



Local & Regional
Europe

KEY MESSAGES

COVID-19

**From crisis management
to resilience**

26 June 2020

The Council of European Municipalities and Regions, representing 100,000 local and regional governments federated through 60 national associations across Europe, wishes to express its key messages and calls for actions concerning the COVID-19 crisis and the recovery.

Introduction / context

1. The COVID-19 pandemic is an **unparalleled situation** in modern times for all of Europe's citizens. Municipalities, cities and regions have worked tirelessly to protect lives, to support businesses and to secure the overall economic resilience of our communities. Alongside key workers in the health, education and care sectors, public sector employees have ensured uninterrupted delivery of our most important public services, such as kindergartens, schools, access to water and energy, waste management, housing, social services, safety, urban public transport and street cleaning. This demonstrates the fundamental role of organised, properly funded **local and regional public services** for the continued delivery of services of general interest, to citizens, especially in times of emergency.
2. This crisis has shown the vital importance of our **European social model** based on the concept of the welfare state, national social dialogue practices, properly financed health care systems, protection of workers, unemployed and vulnerable people.

Finances

3. To date, the majority of local and regional governments have faced up to the extra costs of managing the crisis with insufficient financial compensation coming from central governments. As a result, subnational governments' accounts are in a **devastating financial situation**, underpinned by a significant drop in tax revenues and other forms of income. At the same time subnational governments are confronting huge increases in expenditures, mainly due to additional costs in social care and health protection measures, supporting vulnerable populations, maintaining basic services, supporting local businesses and implementing lockdown measures.

Governance

4. In the first weeks of the crisis, actions and responsibilities were concentrated on **central governments' executive powers**, yet it was essentially local and regional governments that had the vital responsibility to implement measures targeted at safeguarding lives. Since then it has also become obvious that lockdowns and exit strategies could not be successfully executed without the crucial role of all levels of subnational government.
5. During the COVID-19 crisis, the **Agreement on the European Economic Area** was a good legal framework for cooperation between the EU and EEA EFTA countries, including solving issues related to export and joint procurement of medical equipment. It enabled close political dialogue on all aspects of managing the crisis to be maintained.
6. Local and regional governments of different sizes were hit in diverse ways and with varying levels of intensity. Therefore, the exit and recovery phases must be adapted to territorial realities, be based on strong decentralisation and build on existing civil protection and risk reduction systems. Lessons learnt so far show that a system of testing, tracking, isolating and treating can be best targeted at the local and regional level. Whilst **tracking applications** can be useful tools, it is important that the institution that manages the data from these applications operates in a transparent way and respects the rules of data protection and privacy, as laid down in the General Data Protection Regulation.

7. The key to successfully combating COVID-19 is to tailor actions at every government level, in accordance with the principle of subsidiarity. **Local and regional governments** play a key role in tackling the socio-economic challenges, therefore strong collaborative efforts between the local, regional, national, European and international levels are crucial.
8. CEMR insists on promoting successful experiences of crisis management, and drawing appropriate lessons, so as to be better prepared for similar situations arising in the future. Scenarios could be developed, aimed at strengthening the **European multi-level governance** concept, based on effective consultation between levels of government. Specific geographic areas at the European level, such as cross-border territories which are highly integrated economically and socially, could be better taken into account.
9. The far-reaching impact of COVID-19 on local and regional governments will be long-term. For this reason, CEMR, as a pan-European umbrella organisation, is supporting its members' efforts to **exchange good practices and advocating** common positions in European institutions and international bodies, where CEMR is represented such as the EU, OECD, Council of Europe and together with UCLG, within the UN system.

EU initiatives

10. The experience of managing the COVID-19 crisis places the **Conference on the future of Europe** in a new context. Many questions linked to our common destiny could raise the interest of citizens to participate in vital debates about the future of the European Union. It is important that the process gets underway and the Conference should be convened in the near future.
11. CEMR has welcomed the European Commission's initial **Coronavirus Response**, in particular the initiatives to support the first-hand economic, social and budgetary challenges. We acknowledge the Commission's efforts to soften State aid rules thereby allowing Member States and local and regional governments to introduce supportive measures. We renew our call for a revision of the competition rules, taking into account the changing economic and financial context.
12. CEMR welcomes the Commission's new proposal for the **Recovery Plan** ("Next Generation EU") and the reinforced **long-term budget for the EU** (MFF 2021-2027), both underpinned by the spirit of solidarity, aiming to build sustainable and resilient societies, boost innovation and modernise Europe's economy. They will be valuable instruments for the EU to achieve the Sustainable Development Goals of the 2030 Agenda, notably at local and regional level, in addition to furthering economic, social and territorial cohesion, as enshrined in Art. 174 TFEU.
13. As the EU's policy that targets local and regional governments most directly, CEMR calls on the EU institutions and Member States to consider **Cohesion** (and Common Agricultural) **Policy** as the most important tool to boost recovery and long-term sustainable development, and to support the regions and sectors most affected by the social and economic crisis.
14. In this context we note that the European Commission could mobilise Cohesion Policy funds as a first budgetary response for emergency support to the local and regional level. We insist, however, that **Cohesion Policy** should **not be the primary instrument to provide emergency support** for future crises but should rather aim at supporting the resilience of all territories in the long term. The additional cohesion funding of €55bn (REACT EU), already available under the current MFF and until 2022, is welcome, but we remain concerned about the risk of recentralisation and additional administrative burdens, due to insufficient flexibility and the urgency to spend large sums of funding over the next two years.

15. We welcome the **Recovery and Resilience Facility**, endowed with €560bn, as it will be the largest ever EU initiative, which could provide essential sources of funding for modernising local and regional public services. As the Facility's delivery will be embedded in the **European Semester**, aligned with the European Commission's recommendations to Member States for structural and administrative reforms, we urge the application of the Partnership Principle for the Member States' Recovery Plans, similar to that used in the European Structural and Investment Funds programming.
16. The Member States and the European Parliament are negotiating their positions on the Commission's proposal for the **Recovery plan** and **the EU's long-term budget post-2020**, and we strongly call for the involvement of local and regional governments. CEMR proposes that a portion of the future funds destined to promote Europe's economic, green and digital transition be directly managed by local and regional governments. We urge the European Commission to make the partnership principle a prerequisite when it comes to the preparation of the operational programmes and all the support mechanisms arising from the Recovery plan. Furthermore, we invite the European legislator to collaborate with local and regional governments, following the recommendation of the European Parliament's 2018 resolution to make CEMR a key partner, particularly at this pre-legislative stage.¹

Exit and recovery

17. As the focus turns to **exit and recovery strategies**, all levels of government are preparing programmes to stimulate the economy. As we transit out of the emergency stages of this crisis, it is of the upmost importance to **secure local and regional finances**, allowing subnational governments to cover the costs of their immediate needs and to direct investments into future-oriented projects. Furthermore, cost compensation must be systematically applied in the event of new transfers of powers from central to local and / or regional government. It will be crucial for governments to allocate financial assistance in a fair manner to all affected sectors and members of society.
18. The recovery from the COVID crisis must remain **consistent with and promote our common objectives** and be in line with the commitment on the implementation of the Sustainable Development Goals. Within the European Union these investments will contribute to common European policy objectives, as announced in the European Green Deal, the Digital Strategy and the European Social Pillar. They will foster the green, digital and social transition, which is crucial for Europe to become more competitive with the rest of the world.
19. Resources should be made available without delay and CEMR supports the ambition of the European Commission to reach a quick agreement for the Recovery Plan and the MFF between the Council and Parliament. Furthermore, these grants and loans must be **tailored** in the most favourable way **to all local and regional governments** – whatever their size or geographical situation – to trigger an economic reconstruction based on a viable transition and the climate goals.
20. The gradual reopening of borders, the **mobility of citizens** in Europe for the purposes of exchanges, cooperation and learning, must resume under conditions that will preserve public health and safety. In this perspective, and to take account of the physical distancing requirements (in particular in transport), the European programmes that finance these exchanges should boost their support for these initiatives, especially as many of these mobility projects have been interrupted or cancelled, thus freeing up budgetary capacity.

¹ European Parliament resolution of 3 July 2018 on the role of cities in the institutional framework of the Union (2017/2037(INI))

Specific areas

21. During the re-opening and the recovery, there must be a strong focus on **occupational health and safety**. Personal protective equipment must be available and access to public institutions and workplaces must be organised in a way that contains the spread of the virus. Workers and employees in the health, education, social care sector, public transport and administration have faced particular pressure and therefore special measures should be provided to help them cope with the physical and mental stress. The best way to manage employment issues in the re-opening and recovery is through social dialogue and the implementation of the European Pillar of Social Rights.
22. **Vulnerable populations** are more affected by COVID-19 and its aftermath. In particular, workers in the informal sector, ethnic minorities, refugees and asylum seekers, homeless people, persons with disabilities, households without health insurance, LGBTI, as well as the elderly, youth, students and children in precarious situations are most impacted by the economic crisis resulting from the pandemic. Therefore, the multiple impacts of COVID-19 on these groups needs to be assessed and recovery measures be tailored to their specific needs, and future EU programmes, such as the European Social Fund+, should allocate appropriate funding.
23. CEMR is especially concerned about the impact of the crisis on **women**: increased domestic violence, higher care and unpaid work burdens that fall disproportionately on women, economic risk faced by women who tend to engage in low-paid and precarious work and substantial health risks due to occupational segregation. We therefore recall the importance of recognising the gender dimension of recovery efforts and we implore all levels of government to ensure that, in the aftermath of the crisis, adequate financial resources are provided and an emphatic political commitment made to achieve gender equality in Europe. Involving women and girls in decision-making is a precondition for the successful translation of recovery plans into action.

International

24. COVID-19 is a pandemic and so requires a **global response and joint actions**. Collaboration is necessary between the EU and non-EU countries, including Western Balkan countries and our immediate neighbourhood, as well as partner countries in Africa, Asia and Latin America, secured with adequate resources as well as cooperation within international bodies such as the OECD or the UN agencies. At global and European levels, inclusive governance mechanisms should ensure the participation of local and regional governments. Giving LRGs and their representative associations a seat at the table would allow them to better mobilise capacity, expertise and solidarity in the crisis management, as well as in building sustainable and resilient societies.
25. **Decentralised cooperation** has proved to be an efficient way to build and strengthen institutions at the local level in the EU, and in partner countries. Local-to-local and region-to-region cooperation, including exchanges between local and regional elected representatives and national associations of local and regional government, particularly in the framework of PLATFORMA and United Cities and Local Governments (UCLG) is a good way to advance and to address collectively the challenges that we face jointly. Adequate financial support should be provided for decentralised cooperation between EU and partner countries' municipalities and regions, based on local need assessment and context, and targeted appropriate local solutions.