



Which Role for the State Territorial Representatives (STRs) in the Dialogue between State and Region?

October 23rd 2009

2ème Observatoire de l'action territoriale de l'Etat

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OECD

1. Why is OECD interested?

- Work on multi-level governance (coordination and responsibilities across levels of government)
- Collecting data on public regional (capital) expenditure and information on how this data is used in the decision-making process
- Work on the sub-national dimension of the crisis and the prioritisation of public investments in recovery strategies.

2. The Role of the Central Government (CG) (1/3)

OECD work and results from STRs questionnaire (20 responses for 16 countries) show that CGs have a crucial role

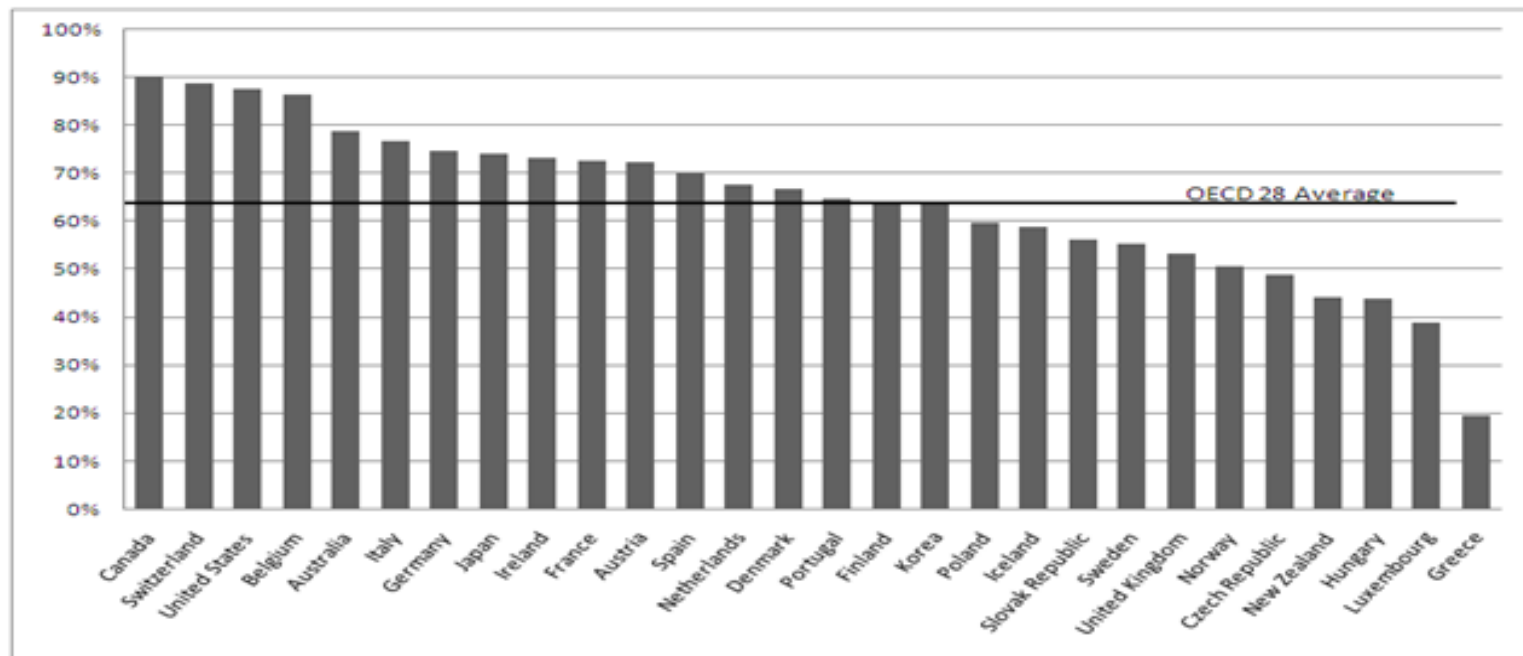
Rank of main actors in the decision making of public investments according to their financial responsibility (Source: STRs questionnaires)

<i>Main Actors / Number of Responses</i>	Ranked 1st	Ranked 2nd	Ranked 3rd	Ranked 4th
Supra-national Organisation	1		2	2
Central Government	9	6	1	
Region	3	5	4	1
Local Authority	2	6	5	1
Inter- ministerial committee(s)				
Sub-national agencies	1		1	1
Public-private committees				

3. The Role of the Central Government (2/3)

But OECD and EUROSTAT figures show that Sub-National Governments (SNGs) have a crucial role in public investments

Share of sub-central governments in public investment (2007)



Source: OECD National Accounts - This figure uses Gross Fixed Capital Formation as a measure of public investment

4. The Role of the Central Government (3/3)

- What could explain such apparent paradox?
- One explanation could be that the CG is the main decision-maker but the SNGs are the implementers
- In some countries the co-decision process between CG and the SNGs has been underlined (STRs questionnaire)

5. The Crucial Role of STRs

Because the CG is a key actor, STRs have a crucial role to play in investment decisions and implementation in regions

What are the role and the tasks of the STRs in the decision and implementation of investments in regions? (Source: STRs questionnaire)

<i>Role and tasks of the STRs</i>	Countries' Responses
Participation in the strategic planning of an area together with regional authorities and/or in line ministries	11
Project selection	7
Guarantor/audit of public bid requirements	4
Grant of public work permits	4
Other	1

6. Priorities of Intervention in the Regions

STRs have a key role, but how are the priorities of intervention in the regions defined with regard to public investment?

Source: STRs questionnaire

In Terms of Objectives/criteria	Number of Countries
On the basis of general policy objectives	12
On the basis of national/supranational strategic objectives	12
On the basis of regional strategic objectives identified by STRs	6
On the basis of regional strategic objectives identified by regional authorities	10
On the basis of previous allocations (historical level)	3
Formulae	1
Other	1

7. Dialogue and Negotiation for Public Investment in Regions

Source: STRs questionnaire

In terms of stakeholders	Number of Countries
Negotiation and policy dialogue between Ministries	7
Negotiation and policy dialogue between Central Government and Sub-National Authorities	12
Negotiation and policy dialogue between STRs and Sub-National Authorities	5
Negotiation and policy dialogue among Sub-National Authorities	7
Policy dialogue with business associations	3
Policy dialogue with other non-governmental organizations/associations	3

8. The STRs in the Public Investment Decision Process

- How are priorities defined?
- STRs as intermediaries between CG and SNGs: but how does it work in practice (consultation, planning, rules etc.) ?
- What mechanisms underlie the prioritisation of public investments and the negotiation processes in cross-border regional arrangements?
- STRs involved early on: does their contribution extend to investments' implementation, monitoring and evaluation?

9. What are the Lessons from the Crisis? (1/3)

OECD work shows the importance of public investments in the recovery and fiscal plans to respond to the crisis

Examples of share of grants to SNGs as a percentage of total national stimulus spending

	General Purpose Grants	Earmarked Grants		TOTAL
		Current Expenditure	Capital Expenditure	
Australia	-	0%	56%	56%
Canada	-	6%	78%	84%
France	-	-	27%	27%
Germany	-	-	29%	29%
Japan	33%	-	18%	51%
Korea	-	-	28%	28%
Norway	7%	2%	30%	39%
Portugal	-	-	22%	22%
Spain	-	1%	72%	73%

10. What are the Lessons from the Crisis? (2/3)

Source: STRs questionnaire

With regard to the national fiscal stimulus plans to address the current economic recession,	Number of Countries
Has the prioritization of public investment followed regional criteria?	9
Has the information on public investment in regions in recent years been used to prioritize the public investment contained in the fiscal plan?	11
Has the role of the STRs in the decision process of regional investment changed? If so how?	6

11. What are the Lessons from the Crisis? (3/3)

- What has been the role of the STR and how has it changed with the crisis?
- Some evidence of re-centralisation of decision-making in the context of the crisis: what impact for STRs? New negotiation mechanisms? Questioning of existing role allocations? Further reforms in multi-level coordination?
- Connected to this, issue of lagged implementation, especially in federal countries
- How have urgent decisions been taken and on the basis of what information?
- What regional criteria have been used to prioritise regional investments, and who took the decisions?