

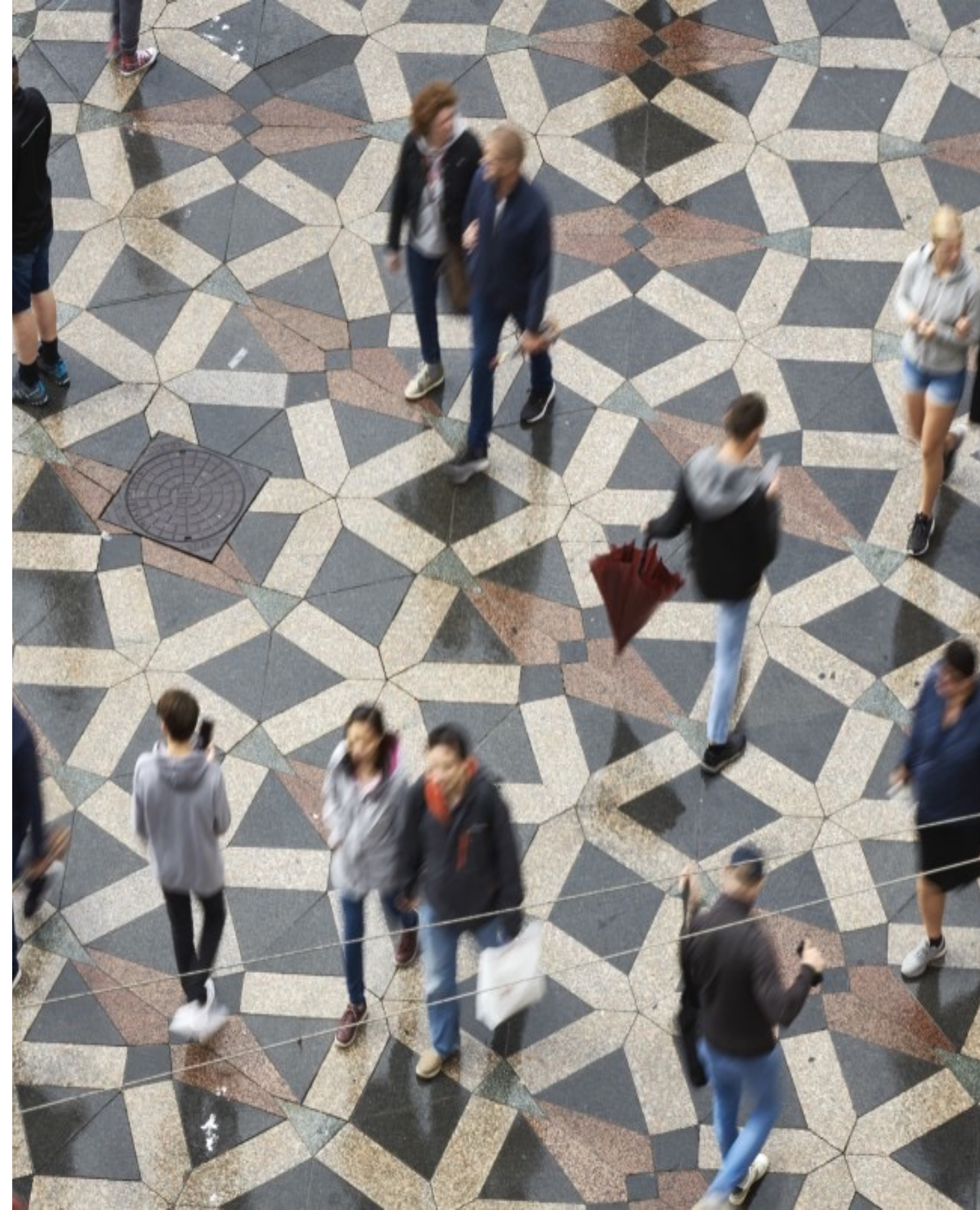
Using municipal and regional fiscal data to analyse decentralisation and multilevel governance:

Utilising international databases in policy design

December 13, 2022

- ⇒ Introduction
- ⇒ Subnational units: categories, numbers
- ⇒ Examples of use three Danish studies
- ⇒ Points to make

VIVÉ



Introduction – issues to consider relevant to policy analyses

Comparisons across units often suitable for underpinning policy initiatives

Comparisons ideally delivers: transparency, 'objectiveness', realistic framing

Challenge of comparisons – comparability and feasibility:

- Time series
- Across countries
- Across levels of government
- Across subnational governments
- Across institutions/companies
- Across individuals

Subnational units (1)?

For mainly statistical purposes:

- examples: SMAS's, Autonomous local authorities, metropolitan areas/functional urban areas, OECD TL2 (big regions) and TL3 (small regions), parishes

For mainly policy analyses:

- Administrative boundaries: municipalities, provinces, regions etc.
 - ⇒ A certain level of autonomy
 - ⇒ Decision making units relevant
 - ⇒ Challenge: single and general purpose units occur
 - ⇒ Wickcellian connection between local taxes and local expenditures

Subnational units (2)?

No. of subnational government units at diff. tiers. Certain OCED-countries, 2019					
		Regions and states	Internediary	Municipalities ¹	Average inhabitants municipalitis
Denmark		5	-	98	59.000
Norway ²		11	-	356	14.900
Sweden		21	-	290	35.500
Finland		1	-	309	17.800
Belgium		6	10	581	19.900
France		18	101	34.965	1.900
UK		3	35	379	176.000
Ireland		-	-	31	159.000
Italy		20	-	7.960	7.600
Spain		17	50	8.131	5.800
Portugal		2	-	308	33.400
Czech Republic		14	-	6.258	1.700
Hungary		19	-	3.155	3.100
Switzerland		26	-	2.172	4.000
Austri		9	-	2.098	4.200
Canada		13	-	3.898	9.600
Turkey		81	-	1.389	60.000
USA ¹		5 0	3.031	35.748	9.200

1. Only general purpose units. ² 2020. ³ Simple average rounded numbers

2. Sources: OECD, Subnational Governments in OECD countries: key data. 2022, Statistics Denmark, World Bank, own data.



Case 1: Local governments' borrowing and evaluation of a credit institution – an international comparative study (2021)

Purpose: Evaluation of borrowing restrictions and effectiveness of “KommuneKredit”

Potential policy use:

- Back ground information for central government future regulation
- Increasing transparency of Danish system for foreign lenders (rating bureaus)

Methods:

Country comparisons - comparable yet different: DK, Sweden, Finland, Netherlands, Austria

Theoretical insights statistical underpinned

Data sources local/central level:

- OECD and Eurostat databases,
- ‘private’ data-producing institutions: International banks, rating bureaus, SNGWOFI
- Targeted studies from OECD, Bertelsmann Stiftung, independent researchers
- bilateral contacts and investigations (e.g. on issue of bonds)



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Case 2: Macroeconomic Control of Danish Municipalities and fiscal policy, 2018

Purpose: assessment of strict Danish model of macroeconomic management of municipalities

Potential policy use: Study for possible use of the Danish Economic Councils advising Parliament and central government on revisions of so-called Danish “Budget Law”

Methods: national time-series studies together with comparisons especially with Sweden as ‘most similar country’ in this respect

Data sources local/central level:

- Danish (DST) and Swedish (SCB) national statistical bureaus, OECD and Eurostat
- law-databasis
- Local governments’ organisations (KL, SKR)
- Central government periodical publications
- Bilateral contact to ministries and economic councils (e.g. on municipalities’ eco. difficulties)

Case 3: Comparison of Equalization systems in Nordic countries – on-going study

Purpose: identifying similarities and discrepancies between systems of equalization

Potential policy use: discover weaknesses and opportunities of development in national systems taking into account different conditions

Method: Thorough country descriptions of institutional environment, assignment of tasks, calculations of gini coefficients, discovering patterns, attempts to correct for different conditions (e.g. size of municipalities, urban/rural environment, sources of income etc.)

Data sources local and/central level:

- Earlier studies, literature review
- Key figures on local governments collected from single national experts
- National descriptions of legal framework of equalization schemes
- On-going attempts to calibrate data

Some points to make

- ⇒ The need for updated decentralized data seems pronounced
- ⇒ However varying and depending of purpose and scope of analyses in question
- ⇒ Ad hoc collection of local level data is very time consuming
- ⇒ Reliability and timeliness of data are crucial
- ⇒ Transparency and ways to contact data source important
- ⇒ Quality of data tested via use
- ⇒ Standardized information of institutional and legal conditions relevant – limited of course