Received: 2 June 2021 | Revised: 18 March 2022 | Accepted: 17 May 2022

DOI: 10.1002/pad.1988

RESEARCH ARTICLE

WILEY

Decentralization: A handicap in fighting the COVID-19 pandemic? The response of the regional governments in Spain

Mikel Erkoreka[1] | **Josu Hernando-Pérez**[2]

[1]Ituna Center for Basque Economic Agreement and Fiscal Federalism Studies, University of the Basque Country, Bilbao, Spain

[2]Basque Museum of the History of Medicine and Science, University of the Basque Country, Bilbao, Spain

Correspondence
Mikel Erkoreka, Ituna Center for Basque Economic Agreement and Fiscal Federalism Studies, University of the Basque Country, Bilbao, Spain.
Email: mikel.erkoreka@ehu.eus

Funding information
Biografía colectiva y análisis prosopográfico más allá del Parlamento, Grant/Award Number: GC2018-095712-B-100; Biography and Parliament, Grant/Award Number: IT 1263-19

Abstract

The COVID-19 pandemic has provided an ultimate testing ground for evaluating the resilience and effectiveness of federal and decentralized systems. The article analyses how the Spanish asymmetrical system of decentralization has responded to the pandemic, focusing on the management developed by the sub-central governments (Autonomous Communities) during the first two waves of the pandemic in 2020. The research, which is both quantitative and qualitative, employs multidisciplinary tools and information sources, analyzing and linking fiscal and budgetary sources with the available statistics and information on health. Although the health, economic and social crisis caused by COVID-19 has highlighted appreciable shortcomings related to the decentralized model of territorial organization – in questions of both regional financing and health management – the research concludes that decentralization has not per se been a handicap when confronting the pandemic in Spain.

KEYWORDS
COVID-19, decentralization, fiscal federalism, health economics, pandemic, public policy, regional government, Spain

1 | INTRODUCTION

The COVID-19 pandemic has provided an ultimate testing ground for evaluating the resilience of the systems of governance and models of organization in the majority of the countries of the world.

The speed of contagion of the virus and its high degree of unpredictability made it necessary for the institutions to organize an early, fast and coordinated response to be able to control the incidence of the pandemic, especially during the first wave. This initial emergency situation tested the capacity of response and the limits of many federal or decentralized systems, giving rise to a key question: have the federal or decentralized systems been a boon or bane for managing the pandemic? (De Biase & Dougherty, 2021; Greer et al., 2020; Steytler, 2021).

Logically, not all the federal or decentralized systems have been tackling the crisis in the same way (OECD, 2020a; OECD, 2020b). The approach applied and performances obtained have differed appreciably between the different federations and decentralized countries (Aubrecht et al., 2020; Béland et al., 2020, 2021; Desson et al., 2020; Hegele & Schnabel, 2021). Nonetheless, with the pandemic still ongoing, it is necessary to construct and update a solid, empirical and comparative analytical framework that is sufficiently

This is an open access article under the terms of the Creative Commons Attribution-NonCommercial License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited and is not used for commercial purposes.

© 2022 The Authors. Public Administration and Development published by John Wiley & Sons Ltd.

broad and transversal to be able to examine the question posed in depth.

In this context, the aim of this article is to contribute to forming this empirical framework by analyzing the case study of the system of decentralization in Spain, focusing on the management developed by the regional governments (Autonomous Communities) during the first two waves of the pandemic in 2020. Thus, it analyzes the response of the asymmetrical system of regional financing facing the challenges posed by the pandemic and the health management put into practice by the regions. Similarly, it evaluates the shortcomings and general performance shown by the Spanish model of decentralization in its response to the pandemic. The initial hypothesis posed is that the model of decentralized organization has not per se been a handicap when confronting the pandemic.

The research employs multidisciplinary tools and sources of information with the aim of developing a study with a quantitative and qualitative character on the response of the regional governments. It analyzes fiscal and budgetary indicators and relates them to the available statistics and information on health related to the COVID-19 pandemic. Amongst the primary sources of information employed it is worth underscoring the data and statistical series published by the Ministry of Health and the Bank of Spain. On the basis of the available sources, the analysis focuses on the entire 2020 fiscal year, covering the first two waves of the pandemic in Spain.

The article is structured in five sections in addition to this introduction. The first section introduces the system of decentralization in Spain, emphasizing its behavior during the first two waves of the pandemic. The second section analyzes how the asymmetrical system of regional financing reacted to the fiscal crisis caused by the pandemic. The third section considers the health management developed by the sub-central governments facing the pandemic. The fourth section focuses on the shortcomings and weaknesses in the Spanish system of decentralization revealed by the pandemic. The final section of conclusions sets out the main results of the research, answering the initial hypothesis posed in this introduction.

2 | THE SYSTEM OF DECENTRALIZATION IN SPAIN AND ITS BEHAVIOR FACING THE FIRST TWO WAVES OF THE PANDEMIC

Following the death of the dictator Francisco Franco in 1975, Spain began a process of democratic transition which culminated in the promulgation of the Constitution of 1978. This Constitution laid the foundations for constructing the decentralized state of the Autonomous Communities, which completely transformed the Francoist model of centralized organization. Thus, from 1978 onwards a gradual process of asymmetrical decentralization was begun. The Spanish model of territorial decentralization is organized in 17 Autonomous Communities (henceforth ACs) and the autonomous cities of Ceuta and Melilla. Spain has undergone an intense process of decentralizing expenditure in the last four decades. Currently, more than 40% of public expenditure is managed between the ACs and local governments. Conversely, the degree of decentralization in the field of revenues has been more modest.

The decentralization of health and health care services was completed in 2002 with the decentralization of public and social security health care centers, services and competencies to the ACs – resulting in a progressive reduction of the competencies of the Spanish Ministry of Health. The Spanish National Health System (SNS) is highly decentralized and based on the principals of universality, free access and equity, and is mainly funded by taxes (Bernal-Delgado et al., 2018). Spain was known for having one of the best performing public health systems in the world and was ranked 15th in the Global Health Security Index in 2019 (Johns Hopkins Bloomberg School of public health, 2019). Spain is situated at the top of the list of OECD countries with respect to decentralization of public expenditure on health matters – which, together with education, are the two main functions of expenditure of the ACs (De Biase & Dougherty, 2021; OECD, 2020a).

The evolution of regional investment in health since 2002 is an indicator of the differences on which the health systems of the 17 ACs in Spain have been established and developed over the last two decades in the light of decentralization (see Figure 1).

In general terms a north-south model can be observed, with greater investment in the more northerly ACs. The configuration of the system of regional financing is a determinant factor for explaining the unequal distribution of expenditure by regions. But, besides the financial question, the political variable must also be underscored. In exercising their health competencies, the governments of the ACs have implanted different policies and directions in the structure of their health services. While some ACs have given priority to strengthening the public health network, in others, outsourcing services and privatization of the health service have been promoted. For

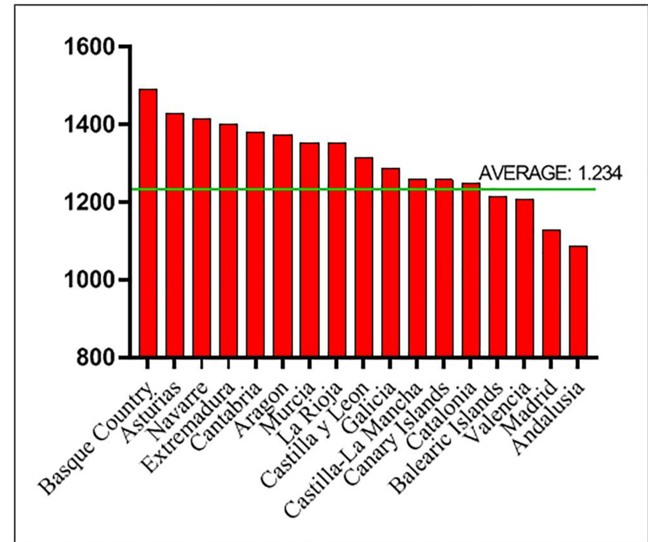

FIGURE 1 ACs average annual public health expenditure per capita (EUR) (2002–2019). *Source*: Government of Spain, Ministry of Health. Own elaboration

example, the Autonomous Community of Madrid, where the capital is located and the central axis of the Spanish economy and national politics, stands out as the AC with the second lowest public expenditure on health per inhabitant. Regardless of funding, this situation is the result of a liberal economic policy implemented under the liberal-conservative Popular Party (*Partido Popular*), which has governed the AC uninterruptedly since 1995.

Keeping in mind that the ACs have a high degree of responsibility in shaping and managing their health systems and that they finance the greater part of public expenditure on health, examining the facet of regional revenues is essential for analyzing whether the budgetary factor has been a conditioning element or one that discriminates between the ACs when it comes to articulating their response to the pandemic. This framework of broad decentralization in which the ACs have worked prior to and during the pandemic is a first point of interest to underscore when analyzing the response of the regional governments.

With regard to the financing of these health services and other financial needs produced by the pandemic, a second point of interest to underscore in this case study is the asymmetrical character of the system of regional financing in Spain.

In general terms, the decentralization of expenditure is similar in all the ACs. In the fiscal and financial field, by contrast, the regional system of financing is governed by two differentiated systems: the common regime and the *foral* system. The common regime is applied uniformly in all the ACs on the peninsula, except for the Basque Autonomous Community and the Foral Community of Navarre. Based on their historical and political circumstances, these two territories preserve a singular and privative system of financing (Zubiri, 2010).

The system of financing of the common regime – profusely questioned and in a state of permanent reform since four decades ago – has not resulted in the ACs developing a solid and decisive fiscal capacity. The ACs continue to be notably dependent with respect to instalment payments and transfers by the central government when drawing up their budgetary policies. In addition to undermining the financial autonomy and restricting the margin of budgetary maneuver of the ACs of the common regime, this system also complicates accountability and blurs the fiscal responsibility of the governments of the ACs.

Conversely, the ACs of the Basque Country and Navarre exercise a broad fiscal, financial and budgetary autonomy. Within their territory, the *foral* treasuries collect and manage nearly all taxes, both direct and indirect – including income tax, corporate tax, taxes on inheritances and VAT – and are situated amongst the sub-state entities with the greatest fiscal and financial power in Europe (Erkoreka, 2019). As a counterpoint, the *foral* institutions annually pay a quota to the central government in order to finance competencies and services that have not been transferred or decentralized and are developed by the central administration to the benefit of the Basque Country and Navarre. The system is governed by the principle of unilateral risk. Under this principle, the *foral* institutions assume the risk of eventual lower tax revenues, whether as a result of the economic conjuncture, of their fiscal and budgetary policies, or for any other reason (Rubí, 2016).

2.1 | A changing framework for decision-making facing the pandemic: Decentralization, centralization and co-governance

The third point of interest to be underscored in the Spanish case study is the sinuous reaction of the system of decentralization facing the coronavirus crisis. When analyzing the evolution of the governance framework for action in relation to decision-making and the management of the pandemic, it is necessary to differentiate between four consecutive stages:

- Appearance and initial uncontrolled spread of the virus prior to the state of alarm (late-January–13 March).
- Declaration of the first state of alarm and centralization of powers under the single command of the central government (14 March–21 June).
- New normality and establishment of the framework of co-governance, in which the state and the ACs share responsibilities in the decision-making and management of the pandemic (22 June–24 October).
- Declaration of the second state of alarm, maintaining a decentralized management in the framework of co-governance (25 October–9 May 2021).

The first confirmed case of coronavirus in Spain was recorded on January 31, 2020. From the end of January the virus spread in a heterogeneous way throughout Spain with an unequal incidence in the ACs. At first, the ACs played a leading role in adopting measures of contention. In an uncoordinated way and with little planning, each AC applied its own measures depending on the degree of incidence and spread of the virus in its territory.

Until the start of March the threat posed by the coronavirus was certainly underestimated by the Spanish political authorities, as occurred in other countries around the world (Royo, 2020). It is worth mentioning the controversy caused by the participation by a large representation of the Spanish government in the mobilizations of 8 March, International Women's Day, when the health situation in Italy was already very serious and the number of cases was rising uncontrollably in Spain. Five days after these mobilizations, with several members of the government ill with coronavirus, the state of alarm was declared. The state of alarm, which came into effect on 14 March, conferred full responsibility on the Spanish government to manage and implement measures for addressing the COVID-19 crisis under its single command (Kölling, 2021). Such measures placed the country under a lockdown, compelling people to stay at home and including the suspension of all non-essential economic and business activity from 30 March to 9 April.

Under the state of alarm, the Spanish government suspended the self-government of the ACs and assumed power in all the areas

necessary for ensuring compliance with the measures taken by the Spanish government in relation to the pandemic. With the implementation of the single command, the Minister of Health formally assumed responsibility for decision-making and coordination of health policy decisions in all the ACs.

The temporary and exceptional suspension of self-government did not involve the cessation of the regional administrations' activity, but subjection to the central government's authority in the areas affected by the decree of the state of alarm. That is, the ACs continued to exercise their usual management and executive competencies, but following the guidelines marked out by the sole command. Working as they did within the framework established by the Spanish government, the regional governments still maintained a certain margin of discretion in planning and implementing their public policies.

The growing political contestation, the logistical inefficiencies derived from centralization and the improvement of health indicators, brought a change of perspective (Mattei & Del Pino, 2021). With the state of alarm still in force, on 28 April, the Spanish government presented the 'Plan for the transition to a new normality' to arrange the end of the state of alarm. The plan, agreed upon with the ACs, involved a gradual de-escalation in four phases (Carmona, 2021). The transition from one phase to the next was decided by the Spanish government on the basis of public health indicators, such as an AC's number of cases and the capacity of its health-care system. In this fashion, restrictions were lifted phase by phase, region by region. On 21 June, after 98 days, the state of alarm ended throughout Spain. In the new normality, free movement between ACs was restored after 3 months of closed borders.

During the transition to the new normality, the ACs gradually recovered the competencies and functions that had been centralized under the single command of the central government, giving way to a scenario of co-governance, in which the central government and the ACs share responsibilities in the decision-making and management of the pandemic (Erkoreka et al., 2021). Since the end of the state of alarm, the regional executives have exercised a broad autonomy in the management of their healthcare systems, in organizing COVID-19 tracking mechanisms, in the design and application of measures of containment and restriction, as well as in implementing policies for social protection and economic reactivation.

Since the beginning of the pandemic in Spain, the first day without deaths from the COVID-19 was recorded in June (see Figure 2). But from mid-August, the number of contagions began to increase again. Without the legal cover of the state of alarm, some of the measures adopted by the regional and local administrations were annulled in the courts, especially the measures related to restrictions on fundamental rights (mobility and social gatherings for example).

By mid-October, the second-wave pattern of spiked rates of infection had spread throughout the country. Faced with this situation, 11 ACs asked the Spanish government to declare a new general state of alarm to avert the need for court approval of their measures and thereby improve their speed of response and ability to take further action, such as imposing nightlife curfews and additional restrictions on mobility.

On 25 October 2020, the Spanish government declared a second state of alarm, extended until 9 May 2021. The declaration included a nationwide mandatory curfew between 23:00 PM and 6:00 AM. Restrictions on mobility between the ACs were also established. Nevertheless, measures taken under this state of alarm were less severe than those taken under the first, as no lockdown was involved. In addition, and in contrast to the first state of alarm in March, the second was implemented in a decentralized manner and managed primarily by the AC governments (Erkoreka et al., 2021).

In short, the sum of these three elements – the high degree of decentralization in health matters, the asymmetrical system of regional financing, and the changing decision-making framework – characterize the case study of Spain, which is noteworthy due to the essential role assumed by the sub-central administrations in the health response to the pandemic. Within this general framework, the results obtained by each AC have been conditioned by the asymmetries of the model of territorial organization, as well as by the

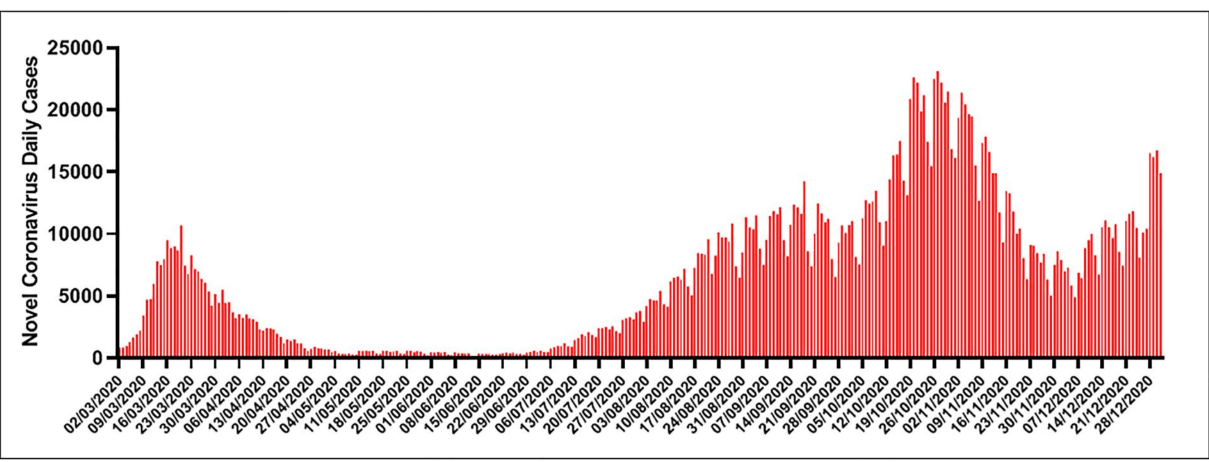

FIGURE 2 New COVID-19 cases in Spain per week (March-December 2020). *Source*: Government of Spain, Ministry of Health, https://cnecovid.isciii.es/. Own elaboration

political orientations and management efficiency of the respective sub-central governments and administrations both before and during the pandemic.

3 | THE ASYMMETRICAL SYSTEM OF REGIONAL FINANCING AND THE EVOLUTION OF THE ACS' DEFICIT AND DEBT DURING 2020

Prior to the pandemic, the Spanish economy had managed to achieve a 6-year period of economic growth in GDP (2014–2019), thus escaping from the long shadow cast by the crisis of 2008. In its wake, the crisis of 2008 had left a large accumulation of public debt in the Spanish public finances.

The pandemic has deeply altered the growth forecasts and the policies for consolidating the public accounts implanted prior to the arrival of the virus. GDP in Spain fell by 10.8% in 2020. The joint deficit of all the public administrations reached 11% of GDP and the public debt rose by 24.5%, reaching 120% of GDP at the end of 2020 (Banco de España, 2021). Nonetheless, during the 2020 fiscal year the public administrations did not experience a crisis of liquidity or financing. The decision by the European Union to activate for the first time in its history the 'general escape clause' in March, which allows member states not to meet the deficit and debt objectives required by the Stability and Growth Pact in the face of a severe economic shock, has been essential in providing flexibility to the Spanish public administrations when designing and implementing their fiscal and budgetary policies against the pandemic (European Commission, 2020).

As can be seen in the Figure 3, the central government and Social Security (which has a centralized character) assumed the greater part of the deficit and debt provoked by the pandemic in 2020 (AIReF, 2021).

In the first place, the two administrations assumed the implementation and financing of the main measures of social protection, economic reactivation and to maintain employment at the national level. Amongst others, it is worth underscoring the creation of the mechanisms of the Record of Temporary Employment Regulation (ERTE) and the Basic Living Wage (an economic allowance to prevent the risk of poverty and social exclusion of vulnerable families and communities) (Felgueroso et al., 2021). In the second place, the central government strengthened the ACs of the common regime against the budgetary effects of the pandemic, compensating for the fiscal gap provoked by the pandemic in their accounts. During the 2020 fiscal year, the central government brought forward payment of the settlement of the regional financing system for the 2018 fiscal year, established instalment payments with respect to 2020 on the basis of the pre-pandemic forecasts of 1.6% of the GDP[1] (when the GDP fell by more than 10%), and granted extraordinary resources[2] to the ACs to finance their health costs and the fall in regional tax revenues as a result of the pandemic (Conde-Ruiz et al., 2020).

The accounts of the ACs of the common regime thus received a strong boost in 2020 with the injection of liquidity by the central government. The ACs have not only had available a record level of resources to confront the pandemic, but in addition they closed 2020 with the best budgetary balance since 2006 (De la Fuente, 2021). Thanks to the financial safety net provided by the central government, the ACs as a whole showed a budgetary deficit of 0.21% of the aggregated GDP in 2020 – nine ACs obtained a surplus – considerably improving on the result of 2019, which closed with a deficit of 0.57% of the GDP (see Figure 4). Thus, the problems of financing the ACs of the common regime were resolved in the short term, with the settlement of the bill for the crisis postponed to later fiscal years.

As had occurred in previous crises, the evolution of the finances in the *foral* regime was completely different. The ACs of the Basque Country and Navarre do not participate in the schema of flows and transfers of the system of financing of the common regime, nor do they receive advance transfers to their accounts.[3] The *foral* institutions, like the state, mainly depend on the tax revenues that they

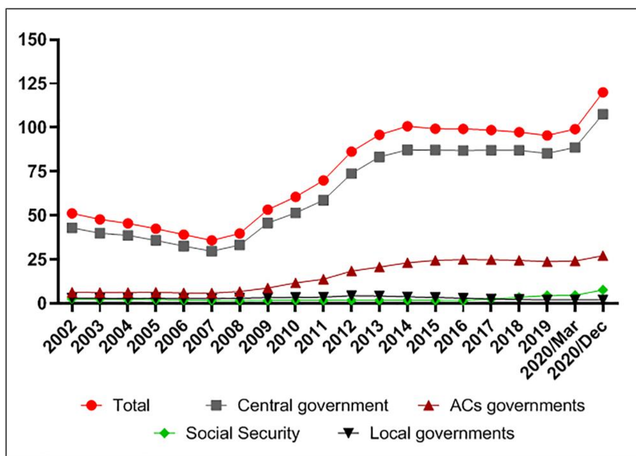

FIGURE 3 General government debt in Spain (as % of GDP pm) (2002–2020). *Source:* Bank of Spain, https://www.bde.es/webbde/en/estadis/infoest/temas/te_deu.html. Own elaboration

[1]Each year the ACs of the common regime receive in advance the funds from the regional financing system in application of the forecast existing at the time the draft bill for the general state budget is drawn up. These instalment payments are settled 18–24 months later on the basis of the definitive budgetary results. Thus, if in 2020 instalment payments were made based on a growth forecast of 1.6% (deliberately ignoring the effects of the crisis), when the budgetary year is settled negatively in 2 years time, the formation of a large debt in the form of repayment to the central government by the ACs of the common regime can be foreseen (De la Fuente, 2021). Under this system of financing the ACs of the common regime suffer from a huge dependency with respect to the decisions of the central government – above all in circumstances of budgetary urgency that require a swift response – to the evident detriment of their financial autonomy. Similarly, the evaluation of the exercise of fiscal responsibility and accountability by the different administrations is also diluted and made more difficult.

[2]Aside from the system of regional financing, the central government approved the creation of the COVID-19 Fund. This was the main extraordinary fund created by the central government in 2020 with the aim of supporting the ACs in financing expenditures deriving from the pandemic. The fund, endowed with 16,000 million euros and a non-repayable and unconditional character, was structured in four sections to be distributed taking into account the needs of financing of the ACs in health matters (9000 million euros), education (2000 million euros) and fall in revenues (5000 million euros).

[3]Since this was an extraordinary fund, independent of the system of regional financing, the Basque Country and Navarre participated in the first three sections of the COVID-19 Fund. However, due to their singular tax regime, they were excluded from the fourth section, which was aimed at compensating for the lower tax revenues of the ACs.

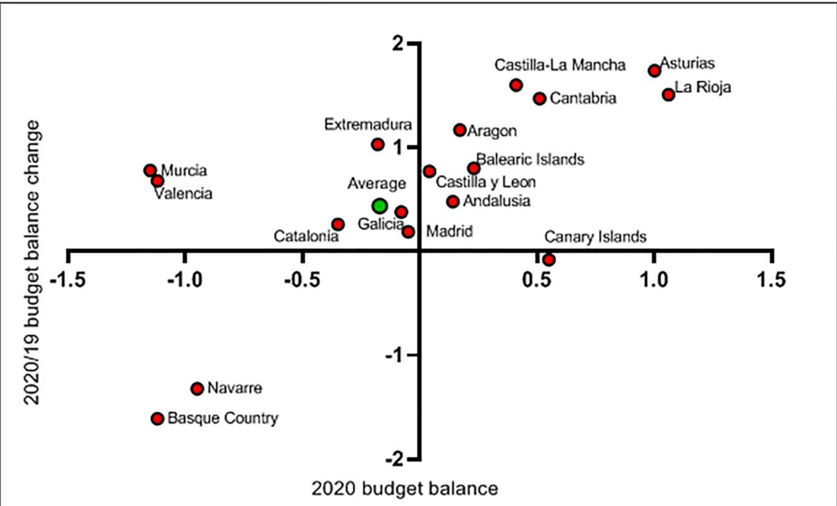

FIGURE 4 ACs 2020 budget balance and change in the budget balance in relation to 2019. *Source*: Ministry of Treasury. Own elaboration

manage directly to finance themselves. In light of the principle of unilateral risk that governs the model of *foral* financing, the *foral* institutions have employed their fiscal and financial autonomy to meet the financing needs generated by the pandemic with their own resources (Erkoreka, 2021). Like other tax administrations at the international level, the Basque tax administrations took into account the OECD's roadmap and recommendations when designing and implanting their fiscal policies facing COVID-19, including measures with both a normative and a management character (Martínez-Bárbara, 2020). Similarly, the *foral* institutions had to take recourse to the debt market to cover their public deficit.

The evolution and management of the public debt in circumstances of crisis and financial tension is an indicator when evaluating the response of systems of federalism and/or fiscal decentralization in relation to the principle of fiscal responsibility (OECD, 2020a). In this sense, the confluence of two such different regimes of financing within the same state means that Spain is a laboratory of interesting tests for analyzing and comparing the behavior of long-term debt between systems with high and low fiscal responsibility.

The comparative behavior of their public debt evinces a clear disparity between the ACs of the common and *foral* regimes (see Figure 5). While the *foral* institutions have applied a policy with a counter-cyclical character – reducing their debt in cycles of expansion to strengthen their solvency and margin for action at moments of crisis – the ACs of the common regime have employed the debt to partly compensate for the structural shortcomings of the system of financing (Erkoreka, 2021). This exercise of fiscal responsibility not only responds to the greater capacity of fiscal and financial self-government practiced by the *foral* institutions, but also to the risk that they assume in relation to the evolution of their finances.

Similarly, it is worth underscoring that a large part of the accumulated debt of the ACs of the common regime since 2012 has been covered through additional financing mechanisms at very low cost, made available by the central government (principally, the Autonomous Liquidity Fund). At the close of 2020, about 60% of the debt of the ACs as a whole was in the hands of the central administration

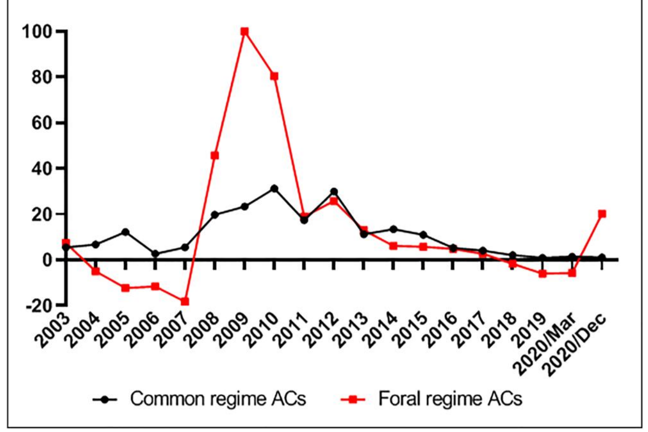

FIGURE 5 Year-on-year variation in the debt of the ACs (%) (2003–2020). *Source*: Bank of Spain. Own elaboration

(AIReF, 2020). In this context, the Basque Country and Navarre were the only ACs that opted not to become indebted to the central government and turned to the debt market to finance themselves – albeit on less favorable terms. Thus, besides safeguarding their financial autonomy with respect to the central government, they also sought to show economic and political coherence in their application of the principles of bilateralness, fiscal responsibility and unilateral risk that govern the Basque model of fiscal federalism.

As a conclusion to this section, it is worth underscoring that neither the ACs of the common regime nor those of the *foral* regime experienced a crisis of liquidity or financing during 2020, as they had resources available to organize an immediate response to the health crisis.[4] The difference between the two systems of financing lay in the form in which they have covered their extraordinary financing needs.

[4]The Ministry of Treasury quantified the ACs' health and social expenditures in relation to COVID-19 during 2020 at 8284 million euros (0.74% of GDP) (Ministerio de Hacienda, 2021). However, there were considerable differences between ACs.

4 | THE HEALTH RESPONSE OF THE ACS FACING THE PANDEMIC

When analyzing the response of the ACs facing the first two waves of the pandemic, it is important to underscore that while all the regions faced the same virus, they were not affected by it in a similar way. COVID-19 is an enemy that is difficult to predict and model. To date it has not been possible to establish an unequivocal and definitive pattern that explains why the virus has affected some ACs more than others. No direct relation can be observed between the level of public health investment and the regional spread and effect of the pandemic in the first 2 years. For example, Andalusia, the AC with the lowest index of health expenditure and the worst situated in the European Union's ranking of government quality (Charron et al., 2021), was one of the Spanish regions with the lowest incidence of the virus. In inverse relation to Figure 1 on public expenditure per inhabitant, it is possible to observe in this case as well a geographical gap between the center-north of the peninsula, with a greater prevalence during 2020 (the proportion of the population that has overcome the disease), and the south, where the virus has had a lesser effect (see Figure 6).

According to the fourth wave of the Spanish seroprevalence study of December 2020, 9.9% of the Spanish population had overcome the disease (Ministerio de Sanidad, 2020). The gap between ACs became apparent after the first two waves: from 4.5% of the population immune in Galicia, the least affected AC, to 18.6% in the Autonomous Community of Madrid. The cause of this uneven incidence lies in a combination of factors that have yet to be deciphered and clarified: population density, urban mobility, regional demographic structure, strategies of contention and prevention, etc.

Another indicator of the level of diffusion of the virus, and one that is directly related to this study of zero prevalence, is the analysis of excess mortality linked to the virus. Taking as a reference excess mortality over deaths estimated for 2020 in the pre-pandemic period, the data from the *Sistema de Monitorización de la Mortalidad Diaria* (MoMo – System for Monitoring Mortality) indicates a very uneven impact of the disease, as can be observed in the Figure 7.

The data on zero prevalence and mortality indicate a very uneven spread of the pandemic. The first two epidemiological waves affected ACs like Madrid or Castilla-La Mancha more intensely. Other regions like Andalusia, Murcia or the two archipelagos present figures that evince a lower level of incidence and diffusion of the disease. In spite of the importance of factors like the institutional response or the demographic structure of each region, emphasis must be placed on the high degree of unpredictability when defining and modeling the behavior and spread of this virus due to its epidemiological characteristics (Tsang et al., 2021).

In this heterogeneous scenario of the disease's spread through the geography of Spain, the sub-central governments have played an essential role. The system of decentralization, especially following the establishment of the framework of co-governance, provided an appreciable degree of flexibility to the ACs in designing and adapting their strategies for fighting against the pandemic in relation to its degree incidence in their respective territories. That is why the ACs have played a decisive role in controlling the pandemic at the regional level, especially keeping in mind that mobility between

FIGURE 6 COVID-19 prevalence map of Spain (December 2020). *Source*: Government of Spain, Ministry of Health. Own elaboration

FIGURE 7 Excess Mortality attributable to COVID-19 in Spain (December 2020). *Source*: *Sistema de Monitorización de la Mortalidad Diaria* (MoMo), https://eng.isciii.es/eng.isciii.es/Paginas/Inicio.html. Own elaboration

territories was restricted for a large part of 2020. The governments of the ACs have had available two basic tools when drawing up their policies for preventing and controlling the spread of the disease: the organization of the systems of testing and tracking, and the establishment of restrictive measures for containing it (OECD, 2020b).

4.1 | The organization and effectiveness of the regional systems of testing and tracking

The organization of the systems of testing (PCR and antigen tests, principally) and tracking have corresponded to the ACs. The WHO and OECD consider that this has been one of the most effective preventive tasks for controlling the spread of the disease (De Biase & Dougherty, 2021; WHO, 2021). Similarly, the OECD has evinced a negative correlation between the number of tests realized and mortality rates (Balázs et al., 2020).

In spite of the importance of the work of testing and tracking, not all the ACs reached a similar degree of effectiveness in their policies of testing and tracking. While some ACs were situated amongst the top European positions with respect to tests per inhabitant during 2020, others ACs did not even approach the average. In this case, a direct relation can be seen between the capacity for realizing tests and health investment per inhabitant (see Figure 8).

Four ACs stood out due to their greater capacity for tracking and detecting new positive cases, all of them in the north of the peninsula: Navarre, the Basque Country, La Rioja and Asturias. At the

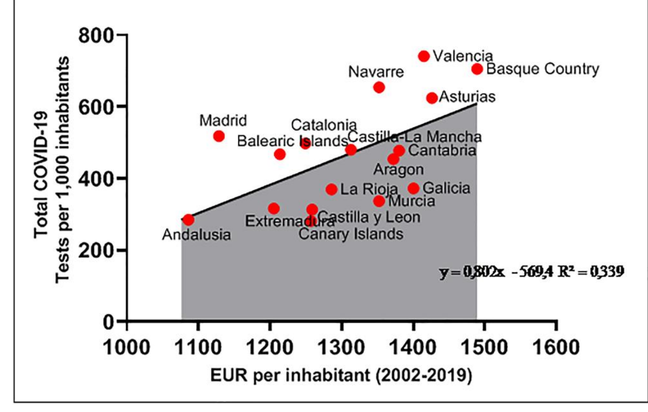

FIGURE 8 Ratio public health expenditure – test per 1000 inhabitants (December 2020). *Source*: Government of Spain, Ministry of Health. Own elaboration

opposite extreme, the level of testing in ACs like Andalusia, Valencia, the Canary Islands and Castilla-La Mancha was far below the national average.

From the start of the pandemic, the uneven level of testing and detecting new cases generated a statistical problem in the national representation of levels of incidence. As reflected in the figure of prevalence, greater detection does not mean a greater incidence, but a greater control of the circulation of the virus and the figures for contagion. These regional inequalities generate a distortion in the

general analysis of the situation, affecting decision-making and creating difficulties for realizing homogeneous studies at the national level.

4.2 | A heterogeneous regional map of restrictive measures and containment strategies

During the first state of alarm, under the single command, the sub-central administrations maintained their management competencies in implanting and carrying out health and social restriction measures, although their decision-making capacity was more limited. Since the end of the first state of alarm and the beginning of the co-governance scenario in June 2020, the governments of the ACs have exercised their powers in the decision-making and management of their healthcare systems, in organizing regional COVID-19 testing and tracking systems, in the design and application of containment and restriction measures, as well as in implementing policies for social protection and economic reactivation (Erkoreka et al., 2021). The ACs have exercised their autonomy at the regional level to decree border closures, limit movement between municipalities, apply restrictions on capacity, adopt certain measures decreed at the national level such as the time of the curfew, establish measures of prevention and hygiene in educational centers, limit the number of people in social meetings, impose the closure of certain businesses such as the hospitality industry, and set in motion a long list of complementary measures aimed at preventing and controlling the spread of the virus.

Starting with the establishment of the framework of co-governance in June 2020, the decisions taken by the governments of the ACs based on both technical and political variables sketch a map of heterogeneous restrictions within Spain. These decisions, mainly guided by health criteria, but also by economic and political ones, directly influenced the behavior and evolution of the health and economic crisis in the different ACs – especially in a scenario of restricted mobility between ACs. There has been a clear relation between the application of measures and the health evolution of the pandemic: the epidemiological waves have been preceded by a relaxing of restrictive measures by the administrations and, in their turn, these curves of contagion have been brought under control by a hardening of social restrictions and mobility.

Thus, the map of restrictions has been very uneven, linked to the epidemiological situation of each region. In general terms, most of the ACs have opted to apply stringent restrictive policies to control and reduce the disease's incidence. But there have been differences of criteria between ACs. The Autonomous Community of Madrid has been one of the cases most discussed by opinion public (Valdés, 2021). This AC, governed by the Popular Party, has set itself up as a bastion of opposition facing the policies of the central government, which is in the hands of a left-wing coalition. Madrid has been one of the ACs most severely affected by the pandemic from the outset: after the first two waves it stood out as the AC with the greatest excess mortality (41.6% in 2020) and prevalence (18.6% of the population immune in December 2020). At the same time, Madrid has also stood out as one of the ACs applying the less restrictive policies – in some cases confronting the criteria and recommendations dictated by the central government. The policy of restrictions applied by the government of the AC of Madrid has tried to conjugate 'economy and health' in a model involving coexistence with the virus.

5 | THE SYSTEM OF DECENTRALIZATION PUT TO THE TEST: LACK OF RESOURCES AND SHORTCOMINGS IN PLANNING AND COORDINATION

The pandemic has put the resistance of the Spanish national health system to the test. The insecurity experienced in certain health centers, especially during the first wave of the pandemic, exposed important weaknesses in the Spanish system of health decentralization (The Lancet, 2020). A report by the European Commission of May 2020 emphasized two essential questions: territorial inequalities in relation to the availability of resources and problems of coordination (European Commission, 2020).

Although the pressure placed on hospitals was not homogeneous throughout Spain, prior disparities in the form of investment and provision of infrastructures and personnel between the health systems of the ACs were reflected in the unequal capacity of response between regions, especially when facing the sudden avalanche of cases during the first wave of the pandemic. While the health systems of some ACs were practically overwhelmed, other systems were able to deal adequately with the serious health conjuncture. The pandemic also showcased the public health systems facing the private health network, which was relegated to the background at the most critical moments. The cutbacks to public health during recent decades as a result of the crisis of 2008 and the incidental role played by the private sector were two questions very much at the center of the public, political and academic debate in Spain during the first two waves of the pandemic (Molina et al., 2020).

The initial lack of control experienced prior to the decree of the state of alarm also revealed a lack of coordination and foresight in the early response to the pandemic (Mattei & Del Pino, 2021). In spite of having available the recent precedents of China and Italy, which made clear the high level of contagiousness of the coronavirus and the need to apply drastic measures in an early phase in order to control it, the central government and the ACs were unable to organize a unitary, coordinated and efficient response that would have contained the problem before it became a tsunami of uncontrollable cases. These deficits in planning and coordination, as well as the initial slowness in decision-making, revealed great structural weaknesses in the Spanish system of decentralization, in an exercise of negligence and dilution of responsibilities shared between the central government and the AC governments. One of the keys to explaining this organizational result in the health field originates in the reduction of the competencies of the Ministry of Health over the last two decades as a consequence of the process of decentralization. The Ministry of Health had become a second-level department within

the Spanish government and has been under the responsibility of 15 ministers since the year 2000. This Ministry, whose function is to act as the backbone of the National Health System, suddenly had to assume the single command with a lack of prior experience and limited resources and specialized personnel.

The lack of foresight and an efficient contingency and coordination plan was reflected in the form of insecurity and a shortage of means in the health response. During the first wave, problems of scarcity in hospitals were generalized throughout Spain (De Biase & Dougherty, 2021): lack of individual protective equipment, specialized facemasks, ventilators, protective glasses, etc. Facing this situation, some ACs distanced themselves from the national strategy and turned to the international market to supply their respective health systems independently. The insecurity experienced by hospitals is confirmed by the high number of health personnel infected during the first wave (Royo, 2020). The lack of resources and foresight were also expressed in the precarious management of nursing homes, with dramatic results, especially during the first wave (Del Pino et al., 2020).

Drawing up statistics was another particularly sensitive area in relation to the lack of coordination and understanding between administrations in the Spanish case (Molina et al., 2020). The civil registers of some ACs were partially paralyzed during the first wave, resulting in delays and gaps in producing the reports of the System for Monitoring Mortality (MoMo). In addition, each AC provided information in an uncoordinated way, without following any uniform patterns. During the first wave complete, up-to-date and reliable information on mortality was not available at the national level, nor was there a census of old people's homes that would have made it possible to count and localize deaths there. The Annual National Security Report for 2020 confirmed that the use of 'partial or outdated information, above all in the first months' of the pandemic, generated uncertainty, hindering the process of decision-making (Gobierno de España, 2021).

6 | CONCLUSIONS

The pandemic has tested the resistance of the model of decentralization and the health system of Spain. The health, economic, fiscal and social crisis has accentuated previously-existing problems in the system and highlighted new weaknesses to be analyzed and evaluated once the pandemic ends.

The pandemic has once again shown the seams and weaknesses of the model of financing the ACs of the common regime, highlighting their scant margin of autonomy and fiscal responsibility and their high degree of dependence on the central government in emergency budgetary circumstances. Conversely, the regime of *foral* financing has had the capacity to respond using its own tools to the financing needs generated by the pandemic, assuming the repercussions of lower tax revenues and the budgetary deficit with immediate effect. The pandemic, like earlier crises such as that of 2008, has made clear the deep differences that underlie the asymmetric Spanish system of financing. Nonetheless, the ACs did not experience a crisis of liquidity or financing during 2020, as they had resources available to produce an immediate response to the health crisis.

The regional governments have played a leading role in managing and organizing policies facing the health, economic and social crisis caused by COVID-19. There have been differences with respect to the performance and results of this response between the different ACs. Although the pressure on hospitals was not homogeneous throughout Spain, the prior disparities in the form of investment, provision of equipment and personnel between health systems were reflected in the uneven capacity of response between regions, especially when confronting the sudden avalanche of cases during the first wave of the pandemic. While the health systems of some ACs came close to collapse, other systems overcame the serious health conjuncture satisfactorily. Similarly, the ACs with public health systems that were better funded and equipped achieved a level of effectiveness and better results in their policies for testing and tracking the virus. The pandemic has showcased the public health systems dependent on the ACs as against the private health network, which at the most critical moments was relegated into the background. Similarly, following the establishment of the framework of co-governance in June 2020, the decisions based on both technical and political variables of the governments of the ACs sketched a heterogeneous regional map of restrictive measures and containment strategies, linked to the epidemiological situation of each region. These decisions, principally guided by technical-health criteria, but also by economic and political ones, conditioned the behavior and evolution of the economic and health crisis between the different ACs. Thus, it is not possible to offer a univocal and absolute evaluation of the responses by the regional governments facing the pandemic.

In sum, we conclude that the model of decentralized organization has not in itself been a handicap when confronting the pandemic. The results of their management facing the pandemic differed significantly between ACs. There were ACs that performed satisfactorily within the established framework of decentralization. Irrespective of the unequal territorial incidence of the virus, the key factor for analyzing and evaluating these differences between ACs has not been the model of organization, but the sufficiency of resources and the quality and orientation of the public management developed by the different levels of government, both prior to and during the pandemic.

Nevertheless, the pandemic has underscored appreciable shortcomings in planning and coordination linked to the decentralized model of territorial organization. Shortcomings in planning and coordination, as well as the initial slowness in decision-making, revealed relevant structural weaknesses in the Spanish system of decentralization, in an exercise of negligence and dilution of responsibilities shared between the central government and the governments of the ACs. The problems of the lack of equipment in hospitals or the lack of coordination and understanding between administrations in

collecting and elaborating health statistics, are a tangible consequence of the serious shortcomings in planning and coordination experienced by the Spanish system of decentralized governance, especially during the first wave.

Analysis of the response of the regional governments in Spain is a source of lessons for the future reform of the decentralized Spanish model and for other decentralized systems. Coordination mechanisms are fundamental in the models of multilevel governance when facing emergency situations. Having available a body with powers to coordinate, monitor and elaborate statistics at the national level – based on certain standardized criteria and generally applied measures – would accelerate and facilitate the decision-making process. With respect to the phase of implementation, having available a transparent and clearly delimited framework of distribution of powers would favor accountability, reducing the margin for polarization and partisan practices between the different levels of government, both vertically and horizontally.

IMPACT STATEMENT

Practice Impact Statement is required for some articles.

DATA AVAILABILITY STATEMENT

+ General government debt in Spain (Bank of Spain): https://www.bde.es/webbde/en/estadis/infoest/temas/te_deu.html.
+ Health expenditure statistics (Ministry of Health): https://www.sanidad.gob.es/estadEstudios/estadisticas/docs/EGSP2008/egsp-PrincipalesResultados.pdf.
+ COVID-19 cases in Spain per week (Ministry of Health): https://cnecovid.isciii.es/.
+ COVID-19 prevalence statistics (Ministry of Health): https://www.sanidad.gob.es/en/profesionales/saludPublica/ccayes/alertasActual/nCov/situacionActual.htm.
+ Excess Mortality attributable to COVID-19 statistics (Ministry of Health): https://eng.isciii.es/eng.isciii.es/Paginas/Inicio.html.
+ Statistics of tests by region (Ministry of Health): https://www.sanidad.gob.es/profesionales/saludPublica/ccayes/alertasActual/nCov/pruebasRealizadas.htm.

ORCID

Mikel Erkoreka https://orcid.org/0000-0001-6690-0333
Josu Hernando-Pérez https://orcid.org/0000-0001-9962-5374

REFERENCES

AIReF. (2020). *Report on the main lines of the 2021 budgets of the autonomous regions*. AIReF – Report, 38–20.

AIReF. (2021). *Report on the initial budgets of the general government for 2021*. AIReF – Report, 01/21.

Aubrecht, P., Essink, J., Kovac, M., & Ann-Sophie, V. (2020). *Centralized and decentralized responses to COVID-19 in federal systems: US and EU comparisons*. Law & economics of COVID-19 working Paper series, 04/2020.

Balazs, E., Guillemette, Y., Murtin, F., & Turner, D. (2020). *Walking the tightrope: Avoiding a lockdown while containing the virus* (p. 1633). OECD Economics Department Working Papers.

Banco de España. (2021). *Annual report 2020*. Banco de España.

Béland, D., Lecours, A., Paquet, M., & Tombe, T. (2020). A critical juncture in fiscal federalism? Canada´s response to COVID-19. *Canadian Journal of Political Science*, *53*, 239–243.

Béland, D., Marchildon, G., Medrano, A., & Rocco, P. (2021). COVID-19, federalism, and health care financing in Canada, the United States, and Mexico. *Journal of Comparative Policy Analysis*, *23*, 143–156.

Bernal-Delgado, E., García-Armesto, S., Oliva, J., Sánchez-Martínez, F. I., Repullo, J. R., Peña-Longobardo, L. M., Ridao-López, L., & Hernández-Quevedo, C. (2018). Spain. Health system review. *Health Systems in Transition*, *20*(2).

Carmona, A. (2021). De la recentralización de competencias a su progresiva devolución a la Comunidades Autónomas durante el estado de alarma: Las fases de la desescalada. In J. Tudela (Ed.), *Estado Autonómico y COVID-19: Un ensayo de valoración general*. Fundación Manuel Giménez Abad.

Charron, N., Lapuente, V., & Bauhr, M. (2021). *Sub-national quality of government in EU member states: Presenting the 2021 European quality of government index and its relationship with Covid-19 indicators*. The Quality of Government Institute Working Paper Series, 2021:4.

Conde-Ruiz, J. I., Díaz, M., Marín, C., & Rubio-Ramírez, J. (2020). *Observatorio fiscal y financiero de las CC.AA. Previsiones de cierre 2020*. Estudios sobre la Economía Española – Fedea.

De Biase, P., & Dougherty, S. (2021). Federalism and public health decentralisation in time of COVID-19. *OECD Working Papers on fiscal federalism*, *33*.

De la Fuente, Á. (2021). *Las finanzas autonómicas en 2020 y entre 2003 y 2020*. Fedea - Estudios sobre la Economía Española.

Del Pino, E., Moreno-Fuentes, F. J., Cruz-Martínez, G., Hernández-Moreno, J., Moreno, L., Pereira-Puga, M., & Perna, R. (2020). *COVID-19 and the institutional and organizational management of nursing homes in Spain: Difficulties and lessons*. Instituto de Políticas y Bienes Públicos (IPP-CSIC).

Desson, Z., Weller, E., McMeekin, P., & Ammi, M. (2020). An analysis of the policy responses to the COVID-19 pandemic in France, Belgium, and Canada. *Health Policy and Technology*, *9*, 430–446.

Erkoreka, M. (2019). The Basque and Swiss fiscal systems building processes as a source of lessons for the European integration process. In G. Martínez & X. Irujo (Eds.), *International perspectives on fiscal federalism: The Basque tax system*. Center for Basque Studies – University of Nevada.

Erkoreka, M. (2021). The fiscal and budgetary impact of COVID-19 pandemic on the public finances of the Basque country: The Basque system of fiscal federalism put to the test. *Ekonomiaz – Revista vasca de economía*, *100*, 120–149.

Erkoreka, M., Grau, M., & Kölling, M. (2021). Decentralisation and COVID-19: Stress-testing the Spanish territorial system. In N. Steytler (Ed.), *Comparative federalism and Covid-19. Combating the pandemic*. Routledge.

European Commission. (2020). *Council recommendation on the 2020 national reform Programme of Spain and delivering a Council opinion on the 2020 Stability Programme of Spain*, Retrieved May 30, 2021, from https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0509&from=EN

Felgueroso, F., De la Fuente, Á., Boscá, J. E., Doménech, R., Ferri, J., Jansen, M., & Onrubia, J. (2021). Aspectos económicos de la crisis del Covid-19. *Fedea - Estudios sobre la Economía Española* (Vol. 2021/09).

Gobierno de España. (2021). *Informe Anual de Seguridad Nacional 2020*. Gobierno de España.

Greer, S. L., King, E. J., Massard da Fonseca, E., & Peralta-Santos, A. (2020). The comparative politics of COVID-19: The need to understand government responses. *Global Public Health*, *15*(9), 1413–1416.

Hegele, Y., & Schnabel, J. (2021). Federalism and the management of the COVID-19 crisis: Centralisation, decentralisation and (non-) coordination. *West European Politics*, *44*(5–6), 1052–1076.

Johns Hopkins Bloomberg School of public health (2019). *Global health security index 2019*.

Kölling, M. (2021). Federalism and the COVID-19 crisis: A perspective from Spain. *Cuadernos Manuel Giménez Abad*, *19*.

Martínez-Bárbara, G. (2020). *Las Haciendas Forales ante el Cisne Negro de 2020: Hoja de ruta y medidas más destacables ante la COVID-19* (p. 266). Forum Fiscal.

Mattei, P., & Del Pino, E. (2021). Coordination and health policy responses to the first wave of COVID-19 in Italy and Spain. *Journal of Comparative Policy Analysis*, *23*, 274–281.

Ministerio de Hacienda. (2021). *Ejecución presupuestaria de las Administraciones Públicas en 2020*, Retrieved May 30, 2021, from https://www.hacienda.gob.es/Documentacion/Publico/GabineteMinistro/Notas%20Prensa/2021/S.E.%20PRESUPUESTOS%20Y%20GASTOS/29-03-21-Presentacion-PPT-Ejecucion-Presupuestaria-ejercicio-2020.pdf

Ministerio de Sanidad. (2020). Estudio ENE-COVID: Cuarta ronda. *Estudio nacional de sero-epidemiología de la infección por SARS-CoV-2 en España*. Retrieved May 30, 2021, from https://www.mscbs.gob.es/gabinetePrensa/notaPrensa/pdf/15.12151220163348113.pdf

Molina, I., Otero-Iglesias, M., & Martínez, J. P. (2020). Has Spain´s management of COVID-19 a failure? Errors, lessons and recommendations (pp. 16–2020). *Real Instituto Elcano Working Paper*.

OECD. (2020a). *COVID-19 and fiscal relations across levels of government*. OECD Publishing.

OECD. (2020b). *The territorial impact of COVID-19: Managing the crisis across levels of government*. OECD Publishing.

Royo, S. (2020). Responding to COVID-19: The case of Spain. *European Policy Analysis*, *6*, 180–190.

Rubí, J. (2016). The role of regions with taxation powers in the European Union: The Basque economic agreement. In J. Agirreazkuenaga & X. Irujo (Eds.), *The Basque fiscal system contrasted to Nevada and Catalonia: In the time of major crises*. Center for Basque Studies – University of Nevada.

Steytler, N. (2021). *Comparative federalism and Covid-19. Combating the pandemic*. Routledge.

The Lancet. (2020). COVID-19 in Spain: A predictable storm? *The Lancet Public Health*, *5*, e568.

Tsang, H. F., Chan, L. W. C., Cho, W. C. S., Yu, A. C. S., Yim, A. K. Y., Chan, A. K.C., Ng, L. P. W., Wong, Y. K. E., Pei, X. M., Li, M. J. W., & Wong, S. C. C. (2021). An update on COVID-19 pandemic: The epidemiology, pathogenesis, prevention and treatment strategies. *Expert Review of Anti-infective Therapy*, *19*(7), 877–888.

Valdés, I. (2021). *Madrid, el territorio con más contagios que impuso las medidas más laxas*. El País. Retrieved May 30, 2021, from https://elpais.com/espana/madrid/2021-02-28/madrid-el-territorio-con-mas-contagios-que-impuso-las-medidas-mas-laxas.html

WHO. (2021). *Recommendations for national SARS-CoV2 testing strategies and diagnostic capacities: Interim guidance, 25 June 2021*. World Health Organization.

Zubiri, I. (2010). The economic agreement between the Basque country and Spain: Principles, characteristics and economic implications. *Ad Concordiam*.

How to cite this article: Erkoreka, M., & Hernando-Pérez, J. (2022). Decentralization: A handicap in fighting the COVID-19 pandemic? The response of the regional governments in Spain. *Public Administration and Development*, 1–12. https://doi.org/10.1002/pad.1988