

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

Hicham Benazza ^{1*}, University of Tlemcen, Algeria,
hicham.benazza@univ-tlemcen.dz

Abdelhak Benameur ², University of Tlemcen, Algeria,
abdelhakbenameur27@gmail.com

Send Article Date: 2023-08-01

Date of acceptance. 2023-11-25

Abstract:

The purpose of this study is to investigate the impact of COVID-19 pandemic, the recent health crisis which hit the whole global economy, and showing its reflection on local finances. Local governments of the United State of America, England and Italy are some models of study, whereas the findings showed that the budget of the local authorities of these countries have driven to a deep crisis because of the pandemic which makes the economy growth slow as a result of quarantine restrictions, the decrease in the outcome of local revenues and the increase of expenditures volume in order to ensure the provision of necessary services to citizens.

key words: The health crisis, local finances, local revenues, increase of expenditures, COVID-19 pandemic, Local governments.

Introduction :

Corona virus disease 19 (COVID-19), was first detected in China exactly at Wuhan city the capital of Hubei Province in the People's Republic of China. According to some reports, there were some patients' cases closely resemble pneumonia symptoms, the symptoms for some infected people are compounded until the Chinese Center for Disease Control and Prevention conducted an analysis of the throat of an infected person, the centre successfully confirmed the first new corona virus strain and officially named Covid-19, it rapidly spread around the globe, this has created a great human tragedy and seen a greatest economic damage. Hence, infections are rapidly approaching their highest rates in the world since the pandemic began; the implementation of preventative health measures to contain and mitigate the spread was the only way needed to counter the virus. People were under some form restriction to stop the spread of corona virus, countries ordered people to stay in their homes, blocked all economic and commercial activities, closed all tourist facilities, institutions and schools, banned public gatherings, closed their borders, airports and ports and blocked international trade. This procedure had profound consequences for the global economy, affecting many industrial,

* Hicham Benazza..

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

tourism and service sectors, led to widespread unemployment, high poverty rates around the world, and low incomes. The pandemic therefore caused a deficit in the budgets of national governments due to the income shrink of taxes due to the cessation of activities. Countries have sought a way out of this crisis and the measures they relied on to counter this health crisis by granting heavily local authorities all powers as a central actor to prevent and mitigate damage from the virus and hold them full responsible for ensuring health services, social care and various basic needs for local communities. All those efforts are not the same in these country, this has made a set of challenges stand in the way of local authorities to find adequate financial resources, especially in light of the falling in central government revenues, which are a major source of financing local budgets, and shrinking Self-employment income because of the cessation of local economies and high costs as a result of the increasing in the volume of health expenditures. Whereas the Problem posing is, what is the impact of the COVID-19 pandemic on local finance?

The aim of this study:

- Trying to identify the most exerted efforts of countries to get out of this crisis.
- The various measures taken for dealing with this health crisis.
- Trying to highlight the importance of local authorities as a central actor in preventing and mitigating the damage from the virus and holding them responsible for ensuring health services, social care and the various basic needs of local communities.

Previous studies:

1- The study of Aya Behro and Michael smart (2022): This study aimed to know the impact of COVID-19 on the finance of the provinces, the study concluded that the overall impact of the pandemic on the financial situation of the provincial governments and local governments was somewhat low, however, the performance of some provinces was better than others, and by analyzing the change in revenues between 2019 and 2021, Consumption tax revenues decreased in all provinces with varying degrees, leading the federal government to provide support directly through grants and indirectly through strengthening the income tax to sub-national governments. On the expenditures side, the volume increased in all provinces, expenditures were primarily on health to combat the pandemic. Although COVID-19 cases and deaths continue to drop in most of Canada, previous cases and the need to invest in health care threaten provincial finance for some time to come. For this reason, policies are henceforth tending to focus on mitigating the consequences of COVID-19 on financial revenues provided by provinces.

2- The study of M .Anas (2021): The researcher attempts to reveal the effects of the global pandemic COVID-19, on the financial performance of local governments in Indonesia. The study was conducted on three local governments: Jakarta, East Java Province, and North Sumatra. This study proved that the financial performance was not significantly affected by the pandemic. The pressure could therefore be in the first quarter of the year 2020, and decreases at the end of the year, the economic growth is forecast to improve despite the limited availability of vaccines. On the other hand, the vaccination policy in the world encourages and seeks for greater openness of the productive economic sectors. In Java Province, Economic upturn is expected to be supported through the improvement in the performance of the pioneering works by the

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

process manufacturing and trade in response to domestic and external demand as well for the economy of Jakarta Province, which will grow positively during 2021.

3- The study of Tomas Cernenko, Erika Neubauerova (2021): The purpose of the research paper is to investigate the effects of the Corona virus on the budgets of local governments of Slovakia, in addition to suggest some measures that help them better under future shocks. The results indicate that local governments of Slovakia were advantaged in terms of the effect of the pandemic COVID-19 on budgetary revenues, so that it was not significant while the rate of influence was about 2.23%, and most of the revenues are collected by the taxes on personal income and investment, making them susceptible to economic fluctuations. Thus, Revenue enhancement through taxes and other fees is the alternative for these governments, for example real estate tax.

4- The study of Kamal Laouel, Samir Laissouf, Hadjira Dilmi (2020): The research aims to study and analyze the financial effects of the pandemic COVID-19 on the financial revenues of the Local Authorities in Algeria. The study was conducted on the provenance of Tlemcen. Findings refer to the participation of the decline of national economic activity by half in the decline of the financial revenues in the provenance of Tlemcen during the quarantine period, with the stability of the local expenditures in the aforementioned provenance, which forms a larger portion of the management department. the Authorities in the provenance of Tlemcen must start mobilizing its idle financial resources, such as Rental income, I addition to the dependence of Local Authorities on the state for disinfection public places, and among the recommendations, the necessity of broadening the tax base for built and land property in order to enable Local Authorities for maximizing their revenues.

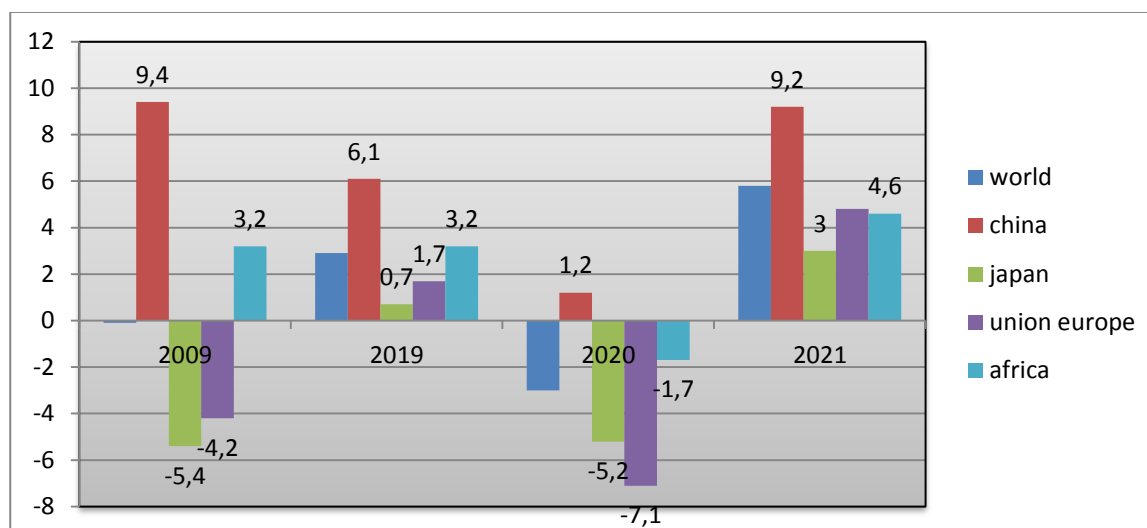
THE FIRST TOPIC : Impact of covid-19 on the global economy:

The COVID-19 global recession is the deepest since the end of World War 2 The global economy contracted by 3,5 percent in 2020 according to the April 2021 World Economic Outlook Report published by the IMF a 7 percent loss relative to the 3.4 percent growth forecast back in October 2019. While virtually every country covered by the IMF posted negative growth in 2020¹.

¹ -Eduardo Levy Yeyati, Federico Filippini, Social and economic impact of COVID-19, Working Paper June 2021 p4

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

Figure(1): The impact of the virus on the gross domestic product of some countries:



Source : Jinjin MOU, Research on the Impact of COVID19 on Global Economy, IOP Conf. Series: Earth and Environmental Science 546 (2020)

the most important sectors affected by the pandemic regionally (2020) can be determinant as the following:

-Western Europe region And America and Canada: A great depression due to the major closure of most economic sectors, the expert expected that the cumulative material losses for the years 2020 and 2021 are more than \$ 12 trillion in the world and -Middle East and North Africa region and Central Asia countries: A sharp drop in oil prices, Low oil production for oil exporting countries, -Disturbances in tourism and trade, -"Double shocked" of the low oil prices and coronavirus pandemic.¹

-trade: global trade has been greatly influenced by the COVID-19 pandemic The effects of the economic downturn on global trade have been noteworthy due to their rapidity and intensity, with regard to both the initial decline and the rebound In comparison with the recent crisis, the decline in global trade in 2020 was close to that during the global financial crisis of 2008/09 and substantially worse than that during the recession in 2015.

-The pandemic had a significant impact on foreign direct investment, affecting investment in all regions and industries. Foreign direct investment declined steeply at the start of the pandemic, amounting to less than \$1 trillion in 2020, yet there has been a V-shaped recovery worldwide In 2021, global foreign direct investment flows were \$1.58 trillion, an increase of 64 per cent compared with in 2020. The recovery was largely accounted for by steep increases in developed countries.

¹ -Tahreem Riaz and Nazar Alqahwachi , The impact of (COVID-19) on global economy, Kirkuk University Journal of Administrative and Economic Sciences vol11 issue 2 (2020) p313

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

-The pandemic contributed significantly to both demand and supply disruptions in commodity markets, resulting in high price volatility across various commodities. food prices have generally followed the same dynamic as international trade. In January–September 2020, the UNCTAD monthly food index declined by 4 per cent as the prices of most commodities in the group fell due to a combination of abundant supply in markets and decline in demand.¹

THE FIRST REQUIREMENT: The impact of COVID-19 at the local level

The epidemic caused great pressures on the budget of local and regional authorities due to the increase in the level of spending to support local communities, as many municipalities and regions suffered from increased costs of public health and social services as well as support for small and medium enterprises and support for businessmen and the unemployed.

The closure witnessed by different regions of the world led to a sharp decline in economic activities and the abundance of tax exemptions, which reduced the capabilities of local authorities in mobilizing tax revenues and the inability to cover the costs incurred by them.²

THE SECOND REQUIREMENT: Impact of COVID on Local Authorities:

The COVID-19 crisis has a strong territorial dimension, as regions have not been affected in the same way and the medium- and long-term impact will vary significantly across regions:

- The health crisis: The health crisis has markedly different outcomes across regions and municipalities within countries in terms of declared cases and related deaths. Regional disparities in mortality rates are high in some countries, reflecting heterogeneous access to health services differing vulnerability to the disease (e.g. demographic criteria, different comorbidity rates, etc.) and the diversity of socio-economic conditions across places in the early phase of the pandemic, densely populated urban areas were the hardest hit, but in the second half of 2020, and in 2021 COVID-19 spread towards less dense regions in some countries. There is growing evidence in many countries that regions at the bottom of the income distribution and deprived neighbourhoods have higher mortality rates.

- The economic crisis: The economic impact of the COVID-19 crisis differs across regions. Regional economic specialisation in sectors directly or indirectly exposed to the crisis and participation in global value chains have amplified the impact of the crisis, especially in regions with a high share of SMEs.³

¹ - Rebeca Grynspan , IMPACT OF THE COVID-19 PANDEMIC ON TRADE AND DEVELOPMENT LESSONS LEARNE , united nation Genève 2022

² - Michele Alessandrini , Ivan Bosch Chen , Veronika Kubeková, Fabio Fiorillo, Local and regional finances in the aftermath of COVID-19, European Union and the Committee of the Regions , European Union, 2021

³ - Dorothée Allain-Dupré, Isabelle Chatry, Antoine Kornprobst, Maria-Varinia Michalun THE TERRITORIAL IMPACT OF COVID-19: MANAGING THE CRISIS AND RECOVERY ACROSS LEVELS OF GOVERNMENT © OECD 2020 p 02

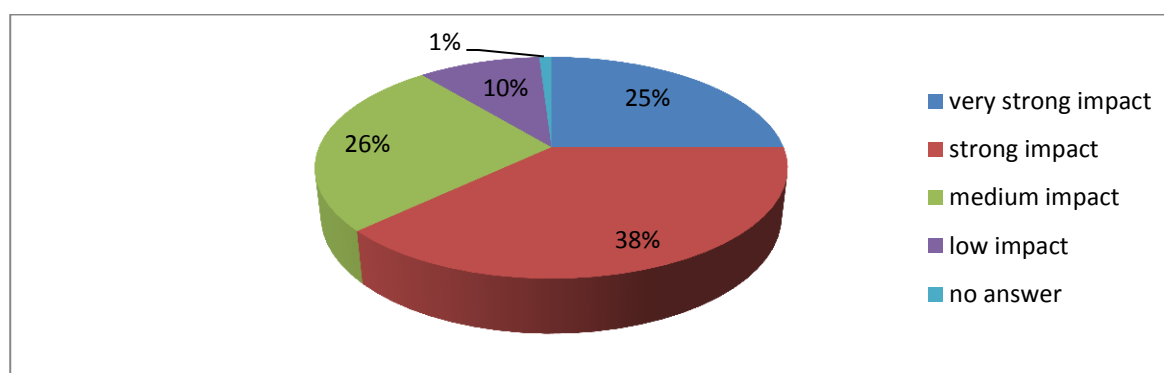
The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

The COVID-19 crisis has a strong territorial dimension. First, the impact of the crisis on regions and local areas is highly asymmetric within countries: some regions are harder hit than others. The crisis' economic impact differs based on a region's exposure to global value chains, area of specialisation, and ability to shift a large number of occupations to remote working. Second, while national governments are responsible for managing the crisis, regional and municipal governments are responsible for implementing day-to-day containment measures, ensuring health care and social services and advancing economic development and public investment. COVID-19's impact on subnational government finance has been and will continue to be significant on the expenditure and revenue sides, resulting in deficits and increased debt loads.

The Organisation for Economic Co-operation and Development (OECD) and the European Committee of the Regions (CoR) joined forces to identify the challenges that subnational government entities face as a result of the COVID-19 crisis. In June 2020, they launched a joint online survey to better understand and assess the pandemic's socio-economic impact on regional and local governments across the European Union. The survey looked at health care, the economy, and subnational government finance as well as the effectiveness of response measures, including how the crisis is being managed among and within levels of government.

A majority of respondents report a strong or very strong impact of COVID-19 on subnational governments. According to 63% of respondents, the overall impact of the COVID-19 crisis on subnational governments is strong or very strong. Only 10% of respondents report low impact. The impact is perceived to be stronger by regions than by municipalities: 77% of respondents from regional governments report a strong or very strong impact, versus 54% of municipal respondents. The larger the municipal population, the greater the perceived impact. About 78% of respondents from large municipalities (above 250 000 inhabitants) declare the impact to be strong or very strong, versus 48% of small municipalities (population under 10 000 inhabitants).

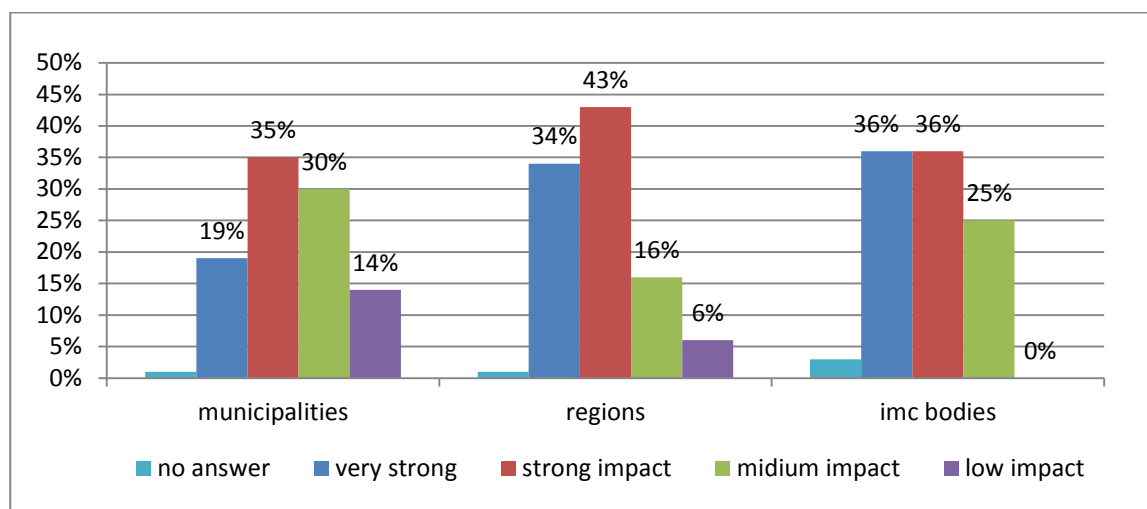
Figure(2) : COVID-19 crisis overall impact



Source: The impact of the COVID-19 crisis on regional and local governments: Main findings from the joint CoR-OECD survey, OECD Regional Development Papers p9

Figure(3): Impact of the COVID-19 crisis on subnational governments, by subnational government type

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.



Source : The impact of the COVID-19 crisis on regional and local governments: Main findings from the joint CoR-OECD survey, OECD Regional Development

THE THIRD REQUIREMENT: Impact of COVID-19 on local Finance :

- Firstly Impact on local revenues:

The COVID-19 pandemic has substantially reduced local and subnational government's revenues and constrained budgets as tax-paying local businesses shut and transfers from national governments become unpredictable and insufficient. Local and regional governments that depend mostly on taxes user charges, fees and income from assets may experience a more significant impact on their budgets than those that also receive transfers from the national government in many cases, Local companies stopped and financing local budgets became dependent on insufficient central transfers to ensure effective provision of local services, Local companies stopped and financing local budgets became dependent on insufficient central transfers to ensure effective provision of local services The total state budget deficit in the United States of America was estimated at 10 percent in 2020 and about 25 percent in 2021. Likewise, in Africa, local governments experienced losses of up to 60 percent of its revenues. Cities that depend on tourism revenues were also affected due to the freezing of land, sea and air transportation.¹

Secondly: Impact on local expenditures

Municipalities in the countries of the world were forced to make efforts in order to help the central government in spending on health and social services and there was some change in local spending after the blow of the epidemic as some local authorities worked to abandon capital expenditures but on the side of regular or recurrent expenditures local governments have adjusted them and prioritized expenditures related to health and emergency services and increased social assistance programs to respond to the epidemic and other regular expenses witnessed a decrease such as maintenance expenses and others.

¹ - Policy Brief: COVID-19 in an Urban World , united nations , EMBARGOED UNTIL 12:01AM (EDT) 28 JULY 2020 p 15

THE FOURTH REQUIREMENT :The role of local authorities in facing the epidemic:

Local governments are at the frontline of combating the COVID-19 pandemic, due to their proximity to affected communities, emergency management responsibilities at the local level, and local prerogatives in managing public space, Cities are not equal in their capacity to respond to the COVID-19 crisis across and within countries This uneven capacity depends on various factors including the allocation of public service delivery (e.g. health care tends to be more centralized) population size governance structure regulatory frameworks, fiscal capacity or existing infrastructure in any case local governments have important responsibilities in carrying out:¹

- City wide emergency actions to prevent transmission and care for the affected.
- targeted emergency support to the most vulnerable people from a health and livelihood perspective.
- Recovery efforts through implementation of economic recovery programs and investments targeted at firms, communities, and livelihoods.

Table(1) : Measures implemented to support the access and delivery of basic services

service type	Local authorities
Water provision in deprived neighbourhoods	Mexico City (Mexico), Buenos Aires (Argentina), Lima (Peru), Freetown (Jamaica),
Water service restoration	Chicago and New Jersey (United States of America)
Elimination of water charges	Alora (Spain)
Partial exemption on water, sanitation and urban waste tariffs	Oakland (United States of America), Porto and Braga (Portugal), Machakos (Kenya)
Solid waste collection	Kingston (Jamaica), Lima (Peru)

Source: Policy Brief: COVID-19 in an Urban World, United Nations, EMBARGOED UNTIL 12:01AM (EDT) 28 JULY 2020 p14

THE FIFTH REQUIREMENT :Key dimensions of local government response:

The rationale for local governments' involvement in the COVID-19 response is grounded in the overall logic of decentralized government, which produces improved outcomes in areas Key dimensions of local government response:

¹ - Ella Kim, Lukas Loeschner, Judy Baker and Ana Campos Garcia , COVID-19: Safeguarding Lives and Livelihoods , A Checklist Guide for Local Governments, world bank group p 02

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

-Efficiency and in particular allocative efficiency is related to the fact that local governments have a better understanding of local needs than the central government. In the context of health crises and epidemics such as COVID-19 this allows local governments to allocate resources towards local needs in a way that maximizes their impact, an epidemic creates distortions in labour markets by increasing demand for labour force involved in the epidemic response and reducing demand for other professions. Local governments are likely to be more responsive to changes in the labour market and re-allocate resources to minimize the negative effects on local economies.

-Equity is achieved because local governments operate under more public scrutiny than the central government due to their proximity to the population. This leads to more effective management of investments and other financial resources for epidemic response, particularly for marginalized population groups and those in remote locations.

-Legitimacy of authority: Legitimacy is the foundation of the social contract that ensures social cohesion and stability, and that the population have full confidence in their officials and are convinced of what they are doing towards combating the epidemic¹

THE SECOND TOPIC

THE FIRST REQUIREMENT: United states:

The covid-19 pandemic has been an unprecedented disruption to California's economy while the particular experience of each local government likely varies based on its economic drivers covid-19 Pandemic Has Increased local Government Costs local governments expanded and established new programs and responsibilities in order to directly address the covid-19 emergency. In other cases local governments experienced increased costs from new protocols that allowed them to continue operating existing programs while protecting the public health and the health of employees local governments also accrued additional costs as an employer Local Governments in California Provide a wide array of Services to Their Communities cities counties and special districts generally have different responsibilities and fund and administer different services:²

-Cities: Cities generally are responsible for local needs, such as planning accommodating needed housing providing police and fire protection and maintaining local roads and parks.

Counties: Counties provide services similar to those provided by cities to residents who live outside of cities commonly known as unincorporated areas in addition counties run countywide services such as jails and elections, and administer programs on behalf of the state Such as human service programs.

Independent special district: there are about 2000 independent special districts in California special districts provide one or more specific services to a community that the local city or

¹ - Mohammed Abbadi and David Jackson , COVID-19 Emergency Response LOCAL GOVERNMENT FINANCE, Guidance Note for Immediate Action , 15 MAY 2020 p11

² - GABRIEL PETEK ,An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition, may 2021 p 03

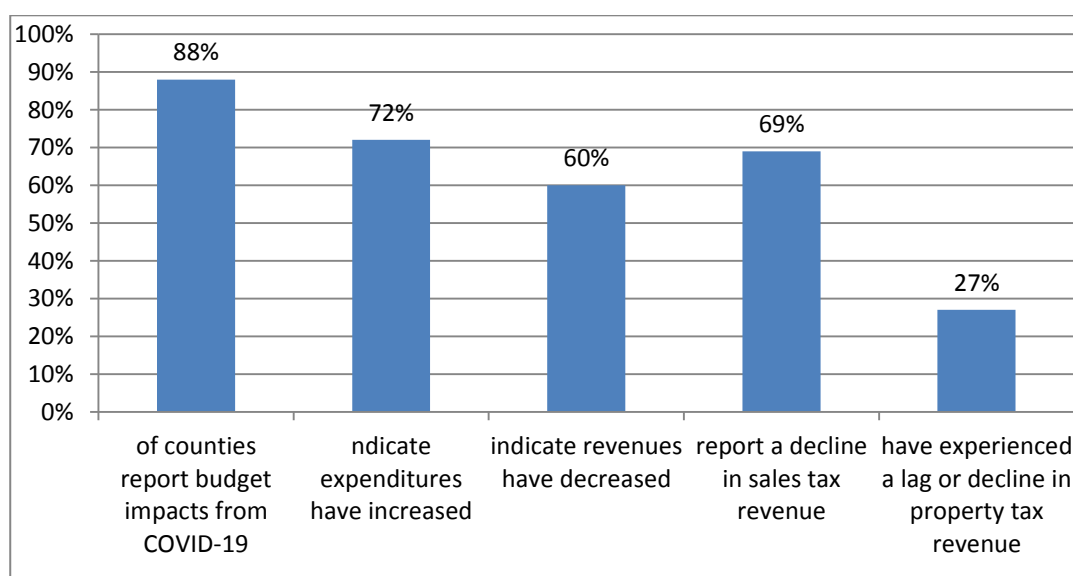
The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

county do not provide. These services include water, wastewater parks and recreation, fire protection or cemetery.

Statistics indicate that more than 665 billion dollars are invested by the provinces in local services and programs that the population needs. Half of the counties need to resort to reserve funds. Examples of affected counties are as follows:

- Los Angeles County, Calif. carved out 8 percent of funding from all county departments to make up for a \$935 million tax revenue shortfall caused by the pandemic and subsequent economic crisis.
- Cook County, Ill. officials are bracing for a budget gap that the covid-19 crisis has stretched to nearly \$281 million for the rest of this fiscal year and to as much as \$409 million for next fiscal year.
- In New York, Nassau County and Suffolk County are facing budget deficits of \$749 million and \$800 million, respectively.
- Cuyahoga ,County Ohio is facing a \$76 million budget deficit. In response, all departments are implementing 15 percent cuts. Many employees were also asked to take a two-week furlough, and the county currently has a hiring freeze.
- Charlotte, County Fla., was notified that the state would likely decrease its funding to counties by 50 percent, which would cause the county to lose over \$14.5 million.

Figure(4) : covid-19 impact on county budgets



Source : COMPREHENSIVE ANALYSIS OF COVID-19'S IMPACT ON COUNTY FINANCES AND IMPLICATIONS FOR THE U.S. ECONOMY , national association counties
july 2020

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

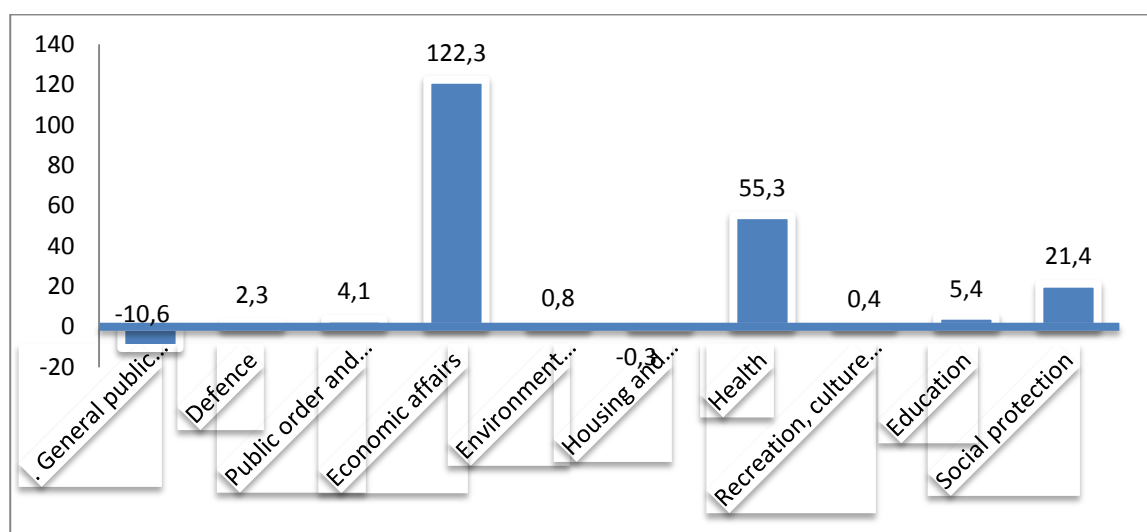
With the covid-19 pandemic sweeping the nation, counties are seeing major drops in revenue and major increases in expenditures like health, emergency operations, justice education, housing and other categories that together comprise 65 %of county expenditures.

The counties suffered from a rise in the costs of health supplies due to the shortage in the latter as Rutherford County spent \$ 42,000 to purchase 10,000 masks, and Harris County spent \$ 27.5 million to expand the capacity of its hospitals during the first month of the outbreak. The counties also sought to protect the homeless population by providing temporary housing either in hotels or in some of its public facilities, and Ramsey County spent \$1.8 million on housing homeless people.¹

THE SECOND REQUIREMENT: England

England is one of the countries whose public finances have been significantly affected by the pandemic as the government has seen a significant rise in expenditures and the volume of spending on social care, service support and family support in the 2020/2021 financial year was estimated at £24.5 and £52.8 billion and £83.7 billion with tax revenues falling by £105.7 billion.

Figure(5) : Changes in public spending in 2020/2021



Source: Philip Brien, Matthew Keep , Public spending during the Covid-19 pandemic, house of commons library29 March 2022 p 09.

According to the figure, economic affairs saw the largest increase of £122 billion, followed by spending on health, social protection at £55.3 billion and £21.4 billion, while for public services, the volume of spending shrank by £10.6 billion

Impact of COVID -19on Local Authorities :

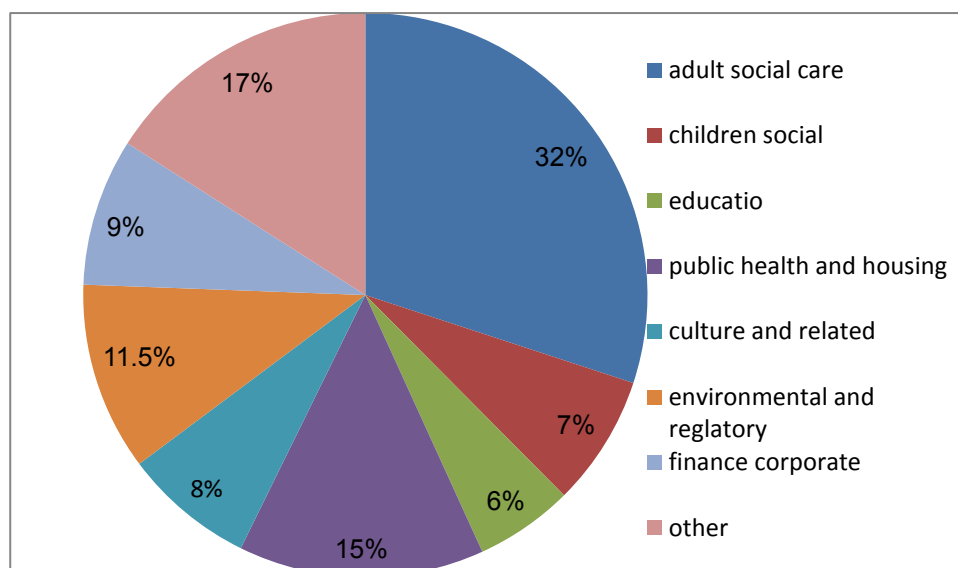
¹ - ANALYSIS OF THE FISCAL IMPACT OF COVID-19 ON COUNTIES, national association counties , may 2020p

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

Local authorities in England have played a vital role during the COVID-19 pandemic: paying grants to businesses, providing support to vulnerable people who are shielding, setting up community testing facilities and taking on the most challenging contact tracing, all the while keeping existing services running. Authorities have achieved this while dealing with the impact of the pandemic on their finances, which were already under strain going into the pandemic.

Local authorities went into the pandemic with 82.6% of their (non-education) income, such as council tax, retained business rates and car parking charges, dependent to some extent on local conditions. The pandemic has caused sudden and severe drops in local authority income, which the Department needed to respond to urgently to reduce the risk that the local response to the pandemic would be hampered by a lack of funding. In addition, authorities face cost pressures from the pandemic such as the need to deliver new programmes and services alongside increases in the cost of delivering existing services.¹

Figure (6) :Impact on the expenditures of the ten local authorities Greater Manchester :



Source : Steve Wilson, GMCA & Local Authority Financial Implications of COVID 19; 14 July 2020

According to the figure additional expenditures for the immediate response to the crisis are first followed by adult social care at £71 million, followed by additional expenditures on health with the provision of protective equipment and infection control £33 followed by additional expenditures for other sectors.

Table (2):Impact of Covid-19 on Manchester Local Authority Revenues :

Taxes	Commercial income	Business rates losses	Council tax losses	Sales , fees and charges	Others
-------	-------------------	-----------------------	--------------------	--------------------------	--------

¹ - COVID-19: Local government finance , House of Commons Committee of Public Accounts june2021p05

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

Amount	£167	£69	£97	£61	£4
--------	------	-----	-----	-----	----

Source : Steve Wilson, GMCA & Local Authority Financial Implications of COVID 19; 14 July 2020

THE THIRD REQUIREMENT: Italy

Italy has three subnational government levels: 20 regions (5 are autonomous), 107 provinces and metropolitan areas (2 are autonomous) and 7946 municipalities, since the constitutional reform of 2001 and a 2009 law on 'fiscal federalism' granted greater autonomy to Local authorities. Regions finance their expenditure mainly through a regional tax, a share of personal income tax, part of VAT revenues and transfers for providing health services.

With the rapid spread that Italy witnessed in the first half of 2020 especially in the north of the country, which resulted in great pressure due to high rates of deaths and infections, local authorities faced a number of challenges due to the total closure in affecting business employment and per capita income and the budgets of local authorities were affected due to the increase in expenditures related to health and social protection where some resources were allocated by the Italian authorities estimated at 7.3 billion euros and municipalities suffered a significant loss in its financial revenues.

Table (3): Estimated change in Italian LRA expenditure and revenue for 2020

	Expenditure		Revenue	
	Eur	Mainly for:	Eur	
Region	+6.3	Health expenditure (public procurement, to Jan. 2021)	-0.5	Regional tax on production activities
	+2.85	Interventions for SMEs, families, welfare		
Provinces and metropolitan areas	+0.02	Education; administrative functions	-0.9 to -1	Taxes on car property/insurance
Municipalities	-0.24	Administrative personnel; gas and water distribution	-4.9 to -8.4	Taxes on property and urban waste; tariffs and fees
	+0.4	Schools and education facilities		

Source : Local and regional finances in the aftermath of COVID-19 , Commission for Economic Policy , European committee of the regions 2021 p 104

Key measures to alleviate pressure on local authorities finances:

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

In May 2020 a specific EUR 3.5 billion fund was created to alleviate the loss in revenue of LRAs and to ensure their ordinary functioning, with EUR 3 billion for municipalities and EUR 0.5 billion for provinces and metropolitan areas. The resources dedicated to the fund were increased by EUR 1.67 billion in August (EUR 1.22 for municipalities and EUR 450 million for provinces).

EUR 1.5 billion for regions and provinces to cover their loss in revenue from taxes and for expenditure on health, education and social services; an additional EUR 2.8 billion were added in August.

EUR 1.3 billion for local public transport, managed at different LRA levels, to cover losses from tickets and tariff.

EUR 448 million to compensate regions for lower taxes on production activities; EUR 1 billion to compensate municipalities for loss of revenue from specific taxes such as on tourism (EUR 400 million).¹

Conclusion:

The impact of the pandemic COVID-19 is not only a health crisis, but it has seen other economic, social and financial consequences and damage that rocked the world because various economic sectors have been stopped, borders and airports have been closed their blocked international trade, eventually leading to a low level of productivity, high rates of unemployment rates, low incomes, the cessation of international trade and the creation of financial instability. It is the most-severe economic recession in the world compared to previous crises. The local authorities in the world were on the front line to counter and fight against the pandemic and its dire consequences. All human, material and financial resources were mobilizing by local authorities to provide support to citizens who have been affected by the pandemic, such as helping individuals who have lost their jobs and spending on the provision of health services, hygiene and potable water in order to prevent the strong rise in the prevalence of the virus, and limit the loss of a large number of lives. Through the study conducted on some countries:

The response to counter this health crisis led to a huge expansion of the financing gap for local services. Local budgets faced a sharp decline in the mobilization of taxes and fees because of the quarantine and freezing of local trade, and the cessation of small and medium enterprises from carrying out their activities; in line with the increase in the volume of expenditures, leading ultimately to a deficit in local budgets in the world.

In the United State of America, local government's revenues decreased because of their dependence on property tax, sales tax, and hotel taxes because of the cessation of commercial and tourism activities, the USA government therefore was compelled to grant subsidies to the states.

¹ - Local and regional finances in the aftermath of COVID-19 , Commission for Economic Policy , European committee of the regions 2021 p 105

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

The covid 19 pandemic has led to a sharp drop in local revenues and a rise in local expenditures on education , health ,children's services and institutional funding in Manchester .

The development of the epidemic in Italy made it affected the budgets of local government s due to the increase in local expenditures related to health and social protection and the shrinking of local revenues, which led to the intervention of the central government through subsidies.

- Bibliography List:

Books:

- Rebeca Grynspan , IMPACT OF THE COVID-19 PANDEMIC ON TRADE AND DEVELOPMENT LESSONS LEARNE , united nation Genève 2022

- Michele Alessandrini , Ivan Bosch Chen , Veronika Kubeková, Fabio Fiorillo, Local and regional finances in the aftermath of COVID-19, European Union and the Committee of the Regions , European Union, 2021

- GABRIEL PETEK ,An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition, may 2021 p 03

- ANALYSIS OF THE FISCAL IMPACT OF COVID-19 ON COUNTIES, national association counties , may 2020p

- COVID-19: Local government finance , House of Commons Committee of Public Accounts june2021p05

- Dorothée Allain-Dupré, Isabelle Chatry, Antoine Kornprobst, Maria-Varinia Michalun THE TERRITORIAL IMPACT OF COVID-19: MANAGING THE CRISIS AND RECOVERY ACROSS LEVELS OF GOVERNMENT © OECD 2020 p 02.

- COVID-19: Local government finance , House of Commons Committee of Public Accounts june2021p05.

-Steve Wilson, GMCA & Local Authority Financial Implications of COVID 19; 14 July 2020

-Philip Brien, Matthew Keep , Public spending during the Covid-19 pandemic, house of commons library29 March 2022 p 09.

Articles :

-Eduardo Levy Yeyati, Federico Filippini, Social and economic impact of COVID-19, Working Paper June 2021 p4

-Tahreem Riaz and Nazar Alqahwachi , The impact of (COVID-19) on global economy, Kirkuk University Journal of Administrative and Economic Sciences vol11 issue 2 (2020) p313

- Policy Brief: COVID-19 in an Urban World , united nations ,EMBARGOED UNTIL 12:01AM (EDT) 28 JULY 2020 p 15.

The Impact of the Era of Coronavirus (COVID-19) Pandemic on Local Finance. Case Study of the United States of America, England and Italy.

- Ella Kim, Lukas Loeschner, Judy Baker and Ana Campos Garcia , COVID-19: Safeguarding Lives and Livelihoods , A Checklist Guide for Local Governments,world bank group p 02.

- Mohammed Abbadi and David Jackson , COVID-19 Emergency Response LOCAL GOVERNMENT FINANCE, Guidance Note for Immediate Action , 15 MAY 2020 p11.

-COMPREHENSIVE ANALYSIS OF COVID-19'S IMPACT ON COUNTY FINANCES AND IMPLICATIONS FOR THE U.S. ECONOMY , national association counties july 2020

-The impact of the COVID-19 crisis on regional and local governments: Main findings from the joint CoR-OECD survey, OECD Regional Development Papers p9