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**Fact sheet: Self-rule Index for Local Authorities**

**European Commission Directorate-General for Regional and Urban Policy, Tender No 2014.CE.16.BAT.031es**

**Technical Specifications**

The aim of the study is to create a Local Authority Index (LAI) which can be used to analyse and report changes in the amount of decentralisation of countries within the European Union. The measure of decentralisation is supposed to go beyond the share of funds managed by local authorities and should capture to what extent local authorities have a say in how these funds are spent.

The conceptualisation of the Local Authority Index follows wherever possible the methodology of the Regional Authority Index produced by Liesbet Hooghe, Gary Marks and Arjan H. Schakel. Some adaptations have to be made to capture the specific characteristics of Local Authorities and additional variables are included. The data will be produced in a form that it can be easily matched with the Regional Autonomy Data on country level. The data will also specify variations inside countries where such variations exist, for example in federal countries.

Project leader is Prof. Dr. Andreas Ladner from the IDHEAP at the University of Lausanne (Switzerland) in close cooperation with Prof. Dr. Harald Baldersheim from the University of Oslo (Norway). Both are members of the Management Committee of the COST Action "Local Public Sector Reforms".

The project will be conducted in close cooperation with the COST Action IS1207 Local Public Sector Reform led by Prof. Dr. Sabine Kuhlmann (University of Potsdam) and Prof. Dr. Geert Bouckaert (University of Leuven). The COST Action provides a unique network of local government specialists which makes such a demanding project possible. The experts taking part in the action not only guarantee the quality of the data but also a further use of the data in scientific research.



## Theoretical considerations and existing studies and data

Local autonomy is a highly valued feature of any system of local government. In order to maintain and promote local autonomy the 47 member states of the Council of Europe, for example, adopted in 1985 "The European Charter of Local Self-Government". This charter has become a primary instrument for protecting and promoting local self-government. The Congress of Local and Regional Authorities of the Council of Europe therefore regularly monitors the situation of local and regional democracy in the member states of the Council of Europe. The countries are monitored every five years. Some 50 country reports have been drafted since 1995<sup>1</sup>. These reports give a very helpful first insight into the situation in these countries; some of them, however, are not focused on the local level, are to some extent policy driven and fail to produce comparable data.

There is – by now – also a considerable amount of data produced by the OECD<sup>2</sup> and the WB<sup>3</sup>. The problem with these sources is that they are mainly dealing with local expenditure and tax raising powers and that they do not capture effective local government autonomy, i.e. to what extent local governments can decide what they want to do and how they want to do it.

There are also some interesting scientific studies with data on local autonomy:

- Denters, Bas, Rose, Lawrence (2004). *Comparing Local Governance. Trends and Developments*, London: Palgrave Macmillan.
- Sellers, Jeffrey, Lidström, Anders (2007). "Decentralization, Local Government, and the Welfare State". *Governance: An International Journal of Policy, Administration and Institutions*, Vol. 20, No. 4, October 2007, 609-632.
- Sellers, Jeffrey (2006). *Comparing Local Governance in Developed Democracies: Selected Indicators*. Online Working Paper<sup>4</sup>.
- Wolman, Hal, Mc Manmon, Robert, Bell, Michael, Brunori, David (2008). *Comparing Local government Autonomy Across States*, GWIPP Working paper<sup>5</sup>.

In short: in a comparative perspective a systematic report on the degree of local autonomy which covers a large number of countries and outlines at least the most recent developments is therefore lacking.

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<sup>1</sup> For documents (reports and recommendations) see [http://www.coe.int/t/congress/texts/adopted-texts\\_en.asp?mytabsmenu=6](http://www.coe.int/t/congress/texts/adopted-texts_en.asp?mytabsmenu=6) and more particularly [http://www.coe.int/t/congress/WCD/Filing\\_autonomie\\_en.asp](http://www.coe.int/t/congress/WCD/Filing_autonomie_en.asp).

<sup>2</sup> OECD Fiscal Federalism Database: [http://www.oecd.org/ctp/federalism/oecdiscaldecentralisationdatabase.htm#A\\_1](http://www.oecd.org/ctp/federalism/oecdiscaldecentralisationdatabase.htm#A_1); see also Government at a Glance: [http://www.oecd-ilibrary.org/governance/government-at-a-glance-2013\\_gov\\_glance-2013-en](http://www.oecd-ilibrary.org/governance/government-at-a-glance-2013_gov_glance-2013-en)

<sup>3</sup> WB Fiscal decentralization database: <http://www1.worldbank.org/publicsector/decentralization/fiscalindicators.htm>

<sup>4</sup> <http://www.usc.edu/dept/polsci/sellers/Publications/Assets/Comparing%20Local%20Governance%20Systems%20in%20Developed%20Democracies.pdf>

<sup>5</sup> [www2.gwu.edu/~gwipp/Comparing%20Local%20Governments%20Across%20States%20GWIPP%20working%20paper%201-17-091.pdf](http://www2.gwu.edu/~gwipp/Comparing%20Local%20Governments%20Across%20States%20GWIPP%20working%20paper%201-17-091.pdf)

**Selection of countries, years to be covered and organization of data collection**

The countries to be covered in this study are all 28 EU member states together with the four EFTA countries (Norway, Iceland, Switzerland and Liechtenstein). Additionally we will also include Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Georgia and Ukraine. The years to be covered are 1990 to 2014.

The most important challenge of the project will be to produce reliable and comparable data in a relatively limited amount of time. This can only be done by a team of researcher who are familiar with the situation in the different countries (country experts). If there are too may country experts, however, it becomes increasingly difficult to coordinate the coding.

Relying on the COST Local Public Sector Reforms Network (COST Action IS1207)<sup>6</sup>, which brings together more than 100 senior and early stage researchers from 29 countries (see also the declaration of interest and support by Prof. Sabine Kuhlmann) we will work with country group coordinators. The country group coordinators are responsible for the coding of the different countries assigned to their group. In most cases they will be able to do it on their own, in some cases they may have to rely on country experts. The country group coordinators will get remunerated according to the number and the complexity of the countries in their group.

The countries are divided into 11 groups of between 2 and 6 countries. Additional countries are assigned individually to country experts. The following table gives a tentative idea of the different groups and the country coordinators.

<b>Regional areas</b>	<b>Countries</b>	<b>Country group coordinators (not confirmed)</b>	<b>Number</b>
Nordic countries	Denmark, Finland, Iceland, Norway, Sweden	Prof. Harald Baldersheim, University of Oslo	5
Southern countries	Cyprus, Greece, Malta	Prof. Nikolaos Hlepas, University of Athens	3
Western countries 1 (Napoleonic countries)	France, Italy, Spain, Portugal	Ass. Prof. Emile Turc, University of Aix-Marseille III	4
Western countries 2 (Benelux countries)	Belgium, Netherlands, Luxembourg	Prof. Bas Denters, University of Twente	3
Western countries 3 (Middle countries)	Austria, Germany, Switzerland	Prof. Andreas Ladner, University of Lausanne	3
CEE Countries 1 (Baltic countries)	Estonia, Latvia, Lithuania,	to be assigned	3
CEE Countries 2 (Balkan countries)	Czech Republic, Poland, Slovakia	Prof. Pawel Swianiewicz, Warsaw University	3
CEE Countries 3 (Eastern countries)	Hungary, Romania, Bulgaria,	to be assigned	3
CEE Countries 4	Serbia, Slovenia, Croatia	to be assigned	3
UK	UK and Ireland	Prof. Martin Laffin, University of London	2
Additional countries	Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Georgia, Ukraine	Prof. Pawel Swianiewicz, Warsaw University	6
<b>Total</b>		11	<b>38</b>

<sup>6</sup> See <http://www.uni-potsdam.de/ls-kuhlmann/cost.html>



## Units under scrutiny and Units of presentation of the data

The units under scrutiny in respect to their autonomy are local authorities. Local authorities are what it is commonly called municipalities or local government. It is *the lowest Local Administrative Unit of a country*, ranked below a province, a region, or state (*LAU level 2*, formerly NUTS level 5, or in some cases *LAU level 1*)<sup>7</sup>. A local administrative unit has a territory having a single, continuous, and non-intersecting boundary and a set of legislative and executive institutions, or according to the European charter of Local Self-government's preamble : "local authorities (are) endowed with democratically constituted decision- making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment" (European Council 1985).

The European Union alone has about 95'000 municipalities. Considering the possibility that each municipality could have a different value would make such an endeavour impossible. While we still want to measure the autonomy of local governments/municipalities the presentation/coding of the data therefore takes place in an aggregated form, i.e. on a higher political level (province, canton, state). We therefore (have to) assume that within the aggregate chosen all municipalities have the same degree of autonomy.

The simplest case is a country where all municipalities have the same degree of autonomy and the next higher level responsible for the municipalities is the state. In this case our data contains 25 records/lines with the values for the autonomy of the local authorities and its different components and other data for each year. Norway (a unitary country) most probably is such a case.

A rather complicated case is Switzerland (a federalist country), where the cantons are responsible for the municipalities and local autonomy varies from one canton to another. At least we can assume that there are no differences between the municipalities within a single canton<sup>8</sup>. Here, our data will consist of 25 (years) x 26 (cantons) records/lines containing the different variables.

Fortunately there are not that many federalist countries (Switzerland, Germany, Austria, Belgium, Spain and Bosnia and Herzegovina) and not all countries have the same complexity, but there are also some cases where unitary countries have a city (the capital) or some regions where municipalities might have a different degree of autonomy.

Whenever we have an asymmetric situation (different degrees of autonomy in one country) we have a problem when it comes to calculating a national score. We suggest weighting the values by population (smaller regions with higher autonomy become less important). Additionally, however, we suggest producing an indicator which reflects the average autonomy of a municipality in each country (no differences in terms of population size are made).

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[http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/local\\_administrative\\_units](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/local_administrative_units)

<sup>8</sup> As a matter of fact, there are differences between cities and small municipalities, but these differences are not legally acknowledged. Considering asymmetric solution within the cantons would go far beyond the scope of this project.

The following list gives a tentative idea about the units under scrutiny and the units of presentation<sup>9</sup>. The final list will be established together with the country group coordinators.

Countries	Units of presentation	Units under scrutiny
Albania		412 Bashki
Austria	9 Bundesländer (NUTS 2)	2357 Gemeinde
Belgium	3 Regions (NUTS 1)	589 Gemeente, commune
Bosnia and Herzegovina	10 Kantoni	142 Municipalities
Bulgaria		264 Obshtini (LAU 1)
Croatia		546 Općina
Cyprus		615 Dimoi
Czech Republic		6251 Obce
Denmark	Country level Greenland Faroe Islands	98 Kommune (LAU 1)
Estonia		227 Omavalitsus
Finland	Country level Aland Islands	336 Kommuner
France	DOM Corsica	36680 Communes
Georgia		73 Municipalities
Germany	13 Flächenländer, 3 Stadtstaaten	12066 Gemeinden
Greece		1035 Demoi (LAU 1)
Hungary		3154 Település
Iceland		79 Sveitarfélag
Ireland		34 counties (LAU 1)
Italy		8094 Comuni
Latvia		119 Novadi
Lithuania		60 Savivaldybės (LAU 1)
Luxembourg		116 Communes
Macedonia		80 Municipalities
Malta		68 Kunsilli
Montenegro		1256 Naselja

<sup>9</sup> Numbers and Nomenclature of territorial units for statistics (NUTS' levels) come from the correspondence tables of national structures (Eurostat, last update in 2011).



Netherlands		418 Gemeenten
Norway		431 Kommuner
Poland		2479 Gminy
Portugal	Country level Azores Madeira	308 Concelhos Municipios
Romania		3181 Comuni, Municipiu, Orase
Slovakia		2928 Obce
Slovenia		210 Obcine
Spain	Country level Pais Vasco, Catalunya, Galicia, Andalucia, Navarra, Asurias, Ceuta	8116 Municipios
Sweden		290 Kommuner
Switzerland	26 Cantons (NUTS 3)	2352 Gemeinden, Communes, Comuni
UK	Country level Greater London Authority Northern Ireland Scotland Wales	434 Local Governments
Ukraine		490 and 118 city raions
Liechtenstein		11 Gemeinden

### Conceptualisation of Local Autonomy and Coding scheme

Conceptually the Local Authority Index follows, wherever possible, the methodology of the Regional Authority Index produced by Liesbet Hooghe, Gary Marks and Arjan H. Schakel (2010), and more especially the self-rule index. Some adaptations, however, have to be made to capture the specific characteristics of Local Authorities. For example, it is not appropriate to speak about a non-deconcentrated local government or the endowment of an independent legislature because these aspects are parts of local self-government by definition (cf. the European Charter of Local Self-Government).

We will also include additional variables and we believe that we also need variables which take into account the possibilities municipalities have to influence decisions on higher political levels. Which additional variables we will include will be decided in the first meeting with the country group experts.

The following table gives a tentative idea of the different variables we will use to construct the Local Authorities' Self Rule Index. Necessary adaptations are in italics.

Institutional depth	<i>The extent to which a local government can perform tasks of their own choosing</i>	<b>0-3</b>	<p>0 local government can only perform mandated tasks</p> <p>1 local government can freely choose in a very narrow scope of policies</p> <p>2 local government can freely choose in a wide scope of policies</p> <p>3 the local government is totally free to choose new tasks to perform</p>
Policy scope	The range of policies for which a local government is responsible	<b>0-4</b>	<p>0 very weak authoritative competencies in a), b), c), d)</p> <p>1 authoritative competencies in either a), b), c) or d)</p> <p>a) land-use, b) education, c) welfare, d) one of the following: health, police, own institutional set-up, economic</p> <p>2 authoritative competencies in at least two of a), b), c) or d)</p> <p>3 authoritative competencies in d) and at least two of a), b) or c)</p> <p>4 criteria for 3 plus authority over environmental conservation or citizenship</p>
Fiscal autonomy	<i>The extent to which a local government can independently tax its population</i>	<b>0-4</b>	<p>0 higher-level governments set base and rate of all local taxes</p> <p>1 the local government sets the rate of minor taxes</p> <p>2 the local government sets base and rate of minor taxes</p> <p>3 the local government sets the rate and at least on major tax: personal income, corporate, value added, or sales tax</p>

			4 the local government sets base and rate of at least one major tax
Borrowing autonomy	The extent to which a local government can borrow	<b>0-3</b>	<p>0 the local government does not borrow</p> <p>1 the local government may borrow under prior authorization by higher-level governments and with one or more of the following imposed restrictions from above</p> <ul style="list-style-type: none"> <li>a. golden rule (e. g. no borrowing to cover current account deficits)</li> <li>b. no foreign borrowing or borrowing from the regional or central bank</li> <li>c. no borrowing above a ceiling, absolute level of subnational indebtedness, maximum debt-service ration for new borrowing</li> <li>d. borrowing is limited to specific purposes</li> </ul> <p>2 the local government may borrow without prior authorization and under one or more of a), b), c) or d)</p> <p>3 the local government may borrow without imposed restriction from higher-level governments</p>
Organisational autonomy	<i>The extent to which a local government is free to decide about its own organisation</i>	<b>0-4</b>	<p>Executive and election system</p> <p>0 local executives are appointed by higher-level government and cannot determine the election system</p> <p>1 electing local executive or choosing the election system is possible</p> <p>2 both are possible</p> <p>Staff and local structures</p> <p>0 local government cannot hire its own staff and determine the local organisational structures</p> <p>1 hiring its own staff or choosing the local structures is permitted</p> <p>2 both are permitted</p>
Self-rule		<b>0-18</b>	The authority exercised by a municipality over those who live in the municipality, which is the sum of all the indicators



Below are some ideas for additional aspects that could be included in order to catch more precisely the complexity of local government autonomy. These variables can be used as controls or can be combined with the self-rule index.

Legal protection	Existence of constitutional means to assert local government autonomy	<b>0-3</b>	<p>0 basic powers and responsibilities of local government are prescribed by the law of higher-level government</p> <p>1 the principle of autonomy is prescribed by the law of higher-level government</p> <p>2 the principle of autonomy is prescribed by the constitution of higher-level government</p> <p>3 the principle of autonomy is prescribed by the constitution of higher-level government and independent bodies exist to settle disputes between the two tiers</p>
No supervision	Supralocal supervision over local government	<b>0-3</b>	<p>0 administrative supervision reviews legality as well as merits/expediency of municipal decisions</p> <p>1 administrative supervision consists only of controlling accounts</p> <p>2 administrative supervision aims at ensuring compliance with law (legality of local decisions)</p> <p>3 there is no supervision at all</p>
Multi-level governance	To what extent local government are consulted to influence higher level governments policy-making	<b>0-3</b>	<p>0 local authorities are never consulted by national government</p> <p>1 local authorities could be involved in informal consultation procedures on their own initiatives</p> <p>2 a corporate representation for local governments is formally institutionalized but has a limited influence</p> <p>3 a corporate representation for local governments is formally institutionalized and has a strong role in permanent consultations</p>
Authority			<p><b>0-27</b> The authority exercised by a local government, which is the sum of all the indicators</p>

In any case, the data will be produced and presented in a form that it can be easily matched with the Regional Autonomy Data both on country and on regional level for countries where differences can be established, i.e. federal countries.

## Project organisation, Milestones and Quality Control

Leading House of the project is the Graduate Institute of Public Administration (IDHEAP) at the University of Lausanne (Prof. Dr. Andreas Ladner, tenderer). Administration and financial matters will be dealt with at the IDHEAP (together with the financial service of the University of Lausanne). The same applies also to the coordination of the project, the compiling and the control of the data and the final reporting. Prof. Dr. Harald Baldersheim who was also strongly implied in the drafting of the technical part of the tender will serve as an independent expert for the supervision of the coding and for the drafting of the final report.

The country profiles and the coding of the countries will be done by the country group coordinators which are senior researchers from the COST network. They are themselves experts (country experts) for some or all countries in their country group and will be able to write the profiles themselves. If they are not familiar enough with some countries in their country group, they will rely on additional country experts. The exact allocation of the countries to country group coordinators and country experts will be part of the inception report

To work with of country group coordinators will not only help to cover regional characteristics more adequately and improve the quality of the different dimensions of measurement, their limited number will also help to guarantee the consistency of the coding. The country group coordinators will be integrated in the drafting of the coding instructions at the very beginning of the project. In order to do so, a workshop with all country group coordinators will be organised in Lausanne.

The COST network serves as an additional resource when it comes to the coding of the countries.

Milestones after the signature of the contract (S):

*S + 1 month:* a meeting with the country group coordinators takes place in order to discuss the final indicators to be used to measure Local Authorities' Autonomy (self-rule index) and additional variables to be taken into account. The group will decide on unambiguous and complete instructions for the country profiles, the coding and further planning. The country group coordinators start the coding of their countries or contact and instruct additional country experts where they cannot do the coding themselves.

*S + 2 months:* an inception report will be delivered setting out the detailed time schedule.

*S + 6 months:* the country group coordinators will hand in their country profiles and the excel-sheets with their coding.

*S + 7 months:* the country profiles and the coding for the countries will be sent to two experts from the COST action for an external control.

*S + 8 months:* profiles and datasets will be finalized considering the feedback of the different experts.

*S + 12 months:* a final report describing patterns and trends will be delivered, in compliance with content, structure and graphic requirements.

A final meeting with a presentation of the results will be organized in the framework of a future COST action meeting.

Quality Control:

The coding of the countries will be controlled internally while compiling the data using existing data sets on fiscal decentralisation, local government expenditures and local government employees.

On the basis of our knowledge about local government the consistency of the coding will be checked in three steps:

- i) For each country (are there variables where the value coded does not fit into the overall pattern of the country?);
- ii) Within country groups (are there countries with a coding on special variables which do not fit into the overall pattern of the country group?);
- iii) For all countries compared (which are the outliers on each variable and for the total value?).

If there is no literature accounting for these irregularities, they will be receiving particular attention by the external control process.

As for the external control the country profiles and the coding of the different variables will be sent to the two country representative within the COST action (or to some independent experts if the country is not part of the network). They will have to state to what extent they agree on the coding and explain their disagreement.

The final decision on the coding will be done by the leading house, disagreement, however, will be documented.

The country profiles and the final reports will be edited and language checked at the IDHEAP in Lausanne.

Lausanne, 24.6.2014

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