

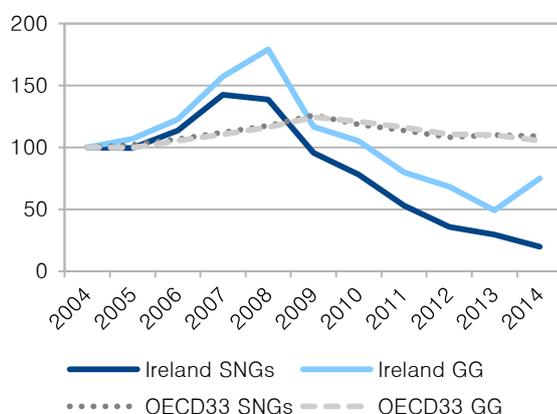
Multi-level governance of public investment 2017

Table 1. Facts and figures related to direct public investment

2014	General Government	Subnational Governments
USD billion	4.5	1.7
USD per capita	980	365
% of GDP	2.0%	0.7%
% of public expenditure	5.2%	20.5%
% of total public direct investment	100%	37.3%

Source: OECD (2016), Subnational governments in OECD countries: Key data, 2016 edition (brochure).

Figure 1. Trends in direct public investment in Ireland (2004–14)



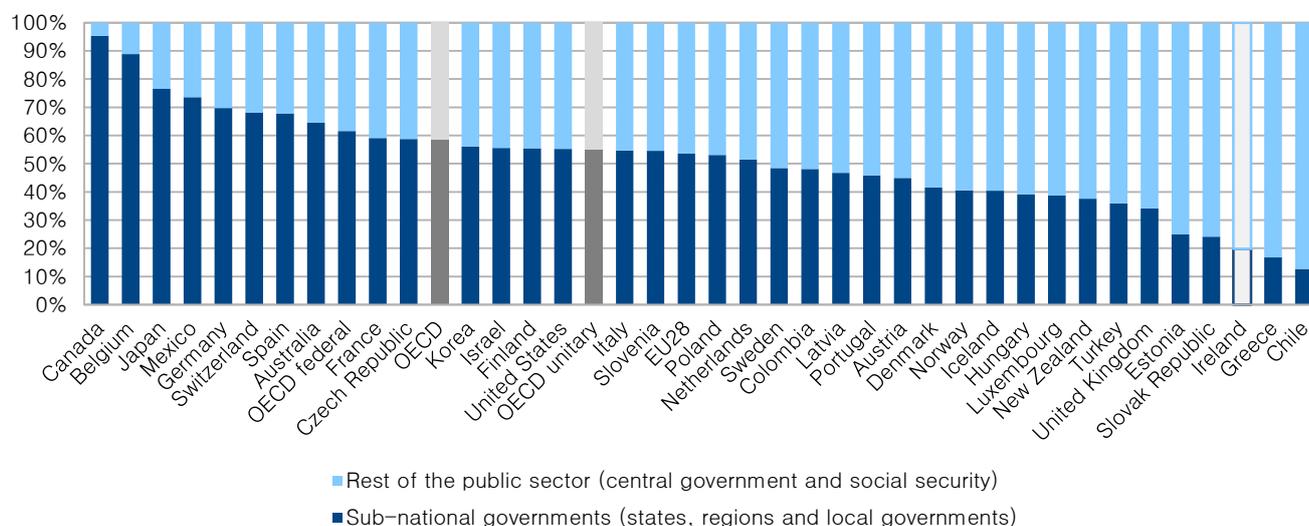
Source: OECD National Accounts. In real terms, base 100 in 2004.

Figure 2. Trends in total and private direct investment in Ireland (2004–14)



Source: OECD National Accounts. In real terms, base 100 in 2004.

Figure 3. Subnational public direct investment in OECD countries, 2014 (as a share of public direct investment)

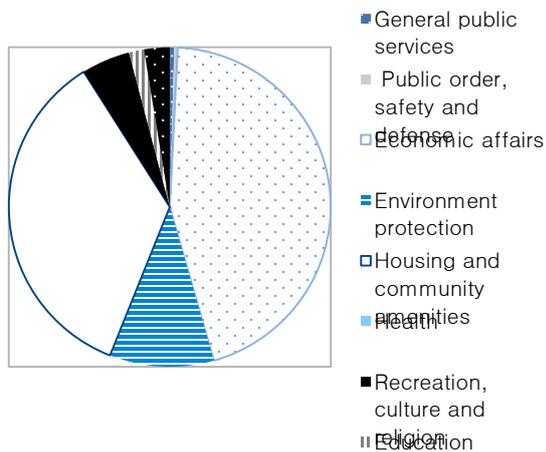


Source: OECD National Accounts.

Note: Data for Mexico: 2013 instead of 2014; Chile: 2012 instead of 2014; Turkey instead of 2014.

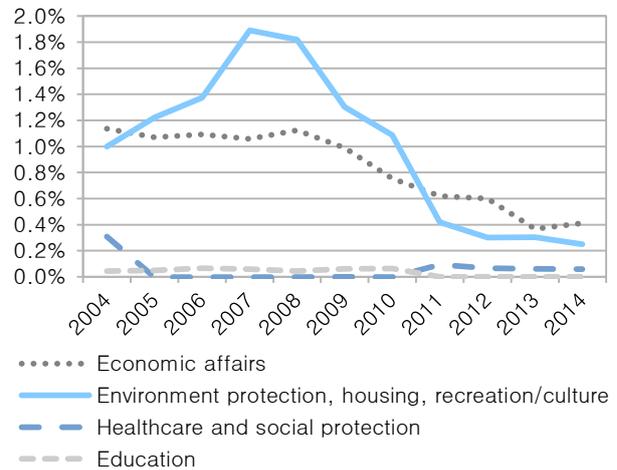
Most of subnational investments in Ireland are dedicated to economic affairs (transport, general economic, commercial and labour affairs, industry, agriculture, etc.). Subnational governments are in particular responsible for local roads. Other large categories of investment spending include housing and community amenities and environment protection. In contrast, SNGs invest very little in education, healthcare or social protection (Figure 4). Subnational investment has declined strongly in Ireland following the economic crisis, and had not recovered its pre-crisis levels in 2014 (Figure 5).

Figure 4. Breakout of subnational direct investment in Ireland by economic function (% of total direct investment, average 2008–14)



Source: OECD National Accounts.

Figure 5. Trends in subnational direct investment by economic function (as a % of GDP)

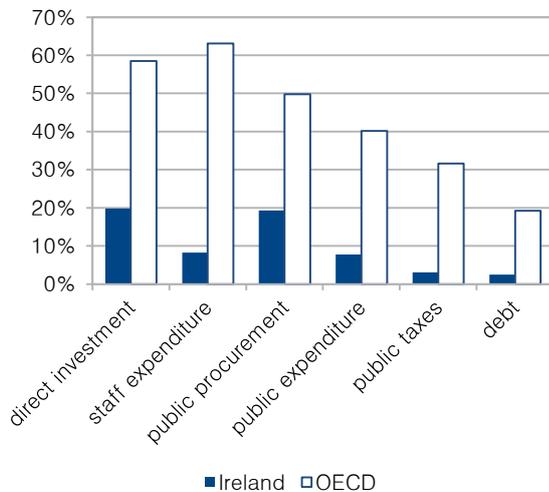


Source: OECD National Accounts.

Note: Do not take into account negative values, general services are not taken into account for the breakdown of investment by function for Ireland

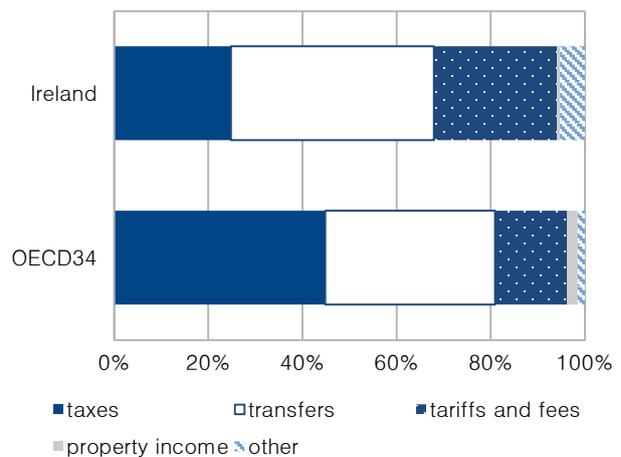
Ireland is a highly centralised country, and subnational expenditure is lower than the OECD average for most large categories of spending (total expenditure, investments, staff expenditure, public procurement). The share of SNG debt in total public debt is also way smaller (Figure 6). Subnational governments also have a smaller share of revenues from taxes (Figure 7), which is compensated by higher transfers from the central government and more income from user fees.

Figure 6. The role of subnational governments in public finance in Ireland, 2014



Source: OECD National Accounts.

Figure 7. Indicators of subnational fiscal revenues in Ireland, 2014



Source: OECD National Accounts.

Examples of good practices or recent developments for effective public investment

Coherent planning

Ireland's local authorities have been given an expanded role in economic development under the 2012 and 2014 local administrative reforms. Among their new competences, in addition to operating Local Enterprise Offices ("one-stop-shops") already in place, local authorities will be responsible for pro-actively promoting economic development by focusing on their area's strengths and opportunities. They will be expected to work closely with development agencies, the private sector and other relevant stakeholders. Among the instruments in place to support this change are newly established Local Community Development Committees that will focus on strategic planning and co-ordinating local and community development programming and activities.

In parallel to the National Spatial Strategy (NSS) that aims at reaching a coherent national planning framework over 20 years NSS Regional Planning Guidelines have been created. These guidelines aim at supporting the implementation of the NSS at the regional level, as a link between national and local planning frameworks. In particular, the Planning and Development Act 2000 stipulates that regional authorities must take account the NSS when making regional planning guidelines for their areas.

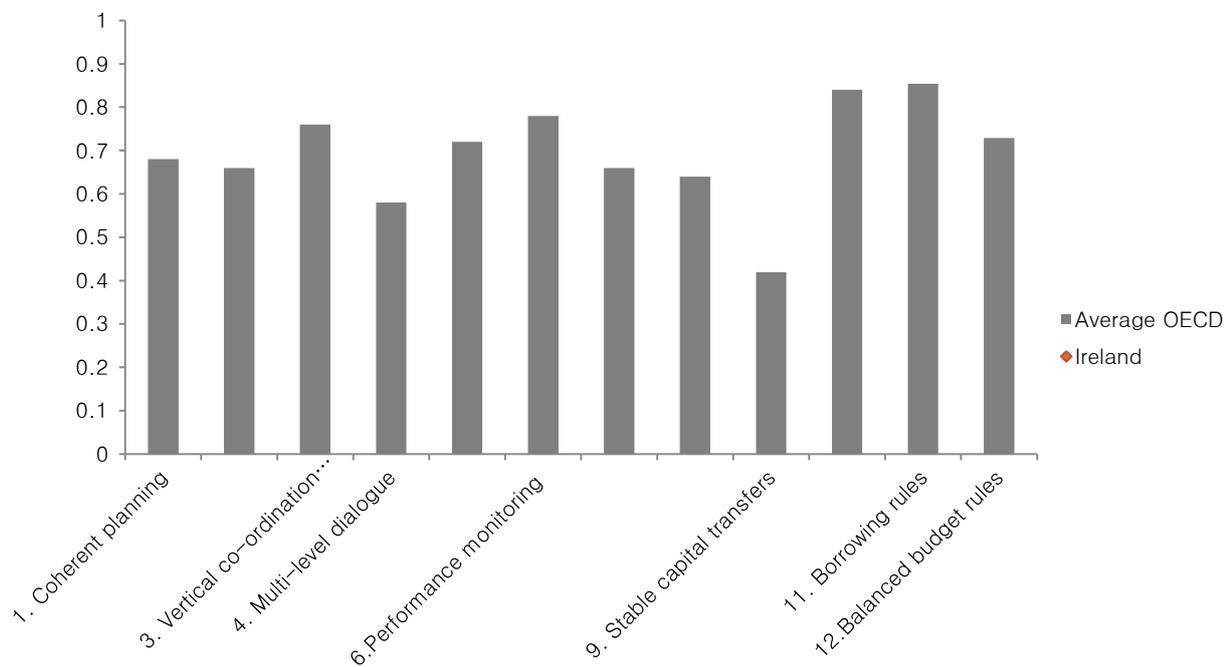
Performance monitoring

The National Oversight and Audit Commission for Local Government (NOAC) was established by the Local Government Act 2001 to oversee local governments. It aims at providing independent, high-quality examination of local government performance and analyse value for money in service delivery. Audits are based upon relevant selected indicators, or as prescribed in Ministerial regulations. It is also in charge of overseeing the implementation of national local government policies by local governments.

The commission examines financial and general performance and results, and reports the findings and recommendations. Reports are also publicly available on the Commission's website and provided to the relevant Minister(s), as well as Parliament Committees. The NOAC also aims at identifying and promoting best practices to enhance efficiency at the local level.

Preliminary indicators of MLG of public investment for regional development

Figure 8. Indicators for the co-ordination of public investment for regional development



Note: See Annex 1 for more detail on the indicators.

Source: OECD (2016b), Answers to the Regional Outlook Survey and OECD (2016c).

ANNEX 1

Indicators for the co-ordination of public investment for regional development

1. Coherent planning across levels of government

The country has regional development policies/strategies to support regional development and local investments.

- a No explicit national policies to support regional development
- b Explicit national policies to support regional development in all or parts of the country
- c Explicit national regional development policies completed by regional investment strategies aligned with it

2. Co-ordination across sectors in the national planning process

The country has mechanisms to co-ordinate across sectors national policies and investment priorities for regional development

- a No mechanism
- b At least inter-ministerial committee and/or cross-ministerial plan
- c Inter-ministerial committee and/or plan + other mechanisms

3. Vertical co-ordination instruments

The country has mechanisms to ensure co-ordination across levels of governments (regional development agencies, national representatives in subnational governments, and contracts or agreements)

- a None of these
- b At least one of these mechanisms
- c At least one of these mechanisms involving many sectors

4. Multi-level dialogue to define investment priorities for regional development

The country conducts regular dialogue(s) between national and subnational levels on regional development policy including investment priorities

- a No regular dialogue
- b Formal or ad hoc dialogue
- c The platform has decision-making authority

5. Horizontal co-ordination across jurisdictions

The country has formal horizontal mechanisms/incentives between subnational governments to co-ordinate public investment

- a No mechanisms
 - b Formal horizontal co-ordination mechanisms at the municipal level
 - c Formal horizontal co-ordination mechanisms at the municipal level and other subnational levels (state, regions)
-

6. Performance monitoring and learning

The country has mechanisms in place to monitor and evaluate regional development policy

- a No mechanisms
- b The country has indicators to monitor the effectiveness of regional development policy
- c The country has conducted evaluations of regional development policy

7. Regulatory co-ordination across levels of government

The country has mechanisms to co-ordinate regulations across levels of government

- a No intergovernmental co-ordination mechanisms
- b Formal co-ordination mechanisms between national/federal and state/regional governments
- c Requirement of national government to consult subnational governments prior to issuance of new regulations that concern them

8. Co-financing arrangements across national and subnational levels

There are co-financing arrangements for public investment

- a No co-financing arrangements
- b Co-financing arrangements exist but funds are not tracked
- c Co-financing arrangements exist and funds are tracked

9. Subnational governments benefit from predictable capital transfers over time

Variations in total capital transfer from one year to the next

- a Large variation: more than 20%
- b Medium variation: between 10% and 20%
- c Little variation: less than 10%

10. Transparent information across levels of government

Subnational fiscal situation is publicly available

- a Not available for any type of subnational government
- b Available for regions/states/some level of subnational government only (on an individual basis)
- c Available for each subnational government individually

11. Fiscal stability: rules for subnational governments

There are limits on subnational borrowing

- a No limits on subnational government borrowing
- b Non-binding borrowing constraints
- c Binding borrowing constraints

12. Safeguarding capital spending at subnational level

Balanced budget rules protect subnational capital spending

- a No balanced budget rule
 - b Balanced budget rule with no exception for capital spending
 - c Balanced budget rule protecting capital spending (type golden-rule)
-

ANNEX 2

Definitions and sources

Definitions:

- **General government (S.13):** includes four sub-sectors: central/federal government and related public entities (S.1311) federated government ("states") and related public entities (S.1312) local government i.e. regional and local governments and related public entities (S.1313) and social security funds (S.1314). Data are consolidated within S.13 as well as within each subsector (neutralisation of financial cross-flows).
- **Subnational government:** is defined here as the sum (non-consolidated) of subsectors S.1312 (federated government) and S.1313 (local government).
- **Direct investment:** includes gross capital formation and acquisitions, less disposals of non-financial non-produced assets. Gross fixed capital formation (or fixed investment) is the main component of investments.

Sources:

Department of Environment, Community and Local Government (2014), "Hogan welcomes the most radical reform of local government in over 100 years", accessed on 4 August 2014, available at: <http://noac.ie/>.

OECD (2016a), *Subnational governments in OECD countries: Key data*, 2016 edition (brochure).

OECD (2016b), Regional Outlook Survey.

OECD (2016c), Overview and Preliminary Proposal on Indicators of Co-ordination of Public Investment for Regional Development, Room document discussed in the April 2016 RDPC meeting, unpublished material.

OECD (2015a), OECD National Accounts Statistics (database), <http://dx.doi.org/10.1787/na-data-en..>

OECD (2015b) Implementation Toolkit, Effective Public Investment Across Levels of Government <http://www.oecd.org/effective-public-investment-toolkit/>

OECD (2011), OECD Network on Fiscal Relations across Levels of Government Survey on Sub-national Fiscal Rules and Macroeconomic Management, OECD, September 2011, updated in March 2015.

<http://www.irishspatialstrategy.ie>.