



**European Committee
of the Regions**

RESOL-VII/015

146th plenary session, 12-14 October 2021

DRAFT RESOLUTION

on the 2021 EU Annual Regional and Local Barometer

Submitted by the EPP, PES, Renew Europe, ECR, EA and the Greens Groups

Deadline for tabling amendments: 12 October 2021 no later than 4 p.m. (Brussels time)

Amendments to the resolution must be submitted, preferably in English, French or German, through the online tool for tabling amendments (available on the Members' Portal: <https://memportal.cor.europa.eu/>).

The Helpdesk (+32 (0)2 546 96 97, email: helpdesk@cor.europa.eu) is at your disposal to provide you with any assistance you may need. In addition, a user guide is available at <https://memportal.cor.europa.eu/>.

Urgent resolution submitted in accordance with Rule 45(3)(b) of the Rules of Procedure, to be discussed on the second day of the plenary session, 12 October 2021. It will be removed from the plenary session agenda if not approved by the Bureau on 11 October 2021.

Number of signatures required: 6

**Draft resolution of the European Committee of the Regions
on the 2021 EU Annual Regional and Local Barometer**

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

- having regard to its report "2021 Annual Regional and Local Barometer", based on an inclusive, factual and evidence-driven approach, involving multiple partners and institutions;
 - whereas the report's purpose is to reflect on the regional and local dimension of the State of the Union and to provide political decision-makers at European, national, regional and local level with evidence and key recommendations on the most pressing challenges for the year ahead;
 - whereas local and regional authorities have been at the frontline to fight the pandemic but also to implement measures to support people and companies and to prepare the gradual and sustainable recovery;
 - whereas the 2020 Barometer report has demonstrated that the multi-faceted impact of the COVID-19 crisis was – and still is – very asymmetric and has a strong territorial dimension, and there is a undeniable need for a more nuanced understanding of how the pandemic affects local and regional development:
1. highlights that the COVID-19 pandemic and its myriad consequences have been a major test for the functioning of our democracy and the resilience of our societies and notably for our health systems, bringing some of the latter to a grinding halt; points out that the impact has been uneven across the Union: border regions and urban areas proved more vulnerable, while rural regions – in general more disadvantaged in terms of access to healthcare fared relatively better; calls for more strategic policy foresight and investment to make the European Health Union a reality and insists that regional health systems are the cornerstone of the EU resilience and must be part of the future health preparedness and response architecture;
 2. stresses that the pandemic also tested the resilience of our economies. The 6% fall in EU GDP in 2020 conceals major regional disparities, which can be explained by regions' respective exposure to restrictions but also by their structural characteristics such as the share of people employed in at-risk sectors, the level of education, the proportion of micro-enterprises or the quality of governance. To enable cities and regions to make the most of "Next Generation EU" and focus on long-term investments that will improve these structural characteristics, the timeframe for the recovery measures should be extended until 2024; the increased co-financing rate for the short-term recovery measures should be extended for one more year and consistency between the various funding programmes and regulatory measures must be ensured;
 3. stresses that the combination of falling revenues and rising expenditures put an unprecedented pressure on LRAs' budgets, resulting in a "scissors effect". For 2020, this gap can be estimated at approximately EUR 180 billion for all EU LRAs. This combines a EUR 124 bn expenditure increase due to measures in public health, business support and others, and a EUR 55 bn revenue fall due to decreased activity (and thus tax and fee income). Significant national government and EU support for LRA budgets has mitigated this effect but this mitigation is very uneven across Member States and LRAs will require continued support in 2021 and beyond. Budgetary stability has thus also been impacted, as has fiscal autonomy more broadly

which can affect the efficient delivery of public services. The revision of the European economic governance framework – which currently does not sufficiently take into account the distinction between current expenditure and long-term/sustainable investment expenditure – needs to better reflect the needs of LRAs. In particular, a golden rule of sustainable public investment needs to be established and exclude net public investment from deficit calculations in the Stability and Growth Pact;

4. reaffirms the need to involve LRAs in the evaluation and the implementation of the Recovery and Resilience Facility (RRF) and more specifically of its main operational tools – National Recovery and Resilience Plans (NRRPs). As feared in the first edition of the Barometer, this involvement has proved limited: a very small number of Member States have detailed the involvement of their LRAs in their consultation process or have systematically described the role of LRAs for each policy field. This lack of involvement is of concern given that LRAs are key drivers for public investment and that the very objectives of the RRF are of particular relevance for LRAs according to the breakdown of competences. Argues that the ways in which the NRRPs have been drawn up and the LRAs have been involved are not conducive to promoting ownership of the recovery plans. Many country-specific recommendations were not followed up due to the lack of ownership and involvement of the LRAs in the European Semester;
5. emphasises that NRRPs also represent a crucial opportunity to push the green recovery forward. More than half of the key topics of the Green Deal are fully integrated in the NRRPs analysed in a recent CoR study and the green transition absorbs on average 41% of the budget in the NRRPs. With 75% of EU citizens living in urban areas (which produce most of the greenhouse gas emissions) and with a quickly increasing number of LRAs committed to act, LRAs are at the forefront of climate action. LRAs must consequently be full-fledged partners when it comes to the development and implementation of Green Deal initiatives – especially in policy areas such as renovation of buildings, sustainable mobility or urban greening for instance. They are also particularly well placed to ensure consistent use of the recovery funds with ESI Funds (including the Cohesion Fund and the ERDF);
6. underlines that climate mitigation and adaptation, as well as environmental preservation and restoration, are key elements of building more resilient and sustainable societies and economies – as the effects of the COVID-19 pandemic, the impacts of climate change and environmental degradation vary significantly depending on the geographic, economic and social specificities of European areas; reiterates that efficient climate and environmental action calls for the full application of multi-level governance and calls on the Commission and Member States to fully integrate the sub-national level within the European Green Deal policies; highlights that climate change and biodiversity are global challenges and that 2021 is a crucial period for advancements in global concerted climate action for the formal recognition of LRAs' contributions, within the UNFCCC COP26 and UN CBD COP15 as the focal points. The CoR will explore working with partners, such as the European Commission, UNDRR and Joint Research Centre, to establish a "Regional Resilience Platform". The Platform aims to support local and regional authorities in strengthening their resilience against future crises in areas such as natural disasters, climate change and health by gathering data and best practices;
7. regrets that, in 2020, the unemployment rate increased in the majority of the EU NUTS 2 regions and that young people are particularly affected by this deterioration after several

consecutive years of improvement. To ensure that the "new normal" in working, living and travelling in the EU does not leave anyone behind, a serious discussion on economic, social and territorial cohesion as well as cohesion as an overall value of the EU is needed. The Social Summit in Porto and the Subsequent Porto Social Commitment must pave the way for strengthening the social dimension of the EU and efforts must not be spared to achieve the targets it has set for 2030. Specific measures for population groups at risk should be developed. For instance, all young people should have access to the Erasmus+ programme and every young European should have a "minimum qualifications and skills guarantee" recognised in all Member States;

8. highlights the bright side of this "new normal" as the pandemic also accelerated the digital transition. However, there is a significant urban-rural digital divide in most EU Member States in terms of infrastructure, internet usage and use of e-government services, as well as a strong concentration of tech industry in specific EU regions. Bridging this digital divide through comprehensive strategies involving all levels of government is a necessity for a sustainable recovery. The pandemic showed the value of digital connectivity and the need for digital cohesion, a concept that should be on a par with economic, social and territorial cohesion. In this regard, it is key to create a robust and comprehensive set of data at local and regional level to transpose digital targets in the 2030 Digital Compass to subnational levels – reflecting the role of LRAs in the digital transformation. These binding digital targets should be reflected in the European Commission's implementation report on the long-term vision for rural areas;
9. advocates boosting the role of LRAs in the integration of refugees and migrants. Given the need to respond to the global challenges of migration and integration locally, many LRAs play an active role in receiving and integrating refugees and migrants by providing vital urban infrastructure and services to meet their needs, such as affordable and social housing, quality education and health services. Consequently, migrant reception and integration policies need to be formulated in a bottom-up approach in consultation with LRAs to ensure that these policies are not disconnected from the reality of host communities. Furthermore, LRAs' access to supporting funds should be facilitated, for example for municipalities that participate in the EU relocation programme and/or develop their own integration projects;
10. notes with concern that the relationship between the United Kingdom (UK) and the EU resulting from the Trade and Cooperation Agreement (TCA) lacks territorial "depth". The CoR stands ready to contribute to a positive agenda for territorial cooperation with UK LRAs based on new avenues, which do not rely only on the TCA's institutional framework. To do so, several concrete initiatives could be launched such as amending the regulation on European Groupings of Territorial Cooperation (EGTC) to facilitate the establishment of EGTCs with the UK or providing specific support for the administrative capacity of public institutions to engage in cooperation projects with UK partners. Monitoring the involvement of LRAs in the implementation of the Brexit Adjustment Reserve (BAR) will also be key to verifying whether the territorial impact of the UK's withdrawal from the EU is remedied;
11. emphasises that – according to the first-ever survey carried out on behalf of the CoR among more than one million politicians elected at subnational level – almost two thirds of local politicians (64%) feel that there is not enough influence of regions, cities and villages on EU policy-making. Therefore, Europe can emerge more democratically, and also more environmentally, resilient from the COVID-19 crisis with a formal recognition and application

of active subsidiarity to ensure that actions are taken at the level whose action will produce maximised added value for citizens, and that coordinated and effective decision-making processes are in place;

12. highlights that the Conference on the Future of Europe is an opportunity to be seized to foster the House of European Democracy. As key actors in implementing and developing practices of participatory and deliberative democracy that complement and strengthen representative democracy, cities and regions are vital for enhancing public trust in democratic decision making; therefore calls on the EU institutions to use the Conference as an opportunity to pilot innovative measures (such as the interactive multilingual digital platform and the citizens' panels) that could potentially become permanent features of EU decision-making processes, and to learn better about the needs of local and regional authorities, while considering the need for Treaty changes;
13. stresses that regions' development depends largely on the quality of their physical connectivity. In this context, points to the need to promote rail as a key element in addressing the issue of the public transport exclusion of remote and less developed regions; emphasises the need to deepen integration between environmentally friendly, innovative and safe transport modes; recognises that regional airports play a prominent role in EU territorial cohesion for sparsely populated, peripheral or less developed regions; highlights that, in view of the global challenges that can only be addressed through cooperation, EU regions and cities must focus at the same time within and beyond the EU;
14. sees great potential for the million EU politicians elected at regional and local level to contribute to the House of European Democracy and notes from our most recent survey that an overwhelming majority of these politicians say strengthening their involvement will make democracy in the EU work better;
15. instructs its President to transmit the 2021 Annual Regional and Local Barometer and the present resolution to the Presidents of the European Parliament, the European Commission and the European Council, as well as to the Heads of State of the 27 EU Member States, and encourages regional and local elected politicians in Europe to disseminate the report to citizens and local media.

Brussels,

The President
of the European Committee of the Regions

Apostolos Tzitzikostas
