

Improving the quality of multi-level governance and strengthening the resilience of island economies of Croatia, Greece, and Sweden

POLICY AND MULTI-LEVEL GOVERNANCE
QUESTIONNAIRE



Table of contents

Introduction	3
About the Project	3
Scope and objective of the questionnaire	3
Process and deadline	3
Contacts	4
Toolkit for Answering the Questionnaire	4
QUESTIONNAIRE	5
Strategic priorities and policy framework	5
Islands /island regions' economy	6
Strengths and industrial profile	6
Economic performance	6
Local value chains and external trade	6
Government policies and support	6
Attracting investment and EU funding utilization	6
Innovation	7
Smart specialisation	7
SMEs and entrepreneurship	7
Infrastructure, accessibility, and connectivity	7
General	7
Water Management	7
Wastewater Treatment	8
Transport	8
Digitalisation	8
Broadband	8
Land use, environment, and climate change	9
Land use	9
Environmental performance	9
Climate change and energy management	9
Demographic structure, labour market, skills, service delivery	10
Demography	10
Labour market	10
Education and Skills	10
Service Delivery	11
Institutional organisation and multi-level governance	11
Governance and intergovernmental co-operation	11
Territorial distribution of resources, expenditure, and transfers	11
Annex A. Extended focus on Institutional Organisation and Multi-level Governance	13
Part I. Multi-level governance framework and reforms	13
General Information	13
Multilevel Governance Reforms	13
Territorial organisation and cooperation	14
Responsibilities of subnational governments	15
Part II. Subnational Government Finance	17
Fiscal Framework and Fiscal Discipline at Subnational Level	17
Subnational government expenditure and investment	18

Subnational government revenues	19
Subnational government borrowing	22
Fiscal Disparities and Equalisation Systems	24

Introduction

About the Project

Islands showcase diverse characteristics while sharing common traits that distinguish them. Despite challenges, islands can achieve sustainable growth by aligning with green, digital, and blue economies. Croatia, Greece, and Sweden are dedicated to enhancing island resilience and unlocking their growth potential. This project aims to assist the three countries in developing efficient island-specific strategies, while advancing the green and digital transition and refining multi-level governance on islands, ultimately enhancing resilience of their economy and citizens' well-being.

The project is implemented by the Organisation for Economic Co-operation and Development (OECD) in cooperation with the European Commission's Directorate-General for Structural Reform Support (DG REFORM) and funded by the European Union's (EU) Technical Support Instrument (TSI) 2023.

Scope and objective of the questionnaire

The purpose of this questionnaire is to gather essential data and insights on the predominant socio-economic trends, challenges, and policy measures in island economies within Croatia, Greece, and Sweden. The responses provided will be pivotal in shaping the analysis conducted by the OECD Secretariat. Additionally, they will form the groundwork for planning OECD missions to the island and island regions selected as case study: in Croatia: Zadar County and Dubrovnik-Neretva County; in Sweden: Region Gotland and the Municipality of Öckerö; in Greece: the Regional Unit of Chios (including the small islands of Psara and Oinousses) and the Municipality of Kastelorizo.

Process and deadline

This questionnaire is structured with a variety of questions, some of which may seem basic or generic. This design is intentional, as it facilitates effective comparisons and benchmarking across different national /subnational contexts. While certain questions might seem straightforward and can be answered with a reference to a current and accessible information source, others will require a more detailed explanation.

The questions are formulated with flexibility, allowing for relevant and tailored responses from national, regional, and local levels. Each entity should address the aspects most pertinent to its specific context.

Please note that these questions are designed to offer structured guidance for gathering background and relevant information. There is no requirement to answer every question, especially if the information is unavailable to you or excessively complex to obtain. In such instances, kindly provide an explanation for the reasons behind not answering.

As you complete this questionnaire, feel free to include any information you believe is relevant. This can include reports (preferably in English) related to any of the topics mentioned in the questionnaire, as well as maps, graphs, and charts that effectively illustrate key points. Additionally, you are encouraged to provide links to websites that could enrich the OECD's analysis.

Your contributions are highly valued, and we thank you in advance for your assistance.

Please ensure that the completed questionnaire is returned to the OECD by 16th February 2024.

Contacts

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Toolkit for Answering the Questionnaire

Drafting and presentation

- Provide all tables and graphs in unlocked Excel format and indicate source and year.
- Provide maps in PDF format and indicate source and year.
- For all data provided, specify all sources and exact dates.
- Whenever possible provide data in the form of time series (over several years) if it appears relevant to analyse trends.
- Provide a chart or a graph whenever this can illustrate or help to understand more clearly the text.
- Indicate name of programmes/projects in the original language and in English or French.

Other necessary information

- Provide a bibliography (English or French) with complete references (author, title, date, form [book, article, Internet link]...)
- Procure any useful documents (English or French), also in electronic form, if available such as :
 - Main laws/regulations concerning administrative, fiscal, territorial and municipal organisation.
 - Any other relevant document: policy statements on administrative or fiscal reform...
- Provide a list of useful websites with Internet addresses, including at least all official websites presenting information relevant for the review topics.
- ensure that all the information are up-dated (new laws or programmes, new sets of data published).

QUESTIONNAIRE

Strategic priorities and policy framework

1. Provide an overview of your current national and regional strategic vision and development priorities, including EU programming aspects for the 2021-2027 period, such as the Partnership Agreement ecosystem, European Structural and Investment Funds (ESIF) interventions, Smart Specialisation Strategy, and other pertinent initiatives.
2. Clarify if in your country there is a standard definition for islands /island regions. Specify the parameters of these definitions, such as population density, sector specialization, accessibility, etc., and explain the rationale behind adopting these parameters.
3. Identify key factors contributing to economic growth in your island(s)/island region(s) during the last decade, along with significant obstacles hindering growth. Provide your assessment of the impact of mega-trends indicated in the table below on your island(s) /island region(s).

Mega-trends	Description current and future trends	Opportunities	Risks/ challenges
Population ageing and migration			
Global shifts in production and resources scarcity (global value chains)			
Climate change, environmental pressures and green transition			
Technological innovation (e.g. digitalisation, automation, decentralised energy)			

4. Provide a comprehensive overview of your island(s) /island region(s)' policy framework, encompassing medium and long-term objectives, strategies, and their alignment with national development plans. Detail the entities responsible for implementation, oversight, and the criteria used for monitoring outcomes. In the context of your country's policy approach, explain how island economies are managed, incorporating:
 - a. Data and indicators. Enumerate the data and indicators used for assessing and monitoring island economies' performance, sustainability, and development needs.

- b. Methodological approach. Describe the methodologies and tools used in policy formulation and implementation for these economies.
- c. Policy measures and initiatives. Outline specific measures, initiatives, or programs tailored to the economic development of island regions. Explain any prioritised areas and provide reasons for their prioritisation.
- d. Challenges and adaptations. Discuss challenges in managing island economies and how your policies have evolved to meet these challenges.
- e. Success stories. Provide examples highlighting successful outcomes in island economies under your policy framework.
- f. Future plans and strategies. Share upcoming plans or strategies aimed at enhancing the economic prosperity of island communities.

Islands /island regions' economy

Strengths and industrial profile

- 5. Summarize the unique strengths, specialised industrial areas, and key economic sectors of the island/island region, incorporating maps and details of prominent sectors and clusters.
- 6. Discuss recent trends and opportunities in sectors like tourism, renewable energy, and agro-food, including the impact of external factors such as the Covid-19 pandemic and the Russia-Ukraine conflict.

Economic performance

- 7. Describe how different sectors contribute to employment and GDP, including the characteristics of land tenure, production methods, and strategies for economic diversification.
- 8. Identify factors that have driven economic growth in the past decade and major challenges hindering further growth, such as infrastructure issues, demographic challenges, labour market mobility, housing, and industrial decline.

Local value chains and external trade

- 9. Discuss the development and characteristics of local value chains, offering insights into economic interdependencies and self-sufficiency.
- 10. Describe the main goods and services exported, key markets, marketing strategies, and unique or high-quality local products, highlighting external economic interactions.

Government policies and support

- 11. Explain how regional and municipal governments support industry clusters, detailing specific strategies and instruments used.
- 12. Outline policies implemented to enhance rural amenities and nature conservation, including involved institutions, goals, budgets, measures, and outcomes, and their impact on economic growth.

Attracting investment and EU funding utilization

- 13. Describe effective policies in attracting people and firms to the island/island region, including their impact.

14. Discuss the use and impact of EU funds in your island/island region, focusing on how these have supported development and addressed specific challenges.

Innovation

15. Outline your island's /island region innovation system, emphasizing key players and collaboration. Explain information dissemination to local firms and highlight crucial national/regional innovation policies specific to islands. Detail national spending on innovation and higher education, focusing on public R&D.

16. Analyse innovation factors, obstacles, successes, and challenges in your region. Explore roles of government, research centres, universities, SMEs. Highlight innovation policies, collaboration, and monitoring.

Smart specialisation

17. Describe the process of identifying priority areas in your smart specialisation strategy, including the methodology used. This encompasses how key actors in the island(s) or island region(s) were involved in the strategy development, ensuring a comprehensive and representative approach.

18. Explain the differences and similarities between your smart specialisation strategy and those of other regions in your country. Discuss the potential for cross-regional or cross-border collaboration on smart specialisation, highlighting how these interactions might enhance the effectiveness and reach of the strategies involved.

SMEs and entrepreneurship

19. Identify the top three challenges and opportunities for SME growth and competitiveness in your island(s) /island region(s), focusing on entrepreneurial ecosystem gaps and support mechanisms. Discuss bottlenecks in networks or clusters like business parks and incubators, considering size, tasks, ownership, and outputs, and factors affecting their scaling or establishment.

20. Summarise key regulatory barriers for the private sector at various levels and how SMEs work with the government for internationalization and market access. Discuss strategies to optimize inward investment benefits, challenges in finance access, the region's role in addressing these, and identifying funding sources for SMEs to support their growth and development.

Infrastructure, accessibility, and connectivity

General

21. Discuss the main physical infrastructure requirements in your Island(s) /island region(s), such as roads, broadband, etc. Address major examples of public-private partnerships in public investment projects, their evaluation, and the role of different government levels (national, regional, local) and the private sector in financing these projects.

22. Elaborate on the roles of various public actors in infrastructure development at the regional and local levels, including how coordination works within the region and with central governmental bodies. Discuss the role of the EU in financing infrastructure projects and identify major obstacles in infrastructure development and governance.

Water Management

23. How do you propose to enhance the efficiency and sustainability of freshwater resource management in your island(s) /island regions(s) context, considering factors such as limited freshwater sources, seasonal variability in rainfall, and increasing demand due to population growth and tourism?"

24. What measures are in place or planned to protect and sustainably manage island's groundwater resources, and how do you plan to balance the ecological needs with the economic and social demands for water use?

Wastewater Treatment

25. What are your strategies for improving wastewater treatment and sanitation facilities on your island(s) / island(s) region, especially considering the challenges of limited space, vulnerability to sea level rise, and the need to protect marine ecosystems?

26. Can you discuss the initiatives or plans to incorporate advanced and sustainable technologies in wastewater treatment, such as water recycling and reuse, to reduce freshwater dependency and environmental impact on your island(s) / Island region(s)?

Transport

27. Detail the main transport routes in your Island(s) / island region(s), highlighting how they differ for goods and people. Address the key bottlenecks that affect the performance of freight transport and logistics to other regions, including any challenges in ensuring efficient movement within and outside the region.

28. Discuss the major public investment projects focused on inter-regional and intra-regional transport, clarifying whether these initiatives are part of a national policy or specific to the region. Indicate if there was any priority given to improving either internal or external connectivity, or both. Additionally, provide information on the average commuting time in the island(s) / island region(s) and the main commuting zones.

Digitalisation

29. Explore the role of digitalization in enhancing businesses and combating depopulation in your island(s)/region, focusing on necessary strategies and investments. This includes major ICT public investment projects, their alignment with national or regional policies, and the extent of 'Smart initiatives' using digital technologies to enhance services like waste collection, lighting, and water management.

30. Discuss plans to enhance education, healthcare, and social services digitally, tackling challenges like legislation, tech management, funding, and governance. Outline policies to bridge digital skill gaps, especially in education and health sectors, and improve digital literacy among vulnerable groups, including the youth and elderly.

31. Evaluate the impact of new digital technologies, like blockchain and artificial intelligence, on economic diversification in your island(s) / island region(s), especially in areas outside cities and beyond traditional sectors like agri-food.

Broadband

32. Provide information on the percentage of the population that has access to the internet and broadband. Include details on the minimum level of service requirement regarding the speed of telecommunications broadband in your country/region, and what the government is doing to encourage access to faster broadband speeds, particularly in islands and island regions.

33. Discuss the challenges associated with access to broadband telecommunication services and infrastructures in your island(s) / island region(s). Provide information on current national or regional

broadband programs. Additionally, address whether there are universal service obligations (USO) for broadband access, especially targeting islands /island regions.

34. Discuss the minimum accessibility requirements for new tenders in the provision or extension of broadband networks and services in islands /island regions. Furthermore, elaborate on any price controls, subsidies, or initiatives aimed at ensuring the affordability of broadband services in wholesale markets.

Land use, environment, and climate change

Land use

35. Outline the island / island region's spatial planning and land use vision and describe how this vision was developed. Discuss any specific challenges faced in providing land for construction or other uses, and consider if there are aspects of the regulatory framework that need changes.

36. Identify the institution responsible for strategic land use planning and describe the principles and statutory requirements for developing these plans, such as community engagement and objectives they need to address. Discuss how strategic land use planning is integrated with other policy areas, particularly in coordination with infrastructure planning and regional development.

37. Explain the key conflicts and trade-offs related to land use planning, such as those between environmental and economic interests, and how these are managed and resolved. Also, describe the major reforms and improvements implemented in the land use planning system over the past 10-15 years, including the reasons these reforms were initiated.

Environmental performance

38. Describe your strategy for reducing greenhouse gas emissions to meet the 2030 EU burden-sharing target and the 2035 net-zero target. This should include the contributions of various measures already decided upon and those envisaged. Also, provide data on island(s) /island region(s) CO2 emissions and the planned goals.

39. Detail the main measures implemented or planned to reduce transport emissions, as well as actions taken in the agriculture and energy sectors, including residential and commercial heating. Include an estimation of the investment requirements to support the green transition and how public financial support targets investments to leverage private investment.

40. Discuss the extent to which skills shortages are a barrier to green innovation and the uptake of clean technology, specifying which skills are lacking.

Climate change and energy management

41. Describe the main challenges and opportunities related to energy supply in your island(s) / island region(s), including current energy sources and the balance between generated and imported energy.

42. Outline your plan to become carbon neutral, including key milestones and challenges, and provide data on anticipated future energy needs versus current supplying capacity.

43. How do you plan to promote and implement renewable energy solutions in an island context, considering the specific geographical and resource limitations?

44. Discuss plans for future investments in renewable energy, including the locations of existing renewable energy plants, the types of renewable inputs used, and whether the energy source is located where the plant is. Describe your experience with smart grids and any intentions to expand them in the future.

45. Outline the main challenges and opportunities related to the circular economy in your island(s) / island region(s), including plans for its development.
46. What policies do you envision to advance a circular economy in an island context, focusing on sustainable waste management, resource efficiency, and local circular initiatives, given the limited space
47. Assess whether you have sufficient responsibilities and resources to manage future challenges in supplying sufficient energy, and if not, identify where you are seeking support.
48. What strategies do you propose for enhancing the resilience to climate change impacts such as sea-level rise and extreme weather events?
49. What specific initiatives do you propose to promote clean mobility on an island context, considering the unique transportation challenges, such as limited land area, dependency on imports, and the need for connectivity between different parts of the island?"

Demographic structure, labour market, skills, service delivery

Demography

50. Provide data on the demographic structure and trends in your island(s) /island region(s), including population projections for urban and rural areas, and future demographic scenarios for administrative and local labour markets. Highlight any specific demographic changes that go beyond data available through the national statistics agency.
51. Discuss age-specific policies for the elderly, youth, working individuals, and families, including those integrating retirees into the job market. Examine your island's ethnic structure and skill-based immigration policies. Describe regional initiatives to attract specific skills, noting if these are national or region-specific.
52. Identify the assets, amenities, and opportunities required to attract desired population groups, such as young skilled people, and discuss whether policies have been developed to address these needs. Explain how you measure and monitor the quality of life and attractiveness in the island(s) /island region(s), including any target population groups you are trying to attract.

Labour market

53. Present data on trends in employment and labour market participation in your island(s) / island region(s) and identify the key institutional actors responsible for employment. Discuss how these institutions coordinate their policies, investments, and services with the national government.
54. Describe the policies implemented to integrate the younger population into the labour market, including strategies to develop self-employment. Additionally, detail social policies designed to include specific groups in the workforce, such as measures to increase women's participation, like the creation of nurseries.
55. Discuss the impact of the Covid-19 pandemic and Russia's aggression in Ukraine on the local labour market, highlighting which groups or industries were most affected. Explain the policy responses that have been implemented to address these challenges and support the affected segments of the labour market.

Education and Skills

56. Identify areas for competitiveness and productivity enhancement in your island(s) or region. Examine policies for human capital development, distinguishing between national and regional initiatives. Discuss their focus on initial education or adult vocational training.

57. Describe any incentives developed by your island / island region to retain human capital and the role played by the private sector or academic institutions in this process. Detail the role of the regional government and municipalities in education and training across various levels (early childhood to higher education), highlighting any differences from other regions.

58. Summarise the key private and public higher education institutions in your island/region, including size, specializations, and locations, and their evolution over the past decade. Discuss adult training and workforce participation policies, and private sector-university collaborations for education-industry alignment. Describe major vocational training policies, their management levels, and private sector involvement.

Service Delivery

59. Address any gaps in service delivery within your island(s) / island region(s), such as in healthcare, education, or elderly services. Discuss specific policies that have been implemented to maintain or develop public services, including their aims, methods, financing, and the initial results achieved.

60. Describe the measures put in place in your island(s) / island region(s) to improve access and efficiency of public service delivery, such as joint service centres, one-stop shops, and the use of e-technologies. Discuss the use of e-government as an instrument of public service delivery, including through regional/local portals and specific programs/projects like tele-medicine and tele-education, providing examples.

61. Consider whether policies to improve access and efficiency of service delivery are part of a national strategy or designed on a case-by-case basis, and identify the areas in need of an overarching national or cross-border strategy. Discuss any national-level policies for attracting skilled workers or service professionals to rural areas with staff shortages, the effectiveness of these incentives, and the main barriers to distance learning and telehealth in islands.

Institutional organisation and multi-level governance

Governance and intergovernmental co-operation

62. Provide a list of functions and responsibilities held by regions and the municipalities within it, (e.g. in terms of competences, fiscal and financial powers etc.) and describe the key challenges (capacity problems) and opportunities (increased autonomy) from your perspective.

63. Identify public entities responsible for promoting regional and rural development at national and sub-national levels, such as agencies, committees, and task forces. Discuss horizontal forms of cooperation between administrations/public agencies in your country and region, covering the policy fields they encompass and the institutional mechanisms used (e.g., inter-departmental committees, tax/expenditure sharing). Highlight frequent obstacles for regional participation and responses to the region's special needs.

64. Discuss vertical cooperation mechanisms between sub-national governments and the central level, such as national-provincial contracts or tripartite agreements, and identify the most frequent obstacles to effective vertical coordination, providing examples.

65. Elaborate on any existing cooperations, including cross-border, with other regions or municipalities, describing their nature and organization. Discuss the forms and objectives of these cooperations, along with the challenges and benefits they present.

66. Address the presence of programs to improve the skills and capabilities of civil servants at regional and municipal levels. Describe how local public services are provided, whether in-house by public administrations, by third parties (private or state-owned companies), or through public-private partnerships.

67. In your island / island region, describe the main institutional channels, both formal and informal, at that facilitate citizen participation in voicing concerns and decision-making, and indicate whether there is a strategy in place to increase citizen involvement in these decision-making processes

Territorial distribution of resources, expenditure, and transfers

68. Provide a breakdown of the funding sources for your island / island region, categorising them into own sources, national level, and EU level. Discuss the degree of autonomy your island /island region has in deciding about collecting revenues, e.g. the ability to set own taxes or design tax systems. Additionally, describe the main transfers from the central government, including the nature of these transfers, their significance in subnational finance, and any spending restrictions associated with these funds.

69. Outline the typical timeline and sequence for obtaining national or EU grants, detailing the main steps, responsibilities, and the involvement of the island /island region. Address the primary goals and challenges in implementing and accessing EU and national funds for regional development, and specify any desired changes for the next EU programming period to prioritize island economies.

70. In your island /island region, detail the budget profile and key areas of expenditure, indicating the degree of autonomy in deciding resource allocation. Explain whether there's an ex ante control on public expenditures, especially for investments, including its applicability, criteria used, any prioritization system, and alignment with development plans. Also, mention any planned policy changes concerning public expenditures.

71. Is there a national equalisation system aimed at reducing regional fiscal disparities? How does it work? Indicate population ratios. Which are the main fiscal instruments used for equalisation purposes (shared taxes, specific grants, unconditional grants etc.)?

Annex A. Extended focus on Institutional Organisation and Multi-level Governance

This Annex, which expand the section on institutional organisation an multi-level governance outlined in the main part of the document, aims to gather additional in depth information on the distribution of responsibilities, powers and resources in each beneficiary country and case study island / island region. The main goal is to investigate how policies can be adjusted to the regions' needs and how good implementation can be ensured.

Part I. Multi-level governance framework and reforms

General Information

1. Please indicate the dates of elections of subnational governments:
 - Date of last elections: regional level: ; municipal level:
 - Date of next elections: regional level: ; municipal level:
2. Please list the main laws related to subnational governments (regions and municipalities). Indicate the date of adoption (and last amendments) and provide a short summary of their contents.

Multilevel Governance Reforms

3. Please describe the recent multilevel governance reforms using the guidelines provided in the tables below.

Territorial reforms

When?	Year began in the past, year completed, still on going, year planned?
What?	Merging municipalities, fostering inter-municipal cooperation, encouraging better metropolitan governance, creating or abolishing regional/intermediary bodies, other?
Why?	What were/are the main reasons?
How?	Voluntary or not? Incentives or not? Uniformly applied across country?
Results?	What results achieved?
Other comments?	

Institutional reforms

Type of institutional reform			
Political decentralisation / recentralisation (transfers of powers)	Year began, year completed, still on going, year planned?	What:	Results achieved:
Administrative decentralisation / recentralisation (transfers of responsibilities and associated staff)	Year began, year completed, still on going, year planned?	What:	Results achieved:
Fiscal decentralisation / recentralisation (transfers of fiscal resources)	Year began, year completed, still on going, year planned?	What:	Results achieved:
Other comments?			

Territorial organisation and cooperation

4. Please provide details on the number of municipal administrative entities (not self-governing), their responsibilities, their funding and political status (elected or appointed representative, local councilors? etc.)

5. Are mechanisms for horizontal cooperation between regions developed?

Yes No Partially is developing is regressing

If relevant, please provide more details.

6. Are mechanisms for horizontal cooperation between municipalities developed?

Yes No Partially is developing is regressing

7. If particularly relevant, please provide more details such as the number of inter-municipal cooperation structures, their legal status (public or private), their purpose (single or multiple functions), the main areas of activity (social, infrastructure, education, etc.), the way they are funded (subsidies from municipal or national budgets, own source taxes, user charges etc.), etc.?

8. Can we say that inter-municipal cooperation is developing in the country?

Yes No

– If yes, please explain why:

– If yes, does this development result from governmental policies? Yes No

– If yes, please describe governmental policies (incentives, compulsory or optional schemes, etc.):

9. Please list state deconcentrated entities in the table below.

Year:	Level (municipal,	Number of entities	Main functions*
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	regional)		
Name			
Name			
Name			

*The main functions of deconcentrated entities can comprise, among others:

- coordination of state territorial administration
- subnational government activities oversight (administrative supervision)
- subnational government financial oversight
- public order
- multi-level coordination
- representation

10. Please provide more detailed information on state deconcentrated entities:

Responsibilities of subnational governments

11. Please also fill in the table below. You can put a X in the corresponding line; you may tick several boxes on the same line as often responsibilities are shared and specify benefits or services.

Main responsibility sectors and sub-sectors	Central government	Regions	Municipalities
1. General public services (administration)			
Administrative services (marriage, birth, etc.)			
Public buildings and facilities (town houses, etc.)			
Administration and operation of general services (non-assigned to specific functions)			
Basic research activities (non-assigned to specific areas)			
2. Public order, safety and defence			
Police			
Firefighting			
Civil protection & emergency services			
Road traffic control / Traffic signs and lights			
Defence (military and civil)			
3. Economic affairs / Transports			
Road networks and facilities (highways, national, regional, local)			
parking			
Railway networks and facilities (national, regional, local)			
Airports (international, national, local)			
Ports (sea and fishing, inland waterways)			
Public transport (road)			
Public transport (railways, tramway)			
Special transport services (e.g. pupil and student transport)			
Employment policies / services			
Support to local enterprises and entrepreneurship			
Agriculture, rural development, irrigation			
Telecommunications / IT			
Manufacturing and construction			
Mining			
Tourism			

Commerce			
Energy (electricity, gas, etc.)			
4. Environment protection			
Parks & green areas			
Nature preservation			
Noise and vibration abatement			
Air pollution			
Soil and groundwater protection			
Climate protection			
Waste management (collection, treatment and disposal of waste)			
Sewerage (waste water management)			
Street cleaning			
5. Housing and community amenities			
Drinking water distribution			
Public lighting			
Urban heating			
Housing (subsidies)			
Housing (Construction/renovation)			
Housing (Management)			
Urban and land use planning			
Urbanism			
6. Health			
Pharmaceutical and medical products			
General and specialised medical services and paramedical services (e.g. dental care)			
Primary healthcare (medical centres)			
Hospital services (general and specialist)			
Preventative healthcare			
Public health services			
7. Culture, recreation and religion			
Sports and recreation			
Libraries			
Museums			
Cultural activities (theatres, exhibition halls, zoos, botanical gardens, etc.)			
Cultural heritage/monuments			
Media/ Broadcasting and publishing services			
Religious affairs			
8. Education			
Pre-primary education			
Primary education			
Secondary education			
Higher education (universities, other tertiary education institutions)			
Vocational education / training			
Special education			
Research & Development			
9. Social Welfare			
Social care for children and youth			
Support services for families			
Elderly			
Disabled people			
Social exclusion / poverty (benefits and policies)			
Immigrants			
Integration of foreigners			
Social welfare centres			

Housing subsidies/benefits			
Unemployment subsidies/benefits			

NB: With regard to COFOG classification, two functions have been merged: public order and safety and defence.

Part II. Subnational Government Finance

This section aims to collect disaggregated fiscal data for the regional level and the municipal level as well as other local public actors linked to subnational governments, such as local public companies and municipal associations.

Fiscal Framework and Fiscal Discipline at Subnational Level

Fiscal framework

12. Please indicate the name and date of the key regulations governing the financing of subnational governments (relevant constitutional or statutory obligations for subnational governments' fiscal policy).

13. Have significant reforms of subnational finance been undertaken recently?

No

Yes – If yes, please specify which type of reforms:

- Subnational taxes system: own-source or tax sharing arrangements. Please specify.
- Grants system. Please specify.
- Equalisation mechanisms. Please specify.
- Budgetary and borrowing framework. Please specify.
- Others:

14. Are significant reforms of subnational finance planned and/or to be launched shortly?

No

Yes – If yes, please specify which type of reforms:

- Subnational taxes system: own-source or tax sharing arrangements. Please specify.
- Grants system. please specify.
- Equalisation mechanisms. Please specify.
- Budgetary and borrowing framework. Please specify.
- Others:

Budget balance rules

15. Are there budget balance rules governing subnational government in the country?

No, there are no particular budget balance rules

Yes. – If yes, please:

- a. Indicate the key regulation related to budget balance objectives e.g. Fiscal Responsibility Law (name and date of adoption of the law)
- b. Briefly describe the budget balance rules and indicate if budget balance rules protect subnational capital spending (type golden-rule).
- c. Indicate whether the balance is required on a yearly basis or on average over a given period? Please provide more details if relevant.
- d. Indicate whether numerical budget balance rules have been designed (deficit or surplus ceiling or targets in nominal or as % of GDP)? Yes No - If yes, please specify.

16. Are there any other direct rules aimed at controlling subnational government spending in the country (e.g. expenditure ceilings, expenditure growth rate, other, limitations set for only some categories of expenditure e.g. current or for all expenditure, etc.)?

Subnational government expenditure and investment

Changes in investment

17. Which are the two or three areas in which subnational governments invest the most at the moment?

Education infrastructure? Please provide details if possible e.g. primary schools, secondary schools, universities, adult vocational training centres, etc.

Health infrastructure? Please provide details if possible e.g. hospitals, local health centres, specialised medical and paramedical service centres, maternity centres, etc.

Environment infrastructure? Please provide details if possible e.g. climate change, renewable energy, waste management, water management, pollution abatement, etc.

Social infrastructures? Please provide details if possible e.g. retirement homes for elderly persons, social centres, nurseries, institutions for disabled persons etc.

Transports? Please provide details if possible e.g. highways, secondary roads, railways networks, urban transports, etc.

Housing? Please provide details if possible e.g. social / affordable housing

Telecommunication / Information technologies? Please provide details if possible e.g. high speed networks and fibre networks in urban and rural areas; e-government systems.

Sport, recreation and culture? Please provide details if possible e.g. stadiums, theatres, museums, libraries, heritage/monuments, etc.

Construction and improvement of public buildings e.g. town and regional councils, administrative service centers.

Community amenities? Please provide details if possible e.g. public heating, street lighting.

Others? Please provide details if possible.

18. Could you please indicate which factors impacted the most direct investment changes over the last 5 years and more recently (last 1 or 2 years)?

List of possible factors (non-exhaustive):

- *Macro-economic and social conditions e.g. economic crisis or recovery, job market, etc.*
- *Prices changes e.g. inflation, energy and commodities costs, etc.*
- *Central government austerity measures imposed to subnational government e.g. spending cuts, budgetary constraints, borrowing restrictions*
- *Change on borrowing market: relaxation of borrowing rules, diversification of lenders, and access to bonds' market, etc.*
- *Subnational revenue situation (improvement or deterioration resulting from tax revenue decrease, cuts in grants, etc.)*
- *New transfers of spending/investment responsibilities from the central to subnational governments*
- *New law or regulation affecting some particular investment areas*
- *Necessity to conform to standards, norms and targets (international, European, national), e.g. in the environment sector*
- *Particular punctual or exceptional "events" such as natural disaster, major cultural or sporting event, etc.*
- *Post or pre-electoral period for subnational government*

- *Impact of EU structural and investment funds (for EU countries) or international funding/support from the donor community*
- *Financial conditions for external funding (e.g. interest rates, banking and capital market situation, etc.)*
- *Launching or progress of a national major infrastructure project*

19. Is there an increased use of external financing (loans or bonds) for investment?

Yes No – If Yes or No, please provide further details.

20. How would you qualify the importance of Public-Private Partnerships (PPP) investments at subnational level up to now?

Important Moderate Marginal Inexistent. Please provide details if relevant.

21. Is there an increased use of PPP arrangements to finance investment in the country?

Yes No, a decrease No, stable PPPs are not existent – If Yes or No, please provide further details (e.g. explaining the increase in PPP projects).

22. Are there any bodies responsible for coordinating public investment across the different levels of government (platforms for intergovernmental dialogue, etc.)?

Yes No - If yes, please provide further details.

23. Does the country have formal horizontal cooperation mechanisms or incentives between subnational governments to co-ordinate public investment?

No mechanisms

Formal horizontal co-ordination mechanisms at the municipal level

Formal horizontal co-ordination mechanisms at the municipal level and other subnational levels (state, regions).

Subnational government revenues

General overview concerning subnational revenues

24. Which category of subnational government revenue has changed the most over the recent years (taxes, grants, user fees, etc.) and in what directions (increase, decrease, stable)? Could you please provide the main reasons for changes?

<i>Put a X in the square and provide further details in the cell</i>	Increase	Stable	Decrease	Main reasons for changes
Tax revenue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Grants and subsidies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tariffs and fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Revenue from assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Focus on grants and subsidies (inter-governmental transfers)

Grants are transfers receivable by government units from other resident or non-resident government units or international organisations¹. Grants allocated to subnational governments come most often from central

¹ Grants and subsidies can be divided into two main categories: current/operating grants vs capital/investment grants.

government but they can come also from other subnational governments, from the European Union (EU structural and cohesion funds and other EU subsidies) and from foreign governments and international organisations. They are combined with subsidies.

25. Using the table below, please indicate the main financial transfers that are allocated to local governments by the central government, and their main characteristics, indicating whether grants are:

- dedicated to operating or investment expenditures, or others (e.g. special funds, equalization, etc.);
- General (unconditional and non-earmarked transfers with a certain freedom to use them) or earmarked (assigned conditional transfers ie with few room for maneuver for subnational government in using them);
- Allocation mechanisms between local governments (distribution formulas/calculation or distribution at the discretion of the central government);
- Level of predictability of those transfers (high, medium or low).

Name	Source of the transfers (central/ state government)	Operating / Investment/ Other	General / Earmarked (indicate the purpose)	Distribution criteria / Calculation mechanisms	Predictability (high / medium / low)
<i>E.g. Education endowment</i>	<i>e.g. Central government</i>	<i>Operating</i>	<i>Earmarked (payment of teachers' salaries)</i>	<i>Demographic, geographic, socio-economic and tax criteria</i>	<i>High</i>

(Add additional rows if necessary)

26. Please also answer to the following questions:

- Are grants allocated to subnational governments on a formula basis established in statute, or are allocations made by the donor government in an *ad hoc* and less transparent basis?
- For earmarked or categorical grants is there a *matching* requirement for the recipient government, e.g. for every 100 euros of grant, the recipient government must spend 50 euros of their own-raised resources on the earmarked governmental function?
- Could you please explain the different compared shares of current and capital grants?
- Are international grants particularly significant in the country e.g. European Structural and Investment Funds, international aid, etc.? Can you estimate the share of international grants and subsidies in total subnational government revenues? % or Insignificant Low Moderate Significant Very large

Current grants are those made for purposes of current expenditure, while capital grants involve the acquisition of assets and are assumed to be spent on capital expenditures. It should be noted that budget support grants tend to be current grants, while project grants tend to be capital grants.

A distinction can also be made between unconditional/general/non-earmarked transfers vs earmarked (assigned conditional) transfers: an earmarked grant is a grant that is given under the condition that it can only be used for a specific purpose while non-earmarked grants can be spent as if they were the receiving subnational government's own (non-earmarked) tax revenues (OECD taxonomy of grants). Non-earmarked grants can be general purpose grants or block-grants and are often based on distribution formulas.

Focus on tax revenues

27. It is proposed to indicate in the table below the main sub-national governments taxes, be it either shared tax revenues or own-source tax revenues (or “autonomous”)

Shared taxes are national taxes shared between the central government and subnational governments, and redistributed to the latter as tax revenues and not as grants (even if grants are made from specific national taxes). Rates are defined nationally and tax receipts are redistributed according to allocation criteria which are defined by the State (generally by the Parliament) with more or less possibility for SNGs to intervene.

An own-source tax is a tax on which sub-national governments have a certain leeway over tax base or tax rates. The ability to act on rates and bases may be also regulated and restricted, reducing subnational government taxing power (imposition of caps, exemptions imposed by the central government, etc.). Local surtaxes (or surcharges) on national taxes such as PIT, CIT or VAT may be also considered as an own-source tax if subnational governments have some power on the rate of the surtax.

One challenge is to determine whether the tax is shared or own-source and therefore level of tax autonomy.

Own-source taxes

Tax name	Recipient	Tax base	Scope to set tax rates or tax base: total, restricted, no leeway*	Weight in subnational governments total tax revenue (%)	Weight in subnational governments total revenues (%)	Administration in charge of tax collection
<i>E.g. Property tax</i>	<i>(regions /municipalities)</i>	<i>Land and buildings</i>	<i>Total freedom.</i>		<i>20%</i>	<i>E.g. local government (municipalities)</i>

(Add additional rows if necessary)

* Please provide further details if needed.

Shared taxes

Tax name	Recipient	Tax base	Sharing arrangements*	Leeway over tax rates or tax base: (no leeway; small leeway, large)**	Weight in subnational government total tax revenue (%)	Weight in subnational government total revenues (%)	Administration in charge of tax collection (central, state or local government)
<i>E.g. Personal income tax</i>	<i>regions /municipalities</i>	<i>Personal income</i>	<i>e.g. Regions: 25% of the receipt Municipalities: 60% of the receipt</i>	<i>No leeway.</i>	<i>Regions: 20% Municipalities: 40%</i>	<i>Regions: 5% Municipalities: 15%</i>	<i>e.g Central government</i>

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(Add additional rows if necessary)

* Please provide further details on sharing arrangements if needed:

** Please provide further details on subnational government's room for maneuver if needed:

28. Do subnational governments have the power to create new regional or municipal taxes?

- No Yes – If yes, please provide details, in particular in what specific areas?

Focus on tariffs and fees

This category includes revenues coming from the sales of public goods and services which are charged. In turn, these charges or fees help finance a number of local public services and facilities in a number of areas: water treatment and distribution, collection and treatment of waste, sporting facilities and activities, cultural activities and facilities, public transport, car parks, school meals, energy, nursing homes, etc. They also comprise the payment for administrative services.

29. Can you provide the main areas where subnational governments can benefit from tariffs and fees (e.g. water charges, waste fees, market charges, parking charges, etc)?

30. Do you see significant changes concerning tariffs/user charges and fees over the recent years?

- Yes
 No If relevant, please explain these changes (new regulations or new charges for public services, increase or decrease in tariffs for some public services or categories of users, etc.).

Focus on revenues from property assets

Property income comprises revenue from financial assets (interests on deposits and investments, dividends, loans, etc.) and those from non-financial assets, such as land and sub-soil assets. More specifically, property income is made of different sources including interest, dividends and rent.

31. Can you provide the main sub-categories of property assets which provide resources to subnational government? Can you assess the autonomy of subnational government regarding these resources?

32. Do you see significant changes concerning revenues from property assets over the recent years?

- Yes No If relevant, please explain these changes:

List of possible factors (non-exhaustive):

- *new regulations,*
- *economic/financial crisis,*
- *new prices e.g. of natural resources,*
- *situation of the capital or real estate markets,*
- *privatisations,*
- *housing reforms,*
- *share-holding policies*

Subnational government borrowing

33. Are subnational governments allowed to engage in medium and long-term borrowing? Please indicate if rules are different for the regions and the municipalities?

- Yes, they have access both to credit market (loans) and to capital markets (bonds).
- Yes, but they can access only credit market (loans). Issuing bonds is forbidden.
- Yes, but they can borrow only from specific lender institutions:
- domestic public institutions (public banks, Treasury, etc.): Please specify.
 - international public development banks: Please specify.
 - others. Please specify.

No, borrowing is strictly forbidden.

34. What are the limits on subnational borrowing? Please indicate if rules are different for the regions and the municipalities?

- Subnational governments have no limits on borrowing
- Subnational governments have non-binding borrowing constraints
- Subnational governments have binding borrowing constraints

35. Does a system of credit rating of subnational governments exist in the country? If yes, is it a public or private system or a mixed system? Is it mandatory or not? Is it targeted at all types of subnational governments or restricted to some categories only?

36. Please specify in the table below the main regulatory framework for subnational governments' borrowing by level of subnational governments (regions and municipalities):

Does a "Golden Rule" apply* ? (Y/N)	Does access to borrowing need prior approval?* * (Y/N)	Is there a cap on debt stock (Y/N)** *	Is there a cap on debt service (Y/N)** *	Is there a cap on the issue of new borrowing (Y/N)** *	Is borrowing abroad prohibited? (Y/N)
Yes	No	Yes (60% of income under the budget of the current year)	Yes 15% of income under the budget of the current year	No	

* The Golden Rule means that borrowing (long-term) is only allowed for financing investment expenditures.

** If a prior authorisation is needed for borrowing, please provide further details (is it needed for all types of borrowing or only for issuing bonds borrowing? Is it needed for all types of subnational governments or only some categories e.g. small municipalities? Which supervisory authority is in charge? etc.).

***If limits on borrowing and debt and debt service levels exist, please describe the limits.

37. Do other prudential rules for subnational borrowing exist in the country (e.g. foreign currency loans, borrowing outside the domestic market, derivatives, etc.)?

38. Do borrowing rules vary according to the type of subnational governments for the same category e.g. between large and small cities, urban/ rural municipalities or other criteria of differentiation?

39. Does central government guarantee subnational government debt?

- No, there is no debt
- In general no, but there have been exceptional cases
- Yes, but only on a case-by-case basis
- Yes

40. Have there been recent changes (since the 2008-2009 global crisis) in the regulatory framework governing subnational government borrowing? \

- Yes – If yes, please describe the changes.
- No

41. Are there specialised institutions, banks or Funds dedicated to subnational government financing?

Yes – If yes, please provide details.

No

42. Are subnational government allowed to finance their investments by issuing debt on the capital markets?

Yes, but bonds financing is not widespread. Explain why.

Yes, bonds financing is well developed at national level. Explain why.

No, direct access to capital market is forbidden. Explain why.

43. Does access to capital market need prior approval by the supervisory authority?

Yes

No - Please specify.

44. Have you seen a new or increased interest for subnational bonds issuing in recent years?

Yes – If yes, could you please explain why (impact of the crisis, new legislation, banking sector difficulties, cost of borrowing, pros and cons of bonds financing, etc.).

No.

45. Do green bonds exist in the country at subnational level?

Yes – If yes, please specify and provide data and examples if particularly relevant.

No

Fiscal Disparities and Equalisation Systems

46. Are fiscal disparities considered as significant in the Arctic Region? How are they defined (in terms of revenues, costs/charges, others?) and measured in the country? If possible, you could give some quantitative evidence of the main fiscal disparities when available.

47. Are there equalisation mechanisms for subnational governments in the country?

Yes, there is an explicit equalisation system

Yes, but equalisation mechanisms are implicit

Yes, but they are insignificant

No – If no, is it planned to introduce an equalisation system in the near future? Yes No - If yes, Why and what types of equalisation mechanisms will be established?

48. If yes, what are the main features of the equalisation system?

Vertical equalisation Horizontal equalisation Both vertical and horizontal

- Mainly achieved through taxes Mainly achieved through grants Mainly achieved through specific equalisation grants Achieved through a mix of these resources
- Mainly an equalisation of revenues Mainly an equalisation of charges/costs Both.

49. Is this equalisation system considered today as effective in reducing fiscal disparities across subnational governments?

- Yes
- No
- Mixed opinion.

50. Is this equalisation system being challenged at the moment?

- Yes
- No. Please specify.

51. Are there any plans to reform this equalisation system in the near future?

- Yes – If yes, what are the main plans?
- No