

The Regional Authority Index

Workshop on using municipal and regional fiscal data to analyse decentralisation and multilevel governance

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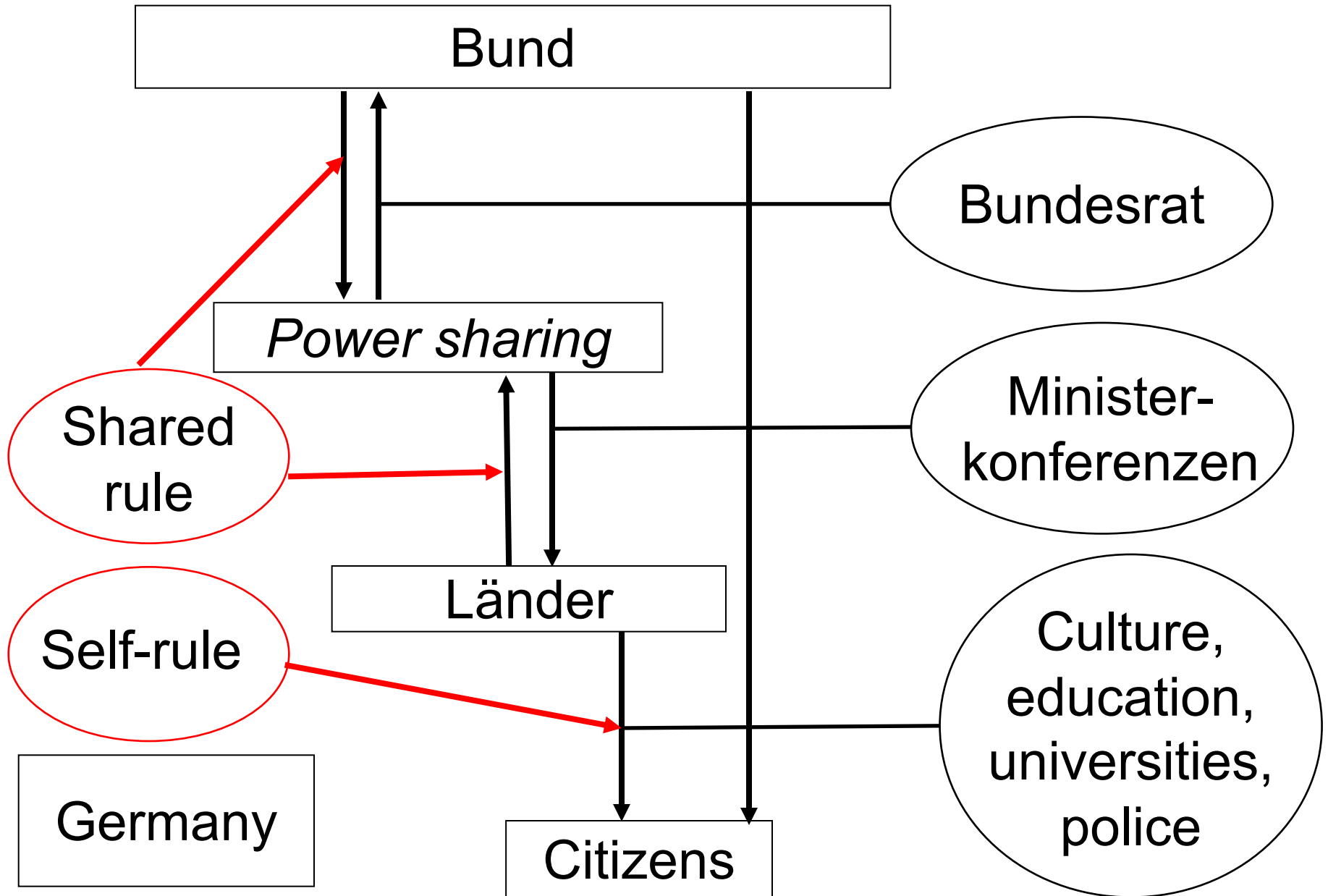
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How to conceptualize regional authority?



Regional Authority Index 0 – 30

Self-rule 0 – 18

Shared rule 0 – 12

Self-rule

Institutional
depth
0 – 3

Policy
scope
0 – 4

Fiscal
autonomy
0 – 4

Borrowing
autonomy
0 – 3

Representation
0 – 4

Shared-rule

Legislative
control
0 – 2

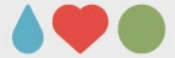
Fiscal
control
0 – 2

Borrowing
control
0 – 2

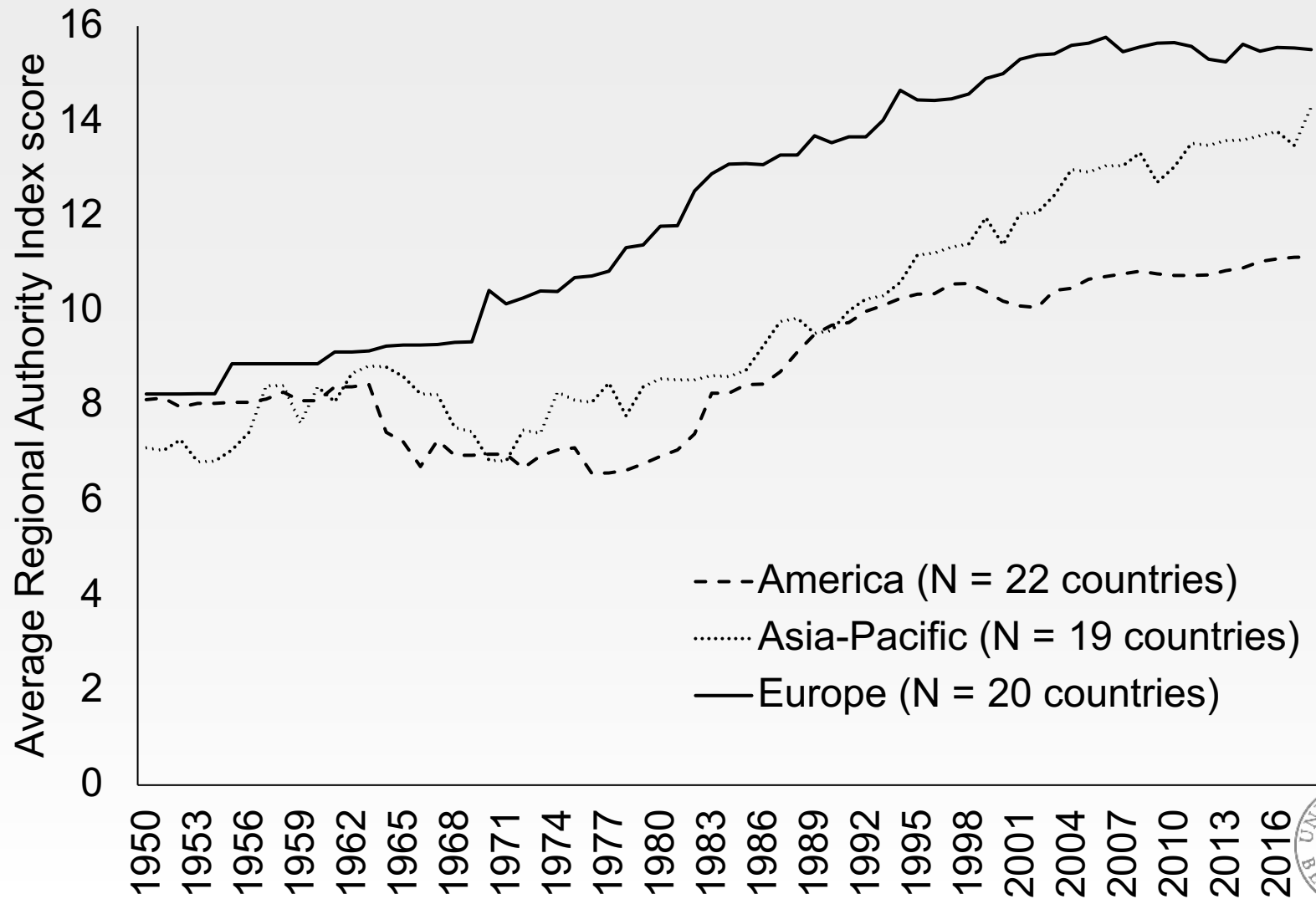
Executive
control
0 – 2

Constitutional
reform
0 – 4





Trends in RAI across the world

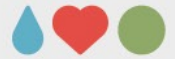


Fiscal decentralization: Self-rule



- Fiscal autonomy: *Extent to which a regional government can independently tax its population.*
 - 1 = Region sets the rate of a minor tax.
 - 2 = Region sets the base and rate of a minor tax.
 - 3 = Region sets the rate of at least one major tax: personal income, corporate, value added, or sales tax.
 - 4 = Region sets the base and rate of a major tax.
- Borrowing autonomy: *Extent to which a regional government can borrow.*
 - 0 = Regional government does not borrow (e.g. centrally imposed rules prohibit borrowing).
 - 1 = Region may borrow under *prior authorization* by the central government with one or more centrally imposed restrictions: (a) golden rule; (b) no foreign borrowing or borrowing from a central bank; (c) no borrowing above a ceiling; (d) borrowing is limited to specific purposes.
 - 2 = Region may borrow *without* prior authorization and under one or more of (a), (b), (c), or (d).
 - 3 = Region may borrow without centrally imposed restrictions.

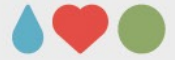




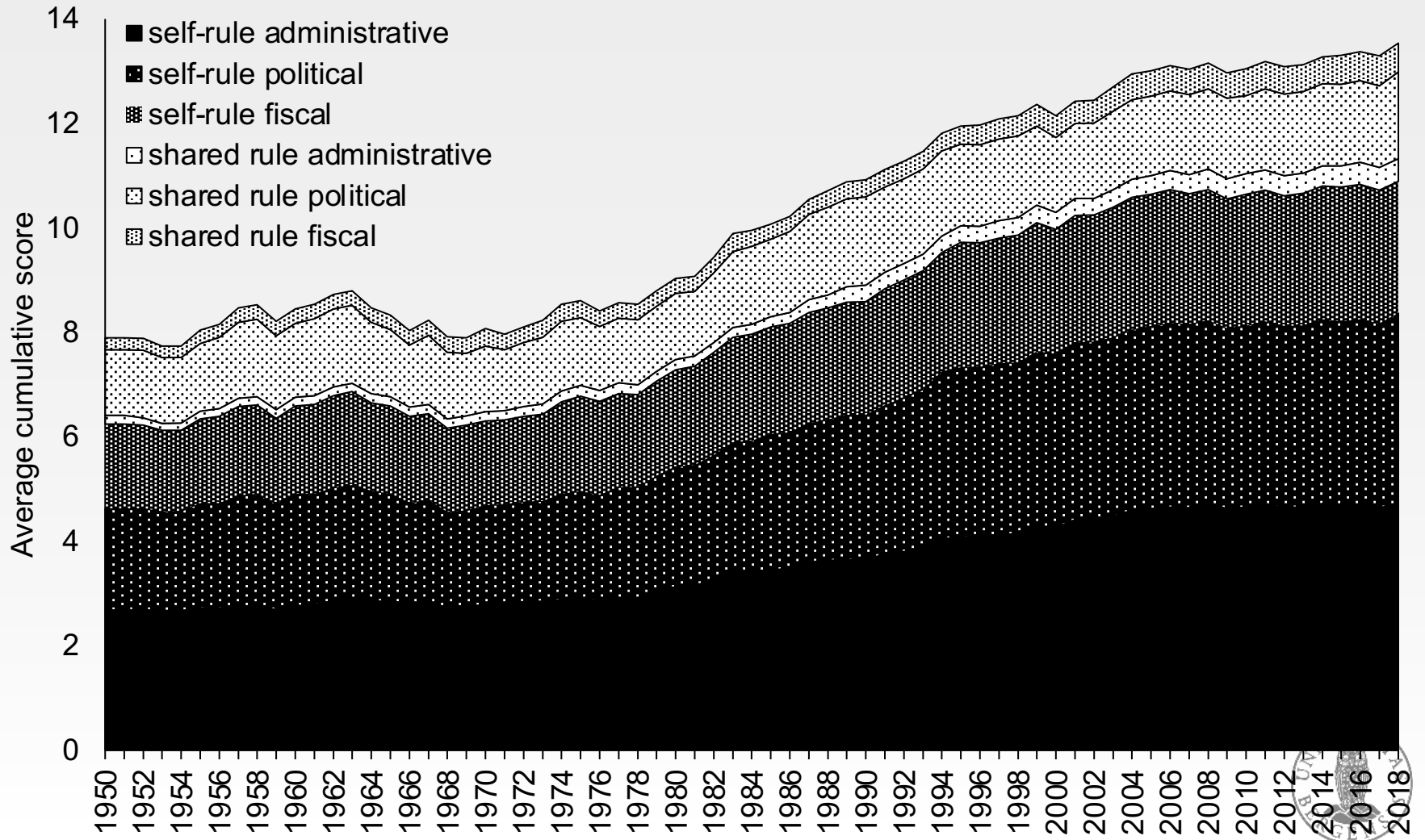
Fiscal decentralization: Shared rule

- Fiscal control: *Extent to which regional representatives co-determine the distribution of national tax revenues.*
 - 0 = Neither regions nor their representatives in a national legislature are consulted over the distribution of national tax revenues.
 - 1 = Regions or their representatives in a national legislature negotiate over the distribution of tax revenues, but do not have a veto.
 - 2 = Regions do have a veto.
- Borrowing control: *Extent to which regions co-determine subnational and national borrowing constraints.*
 - 0 = Regions are not routinely consulted over borrowing constraints.
 - 1 = Regions negotiate routinely over borrowing constraints but do not have a veto.
 - 2 = Regions do have a veto.





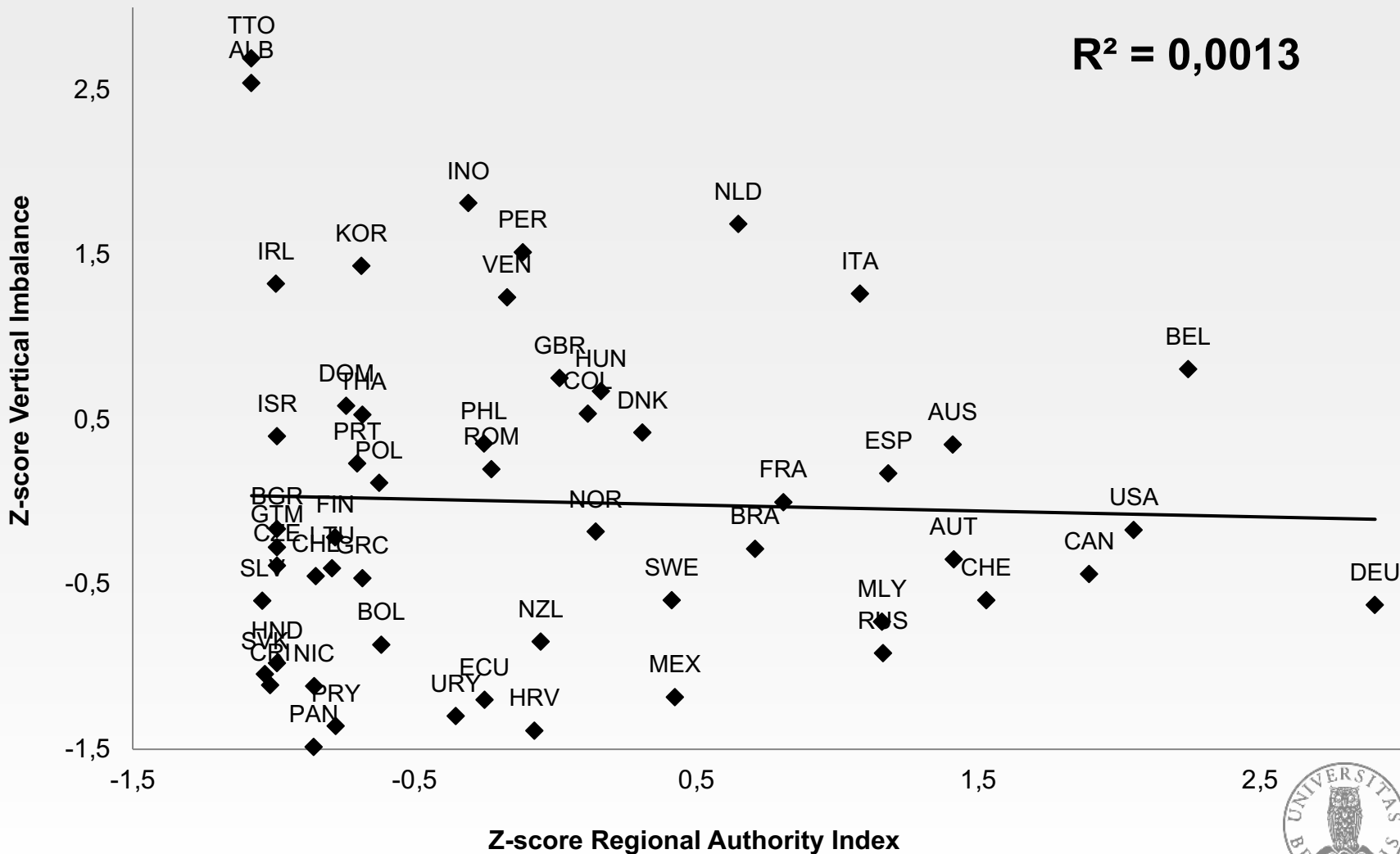
Trends in RAI sub-dimensions





RAI – Vertical imbalance

Intergovernmental transfers: % of subnational expenditures



Source: World Bank (2006) Fiscal indicator dataset.

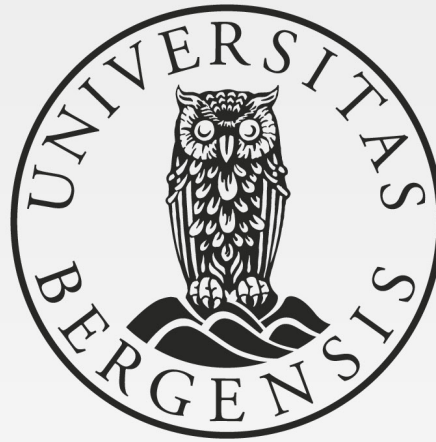


Why do we need good fiscal decentralization indicators?

- The extent of subnational expenditure or revenue does not indicate the autonomy of a subnational government from central government in spending money.
- Fiscal decentralization indices do not distinguish between local and regional tiers and do not take differentiated governance –i.e. differences in authority between jurisdictions in the same tier– into account.
- The RAI does not sufficiently take the subnational fiscal envelope into account and underestimates the role of subnational governments in redistributive and welfare state policy.



Thank you for your attention!
Further questions or comments?



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