Panel 2: Tuesday 20 April 21
Financing for SDGs at the subnational level

What does the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) tell us about SDG financing at the SNG level?

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The OECD-UCLG World Observatory: why and how?

Objectives:
- Access to standardised and comparable data
- Support to policy-making
- Capacity-building
- International dialogue

Working method:
- Methodological guide and tools
  Networking and capacity-building activities
- Data collection & analysis (122 countries)
- Drafting of country profiles and synthesis
  Quality control
- Database development, Internet platform and visualisation tools
The SNG-WOFI geographical coverage

- 122 countries, including 16 countries from the Asia-Pacific region
- 84% of the world surface area, 86% of population and 89% of GDP
- 19 federal countries and 103 unitary countries
- 36 countries with only one level of local government; 59 countries with two levels and 27 have three layers (or more)
- Close to 638,000 subnational governments

Source: SNG-WOFI report
The SNG-WOFI online platform

http://www.sng-wofi.org

Covers over 120 countries, the World Observatory on Subnational Government Finance and Investment (SNG-WOFI) initiative is the world’s leading source of internationally comparable data and analysis on subnational government structure and finance.

Extract data from the database

Compare your country…
SNG-WOFI reports

Structure of country profiles

1. Main features of the MLG framework and decentralisation reforms
2. Territorial organisation and reforms
3. Subnational government responsibilities
4. Subnational government finance
   - Fiscal decentralisation framework
   - SNG expenditure: economic and functional classification; Focus on direct investment
   - SNG revenues: grants, taxes, tariffs and fees, property income.
   - SNG fiscal rules and debt
How can the SNG-WOFI support efforts to localise the SDGs?

The SNG-WOFI contributes to the agenda for localising the SDGs by providing facts, statistics and evidence:

– Showing that SNGs play a significant role in public policies underlying the SDGs in many countries around the world.
– Allowing a better understanding of the fiscal space that subnational governments have to implement the SDGs and the obstacles they face to effectively carry out their responsibilities, especially fiscal obstacles
– Shedding light on some structural challenges which impede MLG systems from working properly e.g. lack of instruments for coordination across levels of government

>> The Observatory does not promote one specific model of multi-level governance – it focuses on getting the facts right on multi-level governance and subnational finance.
In several Asia-Pacific countries, SNGs play a significant role in public policies related to SDGs.

SNG expenditure as a percentage of GDP and total public expenditure in Asia-Pacific countries (2016)

Source: OECD based on SNG-WOFI database [2016 data]
SNGs spend a large share of their budget on education, economic affairs/transport, social protection and health.

SNG expenditure by functional areas – world average (% of SNG expenditure)

- Education: 24%
- General public service: 19%
- Economic affairs (inc. Transport): 14%
- Social protection: 12%
- Health: 11%
- Housing and community amenities: 8%
- Recreation, culture and religion: 6%
- Environmental protection: 5%
- Public order and safety: 2%
- Defence: 0%

Source: SNG-WOFI database [2016 data]
Subnational governments are key investors at global level and in Asia-Pacific

SNG investment as a percentage of GDP and public investment (2016)

Source: OECD based on SNG-WOFI database [2016 data]
Breakdown of SNG revenues at the global level and in Asia-Pacific countries

Tax revenues encompass both shared and own-source taxes.

Source: OECD based on SNG-WOFI database [2016 data]
Subnational tax revenue as a % of GDP and public tax revenue at the global level and in Asia-Pacific countries

Source: OECD based on SNG-WOFI database [2016 data]
SNGL debt is very uneven at the global level and in the Asia-Pacific region.

Source: OECD based on SNGL-WOFI database [2016 data]
Some key challenges

- SNGs are key economic and social actors. They spend and invest in many areas related to SDGs. There are however strong discrepancies across countries, especially within the Asia-Pacific region.
- Fiscal decentralisation is often the missing component of decentralisation processes.
- Access to external financing (loans and bond financing) is very uneven.
- The current fiscal system is challenging in many countries for the effective financing of the SDGs: improving subnational funding mechanisms and establishing a sound fiscal discipline framework are key objectives for improving fiscal decentralisation but also for attracting private investors and developing innovative financing tools for SDGs.
- There are many governance challenges related to finance, including weak subnational capacities and weak coordination across levels of government.
- Availability, transparency and reliability of SNG fiscal data particularly matter for the monitoring and reporting on the localisation of SDGs.

>>> Towards the 2022 SNG-WOFI!
Thank you!

OECD Multi-level Governance, Public Investment and Subnational Finance
https://www.oecd.org/regional/multi-level-governance/

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