

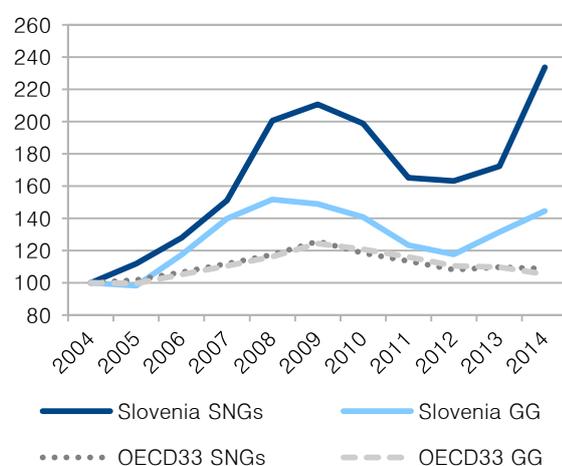
Multi-level governance of public investment 2017

Table 1. Facts and figures related to direct public investment

2014	General Government	Subnational governments
USD billion	3.1	1.7
USD per capita	1519	820
% of GDP	5.0%	2.7%
% of public expenditure	10.0%	27.4%
% of total public direct investment	100%	53.9%

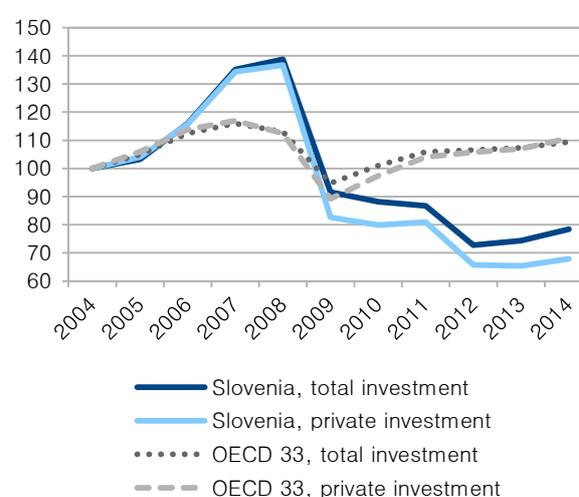
Source: OECD (2016), *Subnational governments in OECD countries: Key data*, 2016 edition (brochure).

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



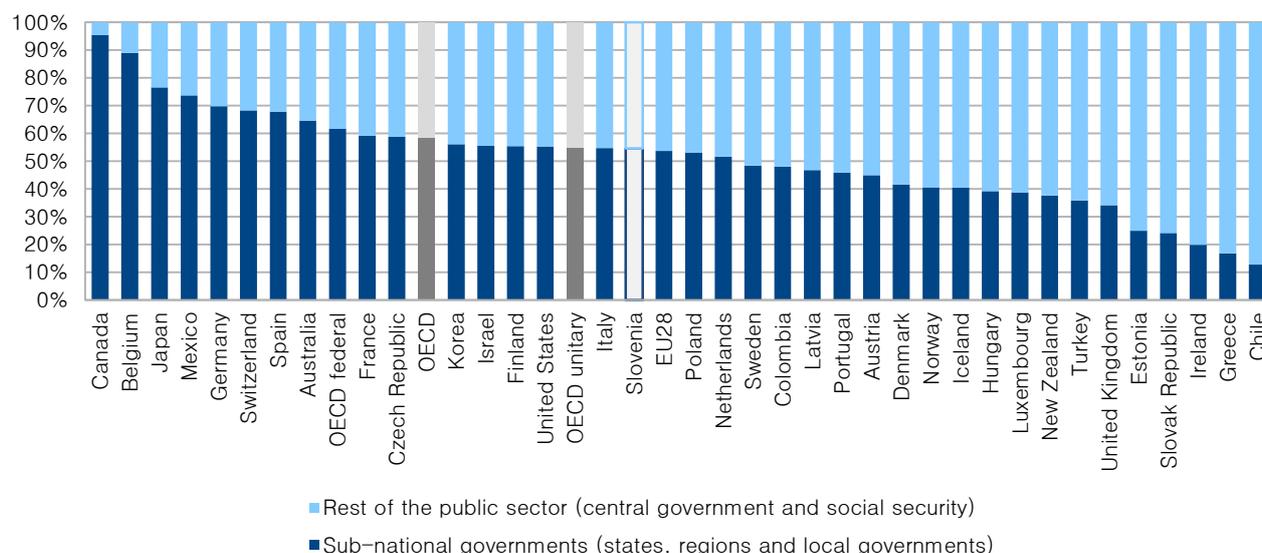
Source: OECD National Accounts.

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



Source: OECD National Accounts.

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

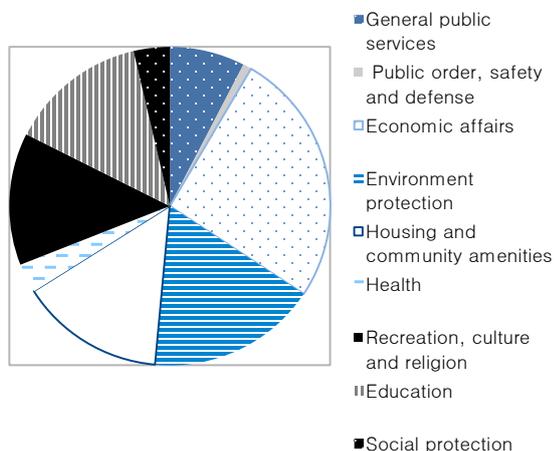


Source: OECD National Accounts.

Note: 2013 figures for Mexico, 2012 figures for Chile, 2014 figures for Turkey.

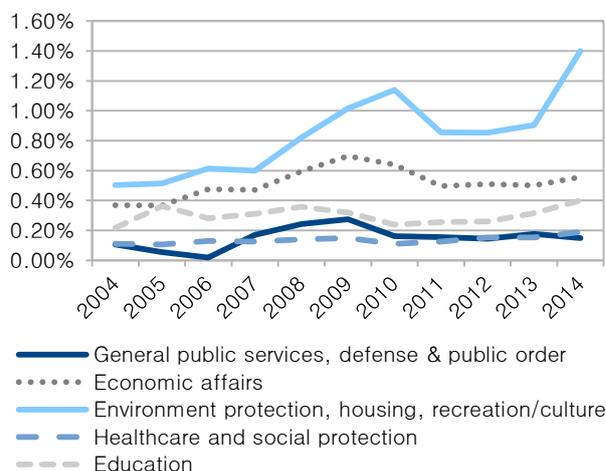
Most of subnational investments in Slovenia are dedicated to economic affairs¹, environment protection and housing/community amenities. Other major categories of investment spending include education and recreation/culture/religion. In contrast, SNGs invest very little in healthcare or social protection (Figure 4 and 5).

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



Source: OECD National Accounts.

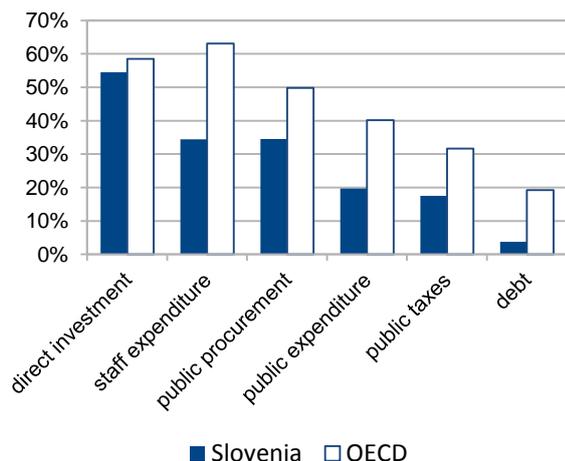
Figure 5. Trends in subnational direct investment by economic function (as a % of GDP)



Source: OECD National Accounts.

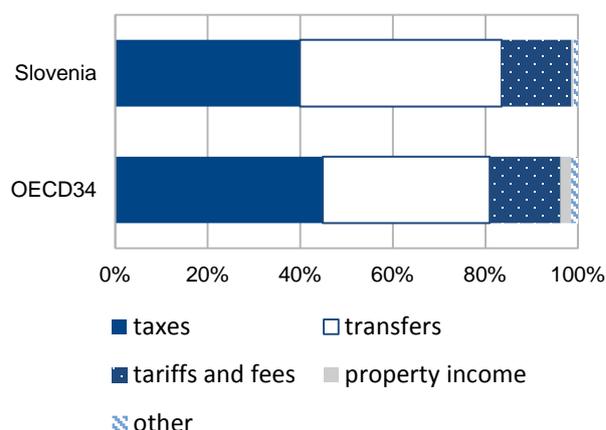
The share of subnational expenditure in Slovenia is lower than the OECD average for most large categories of spending (total expenditure, investments, staff expenditure, public procurement). The share of SNG debt in total public debt is also way smaller (Figure 6). Subnational governments also have a slightly smaller share of revenues from taxes (Figure 7), which is compensated by a greater share of transfers from the central government.

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



Source: OECD National Accounts.

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



Source: OECD National Accounts.

Examples of good practices or recent developments for effective public investment

Cross-sectoral coordination:

Slovenia's Development Strategy was adopted by the Government in 2005 for the period 2005 – 2013, and renewed in 2014. It is the main document for defining sustainable development goals and targets. Inter-ministerial coordination was set up for its preparation, and a National Council for Strategic Development, in charge of cross-sectoral coordination, was established in 2003. It is monitored through Development Reports prepared annually by the Institute of Macroeconomic Analysis and Development.

The 2011 “Law on Stimulating Balanced Regional Development” aims at introducing an endogenous regional development model, providing a systematic national approach to regional policy, and providing new tools to facilitate rapid response to regional problems.

Two measures are aimed at improving overall policy co-ordination at the national level:

- The law posits a national “Strategy of Regional Development of Slovenia” as the basis for other national and sectoral development and investment programmes.
- Second, the bill adds a ministerial-level “Council for Territorial Balance of Development Initiatives” headed by the Prime Minister. It would improve coordination of development policies with regional impacts by co-ordinating the planning and execution of ministries’ regionally relevant tasks, executing territorial development dialogue, co-ordinating “Agreements on Development of Regions” of individual regions, and proposing to the Government decisions outside of its competence.

Performance monitoring:

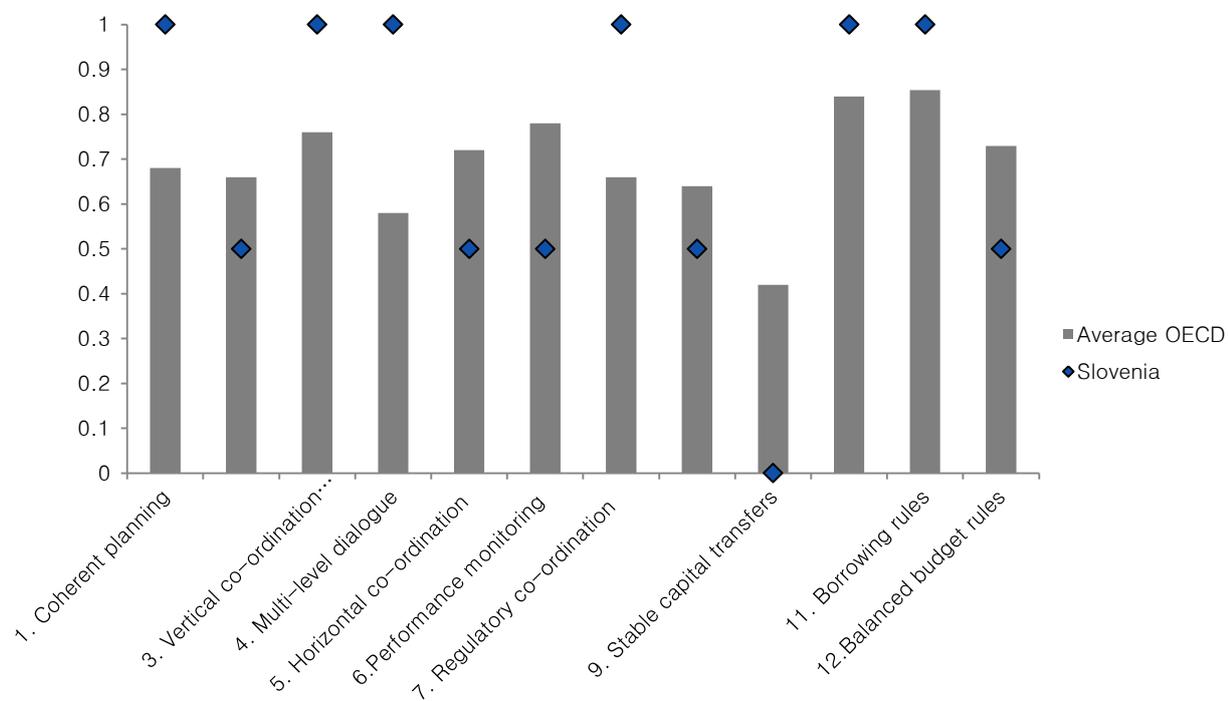
Slovenia created a Monitoring Committee to monitor and evaluate its Rural Development Programme, financed through EU funds. This committee is chaired by a Managing Authority from the Ministry of Agriculture, Forestry and Food, and its other members include social partners, environmental organisations, and other governmental bodies. It is in charge of the management of mid- and ex-post evaluation. Other evaluation processes aims at assessing the implementation and long-term impacts of the programme, and relies upon indicators (in line with the European Commission’s Common Monitoring and Evaluation Framework, or specific indicators for areas not covered by this framework). It published an annual report illustrating the programme's progress versus objectives, and insisting on financial implementation. The committee may also suggest changes or amendments.

Public Procurement:

The Public Procurement Act was amended in 2014 as part of the reform of the public procurement system, in order to simplified procedures and reduce bureaucracy. It introduced in particular a simplified and transparent procedure for procurements linked to EU funds. A mandatory use of e-Auction application by state authorities was also introduced.

Preliminary indicators of MLG of public investment for regional development

Figure 8. Indicators for the coordination 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 coordination 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 X

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 X
- 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 X

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 X

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 X
- 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 X
- 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 X

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 X
- 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% X
- 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 X

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 X

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 X
 - 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:** 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:

European Network for Rural Development (2010), Rural Development Programme (RDP) of Slovenia.

European Sustainable Development Network: Single Country Profile Slovenia.

IMAD (2015), Development Report 2015.

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)

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

OECD (2011a), Territorial Review of Slovenia, OECD Publishing, Paris.

OECD (2011b), 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.