

PREFACE

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There has been increasing debate around the world about the importance of multi-level governance (MLG) in policymaking. It has long been recognised that coordination failures among stakeholders and an inability to take into account local conditions and needs undermine policy design and implementation, leading to suboptimal outcomes. Addressing these failures depends on putting in place appropriate governance arrangements not only across levels of administration – national, sub-national and often supra-national – but also among the relevant policy actors. This is nevertheless a challenging undertaking that calls for solid analytical frameworks, evidence-based analysis and concrete instruments for implementation.

“Multi-Level Governance: The Missing Linkages” seeks to address this challenge. It underscores the potential of MLG as an analytical framework; it identifies the relevance of MLG in many policy domains, from territorial planning to environmental or nuclear power policies; and it argues in favour of its usefulness well beyond Europe, with a chapter on China, for example. In addition to bridging gaps across disciplinary silos, this book also contributes to strengthening the dialogue among academics and practitioners, as well as with international organisations.

Two important trends have shaped the way public policies are designed and implemented, and they help explain the emergence of MLG in the policy debate. First, the actors in the policymaking sphere – in addition to their competencies – have changed dramatically in recent decades. At one end of the spectrum, sub-national governments, notably in Europe, Latin America and parts of Asia, have been assigned increasing responsibilities as a result of fiscal decentralisation. Today in the OECD, there are over 140,000 sub-national governments with key competencies in the areas of economic development, green and inclusive growth. They represent more than 40% of government spending and over two-thirds of investment,

which raises critical coordination challenges, not only between levels of government but also across same-level jurisdictions (Allain-Dupré, 2011; OECD, 2014). Indeed, the OECD has developed a methodology to assess systematic coordination failures or “gaps” that may impede effectiveness of public policies in decentralised contexts (Charbit, 2011). The impact of coordination failures on growth – notably in metropolitan areas – can be substantial (OECD, 2015a). For example, there are more than 1,300 local governments in the Paris metropolitan area, almost 1,000 in Seoul and 540 in Chicago. Ensuring policy coordination at the relevant functional scale is a critical challenge to deliver efficient and inclusive public policies.

Supra-national entities also play an important role. At the other end of the spectrum, there is an increasing number of supra-national organisations (more than 30, including the United Nations, the European Union or the International Court of Justice) that are active in a wide range of policies in almost all regions of the world. Yet, increasingly MLG goes well beyond supra-national or local public actors: the involvement in policymaking of non-state actors such as citizens, NGOs and the private sector is perhaps the most significant change. The magnitude and consequences of their involvement are still hard to assess, but public governance has clearly evolved to a much more dynamic, networked and complex system of interactions that require agile and flexible governance frameworks.

Second, global policy challenges, such as climate change and urbanisation, have become increasingly complex, calling for more integrated approaches to policymaking at all levels of government. Addressing these challenges requires a better understanding of complementarities and trade-offs across policy domains so that well-designed economic, social and environmental actions reinforce each other rather than compete with one another. But coordination does not take place spontaneously. Effective MLG arrangements are required to manage these complementarities and trade-offs. Failure to take account of the specific circumstances and needs of individual regions can lead to unintended outcomes and undermine the success of policy interventions.

For these reasons, identifying good practices in MLG has become a key to overcoming coordination failures across levels of government and jurisdictions, as well as among sectoral policies. The challenge is to translate general principles into policy tools. In this respect, two distinct traps need to be avoided. The first is to look for one-size-fits-all solutions or a governance optimum that would apply to all regions and contexts. The degree of decentralisation and administrative capacity, the institutional culture and traditions, and the importance of formal versus informal coordination

arrangements all shape the selection of instruments that can be used to address coordination failures. But the second trap is precisely the opposite of the first one; that is to say, an inability to identify good practices above and beyond local contexts undermines efforts to operationalise MLG in pursuit of policy goals. There is therefore a middle ground, which aims to identify general guidelines for governments with a concrete menu of possible options and indications on which strategies may be most appropriate in which contexts. Better quantitative measurement of certain challenges is also increasingly possible due to larger datasets on SNG – not least on local finances, well-being and administrative fragmentation.

The OECD has integrated MLG in its analytical corpus. Since the late 1990s, through its committee on territorial development policies, the OECD has extensively addressed place-based development policies and MLG approaches. The novelty of these approaches is to manage *mutual dependency* across levels of government, rather than to advocate a more clear-cut, mutually exclusive allocation of roles, and to go beyond the conventional debate in fiscal federalism about whether or not to decentralise or centralise any given public function.

Public investment is a case in point. To address governance challenges in this area, in 2014 the OECD adopted a Recommendation on *Effective Public Investment across Levels of Government* providing governments with a roadmap to assess strengths and weaknesses of public investment capacity from a multi-level perspective, which can apply regardless of a country's institutional context. The Recommendation is accompanied by an Implementation Toolkit that provides data and indicators on sub-national investment for all OECD countries, as well as more than 200 examples of recent developments and good practices (OECD, 2015b). There is indeed a lot to learn from innovative MLG approaches, but knowledge of such practices often remains within their national contexts, hence the need to circulate them more broadly. Some examples are: platforms of dialogue and investment prioritisation across levels of government (as in the Council of Australian Governments); the use of state-region contracts to develop integrated investment strategies (in France and Poland); or cross-sectoral initiatives (the US Programme on Strong Cities, Strong Communities which gathers 19 federal agencies and offers four mechanisms to assist local governments). The Toolkit thus offers a concrete means for self-assessment, capacity building and mutual learning. The next step is to identify instruments that are most appropriate in each context through the identification of “families of countries” sharing the same types of MLG challenges, and to further measure the benefits of coordination systems.

MLG has until recently been overlooked by policymakers. But the global crisis and the coordination failures that have exposed by it, as well as increasing complexity in the policy challenges facing the world, have all underscored the need to put governance at the core of policy design and implementation. Enhanced dialogue among analysts and practitioners, such as the one developed in this book, is part and parcel of a mutual learning exercise that will contribute to deepening our understanding of MLG and make it an instrument to better fit policies to places.

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