

# Multi-level Governance

## Key Facts

**The relationship between and across levels of government is characterised by mutual dependence.**

An average of 30% of public spending in OECD countries takes place at sub-national level. In Europe almost 70% of public investment is made by sub-national governments.

**However, this relationship can suffer both from overlaps, and from a number of “gaps”:**

**Information Gap:** sub-national governments are well placed to identify opportunities for regional investment and development...

**Capacity Gap:** ... but they might not have the capacity to design and implement “coherent” strategies, which require central government intervention...

**Funding Gap:** ... including inter-governmental transfers.

**Administrative Gap:** local administrative boundaries seldom correspond to economic challenges and functional borders.

**Policy gap:** purely vertical approaches by line ministries do not allow for coherent regional policy

**Bridging these gaps** and avoiding overlaps require co-ordination, capacity building and leadership.

**Co-ordination mechanisms** like contracts, performance indicators, co-funding agreements or earmarked grants provide incentives for an effective dialogue and capacity building.

## Why Multi-level Governance Matters?

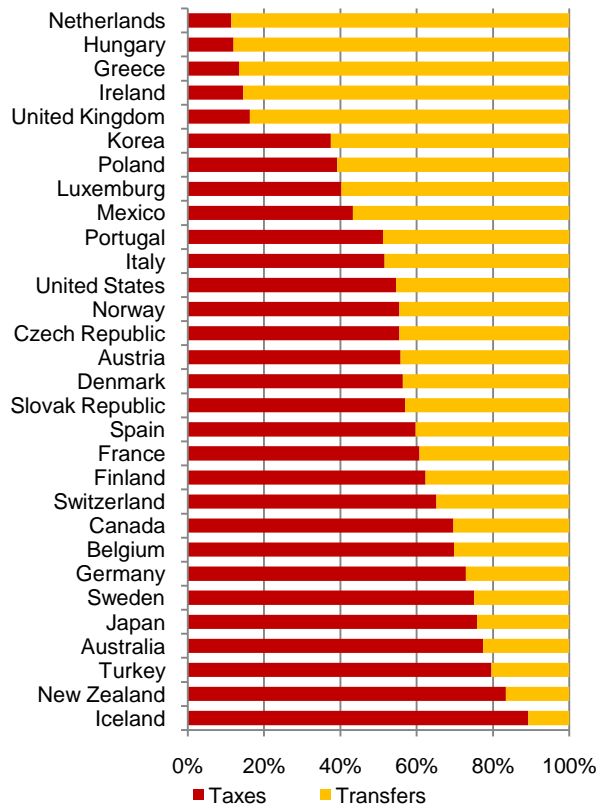


Working together and striking a balance between the interests, capacities and objectives of national and sub-national levels is essential for more effective public policy outcomes.

Local knowledge must feed national policy designs and implementation.

Regional policy requires multi-level governance mechanisms within a coherent, forward looking, cross-sectoral, and flexible framework.

*Share of transfers in total sub-national revenues, 2005*



Source: OECD (2008/5), “Taxes Vs. Grants: on the Revenue Sources of Sub-Central Governments”.

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## Publications

### Linking Regions and Central Governments: Contracts for Regional Development (2007)

This book offers a unique analytic framework for assessing multi-level governance arrangements, which is subsequently applied to five case studies of regional development policy: Canada, France, Germany, Italy and Spain.



Effective governance requires a flexible mechanism for meeting information needs and promoting performance. The goal of this report is to learn how indicator systems can be used as a governance tool in a regional policy context.

### Governing Regional Development Policy: The Use of Performance Indicators (2009)



### Building Competitive Regions: Strategies and Governance (2005)

This report assesses the strategies pursued by OECD member governments to address the competitiveness of regional economies and the accompanying governance mechanisms on which the implementation of these strategies rests.



## OECD multi-disciplinary activities

Network on Fiscal Relations  
across Levels of Government

Making Reforms Happen

+  
**Water  
project**

Water management is characterised by multiple fragmentation of responsibilities. Integrated and coherent approaches are required. The multi-level governance of water will be addressed in 2009-10.