Highlights from the World Observatory

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

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What does the World Observatory offer?

- **Database**
- **Country Profiles**
- **Synthesis Report**

Visit [www.sng-wofi.org](http://www.sng-wofi.org)
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

Source: SNG-WOFI (2022)
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)

- High income: 44.1%
- Upper middle income: 41.5%
- Lower middle income: 34.8%
- Low income: 18.0%
- Asia Pacific: 47.2%
- Latin America: 45.1%
- Europe & North America: 42.3%
- Euro-Asia & Middle East & West Asia: 38.7%
- Africa: 29.6%
- Middle East & West Asia: 24.0%

Source: SNG-WOFI (2022)
COVID-19 has put additional pressure on subnational finances

<table>
<thead>
<tr>
<th>Category</th>
<th>Change 2019-2020 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>0.6%</td>
</tr>
<tr>
<td>Tax revenue</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>10.4%</td>
</tr>
<tr>
<td>User charges and fees</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>2.6%</td>
</tr>
<tr>
<td>Total current expenditure</td>
<td>2.7%</td>
</tr>
<tr>
<td>Social benefits</td>
<td>4.0%</td>
</tr>
<tr>
<td>Subsidies and current transfers</td>
<td>24.0%</td>
</tr>
<tr>
<td>Direct investment</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

Change between 2019-2020 in real terms (61 countries, unweighted average)

Source: SNG-WOFI (2022)
There is a need to build more resilient subnational finances

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

Source: SNG-WOFI (2022)
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

Source: SNG-WOFI (2022)
THANK YOU!

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