Effective decentralisation in the context of the European Semester and beyond

(Report Presentation)

Report written by
Sabine Zillmer and Erik Gløersen (Spatial Foresight GmbH) and Michele Alessandrini and Alessandro Fratini (t33 Srl) with inputs from Bozhidar Ivanov, Kirsti Hagemann and Marcela Mäder Furtado (Spatial Foresight GmbH)

Language review by Tim Wills

It does not represent the official views of the European Committee of the Regions.
• Decentralisation & its effectiveness vary widely across EU Member States

• The variation of proxy indicators illustrates potential imbalances between dimensions of decentralisation → which tends to hamper the effectiveness of decentralisation

• Decentralisation trends are ambiguous – ranging from decreasing to increasing local autonomy indexes
Evidence of 'unfunded mandates'

- LRAs in some EU Member States tend to suffer from unfunded mandates
- Unfunded mandates can appear over time due to reforms, regional developments & territorial characteristics
- Also without unfunded mandates the fiscal autonomy may be low

Source: elaboration based on https://portal.cor.europa.eu/divisionpowers/Pages/Decentralization-Index.aspx
Recommendations: OECD guidelines

• Ambiguities of financial dimensions require better understanding & monitoring
• Impact assessments of fiscal reforms for different types of territories across levels of government to better prepare against unfunded mandates
• Effective decentralisation is highly complex – It requires at least a triangle of consistent reform processes
• Effectiveness of decentralisation would benefit from sustainable monitoring of processes
Decentralisation and the European Semester

- Limited evidence on dimensions of decentralisation in country specific recommendations (2022)
- Evidence in NRPs varies widely
  - Few descriptions of change of responsibilities
  - Some references to the development of vertical / horizontal cooperation
  - Rare examples include descriptions of comprehensive approaches
  - Implementation of OECD guidelines is hardly mentioned
  - Recognition of decentralisation needs without further action
- Links between country specific recommendations and effective decentralisation measures are often blurred
- Effective decentralisation measures may also be linked to recommendations of previous years
Recommendations: European Semester

• To obtain a more strategic use of the European Semester in support of effective decentralisation requires several actions
  – Overcome the lack of consultation channels and capacity limitations, e.g. through ESIF support
  – Overcome the tight time constraints for reforms dealing with decentralisation (and its effectiveness)
• Implement a territorial monitoring in the European Semester, including also regional financial aspects
• Reduce the reporting burden of NRPs on institutional aspects at the benefit of a biennial reporting on the related governance processes
  – with reference to achievements related to the OECD guidelines
  – in the context of the European Semester, explicitly considering LRAs