Sub-national finances and decentralisation

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Overview

- Regional authority has grown
- Local autonomy has grown
- Sub-national finance has shrunk
- Sub-national deficits have shrunk
- EU discontent
Regional and urban Policy

Self Rule has grown
Local autonomy has grown

Figure 4.17  Local Autonomy Index, 1990, 2000 and 2014

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

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
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?
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**
Improving institutions

- The quality and impartiality of public services is uneven
- Ease of doing business can be improved
- E-Government can help
(Strong) opposition to EU integration
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**