

ANNEX D

Responsibilities across levels of government

In federal countries, the sovereignty is shared between the federal government and federated states which have their own constitution, parliament and government, and large competences, while federal governments have in general exclusive and listed competences such as foreign policy, defence, money, criminal justice system, etc. In most federal countries, local governments are “creations” of the federated states. Falling directly under their jurisdiction, their responsibilities are defined by state constitutions and laws, and they often differ from one state to another. In quasi-federation (Spain) and “hybrid countries”, devolved nations (United Kingdom) or regions (Italy) can define, through primary and/or secondary legislative powers, the local government functioning. In unitary countries, the sovereignty is not shared. The assignment of responsibilities is generally defined by national laws.

National or regional regulations provide more or less details on local governments’ responsibilities, as they often refer to the general clause of competence or “subsidiarity principle”, especially for the municipal level, which gives local authorities an explicit freedom to act in the best interests at local level. In this case, laws rarely limit and specify local responsibilities but enumerate broad functions instead, except if a particular responsibility is devolved by law to another government level. Laws can also define whether a subnational responsibility is an own/exclusive local function, a delegated task on behalf of the central government or another subnational government (SNG) or a shared responsibility with another institutional government level. In addition, some subnational responsibilities can be mandatory while others are optional. As a result, the breakdown of competences between central/federal government and SNGs as well as across SNG levels is particularly complex, leading sometimes to competing and overlapping competences and a lack of visibility and accountability concerning public policies. For each sector and sub-sector, one or more levels of government (central government, state or region, intermediary government and municipal level) may intervene and exercise one or more key functions: regulating, operating, financing and reporting (Table D.1).

Table D.1. **Responsibilities sectors and sub-sectors**

Responsibility sectors and sub-sectors
Social Welfare Nursery schools/Social care for children and youth/Support services for families /Elderly/Disabled people/Inclusion & poverty/Immigrants & integration of foreigners/Social welfare centres
Health Primary healthcare (medical centres)/Special healthcare (e.g. dental care)/Preventative healthcare/Hygiene/Hospital
Education Pre-elementary/Primary/Secondary/Higher/Vocational education/Special education/Research & Development

Table D.1. **Responsibilities sectors and sub-sectors** (cont.)

Responsibility sectors and sub-sectors
Utilities Refuse collection/Waste disposal/Drinking water distribution/Sewerage/Irrigation/Gas distribution/Electricity provision/Public lighting/Urban heating/Street cleaning
Environment Parks & green areas/Nature preservation/Water quality/Noise/Air pollution/Soil protection
Employment Subsidies/Adult vocational training/Employment services/Back to work programmes
Spatial planning Urban and land use planning/Urbanism/Regional planning
Housing Housing subsidies/Construction/renovation/Management
Transports Road networks and facilities (highways, national, regional, local)/park spaces/Railway networks and facilities (national, regional, local)/Airports (international, national)/Ports (sea and fishing, inland waterways)/Public transport (road)/public transport (railways, tramway)/Special transport services (e.g. pupil and student transport)/Traffic signs and lights
Economic development Support to local enterprises and entrepreneurship/Agriculture and rural development/Communication/IT/Industry/Technological development/Mining/Tourism/Commerce
Culture & Recreation Sports/Libraries/Museums/Cultural heritage/Media
Public order and safety Police/Firefighting/Civil protection and emergency services
General public administration and defence Administrative services (marriage, birth, etc.); Public facilities (town houses, etc.); Local defence

Note: This classification differs from the one used in the national accounts to analyse expenditure by economic sector (Classification of the Functions of Government or COFOG).

Source: Authors' elaboration based on various sources.

Figure D.1. **Breakdown of responsibilities across SNG levels: A general scheme**

Municipal level	Intermediary level	Regional level
<ul style="list-style-type: none"> • A wide range of responsibilities: <ul style="list-style-type: none"> – General clause of competence – Eventually, additional allocations by the law • Community services: <ul style="list-style-type: none"> – Education (nursery schools, preelementary and primary education) – Urban planning and management – Local utility networks (water, sewerage, waste, hygiene, etc.) – Local roads and city public transport – Social affairs (support for families and children, elderly, disabled, poverty, social benefits, etc.) – Primary and preventative healthcare – Recreation (sport) and culture – Public order and safety (municipal police, fire brigades) – Local economic development, tourism, trade fairs – Environment (green areas) – Social housing – Administrative and permit services 	<ul style="list-style-type: none"> • Specialised and more limited responsibilities of supra-municipal interest • An important role of assistance towards small municipalities • May exercise responsibilities delegated by the regions and central government • Responsibilities determined by the functional level and the geographic area: <ul style="list-style-type: none"> – Secondary education or specialised education – Supra-municipal social and youth welfare – Secondary hospitals – Waste treatment treatment – Secondary roads and public transport – Environment 	<ul style="list-style-type: none"> • Heterogeneous and more or less extensive responsibilities depending on countries (in particular, federal vs unitary) • Services of regional interest: <ul style="list-style-type: none"> – Secondary/higher education and professional training – Spatial planning – Regional economic development and innovation – Health (secondary care and hospitals) – Social affairs, e.g. employment services, training, inclusion, support to special groups, etc. – Regional roads and public transport – Culture, heritage and tourism – Environmental protection – Social housing – Public order and safety (e.g. regional police, civil protection) – Local government supervision (in federal countries)

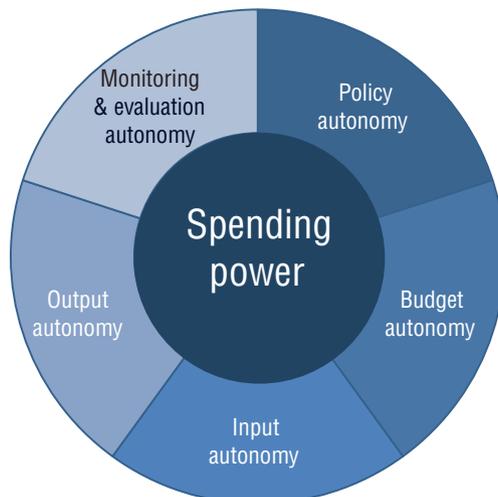
Source: Authors' elaboration.

Subnational government responsibilities and spending power

The assignment of responsibilities to SNGs does not mean that SNGs have full autonomy in exercising them. Firstly, because responsibilities can be defined as shared or delegated. Secondly, because there may be a gap between the principles and the operational reality: competent SNGs may not have the means to cope with the financial costs (unfunded mandates), or may no longer have (in case of financial crisis). Thirdly, this situation comes most of the time from the fact that SNGs do not have full autonomy and decision-making authority in their fields of responsibility, functioning sometimes more as agencies funded and regulated by the central government rather than as independent policy makers.

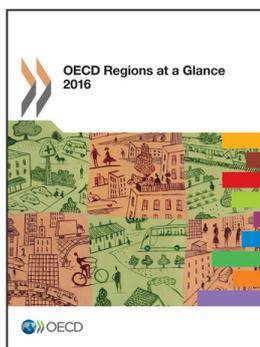
In order to gauge true spending power, a set of institutional indicators has been established by the OECD Network on Fiscal Relations across Levels of Government, based on a detailed assessment of institutional, regulatory and administrative control central government exerts over various SNGs policy areas (Steffen Bach, Hansjörg Blöchliger and Dominik Wallau, 2009).

Figure D.2. **Main categories of spending power of SNGs**



Five categories related to major facets of autonomy have been distinguished (Bach et al, 2009):

- **Policy autonomy:** To what extent do SNGs exert control over main policy objectives and main aspects of service delivery? To what extent are SNGs obliged to provide certain services e.g. through constitutional provisions or central government legislation?
- **Budget autonomy:** To what extent do SNGs exert control over the budget e.g. is expenditure autonomy limited by earmarked grants or expenditure limits? Do fiscal rules specifically limit fiscal autonomy in a certain policy area?
- **Input autonomy:** To what extent do SNGs exert control over the civil service and other input-side aspects of a service? To what extent can SNGs negotiate and shape wages and the wage structure of civil servants? To what extent are SNGs free to tender or contract out services?
- **Output autonomy:** To what extent do SNGs exert control over service standards such as the level and quality of public services delivered? To what extent can SNGs define output criteria?
- **Monitoring and evaluation autonomy:** To what extent do SNGs exert control over evaluation, monitoring and benchmarking? To which government level are service providers reporting?



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