Presentation of the new version of the OECD report:

TERRITORIAL IMPACT OF COVID-19: MANAGING THE CRISIS ACROSS LEVELS OF GOVERNMENT

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Territorial impact of the COVID-19 crisis

Municipalities and regions are at the frontline of managing the crisis

Asymmetric territorial impact of the COVID-19 crisis within countries

Source: OECD (2020) Subnational Governments in the OECD: Key Data
Differentiated impact of the health crisis across regions

Deprived areas more hit
- Not density per se
- Crowded housing conditions,
- Poverty,
- Limited access to hospitals

Vulnerable populations more affected → spatial dimension

Source: UK Office for National Statistics

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Differentiated impact of the economic crisis

The **share of jobs potentially at risk** during confinement ranges from **15% to 35%** across OECD regions.

The potential for remote working is unevenly distributed within countries. Urban populations have a significantly higher potential to telework than those in rural areas.
Differentiated fiscal impact on subnational governments

Strong pressure on expenditure, reduced revenue – risks of increased deficits and debts

Differentiated fiscal impact across subnational governments

Estimated differentiated impact on municipalities in France

Estimated differentiated impact on municipalities in France

Falling revenues

Increased expenditure

Estimate of loss in operating revenues

Less than 1%

Between 1% and 3%

Between 3% and 5%

More than 5%

Source: Partenaires Finances locales, 2020
Many governments, regions and cities have reacted quickly: policy, governance and fiscal responses

Size of recovery packages much larger than in 2008 – a territorial approach needed

- Supporting vulnerable populations by all levels of government
- Managing exit strategies from containment: testing and social distancing
- Promoting public investment as part of crisis exit and recovery
- Reducing regulatory constraints for subnational government
- Supporting SMEs and the self-employed
- Managing the impact on subnational finance
- Strengthening data collection and digital governance regionally and locally
- Reinforcing vertical coordination and supporting cross-jurisdiction cooperation
More than two third of OECD countries have adopted measures to support subnational finance

- Grants & subsidies
- Rainy day funds
- Equalisation mechanisms
- Tax arrangements
- Compensation schemes

- Easing spending responsibilities
- Temporary reduction of employer's contributions
- VAT exemptions
- Public procurement

- Relaxing spending rules
- Relaxing budget balance rules
- Relaxing debt rules
- Easing access to borrowing

- Budgeting and accounting
- E-financial management
- Financial analysis
- Fight against fraud, etc.
- Local public companies
- etc

- Intergovernmental fiscal dialogue
- Shared and agreed data
- Assess and adjust
Looking ahead

- No jurisdiction or country can fight alone
- What matters: how coordination mechanisms are mobilised – or not
- Communication and coherence
- Partnerships with the private and third sectors, and with citizens
- Flexibility and local initiatives
- Territorial approach of exit and recovery strategies

- Turn challenges into opportunities to build more resilient regions:
  - Integrating climate objectives into recovery plans
  - Rethinking regional development in a more balanced way
  - Massive boost of digitalisation, need to reduce digital gaps across regions
  - Strengthening governance and fiscal systems for greater regional resilience
Thank you

For more information

www.oecd.org/coronavirus

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Link to the paper: oe.cd/il/2X6