

# Executive summary

## Key findings

**Over the past 50 years, federal and unitary countries have increasingly adopted or deepened regional governance reforms**, especially in the OECD and Europe, but also in Asia, America and to a lesser extent Africa. The Regional Authority Index, which measures the degree of power of regional governments, shows that 67% of countries experienced a net increase in the degree of regional authority over the period 1970-2018, whereas only 10% experienced a decline. A first wave of reforms took place between the 1970s and 1990s, characterised by the creation or strengthening of an autonomous regional level (e.g. France, Italy, Spain, the United Kingdom), especially in Central and Eastern European countries. After the 2008 financial crisis, some countries created new self-governing regions (e.g. Greece), some merged existing ones (e.g. France, Norway) while others undertook institutional reforms, including the transfer of new responsibilities and fiscal powers to the regional level (e.g. Belgium). Today, several other OECD and European Union countries are undertaking (e.g. Chile, Finland) or debating (e.g. Bulgaria, Portugal, Romania) regional governance reforms.

**Federal and unitary countries are increasingly adopting asymmetric regional governance arrangements**, i.e. providing different political, administrative or fiscal powers to governments at the same subnational level. In some cases, countries adopt asymmetric arrangements to allocate more responsibilities to regions with greater capacities – often as pilot exercises. In others, the asymmetry reflects different statuses for territories with a strong history or identity (e.g. Sicily in Italy, Basque Country in Spain, Wales in the United Kingdom) or to peripheral territories such as outermost regions, islands and outlying regions (e.g. Madeira and Azores in Portugal, Corsica in France,). Asymmetric regional governance can also be used to promote the special rights of indigenous peoples (e.g. Colombia). In recent years, asymmetric arrangements are also increasingly used to recognise the specificities of metropolitan areas and city-regions, in particular in large cities and capital districts (e.g. France, Italy, the Republic of Türkiye).

**There are different drivers behind regional governance reforms**, and countries often pursue several objectives when undertaking them. The different drivers include:

- **Adoption of a place-based regional development policy** to address regional inequalities. Regions are in a privileged position to co-ordinate various sectoral policies, build on local assets and knowledge, and facilitate dialogue across levels of government and stakeholders including businesses and civil society. This means acknowledging the active role that regions play in policy design giving them the flexibility and resources to achieve these goals. Regional governments with adequate funding and human capacities can also facilitate the provision of services and infrastructure of regional interest because they operate on a larger scale than municipalities.
- **Preserve historical, cultural, ethnic or linguistic specificities** or to improve the autonomy of regions with indigenous populations. Institutional systems with strong regions may be better equipped to sustain cultural diversity and the expression of regional identities.”

- **Increase the efficiency of the multi-level governance system** by clarifying or redefining responsibilities across levels of government to reduce overlaps or policy fragmentation, in contexts where regional responsibilities and functions are shared with another institutional government level.
- **Strengthening democracy** by establishing a regional level with directly elected bodies, enhancing transparency and accountability at the regional level.

**The degree of devolved responsibilities is very diverse** across regions in terms of geography, demographic size, institutional settings and responsibilities. In federal countries, state governments stand out for their high level of spending, representing 35.2% of total public spending, compared to 8.7% in unitary countries. To reflect this diversity and, at the same time, identify common characteristics in terms of governance, institutions, responsibilities and funding, **this report identifies a typology of regional governance models that groups the different models used across OECD countries into four categories** as follows:

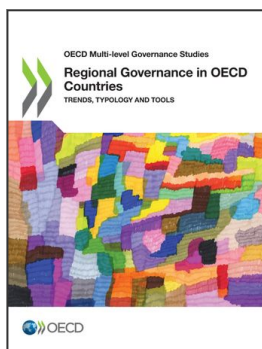
1. **Regions with legislative powers:** their main characteristic is the attribution of legislative power to a regional assembly. They have large responsibilities, whose content is defined and guaranteed by the Constitution, or similar instrument. In federal and quasi-federal countries, the federated states (or regions) have, in most cases, their own constitution (Canada is an exception), parliament and government. Regions with legislative powers also exist in unitary countries, in particular those that have asymmetric regional governance arrangements (e.g. Finland, Portugal).
2. **Decentralised regional governments:** self-governing legal entities in unitary countries or quasi-federal countries with elected bodies. They have some autonomy over their spending decisions. They have access to various sources of funding, including grants and subsidies, tax revenues, user charges and fees. They may also have access to borrowing. There is no one dominant model of funding.
3. **Co-operative regions:** arise from the co-operation of existing local authorities, at the regional level, with legal status. While limited, their tasks often include regional development and spatial planning, EU funds management, among other tasks with clear region-wide benefits. Usually, they have their own budget funded by contributions from municipalities and central government transfers.
4. **Planning or statistical regions:** units established by central government to plan at and/or provide statistics at the regional level. In general, they have few powers. In some rare cases, they have a legal status with their own administration and budget

## Key messages

**Regional governance reforms and increasing regional authority require efficient multi-level governance instruments.** In a context of shared responsibilities, coordination across and among levels of government is crucial to overcome policy inconsistencies, projects working at cross purposes or inefficient resource allocation. The regional level is in a strategic position at the intersection of national, intermediate and local levels of government, to promote and facilitate vertical co-ordination to produce outcomes that are aligned and sufficiently clear for all levels of government. Countries can rely on a number of instruments for this purpose, such as contractual agreements or inter-governmental committees. These tools also help build ownership and trust. Cross-regional co-operation is also important - regions need to collaborate not only to manage joint policy competences and invest at the relevant scale, but also to exchange experiences and expertise or advocate for common interests. Cross-border co-operation is also necessary in certain contexts to align regional development objectives and find joint solutions to collective cross-border problems, ranging from infrastructure to labour market and climate change issues and regulations.

**Regional governance reforms are also an opportunity for developing strategic capacity, in particular in regional development planning and implementation.** Regional governance reforms are by themselves a capacity-building process in which all stakeholders can gradually learn how to take on more responsibilities. Strengthening policy monitoring and evaluation capacities is particularly important for the success of regional governance reforms and the implementation of regional development policies. Well-developed, outcome-oriented performance measurement systems also contribute to the success of regional development policies. In parallel, regional governance reforms need to be accompanied by the right tools to ensure stakeholder participation. Citizens and business engagement is important for improving the quality of policies, increasing accountability and strengthening trust in governments.





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