Sub-national finances and decentralisation

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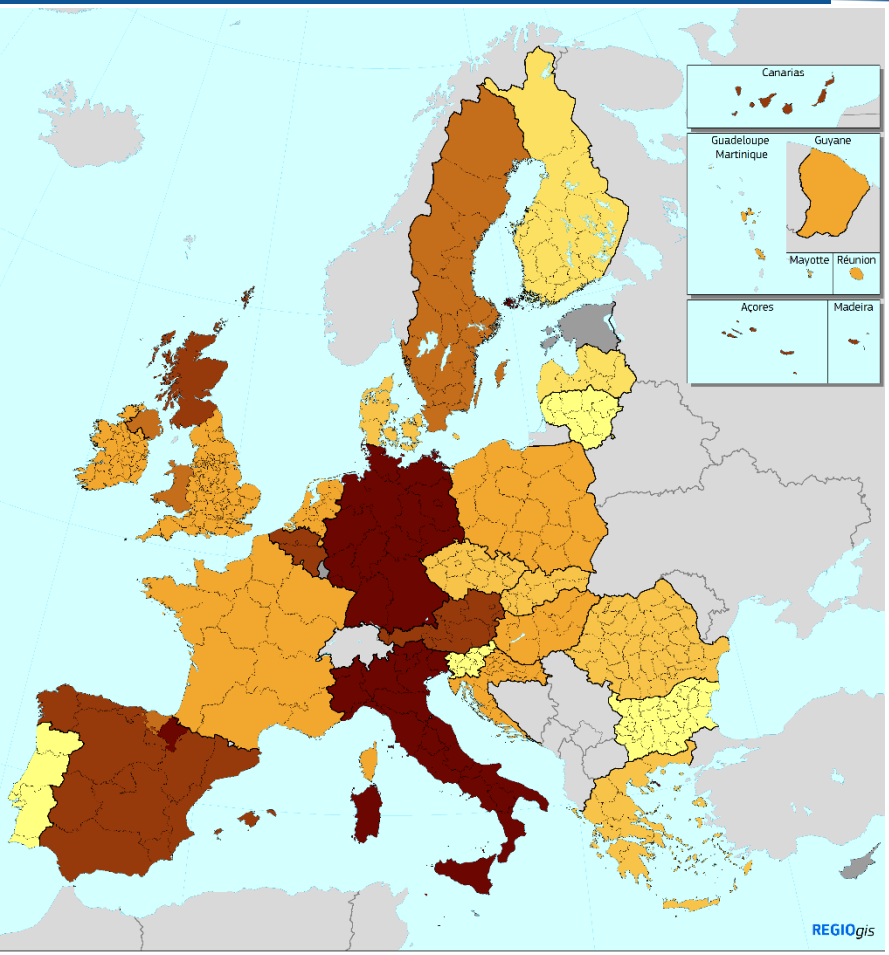
Regional and urban Policy

Overview

- *Regional authority has grown*
- *Local autonomy has grown*
- *Sub-national finance has shrunk*
- *Sub-national deficits have shrunk*
- *EU discontent*

Regional Self Rule has grown

European Commission



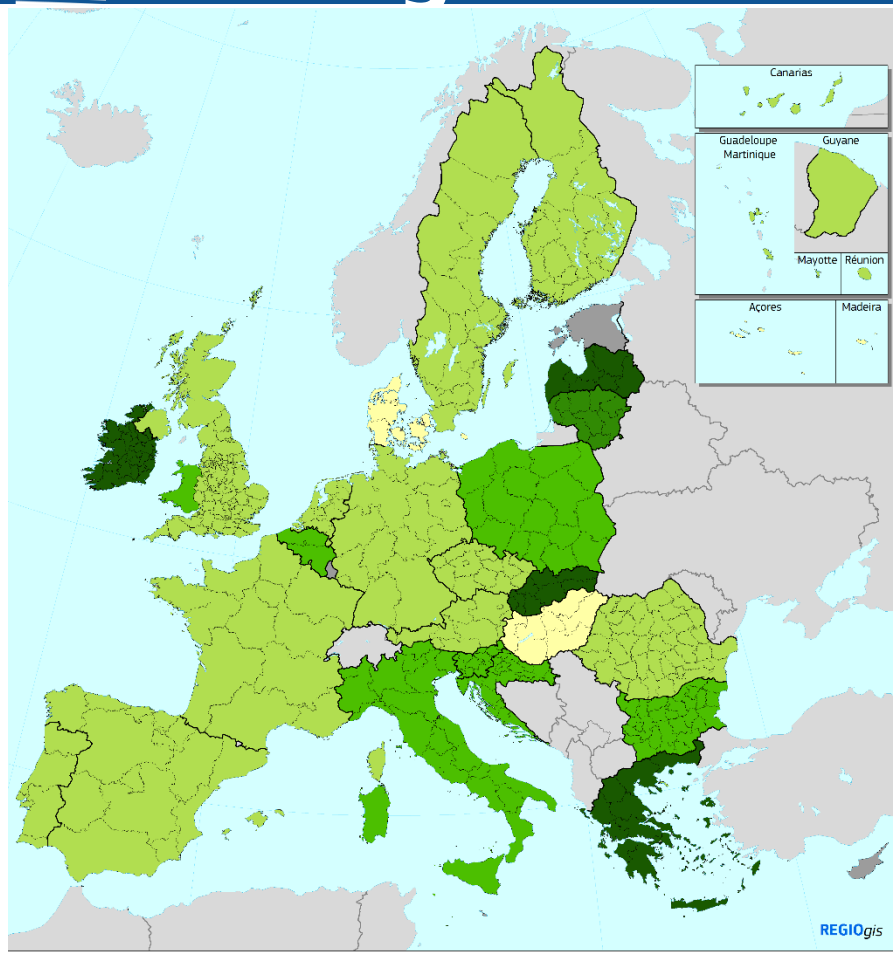
Regional self rule, 2016

Self rule index

- 1.0 - 3.0
- 3.1 - 6.0
- 6.1 - 8.0
- 8.1 - 10.0
- 10.1 - 12.0
- 12.1 - 14.0
- 14.1 - 17.0
- no regions

Index of the regional level with the highest score.
Source: Maastricht University

0 500 km



Change in regional self rule, 2000-2016

Change in self rule index

- <= -1
- 0
- 1 - 2
- 3 - 4
- >= 5
- no regions

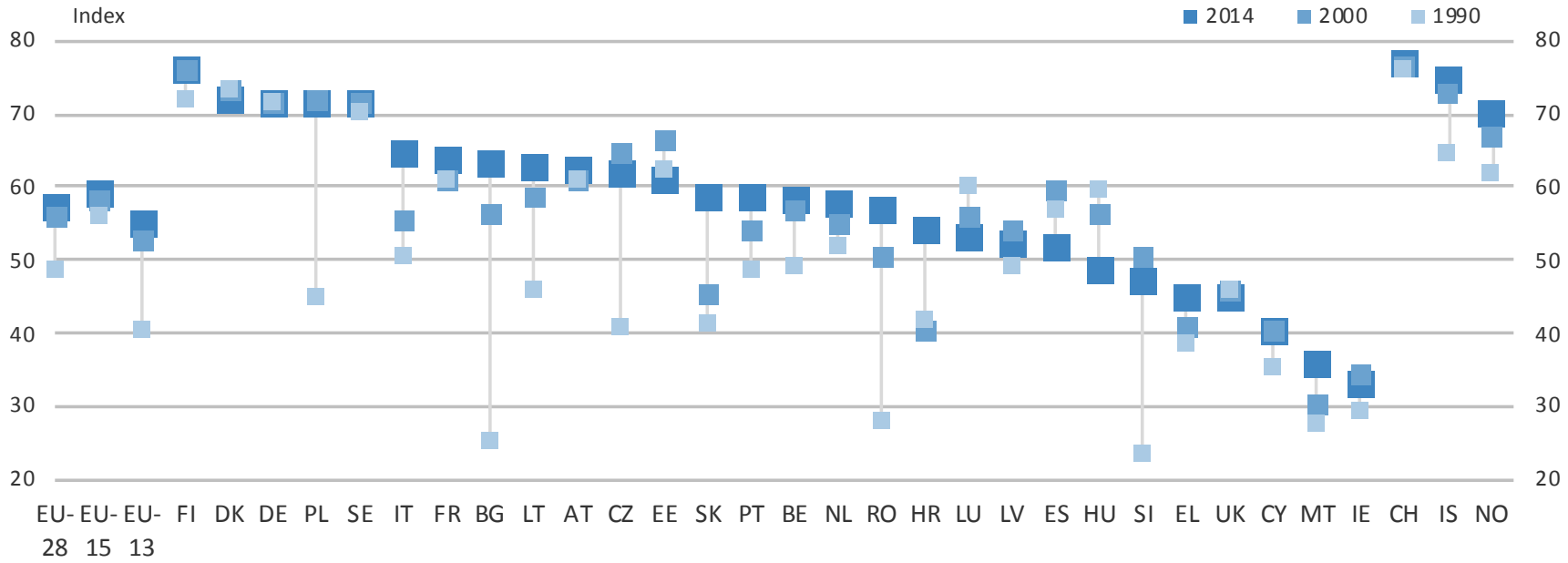
Change in index of the regional level having the highest score in 2016.
DK, IE, FR: change relative to the former regional level that had the highest score in 2000.
LT, LV, SK: no regional level in 2000.
Source: Maastricht University

0 500 km

Regional and urban Policy

Local autonomy has grown

Figure 4.17 Local Autonomy Index, 1990, 2000 and 2014



Local autonomy index: 0 = low autonomy; 100 = high autonomy

Source: DG REGIO, Ladner, A., Keuffer, N. and Baldersheim, H. (2015).

Local authorities are more independent than regional ones

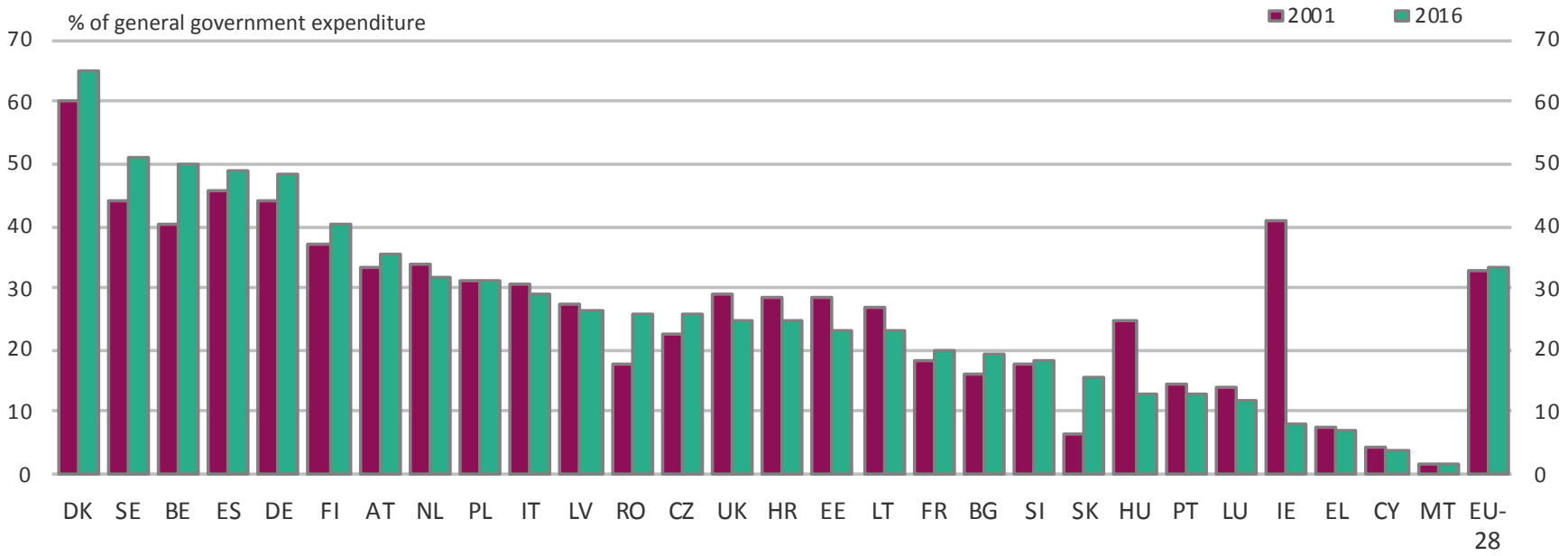
Figure 4.18 Local and regional self-rule, 2014

Self-rule index: 0 = no self-rule; 18 = complete self-rule

Source: DG REGIO, Hooghe, Liesbet, Gary Marks, Arjan H. Schakel, (2010) and Ladner, A., Keuffer, N. and Baldersheim, H. (2015).

Share of public expenditure grew

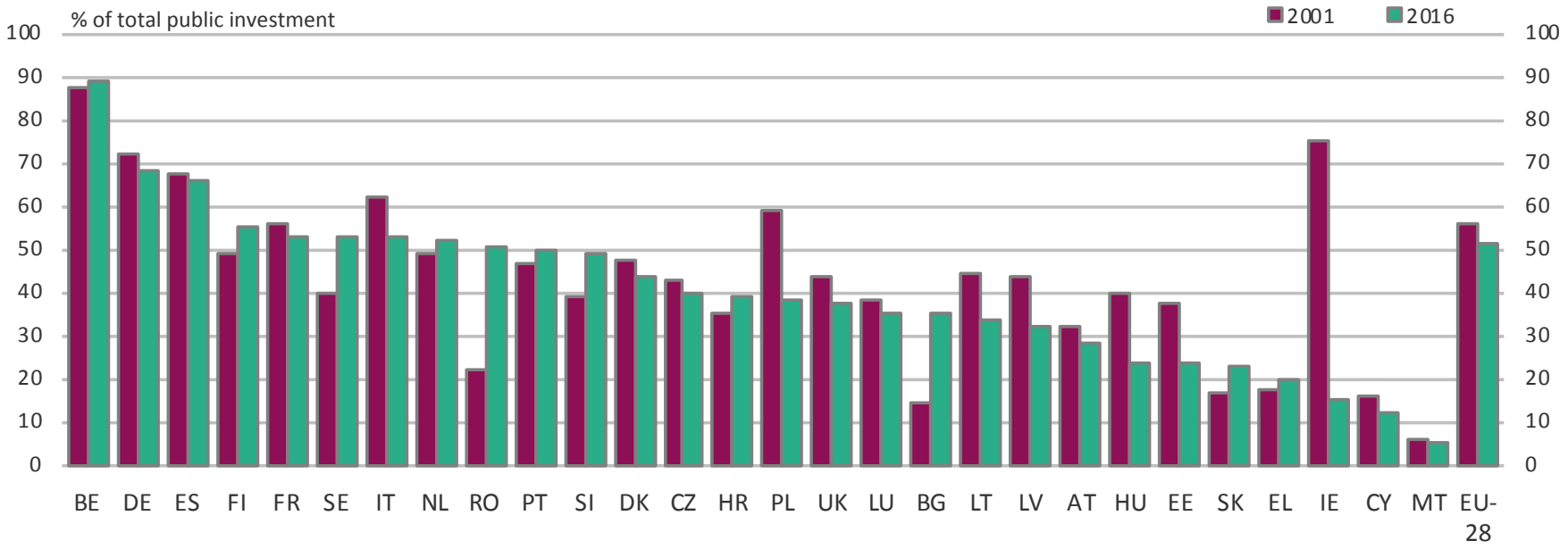
Figure 5.7 Sub-national government expenditure, 2001 and 2016



Source: Eurostat

Share of public investment declined

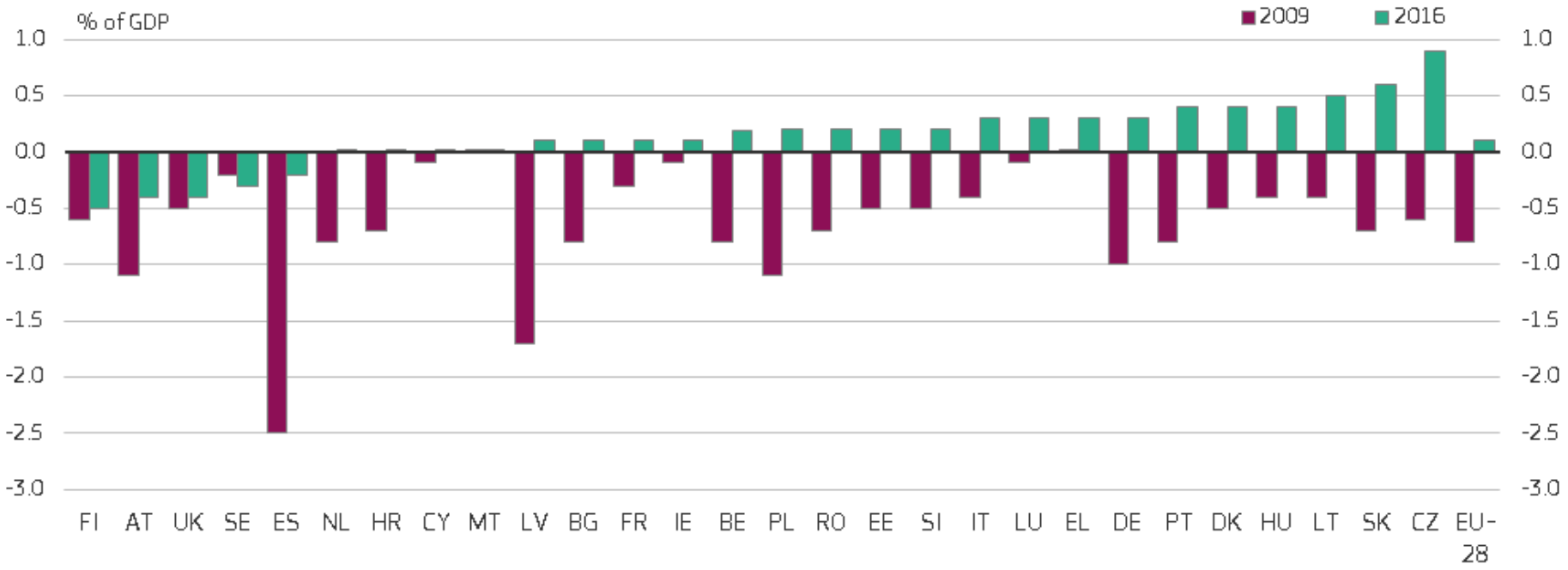
Figure 5.8 Sub-national government investment, 2001 and 2016



Source: Eurostat

Sub-national deficits were reduced

Figure 5.10 Sub-national government budget balance, 2009 and 2016



Source: Eurostat

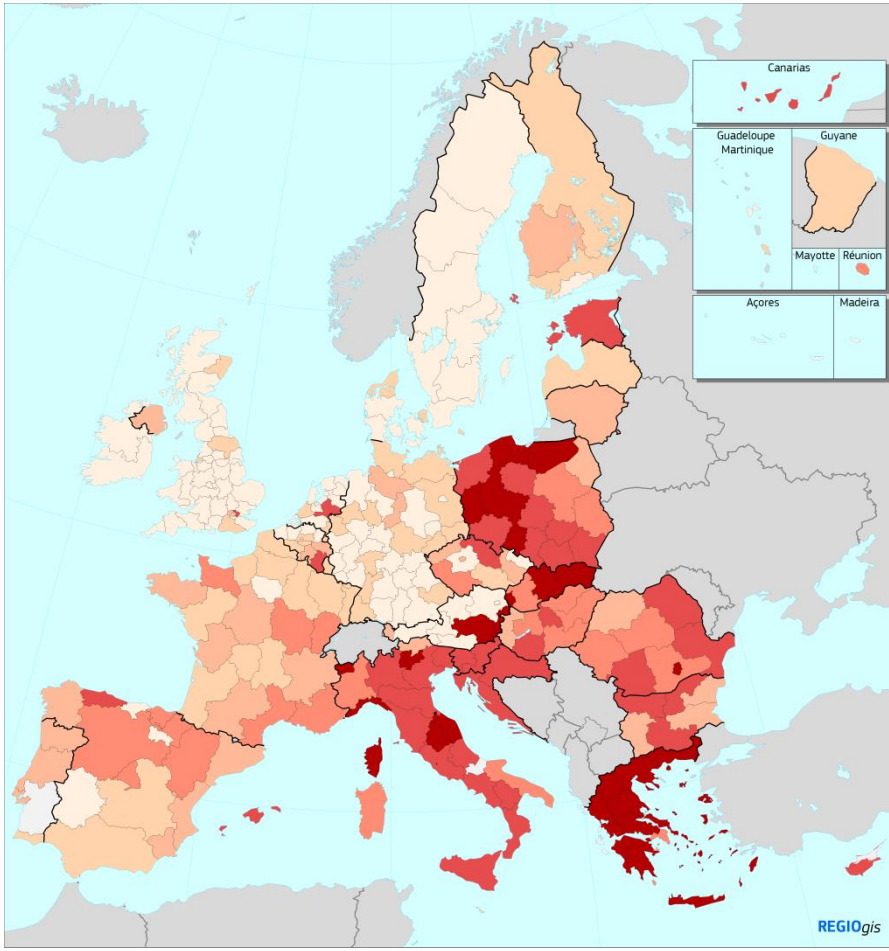
Consequences of fiscal consolidation

- *Public deficits were reduced*
- *Sub-national governments now run a surplus, but this may be due to reduced fiscal autonomy*
- *But public investment remains too low*
- *Reduction focussed on sub-national public investment*
- *Combination of increasing decentralisation and reduction of expenditure = unfunded mandate?*

European Commission

Limited competition

- *Too many contracts for single bidders*
- *Not always collusion*
- *Low value for money?*
- *More e-procurement*
- *Better information*
- *More offers from outside the country*



Public procurement with a single bidder, average 2013-2015

% of contracts awarded by sub-national authorities

< 10	25 - 40
10 - 15	> 40
15 - 20	no data
20 - 25	

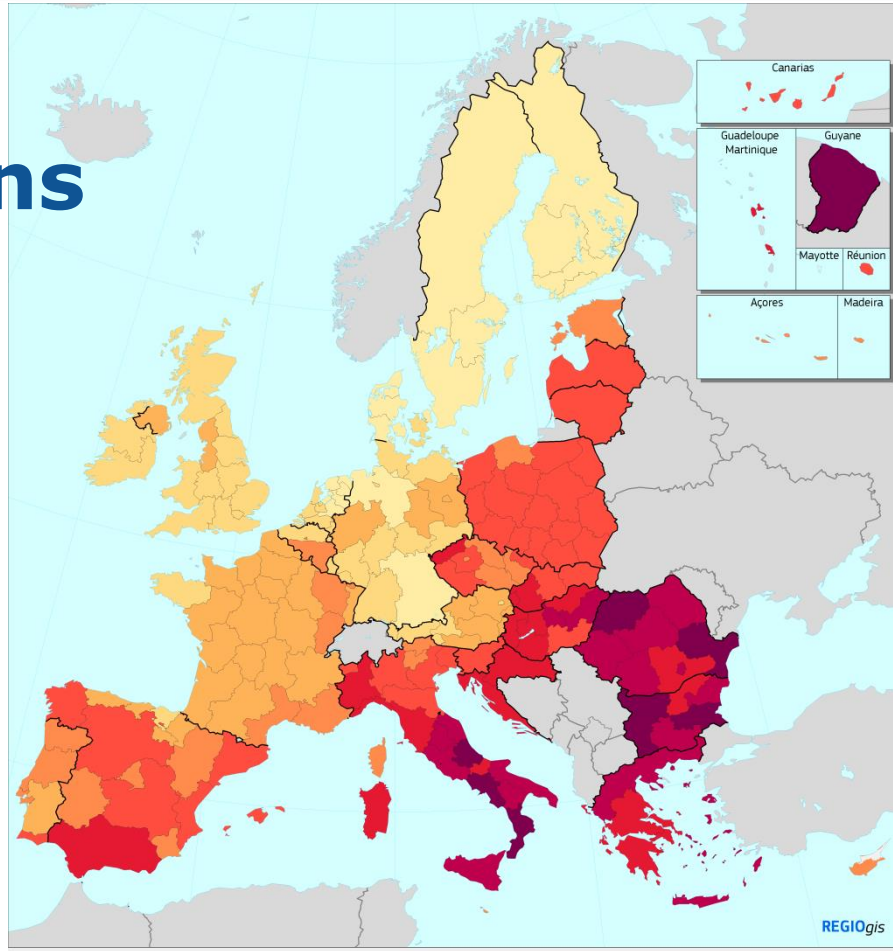
Excludes regions with less than 50 contracts awarded. Includes only contracts above the threshold of the public procurement directive.
In CY, EE, LT, LU, LV, and MT, contracts awarded by national authorities in sectors used by regional and local authorities were included. Source: EU Tenders Electronic Daily and DIGIWHIST

0 500 km

European Commission

Improving institutions

- *The quality and impartiality of public services is uneven*
- *Ease of doing business can be improved*
- *E-Government can help*



European quality of government, 2017

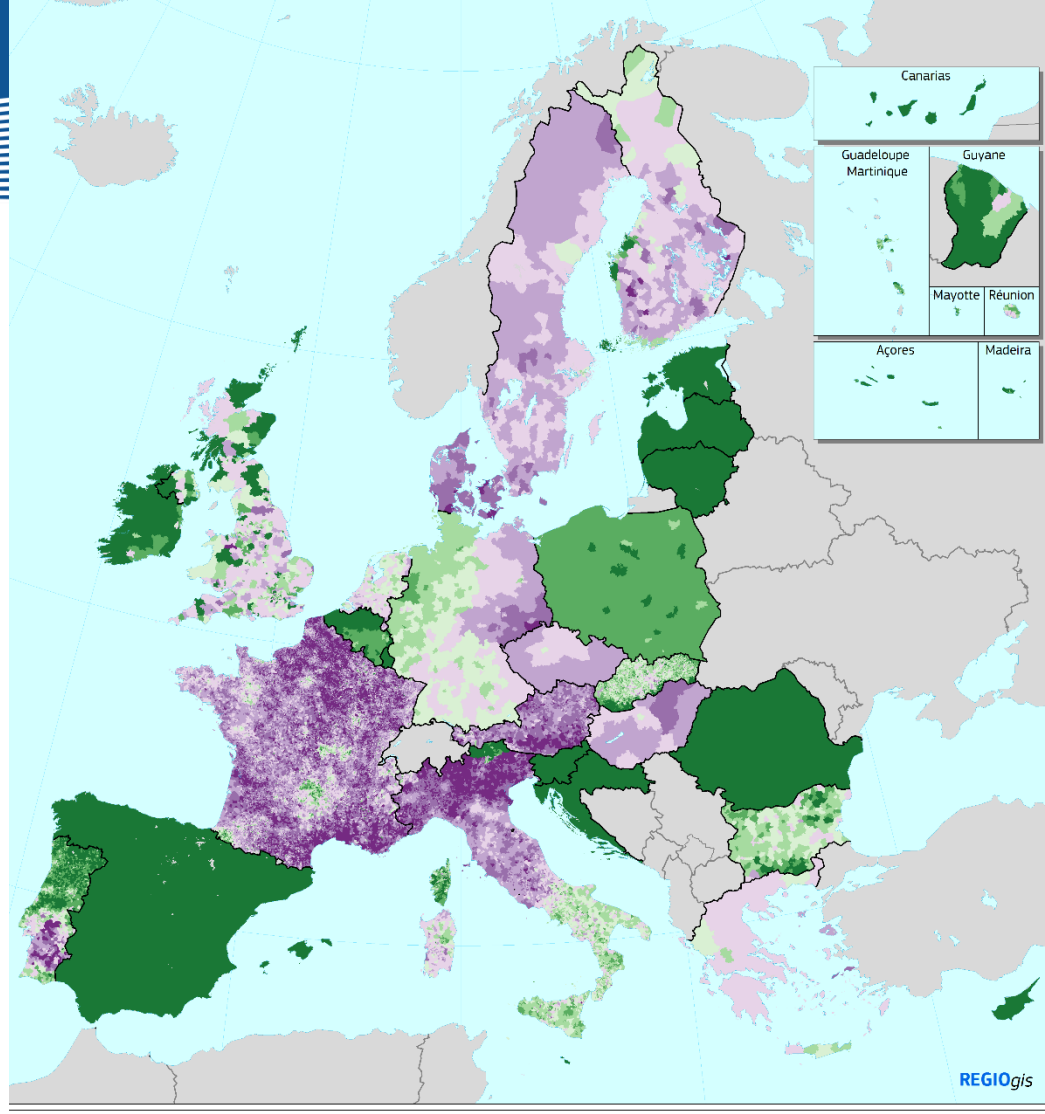
Standard deviation, range from poor quality (negative) to high quality (positive)

< -1.75	0.25 - 0.75
-1.75 - -1.25	0.75 - 1.25
-1.25 - -0.75	> 1.25
-0.75 - -0.25	no data
-0.25 - 0.25	

EU = 0
Source: World Bank data and a regional quality of government survey.

0 500 km

(Strong) opposition to EU integration



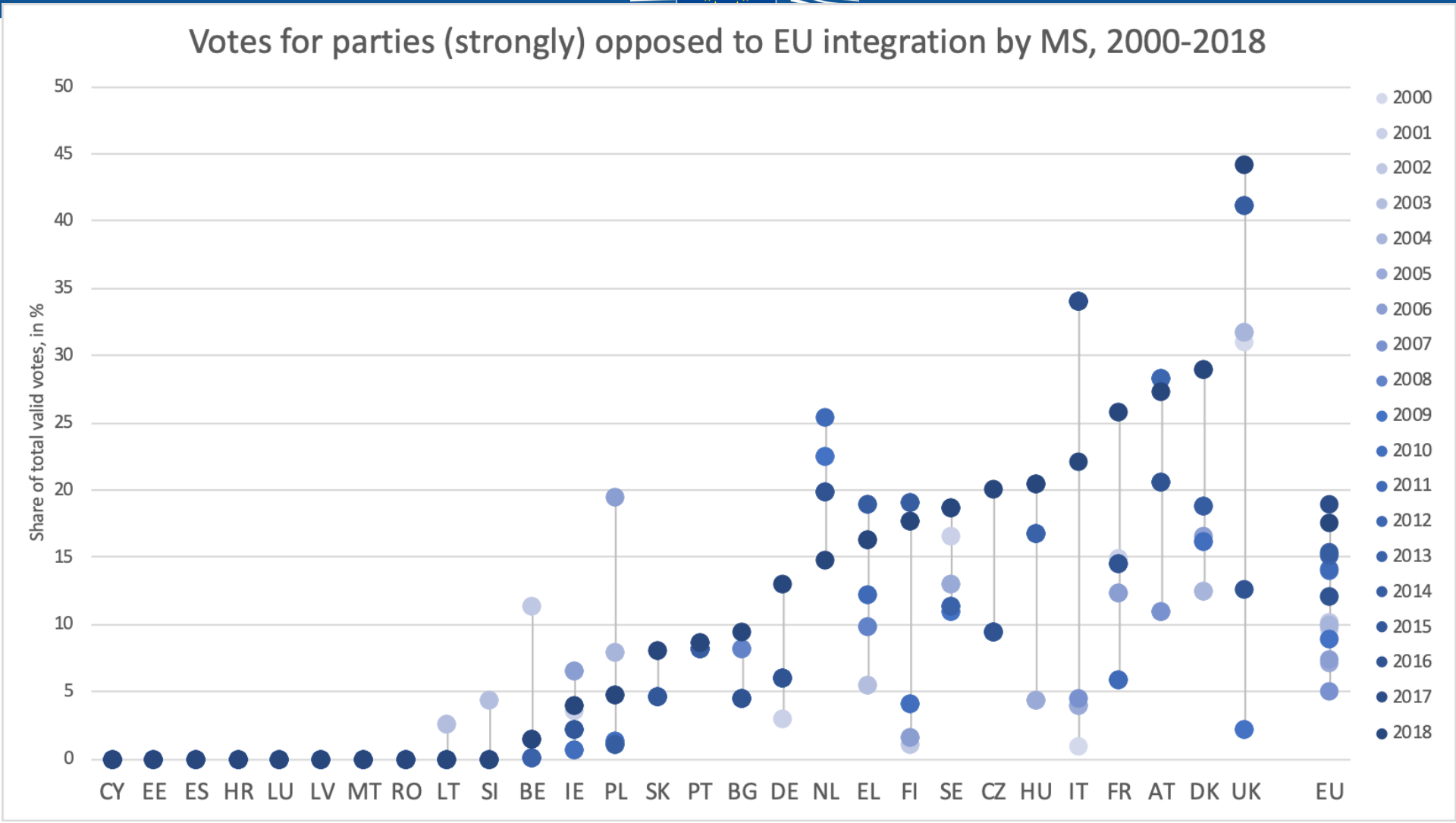
Minimum share of votes for parties (strongly) opposed to European integration, 2013-2018

% of valid votes

0.0 - 3.0	13.5 - 20.0
3.1 - 6.5	20.1 - 27.0
6.6 - 10.0	27.1 - 35.0
10.1 - 13.4	35.1 - 100.0

Sources: national authorities, CLEA, Chapel Hill Expert Surveys 2014 and 2017, EuroGeographics, DG REGIO
Election years:
2018: IT
2017: BG, CZ, DE, FR, MT, NL, AT
2016: IE, ES, HR, CY, LT, RO, SK
2015: DK, EE, EL, PL, PT, FI, UK
2014: BE, LV, HU, SI, SE
2013: LU
EU-28 average = 13.4%

0 500 km


Votes for parties (strongly) opposed to EU integration by MS, 2000-2018
Share of total valid votes, in %
50
45
40
35
30
25
20
15
10
5
0
CY EE ES HR LU LV MT RO LT SI BE IE PL SK PT BG DE NL EL FI SE CZ HU IT FR AT DK UK EU
2000
2001
2002
2003
2004
2005
2006
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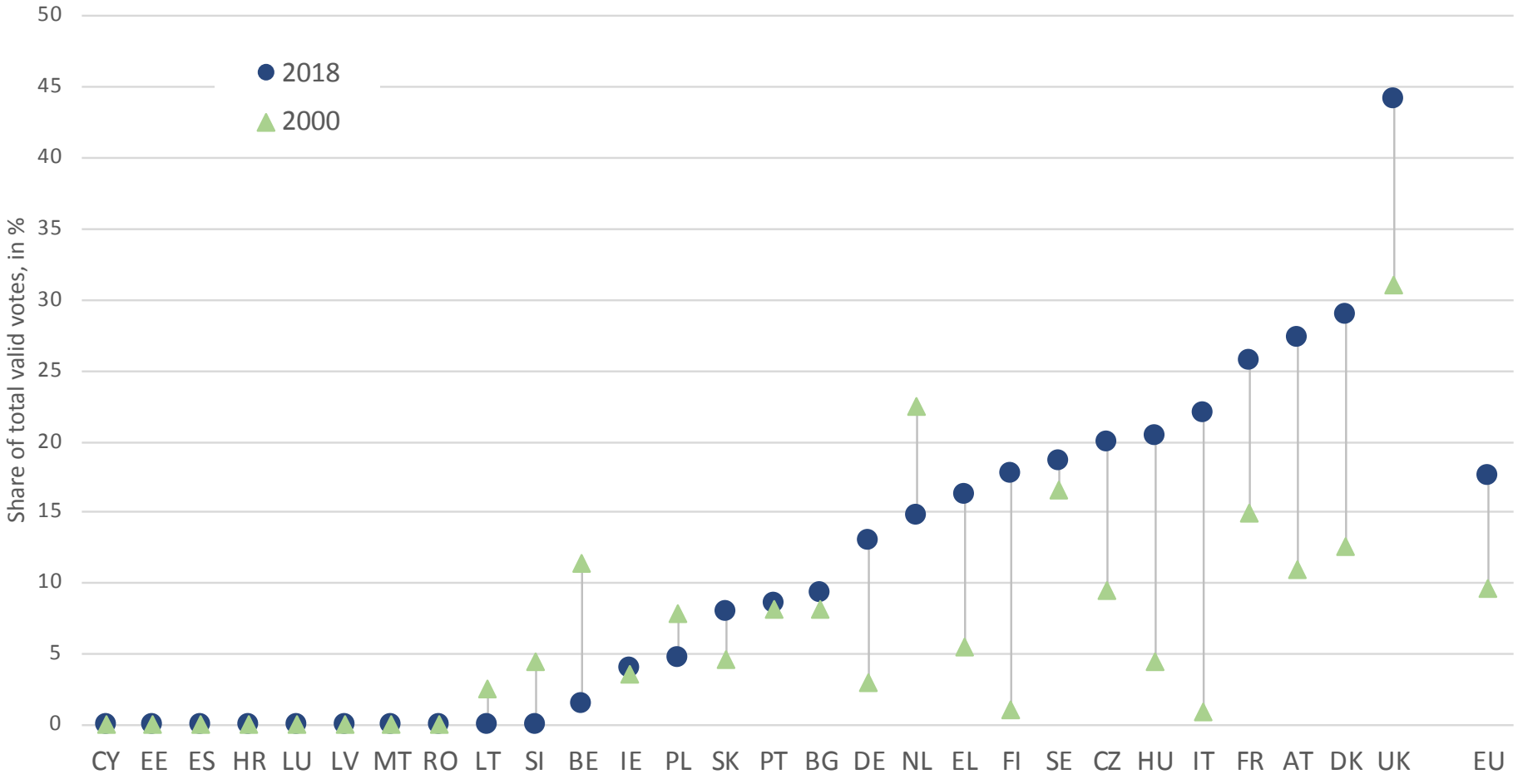
2018

Votes for parties (strongly) opposed to EU integration by MS, 2000-2018



Source: Own elaboration on CHES data and national sources

Conclusions

- *Regional and local authorities are becoming more important policy actors*
- *Bigger demands for smaller authorities (scale)*
- *Capacity and quality of administration is to gain/maintain trust and value for money*
- *Sufficient funding and investment remains a concern*
- *Without concerted action, voter discontent may shift political power*