# Highlights from the World Observatory

Third Edition of the World Observatory on Subnational Government Finance and Investment

24 October 2022

Lamia Kamal-Chaoui

Director, OECD Centre for Entrepreneurship, SMEs, Regions and Cities







# What does the World Observatory offer?

Database			Country Profiles	Synthesis Report
rvatory on Subnatio	onal Government Fin	ance and Investment • • Timera • Transet • Sec • Mass	Enter RELATION THE ISSNER RELATION THE ISSNER RE	World Observatory on Subnational Government Finance and Investment 2322 Edition - Launch venion Kry facility's
+ Income Group	+ Country		Na a pupularia guandi 19.0233 a (201) on official (201) Capati ang Julian (19.15) of starting particul (201) on on final Capatificantini (201), (3.15, of C201) Capati ang Julian (201), (2.15, of C201)	
High income	Europe	Austria () Belgium () Germany () Spain () Suitzeeland ()	EXE EXE[instruction] and instruction of the execution of the executio	
Upper middle income	Asia Pacific North America Europe Latin America	Australia O Cranda O Utele Status of Amarica O Bosnia and Horzegovina O Argentina O Boszi O Maxico O South Africa O	The third Maximum (and Language of a strate strategies from the strategies of the st	
Upper middle income	North America Europe	Canada () United States of America () Bosnia and Harzegovina () Argentina () Brazil ()	protect and exact and product and and an angel and a final sequences. The second angel and angel angel and angel ang	
Upper middle income	North America Europe Latin America Africa	Canada o United States of America o Bonia and Horzegovine o Argentina o Bează o Merica o South Africa o	percent of exclusionality with the of an adverse big value and the section building of the section bui	



Visit <u>www.sng-wofi.org</u>



# The WOFI has become truly global

Coverage of 135 countries and 664 000 subnational governments worldwide:



90% of world surface area



93% of world population



94% of global GDP

60 50 40 30 20 10 Single-tier countries Two-tier countries Three-tier countries Africa Europe I atin America Euro-Asia Middle East & West Asia Asia Pacific Source: SNG-WOFI (2022)

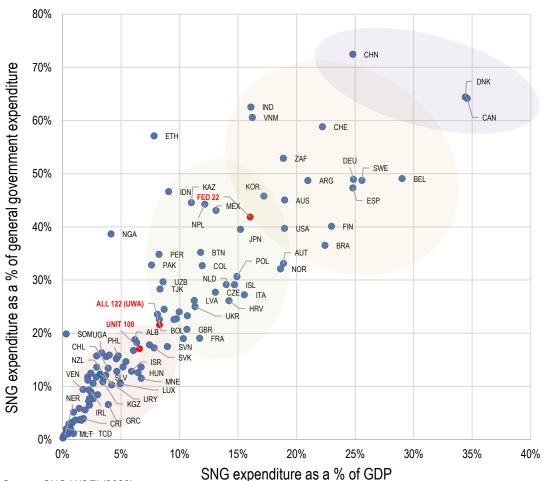
#### Subnational tiers of government by world region (2020)

70



# SNGs account for a significant proportion of public spending...

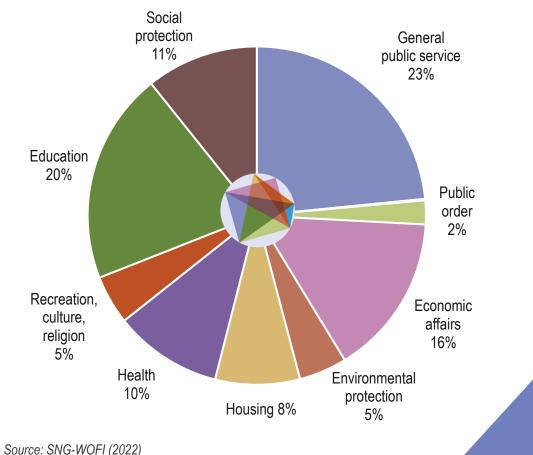
#### ...but with huge differences across countries



#### There is wide variation in levels of spending decentralisation

#### SNGs are responsible for critical services

Average subnational expenditure by function as a % of total subnational expenditure

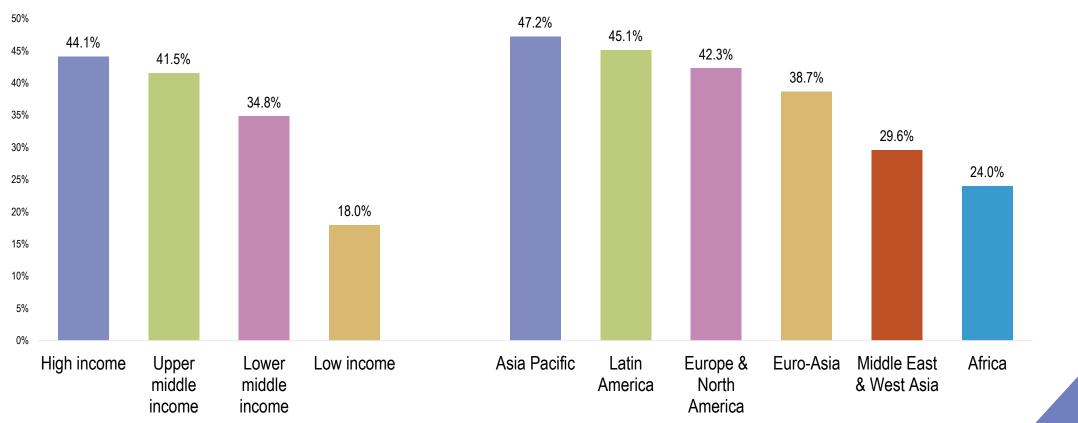


Source: SNG-WOFI (2022)



# Subnational governments provide critical investment...

#### ...but there is scope for them to invest more in some regions

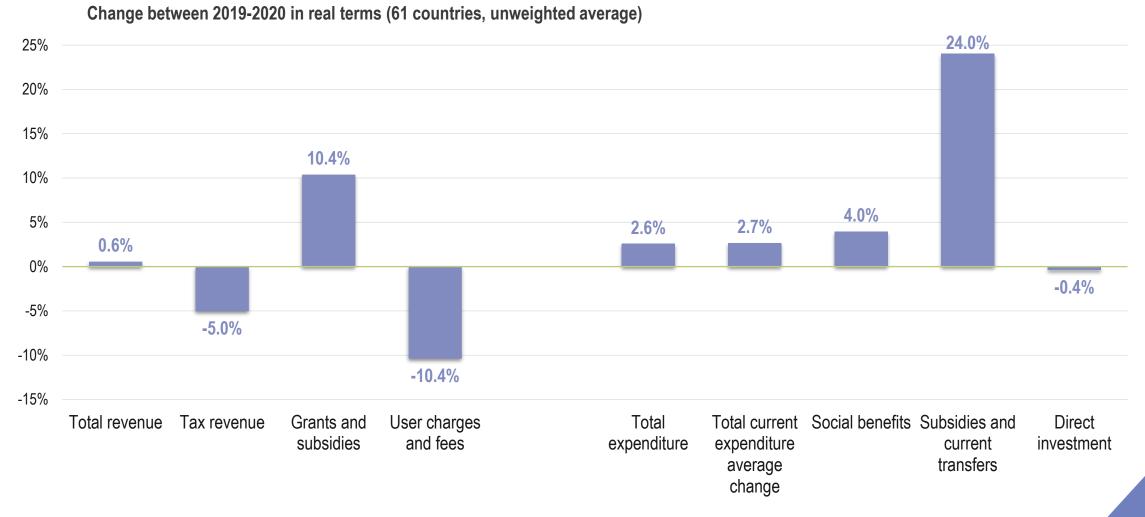


#### Subnational government investment as % of public investment by income groups and world regions (2020)

Source: SNG-WOFI (2022)



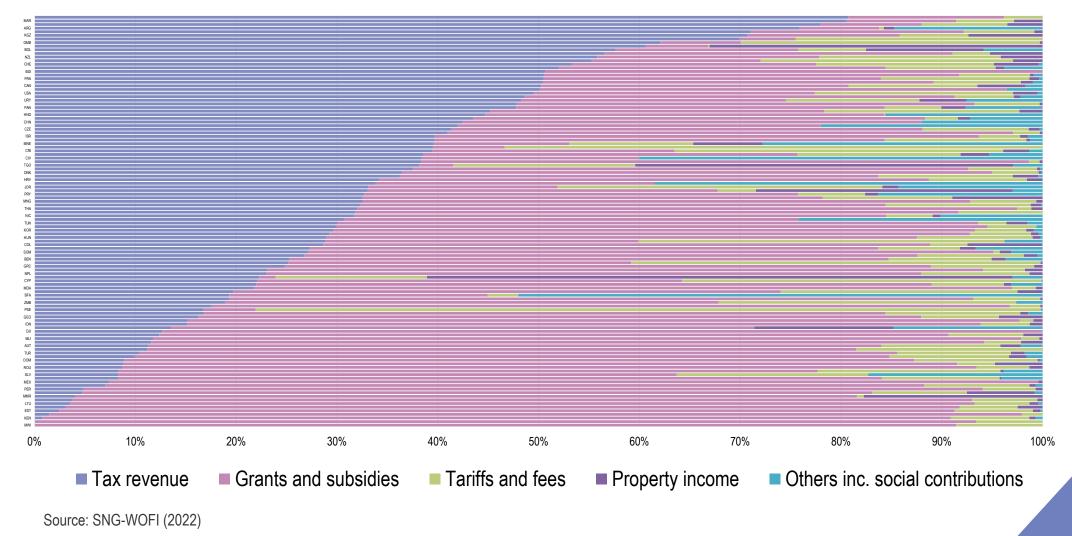
# **COVID-19** has put additional pressure on subnational finances





### There is a need to build more resilient subnational finances

Breakdown of subnational revenue sources (% subnational government revenue, 2020), 116 countries



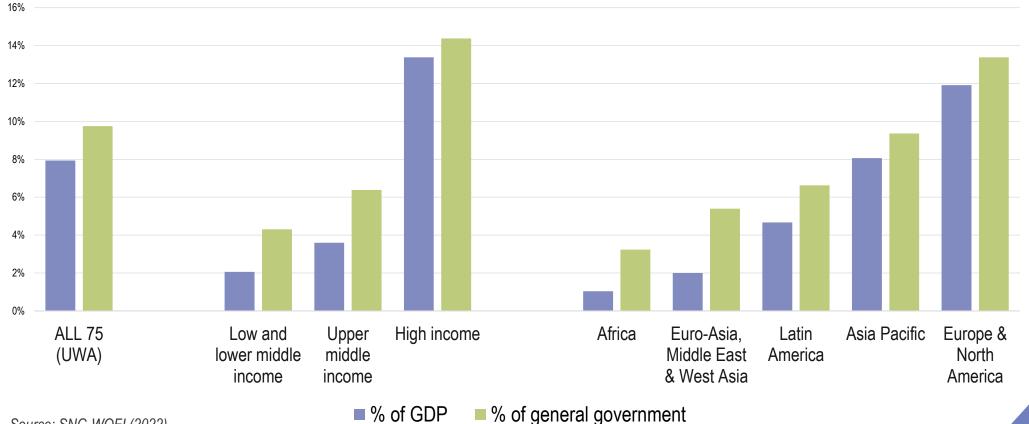


# SNGs need greater fiscal flexibility to boost investment...

#### ...alongside the right capacity, checks and balances

#### Subnational debt varies widely between countries, world regions and income groups

Subnational government debt by income country groups and world regions as % of GDP and general government debt (2020)



Source: SNG-WOFI (2022)

# **THANK YOU!**



Lamia.Kamal-Chaoui@oecd.org

Twitter: @OECD\_local LinkedIn: www.linkedin.com/company/oecd-local Website: www.oecd.org/cfe



