

# **AER REGIONALISM REPORT**

## **COUNTRY REPORTS**

September 2006



## ALBANIA

### **1. Overview**

In Albania, the democratic process of overthrowing the communist system took place in the early 90s. In 1991, Albania experienced its first taste of pluralistic elections, while in 1992, democratically held elections took place for the first time. During 1992, local elections took place at the primary level in which government authorities were chosen for positions at municipalities and communes. At the same time, elections took place at a secondary level for positions at district councils. In 2000, a consolidation of sorts was instituted at this secondary level with the creation of regional councils. This new structure replaced the previous system of district council rule; each regional council was created to cover multiple districts. Throughout this time period, regional democracy has continued to evolve and today continues with the push for further empowerment of local government bodies.

### **2. The region: definition and context**

Albania has 12 regional councils, one for each of its 12 regions. In no particular order, these regions are: (1) Tirane, (2) Berat, (3) Durrës, (4) Vlorë, (5) Lezhë, (6) Shkoder, (7) Kukës, (8) Diber, (9) Elbasan, (10) Korçë, (11) Fier, and (12) Gjirokastër. Regional councils are defined in the national constitution as well as recognized through distinct and specific legislation. These multiple legal acts stipulate the functions and duties of the regional councils.

### **3. Institutional Organization**

The regional councils exist in an assembly like structure. The members of the regional councils are selected by elections in the commune and municipal councils. These members of the regional councils are heads of communes and municipalities that fall within the territory of their individual region. They are elected directly by their constituents. Other members of the council are selected from member lists of the commune or municipal councils. At a meeting of the commune or municipal council, members vote anonymously for the selection of the chairman of the regional council, the vice-chairman, and the secretary. The regional councils are fully independent state bodies that function according to specific legal statutes and enactments in order to implement regional development policy in cooperation with the State.

### **4. Competences**

The regional councils develop and implement policy for regional development. In this position, they work as a facilitator between the local and state government. A primary competency of the regional councils is to develop strategies, which are then directed to the relevant departments of the state ministry. The regional councils also serve to manage disbursements of the state budget toward investments with regional ramifications. Primary examples include expenditures towards: rural road infrastructure, pre-university level education, health systems, tourism development (visitor services), regional transport, and cultural heritage. These competencies are set forth in the constitution and stipulated through local government legislation. In addition, regional councils also act to provide recognition and, where appropriate, bestow honours on distinguished or noteworthy individuals.



## **5. Financing**

The regional councils are financed from the state budget, from which they receive funds without any conditions. In addition to this general financing, they also receive financing from the state budget based on certain parameters. Financed from the inflows of communes and municipalities, the regional councils also secure financing from its inner-administration services. The management of financial resources is governed by the resolutions of the regional councils. The regional councils employ independent, non-partisan procedures in managing state budget expenditures and inflows. The regional councils do not have the right to change the budget for state investments. In order to modify the budget, the regional councils must request authorization to do so from the appropriate office of the ministry involved (or multiple offices if more than one ministry is involved). At present, the financial needs of the regional councils are generally greater than that which is at their disposals.

## **6. The State and the regions**

The legislation body consultates with the region for legal matters that relate to regional activities. The Council of Ministers and the ministries seek guidance and input from the regional councils for projects involving regional development as well as in drafting the state budget. The regional councils of Albania have a membership organization: the Organization of Regional Councils. Regional councils are free to develop collaborative relationships among themselves.

## **7. The regions and local authorities**

Regional councils are in consultation with local governments to seek synergies and avoid duplication in activities of shared competence. Regional councils and local governments establish collaborative relationships with the idea of reciprocal trust. This is based in legal acts as well as less formal declarations and actions, regardless of the competencies of each party.

## **8. The regions and international relations**

Regions (regional councils) may establish relationships and conclude international treaties, agreements, and protocols with foreign counterparts. Regions consult with the Ministry of Foreign Affairs before concluding agreements, but the creation of relationships in general are encouraged by the Ministry. Relationships and the creation of international treaties, agreements, and protocols are created in line with the competencies and capabilities of the regions involved. Some regions of Albania have established such mutually beneficial international relationships with their foreign counterparts. Such relationships have also been created and entered into by the Region Council of Berat.

## **9. Conclusions**

Some thoughts based on our experiences: A major challenge is to expand the authority and further develop the autonomy of local and regional government bodies. We are on the correct road to effectively addressing these challenges, but must continually renew our commitment to do so. The perfection of legislation and the further development and growth of our financial capabilities are other key challenges for the future that, if effectively addressed, will allow us to continually improve and enhance the services we offer to the community. In addition, all forms of collaboration, whether it is within our own region or with international institutions, must be continually developed in a manner beneficially to all parties so as to provide us with administrative experience and expertise as well as facilitate economic cooperation when possible.



## ANDORRA

### 1. Overview

The Principality of Andorra (with 76.000 inhabitants and Catalan as the official language) is a democratic and constitutional welfare state, preserving the structure of the Co-Principality, which came into being with the signing of the « Paréages » in 1278 and 1288.

The Andorran State is a parliamentary Co-Principality: the two Co-Princes of Andorra are jointly and indivisibly the Head of State. At present, this office is held jointly by Monseigneur Joan Enric Vives, Bishop of Urgell (a region of Catalonia in Spain) and Monsieur Jacques Chirac, President of the French Republic. Their role consists essentially in guaranteeing respect for the Constitution, to which they swear to be faithful. They have given up their absolute power, which they rarely used, in favour of constitutional power. However, each co-Prince appoints a personal representative in Andorra who must keep them informed about issues involving the Principality.

The General Council exercises legislative power, approves the budgets of the State, encourages and controls the political action of the Government. At the present time it consists of 28 councillors elected for a period of 4 years. Half the councillors are elected in local elections, each of the 7 parishes being represented by 2 councillors, while the other half are elected in national elections. The elected members of Parliament appoint from their midst the «Síndic» - the Speaker of the Parliament (Consell) - and the Assistant Síndic - the Deputy Speaker of the Parliament (Consell) - who, with two secretaries elected from the members of the Consell, constitute the Bureau of the Parliament.

For administrative purposes, the Andorran territory is divided into seven parishes (municipalities): Canillo, Encamp, Ordino, La Massana, Andorra la Vella, Saint Julià de Lòria and Escaldes-Engordany. The «Comuns» are the bodies representing and administrating the parishes, approving and executing the municipal budgets, determining and carrying out their public policies, managing and administrating all the municipal assets. They receive capital transfers from the general budget of the State to ensure their financial autonomy.

Andorra does not have a regional structure.

### 2. The region: definition and context

*Not relevant*

### 3. Institutional Organisation

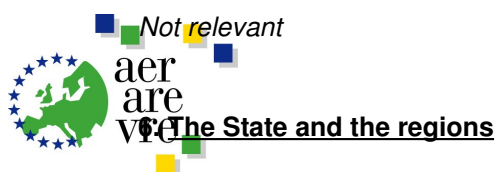
*Not relevant*

### 4. Competences

*Not relevant*

### 5. Financing

*Not relevant*



*Not relevant*

**7. The regions and local authorities**

*Not relevant*

**8. The regions and international relations**

*Not relevant*

**9. Conclusions**

*Not relevant*



## ARMENIA

### **1. Overview**

Armenia is one of the oldest historic nations in the world and was a regional empire in the years leading up to the first century. Armenia was under Russian domination for most of the 20th century. In the Gorbachev era of the 1980s, tension developed between Armenia and Azerbaijan over the region of Nagorno-Karabakh. In 1991, the Soviet Union broke apart and Armenia re-established its independence. Armenia and Azerbaijan continued to quarrel, leading to the Nagorno-Karabakh war. Despite a ceasefire, in place since 1994, Armenia has yet to resolve its conflict with Azerbaijan over Nagorno-Karabakh.

Politics of Armenia takes place in a framework of a presidential representative democratic republic, whereby the President is the head of government, and of a pluriform multi-party system. Executive power is exercised by the government. Legislative power is vested in both the government and parliament.

### **2. The region: definition and context**

Armenia is subdivided into eleven administrative districts, known as provinces, which are under the control of the central government. The provinces are divided into districts, which have local self-government. Under the 2005 Constitutional amendments, the status of the capital, Yerevan, was changed from a province to that of a community, giving it local self-government rights. However, its Mayor is still appointed and removed by the government, rather than directly elected.

The Constitution, adopted in 1995, states: “the people exercise their power through free elections and referenda, as well as through state and local self-governing bodies and public officials as provided by the Constitution ». (Article 2)

Armenia includes the small Artsvashen exclave, containing the town of Bashkend, enclosed within Azerbaijan. Armenia also claims the Nagorno-Karabakh area, which is part of Azerbaijan.

### **3. Institutional Organisation**

The provinces are arms of central government. Article 107 of the Constitution states: « The provinces shall be governed by the state Government. The Government shall appoint and remove the Governors of the provinces, who shall implement the Government's regional policy and coordinate the regional activities of republican executive bodies ».

The districts are bodies of elected self-government. Article 3 of the Constitution states : « The elections of ...local self-governing bodies of the Republic of Armenia are held based on the right to universal, equal and direct suffrage by secret ballot ». Each district has a Council of Elders, which is elected for a period of three years , and is composed of five to fifteen members, and a District Administrator: a City Mayor or Village Mayor.

### **4. Competences**

*No information available*



Article 106 of the Constitution states that the District Council of Elders, upon the recommendation of the District Administrator, shall approve the district budget, oversee the implementation of the budget, and determine local taxes and fees as prescribed by law.

The 2005 amendments to the Constitution helped to guarantee the financial independence of organs of local self-government from the organs of state power. The amendments stated that the community's sources of finance should be sufficient to enable it to exercise its powers (Article 106); and that the powers delegated by the state to the community must be financed from the state budget (Article 196).

## **6. The State and the regions**

The provinces are arms of the central government.

The Council of Europe's Venice Commission has criticised the fact that, despite changing Yerevan's status from a province to a community, the new Constitution still stipulates that mayor is appointed by the government rather than directly elected. This is done in order to keep power in the hands of the central government.

## **7. The regions and local authorities**

The constitutional amendments of 2005 strengthened local self-government and increased significantly the independence of the districts. The terms for which district governments are elected has increased from three years to four. It is envisaged that community heads should participate directly in local government and try to resolve questions by means of a local referendum.

However, Article 109 of the Constitution states that, in cases prescribed by law, the Government may remove the Administrator of a district upon the recommendation of the Governor of the Province. This removal of an elected politician goes against democratic principles. Under the Constitutional amendments, the process by which the government may remove a local community head is made more complicated. In contrast to the existing constitution, the amendments envisage that in circumstances laid down by law the government may remove a local community head from office only on the basis of a ruling by the Constitutional Court (Article 109).

## **8. The regions and international relations**

*No information available*

## **9. Conclusions**

While the amendments to the Constitution approved in 2005 (and suggested by the Council of Europe's Venice Commission) have improved the position of the districts, a number of key problems remain. These include (i) the appointment of the mayor of Yerevan, and (ii) the ability of the unelected district governors to recommend the removal of elected mayors.



## AUSTRIA

### 1. Overview

Austria was founded on 30 October 1918 following a decision by the Provisional National Assembly for German-Austria on the basic governmental institutions. Austria was established as a decentralised unitary state, but the new central government sought agreement with the Länder in order to be able to create an efficient and effective polity. After the collapse of the monarchy, the Länder believed it was their decision whether or not to join a future federal state, to retain full sovereignty or to give up their independence. At several conferences (from 1918 to 1920), they voiced their support for the foundation of a federal state and gave the "state that no one wanted" the strength to overcome the threat of partition. The "new" Federal Constitution of 1920 set up Austria as a democratic republic (Article 1 of the Federal Constitution) and as a federal state consisting of the autonomous Länder of Burgenland, Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Tyrol, Vorarlberg and Vienna (Art. 2 BVG).

### 2. The region: definition and context

Austria is a federal state. The nine Länder are entities and have developed over the course of history and have their own distinctive identity. There is a general clause in favour of the Länder in the Constitution (art. 15): as far as a matter is not expressly assigned to the Federation for legislation and also execution, it remains with the Länder's autonomous sphere of competence.

### 3. Institutional Organisation

The members of the Landtage (parliaments of the regions) are elected on the basis of proportional representation by equal, direct, secret and personal suffrage every five or six years. Land law regulates the electoral procedure. Länder Governments are elected by the Landtage (art. 101). The Land Government (Landesregierung) consists of the Minister-President (Landeshauptmann), the requisite number of deputies (generally 2) and other members (Landesräte; 3 to 6 depending on the Land). There are different electoral laws and forms of government (proportional of majority) in the Länder.

### 4. Competences

Länder 's legislative competences consist of Land constitution, Land's budget laws, electoral laws, organisation of local authorities, physical planning, building matters, protection of nature and landscape, protection of animals, tourism, hunting and fishing, sports, housing promotion, some professional laws, service code for and staff representation rules of civil servants and employees of Land and local authorities. The Länder are competent to make provisions in the field of civil and criminal law to dispose of an item of competence.

### 5. Financing

A finance constitutional law (Finanz-Verfassungsgesetz) and a financial equalization law (Finanz-Ausgleichsgesetz) set up a sharing of tax revenues between the federation, Länder and local authorities. The sharing of the taxation rights is carried out by the federal legislator in a financial equalization law agreed upon through a pact with the Länder. The Länder can tax only objects unclaimed by the federation. The fiscal fundamental order is arranged by federal legislation.



## **6. The State and the regions**

Article 15 of the Federal Constitution contains a general provision that assigns a matter to the Länder's autonomous sphere of competence as far as it is not expressly assigned to the Bund for legislation or also execution. A special feature of the Austrian federal system is the "Indirect federal administration" (mittelbare Bundesverwaltung): In so far as no Federal authorities exist, the Landeshauptmann and the Land authorities subordinate to him exercise the executive power of the Bund. The organs created as regional authorities will thus functionally act as federal authorities. A number of federal ministries therefore have no offices of their own in the Länder. As part of their duties in the context of indirect federal administration, the Länder implement federal laws in the following areas: trade and industry regulations, railway, air and waterway transport, hazardous waste, certain areas of environmental protection, water management, etc.

## **7. The regions and local authorities**

Municipalities are territorial districts and administrative districts. They have their own functions and exercise functions delegated by the federation and the Land. Their own functions include such official responsibilities as the local police service, the traffic police and market, building, fire and health inspectorates. The allocation of functions to the municipalities is determined by the subsidiarity principle. Local authorities receive some of their funds via the financial equalisation process and some from taxes they levy themselves. All authorities of the federation, Länder and local authorities are bound to provide each other mutual assistance (art. 22B-VG).

## **8. The regions and international relations**

The Länder can conclude treaties with states or their constituent states, bordering on Austria, and conclude international or interregional agreements not subject to public law. The Länder are represented in international organisations within the Austrian delegation.

## **9. Conclusions**

Austrian federalism is characterised by the Länder's extensive executive functions, including the implementation of federal decisions (indirect federal administration) and weak legislative powers of their own. In relations between the federal minister and the Landeshauptmann, the Länder are subordinate to the federation where indirect federal administration is concerned. The federation's predominance is shown very clearly not only by the matters for which the federation is responsible but also by its power to decide questions of jurisdiction without consulting the Länder in any way. Only federal organs are involved in enacting constitutional legislation. The federation's considerable weight is shown in the distribution of state functions. Article 15 of the Federal Constitution states, that all matters not specifically assigned to the federation remain within the autonomous sphere of the Länder. However, political reality does not correspond to this wording since the distribution of functions is strongly weighted in favour of the federation. Article 10 of the Federal Constitution assigns more - and the most important - legislative powers to the federation. Financially, the Länder are also dependent on the federation in extensive areas.



## AZERBAIJAN

### **1. Overview**

After the collapse of the Russian Empire during World War I, Azerbaijan declared independence and established the Azerbaijan Democratic Republic. This first Muslim republic in the world lasted only two years, from 1918 to 1920, before the Soviet Red Army invaded Azerbaijan. Subsequently, Azerbaijan became part of the Soviet Union.

Azerbaijan re-established its independence upon the collapse of the Soviet Union in 1991. Despite a cease-fire in place since 1994, Azerbaijan has yet to resolve its conflict with Armenia over the predominantly ethnic Armenian Nagorno-Karabakh region, which declared itself independent from Azerbaijan in 1991.

Azerbaijan is a presidential republic. The head of state and head of government are separate from the country's law-making body. The people elect the president for a five-year term of office. The president appoints all cabinet-level government administrators. A fifty-member national assembly makes the country's laws. The people of Azerbaijan elect the National Assembly.

### **2. The region: definition and context**

The Constitution defines Azerbaijan as a unitary republic. Azerbaijan is divided into: 59 rayons, 11 cities and 1 autonomous republic : Nakhichevan, which is situated on the border with Iran and Turkey. Nakhichevan itself is divided into 7 rayons and 1 city.

Seven rayons are completely or partially in the self-proclaimed Nagorno-Karabakh Republic.

The territorial-administrative division of Azerbaijan is set out in the Constitution, adopted on November 12, 1995.

### **3. Institutional Organisation**

All rayons except for the exclave of Nakhichevan are under direct republic jurisdiction, and are central-government bodies operating at the regional level. Article 124 of the Constitution states: "Heads of executive power bodies carry out executive power locally. Heads of executive power bodies are appointed to their posts and dismissed by the President of the Azerbaijan Republic. The limits of authority of local executive power bodies are determined by the President of the Azerbaijan Republic ».

Chapter 8 of the Constitution defines the status of the Nakhichevan Republic as an autonomous state, which can define its own constitution and laws, within the framework of the Azerabian constitution and laws. Legislative power in Nakhichevan Autonomous Republic is implemented by 'Ali Majlis' (legislature) of Nakhichevan Autonomous Republic. Executive power is implemented by the Cabinet of Ministers of Nakhichevan, and judicial power by the law courts of Nakhichevan. The 'Ali Majlis' of Nakhichevan Autonomous Republic consists of 45 members. It has a term of office of 5 years and is responsible for electing its own chairman his deputies, as well as establishing permanent and other commissions.

### **4. Competences**

The only sub-national authority with own-competences is the Nakhichevan Autonomous Republic. The Ali Majlis (legislature) of the Nakhichevan Autonomous Republic establishes general procedures concerning the following: (i) elections to Ali Majlis of Nakhichevan



Autonomous Republic; (ii) taxes; (iii) routes of economic development of Nakhichevan Autonomous Republic; (iv) social maintenance; (v) protection of environment; (vi) tourism; (vii) protection of health, science, culture.

## **5. Financing**

The Nakhichevan Autonomous Republic has the right to establish its own taxes. Municipalities throughout the country have the right to establish local taxes and duties.

## **6. The State and the regions**

The rayons are administrative arms of the central government.

## **7. The regions and local authorities**

Local self-government in Azerbaijan is carried out by municipalities, which are directly elected by the citizens. The relationship and the division of powers and responsibilities between the appointed governors and the locally elected councils is still unclear and undergoing a process of further resolve.

In the Nakhichevan Autonomous Republic, heads of local executive power bodies are appointed by the President of the Azerbaijan Republic on the recommendation of the Chairman of the Ali Majlis of Nakhichevan Autonomous Republic.

## **8. The regions and international relations**

*No information available*

## **9. Conclusions**

The only region in Azerbaijan which has self-governing powers is the Nakhichevan Autonomous Republic. In the rest of the country the regions are simply arms of the central state.



## BELGIUM

### **1. Overview**

By gaining independence in 1830, Belgium became a unitary state where the decision-making power derives from a national parliament and a national government. Four state reforms (carried out in 1970, 1980, 1988-1989 and 1993) have transformed Belgium into what it is today: a country that reconciles regional and cultural identities in a single federal structure. The unitary Belgium of 1830 gave birth to a current, more complex structure on three levels: the upper level comprises the federal state, the Communities and the Regions; the middle level is occupied by the Provinces; and the lower level is that of the Communes.

Accordingly, Belgium is made up of three Communities (the Flemish Community, the French Community and the German-speaking Community), three Regions (the Flemish Region, the Brussels-Capital Region and the Walloon Region), 10 Provinces (Antwerp, Flemish Brabant, Walloon Brabant, West Flanders, East Flanders, Hainaut, Liège, Limburg, Luxembourg, Namur) and 589 Communes.

At present, decision-making powers are no longer exclusively the province of the federal government and federal parliament. The country is run by various bodies which discharge their allotted duties autonomously. The federal state remains responsible for managing everything that affects the interest of all Belgians, independently of any linguistic, cultural or territorial considerations: for instance, foreign affairs, national defence, justice, finance, social security and a major share of public health and domestic affairs. The Federal State is also competent in everything which is not explicitly included in the competence of the Communities and Regions.

The Communities are competent to deal with matters relating to the people composing them, such as language, culture and education. The Regions are competent to deal with territorial matters such as town planning, the environment and employment.

### **2. The region: definition and context**

There are three Regions. The names of the three regional institutions are borrowed from the name of the territory they represent. So we refer to (from north to south) the Flemish Region, the Brussels-Capital Region and the Walloon Region. In addition to the three Regions, the Federal State has three Communities. They are based on "language". So we talk about the Flemish, French and German-speaking Communities. They are defined in the national Constitution.

### **3. Institutional Organisation**

In 1980, the Flemish and the Walloon Region were given their Council and Government. The Brussels-Capital Region, on the other hand, was only granted its institutions during the third reform of the State in 1988-89. The Regions have legislative and executive organs: these are known as the Regional Council and the Regional Government. The population elects the members of the Regional Council directly every five years. The minister president is elected by the assembly, not by the people. The relationship between the region and the federal state is defined through the Constitution.

### **4. Competences**

Regions have powers in fields that are connected with their region or territory in the widest meaning of the term. So the Flemish Region, the Brussels-Capital Region and the Walloon Region have powers relating to the economy, employment, agriculture, water policy, housing, public works, energy, transport (except Belgian Railways), the environment, town and country planning, modernisation of agriculture, nature conservation, credit, foreign trade, supervision of the provinces, communes and intercommunal utility companies. They also have powers relating to scientific research and international relations in those fields.



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Since the Communities are based on the concept of "language" and language is "dependent on the individual", a number of other powers are obviously associated with the Communities. The Community has powers for culture (theatre, libraries, audiovisual media, etc.), education, the use of languages and matters relating to the individual which concern on the one hand health policy (curative and preventive medicine) and on the other hand assistance to individuals (protection of youth, social welfare, aid to families, immigrant assistance services, etc.) They also have powers in the field of scientific research in relation to their powers and international relations associated with their powers. All these competences are defined in the national Constitution.

NB: The competences of the Communities and Regions have fuzzy limits, with several exceptions and restrictions. For instance, the regions have competency in economical policy, excepted "the competences allocated to the Federal State in order to maintain an economical and monetary union." Similarly, the Regions have competence in the energy policy, including distribution of natural gas and electricity, but the prices are still fixed by the State. The competences of the Communities include education, but the minimal requirements for diploma delivery are still fixed by the State.

### **5. Financing**

The regions' / communities' finances come from taxes, levied by the federal level (e.g. Income taxes) and then redistributed according to population, or directly by the regions / communities (e.g.: taxes on TV and radio sets, inheritance taxes,). These are stipulated in the national constitution. There are some financial equalisation mechanisms between the regions; however, these are gradually reduced.

### **6. The State and the regions**

Agreements with other regions / communities are possible.

### **7. The regions and local authorities**

There are provinces and communes; both are submitted to the legislative and administrative control (*tutelle*) of the Regions. The provinces exercise a dual function. On the one hand, they are subordinate local authorities, responsible for executing certain decisions made by other authorities. On the other hand, they are autonomous political bodies endowed with their own decision-making powers: they are free to take initiatives providing the matter is not excluded from their competencies by the Constitution, the law or decree (= regional law). They therefore exercise a series of compulsory responsibilities, such as supervision of the communes, and optional responsibilities, such as education and culture. In the same way, the communes exercise the same dual functionality. The municipal compulsory responsibilities include primary education, law and order and maintenance of municipal roads.

### **8. The regions and international relations**

Regions can enter into agreement with foreign regions and with foreign States. There is a clear procedure for participation and codetermination of the Regions / Communities at EU level. Of course the state consults the regions when it signs international agreements/treaties which concern the regions' competences



## BOSNIA and HERZEGOVINA

### **1. Overview**

The Republic of Bosnia and Herzegovina, officially called “Bosnia and Herzegovina”, is a complex State consisting of two entities: the Federation of Bosnia and Herzegovina and Republika Srpska. Hence it could be described as an emerging federal democratic republic.

The present governmental structure of Bosnian and Herzegovina was established by the Dayton Peace Agreement in 1995. The Dayton Peace Agreement retained Bosnia and Herzegovina's international boundaries and created a joint multi-ethnic and democratic government charged with conducting foreign, diplomatic, and fiscal policy. Also recognized was a second level of government composed of two entities roughly equal in size: the Federation of Bosnia and Herzegovina (mostly Bosniaks and Croats) and the Republika Srpska (mostly Serbs). The Federation and Republika Srpska governments were charged with overseeing most government functions. In July 2000, the Constitutional Court of Bosnia and Herzegovina rendered a decision whereby Bosniaks, Croats, and Serbs are recognized as constituent people throughout the territory of Bosnia and Herzegovina.

The Presidency in Bosnia and Herzegovina rotates among three members (Bosniak, Serb, Croat), each elected for a 4-year term. The three members of the Presidency are directly elected (the Federation votes for the Bosniak/Croat, and the Republika Srpska for the Serb).

### **2. The region: definition and context**

As result of the Dayton Peace Accord signed 1995, the 4 levels of the governance in BiH were created: state, entity, cantonal and municipal (city). The District of Brcko can be considered as a separate case, belonging simultaneously to both Entities - the Republika Srpska and the Federation- in condominium. Therefore, the territories of the [two Entities overlap](#) in the Brcko District. The District is self-governed. It has a single, unitary government, a unified police force and an independent judiciary system.

In the Federation of BiH, there are 10 Cantons that have the competencies of the Regions. Each Canton has constitution, Cantonal Government (representing executive power) and Cantonal Assembly (representing legislative power). Each canton consists of specific number of the Municipalities.

Republika Srpska doesn't have such division into the Cantons, and Republika Srpska is composed of Municipalities.

### **3. Institutional Organization**

Delegates in the Cantonal Assemblies are directly elected in free elections. Cantons do not have a President (there used to be the position of the Governor which was abolished pursuant to the Cantons' Constitutional changes adopted in 2003), but they do have a Prime Minister, who is elected from among the delegates of the Cantonal Assembly.

### **4. Competences**

Under the provisions of the Dayton Peace Accords, the entities have competencies in areas such as finance, taxation, business development, and general legislation. Entities and cantons control their own budgets, spending on infrastructure, health care, and education.



The competencies of the Cantons are: protection of the human rights and freedoms, facilitation of the economic development, education – elementary, secondary and high education, health, spatial planning, justice, transport, communications, police, finances, culture, tourism, return of the refugees and displaced persons into their pre-war homes, labor, social policy, protection of the invalids, warriors and families of the killed soldiers, etc. and these competencies are defined by the Cantonal Constitution.

## **5. Financing**

Ongoing reforms have led to the creation of a state-level Indirect Taxation Authority (ITA) that will be responsible for the introduction and implementation of a state-wide value-added tax (VAT) in 2006, revenues from which will fund the governments of the state of Bosnia and Herzegovina as well as the two entities. Customs, which had been collected by agencies of the two entities, will now be collected by a new single state customs service.

The Cantons' finances come from direct and indirect taxation, while the Cantons have financial autonomy to decide which activities under the Cantonal competencies will be financed with specific Cantonal budget parts. There is always space for improvement of the status of the resources intended for the development of the Cantonal powers. For the part of the Budget that comes into the Cantonal budgets from the Federation of BiH, there is possibility for the financial equalization (solidarity) mechanisms because the poorest Cantons can receive the special grants from the Federation of BiH.

## **6. The State and the regions**

The delegates from the Cantonal assembly select their representatives, i.e. the delegates into the Federation of BiH Parliament. Cantons have possibility to address to the "inter-cantonal Council for coordination of the inter-cantonal issues".

## **7. The regions and local authorities**

Canton regularly consults the local authorities on all matters related to the interests of the Municipalities, and Cantonal and local authorities do cooperate in a manner of mutual trust.

## **8. The regions and international relations**

Cantons can conclude international agreements and protocols. State sometimes consults the Cantons when it signs international agreements/treaties concerning regions' competencies.

## **9. Conclusions**

The main challenge for the Cantons is the ongoing and upcoming the State's constitutional reform, that is raising the issues of the internal governmental structure in the BiH.



## BULGARIA

### **1. Overview**

The Bulgarian state was established in the 7<sup>th</sup> century, but was conquered by the Ottoman Empire in the 14<sup>th</sup> century. Today's Bulgaria came into being in 1908. Bulgaria fell within the Soviet sphere of influence after World War II and became a People's Republic in 1946 and Moscow's staunchest ally. Communist domination ended in 1989.

### **2. The region: definition and context**

Bulgaria does not have self-governing regions. It has 28 districts that are territorial administrative units entrusted with the conduct of a regional policy, the implementation of state government at the local level and the harmonisation of national and local interests. According to the Constitution, each district is an administrative territorial "unit" (Article 142), entrusted to a governor who "governs" it (Article 143). The "regional policy" is one of "implementation of state government" (Article 142).

Bulgaria also has 6 planning regions, formed on the basis of the districts, which have been created for the purpose of regional planning and statistics, and for the co-ordination of the accession instruments of the EU. These were created by the Law for Regional Development in 2004. Bulgaria also has 263 municipalities.

### **3. Institutional Organisation**

The districts are decentralised state bodies, which are administered by a regional governor who is nominated by the Council of Ministers. The district administration is also appointed by the Central government.

The six planning regions have no administrative structures. Each of the planning regions has a Commission for Economic and Social Cohesion, which includes representatives of the central institutions, all district governors in the region, representatives of local authorities and administration in the region, as well as economic and social partners.

### **4. Competences**

The district governor is responsible for:

- implementing national policy in the region and is responsible for seeing through the administrative territorial reform; he co-ordinates the operation of state agencies and their relations with local authorities;
- harmonising national interests with local interests, organises the development and implementation of strategies and programmes for regional development; interacts with local self-government bodies and the local administration;
- protection of the national heritage on the territory of the region;
- ensuring observance of the laws on the territory of the region; exercising administrative control over and ensuring the execution of decisions of the President of the Republic and the Council of Ministers;
- exercising control over the legality of the acts of local and regional self-government bodies and administration;



- exercising control over the legality of the acts of agencies, organisations and undertakings on the territory of the region;
- preparing the population for mobilisation and defence, is in charge of its protection in cases of disasters and accidents in general and is responsible for maintaining public order.

## **5. Financing**

The Districts are financed by the central government.

The six planning regions have no financial resources of their own.

## **6. The State and the regions**

The Districts are arms of the state administration.

## **7. The regions and local authorities**

In performing his functions, the district governor may suspend the execution of unlawful acts of municipal councils and refer them to the courts. The regional governor may repeal unlawful acts of mayors of municipalities, for the repeal of which no special procedures are provided. His decision may be appealed against in the courts.

## **8. The regions and international relations**

The Bugarian Constitution states that transfrontier relations in Bulgaria are in the main the responsibility of the national government. In 1998, Bulgaria signed the Council of Europe's Madrid Outline Convention on cross-border co-operation.

## **9. Conclusions**

Bulgaria does not have an elected regional level of self-government. A radical reform towards the establishment of regional self-government is not a priority for the government at the moment. A well defined concept of the reform and a suitable public administration model would be needed if such reform is to occur.



## CROATIA

### **1. Overview**

The Constitution of the Republic of Croatia was adopted on 22 December 1990, after the first multiparty parliamentary elections held in the spring of 1990. It was amended in November 1997, November 2000 and March 2001. One of the major novelties brought by the revision of the Constitution in November 2000 was the abolishment of the semi-presidential constitutional system in favour of a parliamentary system with a stronger role of the Prime Minister and the Government. The Constitution defines Croatia as a sovereign, unitary, democratic and social state. Government in the Republic of Croatia is organised on the principle of the separation of powers into three branches: legislative (the Parliament), executive (the President of the Republic, the Government) and judicial.

### **2. The region: definition and context**

The Constitution of the Republic of Croatia, the European Charter on Local Self-Government and the Act on Local Self-Government and Administration (1992) constitute the legal framework for the development of local and regional self-government. There are 21 units of regional self-government (20 counties and the City of Zagreb, that has both city and county status) and 547 units of local self-government (122 towns and 425 municipalities) in Croatia. In accordance with the process of decentralisation, the new Act on Local and Regional Self Government entered into force in July 2001, aimed at providing local government bodies with enhanced responsibilities. This concerns in particular matters related to education, health service, area and urban planning, economic development, environmental protection, traffic infrastructure and culture.

### **3. Institutional Organisation**

Regional representative bodies are elected by secret ballot, and the executive bodies are established in accordance with the results of the elections. According to the principle of subsidiarity, the central Government is not entitled to interfere in the responsibilities of local and regional authorities.

### **4. Competences**

Counties carry out regional responsibilities in the areas of education, health care, regional and urban planning, economic development, traffic and traffic infrastructure, planning and development of the network of educational, social and cultural institutions.

### **5. Financing**

Local and regional self-government units have the right to their own revenue. The state is under the obligation to assist the financially weaker units of local self-government. The sources of funds and the means of financing local and regional self-government units are stipulated by the Act on the Financing of Local and Regional Self-Government Units. Local and Regional authorities can acquire funds from their own sources and from shared taxes and grants from the state and county budget. Own income sources of the county are: (i) Revenues from its own property, (ii) County taxes, (iii) Fines and property gains taken for offences, prescribed by the county, (iv) Other revenues prescribed by a separate law. County taxes are: (i) Tax on Inheritance and Gifts, (ii) Tax on Motor Vehicles, (iii) Tax on Vessels, (iv) Tax on Slot Machines for Games of Chance. The following taxes are shared between the counties and the municipalities: (i) Profit Tax, (ii) Real Estate Transfer Tax, (iii) Income Tax.

### **6. The State and the regions**

State administration bodies monitor the work of local and regional authorities, and are authorised in particular (i) to supervise whether the entrusted state administration activities are performed



correctly, in time and in accordance with the law; (ii) to discuss the state of affairs in an individual body of a local or regional self-government unit or a legal person vested with public authorities, and to determine the measures that such a body or a person shall undertake for the purposes of carrying out state administration activities; (iii) to propose the dismissal of the head of the body of the local self-government unit in accordance with the law under which the authority has been entrusted to them; (iv) to initiate a procedure for the determination of the responsibility of civil servants and civil service employees in bodies of local and regional self-government units as well as to take other measures in accordance with the law and other regulations.

### **7. The regions and local authorities**

Units of local self-government (municipalities and towns) in their self-governmental scope perform the tasks of local importance which directly meet the needs of the citizens, especially the tasks concerning the organization of settlements and housing, regional and urban planning, municipal services, child-care, social welfare, primary health care, education and primary-school education, culture, physical education and sports, consumer protection, protection and improvement of natural environment, fire-prevention and civil defence.

### **8. The regions and international relations**

The right of the local and regional self-government bodies to conclude agreements either among themselves or with corresponding territorial units from abroad, without obligation to request prior approval from the State, is provided by the Constitution and by laws. Thus, a number of various protocols have been signed among Croatian and foreign partners, especially in the field of cross-border cooperation, interregional and inter-municipal cooperation.

### **9. Conclusions**

At the beginning of 2001, the Government began to implement the project entitled Decentralisation of Public Administration, which deals with issues of formulating the direction of public administration's decentralisation. The project encompassed several specific areas, including the territorial organisation of local and regional self-government, its legal status and scope of functions, its financing, and decentralisation in some administrative areas.

The practice has shown that such small units at both levels of self-government cannot take over more complex local or regional services, and they cannot serve as the basis for decentralisation of public affairs. In the following years it is expected that the comprehensive reform in the area of decentralised responsibility and the financing of public needs at the level of central government and lower levels of fiscal government shall continue, whereas the functions, responsibility and financing for a part of public needs (elementary, secondary and a part of higher education, health care, social welfare, culture and fire protection) shall be gradually transferred from the central government to local and regional self-government, with simultaneous transfer of fiscal income.

However, for the decentralisation process to continue it will be necessary to find the answer to the question of what is a favourable size of a self-government unit at both levels, on the one hand from the point of view of its economic and financial capacity, cost-effectiveness of organisation and work efficiency, and on the other, from the point of view of desirable level of identification and motivation of citizens' participation in managing local affairs.



## CYPRUS

### **1. Overview**

Cyprus became independent from British rule in 1960. Tensions between the Greek Cypriot majority and the Turkish Cypriot minority came to a head in December 1963, when violence broke out in the capital city Nicosia. Despite the deployment of UN peacekeepers, inter-communal violence continued afterwards.

In 1974, a Greek Government-sponsored attempt to seize control of Cyprus was met by military intervention from Turkey, which soon controlled more than a third of the island. Hence, since July 1974, Cyprus has been divided by a “green line”, controlled by the UN troops, which divides the country into two parts. The northern part of the island is occupied by the Turkish army and proclaimed itself “the Turkish Republic of Northern Cyprus” in 1983. Only Turkey recognizes this entity at international level. 195,000 Cypriots live in Northern Cyprus, compared with 750,000, a third of which are refugees from the north, living in the south of the island.

The UN mediated two years of talks between the leaders of the Greek Cypriot and Turkish Cypriot communities to reach an agreement to reunite the divided island. However, the Greek Cypriots rejected the UN settlement plan in an April 2004 referendum. This referendum caused a split in all political parties.

The entire island finally entered the EU on 1<sup>st</sup> May 2004, although the EU *acquis* (the body of common rights and obligations) applies only to the areas under direct Republic of Cyprus control, and is suspended in the areas administered by Turkish Cypriots. At present, every Cypriot carrying a Cyprus passport has the status of a European citizen; however, EU laws do not apply to northern Cyprus. Nicosia continues to oppose EU efforts to establish direct trade and economic links with northern Cyprus as a way of encouraging the Turkish Cypriot community to continue to support reunification.

There are no regions in Cyprus. Sub-national subdivisions, named districts, have been set up for the purpose of central administration. There are six districts, which have the same name than their capitals. Each district is headed by a District Officer, who is a senior civil servant appointed by the Government as its local representative. The District Officer is the chief coordinator for the activities of all Ministries in the District and is accountable to the Ministry of Interior. The District Offices are not elected local or regional authorities; they are part of the civil service.

There are two types of local authorities in Cyprus: municipalities and communities, which are governed by separate laws. In principle, municipalities constitute the form of local government in urban and town centres, while communities constitute the local structure in rural areas.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*



**5. Financing**

*Not relevant*

**6. The State and the regions**

*Not relevant*

**7. The regions and local authorities**

*Not relevant*

**8. The regions and international relations**

*Not relevant*

**9. Conclusions**

*Not relevant*



## CZECH REPUBLIC

### **1. Overview**

The national framework for political authority in the Czech Republic is set out in the Constitution (1993) and consists of a three-level structure. A Constitutional amendment (1997) defines the levels as follows: the central government, regions and communes. There is a 'double track' system, in which the communes and the regions are both state administration executives and public administration bodies. The Constitution stipulates which delegated state administration tasks should be executed at the levels of regions or communes; these are further defined in the respective primary legislation. The second track of the framework for governance accounts for autonomous political authority.

### **2. The region: definition and context**

There are fourteen regions in the Czech Republic, including the capital Prague. The framework for governance is stipulated in the Constitution, which is formulated only in a vague way. Further definitions were set out in a Constitutional amendment in 1997, creating the fourteen regions. The exceptional status of the region of Prague is stipulated in a subsequent law (2000). More specific definitions of the regions, for example the electoral system of the regions, are stipulated in respective legislation in 2000.

### **3. Institutional Organisation**

The Regional Assemblies of the regions are directly elected for a four-year term. The Regional President is elected indirectly from among the Deputies of the Regional Assembly. The President is the head of the Regional Council, which is the executive body of the region.

The relationship between the regions and the nation state is defined by the double track system of the state administration and the autonomous administration. The state administration track represents a competency delegated to the regions, where it is to be legally executed by the Regional Council. However, the Regional Council is also the executive body of the regions' autonomous tasks. In the sphere of the state administration, the Regional Council is responsible to the central government; however, in the sphere of regional political autonomy it is responsible to the Regional Assembly. Persons appointed to the apolitical positions of the heads of the offices of the regions are subject to the consent of the central Minister of Internal Affairs.

### **4. Competences**

The own competencies of the regions are as follows: to approve concepts of the regional development, to establish and dissolve the allowance organizations (education, social care, health service, infrastructure), to set the range of public transport, to decide on international co-operation, to approve the budget of the region and the final account of the region, to decide on the acquisition or transfer of regional movables. The Constitution says that the competencies of the regions are stipulated in respective laws.

It is necessary to differ among the state, public and autonomous administration. Public administration is the sphere, where there are shared competencies of the central government and regions. Within the shared competency, both the state and the autonomous administrative are empowered to act in a clearly defined field of cooperation, which is stipulated at the level of central legislation. Among shared competences in the fields of public administrative belong policies as follows: legislation, social policy, foreign policy, commerce and industry, exchequer,



internal affairs, defence and security, infrastructure, education, environment, agriculture, local development, and proposing new centrally approved laws.

## **5. Financing**

Since the very beginning of the existence of the regions in 2000 there has been a political controversy on the appropriate extent of fiscal autonomy. The Constitution states that regions have their own property and administer their activities via the regional budget. On the other hand there is no explicit regional fiscal autonomy. The regional budget revenues originate from taxes that are levied nationwide, a percentage of which is legally destined to regions. The percentage is defined centrally. Additional revenues come from state subsidies and from regional property revenues, economic activities of the regions sources. Other very important revenues originate in the EU structural funds.

Czech legislation does not stipulate any system for financial equalisation between the regions. However, in reality, the flows of finances from the central budget act as an equalisation mechanism.

## **6. The State and the regions**

Regional Assemblies can propose laws in the lower chamber of the Czech Parliament, the Chamber of Deputies, according to the Constitution (only the Parliament of the Czech Republic is to decide on the approval of the law). Logically, this legal right of the regions to propose laws is mainly used in spheres that affect the regions activities.

According to the primary legislation from 2000, the regions within the Czech Republic can sign agreements among or between each other.

## **7. The regions and local authorities**

The communes are a part of the system of double track administration, executing tasks of the central government and having local autonomous tasks. The relationship between local authorities and regions is stipulated at central level in the Constitution and in primary legislation. Local authorities are executive bodies of those spheres of policies of each region that are delegated on them by edicts approved by the Regional Assemblies.

## **8. The regions and international relations**

The right of Czech regions to sign treaties with other regions abroad is stipulated in primary legislation. This is beneficial for the region itself and for the central government as these activities strengthen the relationships with respective countries at all levels. The Ministry of Foreign Affairs acts as a coordinator of all levels and spheres of public administration involved in external relations.

## **9. Conclusions**

The main challenge for the Czech regions today is the full incorporation in the EU policies. An additional challenge is the full utilisation of the political capacity of the regions in the years ahead. At the time, as this is still the first electoral period of the Regional Assemblies, and the second elections are just ahead, it is clear, that the regional politics has not yet established strong roots. Nevertheless, thanks to the good basic legal setting, regions are developing effectively as autonomous political bodies. However, further political debate is needed on the fiscal autonomy of the regions and on shared competencies in a number of policy areas.



## DENMARK

### **1. Overview**

The Danish political system consists of the State, the Counties and the Municipalities. Currently there are 14 regions/counties in Denmark. As of 1<sup>st</sup> January 2007 there will be 5.

From 1<sup>st</sup> April 2006 "growth forums"/"development forums" were created to mirror the new regional structure, with five in mainland Denmark plus one at the island of Bornholm. These forums work on the basis of partnership, which implies that the region, municipalities, commerce, educational institutes and organisations representing the unions and the employers' organizations are all represented in the forums. The forums will develop a regional development plan on trade and commerce. Afterwards this plan will be part of the overall development plan developed by the region.

### **2. The region: definition and context**

Presently there are 14 regions/counties in Denmark. As of 1. January 2007 there will be 5.

The Danish constitution states:

**§ 82.** The right of the Communes (\*) to govern their affairs independently under the supervision of the State shall be laid down in Acts of Parliament.

\*) The term "communes" in the constitution denotes counties/regions and municipalities.

### **3. Institutional Organisation**

The counties/regions have directly elected assemblies. This will also be the case after 2007. The president is not (and will not be after 2007) directly elected but is appointed among the elected members of the assembly.

### **4. Competences**

The tasks are defined in primary legislation.

The main tasks of the county until 1<sup>st</sup> January 2007:

Regional planning, Hospitals, Primary health services, Care for the multihandicapped and disabled, Upper Secondary education, Environmental quality, Protection of nature and natural resources, Major roads, Public transport

County tasks today:

Hospitals and health insurance, Upper secondary schools and higher preparatory examination courses, Adult education, Care of mentally and physically disabled people, Culture and tourism, Regional public Transport, Environment and nature, Public regional transport

Regional tasks from 1<sup>st</sup> January 2007

Hospitals and health insurance, Institutions for exposed groups, Regional development, including preparation of development plan, Management of raw materials and soil contamination, Public regional transport



## **5. Financing**

Until 1<sup>st</sup> January 2007, the finances originate from regional/amts taxes, national subsidies and equalisation mechanisms. As of 1<sup>st</sup> January 2007 the regions can no longer collect taxes and are thus financed by national subsidies (including equalisation mechanisms), municipal contributions based on number of inhabitants (in relation to regional development) and “user's fee” (the latter in the health sector were the municipalities pay for both a basic contribution to the health care sector and in relation to their use of the health care system).

## **6. The State and the regions**

The regions implement national legislation, and the regions can sign agreements with regions both in Denmark and in other countries.

## **7. The regions and local authorities**

The regions work closely with the municipal level, for example in the field of regional development, schools etc.

## **8. The regions and international relations**

The region cannot sign international treaties but may sign agreements and protocols.

## **9. Conclusions**

The major task for Denmark today is the implementation of the structural reform from counties to regions.



## ESTONIA

### 1. Overview

After centuries of Danish, Swedish, German and Russian rule, Estonia gained its national independence in 1918. But from 1938 to the beginning of the nineties, Estonia was part of the USSR. The process of de-sovietisation began in 1988 with *Rahvarinne* (the Popular Front). Estonia gradually moved away from the Soviet Union and on June 28, 1992 a New Constitution was adopted by referendum.

Nowadays, Estonia has just a one-tier local government system (towns and rural municipalities). However, during the short period from 1990-1993, Estonia had a two-level local government system. In autumn 1989 first free elections to local authorities took place. The Local Government Bases Act was enforced in 1990. At that time, Estonia consisted of counties that were units of regional government and towns and rural municipalities that were units of the first level of local government.

The new Constitution adopted in 1992 introduced a single-tier local self-government: county administration became a part of the central government and the county governor became the representative of the central government.

In Estonia, there are fifteen counties and 241 municipalities. Among them are 39 urban municipalities and 202 rural municipalities.

### 2. The region: definition and context

Estonia currently has no regions. However, there are fifteen *Maakonad* - translated as counties. *Maakonad* are just administrative units of the central government. Legally, they are departments of the Ministry of Interior Affairs.

As stated in article 159 of the Estonian Constitution, “a local government has the right to form associations and joint agencies with other local governments”. These groups of local governments, which are called also “coalitions”, lead cooperative activities. Their employees are public servants and have tasks delegated to them by the national government.

### 3. Institutional Organization

County governments are equivalent to state administration agencies. They coordinate some activities in the counties. This level of administration is considered to be part of the state administration and is not endowed with political self-government. There is no county council.

The county governor is appointed for a five-year term by the national government at the proposal of the Prime Minister and following consultation with the local government representatives of the county. He/she is the representative of the government in the county and is in charge of the administration of the county.

### 4. Competences

Counties are responsible for:

- a. Economic and spatial development of a region (including county spatial planning)
- b. Supervision over single acts of local authorities
- c. Coordination of emergency situations



- d. Environmental management
- e. Coordination of tourism, leisure activities...

#### **5. Financing**

Counties are part of the state administration.

#### **6. The State and the regions**

Counties are part of the state administration.

#### **7. The regions and local authorities**

As previously explained, some efforts are made to strengthen inter-municipalities cooperation through the regional associations of local authorities. Indeed, as there is no regional level the cooperation between local authorities within a county is of great importance. In each of the 15 Estonian counties, there is a regional association uniting all or most of the local authorities. They exercise joint activities in various areas such as waste management, education, transport or social care. Membership in these associations is voluntary and their budget mainly comes from budgets of members (local authorities).

#### **8. The regions and international relations**

Counties are part of the state administration.

#### **9. Conclusions**

In the 1990s, when the system of local government was re-established, the development of democracy was the main target. However, the question of efficiency has become increasingly more important. Nowadays, the main challenge for Estonia is the determination of an administrative territorial division which is optimal for the performance of tasks, a question linked with the principle of subsidiarity. A number of different issues still need to be resolved. On the county level, in addition to the county agency, there exist regional subdivisions of national departments, which do not always overlap with counties. Another point is that the role of a county governor has not been specified. Furthermore, many of the existing counties are too small and are not effective from a national viewpoint.



## FINLAND

### **1. Overview**

Finland acquired its national sovereignty in 1917. Before this time, the country has been under Swedish and Russian rule. The Form of Government Act signed in 1919 is the institutional result of the compromise between conservative politicians who wanted a stable government based on consensual democracy and socialists and liberals more in favour of a “bottom-up” model. Also, Finland’s constitutional system has been influenced by parallel European experiences, especially those of the neighbouring Scandinavian countries, although Finland differed from them as it took the form of a Republic instead of a monarchy. So Finland has a semi-presidential dual system in which the government is answerable to the parliament and the President of the Republic has a strong position in determining the broad lines of policy, especially foreign policy.

In 1999, an amendment to the Finnish Constitution included a special chapter on self-government and administration. However, the provisions are rather general, referring to acts that lay down the details of the municipal system. The objective is still to reach or maintain a consensus as far as possible. Thus, Finland is no exception to the political party system common to the whole of Scandinavia, where multipartyism is relatively strong, but where parties do not mind forming alliances in order to establish governments with a parliamentary majority.

Finland has a solid tradition of devolution, which is due in particular to the civic awareness and democratic spirit that pervade the country. Historically, devolution has been identified with a municipal tradition, later complemented by the addition of counties. Hence, municipalities in particular have a high level of autonomy.

It is important to underline that the linguistic divide between the Finnish-speaking majority and the Swedish-speaking minority is now balanced by bilingualism in official documents.

### **2. The region: definition and context**

Finland has 19 regions, established in 1993 and one autonomous province (Åland Islands), which was granted autonomy in 1991. There are 446 municipalities (111 urban and 335 rural municipalities). The 19 regions are formed on the basis of cooperation between municipalities. The genesis of this regional structure, which is much weaker than that of many European systems, began in 1993 with the Regional Development Act, and developed over more recent years with the Regional Planning Act (1999). It culminated in the 2002 Regional Development Act that provided the formal basis for setting up the new entities in 2003. The new Finnish regional system took shape above all at the time when Finland joined the EU (1995), at a time when the Committee of the Regions had only recently been set up.

In Finland, there are also state provincial offices for the purposes of central government administration.

### **3. Institutional Organization**

The body officially called the “Regional Council” (*Maakunnan liitto*) is actually an authority comprising members of municipalities and supported by the municipalities that make up the region in question. Members of the Regional council are elected every four years by a suitable body of representatives from the municipalities. The composition of the Regional Councils must reflect the political groups existing in the region concerned; which should compensate for the fact that the Finnish regions have not been allowed to set up directly elected bodies.



#### **4. Competences**

Regional councils are in charge of general regional planning; they also prepare and monitor the implementation of regional development plans and coordinate development measures in their region. Regional councils are also responsible for voluntary functions agreed upon by the region's municipalities. The tasks carried out by all the local authorities (Regions as well as municipalities) remain of an administrative nature; they cannot be regulatory or legislative.

#### **5. Financing**

Finnish regions have no tax-raising powers and depend for their resources upon the municipalities, which are still considerably stronger in the overall system of self-government.

#### **6. The State and the regions**

Finland still has the shape of a unitary state. There are six Provinces (*Läänit*). They function primarily as decentralised territorial units of central government, overseeing the activities of the municipalities. These State provincial offices act as the joint regional authority for seven different ministries, promoting the objectives of the central government in the following domains: social and health care, education and culture, police administration, rescue services, traffic administration, competition and consumer affairs, judicial administration. They support and evaluate the implementation of local services within their territories. They also ensure the safeguarding of general security. The governors are appointed by the President of the Republic, and their maximum term of office is eight years.

#### **7. The regions and local authorities**

There are obvious close relations between the municipalities and the regions. Actually, regions are "federations" of municipalities.

#### **8. The regions and international relations**

*No available information*

#### **9. Conclusions**

The main recent development in Finland's regional structure is the establishment of Kainuu region as a pilot region. In 2003, a law was passed on the regional self-government experiment in Kainuu. The experiment is effective from 2003 and until December 31<sup>st</sup>, 2012. Now Kainuu Region has a directly elected regional council granted with administrative power that has traditionally been the domain of the state administration and its representatives. The regional administration will decide on the allocation of resources that have been allotted to the experiment in the national budget. A substantial proportion of municipal tasks have been transferred to the regional level. For example, the responsibility for welfare policy has been transferred from the municipality to the region; however the responsibility for their financing will remain with the municipalities.

It is too early to state whether this experiment will end in a reform of the regional structure in Finland but it nevertheless indicates that some attempts to change the system exist.



## FRANCE

### **1. Overview**

French regions developed in the second half of the twentieth century, on the basis of a model of administrative decentralisation. Apart from some exceptions -such as Alsace- regions have no socio-historical basis. They were set up in 1974 and given the statute of regional public institutions. The Decentralisation Law of 2<sup>nd</sup> March 1982 gave regions the statute of territorial authorities with full capacity. This law transfers the regional executive power from the representative of the State, the prefect, to an elected authority, the President of the Regional Council. Moreover, the law entrusts the regions with competences regarding the administration of high schools, economic development, spatial planning and vocational training.

### **2. The region: definition and context**

France is composed of 22 metropolitan regions and four overseas regions (Guadeloupe, Guyane, Martinique and Réunion). The region exists constitutionally since 28<sup>th</sup> March 2003, the date of an amendment to the article 72 of the French Constitution that places regions, *départements* and communes in the same paragraph. Hence, as a territorial authority, the region is constitutionally defined in the following way: *“(The region) may take decisions in all matters that are within powers that can best be exercised at (its) level. In the manner provided by statute, (the region) shall be self-governing through its elected council and shall have the power to make regulations.”*

### **3. Institutional Organisation**

French Regions have a directly-elected Assembly. The regional councillors elect among them selves the President of the Regional council for a six-year mandate. Since 2004, regional councillors are elected for a five-year term via a two-round election list system at regional level, which combines proportional representation system and majority list systems.

### **4. Competences**

The main competences of the French regions are: economic development and assistance to companies, spatial planning, vocational training, apprenticeship and culture, building and equipment of high schools. These historical competences have been strengthened and completed by the law of the 13<sup>th</sup> August 2004, which added the following competences: (i) in the economic field: setting up of economic development plan and definition of aid schemes for enterprises; (ii) in the spatial planning field: arrangement and management of non-autonomous harbours and civil airports, regional railway transport; (iii) in the cultural field: recording of historical heritage and organisation of vocational art education; (iv) in the educational field: management of service and specialised staff of the high schools, vocational training.

### **5. Financing**

Financing of the regions has diverse origins:

- 1/ Taxation: (i) local taxation (direct or indirect) - property tax on buildings, land tax and trading tax; (ii) taxation allocated by the State: These transfers are intended to compensate, on the one hand, expenditures due to new competences, and on the other hand charge-offs and rate reductions on local taxes decided at the national level



2/ Grants and subsidies from the State: the State re-allocates financial resources to support the operation of the regions (via the general operating grant) or their investments (general equipment grant, VAT clearing fund, regional grant for school equipment).

### 3/ Loans

The region gained a guaranty of financial autonomy thanks to an amendment to the Constitution in 2003, and the organic law of the July 29, 2004. This principle strengthens the financial self-administration of the regions: they can freely use their resources, which have to come mainly from taxation. Mechanisms of financial equalisation between the regions exist. They aim at correcting disparities between regions in terms of resources and expenditures. This redistribution mainly operates via transfers from the State to the regions.

## **6. The State and the regions**

Relations with the State are many. This is a normative relation as the region is subject to national ordinances and laws. However, the principle of self administration of territorial authorities is guaranteed by the Constitution. Hence, in the field of public policies, the Region and the State are real partners. A good example of this partnership could be the contract related to a 5-year plan signed by the Region and the State (*Contrat de plan Etat-Région*)

The second French legislative chamber (the Senate) ensures “the representation of the territorial units of the Republic” (article 24 of the Constitution). But it is not the spokesperson of the territorial authorities. The French national decision-making process does not leave any role to the regional institution. Moreover, until now, the French regions do not dispose of any autonomous decision-making powers, and the recent launch of a local experiment to this end is also subject to a very strict legal framework. Finally, two regions are allowed, via their executive bodies, to sign agreements or conventions that attach them.

## **7. The regions and local authorities**

Co-operation between local and regional authorities exists since the beginning of the decentralisation process. However, there is no hierarchy in this cooperation. One territorial authority cannot supervise another one. Because of many overlaps caused by the repartition of competences, the need for a lead authority appeared, and the Constitution was amended to allow this in 2003.

## **8. The regions and international relations**

The Madrid Convention signed in 1980 and the laws on decentralization of 1982 prepared the ground for the International Law on Local authorities. This remains, in other respects, a sensitive issue because, on principle, international initiatives and actions are a competence of the State. In France, whilst twinnings were tolerated, it's only the law of 6 February 1992 on Territorial administration of the Republic that allowed French local authorities to sign conventions with foreign local authorities. Regions can take part in Community initiative programs such as INTERREG III (cross-border, transnational and interregional cooperation). Finally, the law of 13 August 2004 on Local liberties and responsibilities allows the creation of European districts. These local groupings of cross-border cooperation are endowed with a legal personality and with financial autonomy. They are created on the initiative of local authorities and their groupings.



The following challenges remain for the French regions: (i) Finance: the increasing loss of tax resources could be a hindrance to the regions' capacity to autonomously implement their policies; (ii) Institutions: there is a need for a better distinction of competences between territorial authorities in order to allow for a better redistribution of roles and responsibilities; (iii) Politics: a transfer of some national policies to the regional level could act as a lever to increase the efficiency of local public action, thereby limiting State competencies to the "*domaines régaliens*" (defence, diplomacy, justice, security, immigration, currency...).



## GEORGIA

### **1. Overview**

Georgia became an independent state on the collapse of the USSR in 1991. However, the country quickly became embroiled in a bitter civil war, which lasted almost until 1995. In 2000, two regions of Georgia, Abkhazia and South Ossetia, became embroiled in disputes with local separatists that led to widespread inter-ethnic violence and wars. Supported by Russia, Abkhazia and South Ossetia achieved and maintained *de facto* independence from Georgia. Russian-led peacekeeping operations continue in both regions. The Georgian Government put forward a new peace initiative for the peaceful resolution of the status of South Ossetia in 2005.

### **2. The region: definition and context**

Georgia is divided into 9 regions, 2 autonomous republics (*avtonomiuri respublika*), and 1 city (*k'alak'i*). The regions are further subdivided into 69 districts (*raioni*). The 9 regions are : Guria, Imereti, Kakheti, Kvemo Kartli, Mtskheta-Mtianeti, Racha-Lechkhumi and Kvemo Svaneti, Samegrelo and Zemo Svaneti, Samtskhe-Javakheti, Shida Kartli. These regions are simply bodies of the central government and have no self-government status. They were established by Presidential decrees from 1994-1996, on a provisional basis.

The two Autonomous republics are Abkhazia and Adjara. The autonomous republics were established during the soviet regime. For the moment, Abkhazia is a breakaway region, a self-proclaimed republic which is not recognized internationally.

Adjara, although also having tendencies to break away from Georgia, has for the time being been brought back under Georgian control. The Georgian Constitutional law, prepared in 2000, sets out the legal framework for Adjara ; this is the first time that the status of an autonomous Georgian region has been defined by law.

Currently, the status of South Ossetia, a former autonomous administrative district, also known as the Tshinvali region, is being negotiated with the Russian-supported separatist government.

In general, the Georgian constitution does not provide comprehensive rules on territorial structure. Article 2.3 provides that the territorial state structure of Georgia shall be determined after the complete restoration of the jurisdiction of Georgia over the whole territory of the country (i.e. including South Ossetia and Abkhazia). The regional and local government systems are therefore governed by organic laws for the time being.

### **3. Institutional Organisation**

De jure, Abkhazia is headed by the Chairman of the Supreme Council (who is in exile) while de facto it is headed by the President. A new constitution was adopted on 4 November 1994 which declared Abkhaz sovereignty.

The local legislative body, the Supreme Council (parliament) of Adjara consists of 30 members and is elected for 5 years. The Head of the region's government – the Council of Ministers of Adjara is nominated by the President of Georgia, who also has powers to dissolve the assembly and government and to overrule local authorities on issues where the constitution of Georgia is contravened.

South Ossetia has a de facto separatist government, headed by the President. The breakaway republic claims the northern part of the Shida Kartli region as its territory, with small parts of neighbouring regions.



The 9 regions each have a regional administration headed by a State Commissioner - informally *Governor* – who is an official appointed by the President of Georgia. There are no representative bodies on the regional level, and the administration of the regions is the responsibility of the representatives of the President.

#### **4. Competences**

According to the Georgian constitution, Adjara has both own powers and delegated powers. Adjara has substantial competences, including maintaining public order, tourism, agriculture, health care and social insurance. However, there are still some ambiguities concerning the competencies of the central state and the autonomous region, for example concerning the provision of education.

#### **5. Financing**

Adjara can introduce and adopt local taxes in accordance with the laws of Georgia, but the Constitution does not specify which taxes these are.

The new tax code, which took effect at the beginning of 2005, restricts the financial independence of the regions. The monopoly of central government over the distribution of public finances restricts the financial autonomy of the regions.

#### **6. The State and the regions**

According to the constitution, the President of Georgia can suspend or dismiss the supreme council of Adjara in a number of cases.

#### **7. The regions and local authorities**

A draft law on local self-government, prepared in 2005, envisages an administrative-territorial division into regional municipalities throughout the country and the abolishment of the currently operating 1100 self-governance bodies – "Sakrebulo", or Council - in villages, communities and in small towns. According to the draft, the territory of Georgia will be divided into 65 regional municipalities and 7 cities – the capital Tbilisi, Batumi (Adjara Autonomous Republic), Rustavi, Poti, Kutaisi, capital of South Ossetia Tskhinvali and capital of Abkhazia Sokhumi. Other towns will be united in the regional municipalities. The Sakrebulo (Council) will be a local self-governance body in regional municipalities and in seven cities which will be elected through a proportional, party-list system for a 4-year term, according to the draft law. According to the draft, the local self-governance bodies will also be in charge of social-economic development, property management, environmental protection, construction, transport and road infrastructure, accommodation, education, culture and sport, health care, rule of law and law enforcement.

#### **8. The regions and international relations**

No information.



As the state does not control the whole country, the authorities are allowing themselves to delay addressing the issues of territorial reform indefinitely, claiming that they need to wait until South Ossetia and Abkhazia are back under Georgian control.

The scope of competences of the province of Adjara and the financing of these powers need to be better defined in the Georgian constitutional law.

The regions do not and cannot act as genuinely autonomous bodies. The officials appointed by the central government are accountable to the centre rather than to the regions.



## GERMANY

### 1. Overview

Germany is a federal state, composed of 16 regions (“Länder”). Many of these Länder are former independent states or unions of states. As a result of this origin, in the constitution of the federal state (“Grundgesetz”) all power is contributed to the Länder unless otherwise mentioned. Nevertheless there has been a increasing number of competences transferred to the federal state over the last decades.

### 2. The region: definition and context

There are 16 Länder. 11 of them are founding members of the Federal Republic of Germany in 1949. 5 of them were formed out of the former German Democratic Republic and added to the Federal Republic of Germany in 1990. All Länder have full developed, autonomous legislative, executive and juridical bodies. Each Land has its own constitution and is named in the Grundgesetz. The competences of the federal state and the Länder are defined in the Grundgesetz or in deduced acts.

### 3. Institutional Organisation

All Länder have a directly elected assembly. The Minister President is elected by the assembly, not by the people.

The relationship between the region and the federal state is defined through the above-mentioned legislative acts. In addition, all Länder participate in the formation of federal legislation in the Bundesrat.

### 4. Competences

All exclusive competences of the federal state are fixed in the Grundgesetz, as are the shared competences. Everything else is automatically in the competence of the Länder.

Federal state competences: Foreign Policy; Defence; Citizenship; Monetary, Customs and Trade-Policy (if not EU); Air transportation; Federal Statistics

Shared Competences (examples): Criminal and civil law; Public welfare; Traffic; Navigation

### 5. Financing

The Länder participate in the revenues of sales and income tax. This is fixed by federal law, which has to be approved by the Bundesrat.

The Länder have fully financial autonomy concerning their expenses, naturally restricted through their own legislative obligations.

There is both a horizontal and a vertical financial equalisation system. The first manages the allocation between the federal state and the Länder as a whole, the second is an interregional mechanism between the Länder.

Agreements with other Länder are possible.

### **7. The regions and local authorities**

There are many links between the regional and local level. For example, the Länder give a part of their administrative tasks to local authorities. There are also associations of local authorities, which act on regional level.

### **8. The regions and international relations**

In general, foreign policy is an exclusive competence of the federal state.

The participation of the regions in international agreements/treaties concerning their competences is regulated by law. There is for example a clear procedure for participation and co-determination of the Länder at EU level.



## GREECE

### **1. Overview**

Greece achieved independence from the Ottoman Empire in 1829. During the second half of the 19th century and the first half of the 20th century, it gradually added neighboring islands and territories, most with Greek-speaking populations. In World War II, Greece was invaded by Italy and then occupied by Germany; fighting endured in a protracted civil war between supporters of the king and Communist rebels. Following the latter's defeat in 1949, Greece joined NATO in 1952. A military dictatorship, which in 1967 suspended many political liberties and forced the king to flee the country, lasted seven years. The 1974 democratic elections and a referendum created a parliamentary republic and abolished the monarchy.

Greece is today a parliamentary representative democratic republic. The Prime Minister is the head of government and of a pluriform multi-party system. Executive power is exercised by the government. Legislative power is vested in both the government and the Hellenic Parliament. The Judiciary is independent of the executive and the legislature.

### **2. The Region: Definition and Context**

There are two levels of sub-national government in Greece: the region (*Perifereia*) and the prefecture (*Nomarchia*). Greece has 13 regions (nine on the mainland and four island groups) and 51 prefectures. Regions were created in 1985, following the accession of Greece to the European Union. They correspond to NUTS 3 regions and were created in response to European regional development policy. Prefectures already existed at the time, although their organisation and competencies were different.

The Greek Constitution states that the administration of local affairs is carried out by local government bodies, which are the nomarchia. The 51 *nomoi* subdivide into 147 *eparchies* (singular *eparchia*), which contain 1,033 municipalities and communities : 900 urban municipalities (*demoi*) and 133 rural communities (*koinotetes*). Before 1999, Greece's local government structure featured 5,775 local authorities: 457 *demoi* and 5,318 *koinotetes*, subdivided into 12,817 localities (*oikismoi*).

Furthermore there is one autonomous region: Mount Athos, a monastic state under Greek sovereignty.

### **3. Institutional Organisation**

In the majority of cases regions are territorially superior to prefectures: they each cover the territory of between 1-7 prefectures.

The regions (Periferia) are an emanation of the central government. They are responsible issues of general interest within their territories. The Periferia represent central government within their territories. The Regional Council (*Periferiako Simvoulío*) consists of heads of prefectures within the region's territory, representatives of the union on municipalities and local authorities of their territory, representatives of chambers of commerce and professional organisations. The Secretary General (*Periferiarxis*) is the head of the region and is a high-ranking civil servant appointed by central government. The Periferia have no powers of political self-government; they are administrative decentralised units of the central government.



Prefectures are the first level of local government in Greece, the second level are the municipalities and local authorities. The nomarchias are responsible for issues of local interest within their territories. Since 1994 (Law 2218/94), the nomarchias have had directly elected regional assemblies. The Prefectural Council (*Nomarchiako Simvoulío*) is directly elected by the citizens for a term of 4 years. The Prefect (*Nomarchis*) is the leader of the winning electoral list and has a mandate of 4 years.

#### **4. Competences**

The Periferia are an administrative unit that regroups the old regional branches of the national Ministries. Their role is to implement central government's policy within their territories. They are responsible for the formulation, planning, management and implementation of policies for the economic, social and cultural development of their geographic area. They are also responsible for the formulation and management of the Regional Operation Programme, in cooperation with the relevant Ministries.

The Nomarchia have competencies, delegated to them from the national Ministries in all policy areas except for defence, foreign affairs, economy and justice. Their aim is the economic, social and cultural development of their territory.

#### **5. Finances**

The funds of the Periferia are allocated by central government from the national budget. Periferia can receive European Community funds and are responsible for their distribution, in cooperation with the relevant national Ministries.

The Nomarchia have limited taxation powers, but taxes are collected by the central state authorities. Funds are allocated by central government from the national budget.

#### **6. The State and the Regions**

The Periferia are simply arms of central government. The Nomarchia

#### **7. The Regions and Local Authorities**

The, nomarchia, as second level local authorities, exercise responsibilities only to the extent that a particular subject does not fall within the responsibilities of a municipality or a community.

#### **8. Regions and International Relations**

#### **9. Conclusions**

Since the creation of the regions in 1985, the balance of powers and competencies between the regions and the prefectures has shifted significantly, following a series of legislative reforms. This incremental reform is still continuing today; it is expected that the number of regions will be reduced to 9 in the coming years. There have also been discussions about making the regions directly elected, but limited progress has been made due to the political sensitivity of this issue.



## HUNGARY

### **1. Overview**

The Hungarian parliament passed the Law on Local Self-governments in 1990. This law has formed the basis of the new democratic constitutional state and it has provided the framework for the new democratic self-governmental system, which consists of both local and county levels. The first self-governmental elections were called in August 1990.

### **2. The region: definition and context**

There are 19 county-level self-governments in Hungary. The competences and scope of tasks of the self-governments of the counties are defined by the law No. LXV. of 1990.

### **3. Institutional Organisation**

The counties have directly elected assemblies. Citizens elect the members from lists of political parties or associations. They elected assemblies are called “general assemblies”. The President of the General Assembly is elected by the members of the General Assembly by ballot.

The county-level self-government provides self-governmental administrative duties.

### **4. Competences**

The duties/competences of the counties are listed in law No LXV. There are obligatory and optional duties.

#### Obligatory duties/competences:

- Organisation and provision of public services which cover the whole county or a large part of it – funding and managing public institutions (e.g. educational, social, cultural, health care services and institutions)
- Environmental protection (e.g. planning, waste management)
- Spatial planning – co-ordinating the planning of the municipalities and the small regions at county level
- Tourism
- Co-ordinating vocational training and the needs of the labour market at county level
- Establishment and management of regional information system

#### Optional duties/competences:

Promotion of cultural, artistic and scientific institutions, Co-ordination of links between the small regions and the county, Promotion of regional economic development, Promotion of the tasks related to the ethnic minorities, Co-operation with religious and voluntary associations as well as the organisations of the disabled people, Promotion of issues related to equal opportunities, Promotion of issues related to the elderly people, Developing international partnerships with special respect to European integration, etc

The counties represent the territorial level. Between the counties and the settlements there are functional differences. The basic rights of the local (county or settlement level) self-governments are similar.



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## **5. Financing**

The counties have their own budget. The financial resources are partly provided by the national budget, partly by the own incomes; the counties have the right to enter into partnerships with other self-governments (at county- or settlement-level).

The national financial resources of the counties are decided by the Hungarian parliament in the annual budget. The own annual budget of the counties is decided by the general assemblies of the counties.

The counties manage the incomes through their own budget.

## **6. The State and the regions**

Regional development is a common duty of the self-governments and the state. The co-ordination of the national and regional development planning and plans is the competence of the Regional Development Councils at the regional level, and of the County Development Councils at the county-level. The President of the Regional Development Council is the president of one of the presidents of the counties of the region. Each president is acting for one year in rotation.

The counties are autonomous bodies and can enter into partnerships with any other self-governments (at county or settlement level).

## **7. The regions and local authorities**

The counties consult and maintain contacts with local authorities continually: coordinate the development conceptions of the settlements; assist the co-operation of the regional development associations of the local self-governments; cooperate with economical actors.

Concerning the problems of regional employment, the counties cooperate with the Labour Centres.

## **8. The regions and international relations**

Counties are free to conclude international treaties, agreements, protocols and take part in internationally co-operated programmes. The state consults the competent counties before signing international agreements/treaties.

## **9. Conclusions**

The main question of the future of the counties is how the competence and scope of duties of the counties (NUTS-3) will/should change.

There are 3 alternatives:

- The self-governmental roles of the counties will be cancelled and will be organized by the region-level (NUTS-2).
- “Public-provision county”. The main and basic duties of the counties will ensure the provision of public services at the county level (institution-support).
- The roles and competences of the counties will increase.



## ICELAND

### **1. Overview**

Iceland is a republic; it has a written constitution and a parliamentary form of government. Iceland is the most sparsely populated country in Europe with an average of three inhabitants per square km. Almost four-fifths of the country is uninhabited and mostly uninhabitable, the population being concentrated in a narrow coastal belt, the valleys and the southwest corner of the country; that means in and around the capital city Reykjavik.

Iceland has no regions. Iceland's local authorities function under the Local Government Act that dates from 1998. The number of local authorities areas has fallen recently as they have been combined to form larger administrative units. In 2000 the number of municipalities in Iceland was 124. The role of the local authorities has also changed, becoming more complex, now embracing primary schools and social services. All administration of the primary schools was taken over by the local authorities on 1st August 1996, now accounting for the largest single aspect of their work.

There are no regions in Iceland. There are only two levels of democratic government: the state and the municipalities. Nevertheless, according to the Article 86 of the Local Government Act, local authorities may establish "Regional associations of Local authorities to work for the interests of the inhabitants in each region" There are currently eight regional local authority associations, to which most, but not all, local authorities belong. These are free associations. They also correspond very often to the electoral constituencies.

To date, it is irrelevant to talk about regions in Iceland. There is no regional democracy and regional political power is not recognized. However, the fact that Regional associations exist allows thinking that cooperation among local authorities and with the government is effective.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*



*Not relevant*

**8. The regions and international relations**

*Not relevant*

**9. Conclusions**

*Not relevant*



## IRELAND

### **1. Overview**

All of Ireland was long under British domination. The possibility of a gradual loosening of the nation's bonds began to emerge towards the end of the nineteenth century, with several Home Rule Bills that never came into force because of the outbreak of the First World War in 1914. The first significant step came in July 1921 after a series of bloody uprisings, when the British government signed a Peace treaty with the Sinn Fein Party (the party that claimed for full independence). The country was partitioned in two territories: in the North, six counties of the province of Ulster remained under British control; while the remaining 26 counties in the South secured limited independence and formed the new Irish Free State, a British dominion member of the Commonwealth.

The Republic of Ireland has a relatively centralised administration. However, the local and regional levels have important responsibilities in a number of key areas, but local authorities remain the main providers of services. At regional level, 8 Regional Authorities (at NUTS III level) coordinate certain activities of the local authorities and play a monitoring role in relation to the use of EU structural funds. The country is further designated into two NUTS II Regions and two Regional Assemblies are responsible for managing the regional programmes of the National Development Plan.

### **2. The region: definition and context**

Eight Regional Authorities were established by the 1991 Local Government Act and came into existence in 1994.

Following the designation of Ireland into two regions, the new Regional Assemblies (Border, Midland & Western Regional Assembly and the Southern & Eastern Regional Assembly) were established and came into effect on the 21st July 1999.

### **3. Institutional Organisation**

The members of the Regional Authorities are not directly elected, but are nominated from among the elected members of the local authorities in the region. Each local authority has a certain number of seats on a Regional Authority, based loosely on the population of the local authority area. The size of the Regional Authorities varies from 21 to 37 members.

To assist the Regional Authority in undertaking its functions, each has an Operational Committee and an EU Operational Committee. The Operational Committee is chaired by the *Cathaoirleach* (Chairperson) of the Regional Authority and is composed of senior management from the constituent local authorities and other relevant public sector agencies operating in the region. It helps prepare the work of the Regional Authority and assists and advises it on matters relating to its functions. Also, each Regional Authority has a designated city/county manager (chief executive of a local authority) from one of its local authorities to further enhance the linkages between the local authorities and the Regional Authority.

The EU Operational Committee has a similar, but broader, composition and assists the Regional Authority in matters relating to EU assistance and reviewing the implementation of various EU Operational Programmes in a region.

Each Regional Authority has a Director, assisted by a number of policy and administrative staff.



#### **4. Competences**

Under the 1991 Act, the Regional Authorities have two main functions:

- a. To promote the coordination of public service provision
- b. To monitor the delivery of EU Structural Fund assistance in the regions

The Regional Authorities have specific responsibility for:

- i. Renewing the Development Plans of Local Authorities in their region and in adjoining regions
- ii. Preparing Regional Planning Guidelines and Regional Economic and Social Strategies
- iii. Promoting cooperation, joint actions, arrangements and consultation among local authorities and other public bodies

#### **5. Financing**

The financing of the activities of the Regional Authorities is largely borne by their constituent local authorities. The Regional Assembly does not provide direct funding, which is available through various implementing agencies and Government departments. The Total Funds available includes EU Structural Funds, National Exchequer, Local Authority and Private match funding. The Assembly also receives technical assistance support from Government departments. The region also benefits from funding through the other three Operational Programmes of the National Development (productive sector, human resources and social inclusion, social and economic infrastructure programmes).

#### **6. The State and the regions**

The system in Ireland may fairly be described as being marked by strong central government control. Local authorities are often seen as executive agents of government departments, responsible for implementing central government policy. Regions do not play a role in the legislative and decision-making processes of the state. However the Association of Irish Regions enables exchange of information and experience on policy issues between regions.

#### **7. The regions and local authorities**

Regional Authorities consult local authorities on a range of issues as required (e.g. New National Development Plan, Regional Planning Guidelines etc.). Local Authorities provide representation to a range of committees and subcommittees of both Regional authorities and Regional assemblies.

#### **8. The regions and international relations**

Regions cannot conclude international treaties. However, for the purpose of certain programmes, Regional assemblies have linkages with other authorities in Europe (Interreg III B).



#### **9. Conclusions**

Key challenges include:

- Need to explore how to have directly elected assemblies
- Need to look at greater linkages between participative and representative democracy in regional structures
- Need for regional authorities to have access to greater resources to carry out their role.
- Need to examine opportunities for regional authorities to assist local authorities to develop cross boundary projects and programmes



## ITALY

### 1. Overview

Italy is a regionalized State where regional particularities are very strong. The principle of regions' autonomy is recognized in the Constitution. Italy became a nation-state in 1861 and the first national Act on local authorities dates back from 1865. The 1948 Constitution established 14 ordinary-statute regions, which would only be operational as of 1970. The Constitution created also a special statute for four regions with important powers (Aosta, Sicily, Sardinia, Trentino Adige). In 1963, Friuli Venezia Giulia was recognized as a special-statute region and Molise is established as the 15<sup>th</sup> ordinary-statute region. In 1970, Regional councils were elected for the first time in the 15 ordinary-statute regions. One year later, the Italian Parliament adopted a new statute for the Trentino-Alto Adige region, giving the provinces of Trento and Bolzano a large number of legislative powers. The 1997 Bassanini reform, based on the principle of subsidiarity, was the most significant stage in the decentralisation process. It transferred new responsibilities to the regions (country planning, environment protection, local road network and vocational training) and increased their fiscal autonomy with the creation of new regional tax revenue, hence replacing the decrease in State grants. The Constitution was modified in 2001 in order to reassert the principle of subsidiarity. The Constitutional law extends direct election of Presidents of the Region to universal direct suffrage in regions with special status and extends statutory self-governance. It also divides legislative power between the State and the Regions. The regions' right to conduct foreign policy is recognized and the autonomous provinces of Trento and Bolzano receive constitutional recognition.

### 2. The region: definition and context

Italy consists of municipalities, provinces, metropolitan cities, regions, and the State. The country is divided into 20 regions. Among them, 15 have an "ordinary status" (Abruzzo, Basilicata, Calabria, Campania, Emilia-Romagna, Lazio, Liguria, Lombardia, Marche, Molise, Piemonte, Puglia, Toscana, Umbria, Veneto). The other five have a "special status" (Friuli Venezia Giulia, Sardegna, Sicilia, Trentino-Alto Adige, Valle d'Aosta). There are also two autonomous provinces (Bolzano and Trento). Special status is the result from a particularity such as insularity or the presence of a linguistic or ethnic minority.

### 3. Institutional Organization

The regional organs are the Regional Council (*Consiglio regionale*), the Executive Committee (*Giunta*) and its President, who is the President of the Region. All of them are elected for a five-year term. The *Consiglio Regionale* is the legislative body. It is composed of 30 to 80 councillors; 80% are elected by universal direct suffrage, 20% are drawn from the "president's list". The Council elects the President from within its ranks. It can submit bills to the national parliament and can dismiss the president of the executive committee (*Giunta*). The *Giunta* is the executive body. It is made of the President and the regional councillors. The councillors are designated by the Council or by the President. The *Giunta* has overall administrative competences. It can propose regional bills. It prepares and implements the regional budget, and implements the council's decisions. The President is elected by direct universal suffrage (since 1999). He/She designates and dismisses the members of the *Giunta*. The President represents the Region and directs the region's policies. He/She enacts regional laws and regulations and assumes the administrative functions that the State delegates to the regions and must, in this matter, follow the government's decisions.



#### **4. Competences**

The Regions may adopt their own statute. As stated in the article 117 of the Constitution, the Regions shall have exclusive legislative power with respect to any matters not expressly reserved to State law and not included in concurrent legislation. In matter of concurrent legislation, the regions have legislative power except for fundamental principles, which are reserved to State law. Concurrent legislation includes: international relations with other regions and with the EU, external trade, education (but vocational training), health protection, land-use regulation and planning, harbours and civil airports and others.

#### **5. Financing**

Regions have financial autonomy. They have autonomous resources; they establish and implement their own taxes and revenues, in harmony with the Constitution and in accordance with the principles of coordination of the public finances and the taxation system. They receive a share of the proceeds of state taxes related to their territory. Tax revenue represents 38% of regional revenue. Since 1999, they receive the regional tax on productive output (IRAP), mainly intended to finance health expenditure and the surtax on national income tax (IRPEF). The regions also levy other taxes such as the regional car tax. The law of the State establishes an equalization fund to the benefit of areas where the fiscal capacity per inhabitant is reduced.

#### **6. The State and the regions**

The regions primarily serve to decentralize the State government machinery. A constitutional reform in 2001 remarkably widened the competences of the Regions, particularly concerning legislative powers and most of State controls were abolished.

#### **7. The regions and local authorities**

The local level in Italy includes the Provinces and municipalities. Before 2000 there was a diffuse practice of consultations of Municipalities, Chief Town of Province and Districts (Province) and by Regions. From 2001, the Constitutional Reform foresaw in each Region the creation of a Council of Local Autonomies as a consultation body between Regions and Local Authorities. Each of the 20 Regional Statutes had incorporated such reform and now foreseen this Council, but as each Region has autonomy in setting its Statute, there are different procedures and rules of activation of this Consultation Council, and then the practice of consultation may be different in each Region.

#### **8. The regions and international relations**

Within the framework of state policies and of the regional sphere of competences, Italy's regions and autonomous provinces may also sign cross-border and cooperation agreements with local governments in other states to foster economic, social and cultural collaboration, as well as international level activities. In this case, the region transmits the draft agreement to the Ministry of Foreign Affairs and the Regional Affairs Department for their views on its national and international legitimacy and political suitability. The reply is given within thirty days. The region may sign the agreement with its foreign counterpart at that time.



## **9. Conclusions**

Regions in Italy are very strong and based on historical and cultural grounds. Actually, the system is quite close to federalism. In 2005 a new reform of the Constitution (so called *devolution*) was approved. It did not have 2/3 votes requested for the Constitution modification. Therefore it needs a confirmative referendum. The reform would grant more powers to the Regions in the domains health and education and federalize the Italian State, creating a Federal Senate. The Constitutional referendum will be held on the 25<sup>th</sup> June 2006.



## LATVIA

### **1. Overview**

Latvia gained independence in the 1920's but from 1940 until the 1990s the country formed part of the USSR. On May 4, 1990, a declaration renewing the independence of the republic of Latvia was adopted. In the aftermath of the restoration of the independence, local and regional governments played an important role in processes of denationalization (restitution of property rights) and land reform. The nineties correspond as well to a period of fast decentralization. Many responsibilities (housing, primary and secondary education, health care, public utilities...) were given to local and regional governments.

The elections of local and regional governments held in December 1989 were the first democratic elections after the soviet regime. Three separate self-government laws were passed in February 1990: on district, town and rural self-governments.

### **2. The region: definition and context**

The three 1990 laws state that the regional level includes 26 *rajons* (districts) and seven major cities, which are represented on both levels (local and regional). On the local level there are 535 municipalities: 63 *pilseta* (towns – including the 7 major cities), 453 *pagasts* (rural municipalities) and 20 *novads* (combined town and rural municipalities, which are the result of numerous territorial reforms since 1998.)

The regional level is represented by the administrative body of a *rajon* - district -, which with the help of the representatives elected by the local governments, fulfils the functions delegated to it by the local governments and ensures that the interests of the state and the inhabitants of the relevant administrative territory are met. The average population of a district is 47.000 thousands inhabitants.

### **3. Institutional Organisation**

The local and regional government legal framework is set by the Law on Self-Governments, which was passed on May 19, 1994. A few articles of the *Satversme* (the Constitution) refer to self-governments. However, the question of the inclusion of the self-government principle in the text has been discussed for 12 years.

Before 1997 district councils were elected by direct election. But from this date onwards, due to amendments in legislation, there have been no direct elections for district councils. The district councils are composed of chairpersons of local governments within the borders of the respective region.

### **4. Competences**

Article 15 of the Law on Administrative Territorial Reform of 1998 establishes the basic principle for the division of functions: *"(...) the subsidiarity principle is to be observed, which determines that the institutions of a higher level have to perform only those functions which are not possible to give to, or which cannot be effectively performed by, the institutions of a lower level."*

Permanent functions of districts are: (i) to participate in civil defence, (ii) to organise public transport services, (iii) to ensure their representation in the regional Sickness Insurance Fund, (iv) to organize the further education of pedagogical staff and methodical education work. The permanent functions of districts are very limited but most of the districts perform a certain number



of voluntary tasks. Voluntary tasks concern for example municipal police or tourism development initiative. To some extent, districts also support weaker local governments with implementation of their tasks.

### **5. Financing**

Districts have their own budgets. The councils plan, adopt and implement their budget plans independently and State institutions are not allowed to interfere. However, regional governments do not have their own income. They do not have the right to levy taxes. All taxes on disposal of districts are State taxes. Indeed, they are nearly fully funded by the Equalization Fund. The equalisation system was introduced in 1995. Two main principles function: equalisation between the State budget grants and equalisation of economic potentials among the territories. The total financing of self-government expenses for the coming year is set after negotiations between the central government and local and regional governments in the yearly protocols.

### **6. The State and the regions**

There are annual negotiations between local and regional governments and central government. It is stated in the law that the self-government public organisation, in which more than a half of the self-governments have joined, has the right to represent self-governments in negotiations with the Cabinet of Ministries. Currently, the Union of Local and Regional Governments of Latvia assumes this role. In the main, two domains are discussed: the new legislation and the annual budget process. Some attempts to abolish the regional level of self-governance have occurred. For instance, there were no regional elections in March 1997. And 1998 saw the introduction of indirectly elected councils for districts.

### **7. The regions and local authorities**

The main issue between regions (districts) and local authorities is the division of competences. Many laws only mention, that "self-governments are responsible for the implementation of certain tasks". In that cases, it is unclear whether the local governments (town and rural municipalities) or the regional governments (districts) should carry out these tasks. To a wide extent, the division of tasks depends on abilities of the regional and local governments in the region, and of personal initiatives from politicians or administrative employees. Another issue is the question of cooperation, which can be either compulsory or voluntary. Compulsory cooperation functions when a self-government does not have its own infrastructure; then it is obliged to sign agreements with other self-government in order to implement its tasks (often in fields such as social care services or education). Voluntary cooperation permits the creation of cooperation associations to carry out various tasks such as development planning, attraction of investments and establishment of common institutions. Local governments are not subordinated to regions.

### **8. The regions and international relations**

Self-governments can cooperate with local and regional governments in other countries. Before EU accession, Phare programs were a great source of funding for cross-border and interregional cooperation. They contributed to the establishment of partnerships with local and regional governments of EU member countries.



After the 1993 parliamentary elections, relations between central government and self-

governments changed. The tendency to make central government stronger, by weakening local and regional governments became part of the political agenda. The first signs of centralistic approach appeared. It seemed that regional governments suffered the most from this new political trend. Questions about abolishing regional governments used to be in the political agenda. Now, plans to create regional authorities with mixed councils - representatives of central government and local governments - are under discussion. Then, it is easily noticeable that current trends are going against the development of regionalism in Latvia.



## LIECHTENSTEIN

### **1. Overview**

The Principality of Liechtenstein is the sole remaining polity of the Holy Roman Empire,. Owing to its geographic position between Switzerland and Austria, it was not swallowed up during the massive reorganization of Germany following the French Revolution and avoided incorporation into the German Empire later in the 19th century.

Liechtenstein is a constitutional monarchy, headed by its ruling prince or Fürst. The parliament of Liechtenstein, the *Landtag*, consists of 25 representatives chosen by the people. A cabinet of five members is responsible for daily political matters.

In a referendum in July 1984, male voters granted women the right to vote in national - though not local - elections,. Unlike many other constitutional monarchies, the constitution of Liechtenstein gives many important powers to the Prince, some of which have caused controversy in recent years.

Liechtenstein does not have any regional structures. It is divided among eleven communities (*Gemeinden* - singular *Gemeinde*), most consisting of only a single town.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*

### **9. Conclusions**

*Not relevant*



## LITHUANIA

### **1. Overview**

Independent between the two World Wars, Lithuania was annexed by the USSR in 1940. On 11<sup>th</sup> March 1990, Lithuania became the first of the Soviet republics to declare its independence, but Moscow did not recognize this proclamation until September 1991. The last Russian troops withdrew in 1993. Lithuania subsequently restructured its economy for integration into Western European institutions. In 1994, the *Seimas* (Parliament) began a reform of the territorial administrative units that led to the setting up of counties and municipalities.

### **2. The region: definition and context**

There are no elected bodies at the regional level in Lithuania. The 10 counties (*Apskritis*) established in 1995 represent state authority at the regional level. They are administrative units dependent upon the Government. The County Governor is nominated by the Government and has the task of executing central government's functions at the local level.

There are also Regional Development Councils. They set out development policies' guidelines and consult the Government on regional development issues. There are composed of the representatives of Counties' municipalities and also include County Governors.

### **3. Institutional Organization**

*Not relevant*

### **4. Competences**

County responsibilities consist of the implementation of state policy at the regional level in the following areas: Social security, Vocational and technical training, Culture, Health, Spatial planning, Land use and protection, Environmental protection, Administration of national and inter-regional programmes.

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*

### **9. Conclusions**

Until now, Lithuania has no regions, as counties are part of the state administration.



## LUXEMBOURG

### **1. Overview**

Founded in 963, Luxembourg became a “grand duchy” in 1815 and an independent State under the Netherlands. It lost more than half of its territory to Belgium in 1839, but gained a larger measure of autonomy. Full independence was attained in 1867 after a turbulent period, which even included a brief time of civil unrest against plans to annex Luxembourg to Belgium, Germany or France. Overrun by Germany in both World Wars, Luxembourg ended its neutrality in 1948 when it entered into the Benelux Customs Union and when it joined NATO the following year. In 1957, Luxembourg became one of the six founding countries of the European Economic Community.

Luxembourg is a unitary State made of 118 municipalities. There are no regions. The Luxembourg local territorial organisation enjoys a great stability. The local territory division goes back to an 1843 Act, and the 1868 Constitution upholds the municipal autonomy principle. In 1972, the government launched a campaign to promote municipal mergers. To date, very few have happened. To compensate for this, an Act was passed in 1981 to facilitate inter-municipal structures. This Act is currently under review.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*

### **9. Conclusions**

*Not relevant*



## Former Yugoslav Republic of MACEDONIA

### **1. Overview**

Macedonia gained its independence peacefully from Yugoslavia in 1991. But Greece objected to the new State's name and symbols because they were considered as Hellenic. Greece felt that the country's name implied territorial ambitions toward the northern Greek region of Macedonia. Greece and Macedonia finally agreed to normalize their relations, although differences over Macedonia's name remain. Therefore international recognition was delayed and occurred under the provisional designation of the "Former Yugoslav Republic of Macedonia" in 1995. However, internal tensions over nationalities increased. Some Albanians (who account for about a quarter of the population) begin a violent insurgency to defend their rights. After a six-month period of hostilities, a peace deal was reached. Acknowledgment of ethnic-Albanian rights is formalised in amendments to the Constitution approved in late 2001. In August 2004, the Parliament approved legislation redrawing local boundaries and giving ethnic Albanians a greater local autonomy in areas where they are in a majority. In December 2005, the European leaders agreed that the FYR of Macedonia could become a candidate for EU membership. There are no regions in the FYR of Macedonia. The current local self-government structure is organized into 84 municipalities. The municipal council is directly elected for four years. The capital city, Skopje, is a special unit of local self-government consisting of 10 municipalities.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*

### **9. Conclusions**

*Not relevant*



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## MALTA

### **1. Overview**

Located in the Mediterranean Sea, just south of Sicily, the Maltese archipelago consists of three inhabited islands: Malta, Gozo and Comino. There are also the wild Cominotto, Filfla and St Paul's Islet. The largest island of the group is Malta. Valletta, the capital, is the cultural, administrative and commercial centre of the archipelago.

Great Britain formally acquired possession of Malta in 1814. The island staunchly supported the UK through both World Wars and remained in the Commonwealth when it became independent in 1964. A decade later Malta became a Republic. Malta became a EU member in May 2004.

Malta has a two tier local system: (i) central government; (ii) Local government, consisting of 68 municipalities. There is no system of self-government at regional level. The 68 local councils have been grouped into three 'regions', which are purely administrative territorial entities. They are: Gozo (14 local councils), Malta Majjistral (29 local councils), Malta Xlokk (25 local councils). This system was established in 1993 and it was integrated into the Constitution in 2001.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*



## MOLDOVA

### **1. Overview**

Moldova gained independence from the Soviet Union in 1991, but has maintained Communist Party rule ever since. Substantial decentralisation of state power and local autonomy were listed among the main priorities of the “constructive co-operation” between the ruling party and the opposition.

In accordance with the Constitution of the Republic of Moldova public administration as manifested in the administrative/territorial units is based on the principles of local autonomy, of decentralisation of public services, of eligibility of local public administration authorities and of consultation of the citizens on local problems of special interest.

The Law on Local Public Administration defines local public administration as a totality of local public authorities created within the law to meet general interests of the residents of a certain territorial administrative unit. The system of local public administration consists of two levels:

The first level - public bodies with general or special powers created and functioning on the territory of a village or town/municipality with the purpose of promoting the interests of the local community and resolving its problems.

The second level - public bodies with general or special powers created and functioning on the territory of raions (districts), Chisinau municipality and the special legal-status autonomous territorial unit with the purpose of promoting the interests and resolving the problems of the population of the given territorial administrative unit.

### **2. The region: definition and context**

The Republic of Moldova is divided into villages, cities, raions (districts) and the autonomous-territorial unit of Gagauzia. There are 32 raions, 3 municipalities, the autonomous territorial unit of Gagauzia and territorial unit Stinga Nistrului (Transdnistria). Gagauzia is a region with the predominantly Christian-Orthodox population speaking a Turkish dialect. It is governed by Moldavian laws as well as normative acts issued by the Gagauzian Parliament. Gagauzia has the right to independently determine issues relating to this political, economic and cultural development. Transdnistria is a predominantly Russian, industrialised and heavily militarised region, with Tiraspol as capital, that proclaimed its independence from Moldova in 1991 and is *de facto* independent from Moldova. Although Transdnistria is internationally considered to be a part of Moldova, the Moldavian authorities do not exercise any control over this breakaway region.

### **3. Institutional organisation**

Each raion (district) elects a council which co-ordinates the activities of the local councils in order to provide public services on a district or municipal level. The councils are elected on the basis of universal, equal and direct suffrage by secret ballot for a term of four years.

The relations between the central and local public administration can be called supervision. The State Chancellery is responsible for the organisation of the administrative control of the legality of the activity of the local public administration authorities, exercised by its own agencies or via subordinated territorial offices.



The Law on Local Public Administration defines own and delegated powers of the districts. Responsibilities of the districts include: (i) social, economic, territorial and urban development; (ii) construction of raion roads, construction of public facilities in the raion (district); (iii) lyceum-type educational institutions except those rendering to the first level; (iv) provision of social assistance; (v) sports and other activities; (vi) protection of environment; (vii) management of property; (viii) fire protection services, etc.

There is a huge volume of responsibilities delegated to the districts by the state, including social protection, health care, public safety, natural reservations etc. In these areas, in accordance with the law, the local authorities are subject to administrative supervision with the regard to expediency.

## **5. Financing**

*The Law on Local Public Administration* states that local public administration bodies enjoy financial autonomy and are entitled to initiative in all issues related to the administration of local public affairs. According to *the Law on Local Public Finance* the raion budget includes: (i) revenues and expenses needed to fulfil responsibilities assigned to the raion according to the law and the additional responsibilities delegated to the Government; (ii) the local budgets which consist of the budgets of the villages (communes), cities (municipalities) within the raion. Local budgets may impose local taxes and charges in the limits determined by the law. The national government estimates the share of the consolidated national budget, which may be spent for financing the public services provided by local authorities (both own and delegated responsibilities).

## **6. The State and the regions**

In accordance with the legislation, the activity of the first and second level local public authorities is subject to an administrative control. *The Law on Local Public administration* provides a list of items, which are subject to the obligatory supervision of the Government and Apparatus. The administration control includes the control of the legislation and the adequacy of the political public administration authorities.

## **7. The regions and local authorities**

The Constitution of Moldova as well as *the Law on Local Public Administration* claims that interrelationships of public authorities are based on the principles of autonomy, legality, transparency and co-operation in solving common problems.

## **8. The regions and international relations**

According to the *Law on Local Public Administration* the raion (district) councils may decide within the law, to cooperate with other authorities of the local public administration, including cross-border co-operation, for the implementation of activities and rendering necessary public services, as well as the co-operation with national and foreign economic entities and non-governmental organisations in view of realisation of activities or works of common interests.

There is an evident lack of financial and administrative autonomy for regional authorities in Moldova, which are denied decision-making powers regarding their own administrative structure and bound some very heavy delegated responsibilities and are thus more dependent than ever before on the central authorities. Distribution of responsibilities between two different levels of public power is, in fact, a system of deconcentration of power, rather than proper decentralisation.



## MONACO

### **1. Overview**

The Principality of Monaco is an independent and sovereign state, comprising one municipality, Monaco. The Principality's political and institutional regime is governed by the Constitution established on December 17, 1962. This state law defines the nature of the Government, administrative powers and its branches, and guarantees rights and liberties accorded to Monegasque citizens and foreigners. The Principality is a hereditary and constitutional monarchy which gives the Prince the highest authority and which guarantees separation of powers. Executive power is retained by the highest authority, the Prince. Administrative responsibilities are the duties of the Minister of State, aided by the Government Council responsible to the Prince. Legislative and budgetary powers are exercised jointly by the Prince and by the National Council. Finally, judiciary power, independent of Government, is exercised by the courts and tribunals.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*



## MONTENEGRO

### **1. Overview**

An ancient Balkan state, Montenegro, came under Ottoman control at the end of the 15th century, and from 1910 to 1918 it was an independent kingdom. Montenegro then joined the newly formed Kingdom of the Serbs, Croats, and Slovenes, which became Yugoslavia in 1929. In 1991, 4 of the 6 Yugoslav republics declared independence, leaving Montenegro and Serbia to form a new republic in 1992, which was renamed Serbia and Montenegro in 2003. Montenegro left the state union with Serbia in May 2006, following a popular referendum, and became an independent country once again.

The Constitution of Montenegro, which was approved in October 1992, established Montenegro as a democratic sovereign state. Power is vested in its citizens, who exercise it directly through the election of representatives to the Parliament. The government of Montenegro is arranged according to the rule of the division of power into the legislative, executive and judicial.

### **2. The region: definition and context**

Montenegro is not divided into regions. It has 21 municipalities. According to Article 66 of the Constitution, the right to a local self-government is guaranteed and is stipulated as being exercised in the municipality and in the capital. Citizens directly elect their political representatives at the local level. The municipalities have an assembly and a president. Certain tasks of the state administration can be transferred by law to the local self-government.

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Finances**

*Not relevant*

### **6. The State and the Regions**

*Not relevant*

### **7. Regions and Local Authorities**

*Not relevant*

### **8. Regions and international co-operation**

*Not relevant*

### **9. Conclusions**

*Not relevant*



## NETHERLANDS

### **1. Overview**

The regional level in the Netherlands is the 'province'. Most of the provinces are formed from the old counties in the Middle Ages. Flevoland is the latest province, existing since 1986.

The tasks of the provinces have been changed from control-tasks into tasks aimed at facilitating the developments of the region.

Since 2003, the provinces have been operating in a 'dual – system'. This means that the provincial executive board is separated from the elected assembly of the provinces.

Most of the municipalities have been fused in the last decades. The provinces have not (yet).

In addition to the municipalities, the provinces and the national government, we have 'water boards'. They operate also with an elected assembly.

One of the other main developments is the cooperation of the larger cities with their neighbour-municipalities. The competences of this functional layer of administration are growing.

### **2. The region: definition and context**

The Netherlands has 12 regions. They have no formal definition but are often called 'middle-government' i.e. the layer between the national government and the municipalities.

The provinces are based on the constitution, however the tasks and competences are laid down in national and provincial legislation.

### **3. Institutional Organisation**

The regions have a directly elected assembly. The president of the provinces is the Commissioner of the Queen. The commissioner is not elected, but s/he is assigned by the Queen (in practice by the national government on base of provincial preference). Formally some national tasks can be attributed to the commissioner. The provinces are autonomous, but they do have a lot of shared competences with the national government.

The provincial assembly elects the First Chamber of the national parliament (the First Chamber is in fact the second one; it controls the legislation).

The provinces can make legislation in addition of the national legislation and they can make legislation as far as it necessary for their own region (and not conflicting with national regulation).

### **4. Competences**

The division of competences is based on national and provincial legislation. The provinces are responsible for provincial roads and waterways and for some forms of public transport. They are also in charge of licensing activities with consequences for the environment. Spatial planning, environmental planning, water policy, economic affairs, social affairs (limited), security and disaster policy are all shared competences. It is often said that the regions want more competences and budget for traffic, and public transport.



Most of the regional finances come from national funds; a small part also comes from a special traffic tax. The regions do not have financial autonomy and do not have sufficient own resources.

The allocation of the budget includes an equalisation mechanism.

#### **6. The State and the regions**

The regions do not play a formal role in decision making on the national level. The provincial assembly elects the First Chamber of the national parliament, but are not involved in the decision-making. Informally the provinces and the municipalities try to influence the national government like everywhere else.

The provinces can sign contract and covenants with other regions, the state and other public organisations and also with private parties.

#### **7. The regions and local authorities**

Regional and local authorities co-operate in an atmosphere of mutual respect.

2. Yes

#### **8. The regions and international relations**

The regions cannot conclude international treaties. They can sign international agreements and protocols. The national government does not consult the regions on international agreements.

#### **9. Conclusions**

Current challenges for the Dutch provinces include:

1. The extent of cooperation between the provinces.
2. The way and extent the national state is prepared to decentralize tasks and competences to the provinces and municipalities
3. The relationship between the provinces and the larger cities



## NORWAY

### **1. Overview**

In Norway, there is a strong historical tradition of local democracy. Local government was established with the 1837 Alderman Act, which transferred decision-making regarding important local issues from the central government to locally elected bodies. The independent county councils were created in 1976. Prior to that, a county constituted a legal, economic and administrative union of the municipalities within the county. Today, Norway has a two-tier system of local government composed of 434 municipalities and 19 county authorities.

### **2. The region: definition and context**

In Norway there are 19 county authorities. They are not given a definition in any legislation. They vary significantly regarding size, topography and population. Hence, it is difficult to describe one typical Norwegian county. Despite such differences, all counties have the same rights and the same responsibilities. Oslo is classified as being both a municipality (the largest one with approximately 500,000 inhabitants) and a county.

### **3. Institutional Organisation**

The Local Government Act determines the ground rules for the organization of the municipalities and county authorities, their work and proceedings, and the relationship with supervisory state bodies.

The County Council is the supreme body. It can specify policies, tasks and investments. It is directly elected for a four-years mandate. The County council elects its county council chairman. Within certain limits the Council has the right to allocate funds, set property taxes, impose user fees, and exercise authority in the form of regulations that are binding on the inhabitants.

### **4. Competences**

The county authorities competencies are: (i) Upper secondary school, (ii) Specialist health services: somatic and psychiatric institutions and hospitals, children welfare institutions, institutions for the care of drug and alcohol abusers, dental health service, and (iii) Regional development, including County roads and public transport, Regional planning, Business development, Culture (museums, libraries, sports).

The role played by the counties within regional development has increased in the recent years. In addition to the functions mentioned above they now help to determine the use of central government funds for the promotion of business and industry in remote areas of the country (administration of rural and regional policy instruments and regional partnerships). In 2002, the responsibility for the hospitals was transferred from the county authorities to the State.

Also, it is an important additional principle that counties voluntarily may assume tasks or functions that have not been assigned to others by law.

### **5. Financing**

The income of the counties is mainly composed of local taxes and revenues from the General Agreement. The right of counties to levy taxes is limited by a maximum rate of 2,6%. Counties receive



only income tax. Within an interval decided by the state government, the county authorities may freely set their own income tax rates.

The redistribution of resources is ensured through the General Purpose Grant Scheme. It ensures both a fair distribution of income and regional growth and development. It compensates the large differences that exist between counties in both the level of income and in the level of expenditure needed. The regions do not feel that they have sufficient own resources to develop their powers fully.

## **6. The State and the regions**

There is no general act regulating the division of competencies between the State, the county and the municipality. The *Storting* (the Parliament) and the Government regulate the tasks that are delegated to the various levels through direct regulation by specific laws, and through indirect regulation (i.e. local government financing).

The Association of Norwegian regional authorities and communities (KS) has ongoing dialogue with the Parliament on legislative matters. An agreement on regular consultative meetings between the central government and local authorities was reached in February 2000 and consists of four meetings per year. These consultations provide a forum to discuss the framework for distribution of revenues in relation to the tasks carried out by the local governments, the financial situation of local government and efficiency measures.

## **7. The regions and local authorities**

There is no subordinate relationship between the municipalities and the counties. The municipalities and the counties have separate tasks. The division of the tasks between the State, the counties and the municipalities is determined by national laws.

The regions and local authorities have much contact and consultation with each other, both in a formal way (written hearings and co-operation/partnership agreements) and in a more informal way (seminars, discussions, meetings, etc).

## **8. The regions and international relations**

Regions can conclude treaties, agreements and protocols that concern the areas of their governance and competences. Many regions in Norway are members of European and other international organizations and take an active and formal role in these. There are also many bilateral agreements and protocols between Norwegian regions and regions abroad.

The state often consults the regions in international matters that concern the regions. The state has in some cases asked the regions to take an active role in some international topics.

## **9. Conclusions**

There is a lot of dissatisfaction with the way the county authorities are organized today. It seems to be generally accepted that today's number of counties (19) is too high for a regional level in Norway. The present government has announced that they want to present a White Paper in October 2006 on distribution of responsibilities between the different levels. They want to centralize more power from the central government to future new regions. The government has said that the discussion of the size of future new regions must come after the *Storting* has



decided the division of functions. A vivid debate about the future structure of municipalities and counties is taking place in Norway but nothing will be decided before the end of the year 2006.

It is not yet clear whether the State will be willing to delegate more governance and responsibility to the regions, or whether it will provide the regions with enough financial resources to manage their new roles.



## POLAND

### **1. Overview**

The regional level of government in Poland is the voivodship. Local self-governments in Poland have been functioning since 1990 in 2489 gminas. The reform of 1999 introduced two new levels of self-government: poviats (counties) and voivodships (regions). Regions have - like poviats and gminas - independent legal identities with independent budgets. The Sejmiks (Regional Councils) are responsible for the development and implementation of regional economic policies.

The first voivodships were created in the 14<sup>th</sup> and 15<sup>th</sup> centuries. The number of voivodships varied over the centuries:

1582-1634	34 voivodships + 1 Duchy, 1 Bishopric and 1 District.
1634-1768	33 Voivodships, 1 Duchy and 1 Bishopric.
1815 – 1918:	Poland was occupied.
1918 – 1939:	16 Voivodships + 1 township (urban gmina endowed with Voivodship rights, i.e. a large town)
1944 – 1950:	14 Voivodships + 2 townships
1950 – 1975:	17 Voivodships + 2 and since 954 – 5 townships
1975 – 1999:	49 Voivodships
since 1999:	16 Voivodships

The aim of the 1999 reform was to create larger units (regions) which could better act and compete with other EU regions after the Polish accession to the European Union. The previous voivodships were too small to effectively utilise national and European funds. The law that regulates the regional self-government is The Law on Regional Self-Government dated 5<sup>th</sup> June 1998.

Generally, the model of Polish public administration is quite simple. There are two administrative types are: (i) governmental with central government and its Head, i.e. Prime Minister and Voivods (Governors) in a region and (ii) self-government with:

- gminas with a Gmina's Council as legislative authority and a Wojt /mayor/ as executive authority;
- poviats with a Poviat's Council as legislative authority and a Poviat's Board and a Starost at its head as executive authority;
- voivodships with a Sejmik as legislative authority and Regional Board headed by a Marshal as executive authority.

Both administrative types have own and delegated tasks.

### **2. The region: definition and context**

There are 16 regions in Poland (at NUTS 2 level). In the Constitution of Poland dated 7th April 1997 there is no clear definition of a voivodship.

Sejmiks (regional parliaments) are the regional decision-making bodies and are elected by direct election. The Sejmiks elect governing Regional Boards to exercise the executive authority. Boards are headed by the Marshal (President), who is elected by the Sejmik.

The region implements the policies and laws formulated at the national level (Sejm, Senate, central government) and its compliance with these laws is controlled by a representative of central government in the region, the Voivode, and by other competent organs and bodies such as the NIK (Chief Board of Supervision) or RIO (Regional Audit Chamber). On the other hand, the regional self-government performs public tasks defined by laws on in its own behalf.

#### **4. Competences**

The regions define a strategy of regional development, formulate their own regional development policy and implement it through regional programmes. They also contract “regional agreements” with the central government. The regional self-government performs different tasks of regional scope in the area of public education, promotion and health protection, culture and heritage, social welfare, pro-familial policy, modernisation of rural areas, spatial management, environmental protection, water management, collective transport and public roads, sport and tourism, consumers rights’ protection, defences, public security, counteracting unemployment and activation of local labour market. The Constitution defines these competences in Chapter VII (art.163). The reform of 1999 brought about a significant decentralisation of both public authority and public finance. The principle of subsidiarity constitutes the basis of the restructured Polish state. Soon, Polish Parliament will approve a special Law on Competences, which will enlarge the responsibilities of Polish regions.

#### **5. Financing**

The revenues of regions consist of own revenues, general subventions and specific, state budget grants. Apart from these public sources of revenues, local entities are empowered to obtain revenues from private law sources (from the assets that they own). Article 167 of the Constitution deals with regional funds. The regions do not have sufficient own resources and for this reason there are general subventions, specific grants and a system of financial equalization.

#### **6. The State and the regions**

Regions have their own political representation in both Chambers of the Parliament. Regions can sign agreements with one another (for example when elaborating a regional development strategy or preparing a new plan of spatial management, supra regional investments, etc).

#### **7. The regions and local authorities**

The local authorities are very often consulted by the regions. In many cases such consultations are obligatory, eg. in case of realisation of Integrated Operational Programme of Regional Development or in case of supralocal investments and other similar activities.

#### **8. The regions and international relations**

According to Article 172 of the Constitution and the Law on Regional Self-Government dated 5<sup>th</sup> June 1998, regions are able to enter into international co-operation agreements. The state does not consult the regions on international treaties.



## **9. Conclusions**

More competencies need to be transferred from central government to self-governmental entities, together with proper financial resources. There needs to be a greater participation of self-government in state revenues.



## PORTUGAL

### 1. Overview

Portugal is a parliamentary republic, ruled by a Constitution. The current Portuguese constitution provides for progressive administrative decentralization and calls for future reorganisation on a regional basis, yet to be accomplished. The [Azores](#) and [Madeira Islands](#) have constitutionally mandated autonomous status though; a regional autonomy statute promulgated in [1980](#) established the Government of the Autonomous Region of the [Azores](#); the Government of the Autonomous Region of [Madeira](#) operates under a provisional autonomy statute in effect since 1976. Apart from the Azores and Madeira, the country is divided into 18 districts, each headed by a governor appointed by the Minister of Internal Administration. The districts are part of one of the 5 regional coordinating commissions (Norte, Centro, Lisboa e Vale do Tejo, Alentejo and Algarve), appointed by the Government.

The Information hereafter is therefore only valid for Madeira and the Azores.

### 2. The region: definition and context

Both autonomous regions have very wide-ranging political and legislative powers and their own Political Administrative statute. The Regional Legislative Assembly and the Regional Government are the organs of this administration. The Regional Government is politically responsible to the Legislative Assembly. The Region also elects representatives to serve in the Portuguese Republic's National Assembly. The autonomous regions' powers are set out in the Portuguese Constitution (section VII, articles 225 – 234).

### 3. Institutional Organisation

The regional assembly is elected by direct universal suffrage (proportional system) for a four-year term. The regional government is politically responsible to the regional legislative assembly; the president of the government is appointed by the Minister for the Republic who should pay due regard to the results of the election. The President is answerable to the regional assembly, has regulatory and administrative powers, participates in European integration and in negotiating international agreements. The regional Government oversees the municipalities (19 in the Azores, 11 on Madeira Island).

### 4. Competences

The competences of the autonomous regions are those that are deemed to be matters of specific interest to the autonomous regions:

- Improvement of human resources and quality of life;
- Heritage and cultural creation;
- Defence of the environment and ecological balance;
- Protection of nature and natural resources, as well as the health of the public, animals and vegetation;
- Agricultural and fisheries development;
- Water, mineral and thermal resources and locally produced energy;



- Use of land, accommodation, urbanism and regional planning;
- Roads, traffic and land transport;
- Infrastructure and sea and air transport between the islands;
- Commercial and industrial development;
- Tourism, folklore and crafts;
- Sports;
- Organisation of regional administration and related services.
- Other matters relating exclusively to the respective region or which have a particular significance to them.

### **5. Financing**

The regions exercise their powers of taxation, in accordance with the law, and adapt the national fiscal system to regional circumstances in accordance with the framework law enacted by the Assembly of the Republic.

They avail of, in accordance with the legislation and the finance laws of the autonomous regions, the tax revenue levied or generated there, as well as a share of the State duty revenue, established in accordance with a principle ensuring effective national cohesion, and other income allocated to them and to apply this to their expenses.

### **6. The State and the regions**

The State, in co-operation with the organs of regional government, ensures the economic and social development of the autonomous regions, and seeks, in particular, to correct inequalities arising from the insular circumstances of the regions.

The State always obtains the opinion of the organs of regional government on those matters within their powers that affect the autonomous regions.

### **7. The regions and local authorities**

The regional Government oversees the municipalities (19 in the Azores, 11 on Madeira Island). They can establish and dissolve local authorities and can alter their areas, in accordance with the law ; they supervise the activities of local authorities ; they can raise populated areas to the status of towns or cities.

### **8. The regions and international relations**

Regions can form partnerships with regions in other countries and can enter into international agreements. According to the Portuguese Constitution, the Autonomous regions can participate in negotiations for international treaties and agreements of direct concern to them and share in any resulting benefits.

They can co-operate with foreign regional bodies and participate in organisations concerned with the furtherance of inter-regional dialogue and co-operation, in accordance with guidelines laid down by the organs with supreme authority responsible for foreign policy.

They participate in the process of European integration through representation in the respective regional institutions and in the delegations involved in Community decision-making processes where these relate to matters of specific interest to them.



## ROMANIA

### 1. Overview

In Romania, the democratic process of overthrowing the communist system took place in the early 90s. In this new context the structure of the new local governments is defined by the Law on Local Public Administration, and the structure of public administration by articles 119–120 of the Constitution. The new local authorities were established by the elections of February 1992, the first to be held in Romania following the collapse of the communist regime. After the four-year mandate of local authorities expired, elections were held again in 1996.

### 2. The region: definition and context

There are no regions in Romania yet. The country is divided into counties (**the countys are the level right next to the national one – NUTS 2**), towns and communes, the boundaries of which are established by law. A county consists of a capital, several additional municipalities and all towns and communes within that county's territorial limits. Certain towns are classified as municipalities.

Although the distinction between municipalities and towns has not yet been legally formalized, it traditionally has been based on factors such as territorial size, number of inhabitants and historical, social, economic and cultural importance. Unlike towns, municipalities may have subdivisions (districts), each of which can elect district councils and mayors to act as semiautonomous units. One or several villages and hamlets may form a commune.

As of 1998, Romania was divided into 42 counties (including the municipality of Bucharest, 1 which has county status), 262 towns and 2,686 communes. The territorial limits of each county and its cities, towns and communes are defined by the Law on Local Public Administration. The communes together comprise 13,000 villages, with populations of up to five thousand inhabitants each. Of the towns, eighty are considered municipalities, with populations of more than eighteen thousand; the remaining 182 are towns, each with a population of five to forty thousand.



**Development regions.** Due to the existence and location of compact zones with similar development characteristics and problems, there has been a call for new problem-solving tools. In response to this need as well as the desire to harmonize with EU structures, emphasis in development has shifted toward regionalization and regional development policies.



The Regional Policy was proposed by the *Green Paper for Regional Policy in Romania* published by the Romanian government and the European Commission in May 1997. It designates **eight macroregions (development regions)** and priority problem areas as basic regional policy units. Region formation is used as a development tool rather than an administrative structure, since the institutional structure is oriented mainly to help improve the competitiveness of the regions. The regions have been delineated not in terms of similar levels of development, but as potential functional units containing several counties; however, they are divided into subregions according to different developmental characteristics.

The Law on Regional Development of 1998 establishes the institutional framework, principles, purposes, jurisdiction and specific instruments necessary for regional development. At the regional level, the Regional Development Board (RDB) is comprised of the presidents of county councils and representatives of local town councils for the duration of their mandates and every development regions have a Regional Development Agency (RDA).

### 3. Institutional Organisation

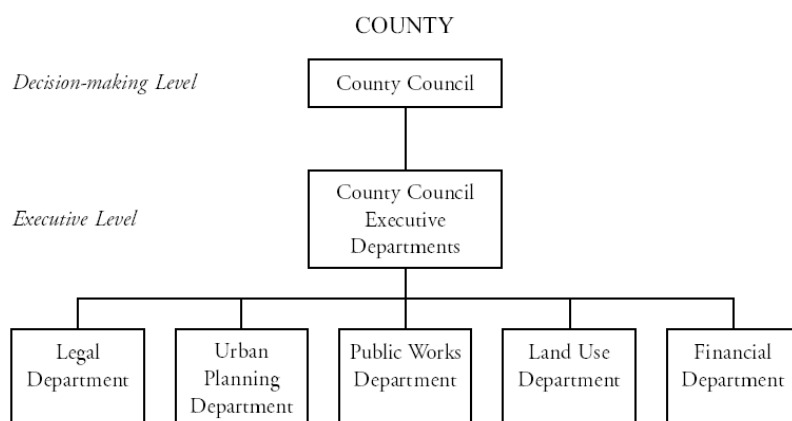
The major transformations that took place in the 1990s include a fundamental reformation of the nature of authority, the adoption of a democratic constitution.

The county council is the legislative body at the county level. The number of councilors is established by order of the prefect; depending on the population of the county, it varies from thirty-seven to forty-five. The president, vice-president and the five- to seven-member permanent delegation of the county council are elected by and from among the council's membership. The president and the vice-president of a county council have executive powers to implement council decisions and are president and vice-president of its permanent delegation.

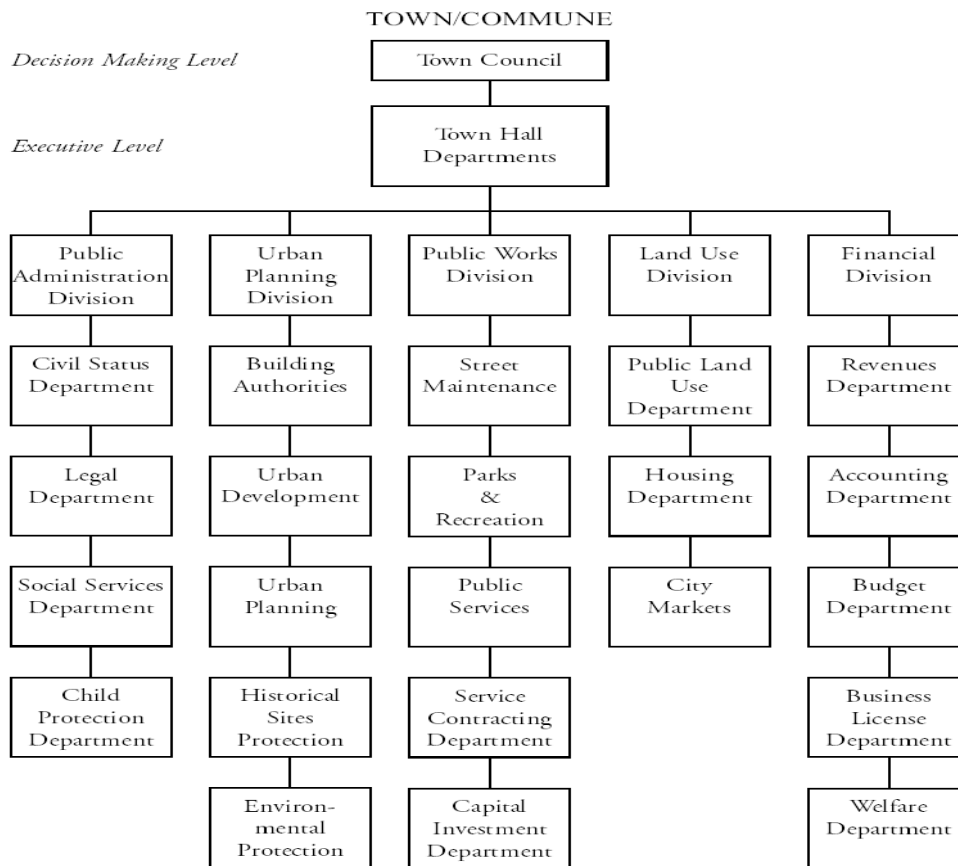
The functioning of the permanent delegation is elaborated by the council statutes. The secretary of the county is also the secretary of the permanent delegation. The prefect or his or her representative may participate in permanent delegation sessions.

The president of the county council, as the head of county public administration, is responsible for the functioning of the administration and represents the county in its relations with the natural or legal persons of the country and abroad as well as in court. Internal statutes regulate the number of votes required to pass a council decision, according to the importance of the issue.

Typical Local Administration Structure in Romania



### Typical Local Administration Structure in Romania



#### 4. Competences

The county council exercises the following powers:

- to coordinate the activity of the local councils, with a view to providing public services of county interest;
- to organize and manage county public services and to approve their standing orders;
- to analyze economic and environmental protection proposals made by communes and towns;
- to adopt programs for the socioeconomic development of the county and supervise their implementation;
- to adopt the county budget and the final closing accounts;
- to establish general guidelines for town and county planning;
- to manage the public and private domains of the county;
- to ensure the construction, maintenance and modernization of county and intercounty roads;
- to elect a president, vice-president and permanent delegation from the members of the county council;
- to adopt the council's statutes;
- to approve regulations governing the staffing of county public services, including the number of employees and the related organizational chart;
- to establish county taxes and rates;



- to decide upon the establishment of institutions and economic agents of county interest, the concession and the leasing of county public services;
- to appoint and dismiss councils of authorized representatives of economic agents to manage assets of county interest and to supervise the activities of these councils by analyzing their quarterly reports;
- to institute guidelines for self-managed public companies and trading companies;
- to set up sociocultural and sanitation institutions and ensure their functioning;
- to ensure necessary conditions for the conduct of scientific, cultural, artistic, sport and youth activities;

The president exercises the following rights and duties:

- to preside over the county council sessions and permanent delegation sessions;
- to ensure the execution of county council decisions;
- to support the activity of institutions and self-managed public companies of county interest;
- to exercise the powers that are incumbent on the county as a legal person;
- to fulfill the office of chief accountant of credits;
- to draw up a draft county budget and the final closing account and submit them for approval to the council;
- to appoint the personnel of the county public administration;
- to submit reports to the council annually or as necessary on state and administrative activity and the social and economic status of the county.

The president issues depositions that become executory after being announced to the persons concerned.

Each county also has an administrative commission, which includes the prefect as chair, the president of the county council and the mayor of the county's capital city. The county administrative commission draws up an annual program of the main projects and activities in the county and communicates the plan to the deconcentrated public services as well as to the local and county public administration authorities. The commission is summoned quarterly or whenever necessary by the prefect or the president of the county council. Debates may be attended by all mayors within the jurisdiction of the county, as well as by other persons whose presence is deemed necessary. The administrative commission supports public services of the ministries and the county public administration.

## 5. **Financing**

According to Romanian legislation, counties, municipalities, towns and communes are legal entities that may own and dispose of public and private property and have full authority and responsibility in all matters related to the administration of local public interests within their established territorial units. In order to ensure local autonomy, public authorities of communes, towns and counties determine and approve revenue and expenditure budgets and are entitled to institute and collect local duties and taxes.

## 6. **The State and the regions**

Public administration in Romania consists of central and local administrations. The central administration oversees activities of national interest and is comprised of the government, ministries, central authorities subordinate to the government or ministries, central autonomous bodies and deconcentrated territorial bodies (the prefect and the specialized deconcentrated



services of the ministries, usually at the county level). Local administrations conduct matters of local importance within the administrative territorial units and are comprised of the county council, the mayor and the local council.

#### **7. The regions and local authorities**

The county councils consult and maintain contacts with local authorities continually.

#### **8. The regions and international relations**

County and local authorities are able to enter into international co-operation agreements with the approval of the Foreign Affairs Ministry and by informing the Ministry of Interior and Administration Reform.

#### **9. Conclusions**

More competencies need to be transferred from central government to the county level administration (county councils), together with proper financial resources. There needs to be a greater participation of the counties in state revenues.



## RUSSIAN FEDERATION

### 1. Overview

The principle of federalism formed the basis of the state Russian Soviet Federative Socialist Republic which was created in 1918. In the Soviet period, some of Russia's approximately 100 nationalities were granted their own ethnic enclaves, to which varying formal federal rights were attached. Relations between the central government and the sub-national authorities became a political issue in the 1990s.

The 1993 constitution establishes a federal government and creates eighty-nine subnational jurisdictions. In May 2000, under President Putin, seven federal districts were created, each one to be run by a Presidential envoy. There were several goals of creating federal districts, including a desire for greater centralization and unification, a wish to undermine the regional clan systems based on partonage and patrimonialism and the need to eliminate inter-regional conflicts.

### 2. The region: definition and context

The Russian Federation consists of 89 constituent components. There are 21 republics which enjoy a high degree of autonomy on most issues and which correspond to some of Russia's ethnic minorities. The remaining territory consists of 48 oblasts (provinces) and 7 krais (territories), as well as 9 autonomous okrugs (autonomous districts), and 1 autonomous oblast. There are also two federal cities (Moscow and St. Petersburg). Recently, seven extensive federal districts (four in Europe, three in Asia) have been added as a new layer between the regions and the national level.

### 3. Institutional Organisation

The republics are headed by a President or Prime Minister (or both) and have a regional council or legislature. The chief executives of lower sub-national authorities are called governors or administrative heads. Generally, in sub-national authorities other than republics, the executive branches have been more sympathetic to the central government, and the legislatures (called soviets until late 1993, then called dumas or assemblies) have been the centre of whatever separatist sentiment exists.

On 12 December 2004 Russian President Vladimir Putin signed a bill that eliminates direct gubernatorial elections across the country. The new law gives the President the right to appoint Russia's 89 regional leaders, who then must be confirmed by the regional legislatures. If the president's candidate is rejected twice, he can then dissolve the legislature and appoint his own choice as acting governor.

### 4. Competences

Regional jurisdictions are allocated those powers which are not specifically reserved for the federal government or which are exercised jointly. Own competences of the regions include managing municipal property, establishing and executing regional budgets, establishing and collecting regional taxes, and maintaining law and order.

Article 72 of the Russian Constitution states that the following areas are joint competences of the Russian Federation and the regions: (i) ensuring regional constitutions and legislation do not conflict with those of the Republic; (ii) human rights and the rule of law; (iii) land use; (iv) environmental protection and cultural heritage; (v) education, science, culture, physical culture



and sports; (vi) health care and social protection; (vii) disaster prevention and emergency planning; (viii) common principles of taxation and dues in the Russian Federation; (ix) housing, land, water, and forest legislation; (x) legal personnel; (xi) cultural diversity; (xii) local self-government; (xiii) international relations. Some of the boundaries between joint and exclusively federal powers are vaguely prescribed. Meanwhile, bilateral power-sharing treaties between the central government and the subunits have become an important means of clarifying the boundaries of shared powers. Many subnational jurisdictions have their own constitutions, however, and often those documents allocate powers to the region which is inconsistent with the provisions of the federal constitution.

## **5. Financing**

The process of budget reform in Russia began in 2005 and was scheduled to take three years. The planned reforms are aimed at rationalizing government expenditure. The current taxation system is heavily centralised.

## **6. The State and the regions**

The Council of Federation is the upper chamber of the Federal Assembly - the parliament of the Russian Federation. The chamber consists of representatives elected by the regional legislatures or appointed by the heads of regional executive. The Council of Federation in cooperation with the State Duma participates in completing draft laws, considering laws and taking decisions regarding these laws. The Council of Federation independently drafts federal laws and federal constitutional laws.

## **7. The regions and local authorities**

There are very few shared competences between the regional and local authorities.

## **8. The regions and international relations**

The regions are required to promote their international ties in accordance with the Russian Constitution, the Federal Law "On Coordination of International and External Economic Ties of the Subjects of the Russian Federation" and other legislative acts.

## **9. Conclusions**

Liberal groups, constitutional experts, and even some Communists denounced Putin's 2004 decision to abolish regional presidential elections as a giant step away from democracy. Putin, who proposed the changes after a series of terrorist attacks last summer, says the centralisation of power is needed to keep the country together.



## SAN MARINO

### **1. Overview**

The Most Serene Republic of San Marino or (*Serenissima Repubblica di San Marino* or *San Marino*) is one of the smallest nations in the world. Located in southern Europe, it is an enclave of Italy, and is one of the European microstates. Founded in AD 301, San Marino is the oldest constitutional republic in the world still in existence today.

The *Consiglio Grande e Generale* ("Grand and General Council") is elected by popular vote every five years. This parliament selects two of its members to serve as *Capitani Reggenti* ("Ruling Captains") for periods of six months. The *Capitani Reggenti* and the cabinet form the executive branch of the government. The Council also elects the *Consiglio dei XII* (Council of Twelve), which forms the judicial branch during the period of legislature of the Council.

San Marino does not have any regional structures. It is divided into nine municipalities, known locally as *castelli* or *castles* that are also towns.

### **2. The region: definition and context**

*Not relevant*

### **3. Institutional Organisation**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

*Not relevant*

### **8. The regions and international relations**

*Not relevant*



### **9. Conclusions**

*Not relevant*

## SERBIA

### **1. Overview**

Serbia has two autonomous provinces: Vojvodina and Kosovo. Originally, in Yugoslavia, these two provinces were unable to exercise much autonomy from Serbia proper, but, through constitutional amendments made between 1968 and 1974, the provinces acquired similar status to the six republics of Yugoslavia (Croatia, Slovenia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia). However, in 1990 the regime of Slobodan Milosevic restricted the autonomy of the two provinces by changing the Constitution. In the first years of democratic transition after Milosevic, some competences were returned to Vojvodina in a series of legal reforms, but many difficulties remain.

In July 1990 Kosovo declared its independence from Serbia, but this was not recognized by the Serbian Government or any foreign states. Two years later, following an unofficial referendum, violence escalated between the Kosovo Liberation Army and Yugoslav forces. After a NATO bombing campaign in 1999, the UN took over the administration of Kosovo. Its status remains the subject of a bitter dispute between the Albanian majority, who seek independence, and the minority Serbs, as well as the Serbian government. Talks on the future status of Kosovo started in February 2006 and the future of the province should be determined by the end of 2006.

### **2. The region: definition and context**

Serbia has two autonomous provinces: (i) Vojvodina, and (ii) Kosovo, which is presently under the administration of the United Nations and is de-facto an international protectorate. The part of Serbia that is neither in Kosovo nor in Vojvodina is called Central Serbia. Central Serbia is not an administrative division and it has no regional government of its own. The autonomous provinces of Vojvodina and Kosovo are defined in the Serbian Constitution. Furthermore, Serbia is subdivided into 29 okruzi (districts) - 5 of which are in Kosovo, outside of central government administration-, opstine (municipalities or communes), and one grad (independent city), Belgrade.

### **3. Institutional Organisation**

Vojvodina has a directly elected assembly. The Executive Council of The Autonomous Province of Vojvodina is the executive organ of the Province. The rights and duties of the Executive Council are laid down by the Constitution of the Republic of Serbia and by the Statute of the Autonomous Province as its supreme legal act. Vojvodina is now trying to improve its position in the new Constitution of Serbia, which is currently being prepared.

Kosovo is presently run by its Provisional Institutions of Self-government (PISG) and the UN Interim Administrative Mission in Kosovo (UNMIK). The Assembly of Kosovo is the highest provisional self-government and representative and law-making institution of Kosovo. It is regulated by the Constitutional Framework and has 120 members; of these, 100 are directly elected, whilst the rest of the seats are reserved for ethnic minority groups. The Government of Kosovo governs Kosovo under UNMIK's overview and it is elected by the Assembly.

### **4. Competences**

The competences of the Vojvodina are not precisely defined in the Serbian Constitution. The so-called "Omnibus law" of 2002 returned the following competences to Vojvodina: labour, pensions, health, culture, education. However, many problems have occurred as a result of the fact that the



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law does not precisely define shared competences. This restricts the autonomy of the province. Vojvodina believes that it need far greater autonomy in economy, healthcare, police, financial resources, education, culture, agriculture, waste and environment.

In Kosovo, competences are divided between UNMIK and the PSIG. The Constitutional Framework for Provisional Self-government in Kosovo (2001) sets out the competences of the provisional institutions in Kosovo. The Kosovo government has competences in the areas of: economic and financial policy, trade, industry; education, science and technology; youth and sport; culture; health; environmental protection; labour and social welfare; infrastructure agriculture; spatial planning, tourism; human rights and equal opportunities.

## **5. Financing**

The financing of Vojvodina is not defined in the Serbian Constitution. The Vojvodinian budget is only a small part of the national budget. The Vojvodinian authorities claim that insufficient resources are made available for Vojvodina to properly execute its competences.

The Kosovo consolidated budget distributes public expenditure responsibility between the Provincial Institutions of Self-government, UNMIK and the municipal governments. The Provisional Institutions of Self-government has 51% of the budget, while the municipalities have 20%.

## **6. The State and the regions**

The relationship between Vojvodina and the central Serbian authorities is problematic, with a lack of co-operation, due to disputes between the two parties regarding Vojvodina autonomy.

The Provisional Self-governing Institutions of Kosovo and the Serbian government have an even more problematic relationship, and are currently negotiating the final status of Kosovo.

## **7. The regions and local authorities**

Vojvodina is divided into 7 districts (*okrug*); the districts are further divided into 45 municipalities. There is cooperation between Vojvodina and the districts/municipalities, but mostly this is not obligatory or official. Vojvodina is mostly excluded from official agreements between the state and the municipalities, but because of the existence of mutual interests between the municipal and regional levels, some informal cooperation continues.

Kosovo consists of 29 municipalities and 5 districts. The Provisional Institutions of self-government are responsible for supporting intermunicipal co-operation, assisting the municipalities in developing their budgets and monitoring the quality of municipal services.

## **8. The regions and international relations**

Vojvodina can conclude international agreements and protocols, but without financial obligations, which only the state is able to enter into. The state does not consult Vojvodina on international affairs.

The provisional institutions of self-government in Kosovo have responsibility for international and external co-operation, including the reaching and finalising of agreements. Such activities have to be co-ordinated with the UN administration.



## **9. Conclusions**

Some political parties in Serbia have proposed the creation of new administrative units of Serbia. According to these proposals, Serbia would be divided into 6 regions (Vojvodina, Kosovo, Sumadija, Podunavlje, Bgrade City Region). There are also some other similar proposals for the new regions in Serbia, with slight difference in the number and size of the proposed regions.



## SLOVAK REPUBLIC

### **1. Overview**

The Slovak Republic was established as an independent state on January 1, 1993. In 1996, the country was divided into 8 regions and 79 districts. As at January 1, 2002, these 8 regions became self-governing regions, managing their own resources, properties and profits and guarding the rights and interests of their citizens.

On January 1, 2004, more than 400 competencies were transferred from the state administration to municipalities and regions, with the intention of increasing efficiency and improving the quality of the state administration. At the same time, there has been an extension of the networks of authorities of specialised state administration subordinated directly to central ministries.

### **2. The region: definition and context**

The Slovak Republic is divided into 8 regions and 2.891 municipalities. Public administration is organised on three levels: state – region – municipality. Every level has its own elected officials, distributed duties and liabilities. Some duties are divided between the state and the regions. Catch Four of the Constitution (Articles 64 –71) stipulates the basic principles of both levels of territorial self-administration: they are independent self-administration and administration bodies, which are legal entities with their own property and funds; obligations may be imposed to them only by means of law. The regions have their own elected bodies. The execution of state functions may be transferred to them under the terms stipulated by the Constitution and laws.

### **3. Institutional Organisation**

The chairmen of the regions are directly elected by the regions' citizens, for the period of 4 years. The members of General assembly (regional parliament) are also directly elected for four years.

### **4. Competences**

Regions are legal entities which own assets, have their own budget, personal and financial independence, and they may do business and collect administrative fees. Regions have recently acquired new responsibilities in terms of education, health and environment. They may participate in international, cross-border and domestic co-operation. The competences of the regions include issuing of generally binding regulations. The regions have self-administration (original) competencies, but also perform certain duties transferred from state administration (e.g. part of competences in education, health-care sector, road transportation). Original competences of regions include: roads of class II., and III., area planning, regional development, own investment ventures, secondary schools, hospitals, some social service facilities (retirements homes, social services for children, crises centre, orphanages, etc.), cultural facilities (galleries, museums, theatres, some libraries, etc.), participation in civil defence, licences for pharmacies and private physicians, etc.

### **5. Financing**

According to the Constitution, regions fund their needs mostly from own incomes, but also from state subsidies. The law stipulates which taxes and fees represent the regions' income. The regions prepare their budgets on an annual basis. During the transfer of competences, in the period of 2002-2003, the regions received special-purpose subsidies (decentralisation subsidy)



by means of which they funded their original competences. Since 1<sup>st</sup> January 2004, the special-purpose subsidies have been replaced by a global subsidy. This means that the regions can decide on the use of the funds themselves, by means of approved budgets. The duties they ensure in the name of the State continue to be funded by a special-purpose subsidy.

## **6. The State and the regions**

The regions are allowed to sign agreements with other regions in the same state.

## **7. The regions and local authorities**

There are many forms of co-operation between municipalities and regions. This co-operation is mostly in the field of planning, regional development, financing, co-operation of municipalities in administrative work and economic services, international and cross-border co-operation. There is no relation of superiority of regional level over the municipalities.

## **8. The regions and international relations**

Regions are allowed to cooperate with regions from other states. Regions are also allowed to become members of international assemblies of territorial or regional bodies, European and international organizations. Regions are authorised to conclude international cooperation agreements and treaties with other regions.

## **9. Conclusions**

If the Slovak regions are to function properly and exercise the responsibilities deriving from their statutory powers, they must have the appropriate budgetary and financial underpinnings. Regional and local authorities must be consulted during the preparation of the national strategic framework for regional development and in procedures concerning the use of the Community Funds.

Interregional cooperation is also essential in devising regional development projects. Transfrontier cooperation between regions for the purposes of social and economic development is important and deserves to be supported further. Regional cultural activities are now regarded as an important factor for economic development. European and national budgetary resources should be allocated to these activities.

The Self-governing regions would like to have more intensive participation in the complex management and implementation procedures of the Structural Funds. The regions need more competences in the programming, management and implementation of the EU instruments.

There is a need to accelerate fiscal decentralisation and the decentralisation of competences, in order to improve citizens' quality of life and regional competitiveness.



## SLOVENIA

### **1. Overview**

The Slovene lands were part of the Austro-Hungarian Empire until the its dissolution at the end of the First World War. In 1918, the Slovenes joined the Serbs and Croats in forming a new multinational state, which was later named Yugoslavia. After the Second World War, Slovenia became a republic of the renewed Federal People's Republic of Yugoslavia, which though Communist, distanced itself from Moscow's rule with Tito at its head. After the death of Tito in 1980, Yugoslavia suffered a political and economic crisis. Dissatisfied with the exercise of power by the majority Serbs, the Slovenes succeeded in establishing their independence in 1991 after a short 10-day war. Historical ties to Western Europe, a strong economy, and a stable democracy have assisted in Slovenia's transformation to a modern state. Slovenia acceded to both NATO and the EU in the spring of 2004.

### **2. The region: definition and context**

There are no regions in Slovenia yet. The country is divided into 193 municipalities including 11 urban municipalities (population over 20,000). Municipalities constitute the only local administration level.

There exist also 58 decentralised State administrative units, appointed and dismissed by the Government. They manage matters falling within the remit of their respective ministries.

Municipalities may integrate into 'regions' to regulate and exercise local matters of wider interest. The State may, by agreement with the regional local government bodies, vest specific duties and functions in these regional groupings. However, these voluntary regions have not been established except in a few cases, which have not proved very efficient, especially as the State has not yet delegated any tasks to them.

### **3. Institutional Organization**

*Not relevant*

### **4. Competences**

*Not relevant*

### **5. Financing**

*Not relevant*

### **6. The State and the regions**

*Not relevant*

### **7. The regions and local authorities**

There are special joint councils for inter-institutional dialogue between the decentralised State administration and the municipalities.



## **8. The regions and international relations**

*Not relevant*

## **9. Conclusions**

Slovenia is a small country (only 20,000 km<sup>2</sup>). Therefore it is not obvious that Regions would be relevant in such an area. However, some years ago, and in the EU perspective, the debate on the introduction of a regional level of government, closely related to the implementation of the principle of subsidiarity, was introduced.

There is currently a discussion in Parliament on changing the Constitution, which would enable the establishment of regions, but the outcome is still to be seen. The most suitable project seems to be an eight-region model.



## SPAIN

### **1. Overview**

The Spanish Constitution of 1978 provided the basis for the creation of Autonomous Communities in Spain. This granted Cataluña, País Vasco and Galicia with full autonomy within the confines of the Constitution. It also granted gradual access to autonomy for the other Spanish regions.

### **2. The region: definition and context**

There are three territorial levels of organization in Spain: the State, the Autonomous Communities and the entities which compose the local administration. These include 50 provinces and over 8.000 municipalities. There are also the Islands, which have an administrative, rather than a political nature, with autonomy in the management of their interests.

### **3. Institutional Organisation**

Each Autonomous Community has a Single-chamber Legislative Assembly, known as the Autonomous Parliament. It is directly elected. The Autonomous Parliament is responsible for electing the President of the Autonomous Community, adopting the necessary legislation within the region's competences and adopting the budget. The President of the regional government is designated among the members of the regional Parliament and appointed by the King.

### **4. Competences**

The constitution specifies the exclusive competences of the State (art.149), and the competences of the Autonomous Communities (art. 148). The Spanish Constitution also establishes a mechanism of returning competences which have not been assumed by the Autonomous Communities to the State. The competences that can be assumed by the Autonomous Communities, if they so chose, include: planning and housing, public works, rails and roads, harbours and airports that do not develop commercial activities, agriculture, forests, environment, fisheries economic development, cultural heritage, tourism, sport, welfare, health.

### **5. Financing**

The regions have access to the financial resources which may be classified in three categories (Article 2 of the Constitution). (i) taxes which are totally transferred to the autonomous communities, including heritage, the ownership transmissions, the inheritances and gifts, and gambling taxes; (ii) shared taxes, including income tax, VAT and taxes on alcohol and tobacco; (iii) the "Sufficiency Fund", which addresses insufficient fiscal capacity. There are a number of variations to this regime, notably in the Autonomous Canarian Community and to Ceuta and Melilla. There is also a special "régimen foral" which is applied to the País Vasco and Navarra. There are also several solidarity mechanisms in place.

### **6. The State and the regions**

The relationships between the regions and the State are ruled by several integration principles which are set out in the Constitution. These principles help to ensure the unity of the State.



At the State level, there is a second Chamber known as the Senate within which each province chooses four senators (with a special regime to the Islands). Each Autonomous Community chooses at least one senator.

The Statutes of the regions allow them to conclude agreements with other regions in Spain, in order to manage and provide services. Other types of cooperation agreements between the Spanish regions require the authorisation of the Parliament (Art. 145.2 Spanish Constitution).

### **7. The regions and local authorities**

The Spanish Constitution refers to these entities as “Local Administration” (chapter II of the heading VII) opposing them to the Autonomous Communities, because the first ones are exclusively of an administrative nature, not political. This solely administrative nature does not exclude the acknowledgement of the autonomy for the management of their particular interests, as well as their democratic character.

The Constitution although having recognized their autonomy, does not establish a catalogue of competences that belong exclusively to these entities and must be respected, in the same manner as it is done with Autonomous Communities (as explained above). These competences depend on what the ordinary law (not Constitution) may provide.

Our historical legislation resolved the issue recognizing to the local communities, in the frame of his general capacity, a group of express competences. It has been the solution adopted by the current legal system (Basic Law of Local Regime of 1985), as interpreted by the constitutional case-law on local autonomy (Constitutional Court Decision of 28<sup>TH</sup> July 1981), which did not pursue a delimitation of a specific and exclusive field of competences for the local communities. The extent of this autonomy depends on the recognition by the legislative power of a “quantum” of participation in competences by these local authorities, with regard to matters which affect to their own interests.

Therefore, the municipalities benefit from executive powers regarding a vast number of services, such as transport, social services, health care and traffic. This is due to the fact that the municipalities constitute the closest government to the citizens. These administrative powers must be exercised within the frame of legislative powers of the State and the Autonomous Communities, depending on the subject matter.

### **8. The regions and international relations**

Article 149.3 of the Spanish Constitution reserves international relations as an exclusive competence of the State. However, the Constitutional Court has recognized the capacity of Autonomous Communities to exercise activities with an external scope, as long as it is necessary, or at least convenient, for the exercise of their competences. The regions cannot enter into international treaties, create international obligations towards foreign public powers or take measures which affect the foreign policy of the State. A number of regions have articles in their statutes which oblige the State to consult them when signing international treaties that affect their competences. However, the regions’ opinions are not legally-binding upon the State.

Since 2004, there exists a series of mechanisms which secure the participation and representation of the regions in European decision-making processes in all matters that affect their competences (including within the working groups and formations of the Council of Ministers).

### **9. Conclusions**

Reform of the Statutes of Autonomy has been initiated in some Autonomous Communities, in order to update them to reflect their actual competences as they have developed over the past few years.



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## SWEDEN

### 1. Overview

Historically, Sweden has been a state with a strong national level (Riksdag, Government, and national authorities) and a similarly strong local level (the municipalities), with directly elected decision-making assemblies, the right to levy taxes, and an extensive area of responsibility. The regional level in Sweden, at least up until now, has been less prominent. The county councils, who are also directly elected and have the right to levy taxes, are mainly responsible for one area; health care and medical treatment. However, the importance of the regional level is increasing, as is evidenced partly through the new Regions in Västra Götaland and Skåne. These two regions perform the tasks and duties of the county councils and also have responsibility for growth and development. This responsibility for growth/development is being tested and evaluated until 2010.

The Government is represented regionally through a county administrative board in every county.

### 2. The regions: definition and context

The term 'regions' in Sweden is as a rule taken to mean the 21 counties. Historically, they have their origins in the 1600s as areas for the King's and the Government's administration. The Government's regional bodies, the county administrative boards, and the regional autonomous authorities, the county councils, are bound to the counties. The regional level, and the number of counties/regions, are not regulated in the constitution. The constitution states that Sweden shall have municipalities and county councils (that are both part of municipal self-government). Sweden has 289 municipalities.

### 3. Institutional Organisation

The decision-making assemblies in the 19 county councils and 2 Regions (the county council and regional council) are directly elected by the people every four years. The regional council appoints the chairman of the regional council. The regional council appoints a regional board, which is the steering and executive body. The county council and the Region, as part of the municipal self-government, are mandated by the Riksdag.

### 4. Competences

The duties and tasks of the county councils and the regions are not defined in detail in the constitution but are decided by the Riksdag through legislation. Their principal duty is to be responsible for health care and medical treatment and have responsibility for approximately 90% of the collective budget. They also have duties with regard to culture and public transport. The Regions in Västra Götaland and Skåne are also responsible for growth and development matters. This includes drawing up strategies for the region's development, deciding on investments in the regional transportation infrastructure, and distributing funds for development initiatives.

### 5. Finances

The county councils' and the Regions' financing comes primarily from taxes (their own right to levy taxes), patient contributions and government subsidies, distributed as follows for 2004 (rounded figures): Taxes - 65 %; Government subsidies - 19 %; Patient contributions - 3 %; Other



- 13 %. Sweden has a tax equalisation system to balance the revenues of the municipalities, county councils, and regions; a new system came into force in 2005.

## **6. The State and the Regions**

The counties has no legislative power. The county council makes its own decisions within the region's fields of responsibility. The region can enter into agreements with other regions within its fields of responsibility. Such agreements may concern cooperation on single issues and shared development projects.

## **7. The Regions and Local Authorities**

The Swedish model means that municipalities and Regions are equal parties in municipal self-government. The municipality is responsible for tasks and duties of a local nature, including schools, care of children and the elderly, and technical services such as waste management.

The Region and the municipal authority cooperate closely in several areas. In health care and medical treatment, which is one of the Region's main responsibilities but where the municipalities are responsible for some health care (residential care for elderly people) and are also important players in health-promoting efforts, cooperation takes place both at the regional level (the Region and the municipal federations), the sub-regional level (health and medical care boards and the municipal federations) and the local level (the district health centre and the local authority).

## **8. International Cooperation**

The Region is permitted to enter into international agreements within its fields of responsibility. Consultation between the Government and the Region before the Government enters into agreements takes place to a certain extent within the framework of the European Union's decision-making process, for instance in regard to cohesion policy.

## **9. Conclusions**

The need for larger regions is currently the subject of much debate in Sweden. Many people feel that today's 21 counties have had their day and that the number of regions must be smaller – 6-10 is a figure often heard – in order to fulfil their duties in the future. The opinion is also heard from many quarters that a popularly elected regional self-governing authority is needed that has the legitimacy and resources to work for the region's development, where not least international activities and international co-operation are important. Social development shows that a regional approach is necessary in an increasing number of areas, as labour markets grow and people's range of action expands. Examples of areas where planning needs to be done and decisions made at a regional level include traffic infrastructure and public transport, higher education, the environment, measures for strategic industries and sectors, tourism, and marketing. It is also important to be able to participate strongly in the growing cooperation with regions in Europe. This requires a regional level with unambiguous representation, a mandate, and financial resources.

Questions regarding the division of tasks between the national, regional, and local levels are currently being looked into by a parliamentary committee appointed by the Swedish Government, the Committee on Public Sector Responsibilities. The committee will present its report in February 2007. The question of a possible transfer of new tasks and duties to the regional level is also a question being looked into by the committee, as are other competence issues. The committee has also been commissioned to present proposals for the future of the responsibility for growth and development in Västra Götaland and Skåne, currently being tried and evaluated.



## SWITZERLAND

### **1. Overview**

Switzerland is a federal state which has limited "state" status for the cantons. They have authority over their own territory and their own people, but their powers exist only within limits laid down by the federal constitution. The Swiss cantons, being public bodies, constitute separate legal entities and they each have an own constitution. Switzerland was created from the (independent) Cantons, which, in 1848, delegated their power to the federal State. As a consequence, they have a great deal of sovereignty. The principles governing the respective competences of the state and cantons have altered little since the establishment of the Confederation in 1848.

### **2. The region: definition and context**

There are 26 Cantons; their size varies greatly (15'000 – 1'250'000 inhabitants). Regional government is recognised in the federal constitution and in primary legislation. According to the federal constitution, the cantons are sovereign within the limits of the federal constitution. The constitution regulates the competences and the participatory rights of cantons.

### **3. Institutional Organisation**

Cantonal constitutions set out the Cantonal organisation, the political rights of their citizens, and the organisation of local government. They all have a representative assembly and universal suffrage. The political authorities at cantonal level include a parliament (of up to 200 members, depending on the size of the canton), a government (5-9 members), and courts (first and second instances). Citizens' participatory rights are also defined at constitutional level. They include voting rights (for the parliament and government) and popular participatory rights including popular initiative and referenda. In all cantons, parliament and government are elected by direct general election. Terms of office of political authorities are generally 4 years.

### **4. Competences**

According to article 3 of the constitution of the Swiss Confederation, the cantons are sovereign insofar as their sovereignty is not limited by the federal constitution. They exercise all state powers not assigned to the federal government. Own competencies of the Cantons are: Education, Health, Economic Development, Social Services, Police, Ports and Airports, Tourism, Training, Justice, Cultural Organization, Taxing Authority, Procedural law. Shared competencies are: Roads, Environment, Energy, Social Security, Agriculture, Research

### **5. Financing**

The cantons have fiscal sovereignty, they raise direct and indirect taxes. This is stipulated implicitly in the constitution. There is a financial equalisation mechanism between regions. There is a reallocation of fiscal income and responsibilities between Confederation and cantons. With the aid of such a redistribution of resources and depending on the economic strength of the individual cantons themselves, the idea is to put the latter in a better position to continue to perform their functions in a manner appropriate to today.

Cantons have participatory rights at the federal level. The constitution grants a consultative procedure in the federal legislative process. The federal parliament consists of two chambers – one of them is the Council of States, where every canton is represented by two members of parliament. The organisation of the election of these members is within the competence of the canton, but there is no possibility of giving instructions. In many important votes (eg. amendments on the constitution, participation in supranational organisations, etc.) a qualified majority is needed, which means a majority of the population and a majority of the cantons. There is an optional legislative referendum: 8 cantons can oppose a federal law and there will be a vote.

The constitution allows cantons to sign agreements with other cantons or to build common organisations and institutions, especially to fulfill tasks of regional interest. There is the tendency towards increasing cooperation between the cantons.

### **7. The regions and local authorities**

Within the cantons, the 2.800 municipalities also have a fairly large measure of autonomy. There is cooperation between cantons and municipalities depending very much on the scope of the municipality.

### **8. The regions and international relations**

The regions have the ability to conclude international agreements, including international treaties concerning cantonal competencies. Switzerland's accession to joint-security organisations or to international communities requires the approval of the majority of the electorate and of the cantons. Since 1 July 2000, the Federal Law Concerning Cantonal Participation in the Foreign Policy of the Federal Government has been in effect. The object of cantonal participation in federal foreign policy is to make appropriate allowance for the interests of the cantons and to protect cantonal competencies. This is to be achieved through exchanges of information, through listening to the preparation of negotiation mandates and in the conduct of negotiations. There is also an obligation upon the cantons to make the necessary adjustments to cantonal legislation required for the implementation of international law- and to do so in due time.

### **9. Conclusions**

In Switzerland there has been an increase in legal standardisation. In particular, legislative powers for new functions in the economic sphere, in social affairs, in the field of anti-pollution measures, and in technology have increasingly been transferred to the federal government. The main reasons for this have been the increasing complexity of such areas, pressure of time, financial bottlenecks, and a view that the cantons cannot be expected to keep up in legislative terms with a rapidly changing society. The cantons themselves are partly to blame for this development, having occasionally renounced their own powers, not ably as a result of financial inducement. Swiss federalism is therefore in danger of degenerating into legislation and in which they exercise their own legislative jurisdiction to an ever-decreasing extent.

Part of the reason why cantonal legislation cannot be expected to keep up in areas of huge complexity lies in their different orders of magnitude. The canton with the highest population has around 1.2 million inhabitants, while the canton with the smallest population numbers 14.400 inhabitants. In general, most of the Swiss cantons are small and rather weak economically. It is particularly these small cantons that cannot be expected to keep pace with the ever more challenging tasks of legislation and its implementation. Part of the essence of Swiss federalism is that in principle all cantons, irrespective of size, have to perform the same functions. It follows that increased co-operation and possibly, in future, even inter-cantonal amalgamations are indispensable if Swiss federalism is to remain viable.



## TURKEY

### **1. Overview**

The creation of municipalities and provinces in Turkey dates back to the middle of the 19<sup>th</sup> century. In 1864 the first municipality was created in Istanbul on a European model. The country was then subdivided into provinces, districts and villages. In 1913, a Law on the General Administration of the Provinces was passed, and in 1961 the new Constitution set out the principle of decentralisation. Nevertheless the State remains strongly centralised; Article 127 of the Constitution states that: *“the central administration has the power of administrative tutelage/trusteeship over local authorities within the framework of principles and procedures set forth by law, with the objective of ensuring the functioning of local services in conformity with the principle of the integral unity of the administration, securing uniform public services and meeting local needs in an appropriate manner”*.

In 2004 and 2005 new laws on devolution were prepared, but these have not yet been implemented. They have not been unanimously welcomed in all political circles. These laws include: (i) Law on Metropolitan Municipalities, (ii) Law on municipalities, (iii) Law on the Special Provincial administration (NB: this Law was approved by the Parliament but the President has vetoed it), and (iv) Law on public administration.

### **2. The region: definition and context**

The Turkish State is divided in three levels of government. At the national level, the Grand National Assembly is directly elected and is responsible for electing the President. At the regional level, there are 81 provinces, which are divided into districts. The local level comprises municipalities, metropolitan municipalities (which have a dual structure, comprising the metropolitan municipality and its constituent district municipalities) and villages.

### **3. Institutional Organisation**

The regional Governors are appointed by the State and have an important role to play in regional governance. The Governor is assisted by a provincial Council, which is directly elected for 5 years. The provincial council elects an executive committee for one year from amongst its members. The executive committee is chaired by the Governor. The executive committee supports the head of the provincial council in his/her tasks, controls the implementation of the provincial budget, organises public tender procedures for provincial administration and monitors the expenditure of the provincial administration.

### **4. Competences**

Provinces are both institutions of devolved state administration and institutions of self-government. The functions and duties of the provinces include: land development, education, agriculture, health services, social security, commerce and the economy. Most of these duties, however, have been transferred to the central government by subsequent legislation, yet that have not actually been specifically withdrawn from the provinces, which results in significant confusion. As the financial resources of the provinces are very limited, most of the tasks and duties are in fact executed by the central government. This tends to significantly reduce the importance of the provinces.



## **5. Financing**

The regions depend almost entirely on national funding. The budgets of sub-national authorities are drafted and approved by the authorities themselves, but also have to be approved by the state representative.

## **6. The State and the regions**

Under Article 80 of the Constitution, members of the Turkish Grand National Assembly represent not only their own constituencies, but the nation as a whole. In practice, however, regional and local interests are represented at the national level by informal lobbies of deputies to the parliament.

Authorities at the sub-national level may, with the permission of the Council of Ministers, form associations for the purpose of performing specific public services; there are over 800 such associations.

## **7. The regions and local authorities**

The provinces are territorially divided into districts; the districts have no institutions in their own right, just local provincial branch offices.

Municipalities and metropolitan municipalities are in practice the only sub-national bodies in which self-government is effectively executed and has seen significant developments in recent years.

## **8. The regions and international relations**

According to Act 1173, sub-national administrations are entitled to establish partnerships with foreign sub-national administrations. The sub-national authorities must submit their decision to the Ministry of Interior for approval, and must seek the opinion of the Governor and the Ministry of Foreign Affairs. The municipal level is more active than the regional level in international relations; there are over 400 cross-border partnerships.

## **9. Conclusions**

There is a tradition of a highly centralised unitary State in Turkey, which goes back to the Ottoman Empire. Article 126 of the Constitution refers to the provinces as “part of the central administrative structure”. They remain strongly centralised organisations, in which state-appointed officials, particularly the provincial Governors, have significantly more power than locally elected representatives. The reform that was vetoed by the President in 2004 tried to limit the role of the Governor; according to that reform, the Governor would cease to be the president of the provincial general Council, and the general council would be presided over by a person elected by the council from its own membership.

Due to the unclear division of powers between the central government and the provinces, and the lack of financial resources, the administrative role of the provinces appears to be declining. The development of regions government also faces opposition due to ethnic minority issues.



## UKRAINE

### **1. Overview**

According to the Constitution, the territorial structure of Ukraine is based on the principles of unity and indivisibility of the state territory, the combination of centralisation and decentralisation in the exercise of state power, and the balanced socio-economic development of regions that takes into account their historical, economic, ecological, geographical and demographic characteristics, and ethnic and cultural traditions.

The Constitution of Ukraine defines local governance as a right of a territorial community - residents of a village or a voluntary association of residents of several villages, settlements or a town - to independently decide issues of local significance in compliance with the Constitution and laws of Ukraine. Ever since the proclamation of Ukrainian independence, there have been endless, not too effective discussions, regarding the optimisation of relations between the central state and the regions, between the capital and province, and between the cities and the regions. Now both politicians and the public are concerned with the pattern of political influence and electoral conduct in the regions. The centre emphasises the existence of regional differences, and politicians demonstrate territorial patriotism and appeal to local identities.

### **2. The region: definition and context**

Ukraine is divided into 24 oblasts (provinces), one autonomous republic (Crimea), 479 rayons (divisions), and 415 cities. The Republic of Crimea has been granted special status, with considerable autonomy in its internal affairs. Regional Policy is defined in the Ukrainian Constitution and in legislation.

### **3. Institutional Organisation**

The status of the heads, deputies and executive bodies of the regional council and their terms of reference, the procedure for formation, reorganization and dissolution are determined by the law. The regional and district Councils are defined as representing the common interests of territorial communities of villages, settlements and cities. Under the constitution, the heads of regional and district Councils are elected by the appropriate Council (Art.141).

The Law "On the Election of Deputies of Local Councils and Village Heads and Mayors" sets the procedure for election of regional and district Councils. Regional Council deputies are elected on the basis of a majority system in multi-member constituencies whose boundaries coincide with the boundaries of districts and regional cities which are part of the given region.

### **4. Competences**

Under the Constitution of Ukraine, Oblast and district councils:

- approve programmes for socio-economic and cultural development of the respective oblasts and districts, and control their implementation;
- approve district and oblast budgets that are formed from the state budget for their appropriate distribution among territorial communities or for the implementation of joint projects, and from the funds drawn on the basis of agreement from local budgets for the realisation of joint socio-economic and cultural programmes, and control their implementation; resolve other issues ascribed to their competence by law.



## **5. Financing**

The State participates in the formation of revenues of the budget of regions and financially supports them. Expenditures of regions, that arise from the decisions of bodies of state power, are compensated by the state. This is stipulated in the Constitution and in Ukrainian legislation.

The state recognizes the right of local self-government to administer, at its own discretion, a portion of financial resources that can be accrued through economic activities of territorial communities without having a risk to lose a certain amount of transfers.

## **6. The State and the regions**

The relations between the region and the nation state can be called as supervision.

Regions play a great role in the legislative bodies and decision-making processes of the state. They can make their propositions but the final decision is made by legislative body. Regions can't sign agreements with other regions of Ukraine.

## **7. The regions and local authorities**

Local and regional authorities co-operate in a manner of mutual trust.

## **8. The regions and international relations**

Regions can conclude international treaties, agreements and protocols but they must consult the state. The state consults regions when it signs international agreements/treaties which concern the regions' competences.

## **9. Conclusions**

The main challenges for regional self-government in Ukraine today are:

- strengthening the constitutional legal base of local self-governance
- providing sub-national authorities with sufficient material and financial resources to be able to provide the services that are guaranteed to the citizens by the Constitution of Ukraine as well as by the current legislation
- reforming the system of territorial organization of government and administrative territorial system in Ukraine
- improving the legislation on local elections
- improving intergovernmental relations and the interaction of central authorities, local authorities and civil society



## UNITED KINGDOM

### 1. Overview

The United Kingdom of Great Britain and Northern Ireland is a Constitutional Monarchy which comprises England, Scotland, Wales and Northern Ireland. Scotland, Wales and Northern Ireland all have some form of devolved government and therefore qualify as the second layer of directly-elected government under the central state. In England, the first layer of directly elected government under the central state is the unitary and county councils. In June 2003, plans for the creation of regional assemblies in several areas of England were announced. But, in a referendum held in the North-East in November 2004, voters rejected the concept and the process of creating new regional structures has been put on hold.

Since 1998, Scotland has a devolved Parliament in Edinburgh. It has an executive arm known as the Scottish Executive with wide powers to legislate but certain matters, most notably taxation, foreign policy and social security are reserved to the Westminster Parliament in London. The Scottish Executive is held to account by the Scottish Parliament and its various committees.

In Wales, the Welsh assembly was elected in 1999. The Welsh Assembly has more limited powers than the Scottish Parliament, most notably it does not have legislative powers.

The process of devolution for Northern Ireland has been a far more complex and fragile process than has been experienced in Scotland and Wales, due to the difficult relationship between the province and the UK government. The Northern Ireland Assembly was established in 1998, but was suspended in autumn 2002 when a row erupted over allegations about IRA activities. In a bid to restart the political process and after consultations with Dublin, the UK government published emergency legislation in spring 2006 paving the way for the recall of the Northern Ireland Assembly in May and setting a deadline of 24 November 2006 for the formation of a power-sharing executive.

### 2. The region: definition and context

Taking the AER definition as the first layer of directly-elected government beneath the central state, we can define Scotland, Wales, Northern Ireland and the English Counties and Unitaries as regions for the purpose of this study. In England, there are 34 Counties and 47 Unitary authorities. The structure of County and Unitary government is set out in legislation taking effect from 1 April 1997.

### 3. Institutional Organization

In England, County and Unitary authorities are directly elected and the President/Leader is elected from among the Members.

The Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly are directly elected by the people of Scotland, Wales and Northern Ireland respectively. Scotland and Northern Ireland have legislative and executive branches. The Welsh Assembly is comprised of 60 elected members, is led by the First Secretary and a cabinet.

### 4. Competences

In England, County & Unitary authorities are responsible for children services, adult services, spatial & strategic planning, roads, transportation, culture, economic development, consumer



protection, waste, libraries, environment & tourism. They have a general competence to act to promote economic, social & environmental well being in their areas.

Scotland can legislate on all matters except those that are reserved to Westminster. Reserved matters include the U.K. Constitution, foreign policy, national security, fiscal policy, international trade policy, nuclear safety, certain areas of social security and employment policy, and certain areas of health policy. Devolved matters include education, local government, housing, tourism, civil and criminal law, emergency services, economic development, agriculture, and sports.

The Welsh Assembly does not have primary law making authority; it can only make delegated legislation within its areas of devolved competence. These areas include tourism, culture, ancient monuments, highways, health, education, transportation, agriculture, environment, sports and recreation, water and flooding, and the Welsh language.

The powers conferred on the New Northern Ireland Assembly include the power to adopt primary legislation for the province, although a significant number of policy areas need the consent of the UK government.

## **5. Financing**

In England, County and Unitary authorities are funded by central government and a local property based tax, with the majority of funding coming from central government.

The Scottish Parliament and the Scottish Executive are reliant for most of their income from London and have extremely limited rights to raise money through taxation. Its power to raise or lower income tax by one penny in the pound has not been used.

## **6. The State and the regions**

In England, County and Unitary authorities have no formal place in legislative and decision making processes of the state, other than via consultation pre-legislation. They can enter partnership arrangements with other authorities/regions in England & other states.

Scotland plays little part in the decision making processes of the UK state but is represented by a UK Cabinet Minister known as the Secretary of State who shares this portfolio with other responsibilities.

## **7. The regions and local authorities**

In England, all levels of local government work together in partnership as and when it is appropriate and effective to do so.

Within Scotland, local authorities, in the main, work closely with the Scottish Executive upon which they are reliant for most of their income.

## **8. The regions and international relations**

In England, County and Unitary authorities can enter international agreements with other regions. The state does not consult regularly and directly with County and Unitary authorities on matters of international agreements but there are formal and informal links between local government associations at the national level and national government.



The Scottish Executive, the Scottish Parliament and Scottish local authorities can enter into agreements and protocols but not treaties. The Scottish Executive and the Scottish Parliament are both fully consulted on European issues. Matters concerning foreign affairs are the subject of informal consultation.

### **9. Conclusions**

The discussions on devolution and regionalization in the UK are ongoing. Undoubtedly, it is England that faces the greatest challenges as, since devolution to Scotland, English national identity is growing at a faster rate than English regional identity.

Current challenges in England are:

1. proposals for reorganisation & reconfiguration of public services e.g. police, fire and health which affect partnership working & potentially service delivery
2. finance and the desire by County & Unitary authorities to have more independence and flexibility in managing their business.



## ANNEX 1

**DECLARATION OF THE ASSEMBLY OF EUROPEAN REGIONS**  
**ON REGIONALISM IN EUROPE**

**PREAMBLE**

The Assembly of European Regions (AER) meeting in Basel on 4th December 1996:

1. Considering that the AER represents almost 300 European regions of varying sizes and different administrative and political structures with a total population of nearly 400 million;
  2. Considering that the Regions have different statuses, which vary according to their history, their culture and their constitutional principles and characterize the territorial organisation of each State. Whilst respecting this diversity, this common declaration expresses the Regions' aspirations to further regionalism within the institutional framework of their own country, which have a federal, decentralised or autonomous structure. This text cannot be interpreted as binding the regions to any of these structures.
  3. Considering that the regions are an essential and irreplaceable element of European development and integration;
  4. Conscious that the regions have different origins and functions, with some historically based on distinct communities, ethnic groups or even nations, and others created as administrative districts, exercising powers delegated to them by the State;
  5. Considering the importance in Europe of the process of integration and regionalisation;
  6. Noting that people through historical, linguistic, cultural, social, economic and geographical ties, increasingly identify themselves with their region, the variety of which, constitutes an inexhaustible richness;
  7. Considering that States with strong regional political structures, ie. with legislative powers and their own finances can optimally resolve their economic and social problems;
  8. Considering also that the regional reality justifies the participation of the regions in State bodies and actions at an international level;
  9. Being aware that the regions, within the national legal order, are an indispensable element of democracy, decentralisation and self-determination, by allowing people to identify with their community and by increasing the opportunities for their participation in public life;
  10. Conscious that the regions and their peoples have endless possibilities to carry out and further develop mutually advantageous political, economic and cultural cooperation between themselves;
  11. Noting the vast potential for political, social, economic and cultural cooperation between European regions and the significance of such cooperation at national, transfrontier and international level for the development of a united and cohesive Europe and for improved knowledge and understanding of its actions among the general public;
- Considering that regional participation in the decision-making process of the European institutions, in accordance with the principle of subsidiarity, contributes to improving transparency of European Union actions for citizens;



13. Considering the relevance of the Council of Europe's draft European Charter of Regional Self-government (1996) and the European Parliament's "Community Charter for Regionalisation" (1988);
14. Convinced of the significance of this declaration, which reflects a political will and aspirations that the regions wish to promote in Europe, while respecting the diversity of their situations which call for a variety of solutions;

have adopted the following Declaration:

#### ARTICLE 1. THE REGION: DEFINITION AND CONCEPT

1. The region is the territorial body of public law established at the level immediately below that of the State and endowed with political self-government.
2. The region shall be recognised in the national constitution or in legislation which guarantees its autonomy, identity, powers and organisational structures.
3. The region shall have its own constitution, statute of autonomy or other law which shall form part of the legal order of the State at the highest level establishing at least its organisation and powers. The status of a region can be altered only in cooperation with the region concerned. Regions within the same State may have a different status, in keeping with their historical, political, social or cultural characteristics.
4. The region is the expression of a distinct political identity, which may take very different political forms, reflecting the democratic will of each region to adopt the form of political organisation it deems preferable. The region shall resource and staff its own administration and adopt insignia for its representation.

#### ARTICLE 2. INSTITUTIONAL ORGANISATION

1. The region shall have full legal status.
2. The region's basic structure shall comprise a representative assembly and an executive body. Its organisation shall be a matter for the region alone.
3. The members of the representative assembly shall be directly elected by free and secret ballot on the basis of equal and universal suffrage. The assembly may be granted legislative powers, subject to the limits laid down in the domestic legal order.
4. The executive body shall be politically answerable to the representative assembly, subject to the conditions and procedures prescribed in domestic legislation.
5. Members of both the representative assembly and the executive body shall not be subjected to supervision by the central authority which would prejudice the free exercise of their functions.

#### ARTICLE 3. POWERS

1. The apportionment of powers between the State and the regions shall be determined in the national constitution or in legislation in accordance with the principles of political decentralisation and subsidiarity. Under these principles, functions should be exercised at the level as close to the citizen as possible.



2. The implementation of national law, either directly or by delegation, should, as a general rule, be the responsibility of the region.
3. The region should have responsibility for all functions with a predominantly regional dimension.
4. Where the State has decentralised administration at regional level, it shall transfer the corresponding staff and financial resources to the regional bodies in order to avoid duplication.
5. The regions shall exercise the powers assigned to them on an individual basis. The regions within a single State shall agree to harmonise, where appropriate, the action taken within their specific spheres of competence. To that end, they shall decide on the required procedures.
6. State decisions and measures which affect regional powers or interests - in particular measures which have implications for their financial situation or that of the local authorities, and decisions which affect the scope of any legislative powers the regions may have - may not be adopted without the prior assent of the regions involved.

#### ARTICLE 4. FINANCING

1. The region shall enjoy financial autonomy and have sufficient own resources to develop its powers fully. It shall be governed in particular by the principles of economy, efficiency, effective use of resources, service to the citizen, and transparency in its budgetary decisions.
2. The fundamental principles governing the public finances and apportionment of revenue as well as State guidelines for regional budget management shall be laid down in the national constitution or in legislation. The regions shall also play a decisive role in the shaping of financial legislation at national level.

#### ARTICLE 5. FINANCIAL RESOURCES OF THE REGION

1. The financial resources of the region shall consist basically of taxes partly or wholly transferred by the State, and of its own taxes.
2. The region shall receive the income necessary for the performance of its functions. It shall be entitled to an appropriate share of national tax revenue for this purpose. Its income shall be sufficient and concentrated uniformly on a small number of major sources of tax revenue in order to ensure stable regional budget management and allow the implementation of an economic policy directed towards sustainable development.
3. Under national legislation, the region shall be entitled to levy its own taxes and determine sources of tax revenue. For this purpose, it shall set the criteria for determining its taxes, duties and dues. Where the law permits, it may decide to charge supplements on State taxes.
4. Where a number of authorities share a source of tax revenue, the scale and procedure for the distribution of such revenue shall be prescribed by legislation. State financial allocations of a general nature shall take precedence over special allocations, which shall be governed only by statutorily prescribed criteria.
5. Where the region is not empowered to collect taxes, it shall be involved in determining the



organisation of the relevant bodies and tax procedures. It shall likewise be involved in determining the composition and procedure of the competent courts.

6. Within the limits prescribed by law, the region may seek credits to finance investments. Credit limits and arrangements for monitoring their legality shall be laid down by law.

#### ARTICLE 6. INTER-REGIONAL FINANCIAL EQUALISATION

1. The principle of solidarity entails the existence of national systems of financial equalisation. The aims and procedure of financial equalisation shall be prescribed in the national constitution or legislation. Account shall be taken of the uneven distribution of the financial burdens borne by the regions, on the basis of objective criteria. However, financial equalisation shall not dissuade those regions required to make equalisation payments from making appropriate use of the sources of tax revenue available to them. The needs of municipal authorities shall also be taken into account in the calculation of equalisation payments. Equalisation shall take the form of transfers from the State to the regions, and between regions.
2. The principle of solidarity shall also be expressed in the EU for reducing the interregional inequalities in order to achieve the aim of social and economic cohesion in Europe. The Structural Funds of the European Union shall be one instrument for the achievement of this aim.

#### ARTICLE 7. INVOLVEMENT AT THE CENTRAL LEVEL OF THE STATE

1. The regions shall play an appropriate part in the legislative bodies of the State.
2. The State, within the scope of its own powers, shall make arrangements to coordinate the participation of the regional institutions in the State's decision-making processes, where such decisions affect the region's powers.
3. The regions shall be involved in appointing the judicial bodies responsible for the settlement of disputes over the division of powers between the State and the regions. Disputes between the regions and the State shall be settled by court proceedings or arbitration.

#### ARTICLE 8. THE STATE AND THE REGIONS

1. Relations between the State and its regions and among the regions themselves shall comply with the principles of mutual respect, cooperation and solidarity. The regions and the State shall promote mutual cooperation and refrain from adopting measures which could prejudice or limit the exercise of powers at other levels.
2. Where it exists, State control over the regions shall be regulated by the national constitution, or failing that, by appropriate legislation.
3. Regions should be permitted to sign treaties or agreements with other regions within the same State.

As a general principle, administrative powers should be exercised by the regions and only in exceptional circumstances by the State.



ARTICLE 9. THE REGIONS AND LOCAL AUTHORITIES

1. In exercising the powers assigned to them, regions and local authorities shall cooperate in a spirit of mutual trust and in accordance with the principle of subsidiarity. Regions and local authorities shall take all necessary measures to promote mutual cooperation, bearing in mind the control which regions may exercise over local authorities.
2. Local authorities shall be consulted on all regional measures which affect their sphere of competence or individual interests. In practice, these measures shall include any which have a bearing on the financial powers of the local authorities.

ARTICLE 10. THE REGIONS AND INTERNATIONAL RELATIONS

1. Regions shall have the capability to act at an international level. They may conclude treaties, agreements or protocols which are international in scope, subject to approval by the central Government where this is required by national legislation.
2. The regions shall promote bilateral and multilateral domestic and transfrontier cooperation among themselves for the purpose of carrying out joint projects.
3. Regions shall have the right to set up their own representations, either individually or in conjunction with other regions, in other States and in appropriate international organisations.
4. Subject to the provisions of paragraph 1 of this Article, the regions shall participate in the international activities of their State, in accordance with the relevant domestic legislation, whenever their own powers or essential interests are concerned.
5. Prior to the conclusion of an international treaty which affects their essential interests, the regions shall be consulted by the State. Should the State intend to sign an international treaty which affects the powers of the regions, the regions shall participate in the drafting and conclusion of the treaty. The exact manner of their participation shall be governed by the domestic procedures in force between the State and its regions. Treaties shall be executed in accordance with the apportionment of powers between the State and its regions.

ARTICLE 11. THE REGIONS AND TRANSFRONTIER COOPERATION

1. Regions with common frontiers shall, in compliance with relevant domestic legislation and international law, promote transfrontier cooperation.
2. Regions, taking due account of domestic legislation and international agreements between States, shall be entitled to conclude transfrontier agreements in order to develop their cooperation within the limits of their powers.
3. Regions shall have the right, within the legal framework of each State concerned, to establish joint deliberative or executive bodies.
4. The actions of these bodies shall be subject to the procedures of the competent courts in the same manner as actions of regional bodies.

ARTICLE 12. THE REGIONS AND EUROPEAN UNION

1. The European Union shall recognise the regions of its Member States and associations of a regional nature as active participants in its policies. It shall have a body of regional composition which shall participate in decision-making on issues having a regional dimension. Its members shall be proposed by the regions.
2. The regions may make representations to the institutions of the European Union. Such representations may be established jointly by several regions. The European Union and the Member States where they are located shall recognise their proper status.
3. The regions, within the scope of their powers, or where their interests may be affected, should participate in the determination of the positions taken by their States in the Community institutions.
4. Where an issue is the exclusive responsibility of the region or has a particular bearing on its interests, the State shall not be able to deviate from the position adopted by the region, save where domestic legislation requires this in the interests of unity. The State shall be required to justify any deviation from the region's position. On such issues, the region shall also be entitled to take part in the decision-making process of European institutions and shall in particular have the right to have its representation within the national delegation.
5. The regions shall implement Community legislation within their sphere of competence.
6. The regions shall manage assistance from the Community Funds for matters within their powers. For this purpose, the regions shall liaise with the European Union without the intermediation of the State.
7. The regions may enter into agreements designed to improve the implementation of Community policies. The courts shall supervise the implementation of Community legislation by the regions. The State and the regions shall keep one another informed of the measures they adopt in the implementation of Community legislation and programmes.
8. The regions shall have the right to bring proceedings before the European Court of Justice where measures taken by the Community institutions affect their powers or interests.
9. The legislation on elections to the European Parliament shall refer to regional constituencies in States which have decentralised political or administrative structures.
10. Arrangements must be made for contact between the European Parliament and regional parliaments in their capacity as institutions which directly represent the will of the citizen.

#### ARTICLE 13. FINAL CONSIDERATIONS

1. The Assembly of European Regions (AER), in adopting the present Declaration, which is inherently political in character, aims to promote and strengthen regionalism in Europe. In view of the wide variety of regional situations and aspirations, this document, which is not legally binding, is intended to serve for some regions as a guide containing basic standards or goals for regionalisation.
2. The AER and its members shall make such approaches to national governments, European Union institutions and other European bodies as are necessary to achieve the objectives of this document.
3. The Declaration also illustrates the fact that the region is the best form of organisation for resolving regional problems in an appropriate and independent manner. The States of Europe shall undertake to pursue as far as possible the devolution of powers to the regions and to transfer the financial resources necessary for their exercise, amending international legislation as necessary.



4. AER and its members shall also promote European interregional cooperation at all levels and shall offer assistance in their regionalisation where necessary by proposing amendments to the constitution or constitutional law to allow for the creation of the most appropriate forms of regional structure.
5. Transfrontier cooperation strengthens and consolidates regionalism. The development of a regional identity based on transfrontier cooperation promotes political and social stability.
6. The establishment of the Committee of the Regions within the European Union and the Congress of Local and Regional Authorities of Europe within the Council of Europe is a great step forward for regionalism in Europe. A longer-term goal shall be to establish a Europe of the regions as a third level of government; this would entail the Committee of the Regions attaining the status of a genuine regional chamber.
7. The AER and its members shall lend support to associations of local authorities. Its central aim, however, shall remain the development of a genuine regional identity.
8. The AER shall monitor the progress made in the individual European States towards achieving the goals set forth in this Declaration.

#### APPENDIX TO ARTICLE 3, PARAGRAPH 1

Examples of the existing regions' powers:

- regional economic policy,
- regional planning, building and housing policy,
- telecommunications and transport infrastructures,
- energy and environment,
- agriculture and fisheries,
- education at all levels, universities and research,
- culture and media,
- public health,
- tourism, leisure and sport,
- police and public order.

