



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.

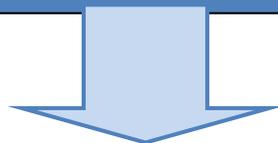
However, this relationship can suffer both from overlaps, and from a number of “gaps”:

- **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

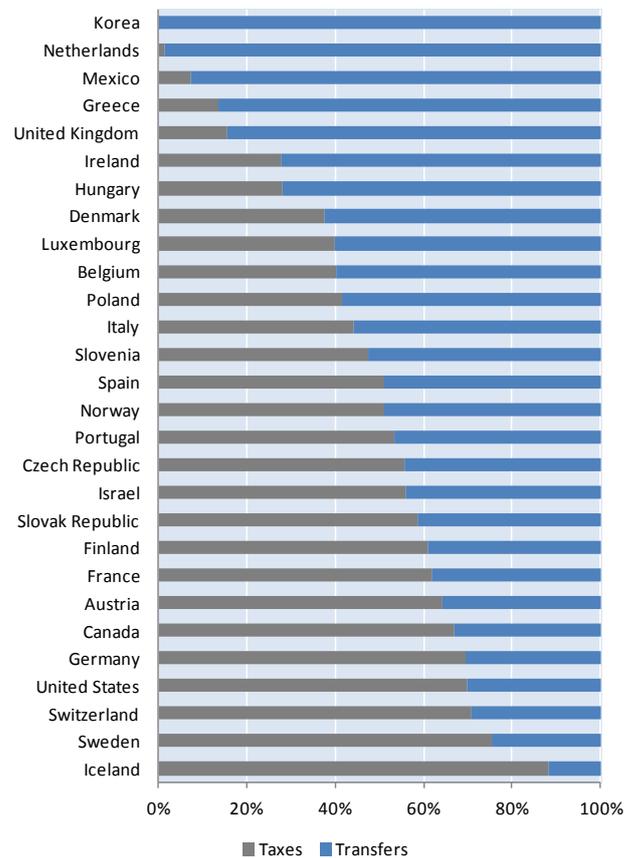


Working together and striking a balance between the interests, capacities and objectives of national and sub-national levels is essential for more effective public policy outcomes.

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.

Revenue Structure of Sub-central Governments (2009)



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



Publications

Linking Regions and Central Governments: Contracts for Regional Development

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.



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

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.



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

Making the most of public investment in a tight fiscal environment: multi-level governance lessons from the crisis

Multilevel governance of water policy in OECD countries

Water management is characterised by multiple fragmentation of responsibilities. Integrated and coherent approaches are required. Water multi-level governance challenges are addressed in the framework of the OECD horizontal programme on water: www.oecd.org/gov/water; Contact: Water.Governance@oecd.org



About the OECD

The Organisation for Economic Co-operation and Development is a unique forum where the governments of 34 market democracies work together to address the economic, social and governance challenges of globalisation as well as to exploit its opportunities. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and co-ordinate domestic and international policies.



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