## **ROUNDTABLE 3**

How can subnational government access to external resources be improved to finance infrastructure investment?

Setting the scene with key findings from the World Observatory on Subnational Government Finance and Investment

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Supporting sustainable, inclusive, resilient and quality infrastructure investment by subnational governments is critical to meet future challenges







Significant global infrastructure investment needed to meet current and future challenges

Meeting the sustainable development goals

Supporting climate change mitigation and adaptation: USD 9.3 trillion of infrastructure investment needed to meet basic needs and the goals of Paris Agreement

Building resilience in the face of crises and megatrends

Subnational governments have a key role to help meet future infrastructure needs in regions and cities

**40 percent of public investment** globally is by subnational governments

Essential **infrastructure providers** (health, education, transport, utilities, etc.)

Recognized in the Indonesian G20 Presidency infrastructure agenda



Fiscal and regulatory frameworks Institutional capacity Coordinating and cooperation mechanisms Financial markets Funding and financing

# The World Observatory helps to deepen our understanding of subnational infrastructure investment throughout the world

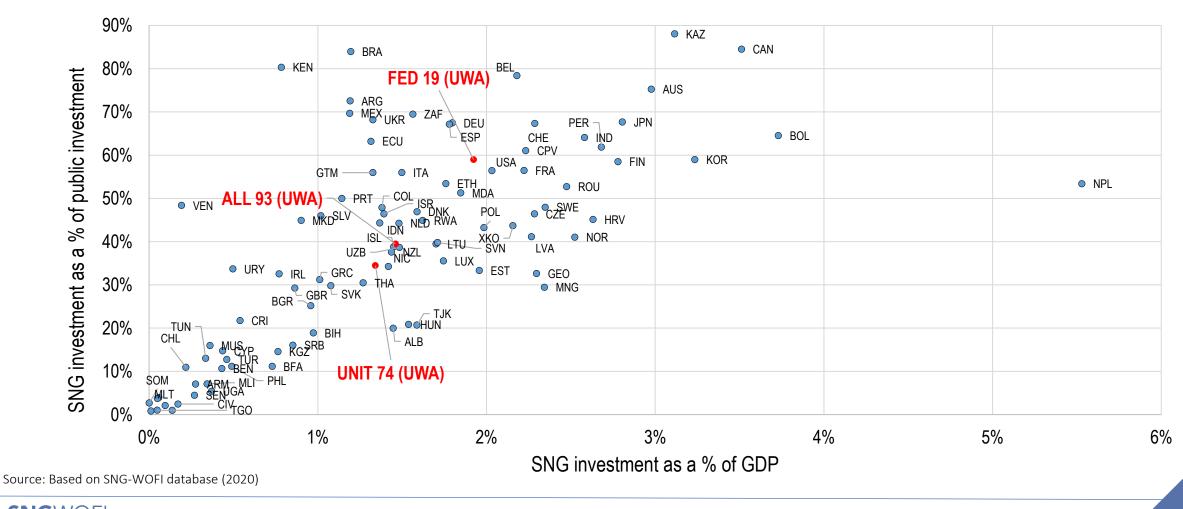
## SUBNATIONAL PUBLIC INVESTMENT





# Subnational governments are responsible for about 40% of public investment and about 1.5% of GDP

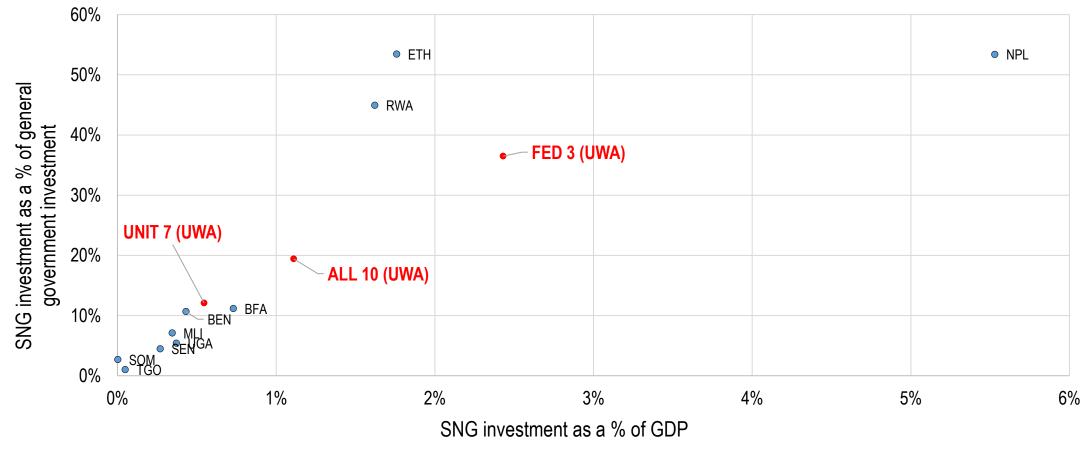
## Subnational government investment as a percentage of GDP and total public investment (2020)





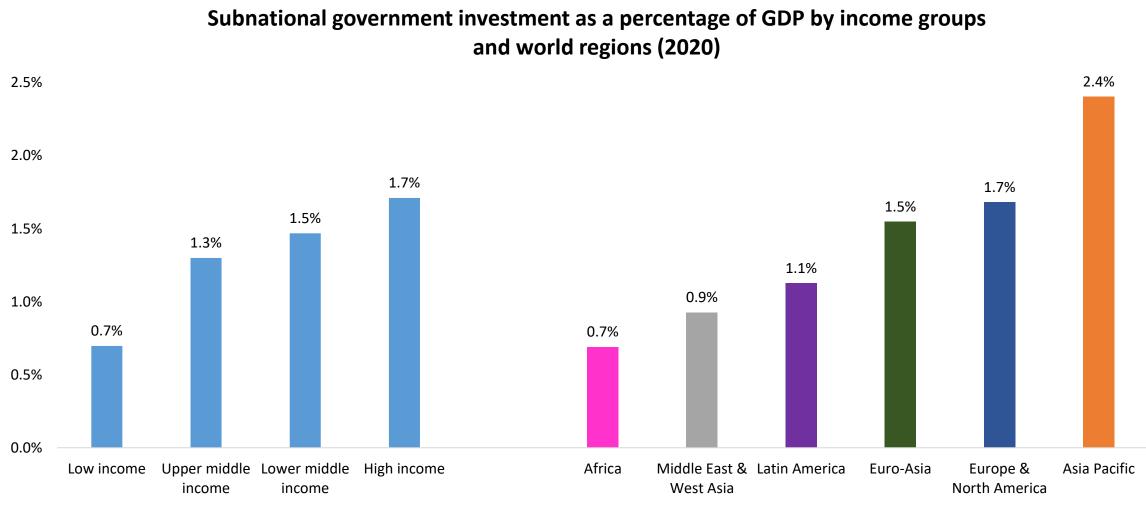
In most of the least developed countries with data available, subnational governments are responsible for a relatively small proportion of public investment

## Subnational government investment in LDCs as a percentage of GDP and as a percentage of total public investment





The share of subnational government investment as a percentage of GDP is highest in Asia Pacific





The impact of COVID-19 on subnational government investment varied substantially across countries (comparison of 2019 and 2020 data)

## Change in subnational government direct investment by country between 2019 and 2020

Bulgaria	-34.2%	Austria	-5.7%	Kosovo	3.7%
Colombia	-33.2%	Belgium	-5.2%	Israel	3.9%
Tunisia	-21.0%	Cyprus	-4.0%	Switzerland	4.3%
Türkiye	-16.2%	Ireland	-3.8%	Georgia	4.8%
Malta	-15.8%	Mexico	-3.7%	Mongolia	6.2%
United Kingdom	-14.7%	Indonesia	-2.7%	Estonia	6.7%
Iceland	-13.8%	Latvia	-1.3%	Germany	6.8%
Sweden	-12.9%	Republic of North Macedonia	-0.9%	Canada	6.9%
Hungary	-11.9%	Netherlands	-0.7%	Finland	7.7%
France	-11.3%	Spain	0.6%	Romania	10.8%
Costa Rica	-11.2%	Slovenia	1.0%	Croatia	12.9%
Chile	-10.3%	Korea	1.7%	Thailand	13.9%
Ukraine	-10.1%	Luxembourg	2.0%	Greece	15.0%
Poland	-8.4%	Italy	2.0%	New Zealand	16.8%
Serbia	-7.2%	Czech Republic	2.3%	Denmark	18.0%
Slovak Republic	-6.7%	United States of America	2.9%	Portugal	26.0%
Albania	-6.3%	Norway	3.1%	Bosnia and Herzegovina	26.8%
Republic of Moldova	-6.0%	Australia	3.6%	Lithuania	41.9%

Average change for the 56 countries in sample: -0.4% (unweighted average); 28 countries increased, 28 decreased

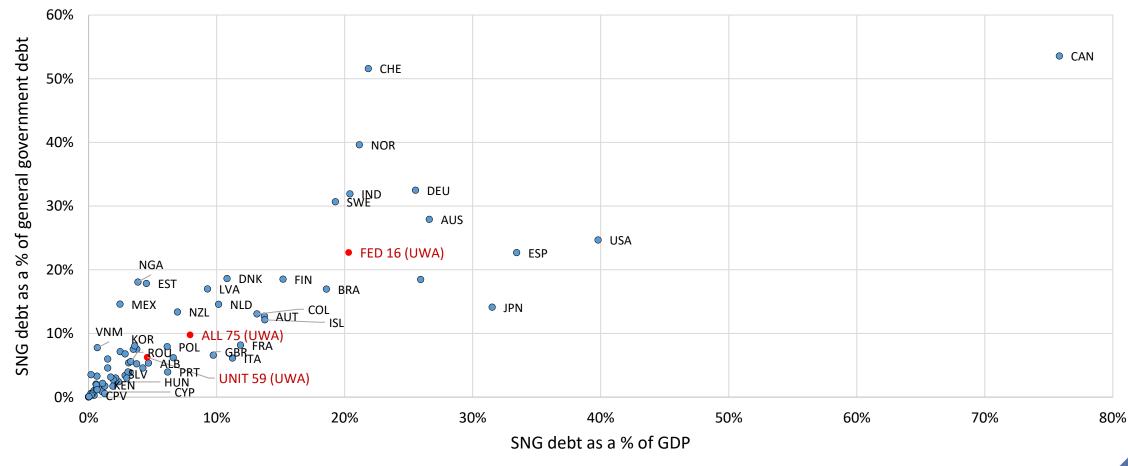
## FINANCING SUBNATIONAL INFRASTRUCTURE INVESTMENT





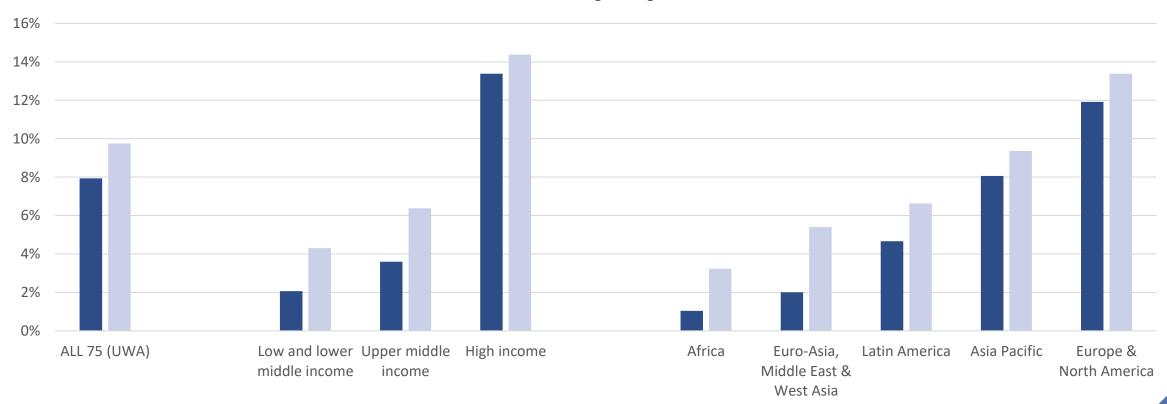
# Subnational government debt is 9.8% of total public debt and 7.9% of GDP (unweighted average)

## Subnational government debt as a percentage of GDP and of general government debt (2020)





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



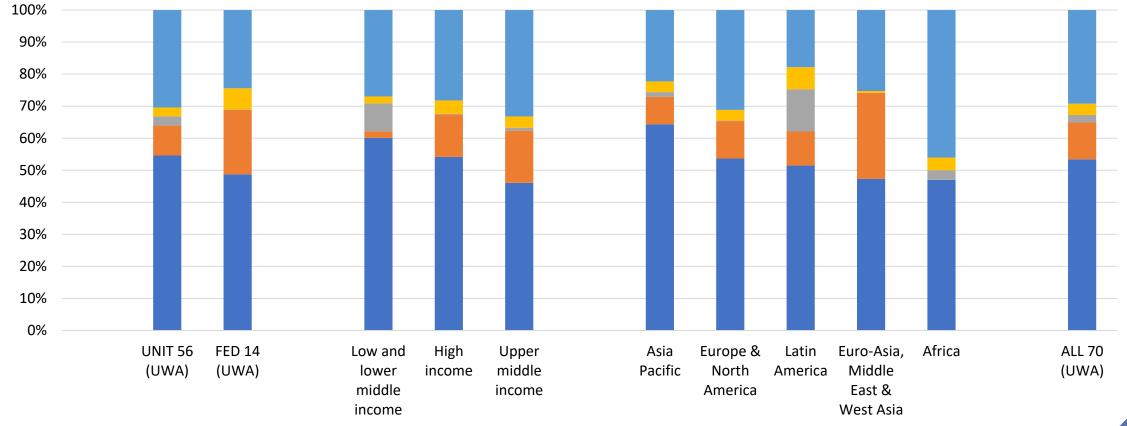
#### ■ % of GDP ■ % of general government



Loans constitute the majority of subnational government debt, although some subnational governments do issue bonds

#### Subnational government debt by instrument as a share of total outstanding debt (2020)

Loans Bonds / Debt securities Currency and deposits Insurance pension and standardised guarantees Other accounts payable Financial debt\*





During the first year of the COVID-19 crisis, total outstanding subnational debt increased by 7.6% in real terms (comparison of 2019 and 2020)

### Change in subnational government debt by country between 2019 and 2020

Hungary	-15.5%	United Kingdom	1.2%	Romania		7.5%
Greece	-6.9%	Spain	1.4%	AVERAGE (47 countries)		7.6%
Bulgaria	-2.5%	Mexico	1.6%	Iceland		10.0%
Netherlands	-2.3%	Cyprus	2.6%	Norway		11.2%
Denmark	-2.3%	Latvia	3.0%	Canada		12.5%
Malta	-0.8%	Slovenia	3.4%	Ireland		<b>14.1%</b>
Luxembourg	-0.7%	Sweden	4.0%	Croatia		14.6%
Italy	-0.4%	Portugal	4.7%	Belgium		15.5%
Thailand	-0.2%	Austria	5.1%	New Zealand		16.9%
United States of America	-0.2%	Finland	5.1%	Estonia		17.8%
Türkiye	0.2%	Colombia	5.7%	Lithuania		<b>19.1%</b>
Albania	0.5%	Germany	6.0%	Australia		21.2%
Switzerland	0.9%	Poland	6.1%	Bosnia and Herzegovina		21.6%
Czech Republic	0.9%	France	6.9%	Republic of Moldova		23.7%
Montenegro	1.1%	Slovak Republic	7.0%	Indonesia		39.2%

Average change for the 47 countries in sample: **7.6%** (unweighted average), 37 countries increased, 10 decreased



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