

Subnational public investment

Subnational governments (SNG) have a key role in public investment: SNG direct public investment represented 2% of GDP in the OECD area in 2012 (the direct public investment by all levels of government was around 2.7% of OECD GDP). This share is above 3% in Canada and Korea and less than 1% of GDP in Greece, Austria, Portugal, Iceland and the Slovak Republic (Figure 3.4).

On average, SNG direct public investment accounted for 11.2% of subnational expenditure in the OECD area in 2012. This value ranges from less than 5% in Spain (compared to 13% before 2008), Denmark and Austria to more than 20% in Ireland, Korea, Luxembourg and New Zealand. This ratio is generally higher in the least-decentralised countries where SNGs are key investors, implementing major national investment projects, but have a small role in managing public services (Figure 3.5).

Moreover, 72% of direct public investment in the OECD area is carried out by SNG (62% when calculated as an unweighted average across countries). This ratio tends to be higher in federal countries (in Canada, Belgium,

United States, Germany and Switzerland) where it combines investments by the federated states and from local government. However, in some unitary countries such as Japan and France, local government investments also represent a major part of public investment (Figure 3.5).

In 2011, 37% of SNG direct investment in the OECD area was allocated to economic affairs (transport, communications, economic development, energy, construction, etc.) but over 50% in Greece, Austria, Portugal and Poland. Almost one-quarter of SNG direct investment was made in education (48% in the United Kingdom) and 12% in housing and community amenities (around one-third in France, Ireland and the Slovak Republic). Healthcare accounted for 27% of SNG direct investment in Denmark, 23% in Sweden, 18% in Estonia and 17% in Finland. Lastly, the environment (waste, collection and treatment of wastewater, environmental protection, etc.) mobilised more than 20% of local investment in the Czech Republic, Hungary and the Netherlands (Figure 3.6).

Source

OECD National Accounts Statistics (database), <http://dx.doi.org/10.1787/na-data-en>.

OECD (2013), *OECD Regional Statistics* (database), <http://dx.doi.org/10.1787/region-data-en>.

See Annex B for data sources and country-related metadata.

Reference years and territorial level

2012 National economic accounts; levels of government.

2010 Canada and New Zealand; 2011 Australia, Japan, Korea, Israel, Mexico, Switzerland, Turkey and the United States; no data for Chile.

Further information

OECD (2013), *Investing Together: Working Effectively across Levels of Government*, OECD Publishing, <http://dx.doi.org/10.1787/9789264197022-en>.

Figure notes

3.4-3.5: OECD figures: both weighted (OECD average) and unweighted (OECD country) averages are shown.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Definition

General government data at country level are derived from the OECD National Accounts harmonised according to the System of National Accounts (SNA93).

The subnational government (SNG) is here defined as the sum of the two subsectors of the general government data:

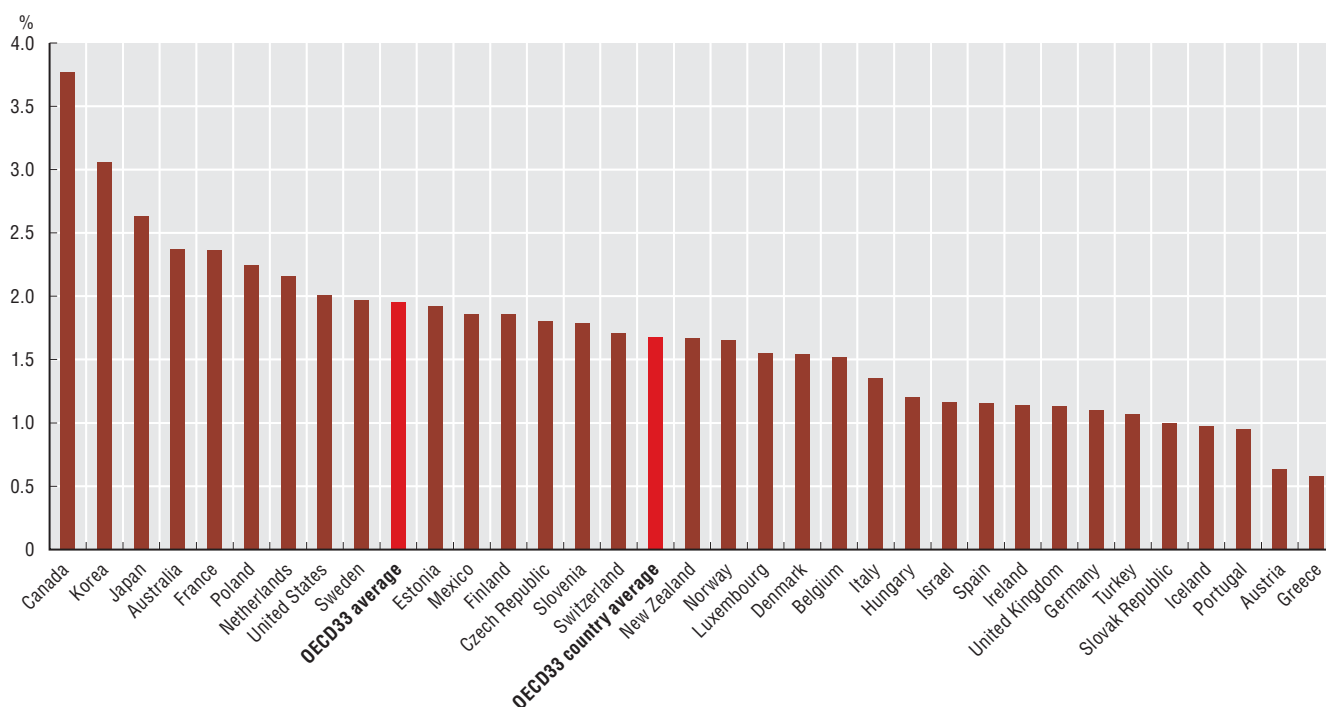
- Federated government ("states") and related public entities, relevant only for countries having a federal or quasi-federal system of government (S.1312);
- Local government; i.e. regional and local governments and related public entities (S.1313).

The data are not consolidated between the two subsectors.

Public investment is here defined as the sum of:

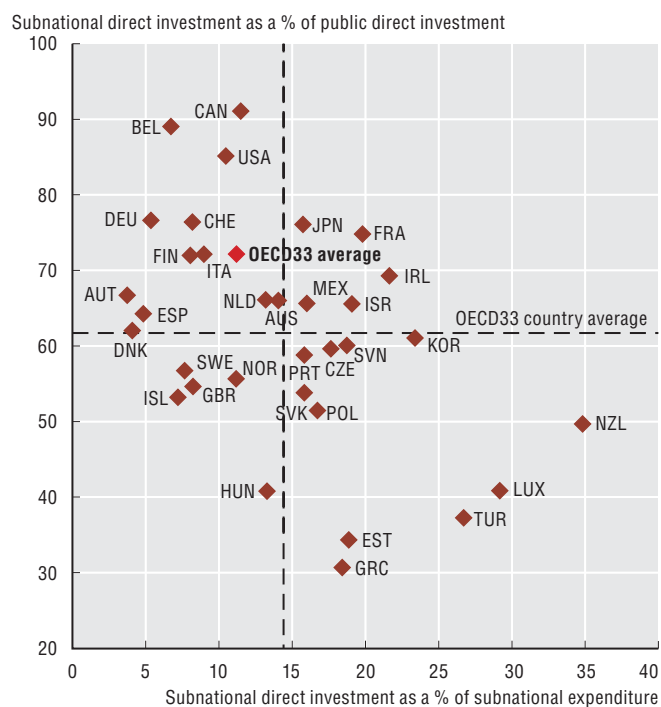
- direct investment = gross capital formation and acquisitions, less disposals of non-financial non-produced assets during a given period; and
- indirect investment = capital transfers; i.e. investment grants and subsidies in cash or in kind made by subnational governments to other institutional units.

3.4. Subnational government public direct investment as a percentage of GDP, 2012



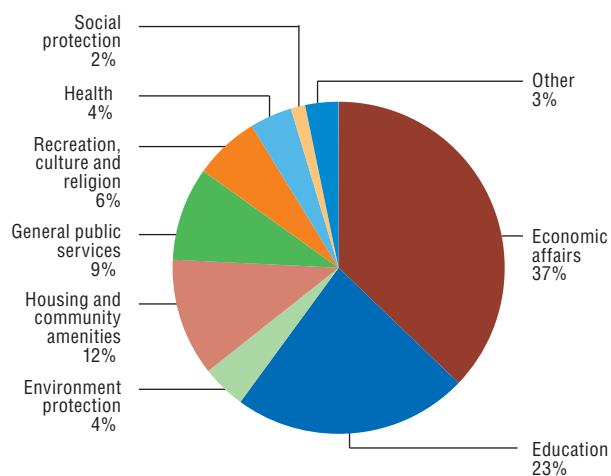
StatLink <http://dx.doi.org/10.1787/888932914026>

3.5. Subnational governments' investment as a percentage of subnational total expenditure and public investment, 2012



StatLink <http://dx.doi.org/10.1787/888932914045>

3.6. Breakdown of subnational governments' investment by economic function, 2011



StatLink <http://dx.doi.org/10.1787/888932914064>



From:
OECD Regions at a Glance 2013

Access the complete publication at:
https://doi.org/10.1787/reg_glance-2013-en

Please cite this chapter as:

OECD (2013), “Subnational public investment”, in *OECD Regions at a Glance 2013*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/reg_glance-2013-28-en

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