



# EU recovery powered by cities

June 2020



## Key messages

- Cities are committed to contributing to Europe's moment, to repair and prepare for the next generations. We call for a new pact between city and EU leaders to make the ambition of a fair and green recovery a reality.
- Cities have been the hardest hit by the crisis but are also where there is leadership and the potential to deliver a more resilient, sustainable and inclusive future for Europe.
- EU's recovery plan must close the gap of the last ten years of underinvestment at local level and ensure that:
  - o EU funding and financing is channelled to where it is most needed - Europe's cities. Multilevel governance and the partnership principle must be fully implemented, ensuring that cities are involved in the development of national recovery plans and investment priorities for cohesion policy.
  - o Cohesion policy maintains a strong urban dimension, including safeguarding 10% earmarking for sustainable urban development supporting the development towards more resilient cities in the face of future crises.
  - o EU funding and recovery policies boost the green and digital transformational power of cities and support local efforts for a fair and inclusive recovery.

## Building more resilient, sustainable and inclusive cities

Cities have been the hardest hit by the crisis. During the pandemic, cities have dealt with unprecedented urban challenges. It is where the need to tackle poverty, inequality and discrimination is the most urgent. At the same time, local public budgets have been eroded due to declining tax revenues and sharp increase in demand for social services and income support. With many local businesses, shops and cultural venues facing bankruptcy, unemployment is increasing.

Crises are challenging but they can also bring positive change. Already now, we see how the massive disruption caused by COVID-19 has accelerated some of the trends that are at the heart of our urban vision for the future. We have seen better air quality and a sharp decrease in carbon emissions, as well as improved opportunities for online working and e-delivery of public services. We have witnessed how an urban life with fewer cars, and an urban space better used by and for people is not only desirable but feasible.

Turning this crisis into an opportunity for systemic change requires ambitious policies and adequate investment. As cities, we will continue to show leadership in the recovery process. We are building coalitions with local businesses and civil society to be more innovative and develop new business models based on a digital, circular and social economy. We have invested in new cycle paths and created more walkable and car-free areas, we are supporting local food production and consumption in collaboration with our surrounding areas. We have seen how local solidarity and

mutual aid networks are key to supporting our citizens in difficulty. Investing in social capital is as important as investing in financial capital. We will continue to work with our science and research systems and academia to boost innovation and continue co-create solutions with our citizens to face current and future urban challenges.

This is only the beginning. But we need to close the gap of the last ten years of underinvestment at local level if we are to take this ambition further. The economic cost of years of reducing health provision and infrastructure has been clearly exposed by the crisis, as has the need to boost local investment in green, digital and social infrastructure.

## EU's recovery plan for future generations

The European Commission's new proposal for the next EU multi-annual financial framework and recovery plan are important milestones in terms of ambition, innovation and solidarity in the EU. The increased budget ceiling and the new approach to the EU's own resources are not a luxury. They are much-needed steps towards recovery and for our future. We need swift approval by member states and the European Parliament for programmes to start promptly in 2021.

As cities, we are committed to driving and accelerating change based on our commitment to and support for the Paris Agreement, the European Green Deal and the European Pillar of Social Rights. To deliver on the goals and ambitions, a plan for a digital, green, and just recovery for Europe's next generation must ensure that:

- 1. EU funding and financing are channelled to where it is most needed, cities.** Although cities are the hardest hit by the pandemic and the subsequent crisis, the bulk of the measures foreseen in the Recovery and Resilience Facility are directed to member states. We call for:
  - clear references to the application of the principles of partnership and multilevel governance in the regulatory framework.
  - a stronger local dimension in the European Semester process, assessing urban needs and local investment gaps.
  - support at EU level for the meaningful engagement of cities in the development of the national recovery and resilience plans.
  - direct access for cities to the funds during at least the recovery period for both quicker deployment and greater impact of the funding at local level.
- 2. Cohesion policy maintains a strong urban dimension.** Reinforced cohesion policy and the extension of the current operational programmes for two more years is essential to support cities and urban areas. We support a more flexible approach to thematic concentration on policy objectives and increased support for the cultural sectors badly hit by the crisis. This should not, however, jeopardise the earmarked funding for sustainable urban development. We call for:
  - full implementation of the code of conduct on partnership, giving cities a seat at the table when the investment priorities and the operational programmes are developed.
  - ESF programming to acknowledge that the call for and dependency on adequate and effective social service delivery in cities has never been higher. Also, it is vital to improve cities' access to ESF.
  - earmarking for sustainable urban development at a minimum of 10% of ERDF, to which flexibility should not be applied, to support Europe's need for more resilient cities to face future crises.
- 3. EU funding and recovery policies boost the transformational power of cities.** We must make a giant leap forward on climate action to meet the climate neutrality goal for 2050. Also, the crisis has shown us the urgency of digital transformation. We call for:

- significant investment in public transport, green infrastructure and building renovations to enable the transition in cities. EU's recovery plan must be designed to deliver the higher political ambitions for emissions reductions, not the current lower 2030 climate targets.
- recovery funding for fossil-fuel intensive sectors to be conditional to clear decarbonisation commitments.
- swift action to bridge the digital divide, support digitalisation in local governments and the scaling up of the effective solutions across Europe.
- greater flexibility in the Pact of Stability and Growth to facilitate the long-term investments needed in cities.

**4. EU funding supports cities' efforts for a fair and inclusive recovery.** We need to step up efforts to prevent long-term consequences of the crisis on our society and ensure nobody is left behind. We call for:

- substantial investment in local support for SMEs, employment, upskilling and reskilling, quality social services as well as strong active inclusion measures for the most vulnerable people.
- financial support to sustain our commitment to implement the European Pillar of Social Rights, the child and youth guarantee, to support the social economy and active integration of migrant communities.
- the InvestEU programme to have a strong urban focus to ensure adequate investment in social infrastructure, such as social housing, childcare and health facilities.

## A new pact for a resilient Europe with cities

Nobody can respond to this unprecedented crisis alone. All levels of governments, local, national and European, need to work together. The crisis is putting the European project to the test: we have seen the instant reflex to respond with national measures, even closing borders. We welcome the efforts for a joint European approach to recovery. The structured and meaningful involvement of cities can support European unity and solidarity and prevent the relapse into national thinking. We call for a new pact between the EU and city leadership to define the framework, financial support and new economic models to move towards a sustainable and fair recovery.

As cities, we have supported each other during the emergency through mutual learning on how to deal with the pandemic, readapt services and use new technologies, prevent deepening social inequalities, and now on preparing recovery plans based on sustainable and inclusive models. The way ahead is long and full of uncertainties, but it is also our chance to re-imagine and build a positive and resilient urban future that can benefit our entire continent.

We are committed to contributing to Europe's moment, to repair and prepare for the next generations. 75% of Europe's population lives in cities and urban areas, driving innovation and economic development. We are the ideal partners for the EU to succeed in achieving the twin goal of digital transformation and climate neutrality, while ensuring a fair green transition.

If we get it right in cities, we will get it right for Europe.