



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**

Subnational investment is shaped by the enabling environment and the availability of funding and financing

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

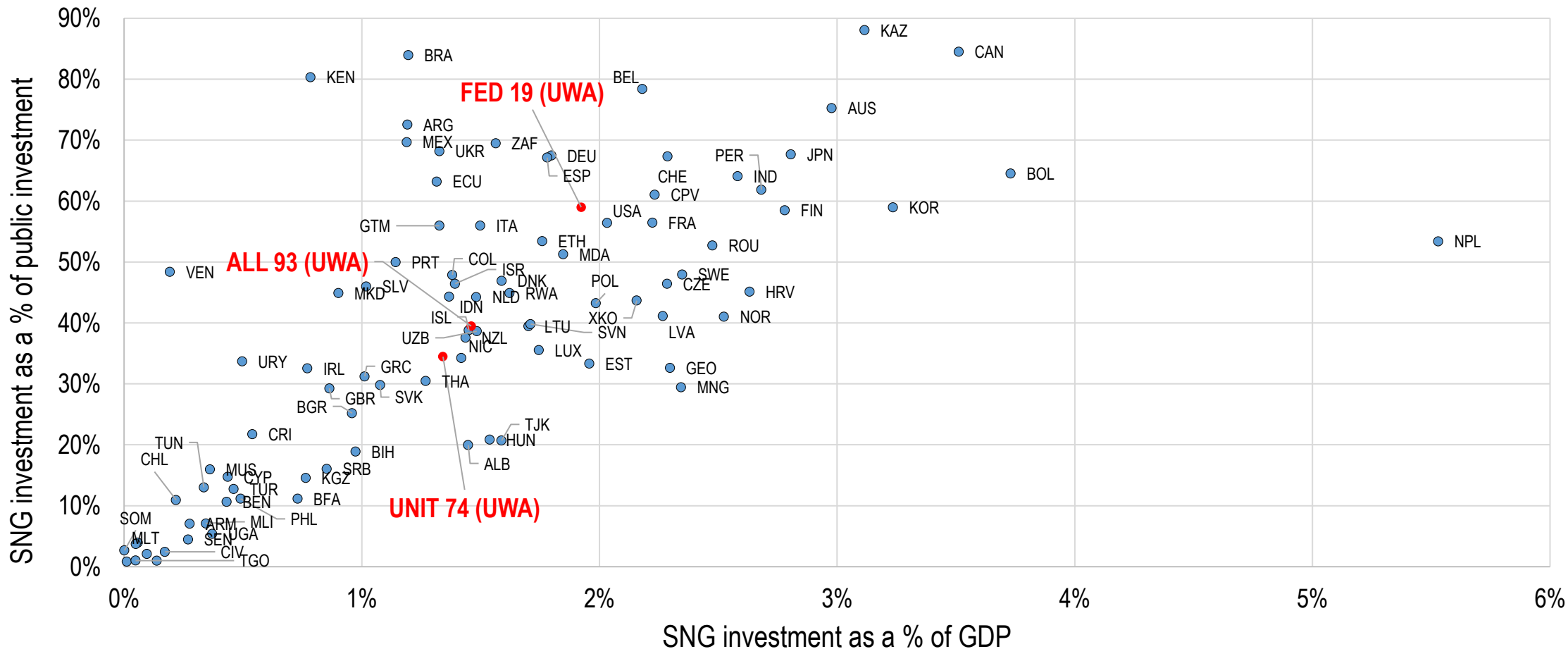


SUBNATIONAL PUBLIC INVESTMENT



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)

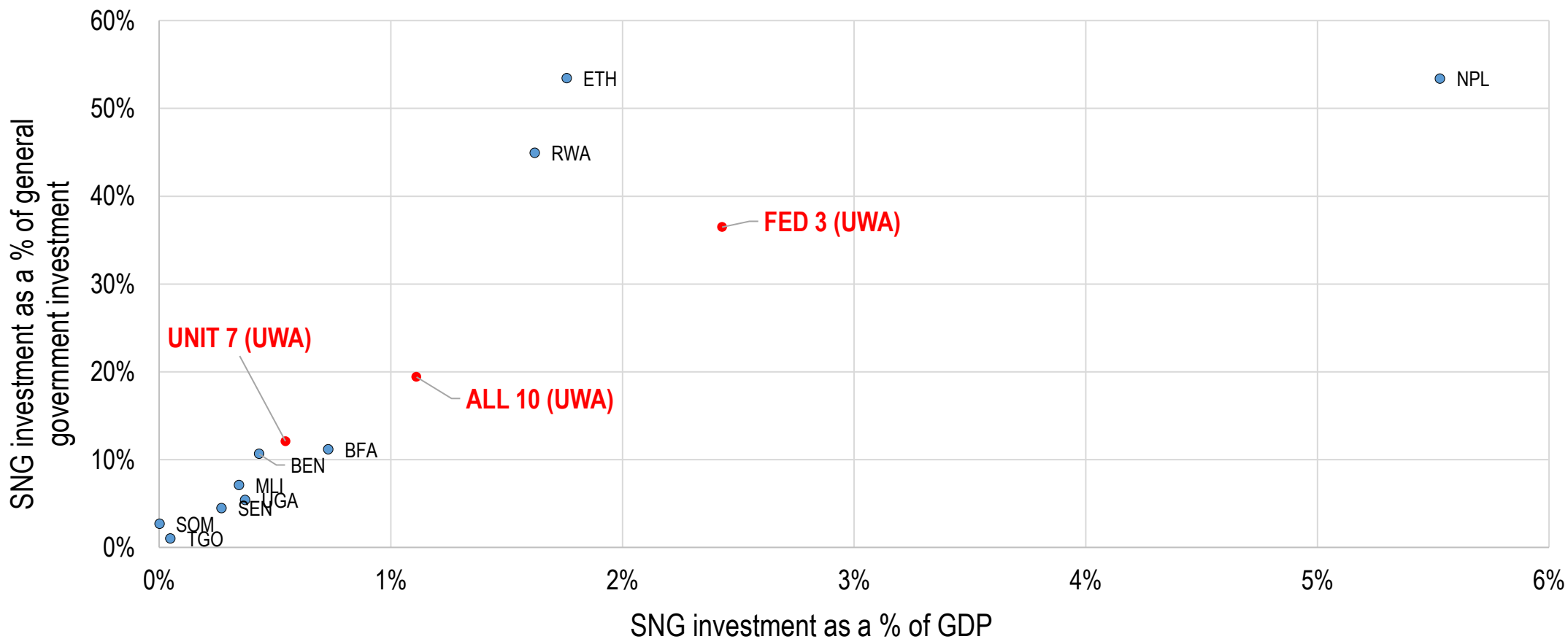


Source: Based on SNG-WOFI database (2020)



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

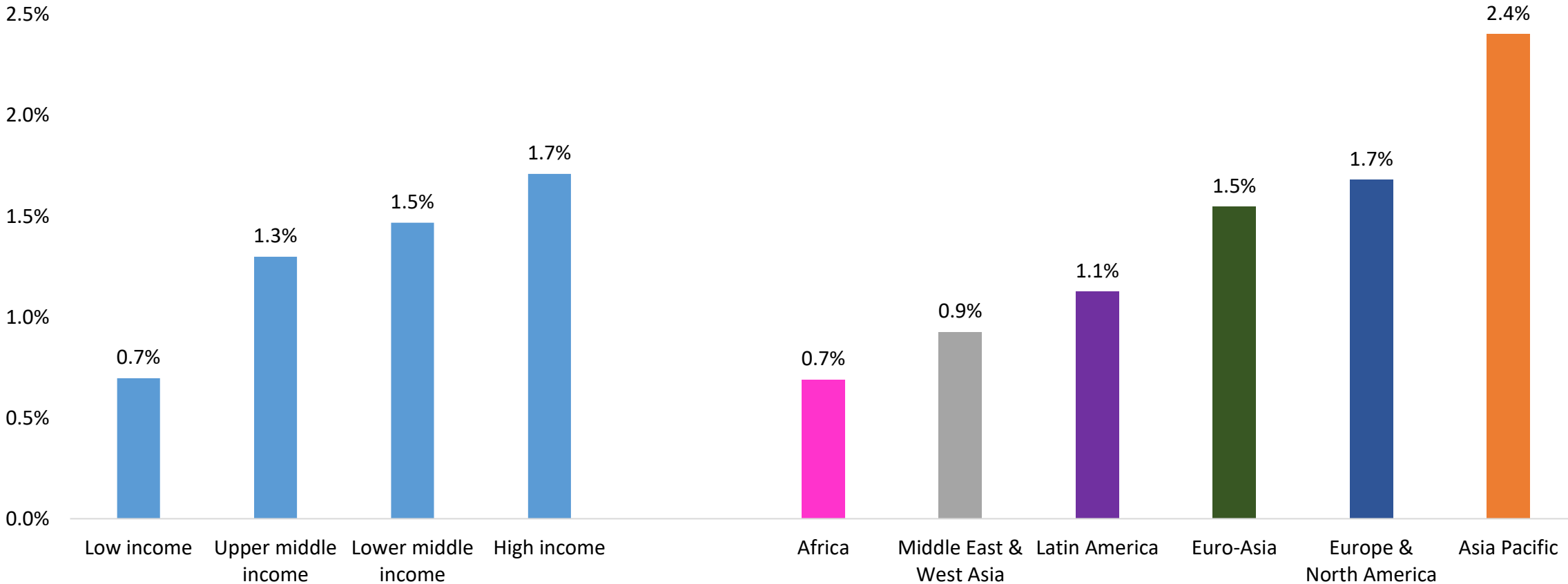


Source: Based on SNG-WOFI database (2020)



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

Subnational government investment as a percentage of GDP by income groups and world regions (2020)

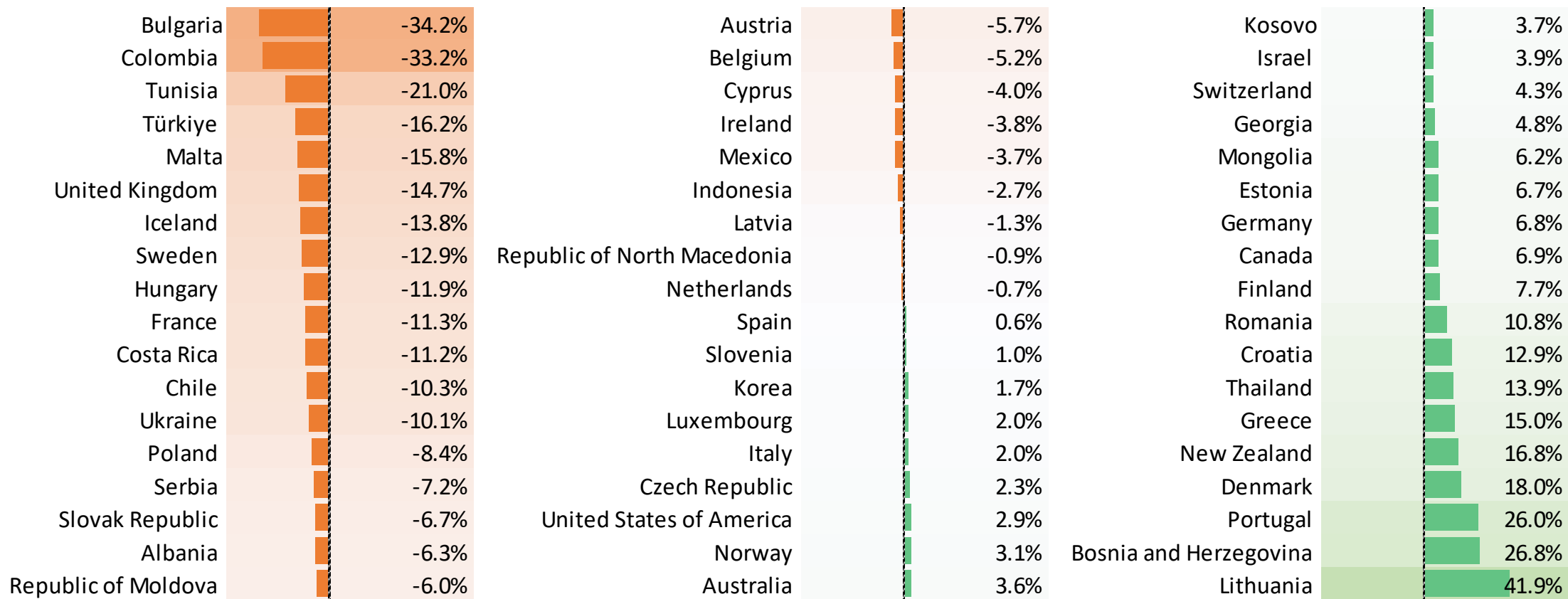


Source: Based on SNG-WOFI database (2020)



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



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

Source: Based on SNG-WOFI database (2020)



FINANCING SUBNATIONAL INFRASTRUCTURE INVESTMENT

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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)

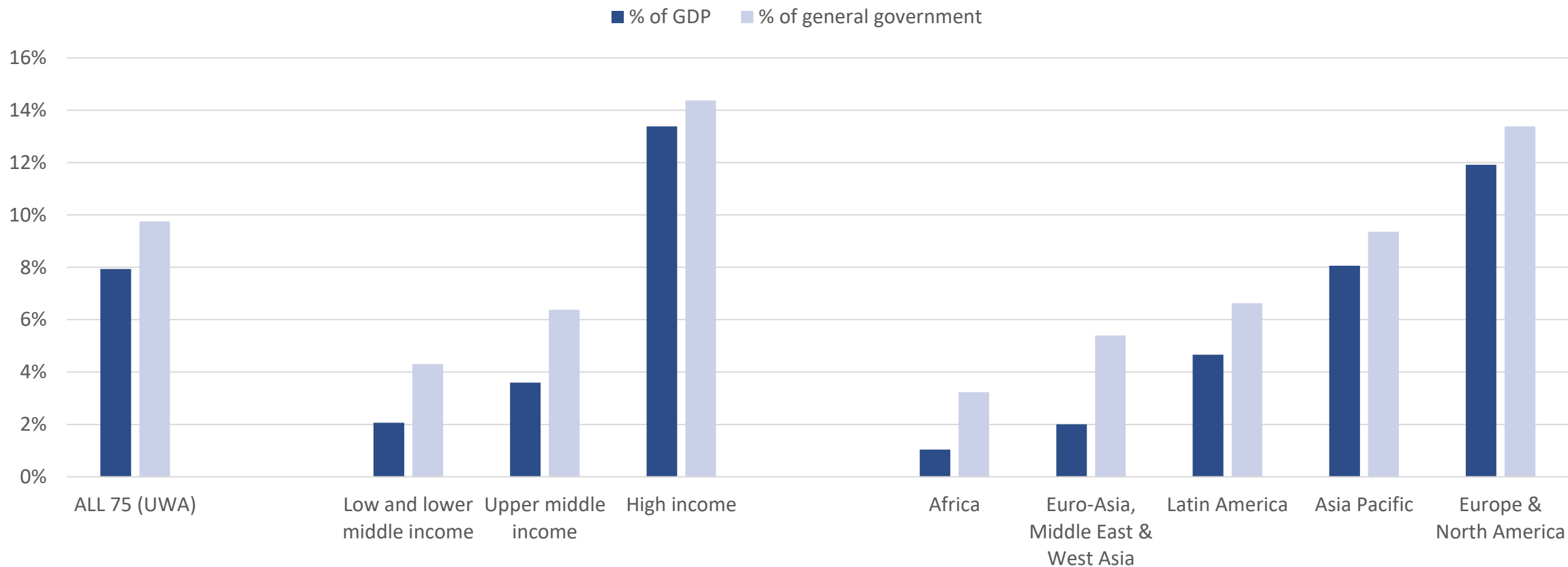


Source: Based on SNG-WOFI database (2020)



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

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

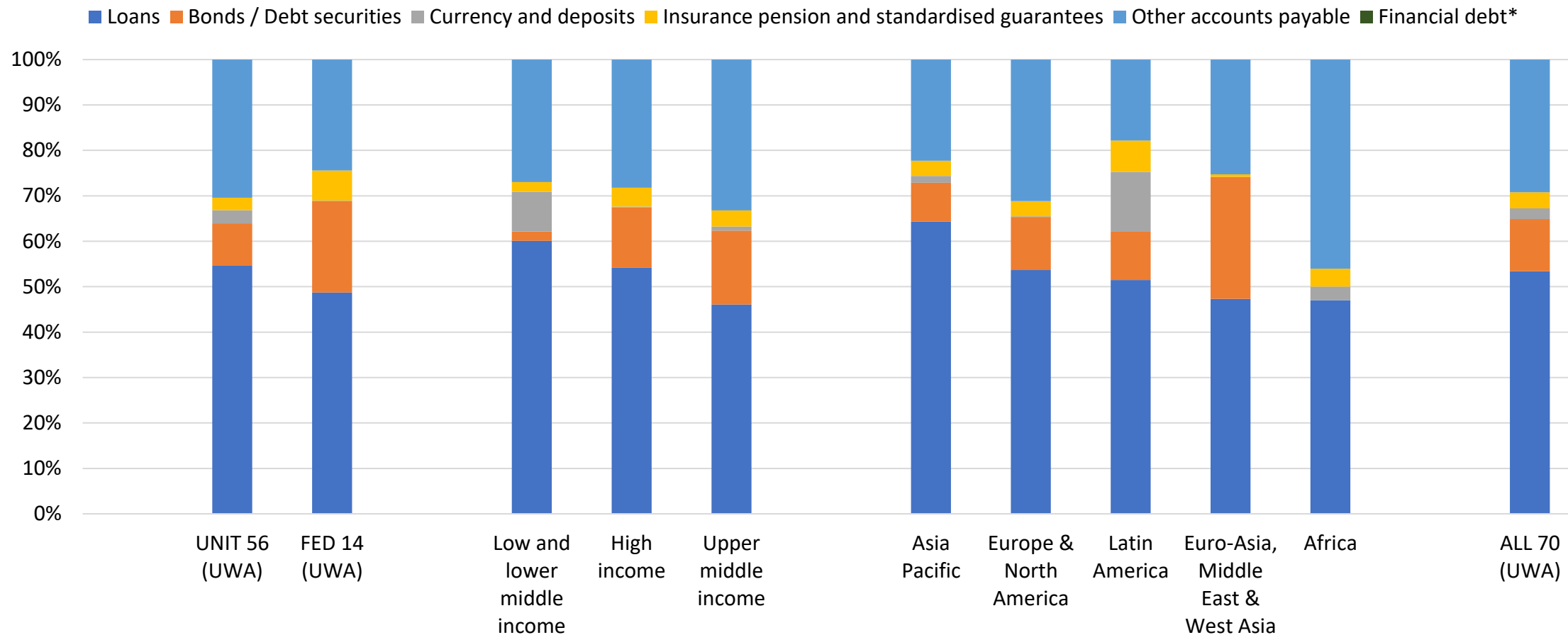


Source: Based on SNG-WOFI database (2020)



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)

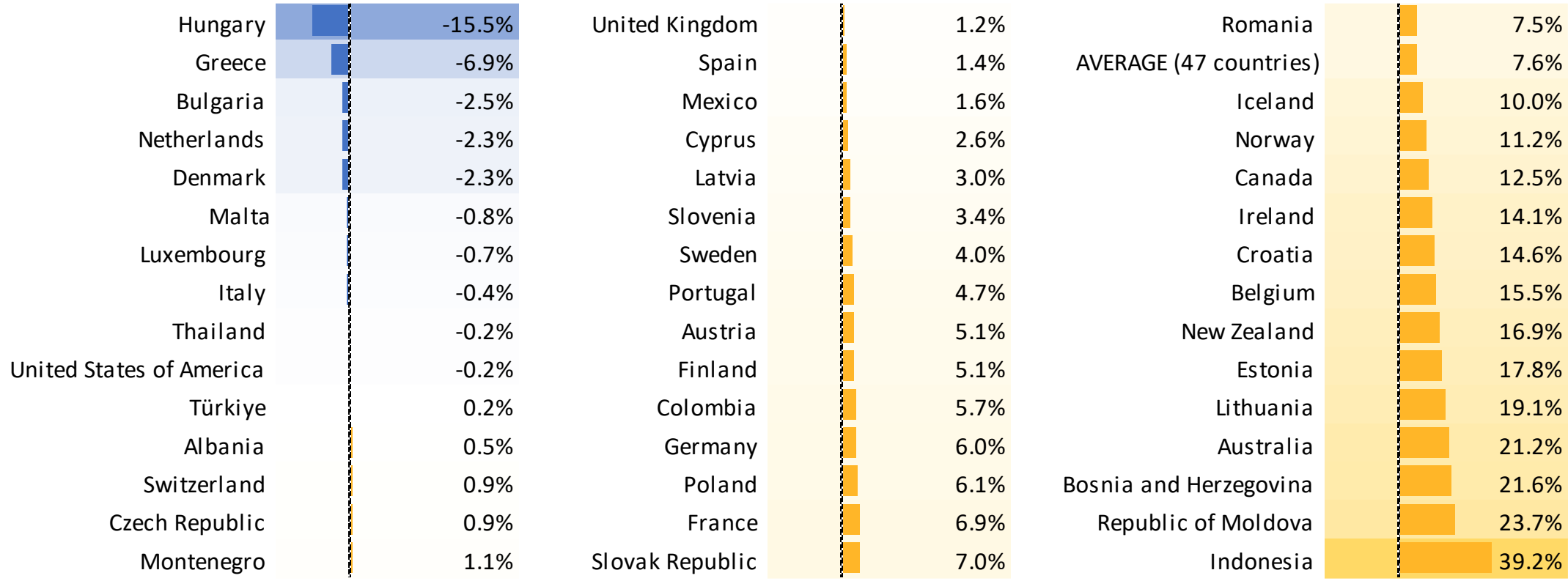


Source: Based on SNG-WOFI database (2020)



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



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

Source: Based on SNG-WOFI database (2020)



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