TACKLING CORONAVIRUS (COVID-19)
CONTRIBUTING TO A GLOBAL EFFORT

CoR-OECD webinar 18 June 2020

Presentation of the new version of the OECD report:

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

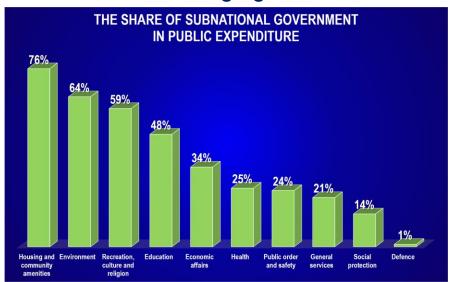
Dorothee Allain-Dupré
Head of Unit, Decentralisation, Subnational Finance and Public Investment
CFE/OECD





Territorial impact of the COVID-19 crisis

Municipalities and regions are at the frontline of managing the crisis



Source: OECD (2020) Subnational Governments in the OECD: Key Data

Asymmetric territorial impact of the COVID-19 crisis within countries



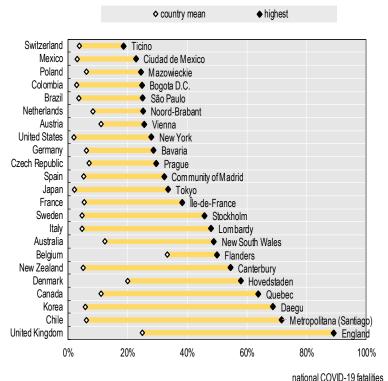




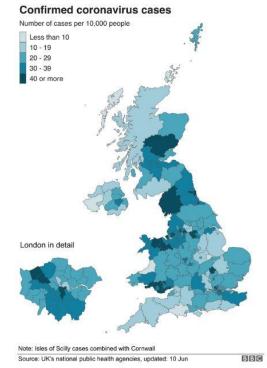


Differentiated impact of the health crisis across regions

Within-country differences in COVID-19 fatalities



The UK and London



Deprived areas more hit

- Not density per se
- crowded housing conditions.
- poverty,
- Limited access to hospitals

Vulnerable populations more affected → spatial dimension

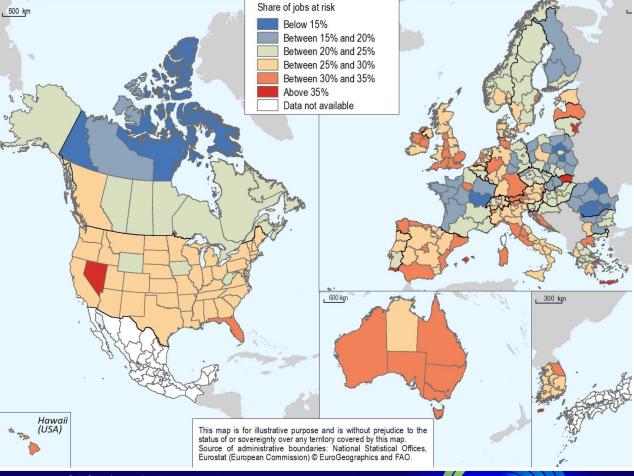
Source: UK Office for National Statistics



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.

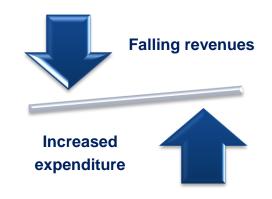


OECD (2020), From pandemic to recovery: Local employment and economic development

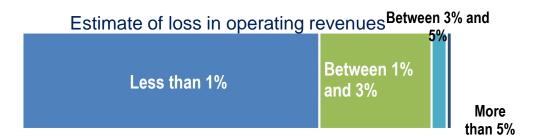
Differentiated fiscal impact on subnational governments

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



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

Reducing regulatory constraints for subnational government

Reinforcing vertical coordination and supporting cross-jurisdiction cooperation

Promoting public investment as part of crisis exit and recovery

Strengthening data collection and digital governance regionally and locally

Supporting SMEs and the self-employed Managing the impact on subnational finance



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

Revenue -side

measures

Fiscal rules

& debt

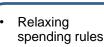
- Easing spending responsibilities
- Temporary reduction of employer's contributions VAT exemptions

Expenditureside measures

Public procurement



Intergovernmental fiscal dialogue



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

Financial managemen

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



Shared and agreed data



Assess and adjust



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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



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Thank you

For more information



www.oecd.org/coronavirus



□ Dorothee.Allain-dupre@oecd.org

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



