

Regions and cities to Gentiloni: there is no impact without partnership. Local authorities are crucial to invest EU funds for recovery



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The Recovery plan for Europe must take local and regional authorities on board to be effective in tackling the consequences of the crisis. A centralised approach, with decisions taken top-down, risks to create overlaps or even competition among funding tools. This could undermine the impact of the new Recovery and Resilience Facility. Members of the European Committee of the Regions (CoR) shared these concerns in a debate with EU Commissioner for Economy, Paolo Gentiloni. Their views and their improvement proposals will feed into an opinion adopted by the Plenary.

European regions and cities ask to modify the regulations on the Recovery and Resilience Facility (RRF) and on the European Semester to involve local and regional authorities in the design of recovery plans. The CoR proposes to back the partnership between national and local authorities with a Code of conduct that would increase the democratic legitimacy and the effectiveness of the Semester. This will help coordinate the unprecedented set of investment tools that will be available soon, avoiding overlapping and incoherence.

"There is no impact without partnership" stressed the President of the CoR, Apostolos Tzitzikostas during the debate with the EU Commissioner for Economy, Paolo Gentiloni, proposing to jointly promote regions' and cities involvement and monitor the RRF territorial impact with an annual recovery and resilience regional forum.

" The expertise of regions and cities is crucial for EU's recovery strategy ", said Commissioner Gentiloni, adding that: " Recovery plans can only be a success if national governments work with regional and local authorities. We are ready to cooperate in this direction, including by participating in regional fora as soon as this will be possible again ". As for investment priorities, he stressed that: " Plans will not be written in Brussels but the Commission will make sure they are coherent with our common framework, making our economies more sustainable and resilient, with a strong contribution to the green and digital transition. I am glad to see that this is fully in line with the CoR demands on the RRF ".

Regional and local leaders' requests and proposals are included into the opinion entitled European recovery plan: Recovery and Resilience Facility and Technical Support Instrument , adopted by the CoR Plenary.

" We have a clear message for the European Commission and the Member States: the Recovery Plan will not fly without involving cities and regions in both the preparation and the implementation of the national plans. At the same time, the urgently needed recovery measures to resist the economic and social tsunami ahead of us should not go at the expense of longer term sustainable investment. We therefore oppose transferring resources from the structural funds to the Recovery Plan. And finally: the lessons of the COVID-19 have also to be translated into a profound reform of the European economic governance, which must become more democratic, more participative and sustainable ", stated the rapporteur-general Christophe Rouillon (FR/PES), Chair of the CoR Socialist Group and Mayor of Coulaines.

Local and regional authorities are responsible for a third of public expenditure (33.6%) and for 53% of public investment in the EU (2018 figures, OECD). They have enormous responsibilities and competences in policy fields that are crucial for the recovery and the green and digital transitions, from transport or support to businesses, to environment, education or housing.

Cities and regions' finances have been badly impacted by the COVID-19 pandemic. In a survey conducted by the CoR and OECD, included into the first Annual Regional and Local Barometer , 76% of respondents said the lack of financial resources was very or somewhat challenging in managing the crisis. On the whole, 85% of respondents expected a high or moderate negative impact on their local and regional finances in the medium term (2021-22). The pandemic "scissors effect" – with increased costs for public services and falling revenues from taxes and fees - is a ticking bomb for local finance.

The CoR and the Commission are discussing the organization a joint EU "Recovery and Resilience Forum" in one year, to take stock of the RRF, its impact on the ground, its contribution to the achievement of the green and digital transitions and to cohesion. This will also build on the CoR's work, together with associations of local and regional authorities, to assess the involvement of cities and regions in the preparation of the national recovery and resilience plans, and the RRF more broadly.

The Recovery and Resilience Facility (RRF) is the EUR 672.5 billion instrument (EUR 312.5 billion in grants and EUR 360 billion in loans) designed to support EU countries in carrying out reforms and investing in the EU's common priorities. The RRF is the biggest financial tool included in the EUR 750 billion recovery instrument Next Generation EU, known also as Recovery plan for Europe .

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