PRESENTATION OF OECD PAPER

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

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Part 1

Impact of the crisis on regions and cities
Unprecedented crisis affecting the world

- More than half of the world’s population is experiencing a lockdown with strong containment measures
- Schools and universities are closed for more than one billion students of all ages.
- All economic sectors are affected though disrupted global supply chains, a decline in international tourism, and SMEs particularly hit
- Short, medium and long term impacts significant on many fronts
- Many unknowns – “Radical uncertainty”

“Strong coordination between all actors in charge of the response at central and regional levels is the basis of an effective response”
(WHO, February 2020)
Cities and regions are at the frontline of managing the crisis

- SNGs are in charge of critical aspects of health care, social services (elderly care, education), utility services, local economic development & public investment
- Because such responsibilities are shared among levels of government, effective coordination mechanisms are essential, both vertically and horizontally.
- Continuity of local public services
- Digital public services

The share of subnational government in public expenditure by functional area (2017)

Note: The OECD average (unweighted) is calculated for 33 countries (no data for Canada, Chile, and Mexico). The functional areas correspond the Classification of the Functions of Government (COFOG), which distinguishes 10 areas. The total of general government spending is non-consolidated.
Source: OECD (Forthcoming) Subnational governments in the OECD: key data (brochure and database.)
Municipal spending by sector: large differences among OECD countries

Including in health, education and social protection
Decentralisation in the health sector varies greatly among countries.

Share of subnational government health spending
- > 40% of total public health spending
- > 20% of total subnational government spending
- > 4% of GDP

High
- 15% - 40% of total public health spending
- 10% - 20% of total subnational government spending
- Subnational government health spending 0.5% - 4% of GDP

Medium
- < 15% of total public health spending
- < 10% of subnational government spending
- < 0.5% of GDP

Low

Federal & quasi-federal: Switzerland*, Spain, Australia, Austria, United States

Unitary: Poland, Norway, Latvia**, Lithuania, Estonia, Japan, Czech Republic

Federal: Belgium Germany

Unitary: Korea, Slovenia***, Netherlands, Portugal, Slovak Republic, Hungary United Kingdom, France, Turkey, Luxembourg, Iceland, Israel, Greece, Ireland, New Zealand

Europe

Asia

North America

Oceania
Shared responsibilities and externalities: coordination is more essential than ever

- Responsibilities are shared
- Externalities linked to Covid-19 are high
- No jurisdiction or country can fight alone

⇒ Coordination is more important than ever
Regional disparities within countries in access to health care

Regional disparities in access to health services
Number of hospital beds per 1,000 inhabitants, large regions, 2018 (or latest year available)

- Available hospital beds range from less than 2 to more than 7 beds per 1,000 inhabitants. Japanese and German regions tend to have higher values.
- Since 2008, one fourth of OECD regions lost 16.8% of hospital beds.

Source: OECD regional database
Regional and local impacts of Covid-19 have been strongly asymmetric within countries, regions & cities

**Italy:** 41% confirmed cases are in Lombardy

as of 26 March

**United States:** 40% in New York

as of 31 March – John Hopkins data dashboard

**France:** 37% in regions of Île-de-France and 29% in Grand-Est

as of 26 March – Santé Publique France

Impact of the crisis also differs across regions in economic terms and fiscal terms

Metropolitan areas/touristic regions more hit
Economic & fiscal impact of Covid-19 on SNGs

**Economic impact**

Impact of the crisis will differ across regions, depending on their exposure to tradable sectors, exposure to global value chains and type of specialisation, such as tourism.

Touristic regions and metropolitan regions seem at higher risk of job disruption than other regions.

**Impact on subnational public finance**

Strong impact on subnational government finance [pressures on expenditure, reduced revenues and increased debts]

The impact may be long-lasting. Many subnational governments will see the situation worsen in 2021 or even 2022.

This impact may vary widely depending on the exposure of the regions to COVID-19, the fiscal flexibility of subnational government to absorb the exceptional stress.
Major risks of increased inter-personal and territorial disparities

Territorial inequalities
- Access to health care
- Social services
- Digital divide
- Etc.

Inter-personal inequalities: vulnerable populations more at risk, for ex:
- Elderly population
- Violence against women
- Homeless
- Migrants
- Workers in the informal sector
- Etc.

Territorial & inter-personal inequalities are linked

Regional variation in the share of households with a broadband connection

Source: OECD (2018), Regions at a Glance
Examples of impact on vulnerable populations

Emerging data shows that since the outbreak of COVID-19, violence against women and girls (VAWG), and particularly domestic violence, has INTENSIFIED.

In **France**, reports of domestic violence have increased by **30%** since the lockdown on March 17.

In **Cyprus** and **Singapore** helplines have registered an increase in calls of **30%** and **33%**, respectively.

In **Argentina** emergency calls for domestic violence cases have increased by **25%** since the lockdown on March 20.

Increased cases of domestic violence and demand for emergency shelter have also been reported in **Canada**, **Germany**, **Spain**, the **United Kingdom** and the **United States**.

Part 2

Policy Responses
EUROCITIES: 7 Social Measures

- Support to the elderly
- Support to the homeless
- Food supply
- Health care
- Preventing domestic violence
- Ensuring education
- Supporting migrants

Territorial impact of COVID-19: Managing the Crisis Across Levels of Government
### 10 types of responses among levels of government

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Managing the emergency: saving lives and protecting the vulnerable

Coordinated responses minimise crisis-response failures
• Activating existing or setting new coordination mechanisms
• Making the most of cross-jurisdiction cooperation mechanisms

Ensuring immediate resource support
• To subnational authorities to meet/finance support for vulnerable groups
• To affected groups for immediate relief
• In partnership with civil society

Coordinating and implementing exit strategies
• “Track, isolate, test and treat” - central governments will need to ensure the financial resources and coordination, the actual service delivery will be the responsibility of regional and local governments
• Ensuring cross-jurisdiction coordination (e.g. equivalent levels of support, protection…)

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Medium and long term measures: seizing opportunities, building resilience

Is COVID-19 crisis a “tipping point” for social services provision?

Addressing the fiscal and socio-economic impact: learning from the past
  • Developing policies to support subnational finance – compensating for revenue decreases and spending increases
  • Supporting public investment – subnational governments are major public investors.
  • Designing and implementing economic recovery policies (e.g. SME support, tourism programmes…)

Ensuring affordable and accessible services in an ongoing manner
  • Optimising social and public service delivery
  • Prioritising social services and facilitating service access – how? which? for whom?
  • The opportunities and challenges of digitalisation and e-service delivery

Establishing new regional and local development models
  • Targeting the most affected areas
  • Reducing territorial inequalities

Increasing participatory mechanisms
  • Strengthening partnerships with third sector (voluntary) and civil society organisations
Questions to consider

From EUROCITIES…

• How do cities work on e-inclusion (access to internet, access to hardware (laptops, mobile phones))? How to engage citizens not digitally engaged? What measures for supporting home-schooling of pupils from families in poverty?

• How are cities planning exit strategies? How to reopen social services in a safe environment for everybody?

• How to deal with the aftermath of this crisis? Financial needs, new needs, social services really recognized as crucial and as an investment for the city?

…And from the OECD:

• Can COVID-19 lead to sustainable change in the design, funding and implementation of social services?

• Has COVID-19 changed the relationship between government and civil society (third sector, NGOs…)?
Thank you

For more information

www.oecd.org/coronavirus

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