Territorial Governance
for a Changing Europe

2026
EDITION

TERRI Report

Focus on Housing

75 YEARS CCRE CEMR

Territorial Governance
for a Changing Europe

TERRI Report

Credits

Publisher

Council of European Municipalities and Regions (CEMR)

Author Team

LEAD AUTHOR AND PROJECT COORDINATOR

Carol Thomas, CEMR Senior Adviser on Governance, Gender Equality, Local Democracy

RESEARCH AND ANALYTICAL SUPPORT

Eleonora Luciani, Visiting Fellow, Ca' Foscari University of Venice

PEER REVIEWER

Dr Bríd Quinn, former Lecturer in Public Administration, University of Limerick, Ireland

PROJECT SUPPORT

Elisa Decourcelle, Project Officer on Climate and Energy

MANAGING EDITORS

Fabrizio Rossi, CEMR Secretary General

Federica Bordelot, CEMR Director for Policy and Impact

EDITING AND GRAPHIC DESIGN

Xevi Forroy - dots.graphics

Information current as of June 2026

Artificial intelligence tools were used to support certain research and editorial tasks during the preparation of this report. In all cases, the information and outputs generated through these tools were subject to human review and verification before being incorporated into the final text.

Disclaimer

The analyses, findings and recommendations presented in this report are those of the Council of European Municipalities and Regions (CEMR). They do not necessarily reflect the official position of any local or regional government, national association, partner organisation or institution whose experiences, examples or case studies are referred to in this publication.

Copyright

© CEMR 2026

Comments on the TERRI series are welcome and may be sent to: **studies@ccre-cemr.org**

You may copy, download or print CEMR content for your own use and may include excerpts from CEMR publications, databases and multimedia products in documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgement of CEMR as the source and copyright holder is given.

All requests concerning public or commercial use, reproduction rights or translation rights should be submitted to: **studies@ccre-cemr.org**

Acknowledgements

The Council of European Municipalities and Regions (CEMR) would like to express its sincere appreciation to all those who contributed to the preparation of the ***TERRI Report 2026: Territorial Governance for a Changing Europe.***

We are particularly grateful to CEMR's member associations, whose responses to the TERRI survey alongside supporting documentation and follow-up contributions, formed the primary evidence base for this study.

CEMR would like to express its special thanks to **Eleonora Luciani, Visiting Fellow at Ca' Foscari University of Venice**, for her invaluable contribution to the research and analytical work underpinning this report. Her expertise in qualitative data analysis and comparative governance research significantly strengthened both the evidence base and the analytical framework of the study

We also thank **Dr Bríd Quinn**, for peer reviewing the report and for providing thoughtful comments, expert observations and constructive recommendations, which contributed to improving the quality, clarity and robustness of the final publication.

CEMR further acknowledges the contributions of academics, governance specialists and institutional partners who shared expertise and insights during the preparation of the report, including **Ricardo Martinez** and **Marta Galceran** of **CIDOB (Barcelona Centre for International Affairs)**.

Finally, CEMR thanks all colleagues involved in the design, coordination and production of TERRI 2026. Particular thanks are due to **Elisa Decourcelle** for her support in the design and administration of the online survey, which formed the foundation of this research. We also thank **Camille Cheron** and **Margaux Vaesken** CEMR Interns, for their assistance during the project, and to the **CEMR Communications Team** for their support in the communication, visual presentation and dissemination of the report. We are particularly grateful to **Meritxell Parramon Vila**, Head of Communications, for her editorial support and guidance throughout the report's preparation.

CEMR recognises the contributions of all those whose expertise and support helped bring TERRI 2026 to completion.

Table of contents

Foreword 9

Executive Summary 10

Policy Messages 12

Introduction

Background and objectives 15

Methodology 15

Territorial Governance Reforms

Chapter 1. Governance, competences and administrative reforms of local and regional governments in Europe (2021–2026)

1.1 Overview of territorial reform activity 19

1.2 Changes in territorial and administrative structures 20

1.3 Drivers of reform 21

1.4 Ongoing territorial governance reforms 23

1.5 Key findings 24

1.6 Chapter summary 25

Powers and Responsibilities

Chapter 2. Allocation of responsibilities across levels of government

2.1 Introduction: mapping responsibility across Europe 27

2.2 Spatial planning
Key trends and findings 29

2.3 Social services, welfare and health
Key trends and findings 30

2.4 Education
Key trends and findings 32

2.5 Transport, roads and mobility
Key trends and findings 33

2.6 Economic development and local business support
Key trends and findings 35

2.7 Culture, sport and recreation
Key trends and findings 37

2.8 Public safety, emergency management and civil protection
Key trends and findings 38

2.9 Chapter summary: Cross-cutting trends in competence allocation 40

CONTENTS

Governance Capacity

Chapter 3. Inter-municipal and alternative governance arrangements

3.1 Introduction: the expansion of cooperative governance 43
3.2 Types of governance arrangements 44
3.3 Policy relevance and perceived impact 45
3.4 Models of cooperation 46
3.5 Key patterns emerging from cooperative governance 47
3.6 Chapter summary 48

Financing Public Service Delivery

Chapter 4. Fiscal pressures and the financing of local and regional governments

4.1 Introduction 51
4.2 Main sources of financial pressure 51
4.3 The changing relationship between responsibilities, funding and fiscal discretion 53
4.4 Investment capacity and long-term sustainability 55
4.5 Fiscal pressures as a driver of governance reform 56
4.6 Emerging trends and future challenges 57
4.7 Chapter summary: resources, responsibilities and fiscal sustainability 58

Thematic Focus

Chapter 5. Housing governance and affordability in Europe

5.1 Introduction 61
5.2 Housing as a territorial governance challenge 61
5.3 Housing governance models across Europe 62
5.4 Financing housing and affordability 64
5.5 Local flexibility and territorial adaptation 65
5.6 Housing delivery and implementation capacity 66
5.7 Emerging European trends in housing governance 68
Conclusion 69

Final Reflections

Capacity, coordination and the future of territorial governance 71

References 72

Annexes 76

CONTENTS

Foreword

Local and regional governments stand at the forefront of public service delivery. Every day, they work to ensure that citizens have access to the services, infrastructure and opportunities that underpin quality of life, economic prosperity and social cohesion. The years following the publication of the first TERRI Report in 2021[1] have been marked by profound change. Local and regional governments have responded to the consequences of the pandemic, rising energy prices, inflationary pressures, demographic shifts, housing shortages, climate adaptation challenges requirements and growing expectations regarding public services.

At the same time, subnational governments have maintained efforts to strengthen resilience and support their local communities. These developments have reinforced an important reality. The effectiveness of public policy increasingly depends on the quality of territorial governance because citizens experience public policy where they live, work and raise their families. Territorial governance is therefore not an abstract institutional question. It directly affects people's daily lives and opportunities.

It is against this backdrop that the TERRI 2026 examines how territorial governance is evolving across Europe. Drawing on evidence gathered through the Council of European Municipalities and Regions' network of local and regional government associations, the report explores developments in governance reforms, the allocation of responsibilities, inter-municipal cooperation, fiscal frameworks and housing governance. The report highlights the diversity of European governance systems, reflecting different constitutional traditions, institutional arrangements and territorial realities.

Yet it also reveals that many of the pressures facing local and regional governments are remarkably similar. Across Europe, subnational governments are grappling with demographic change, housing pressures, climate adaptation, fiscal constraints and increasing expectations regarding public service delivery. While the challenges may be shared, responses must remain sensitive to place and capable of reflecting differing local and regional circumstances.

Housing provides a particularly useful lens through which to understand these wider governance questions. Despite differing governance models, countries face many of the same challenges relating to affordability, supply, sustainability and delivery. The evidence of CEMR's members suggests that successful outcomes depend not only on policy choices, but also on the ability of institutions to coordinate action, mobilise resources and respond to local needs.

A consistent theme throughout this report is the importance of looking beyond structures alone. The questions facing policymakers today extend beyond debates about centralisation or decentralisation. Increasingly, attention is focused on how responsibilities, resources and capacity can be brought together to support effective implementation and meaningful outcomes for citizens, residents and businesses. For CEMR, these questions go to the heart of democratic governance. Local and regional governments are not simply providers of public services. They are democratic institutions, rooted in communities, that help shape inclusive and sustainable futures. Ensuring that they have the capacity and conditions necessary to fulfil this role is essential to the successful implementation of national and European public policy more broadly.

We hope that TERRI 2026 will contribute to discussion among policymakers, practitioners, researchers and all those interested in the future of territorial governance. At a time when Europe faces significant challenges and opportunities, understanding how governance systems can better serve citizens and communities has never been more important.

CEMR President,
Christoph Schnaudigel



1 Council of European Municipalities and Regions (CEMR) (2021) TERRI: Territorial Governance, Powers and Reforms in Europe 2012-2021. Brussels: CEMR.

FOREWORD

↑ Table of contents

Executive Summary

Since the publication of the first TERRI Report in 2021 many debates about governance performance have increasingly shifted from questions of institutional design towards questions of implementation and delivery. Across Europe, governments are placing greater emphasis on coordination, organisational capacity and the conditions needed to translate responsibilities into results. TERRI 2026 examines how territorial governance systems are adapting to changing policy and institutional demands across Europe. Drawing on evidence gathered from CEMR member associations representing a wide variety of territorial governance systems, the report explores developments in territorial governance reforms, the allocation of responsibilities, inter-municipal cooperation, fiscal capacity and housing governance.

The findings suggest that the most significant developments since the publication of the first TERRI Report have occurred less through major territorial restructuring than through changes in governance arrangements, patterns of cooperation and the exercise of responsibilities. Across much of Europe, institutional structures have remained relatively stable. However, the way in which governance systems operate is evolving in response to increasingly interconnected policy challenges.

Governance reform is increasingly about performance and coordination

The report finds that large-scale territorial restructuring has become less common than in previous decades. While some countries continue to pursue institutional reforms, the predominant trend is towards measures aimed at improving governance performance, administrative capacity and coordination between tiers of government.

This reflects a broader shift in thinking. Rather than focusing primarily on institutional architecture or territorial boundaries, governance reforms increasingly seek to strengthen the ability of public institutions to manage complex responsibilities, respond to changing societal needs and support effective implementation of policy.

Responsibilities are increasingly exercised through shared arrangements

The allocation of formal competences across Europe has remained more stable than might be expected given the pace of policy and governance change. Nevertheless, the report identifies increasing interdependence between levels of government across a wide range of policy areas.

Municipalities remain central actors in fields such as spatial planning, social services, education, transport and economic development although the Council of Europe has observed examples of recentralisation[2] of responsibilities. However, policy delivery increasingly depends upon shared arrangements in which national, regional and local governments contribute in different but complementary ways. As a result, the distinction between centralised and decentralised governance is becoming less useful than an understanding of how responsibilities are exercised in practice.

Cooperation has become a mainstream governance tool

The survey demonstrates that inter-municipal and alternative governance arrangements are now a central feature of territorial governance across Europe. More than four-fifths of countries responding to CEMR's survey reported the existence of such arrangements.

While cooperation has traditionally focused on shared services and technical functions, survey respondents increasingly reported collaborative arrangements covering territorial planning, economic development, social services, investment coordination and resilience planning. The findings suggest that cooperation is increasingly being used to coordinate investment, manage shared services and address challenges that extend beyond administrative boundaries.

Governance performance depends on more than institutional design

Across multiple policy areas, respondents highlighted the challenge of translating policy ambitions into practical outcomes. Ad-

2 Council of Europe, Congress of Local and Regional Authorities (2024) Recurring Issues Based on Assessments Resulting from Congress Monitoring of the European Charter of Local Self-Government and Election Observation Missions (2021–2024)

↑ Table of contents

ministrative expertise, workforce capability, technical knowledge, and organisational resources were repeatedly identified as important determinants of implementation performance. The evidence suggests that public policy outcomes increasingly depend not only on how responsibilities are allocated, but also on whether subnational governments possess the practical means to exercise those responsibilities successfully.

Across the report, governance performance is shown to depend as much on delivery capability and capacity as on institutional design. This finding appears consistently across survey respondents and highlights a growing relationship between governance structures, institutional capability and service delivery performance.

Fiscal pressures are reshaping governance choices

Local and regional governments face mounting expenditure pressures linked to demographic change, social care, housing affordability, infrastructure renewal, climate adaptation and resilience requirements.

The findings of TERRI 2026 suggests that the principal challenge is not simply a shortage of financial resources. Rather, it is the growing mismatch between expanding responsibilities, rising service expectations and the degree of financial flexibility available to respond to them. A recurring concern identified through the survey relates to funding predictability, long-term investment capacity, and increasing reliance on conditional or targeted funding streams.

These developments increasingly influence governance choices, institutional priorities and the capacity of local and regional governments to respond to local needs.

Housing illustrates broader territorial governance challenges

Housing emerges as one of the clearest examples of how wider territorial governance challenges intersect. Respondents highlighted growing pressures related to affordability, housing shortages, ageing housing stock, rising construction costs, and sustainability requirements. Housing has become a strategic concern connected to economic development, labour mobility, territorial cohesion, demographic change and social inclusion.

The evidence reveals considerable diversity in housing governance arrangements across Europe. However, the survey does not point towards a single governance model that consistently performs better than others. Instead, housing outcomes appear to depend upon the interaction between governance arrangements, financing systems, local flexibility and delivery capability.

Housing therefore provides a particularly useful illustration of a broader finding emerging from the TERRI 2026 report. Effective governance depends not only on how responsibilities are organised, but also on whether subnational governments possess the resources, flexibility and practical ability to translate policy objectives into tangible outcomes.

A broader lesson

The evidence presented throughout the report suggests that the future of territorial governance in Europe will depend less on institutional redesign alone and more on the ability of governments to strengthen coordination, capability and delivery.

Across the policy areas examined, the report points towards a common challenge: ensuring that responsibilities, resources and institutional effectiveness evolve in a coherent manner. As policy challenges become increasingly complex and transcend traditional administrative boundaries, successful governance will depend upon the capacity of European, national, regional and local tiers of government to work together through arrangements that are coordinated, adaptable and capable of delivering results in practice.

This is particularly relevant in the context of the Sustainable Development Goals, many of which depend on the ability of local and regional governments to translate broad policy objectives into tangible outcomes for communities and territories.

Policy Messages

Towards Effective and Capable Territorial Governance in Europe

The findings of TERRI 2026 suggest that Europe faces a governance challenge as much as a policy challenge. Across diverse policy areas and territorial contexts, the ability of local and regional governments to deliver results increasingly depends on the extent to which responsibilities, resources, governance arrangements and institutional capability are aligned in practice.

The report points towards six key policy messages. Together, these messages point towards the need for territorial governance systems that can translate responsibilities into delivery while remaining responsive to the diverse needs of Europe's communities and territories.

1. Align responsibilities with resources

Local and regional governments are playing an increasingly important role in responding to a growing range of economic, social, environmental and territorial challenges. However, the effectiveness of these responsibilities depends upon access to adequate, predictable and sustainable financial resources.

The allocation or expansion of responsibilities should be accompanied by funding arrangements that are sufficient, predictable and proportionate. Effective decentralisation requires a clear principle that funding follows function, ensuring that local and regional governments are not expected to deliver additional responsibilities without the resources required to support them.

2. Put governance capacity at the centre of reform

The report repeatedly demonstrates that the success of governance systems depends not only on institutional structures but also on administrative, technical and organisational capability.

Territorial governance reforms should place greater emphasis on strengthening public administrative capacity. Investment in skills, expertise, workforce development and institutional capability should be recognised as a core component of governance reform.

3. Promote multi-level governance based on partnership

Many of the challenges examined in TERRI 2026 cut across administrative and territorial boundaries. The evidence suggests that contemporary governance reforms increasingly seek to balance local autonomy, effective policy coordination, administrative capacity and national strategic objectives. Successful policy delivery therefore depends upon cooperation between different levels of government and a wide range of public actors.

European, national, regional and local governments should be supported in working together through governance frameworks that encourage and institutionalise partnership, coordination and joint problem-solving while respecting local and regional autonomy. Governance reforms should focus on strengthening the effectiveness of public administration and policy delivery rather than pursuing centralisation or decentralisation as objectives in themselves.

4. Strengthen place-based and territorial approaches

The report highlights significant territorial variation across Europe. Housing pressures, demographic trends, economic conditions and service needs differ considerably between places.

Governance systems should provide sufficient flexibility for local and regional governments to adapt policies to local circumstances. Public policies should recognise

territorial diversity and support place-based responses that reflect functional realities rather than uniform solutions.

As housing pressures, demographic trends, economic conditions and service needs become increasingly differentiated across Europe, effective governance will depend upon the capacity of public institutions to tailor policy responses to the specific characteristics and development needs of individual territories.

5. Strengthen long-term capacity and fiscal sustainability

Short funding cycles, fragmented investment arrangements, limited control over local revenue sources and growing expenditure pressures can undermine long-term planning and policy delivery. CEMR's survey highlights the importance of predictable funding frameworks and the ability of local and regional governments to invest in future needs while responding to immediate pressures.

European and national policy frameworks should support multi-annual financing, long-term investment planning and greater fiscal predictability. Sustainable territorial governance depends not only on the level of funding available, but also on the ability of local and regional governments to plan and invest over the longer term.

Strengthening territorial resilience will increasingly require financing frameworks that support preventative investment, infrastructure renewal, climate adaptation and the evolving service needs of communities.

6. Housing highlights the key governance challenge

Housing provides one of the clearest illustrations of the governance challenges facing Europe. The survey does not point towards a single housing governance model that performs best. Different countries achieve results through different institutional arrangements. Instead, successful housing delivery appears to depend upon the extent to which responsibilities, financial resources, local flexibility, organisational capability and coordination mechanisms reinforce one another.

Housing should be recognised as a strategic territorial governance issue as well as a specific housing policy challenge. As affordability pressures, demographic change, climate objectives and territorial disparities intensify, European, national, regional and local governments will need to work together through governance arrangements capable of translating policy ambitions into delivery.

Rather than promoting a single institutional model, policymakers should focus on strengthening the conditions that support successful housing outcomes: clear allocation of responsibilities, predictable and sustainable financing, place-based flexibility, strong implementation capability and effective coordination across levels of government. The evidence suggests that the quality of housing governance increasingly depends on the ability to align these elements in ways that reflect differing territorial needs and circumstances.

→ Overarching recommendation: towards better-functioning decentralisation

The central conclusion emerging from TERRI 2026 is that Europe does not require, nor should it focus on, a single model of territorial governance. Nor is the principal challenge simply one of further decentralisation or centralisation. Instead, the evidence points to the existence of different governance trajectories across Europe and underlines the importance of ensuring that governance arrangements remain capable of supporting effective local self-government, policy delivery and democratic accountability under different institutional circumstances.

The success of future public policies will depend increasingly on the ability of local, regional, national and European institutions to work together through governance systems that are capable, coordinated, adaptable and responsive to territorial needs. Effective implementation will also depend on the institutional leadership, organisational capability and long-term commitment needed to translate responsibilities and resources into tangible results for communities and citizens.

↑ Table of contents

Introduction

↑ Table of contents

Background and objectives

TERRI 2026 is the second edition of the TERRI Report prepared by the Council of European Municipalities and Regions (CEMR). Building on the first edition published in 2021, the report provides an overview of developments in territorial governance across Europe and examines how governance arrangements have evolved since the previous study.

The report draws upon evidence provided by CEMR member associations representing a diverse range of territorial governance systems. The findings illustrate the variety of institutional arrangements that exist across Europe while also identifying common developments and shared governance challenges affecting local and regional governments. At the same time, territorial governance developments across Europe remain uneven, with different countries experiencing differing trajectories of decentralisation, cooperation, institutional reform and local autonomy.

Compared with the first TERRI Report, greater attention is given to how governance arrangements operate in practice. Alongside developments in territorial reforms and the allocation of responsibilities, this edition examines inter-municipal cooperation, fiscal frameworks and housing governance in order to better understand how responsibilities are exercised and how public policies are delivered across different governance contexts.

The report is structured around five thematic chapters. Chapter 1 examines territorial governance reforms and administrative developments since 2021. Chapter 2 explores the allocation and exercise of responsibilities across levels of government. Chapter 3 analyses inter-municipal cooperation and alternative governance arrangements. Chapter 4 examines fiscal frameworks and the financial sustainability of local and regional government. Chapter 5 explores housing governance and affordability as an area of growing importance for local and regional authorities.

Country factsheets are included in the Annex to provide a comparative overview of governance structures, responsibilities and institutional arrangements across participating countries.

Methodology

Areas of research and definitions

TERRI 2026 examines developments in territorial governance across Europe since the publication of the first TERRI Report in 2021. The research focuses on how responsibilities are organised and exercised across different tiers of government, and how governance arrangements are adapting to increasingly complex policy challenges.

The report explores six interconnected dimensions of territorial governance:

- → Territorial and administrative reforms
- → The allocation and exercise of responsibilities
- → Inter-municipal cooperation and alternative governance arrangements
- → Governance capacity and implementation
- → Fiscal frameworks and financial sustainability
- → Housing governance and affordability

For the purposes of this report, territorial governance refers to the institutional arrangements, responsibilities, relationships and mechanisms through which public authority is exercised across different levels of government and territorial scales. The analysis extends beyond formal structures to include coordination, cooperation, implementation capacity and policy delivery.

↑ Table of contents

Analytical framework and governance clusters

To facilitate comparison across countries and policy areas, TERRI 2026 employs a governance clustering approach. Rather than classifying countries solely according to constitutional or administrative structures, the analysis groups governance arrangements according to the predominant location and exercise of responsibilities within specific policy fields.

The governance clusters used throughout the report are intended as analytical tools that support comparison between different systems and approaches to territorial governance. They should not be interpreted as fixed classifications. Individual countries may display characteristics associated with more than one cluster, and governance arrangements may vary between policy areas.

Since responsibilities are frequently organised differently across sectors, clustering is undertaken on a policy-specific basis. As a result, the same country may be associated with different governance clusters depending on the area of public policy under examination. This reflects the reality that territorial governance systems often combine different institutional arrangements across different policy domains. A detailed explanation of the governance clusters used in the analysis is provided in Chapter 2.

Comparative approach

TERRI 2026 builds upon the analytical framework established in TERRI 2021. Where possible, responses were examined alongside the findings of the earlier study in order to identify areas of continuity, change and emerging developments in territorial governance across Europe. This comparative perspective helps distinguish longer-term trends from more recent adaptations and provides a basis for assessing how governance systems have evolved since 2021.

The analysis combines qualitative assessment of survey responses with thematic examination of developments across key policy areas. Rather than evaluating the effectiveness of individual governance models, the report seeks to identify broad patterns, reform trajectories and emerging trends.

Geographical scope and reference period

The report draws on evidence provided by the majority of CEMR's 60 national member associations representing a diverse range of territorial governance systems across Europe, including federal, regionalised, devolved and unitary states[3]. Participation nevertheless varied across countries and not all member associations responded to the survey. Consequently, the findings should be understood as reflecting developments reported by participating associations, rather than a comprehensive assessment of all CEMR member countries.

The research focuses on developments occurring between June 2021 and June 2026, providing a basis for assessing continuity and change since the publication of the first TERRI Report in 2021[4]. Data collection was undertaken between 1 February and 30 June 2026. Respondents were invited to report on completed, ongoing and planned developments within the reference period. Developments announced or initiated after the close of the data collection period are not reflected in the analysis.

Data sources and questionnaire

The primary source of evidence is a structured online questionnaire completed by CEMR member associations. The questionnaire combined quantitative and qualitative questions covering:

- → Territorial and administrative reforms
- → Governance structures and competence allocation
- → Inter-municipal cooperation and alternative governance arrangements
- → Governance capacity and implementation challenges
- → Fiscal frameworks and financing arrangements
- → Housing governance, affordability and delivery

To support and validate the information gathered through the survey, additional evidence was consulted where necessary, including:

- → Legal and policy documentation provided by Member Associations[5]

3 Information on CEMR's membership and national associations is available on the CEMR website

4 See Council of European Municipalities and Regions (CEMR) (2021) TERRI: Territorial Governance, Powers and Reforms in Europe 2012-2021. Brussels: CEMR

5 This includes legislative texts, government acts, reform strategies, intergovernmental agreements and other official documents provided by Member Associations to support or clarify reported governance developments

- → Follow-up exchanges with respondents
- → Previous TERRI research and CEMR knowledge resources[6]
- → Relevant OECD publications and datasets
- → Selected European Union policy documents, studies and statistical sources

Country factsheets

The country factsheets included in the Annex are based primarily on information supplied by CEMR Member Associations. To facilitate comparison across governance systems, the information has been presented using a common structure while preserving the distinctive institutional characteristics of each country. The factsheets are intended to serve as a concise reference resource on territorial governance arrangements across participating countries.

Methodological considerations and limitations

Participation varied across countries and across individual survey questions. Consequently, the findings should be understood as reflecting developments reported by participating member associations rather than providing a comprehensive assessment of governance developments across all European countries.

TERRI 2026 combines quantitative and qualitative evidence to identify governance patterns, reforms and emerging territorial trends. The analysis is therefore interpretative rather than statistically representative and is intended to support comparative understanding rather than measure the prevalence of particular developments across Europe.

Survey responses constitute the primary evidence base for the report. In a limited number of cases, supplementary desk research was used to provide contextual examples or illustrate wider developments relevant to the themes under examination. Such examples are clearly identified within the text.

As with any comparative study, differences in constitutional structures, administrative traditions and governance arrangements affect the comparability of national experiences. The analytical framework employed in TERRI 2026 is designed to support comparison while recognising the diversity and complexity of territorial governance systems across Europe.

6 This includes official CEMR publications and policy resources relevant to the analysis, notably approved position papers, declarations, reports and other materials published on the CEMR website.

↑ Table of contents

Territorial Governance Reforms

↑ Table of contents

CHAPTER 1. Governance, competences and administrative reforms of local and regional governments in Europe (2021–2026)

1.1 Overview of territorial reform activity

The first TERRI Report (2021)[7] identified territorial governance reform as a significant feature of public administration across Europe, with many countries pursuing municipal amalgamations, territorial restructuring and wider decentralisation reforms. The evidence collected for TERRI 2026 suggests that governance reform remains an important feature of the European landscape, although its nature has evolved. Rather than widespread and large-scale territorial restructuring, the period since 2021 has been characterised by more targeted reforms, governance adjustments and efforts to strengthen administrative capacity within existing territorial frameworks[8].

The survey responses broadly fall into three groups: countries reporting completed reforms, countries reporting no significant reforms during the reference period and countries where reform processes remain ongoing. While reform activity is unevenly distributed, the findings suggest that territorial governance continues to evolve across Europe, although through more varied and targeted approaches than those observed during the previous decade. In several Central and Eastern European countries, reform activity has also been shaped by efforts to meet European governance standards and, where relevant, EU accession requirements.

50%
No changes/reforms between 2021-2025

32.1%
Changes/reforms between 2021-2025

17.9%
Ongoing reform

Figure 1.1 Types of Administrative Unit Reforms Reported (2021-2025)
Source: TERRI Survey 2026

7 Council of European Municipalities and Regions (CEMR) (2021) TERRI: Territorial Governance, Powers and Reforms in Europe 2012-2021. Brussels: CEMR.

8 OECD (2019) Making Decentralisation Work: A Handbook for Policy-Makers. Paris: OECD Publishing.
OECD and United Cities and Local Governments (UCLG) (2022) World Observatory on Subnational Government Finance and Investment 2022. Paris: OECD Publishing.

↑ Table of contents

Countries reporting territorial or completed reforms

Approximately one-third of respondents reported territorial reforms or significant governance changes during the reporting period. These included **Austria**, **Belgium**, **Estonia**, **Finland**, **Luxembourg**, the **Netherlands**, **Norway**, **Spain** and several countries in South-East Europe[9]. The reforms varied considerably in scope, ranging from municipal mergers and administrative modernisation to changes in governance arrangements and the redistribution of functions between levels of government. While diverse in form, they shared a common objective of strengthening governance capacity and improving the delivery of public services.

Countries reporting no significant reforms

Around half of respondents reported no significant territorial or governance reforms during the reporting period. This group includes **Croatia**, **Czechia**, **Denmark**, **France**, **Germany**, **Hungary**, **Lithuania**, **Northern Ireland**, **Romania**, **Serbia**, **Scotland**, **Slovenia**, **Sweden** and **Türkiye**. In many cases, this reflects the continued operation of governance structures established through earlier reform processes. The findings highlight that stability and institutional consolidation remain important characteristics of many territorial governance systems across Europe.

Countries with ongoing reform processes

A third group of respondents reported major reform processes that remain underway. This category includes **England**, **Moldova**, **Portugal**, **Slovakia** and **Ukraine** (17.86%). Although differing in scope and ambition, these reforms commonly involve efforts to strengthen administrative capacity, improve coordination between different tiers of governance, modernise governance structures or support broader decentralisation objectives. In these countries, reform processes remain in a transitional phase, and their ultimate impact will depend on the extent to which proposed changes are implemented and sustained over time.

1.2 Changes in territorial and administrative structures

Municipal-level developments

As was observed in the 2021 TERRI Report[10], the municipal level continues to be the principal focus of territorial reform activity across Europe. The 2021 Report found that most territorial reforms involved changes to local government structures and frequently aimed to reduce the number of municipalities through amalgamation or consolidation. This current evidence suggests that this trend remains evident, although the scale of structural change is generally more limited than during the previous decade.

Austria continued its long-standing approach to voluntary municipal consolidation. The number of municipalities decreased from 2,095 in 2021 to 2,092 in 2025. It is important to note that this process was not driven by central government intervention but resulted from decisions taken voluntarily by local governments themselves.

A similar pattern can be observed in **Luxembourg**, where voluntary agreements between municipalities led to a reduction from 102 municipalities to 100 between 2023 and 2024.

Finland experienced limited territorial adjustment at the municipal level, with a single municipal merger reducing the number of municipalities from 309 to 308 in 2025. More significant governance changes occurred through the introduction of the Wellbeing Services Counties in 2023, discussed in Section 1.2.2

Estonia too recorded a small territorial adjustment through the merger of two municipalities, reducing the number of municipalities from 79 to 78 in 2025.

The **Netherlands** experienced the most significant reduction in municipal numbers among responding countries. Between 2021 and 2024, the total number of municipalities fell from 352 to 342. While more modest than

9 Evidence relating to South-East Europe was provided through the Network of Associations of Local Authorities of South-East Europe (NALAS), which submitted survey information covering developments across several member countries, including Bosnia and Herzegovina and North Macedonia. Where available, this evidence was supplemented by individual survey responses from national associations.

10 Council of European Municipalities and Regions (CEMR) (2021) TERRI: Territorial Governance, Powers and Reforms in Europe 2012-2021. Brussels: CEMR.

the pace of municipal consolidation observed in the previous decade, this reduction demonstrates the continued relevance of municipal amalgamation as a policy instrument for strengthening local administrative capacity[11].

Spain represents an exception to the broader consolidation trend. Rather than experiencing a reduction in municipal numbers, Spain recorded a slight increase from 8,131 to 8132 municipalities. This change did not result from a national territorial reform programme, but from the creation of a new municipality through a local administrative reorganisation. As such, the increase reflects a specific local procedure rather than a broader shift in national territorial policy.

Intermediate and regional governance structures

The findings also confirm another observation from the 2021 TERRI Report: reforms affecting intermediate and regional levels of government remain less frequent than those affecting municipalities. In most reporting countries, the institutional structures and territorial arrangements of regional and intermediate authorities have remained largely unchanged throughout the reporting period.

Austria and **Spain** provide clear examples of this stability. Spain, for instance, maintained its existing structure of provincial councils**,** **Basque** foral councils and island authorities, alongside its seventeen autonomous communities and two autonomous cities.

The most significant exception is **Finland**. On 1 January 2023, the country introduced twenty-one Wellbeing Services Counties responsible for healthcare, social welfare and rescue services. While the reform did not alter Finland's existing regional boundaries, it created a new institutional tier for the delivery of key public services.

The Finnish case illustrates an important trend emerging across Europe. Where reforms occur beyond the municipal level, they increasingly involve institutional and functional reorganisation rather than changes to territorial boundaries. Reform is therefore often taking place within existing territorial frameworks rather than through the creation or abolition of territorial units.

11 TERRI 2021reported that the number of municipalities in the Netherlands fell by 15.8% between 2012 and 2021, reflecting a more extensive phase of municipal consolidation than that observed during the 2021-2024 period.

12 Based on evidence provided through NALAS, including information relating to governance developments in Bosnia and Herzegovina, North Macedonia and other South-East European countries.

1.3 Drivers of reform

The 2021 TERRI Report highlighted a complex interaction between decentralisation and centralisation processes across Europe. The evidence collected for TERRI 2026 suggests that this dynamic continues to influence territorial governance reforms. While municipalities and regional governments are often entrusted with new responsibilities, national governments frequently retain control over key financial resources, regulatory frameworks and strategic decision-making powers. As a result, contemporary reforms are rarely driven by a single objective. Instead, respondents identified a variety of motivations, including efforts to improve administrative efficiency, preserve local autonomy, modernise governance arrangements and support strategic goals such as decentralisation and European integration.

Efficiency and administrative capacity

Improving administrative efficiency and strengthening institutional capacity remain among the most frequently cited drivers of territorial governance reform. In several countries, reforms have sought to create governance structures capable of managing increasingly complex responsibilities, improving coordination and enhancing the effectiveness of public service delivery.

The **Netherlands** provides one of the clearest examples of this approach. Municipal amalgamations are viewed as a means of creating larger administrative units capable of managing increasingly complex public sector responsibilities. Similar objectives were reported in several countries in South-East Europe where governance reforms have sought to strengthen administrative effectiveness and improve coordination between tiers of government[12].

↑ Table of contents

Local autonomy and voluntary reform

While some reforms are motivated primarily by efficiency and capacity considerations, others seek to preserve local autonomy and respect the principle of subsidiarity. In these cases, territorial change is driven largely by local initiative rather than central government direction. **Austria** and **Luxembourg** provide the clearest examples of this model. In these countries, municipal mergers have occurred on a voluntary basis and have largely depended on agreement between the municipalities concerned. The role of the central government has been primarily to provide the legislative framework within which local governments can decide whether territorial change is desirable.

Governance modernisation and multi-level governance

Beyond territorial restructuring, many reforms have been motivated by broader efforts to modernise public administration and strengthen governance frameworks.

The evidence suggests that governments are increasingly seeking to improve coordination between levels of government, clarify institutional responsibilities and enhance service delivery mechanisms. In several cases, reforms have focused less on altering territorial boundaries and more on adapting governance structures to address contemporary policy challenges.

This trend is particularly visible in **Finland**, where major reforms involved the reorganisation of responsibilities for healthcare, social welfare and employment services. Similar themes are evident in reform initiatives underway in countries such as **England** and **Portugal**, where the focus extends beyond territorial change to include strengthened cooperation between different tiers of government and new governance arrangements.

European integration and external reform drivers

In some countries, territorial and governance reforms are closely linked to broader strategic and political objectives, particularly those associated with European integration and public sector modernisation.

This is most apparent in **Moldova** and **Ukraine**, where reform efforts are connected to wider agendas relating to transparency, accountability, administrative effectiveness and alignment with European governance standards[13] and responsiveness to the EU's Enlargement Packages[14] . Rather than focusing primarily on municipal amalgamation or territorial restructuring, these reforms contribute to a broader process of institutional development and state modernisation.

The evidence therefore suggests that territorial governance reforms are increasingly shaped not only by domestic administrative considerations but also by external policy frameworks and long-term strategic objectives.

13 Including principles reflected in the Council of Europe's European Charter of Local Self-Government (ETS No. 122, 1985) and broader European public administration reform frameworks.

14 Strategy and Reports (2025) Enlargement and Eastern Neighbourhood.

Focus

A diversity of reform objectives

Overall these findings indicate that territorial reforms across Europe are motivated by a diverse set of objectives. While efficiency and administrative capacity remain important drivers, reforms are equally influenced by considerations of local autonomy, governance modernisation and broader institutional development. As a result, contemporary territorial reform is characterised by a variety of approaches rather than a single predominant model, reflecting the differing constitutional traditions, political priorities and governance challenges faced by individual countries.

↑ Table of contents

1.4 Ongoing territorial governance reforms

In addition to countries reporting completed reforms or relative institutional stability, five respondents indicated that significant reform processes remain underway. These include **England**, **Slovakia**, **Moldova** and **Ukraine**. While differing in scope and ambition, these reforms reflect a continued willingness among governments to adapt to territorial organisation frameworks in response to changing administrative, economic and political challenges. The initiatives range from local government restructuring and decentralisation to enhanced inter-municipal cooperation, governance modernisation and institutional capacity-building.

England: streamlining local government and advancing devolution

England is pursuing one of the most ambitious reforms currently underway among the responding countries. The local government reorganisation process reform programme seeks to simplify local government structures through the transition from a two-tier system of county and district councils in parts of the country towards the universal use of single-tier unitary authorities.

Alongside structural reorganisation, the parallel reforms are intended to strengthen devolution arrangements and enhance strategic decision-making at the subnational level. Strategic Authorities bring together a number of local authorities and benefit from new financing and powers. Together with the introduction of directly elected mayors, they reflect a broader effort to improve coordination and service delivery across functional economic areas while also strengthening effective governance at the neighbourhood level.

The English case illustrates how territorial reform can combine administrative restructuring with wider objectives relating to decentralisation and improved service delivery for local communities. Recent developments also demonstrate how the focus of reform can evolve over time, from institutional reorganisation towards a broader process of devolution, economic growth and public service delivery.

Portugal: functional territorial reorganisation

Portugal has been experiencing a trend in governance reform since 2018 where ongoing reforms are focused primarily on adjustments to governance arrangements. Rather than concentrating on territorial reorganisation or municipal amalgamations, the reforms aim to better align competences with local governance structures, ensuring that responsibilities are supported by appropriate institutional arrangements and service delivery mechanisms. As such, the Portuguese reforms highlight the growing importance of functional territorial approaches within contemporary governance systems.

Slovakia: cooperation and shared governance

Slovakia's reform approach differs from more traditional territorial restructuring programmes. Rather than focusing primarily on boundary changes or municipal amalgamations, the reform process emphasises cooperation between local and regional governments and the more effective sharing of competences and public services.

In addition to national and EU stimuli, the reform has been shaped through collaboration between self-governing regions and ZMOS, the national association of towns and municipalities, reflecting a strong bottom-up dimension. Its underlying objective is to improve the effectiveness of public administration while preserving local autonomy and strengthening coordination across levels of government.

The Slovak case demonstrates the growing importance of cooperative governance models as an alternative to more extensive territorial restructuring.

15 Ukraine's reform programme continues to be shaped by decentralisation initiatives launched prior to full-scale Russian invasion and subsequent reconstruction and accession-related reforms.

Focus

The role of national associations

The survey findings indicate that national associations of local and regional governments continue to play a significant, though varied, role in territorial governance reforms across Europe. Their involvement ranges from formal participation in legislative and policy development processes to technical consultation, policy advocacy and support for implementation. In several countries, associations acted as interlocutors between local governments and central governments, helping to shape reform proposals, assess their implications and ensure that local perspectives were reflected in national discussions. In others, their contribution focused on providing technical guidance and facilitating the implementation of reforms at local level.

Moldova: from voluntary to mandatory consolidation

Moldova's reform agenda is driven by concerns regarding administrative fragmentation and local capacity. Since 2023, the government has promoted voluntary municipal amalgamation as a means of achieving economies of scale and improving the ability of local authorities to deliver services and access external funding opportunities.

However, progress under the voluntary approach has been limited. As a result, the reform debate has increasingly shifted towards stronger intervention by central government, including the potential use of compulsory amalgamation measures. Moldova illustrates the tensions that can arise between the objective of territorial consolidation and the practical and political challenges associated with implementing reform at local level.

Ukraine: reform in the context of reconstruction and European integration

Ukraine's reform agenda is being pursued under exceptional circumstances. Alongside the immediate challenges posed by the ongoing war, reforms seek to prepare the country's system of local self-government for post-war recovery and closer integration with European governance frameworks.

Current proposals focus on clarifying the distribution of responsibilities between levels of government, strengthening local administrative capacity and enhancing citizen participation. Particular attention is also being given to institutional resilience in territories affected by occupation or military operations, including the continuity of local service delivery and the preservation of administrative structures.

Ukraine therefore represents a distinctive example of territorial reform driven simultaneously by reconstruction needs, decentralisation objectives and European integration ambitions[15] .

1.5 Key findings

The survey results confirm that territorial governance reforms remain an important feature of public administration across Europe. While only a minority of respondents reported significant reforms during the 2021–2025 period, ongoing initiatives in several countries demonstrate that governments continue to review and adapt territorial governance arrangements in response to evolving administrative, economic and political challenges.

A second key finding is that municipal consolidation remains the most common form of territorial restructuring. However, compared to previous decades, reforms have generally become more incremental and selective. In many cases, changes have involved individual municipal mergers or targeted territorial adjustments rather than large-scale nationwide restructuring programmes. At the same time, many countries reported stable territorial arrangements, suggesting that earlier reform waves continue to shape current governance structures.

The evidence also indicates that structural territorial reforms are increasingly being accompanied – and in some cases replaced – by reforms to governance structures, processes, service delivery systems and the allocation of competences. **Finland's** creation of Well-being Services Counties provides a notable example of substantial institutional reform that was not primarily driven by changes in municipal boundaries. Similar tendencies can be observed in several ongoing reform processes, where greater emphasis is placed on improving coordination, strengthening administrative effectiveness and enhancing service delivery.

Another important finding is the diversity of reform pathways across Europe. No single model of territorial governance reform emerges from the survey. Some countries have pursued voluntary and locally driven approaches to territorial change, while others have adopted more strategic or centrally coordinated reforms. In a growing number

of cases, governments are exploring cooperative arrangements, shared services and functional governance mechanisms alongside, or instead of, territorial restructuring.

Finally, local government associations continue to play an important role in territorial governance reforms. Their involvement varies across countries, ranging from strategic policy advocacy and legislative engagement to technical support and consultation. As with the earlier TERRI 2021 study, the evidence highlights the important role that national associations play as partners in governance reform processes, helping to ensure that local perspectives are represented in national policy discussions.

1.6 Chapter summary

The evidence presented in this chapter shows that territorial governance reform remains an active feature of public administration across Europe, although its pace, scope and form vary considerably between countries. While some governments continue to pursue territorial restructuring, others have prioritised institutional, administrative and governance reforms within existing territorial frameworks.

The findings highlight the absence of a single model of territorial reform. Instead, countries are pursuing different reform pathways that reflect their constitutional arrangements, political priorities and governance traditions. As a result, contemporary territorial reform is characterised by diversity rather than convergence.

Taken together, these developments suggest that territorial governance continues to evolve across Europe, albeit through different mechanisms and at different speeds. Understanding these reform trajectories provides an important foundation for examining how powers, responsibilities and governance arrangements are organised across different levels of government.

Powers and Responsibilities

↑ Table of contents

CHAPTER 2. Allocation of responsibilities across levels of government

2.1 Introduction: mapping responsibility across Europe

While territorial structures have remained relatively stable across much of Europe during the period 2021–2025, the allocation and exercise of responsibilities across levels of government continue to evolve. Analysis of survey responses from CEMR's members reveal that formal territorial reforms are often accompanied by more subtle changes in operational governance, implementation responsibilities, and intergovernmental coordination. In many countries, the most significant developments have occurred not through the redrawing of administrative boundaries but through adjustments to the distribution of competences and the ways in which public policies are delivered.

For analytical purposes five broad competence allocation clusters[16] emerge from the analysis. These five clusters provide a framework for understanding the allocation of responsibilities across European systems of local and regional government. They should be understood as analytical tools rather than fixed classifications.

16 Governance framework categories were developed by CEMR for TERRI 2026 for comparative purposes.

17 Table 2.1 defines the principal governance patterns identified through the TERRI 2026 analysis. The same country may display different governance models across different policy areas.

Cluster	Governance model	Core characteristics
①	Municipal-led systems	Municipalities exercise primary responsibility for policy implementation and service delivery, although within national legislative and financial frameworks.
②	Multi-tier governance systems (shared governance systems/competences)	Responsibilities are distributed across multiple levels of government, requiring coordination between legislative, strategic, financial and operational functions.
③	Regional and strategic governance systems	Strategic planning, coordination and policy oversight are exercised through governance structures operating above the municipal level, including regional authorities, devolved administrations, combined authorities or strategic territorial bodies. Municipalities typically perform supporting or implementation functions.
④	Intermediate and inter-municipal systems	Intermediate authorities or inter-municipal bodies coordinate functions that extend beyond individual municipal boundaries and support joint service delivery.
⑤	Hybrid systems	Governance arrangements combine elements of several models and reflect country-specific institutional traditions and administrative structures.

Summary Table 2.1 Governance Models for the Allocation of Competences in Europe[17] .

↑ Table of contents

1 Municipal-led systems

Municipal-led governance remains the most common model in respondent countries, particularly in spheres such as spatial planning. Under this model, municipalities exercise primary responsibility for local planning decisions, land-use management and the preparation of planning documents, although their autonomy is often determined and limited by national legislative and financial frameworks and restraints. Examples include **Denmark**, **Finland**, **Portugal**, **Slovenia**, **Ukraine** and several countries in South-East Europe[18] .

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements distribute responsibilities across multiple levels of government. Different tiers may perform legislative, strategic, financial or operational functions within the same policy area, requiring ongoing coordination and cooperation. These arrangements are particularly prominent in areas requiring coordination between local implementation and broader strategic oversight, such as spatial planning, transport, social services and economic development. **Belgium**, **Czechia**, **Spain**, the **Netherlands** and **Sweden** provide prominent examples of this model.

3 Regional-led systems and strategic governance systems

In regional-led and strategic governance systems, key planning, coordination and policy responsibilities are exercised through governance structures operating above the municipal level. These may include regional governments, devolved administrations or strategic territorial authorities, while municipalities perform supporting or implementation functions. **Austria**, and, in several policy areas, **England** and **Northern Ireland** illustrate this approach.

4 Intermediate and inter-municipal systems

Intermediate authorities and inter-municipal structures are used in some countries to coordinate policy delivery across multiple municipalities and address functions that extend beyond local administrative boundaries. **France's** inter-municipal bodies, **Croatia's** intermediate tier and **Scotland's** use of specialised boards demonstrate how governance responsibilities may be pooled to achieve economies of scale and improve service delivery.

5 Hybrid systems

Hybrid arrangements combine characteristics of several governance models and often reflect country-specific institutional traditions. **Estonia** provides a useful example, combining local implementation responsibilities with a strong national regulatory framework.

Interpreting the Governance models

These five clusters provide a framework for understanding the allocation of responsibilities across European systems of local and regional government. They should be understood as analytical tools rather than fixed classifications, as the same country may exhibit different governance models depending on the policy area under consideration.

More broadly, the evidence points towards increasing diversity in the way responsibilities are exercised across Europe. In many policy fields, shared and overlapping arrangements are becoming more common, making traditional distinctions between centralised and decentralised governance increasingly difficult to apply. The following sections examine how these patterns are reflected across key areas of local and regional government activity.

The analysis is based on survey responses provided by national associations. A small number of countries with particularly complex governance arrangements could not be fully integrated into the sectoral clustering where **Germany** is the most significant example. Its absence from the cluster analysis reflects a methodological limitation rather than its governance system, which remains one of Europe's most developed multi-level governance systems, with responsibilities distributed across municipalities, counties (Landkreise), Länder and the federal government[19] .

18 In Türkiye, municipalities play a leading role in spatial planning, although responsibilities are divided between metropolitan and district municipalities, and central government retains planning and decision-making powers in certain policy areas.

19 Germany was excluded from the sectoral clustering exercise because the distribution of responsibilities varies substantially between *Länder* and policy fields, making classification within a single competence allocation cluster difficult for comparative purposes.

2.2 Spatial planning Key trends and findings

Spatial planning remains one of the most decentralised policy areas identified through the survey. In a majority of responding countries, municipalities retain primary responsibility for local planning decisions, land-use management and the preparation of planning documents. However, the evidence also suggests that local planning is increasingly shaped by national strategies, regional frameworks and wider policy objectives relating to economic development, infrastructure investment and environmental management.

While municipal leadership remains central, planning systems are increasingly characterised by shared responsibilities and strategic coordination across and between levels of government. As a result, spatial planning provides an early illustration of a broader trend emerging throughout this chapter: the allocation of responsibilities is increasingly shaped by cooperation and coordination across levels of government rather than by clearly separated areas of competence.

SPATIAL PLANNING ACROSS THE GOVERNANCE CLUSTERS

The survey findings demonstrate how responsibilities for spatial planning are distributed across the five governance clusters identified and defined in the analytical framework presented in Table 2.1. While municipalities remain central actors in most systems, the balance between local autonomy, regional coordination and national oversight varies considerably across countries.

1 Municipal-led systems

Municipal-led arrangements constitute the dominant model, representing approximately 57.6% of responding countries. This group includes in **Denmark**, **Finland**, **Hungary**, **Lithuania**, **Luxembourg**, **Moldova**, **Norway**, **Portugal**, **Serbia**, **Slovakia**, **Slovenia**, **Türkiye**[20] , **Ukraine** and **Scotland**. In these systems, municipalities hold primary responsibility for preparing and implementing local planning documents, although the degree of local discretion varies considerably depending on national legislative and regulatory frameworks.

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 19.2% of responding countries and include **Belgium**, **Czechia**, the **Netherlands**, **Spain** and **Sweden**. Under this model, planning responsibilities are distributed across multiple levels of government, with different tiers exercising strategic, regulatory or implementation functions. These arrangements rely heavily on coordination between local and central tiers of government in order to ensure consistency between local development objectives and wider territorial strategies.

3 Regional and strategic governance systems

Regional and Strategic Governance systems models represent approximately 11.5% of respondents and include **Austria**, **England** and **Northern Ireland**. These systems assign a stronger strategic role to regional authorities, with planning priorities coordinated across wider territories rather than being determined primarily by individual municipalities.

4 Intermediate and inter-municipal systems

A smaller group of countries relies primarily on intermediate or inter-municipal structures. **France** and **Croatia** provide particularly interesting examples. In **France**, spatial planning responsibilities have increasingly shifted from individual municipalities towards inter-municipal cooperation bodies (EPCIs), reflecting recognition that housing, transport, environmental management and economic development often operate at functional territorial scales that extend beyond municipal boundaries. **Croatia** similarly concentrates planning functions at an interme-

20 In Türkiye municipalities are key actors in spatial planning, although responsibilities are divided between metropolitan and district municipalities, and the central government retains planning and decision-making powers in certain areas.

↑ Table of contents

diate level of government. These approaches seek to reduce fragmentation and promote more integrated territorial development.

5 Hybrid systems

Estonia represents a hybrid model, combining local responsibility for planning functions with a strong national regulatory framework. This illustrates how planning responsibilities can remain formally decentralised while operating within a centrally defined strategic and legislative environment.

ILLUSTRATIVE DEVELOPMENTS

Although formal responsibility for spatial planning remains relatively stable in most countries, respondents identified a number of developments that illustrate how planning systems continue to evolve.

In **Slovakia**, reforms introduced in 2022 require all municipalities to adopt spatial plans by 2032, strengthening the strategic planning framework at local level while ensuring greater territorial coverage and consistency across the national territory.

Ukraine has introduced a unified system of land-use categories designed to support reconstruction, investment planning and territorial resilience. The reform demonstrates how planning frameworks can be adapted in response to exceptional security and reconstruction challenges while maintaining a central role for local governments.

Hungary provides a contrasting example. Although planning remains primarily a municipal responsibility, the introduction of Special Economic Zones for major industrial investments has enabled planning powers to be transferred away from municipalities under specific circumstances. This highlights how national economic priorities can influence the practical exercise of local planning responsibilities.

England illustrates a different trend through the Planning and Infrastructure Act 2025[21] , which introduced mandatory Spatial Development Strategies and reinforced planning at broader territorial scales. The reform reflects increasing recognition that infrastructure, housing and economic development challenges often require coordination beyond individual municipal boundaries

21 King's Printer of Acts of Parliament (2025) Planning and Infrastructure Act 2025, Chapter 2 ("Spatial Development Strategies"), which introduced a statutory framework for strategic planning authorities to prepare Spatial Development Strategies covering wider functional areas.

Focus

Spatial planning remains primarily a local government responsibility in most responding countries. However, the exercise of planning powers increasingly takes place within multi-level governance frameworks that seek to balance local discretion with wider territorial, economic and strategic objectives.

2.3 Social services, welfare and health Key trends and findings

The survey findings demonstrate how responsibilities for social services, welfare and health are distributed across the five governance clusters identified in the analytical framework presented in Table 2.1. Compared with many other policy areas such as spatial planning, no single governance model predominates. Instead, responsibilities are distributed across allocated through a wide range of institutional arrangements reflecting different national traditions, the complexity of these services and their importance within public expenditure systems.

The evidence suggests that recent reforms have focused less on territorial reorganisation and more on adapting governance arrangements to changing social needs. Ageing populations, rising demand for care services, growing healthcare pressures and increasing expectations regarding service quality have encouraged many countries to review how responsibilities are organised and delivered. As a result, social welfare and health provide a useful illustration of how governance systems are evolving through institutional adaptation and service integration rather than through major structural reform.

SOCIAL SERVICES, WELFARE AND HEALTH ACROSS THE GOVERNANCE CLUSTERS

1 Municipal-led frameworks

Municipal-led arrangements represent the largest cluster, accounting for approximately

42.3% of respondents. Countries in this group include **Estonia**, **Lithuania**, **Luxembourg**, the **Netherlands**, **Norway**, **Serbia**, **Slovenia** and **Ukraine**. Under these systems, municipalities remain the principal providers of social services and local welfare measures, although financing, standards and strategic priorities are often determined at higher levels of government.

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 26.9% of respondents and include **Belgium**, **Czechia**, **Denmark**, **England**, **France**, **Spain** and **Sweden**. These systems distribute responsibilities across several tiers of government, often separating healthcare from social welfare functions. Effective delivery therefore depends heavily on coordination between tiers of governments operating at different territorial scales.

3 Regional and strategic governance systems

Austria, **Croatia** and **Northern Ireland** represent regional-led models, accounting for approximately 11.5% of respondents. In these systems, key planning, coordination and management functions are exercised through governance structures operating above the municipal level, while local authorities perform more limited supporting and implementation roles.

4 Intermediate and inter-municipal systems

Finland and **Scotland** provide examples of systems characterised by the use of specialised intermediate structures or hybrid governance arrangements. These systems seek to bridge the gap between national policy objectives and local service delivery through dedicated institutional frameworks.

CENTRALISED ARRANGEMENTS

A small number of countries continue to operate predominantly centralised models. **Hungary** and **Moldova** fall into this category, where responsibility for key aspects of health and welfare provision remains concentrated at national level. In these cases, local and regional governments perform more limited implementation and supporting functions.

ILLUSTRATIVE DEVELOPMENTS

Several respondents reported notable changes in the organisation of social welfare and health responsibilities.

Finland provides one of the most significant examples. The introduction of Wellbeing Services Counties in 2023 created a new institutional framework for the delivery of healthcare, social welfare and rescue services. While municipal boundaries remained unchanged, responsibility for major public services shifted to newly established intermediate authorities. This represents one of the most substantial governance reforms identified in the survey.

Spain provides a useful illustration of a shared governance approach to welfare provision. Responsibility for healthcare rests primarily with the autonomous communities, while social services are delivered through a combination of regional, municipal and intermediate governments. The Spanish model demonstrates how different elements of welfare provision can be distributed across multiple levels of government, requiring coordination between institutions while allowing adaptation to regional circumstances.

Lithuania reported an expanded municipal role in coordinating social welfare services, particularly in relation to vulnerable groups, crisis response and refugee integration. The example illustrates how responsibilities can evolve without requiring formal institutional restructuring.

In **Slovenia**, long-term home care has been established as a mandatory municipal responsibility, demonstrating the continued expansion of local service delivery functions in response to demographic change and ageing populations. By contrast, **Hungary** illustrates a trend towards greater centralisation. Between 2023 and 2024, responsibility for primary medical on-call services was transferred from local government arrangements to the National Ambulance Service. The reform demonstrates how competence allocation can shift in response to concerns regarding efficiency, consistency and service organisation.

↑ Table of contents

Beyond the responding countries, developments elsewhere in Europe point in a similar direction. Recent reforms in **Italy**[22] have focused on strengthening territorial healthcare networks and improving coordination between health and social services. Although not covered by the survey responses, these developments in Italy reflect broader European efforts to adapt welfare systems to demographic change, increasing long-term care needs and a growing emphasis on community-based service delivery.

22 The information presented is based on a review of publicly available sources, including Ministerial Decree No. 77/2022 on territorial healthcare assistance and documentation relating to Mission 6 (Health) of Italy's National Recovery and Resilience Plan (PNRR).

Focus

The governance of social services, welfare and health demonstrates the growing diversity of competence allocation across Europe. While local governments remain central actors in many systems, recent reforms increasingly emphasise coordination, integration and the use of specialised governance structures to improve service delivery and respond to growing social pressures.

2.4 Education
Key trends and findings

Education remains one of the policy areas most strongly associated with local and regional government across Europe. However, unlike many other local public services, responsibilities for education are frequently divided according to educational stage or function. While municipalities frequently retain responsibility for school infrastructure, local administration and the operational delivery, responsibilities for funding, strategic planning, curriculum development and quality standards are often exercised by regional or national government. As a result, education illustrates the highly interconnected nature of multi-level governance, with different tiers of government contributing distinct but complementary functions.

Compared with many other policy areas, educational governance has remained relatively stable since 2021. Nevertheless, several countries reported adjustments affecting funding arrangements, the exercise of responsibilities and the balance between local autonomy and higher-level oversight.

EDUCATION ACROSS THE GOVERNANCE CLUSTERS

The survey findings demonstrate how educational responsibilities are distributed across the five governance clusters identified and defined in the analytical framework presented in Table 2.1. Although municipalities remain important actors in most education systems, the balance between local delivery, strategic oversight and financial responsibility varies considerably across countries.

1 Municipal-led frameworks

Municipal-led arrangements represent the most common model, accounting for approximately 54.2% of responding countries. This group includes **Denmark**, **Finland**, **Hungary**, **Lithuania**, the **Netherlands**, **Norway**, **Portugal**, **Scotland**, **Slovenia**, **Sweden** and **Ukraine**. In these systems, municipalities retain substantial responsibility for educational infrastructure, local administration and, in some cases, direct service provision. However, strategic and regulatory functions often remain situated at higher levels of government.

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 25% of respondents and include **Belgium**, **Czechia**, **Estonia**, **France**, **Luxembourg** and **Spain**. In these systems, different levels of government exercise distinct but complementary responsibilities, frequently divided according to educational stage, infrastructure management or policy function.

3 Regional and strategic governance systems

Regional and strategic governance arrangements account for approximately 16.7% of respondents and include **Austria**, **Northern Ireland**, **Slovakia** and **Moldova**. In these systems, key planning, coordination and resource-allocation functions are exercised through governance structures operating above the municipal level, while municipalities primarily perform supporting, operational or implementation roles.

④ Intermediate and inter-municipal systems

Croatia represents a distinctive model in which education responsibilities are concentrated at the intermediate tier of government. This approach places educational administration between the municipal and national levels and reflects a different balance of responsibilities from that observed elsewhere in Europe.

ILLUSTRATIVE DEVELOPMENTS

The survey highlights several examples that illustrate the diversity of educational governance arrangements across Europe.

France provides one of the clearest examples of a structured multi-level system. Municipalities are responsible for primary school infrastructure, Departments manage lower secondary schools and Regions oversee upper secondary education, while curriculum and educational policy remain national responsibilities. This demonstrates how educational functions can be distributed across several levels of government within a coherent national framework.

Czechia similarly distributes responsibilities according to educational stage, with municipalities responsible for primary education and regions managing secondary schools. Recent adjustments concerning the financing of non-teaching staff illustrate how governance systems can evolve through administrative and financial reforms rather than major transfers of competence.

Spain highlights the important role of regional governments in education. Responsibility for education rests primarily with the autonomous communities, while municipalities perform supporting functions such as infrastructure management and complementary educational services. This illustrates how strategic oversight and local implementation can be combined within a multi-level governance framework.

Ukraine demonstrates the continuing operational importance of local authorities. Municipal governments retain responsibility for maintaining and developing school infrastructure, supported by national education funding mechanisms. This example underlines the central role that local government continues to play in the practical delivery of educational services.

Hungary illustrates a contrasting example, with responsibility for primary and secondary education becoming increasingly concentrated at the national level, while municipalities retain a more limited role focused on early childhood education.

Focus

Education remains one of the most locally embedded policy areas across Europe, yet it provides a clear example of shared governance in practice. The survey findings indicate that educational responsibilities are increasingly distributed across different tiers of government, combining local delivery with regional and national oversight to support coherent and effective education systems.

2.5 Transport, roads and mobility
Key trends and findings

The governance of transport, roads and mobility differs from many other policy areas because responsibilities are often determined by the scale and function of transport networks rather than administrative boundaries alone. While municipalities remain responsible for local roads, urban mobility and many transport services, broader transport systems frequently require planning, investment and coordination across wider territories.

The survey findings suggest that transport governance is increasingly influenced by objectives relating to connectivity, sustainability and integrated mobility planning. Responsibilities are therefore commonly distributed across multiple levels of government, with different authorities performing complementary functions depending on the type of infrastructure or service concerned. Recent developments also point towards greater emphasis on planning and coordination at functional territorial scales that more closely reflect travel patterns, economic linkages and infrastructure needs.

↑ Table of contents

TRANSPORT, ROADS AND MOBILITY ACROSS THE GOVERNANCE CLUSTERS

The survey findings demonstrate how responsibilities for transport, roads and mobility are distributed across the governance clusters identified in the analytical framework presented in Table 2.1. While municipalities typically retain responsibility for local transport infrastructure and services, the organisation of wider transport networks often requires coordination across multiple territorial levels and governance structures.

1 Municipal-led systems

Municipal-led systems represent the largest cluster, accounting for approximately 42.3% of respondents. This group includes **Austria**, **Hungary**, **Lithuania**, **Luxembourg**, **Moldova**, **Portugal**, **Serbia**, and **Slovenia**. Local governments are primarily responsible for local road maintenance, local mobility planning and the management of local transport infrastructure, although implementation is often influenced by national funding frameworks and regulatory requirements.

2 Multi-tier shared governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 30.8% of responding countries and include **Belgium**, **Czechia**, **Denmark**, **Estonia**, **Finland**, **France**, the **Netherlands** and **Sweden**. In these systems, responsibilities are typically allocated according to the type or scale of infrastructure, with local authorities managing local roads and transport services while regional and national authorities oversee wider strategic networks.

3 Regional and strategic governance systems

Regional and strategic governance arrangements account for approximately 15.4% of respondents and include **England**, **Northern Ireland**, **Norway** and **Slovakia**. In these systems, key planning, coordination and investment decisions are exercised through governance structures operating above the municipal level. Particular emphasis is placed on aligning transport policy with wider economic, spatial and commuting patterns.

4 Intermediate and inter-municipal systems

Croatia, **Scotland** and **Spain** represent a distinct group in which intermediate authorities, specialised agencies or collaborative governance mechanisms play a significant role in coordinating transport functions that extend beyond individual municipal boundaries. These arrangements seek to ensure coherence across wider transport networks and functional territories.

ILLUSTRATIVE DEVELOPMENTS

The survey highlights several developments that illustrate evolving approaches to transport governance across Europe.

France provides a clear example of a multi-level transport system in which responsibilities are allocated according to the scale of infrastructure. National authorities maintain responsibility for major strategic road networks, while Departments and local authorities manage substantial portions of the wider road system. This approach reflects the importance of coordinating transport governance across different territorial levels.

England has experienced one of the most significant recent reforms identified in the survey. Through the English Devolution and Community Empowerment Act 2026, strategic transport responsibilities have been strengthened at the level of Mayoral Strategic Authorities, reflecting a growing emphasis on transport planning across functional economic areas rather than individual local authority boundaries.

Scotland provides a different example. Transport planning and infrastructure responsibilities are coordinated through intermediate governance arrangements, enabling services and infrastructure investments to be planned across wider territorial areas. This approach reflects the importance of matching governance structures to travel patterns and functional geographies that extend beyond municipal borders.

Slovenia illustrates how sustainability objectives are increasingly influencing com-

petence arrangements. The introduction of the Act on Integrated Transport Planning requires municipalities to prepare sustainable mobility plans, while larger urban areas must also develop logistics management plans as a condition for accessing project funding.

2.6 Economic development and local business support Key trends and findings

Economic development and support for local businesses remain strongly associated with local government across much of Europe. However, unlike some traditional municipal functions, economic development frequently operates across wider functional territories that extend beyond individual administrative boundaries. Labour markets, investment patterns, innovation ecosystems and infrastructure networks often require coordination at scales larger than those of individual municipalities.

The survey findings suggest that while municipalities continue to play a leading role in supporting local businesses and promoting economic activity, economic development is increasingly shaped by regional growth strategies, inter-municipal cooperation arrangements and wider investment frameworks. The evidence also points to the growing role of specialised governance structures, development partnerships and other intermediary actors involved in coordinating investment, innovation and territorial development. This development builds on observations from the 2021 TERRI Report, which highlighted the growing importance of cooperative governance arrangements in addressing challenges that extend beyond individual municipal boundaries.

Economic development therefore provides a particularly clear example of how territorial governance is adapting to functional economic realities through collaboration between multiple actors including municipalities, operating at different territorial scales. As a result, recent developments are characterised less by formal transfers of responsibility and more by the emergence of governance arrangements designed to support coordination, investment and economic growth across wider territories.

ECONOMIC DEVELOPMENT AND LOCAL BUSINESS SUPPORT ACROSS THE GOVERNANCE CLUSTERS

The governance clusters presented in Table 2.1 provide a framework for examining how responsibilities for economic development and local business support are organised across Europe. The analysis reveals a variety of governance arrangements, reflecting differences in institutional structures, territorial organisation and policy priorities.

① Municipal-led systems

Municipal-led arrangements represent the dominant model, accounting for approximately 58.3% of responding countries. This group includes **Austria**, **Denmark**, **Finland**, **Hungary**, **Luxembourg**, **Moldova**, **Norway**, **Scotland**, **Slovakia**, **Slovenia**, **Ukraine** and countries of the **Western Balkans**, including **Serbia**. In these systems, local governments play the leading role in promoting local economic development, supporting businesses and facilitating investment within their territories.

② Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 16.7% of respondents and include **Belgium**, **Czechia**, **Spain**, **Sweden** and **Türkiye**. Under these models, economic development responsibilities are distributed across multiple levels of government, combining local implementation with regional and national strategic frameworks.

Focus

Transport, roads and mobility represent one of the clearest examples of multi-level governance in practice. While local governments retain important operational responsibilities, the planning and delivery of transport systems increasingly depend on coordination across multiple levels of government and the alignment of transport, environmental and territorial development objectives.

↑ Table of contents

Focus

Economic development remains one of the most locally embedded policy areas across Europe, but CEMR's survey findings indicate a growing reliance on cooperation, regional coordination and shared governance arrangements. The trend is less towards the transfer of responsibilities and more towards the creation of governance structures capable of addressing economic challenges at appropriate territorial scales.

3 Regional and strategic governance systems

Regional and strategic governance arrangements were identified in **Lithuania** and **Northern Ireland**. In these systems, governance structures operating above the municipal level play a leading role in coordinating development priorities, investment programmes and long-term economic strategies across wider territories.

4 Intermediate and inter-municipal systems

France, **England**, **Croatia** and the **Netherlands** rely primarily on intermediate, inter-municipal or collaborative governance arrangements. These approaches recognise that economic activity frequently transcends administrative boundaries and therefore requires broader territorial frameworks for planning, investment and business support.

5 Hybrid systems

In a number of countries, economic development responsibilities combine elements of several governance models. These arrangements reflect national institutional traditions and the need to balance local responsiveness with wider strategic coordination.

ILLUSTRATIVE DEVELOPMENTS

The survey highlights several developments that illustrate evolving approaches to economic development across Europe.

France provides a notable example of economic development being organised at a scale broader than individual municipalities. Regions and inter-municipal cooperation bodies play a significant role in coordinating local economic strategies, reflecting the increasingly territorial nature of investment, innovation and labour markets.

Germany provides a similar illustration. Economic development frequently relies on inter-municipal cooperation and jointly governed associations, particularly in rural areas where municipalities pool resources and coordinate infrastructure, business support and local development initiatives across wider functional territories.

England illustrates a different trend. The transfer of responsibilities from Local Enterprise Partnerships (LEPs) to local authorities and Mayoral Strategic Authorities reflects a broader effort to simplify governance arrangements while strengthening democratic accountability and strategic coordination.

Lithuania highlights the growing importance of regional governance structures in economic development. Regional Development Councils have assumed a stronger role in coordinating development planning and managing investment programmes, particularly those linked to European funding mechanisms.

Portugal provides a complementary example. While municipalities remain important actors in supporting economic activity, ongoing reforms at metropolitan and inter-municipal level reflect a growing emphasis on functional territorial approaches to development and investment.

Belgium illustrates an integrated multi-level approach to economic development. Responsibilities are distributed across different levels of government, with regional governments playing a leading role in economic strategy and innovation, while local governments contribute through business support, investment promotion and local economic initiatives. The Belgian example demonstrates how economic development can be advanced through complementary actions undertaken by several tiers of government.

Slovenia demonstrates how economic development responsibilities can evolve through targeted sectoral reforms. Amendments to the Hospitality Act in 2025-26 introduced a new framework for the regulation of short-term rentals, giving municipalities additional powers to regulate short-term rentals, linking local economic development objectives with wider concerns relating to tourism management and housing availability.

Ukraine offers a further illustration of local economic innovation. Survey respondents highlighted the introduction of new mechanisms allowing municipalities to make more strategic use of public assets in support of economic activity and local development objectives.

↑ Table of contents

2.7 Culture, sport and recreation Key trends and findings

Culture, sport and recreation remain among the most locally embedded policy areas across Europe. Across most responding countries, municipalities continue to play a leading role in managing cultural facilities, sports infrastructure, libraries, community centres and recreational services that contribute directly to local quality of life and community cohesion.

While regional and national governments often provide funding, strategic direction or specialist programmes, responsibility for day-to-day delivery remains predominantly local. As a result, culture, sport and recreation display a stronger degree of local ownership than many other policy areas, with municipalities continuing to play a central role in supporting community participation, local identity and cultural expression.

Compared with several other policy areas examined in this chapter, competence arrangements in this field have remained relatively stable during the reporting period. Changes have generally focused on financing arrangements, programme delivery and support mechanisms rather than significant reallocations of responsibility between levels of government.

CULTURE, SPORT AND RECREATION ACROSS THE GOVERNANCE CLUSTERS

The governance cluster framework presented in Table 2.1 highlights the predominantly local character of culture, sport and recreation across Europe. While different institutional arrangements exist, municipalities remain the principal delivery actors in most countries, supported to varying degrees by regional and national authorities.

1 Municipal-led systems

Municipal-led arrangements represent the dominant model, accounting for approximately 62.5% of responding countries. This group includes **Austria**, **Denmark**, **Hungary**, **Lithuania**, **Luxembourg**, **Moldova**, the **Netherlands**, **Norway**, **Portugal**, **Scotland**, **Slovenia**, and countries of the **Western Balkans**. In these systems, local governments exercise primary responsibility for cultural facilities, sports infrastructure and recreational services.

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 20.8% of respondents and include **Belgium**, **Czechia**, **Serbia**, **Spain** and **Sweden**. These systems combine local delivery with regional or national support, often allowing different levels of government to contribute funding, programming and strategic oversight.

3 Regional and strategic governance systems

England and **Northern Ireland** represent regional-led frameworks in which strategic responsibilities for culture and recreation are exercised primarily at regional level, alongside local implementation arrangements.

4 Intermediate and inter-municipal systems

Croatia and **Slovakia** rely more heavily on intermediate structures to coordinate cultural and recreational initiatives across wider territories.

ILLUSTRATIVE DEVELOPMENTS

Although the overall allocation of responsibilities has remained relatively stable, several examples illustrate how local and regional governments continue to adapt their approaches.

Luxembourg provides an example of cooperative delivery, where municipalities retain responsibility for local sports provision while benefiting from dedicated state sup-

↑ Table of contents

port for the recruitment of local sports coordinators. This demonstrates how national support can reinforce rather than replace local responsibilities.

Hungary illustrates the sensitivity of local cultural services to wider fiscal conditions. While municipalities retain statutory responsibility for cultural institutions and sports infrastructure, respondents highlighted the impact of rising operating costs and budgetary pressures on local delivery.

England provides a notable example of evolving regional responsibilities. Recent reforms have expanded the strategic role of regional authorities in culture and recreation, reflecting broader trends towards devolution and place-based governance.

Slovakia illustrates how intermediate levels of government can support cultural development through changes to arts funding arrangements and the management of cultural heritage assets, including UNESCO sites.

Focus

Culture, sport and recreation remain among the most decentralised policy areas across Europe. Although higher levels of government often provide funding, strategic support and coordination, municipalities continue to exercise primary responsibility for the delivery of services and the management of local cultural and recreational assets.

2.8 Public safety, emergency management and civil protection Key trends and findings

Public safety, emergency management and civil protection have become increasingly important areas of local and regional government activity since the publication of the earlier TERRI Report in 2021. While responsibility for policing and national security continues to reside predominantly with central governments in most countries, the survey findings suggest that local and regional governments are playing an expanding role in crisis preparedness, civil protection, resilience planning and emergency response.

This development reflects a wider European context shaped by the experience of the COVID-19 pandemic, climate-related risks, energy security concerns and growing geopolitical uncertainty. As a result, local and regional governments are increasingly expected to contribute to societal resilience through functions that extend beyond their traditional service delivery responsibilities.

The evidence suggests that recent changes have focused less on formal transfers of competence and more on strengthening preparedness, coordination and response capacity. Public safety therefore provides a particularly clear illustration of how governance systems are adapting to emerging risks through enhanced cooperation and resilience-building across different tiers of government.

PUBLIC SAFETY, EMERGENCY MANAGEMENT AND CIVIL PROTECTION ACROSS THE GOVERNANCE CLUSTERS

The governance cluster framework presented in Table 2.1 reveals a diverse range of approaches to organising public safety, emergency management and civil protection responsibilities. While municipalities frequently act as frontline responders, effective preparedness and crisis management often depend upon coordination across multiple governance levels and territorial scales.

1 Municipal-led frameworks

Municipal-led arrangements represent the largest cluster, accounting for approximately 36.4% of respondents. This group includes **Lithuania**, **Luxembourg**, **Moldova**, the **Netherlands**, **Norway**, **Portugal** and **Slovenia**. In these systems, municipalities act as the frontline actors for civil protection, local emergency planning and crisis coordination, while operating within wider national public safety frameworks.

2 Multi-tier governance systems (shared governance systems/competences)

Shared governance arrangements account for approximately 31.8% of respondents and

include **Belgium**, **Czechia**, **Denmark**, **Hungary**, **Spain** and **Sweden**. These systems distribute responsibilities across multiple levels of government, often combining national responsibility for policing and security with local and regional roles in emergency management, preparedness and civil protection.

3 Regional and strategic governance systems

Austria and **Northern Ireland** represent regional-led models, accounting for approximately 13.6% of respondents. In these systems, strategic emergency management and major incident coordination are organised primarily through regional structures, supported by local implementation arrangements.

4 Intermediate and inter-municipal systems

Croatia, **Finland** and **Scotland** rely significantly on intermediate governance structures for emergency management and public safety coordination. These arrangements are intended to provide sufficient scale for specialist capacity while maintaining links to local service delivery.

5 Hybrid systems

Ukraine represents a distinctive case given the ongoing war. This has resulted in the expansion of emergency and civil protection responsibilities and the introduction of wartime governance arrangements that differ substantially from those operating elsewhere in Europe.

ILLUSTRATIVE DEVELOPMENTS

Several respondents reported developments that highlight the changing nature of public safety and civil protection responsibilities.

Lithuania provides one of the clearest examples of expanding local responsibilities. Respondents highlighted the strengthening of municipal roles in civil protection, crisis preparedness and resilience planning in response to evolving security challenges. The case illustrates how local governments are increasingly expected to contribute to national resilience objectives.

Slovenia reported the reintroduction of mandatory municipal defence planning requirements, together with an expanded role for local governments in public safety and emergency preparedness. This represents one of the most significant examples identified by the survey of local responsibilities being broadened in response to changing security conditions.

Belgium provides an example of a highly integrated multi-level approach to public safety and civil protection. Responsibilities are distributed across local, regional and national levels, requiring close coordination between institutions in the planning and delivery of emergency response and crisis management activities. The Belgian model illustrates how increasingly complex risks can require governance arrangements that operate across multiple territorial scales.

Scotland demonstrates the importance of intermediate governance arrangements. Public safety and emergency management functions are coordinated through specialised structures that enable cooperation across wider territories while avoiding fragmentation between individual municipalties. This highlights the value of governance arrangements capable of combining strategic capacity with local responsiveness.

Ukraine provides a distinctive example of how external shocks can reshape competence arrangements. The expansion of military administrations and civil protection structures demonstrates how governance systems adapt during periods of crisis, while also highlighting the importance of maintaining local administrative capacity under exceptionally challenging circumstances.

Focus

Public safety, emergency management and civil protection represent one of the fastest-evolving areas of local and regional governance. While formal competence allocations differ widely, the evidence points towards a growing expectation that municipalities and regional governments will play a more active role in crisis preparedness, resilience planning and emergency response, often in close coordination with national governments.

↑ Table of contents

2.9 Chapter summary: Cross-cutting trends in competence allocation

The evidence presented in this chapter suggests that the allocation of formal responsibilities across Europe has remained more stable than might be expected from the pace of wider governance reform. According to the results of CEMR's survey, across most policy areas, the principal developments since 2021 have concerned how responsibilities are exercised rather than where they are formally located.

Viewed across the different sectors examined, a common pattern emerges. Municipalities remain central actors in many areas of public policy, but they increasingly operate within governance systems characterised by shared responsibilities, strategic coordination and growing interdependence both between and across levels of government. As a result, traditional distinctions between centralised and decentralised governance are becoming less useful than an understanding of how different tiers contribute to policy delivery in practice.

The findings also suggest that the performance of decentralised governance depends increasingly on the capacity of institutions to exercise responsibilities and coordinate action across different territorial levels[23]. In many policy areas, the challenge is no longer simply the allocation of competences but ensuring that local and regional governments possess the administrative, financial, technical and organisational capacity required to fulfil their responsibilities in practice.

More broadly, the findings suggest that the evolution of territorial governance in Europe is increasingly shaped by questions of coordination, capacity and effective implementation. This raises important questions about how local and regional governments organise themselves, cooperate across administrative boundaries and develop the capabilities needed to respond to increasingly complex policy challenges. These issues are explored in the following chapter.

23 See Council of Europe Congress of Local and Regional Authorities (2024) Recurring Issues Based on Assessments Resulting from Congress Monitoring of the European Charter of Local Self-Government and Election Observation Missions (2021–2024), which identifies recurring challenges related to local autonomy, financial resources, administrative capacity and the effective exercise of local responsibilities.

↑ Table of contents

Governance Capacity

↑ Table of contents

CHAPTER 3. Inter-municipal and alternative governance arrangements

3.1 Introduction: the expansion of cooperative governance

A notable finding of the TERRI 2026 survey is the extent to which inter-municipal and alternative governance arrangements have become embedded within territorial governance systems across Europe. Of the 28 countries and regions responding to the survey, **23 (82.1%)** reported the existence of such arrangements, indicating that cooperative governance has become a mainstream feature of local and regional governance[24].

This finding builds on observations made in the first TERRI Report. While inter-municipal cooperation was already a recognised feature of the European governance landscape, the latest evidence suggests that these arrangements are playing an increasingly important role in supporting the exercise of local and regional responsibilities. In many countries, these arrangements provide mechanisms for coordinating investment, strengthening administrative capability, delivering shared services and managing functions that operate most effectively at wider territorial scales.

The survey also demonstrates that there is no single model of cooperative governance. Arrangements vary considerably in their legal basis, institutional form and policy significance. Some are highly institutionalised and supported by national legislation, while others remain voluntary, flexible and task-specific. Nevertheless, their growing prevalence points to a broader trend identified throughout this report. Territorial governance is increasingly evolving through cooperation and functional arrangements rather than through major territorial restructuring alone.

24 See OECD (2026), How to Make Inter-Municipal Co-operation Work, OECD Publishing, Paris, https://doi.org/10.1787/44d03db6-en. This report similarly identifies inter-municipal co-operation as an increasingly important mechanism for maintaining service quality, strengthening territorial development and responding to growing policy and fiscal pressures facing local governments.

Focus

Inter-municipal and alternative governance arrangements have become a central feature of territorial governance across Europe. Their widespread use reflects a growing reliance on cooperation as a means of boosting governance capacity, addressing shared challenges, and delivering public policies across functional territories.

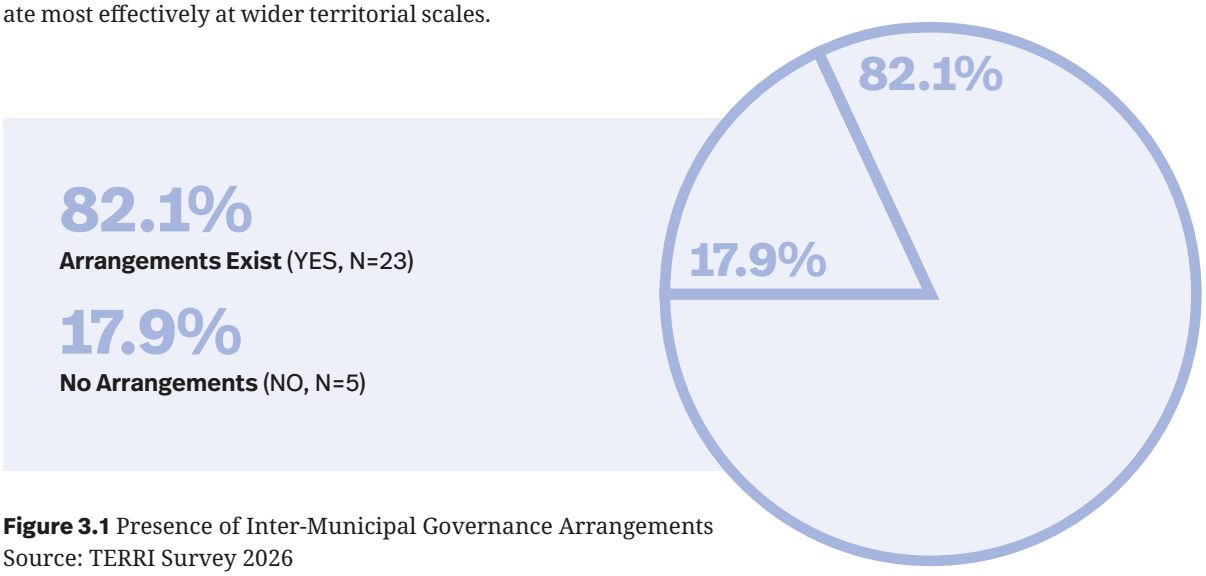


Figure 3.1 Presence of Inter-Municipal Governance Arrangements
Source: TERRI Survey 2026

↑ Table of contents

3.2 Types of governance arrangements

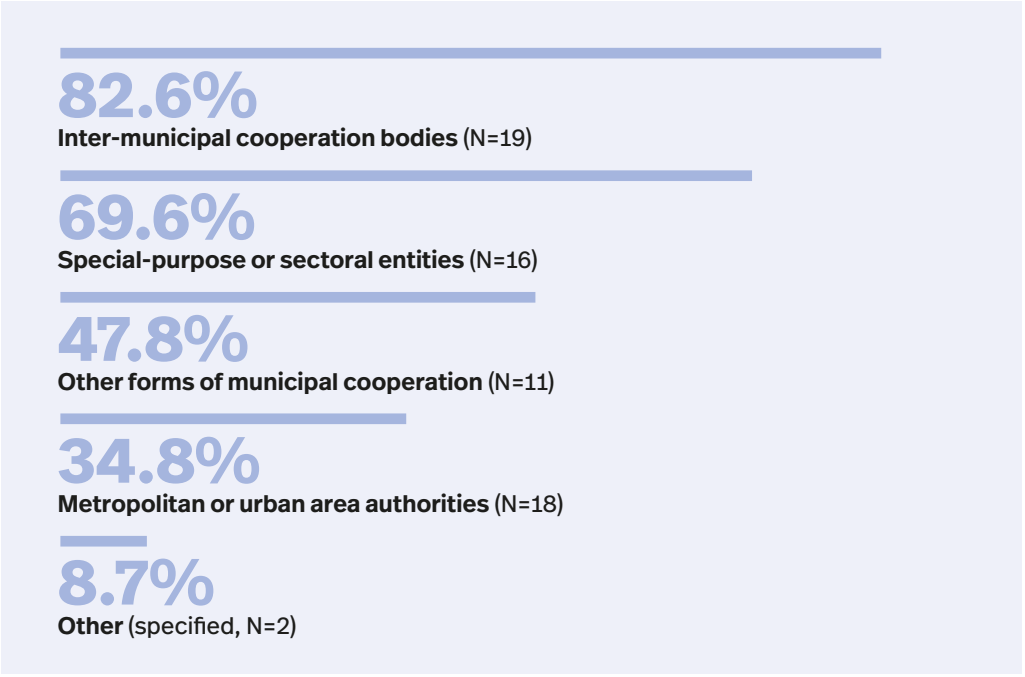


Figure 3.2 The bar chart presents the prevalence of the principal governance arrangements identified by respondents (N=23 active respondents).
Source: CEMR Survey 2026

The survey responses of CEMR's members reveals a diverse landscape of inter-municipal and alternative governance arrangements across Europe. **Inter-municipal cooperation bodies** are the most widespread form of collaborative arrangement, reported in 19 countries (82.6%). This is followed by **special-purpose entities** established to deliver specific services or functions, reported by 16 countries (69.6%), particularly in areas such as transport utilities, regional development or social services.

The category "**other forms of municipal cooperation**", reported by almost half of respondents (47.8%), points to the growing diversity of collaborative governance arrangements across Europe. In many cases, cooperation takes place through flexible mechanisms such as contractual agreements, shared service platforms, project partnerships or other collaborative structures established for specific purposes. This suggests that municipalities are increasingly selecting governance arrangements that reflect the nature of the function being delivered rather than relying on a single institutional model.

Metropolitan authorities are less common being reported by eight respondents (34.8%) but play an important role in larger urban areas where policy challenges extend beyond municipal boundaries and require coordination across wider functional territories[25].

The survey also reveals the emergence of newer forms of territorial cooperation that do not fit neatly within traditional categories. **Lithuania**, for example, highlighted the role of Regional Development Councils and Functional Urban Area partnerships[26] in coordinating regional planning, investment and EU-funded programmes. Such arrangements illustrate how cooperation is increasingly being organised around functional territories and shared development objectives, reflecting a broader shift towards place-based governance approaches[27]. At the same time, these developments highlight an important debate within European territorial governance concerning the balance between territorially differentiated approaches and more nationally coordinated policy frameworks and collaboration structures. The evidence from respondents suggests that functional and place-based arrangements continue to be viewed as valuable mechanisms for addressing development challenges that extend beyond individual administrative boundaries.

25 Functional territories are areas defined by social and economic interactions, including commuting, service use and labour market relationships that often extend beyond administrative boundaries. See OECD (2015) The Metropolitan Century: Understanding Urbanisation and its Consequences. Paris: OECD Publishing.

26 Functional Urban Areas (FUAs) are territories that combine an urban centre with its surrounding commuting zone defined using labour market and commuting patterns rather than administrative boundaries. See OECD and European Commission (2012) Redefining Urban Areas in OECD Countries. Paris: OECD Publishing.

27 Barca, F. (2009) An Agenda for a Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations. Brussels: European Commission., and Territorial Agenda 2030 (2020) A Future for All Places. Adopted by the Ministers responsible for Spatial Planning, Territorial Development and Territorial Cohesion.

Although not represented in the survey responses, developments in **Italy**[28] illustrate a similar trend. Through Municipal Unions (Unioni di Comuni) and the establishment of Metropolitan Cities (Città Metropolitane), Italian local government has increasingly relied on collaborative and supra-municipal arrangements to coordinate policy, coordinate service delivery and manage urban areas that extend beyond individual municipal boundaries. The Italian experience reinforces a broader finding emerging from the survey: cooperation is increasingly being used to align governance structures with the functional realities of service provision, mobility and territorial development.

While these categories describe the institutional forms through which cooperation occurs, they reveal relatively little about the role such arrangements play in practice. The survey therefore also examined their contribution to policy implementation and public service delivery.

3.3 Policy relevance and perceived impact

The existence of cooperative governance arrangements does not in itself indicate their importance within a country's governance system. The survey therefore asked respondents to assess the extent to which inter-municipal and alternative governance arrangements contribute to the implementation of public policies and the delivery of public services. The responses suggest that these arrangements are far more than supplementary institutional mechanisms and increasingly form part of the core architecture through which local and regional government responsibilities are exercised. In some contexts, these arrangements also facilitate collaboration with a broader range of actors involved in policy implementation and service delivery. Of the 23 countries reporting the existence of such arrangements, 22 indicated that they play either a significant or moderate role in policy implementation. Nine respondents (39.1%) reported a high level of policy impact, while a further thirteen (56.5%) reported a moderate level of impact. Only one country, **Moldova**, considered their contribution to be limited.

This finding reinforces a broader theme emerging throughout the report. As public policy challenges increasingly extend beyond individual administrative boundaries, cooperative governance arrangements are becoming a central mechanism through which local and regional governments coordinate investment, manage shared services and implement public policy across functional territories. Their significance lies not simply in their widespread use, but in their growing role in supporting territorial coordination and enabling local and regional governments to exercise responsibilities at scale more closely aligned with contemporary policy challenges[29].

28 The information presented is based on a review of publicly available legislative, governmental and institutional sources relating to Unioni di Comuni and Città Metropolitane, including the reforms introduced under Law No. 56/2014 (the Delrio Law) and subsequent implementation measures: Normattiva (2026). LEGGE 7 aprile 2014, n. 56.

29 OECD (2009) Multi-level Governance. Paris: OECD Publishing. OECD (2019) Governance of Public Policies in Decentralised Contexts. Paris: OECD Publishing.

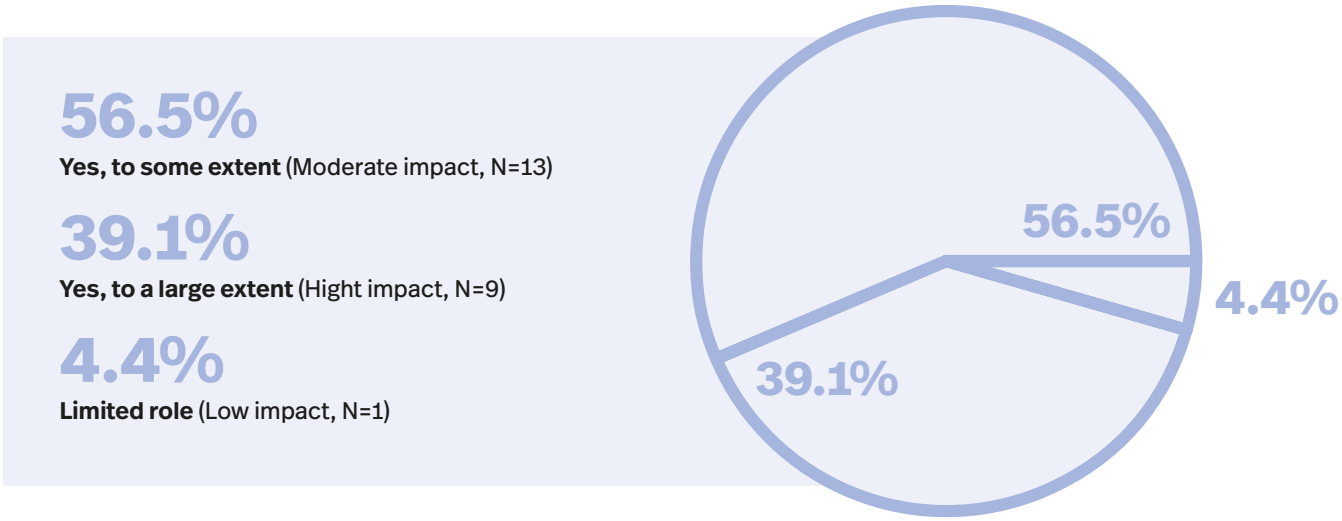


Figure 3.3 This pie chart illustrates the perceived policy impact of inter-municipal and alternative governance arrangements across responding countrie (N=23 active respondents).
Source: CEMR Survey 2026

↑ Table of contents

3.4 Models of cooperation

While the institutional forms of inter-municipal and alternative governance arrangements vary considerably across Europe, the survey evidence identifies four broad operational models. These models reflect different approaches to strengthening governance capacity, improving service delivery and addressing territorial challenges beyond individual administrative boundaries. Figure 4.4 provides an overview of the four models, which are discussed in more detail below.

Model	Main Driver	Main Characteristics	Illustrative countries
Ⓐ	Legal integration and financial incentives	Statutory cooperation, delegated powers, financial incentives	Finland, France, Hungary, Netherlands, Norway, Slovenia
Ⓑ	Territorial flexibility and menu-based systems	Menu-based and purpose-built arrangements	Belgium, Germany, Luxembourg, Spain, United Kingdom
Ⓒ	Capacity and sustainability constraints	Shared expertise and service delivery	Estonia, Lithuania, Czechia, Serbia, Ukraine
Ⓓ	Functional service delivery	Weak institutional or financial underpinning	Moldova

Figure 4.4 Typology of Inter-Municipal and Alternative Governance Arrangements.
Source: CEMR Survey 2026

Ⓐ Legal integration and financial incentives

The first model is characterised by cooperation that is embedded within national governance frameworks through legislation, delegated responsibilities or dedicated financial incentives.

Finland, **France**, **Hungary**, the **Netherlands**, **Slovenia**, **Norway**, and **Slovakia** are representative of this approach. Although the specific arrangements differ, they share a common feature: inter-municipal cooperation is underpinned by legislation, delegated responsibilities or dedicated funding streams. Slovenia's state co-financing of joint municipal administrations, **Finland's** use of joint authorities for major service functions, and France's long-established intercommunal structures all illustrate how cooperation can evolve into a significant component of territorial governance. Recent discussions in **France** concerning the simplification of territorial governance and the clarification of responsibilities between levels of government further highlight the continuing importance of intercommunal arrangements within the country's governance system[30]. These countries were also among those reporting the highest levels of policy impact from cooperative governance arrangements.

Ⓑ Territorial flexibility and menu-based systems

This model places greater emphasis on flexibility and adaptation to local circumstances. Rather than relying on a standardised institutional framework, municipalities can select from a range of mechanisms that can be tailored to different territorial circumstances and policy objectives.

Austria, **Belgium**, **Germany**, **Luxembourg** and **Spain** illustrate this approach. Cooperation is frequently organised through purpose-built arrangements designed to ad-

30 These developments were announced after the completion of the TERRI 2026 survey and are based on publicly available governmental sources. In July 2026, the French Government outlined a programme of territorial governance and administrative simplification reforms touching on local government, planning and the distribution of responsibilities between levels of government. See Vie Publique (2026) Décentralisation :vers une nouvelle réforme territoriale ?.

dress specific functional needs. Examples include Belgium's *intercommunales*, or *intergemeentelijk samenwerkingsverband*, Germany's *Zweckverbände*, which enable municipalities to jointly manage services and infrastructure while preserving local autonomy, Luxembourg's *syndicats de communes* and Spain's diverse network of *mancomunidades* and consortia. In England and Scotland, cooperative governance also supports wider coordination across functional territories through Strategic Authorities (**England**) and Community Planning Partnerships (**Scotland**).

A defining feature of this model is its versatility. These arrangements are used not only for technical functions such as utilities and infrastructure management, but also for planning, economic development, investment coordination and territorial governance more broadly.

Ⓒ Functional service delivery and capacity building

In this model cooperation is primarily used as a mechanism for strengthening local capacity and overcoming the challenges associated with municipal fragmentation, limited resources or administrative constraints.

This approach is particularly evident in **Estonia**, **Lithuania**, **Czechia**, **Serbia**, **Ukraine** and the wider **Western Balkans**. Municipalities frequently cooperate to pool expertise, share administrative functions, coordinate investment and provide services that may be difficult for smaller municipalities to deliver independently.

Lithuania's Regional Development Councils and Functional Urban Area partnerships are notable examples of cooperation linked to territorial development and investment planning. **Estonia** has used cooperative structures to support territorial coordination following local government reforms, while **Serbia** and **Ukraine** have increasingly relied on cooperative arrangements to strengthen local capacity and service resilience.

Ⓓ Capacity and sustainability constraints

The final model highlights the limitations of cooperation arrangements that lack stable institutional or financial support.

Moldova stands out as the sole respondent reporting a limited policy impact from inter-municipal cooperation. While cooperative structures exist, their effectiveness is constrained by dependence on externally funded projects and the absence of long-term institutional and financial support. As a result, arrangements frequently struggle to remain operational once project funding has concluded. Although represented by a single case, this model provides an important reminder that cooperation alone does not guarantee stronger governance outcomes. Effective arrangements require both institutional commitment and sustainable resources.

3.5 Key patterns emerging from cooperative governance

Three important patterns emerge from the survey findings and help explain the growing role of cooperative governance within European territorial governance systems.

Stable Institutional and Financial frameworks matter

The effectiveness of cooperative governance arrangements appears to depend heavily on the existence of stable institutional and financial foundations[31]. Countries such as **Finland**, **France** and **Slovenia** demonstrate how legislative support, delegated responsibilities and predictable funding can help cooperation become an established part of territorial governance. By contrast, the experience of **Moldova** illustrates the challenges faced by arrangements that rely primarily on project-based or externally funded initiatives. The findings suggest that cooperation is most effective when it is embedded within durable governance and financing frameworks rather than treated as a temporary organisational solution.

31 This finding is consistent with OECD analysis, which identifies clear legal frameworks, appropriate institutional arrangements and sustainable fiscal foundations as key conditions for successful inter-municipal co-operation. See OECD (2026), How to Make Inter-Municipal Co-operation Work. Paris: OECD Publishing.

↑ Table of contents

Cooperation is extending beyond Service Delivery

While shared infrastructure, utilities and technical services remain important drivers of cooperation, the survey respondents increasingly reported collaborative arrangement in areas such as territorial planning, economic development, social services, investment coordination and resilience preparation. This suggests that cooperation is evolving beyond its traditional role of achieving economies of scale and is increasingly being used as a governance mechanism for addressing complex challenges that extend across administrative boundaries.

Different Institutional pathways can support Territorial Capacity

The survey highlights different approaches to addressing challenges of scale, administrative capacity and governance complexity. Some countries have relied historically on territorial consolidation and larger municipal structures, while others have preserved existing territorial arrangements and pursued efficiency through improved cooperation. Despite these differences, both approaches seek to strengthen governance capacity and improve policy delivery. The evidence therefore suggests that there is no single institutional model for effective territorial governance, rather that countries are adopting different institutional pathways to achieve broadly similar objectives, reflecting different national contexts and traditions.

3.6 Chapter summary

The evidence presented in this chapter suggests that inter-municipal and alternative governance arrangements have become an increasingly important component of territorial governance across Europe. Rather than acting as exceptional or supplementary mechanisms, they now form part of the mainstream governance landscape through which local and regional governments exercise responsibilities, coordinate action and deliver public services.

The findings reinforce a broader theme emerging throughout TERRI 2026, namely that territorial governance is increasingly evolving through cooperation, coordination and functional governance arrangements rather than through territorial restructuring alone. As responsibilities become more complex and policy challenges extend beyond administrative boundaries, cooperation is increasingly being used to strengthen territorial capacity and support the practical exercise of local and regional responsibilities.

The effectiveness of these arrangements, however, depends not only on their institutional design and on the resources available to support them, but also on sustained political and administrative commitment to their operation over time. This highlights an important connection between governance arrangements, responsibilities and financial capacity, which forms the focus of the next chapter.

Financing Public Service Delivery

↑ Table of contents

CHAPTER 4. Fiscal pressures and the financing of local and regional governments

4.1 Introduction

Throughout this report, the evidence has highlighted the evolving responsibilities of local and regional governments and the governance arrangements through which those responsibilities are exercised. Ultimately, however, the ability of local and regional governments to fulfil these responsibilities depends upon the resources available to support them. The relationship between responsibilities, resources and local autonomy has therefore become a central issue in contemporary territorial governance.

Since the publication of the first TERRI Report in 2021, local and regional governments have operated in a markedly more challenging environment. Inflation, rising energy costs, demographic change, housing pressures, climate adaptation requirements and growing demands for public services have all increased expenditure pressures across Europe. At the same time, expectations regarding local service delivery, investment and resilience measures have continued to expand.

The survey findings indicate that, while the formal allocation of competences has often remained relatively stable, the cost of exercising those competences has increased significantly. Respondents consistently point to growing pressures in areas such as social care, healthcare, education, housing, infrastructure and climate-related investment. In many cases, these demands are structural rather than temporary and are expected to intensify in the years ahead.

The evidence also suggests that the financing frameworks supporting local and regional government are evolving. Many respondents report increasing reliance on earmarked grants, project-based funding and other conditional financing mechanisms. While these can support national and European policy objectives, they may also reduce local discretion and increase administrative burdens. As a result, concerns about fiscal capacity are increasingly linked to wider questions of local autonomy and governance effectiveness.

This chapter examines the principal sources of financial pressure identified by respondents before considering recent developments in subnational financing frameworks and their implications for governance capacity, fiscal sustainability and local self-government.

4.2 Main sources of financial pressure

The survey responses reveal a highly consistent picture of the financial challenges facing local and regional governments across Europe. Although the specific circumstances vary between countries, respondents to CEMR's survey identified a common set of pressures that are increasing expenditure demands while reducing fiscal flexibility. Together, these factors are placing sustained strain on subnational budgets and limiting fiscal flexibility.

↑ Table of contents

A first and particularly significant source of pressure relates to **social care**, **healthcare** and **demographic change**. An ageing population is increasing demand for elderly care, health-related services and wider social support across many countries[32]. Respondents from **Denmark**, **Sweden**, **Lithuania**, **Spain**, **France**, **Slovenia** and **Scotland** all identified social care expenditure as a major area of financial strain, while **Finland**, **Romania**, **Norway**, **Moldova**, **Portugal**, **Croatia** and **Ukraine** highlighted growing healthcare-related expenditure. In many cases, these pressures reflect long-term structural trends rather than temporary expenditure increases and are likely to remain a prominent feature of local government finance in the years ahead.

A second major challenge concerns the impact of inflation, **energy costs** and **workforce expenditure**. The sharp rise in energy prices experienced across Europe between 2022 and 2024 generated significant pressure on local operating budgets, affecting the day-to-day running of schools, public buildings, sports facilities, transport systems and municipal infrastructure. At the same time, inflation has driven higher wage costs and increased recruitment and retention pressures across local government workforces. Respondents from **France**, **Luxembourg**, **Slovenia**, **Estonia** and **Czechia** all identified staffing costs as a growing budgetary concern.

Education and childcare services also emerged as an important sphere of expenditure growth. Several respondents reported that expenditure growth in early childhood education, school infrastructure and staffing has significantly outpaced revenue growth. **Austria**, for example, reported substantial increases in spending on kindergarten and all-day childcare provision, while municipalities in **England** highlighted growing costs associated with special educational needs and disability support.

The survey further highlights the growing importance **of housing and population displacement** as fiscal challenges[33]. Housing pressures, shortages of social housing and increasing homelessness are placing new demands upon local governments, particularly in urban areas. In parallel, municipalities in countries such as **Estonia**, **Moldova**, **Slovakia** and **Ukraine** have faced significant costs associated with accommodating and supporting displaced populations resulting from the war in **Ukraine**.

Respondents also identified **climate adaptation and environmental investment** as increasingly significant expenditure drivers[34]. Measures relating to flood prevention, energy-efficient building renovation, waste management reform, sustainable mobility and environmental infrastructure are requiring substantial investment by local and regional municipalities. What were once considered longer-term policy objectives are increasingly translating into immediate budgetary commitments.

Distinct from these environmental pressures is the growing expenditure associated with preparedness, civil protection and crisis management. Compared with the period covered by the first TERRI Report, local and regional governments are increasingly expected to strengthen emergency planning capabilities, maintain crisis response capacity and contribute to broader community resilience. In several countries, these responsibilities have expanded following recent public health, energy and security-related crises, requiring additional investment in emergency preparedness, risk management and civil protection arrangements.

Finally, many respondents highlighted growing expenditure requirements linked to **infrastructure renewal**, **transport networks** and **asset maintenance**. Rising construction costs, ageing infrastructure and accumulated maintenance backlogs are increasing pressure on local authorities to modernise essential assets while continuing to deliver day-to-day services. These challenges are particularly acute in municipalities facing demographic change, territorial disparities or major infrastructure deficits.

The survey evidence suggests that these expenditure trends are placing increasing pressure on the capacity of local and regional governments to maintain services, finance investment and respond to emerging policy challenges. As spending demands continue to expand, questions of funding adequacy, fiscal flexibility and local discretion are becoming increasingly significant. The next section therefore examines recent changes in subnational financing frameworks and considers how these developments are affecting local fiscal autonomy and governance capacity.

32 European Commission (2024) The 2024 Ageing Report: Economic and Budgetary Projections for the EU Member States (2022-2070). Luxembourg: Publications Office of the European Union.

33 European Parliament Research Service (2026) Developing a Coordinated EU Approach to Housing. Brussels: European Parliament. , which identifies housing affordability and supply as growing challenges across Europe.

34 European Environment Agency (2024) European Climate Risk Assessment, which highlights growing adaptation and resilience investment needs across Europe.

Focus

The principal challenge facing local and regional governments is not a single expenditure pressure but the cumulative effect of multiple demands occurring simultaneously. Across Europe, social care, education, housing, climate adaptation, infrastructure and resilience requirements are competing for resources within increasingly constrained fiscal environments.

4.3 The changing relationship between responsibilities, funding and fiscal discretion

The survey findings support the assertion that the relationship between local responsibilities, financial resources and fiscal discretion is becoming increasingly complex, a trend also identified in wider European and international research on subnational government finance[35]. While local and regional governments are expected to respond to growing demands in areas such as social care, housing, climate adaptation and resilience, many respondents report that the financing frameworks supporting these responsibilities are becoming more conditional, more targeted and, in some cases, more centralised. As a result, debates about local government finance increasingly concern not only the level of funding available, but also the degree of autonomy available in determining how that funding is used.

The growth of conditional funding

The most frequently reported change concerns the increasing use of earmarked grants and other forms of conditional funding. In several countries, unrestricted transfers have been reduced or frozen while a growing share of financial support is channeled through programme-specific or sectoral funding arrangements. Respondents from **Hungary**, **Slovakia**, **Romania**, **Estonia** and several **Western Balkan countries** including **Serbia** reported that local governments are becoming increasingly dependent on funding linked to centrally determined priorities and expenditure conditions.

While such arrangements can support strategic policy objectives and improve accountability, they may also reduce the flexibility available to local governments in responding to local needs. A number of respondents noted that growing reliance on earmarked funding can constrain local discretion and make long-term financial planning more difficult.

Centralisation and fiscal autonomy

A related trend concerns increasing central influence over subnational finance. Several respondents highlighted reforms that have altered the balance between local autonomy and central control, either through changes to grant systems, restrictions on expenditure flexibility or modifications to local revenue sources. In **Hungary**, for example, respondents reported a continued expansion of centrally controlled funding mechanisms alongside measures affecting local revenue bases. **Serbia** similarly noted that non-earmarked transfers have remained frozen for an extended period, reducing their relative importance within municipal budgets. Respondents from other countries also highlighted changes to local revenue frameworks, suggesting that questions of fiscal autonomy increasingly extend beyond expenditure flexibility to include the ability of local authorities to control and generate their own sources of revenue.

These developments do not necessarily imply a reduction in overall funding levels. However, they suggest that fiscal capacity is increasingly influenced by the degree of discretion local governments retain over both the allocation of resources and the financial means available to support local priorities[36]. This finding is consistent with wider comparative research on local autonomy which identifies fiscal discretion and control over resources as important dimensions of effective local self-government[37].

The growing importance of EU and recovery funding

A significant development identified by respondents is the growing importance of European funding instruments, particularly those linked to the Recovery and Resilience Facility (RRF), NextGenerationEU and related national recovery programmes. Respondents from **Spain**, **Croatia**, **Romania** and **Slovakia** highlighted the role of these funding streams in supporting investment in infrastructure

35 OECD and United Cities and Local Governments (UCLG) (2022) World Observatory on Subnational Government Finance and Investment 2022. ; OECD (2019) Making Decentralisation Work: A Handbook for Policy-Makers.

36 See Rethinking the Future of Decentralization and Multilevel Governance (2026), which similarly highlights the importance of aligning responsibilities, resources and fiscal discretion as a condition for effective multilevel governance.

37 See Ladner, Keuffer and Bastianen (2021) Local Autonomy Index in the EU, Council of Europe and OECD countries (1990-2020), which measures local autonomy across dimensions including policy scope, fiscal autonomy, organisational discretion and financial resources.

↑ Table of contents

modernisation, digitalisation, climate adaptation and the green transition.

At the same time, respondents emphasised that access to EU funding increasingly depends on administrative capacity. Managing complex application, reporting and compliance requirements can be challenging, particularly for smaller municipalities with limited technical resources. In several countries, the ability to secure funding is therefore becoming linked not only to financial need, but also to institutional capacity.

The survey findings suggest that European funding has become an increasingly important source of investment finance for local and regional governments. However, its effectiveness depends on the ability of authorities to meet increasingly complex administrative requirements and to align local priorities with broader national and European objectives.

Responsibilities and funding alignment

The survey also highlights continuing concerns regarding the relationship between devolved responsibilities and available resources and the ability to deliver expected outcomes. Several respondents reported situations where new functions or increasing service expectations have not been fully matched by corresponding funding arrangements. Examples include reforms in **Czechia** that transfer additional staffing-related responsibilities to local governments, concerns in **Portugal** regarding the financing of decentralised functions and observations from **Finland** regarding the changing balance of responsibilities following recent institutional reforms. Similar concerns are evident in **Bulgaria**[38], where recent reform initiatives have focused on strengthening fiscal decentralisation, enhancing municipal financial autonomy and improving the alignment between local responsibilities and available resources.

These examples point to an enduring challenge within multi-level governance systems: ensuring that financial resources evolve alongside the responsibilities assigned to local and regional government.

Emerging examples of enhanced fiscal flexibility

Although centralisation was the dominant theme identified by respondents, a number of countries reported initiatives intended to strengthen local financial capacity. **Scotland** highlighted new local revenue-raising powers, including visitor levies and measures relating to second homes, while **Slovenia** reported adjustments to municipal financing arrangements designed to reduce disparities between municipalities. **England** also referred to ongoing efforts to align funding allocations more closely with objectively assessed spending needs.

These examples remain relatively limited compared with the wider trend towards conditional funding, but they demonstrate that some countries are exploring new approaches to strengthening local fiscal sustainability while preserving accountability and fiscal discipline.

Taken together, the findings suggest that subnational financing systems are becoming increasingly complex. While new funding opportunities have emerged, particularly through European investment programmes, many respondents report growing dependence on conditional funding streams and greater central oversight of expenditure. As a result, debates concerning local government finance are increasingly focused not only on the volume of resources available but also on the degree of autonomy that local and regional governments retain in determining how those resources are used.

38 Based on publicly available sources, including the Roadmap for Reforms in Bulgaria: Support the Decentralisation Reform Process Across All Levels of Government (2024)

Focus

The survey reveals a growing tension between expanding responsibilities and fiscal discretion. While local and regional governments are benefiting from new or additional funding opportunities, particularly through targeted national and European programmes, many respondents report declining flexibility in how resources are allocated and increasing dependence on conditional funding arrangements.

4.4 Investment capacity and long-term sustainability

Beyond the immediate pressures affecting day-to-day expenditure, respondents identified growing concerns regarding the capacity of local and regional governments to finance the long-term investments required to support economic development, territorial cohesion and public service delivery. While many municipalities continue to manage increasing operational costs, they must simultaneously invest in infrastructure renewal, housing, transport networks, climate adaptation and digital transformation. The challenge is therefore not only one of maintaining current services, but also ensuring that communities remain resilient, competitive and sustainable over the longer term[39]. This increasingly requires local and regional governments to reconcile immediate expenditure pressures with mountain demands for investment in infrastructure, climate adaptation and community resilience. The longer-term consequences of underinvestment are therefore becoming an increasingly important consideration in territorial governance.

Infrastructure renewal and modernisation

A recurring theme across the survey responses is the growing need to repair, upgrade and modernise public infrastructure. Respondents from **Finland**, **Romania**, **Slovakia**, **Luxembourg** and **Türkiye** reported increasing investment requirements relating to transport networks, utilities, water systems and basic public infrastructure. In many cases, rising construction costs and years of underinvestment have compounded existing infrastructure deficits, creating significant long-term financing challenges for local governments.

Housing and urban development

Housing has emerged as both a social and an investment challenge. Several respondents highlighted the need for increased investment in affordable housing, urban regeneration and supporting infrastructure, particularly in areas experiencing strong population growth, tourism pressures or affordability challenges. **Belgium**, **England**, **Portugal**, **Northern Ireland**, **Croatia** and **Spain** all identified growing pressure for public intervention in housing markets, requiring substantial financial commitments from local and regional governments.

Transport and connectivity

Investment in transport infrastructure continues to represent a major long-term commitment for subnational governments. Beyond maintaining existing networks, municipalities and regions are increasingly required to improve connectivity, modernise mobility systems and address changing travel patterns. Rising costs associated with infrastructure maintenance and public transport provision have added further pressure to already stretched investment budgets. These challenges are particularly significant where transport networks form a key component of wider regional development strategies.

Green transition, climate adaptation and digitalisation

Many respondents reported significant investment needs linked to the green and digital transitions. **Spain**, **Romania**, **Croatia** and **Slovakia** highlighted the importance of major investment programmes supporting energy efficiency, digital infrastructure, sustainable mobility and climate adaptation measures. While external funding mechanisms have created important opportunities for investment, respondents also pointed to the scale of resources required to maintain momentum and deliver projects over the longer term.

Lithuania illustrates how investment planning is increasingly being coordinated at a wider territorial scale. Through Regional Development Councils and Functional Urban Area partnerships, infrastructure, mobility and economic development projects are aligned with broader regional investment priorities.

39 See Chatry, I. et al. (2025) "Mobilising sustainable finance for regions and cities", OECD Regional Development Papers, No. 132, OECD Publishing, Paris.

Focus

Local and regional governments face a dual challenge of maintaining essential services while financing the investments required for future development. Infrastructure renewal, housing, sustainable mobility, climate adaptation, digitalisation and resilience are increasingly competing for limited capital resources, making investment capacity a critical component of territorial governance and long-term sustainability.

↑ Table of contents

Focus

Fiscal pressures are increasingly acting as a catalyst for governance change. Across Europe, local and regional governments are adapting organisational structures, service delivery arrangements and forms of cooperation in response to growing demands and constrained financial resources.

Preparedness and resilience investment

The survey also suggests that preparedness and resilience are becoming increasingly important components of long-term investment planning. As local and regional governments assume greater responsibilities for emergency preparedness, civil protection and crisis response, additional investment is required in emergency infrastructure, risk-management systems and community resilience measures. These requirements represent a relatively new dimension of capital planning compared with the period covered by the first TERRI Report.

Taken together, the evidence suggests that long-term sustainability depends not only on the availability of investment resources but also on the ability of local and regional governments to secure and manage increasingly complex investment programmes. In several countries, major investment projects are being pursued through collaborative arrangements that enable authorities to operate at a better scale suited to infrastructure, housing, transport and resilience objectives. This reflects the growing interconnection between investment capacity, territorial coordination and effective policy delivery.

4.5 Fiscal pressures as a driver of governance reform

The survey evidence suggests that fiscal pressures are increasingly shaping the way local and regional governments organise themselves and deliver public services. While governance reforms are often presented in institutional or administrative terms, respondents frequently linked recent changes to the practical challenges of rising costs, constrained resources and increasing service demands.

Across Europe, local and regional governments are being required to deliver more complex responsibilities within tighter financial environments. This has encouraged greater use of cooperative arrangements, shared services and other forms of collaborative governance that allow authorities to pool resources, strengthen administrative capacity and achieve economies of scale. As demonstrated in Chapter 3, many governance innovations can therefore be understood not only as responses to policy complexity but also as responses to fiscal constraints.

Fiscal pressures are also influencing broader debates concerning local autonomy, service delivery and territorial organisation. In several countries, reforms have sought to align governance arrangements with financial sustainability, capacity requirements and the growing need to coordinate services across wider territories. Respondents also highlighted differing experiences regarding the relationship between responsibilities and resources. **Luxembourg** pointed to efforts to strengthen the principle that funding should accompany new responsibilities The evidence suggests that governance structures are increasingly being assessed not only in terms of democratic representation or administrative efficiency, but also in terms of their ability to operate effectively within constrained fiscal environments.

Taken together, the findings indicate that financial considerations are becoming a more prominent driver of governance change than was evident in the first TERRI Report. Rather than representing a separate policy issue, investment capability is increasingly shaping how responsibilities are exercised, how services are organised and how local and regional governments cooperate with one another.

4.6 Emerging trends and future challenges

The survey findings reveal that many of the pressures currently facing local and regional governments are structural rather than temporary. While recent expenditure patterns have been shaped by inflationary pressures and rising operating costs, respondents increasingly point to longer-term trends that are likely to influence public finances, service delivery and governance arrangements well beyond the current reporting period. These trends have important implications not only for local government finance, but also for institutional capability, service delivery and territorial development.

Demographic change and growing service demand

Demographic change is likely to be one of the most significant drivers of local and regional government expenditure over the coming decade. Ageing populations are increasing demand for healthcare, social care and community support services, while at the same time placing pressure on the long-term sustainability of public finances. **Scotland** provides a useful illustration of this trend, reporting that social work and education already account for around half of local government net revenue expenditure. More broadly, respondents suggest that demographic pressures are becoming an increasingly important factor shaping future spending priorities across Europe.

Demographic change is also creating uneven territorial impacts. While some urban areas continue to expand, other regions face population decline and shrinking tax bases. This divergence presents growing challenges for local service provision, infrastructure maintenance and fiscal sustainability, particularly in smaller and more rural municipalities. Evidence from **Germany** illustrates these divergent pressures, with growing demand concentrated around major urban centres while many rural territories face population decline, ageing populations and challenges in maintaining services and infrastructure.

Climate adaptation and environmental investment

Climate adaptation is increasingly moving from a long-term policy objective to a recurring expenditure and investment responsibility. Local and regional governments are expected to finance flood protection, energy-efficiency measures, environmental infrastructure and adaptation projects while continuing to maintain essential public services. **Belgium**, **Spain** and **Northern Ireland** highlighted the growing financial implications of climate adaptation and associated investment requirements. The broader implication is that environmental resilience is becoming a permanent feature of local government budgeting rather than an exceptional investment requirement.

The challenge is particularly significant because many adaptation investments require substantial upfront expenditure while delivering benefits only over the longer term. This places increasing pressure on local and regional governments to balance immediate service needs with future resilience objectives.

Resilience, preparedness and security

Resilience and preparedness are emerging as increasingly important components of local and regional government activity. Respondents indicate that public health emergencies, energy disruptions, security concerns and extreme weather events have reinforced expectations regarding the role of local governments in emergency planning, civil protection and crisis response. **Ukraine** provides the clearest illustration of how rapidly resilience requirements can reshape local priorities and resource allocation.

The survey suggests that preparedness is increasingly being integrated into local planning, infrastructure investment and service delivery, with implications for both current expenditure and long-term financial sustainability. This trend suggests that resilience is no longer viewed as a contingent responsibility activated only in times of crisis. Instead, it is becoming a permanent feature of territorial governance and public sector planning across Europe.

Focus

The survey suggests that many of the most significant challenges facing local and regional governments are increasingly long-term and structural in nature. Demographic change, territorial disparities, climate adaptation, resilience requirements, workforce shortages and digital transformation are expected to reshape both expenditure demands, investment priorities and service delivery requirements across Europe over the coming decade.

↑ Table of contents

Workforce and skills capacity

Workforce shortages are emerging as a growing challenge for local and regional governments[40]. Respondents reported increasing difficulties in recruiting and retaining personnel across a range of specialised functions, including social services, technical planning, engineering, digital services and emergency management. In many cases, labour market pressures are increasing wage and pension costs while simultaneously constraining organisational capacity. **France**, **Estonia** and the **Netherlands** all highlighted the financial implications of staffing and recruitment pressures, reflecting challenges that are increasingly evident across Europe.

The implications extend beyond staffing budgets. Workforce shortages can affect the ability of local governments to deliver services, manage complex investment programmes and respond effectively to emerging policy challenges. The issue is particularly acute for smaller public administrations, which often face greater difficulties in attracting specialist expertise. The findings suggest that workforce capacity may increasingly become as significant a constraint on local government performance as financial resources themselves.

The digital transition

Digitalisation continues to present both opportunities and challenges for local and regional governments[41]. While technological innovation offers opportunities to improve efficiency, accessibility and service delivery, it also requires sustained investment in infrastructure, cybersecurity, workforce skills and organisational change. Survey respondents increasingly view digital transformation as an ongoing process rather than a one-off modernisation effort.

As digital technologies become more deeply embedded in public administration, the capacity to manage digital systems, protect critical information and develop appropriate technical expertise is becoming increasingly important. The survey findings suggest that digitalisation is no longer simply a matter of technological investment. It emerges as a core component of administrative capacity and organisational resilience, influencing how local and regional governments deliver services, manage information and respond to evolving citizen expectations.

4.7 Chapter summary: resources, responsibilities and fiscal sustainability

The evidence presented in this chapter suggests that the principal challenge facing local and regional governments is not simply a shortage of resources. Rather, it is the growing mismatch between expanding responsibilities, rising service expectations and the degree of financial flexibility available to respond to them. CEMR's survey data indicates increasing pressures associated with social care, housing, infrastructure, climate adaptation and resilience, while also highlighting concerns regarding conditional funding, fiscal autonomy and long-term investment capacity.

These developments have implications that extend beyond local government finance. They influence how public services are organised, affect the scope for local discretion and shape the ability of local and regional governments to respond to evolving needs and priorities. Questions of fiscal sustainability are therefore becoming increasingly intertwined with wider issues of territorial governance and democratic accountability.

More fundamentally, the findings suggest that the effectiveness of territorial governance depends not only on the formal allocation of responsibilities, but also on whether those responsibilities are supported by adequate resources, flexibility and institutional capability. This reinforces a broader theme emerging throughout TERRI 2026. Competences, governance arrangements and finance are closely interconnected, and their interaction increasingly shapes the ability of local and regional governments to respond both to current pressures and future challenges.

40 European Labour Authority (2026) Report on Labour Shortages and Surpluses in the European Union. Bratislava: European Labour Authority.

41 European Commission, Digital Decade Policy Programme and annual Digital Decade Reports.

Thematic Focus

↑ Table of contents

CHAPTER 5. Housing governance and affordability in Europe

5.1 Introduction

Across Europe, housing has emerged as one of the defining public policy challenges of the decade[42]. Rising housing costs, declining affordability, demographic change, urbanisation, climate objectives and growing investment needs are placing increasing pressure on governments at all levels. While the nature and scale of these challenges vary across countries, ensuring access to affordable, adequate and sustainable housing has become a shared priority across Europe.

Housing is also fundamentally a territorial governance issue. Decisions relating to spatial planning, land use, infrastructure, permitting, urban regeneration and social housing are distributed across different levels of government, while their implementation depends on effective coordination between national, regional and local governments. The ability to respond to housing challenges is therefore shaped not only by financial resources and policy choices, but also by governance arrangements, institutional capacity and the allocation of responsibilities. Housing outcomes are further influenced by the interaction of multiple policy domains, including planning, finance, social policy and environmental objectives, making effective coordination particularly important.

Many of the trends identified elsewhere in TERRI 2026 are reflected particularly clearly in the housing sector. Demographic change, investment requirements, territorial disparities, climate adaptation and fiscal constraints increasingly intersect within housing systems, creating complex challenges for local and regional governments. Housing therefore provides a relevant lens through which to examine how responsibilities, governance arrangements, resources and implementation capacity interact in practice.

For many local and regional governments, housing is no longer viewed solely as a planning or social policy issue. It has become a strategic policy area that touches upon economic development, territorial cohesion, climate resilience and social inclusion[43]. At the same time, the allocation of housing responsibilities varies considerably across Europe, reflecting different constitutional arrangements, governance traditions and policy choices. This chapter therefore examines how housing responsibilities are distributed across levels of government, how local and regional governments exercise their responsibilities in practice, and the principal governance challenges they face in delivering affordable housing.

5.2 Housing as a territorial governance challenge

Survey respondents consistently reported that housing has become one of the clearest examples of how territorial governance challenges increasingly intersect. More than nine out of ten responding countries identified affordable housing as a significant concern, while housing shortages, ageing housing stock, rising construction costs and limited

42 European Parliament Research Service, Developing a Coordinated EU Approach to Housing (2026); European Commission, European Affordable Housing Plan (2025).

43 See CEMR (2026) A Local Plan for Housing: Delivering Affordable, Sustainable and Inclusive Homes in Europe's Cities, Towns and Regions, which similarly highlights housing as a cross-cutting challenge.

↑ Table of contents

land availability were also widely reported. These pressures extend beyond housing policy itself and increasingly affect economic development, labour mobility, social inclusion and territorial cohesion[44].

Housing challenges are also becoming more territorially differentiated. While many urban areas face affordability pressures, housing shortages and land constraints, a number of rural and peripheral territories are affected by population decline, vacant housing stock and weak investment demand. The survey results therefore point to the importance of place-based responses that reflect differing local and regional circumstances.

The evidence further indicates that housing is becoming increasingly linked to wider policy objectives. Respondents from the **Netherlands** and **Spain**, for example, highlighted difficulties in attracting and retaining key workers in areas where housing costs have risen significantly, demonstrating how housing challenges can affect local service delivery and territorial attractiveness.

Perhaps more than any other policy area examined in TERRI 2026, housing illustrates the relationship between responsibilities, resources and delivery capability. While local and regional governments are increasingly expected to respond to housing pressures, their ability to do so is often shaped by financing arrangements, planning frameworks and the distribution of responsibilities across different levels of government.

The evidence also suggests that housing cannot be understood solely through the allocation of formal responsibilities. Across diverse national systems, respondents repeatedly highlighted the importance of how responsibilities interact with funding arrangements, local flexibility, delivery performance and coordination mechanisms. This points to a broader lesson emerging from the survey: differences in institutional design alone do not explain housing outcomes. Rather, the ability of governance systems to translate policy ambitions into housing delivery appears to depend on how these different elements operate together in practice.

The growing prominence of housing raises an important question: how are responsibilities for housing policy organised and exercised across Europe? The next section examines the governance arrangements through which housing responsibilities are delivered and the respective roles of national, regional and local governments in addressing housing challenges.

5.3 Housing governance models across Europe

The survey findings reveal that housing is one of the clearest examples of multi-level governance in Europe[45]. Responsibilities for housing policy are rarely concentrated at a single level of government. Instead, they are typically distributed across national, regional and local governments with different actors performing distinct strategic, regulatory, financing and implementation functions. While institutional arrangements vary considerably between countries, housing governance is generally characterised less by exclusive competences than by shared responsibilities and interdependence.

At a strategic level, national governments continue to play a predominant role. More than 85% of responding countries indicated that national authorities are responsible for establishing housing policy frameworks, legislative provisions and funding programmes. At the same time, municipalities remain critical actors in the implementation of housing policy, while regional governments continue to play an important role in several countries, particularly where housing responsibilities are linked to wider territorial development, planning or infrastructure functions.

The evidence points to four broad governance models across Europe. However, the diversity of arrangements reported by respondents suggests that there is no single institutional model for housing governance. The purpose of the typology presented below is therefore not to identify a preferred approach, but to

44 European Parliament Research Service (2026) Developing a Coordinated EU Approach to Housing. Brussels: European Parliament.

45 See OECD (2024) An Agenda for Housing Policy Reform, which similarly highlights the importance of multilevel governance, planning systems, financing arrangements and coordination between different levels of government in housing policy

illustrate the different ways in which responsibilities for housing policy and delivery are organised. The survey findings indicate that housing outcomes depend less on institutional design alone and more on the extent to which responsibilities, financial resources, local discretion and delivery arrangement are combined in practice.

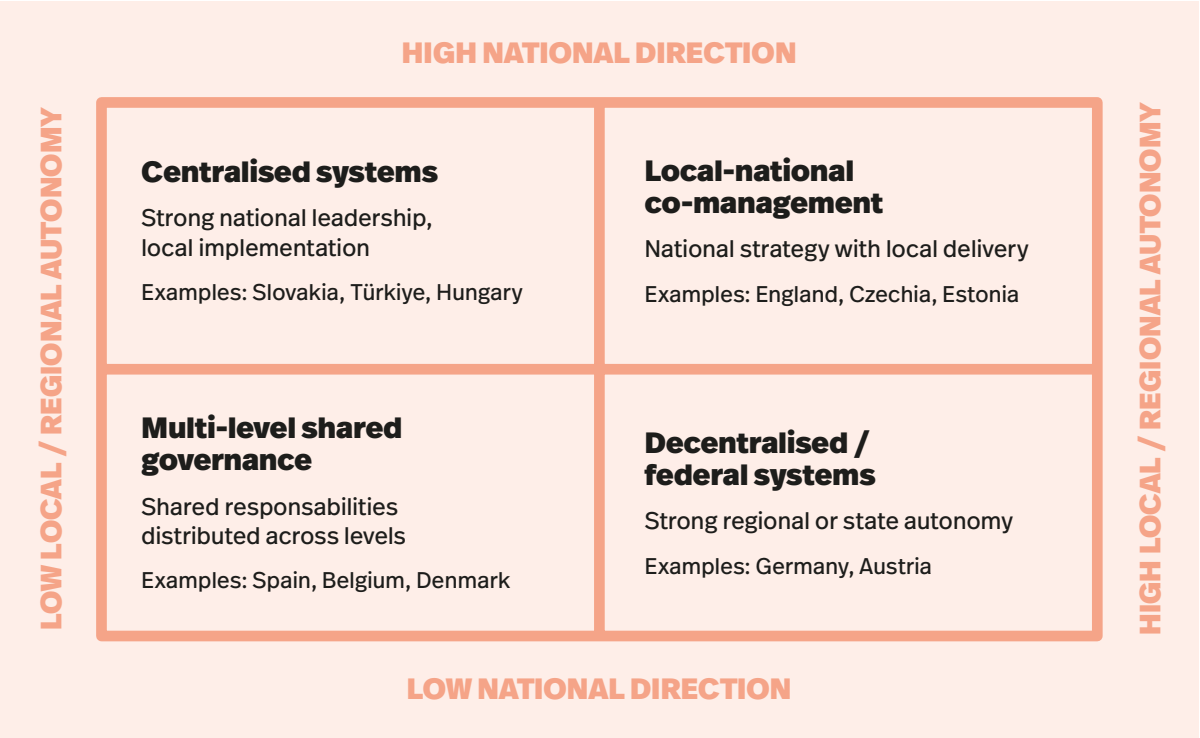


Figure 5.3 Housing Governance Models in Europe. Source: CEMR Survey 2026

Housing governance is predominantly multi-level: policy outcomes depend on coordination between levels of government.

Centralised housing systems

In a number of countries, housing policy remains strongly directed by central government, with local authorities primarily responsible for implementation rather than policy design. **Hungary** and **Türkiye** provide illustrative examples of this approach. In these systems, strategy, major funding decisions and legislative frameworks are largely determined at national level, while municipalities operate within relatively prescriptive frameworks. In Türkiye, municipalities also possess legal powers to undertake land development and housing projects, although major housing programmes and investment decisions are predominantly driven by central government. Such arrangements can promote consistency and facilitate large-scale intervention, but may also limit the ability of local governments to adapt policy responses to local circumstances.

Decentralised and federal systems

A smaller group of countries allocates substantial housing responsibilities to regional or state-level authorities. **Germany**, **Austria** and **Belgium** illustrate how housing competences can be embedded within wider federal or devolved governance systems, with regional governments playing a significant role in shaping policy priorities, financing arrangements and implementation mechanisms. These systems often provide greater scope for territorial adaptation but can also generate variation in housing outcomes across regions.

Multi-level shared governance

The survey suggests that shared governance arrangements are among the most common approaches to housing policy. Under these models, responsibilities are distributed across multiple levels of government, requir-

Focus

Housing governance is predominantly multi-level in character. While national governments continue to lead in strategy and financing, municipalities remain central to implementation and land-use regulation.

The evidence does not identify a single governance model as inherently superior to others. Instead, housing outcomes appear to depend on whether governance systems provide the resources, local flexibility and delivery capability required to respond to housing needs in practice.

ing coordination between national, regional and local actors. **Spain** provides a useful illustration, where national authorities establish overall frameworks while autonomous communities and local authorities play important roles in delivery and implementation. In practice, housing outcomes depend heavily on the effectiveness of coordination between different tiers of government.

Local-national co-management

In several countries, housing governance is characterised by close interaction between national policy leadership and local implementation. **England** and **Czechia**, for example, combine strong national policy frameworks with substantial local responsibilities for planning, development management and affordable housing delivery. These systems illustrate the growing importance of partnership arrangements in addressing housing challenges that require both strategic direction and locally tailored responses.

A notable finding is that the allocation of responsibilities does not necessarily determine the degree of influence exercised by local governments. While municipalities play an important role in housing delivery across much of Europe, their ability to shape outcomes is often conditioned by financing arrangements, regulatory frameworks and national policy priorities. Indeed, the survey highlights recurring tensions between formal responsibilities and practical capacity, echoing wider themes identified elsewhere in this report.

This dynamic is particularly visible in relation to spatial planning and land-use regulation. The survey indicates that municipalities hold zoning and land-use responsibilities in almost all responding countries. However, local discretion is frequently constrained by national legislation, regional planning frameworks or funding conditions. **Portugal** provides a useful illustration. While municipalities play an increasingly important role in implementing housing initiatives, respondents noted that delivery is often shaped by the design and conditions attached to national and recovery-funded programmes. As a result, local governments may hold significant implementation responsibilities while enjoying more limited discretion over priorities, funding allocations and programme design. The existence of formal planning powers therefore does not always translate into unrestricted local policy autonomy.

The overall picture emerging from the survey is one of increasingly interconnected governance arrangements. Housing responsibilities are rarely exercised by a single level of government and instead rely on cooperation between different actors and levels of government. The evidence does not point towards a single governance model that consistently performs better than others. Rather, housing outcomes appear to be shaped by the extent to which governance systems provide the resources, flexibility and organisational capability needed to support delivery.

5.4 Financing housing and affordability

The allocation of responsibilities is only one dimension of housing governance. Equally important is the question of how housing policies and programmes are financed. The survey findings indicate that housing funding is typically shared across multiple levels of government and increasingly involves a combination of public, private and third-sector resources. As with governance arrangements, significant diversity exists between countries. However, many respondents highlighted questions of funding adequacy, predictability and long-term sustainability as critical factors influencing housing delivery and affordability outcomes.

The survey findings suggest that housing finance across Europe is characterised by a mixture of national, regional and local funding arrangements, often supplemented by European programmes, private investment and third-sector participation. While these combinations vary considerably between countries, national governments remain the principal source of financing for housing policies and affordable housing programmes. Municipal governments also contribute significantly, while the role of regional governments varies according to national institutional arrangements.

The evidence further indicates that housing finance is increasingly moving beyond traditional grant-based approaches[46]. Several respondents highlighted the growing importance of blended financing arrangements combining public funding, loans, guarantees and third-party capital. **England** and the **Netherlands** provide notable examples, where affordable housing delivery relies upon a combination of public support, borrowing and housing association investment. These arrangements can mobilise additional resources, but they may also increase complexity and create new dependencies on external financing conditions.

More broadly, the survey points towards increasingly diversified financing ecosystems. Across Europe, housing delivery is being supported through varying combinations of public investment, borrowing, housing associations, guarantees, private capital and European funding instruments. While these approaches can expand the resources available for housing provision, they also increase the importance of effective coordination, long-term planning and the ability of institutions to manage complex funding arrangements.

Despite the diversity of funding models, one of the most consistent concerns raised by respondents relates to the availability of predictable and long-term financing. The findings suggest that uncertainty and short funding cycles often present greater obstacles than the existence of funding itself. **England's** move towards a longer-term Affordable Homes Programme was identified as an example of efforts to improve planning certainty and enable more strategic investment decisions. More broadly, respondents noted that the effectiveness of housing programmes depends not only on funding levels, but also on the stability and continuity of financial support over time.

The survey also highlights the importance of local implementation capacity in determining whether available resources translate into housing outcomes. **Estonia** provides a useful illustration. Respondents reported that municipalities can encounter difficulties meeting co-financing requirements attached to housing programmes, creating barriers to accessing available funding. Similar challenges were identified elsewhere, particularly among smaller authorities with limited administrative and financial capacity. These findings suggest that the ability to mobilise and manage resources can be as important as the amount of funding available.

Another notable trend is the increasing involvement of private and third-sector actors in housing provision. Respondents frequently recognised the financial capacity, expertise and delivery potential of private-sector partners, while also expressing concerns regarding affordability and long-term accessibility. Third-sector organisations were often viewed as important contributors to affordable housing provision, particularly for vulnerable groups, although their own financial resources frequently remain constrained. The evidence therefore points towards increasingly mixed funding ecosystems in which public, private and non-profit actors fulfil complementary roles.

The overall picture emerging from the survey is that the effectiveness of housing finance depends not only on the level of investment available, but also on the extent to which funding arrangements support local implementation. Predictability, accessibility and administrative capacity emerge as recurring themes across different housing systems. As a result, questions of housing finance are closely connected to broader issues of governance capability and policy delivery.

46 European Investment Bank, Housing Action Plan and associated affordable housing investment initiatives; European Commission (2025) European Affordable Housing Plan. Brussels: European Commission.

Focus

The principal challenge identified by respondents is not simply securing additional funding for housing, but ensuring that funding arrangements are predictable, accessible and aligned with implementation capacity. Across different financing models, long-term certainty and the ability of local governments to utilise available resources emerge as critical determinants of housing delivery and affordability outcomes.

5.5 Local flexibility and territorial adaptation

While financing influences what local and regional governments can deliver, flexibility influences how they respond to local housing needs. The survey findings reveal considerable variation in the degree of discretion available to local governments. Although municipalities exercise planning and land-use responsibilities in almost all the responding countries, their ability to adapt policies to local circumstances is often shaped by national legislation, funding arrangements and wider regulatory frameworks.

↑ Table of contents

Focus

The survey indicates that local flexibility is a critical determinant of housing outcomes. While municipalities hold important responsibilities in almost all responding countries, the degree of practical discretion varies considerably. The evidence from CEMR's members suggests that the most successful approaches combine clear national strategic frameworks with sufficient scope for local adaptation to differing territorial circumstances.

The evidence suggests that the most common approach is neither complete local autonomy nor strict central control, but a degree of local flexibility exercised within broader national frameworks. Housing policy therefore reflects a wider theme emerging throughout TERRI 2026, whereby responsibilities are increasingly shared across levels of government rather than exercised independently. **Spain** provides a useful illustration, with housing responsibilities shared across national, regional and local levels, requiring local initiatives to be aligned with wider strategic and financing frameworks.

Germany and **Sweden** demonstrate how this balance can allow significant adaptation to differing territorial circumstances. Respondents highlighted the use of differentiated approaches reflecting local housing markets, demographic conditions and development priorities. In **Germany**, for example, housing challenges vary considerably between growing metropolitan regions experiencing affordability pressures and rural territories facing demographic decline, vacancy and service accessibility challenges. These examples suggest that greater local flexibility can support more tailored responses to diverse housing challenges while remaining consistent with broader policy objectives.

A recurring theme throughout the survey is the growing divergence between urban and rural housing challenges. In urban areas, respondents most frequently identified affordability pressures, housing shortages, rising construction costs and land constraints. Rural areas, by contrast, often face population decline, vacant housing stock, fragmented ownership patterns and weaker investment demand. These differing realities reinforce the need for housing policies that can be adapted to distinct territorial circumstances rather than relying on uniform solutions.

Several respondents highlighted examples of locally adapted approaches designed to address these challenges. **Scotland's** use of vacancy officers and **Spain's** housing stock mapping initiatives seek to identify and bring underutilised housing back into use, while **Northern Ireland's** Rural Needs Act provides a framework for ensuring that rural circumstances are systematically considered in policy development. Although diverse in nature, these initiatives illustrate how local flexibility can support more territorially responsive housing policies.

The survey also suggests that flexibility depends on more than legal powers alone. Even where local governments possess the authority to adapt policies, action often requires adequate funding, technical expertise and administrative support. These challenges can be particularly significant for smaller municipalities, limiting their ability to respond to local housing needs.

Housing therefore highlights an important distinction between formal autonomy and practical discretion. The ability to tailor responses to local circumstances depends not only on the powers available to local authorities but also on the conditions that enable those powers to be exercised in practice.

5.6 Housing delivery and implementation capacity

The allocation of responsibilities, availability of funding and degree of local flexibility ultimately influence one central question: how effectively are housing policies and programmes translated into delivery? The survey findings suggest that while governance frameworks for housing are generally well established, implementation outcomes vary considerably. Respondents frequently highlighted the gap that can emerge between policy ambition and practical capability required to deliver housing objectives.

Delivery performance in practice

Overall, respondents presented a broadly positive but cautious assessment of housing governance arrangements. Most countries characterised their systems as moderately effective, indicating that the necessary institutional frameworks are largely in place but

that significant barriers continue to affect delivery. Only a very small number of respondents considered their systems highly effective, while others pointed to implementation constraints, funding pressures and administrative complexity as limiting factors.

The **Croatian** experience highlights a broader lesson emerging from the survey: successful housing delivery depends not simply on how responsibilities are organised, but also on whether institutions possess the capability to turn policy objectives into practical results.

Capacity as a determinant of delivery

A recurring theme throughout the survey is the importance of organisational capability in housing delivery. Respondents frequently highlighted the importance of specialist expertise, project management skills and administrative resources in implementing housing programmes. As housing policies increasingly incorporate sustainability requirements, energy-efficiency standards and complex funding mechanisms, the demands placed upon local authorities continue to expand.

Denmark offers an important illustration of the role of capacity. Respondents identified Denmark as one of the strongest examples of local readiness to address emerging housing challenges, including those linked to sustainability and climate objectives. This suggests that legal responsibilities alone are insufficient; the ability to mobilise expertise and resources is equally important in determining outcomes.

The survey also indicates that capacity constraints are often more pronounced among smaller authorities. Difficulties in accessing specialist skills, managing complex projects or responding to increasingly demanding regulatory requirements can affect the ability of municipalities to translate policy objectives into tangible housing outcomes. As a result, differences in local capacity can contribute to significant variation in implementation performance.

The evidence also suggests that housing delivery increasingly depends on a wider ecosystem of actors extending beyond public authorities alone. Across several countries, housing associations, specialised housing bodies, public finance institutions and private-sector partners play important roles in financing, developing or managing housing provision. While these arrangements vary considerably between countries, they illustrate how effective delivery increasingly relies on partnerships that complement public action and expand implementation capability

From policy ambition to delivery

Respondents repeatedly highlighted the challenge of translating strategic objectives into practical results. In several countries, legislative change and new policy commitments have expanded expectations regarding affordability, sustainability and housing quality. However, implementation capacity has not always developed at the same pace. The result can be a growing gap between policy ambition and delivery capability.

Ukraine provides a particularly striking illustration. Respondents highlighted the challenge of addressing immediate housing needs, reconstruction demands and longer-term housing reform simultaneously. Although the context is exceptional, it underscores a more general finding emerging from the survey: the effectiveness of housing policy depends not only on strategy and funding, but also on the institutional capacity required to deliver programmes under changing and often demanding circumstances.

The survey findings suggest that housing delivery is influenced more by the formal allocation of responsibilities. Respondents repeatedly pointed to the importance of organisational capability, technical expertise and administrative resources in determining whether housing programmes can be implemented successfully. Where these elements are present, local and regional governments are generally better placed to respond to housing needs and manage increasingly complex policy requirements.

More broadly, the findings reinforce a recurring theme throughout TERRI 2026: effective governance depends not only on assigning responsibilities, but also on ensuring that institutions possess the capacity to exercise them in practice. Housing therefore provides a particularly clear example of how implementation capability has become an increasingly important dimension of territorial governance.

Focus

One of the clearest lessons emerging from the survey is that responsibilities alone are insufficient. Housing outcomes are shaped as much by implementation capacity as by formal governance arrangements. While most countries possess established housing frameworks, differences in administrative capacity, finances, expertise and delivery capability significantly influence the effectiveness of housing policy in practice.

↑ Table of contents

5.7 Emerging European trends in housing governance

The survey findings reveal several broader trends that cut across otherwise diverse housing systems. Although governance arrangements, financing models and institutional structures differ considerably between countries, respondents reported a number of common developments that are reshaping housing policy and governance across Europe. The evidence points not towards convergence around a single housing model, but towards a shared set of challenges and governance responses. This conclusion is broadly consistent with wider European discussions on housing, which increasingly emphasise affordability, territorial disparities, investment needs and cooperation across levels of government.

Trend 1: housing is moving up the political agenda

Housing has become a strategic policy concern across Europe. Respondents frequently linked housing challenges to wider issues including economic development, labour mobility, demographic change, social inclusion and territorial cohesion. As a result, housing is increasingly viewed not simply as a sectoral policy issue, but as a broader governance challenge with implications for economic competitiveness, community wellbeing and territorial development.

Trend 2: housing governance is becoming increasingly multi-level

Across responding countries, housing responsibilities are rarely concentrated within a single institution or level of government. National authorities continue to play a major role in legislation, strategy and financing, while regional and local governments perform important planning, regulatory and delivery functions. The survey suggests that housing outcomes increasingly depend upon cooperation between levels of government rather than the actions of any single tier acting alone.

Trend 3: housing finance is becoming more diverse and blended

The evidence points towards increasingly complex housing financing systems. Alongside traditional public funding, respondents highlighted the growing role of housing associations, development agencies, private investment, guarantees, loans and European funding instruments. Housing delivery therefore increasingly relies upon combinations of funding sources that require coordination, long-term planning and sustained institutional capacity.

Trend 4: predictability matters as much as funding levels

Respondents consistently identified stable and predictable financing as a prerequisite for successful housing delivery. Across a variety of governance systems, uncertainty, fragmented funding streams and short-term financing cycles were viewed as significant barriers to long-term planning and investment. The evidence suggests that the continuity and accessibility of funding can be as important as the overall level of resources available.

Trend 5: delivery capability is emerging as a critical constraint

CEMR's survey repeatedly highlighted the gap that can arise between housing ambitions and the ability to deliver them in practice. Administrative expertise, project management capability, workforce skills and organisational resources increasingly influence implementation outcomes. Across many countries, respondents identified delivery capability as a more significant constraint than the formal design of governance arrangements alone.

↑ Table of contents

Conclusion

The survey findings suggest that housing has become one of the clearest tests of territorial governance across Europe. Although governance arrangements, financing models and levels of local discretion vary considerably between countries, respondents consistently highlighted the challenge of translating housing ambitions into tangible results.

Importantly, the evidence does not point towards a single housing governance model that consistently performs better than others. Centralised, decentralised, federal and shared-governance systems all face their own opportunities and constraints. Instead, housing outcomes appear to depend upon the extent to which responsibilities, financial resources, local discretion, organisational capability and coordination mechanisms reinforce one another in practice.

The findings also underline the importance of territorial differentiation. Housing pressures vary significantly across Europe and often differ considerably within countries themselves. As a result, effective housing policy requires sufficient flexibility to reflect local housing market conditions and territorial realities. Local and regional governments should therefore play a central role in identifying and defining housing-stressed areas within their jurisdictions and in developing responses that reflect local circumstances and needs. This, in turn, requires supportive national and European frameworks that enable local governments to take appropriate and proportionate measures to address housing challenges where they arise.

Looking ahead, the findings suggest that the key challenge is not simply where housing responsibilities are located, but how governance systems are organised to support delivery. As housing pressures become more complex and territorially differentiated, successful responses are likely to depend upon effective coordination between levels of government, stable and accessible financing arrangements, and the capacity of institutions to adapt policies to local circumstances and needs. Given the importance of housing to economic development, social inclusion and territorial cohesion, there is a continued need for comparative evidence and practical experience to inform policymaking. CEMR will therefore continue to monitor developments in housing governance across Europe, helping to bring the experiences of local and regional governments into policy discussions and supporting evidence-based approaches to addressing Europe's housing challenges.

↑ Table of contents

Final Reflections

↑ Table of contents

Capacity, coordination and the future of territorial governance

The findings presented throughout TERRI 2026 suggest that territorial governance in Europe continues to evolve, but not always in the ways anticipated by earlier debates on territorial reform and decentralisation. While questions of institutional design and competence allocation remain important, increasing attention is being directed towards the capability of governance systems to respond effectively to interconnected policy challenges.

Across Europe, local and regional governments are being asked to address challenges that do not fit neatly within administrative boundaries or traditional divisions of responsibility. Housing affordability, demographic change, climate adaptation, economic competitiveness and community resilience all require cooperation across levels of government, sectors and territories. In many cases, the effectiveness of governance depends less on formal structures than on the capacity of institutions to work together, coordinate action and adapt to changing circumstances.

A recurring theme throughout TERRI 2026 has been the growing importance of implementation. Whether examining territorial reforms, the distribution of competences, cooperative governance arrangements, fiscal sustainability or housing policy, the findings point to a common conclusion: governance outcomes increasingly depend on the ability of institutions to translate responsibilities and resources into effective action.

The diversity of experiences reported by CEMR's member associations also serves as a reminder that there is no single European model of territorial governance. Countries continue to pursue different pathways shaped by their constitutional traditions, political priorities and territorial realities. Yet despite these differences, many are confronting similar questions regarding capacity, coordination, accountability and service delivery.

The findings of TERRI 2026 highlight the close relationship between governance capacity and investment capacity. Throughout the report, respondents stressed the importance of aligning responsibilities with adequate financial resources. Looking ahead, future European and national investment frameworks, including the next Multiannual Financial Framework, will influence the ability of local and regional governments to support housing, territorial cohesion, sustainable development and resilience. Governance and finance are increasingly intertwined and form part of the same territorial policy challenge.

As Europe continues to navigate economic, social, environmental and geopolitical change, understanding how governance systems adapt and how local and regional governments respond will remain of central importance. TERRI 2026 therefore represents both a reflection on recent developments and a contribution to the continuing discussion on the future of territorial governance across Europe. Through its role in bringing together the experiences and perspectives of local and regional governments, CEMR will continue to support the exchange of knowledge, the identification of emerging trends and the development of evidence-based approaches to strengthening territorial governance across Europe.

↑ Table of contents

References

↑ Table of contents

Unless otherwise stated, the findings presented in this report are derived from responses submitted by participating CEMR member associations through the TERRI 2026 survey. The references below are provided to situate the report within the wider European policy and research context.

Publications and reports

Barca, F. (2009) *An Agenda for a Reformed Cohesion Policy: A Place-Based Approach to Meeting European Union Challenges and Expectations.* Brussels: European Commission.

CEMR (2026) *A Local Plan for Housing: Delivering Affordable, Sustainable and Inclusive Homes in Europe's Cities, Towns and Regions.*

Chatry, I. et al. (2025) "Mobilising sustainable finance for regions and cities", *OECD Regional Development Papers,* No. 132, OECD Publishing, Paris.

Council of European Municipalities and Regions (CEMR) (2021) *TERRI: Territorial Governance, Powers and Reforms in Europe 2012-2021.* Brussels: CEMR.

Council of Europe Congress of Local and Regional Authorities (2024) *Recurring Issues Based on Assessments Resulting from Congress Monitoring of the European Charter of Local Self-Government and Election Observation Missions (2021–2024).*

European Commission (2024) *Digital Decade Reports.* Brussels: European Commission. Available at: https://digital-strategy.ec.europa.eu/en/policies/2024-state-digital-decade-package (Accessed: 14 September 2026).

European Commission (2024) *The 2024 Ageing Report: Economic and Budgetary Projections for the EU Member States (2022-2070).* Luxembourg: Publications Office of the European Union. Available at: https://economy-finance.ec.europa.eu (Accessed: 10 September 2026).

European Environment Agency (2024) *European Climate Risk Assessment.* Copenhagen: European Environment Agency. Available at: https://www.eea.europa.eu (Accessed: 10 September 2026).

European Labour Authority (2026) *Report on Labour Shortages and Surpluses in the European Union.* Bratislava: European Labour Authority. Available at: https://www.ela.europa.eu (Accessed: 17 September 2026).

European Parliament Research Service (2026) *Developing a Coordinated EU Approach to Housing. Brussels: European Parliament.* Available at: https://www.europarl.europa.eu (Accessed: 10 September 2026).

Ladner, Keuffer and Bastianen (2021) *Local Autonomy Index in the EU, Council of Europe and OECD countries* (1990-2020).

REFERENCES

↑ Table of contents

OECD and European Commission (2012) *Redefining Urban Areas in OECD Countries.* Paris: OECD Publishing.

OECD and United Cities and Local Governments (UCLG) (2022) *World Observatory on Subnational Government Finance and Investment 2022.* Paris: OECD Publishing.

OECD (2015) *The Metropolitan Century: Understanding Urbanisation and its Consequences.* Paris: OECD Publishing.

OECD (2019) *Governance of Public Policies in Decentralised Contexts.* Paris: OECD Publishing.

OECD (2019) *Making Decentralisation Work: A Handbook for Policy-Makers.* Paris: OECD Publishing.

OECD (2024) *An Agenda for Housing Policy Reform.*

OECD (2026), *How to Make Inter-Municipal Co-operation Work.* Paris: OECD Publishing.

Vita e Pensiero. (2022) *Welfare comunitario e Casa della Comunità: dal PNRR alla riforma dell'assistenza sanitaria territorial.*

REFERENCES

Institutional and policy documents

Council of Europe (1985) *European Charter of Local Self-Government (ETS No. 122).* Strasbourg: Council of Europe.

Council of Europe - Centre of Expertise for Good Governance (2024) *Roadmap for reforms in Bulgaria: support the decentralization reform process across all levels government.*

European Commission (2025) European *Affordable Housing Plan.* Brussels: European Commission. Available at: https://ec.europa.eu (Accessed: 10 September 2026).

European Investment Bank (n.d.) *Housing Action Plan.* Luxembourg: European Investment Bank. Available at: https://www.eib.org (Accessed: 11 September 2026).

Normattiva (2026). *LEGGE 7 aprile 2014,* n. 56.

King's Printer of Acts of Parliament. (2025). *Planning and Infrastructure Act 2025.*

↑ Table of contents

Territorial Agenda 2030 (2020) *A Future for All Places. Adopted by the Ministers responsible for Spatial Planning, Territorial Development and Territorial Cohesion.* Available at: https://territorialagenda.eu (Accessed: 10 September 2026).

Websites

Council of European Municipalities and Regions (CEMR) (2026) *National Associations - CEMR CCRE.* https://ccre-cemr.org/national-associations (Accessed: 25 September 2026)

Decentralization Net (2026) *Rethinking the future of decentralization and multilevel governance.* Available at: https://decentralization.net/2026/05/rethinking-the-future-of-decentralization-and-multilevel-governance-2/ (Accessed: 17 September 2026).

Nalas (n.d.) *Network of Associations of Local Authorities of South-East Europe.* https://www.nalas.eu/ (Accessed: 25 September 2026)

OECD (2009) *Multi-level Governance.* Paris: OECD Publishing.

Strategy and Reports (2025) *Enlargement and Eastern Neighbourhood.*

Vie Publique (2026) *Décentralisation: vers une nouvelle réforme territoriale ?* https://www.vie-publique.fr/eclairage/302333-decentralisation-vers-une-nouvelle-reforme-territoriale (Accessed: 01 October 2026).

Annexes

Country Fact Sheets

Survey used for data collection

REFERENCES

↑ Table of contents

Annexes

↑ Table of contents

Country Fact Sheets

Austria	78	**Germany**	100	**Poland**	122
Belgium	80	**Greece**	102	**Portugal**	124
Bulgaria	82	**Hungary**	104	**Romania**	126
Croatia	84	**Iceland**	106	**Serbia**	128
Cyprus	86	**Italy**	108	**Slovakia**	130
Czechia	88	**Lithuania**	110	**Slovenia**	132
Denmark	90	**Luxembourg**	112	**Spain**	134
Estonia	92	**Malta**	114	**Sweden**	136
Finland	94	**Republic of Moldova**	116	**Türkiye**	138
France	96	**Netherlands**	118	**Ukraine**	140
Georgia	98	**Norway**	120	**United Kingdom of Great Britain and Northern Ireland**	142

TERRI Survey 2026

Evolving responsibilities of Europe's local and regional governments, with a focus on housing policy 144

ANNEXES

↑ Table of contents

Austria

Country overview

CAPITAL
Vienna

AREA
83,879 km²

REGIONAL LEVEL
9 Regions (*Länder*)

POPULATION
9.1 million (approx.)

STATE STRUCTURE
Federal republic

LOCAL LEVEL
2,092 Municipalities (*Gemeinden*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
Federal	Federal government	National legislation and Policy
Regional	9 Regions	Legislative, administrative and regulatory responsibilities
Local	2,092 Municipalities	Local service delivery and local self-government

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Federal Structure	The region possess their own constitutions and exercise legislative powers in a number of policy areas.
Regional Governance Models	Different regions use either proportional or majority systems for forming regional governments.

Governance system

Austria combines a federal governance structure with a strong local self-government. Municipalities play a central role in the delivery of a broad range of local services and infrastructure functions, while the regions exercise significant legislative and administrative responsibilities. The Austrian system is characterised by a high number of small and medium-sized municipalities and a continuing emphasis on intergovernmental coordination and cooperation to support service delivery across different territorial contexts. A distinctive feature of the Austrian system is that each region possesses its own constitution and exercises genuine legislative authority in certain policy areas.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Fire protection and rescue services
- Road construction and maintenance of municipal roads
- Maintenance of elementary and secondary schools
- Civil status and registry services
- Local construction police
- Public water supply pipelines
- Sewer systems
- Municipal housing
- Waste management
- Social welfare services (shared responsibility)
- Health services (shared responsibility)

REGIONS

- Legislative and administrative responsibilities within the federal system
- Regional administration
- Regional policy implementation

Distinctive governance features

- Austria combines strong local autonomy with a highly decentralised federal structure and a municipal landscape dominated by small and medium-sized governments where municipalities retain a constitutionally protected status within the federal system.
- The *Länder* possess their own constitutions and exercise legislative powers in a number of policy areas.
- Municipalities are responsible for a broad range of infrastructure, service delivery and local administrative functions.
- Administrative adaptation frequently occurs through cooperation rather than large-scale restructuring.
- Regional governments are formed through either proportional or majority systems depending on the regions.

TERRI 2026 perspective

Austria illustrates how a federal governance system can combine strong municipal self-government with extensive regional authority. Municipalities remain central actors in service delivery, while the regions exercise significant legislative and administrative responsibilities across a wide range of policy areas.

From a TERRI 2026 perspective, Austria highlights the importance of coordination across governance levels and demonstrates how governance capacity can be strengthened through cooperation rather than large-scale territorial restructuring.

↑ Annexes

Belgium

Country overview

CAPITAL
Brussels

POPULATION
11.8 million (approx.)

AREA
30,689 km²

STATE STRUCTURE
Federal constitutional monarchy

REGIONAL LEVEL
3 Regions (*Gewesten/Regions*) (Brussel-Capital, Flanders)

COMMUNITY LEVEL
3 Communities (*Gemeenschappen/ Communautés*) (Flemish, French and German-speaking)

INTERMEDIATE LEVEL
10 Provinces (*Provincies/Provinces*)

LOCAL LEVEL
565 Municipalities (*Gemeenschappen/ Communautés*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
Federal	Federal Government	National competences and constitutional framework
Regional	3 Regions	Territorial competences including housing, planning, environment and local government
Community	3 Communities	Competences relating to education, culture, health and social affairs
Intermediate	10 Provinces	Coordination and selected territorial functions
Local	565 Municipalities	Local service delivery and local self-government

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Flanders	The Flemish Region and Flemish Community have merged their institutions and operate through a single parliament and government
Brussels-Capital Region	Exercises regional powers and also performs certain functions normally exercised by provinces
Community Commissions	Community competences in Brussels are exercised through a number of specialised commissions and arrangements

FACTSHEETS

↑ Annexes

Governance system

Belgium operates a highly decentralised federal governance system in which powers are distributed between the federal government, regions, communities and local authorities. A distinctive feature of the Belgian model is the separation between regional competences, which are linked to territory, and community competences, which are linked to individuals and language communities. Municipalities remain central actors in local service delivery, while regions exercise substantial powers in areas such as housing, planning, transport and local government. The distribution of responsibilities across several governance tiers requires extensive coordination between institutions and contributes to the complexity of the Belgian governance system.

Main responsabilities

MUNICIPALITIES

- Public order
- Registry office
- Local roads and mobility
- Water and sanitation
- Waste management
- Local social policy
- Local economy
- Housing implementation
- Municipal finance and taxation

PROVINCES

- Environment
- Economic support functions

REGIONS

- Spatial and urban planning
- Housing
- Agriculture
- Employment
- Energy
- Transport and infrastructure
- Local government and municipalities
- External trade
- Scientific research

COMMUNITIES

- Education
- Culture
- Health
- Social affairs and citizen support services
- Tourism
- Sport

NOTE: In Belgium, responsibilities are distributed between Regions and Communities. Regions are primarily responsible for territorial and economic matters, while Communities exercise responsibilities in areas such as education, culture, health and social affairs. Some policy areas therefore require coordination across multiple levels of government.

Distinctive governance features

A distinctive feature of the Belgian model is the distinction between Regions, which exercise territorial responsibilities such as housing, planning and transport, and Communities, which are responsible for areas such as education, culture, health and social affairs.

TERRI 2026 perspective

Belgium illustrates one of Europe's most complex systems of multi-level governance. Responsibilities are distributed across federal, regional, community, provincial and municipal authorities, requiring extensive coordination between institutions. The Belgian experience demonstrates how different governance levels can exercise complementary responsibilities while reflecting territorial, linguistic and constitutional diversity.

FACTSHEETS

↑ Annexes

Bulgaria

Country overview

CAPITAL
Sofia

POPULATION
6.42 million (approx.)

AREA
110,997 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
28 Administrative districts (*Oblasti*)

LOCAL LEVEL
265 Municipalities (*Obshtini*) and 3,041 mayoralties (*Kmetstva*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and state administration
Regional	28 Administrative districts	Territorial competences including housing, planning, environment and local government
Local	265 Municipalities and 3,041 mayoralties	Competences relating to education, culture, health and social affairs

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Sofia, Plovdiv and Varna	They have internal territorial districts: 24 in Sofia, 6 in Plovdiv and 5 in Varna

Governance system

Bulgaria is a unitary parliamentary republic with local self-government exercised at municipal level. Municipalities have elected local authorities and constitute the main level of territorial self-government. The 28 administrative districts are territorial units of state administration and do not constitute a separate level of elected self-government. Below municipalities, mayoralties provide sub-municipal administration in eligible settlements.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

— Local infrastructure
— Spatial and urban planning
— Waste management
— Local public services
— Education-related local services
— Social services
— Local economic development
— Management of municipal property and finances

Distinctive governance features

— Municipalities constitute the principal level of elected local self-government.
— The 28 districts function as territorial arms of the state rather than elected self-government authorities.
— Sub-municipal mayoral administrations provide an additional tier of local representation and administration.
— Recent policy discussions have focused on fiscal decentralisation and strengthening municipal financial autonomy and alignment of local responsibilities with available resources

TERRI 2026 perspective

Recent discussions on decentralisation and regional development in Bulgaria have highlighted the importance of strengthening municipal governance, fiscal autonomy and place-based approaches to territorial development. Ongoing reform initiatives relating to fiscal decentralisation and inter-municipal cooperation reflect wider European debates concerning governance capacity, local autonomy and the effective alignment of resources with responsibilities.

↑ Annexes



Croatia

Country overview

CAPITAL
Zagreb

POPULATION
3.9 million (approx.)

AREA
56,594 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
21 Counties (*Županija*)

LOCAL LEVEL
128 Towns/cities (*Grad*),
428 Municipalities (*Općina*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and policy
Regional	21 Counties	Regional planning, secondary education, healthcare, economic development and transport coordination
Local	128 Towns/cities and 428 municipalities	Competences relating to education, culture, health and social affairs

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
City of Zagreb	Zagreb simultaneously exercises city and county-level responsibilities

Governance system

Croatia operates a two-tier system of local and regional self-government composed of municipalities and towns at local level and counties at regional level. Municipalities and towns are responsible for a broad range of local services and community functions, while counties perform important regional responsibilities in areas such as education, healthcare, planning, economic development and transport coordination. The Croatian system has undergone a gradual process of decentralisation, with increasing responsibilities being transferred from the national level to counties and local governments.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES AND TOWNS

- Development of settlements and housing
- Spatial and urban planning
- Childcare
- Social welfare
- Primary healthcare
- Education
- Culture and sport
- Consumer protection
- Protection and improvement of the natural environment
- Fire and civil protection
- Local transport
- Municipal services and utilities

COUNTIES

- Education
- Health services
- Regional and urban planning
- Economic development
- Traffic and transport infrastructure
- Maintenance of public roads
- Planning and development of the network of educational, health, social welfare and cultural institutions
- Administration of spatial planning procedures, including building and location permits and related planning authorisations

NOTE: Large cities also exercise additional responsibilities including the maintenance of public roads and the the administration of certain permitting procedures.

Distinctive governance features

- Croatia operates a two-tier system of local and regional self-government.
- Counties play a significant role in education, health services and economic development.
- The City of Zagreb exercises both city and county responsibilities.
- Ongoing decentralisation has progressively expanded the responsibilities of local and regional governments.

TERRI 2026 perspective

Croatia illustrates a governance model in which counties continue to play an important role alongside municipalities and cities. TERRI 2026 highlights the importance of coordination between different levels of government in supporting service delivery, regional development and territorial planning. Ongoing decentralisation reforms also reflect wider European efforts to strengthen local and regional governance capacity while improving public service delivery.

↑ Annexes

Cyprus

Country overview

CAPITAL
Nicosi

STATE STRUCTURE
Unitary presidential republic

REGIONAL LEVEL
6 Administrative districts

POPULATION
1.382 million (approx.)

LOCAL LEVEL
20 Municipalities (*Dimoi*) and 285 communities[1] (*Koinotites*)

AREA
9,251 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National Level	Central Government	National legislation and policy
Regional level	6 administrative districts	Deconcentrated state administration and territorial coordination
Intermediate Level	5 District Local Government Organisations (DLGOs)	Development licensing, water, sewerage and waste management.
Local Level	20 Municipalities and 285 communities	Local services and community development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
District Local Government Organisations (DLGOs)	District-wide authorities established through the 2024 Local Government Reform to deliver functions such as development licensing, water services, sewerage and waste management.

Governance system

Cyprus has two principal forms of local government, municipalities in predominantly urban areas and communities in predominantly rural areas. Following the 2024 Local Government Reform, five District Local Government Organisations (DLGOs) were established to strengthen the delivery of district-wide services and improve administrative coordination. Six administrative districts continue to operate as units of deconcentrated state administration.

1 Nine additional municipalities retain their legal status under the constitutional framework of the Republic of Cyprus.

FACTSHEETS

Main responsabilities

MUNICIPALITIES

- Local roads and public spaces
- Waste collection
- Environmental protection
- Public health
- Parks and local amenities
- Municipal police
- Local development

COMMUNITIES

- Local services
- Community infrastructure
- Local administration

DISTRICT LOCAL GOVERNMENT ORGANISATIONS

- Development licensing
- Water supply
- Sewerage and stormwater
- Solid waste management

Distinctive governance features

- Municipalities and communities remain the principal forms of local government.
- The 2024 Local Government Reform strengthened service delivery through municipal consolidation and enhanced inter-municipal cooperation.
- Six administrative districts continue to operate as units of deconcentrated state administration.

TERRI 2026 perspective

Cyprus illustrates how governance reform can be used to strengthen local capacity and improve service delivery through consolidation and shared governance arrangements. From a TERRI 2026 perspective, the 2024 reforms highlight the growing importance of coordination, institutional effectiveness and sustainable local governance as drivers of territorial reform across Europe.

↑ Annexes



Czechia

Country overview

CAPITAL
Prague

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
14 Regions (*Kraje*)

POPULATION
10.5 million (approx.)

LOCAL LEVEL
6,258 Municipalities (*Obce*)

AREA
78,871 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Regional	14 Regions	Regional development, transport, health, education and strategic planning
Local	6,258 Municipalities	Local service delivery and local self-government

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
City of Prague	Prague functions simultaneously as a municipality and a region
Statutory Cities	Prague and other large cities are divided into metropolitan districts with their own elected councils

Governance system

Czechia operates a two-tier system of local and regional self-government composed of municipalities and regions. Municipalities exercise a broad range of local responsibilities and play a central role in local service delivery. Regions provide strategic and supra-local services, particularly in education, transport, healthcare and regional development. Prague occupies a unique position within the system by simultaneously exercising both municipal and regional functions. Czechia is also characterised by a large and diverse network of more than 6,000 municipalities across the country.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Municipal budget and property management
- Local development
- Housing
- Spatial planning
- Transport
- Water supply and sewage
- Household refuse
- Municipal police
- Primary education (including kindergartens)
- Social services
- Cooperation with municipalities and regions
- Agriculture and forestry owned by the municipality

REGIONS

- Secondary education
- Regional development
- Health services
- Transport
- Regional road network
- Social services
- Environment

NOTE: Certain areas, including social services and transport involve shared responsibilities between municipalities and regions.

Distinctive governance features

- Czechia has one of Europe's largest municipal systems comprising more than 6,200 municipalities.
- Prague simultaneously exercises municipal and regional powers
- Regions play a significant role in secondary education, health services, transport and regional development.
- Prague and several statutory cities are divided into city districts with their own elected councils

TERRI 2026 perspective

Czechia combines extensive municipal self-government with a significant regional tier responsible for strategic public services. With responsibilities distributed across both local and regional tiers, coordination between municipalities and regions an important feature of territorial governance.

↑ Annexes

Denmark

Country overview

CAPITAL
Copenhagen

POPULATION
6 million (approx.)

AREA
43,094 km²

STATE STRUCTURE
Unitary parliamentary constitutional monarchy

REGIONAL LEVEL
5 Regions (*Regioner*)

LOCAL LEVEL
98 Municipalities (*Kommuner*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, taxation and overall policy framework
Regional	5 Regions Will reduce to 4 regions as of 1 January 2027.	Regional development, transport, health, education and strategic planning
Local	98 Municipalities	Local welfare services, education and local planning.

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
17 Health councils	Joint regional-municipal bodies coordinating healthcare closer to citizens
Greenland and Faroe Islands	They have autonomous status: both have their own government and legislative assembly.

Governance system

Denmark operates a highly decentralised unitary system of governance based on municipalities and regions. Municipalities exercise extensive responsibilities for welfare services, education, employment and local development, while regions are primarily responsible for healthcare and specialised services. Governance is characterised by a strong local role in service delivery combined with national coordination and financing mechanisms.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Education
- Childcare
- Elderly care
- Social services
- Employment service
- Environment and climate-related local services
- Local infrastructure
- Housing and local planning
- Local economic development

REGIONS

- Healthcare
- Hospitals
- Mental health services
- Specialised social services
- Regional transport
- Raw material and resources
- Monitoring and remediation of soil contamination

Distinctive governance features

- Regions cannot levy taxes and are financed through state and municipal contributions
- Municipal expenditure is subject to nationally agreed spending caps
- Recent healthcare reforms have strengthened joint governance between regions and municipalities through 17 Health Councils
- From January 2027, the Capital Region of Denmark and Region Zealand will merge to form Region Eastern Denmark, reducing the number of regions from five to four and reinforcing regional capacity in healthcare governance

TERRI 2026 perspective

Denmark illustrates how extensive local responsibilities can be combined with strong national coordination and a specialised regional tier focused on healthcare. Municipalities remain the principal level of local self-government, while regions play a key role in the organisation of healthcare and regional development.

The forthcoming healthcare reform, including the merger of two regions into the new Region Eastern Denmark from 2027, demonstrates how Denmark continues to adapt its governance arrangements to strengthen capacity, coordination and service delivery. From a TERRI perspective, this reflects a broader European trend towards functional governance reforms and intergovernmental cooperation rather than wholesale territorial restructuring.

↑ Annexes

Estonia

Country overview

CAPITAL
Tallin

POPULATION
1.37 million (approx.)

AREA
45,227 km²

STATE STRUCTURE
Unitary parliamentary republic

LOCAL LEVEL
78 Municipalities (*Omavalitsus*)

ADMINISTRATIVE COUNTIES
15 Counties (*Maakonnad*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Administrative	15 Counties	State administration, coordination and statistical functions
Local	78 Municipalities	

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Counties (*maakonnad*)	Administrative and statistical units of the state without elected regional self-government
Inter-Municipal cooperation	Municipalities cooperate through joint institutions and shared service arrangements, particularly in transport, waste management and regional development

Governance system

Estonia operates a single-tier system of local self-government based on municipalities. Local authorities exercise a broad range of responsibilities within national legislative frameworks and play a central role in public service delivery, local development and community welfare. While Estonia does not have an elected regional tier, municipalities increasingly cooperate through joint institutional arrangements to address functions that extend beyond individual administrative boundaries. Recent developments have focused on strengthening implementation capacity, crisis preparedness and inter-municipal cooperation rather than major changes to the formal allocation of competences.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Social services and welfare
- Social housing and housing support services
- Local development
- Local roads and public spaces
- Municipal infrastructure and utilities
- Environmental management and local services
- Community services
- Pre-school and basic education (delivery and maintenance)
- Spatial planning (local plans)

ADMINISTRATIVE COUNTIES

- Coordination and administrative functions
- Statistical and territorial administration functions

NOTE: Several responsibilities, particularly education, spatial planning and social welfare, are exercised by municipalities within national legislative and regulatory frameworks. Estonia has no elected regional or intermediate self-government tier, although counties (maakonnad) continue to exist as state administrative and statistical units.

Distinctive governance features

- Estonia operates a single-tier local government system without elected regional authorities
- Municipalities exercise a combination of autonomous responsibilities and functions delivered within national policy frameworks.
- Inter-municipal cooperation plays an important role in transport, waste management, service delivery and regional development.
- Municipalities have assumed growing coordination responsibilities in areas such as crisis response and refugee support without formal competence transfers

TERRI 2026 perspective

Estonia demonstrates how a single-tier local government system can combine strong municipal responsibility with extensive national coordination. Recent developments suggest that governance adaptation is occurring less through formal competence transfers and more through enhanced cooperation, increased implementation responsibilities and stronger coordination in response to emerging societal challenges.

↑ Annexes

Finland

Country overview

CAPITAL
Helsinki

POPULATION
5.63 million (approx.)

AREA
338,420 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
18 Regional councils (*Maakunnan liitto*)

SPECIAL AUTONOMOUS TERRITORY
Åland Islands

LOCAL LEVEL
309 Municipalities (*Kunta*)

ADDITIONAL GOVERNANCE TIER
21 Wellbeing services counties (*Hyvinvointialueet*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
Federal	Central government	National legislation and policy
Regional	18 Regional councils	Regional development, land-use planning, EU programmes and territorial coordination
Functional/Service Tier	21 Wellbeing services counties	Healthcare, social welfare and rescue services
Local	309 Municipalities	Local service delivery, education, planning and local development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Åland Islands	Administrative and statistical units of the state without elected regional self-government
Wellbeing Services Counties	Established following the 2021 social and healthcare reform and responsible for healthcare, social welfare and rescue services since 2022

Governance system

Finland combines strong municipal self-government with regional coordination structures and specialised service-delivery arrangements. Municipalities remain central actors in education, local development, planning and local infrastructure, while Regional Councils coordinate regional development and territorial planning. A significant governance reform introduced 21 Wellbeing Services Counties, which assumed responsibility for healthcare, social welfare and rescue services. As a result, Finland combines local self-government with dedicated institutional arrangements for the delivery of major welfare services.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Education (pre-school, primary, secondary, vocational and adult education)
- Culture and leisure
- Sports
- Territorial planning
- Roads and local transport
- Energy, water and sewage
- Waste management
- Business and employment support
- Local taxation and finance

REGIONAL COUNCILS

- Regional development
- Regional planning and land use
- Economic development
- Territorial coordination
- Regional cooperation and representation
- Culture and regional identity

WELLBEING SERVICES COUNTIES

- Healthcare
- Social welfare
- Rescue services

Distinctive governance features

- Municipalities possess extensive responsibilities and independent taxation rights.
- Regional Councils are statutory joint municipal authorities, bringing together all municipalities within a region.
- The Åland Islands enjoy a high degree of constitutional autonomy, including legislative powers.
- The 2021 social and healthcare reform created 21 Wellbeing Services Counties responsible for healthcare, social welfare and rescue services.

TERRI 2026 perspective

Finland illustrates how governance systems can evolve through functional and institutional reorganisation rather than territorial restructuring. The creation of the Wellbeing Services Counties demonstrates how responsibilities for major welfare services can be reassigned to specialised governance structures while preserving strong municipal self-government. The Finnish experience therefore provides an important example of governance adaptation designed to address service delivery capacity, demographic change and long-term sustainability.

↑ Annexes



France

Country overview

CAPITAL
Paris

POPULATION
69 million (approx.)

AREA
672,051 km²

STATE STRUCTURE
Unitary semi-presidential republic

REGIONAL LEVEL
18 Regions (*Régions*) including 5 overseas regions

INTERMEDIATE LEVEL
96 Departments (*Départements*) and 5 overseas departments

LOCAL LEVEL
34,875 Municipalities (*Communes*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy.
Regional	18 Regions including 5 overseas regions	Economic development, regional planning, transport and upper secondary education.
Intermediate	96 Departments and 5 overseas departments	Social services, lower secondary education, emergency services and territorial solidarity.
Local	34,875 Municipalities	Local public services, urban planning, primary education and community development.

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Corsica	Specific status and represents a self-governing authority with specific institutions.
The European community of Alsace (*la collectivité européenne d'Alsace*)	Replaced the departments of Haut-Rhin and Bas-Rhin. Created by a law of August 2, 2019, this community falls under the legal category of departments, but has specific competences. This is particularly the case in the area of cross-border cooperation.
Paris	Both a department and a municipality
Lyon Metropole	Enjoys the competences of a department
Overseas departments and regions (DOM and ROM)	French overseas territories that are both departments and regions and form part of the European Union as outermost regions.
Overseas Countries and Territories (*Pays et Territoires d'Outre Mer, PTOM*)	Overseas collectivities with varying degrees of autonomy and specific institutional arrangements.

FACTSHEETS

Governance system

France is a decentralised unitary state based on municipalities, departments and regions. Municipalities remain the principal level of local government, while departments and regions exercise important social, economic and territorial responsibilities. A distinctive feature of the French system is the universal participation of municipalities in inter-municipal cooperation structures (EPCI), which play a significant role in economic development, spatial planning and service delivery.

Main responsabilities

MUNICIPALITIES

- Urban planning
- Education: kindergartens and elementary schools' buildings construction and maintenance
- Social action
- Environment: water supply and sanitation, waste management
- Local roads
- Transport
- Culture
- Sports

DEPARTMENTS

- Social and health action: childhood, people with disabilities, senior inhabitants, social care
- Education: junior secondary schools building and maintenance
- Culture and tourism
- Safety: fire departments and emergency services, risk-prevention

REGIONS

- Economic development
- Territorial development and planning
- Transport
- Education: senior secondary schools
- Vocational education and adult permanent education. planning and environment
- Culture
- Tourism

Distinctive governance features

- Strong inter-municipal cooperation through mandatory inter-municipal entities (EPCI).
- Municipalities retain a general competence clause for matters of local interest.
- Regions play an important role in the management of European Structural Funds.
- Several territories benefit from special institutional arrangements, including Corsica, the European "Collectivité" of Alsace and overseas "collectivities"
- Paris combines municipal and departmental functions, while Lyon Metropole exercises both municipal and departmental competences.

TERRI 2026 perspective

France illustrates how territorial governance can evolve through inter-municipal cooperation and functional governance arrangements rather than through large-scale territorial restructuring. The growing role of inter-municipal entities demonstrates how municipalities can pool resources and coordinate policy delivery across wider territories while retaining local democratic institutions. At the same time, policy debates and reform initiatives launched in July 2026 point to continuing concerns regarding the complexity of the French territorial system, the distribution of competences between different tiers of government and the need to simplify governance arrangements across the public sector. These developments suggest that questions of coordination, territorial planning and institutional effectiveness are likely to remain central to future governance reforms in France.

↑ Annexes

Georgia

Country overview

CAPITAL
Tbilisi

POPULATION
3.9 million (approx.)

AREA
69,700 km²

STATE STRUCTURE
Unitary state

ADMINISTRATIVE REGIONS
Administrative regions (*Mkhare*) coordinate state functions but do not constitute an elected tier of self-government

LOCAL LEVEL
Single tier of local self-government; 64 municipalities (*Munits'ipalitei*) and 5 self-governing cities (*Tvimmartveli qalqebi*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National policy, legislation, public finance, justice, defence, national infrastructure and sectoral policy
Regional (administrative)	State representatives (governors)	Coordination of state administration and implementation of national policies within the regions.
Local	Municipalities	Local infrastructure, local roads, spatial planning, environmental services, local economic development, municipal administration and community services

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Autonomous Republic of Adjara	Autonomous republic with its own elected Supreme Council and regional government operating within the constitutional framework of Georgia.
Tbilisi	Capital city with a special legal status as a self-governing municipality and the country's principal urban, economic and administrative centre.

Governance system

Georgia is a unitary state with local self-government exercised through municipalities. Municipalities are governed by directly elected municipal councils (*Sakrebulo*) and directly elected mayors. Administrative regions (*Mkhare*) provide territorial coordination of state functions but do not constitute an elected tier of self-government. The framework for local self-government is established by the Organic Law of Georgia: Local Self-Government Code adopted in 2014.

Main responsabilities

MUNICIPALITIES

- Local spatial planning and land-use management
- Local roads and municipal infrastructure
- Waste management and environmental services
- Local economic development
- Municipal property management
- Community, cultural and recreational services

REGIONAL (ADMINISTRATIVE) LEVEL

- Coordination of state administration within the regions
- Oversight and implementation of national programmes
- Coordination between municipalities and central government institutions

NOTE: The following policies are administered according to **shared responsibilities**

- Social services and community welfare
- Economic development
- Environmental protection
- Emergency management and civil protection
- Local and regional development initiatives

Distinctive governance features

- Municipalities constitute the principal and only elected level of local self-government.
- Administrative regions perform state coordination functions but do not constitute an elected self-government tier.
- Mayors and municipal councils are directly elected.
- Decentralisation, citizen participation and municipal capacity-building remain important themes of ongoing governance reform.

TERRI 2026 perspective

Georgia illustrates a model of local self-government centred on municipalities operating within a strongly unitary governance framework. Recent reform efforts have focused on strengthening decentralisation, local governance capacity and citizen participation rather than territorial restructuring.

From a TERRI 2026 perspective, the principal governance challenges concern fiscal decentralisation, municipal capacity and effective coordination between local and national institutions. These priorities are closely linked to broader efforts to strengthen public administration and local democracy in line with European governance standards and ongoing governance reform objectives.

FACTSHEETS

↑ Annexes

Germany

Country overview

CAPITAL
Berlin

AREA
357,376 km²

REGIONAL LEVEL
16 Regions (*Länder*)

POPULATION
83.2 million (approx.)

STATE STRUCTURE
Federal republic

INTERMEDIATE LEVEL
294 Counties (*Landkreise/Kreise*)

LOCAL LEVEL
10,799 Municipalities (*Germeiden*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
Federal	Federal Government	National legislation and federal policy
Regional	16 Regions	Legislative, administrative and regulatory responsibilities
Intermediate	294 Counties	Coordination and delivery of supra-local services
Local	10,799 Municipalities	Local services and community governance

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
City-States	Berlin, Bremen and hamburg simultaneously exercise municipal and regional powers
County-Free Cities (*Kreisfreie Städte*)	Exercise both municipal and county-level responsibilities

Governance system

Germany combines strong local self-government with a federal governance structure in which responsibilities are distributed across municipalities, counties and regions. Municipalities, cities and counties form part of the constitutional order of the regions and exercise substantial local and intermediary responsibilities. Governance arrangements vary across the federation, reflecting Germany's federal character and the significant autonomy enjoyed by the regions.

FACTSHEETS

↑ Annexes

Main Responsabilities

MUNICIPALITIES

- Urban planning
- Housing
- Municipal taxation
- Public security and order
- Local roads
- Public transport
- Water and wastewater
- Fire services
- Childcare
- Schools
- Social assistance and youth services

COUNTIES

- Social services
- Elderly care
- Public health services
- Waste management
- Disaster management
- County roads
- Environmental protection
- Rescue services
- Public transport
- Cultural facilities
- Food safety

REGIONS

- Education
- Universities
- Police
- Justice
- Public administration
- Culture
- Environment
- Taxation
- Legal supervision of local government
- Homeland security

NOTE: Several policy areas, including justice, social policy and employment law involve shared responsibilities between federal and regional levels.

Distinctive governance features

- Local self-government is constitutionally protected.
- Counties perform an important intermediary role between municipalities and Länder.
- Berlin, Bremen and Hamburg combine municipal and regional functions.
- County-free cities exercise both municipal and county responsibilities.
- Responsibilities are distributed across municipalities, counties and Länder, creating one of Europe's most developed federal governance systems.

TERRI 2026 perspective

Germany illustrates how strong local self-government can operate within a federal governance framework. Responsibilities are distributed across municipalities, counties and regions, with coordination between levels of government playing an important role in policy delivery, territorial development and public service provision. The German model also highlights the role of intermediary tiers in supporting service delivery and territorial coordination, while allowing for differentiated governance arrangements, including city-states and county-free cities.

FACTSHEETS

↑ Annexes

Greece

Country overview

CAPITAL
Athens

POPULATION
10.3 million (approx.)

AREA
131,957 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
13 Regions (*Perifereies*)

INTERMEDIATE LEVEL
7 Decentralised administrations

LOCAL LEVEL
332 Municipalities (*Dimoi*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Regional	13 Regions	Regional development, transport, health, education and strategic planning
Intermediate	7 Decentralised administrations	Deconcentrated state administration and territorial coordination
Local	332 Municipalities	Local services, urban planning and community development.

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Mount Athos (Aghion Oros)	Self-governed part of the Greek State with a constitutionally protected special status.
Attica and Thessaloniki	Exercise additional metropolitan functions at regional level

Governance system

Greece has two levels of local self-government that are 332 municipalities and 13 regions. Both levels have directly elected authorities and enjoy administrative and financial autonomy within the framework established by national legislation. Municipalities administer local affairs, while regions design and implement policies of regional scope. Seven Decentralised Administrations represent the territorial administration of the State and do not constitute a level of local self-government.

FACTSHEETS

Main responsabilities

MUNICIPALITIES

- Local development
- Urban planning
- Environment and quality of life
- Social protection
- Education, culture and sports
- Local infrastructure and services

REGIONS

- Regional development and planning
- Transport and communications
- Environment and spatial planning
- Health
- Agriculture and natural resources
- Education, culture and sports
- Employment and tourism

Distinctive governance features

- Two-tier local government system: municipalities and regions.
- Local authorities enjoy administrative and financial independence.
- Seven Decentralised Administrations represent territorial state administration alongside local government.
- Mount Athos has a constitutionally protected self-governing status.
- Recent reforms have sought to clarify the distribution of responsibilities between municipalities, regions and central government.

TERRI 2026 perspective

Greece illustrates a multi-level territorial governance system in which municipalities and regions exercise significant responsibilities alongside a strong territorial presence of central government through the Decentralised Administrations. Recent reforms, including the adoption of a new Local Government Code in 2026, have focused on clarifying responsibilities, strengthening governance capacity and improving administrative effectiveness.

TERRI 2026 highlights Greece's continuing efforts to improve coordination, accountability and service delivery across different levels of government, reflecting wider European debates on decentralisation and governance reform.

FACTSHEETS

↑ Annexes

Hungary

Country overview

CAPITAL
Budapest

POPULATION
9.4 million (approx.)

AREA
93,030 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
19 counties (*Megyék*)

LOCAL LEVEL
Budapest and 3,154 municipalities (*Települések*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and overall policy framework.
Regional	19 Counties	Territorial, rural development, spatial planning and coordination, with a primarily strategic and development-oriented role.
Local	3,155 Local authorities	Local public services, municipal development, local administration and the delivery of a range of community services.

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Budapest	Budapest is composed of 23 districts, each governed by an autonomous local authority with municipal status.
Towns with county rank	Hungary has 25 towns with county rights (*Megyei jogú városok*), which exercise additional competences beyond those of ordinary municipalities but are not independent territorial units

Governance system

Hungary has a two-tier system of local self-government comprising municipalities and counties. Municipalities constitute the primary level of local self-government and are responsible for most local public services, while counties perform primarily strategic functions related to territorial development, spatial planning and coordination. Budapest operates a distinctive two-tier structure consisting of the capital municipality and 23 district municipalities

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

— Municipal development
— Childcare
— Basic healthcare
— Social and cultural services
— Environmental protection
— Water management
— Housing
— Local economic development

REGIONS

— Territorial development
— Rural development
— Spatial planning coordination

Distinctive governance features

— Municipalities may undertake additional local public tasks, provided that mandatory responsibilities are not jeopardised.
— Budapest operates a distinctive two-tier local governance structure comprising the capital municipality and 23 autonomous district municipalities.
— Hungary's counties perform primarily strategic and territorial development functions rather than extensive service-delivery responsibilities.
— Twenty-five towns with county rights exercise additional competences and enjoy a stronger institutional position within the local government system.

TERRI 2026 perspective

Hungary illustrates how territorial governance can combine a large number of municipalities with strategic intermediary institutions focused on development and coordination. The country's governance arrangements demonstrate how differentiated territorial statuses, including Budapest and towns with county rights, can be used to accommodate diverse territorial needs within a unitary state structure.

From a TERRI perspective, Hungary reflects broader European questions concerning local capacity, territorial coordination and the evolving role of intermediary governance tiers in supporting development and service delivery.

↑ Annexes



Iceland

Country overview

CAPITAL
Reykjavík

STATE STRUCTURE
Unitary parliamentary republic

LOCAL LEVEL
62 municipalities (*Sveitarfélag*)

POPULATION
400,000 (approx.)

AREA
103,125 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and state administration
Regional	No elected regional tier	Regional development is coordinated through regional associations and regional plans.
Local	62 Municipalities	Local administration, services and local planning

Governance system

Iceland is a unitary state with one elected subnational level which is that of municipalities. Municipal councils are elected by residents and municipalities enjoy constitutionally protected self-government. Regional cooperation is organised through regional associations of municipalities rather than an elected regional tier.

FACT SHEETS

↑ Annexes



Main responsabilities

MUNICIPALITIES

— Pre-primary and compulsory education
— Social services and financial assistance
— Services for elderly and disabled people
— Child and youth services
— Local spatial planning and development
— Housing-related social assistance
— Waste management and local environmental services

Distinctive governance features

— Municipalities are the only elected subnational tier of government.
— Municipal self-government is protected by Article 78 of the Constitution.
— Regional cooperation is organised through associations of local authorities and regional action plans.
— Voluntary municipal amalgamations have played an important role in strengthening administrative and service delivery capacity.

TERRI 2026 perspective

Iceland illustrates a model of local self-government based on strong municipalities operating without an elected regional tier. From a TERRI 2026 perspective Iceland highlights the importance of inter-municipal cooperation, governance capacity and voluntary municipal amalgamation in supporting effective service delivery and strengthening local administration.

FACT SHEETS

↑ Annexes

Italy

Country overview

CAPITAL
Rome

POPULATION
59.9 million (approx.)

AREA
302,073 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
Regions (*Regioni*)

INTERMEDIATE LEVEL
Povinces (*Province*) and metropolitan cities (*Città metropolitane*)

LOCAL LEVEL
Municipalities (*Comuni*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and Policy
Regional	20 regions: 15 with *Ordinary Statute* and 5 with *Special Statute*	Legislative powers, healthcare, regional planning, transport and economic development
Intermediate	Provinces, 2 autonomous provinces, 6 consortia and 15 metropolitan cities	Territorial planning, transport, school infrastructure and coordination of local authorities
Local	Territorial planning, transport, school infrastructure and coordination of local authorities	Local service delivery and local self-government

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Five regions with special statute	Enjoy broader legislative, administrative and financial autonomy.
Autonomous Provinces of Trento and Bolzano	Exercise extensive legislative and administrative powers within Trentino-Alto Adige.
Six Free Municipal Consortia in Sicily	Intermediate authorities replacing the former Sicilian provinces.

Governance system

Italy is a decentralised unitary state composed of municipalities, provinces, metropolitan cities and regions. These territorial authorities enjoy constitutional autonomy with administrative functions primarily attributed to municipalities according to the principles of subsidiarity, differentiation and proportionality. Regions exercise legislative powers in areas defined by the Italian Constitution.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Social welfare
- Education and culture
- Urban planning
- Local transport
- Environment and waste management
- Local police

REGIONS

- Healthcare
- Education and vocational training
- Regional planning
- Transport and energy
- Economic development
- Environment and culture
- Civil protection

METROPOLITAN CITIES

- Strategic territorial planning
- Transport and mobility
- Coordination of metropolitan services
- Economic development and digital transition

PROVINCES

- Territorial planning
- Provincial roads and transport
- School infrastructure
- Environmental protection
- Technical support to local authorities

Distinctive governance features

- Five regions have special statutes granting broader autonomy
- Trento and Bolzano have autonomous provincial status
- Administrative functions follow the principle of subsidiarity, with municipalities as the primary level.
- Provinces and metropolitan cities perform differentiated intermediate governance functions reflecting territorial and urban development needs

TERRI 2026 perspective

Italy represents a decentralised governance system characterised by significant regional autonomy and differentiated territorial arrangements. The coexistence of regions, metropolitan cities, provinces and municipalities demonstrates how multiple layers of government can contribute to policy delivery and territorial development.

From a TERRI 2026 perspective, Italy highlights the importance of coordination across different levels of government, particularly in areas such as healthcare, territorial development and housing. Recent reforms and policy initiatives increasingly focus on strengthening implementation capacity and improving the effectiveness of governance arrangements rather than on major territorial restructuring.

↑ Annexes



Lithuania

Country overview

CAPITAL
Vilnius

STATE STRUCTURE
Unitary semi-presidential republic

LOCAL LEVEL
60 Municipalities (*Savivaldybė*)

POPULATION
2.86 million (approx.)

AREA
65,300 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Local	60 Municipalities	Local self-government, public service delivery, local development and territorial planning

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Seniūnijos	Municipalities may be divided into smaller territorial administrative units to facilitate the provision of local services and communication with residents
Advisory councils	Local residents' advisory councils may also be established within *seniūnijos* to strengthen citizen participation

Governance system

Lithuania operates a single tier of local- government composed of 60 municipalities. Municipalities exercise both autonomous local responsibilities and functions delegated by the state, making them central actors in public service delivery and local development. Recent reforms have also strengthened mechanisms for regional coordination and investment planning beyond the municipal level.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES (INDEPENDENT MUNICIPAL FUNCTIONS)

- Municipal budgeting and local charges
- Spatial planning and local development
- Local roads and transport
- Local and economic development
- Environmental protection and waste management
- Housing and public utilities
- Pre-school, primary and basic education
- Culture, sports and tourism
- Social services
- Primary health care
- Municipal property management
- Promotion of entrepreneurship

MUNICIPALITIES (STATE-DELEGATED FUNCTIONS)

- Civil protection
- Certain social assistance functions
- Civil registration and other administrative services
- Implementation of national programmes and policies

Distinctive governance features

- Municipalities exercise extensive service delivery responsibilities through a combination of autonomous and state-delegated functions, although their fiscal autonomy remains comparatively limited.
- *Seniūnijos* provide an additional layer of local administration and citizen engagement within municipalities
- Recent reforms have strengthened the role of municipalities and Regional Development Councils in investment planning, civil protection and regional development.

TERRI 2026 perspective

Lithuania illustrates how a single-tier local government system can combine strong municipal responsibilities with growing roles in territorial development and investment planning. Recent reforms have strengthened regional coordination mechanisms and Functional Urban Area partnerships.

From a TERRI 2026 perspective, Lithuania highlights the importance of governance capacity and coordination beyond municipal boundaries. At the same time, demographic pressures on social and healthcare services, combined with limited municipal fiscal autonomy, continue to shape local service delivery and development challenges.

FACTSHEETS

↑ Annexes

Luxembourg

Country overview

CAPITAL
Luxembourg

STATE STRUCTURE
Unitary parliamentary constitutional monarchy

LOCAL LEVEL
100 Municipalities (*communes*)

POPULATION
693.916 (approx.)

AREA
2.586,4 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and policy
Local	100 Municipalities	Local public services, local development and municipal administration

Governance system

Luxembourg operates a single-tier system of local self-government composed of 100 municipalities. Municipalities exercise broad responsibilities across local services, planning and development functions, while inter-municipal cooperation plays an important role in service delivery and territorial coordination.

↑ Annexes

Main responsabilities

MUNICIPALITIES

— Local land development
— Social assistance
— Culture and sports
— Preschool and primary education (organisation and infrastructure)
— Environment
— Water management and sanitation
— Waste management
— Cemeteries
— Regulatory and police powers
— Fire and rescue services (governance board and Funding)
— Road maintenance and traffic management
— Civil registry and population records

Distinctive governance features

— Luxembourg operates a single-tier system of local self-government with no elected regional tier.
— Municipalities exercise broad responsibilities across a wide range of local services and development functions.
— Inter-municipal cooperation plays an important role in the delivery of services and territorial coordination.
— Voluntary municipal mergers continue to be used to strengthen local capacity and administrative efficiency.

TERRI 2026 perspective

Luxembourg exemplifies a governance model based on strong municipalities operating without an elected regional tier. Inter-municipal cooperation and voluntary municipal mergers have therefore become important mechanisms for strengthening governance capacity, service delivery and territorial coordination.

From a TERRI 2026 perspective, Luxembourg highlights how local governments can exercise broad responsibilities within a highly decentralised framework while relying on cooperative arrangements to address capacity and scale challenges.

FACTSHEETS

↑ Annexes

Malta

Country overview

CAPITAL
Valletta

AREA
316 km²

REGIONAL LEVEL
6 Regional Councils (*Kumitat Regjonali*)

POPULATION
588,254 million (approx.)

STATE STRUCTURE
Unitary parliamentary republic

LOCAL LEVEL
68 Local councils (*Kunsill lokali*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and policy, public finance and taxation, justice policing and national security
Regional	6 Regional councils	Coordination of local councils, support services and regional cooperation initiatives
Local	68 Local councils	Local service delivery, community development and local governance

Governance system

Malta operates a two-tier system of local government composed of Local Councils and Regional Councils. Local Councils remain the principal level of local governance and service delivery, while Regional Councils support coordination and cooperation across municipalities. Recent reforms have sought to strengthen local autonomy, citizen participation and the effectiveness of local governance arrangements

FACTSHEETS

↑ Annexes

Main responsabilities

LOCAL COUNCILS

- Maintenance of local roads, pavements, public spaces and community infrastructure.
- Management and maintenance of public gardens, recreational areas, and community facilities.
- Local environmental initiatives, and sustainability programmes.
- Cultural, educational and sporting activities
- Libraries, cultural centres and community facilities
- Promotion of citizen participation and local democracy

REGIONAL COUNCILS

- Coordination and cooperation between Local Councils
- Delivery of regional projects and shared services
- Support for inter-municipal initiatives
- Promotion of regional development and collaborative programmes

SHARED RESPONSIBILITIES

- Community care and active ageing initiatives
- Social inclusion and support for vulnerable groups
- Civil protection and emergency preparedness
- Digital transformation and innovation initiatives

Distinctive governance features

- Two-tier local governance system with 68 Local Councils and 6 Regional Councils.
- Local Councils constitute the principal level of local governance and service delivery
- Regional Councils support coordination and cooperation between Local Councils
- Malta's compact territorial scale means that many strategic functions continue to be exercised at national level, with local authorities focusing primarily on community-level services and local development.

TERRI 2026 perspective

Malta illustrates how governance reform can strengthen local capacity and coordination within a highly compact state. TERRI 2026 highlights the continuing importance of local autonomy, governance capacity and effective multi-level coordination, while ongoing discussions on competences and financial sustainability reflect wider European challenges facing local government.

FACTSHEETS

↑ Annexes



Republic of Moldova

Country overview

CAPITAL
Chișinău

POPULATION
2.365,600 (approx.)

AREA
33,843 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
Currently no elected regional self-government tier (legislation currently under revision for changes to be introduced by 2027)

INTERMEDIATE LEVEL
32 Districts (*Raioane*), the municipalities of Chișinău and Bălți and the Autonomous Territorial Unit of Gagauzia

LOCAL LEVEL
First-level administrative territorial units (892) that cover 1682 villages/communes and towns/municipalities

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National policy, legislation, fiscal policy, justice and national infrastructure, social services, education (except kindergartens)
Intermediate	32 Districts, Chișinău, Bălți and Gagauzia	Territorial coordination, district-level services, development planning and public administration
Local	First-level administrative territorial units (892) covering 1682 villages, communes, towns and municipalities	Local public services, local development, infrastructure and community administration

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Autonomous Territorial Unit of Gagauzia	Territorial autonomy with special legal status
Chișinău and Bălți	Municipalities with second-level administrative status and broader responsibilities than most local authorities (a combination of first and second tier competences)

Governance system

Moldova has two levels of local public administration. The first level consists of Administrative Territorial Units (villages/communes and towns/municipalities), governed by elected local governments. The second level comprises districts, while the municipalities of Chișinău and Bălți, and the Autonomous Territorial Unit of Gagauzia operate under special arrangements established by law. Local governments have legal personality, their own assets and budgets, and manage local public affairs within the framework established by legislation.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

— Local infrastructure and utilities
— Municipal property management
— Local planning and community development
— Local public services
— Waste management and environmental services

INTERMEDIATE LEVEL

— Territorial coordination
— District level public services
— Territorial development planning

Distinctive governance features

— Two levels of local public administration.
— The Autonomous Territorial Unit of Gagauzia has special legal status.
— Chișinău and Bălți operate with second-level administrative status.
— A major administrative-territorial reform launched in 2026 provides for extensive municipal amalgamation and the planned restructuring of the second tier of local government ahead of the 2027 local elections.

TERRI 2026 perspective

Moldova illustrates a system of local self-government undergoing significant reform within a unitary state framework. Recent reforms seek to strengthen administrative capacity, improve the sustainability of local public administration and reorganise local government structures through extensive municipal amalgamation and the planned restructuring of the second tier of government.

From a TERRI 2026 perspective, Moldova highlights the challenges associated with balancing territorial consolidation, local autonomy and effective service delivery. These debates reflect wider European concerns regarding governance capacity, territorial cohesion and the alignment of responsibilities with available resources.

FACT SHEETS

↑ Annexes

Netherlands

Country overview

CAPITAL
Amsterdam

AREA
41,865 km²

REGIONAL LEVEL
12 Provinces
(*Provincies*)

POPULATION
18.1 million (approx.)

STATE STRUCTURE
Decentralized unitary parliamentary constitutional monarchy

LOCAL LEVEL
342 Municipalities
(*Gemeenten*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and policy
Regional	12 Provinces	Spatial planning, regional development, mobility and environmental coordination
Local	342 Municipalities	Local services, spatial planning and social welfare

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Water authorities (*Waterschappen*)	Functional public authorities responsible for regional water management and flood protection

Governance system

The Netherlands is a decentralised unitary state composed of municipalities and provinces, alongside specialised water authorities. Municipalities exercise a broad range of responsibilities in areas such as housing, social welfare, planning and local services, while provinces perform strategic functions relating to spatial planning, mobility, energy and regional development. The Dutch governance system combines local autonomy with extensive shared responsibilities and coordination between different levels of government.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Urban planning*
- (Social) Housing
- Civil engineering
- Environmental policies
- Waste collection
- Transport: local roads, city transport and public transport
- Public health and youth care: prevention and education
- Public safety and order
- Disaster management
- Primary and secondary education: school buildings*
- Employment
- Local and regional economy
- Childcare
- Social services and welfare
- Culture and sports
- Leisure, Recreation and Tourism
- Local media and broadcasting

PROVINCES

- Spatial planning
- Environment
- Culture
- Leisure and tourism
- Public transport, provincial road maintenance and traffic
- Energy transition and regional energy planning
- Regional media and broadcasting

NOTE: Several municipal responsibilities are exercised within national and provincial policy frameworks, particularly in areas such as housing, spatial planning, education, public health and disaster management.

Distinctive governance features

- Water authorities (*Waterschappen*) constitute a distinctive form of functional local government responsible for water management and flood protection.
- Municipalities combine autonomous and state-delegated responsibilities.
- Provinces act as an intermediary tier linking municipalities and the national government.
- Mayors and King's Commissioners are appointed rather than directly elected.
- Shared governance arrangements and intergovernmental coordination play an important role across several policy areas.

TERRI 2026 perspective

The Netherlands illustrates how territorial governance can combine strong municipal autonomy with extensive intergovernmental coordination and functional governance arrangements. Recent municipal consolidations have sought to strengthen administrative capacity while preserving local democratic governance. From a TERRI 2026 perspective, the Dutch experience highlights the importance of cooperation, shared responsibilities and specialised governance structures in addressing complex challenges linked to housing, social policy, spatial planning and climate resilience.

FACTSHEETS

↑ Annexes

Norway

Country overview

CAPITAL
Oslo

POPULATION
5.6 million (approx.)

AREA
365,123 km²

STATE STRUCTURE
Unitary parliamentary constitutional monarchy

REGIONAL LEVEL
15 counties (*Fylkeskommune*)

LOCAL LEVEL
357 municipalities (*Kommune*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, taxation, defence, justice, higher education and national infrastructure
Regional	15 Counties	Regional planning, upper secondary education and regional transport
Local	357 Municipalities	Primary education, healthcare, social services, local planning, housing, utilities and local infrastructure

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Oslo	Exercises both municipal and county responsibilities and is further divided into 15 boroughs with elected borough councils
Parliamentary Governance Model	Oslo, Bergen and Trondheim operate parliamentary systems rather than the traditional council model
County Governance Model	Akershus and Nordland counties operate a parliamentary form of governance

Governance system

Norway combines strong local self-government with a unitary state structure. Municipalities and counties are governed by directly elected councils. Municipalities are responsible for the majority of welfare and local public services, while counties coordinate regional functions such as transport, planning, and upper secondary education. The county structure was revised in 2024, restoring 15 counties following adjustments to the earlier regional reform.

FACTSHEETS

↑ Annexes

Main Responsabilities

MUNICIPALITIES

- Primary education
- Primary healthcare
- Social services and welfare
- Elderly care
- Childcare
- Housing and building regulation
- Waste management and environmental services
- Water and wastewater services
- Local roads and infrastructure
- Culture, sports and recreation
- Support for voluntary organisations and local community development

COUNTIES

- Upper secondary education
- Regional planning and development
- Regional transport and county roads
- Regional development

SHARED RESPONSIBILITIES

- Public health
- Climate adaptation and environmental sustainability
- Economic development
- Civil preparedness and emergency planning

Distinctive governance features

- Strong constitutional and legal protection of local self-government
- Municipalities are responsible for delivering most welfare and local public services
- Oslo exercises both municipal and county responsibilities
- Municipalities and counties may adopt a parliamentary form of governance
- The County structure was revised in 2024, restoring 15 counties

TERRI 2026 perspective

Norway represents a model of strong local self-government in which municipalities play a central role in welfare provision and public service delivery. Recent reforms, including municipal mergers, adjustments to the county structure and the planned reduction of Oslo's boroughs from 15 to 8, reflect efforts to strengthen administrative capacity, improve service coordination and support more effective local governance.

From a TERRI 2026 perspective, Norway highlights the importance of balancing territorial scale, service delivery capacity and local autonomy. The Norwegian experience demonstrates how governance reforms increasingly focus on strengthening institutional effectiveness and coordination rather than on large-scale territorial restructuring.

FACT SHEETS

↑ Annexes

Poland

Country overview

CAPITAL
Warsaw

POPULATION
37.3 million (approx.)

AREA
312,696 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
16 Voivodeships (*Województwa*)

INTERMEDIATE LEVEL
314 Counties (*Powiaty*) and 66 cities with county status

LOCAL LEVEL
2,477 Municipalities (*Gminy*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and state administration
Regional	16 Voivodeships	Regional development, strategic planning and coordination
Intermediate	314 Counties and 66 cities with county status	County-wide services, infrastructure management and territorial coordination
Local	2,477 Municipalities	Local public services and community development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Cities with county status	66 cities combine municipal and county-level functions

Governance system

Poland is a unitary state with three levels of territorial self-government: municipalities, counties and voivodeships. Each level has its own elected representative bodies and exercises legally defined responsibilities in its own name and under its own responsibility. Municipalities form the basic level of local self-government, while counties perform supra-municipal tasks and voivodeships focus on regional development. Cities with county status combine both municipal and county functions.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Local services
- Spatial planning
- Local infrastructure
- Education
- Social services
- Environmental protection

COUNTIES

- Secondary education
- Healthcare
- Social services
- Public transport
- Roads, environment
- Public safety

REGIONS

- Regional development and economic development
- Spatial planning
- Regional transport
- Economic development

Distinctive governance features

- Three-tier territorial self-government system comprising municipalities, counties and voivodeships.
- Cities with county status combine municipal and county responsibilities.
- Counties perform public functions of a supra-municipal nature.
- Territorial self-government is constitutionally protected.
- Regional development policy is strongly linked to the role of voivodeships and the management of EU investment programmes.

TERRI 2026 perspective

Poland illustrates a strongly institutionalised system of territorial self-government in which municipalities, counties and voivodeships perform complementary functions. The three-tier model combines local service delivery with regional planning and development responsibilities, supported by a well-established system of territorial governance.

From a TERRI 2026 perspective, the Polish experience highlights the importance of coordination, governance capacity and territorial planning in supporting effective service delivery and regional development.

FACT SHEETS

↑ Annexes



Portugal

Country overview

CAPITAL
Lisbon

POPULATION
11.4 million (approx.)

AREA
92,256 km²

STATE STRUCTURE
Unitary semi-presidential republic

REGIONAL LEVEL
2 Autonomous regions (Azores and Madeira)

LOCAL LEVEL
3,258 Parishes (*Freguesias*) and 308 municipalities (*Municípios*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation and policy
Regional	2 Autonomous regions	Autonomous governance in regional matters through elected regional institutions
Local	3,258 Parishes and 308 municipalities	Delivery of local public services and local development

Governance system

Portugal combines a system of local self-government based on municipalities and parishes with two autonomous regions exercising legislative and executive powers. Municipalities are the principal units of local government and are responsible for a broad range of public services, while parishes perform functions linked to local service delivery and community representation. In recent years, inter-municipal communities and metropolitan areas have assumed a growing role in territorial coordination, economic development and service planning, while the ongoing decentralisation of competences has expanded the responsibilities exercised by municipalities across a number of policy areas.

FACTSHEETS

Main responsabilities

MUNICIPALITIES

- Rural and urban infrastructure
- Energy
- Transport and communications
- Education
- Heritage, culture and science
- Leisure and sport
- Health
- Social action
- Housing
- Civil protection
- Environment and sanitation
- Consumer protection
- Local economic development
- Spatial planning and urbanism
- Municipal police
- External cooperation

PARISHES

- Local maintenance and community facilities
- Community support and local services
- Public space management (delegated functions)
- Local cultural and recreational activities
- Community engagement and citizen participation
- Social support activities
- Civil protection support
- Local environment maintenance
- Urban and rural planning

Distinctive governance features

- Two autonomous regions (Azores and Madeira) exercise legislative and executive powers.
- Municipalities are the principal units of local self-government and play a central role in territorial planning and public service delivery.
- Inter-municipal communities and metropolitan areas play an increasingly important role in territorial coordination and development.
- Inter-municipal bodies are cooperative structures and do not constitute a separate elected tier of local government.
- The ongoing decentralisation of competences from central government to municipalities has expanded local responsibilities in areas such as education, healthcare, culture and social action.

TERRI 2026 perspective

Portugal illustrates how territorial governance can evolve through both functional coordination and the gradual decentralisation of competences. While metropolitan areas and inter-municipal communities continue to play an important role in coordination across wider territories, the transfer of responsibilities from central government to municipalities has become one of the most significant governance developments of recent years.

From a TERRI 2026 perspective, the Portuguese experience highlights the opportunities and challenges associated with decentralisation in practice. The focus has increasingly shifted from institutional reform towards implementation, service delivery and the capacity of municipalities to exercise their expanded responsibilities effectively.

↑ Annexes

Romania

Country overview

CAPITAL
Bucharest

STATE STRUCTURE
Unitary state

LOCAL LEVEL
2,861 Municipalities (*Comune*), 216 towns (*Orașe*) and 103 cities (*Municipii*)

POPULATION
19.05 million (approx.)

COUNTY LEVEL
41 Counties (*Județe*)

AREA
238,397 km²

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation
County	41 Counties plus the municipality of Bucharest	County-level coordination, regional development, infrastructure and county-wide public services
Local	2,861 Municipalities, 216 towns and 103 cities	Local service delivery and local self-government

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Bucharest	The capital city has a special administrative status distinct from other local authorities
Prefects	One prefect is appointed in each county and in Bucharest to represent central government at the territorial level
Local-Regional Relations	There is no hierarchical subordination between local councils and county councils

Governance system

Romania is a unitary parliamentary republic operating a two-tier system of local and county self-government composed of municipalities, towns and communes at local level and counties at county level. Local councils are responsible for a broad range of public services and local development functions, while county councils coordinate regional development, infrastructure and county-wide public services. Local and county authorities are elected directly and operate as separate self-government institutions. A distinctive feature of the Romanian system is the coexistence of local self-government with a territorial network of prefects representing central government.

Main responsabilities

MUNICIPALITIES, TOWNS AND CITIES

- Housing
- Local police
- Urban planning
- Waste management
- Primary public health and local health service
- Transport infrastructure and urban transport planning
- Water supply and sewage systems
- District heating
- Pre-school, primary, secondary, vocational and technical education
- Local heritage administration
- Administration of parks and public green areas

COUNTIES

- Regional development
- Economic, social and environmental development
- Urban planning and landscaping
- County hospitals and healthcare coordination
- Public transport
- Transport infrastructure
- Water supply and sewerage
- Education
- Cooperation between local and national authorities

Distinctive governance features

- Romania combines local and county self-government within a unitary state framework.
- County level authorities play an important role in territorial development, infrastructure and public service coordination.
- Prefects represent central government at county level and in Bucharest.
- There is no formal subordination between local councils and county councils.
- Local authorities exercise extensive responsibilities across housing, planning, utilities, education and local public services.

TERRI 2026 perspective

Romania illustrates a unitary governance system in which local and county authorities exercise extensive responsibilities across a broad range of policy areas. The combination of local self-government, county-level coordination and the territorial presence of central government through prefects reflects a multilevel approach to governance within a unitary state framework.

From a TERRI 2026 perspective, Romania highlights the importance of governance capacity, territorial coordination and investment planning in supporting effective service delivery. Recent developments also illustrate broader European challenges relating to regional disparities, infrastructure investment and the alignment of responsibilities with available resources.

↑ Annexes



Serbia

Country overview

CAPITAL
Belgrade

POPULATION
6.6 million (approx.)

AREA
88,361 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
Autonomous province of Vojvodina

INTERMEDIATE LEVEL
29 administrative districts

LOCAL LEVEL
145 municipalities (*Opštine*) and 29 cities (*Gradovi*), including the City of Belgrade

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National Legislation, policy and state administration
Regional	Autonomous province of Vojvodina	Regional development, economic affairs, education and culture
Intermediate	29 Administrative district	Territorial coordination and deconcentrated state administration
Local	145 Municipalities and 29 cities	Local public services, community development and local administration

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Autonomous Province of Vojvodina	Autonomous province with its own Assembly and Government exercising competences in areas including regional development, education, culture and economic affairs
City of Belgrade	Capital city with special legal status and responsibilities extending beyond those exercised by other Serbian cities

Governance system

Serbia is a unitary state with local self-government exercised through municipalities and cities. Municipalities and cities are responsible for a broad range of local public services and development functions, while the Autonomous Province of Vojvodina exercises specific regional competences defined by law. Administrative districts operate separately as territorial units of state administration.

Main Responsabilities

MUNICIPALITIES AND CITIES

- Local infrastructure and utilities
- Local spatial planning and housing
- Social services and community welfare
- Pre-school and primary education facilities
- Waste management and environmental services
- Local economic development and tourism
- Culture, sport and recreation

AUTONOMOUS PROVINCE OF VOJVODINA

- Regional development and strategic planning
- Agriculture and rural development
- Economic development initiatives
- Culture and heritage
- Environmental and water management
- Education, culture and innovation support measures

ADMINISTRATIVE DISTRICTS

- Territorial coordination of state administrative services
- Coordination of state services
- Implementation of selected national policies and programmes
- Administrative oversight and coordination
- Security and emergency coordination

NOTE: Responsibilities relating to economic development, environmental protection, social inclusion and territorial development are often exercised through cooperation between local, regional and national authorities.

Distinctive governance features

- Municipalities and cities constitute the principal level of local self-government.
- The Autonomous Province of Vojvodina exercises a distinct set of regional competences within Serbia's unitary framework.
- The City of Belgrade enjoys a special legal status.
- Administrative districts function as territorial units of state administration rather than self-government.

TERRI 2026 perspective

Serbia illustrates a system of local self-government in which municipalities and cities perform extensive service-delivery functions within a unitary state framework, complemented by the autonomous role of Vojvodina. From a TERRI 2026 perspective, ongoing discussions on decentralisation and public administation reform and local government capacity highlight the importance of effective coordination, fiscal sustainability and implementation capability in supporting service delivery and territorial development

FACTSHEETS

↑ Annexes

Slovakia

Country overview

CAPITAL
Bratislava

POPULATION
5.4 million (approx.)

AREA
49,035 km²

STATE STRUCTURE
Unitary parliamentary republic

REGIONAL LEVEL
8 Self-governing regions (*Samosprávne kraje* / VÚC)

INTERMEDIATE LEVEL
79 Districts (*Okresy*)

LOCAL LEVEL
Approximately 2,900 municipalities (*Obce*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and state administration
Regional	8 Self-governing regions	Regional development, regional transport, secondary education and regional public services
Intermediate	79 Districts	Deconcentrated state administration
Local	2,891 Municipalities	Local services and community development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Bratislava and Košice	Bratislava and Košice have elected city districts alongside city-wide municipal institutions

Governance system

Slovakia has two levels of territorial self-government: municipalities and self-governing regions. Municipalities exercise responsibility for local affairs and public services, while self-governing regions perform functions of regional significance, particularly in areas such as transport, education and regional development. District offices operate separately as territorial bodies of state administration.

FACTSHEETS

↑ Annexes

Main Responsabilities

MUNICIPALITIES

- Pre-primary and primary education
- Local infrastructure
- Local development
- Municipal property and finances
- Local public services

REGIONS

- Secondary education
- Regional transport
- Regional development
- Social services
- Culture

INTERMEDIATE

- Deconcentrated state administration (including environment, civil protection and selected transport functions)

Distinctive governance features

- Two elected tiers of territorial self-government: municipalities and self-governing regions.
- Mayors and regional presidents are directly elected.
- District offices belong to state administration and are separate from territorial self-government.
- Bratislava and Košice operate additional elected city-district structures alongside city-wide municipal institutions.

TERRI 2026 perspective

Slovakia represents a multi-level governance system combining municipalities, self-governing regions and deconcentrated state administration. Recent debates on decentralisation, fiscal autonomy and the future role of self-governing regions highlight continuing efforts to strengthen governance capacity and improve public administration.

From a TERRI 2026 perspective, Slovakia demonstrates the importance of coordination, local autonomy and effective alignment between responsibilities and financial resources across different levels of government.

FACTSHEETS

↑ Annexes



Slovenia

Country overview

CAPITAL
Ljubljana

AREA
20,273 km²

LOCAL LEVEL
212 Municipalities (*Občine*), including 12 urban municipalities (*Mestne občine*)

POPULATION
2.13 million (approx.)

STATE STRUCTURE
Unitary parliamentary republic

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and state administration
Local	212 Municipalities	Local public services and community development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Urban municipalities	12 Municipalities have urban municipality status

Governance system

Slovenia is a unitary state with single elected level of local self-government comprising 212 municipalities. Local authorities are governed by directly elected mayors and municipal councils. Although the Constitution provides for the establishment of regions as a second tier of self-government, these have not yet been created. Municipalities frequently cooperate through joint administrative bodies and shared service arrangements to provide services.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

— Local spatial planning
— Local public services, local development and municipal administration
— Local roads and infrastructure
— Pre-school education and selected responsibilities relating to primary
— Social and childcare services
— Culture and sport
— Environmental protection
— Local economic development

Distinctive governance features

— Municipalities constitute the only established level of local self-government.
— Twelve municipalities have urban municipality status and perform important service, economic and administrative functions.
— Regional self-government is provided for in the Constitution but has not yet been implemented.
— Municipalities frequently cooperate through joint administrative bodies and shared service arrangements to strengthen capacity and improve service delivery.

TERRI 2026 perspective

Slovenia represents a model of strong municipal self-government operating without an elected regional tier. Inter-municipal cooperation therefore plays an important role in supporting governance capacity and service delivery. TERRI 2026 highlight an increasing focus on coordination, implementation capacity and sector-specific reforms, particularly in areas such as municipal financing, mobility and housing.

↑ Annexes

Spain

Country overview

CAPITAL
Madrid

POPULATION
49.8 million (approx.)

AREA
506,030 km²

STATE STRUCTURE
Unitary parliamentary constitutional monarchy

REGIONAL LEVEL
17 autonomous communities (*Comunidades autónomas*) + 2 autonomous cities (Ceuta and Melilla)

INTERMEDIATE LEVEL
50 provinces (*Provincias*)

LOCAL LEVEL
8,132 municipalities (*Municipios*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Regional	17 autonomous communities + 2 autonomous cities	Healthcare, education, social policies, territorial development and economic development
Territorial	50 provinces	Coordination and support of municipal services
Local	8,132 municipalities	Local services, urban planning and community development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Basque Country and Navarre	Specific fiscal and financial regimes
Canary and Balearic Islands	Island councils exercise intermediate-level functions
Ceuta and Melilla	Autonomous cities with a specific status combining local and autonomous powers

Governance system

Spain is one of Europe's most decentralised governance systems with significant responsibilities exercised by autonomous communities alongside provinces and municipalities. Autonomous communities exercise extensive legislative and executive powers within their competences. Municipalities and provinces enjoy local autonomy, where they perform important coordination, service delivery and local development functions.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Water and waste management
- Urban planning
- Local roads and public spaces
- Local police
- Social services
- Culture and sports
- Local public transport

PROVINCES

- Coordination and support for municipalities
- Delivery of services extending beyond municipal services
- Technical and financial assistance

AUTONOMOUS COMMUNITIES

- Healthcare
- Social policies and social services
- Economic development
- Education
- Social policies
- Spatial and territorial planning
- Agriculture and rural development
- Environment
- Regional transport and mobility
- Culture

Distinctive governance features

- One of Europe's most decentralised systems of territorial governance.
- Autonomous communities exercise extensive legislative and executive powers.
- Beyond the formal municipal, provincial and regional tiers, Spain makes extensive use of inter-municipal and supra-municipal cooperation arrangements, including *mancomunidades*, *comarcas*, metropolitan authorities and consortia, particularly in areas such as transport, water, waste management, spatial planning and economic development.
- The Basque Country and Navarre operate distinct fiscal regimes.
- Island territories benefit from specialised governance arrangements.
- Ceuta and Melilla exercise a combination of municipal and autonomous functions through their Autonomous City status.

TERRI 2026 perspective

Spain illustrates one of Europe's most decentralised systems of territorial governance, with extensive responsibilities exercised at regional, provincial and municipal levels. The Spanish model demonstrates how major public services, including healthcare, housing, education and social services, can be delivered through a highly developed multi-level governance framework.

From a TERRI 2026 perspective, Spain highlights the importance of coordination, shared responsibilities and territorial flexibility in addressing complex policy challenges. Recent developments in areas such as housing, social policy and regional development reinforce the growing importance of effective governance arrangements across multiple levels of government.

↑ Annexes



Sweden

Country overview

CAPITAL
Stockholm

POPULATION
10.5 million (approx.)

AREA
450,295 km²

STATE STRUCTURE
Unitary parliamentary monarchy

REGIONAL LEVEL
21 Regions (*Regioner*)

LOCAL LEVEL
290 Municipalities (*Kommuner*)

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central Government	National legislation and policy
Regional	21 Regions	Healthcare, regional development and public transport
Local	290 Municipalities	Welfare provision, education, planning and local service delivery

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Gotland	Functions as a municipality while also exercising responsibilities normally assigned to regions
Regional Reform	Since 2019 all regions have held responsibility for regional development

Governance system

Sweden operates a highly decentralised two-tier system of local and regional self-government based on municipalities and regions. Municipalities are responsible for a broad range of services relating to welfare, education, planning and local infrastructure, while regions exercise responsibilities for healthcare, public transport and regional development. Since 2019, all regions have held responsibility for regional development, creating a more consistent regional governance framework across the country.

A distinctive feature of the Swedish system is the distinction between mandatory and optional local government responsibilities. While municipalities are legally required to provide core welfare and public services, they may also undertake additional functions in areas such as housing, culture, energy, employment and economic development.

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Social Services
- Childcare and pre-school
- Primary and secondary education
- Public health-related activities
- Care for the elderly
- Support for people with disabilities
- Environmental protection
- Urban planning
- Housing
- Employment and local economic development
- Water supply and sewerage
- Waste collection and disposal
- Road maintenance
- Rescue and emergency services
- Culture and leisure services

REGIONS

- Healthcare (including primary healthcare)
- Dental care
- Public transport
- Regional development

Distinctive governance features

- Municipal and regional governments possess significant fiscal autonomy, including taxation powers.
- Municipalities deliver an exceptionally broad range of welfare service compared with many European local government systems.
- Since 2019, all regions have exercised responsibility for regional development.
- Gotland combines municipal and regional functions within a single authority.

TERRI 2026 perspective

Sweden illustrates one of Europe's most decentralised governance systems, characterised by extensive municipal responsibilities, strong regional institutions and significant fiscal autonomy. TERRI 2026 highlights how governance capacity, long-term financing and effective coordination remain essential to maintaining high-quality welfare services and supporting regional development in the face of demographic, environmental and economic change.

↑ Annexes

Türkiye

Country overview

CAPITAL
Ankara

AREA
783,562 km²

INTERMEDIATE LEVEL
81 provinces deconcentrated state administration, not elected self-government (*Il özel idaresi*)

POPULATION
86.1 million (approx.)

STATE STRUCTURE
Unitary presidential republic

LOCAL LEVEL
1,408 Municipalities (*Belediye*), including metropolitan and other municipalities

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, policy and supervision
Intermediate	81 provinces	Deconcentrated state administration and coordination
Local	1,402 municipalities	Local services, urban planning and local development

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Metropolitan municipalities	Two-tier structure combining metropolitan and district municipalities

Governance system

Türkiye is a unitary state with local self-government exercised primarily through municipalities. Municipal councils and mayors are elected for five-year terms. Municipalities exercise administrative and financial autonomy within the national legal framework. The 81 provinces form part of the territorial administration of the state and are headed by centrally appointed governors. Metropolitan areas operate through a two-tier system of metropolitan and district municipalities.

FACTSHEETS

↑ Annexes

Main responsabilities

MUNICIPALITIES

- Urban planning
- Water supply and sanitation
- Waste management
- Local public transport
- Social services
- Environmental and climate action
- Culture and local development
- Urban regeneration and housing-related measures

METROPOLITAN MUNICIPALITIES

- Strategic urban planning
- Metropolitan transport
- Water and sewerage
- City-wide infrastructure and services

LOCAL

- Territorial implementation and coordination of state policies

NOTE: The allocation of responsibilities differs between Metropolitan and Non-Metropolitan provinces, particularly in the areas of spatial planning, water and sanitation, and waste management.

Distinctive governance features

- Municipalities constitute the principal level of elected local self-government and enjoy administrative and financial autonomy within the national legal framework, although Central government retains certain supervisory and coordinating responsibilities.
- The 81 provinces form a deconcentrated level of state administration.
- Metropolitan areas operate through metropolitan and district municipalities.
- Municipalities exercise administrative and financial autonomy within the national legal framework.
- There is no elected regional level of government.

TERRI 2026 perspective

TERRI 2026 highlights Türkiye as an example of a unitary system in which municipalities remain key actors in service delivery, planning and local development, while operating within a strongly structured national policy framework. The continuing evolution of metropolitan municipalities demonstrates the importance of governance arrangements capable of coordinating services and infrastructure across functional urban areas.

As in many European countries, current governance challenges are increasingly linked not to territorial restructuring but to questions of coordination, implementation capacity and the effective management of rapidly developing urban territories.

FACTSHEETS

↑ Annexes

Ukraine

Country overview

CAPITAL
Kyiv

STATE STRUCTURE
Unitary republic

INTERMEDIATE LEVEL
136 districts (*Raions*)

POPULATION
32 million (approx.)*

REGIONAL LEVEL
24 regions (*Oblasts*)

LOCAL LEVEL
1,469 municipalities (*Hromadas*) plus the City of Kyiv with special status

AREA
603,628 km²

* Population estimates vary due to displacement and the effects of the ongoing war.

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	Central government	National legislation, defence, public finance, justice, national infrastructure and reconstruction policy
Regional	24 Regions	Territorial coordination and state administration functions
Intermediate	136 Districts	Local public services, local development, infrastructure, community administration and recovery initiatives
Local	1,469 municipalities and the City of Kyiv	

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Kyiv	Capital city with special legal status
Military Administrations	During martial law, military administrations exercise expanded powers in designated territories, including some functions normally exercised by elected local authorities

Governance system

Ukraine is a unitary state that has pursued extensive decentralisation reforms over the past decade. Municipalities have become the principal units of local self-government and play an increasingly important role in service delivery, local development and recovery. Since the introduction of martial law, governance has combined decentralised local government arrangements with expanded state coordination through military administrations, particularly in frontline and de-occupied territories.

FACTSHEETS

Main Responsabilities

MUNICIPALITIES

- Local infrastructure and utilities
- Local economic development
- Spatial planning and land-use management
- Housing and municipal property
- Community services and social support
- Civil protection and local resilience measures
- Local recovery and reconstruction projects

REGIONS

- Regional development and strategic planning
- Economic resilience and recovery coordination
- Regional Investment programmes
- Management of regional development resources
- Coordination of regional policies and projects
- Infrastructure and recovery planning

LOCAL

- Territorial coordination
- State administration functions
- Security and emergency coordination
- Implementation of selected national programmes

NOTE: A number of functions, including economic recovery and reconstruction, energy resilience, social inclusion, emergency preparedness and the implementation of European integration and recovery-related initiatives, are exercised through shared responsibilities across different tiers of government.

Distinctive governance features

- Municipalities have assumed a significantly expanded role in recovery and reconstruction.
- Military administrations currently perform expanded governance functions in certain territories under martial law.
- Energy resilience and decentralised energy generation have become increasingly important municipal responsibilities.
- European integration continues to influence governance reforms, investment planning and local administrative practice.

TERRI 2026 perspective

Ukraine illustrates how territorial governance can adapt under exceptional circumstances. While decentralisation remains a central feature of the governance system, wartime conditions have strengthened the role of military administrations and increased coordination between levels of government.

From a TERRI 2026 perspective, Ukraine highlights the importance of governance capacity, resilience and local leadership in responding to complex challenges. Recent developments demonstrate how municipalities have expanded their role in recovery, energy security, reconstruction and international cooperation while continuing to advance reforms linked to European integration.

FACTSHEETS

↑ Annexes

United Kingdom of Great Britain and Northern Ireland

Country overview

CAPITAL
London

AREA
248,528 km²

REGIONAL LEVEL
England, Scotland, Wales and Northern Ireland

POPULATION
67.5 million (approx.)

STATE STRUCTURE
Unitary state with devolved administrations

LOCAL LEVEL
382 Local authorities

Governance structure

GOVERNANCE TIER	INSTITUTIONS	MAIN ROLE
National	UK Government and UK Parliament	Reserved matters including defence, foreign affairs and macroeconomic policy
Devolved	Scottish Government and Scottish Parliament	Legislative and executive responsibilities in devolved policy areas
	Welsh Government and Senedd (Welsh Parliament)	
	Northern Ireland Executive and Northern Ireland Assembly	
Strategic (England)	Strategic Authorities (England), including Greater London Authority	Strategic housing / planning, transport and economic development, skills and training.
Local	382 local authorities	Local services and community governance including education, social care, local transport and highways, libraries, trading standards, registrar services, waste and environmental services, leisure and culture. (Responsibilities are split in two tier local government areas in England).

SPECIAL ARRANGEMENTS

ARRANGEMENT	DESCRIPTION
Asymmetrical Devolution	Different powers and responsibilities apply across the four nations
Strategic Authorities (England), including the Greater London Authority.	Strategic local governance arrangements, bringing together several local authorities, are increasingly in place across England. London has a directly elected Mayor and Assembly with a wide range of strategic responsibilities for the capital.

FACTSHEETS

↑ Annexes

Governance system

The United Kingdom operates an asymmetrical system of governance in which Scotland, Wales and Northern Ireland each possess their own legislature and devolved government with responsibilities across a range of domestic policy areas, while England remains governed directly by the UK Parliament and UK Government. As a result, local government structures and competence arrangements vary considerably across the four nations.

Scotland, Wales and Northern Ireland operate unitary local government systems, while England combines unitary, county and district authorities. In recent years, Strategic Authorities and directly elected mayors have assumed an increasingly important role in England, bringing together groups of local authorities to coordinate policy and decision-making across wider functional territories. The Government's longer-term objective is to extend this model across England.

Main responsabilities

LOCAL AUTHORITIES

- Planning and development control
- Housing management and delivery
- School administration and local education services
- Waste and environmental services
- Local roads and transport
- Social care (varies across nations)
- Local economic development
- Community services and leisure
- Local taxation and revenue collection
- Libraries, culture and recreation

DEVOLVED GOVERNMENTS INCLUDING WALES, SCOTLAND, NORTHERN IRELAND

- Housing policy
- Education policy
- Health policy and services
- Transport policy
- Economic development
- Justice and policing (Scotland and Northern Ireland)
- Set the local government framework for economic development
- Agriculture and environment
- Funding and regulatory frameworks for education
- Spatial planning

Distinctive governance features

- One of Europe’s most developed systems of asymmetrical devolution
- Four distinct systems of local government operate within a single state
- Strategic Authorities and directly elected mayors play an increasing strategic role in England.
- Continuing reorganisation of local government structures is underway in parts of England to remove the current two-tier system (county and districts) and ensure everywhere has a single-tier unitary authority
- Whilst local authorities have a role in public health and health policy, most health services themselves are delivered by a separate National Health Service (NHS).

TERRI 2026 perspective

The United Kingdom illustrates how different models of devolved and local governance can coexist within a single constitutional framework. While institutional arrangements vary considerably across England, Scotland, Wales and Northern Ireland, recent reforms have increasingly focused on strengthening strategic governance, improving coordination and enhancing service delivery capacity.

From a TERRI 2026 perspective, the UK highlights the importance of flexible governance arrangements capable of responding to different territorial contexts. Ongoing reforms in areas such as devolution, strategic authorities and local government reorganisation reflect wider European debates concerning governance capacity, institutional adaptation and effective public service delivery.

FACTSHEETS

↑ Annexes

TERRI Survey 2026

Evolving responsibilities of Europe's local and regional governments, with a focus on housing policy

Welcome and thank you for taking the time to complete this online survey. This questionnaire aims to gather comparable information on the structure and competences of local and regional governments in all countries represented by CEMR members. It will gather **both quantitative and qualitative information** to better understand how the responsibilities and capacities of subnational governments are evolving. This work offers an important framework for understanding the role of subnational governments and the distribution of shared competences across different tiers of government.

In addition to updating data on governance and administrative structures, the study includes a **special focus on housing** as a policy area shared across tiers. The questionnaire explores the role of local and regional governments in housing policy, as well as the factors that influence their ability to design and implement housing measures effectively, including sustainability and territorial challenges.

The questionnaire is addressed to **national associations of local and regional authorities,** as well as to **experts with practical knowledge of housing policy at municipal or regional level.** It is structured in two parts following completion of some general information by the respondent (part 0):

→ **Part 1** collects country-level information on governance, competences, and fiscal context.

→ **Part 2** focuses on housing as a shared competence, with particular attention to responsibilities, coordination across levels of government, sustainability, affordability and implementation challenges.

Your responses will contribute to a comparative European analysis of governance trends and housing policy at subnational level.

Part 0 - General information

0.1 Your country

0.2 Name of your association (full name and acronym)

0.3 Your e-mail address

Part 1 – Governance, Competences and Fiscal Context

Part 1 is divided into 4 sections

A. Recognition of territorial levels of government and their competences

B. Change in number of LRGs and administrative structure

C. The Fiscal Context: Local expenditures and revenues

D. Trends in the Remit of Responsibilities

/!/ **METHODOLOGY NOTE.** The aim of this questionnaire is to gather data and information on local and regional governments (LRGs) structure and competences in all countries represented by CEMR members. To ensure that the data and information collected can be compared across countries, please refer to the OECD definitions of regional intermediate and municipal government while completing the questionnaire. These definitions can be found in document 'Methodology note' in the column on the righthand side of this questionnaire.

SURVEY

A) Recognition of territorial levels of government and their competences

The section establishes a brief country profile, summarizing the competences of each level of government and the structure of their governing bodies.

Country fact sheet

To help you in completing this survey, the CEMR team has shared your country fiche used for preparing the 2021 TERRI Report. Please, consult this document (you find it attached to the e-mail you received), then select one of the options below.

PLEASE NOTE!
If you are considering selecting either option A or B, please review the document 'Guidance to choose between options 'A, B or C' in the column on the right-hand side before proceeding. This document outlines the structure that respondents should use as a guide when updating their country fact sheet.

A. Full confirmation of information in current country fact sheet=> no changes required

B. Partial update needed of information in current country fact sheet => Please amend the relevant sections of the country fact sheet and upload the revised version in the box below

C. Full revision/first-time completion => the country fact sheet requires substantial revision, or this is the first time it is being completed

UPLOADING BOX

Existing inter-municipal or alternative governance arrangements (current situation)

In addition to traditional municipal structures, some countries have developed **inter-municipal cooperation mechanisms or other forms of municipal governance** (e.g. joint authorities, metropolitan bodies, functional urban areas, special-purpose entities).

This question refers to governance arrangements that are **currently in place,** regardless of whether they result from recent reforms.

1.1 Do such arrangements exist in your country?

- ☐ Yes
- ☐ No

If yes, please indicate which types apply (select all that apply):

- ☐ Inter-municipal cooperation bodies (e.g. joint service provision, shared administrations)
- ☐ Metropolitan or urban area authorities
- ☐ Special-purpose or sectoral entities (e.g. planning, transport, housing)
- ☐ Other forms of municipal cooperation or governance arrangements
- ☐ Other (please specify):

_____

1.2 Brief description

Please briefly describe the main characteristics of these arrangements (e.g. legal basis, functions, governance structure, degree of autonomy).

_____

1.3 Policy relevance

In your view, do these arrangements play a significant role in the implementation of public policies (e.g. spatial planning, housing, health, social care, transport, climate action)?

- ☐ Yes, to a large extent
- ☐ Yes, to some extent
- ☐ Limited role
- ☐ No significant role

Additional comments (optional): You may provide examples, recent developments, or references to relevant legal acts.

_____

B) Change in Number of LRGs and Administrative Structure

The previous section described current governance arrangements and structures. This following section focuses on recent or ongoing reforms that have affected the number, type, or distribution of municipal, regional and intermediate government units between 2021 and 2025.

This section covers all tiers of government (municipal, intermediate, regional, and other tiers where

↑ Annexes

relevant). Please select the **one** that apply to your country:

A. There have been changes or reforms in terms of administrative units between 2021 and 2025

B. There have been NO changes or reforms in terms of administrative units between 2021 and 2025

C. There is an ongoing reform

C) The Fiscal Context: Local Expenditures and Revenues

1.4 Subnational government expenditure as % of GDP

1.5 Subnational government % revenue of the total budget that comes both from State allocation (grants from central government) and local taxation? Please, ensure the total adds up to 200%.

% revenue from State allocation

→ % revenue from local taxation

→ % other revenue (specify types of revenues)

1.6 Expenditure pressure. Which expenditure areas have experienced the greatest financial pressure in the last five years (e.g. housing, health, migration, climate emergency, ...)?

1.7 Briefly highlight any recent changes in subnational financing frameworks (e.g., increased earmarking, reduced fiscal autonomy, new conditional grants). Provide references, if possible.

A. Trends in the Remit of Responsibilities

1.8 Which functions or policy areas have been added/removed at municipal/regional/intermediate level since 2021?

Responsibility	**Level** (choose: local / intermediate / regional)	**Action** (choose: added / removed / no change)	**Space for details** (in particular, if the responsibilities have been removed, specify who is now in charge – if the responsibilities have been added, specify who was in charge before)
Spatial planning	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Social services / welfare / health	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	

SURVEY

Education / schools	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Transport/ roads/ mobility	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Environment/ climate / energy efficiency	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Economic development/ local business support	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Culture/ sports/ recreation	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Public safety/ policing/ emergency management/ Civil protection	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	
Taxation	☐ Municipal ☐ Intermediate ☐ Regional ☐ Other	☐ Added ☐ Removed ☐ No change	

↑ Annexes

In case of other responsibilities, please list them here (specify level, action and details)

Additional comments welcomed (e.g. description of changes, reasons for added/removed responsibilities):

Part 2 – Special Focus on Housing Policy Governance, Competences and Fiscal Context

→ **Part 1** of this questionnaire examined how the responsibilities, competences and resources of local and regional governments are evolving, and how recent governance and administrative reforms are shaping multilevel governance across Europe, and implications for effective policy implementation and territorial competitiveness.

→ **Part 2** builds on this analysis by using housing policy as a concrete case study to assess how these governance arrangements function in practice. Housing is a policy area where responsibilities are widely shared across levels of government and where pressures are particularly acute. By focusing on housing, this section aims to assess whether current institutional arrangements are fit for purpose under pressure. It explores whether responsibilities are matched by adequate capacities and resources, whether local and regional authorities have sufficient flexibility and fiscal autonomy, and whether national frameworks enable place-based responses tailored to diverse territorial realities.

The information collected in this section will support a comparative analysis of how subnational governments contribute to housing policy implementation across Europe and will inform evidence-based recommendations to strengthen multilevel governance, improve policy effectiveness, and support sustainable and affordable housing delivery.

For each question, please select the most appropriate option(s). Space is provided for additional comments and examples to reflect national specificities, recent reforms, and practical challenges.

Part 2 is divided into **7 sections**.

A. Governance Competences and Responsibilities in Housing

B. Sustainability and Climate-Resilient Housing

C. Housing Demand and Supply Dynamics

D. Social Inclusion, Accessibility and Affordability

E. Spatial and Territorial Balance (Urban–Rural Dimension) and the role played by the private and the third sector

F. Public and municipal expenditure on housing

G. Future Outlook and Risks

/!/ METHODOLOGY NOTE. The aim of this questionnaire is to gather data and information on local and regional governments (LRGs) structure and competences in all countries represented by CEMR members. To ensure that the data and information collected can be compared across countries, please refer to the OECD definitions of regional, intermediate and local government while completing the questionnaire. These definitions can be found in document 'Methodology note' in the column on the right side of this questionnaire.

A) Governance Competences and Responsibilities in Housing

2.1 Which level(s) of government hold primary responsibility for setting overall housing strategies and targets in your country? (In case of shared competencies, please, select all that apply)

☐ Municipal governments

☐ Regional governments

☐ National government

☐ Intermediate level

☐ Other (please specify):

Additional comments welcomed (e.g. legal basis, recent reforms, degree of autonomy)

2.2 Which level(s) of government are primarily responsible for financing social and/or affordable housing? (In case of shared competencies, please, select all that apply)

☐ Municipal authorities

SURVEY

- ☐ Regional authorities
- ☐ National government
- ☐ Intermediate level
- ☐ Other (please specify):

Additional comments welcomed (please specify national or territorial specificities, if relevant and in case of shared responsibility specify below how funding is divided)

2.3 Which level(s) of government are responsible for land-use regulation and zoning for housing development? (In case of shared competencies, please, select all that apply)

- ☐ Municipal authorities
- ☐ Regional authorities
- ☐ National government
- ☐ Intermediate level
- ☐ Other (please specify):

Additional comments welcomed (please specify national or territorial specificities, if relevant and in case of shared responsibility specify below how funding is divided).

2.4 To what extent do governance and policy frameworks allow municipal, regional and intermediate governments to adapt housing measures to different territorial contexts (e.g. fast-growing urban areas vs depopulating or remote rural areas)?

- ☐ To a large extent – local and regional governments can adapt housing measures to local conditions
- ☐ To some extent -limited scope to adapt housing measures
- ☐ To a limited extent – housing measures are largely standardised
- ☐ Not at all – housing measures are uniform are uniform and centrally defined
- ☐ Not applicable

Additional comments welcomed (e.g. legal constraints, differentiated tools for urban vs. rural areas, recent reforms):

B) Sustainability and Climate-Resilient Housing

2.5 To what extent are housing strategies coordinated to achieve sustainability objectives (energy efficiency, emissions reduction, circular construction, climate adaptation, proximity to public transport and services)?

- ☐ To a large extent - sustainability objectives clearly shape housing strategies and measures
- ☐ To some extent - sustainability objectives influence housing strategies, but unevenly
- ☐ To a limited extent - sustainability objectives play a minor role
- ☐ Not at all - sustainability objectives are not reflected in housing strategies

Additional comments welcomed to provide greater clarity or context (e.g. coordination mechanisms, role of EU/national frameworks, obstacles):

2.6 Are local and regional governments equipped (financially, technically, institutionally) to implement climate-resilient housing solutions?

- ☐ Yes fully
- ☐ Yes, partially
- ☐ No significant gaps remain
- ☐ Not assessed

Additional more detailed comments welcomed (e.g. renovation capacity, flood risk, energy-efficient retrofitting, adaptation measures, funding challenges):

2.7 How effectively do current governance frameworks support long-term sustainable housing and renovation objectives? (e.g. alignment between national climate targets and local competences, funding conditionalities, regulatory flexibility, implementation gaps between responsibilities and resources).

↑ Annexes

- ☐ Very effective
- ☐ Moderately effective
- ☐ Limited effectiveness
- ☐ Not effective

Additional comments welcomed (e.g, coordination across levels, regulatory barriers, funding issues, short-term rental impacts, implementation gaps):

2.8 What are the main drawbacks or constraints for subnational governments in delivering sustainable and affordable housing?

Please rank the following factors from 1 (most significant) to 6 (least significant). Each rank may be used only once.

- ☐ Limited or insufficient EU and national funding levels
- ☐ Limited accessibility, complexity, or administrative burden of EU and national funding instruments
- ☐ Lack of predictable, long-term funding frameworks for housing and renovation
- ☐ Fragmented or insufficiently harmonised policy frameworks across levels of government
- ☐ Limited administrative, technical, or human capacity at local or regional level
- ☐ Regulatory or planning constraints (e.g. permitting, land availability, competing land uses)

Additional comments (e.g. national or territorial specificities, other key constraints, short-term rental impacts):

C) Housing Demand and Supply Dynamics

This section focuses on housing demand and supply dynamics at the subnational level. We are interested in understanding how local and regional governments influence housing availability, affordability, and accessibility. Please provide responses based on your experience or knowledge.

2.9 How are urban housing shortages (affordability, density, rising land costs) being addressed?

- ☐ Comprehensive policy packages (planning, funding, regulation)
- ☐ Partial measures (e.g. social housing only)
- ☐ Minimal action
- ☐ Not addressed

Additional comments welcomed (e.g. impact of short-term rentals, recent strategies, urban density policies, etc):

2.10 How are rural housing challenges (vacancy, ageing stock, seasonal or second-home pressures) being addressed?

- ☐ Renovation or adaptive reuse programmes
- ☐ Incentives for new residents or families
- ☐ No systematic measures
- ☐ Other (please specify)

Other (please specify)

Additional comments welcomed (e.g. depopulation trends, role of short-term or seasonal rentals):

2.11 How are current demographic trends affecting housing demand and policy in your country?

Please consider factors such as ageing populations, migration, household size, and regional differences. You may also include **brief examples of policies, programmes, or local initiatives** that respond to these trends. Please use the space below to provide further context or examples

---

2.12 In your view, does the current housing supply support labour mobility and territorial attractiveness?

- ☐ Yes, strongly
- ☐ Yes, to some extent
- ☐ No, insufficiently
- ☐ Not, not at all

Additional comments to expand on your response

SURVEY

(e.g. skills shortages, commuting, competitiveness impacts etc):

D) Social Inclusion, Accessibility and Affordability

2.13 Which level(s) of government are responsible for ensuring access to housing for vulnerable or specific groups? (In case of shared competencies, please, select all that apply)

- ☐ Municipal governments
- ☐ Regional governments
- ☐ Intermediate governments
- ☐ National government
- ☐ Other (please specify):

Additional comments welcomed (e.g. elderly, women, students, migrants, low-income households):

2.14 Are affordability challenges more pronounced in:

- ☐ Urban areas
- ☐ Rural areas
- ☐ Both equally
- ☐ Neither
- ☐ Varies significantly by territory

Additional comments (e.g. rent levels, ownership barriers, short-term rental effects):

2.15 What types of measures and policies are put in place by LRGs to secure housing for vulnerable groups and poorest households. Briefly describe and, where applicable, share best practices.

E) Spatial and Territorial Balance (Urban–Rural Dimension) and the role played by the private and the third sector.

2.16 If applicable, which measures are most used to address housing challenges in rural areas in your country? (Please, select all that apply)

- ☐ Renovation of existing housing stock
- ☐ Incentives for new residents or young families
- ☐ Adaptive reuse of vacant buildings
- ☐ Improved services and connectivity
- ☐ No specific measures
- ☐ No rural housing challenges
- ☐ Other (please specify)

Additional comments (e.g. effectiveness, funding constraints):

Please share any relevant details or examples on housing best practices in rural areas below.

2.17 In urban areas, which of the following housing challenges are municipalities in your country currently facing? (Please, select all that apply)

- ☐ Lack of affordable housing
- ☐ Housing shortages
- ☐ Rising construction costs
- ☐ Limited land availability
- ☐ Aging housing stock
- ☐ Regulatory or zoning constraints
- ☐ Homelessness
- ☐ Other (please specify)

Additional comments (e.g. effectiveness, funding constraints):

Please share any relevant details or examples on housing best practices in rural areas below:

↑ Annexes

2.18 How would you assess the role of the private sector and third sector (e.g. non-profits, housing associations) in addressing housing needs in your municipality?

	Very significant	Significant	Moderate	Limited	No role
Private sector	☐	☐	☐	☐	☐
Third sector	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐

2.19 Strengths and limitations of private and third sector involvement. Please indicate the extent to which you agree that the following factors represent strengths or limitations of **private sector** involvement in housing provision in municipalities.

Factor	Major strength	Minor strength	Neither	Minor limitation	Major limitation
Financial capacity	☐	☐	☐	☐	☐
Speed of delivery	☐	☐	☐	☐	☐
Innovation and flexibility	☐	☐	☐	☐	☐
Focus on affordability	☐	☐	☐	☐	☐
Long-term housing management	☐	☐	☐	☐	☐
Regulatory or zoning framework	☐	☐	☐	☐	☐
Capacity and expertise	☐	☐	☐	☐	☐
Coordination with municipalities	☐	☐	☐	☐	☐

If you think there are other factors that could strengthen or limit private sector involvement, please specify here:

Space to present housing best practices within the cooperation with the third or the private sector.

2.20 Strengths and limitations of private and third sector involvement. Please indicate the extent to which you agree that the following factors represent strengths or limitations of **third sector** involvement in housing provision in municipalities.

Factor	Major strength	Minor strength	Neither	Minor limitation	Major limitation
Financial capacity	☐	☐	☐	☐	☐
Speed of delivery	☐	☐	☐	☐	☐
Innovation and flexibility	☐	☐	☐	☐	☐
Focus on affordability	☐	☐	☐	☐	☐
Long-term housing management	☐	☐	☐	☐	☐
Regulatory or zoning framework	☐	☐	☐	☐	☐
Capacity and expertise	☐	☐	☐	☐	☐
Coordination with municipalities	☐	☐	☐	☐	☐

If you think there are other factors that could strengthen or limit third sector involvement, please specify here:

Space to present housing best practices within the cooperation with the third or the private sector.

F) Public and municipal expenditure on housing

2.21 What are the main sources of funding used for housing policies?

Source	Used extensively	Used moderately	Used minimally	Not used
Municipal budget	☐	☐	☐	☐
Intermediate government	☐	☐	☐	☐
Regional government	☐	☐	☐	☐
National government	☐	☐	☐	☐

↑ Annexes

EU / international funds	☐	☐	☐	☐
Private or third sector contributions	☐	☐	☐	☐

Additional comments welcome:

2.22 Adequacy of funding.

To what extent are current financial resources sufficient to address housing needs?

- ☐ Fully sufficient
- ☐ Mostly sufficient
- ☐ Partially sufficient
- ☐ Mostly insufficient
- ☐ Insufficient

Additional comments (optional): Please provide any examples or context that explain why funding is sufficient or insufficient, including recent or on-going reforms or challenges.

2.23 Municipal housing expenditure.

How adequate is municipal spending on housing-related policies (e.g. social housing, housing allowances, urban renewal) in meeting local housing needs?

- ☐ Very adequate
- ☐ Adequate
- ☐ Moderate
- ☐ Limited
- ☐ Very limited

Additional comments (optional): You may highlight particular challenges or innovative approaches at the municipal level or provide illustrative examples.

G) Future Outlook and Risks

2.24 Looking ahead, what are the main housing-related risks for effective policy implementation over the next 5-10 years? (Please, select up to three)

- ☐ Affordability and social exclusion
- ☐ Insufficient funding
- ☐ Climate change impacts
- ☐ Demographic change (ageing, migration)
- ☐ Governance or coordination gaps
- ☐ Skills and capacity constraints
- ☐ Other (please specify)

Other (please specify)

Additional comments (optional): Please highlight key concerns for local and regional governments and, if relevant, include links to reports, articles, or studies on this topic

Additional comments and suggestions can be provided in the space below.

Given the online nature of this questionnaire you will only be able to submit your responses if you have completed all mandatory questions.

THANK YOU!

Contact: survey@ccre-cemr.org

SURVEY

TERRI
Report

75 YEARS CCRE CEMR Local & Regional Europe

Contact us:

1 Square de Meeûs - 1000 Brussels
+ 32 2 511 74 77 | info@ccre-cemr.org | ccre-cemr.org

Learn more about us: