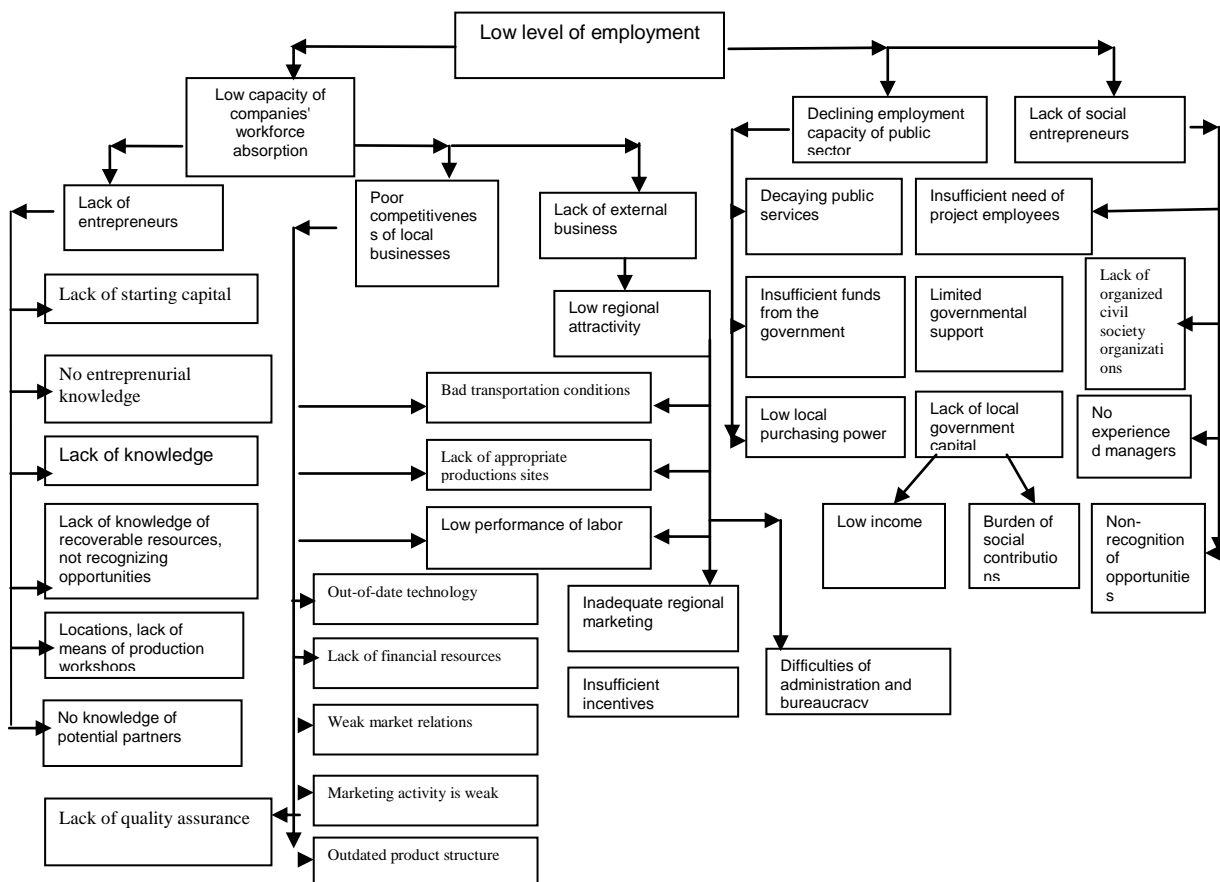
### *Using the 'Why' method*

1. Preparation: Create an expert team.
2. Define the problem and the scope.
3. Find the first 'why'. Record the first results.
4. Sequence of cause and effects. The first result will become a new effect so we have to find a new cause. This goes on till the fifth 'why' or till we cannot get a sensible cause for asking a question. Answers to the questions can only be based on facts or direct experience. That is why each answer must be thoroughly examined. (A lack of control can lead to an erroneous conclusion.)
5. Completion. The team accepts the results as the real root of the problem and starts to find solutions in another mental process.

The problem-tree represents clearly the causal link between the problems and highlights the context of the main problem and the sub-problems. The problem-tree method assumes that the causal links are clear and identifiable.

To create a problem-tree we use the SWOT results and try to find links between the separate problems and define the main problem. After that we use the 'Why' method to find the roots of our problems till we are able to make smart statements.

If the problem is complex, drawing the tree can be troublesome. It may be necessary to write every sub-problem on a separate page and then recreate the tree. After that we can insert the problem-tree into a form. Links can be demonstrated with arrows. As a result we get a clear and graphic illustration which contains a hierarchical system of the problems.



*Figure 3.5.Example for a problem tree*

### 3.3. Formulating forecasts and visions

#### 3.3.1. Methodology for making predictions

Forecasts of regional processes can help us to identify future opportunities and create a realistic vision.

When creating regional forecasts we should be aware that the future of the region is determined by a combination of macro- and regional level processes. To draw up a regional vision, we must make macroeconomic and regional forecasts.

Table 3.1. Fields of regional forecast

<i>Macroeconomic forecast</i>	<i>Regional forecast</i>
Expected growth rate	Demographic forecasts
Trends in the industry	Technical, technological predictions
Change in GDP, consumption trends	Changes in environmental conditions
Development investments	Labour market projections
Change in the direction of financial processes	Changes in the economic structure
Demographic trends	
Social change	
Urbanization	
Democracy	
Featured development objectives	

We can use forecasting and foresight methods as well to create a prognosis.

*Forecasting* methods are based on a situational analysis extrapolating past trends, highlighting numeric correlations of different factors, or comparing the region with other regions with similar attributes.

*Foresight* is about using the participants' knowledge, creativity and experience to interpret and evaluate the regional situation and to form visions about a desired future.

#### 3.3.2. Anticipating trends

A trend is calculated on the basis of the relevant time series data that are available. To make a forecast we can extend past trends. We can do that by using (1) graphical estimation, (2) moving averages, and (3) trend functions.

#### 3.3.3. Writing scenarios

*Scenarios* exteriorize the present situation into the future and show the implementation of future plans. They also create a logical sequence of the events and tendencies. In order to make this vision we need a forecast of the factors influencing development. First, we determine the most influential factors connected to the strategic topics. Then we must investigate future change in these factors and create 2-3 alternatives of the future events. These alternatives can be used to describe the region's future situation (called scenarios). The selection of the variables of the scenarios for further development concepts is based on the possibilities of the scenarios and values of the regional development team.

### 3.3.4. SCAMPER method

Foresight needs creativity in addition to the facts and relations as well. The preparation for unexpected future changes can be supported by SCAMPER. The point of SCAMPER is to approach the problem from seven different aspects in order to identify future potential outputs. (SCAMPER means an easy run in English, now we use it as an acronym.)

The seven techniques are as follows:

- Substitute
- Combine
- Adapt
- Modify, maximize, minimize
- Put another use
- Eliminate
- Rearrange

We begin with the method from the starting point of the problem. We run through the different steps and play with the different changes of the technique on the original idea, product or service. These ideas must be recorded and evaluated. The ideas which are unrealistic should be deleted. This is a basic technique which has been one of the most successful tools in the history of innovation.

### 3.3.5. The Delphi method

The *Delphi method* is a forecasting method to reveal future trends and expected events with multi-round interviewing using the feedback of several experts. It is a team-work based method. In the first round we state opinions about possible future events with brainstorming. Later on these ideas should be elaborated. The future alternatives should be ranked by criteria defined by the group. The first few alternatives (with the highest rankings) will be the headstones of our vision. It is practical to make the second round one or two days after the brainstorming since brainstorming is too exhausting and time-consuming. Ranking is more likely to be an analytical process which needs a more realistic approach.

### **3.3.6. Creating vision**

When elaborating the strategy the starting point is our previous analysis of the regional situation. Based on the analysis we must formulate the vision while considering the values and realities as well. The vision is a dream based on forecasts what we would like to reach in the long run. When formulating the vision we must answer all the relevant questions which influence the region's future. When meditating the vision we must imagine ourselves in the situation drawn by the forecasts for 10-15 years and answer the following questions:

- What is unchanged?
- What has been changed? Who are in a better/worse situation?
- What are the characteristics of the sectors of the economy, industries, effectiveness based on external relations?
- What are the characteristics and composition of the society, communities, local government level and standard of the population?
- What are working and living conditions like?
- What will drive development? What will provide developments in financial/technical and human terms?
- How do others see the region?

The vision refers to a state which we would like to pass on to our successors.

Our dreams must have limitations. The vision must reflect the values and needs of the community. It must be established based on realistic elements and the future situation should be deduced from the present circumstances. It must be consistent and be extended to all important topics. The region's vision is not neutral by any means. It represents the ideas of development.

### **3.3.7. Clarification of the vision's background**

The formulation of the vision can be done at the same meeting where SWOT is created or at the following workshop. To help the group to manifest its values and ideas we can do a test with them. The participants will be asked to evaluate the ideas on the test sheet and define whether these ideas are useful, harmful or neutral to regional development. Summarize the answers and select the ones which were commonly chosen and the ones which showed significant deviation. If the deviation is too high, there is no agreement in the group. In this case let us generate a discussion among the participants to identify the values behind the ideas which were mentioned. Meanwhile we should try to highlight logical contradictions and then repeat the test.



### 3.3.8. Formulating a brief vision

We should choose the most likely acceptable vision of the community according to the previously manifest values and the possibility of changes in the region.

To compose the vision we should set the situational analysis, the acceptable scenarios and values side by side. The facilitator must make a brief summary of the visions for every strategic issue. Let's discuss it and refine this composition until it become acceptable for everyone.

## 3.4. Setting up a development target

### 3.4.1. Selecting development objectives

When we have a good analysis of the situation, a well-designed vision and problem-tree, the areas which need improvement will reveal themselves. The objectives of sub-regional development can be categorized into three sections.

- The *general objective* of the development is to raise income levels or employment levels. It can also refer to making products/services available, to improving housing situation or the quality of education.
- *Problem solving objectives* aim to strengthen weaknesses or to explore unknown strengths. They can also refer to reducing unemployment, poverty, healthcare problems, illiteracy, etc. This can be supported when problems trees are converted into objective trees.
- *The objectives of innovation* are creating new products, services, businesses, other processes or methods, developing tourism, developing leisure opportunities/activities. This can also be a new type of service which is attractive to a more qualified target population. They cannot be derived from the problem-tree and require creative definition and teamwork.

We can create short-term (1-2 years), mid-term (3-7 years) and long-term (8-15 years) targets for all types of objectives and goals.

Regional development works within a multi-level target framework. The European Union programming practice defines different levels, but now we use a framework of 5 levels.

- *Overall strategic objective* - long-term objective which helps achieve the vision, strategic mission based on the vision the capabilities.
- *Strategic priorities* - are comprehensive strategic objectives that determine the development potential and long-term outcome.
- *Development priorities* – Long-term objectives helping to reach overall targets, these are equally important factors which complement each other. Here we can define the *horizontal targets* of development.
- *Development tasks* – These can be ranked according to importance, feasibility and priorities, they are the framework for sub-regional programs.
- *Action* - the individual development tasks following specific recommendations for action.

In the phase of strategy forming our task is to define the overall objective, the strategic fields, the development priorities and the horizontal targets. When forming the strategy we must consider the following:

- Objectives cannot be only general assumptions and we must insist on defining them correctly and make them measurable. We should formulate not only that we would like to increase or decrease some factors but we have to state the extent as well. If we would like to improve

something we have to define the results. The main questions are: who for, on which scale, in what typical fields would we like to make improvements?

- Too many objectives can endanger feasibility and can lead to scattering the resources. Therefore, try to focus on the most important areas and changes of the region. Try to identify the factors which influence the whole process of regional development (and can create a pull effect) and formulate the objectives for these factors.
- Unrealistic and too ambitious objectives can be double-threatening. If the objective cannot be reached it makes the strategy unfounded and also decreases faith and motivation in other segments. Because of a possible failure the development plan can remain unsupported.

*Requirements for the objectives:*

- They must be consistent with the vision and the situational analysis.
- They must be comprehensive including every important dimension of the problems.
- They must be accurate, defining the target group and the extent of change.
- They must be consistent; no objective can interfere with another.
- They must not be unrealistic and must be consistent with the resources.

To define solutions we can use the higher hierarchical levels of problem-tree. We can easily redefine the problems into solutions and then we have an objective tree. The lower parts of the objective tree show the solutions to the problems in the problem-tree. The creation of a problem-objective tree can have constraints and it is not suitable for innovative problem solution.

We must always show the objectives to our planning team. For innovative objectives we should use teamwork methods as well.

Horizontal objectives can be derived from the accepted development principles and using teamwork we can define the (horizontal) objectives which influence all development programs. In the practice of planning in the European Union gender equality, sustainable development and also other requirements (such as the new requirements generated by ITC development) must be considered.

### **3.4.2. Establishing priorities in teamwork**

Priorities can be established with the participants of the planning work. We should ask them to use the well-known methods of teamwork and visualize the results of the SWOT analysis, the results of situational analysis, the vision, the results of brainstorming and the problem-tree and write down the three most important development objectives according to their previous knowledge.

They should mention only one question at a time (without comments) and wait till the facilitator records it. This goes on till all the proposals are on the board. Then we must clarify the ambiguous and unclear proposals and also draw together the similar ideas or make a cluster of them. The elements of the new list (of ideas which are clear to everyone and are not overlapping) should be ranked by the participants. The most important objective gets five points, the second four points, the third three points, the fourth two points and the least important only one point.

When aggregating the scores, the ideas with the highest points should be emphasized and the target system must be based on these. (In the target system the increase of employment and income will be in the first places.)

The general questions should be outsourced to external experts. We should ask them to complete their tasks in a realistic time-frame. Experts should answer questions like: How will the unemployment rate fall in the next 8 years according to the development program? How will the paid income tax (or GDP) rise according to the interests of the region.

### **3.4.3. The Six Hats method aims to clarify development objectives**

The Six Hats method enables us to negotiate and rethink the proposals of measurable development objectives and to adjust the ideas to the collective views.

The starting point of the method is that our thinking since Socrates, Plato and Aristotle is based on argumentation and logic. On the other hand, imagination and intuition also played a great role in forming great ideas of mankind. (According to Socrates the main tool of thinking is argumentation and a critical approach. Plato argued about the one and only truth. Aristotle took a stand on clear and complete categorization.) Regional planning cannot do without imagination, fantasy and intuition. This is particularly true of radical planning.

The method is designed to exploit the benefits of various aspects of enforcement of thinking. According to De Bono, in a traditional way of thinking six different approaches may prevail:

1. Managing the Process
2. Informing
3. Emotions
4. Positivity
5. Negativity
6. Creativity.

The human mind is unable to use all these aspects at the same time. If common brainstorming does not have a guideline based on one of these different approaches, the aspects can cancel each other, and work may become boundless or, even worse, burdened with conflicts. The risk of conflict is high in argumentation-based debates where the different opinions are made to encounter each other and sometimes the objective is not to convince but to conquer our partner.

We can create well-managed teamwork where:

- we can change the schemes of thinking, and we use these approaches separately, not all together,
- the objectives are approached not by encounters of opinions but by parallel thinking,
- ego and performance are separated and cooperation and openness become relevant.

The Six Hats method constitutes such teamwork. With a strong and resolute leader, all the members are focused on only one aspect at a time. Thinking will be set free and the participants will go their own way towards the objective.

The Six Hats represent in this method six different aspects of thinking. Team members use one aspect at a time.

1. Blue hat: process management, control
2. White hat: the information, data, consideration of the facts
3. Red Hat: emotions, feelings, intuition, instinct, expression
4. Yellow hat: the positive, benefits, values
5. Black hat: the negative impact, problems, difficulties, threats, identifying risks
6. Green hat: creativity, opportunities, ideas and solutions.

When the team members exchange hats, this will trigger thinking. Each team member must use every hat. (Hats do not characterize the participants, only the method!)

Some rules: It is not compulsory to use all the hats and all the hats can be used multiple times. Every meeting starts and ends with the blue hat. The sequence of the hats is planned by the leader. There is no 'single good' sequence of hats.

#### The process of the Six Hats method

1. Defining focus
2. Assembling the team: The leader chooses and invites the participants.
3. Collection of information: The participants gather and structure the relevant information, data according to the topic and tasks.
4. Agenda: The leader plans the hat sequence, the purpose and the period of development.
5. Six-hat section: At the beginning the leader explains the rules of the method and the agenda (Blue hat). Then the leader shows the aspects and information which can be completed with the

ideas of the participants (white hat). If there is no missing basic information for the work, the problem solving goes according to the agenda.

### 3.4.4. Defining complex objectives by the Mandala method

Mandala means in Sanskrit a magical, spiritual circle. Basically it is a figure of geometric shape. A Mandala is based on the idea of symmetry and the evolution starting from the centre point. Mandalas are defined by three basic rules:

1. Clearly defined centre (or core)
2. Inner circles departing from the core
3. External circles finalizing the circle.

The traditional form represents a modern schema of thinking. The advantages are represented by the changeable focus, the 360° perspective, the display of the relationships between the structures, and effective idea generating.

With the help of the Mandala method development objectives can be set up as cognitive starting points with the tasks in a cyclical and structured form. (Similarly to SWOT analysis, it gives an overview of the situation).

#### Using the Mandala method

1. Defining the core: The focus of the problem is in the middle.
2. Elaborating the inner circle: We write the most important components or solutions of the problem in the surrounding squares. Start at the bottom and do it clockwise. You should not use every part of the inner circle.

<i>F</i>	<i>C</i>	<i>G</i>
<i>B</i>		<i>D</i>
<i>E</i>	<i>A</i>	<i>H</i>

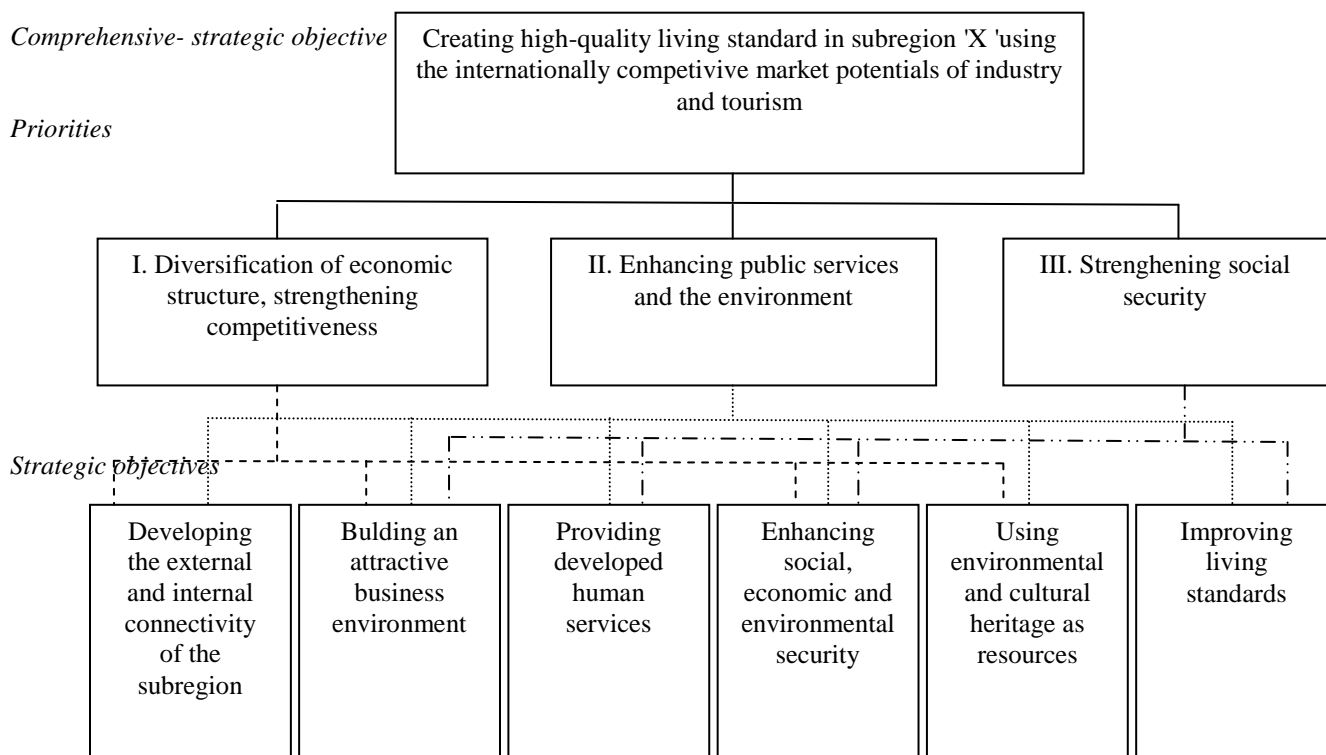
3. From the inner circle we project the new factors into a new part of the table so as to start the process over around a new core.

	<i>F</i>			<i>C</i>			<i>G</i>	
			<i>F</i>	<i>C</i>	<i>G</i>			
	<i>B</i>		<i>B</i>		<i>D</i>		<i>D</i>	
			<i>E</i>	<i>A</i>	<i>H</i>			
	<i>E</i>			<i>A</i>			<i>H</i>	

4. Creating an outer circle. . We write the key ideas and suggestions around the new core
5. Evaluation: Review ideas and make a choice of them.

We should insert the new objectives (which are the results of the previously indicated, professional and politically acceptable objective of the group) into our development target system. Make a short summary to every strategic objective which represents the details behind the category and is also sufficient to justify the objective. The description of the situation shows the problems clearly, defines the ways of the solution and assigns the results. For every result we must formulate quantitative objectives for the periods of the program. These can be more accurate after the development of operational programs.

As a result we get a consensus-based, comprehensive and consistent framework of targets with 5 to 10 priorities and the exposition of its elements.



Source: MEGAKOM Stratégiai Tanácsadó Iroda 2005

Figure 3/5 Framework of regional strategy

## Tasks

1. Define the level of development of Slovakia's touristic regions with the Bennett method.
2. Perform a cluster analysis to examine Slovakia's micro-regional labour market position.
3. Use the portfolio method to analyze the economic potential of Eastern Slovakia (Východné Slovensko)
4. Arrange the following statements into a SWOT matrix:
  1. Businesses leaving the capital and major cities
  2. Adverse traffic condition
  3. Lack of well-run SMEs
  4. The social sector's strengthening causes significant change in employment
  5. Foreign interest in medium-sized businesses in the region
  6. Decline in the capital absorbing power of the western part of the country
  7. External factors stimulating young people to migrate
  8. Further devaluation of regional workforce (due to the growing importance of qualified workforce and applied research)

9. Diverse and valuable landscape and wildlife
  10. Preserved cultural heritage
  11. It has become more difficult to penetrate the European food market, and domestic markets are also narrowing
  12. Fragmented holding structure
  13. Decrease in demographics, impoverishment, quality decline
  14. Increased quality requirements, mandatory use of EU standards
  15. Diverse institutional development background
  16. Product structure not adapted to local needs
  17. Growing environmental hazards.
5. Make a PEST analysis according to the attached text.
  6. Define a target focus for the environmental analysis.
  7. Draw up the problem-tree according to the environmental analysis attached.
  8. Examine the objective structure of the regional strategies.
  9. Draw a problem-tree based on the objective tree.
  10. Prepare a demographic forecast.
  11. Create a forecast with a scenario
    - a. for the employment strategy in county X
    - b. for the products of micro-region Y.
  12. Analyse the vision of the micro-region.
  13. Formulate a future vision based on the attached SWOT matrix.
  14. Draw the hierarchy of objectives from the text.
  15. Make an objective tree from the results of brainstorming.
  16. Make a working group agenda with the Six Hats method when planning the objectives for Roma integration strategy.
  17. Plan the regional development strategy of a micro-region with the Mandala-method.

### ***Review questions***

1. With what techniques can you define complex regional indicators?
2. What is the Bennett method?
3. What are the steps of the SWOT analysis?
4. What strategies can be drawn based on a SWOT analysis?
5. What is the main difference between the SWOT and PEST analyses?
6. What is the difference between the target and area foci?
7. What is the difference between the forecast and the forward-looking projections methods?
8. How can we apply the SCAMPER technique to create a target system for regional strategies?
9. What is expected from a regional vision or definition of strategy?
10. What is expected from the target system of regional strategies?
11. What benefits can we expect from the Six Hats method for determining the regional strategy for the target team?
12. What are the formal rules of the Mandala method?

### ***Recommended literature***

- Kaszás György (2011): *Gondolkodjunk, mert vagyunk! - 12 kreatív problémamegoldó módszer*. Budapest: HVG Kiadó
- Kocziszky György (2008): *Területfejlesztés módszertana*. Miskolci Egyetem Miskolc
- Nemes Nagy József (1998): *A tér a társadalomtudományban*. Hilscher Rezső Szociálpolitikai Egyesület, Budapest
- Tóth Géza (2013): *Bevezetés a területi elemzések módszertanába*. Miskolc: Miskolci Egyetemi Kiadó

## **4. The Regional Development Strategy**

### ***4.1. Defining development tasks***

#### **Finding development alternatives**

The objectives are achievable in a variety of ways, we can use multifarious techniques to outline, evaluate and discuss the alternatives:

##### **4.1.1. Defining tasks with brainstorming**

For innovative objectives brainstorming is the most useful technique. It is similar to teamwork (see above), which is essentially that a group of individuals can produce many ideas in a short time period. We have to consider four behavioural rules. These are the following:

1. Suspension of judgment: during the brainstorming session, there is no place for evaluation; any wild ideas might appear.
2. The requirement of free-soaring: thinking about the problem freely, without constraints; any ideas are taken down.
3. Emphasis on quantity: participants are encouraged to consciously get more ideas; quality plays no role in this phase.
4. Mutual stimulation: each other's ideas can be received and considered, during which ideas are exchanged and further developed.

Brainstorming usually has six phases.

1. Outlining the problem and discuss it. It is to summarize and transfer the minimum information required for understanding. Make sure that the participants are not overloaded with too many details.
2. When redrawing the problem, we ask the participants to define as many aspects of the problem as they can. The wording of each dimension begins with "how to...". Do not confuse this phase with the search for possible solutions, although this part also carries huge problem-solving power.
3. Selection of the most fundamental redefined problem can happen in an autocratic or democratic manner. In the former case it is the leader who chooses, in the latter case each participant chooses the 4-5 most important, redefined problems that are a kind of approach to the original problem; these are read out aloud and marked by their numbers on the original list. We select the 2-3 most frequently chosen problems (or those 2-3 redefined problems that we can draw together) from the marked 7-8 redefined problems, and rewrite them in a reformulated version on a new page with the following introductory words: "How many ways do you know....?"
4. A warm-up helps in creating a freewheeling atmosphere. This is especially important if you hold the brainstorming session (up to several days) with interruptions. Key question: "What can we use for ...?" No matter what the topic is, the purpose is to get ideas.
5. At the beginning of the brainstorming session, the moderator reads aloud the problem-definitions already written and asks for ideas. We write down and number every idea (preferably with a permanent marker) and put the sheet where everyone can see it.
6. The selection and palliation of the craziest ideas will start after not getting any more new ideas. After selecting 2-3 of the craziest ideas by acclamation, we write them on different sheets and ask for suggestions to make them usable. If there is no such idea, that is not a problem, but the best solutions frequently originate from very wild ideas.

In brainstorming, hundreds of new development tasks and possible actions can be defined.

### 4.1.2. Drawing flowcharts

Analytic thinkers can use *flowcharts* successfully for identifying the necessary tasks of development. In this case, as a starting point we begin with defining the situation and move toward an ideal state outlined in the future vision. We explore the elements needing to be changed and considering their interactions with each other in time and space we draw the possible alternatives to get from “A” to “B”. We call attention to two methods of making flowcharts:

#### a. Making flowcharts with the Ishikawa method

Using the Ishikawa method can be useful for organizing our thoughts and creating new ideas. It helps to create a structured system from a set of elements and proposals for the development tasks. The creation of structure is helped by a chart. On the right side of the figure (in the case of horizontal orientation – fish shape), or at the top of the figure (in the case of vertical orientation – Christmas tree shape), we put the problem in hand, result or effects for which we would like to define development tasks. On the left side, or at the bottom of the figure, we put the tasks along diagonal lines (main categories), and horizontal/vertical lines (causes). There are versions of 4, 6 and 8 groups of causes. While creating the chart, we are constantly expanding it. (It can be used directly after the brainstorming for systemization and specification in Christmas tree shape.)

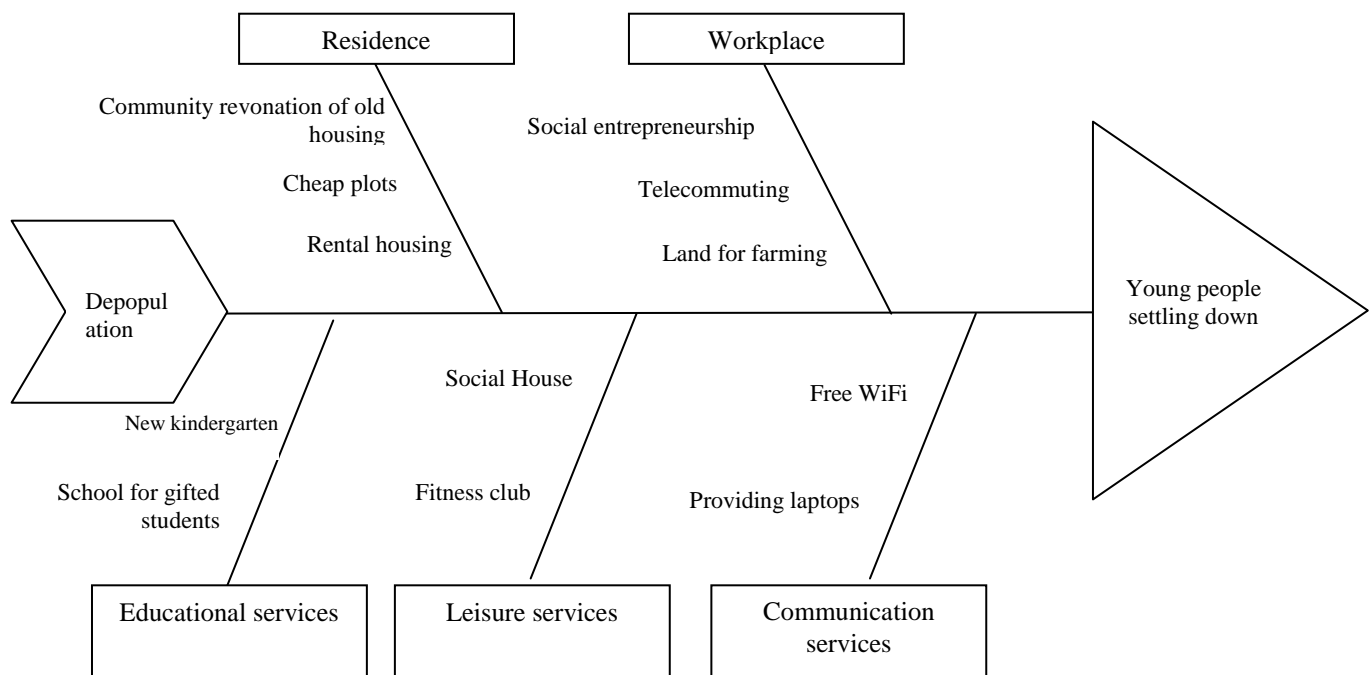


Figure 4.1. Ishikawa diagram for problem solving

#### Use of the Ishikawa method

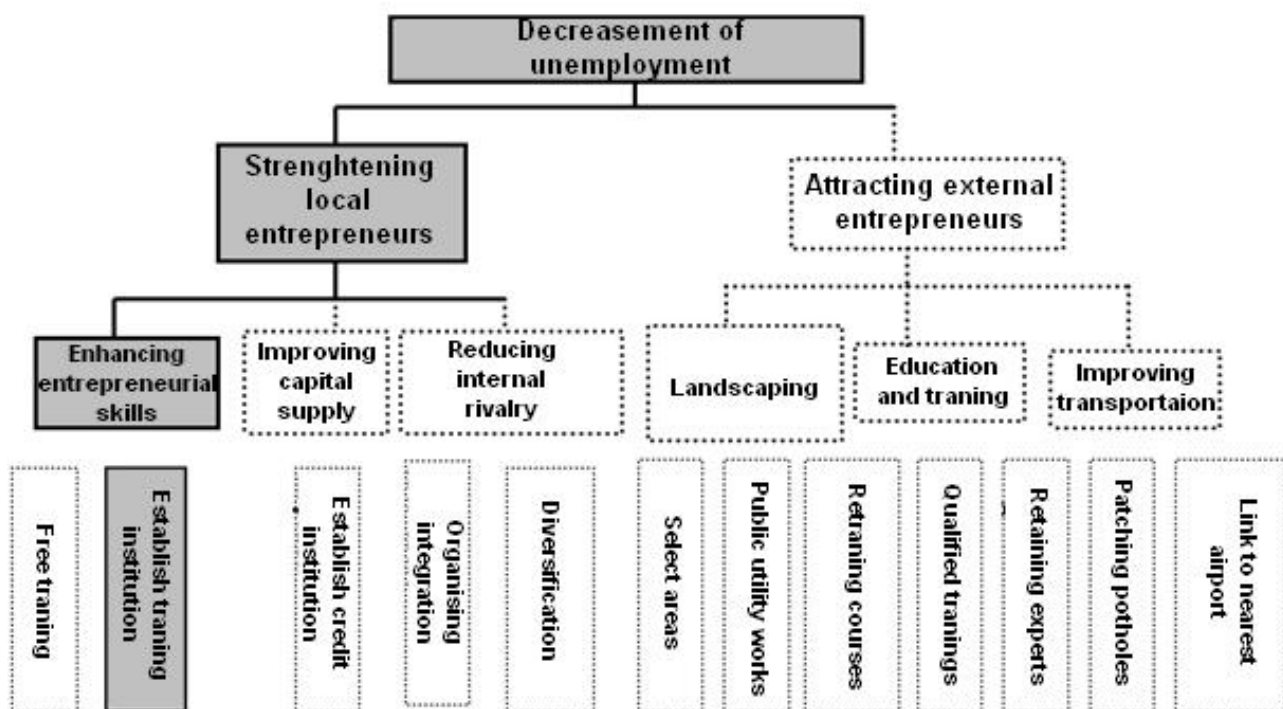
1. Determination of problem and focus – it gives the right hand/upper part of the figure to which the fish/Christmas tree is connected.
2. Determination of key subfields of thought – names of diagonal snags/branches. The categories are chosen to focus on which subject areas or groups are meaningful to consider in order to achieve the objective set out in the focus of reflection.



3. Components of the sub-areas of the collection. The "snags" along lines reveal the ingredients and labels for each topic areas. This all continues until the team's co-leader and opinion on target.
4. Final phase: analysis, evaluation, and decision.

*b. Making flowcharts with inverting the problem-tree*

Reformulating the problem statements of the problem-tree into objectives, we get an objective tree containing the hierarchy of causes and consequences. The different channels of the objective tree show the possible intervention strategies. From these strategies we choose the intervention chain that is most appropriate to our resources and opportunities, and with this we get the objective system of the strategy.



*Figure 4.2. Objective tree created from problem-tree*

### 4.1.3. Creating scenarios

With *the creation of scenarios* (see section above) we can pay better attention to the effects of the environmental elements influencing the efficiency of development. In this case, first we delineate the alternatives coming from the opportunities and threats of the SWOT analysis. The tasks needed to achieve the regional development objectives are defined following this framework.

All three methods have their own advantages and disadvantages. With the first one, we can get wild, seemingly absurd ideas, but neither their system, nor the system of interaction between the proposed tasks has emerged. In the case of the second one, the interfaces are clearly visible, the development process is outlined, but, for the sake of simplicity, it concentrates on finding the basic programs and calculates with fixed starting points and end points. In the case of third one, we obtain

a flexible system of alternatives that is able to adapt to changes in the environment, but the range of suggestions also narrows, and there is less opportunity to get a variety of ideas. The combined use of three is the best.

## **Selection of development projects**

We have to make a selection from the innumerable ideas and development alternatives. The main criteria for selection are:

- it is designed to achieve the objective, not harming another objective,
- conditions for the implementation are assured,
- it has the greatest potential benefits,
- it has the smallest number of possible future conflicts.

In addition to the selection, it is necessary to establish the order of priority of the remaining versions. Only if we keep them can future conflicts be prevented and resolved. It promotes a more efficient use of resources and assists in the coordination of strategies and tasks of the actors of the development.

After selecting the development tasks, look back to the system of objectives and metrics set up there. Correct the latter if necessary.

In the evaluation of alternatives found (selection and setting priorities), we can choose from several methods.

### **4.1.4. Systematic evaluation sheets**

With *systematic evaluation sheets*, we can analyse the pros and cons of each version more systematically and deeper than the previous one. We prepare an evaluation table containing the assessment criteria for each idea. The participants of evaluation first exclude suggestions considered harmful and dangerous, then the ideas are scored by each criteria. We get the order of priority by aggregating the scores.

### **4.1.5. 'The Devil's advocate'**

The '*Devil's advocate*' method is very effective and not alien to the Eastern European mentality. Someone is asked to attack the current idea, to point out its weaknesses, potential dangers, and the problems of implementation. Others as 'defence attorneys' prove the defensibility of the idea, and transform and develop the rightful excuses. This method can serve to minimize future risks.

## **Explanation of measures**

The *measures* represent the specific actions in development tasks needed to achieve the objectives. For determining measures, systematic thinking is needed rather than creativity, but the idea matrix method fulfils both requirements.

### **4.1.6. Idea matrix method**

With this method, we create new and relevant solutions from the variations of the characteristics, properties and object of focus.

It is based on a matrix in which the result, the process, the different characteristics of shape, and its possible variants are recorded by separate categories. Various combinations of individual items of the matrix will lead to operable and creative ideas.

<i>parameters</i>	<i>P1</i>	<i>P2</i>	<i>P3</i>	<i>P4</i>	<i>P5</i>	<i>ideas</i>
<i>parameter variables</i>	<i>P11</i>	<i>P21</i>	<i>P31</i>	<i>P41</i>	<i>P51</i>	
	<i>P12</i>	<i>P23</i>	<i>P32</i>	<i>P42</i>	<i>P52</i>	
	<i>P13</i>	<i>P24</i>	<i>P33</i>	<i>P43</i>	<i>P53</i>	
	<i>P14</i>	<i>P25</i>	<i>P34</i>	<i>P44</i>	<i>P54</i>	

*Figure 4.3. Idea Matrix*

We can also arrive at similar matrices by systematically disassembling the task.

#### **4.1.7. Systematic exposition of the measures table (fact sheet)**

Tables containing the embeddedness in the objective system, the effects and operational characteristics (duration, time schedule, chief, implementers, partners, cost demands and finance) of the measures help us think over and explain matters related to the action plan.

For a certain measure, we have to examine:

- its name
- its purpose
- its connection to the program objectives
- its target group
- its content (description of activities)
- its expected cost demand
- its organizational embeddedness
- its chief
- its expected result and impact
- its connection to other measures (time scheduling and synergy).

## **4.2. Planning operative programs**

We organize the detailed measures of the operational program by sub-programs, answering the question of 'How to achieve our objectives'. Within this, we work out the action, the financial, and the organizational plans.

### **4.2.1. Action plan**

The action plan summarizes the measures' tasks by sub-programs in time scheduling. This can be done in a tabular form, while answering the following questions:

- what is the purpose of the sub-program (a group of measures)?
- what are the sub-objectives by measure?
- what activities are assigned to each measure?
- what are the deadlines?
- what are the individuals and organizations involved (stakeholders)?
- who is responsible?

*Table 4.1.: Action plan*

<i>Objectives of a sub-program</i>					
<i>No.</i>	<i>Purpose of action</i>	<i>Description (content)</i>	<i>Stakeholders (target group)</i>	<i>Responsible</i>	<i>Deadline</i>

#### **4.2.2. Financial plan**

The financial plan includes the expected costs of sub-programs and its assumed sources. The amounts are obtained by the aggregation of the estimated amounts of measures and program execution. In the source table financial instruments of realization are presented: own resources, loans, guarantees, and subsidies. By means of the time schedule of activities, we can make financial scheduling adjusted to the relevant legislation and reasonable opportunities.

#### **4.2.3. Organizational plan**

It includes the division of labour of organizations involved in the program implementation and those responsible for it, their relationship to each other and their organizational forms. It is useful to confirm it by an agreement (partnership agreement) between the participants.

The organizational plan contains the management plan, in which the participants of the direct implementation of the program execution are listed, and their organizational form and the technical background are presented.

#### **4.2.4. Achievement plan**

Making the objectives measurable, pre-planning of results has become a central issue in the EU programming process. Regional strategies should assess in advance how much progress is expected to be achieved in the targeted area with the selected set of measures and the associated financial costs. The results of regional programs do not mean business/financial results primarily, but rather quantifiable socio-economic-environmental benefits as a result of the development. (Some people do not consider the achievement plan as part of the strategy; they regard the definition of expected outcomes as the evaluation of strategy, but because of the increasing importance of the subject it should be seen as part of the strategy.)

The backbone of an achievement plan is the definition of indicators often based on estimation; these indicators are associated with the objectives and express the change of objectives (discussed in detail in section 4.4).

### **4.3. Validation of horizontal criteria**

In addition to the specific objectives related to funds and development areas, the so-called horizontal objectives enforced in every field at all levels across the policy are presented in the EU's structural policy. These common features are:

- not optional: they cannot be omitted, they should be enforced wherever possible,

- not additional components: they do not appear as new objectives, but are integrated in every objective,
- must be implemented at all levels of the development process, by all participants: they are included in programs and projects.

In addition to the programs' main aims, in the horizontal objectives a step needs to be taken forward in order to be able to present the associated results and outcomes.

The EU Commission under the EU's general provision of Council Regulation 1260/1999 on Structural Funds defines the application of the principles of sustainable development and equality as a fundamental requirement.

#### 4.3.1. Mainstreaming equal opportunities

Incorporation of gender equality into a variety of policies became mandatory under the Amsterdam Treaty's new requirements.

Elimination of inequalities and promotion of equality between men and women have been among the central principles of EU policy since the Treaty of Rome. In the beginning, the elimination of discrimination against women was in the focus. In the 1980s, the principle of equal treatment was replaced by positive discrimination, which puts women in a better position and measures balancing their start-up opportunities. Finally, as the third period of equal opportunities policy, the gender equality issues are integrated into every public policy at all levels (gender mainstreaming).

According to the substance of gender mainstreaming, gender equality has been integrated into structural policy. Its enforcement is examined in each phase of implementation of every program.

Six main areas of gender mainstreaming are integrated into the operation of the Structural Policy:

1. The objectives of gender equality are integrated into the Structural Funds programs. The Structural Funds regulation states that all programs should contribute to the fourth pillar of European Employment Strategy to strengthen equality between men and women. Gender equality needs to be strengthened in four areas: employment, education and training, entrepreneurship and in the field of conciliation between work and family life.
2. During the development of programs, ex-ante evaluation from the point of view of equal opportunities, and impact analysis by gender are obligatory. In some parts of the program in addition to general data, specific data on men and women equal opportunity index is needed to be displayed.
3. In the structures of program management and monitoring, the task is to develop a balanced representation of women.
4. Gender-sensitive indices should be included in monitoring and evaluation indicators and their availability should be ensured. The monitoring indicators form the basis for the calculation of financial contributions as well.
5. The level of the allocation of Community financial contribution and reserve is influenced by equality outcomes treated as special considerations during the mid-term evaluation.
6. In the provision of information and publicity, women and the organizations working with them need special attention. For the purpose of awareness of the importance of gender equality issues, organizations can count on support from the Community.

*Table 4/2.: The gender-sensitive areas*

1. Employment and labour market situation	<ul style="list-style-type: none"> <li>• rate of job seekers and unemployed</li> <li>• unemployment rate, including the rate of long-term unemployment</li> <li>• employment by sector</li> </ul>

	<ul style="list-style-type: none"> <li>• wages</li> </ul>
2. Economic participation	<ul style="list-style-type: none"> <li>• business start-ups</li> <li>• growth and effectiveness of business</li> <li>• sectoral distribution of business</li> <li>• situation of various sectors</li> <li>• capacity to create jobs in certain sectors</li> </ul>
3. Training, access to information	<ul style="list-style-type: none"> <li>• training structure</li> <li>• learning support</li> </ul>
4. Access to public services	<ul style="list-style-type: none"> <li>• children and elderly care</li> <li>• transport links and public transportation</li> </ul>
5. Participation in decision-making	<ul style="list-style-type: none"> <li>• political engagement</li> <li>• composition of decision-making bodies</li> </ul>
6. Enforcement of human rights	<ul style="list-style-type: none"> <li>• victims of crime</li> </ul>

The subject areas of gender equality can be extended to other equality groups. Interpreted in general, the chance disadvantage is typically linked to the six issues above. For the extension, we have to know specific needs of the target group that cannot or can hardly be satisfied due to discrimination.

*Table 4.3.: Specific unsatisfied needs of groups with chance disadvantages*

<i>Women</i>	<i>Gypsies</i>	<i>Persons with disabilities</i>
Paid jobs	Adequate income	Prevention, minimization or compensation of damage
Work while looking after children and family	Stable, legal work	Acceptance, inclusive and supportive social environment
Work near home or from home	Humane working conditions	Availability of specific internal and external balancing devices and solutions
Equal pay	Training, learning a trade	
Becoming an entrepreneur	Housing	Accessible built and information environment
Overcoming stereotypes	Non-discrimination	
Participation in decision-making	Healthcare, therapy	Series of rules and institutions to assist in leading an independent life (work, education, housing, social relations, public life, sports, religious services)
Crossing glass ceiling		
Preventing sexual harassment		
Healthcare		
More free time		
Fitness services		

From a gender perspective, regional strategy objectives can be:

- *neutral*: if it provides only objectives that are not sensitive to the needs outlined,
- *oriented*: if it contains any objectives that aim to improve the satisfaction of specific needs and the position of equality target groups,
- *blank*: if it contains a set of objectives that relate to the areas of equal opportunity, but the connection is not aware of or does not take advantage of the opportunity.

Beyond the stated development objectives both in the development mode and in the regional management equal opportunities should be considered, and new solutions should also be sought (e.g. composition of policy makers and management, employee, labour, technical and technological solutions, etc.).

#### 4.3.2. Enforcing the requirements of sustainable development

At the Cardiff meeting in June 1998, the Council of Europe laid the foundations for the measures needed to integrate environmental concerns into EU policies. At the Cardiff summit, the development of strategies was demanded for the energy, the transportation and the agricultural sectors. Subsequently, at the Vienna summit and the Cologne summit, the development of further five strategies (industry, internal market and development, economic policy, foreign policy and fisheries) was envisaged.

The principles of the EU environmental policy are listed in Article 130 r (2) of the European Community Treaty. These are as follows:

1. *High Protection Principle* – The EC Treaty states that the objective is to achieve a high level of environmental protection. The environmental policy should take account of the scientific facts, environmental condition of regions of the Community, costs and benefits of activities of the Community related to these areas, and the economic and social situation of the given region and the Community.
2. *The Precautionary Principle* – This principle basically means that environmental damage should be avoided by all means. On the basis of this principle, we can argue for integrated environmental technologies that avoid the production of problematic substances of “end of pipe” solutions.
3. *The Principle of Prevention* – According to the Basic Treaty, the potential environmental effects should be eliminated at the source of pollution to prevent the spread of contamination in the environment.
4. *The Polluter Pays Principle* – The polluter should bear the costs of environmental damage. In different interpretations, the polluter pays principle means the cost of compliance with existing environmental standards, and compensation for damage caused by pollution. In practice, the “polluter pays” principle is difficult to apply to a range of environmental concerns because the existing relationship between man and environment is multi-factorial and complex, and because it is difficult to identify the polluter. The definition of external costs is faced with serious methodological problems.
5. *The Principle of Integrating Environmental Considerations* – The so-called principle of integration was drafted in Clause 3c of the Amsterdam Treaty. As Ken Collins, the former Chairman of the Environment Committee of the European Parliament stated: “The integration of environmental concerns into EU policies in a holistic environmental policy is the first step, and as such, the fundamental requirement for successful environmental policy. The introduction of environmental policies does not make sense in the case of conflict with other policies (such as economic policy).”

One of the preconditions of enforcement of the sustainability criteria is the application of a holistic approach. Its basic elements are:

- an integrated approach to development and environmental affairs,
- a cross-sectoral institution system,
- instead of handling causes, identifying them,
- co-ordination of local and global interests,
- co-ordination of short-and long-term interests,
- education for a holistic approach.

Developments financed by the Structural Funds and the Cohesion Fund can be divided into three main types: economic, business (production) measures, infrastructural measures and human development measures. In all of the three categories, the enforcement of sustainable environment aspects is a primary requirement. This expectation is quite clear in the case of production and infrastructural measures, but in the case of human development measures – e.g. through awareness raising about environmentally conscious thinking – it is indirectly approached. At a minimum,

applicants and beneficiaries have to comply with the requirements of environmental protection legislation, and at the same time to strive to optimize the environmental performance of the project. In planning some investments and facilities, the question of whether the proposed activity requires an environmental permit must be addressed.

In the development, the principles of sustainable development are formulated as follows:

- ensuring equality and a social network
- enforcement of democracy
- local satisfaction of local needs
- sustainable local economy using human resources
- environmental protection
- protection of cultural and built environment.

### *Sensitive fields of sustainability*

1. *To meet people's basic needs, equitable distribution of benefits from the resources ensuring equal opportunities:*

- *subsidiarity*
- *ensuring equality of access to resources*
- *positive effects of environmental consciousness*
- *burden-sharing*
- *ensuring the implementation of coexistence*

2. *Integration of a holistic way of thinking, the sectors use*

- *a holistic approach to justice*
- *treat the development and environmental affairs as an integrated approach for the prevention of problems*

3. *Sustainable in the carrying - capacity use of resources*

- *sustaining production and consumption patterns*
- *organic culture*
- *exploitation of local natural resources*
- *environmentally adequate use*
- *stability and diversity*
- *vertically interconnected options*

4. *Ensuring the quality of the environment*

- *interactions, conservation, adaptation between social processes and the natural processes*



- *the principle of non- material values profit*
- *Nuisance, the recoil - carrying capacity*
- *toxic and lethal effects, the protection of life, environment, safety*
- *space structure, protection of living space*

#### **4.3.3. Further horizontal aspects**

Depending on the region's characteristics, further horizontal objectives can be identified. This could be e.g. preparation for the information society or the reduction of lagging behind of disadvantaged areas (regional chance disadvantage). The sensitive areas of reduction of regional disadvantages considered in forming a regional strategy are the follows:

- sustainable use of regional resources,
- deeper engagement of public and civil society,
- integrated development,
- starting projects as a good example and external technical assistance,
- nationwide product launch,
- strengthening the innovativeness and creativity, changing attitudes,
- training in new professional areas, raising the level of competence,
- exploration of Roma cultural values and their inclusion in all programs,
- real regional cooperation,
- generating cross-border cooperation,
- awareness-raising of outside investors, increasing the investment trust.

#### **4.3.4. Integration of horizontal aspects in development programs**

Considering the current practice of programming, integration of horizontal aspects into development programs can happen in two ways: on the one hand, the programmers have already considered these aspects, or on other hand, during the ex-ante evaluation of the program document, the measures needed for the enforcement of horizontal aspects appear with the complementation and transformation of existing program elements.

Programs with horizontal aspects typically include the following:

- 1) a complete analysis of the region's situation according to the topic; it is often explained in a separate section,
- 2) clear strategy for the presentation of the topic in the program,
- 3) regulations for project evaluation and selection (which can be used by participants of the project teams),
- 4) sensitive indicators of horizontal aspects are built into the evaluation and monitoring system.

##### **a. Situation analysis**

In the detailed analysis of areas sensitive to horizontal aspects, we need to consider the lack of information. Then the holistic method helps to explore the knowledge structure needed to understand the situation and we place our current knowledge into this structure. In this way the knowledge what we do not possess becomes visible. Its complementation is absolutely necessary if it is essential for the understanding of relationships of the problem network.

Holistic planning examines the processes and correlations, rather than enumerates all known data for its own sake.

With the holistic approach, in the situation analysis phase, the causal chain of the phenomena needs to be explored. The responses given to reasons require a long, patient progress, but will lead to a solution.

#### b. The way of presenting the topics

There are basically two ways. The measures linked to horizontal aspects may form a separate sub-program or priority or may occur as a priority across multiple programs in different parts of the program document. The best practice is to use both approaches in development programs.

#### c. Institutional and individual capacities

Successful implementation and integration of horizontal aspects into the projects need a holistic view of socio-economic development and a change in attitude of all actors. Therefore it is essential to build a capacity of programs and project managers and to create appropriate supporting institutional framework.

An effective learning process should be supported by an appropriate institutional background. The institution system outlined in the program should also be able to integrate horizontal priorities into policies, to represent them in discussions, and to keep the issue constantly in limelight. Such an institutional framework typically consists of expert working groups between organizations of program implementation, which ensures that in the different stages of programming the horizontal themes are integrated in the program.

The tools of capacity building built in development programs include specific trainings, conferences and exchanges of experience, new staff involvement, setting up working committees, detailed and widely disseminated manuals and tutorials.

#### d. Monitoring, evaluation, indicators

Among the program indicators, the indicators which are sensitive to horizontal aspects should be included. These indicators can be defined as indexes related to the changes of society in gender issues and those indicate changes in the environment.

### ***4.4. Developing monitoring systems***

#### **4.4.1. Structure of a monitoring plan**

In the last phase of the elaboration of a regional strategy, the question of “How do we know that we have achieved our objectives?” is answered. We can do this through defining indicators appropriate to follow the implementation and creating organizational rules for monitoring.

The monitoring and evaluation plan has two main parts:

- a) the organizations of monitoring and their tasks
- b) the monitoring and evaluation process.

Regulating the monitoring procedure, we have to define the activities of the monitoring process and their time scheduling. With regard to these, the following should be covered:

- objectives which should be monitored along implementation
  - quantitative objectives
  - qualitative objectives
  - scheduling objectives
- indicators used: source or input indicators
  - output indicators
  - outcome indicators
  - effect indicators
- data collection
  - type, frequency and source of information

- considerations relating to the reliability of the data
- the processing of the data
- monitoring information system
  - content,
  - access eligibilities.
- monitoring report
  - - the reporting schedule (deadlines)
  - - the contents of the regular reports prepared
  - - approval of reports, schedule
  - - sending the reports to stakeholders
- program evaluation
  - the reporting schedule (deadlines)
  - the contents of the regular reports prepared
  - the approval of reports, schedule
  - sending the reports to the relevant Policy
  - feedback loops, procedures for action.

## 4.4.2. Indicators

### 4.4.2.1. Definition and types of indicators

The indices show to what the level of extent the aims are achieved. These are called '*indicators*'. There are three types of indicators in the regional strategic plans:

- a. output indicators: they relate to the measures, quantify the results deriving from the measures (e.g. number of training courses).
- b. result indicators: they concern the prompt and direct increments of the program and give information about the changes affecting the direct participants and users.
- c. impact indicators: they refer to the consequences of the program that will directly be perceptible in the longer term; however, their occurrence generally depends on the factors outside the program (e.g. the proportion of those educated persons who find a job within a certain time).

### What is a good indicator?

Indicators of regional strategies must fulfil the following requirements:

- the necessary data is virtually *available*,
- *reliable* (it reflects the real state),
- *operative* (it actually concerns the phenomenon targeted),
- *timely* (the indicator that is assigned to a certain date, must show the information referring to that time),
- *relevant* (it has to measure a relevant phenomenon of the project),
- *unambiguous*, clear (the meaning of the indicator should be identical for every person including the project management, the decision-makers and the public).

Another approach demands that good indicators fulfil the so-called *SMART criteria*, i.e. they are

- Specific
- Measurable
- Achievable
- Realistic
- Time-based.

## Creating indicators

Indicators can also be defined by the participants of the planning – considering the above requirements –, but any indicator types which are applied in higher level strategies can also be accepted. Table 4/4 shows the indicators of the UN's sustainable development indexes.

Table 4/4. The UN's sustainable development indicator system

SOCIAL		
Theme	Sub-theme	Indicator
Equity	Poverty (3)	Percent of Population Living below Poverty Line
		Gini Index of Income Inequality
		Unemployment Rate
	Gender Equality (24)	Ratio of Average Female Wage to Male Wage
Health (6)	Nutritional Status	Nutritional Status of Children
	Mortality	Mortality Rate Under 5 Years Old
		Life Expectancy at Birth
	Sanitation	Percent of Population with Adequate Sewage Disposal Facilities
	Drinking Water	Population with Access to Safe Drinking Water
	Healthcare Delivery	Percent of Population with Access to Primary Health Care Facilities
Immunization Against Infectious Childhood Diseases		
Contraceptive Prevalence Rate		
Education (36)	Education Level	Children Reaching Grade 5 of Primary Education
		Adult Secondary Education Achievement Level
	Literacy	Adult Literacy Rate
Housing (7)	Living Conditions	Floor Area per Person
Security	Crime (36, 24)	Number of Recorded Crimes per 100,000 Population
Population (5)	Population Change	Population Growth Rate
		Population of Urban Formal and Informal Settlements
ENVIRONMENTAL		
Theme	Sub-theme	Indicator
Atmosphere (9)	Climate Change	Emissions of Greenhouse Gases
	Ozone Layer Depletion	Consumption of Ozone Depleting Substances
	Air Quality	Ambient Concentration of Air Pollutants in Urban Areas
Land (10)	Agriculture (14)	Arable and Permanent Crop Land Area
		Use of Fertilizers
		Use of Agricultural Pesticides
	Forests (11)	Forest Area as a Percent of Land Area
		Wood Harvesting Intensity
	Desertification (12)	Land Affected by Desertification
Oceans, Seas and Coasts (17)	Urbanization (7)	Area of Urban Formal and Informal Settlements
	Coastal Zone	Algae Concentration in Coastal Waters
		Percent of Total Population Living in Coastal Areas
	Fisheries	Annual Catch by Major Species
Fresh Water (18)	Water Quantity	Annual Withdrawal of Ground and Surface Water as a Percent of Total Available Water
	Water Quality	BOD in Water Bodies
		Concentration of Faecal Coliform in Freshwater
Biodiversity (15)	Ecosystem	Area of Selected Key Ecosystems
		Protected Area as a % of Total Area
	Species	Abundance of Selected Key Species

ECONOMIC		
Theme	Sub-theme	Indicator
Economic Structure (2)	Economic Performance	GDP per Capita
		Investment Share in GDP
	Trade	Balance of Trade in Goods and Services
	Financial Status (33)	Debt to GNP Ratio
		Total ODA Given or Received as a Percent of GNP
Consumption and Production Patterns (4)	Material Consumption	Intensity of Material Use
	Energy Use	Annual Energy Consumption per Capita
		Share of Consumption of Renewable Energy Resources
		Intensity of Energy Use
	Waste Generation and Management (19-22)	Generation of Industrial and Municipal Solid Waste
		Generation of Hazardous Waste
		Generation of Radioactive Waste
		Waste Recycling and Reuse
	Transportation	Distance Traveled per Capita by Mode of Transport
INSTITUTIONAL		
Theme	Sub-theme	Indicator
Institutional Framework (38, 39)	Strategic Implementation of SD (8)	National Sustainable Development Strategy
	International Cooperation	Implementation of Ratified Global Agreements
Institutional Capacity (37)	Information Access (40)	Number of Internet Subscribers per 1000 Inhabitants
	Communication Infrastructure (40)	Main Telephone Lines per 1000 Inhabitants
	Science and Technology (35)	Expenditure on Research and Development as a Percent of GDP
	Disaster Preparedness and Response	Economic and Human Loss Due to Natural Disasters

Source: UN, 2007

When we are working on a subprogram or project it is advisable to use comparative indicators.

In the description of the indicators, the following attributes need to be determined:

Type: the level, type of objective related

- Type: output / outcome / impact
- Content: what is covered
- Unit:
- Time scale breakdown: all the period / year / six months
- Base and target: the value of the program and during
- Source: how do we obtain it?
- Method of production: formula for calculation
- Interpretability: special exceptions
- Compliance with EU standards: EU indicator or not
- Relevance: How about a shift in the direction of the target
- Links to other indicators.

#### 4.5.4. The process of monitoring

After defining the indicators, their sources, their duration, their calculation method, we must answer the following questions:

- by whom will the indicators be gathered, organized into database and analysed?
- by what period will evaluation be realized?
- the report is made by whom and with what aspects?
- what body has the right to discuss the report and then to approve it?
- what role has the general public in following-up and evaluating the processes?
- in what form are the reports submitted to the decision-makers and the public?
- who is entitled to take action in view of the results, and what type of action can be taken by the entitled persons?

- how is the feedback connected to the planning?

#### **4.6. *Ex-ante evaluation of regional plans***

The ex-ante evaluation of regional strategies aims to assess the realization and expected effects of the program before its beginning, thus it also identifies and counters potential risks. We examine the relevance, logical consistency, feasibility and expected risks of the plans.

##### **4.6.1. Formal and structural evaluation of the plans**

By formal and organizational aspects we have to examine the transparency, the structuring, the structural plenitude and the logical consistency of the structural units. In the case of post-modern plans the logical rules are less strict and the aesthetic and the experience values of the plan are taken into consideration.

##### **4.6.2. Assessing the relevance of the plans**

Relevance can be followed in the situation analysis, objective system and their relationship to each other. The requirements to fulfil are as follows: grounding of the situation analysis, application of methodology that fits the call, the relationship between the situation analysis' statements and the objectives, the consistency of the objective system. The aims and the indicators also have to fit each other. The regional strategic plan must express clearly the correspondence with and the connection to other regional and departmental plans.

##### **4.6.3. Evaluating the feasibility of the plans**

The plan's feasibility can be found in the transparency of the plan, the organizational background, the scheduling and the financial background.

The validity of the measures is indicated by their number, depth and the extent of their diversion from the present state.

The organizational background's stability can be secured by the references of the partner-level and management participants, the composition of the group and the properly reviewed operational suggestion.

The feasibility of the tasks' temporal and execution scheduling depends on the expected time of the task, the use of the logical order of building on each other, the degree of dependence on external actors, the quantity and composition of internal capacities, therefore we must analyse it in consideration of these factors.

The feasibility of the expected cost's calculation, a real and comprehensive review of the available resources and their relationship reflect the financial well-foundedness.

A separate aspect of the financial evaluation is the comparison of the expected costs with benefits and efficiency.

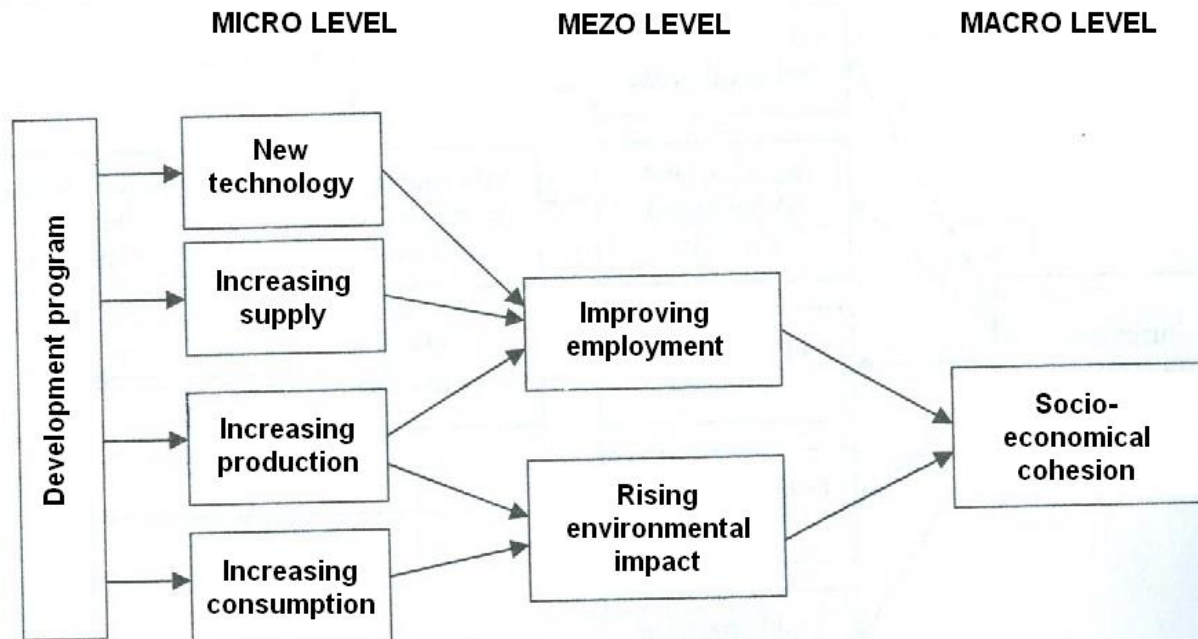
The effects arising from a change of the state of the environment, relevant from the point of view of social welfare, need to be shown. These effects are basically as follows: the effects that exert an influence on human health, the fauna, biodiversity, the aesthetic values, and the inputs and outputs of the economic activities. The quantification of the effects shown is a quantitative description of the effects by non-financial quantitative indicators. The value of the effects can be expressed in amounts of money attached to products and services which have a market value, i.e. to factors

having a monetary value. The quantification of monetary factors attached to the effects is the sum-total of the estimation of benefits.

We can form an opinion about the program's cost efficiency by comparing the specific input costs with each other and with the data of other regions.

#### 4.6.4. Evaluating the sustainability of the plans

The analysis of the sustainability of the plan means the analysis of the environmental impacts, social impacts (with special regard to employment, social inclusion, and equal opportunity), the economic impacts and the organizational impacts and equally the analysis of synergies occurring between these impacts. In this phase the impact analysis aims to overview and review the probable status changes. This is a complex process that purports to define the causal relations and possibly quantify them. The consequences of the intervention can occur at micro-, mezo- and macro-level. These consequences can strengthen or weaken each other. (Kocziszky 2008)



Source: Kocziszky 2008: 201.

*Figure 4.4. Example of a program effect on different levels*

#### Measuring environmental impacts – Strategic environmental analysis

Environmental impact assessment is a forecast method that serves to assess and evaluate the expected essential status changes resulting from some sort of human activity by affecting the decision on the activity. Strategic environmental assessment (SEA) is originally derived from environmental impact assessments (EIA) and then it has become an independent field. In the departmental development conceptions, programs, regional bodies that constitute the basis of strategic impact assessments and in other plans lying over the investment level the decision does not refer to the acceptance or refusal of the plans, but it concerns the influence of the way of realization of the plans.

There is no generally accepted methodology of the pre-evaluation of the environmental impacts of the plans and programs. The methodological materials recommended by the working paper of the European Committee serve as study-aids (EC Handbook, MEANS Vol.5.). Below we overview the course of the evaluation of the regional programs based on the evolutionary methodology set out under the direction of Iván Gyulai in 2003.

The fundamental assumption of the evaluation based on environmental aspects is that the plan mainly does not have to be in accordance with some sort of system of limit values, but with defined principles, priorities, and objectives. In default of values that keep these latter ones together, we



cannot qualify the changes, because we do not have any benchmarks. The values must exactly be defined before the evaluation of the impacts. After this the evaluation can start with the following six steps:

*Step 1:* Determining the environmental aims, priorities, conditions and setting up the environmental problem-tree and objective-tree.

*Step 2:* Situation analysis of the regional program and evaluating the SWOT analysis, then its comparison with the values set up previously.

The assessment can be characterized on the basis of the following three aspects:

*Completeness:* The prepared problem-tree has to be compared to the regional partial assessments and the assessment of the regional program (that will be a little bit more than the aggregation of the partial assessments), therefore we can make an assessment of completeness, which primarily focuses on the defaults.

*Consistency:* regarding the assessment of the regional program, the problem-tree set up previously can be restricted to the problems contained, and then we can set up the objective-tree of the region in the light of the regional program. By comparing the two systems, we can carry out the so-called consistency analysis, which makes it clear whether the aims of the plan are in accordance with the problems or not and vice versa: whether the suggested aims have got any resultive between the problems named.

*Qualification conformity:* the third task is the assessment that can be analysed from the point of view of the values where the task to solve is not completeness, but the conformity of qualification statements of the assessment.

The evaluation of the SWOT analysis is also multi-layered:

- A. The completeness, the essential environmental problems, and the existence or lack of processes caused by them can be evaluated by the problem-tree.
- B. The comparison with the values aims to decide what can be considered as strength and as weakness based on environmental values and, in a wider sense, the sustainability values.

*Step 3:* Comparison of the development objectives, measures and the environmental priority and objectives. The development aims of the regional program can be compared to the sustainability values, and its measures can be compared to the environmental aims.

*Step 4:* Suggestions concerning the realization.

*Step 5:* The finalization of the attributes and indexes which are necessary for the environmental assessment.

*Step 6:* Verification, initiation and introducing.

#### **4.6.4.1. Measuring the function of equality**

*In the matter of the social genders* the Committee has accepted and published the controlling questionnaire for the evaluation of the programs from the point of view of equality between men and women as a methodology aid.<sup>1</sup>

The controlling questionnaire summarizes the main requirements fostering equality between the genders, which have to be integrated into the European Structural Funds. With the list we can examine whether the given plans and programs are actually in accordance with the standards of the Decree and whether in the light of the principle of gender mainstreaming they realize the principle of equal treatment or not.

---

<sup>1</sup> Technical Paper 3. Table 1.

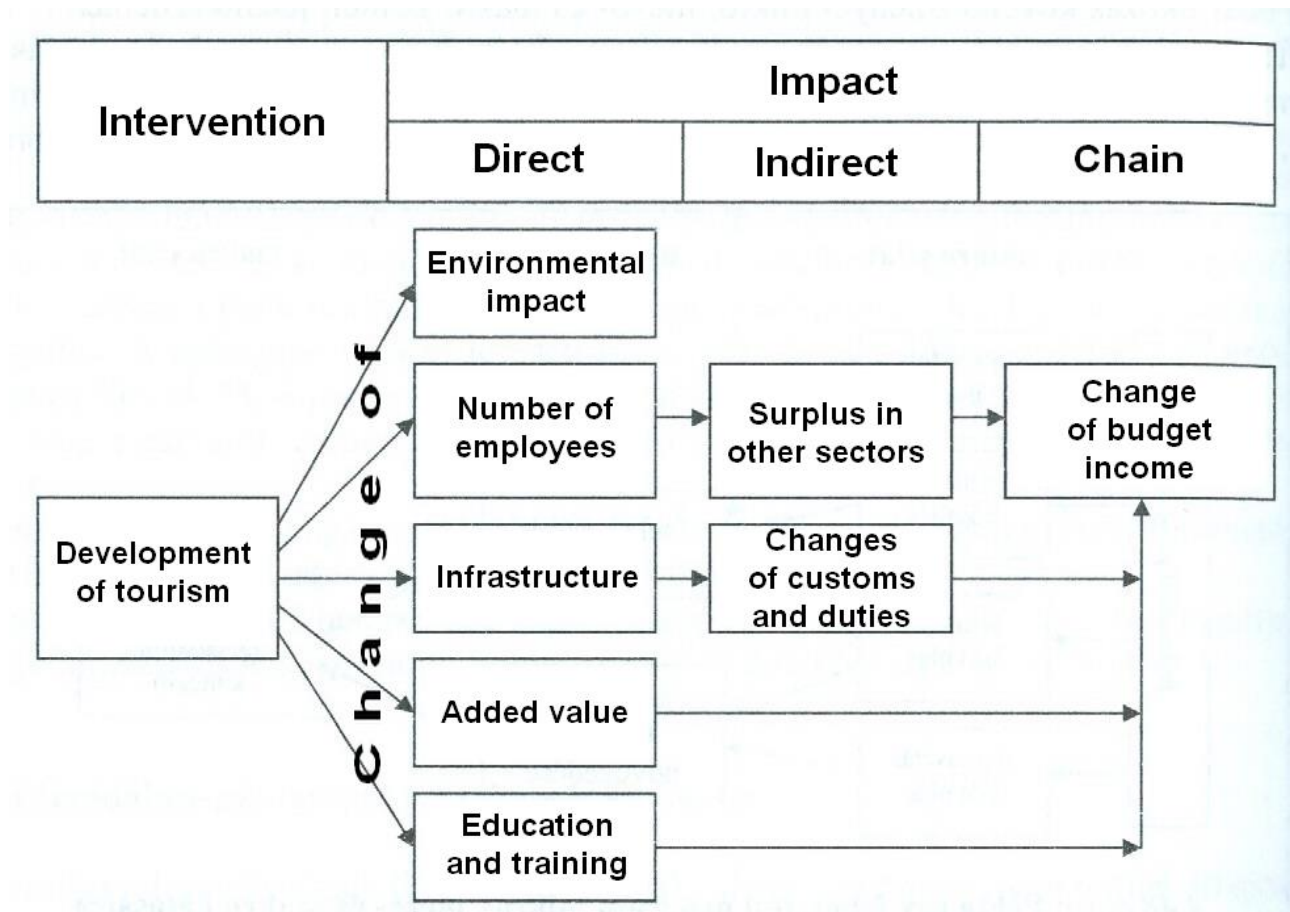
*Controlling line of questions for evaluation of the programs from point of view of the equality between the men and women*

1. Is there any clear reference concerning the activities financed during the program, are they intended to contribute to initiation of the equality of genders, and the abolition of the current inequalities?
2. Is there any clear reference to whether the activities of the program are consistent with the politics and activities of equality of the Community?
3. Are the quantified, widespread objectives of the Community Support Framework and/or the Unified Programming Document realized in order to reduce the sexual inequalities and to increase the sexual equality?
4. Are the drafts of employment and human resources consistent with the equality objectives and strategy of the national employment plan?
5. Is there any clear reference to the following matters:
  - is the gender equality incited between the partners?
  - which body responsible for the equality is appearing between the partners?
6. Is there any clear reference to how the balanced ratio of the genders can be realized in the Monitoring Committees?
7. Are the main indicators of the control classified by genders (for example the labour market indicators, ratio of activity, proportion of unemployment; professional education, training, qualification and expertise; support of business, foundation and enlargement of companies)?
8. Does the ex-ante analysis of the situation from point of view of the sexual equality contain the following:
  - labour marker potentials, working treatment
  - the factors that are backing the fulfilment of the sexual equality
  - the expectable effect of the strategy and the support mainly on the following grounds: the integration of labour market of the women and men; qualification and professional training; the women's posture in business life; the comparison of family life and work?
9. Is there any reference to how the management will guarantee that the organs realizing the equality of opportunity are adequately informed about the subventions of Community?
10. Are there any detailed plans and quantitative objectives in order to realize the equality of opportunity, furthermore are the standards aiming the realization of the priorities defined?
11. Apropos of the sexual equality of opportunity are the monitoring and evaluation agreements outlined at appropriate level?
12. Is the way shown how the equality of opportunity prevails in the management pertaining to the selection and monitoring and in the control agreement?

#### 4.6.4.2. Cost-impact analysis

We are discussing the matters of the analysis of economic impacts on the basis of the lecture notes by György Kocziszky (2008).

We have to consider the direct, indirect and multiplicative effects to locate the probable economic impacts of the regional program.



Source: Kocziszky 2008: 202.

Figure 4.5: Example of different types of intervention (direct, indirect, chain)

In the course of impact assessment we have to make a timeline until we quantify the outputs and inputs. Meantime we shall consider whether the impacts will generally be perceptible in the long run, but the assessment of the future data may contain errors and further on there will be more and more elements of uncertainty.

The methods of economic impact assessment can be descriptive or can be founded on empirical and range-theoretical methods.

*Descriptive methods:*

- *Verbal ones:* they indicate the positive and negative consequences in a speculative manner.
- *Causal graphs:* they aspire to visualize the expected effects and emphasize the causal relationships.

*Empirical methods:*

- *Cost-benefit analysis*: it quantifies the expected costs and benefits of the development conceptions. It can be carried out in five steps:
  1. A review of the non-financial quantitative indicators (physical indicators) indicating the results of planned interventions.
  2. Determination of the expected investment, operational and running costs by types of cost.
  3. Determination of the expected (direct, indirect and multiplicative) benefits
    - Direct benefits: resulting from the demand appearing in the given sector.
    - Indirect net benefit: the consequences of changes occurring in other sectors.
    - Multiplicative benefit: the elements of benefit resulting from extra consumption as a consequence of the increase of income of the persons employed in the given sector.
  4. Comparison at present value of the costs and benefits: the calculation of rate of return, net benefit present value and benefit intensity.
  5. Sensibility analysis: it examines to what extent the potential change of the planned costs and benefits affect the value of the return indexes.
- *Econometric methods*: analysis of the expected effects by mathematical relationships.
- *Simulation analysis*: it aspires to examine the future effects by changing the input data.
- *Shift-share analysis*. (see in more detail in the last section)

*Range-theoretical methods*:

- *Harris and Marting method*: it assigns weighted numbers (-2, -1, 0, +1, +2) to the impacts.
- *Juran method*: it illustrates the weighted numbers assigned to the effects using a pie chart.
- *Relevance tree method*: it combines verbal analysis (tree formation) and the relevance numbers.

We apply several methods simultaneously.

#### **4.6.4.3. Measuring organizational impacts**

The realization of the regional program also exerts an influence on the participating organizations. Their capacity can be increased and their personal and infrastructural conditions and their capitalization can be improved. The experience deriving from the realization may improve the management and organizational methods. The organizational commitment may strengthen the responsiveness to the innovations. The partnerships and relationships created during the realization of the program increase the social capital that can be used in the course of further developments. The organizational changes achieved may make the program successful even if there are no relevant regional results.

#### **4.6.4.4. Defining synergies**

The different results and effects not only accumulate but also their co-emergence may result in new quality and they can strengthen each other. In the case of the regional strategies the most significant synergy impact is the reduction of the regional disparities. The last section shows the measuring of this.

## **4.7. *The reconciliation process of strategy forming – Ensuring legitimacy and publicity***

### **4.7.1. Grounds of public involvement and publicity**

There are several reasons for enlarging the scope of participants in regional planning. They are as follows:

- the principle of social justice: every person has to have a say in the decisions affecting their lives,
- functional legitimacy: the more the citizens feel the decision to be their own, the more they have the will to adjust to it,
- strengthening the sustainability of the results: the sense of responsibility will be increased by broadening the control over the development,
- increase in the regional capital:
  - o strengthening the uniqueness of the area (genius loci): the local persons involved may visualise new aspects, but the changes affect them as well,
  - o reducing the stress and increasing social satisfaction, strengthening the vision of individuals and their connection to the local area: the individual has to feel that they can exert influence on their environment,
  - o strengthening socialization and emancipation: participation helps to prepare for adult life and develops self-esteem and self-knowledge,
  - o strengthening competitiveness: strengthening the activity and creativity creates more social and economic benefits,
  - o community development: common activity strengthens the community, it exerts essential influence on the organization of the community.

### **4.7.2. Levels of public involvement**

Different grades of public involvement can be distinguished. Based on the categorization known as the ladder of involvement, the two lowest grades, namely manipulation and therapy virtually do not guarantee any participation in the decision-making process. At the lowest grade of the ladder the decision-makers would mainly like to manipulate the persons to get their support. At the second grade of the ladder communication is one-sided yet, in effect the decision has already been made without the persons concerned. The following three grades of the ladder (reference, consultation, compensation) constitute the level of token participation. The flux of information is duplex here as the decision-makers inform the persons and they in turn can give a feedback. However, it is not sure that the aspects of the persons will be considered during the decision-making. At this level social participation is not an objective, but an instrument to increase the support of the decisions. The last three grades of the ladder (partnership, transmitted power to decide, control) assure substantive participation in decision-making. The persons can participate in defining the decision problem, preparing the possible decision alternatives, deciding and then in its realization and control. (Bodorkós 2010)

Substantive participation	Citizen control
	Transmitted power to decide
	Partnership
Token participation	Compensation
	Consultation
	Reference
There is no participation	Therapy
	Manipulation

Figure 4.6.: The grades of participation  
Source: Arnstein 1969, cited by Bodorkós 2010

In regional planning reconciliation of the plans (together with reference and consultation) is the first milestone, which is followed by the strengthening of ambition to create more and more partnerships and community planning aspirations.

Public involvement is officially prescribed in the practice of the European Union and its member states.

Table 4.5 Typology of community participation

Typology	Characteristics
1. Passive participation	People are told what is going to happen or has already happened. Top down, information shared belongs only to external professionals.
2. Participation in information giving	People answer questions posed by extractive researchers, using surveys etc. People not able to influence the research.
3. Participation by consultation	People are consulted and external agents listen to their views. Usually externally defined problems and solutions. People not really involved in decision making. Participation as consultation.
4. Participation by material incentives	Provision of resources, e.g. labour. Little incentive to participate after the incentives end, for example much farm research, some community forestry.
5. Functional participation	Groups are formed to meet predetermined objectives. Usually done after major project decisions are made, therefore initially dependent on outsiders but may become self dependent and enabling. Participation as organization.
6. Interactive participation	Joint analysis to joint actions. Possible use of new local institutions or strengthening existing ones. Enabling and empowering so people have a stake in maintaining structures or practices.
7. Self-mobilisation	Already empowered, take decisions independently of external institutions. May or may not challenge existing inequitable distributions of wealth and power. Participation as empowering.

Source: Pretty (1994),

#### 4.7.3. Public discussion of regional plans

In the field of planning the most widespread form of social participation is the reconciliation of the plans, but on the basis of the ladder of Arnstein (Figure 4/6) this is just a token form. In the planning practice of the European Union reconciliation of the plans has at least five levels, one of which is that of the social actors of the field concerned.

<i>Regional level</i>	<i>Actors</i>
higher regional level	authorities
	planners
the given regional level	authorities
	members of planning groups
	social actors

Source: author's own work

Figure 4.7.: The levels and actors of the reconciliation of regional plans

The scope of the social actors contains the following:

- private sector: enterprises, professional employer and employee organizations, alliances
- social groups: civil / non-governmental organizations, religious groups and organizations,
- persons directly affected by the plans: individuals, families, communities of residents.

The methodological study-aid provided by the Hungarian Planning Office of National Economy in 2012 defines the following ten principles of social conciliation (consultation):

- planability and structuring
- giving and getting information continuously
- partnership
- trust
- concentration and consensus
- openness, publicity, transparency
- plainness and effective communication
- documentation
- continuous monitoring, feedback
- evaluation.

(Equality of opportunity previously mentioned is not part of this enumeration.)

Social conciliation can be affected orally or in writing, personally or by representatives. The instruments applied mostly during the consultation are as follows:

- Setting up a data base of the participants involved in the conciliation and logging into this data base.
- Passive forms of communication (letters, leaflets, articles published in newspapers, publications, audio-visual media)
- Personal oral communication (consultation meetings, conferences, events, lectures, forums)
- Interactive written forms of communication (operating interactive forums of websites, sending and answering questionnaires).

In full accordance with the principles of the consultation we have to pay attention to such ethical matters as determining the scope of the invitees, method of invitation, selection of the venue and date of the consultation, configuration of seating order, the language used, authorization to make a speech (this latter definition is called the ethics of the consultation).

## ***Tasks***

1. Arrange a brainstorming session to determine the possible tasks of town X.
2. Prepare a flowchart for planning the way how to reach the given objectives.
3. Make an objective-tree by the given problem-tree and do a strategic analysis.
4. Evaluate the given varieties of ideas.
5. Complement the exposition of the given measure.
6. Make an action plan for the operative program that may be started by the given action plan.
7. Assess the given strategies by the horizontal aspects.
8. Make the given objectives consider the aspects of equality of opportunity.
9. Compile a questionnaire similar to that of equality of opportunity to see to what extent the aspects of sustainable development are realized.
10. Set up a system of indicators of the regional tourism program.
11. Assign indicators to the given regional objectives.
12. Make an ex-ante assessment of regional strategy X.

## ***Review questions***

1. What rules are to be followed in a brainstorming session?
2. How can flowcharts be applied in the regional planning?
3. By what aspects do we select the development recommendations/suggestions?
4. What questions are to be answered while implementing the action plan of regional strategy?
5. Of what partial plans is the regional operative program composed?
6. What do the action, financial, organizational and result schemes contain?
7. What horizontal aspects are considered in regional planning?
8. What does gender mainstreaming mean?
9. What are the most important fields of equality of opportunity?
10. What principles are to be realized in the regional strategy of environmental politics of the European Union?
11. What are the important domains of regional development referring to sustainability?
12. Of what parts is the monitoring plan of regional strategy composed?
13. What are indicators and what requirements must they fulfil?
14. What aspects must be considered in the assessment of the regional ex-ante strategy?
15. What forms of social participation are there in regional planning?

## ***Recommended literature***

- Bodorkós Barbara (2010): Társadalmi részvétel a fenntartható vidékfejlesztésben: a részvételi akciókutatás lehetőségei. Doktori értekezés, Szent István Egyetem, Gödöllő
- Dömtör Tamás (2008): Közösségi részvétel a területi tervezésben. Doktori értekezés, Corvinus Egyetem Budapest
- EC (2012): Handbook on environmental assessment of regional development plans and EU Structural Funds programmes. Európai Bizottság, DG Környezet.
- EC (1999): Evaluating socio-economic programmes. Principal evaluation techniques and tools MEANS Collection Volume 3
- EC (2000) Evaluating socio-economic programmes: Transversal evaluation of impacts on environment, employment and other intervention priorities, MEANS Collection, Vol.5.
- G.Fekete Éva (2006): Az esélyegyenlőség szempontjainak érvényesítése a Strukturális Alapok felhasználásában <http://www.nki.gov.hu/koezigazgatasi-tudasbazis/archiv-anyagok/europai-unios-anyagok>
- Havasi Éva (2007): Az indikátorok, indikátorrendszerek jellemzői és statisztikai követelményei. Statisztikai Szemle, 85. évfolyam 8. szám 677-689.
- Kaszás György (2011): *Gondolkodjunk, mert vagyunk! - 12 kreatív problémamegoldó módszer.* Budapest: HVG Kiadó
- Kocziszký György (2008): Területfejlesztés módszertana. Miskolci Egyetem GTK Miskolc
- NFÜ (2007): Esélyegyenlőségi Útmutató Budapest



## 5. Management and evaluation of the regional strategy's implementation

Implementation of the regional program starts after planning. The implementation process itself can be divided into separate phases, following the logic of PCM. In this section we review the stages of the implementation.

Two different methods of implementation can be distinguished:

- a. the leaders of the program start to work out, to implement, and afterwards to evaluate the projects belonging to the planned tasks *directly, in their own scope of duties*,
- b. the leaders of the program choose the projects through a call for tender procedure from other performer's proposals. The projects are connected to the plan of the program and have to be realized by the project owners.

The latter solution, which is based on multilevel partnership, is dominant in the programming system of the EU. (To a smaller extent, direct implementations that are out of the system of tenders can appear, though their value of investment or number is not significant.) Direct organization is dominant in the implementation of minor regional programs. In this case, contractors who work on the basis of business assignment are invited for the implementation; and not partners who use their own resources. Due to this difference, the background of partnership, the task of the management, the style of the contracts prepared by the organizers of the program, and the process of monitoring change; though the process of the implementation itself, and its steps remain the same.

### 5.1. Creating the organizational background of the implementation

During the implementation of regional programs –following the logic of PCM – five sorts of tasks and cues can be worked out:

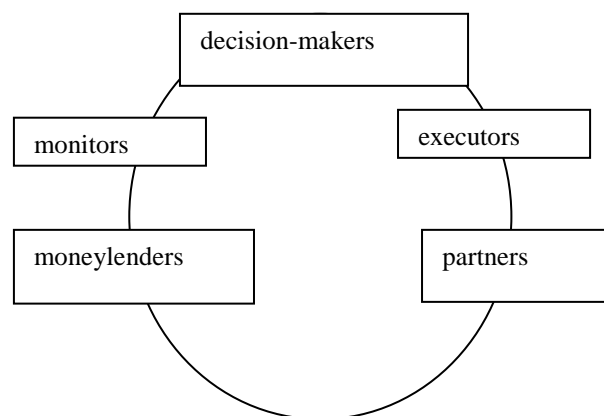


Figure 5.1: Performers of the implementation

Decision-makers: they create the organizational structure of the implementation, set up and operate the management, receive the remarks of the monitors, perform the evaluation and amend the program if required.

Executors: they are executives of some subtasks in addition to being the organizers of the implementation, suppliers of the materials and services that are needed during the realization. Their task is the execution of the targets in the program.

Moneylenders: they finance the implementation, coordinate and integrate the sources of funds.

Monitors: they follow the process of the implementation, and make remarks in case of deviation from the targets, call attention to the necessity of actual amendments.

Partners: they participate in the implementation at all levels and in all phases.

Though the tasks related to different cues are in close connection, they are set up separately.

Organizational separation is justified by transparency, avoidance of interconnections, potential for control, the professional character of the task and the difference in the extent of responsibility. Therefore it is unwise if the same person is responsible for monitoring and organizing the implementation or the same person is the decision-maker and the moneylender, should the executors be the decision-makers.

### **5.1.1. The institutional system of regional programming**

The implementation of EU programs usually occurs arranged along four tasks in a space defined by the institutions.

#### ***A. Management Committee***

In the system of Structural Funds the management committee has the power of decision-making. The whole program and all the operational programs have their own committees, although the same establishment can control several programs. Usually ministries, or in the case of regional programs, regional development councils can operate as management committees.

The regional development councils, which have the legitimation for decision-making and the means for the implementation, can themselves initiate the launch and the implementation of regional programs. Regional development councils functioning as management committees in the programs related to the EU structural policy represent a basic issue in regional governance.

According to the decentralization of economic power, regional governance can be: (1) hierarchic, (2) consultative, (3) participative (Pálné Kovács 2009). In the EU structural policy multilevel governance is a principle.

Management committees carry out the strategic tasks related to the operation of the programs.

Their tasks are the following: elaboration of operational programs and documents that supplement the programs, operating the monitoring committee of the operational program including the necessary logistic and professional tasks, fulfilment or even exceeding the indicators – output, outcome and effect- defined in the operational program, regular data supply related to the implementation in the framework of a standardized monitoring information system, preparing the annual report of implementation and submitting it to the EU Commission procedure for approval of the monitoring committee, creating and monitoring the application of OP-level regulators, procedures, guidelines and control areas, coaching the contributory organizations participating in the implementation of the operational program, monitoring their performance and operation, promoting OP-level briefing and publicity and carrying out the assessment.

#### ***B. Monitoring Committees***

Monitoring committees follow the implementation of programs and, at the same time evaluate the work of executors. According to paragraph 65 of decree 1083/2006/EK, the tasks and scope of monitoring committees are the following:

- examining and approving the selection criteria of the operations financed within six months from approval of the operational program, and approving the review of the criteria as per any claim of programming;
- reviewing the progress towards the implementation of the operational program's concrete objectives as per the documents submitted by the management committee;
- examining the outcome of the implementation, especially the performance of objectives with priority, as well as the evaluations;
- examining and approving the annual and final executive reports, and the yearly actualized evaluation plans; receiving information about the annual evaluation report or about the part of the report relevant to the operational program; as well as about the remarks made by the European Commission after the examination of the report or part of it;
- recommending any review of the operational program to the management committee in order to help the implementation of original objectives, as well as the improvement of the program's management including a financial audit;

The same monitoring committee can undertake the control of several programs.

*The members of a monitoring committee are:*

- a member of the management committee (head of the committee),
- representative of secretaries concerned with the implementation of the OP,
- contributory organizations concerned with the implementation of the OP,
- representative of the minister responsible for public finance
- representatives of regional development councils concerned
- at least one representative of municipal unions
- at least one representative of environmental NGOs
- one representative from both employee and employer side of OÉT (National Reconciliation Council)
- representatives of NGOs representing Roma people or people with disability and equal opportunity of men and women
- one representative from professional and social organizations concerned

### ***C. Funding Authority***

The Funding authority executes the financial management of EU funds within the institutions of Structural Funds. It annually submits the provisions of expenditures to the Commission, frames and submits the applications that call in the funds as per the occurring and actual expenditures of final grantees, and receives the Commission's funds.

At the same time, the Funding authority manages the payments to the Fund's account, is responsible for transferring the EU contribution to the grantees at the earliest, as well as for refunding the financial corrections due to administrative mistakes during the program's management and irregularities.

### ***D. Executors***

The programs are realized by contributor organizations and the grantees' organizations.

Regional development agencies have existed since the 1950s for the realization of regional strategies. Any publicly financed organization that is not part of the central or local governance structure, focused on the development of economy and having its seat in the region can be regarded as a regional development agency.

Advantages of RDA-s:

- a regional organization can be more authentic and efficient in working up a strategy that satisfies the needs of the region especially if the production systems become more localized.

- The approach from below to upwards to regional politics requires specialists who can deal with regional processes with a mind in business, put through public interest and are not members of state bureaucracy.
- The half-autonomous position limits direct political direction and makes it possible to work out a strategy for the long term which solves the structural problems of regional economy. (Döbrönte-Vida 2004)

In 1992 the characteristics of a model RDA were defined on the basis surveying on 57 RDAs in the member states (*Halkier et al* 1998). A model RDA is:

- in a half-autonomous position related to its political sponsor,
- in strategic approach, supports internal concerns applying smooth political instruments,
- applies integrated, extensive political instruments during the implementation,
- shapes its capacity flexibly to the number of political areas undertaken,
- applies soft (e.g. counselling) and hard (financial incentives, infrastructure) instruments for working out incentive strategies and their delegation to different contributors for the realization of the strategy.

In the organizational set-up of RDA-s the tasks are separated at organizational level as well.

## **5.1.2. Building partnership**

### **5.1.2.1. Concept and interpretation of partnership in development**

According to one of the main ideas of regional politics, regional development is not a result of isolated actions and decisions, but many people's joint performance. (HORVÁTH 1999) Vertical relations between the actors of economic processes are usually controlled by laws, but the stimulation of horizontal partner relations can only be ensured partly by legal instruments (due to the different types, large number and local peculiarities of contributing actors). It is more important that the critical mass concerned with the outcome and procedures of the development should agree on mutually supported, collective targets.

Partnerships in development can be defined as a form of co-operation fixed by a formal or informal agreement between two or more organizations that have the same purpose concerning local economy or employment. The co-operation exists from agreeing on the common objectives until taking together the steps fixed in the contract. One of its most essential features is that the economic and social profits gained from the partnership can exceed the individually acquirable benefits by the same organizations.

Partnerships were introduced formally in the practice of the European Union in the course of a reform in 1988, later on the expectation intensified in 1993, when in addition to the previous vertical partnerships (Commission, member state, region, local authority) the demand for horizontal partnership appeared by involving economic and social partners.

Partnerships represent one of the principles in the functioning of Structural Funds at program and project level as well.

Regarding the functioning of the programs, cooperation on the basis of partnership refers to:

- the cooperation of the European Union's and Hungary's institutions (first of all the European Commission and management committees),
- the cooperation of national administrative institutions (on the one hand ministries, on the other hand, central, regional and local administrative institutions),
- the participation of economic, social and environmental NGO-s (social partners).

The principle of partnerships – at all three levels – extends to the definition of subventioned areas (especially to the preparation of National Development Plans), to financing (the majority of the partners contribute to the implementation of National Development Plans with their own resources),

and to monitoring the use of subsidies (first of all to the participation in the monitoring committees of the Structural Funds).

The emergence of partnerships is different in the various phases of programming periods. The most important and widespread is the role of partnerships in planning and project selection.

The implementation of the program is heightened to some extent during the performance of some operational tasks. The role of partners also grows in the period of monitoring and evaluation. The expansion of the possibility for education and innovation is beneficial through the informal transmission of experiences and information as well as the expansion of institutional capacities at sector and regional levels.

The main point of partnership in the implementation is the relation between the partners; they share the responsibility in the project financed by the contractor committee.

### **5.1.2.2. Actors of partnerships**

The sectors with significant interests and the main actors in partner relations in regional development are the following:

#### *a. Public sector*

The *national government*, responsible for framing the social and economic policy, plays a leading part in partnerships. Governments in many cases act as important partners, providing legitimacy and financial sponsorship for the project.

The role of national governments in partnerships is significant as they set the national frameworks of partnerships and their measures affect the roles of the other actors and the power they can obtain.

The national governments' main motivation in a partnership with a local government is enhancing social and physical development.

Depending on their power and responsibility, regional, state and municipal institutions can act in a partnership similarly to national and local governments. Regional institutions frequently have significant power in planning. In a partnership with the European Commission, they have a remarkable role in the definition of project types that are launched in the given region.

Their main motivational factors are regional development, reduction of differences within the region, procurement of necessary sources and assistance for the strategic steps of the development. The motivational factors of offices specifically include the enhancement of development projects' pace and effect, attracting private money to projects of the public sector and catalyzing local processes.

#### *b. Private sector*

*Enterprises* are important to partnerships. The traditional entrepreneur partners are investors and construction enterprises. In Western Europe several large construction firms have created associations that intend to cooperate with other agencies in partnership.

The entrepreneur partners bring significant sources to partnerships, including management capability, expertise and financial resources.

By the flare of partnership, the business sector joins local projects by providing financial sources, sponsorship, employees in part-time jobs and counselling. Nowadays, these projects are frequently related to training, counselling or other social services. The private sector's main motivations in the partnership with local governments include making profits, doing business with low-risk organizations, access to governmental subsidies and benefits, participation in reform and development processes.

In Western-Europe *entrepreneur unions and groups* are currently getting involved in local development projects as partners. These unions can be e.g. economic chambers, employer associations and trade associations.

#### *c. Voluntary and communal sector*

The *voluntary and communal sector* includes various groups of individuals and projects. This sector frequently cooperates with local governments and their institutions. They offer a wide range of counselling and other social services for local communities. Yet this sector is poorly involved in larger development partnerships so far, but they play a particularly significant role in caring for handicapped people.

It is usually difficult to define the communal sector's role in the division of labour between partners, as financial contribution can hardly be expected. Though some contribution can be mentioned, they mostly provide representatives for conciliation, and participate in mobilization and external communication or provide manpower, office infrastructure for particular tasks. On the other hand, the community can exploit individuals, who can squeeze the participants of the partnership through forming groups, or can initiate new partnerships. The main motivations of their participation in partnerships are obtaining and increasing special communal benefits and attracting financial resources to their social projects.

#### *d. Professional organizations*

Local business and other professional organizations can be important partners, especially in the field of training, re-training, education and building relations. They do not usually bring financial resources into the partnership. Their most essential task is to achieve balance in the development through the mechanism of reconciliation acting as counterbalance to purely governmental and business initiatives.

#### *e. Development agencies, non-profit companies*

Local development agencies are frequently the local versions of some central agency (Association for Enterprise Development). Local governments can set up development agencies in order to provide functions that are limited or banned for local governments (e.g. a non-profit company for employment).

Legislation influences the special structure and functions of development agencies in every country, though where they exist they are active partners in some or all of the following tasks: investment, real estate development, support of small enterprises, training and creation of workplaces.

#### *f. European organizations*

The *European Commission's* role as a partner varies from project to project. E.g. in a huge Integrated Development Operational Program, where many hundred billions of euro are spent on infrastructural and development activities, the Commission participates as a determining partner. In other, smaller topics – e.g. organization of a training sponsored by European Social Fund – the Commission appears less directly.

### **5.1.2.3. Steps of building partnerships**

#### *a. Selection of partners*

In the implementation of the program partners

- who define development in the same way and have matching values,
- whose interests and targets are the same within the given group of problems,
- who can contribute to providing the knowledge and information background as well as the technical conditions that are necessary for the implementation of the program,
- who can contribute to the creation of financial sources, i.e. they have own sources and can be sponsored in the given subsidiary program

can cooperate.

In the selection of our partners, we need to answer the following questions in order to realize our targets:

1. Who has any interest in achieving the objective and how can they contribute to its realization?
2. Who possesses the necessary sources for the implementation? Do they have any interest in achieving the objective?

#### *b. Defining and setting the targets of the cooperation*

The preparation of partnership must start by discussing the relevant matters. Through clarifying these matters in the beginning, we can avoid misunderstandings and conflicts later. Also, we need to set up a communication system by the help of which we can solve the problems debated quickly and painlessly.

In the period of preparation, we also need to outline clearly the advantages of the partnership compared to organizations working alone.

When we already know the partners and the activities that require a partnership, we need to look at setting up and managing the partnership itself.

#### *c. Setting up the framework of partnerships*

Partners must define the framework of the partnership at the beginning of the cooperation. It must reflect the rights, contribution and responsibility of all partners, as well as the legal conditions of the given country.

We must set out:

- a division of tasks assumable by every partner,
- the resources and expertise brought in by the partners,
- motivations and attitudes of the partners,
- the strengths and weaknesses of the partnership,
- the problems to be solved as a result of the partnership.

The organizational framework of a partnership can be formal or informal. The informal partnership usually rests on trust and non-contractual agreements. The formal partnership uses contracts, and the partnership is led by an association or some kind of legal organization. The informal settlement can be more suitable for smaller projects where partners have already worked together. If the partners do not know each other yet, they frequently choose a more rigid organizational framework that sets out the parameters of the partnership in a contract because every partner insists on control. These partnerships can work, but sometimes they can also impede concrete activity and flexible reaction.

The possible organizational framework depends on the type of the project, the collaborating partners and the legal and financial background of the partnership.

The organization has to define:

- the partners' responsibility for the different tasks,
- the resources and funds provided by the partners,
- the ways of organization and management of the relations between the partners,
- the partners' communication method and the order of decision-making,
- the division of risks and benefits among the partners.

At the same time, the partnership's legal background also has to be considered. We must check if the partners are authorized to enter the organization.

The strengths of informal partnership should not be underrated. It opens the door to strengthening team spirit, to distraction, and creates an informal atmosphere that inspires new ideas. A less formal environment gives partners with less experience an opportunity for manifestation. In addition to having meals together, we should find other activities for the members, e.g. sightseeing, cultural programs, possibilities for celebration, joint sport activities, excursions and other original ideas that are inspired by the members' way of thinking and range of interest. The informal way of building partnership is the best method for building cohesion and the members' trust in each other.

#### *d. Building the communication system of partnerships*

Many partnerships make the mistake of building only an external communication system, but they forget about setting up an internal communication system.

We also have to pay attention to the formal and informal mechanisms that facilitate the partners' activities. Formal meetings can be held periodically; their main objective is to check on the operational processes and to make important decisions. They can function as a forum for problem solving as well.

The informal meetings of managers doing the daily work facilitate sharing information, help the improvement of relations and prevent misunderstandings. Managers must be encouraged to liaise regularly with each other on the basis of a list made and circulated by the contact persons.

External communication is of decisive importance in every partnership. Every partner is intent on creating publicity for their work and desires recognition in the target area. At the same time, publicity is vital for some partners, individuals or organizations. Getting the publicity possible can be a great incentive for local politicians or voluntary organizations. However, the requirement of publicity can generate inner feud. In order to avoid such problems, be sure that every partner agrees on the selection of:

- the person responsible for media relations,
- the person responsible for preparing press releases,
- people and organizations that can be named as representatives of the partnership in publications,
- the name of the partnership used in publications, correspondence and on the telephone.

*e. Division of risks and benefits between the partners*

It is essential to agree upon the division of probable risks and benefits between the partners. Partners should discuss it and decide on a reasonable and well-proportioned division together. We need to consider that, in general, the higher the risk, more success the partners expect. The acceptable risk depends on the type of the organization represented and the part taken in the partnership. We have to realize that losing financial security is not the only risk brought on by a partnership. Losing financial standing, reputation or public support carries a more significant importance for many partners.

Communication with the general public is an important part of the program during the existence of the partnership. We need to ask key politicians, administrators, public leaders and individuals with influence in the business sector to contribute to the partnership with their ideas and reactions.

Efficient communication can bring public support for the partnership and confirm that the program meets public needs. At the same time, the partners should realize that communication can give a negative picture about the partnership and they should be prepared for that.

*f. Preparation for managing conflicts in the partnership*

A partnership brings together people and organizations with different intentions and interests. It means that there is a considerable chance to have misunderstandings and conflicts. A partnership frequently fails due to simple reasons.

Through the life cycle of a partnership, the participation in it also changes. In the different phases, various conflicts can come up.

The most important factors in successful cooperation are communication, flexibility and developer thinking.

Managing conflicts is an important feature in the management of the partnership. Conflicts must be regarded as inherent parts of the partnership and not as a disaster. Conflicts can come up due to any reason: historical envy can renew, a partner can feel less powerful or valuable than others. Public attention can also cause problems. Often it is not easy to discover the reasons, get over the disagreements, especially if the partnership is well-founded and brings practical success.



#### **5.1.2.4. Western European experience in partnership**

Even the new Western European practice of spatial development could hardly cope with the organization of cooperation. It took nearly one decade to learn the particularities of how partnerships function and to recommend the regions efficient forms for of choosing cooperative spatial development. Now we have enough Western European analyses available to formulate the general and specific features of partnerships.

- The character of partner relations, their managing actors and participants in the different types of regions can show significant differences. In underdeveloped regions, local governments and mayors are the key persons of development actions, in rural regions regional governments play a significant part and the number of contributory actors also multiplies. Regions in industrial decline show the most diverse partner relations, the number of actors is the biggest there. The directory positions of the programs are mainly in the hands of regional and local governments, but the role of development groups and economic chambers is also significant.
- In the development programs of rural areas and regions in depression, universities and research institutes are as frequent actors as the financial sector and sole proprietorships. It proves that development programs are innovative. We cannot disregard the fact that in half of the developments, the main role is in the hands of regional governments.
- The cooperational activities are getting more and more varied. A partnership is not only a financing cooperation, but also a cooperation covering a wide range of spatial development (from post-graduate courses through marketing until organizing science and technology parks). Naturally, the type of the grantee region is significant in this case as well.
- Though the participants of the program are connected through a tight net (all the actors of the program are connected), some significant partner relations stand out depending on the activities and the type of the area. The most frequent cooperations are related to the joint activities of local and regional governments and other local actors.
- According to research experience, through the flare of partnership, especially with regard to NGOs and local governments, the efficiency of management has increased. The efficiency of the cooperation and partner organizations depends mainly on the possession of technical and administrative auxiliary organizations and on the ability of dividing the strategic and operational roles of the different partners. It was actually found that the flare and inclusivity of partnerships do not necessarily go with their efficiency.
- Involving the potential grantees in the partnership network increases the number of possible conflicts, especially in the period of project selection, but strengthens the cohesion.
- Though partnerships are getting more and more controlled and institutionalized, decision-making is defined mainly through informal negotiations on the basis of operational experience.

(Appendix 5/2)

### ***5.2. Preparation of action plans and inviting applications***

Planning turns into the period of implementation through the preparation of action plans.

#### **5.2.1. Action plans**

The action plan is a detailed program. Its main function is to define for 2-3 years the major projects sponsored without application and the conditions of probably invited applications, as an introduction to the Operational Program.

The action plan is prepared by the contributor organization according to the instructions of the management committee; it is negotiated by the monitoring committee and approved by the government. Management committees and other contributors are responsible for the implementation.

The action plan follows the system of targets and activities of the operational program. For the given interval of time, it narrows down and refines the division of sources according to the operative rules and regional or departmental needs. For certain activities, it defines constructions that control the activities sponsored, the group of possible grantees, the form and scale of sponsorship, the criteria of selection, the accountable expenditures and the expected outcome.

#### Structure of an action plan

##### **Part I: Detailed phrasing of the operational program's content**

##### **Part II: Constructions serving the implementation of the operational program (as a measure)**

- financial framework and annual partitioning of the measure,
- objective of the construction,
- reasonableness of the chosen construction,
- sponsorable activities,
- possible grantees,
- geographical area of the implementation,
- selection criteria,
- annual timing of the number and the probable sponsorship of the projects,
- form of sponsorship,
- intensity of sponsorship,
- the procedure that needs to be applied in the award of sponsorship,
- accountable and non-accountable costs,
- probable results and effects of the construction,
- validation of common policies,
- conditions of construction's termination.

##### **Part III: Indicative project list/denomination of central project**

##### **Part IV: List of large projects and the indicative timing of the implementation**

The rules of the European Union and local regulations relative to state sponsorship should be considered in the compilation of the action plan. Usually, these are fixed at the beginning of programming period. Therefore, regulation 1083/2006/EK of the Council (11 July 2006) is normative regarding the European sponsorships provided in the period 2007-13.

#### Example: developing a component

##### Connection of the component to the OP

Construction: A. Development supplementing Regional Development Program

Measure: **3.2.2. Supplemental development to Regional Development Program**

OP priority: 3. **Regional Development**

OP: ÉMOP (Operational Program of North-Hungary)

NSRF: Employment and growth

##### Phrasing of the component

Objective: the objective of the construction, besides preserving the beauty and friendliness of the Hungarian region, is the implementation of infrastructural developments that can ensure sufficient convenience suiting 21<sup>st</sup> century requirements. Another objective is improving quality of life in the region, among the sustainable environmental effects that are expected.

**Form of sponsorship:** non-refundable

**Location of the implementation:** regions of Northern Hungary

**Procedure:** one-round standard

**Grantees:** governments of local regions and their partnerships

**Scale of sponsorship:** HUF 3.3-165 billion

**Scale of retention:** 0-10%

##### **Activities for sponsorship:**

ERDF-type interventions in the sponsored project(s):

- development of government-owned clear cart-roads to concrete, modernization of clear roads; building of pavements;
- infrastructural improvements serving public transportation (bus stops, traffic lights);
- energy-saving solutions for lighting (construction of lacking lighting, modernization of the existing);

-development of public purpose infrastructure.  
 ESF-type interventions up to max 10% of the budget of sponsored projects:  
 -information actions in order to enhance environmental consciousness;  
 -building community, sponsorship of general training programs for the population;  
 -organization of junior and spare-time programs;  
 -local employment initiatives related directly to infrastructural developments (social economy).

(Appendix 5/3)

## 5.2.2. Inviting applications

Inviting applications serves the implementation of sponsorship programs calling attention to participation in the program. Inviting applications consists of the call and the related guideline. Inviting applications is prepared on the basis of the components that were worked out in the action plan.

Components of inviting applications:

- 1. The objective
  - objective of the program,
  - objective of the application,
  - reasonableness, legitimation, integration in the strategy,
  - activities for sponsorship.
- 2. The group of applicants
  - open or invitational application,
  - legal form: individual, legal entity,
  - operational form: economic associations, NGOs, local governments, budgetary institutions, etc.
  - according to area of operation: regional, micro-regional, county, national, international, special (e.g. LEADER action-area), etc.
  - group of those excluded from the application.
- 3. Financial conditions:
  - form of the sponsorship,
  - timing of the sponsorship,
  - intensity of sponsorship-scale of retention,
  - type and scale of accountable costs (operation, investment, personal payments, etc.).
- 4. Deadlines:
  - start of the implementation,
  - end of the implementation (professional report, financial clearing),
  - deadline for the application's submission,
  - date of the decision on the applications,
  - obligatory duration of continuance.
- 5. Necessary conditions:
  - applicant's group of activities,
  - no public debts (APEH, VPOP, OEP, local government),
  - other reasons for exclusion:
    - year of the organization's foundation,
    - prior violation of application rules,
    - personal conditions,
    - conflict of interest.
- 6. Terms of submission:
  - completion of the proposal/application,

- number of copies for submission,
- way of authentication (use of blue-ink pen),
- compulsory references,
- code word,
- way of submission:
  - mail (date of arrival or date of mailing),
  - personally,
  - with digital attachments.
- 7. Aspects of judgment:
  - factors of exclusion,
  - aspects of selection,
- 8. Opportunity for consultation:
  - designation of the organization or person who is entitled and bound to answer the questions incurring during the preparation of the application,
  - giving contact details: personal, mail, telephone and e-mail.
- 9. Documents that need to be acquired or prepared:
  - documents with no need of authentication, document copies: the copy is equivalent with the original document,
  - signed or affixed documents,
  - quotations,
  - permissions, plans,
  - CVs, references,
  - photo documentation.
- 10. Attachments of the call of applications:
  - guideline,
  - data sheet,
  - application form,
  - budgeting form,
  - declarations,
  - optional contract samples.

(Appendix 5/4)

### ***5.3 Generating projects - Reception and evaluation of projects***

#### **5.3.1 Generating projects**

##### **5.3.1.1 Project and application**

A project is a series of activities defined in terms of time, space, organizational system and budget. The activities serve a concrete target that brings a change. We can define it as the measurable and coherent description and summary of our clear objectives, probable results, the activities and sources that enable us to achieve them, and the external factors relevant to the implementation.

Projects related to regional programs can be classified into three main categories: investment projects, research and development projects (R+D), and intellectual service projects.

Regional programs can be joined by the projects in the form of applications. The application is the means of gaining sponsorship from the program's budget; therefore it is essential to highlight the linking points with the program and verify the satisfaction of the requirements in the call for applications. Though project plans and tender documentations are similar in many aspects, they are different. The tender is always preceded by the project plan. There is no successful program without good projects.

##### **5.3.1.2 Criteria of a good project**

Based on the project plans submitted in hope of sponsorship, it was possible to detect many mistakes that can endanger efficiency and also establish many criteria of success in the use of funding during the thirty years of the Structural Funds' operation. Three main requirements could be outlined through analyzing them.

A good project should be:

1. Relevant – on the one hand, it follows the departmental, national and the European Union objectives. On the other, it satisfies the revealed and actual needs that meet the requirements of the grantees, and the objectives clearly serve the target group's interests.

In addition, a good project is:

- demand-controlled – responds to real demands,
- objective-oriented – exists for achieving an objective and not for itself,
- is in concordance with national and international objectives – the aspirations of related policies can be identified; in case of an application, it corresponds to the call for tenders.

The most frequent mistakes are as follows:

- ambiguous strategic frames: the correspondence to the regional and departmental programs is not clear, and it is not possible to define the strategic objective served by the concrete objective of the project. In this case the project remains isolated; it is not guaranteed that it really helps regional or departmental priorities, or has not derailed or has set off in a direction opposite to strategic objectives.

- supply-controlled: the project does not respond to actual needs, but only reacts to the possibilities defined in the call and the acquisition of sponsorship.

- activity-oriented planning: in the period of planning, the planners lose sight of the objectives and only focus on activities. In this way, planning becomes a purpose in itself, makes the project lead nowhere and results in wasting the resources and the project cannot be implemented.

- disregarding the grantees' needs: a project can fail if the target-group does not agree with the objectives, does not consider them to be their own even if the objectives serve actual needs. This can be avoided if the grantees are involved in the projects and asked about their actual needs and customs. This way, PR has an important role in the preparation and the implementation.

2. Realizable – the project is realizable if the objectives are real, logical and measurable, its organizational and financial capacities are taken into consideration, and it considers the risks and works out the measures that can reduce them. Timing, division of labour and preparing the financial plans in concordance with each other and the objectives are also related to the realization of the project as well as working out the monitoring that focuses on the relevant objectives.

In addition, a good project is:

- well-thought out and consistent,
- its results are measurable,
- it has a realistic budget,
- the division of labour is clear,
- it has measurable risks.

The most frequent mistakes that endanger realization are as follows:

- incorrect analysis of the situation: lack of background, circumstances, partners, a detailed analysis of own capabilities and possibilities and related innovative solutions and other failings disable the selection of the most suitable methodology and endanger the success of the project.

- unexpected risks come up: we have to know the factors endangering the success of realization. These dangers can be revealed by defining all the necessary conditions for the realization and considering the probability of their occurrence. This way the 'protective' steps can be taken.

- faulty budget, timing or division of tasks: usually they are results of a faulty analysis of the situation or the weakness of professional competences. Realization can fail due to these mistakes.

- imprecise documentation of the project: precise documentation of every aspect is the key to smooth implementation, authentic evaluation and publication of results.
- lack of earlier experience: risks can be reduced significantly by applying earlier experience. It can be achieved by continuous monitoring and evaluation.

3. *Sustainable* – a project is sustainable if the benefits achieved in the project can be preserved after the termination of the project. Influential factors should be revealed during the period of project generating.

The most frequent mistakes that endanger the project being sustainable are as follows:

- short-term thinking: the results can be easily endangered in case of focusing only on the term of the project. Projects are successful if their operational phase is also considered and aspects of later periods are also included in the development.
- unforeseen effects: already at the beginning of the project, we must know what we can expect after implementation. We must see the improvements that we can achieve. Without this knowledge, the project's future and its concordance with the strategy cannot be evaluated. Without a consideration of the probable effects, conflicts can come up in sustaining the project, which endangers the strategic objectives of the development.

Consequently, the following key elements can be distinguished in the project:

- objectives and activities that enable relevance,
- resources showing that the project is sustainable,
- time referring to sustainability and realization.

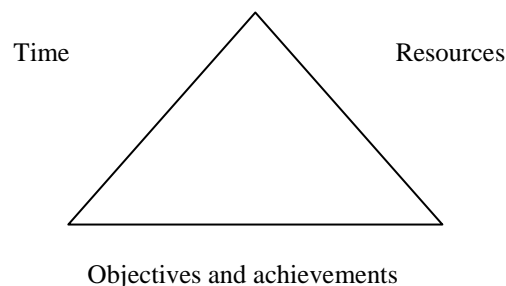


Figure 5/2. Key elements of a project

### 5.3.1.3. Generating the project

The task is to show the development opportunities (namely the possible projects) that can be realized in a defined geographical area through co-operation with defined actors and the opportunities that respond to their problems. The process analyzes the development opportunities comparing them with each other and chooses the one that is the most suitable for realization according to commonly set values. The process of generating the project also examines if the development opportunities shown can be financed as well as conciliates the opportunities with the sources. As a result of the selection at the end of the process, projects are chosen and the detailed planning and elaboration can start.

Operational programs based on a strategic plan can also be called 'project-framework', they define the topic of the project and these frameworks have to be filled with content during the generation of the project.

If the operational program is already sufficiently concrete, there is no need for more ideas: project generating can focus on showing the string of projects connected to each other and the optimal varieties of possible cooperation.

It contributes to the successful implementation of the projects if it motivates potential applicants, diverts them from a source-oriented approach and inspires innovative ideas. It saves the applicants working out losing ideas and useless expenses on planning. At the same time, it improves the information received by potential project owners, increases their motivation, enhances the realization of their own strategic plans and ensures that developments get realized in a uniform way, on the basis of uniform concepts.

Anyone can initiate a project; the initiator of the project generating process can be any actor concerned. For the common formulation of project ideas, it is worth calling all the possible partners: the partners' representatives aware of strategic issues should be involved as well as colleagues with experience in similar projects, experts with a knowledge of the target group and the topic, and the colleagues aware of the potential sponsors' expectations. We should have a colleague who has sufficient time and an administrative background for being responsible for the following tasks: heading the project generating process, documentation, organizing the work.

In project generating we should answer the basic questions of project planning. These are the following:

- **why** do we want to do anything – phrasing the short-term and overall objectives,
- **what** do we want to achieve – probable achievements (outputs, results, effects, consequences),
- **who** do we want to favour – final grantees, target groups,
- who do we want to cooperate with – definition of the group of partners and leaders,
- what do we possess for the realization – inputs and resources that are already available (persons, time, materials, instruments, natural environment, information, knowledge),
- **how** do we want to achieve our objectives – definition of activities, procedures,
- **where** do we implement the development – definition of region, county,
- **when** do we realize the activity – definition of timeframe and timing that is needed for complete implementation,
- **how much** is the cost of realization – costs and expenditures,
- financial supports – capital sources (own sources, external sources, bank, and application).

#### 5.3.1.4 Steps of generating the project

The process can be divided in three bigger periods and several tasks:

##### A. Preparation

- 1) general information, marketing campaign,
- 2) information day (EU, Structural Funds, NDP, operational programs),
- 3) training in methodology for potential project-owners,

##### B. Identification:

- 4) workshops related to the practical application of the knowledge gained during the training:
  - a. resource analysis (SWOT analysis, inventory, stake-holder analysis),
  - b. identification of problems (problem-tree),
  - c. definition of targets (target-tree),
  - d. preparation of schematic logical frame matrix,
  - e. drafting possible project strategies and concepts,
- 5) work out the project concept and project gathering.

##### C. Synthesis and selection:

- 6) elaboration of project ideas, preparation of project database,
- 7) selection, conciliation and showing of linking points,

8) accompanying trainings.

At the end of the period, it is possible to find the plans that are worth elaborating and we can see the further information and analytical tasks that need to be developed for the elaboration.

### **5.3.1.5. Cornerstones defined in the period of project identification**

The first project idea that can be developed into a detailed project plan and then into an application is created in the project generation period. It is defined by the ideas relevant to the development needs identified.

The project idea already contains:

- the objectives coming from the development needs and satisfying the intentions of project sponsors,
- the implementation partners,
- enumeration of the activities leading to the objectives and corresponding to the call for applications,
- approximate costs and timeframe that satisfy the framework of the application,
- the necessary resources that also take the application's requirements into consideration,
- further expectations needed for the achievement of the objectives that contain the directions of the application as well.

Through the compilation and evaluation of the project idea, we can see the further analyzing-planning tasks necessary during the elaboration. For these tasks we prepare a work plan.

The identification period already decides if the project can fulfil the above requirements. Therefore the main requirements of the project idea are the following:

- it should originate from actual needs,
- it uses earlier experience,
- it is thought out systematically, for the long-run,
- the objectives can be defined clearly and they fit in a larger system,
- it defines measurable results,
- it requires reasonable sources,
- the partners are committed and reliable, they have the necessary competences and resources for their tasks,
- it considers the probable consequences.

It is not worth stepping into the next phase of planning until we do not have a good project idea.

You can study the tasks and methods of project idea preparation, elaboration of the detailed project plan and developing it into an application, including the application of the logical framework method, in our syllabus of project planning.

(Appendix 5/5)

### **Reception and evaluation of applications**

The evaluation of applications received is carried out by the contributing organization, the decision on funding the applications is made by the head of the management committee, or a higher executive working in the management committee appointed by the head in writing (in authority, job description, operational or organizational regulation) and the head of the contributing organization.

The aspects of the evaluation together with the definition of objectives are already defined in the supplementary document of the program. It is also included in the call for applications. Therefore the applicant cannot consider only the objectives while preparing the application, but also the aspects required in order to be approved. It is worth paying particular attention to the aspects of evaluation in the preparation of the project and emphasizing concordance with these aspects in the application.



The aspects of the evaluation are compiled by the management committee in the supplementary document of the program; its tasks also include documentation, the call for applications, compilation of the guideline and showing the aspects in them.

These aspects cannot be modified after the call has been released.

The evaluation of the application is performed in terms of formal aspects, contents and financial issues.

#### **5.3.1.6. Formal evaluation**

After the package of the application is received and opened, it is examined in terms of the number of copies, format and way of submission. This task is performed by the contributing organization, which rejects the applications that do not fulfil the formal requirements without any special examination.

The further formal evaluation is also performed by the contributing organization. It examines whether the application and the applicant satisfy the requirements included in the call by means of check-lists. Its conclusions and the possibilities for correction are checked by a commission created for this purpose, or by a procedure created inside the organization.

##### **Formal aspects of the evaluation**

- Completion of the application form without omissions
- Enclosure of the necessary attachments
- Checking whether the internal breakdown of the application's budget satisfies the proportions defined
- Checking whether the applicant and the partners are **eligible** for submitting the application
- Checking whether the project of the application – regarding its main objectives – is eligible for support.

A time period (usually 48 hours) set after the submission deadline is available for the applicants for correction. It is highly important to note that the basic documents of the application cannot be submitted in the period (e.g. the budget of the application cannot be submitted or modified later; if the budget is incorrect, the application is automatically on formal grounds).

If the application does not match the formal requirements or is not complete even after the given period, or the applicant or project is not eligible for support, the application is not evaluated on grounds of content and the financial aspects.

#### **5.3.1.7. Evaluation of the content and financial aspects**

The evaluation of professional requirements is performed by the contributing organization and the members of the management committee, with the involvement of external experts. The involvement of external experts is usually through call for application, checking independence and conflict. They are the called the pre-evaluators. The contributing organization has the right to invite several experts for an application and ask for their opinions. Thus other experts in addition to the professional evaluators can also examine the application in terms of its financial aspects or horizontal objectives.

The executive organization ensures that the evaluation is carried out by people with relevant expertise and financial knowledge, as well as with knowledge of the desired objectives, the contents of the activities and the laws related to the application and the projects.

All the evaluators are aware of the aspects of the evaluation and the guidelines concerning their interpretation. The evaluators receive professional training and perform test evaluations together in order to ensure the uniform interpretation of the evaluation's aspects.

Evaluators are also checked as all the applications are evaluated by at least two experts, and their numeric and written evaluation is discussed by the so-called reading committee. (It is called decision preparatory committee in Regional Development Operational Programs.) Members or the head of the reading committee cannot participate in the evaluation of the application.

Objectivity is guaranteed by the uniform aspects of evaluation, by the principle of fresh eyes see better (calling in more evaluators) and by the reading committee, which ranks the applications.

The evaluation is realized according to the aspects presented in the guideline of the application. These aspects are included in a chart. It gives the maximum points that can be achieved for each aspect and also a reference to the related part of the application form.

The aspects of the evaluation can be divided into the following main groups:

- **Relevance:** the aspects examined are the project proposal's concordance with the development provisions (concepts, programs) of the larger area (region, county, country), the application's integration in the objectives of the program, satisfaction of actual needs that meet the grantees' interests as well.
- **Methodology:** the aspects examined are uniformity of the project and structure of the suggested activities, possible realization of the action plan (realistic, logical, and well-prepared), coordination of the partners' roles in the implementation of the project.
- **Sustainability:** the aspects examined are preservation of project results after termination of the project, financial sustainability (the way of financing the activities after the support has been used up), institutional sponsorship (creating the institutional background for the continuation of activities after the project) and catalyzing effect (multiplying and expanding the results of the project).
- **Budget and cost-effectiveness:** the aspects examined are probable costs during the implementation of the project and a clear, detailed and realistic budget.
- **Resources for the implementation, experience:** the aspects examined are: the applicant's experience in similar projects, in management, in the given specialty, the applicant's resources available for the implementation.

NB: The application is excluded from the evaluation if it does not achieve at least 80% of the maximum points that can be scored in terms of relevance. Therefore, it is recommended to examine conformity to the criteria before elaborating the project idea.

The evaluator or the implementing organization has the right for a preliminary field-day during the evaluation. It is especially justified if some parts of the application are not clear, i.e. the evaluators or the reading committee cannot make a decision based on the information received. The evaluator or the implementing organization visits the site of the project's implementation, checks the pertinence of the application's data, and prepares a written report on their conclusions.

If it is considered necessary, the implementing organization can ask the social partners involved in the project to provide a supporting declaration or opinion within a deadline. It should explain how the project enhances the objectives of the call for applications.

The evaluator considers the social partners' opinion during the evaluation so that the priority and the objectives of the actions or the equal rights of applicants do not get injured.

(Appendix 5/6)

### **5.3.1.8. Project evaluation by the logical framework method**

The logical framework method can also be used as an instrument for project evaluation. In this case the aspects of examination are the following:

1. the intervention logic is complete and precise,
2. the indicators and their sources are available and reliable,
3. the preconditions are realistic,
4. the assumptions are realistic,
5. the risks are acceptable,

6. the probability of success is fairly high,
7. the factors of sustainability are considered,
8. the benefits are in proportion to costs,
9. further necessary studies.

The process of evaluation

1. analysing the problems and objectives,
2. setting up a logical framework matrix and defining the intervention logic and its external factors,
3. analysing the assumptions,
4. analysing the sustainability factors,
5. defining the indicators,
6. defining the tasks for elaborating the implementation study.

(Appendix 5/7)

### **5.3.1.9. Decision-making**

The head of the management committee sets up a reading committee in order *to prepare the decision proposal*. Its head and members are selected by the management committee. Accordingly, the reading committee does not make a decision; it only makes a proposal for the director of the management committee that includes the number of scores and a written explanation.

The votes of the reading committee's members are equal, the decision is reached through simple majority, in case of equality in votes, the head has the right to decide.

The same applies to the expertise of the reading committee's members as to the evaluators. The participants in evaluation and decision are obliged to secrecy regarding evaluation, judging and decision until the results come out; the breach of secrecy results in revoking the membership and in launching a new procedure. The obligation of secrecy does not cover information about the status of the application.

The reading committee (decision-preparatory committee) discusses the request for support based on the opinion received from the evaluators. The committee can question the evaluators and look into the applications.

If the committee finds a difference between the opinions of the two evaluators, it has the right to re-evaluate the application or to have it re-evaluated by the same or other evaluators.

The reading committee can make a decision proposal other than the evaluators' proposal if the committee re-evaluates the application in terms of the original criteria and scoring system and the re-evaluation justifies a different proposal from that of the evaluators.

If the reading committee does not have sufficient information, it can return the application for re-evaluation.

The reading committee can do the following:

- propose the application for support or rejection,
- propose conditions that the applicant has to satisfy before signing the support contract and before payment of the support,
- recommend placing the application on the list of supplementary applications,
- can order a re-evaluation of the application, hold a field-day, or call in new experts.

Minutes are taken of the meeting of the reading committee including

- a) place and date of the meeting,
- b) names of the members attending and the names of delegating organizations,
- c) the applications discussed and the main data of the applicants concerned,
- d) the main conclusions of the evaluation, and, except for the central program and the technical assistance, the evaluation by score;

- e) the reading committee's decision proposal (in case of support, the scale and amount of the funding, and in case of a reduction of the total cost, the amount of the reduced total cost, in case of rejection, or a decision proposal different from the result of the evaluation, its detailed explanation),
- f) proportion of votes (rejection, support, abstention);
- g) the minority opinion of any member of the committee if required;
- h) if there has been re-evaluation, its explanation and result.

The reading committee does not make a decision, only a proposal for the head of the management committee. The proposal has to be justified in details, and the head of the management committee makes the decision based on it. The head of the management committee (or the person appointed by the head)

- a. approves the proposal, or
- b. based on a detailed explanation that has to be included in the application's documentation orders a re-evaluation, i.e. the evaluator re-evaluates the application according to the original criteria and scoring system, and the reading committee judges it again, or based on the supplementary opinion, the head of the committee makes the decision.

The final ranking of the applications is created by the sum of the scores obtained in the evaluation, and on its basis the winning applications are selected within the overall funding available.

In continuous decision-making, applications which have obtained the minimum score required (also published in the guideline) or defined concerning the given region are to be sponsored.

In one-off decision-making, applications that have obtained the highest score are to be sponsored.

Applicants are informed in writing about the **decision** after approval by the Delegation of the European Commission to Hungary. Reasons for the application's rejection can be the following:

- the application arrived after the deadline,
- the application is not complete, or does not satisfy some of the formal requirements,
- the applicant and/or their partner(s) is/are not eligible for sponsorship,
- the project proposal is not eligible for support in the framework of the program,
- the project proposal's connection to the program's objectives, or its professional content is weaker than those of the projects sponsored,
- the financial part of the application is not correct.

After the decision and the results are announced, the applicant is entitled to know the information on the evaluation sheet and in the minutes related to the application. In case of rejection, some contributing organizations, in addition to the explanation for the rejection, send the evaluation sheet to the applicants as well so that the applicant can know the score obtained.

The evaluation committee's decisions on the selection and supporting of the projects are final. After their decision, the program authorizing officer (PAO) drafts a contract for the applicant and their partners (the grantees) who have to sign the sponsorship contract.

(Appendix 5/8)

## ***5.4 Signing the contract and its modification***

### **5.4.1 Support contract and its modification**

#### **5.4.1.1 Signing the support contract**

A support contract is voluminous, usually a document of 20-30 pages that is accompanied by attachments. Let us review briefly the information and the requirements.

The contents of a support contract include:

- the form of support (usually non-refundable support), its maximum amount and proportion,
- starting and ending date of the project's implementation, in case of operational obligation, its duration,
- rules of eligibility of costs,

- process and conditions of requesting payments,
- requirements related to progress reports,
- regulations related to national support/funding,
- regulations related to public procurement,
- requirements related to information and publicity,
- requirements in documentation,
- rules related to performing spot checks,
- rules related to suspending the payments, or to refunding the support,
- obligation for giving warranties,
- the process and conditions of contract modification.

Attachments of the sponsorship contract:

1. costs, their timing and breakdown into cost categories;
2. sources;
3. numerical objectives, and their timing;
4. warrants (e.g. authorities, mortgage contract, etc. if needed);
5. documentation of the application.

The contributing organization enters into the contract with the applicant eligible for the support in accordance with the management committee's decision. The contract can be entered into if:

- a) the grantee has all the necessary authorities for the implementation;
- b) and the implementing organization is confident that after signing the contract, the physical implementation, or at least the preparatory procedure of public procurement can be launched.

#### Conditions of signing the contract

- valid decision on the support;
- there is no reason for excluding the organization;
- clear activities and budget;
- having the guarantees;
- having own sources

The implementing organization sets a deadline for submitting the necessary documents in order to sign the contract and for submitting the signed support contract, informs the applicant that if the contract is not signed within thirty days from the expiry of the deadline through fault by the grantees, the decision on the support lapses.

#### Structure of the contract

1. Data of the parties
2. Antecedents and circumstances of support
3. Objective of support (its claim)
4. Obligations of the Grantee
5. Obligations of the Grantor
6. Object and amount of financial support
7. Remittance of the support, conditions and requirements of its utilization, the group of accountable costs
8. Reporting and accounting obligation
9. Grantee's obligation of supplying data and statement
10. Violation of contract and its legal consequences
11. Group of guarantees
12. Monitoring the utilization of the support

13. Contacts

14. Other provisions

Annexes:

Annex 1: Application

Annex 2: Notice

Annex 3: Signed copy of settler's legal representative (original or copy authenticated by the settler's proper signature)

Annex 4: Direct collection order on the Settler's account(s) concerning the project verified by the bank(s) given

Annex 5: OTMR sheet

A uniform sample of support contract is in use that can be applied in every construction. The contract refers back to several points of the call for applications. These points should be well-considered in order that the grantees perform them conventionally. These points are:

- starting date of costs' accountability (s.c. 3.2),
- conditions concerning the guarantees (s.c. 6., see more 281/2006. (23.XII.) gov.dec. 58 §(2)),
- creating a project implementing unit (General Conditions of Contract 2.1),
- deposit (GCC 5.1).

Submitting some certificates and documents is a condition for signing the contract. These are:

- a notarized copy of signatures,
- proof of legal status,
- proof of sources' availability,
- proof showing that the grantee does not have any overdue public debts, in case of minor supports it can be a statement by the grantee,
- proof showing that the grantee does not have any obligations towards the environmental or hydrographic authorities, in case of minor support it can be a statement by the grantee.

The guarantees offered should be included in the contract. The most frequent forms are:

- authorization for direct collection on every account of the grantee,
- mortgage on real estate or personality (material guarantees),
- bank or insurance guarantee, surety ship (personal guarantees), etc.

The sponsor usually prescribes the following obligations for the grantee:

- the grantee is bound to inform the sponsor immediately in writing if the implementation of the project for any reason:
  - fails, or the possibility of failure arises,
  - has long-lasting difficulties,
  - is delayed to the timing included in the contract,
  - their data change;
- the grantee is bound to declare any changes in identity data, or any data related to the project (e.g. account number, data of contact person) to the implementing organization within a given time period;
- the grantee is bound to inform the sponsor in writing about any progress (e.g. rejection, reception, amount of support) regarding other applications submitted concurrently;
- the grantee obtains the necessary authorisation for the activity and works in virtue of the authorities.

The grantee accepts that the grantor and the accredited organizations or bodies authorized by law –including the Governmental Monitoring Office, the National Audit Office, the European Commission and the European Audit Office – are entitled to monitor the correct utilization of

the received support within three years from the closure of the program, including supervision of the project's location.

Therefore, the grantee has to assume responsibility in the contract for submitting the documents, books and records related to the performance of the obligations (i.e. implementation of the program with the planned results) in order to ensure a review of facts, circumstances and conditions needed for monitoring and to give the necessary clarification.

(Appendix 5/9)

#### **5.4.1.2 Incidental modification of the support contract**

The grantee is also entitled to initiate a modification of the contract. The grantee is bound to announce it if any fact or circumstance comes up during the implementation of the project that necessitates the modification of the contract. If the project can be realized with a modification of the contract, the grantee has to initiate the modification towards the supporting institution though the supporting institution has the right to decline the proposal without an explanation.

In the period of the proposal's reconsideration, support cannot be granted for the grantee.

The modification of the contract can be initiated in writing by the grantee.

(Appendix 5/10)

The implementing organization is bound to initiate the modification if it becomes aware by the supply of data that:

- a) the starting or ending date of the implementation changes,
- b) the total cost's breakdown into cost categories or years changes, exceeding at least by 10% of the value of total sponsorship, to the division on the project sheet (without a change of total cost).
- c) the numerical objectives differ from the values on the project sheet in a measure of 10% excess,
- d) any other feature that influences the objectives changes.

A procedure of modification or the annulment of the contract is created by the implementing organization that ensures the same diligence as during the decision on signing the contract.

The implementing organization informs the grantee in writing about the rejection of the modification initiated by the grantee providing an explanation as well.

(Appendix 5/11)

#### **5.4.1.3 Suspension of the support**

If the grantee's any other project supported by public funds or national estimate is investigated, the payments of the current support can be suspended until the end of the investigation concerning the other project carried out by the establishment.

The supporting institution is entitled to suspend transferring the support for a maximum of 60 days if the grantee does not fulfil the obligations included in the contract or in law. If the grantee does not terminate the illegal status within the above time period, the sponsor cancels the contract.

If the sponsor gets to know from the supply of data provided by authorized establishments that the grantee has overdue public debts exceeding the time limit of 60 days towards the supporting institution or the EU or has the same public dues, the transfer of the support is suspended. The supporting institution immediately informs the grantee by registered delivery about the suspension. The suspension does not affect the implementation of the project. However, if the grantee does not settle the debts in a period of 30 days from receipt of the notice, the supporting institution can cancel the contract.

#### **5.4.1.4 Termination of the contract**

The support contract is terminated automatically three years after the payment of the operational program's closing balance, or due to cancelation of the contract, or by court order.

The supporting institution can cancel the contract if:

- the grantee does not spend the amount of support on the objective defined in the contract,
- the grantee does not use own sources, or not in the proportion stipulated in the contract,
- the grantee does not start the implementation in three months from the last day of first term of payment, or does not initiate the claim of the sponsorship, or does not explain its reason.
- the grantee has a delay and does not explain it, or defaults, furthermore, does not complete the task until the additional deadline, or defaults, or also if the fulfilment of the contract fails due to the grantee's fault,
- it is confirmed that the grantee supplied false data in order to obtain the support,
- the grantee does not comply with the reporting obligation,
- the grantee cancels any attached declaration that is essential and inseparable from the application,
- the grantee becomes bankrupt,
- any information provided by the grantee in the correspondence with the supporting institution or during the claim of payments is proved to be untrue or incomplete,
- if the grantee violates the operational obligation of five years after the end of implementation,
- if the grantee violates the regulations of public procurement or does not ensure fair procedure, tenders for the contracts outside of public procurement;

If the supporting institution cancels the contract, the grantee is bound to refund the amount already granted together with the default interest in full. The rate of default interest is twice the prime rate of the central bank effective at the time of cancellation. This interest rate is normative also if the grantee is in default with payment arising from the sale of property gained from the support.

#### 5.4.2 Public procurement and implementation contracts

The selection of contractors is performed after signing the support contract, or after the launch of the program in the case of own-financing programs. If it is stipulated by law, the selection of contractors is realized through the public procurement process. The regulations depend on the organizational classification of the implementer and the value of the public procurement.

##### Public procurement limits

I. Classic inquirers normative in public procedure from 1 January until 31 December 2013:

- product procurement: EUR 130,000
- services: EUR 200,000
- building: EUR 5 million

Public procurers:

- product procurement and services: EUR 400,000
- building: EUR 5 million

II. National limit:

Classic inquirers:

- product procurement: HUF 8 million
- building investment: HUF 15 million
- building concession: HUF 100 million
- order of services: HUF 8 million
- service concession: HUF 25 million

Public procurers:

- product procurement: HUF 50 million
- building investment: HUF 100 million
- order of services: HUF 50 million

Act CCIV of 2012 on Hungary's central budget in 2013



Public procurement as conditional public procurement can be launched before the decision on support. If the applicant does not receive support, conditional procurement (building, service) is not necessarily realized.

In case of the Structural Funds, public procurement is the task and responsibility of the grantees. In the projects of the Cohesion Fund – also PHARE and ISPA – public procurement is realized by the grantee and the supporting organization. In case of the Cohesion Fund, the grantee works out the tender documentation, then the sponsoring organization is responsible for the quality control of the documentation and for publishing it. They both participate in the evaluation of the tenders.

Act CXXIX of 2003 on public procurement is mandatory from 01 January 2010 for realizing online public procurement in the public procedure, and from 1 July 2010 in the national procedure. (For legal terms of online public procurement, see Public Procurement Law, or for exact definition government decree 257/2007 (X.4.)

## **5.5 Communication and information system**

### **5.5.1 Communication**

The main objectives of communication during the implementation of regional programs are providing information continuously about the objectives, the operation and the results of the programs, as well as giving the opportunity for joining the implementation.

We can speak of internal communication (between the participants of the implementation) and external communication (towards the public).

Means and instruments used in internal communication:

- *Personal communication:*
  - *Personal communication orally:* meetings, debates, dialogues, telephone conversations, presentations, explanations, etc. Instruments related to this category have a great significance in creating personal contacts, for through personal contact it is possible to pass on detailed information in different ways, and it also insures the possibility of feedback. Personal consultations with members of the establishments and their guests with the right of negotiation facilitate making contact and deepening it.
  - *Personal communication in writing:* email, post, telefax messages. The advantage of written information is its permanence; its disadvantage is the relative impersonality and difficult feedback. Among the tools of written communication, electronic mail comes to the fore due to its speed, efficiency and flexibility. The e-mail combines the advantages of written and oral communication: more people can receive it at the same time, information can be recorded, at the same time immediate feedback is possible.
- *Collective communication:*
  - *Meetings* of the establishments, corps: their regulations contain the orders of the communication regarding the meetings.

Methods and instruments in external communication:

- *Means of collective communication:*
  - *Events, information forums, presentations:* they facilitate attracting attention and providing information about the possibilities, objectives and tasks of the program.
  - *Classical and image-forming printed matters:* publications, communications, announcements. They give clear information about the events to existing and potential partners. They provide general information about the objectives and operation of the program, updates on the applications, and help to convey the image.
- *Means of mass communication:*
  - *Press conferences, organizing events* open for the press: press conferences should be held about important and significant events. In this case, we should decide on the

media and their representatives to invite. We have to prepare a press list and press release, settle the date and place of the conference and invite the representatives of the press.

- *Publishing press releases, strengthening presence in media*: we have to be short, close and straight to the point in the release. (Appendix 5/12)
- *Reaction to journalists' appeal*: it gives a chance for deepening the contact with the press and media. Personal meetings ensure indirect and informal exchange of information.
- *Electronic means: webpage*: facilitates that the program becomes widely known. In order that the target group visits the page frequently, we must improve and update it regularly.

The rules of the program's communication are usually laid down in communication regulations or in an image handbook.

(Appendix 5/13)

Several EU and national laws regulate the communication obligations and tasks towards the Structural Funds and Cohesion Fund for the tendering institutions and also for the applicants.

The decree MELYIK defines the objectives of measures related to information and publicity, as well as the target groups, mentions the messages, and the role of the EU in the implementation of the projects, but also emphasizes the importance of transparency and makes recommendations for the ways of communication related to common objectives, processes of the application and the results. It regulates the communication obligations of the grantees also with regard to requirements of image.

According to the orders of European Commission's decree, the Image Handbook prepared by the National Development Agency includes the obligations regarding the image of tendering institutions and the applicant's communication.

The winning project-owner has communication obligations depending on the type and size of the project. They wish to motivate grantees and help them in making their projects more successful and efficient through strengthening the communication of the project at local level.

### **5.5.2 Informational background, use of software**

According to the PCM logic, an essential expectation of the information background of the operational program is to consider the demand for information different in every phase, requiring the information gathered during the previous phases. It can be achieved through linking the databases to each other and building the sheets on each other.

Considering these requirements, EMIR (Uniform Monitoring Informational System) was developed for Hungarian programs related to ERDF and the Cohesion Fund. Programs related to ESF are assisted by the electronic administration system EPER, programs crossing frontiers are supported by the system IMIR and regional development programs are supported by the system operated by MVH.

The main tasks of the programs' information systems include:

1. providing up-to-date information about the utilization of the support for each application and making it possible to follow the application from the submission to the implementation of the developments;
2. managing the administration related to the application:
  - registering the development ideas, their numbers, the written parts, and the applicants' data after their arrival;
  - checking the incoming data, their concordance with the call for applications, and if a data is not correct, indicating it immediately, resulting in correction, or in a worse case, exclusion;
  - every application has its own user interface, the system records every step, shows the deadlines, and tells who performed the task; the correspondence related to the application is also included in the system: who sent it and when, who answered it and when;

- it is suitable for registering the applications, for preparing decisions and support contracts, for recording the demands and even for preparing transfer orders.

3. functioning as a database: it is possible to look into the application data or the utilization of the money by group of companies, by region or by objective; the system can also tell us about the success of objectives, thus giving chance for correction of the planning; by means of the statistics functions, we can always see the actual status.

(Appendix 5/14)

### 5.5.3 Documentation

The implementation of the program is documented mainly electronically at program level. At project level, paper-based documentation is required, though.

The original documents and authenticated copies of the project are to be stored in different folders. If this rule cannot be kept, we have to label the place of the documents in the folder in order to provide easy access to them.

The project folder contains the following documents or the information about their place:

- the application form and copies of the necessary attachments,
- a copy of the modification or the correction of a deficiency,
- support contract, its modifications (if the contract has been modified),
- progress reports of the project and copies of the necessary attachments,
- original invoices and documents proving the payments,
- the correspondence with the supporting institution,
- if needed, the documents of the public procurement procedure,
- if needed, documented proofs of the activities concerning publicity (e.g. photos of advertisements, boards, events, copies of publications, etc.),
- documents of the project's background or justification (e.g. feasibility study, survey of demand, etc.).

The grantee is bound to show the original documents or their authenticated copies to the supporting institution, or its representative, the legal authorities, including the Governmental Monitoring Office, the National Audit Office, the European Commission and the European Audit Office. Support can be suspended or the grantee can be obliged to refund the support with interests if fails to produce the original documents or their authenticated copies.

### 5.6 Checking and monitoring

In the period of implementation, it is essential to follow the program's progress and to measure its phase of readiness. Through a comparison of the plan and the actual status, important information can be provided for the program's management committee; in this way excessive differences can be avoided. The notion of monitoring is frequently used as a synonym of checking or evaluation.

The following table demonstrates the differences between them.

*Table 5/1: Monitoring, checking, evaluation*

<i>Activity</i>	<i>Monitoring</i>	<i>Checking</i>	<i>Evaluation</i>
<i>Objective</i>	Monitoring of the realization compared to the objectives set.	Examining compliance with rules and regulations.	Examining the effect compared to the social-economic problem desired to be solved.
<i>Time</i>	Continuous, during the implementation	Continuous, during the implementation	One-time, anticipative and

	of the program.	of the program.	posterior.
<i>Performer of the activity</i>	Internal (can be supported from outside)	External or internal	External
<i>Type of activity</i>	Operative	Operative	Analytic-scientific
<i>Way of feedback</i>	Correction for results	Sanction	Learning process

Source: author's own work

Based on it:

- *Monitoring* is based on continuous data gathering, management can monitor the progress of the activities compared to the objectives on which they are based;
- *Checking* means the constant supervision of processes and activities, its objective is to avoid irregularities, fraud and abuse;
- *Evaluation* is a review of the whole project, and its objective is to examine the effects compared to the social-economic problem (relevance, efficiency and effectiveness).

In the implementation of the program, both checking and monitoring can be defined at two levels. On the one hand, they mean the processes that are to be realized at project level by the management of the program; on the other, they follow and check the whole program from higher management levels.

In both cases, monitoring is needed as it provides the information necessary to decide if the implementation of a given activity or development is successful, if it improves as per the timing, how it contributes to the objectives of the program, or if intervention is needed. Granting the sponsorship can be joined more closely to the physical implementation, by this mean, the efficient utilization of the sponsorship can be forced.

The monitoring report should be submitted every quarter, or every six months, but the date of the report can be connect to the payments as well. The objective of the report is to supply data, to justify the request for payment or to explain discrepancies. Monitoring reports can differ significantly with regard to the content or the formal features by the type and size of the project.

Monitoring reports contain the progress compared to the objectives, including presenting numerical results, discrepancies with their explanation (e.g. changes in the project environment), reports on public procurement and on the obligations related to information and publicity (according to the provisions in the support contract) and finally, information about the financial realization of the project (actual costs and expenditures).

Documents that have to be enclosed with the report:

- documents proving the progress;
- documents of the public procurement procedure;
- documents proving the fulfilment of obligations regarding information and publicity;
- original invoices or their authenticated copies, invoices settled.

The progress report is also a means of checking, for its objective is to ensure a continuous follow-up on the implementation of the projects in the program. It is important that the progress report actually substantiates the request for the payment of support submitted by the grantee, so it justifies that the costs are related to the implementation of the program's objectives that are defined in the application and in the contract.

The report can only be accepted after checking it by the following criteria: formal requirements and procedural, professional and financial checking.

*Formal check:*

- submitted in time;

- checking the documents and certificates (signatures, stamps), eligible costs and correct calculations regarding the results.

*Checking of contents (financial, procedural and professional):*

- activities are in concordance with the support contract;
- progress has to satisfy the requirements defined in the contract;
- fulfilment of financial directives;
- observing the rules of public procurement and the horizontal principles of the EU.

(Appendix 5/15)

## **5.7 Evaluation of the program**

### **5.7.1 Reasons, objectives and types of program evaluation**

The evaluation of regional programs from a professional aspect is justified by continuous learning and enhancement of effectiveness and efficiency. In addition, the political reason for spending the tax-payers' money in the right way and the obligation set by the supporting institution are also relevant.

In addition to the follow-up on the progress and field-checks by the European Union, the correct, effective and efficient utilization of public money is insured by the evaluation. The follow-up on the progress examines the fulfilment of objectives; the field-checks investigate correspondence to the regulations, while the evaluation analyses how the utilization of public money contributes to coping with social problems and the utilization of opportunities (e.g. the rate of decrease in disadvantage of underdeveloped regions, rate of increase in incomes from tourism, etc.).

According to the principles of evaluation, it is an integral part of program management; sufficient sources are needed for its realization (personnel, money and training), its qualitative requirements are validity, access to information, interests of actors, reliability, transparency and objectivity. The results have to be public.

The results of individual projects are summarized for the evaluation at program level (e.g. how many workplaces in all have been created due to the projects, how many tourists have arrived as the result of the projects, etc.). The grantees, in fact, do not have to know about the performance of the evaluation at program level; they only need to know that the supporting organizations ask for some data in order to perform the evaluation. It can be performed through the project progress report or through separate questionnaires.

The program's evaluation can be anticipative, intermediary and posterior.

The purpose of *anticipative* (ex ante) evaluation is to improve the program's inner logic and its external coherence. It analyzes the feasibility of the program and its objectives, and helps to define the objectives and indicators in advance.

The *intermediary* evaluation serves the assessment of the program's progress, examines the achievement of the objectives and analyses the changes occurring in the environment. It reveals the points that have to be modified in the program, and whether the financial sources have to be re-arranged. It helps to assess the financial capacity of the program's actions as well as the work of the program's management.

The *posterior* evaluation (ex post) serves the posterior legitimation of the program and the evaluation of the effects. It ensures an exchange of experience and is an instrument of the learning process.

In general, the evaluation is executed by external experts in all three phases.

### **5.7.2 Content and means of evaluation**

The regional program's evaluation can cover the analysis of the program's logic and content as well as the evaluation of the program's effects.

In the *examination of the program's content* we analyze the relevance of the objectives and strategy, the clarity of objectives and their coherence, the realization of the program and the system of the indicators' correctness.

The *analysis of the program's effects* includes the general evaluation, the analysis of macroeconomic effects and that of its micro-economic and micro-social effects.

The *means of program evaluation* are practically the same as those of a situation analysis.

The *means of broad program evaluation* are SWOT-analysis, effect maps, voting by colours, individual interviews, focus groups, case studies, shift-share analyses, setting up macro-economic panels and the expert panel.

Regarding the *means of perspicacious evaluation*, we can highlight the logic frame method, questionnaires, observation, comparative group creation, regression analysis and analyses of cost effectiveness, benchmarking and cost profit analysis.

### 5.7.2.1 Application of the indices

The main objective of regional development is to reduce the regional differences; that is why in the evaluation of the project the most important aspect is to fulfil this objective. To measure the changes occurring in regional differences during the project's effected period (real project period prolonged by 3-4 years), there are various regional indices, calculations to do ex post or, if we have reliable forecasts, ex ante.

To evaluate the effects of the projects, besides the complex indicators mentioned, the following indices are used to measure regional inequality and the changes occurring:

“Éltető-Frigyes” index:

This index compares the mean of the above average values to the mean of the below average values. If the regions do not differ, the index value equals 1, while a value much higher than 1 indicates the existence of a wide gap.

The Hoover index:  $h = \sum_{i=1 \dots n} |x_i - f_i| / 2$

where:  $x_i$  and  $f_i$  are the shares of the  $i$  spatial units in the total volume of the indicators compared.

When using personal income data, the same index is named Robin Hood index.

The Krugman Dissimilation index also resembles a commonly used formula, the Hoover spatial imbalance measure. The index may be used to compare two regions, branches or sectors.

Location quotient: The index describes the concentration of the particular region to the concentration of the base (population, region, employment, GDP, etc.).

$$L_{ij} = (E_{ij}/E_{im}) / (E_j/E_m),$$

where  $E_{im}$  is total employment in sector  $i$  in the whole country, and  $E_m$  is total employment in the whole country ( $\sum_{i=1 \dots n} E_{im} = E_m$ ).

If the location quotient is greater (smaller) than 1, region  $j$  has a higher (smaller) share of employment in sector  $i$  relative to its share of the total employment in the country.

Gini coefficient: The Gini coefficient explains the rate of concentration, how the deviation rate of the analyzed unit is correlated to the rate of the average deviation.

$$G = 1/2Xn^2 * \sum_{i=1 \dots n} \sum_{j=1 \dots n} |x_i - x_j|,$$

where  $x_i$  and  $x_j$  are partition coefficients given as spatial characteristics in regions  $i$  and  $j$ ,  $X$  is the average.

Hirschman-Herfindhal index: It correlates the partition coefficient of different regions to the equipartition.

$$K = \sum_{i=1 \dots n} (x_i / \sum_{i=1 \dots n} x_i),$$

where  $x_i$  is the value of the indicator in region  $i$ .  $K > 0.6$  refers to intense concentration, monopolistic situation.  
(Appendix 5/16)

### 5.7.2.2 Shift share analysis

The method is a double standardization; minimum two structural dimension's data (regions, sectors) are needed to calculate it. The indications of the sectors are discretionary: e.g. branches, age groups, regional dimensions that can be also various: settlements, regions, states.

The basics of the analysis is two matrices:  $K$  (for the first year of the analysis period) and  $V$  (for the last year of the analysis period),  $k_{ij}$  and  $v_{ij}$  represent the elements in row ( $i$ ), (regional) and column ( $j$ ), (sector) of matrices  $K$  and  $V$  for the first and last year of the period analyzed.

The following values are calculated from the two basic matrices:

- $k_{i0} = \sum_{j=1 \dots n} k_{ij}$ , respectively  $v_{i0} = \sum_{j=1 \dots n} v_{ij}$ , the sum of the row( $i$ ) of the matrices.
- $k_{j0} = \sum_{i=1 \dots m} k_{ij}$ , respectively  $v_{j0} = \sum_{i=1 \dots m} v_{ij}$ , the sum of the column ( $j$ ) of the matrices.
- $k_{00} = \sum_{i=1 \dots m} \sum_{j=1 \dots n} k_{ij}$  respectively  $v_{00} = \sum_{i=1 \dots m} \sum_{j=1 \dots n} v_{ij}$ , the sum of the rows and columns of the matrices.

The first steps are to calculate the following growth indices:

$M$  ( $m_{ij}$ ) matrix is calculated: ( $m_{ij} = v_{ij} / k_{ij}$ ).

Similarly, total index, spatial index and industry index can be calculated by dividing ( $m_{00} = v_{00} / k_{00}$ ), ( $m_{i0} = v_{i0} / k_{i0}$ ), ( $m_{0j} = v_{0j} / k_{0j}$ ).

Application of these relationships result in the absolute change /surplus, absence/ ( $S_i$ ) of the analyzed period, which is composed by the spatial and the structural effects ( $S_r$  and  $S_a$ ).

- $S_i = S_r + S_a$ , where: (1)
- $S_i = v_{i0} - m_{00} * k_{i0}$ , total change(2)
- $S_r = \sum_{j=1 \dots m} (v_{ij} - m_{0j} * k_{ij})$  spatial factor, (3)
- $S_a = \sum_{j=1 \dots m} k_{ij} * (m_{0j} - m_{00})$  structural factor. (4)

Usually, the spatial factor ( $S_r$ ) is positive if the growth of the particular region is more dynamic than the average growth. Usually, the structural effect ( $S_a$ ) is positive if the particular region is characterized by dynamic growing sectors. This factor indicates the sector's structure of each region.

The regions can be classified in the shift share method by the volume or sign of the results  $S_i$ ,  $S_r$  and  $S_a$ . The absolute value and the percentage explain the absolute change. Shift share analysis is applied to distinguish the effects of spatial and structural factors.

(Appendix 5/17), (Appendix 5/18)

### Tasks

1. Analyze X regional agency's organizational structure and the division of tasks in the implementation of the regional program.
2. Identify the parts speaking about the project's relevance, feasibility and sustainability in the call for applications.
3. Indentify the deficiencies of the call for applications.
4. Work out a construction for the following measures:
  - sponsorship of starter enterprises of young entrepreneurs
  - development of the agricultural road network
  - increasing the proportion of recycling waste
  - encouraging forest planting.

5. Prepare evaluation guidelines for the call for applications.
6. Evaluate the given project of the application.
7. Prepare a press release of the given program event.
8. Elaborate the structure of a database that follows up on the implementation of a regional program.
9. Prepare an evaluation plan for X regional program.
10. Evaluate the realization of Y regional program.

### ***Review questions***

11. List the cues that can be distinguished in the implementation of regional programs.
12. Who are the members and what are the roles of the management committee, the monitoring committee, the contributing organizations and the funding authorities?
13. What is the purpose and what are the steps of building the background of a regional program's partnership?
14. What purpose does an action plan serve and how is it constructed?
15. What is the purpose of and how is project generating realized?
16. What are the main aspects of the application's evaluation?
17. Describe the process of application selection and signing the support contract.
18. What can be regarded as violation of the contract in the applications connected to the implementation of regional programs?
19. What are the means and what is the purpose of the communication related to the implementation of regional programs?
20. Describe the tasks and the operation of a regional program's information system.
21. Name the differences in objectives, tasks and methods of checking and monitoring.
22. What are the method and purpose of a regional program's evaluation?



## ***Recommended literature***

### **Legislation and regulations:**

4/2011. (I. 28.) Korm. rendelet a 2007-2013 programozási időszakban az Európai Regionális Fejlesztési Alapból, az Európai Szociális Alapból és a Kohéziós Alapból származó támogatások felhasználásának rendjéről

26/2012. (X. 24.) NFM utasítás az egységes működési kézikönyvről

102/2006. (IV. 28.) Kormányrendelet Az Európai Unió által nyújtott egyes pénzügyi támogatások felhasználásával megvalósuló, és egyes nemzetközi megállapodások alapján finanszírozott programok monitoring rendszerének kialakításáról és működéséről

1083/2006/EK a Tanács rendelete az Európai Regionális Fejlesztési Alapra, az Európai Szociális Alapra és a Kohéziós Alapra vonatkozó általános rendelkezések megállapításáról és az 1260/1999/EK rendelet hatályon kívül helyezéséről. Official Journal L27/5, Luxembourg.

NFÜ (2010): EMIR jogosultságkezelési szabályzat

NFÜ (2012): Kedvezményezettek Tájékoztatási Kötelezettségei Az Európai Unió támogatásból megvalósuló projektekhez. Frissített változat.

### **Methodological publications:**

EC (2006a): Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators. The New Programming Period 2007-2013. Working Document No. 2. European Commission, Directorate General Regional Policy, Brussels.

EC (2006b): *Guidance the Methodology for carrying out Cost-Benefit Analysis*. The New Programming Period 2007-2013. Working Document No. 4. European Commission, Directorate General Regional Policy, Brussels.

MEANS (2000): A programok értékelésével kapcsolatos fogalmak és szakkifejezések. Az EU Strukturális Alapjai által finanszírozott programok értékelésének módszertana. MEANS füzetek 1999. Váti Kht., Budapest.

OECD 1999: *Az értékelési eljárások (evalváció) alkalmazásának fejlesztése*. Az evalváció legeredményesebb alkalmazásának programja és háttéranyaga. OECD, Budapest.

### **Literature:**

Döbrönte Katalin – Vida Szabolcs (2004): A regionális politika és intézményrendszer szerepe Magyarországon. *Tér és Társadalom* XVIII. évf.4: 1–28

Görög Mihály (2001): Általános projekt-menedzsment. Aula

Jávor Károly – Magócs Krisztina – Czene Zsolt- Sain Mátyás (2003): Képzők képzése előadásai. VÁTI Kht. Országos Vidékfejlesztési Iroda

Kaiser Tamás – Ágh Attila – Kis-Varga Judit (szerk.) (2010): A régiók Magyarországa. Stratégiai kutatások – Magyarország 2015 (sorozatszerkesztő: Ágh Attila, Tamás Pál, Vértés András) MTA-MEH Projekt MTA Szociológiai Intézet I-II.kötet.

Kézy Béla – Róka László (2003): Projekt 2002, Egységes módszertani kézikönyv, MEGAKOM Stratégiai Tanácsadó Iroda - DHV – ENyFT – HBMVA, Nyíregyháza, 2003.

Lóránd Balázs: Regionális fejlesztések értékelésének problematikája az Európai Unióban In: Lengyel I. – Lukovics M. (szerk.) 2008: Kérdőjelek a régiók gazdasági fejlődésében. JATEPress, Szeged, 153-166. o.

MATRA Projektfejlesztő tréning tananyaga, Tempus Közalapítvány, Budapest, 2003.

Nemes Nagy József (szerk.) (2005): Regionális elemzési módszerek (Regionális Tudományi Tanulmányok 11.) Bp.: ELTE Regionális Földrajzi Tanszék - MTA ELTE Regionális Tudományi Kutatócsoport

Pálné Kovács Ilona (1999): Regionális politika és közigazgatás. Dialóg Campus Kiadó, Budapest–Pécs.

Verses István (2003): Projekt kezdeményezés és támogatás, pályázatírás előkészítés és folyamata, partnerkapcsolat építés (előadás) Tempus Közalapítvány Budapest