

The purpose of the study was to analyze regional governance alternatives and, based on its results, to present specific proposals for regional governance. The analysis consisted of the following activities:

- The situation at the regional level in Estonia was mapped, during which the county and regional development organizations, the tasks assigned to them and the resources used by them were described.
- Academic literature on regional governance and experiences of regional governance in other countries were analysed.
- The content components of regional governance organization were designed and their alternatives were described.
- An expert evaluation of the feasibility and effects of alternative solutions for the components of the regional management model was carried out.
- Policy proposals for the organization of regional governance in Estonia were formulated.

Regional governance refers to the management level that lies between the central and local levels. Regional governance does not exclude the national or self-governing nature of the management level, and it is preferred to form it in a partnership between the central and local levels.

The regional development trends in Estonia, which necessitate the need for regional management, are the following: a) population decline, aging and concentration in urban areas; b) edge landing; growing regional socio-economic differences in the development of regions; c) the growth of economic and social regional inequality of people (e.g. regional wage gap, regional difference in the value of real estate, and inequality of participation opportunities in social life; d) uncoordinated work of sectoral and territorial governance structures at the regional level and fragmentation of central-level politics.

The creation of a regional management body will help:

- for the balanced development of the country and the goal setting of regional development as a whole;
- greater consideration of regional development prerequisites and specificities in the state's strategic planning process and investments;
- the coordination of sectoral decision-making processes and the coordinated implementation of solutions and financing of different parties;
- mitigating social, political tensions and security risks caused by differences in the level of development and increasing social cohesion;
- substantive involvement of various stakeholders (local governments, entrepreneurs, citizens' associations) and creation of a dialogue for shaping and implementing local and central government policies;
- designing a flexible regional development monitoring system and, if necessary, achieving prompt response.

As a result of the analysis, alternatives to regional governance models were developed. The components of the model were defined, which are: a) the territorial scale of management to perform tasks; b) organizational sectoral unity of management; c) the origin of the mandate of the decision-making body; d) legal form of the management model; e) parties involved in management; f) mandatory cooperation; g) the decision-making mechanism in the decision-making body and i) the revenue base for the performance of tasks.

For each mentioned component, the main alternatives of the model were formulated, which were evaluated in terms of feasibility and expected effects. 55 academic, local and national mid-level experts contributed to it.

The result of the expert assessment showed that many classic regional tasks are those that are not practical to fulfill at the central level of the county or the country, which confirms the necessity of

regional governance structures despite the territorial smallness of the Estonian state.

The need to form a regional governing body is not reduced by the creation of county-sized municipalities. The reasons are that county-sized local governments are too large to perform many municipal tasks and the power is far from the residents; on the other hand, the county level is still not a sufficient scale for many regional tasks. There remains a need for partnership and common space between local governments and the central level of the state in a larger territory.

As a result of the work, the policy proposals for the formation of the regional management level are divided into two:

- strengthening the cooperation of local governments at the county level to perform regional-scale tasks through capacity consolidation and
- creation of regional governance structures, where two alternative solutions are presented:
 - (a) formation of regional development councils with a smaller scale of change, but easier to implement;
 - (b) the creation of regional governance institutions, which induces a greater organizational change in governance and is therefore more difficult to implement.

The first of the alternatives focuses on the formation of greater coordination capacity of regional governance without restructuring government institutions. According to the second alternative, new institutions dealing with regional governance and performing regional tasks will be created, which requires significant structural reorganizations in the activities of today's institutions related to regional tasks.

Proposals:

1. Strengthening the cooperation of local governments at the county level through county local self-election making it mandatory for local

governments to belong to the union of municipalities and participate in cooperation, but at the same time giving additional tasks to the cooperation level. Consolidate county-level development and service institutions for the management of county self-government associations.

2. The formation of regional development councils, which have coordinating competences in matters of regional governance vis-à-vis ministries, state settlements and local governments, and which make proposals on regional policy and policies on regionally relevant issues of governance areas and provide inputs for shaping these policies at the national and regional level. In this scenario, a stronger coordination capacity of regional tasks is created, but no structural changes are made in the structure of institutions with regional tasks.

3. Creation of regional governance institutions, where regional tasks are handled by public-law settlements, whose tasks include planning regional development and implementing the measures necessary for this, as well as organizing tasks with a regional dimension and deciding on services. According to this scenario, the regional government institutions emerging will reshape the structure of today's institutions related to regional tasks and consolidate the competences and tasks of regional government into a single organization.

Further possible course of action:

1. Continue discussions to refine proposals and ensure implementation readiness.
2. To shape the positions of the related parties (including the joint position of the local government) on the options for the organization of regional governance.
3. Prepare the implementation of the pilot project of county cooperation and regional governance solutions.
4. Initiation of the debate on the establishment of regional governance institutions in the 2023 Estonian parliament (Riigikogu) elections