

## The Legacy Effect: Decentralisation and Local Capacity in COVID-19 Crisis Management.

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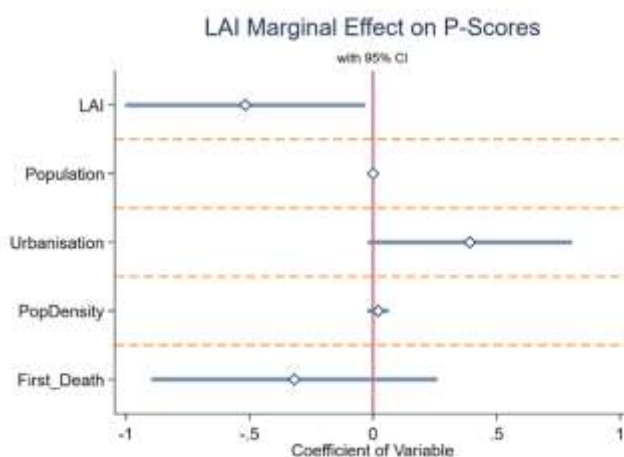
The crisis management literature, despite a lack of consensus, identifies two important factors to successful crisis response. The first concerns government capacity and the second focuses on the ways in which government agencies and actors interact. However, there is a gap in the literature regarding the impact of political institutions on crisis management. Specifically, the role of decentralisation. We fill this gap by analysing the effect of decentralisation on crisis management.

Decentralisation is the delegation of policymaking and policy-implementation powers to subnational governments. It increases the capacity of local governments by affording them more resources and expertise to effectively implement policy. It also increases trust which improves compliance, government legitimacy, and response rapidity. At the same time, there are potential deficiencies of decentralisation, such as a lack of accountability which can increase blame-game politics, impair coordination (both vertical and horizontal), and reduce the speed of decision-making (as more actors and veto-players are involved).

Instead of taking a binary view, we argue that it is possible to balance these trade-offs through institutional design, seeking, rather than to maximise decentralisation, to reach a “sweet spot” where its benefits are achieved whilst the costs are minimised. The two institutional configurations we propose are to grant high local capacity whilst allowing oversight from central governments. Therefore, governments obtain enough capacity to implement policies effectively, whilst still having mechanisms for policy coordination and alignment.

Our methodology is quantitative but grounded in a strong theoretical framework. Using data from 27 European countries, we use multivariate linear regression models to determine the relationship between excess all-cause mortality and decentralisation, measured with the Local Autonomy Index (LAI) and Regional Authority Index (RAI) (Ladner et al, 2016; Hooghe et al, 2016). Given the widespread pandemic centralisation through states of emergencies, the relationship between the indices and excess deaths measures the impact of pre-pandemic decentralisation on deaths from the pandemic. Therefore, any relationship that appears will measure a ‘legacy’ effect of decentralisation.

We observe a strong negative relationship between the LAI and excess deaths, showing that more local decentralisation leads to less deaths. When we isolate the LAI self-rule component which specifically measures local capacity, we observe an even stronger relationship. Similarly, we find the expected positive relationship between decentralisation and trust, and the associated negative relationship between trust and excess deaths. These results show the two mechanisms through which local decentralisation leads to more successful crisis management: better policy implementation and more compliance. By contrast, when looking at the RAI, the relationship is weak. This does not come as a surprise as regional governments have greater power to influence national decision-making even under emergency centralisation, and they are less concerned with implementation than local governments.



*Figure 1: Impact of a one unit increase in local decentralisation (LAI) on excess all-cause mortality (P-Scores) with controls*

Despite some limitations in our methodology, our research presents suggestive evidence of a legacy effect of decentralisation. This means that normal levels of local decentralisation have endowed local governments with better skills and resources to implement policy effectively. During the COVID-19 crisis, these resources and skills were essential because local governments were responsible for much of the policy implementation. Regarding the decentralisation sweet spot, the move towards centralisation of decision-making during the pandemic has pushed the most decentralised countries towards this sweet spot. Given that countries with the most local decentralisation were most successful, this suggests the possible existence of a sweet spot. Finally, future research could use our framework to analyse management of the second wave and vaccine procurement.

**Dataset Sources:**

Ladner, A., Keuffer, N. and Baldersheim, H., 2016. *Self-Rule Index for Local Authorities (Release 1.0)*. Publications Office of the European Union.

Hooghe, L., Marks, G., Schakel, A.H., Osterkatz, S.C., Niedzwiecki, S. and Shair-Rosenfield, S., 2016. *Measuring regional authority: A postfunctionalist theory of governance, Volume I*. Oxford University Press.