

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

**First Pilot Meeting on Multi-level
Governance and Public Investment for
Regional Development**
November 17, 2020

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

Advancing Multi-level Governance and Public Investment for a
Resilient, Sustainable and Inclusive Recovery

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Managing the territorial impact of the COVID-19 crisis and recovery: six priorities

1. A territorial approach to the health crisis

- Testing and tracing
- Social distancing
- Local and national lockdowns

2. A territorial approach to the economic and social

- Supporting SMEs and the self-employed at regional and local levels
- Supporting vulnerable populations at regional and local levels

3. Upscaling digital tools

- Using digital tools to track the pandemic
- Accelerating the digitalisation of local public services and management
- Reducing the digital divides across regions and across urban-rural areas

4. Supporting subnational finance

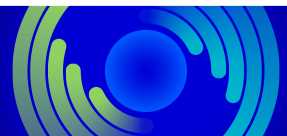
- Implementing expenditure-side and revenue-side measures to reduce fiscal gaps
- Relaxing fiscal rules and debt management
- Adapting financial management

5. Public investment recovery strategies

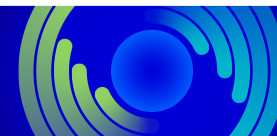
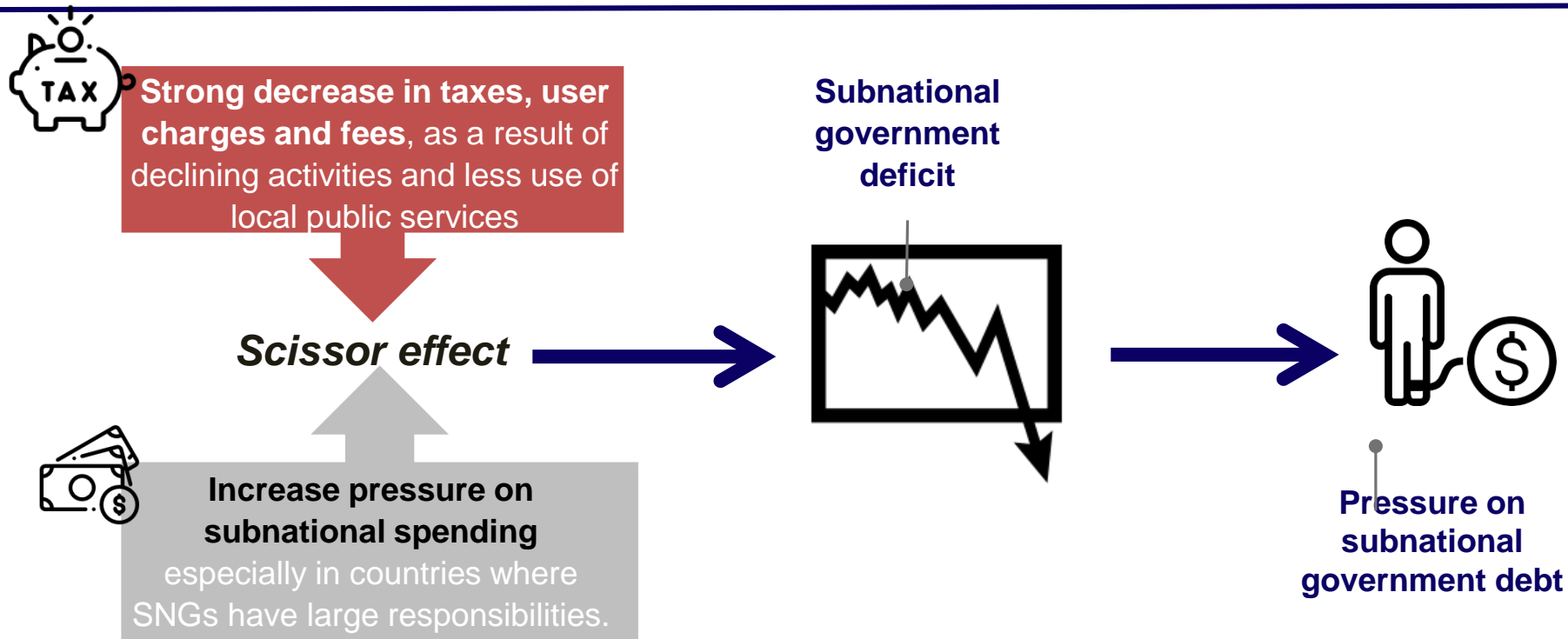
- Maintaining, or even accelerating, public investment in territories, involving SNGs
- Improving governance and quality of investment, including green, social and digital priorities

6. Inter-governmental coordination

- Fostering vertical coordination among the national and subnational governments
- Supporting cross-jurisdiction cooperation at regional and municipal levels
- Improving cross-border cooperation

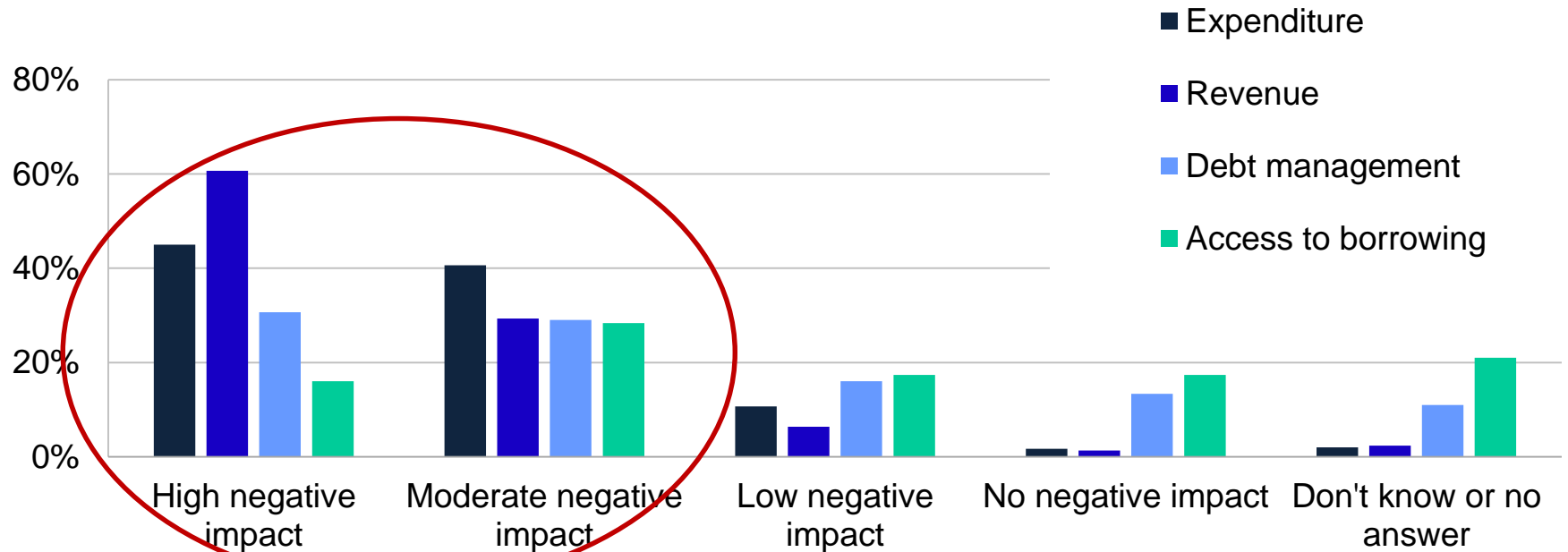


The stress on subnational government finance is significant

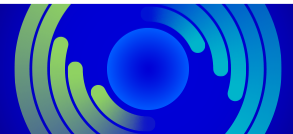


The perceived impact on subnational finance is significant in the EU

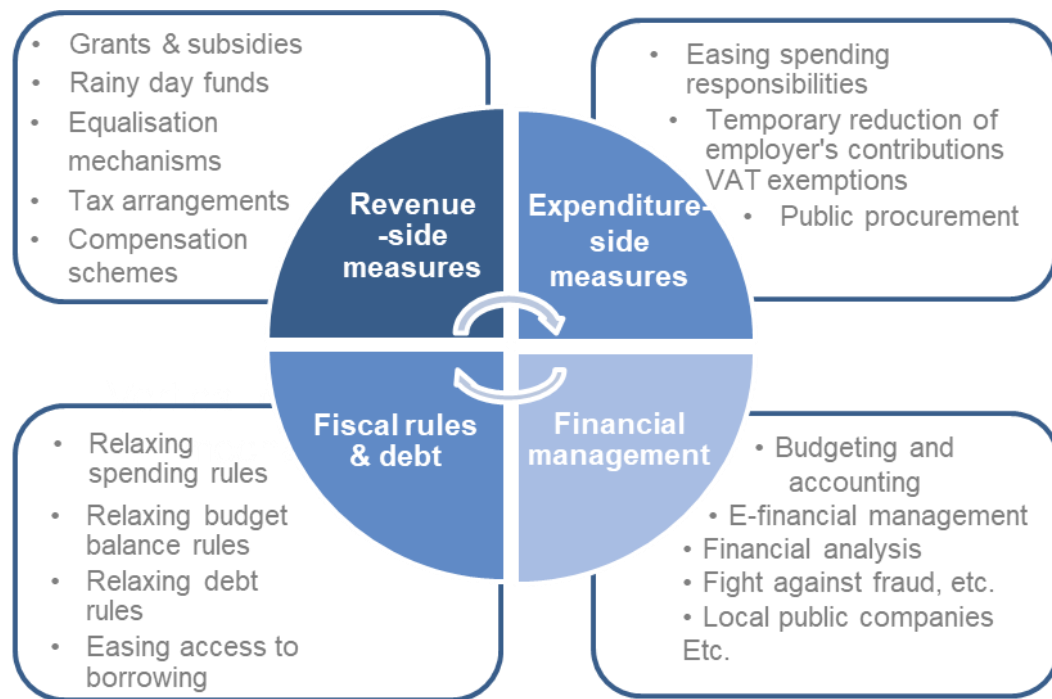
Impact on subnational finance, by transaction



Source : OECD-CoR 2020, *The impact of the COVID-19 crisis on regional and local governments*

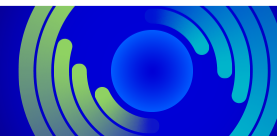


Supporting subnational finance



How to prepare to future fiscal shocks?

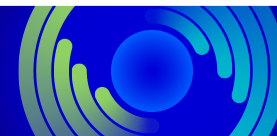
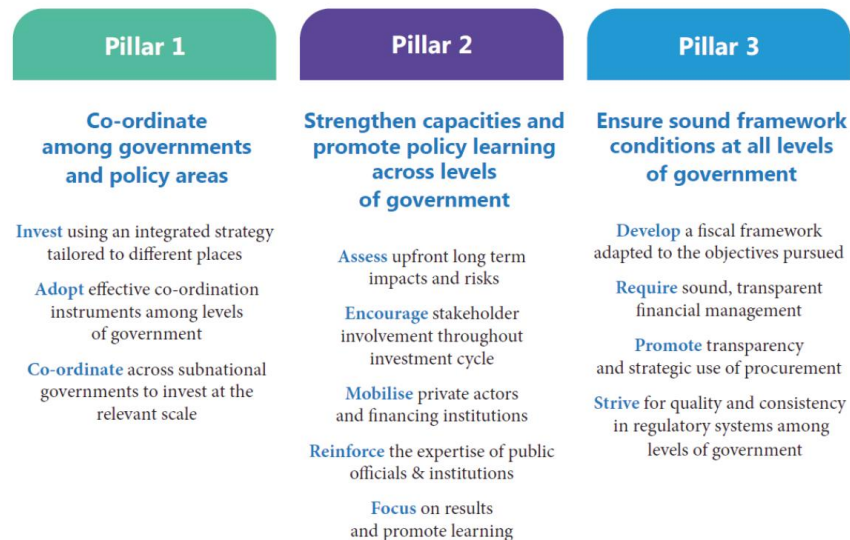
- **Fiscal dialogue and coordination** across levels of government
- **Fiscal flexibility:** providing more fiscal autonomy to manage budgets
- **Fiscal resilience:** establishing financial reserves and stabilisation mechanisms
- **Fiscal solidarity:** providing differentiated support to the most affected SNGs and improving equalisation mechanisms
- **Fiscal foresight:** developing foresight fiscal analysis, multi-year budgeting and fiscal emergency plans



Developing public investment recovery strategies

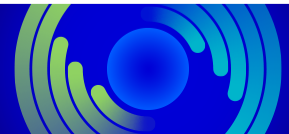
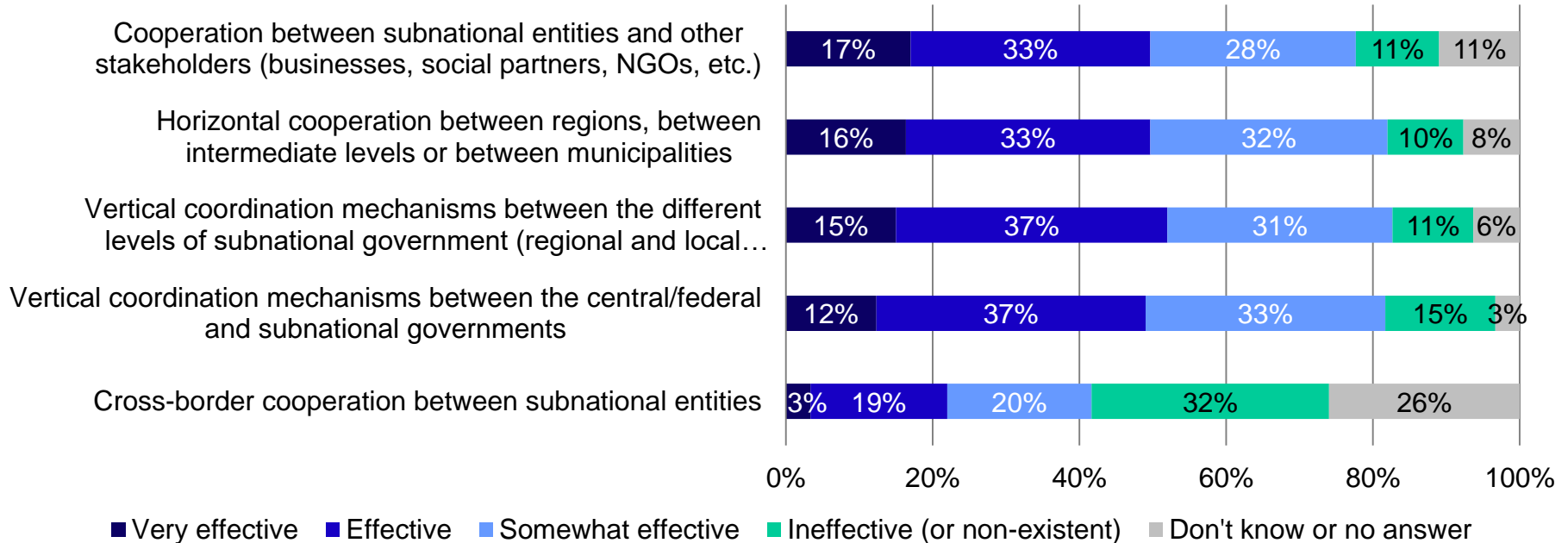
- Investment strategies should have **an explicit territorial dimension** / regional development approach
- Investment strategies should **involve subnational governments** early on in their design and implementation
- Investment must not be an adjustment variable: it is necessary to **mobilise all potential internal and external financing sources** to cover investment needs
- Ensuring **quality investment**, based on green/climate and social investment priorities
- Improving the **governance** of public investment,
- Avoiding **fragmented projects**

OECD Recommendation on Effective Public Investment across Levels of Government



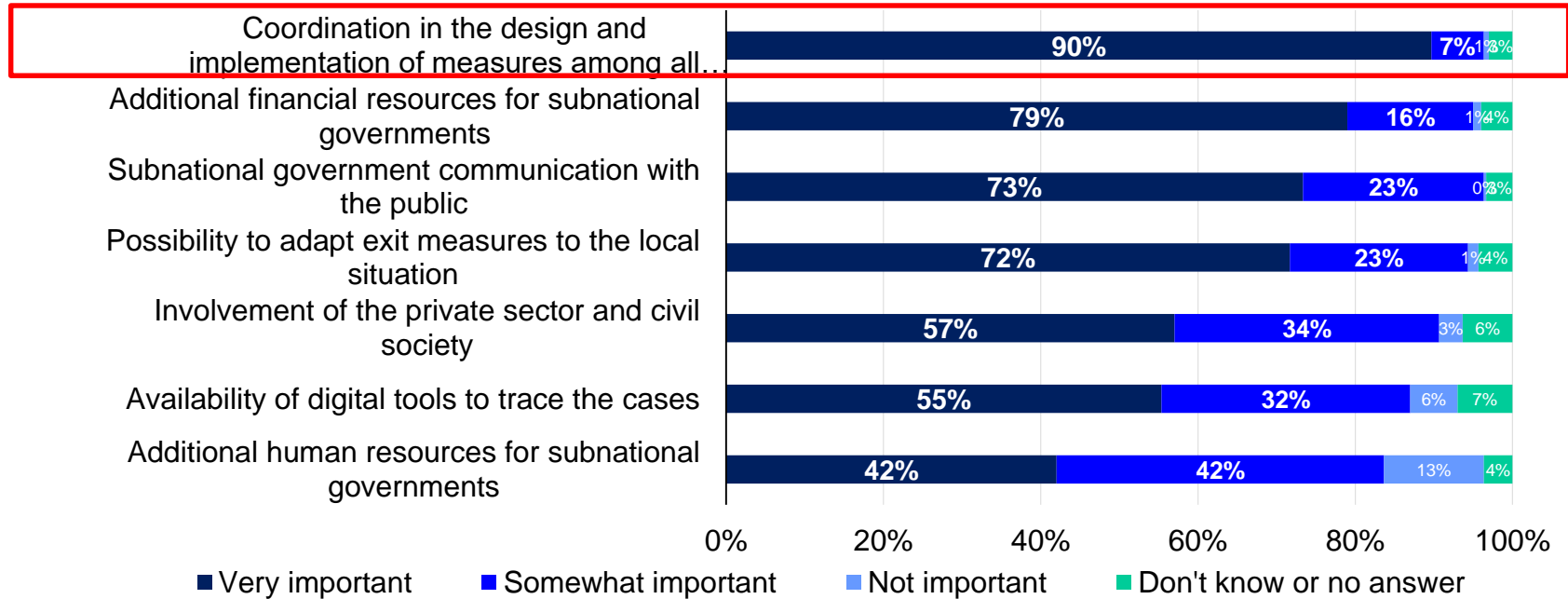
Coordination mechanisms produce mixed results in managing the COVID-19 crisis

The effectiveness of coordination mechanisms in managing the COVID-19 crisis

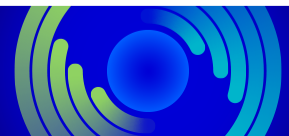


Exit strategies and recovery plans need to account for emerging challenges

Policy tools at the core of a successful exit strategy



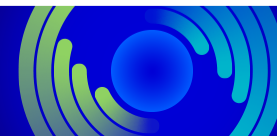
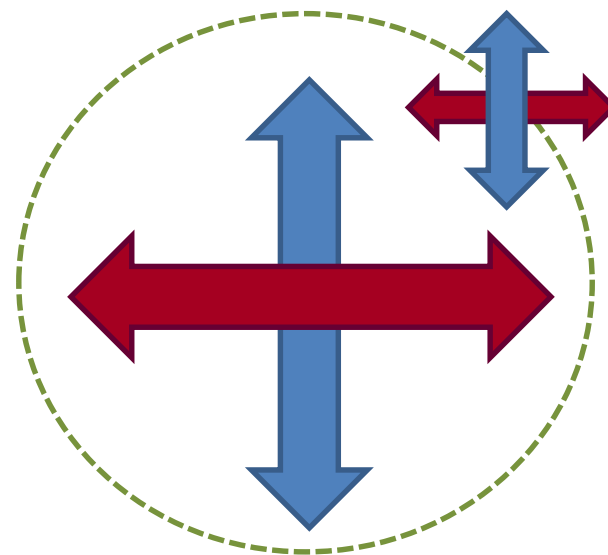
Source : OECD-CoR 2020, *The impact of the COVID-19 crisis on regional and local governments*



Co-ordination and cooperation are critical to manage the response to the crisis...

- Mobilising **multi-level coordination bodies**
- Clarifying **roles and responsibilities**
- Strengthening **vertical** coordination
- Fostering **inter-municipal** and **inter-regional** cooperation
- Promoting **cross-border** cooperation
- Bringing **public and private** stakeholders together

It is not the degree of centralisation or decentralisation that matters but rather the effectiveness of the co-ordination mechanisms in place



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Thank you

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