

EUROPEAN UNION



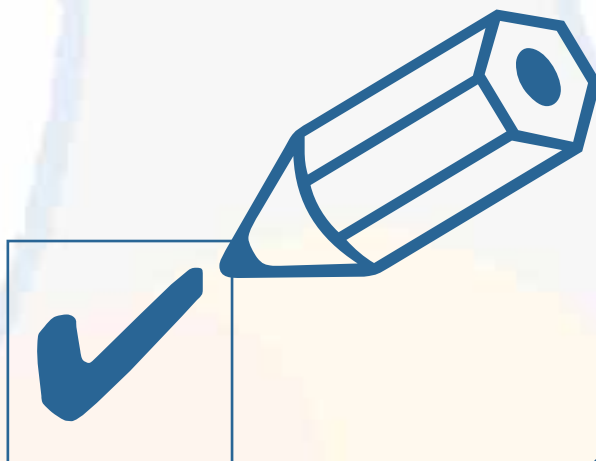
Committee of the Regions

Survey

European Economic Recovery Plan
in Regions & Cities:
One Year On

January 2010

Key findings



Full final report available in English at
www.cor.europa.eu/lisbon

PREFACE

With the adoption of the European Economic Recovery Plan (EERP) in December 2008, the European Union and its Member States aimed to provide coordinated action to counteract the effects of the crisis.

The key objective of the survey is to assess how and with what effect the European Economic Recovery Plan is being implemented at grass roots level, as perceived by the EU local and regional authorities.

The Survey was launched in mid October 2009 with a final deadline on 30 November. In total, 74 questionnaires were submitted by local and regional authorities from 19 EU Member States (including *all* large Member States). The list can be found in Chapter 3. The sample of respondents is not representative of the situation in the EU as a whole, but it provides a snapshot of trends and case studies across the wide spectrum of authorities from large (e.g. Brussels, Eindhoven, Lodz, Munich) and smaller cities (Košice in Slovakia, Gijón in Spain, Solna in Sweden) as well as regions from Western (e.g. Flanders, Upper Normandy), Central-Eastern (e.g. Masovia, North Rhine-Westphalia), Northern (Uusimaa, Smaland) and Southern (e.g. Catalonia, Lombardy) Europe. Information provided by contributors was updated as of the end of November 2009.

By presenting the survey results at the 5th Territorial Dialogue for Growth and Jobs, co-organised with the Spanish Presidency and with the participation of the European Commission, the CoR is contributing to the EU debate and policymaking in advance of the 2010 Spring European Council that will take stock of ongoing anti-crisis measures and will make a decision regarding the future Strategy for Sustainable Growth and Jobs.

In April 2009, the Committee of the Regions adopted an Opinion on the European Economic Recovery Plan and the Role of Local and Regional Authorities (CdR 12/2009, rapporteur - Dietmar Brockes, DE/ALDE, available at <https://toad.cor.europa.eu/>), calling for the important role of local and regional authorities in overcoming the economic and financial crisis to be taken into account. The CoR also urges that "the regions assess the implementation of measures within the framework of the best practice approach" (CdR 12/2009) and calls "for the evaluation of the impact of the various recovery plans in the European regions" (The CoR Bureau Document "The Economic Crisis and its Local and regional Impact -Thematic Debate", CdR 196/2009 item 6). This survey is a direct response to these two calls.

The content of the report does not necessarily represent the viewpoint of the Committee of the Regions.

KEY FINDINGS

The economic and financial crisis has hit hard and is far from being over

- 1) Regions and cities have been hit hard by the economic and financial crisis:
 - Unemployment is on the rise,
 - Companies are experiencing reduced turnover, insufficient credit and liquidity constraints.
- 2) Public finances at the regional and local levels are under pressure because of lower revenues, increased social and welfare expenditure and lower commitments for future budgets.
 - As a consequence, local and regional authorities are experiencing increased difficulties in managing current expenses.
- 3) The impact of the crisis is unevenly distributed across sectors and regions, which reflect different economic strengths and a territorially differentiated mix of economic sectors.
- 4) The perception of the economic and employment outlook for 2010 is very pessimistic.

Policy response is ongoing in most regions and cities with significant recourse to EU policy instruments

- 5) 85% of respondents have introduced anti-crisis measures.
 - In total, 60% of respondents have adopted *comprehensive* anti-crisis (regional or local) strategies or action plans, while others have made extensive use of existing policy instruments.
- 6) In most cases, respondents' concern for rising unemployment has translated into emergency measures to maintain existing jobs and/or provide financial support for SMEs.
 - However, some local and regional authorities have looked beyond the emergency, adopting structural measures such as longer term projects related to innovation or energy efficiency measures. The aim of contributing to the Lisbon Strategy goals is often explicit here, with the EERP quoted as being crucial to setting the course for new types of investment.
- 7) The European Social Fund and the European Regional Development Fund have been widely used as financial support for local and regional measures.
- 8) In thematic terms, broadband infrastructure projects and extraordinary investments in rural areas is where additional EERP measures have been used most.

Lack of coordination between government levels and slow implementation weaken the perception of the EERP at the regional and local level

- 9) Knowledge about the EERP and perception of its contribution to countering the crisis are still limited. The Plan seems to be making only slow progress across the EU, due to:
 - The perception of a "time-lag between economic recovery and a recovery with decent work opportunities" (as the ILO recently put it);

- The perceived lack of coordination between the local/regional, national and EU government levels, in spite of the fact that many ongoing local or regional anti-crisis action plans are in line with the EERP;
- The slow pace at which actions implementing the Plan and their impact become visible at the regional level.

Key policy responses for 2010 to be a year of recovery in regions and cities

- 10) 2010 will prove to be pivotal for regions and cities.
 - Concern expressed by respondents about 2009 and the outlook for 2010 is confirmed by several other sources introduced in the "Background Information" chapter.
- 11) The findings of this survey support the CoR view that multilevel governance is needed to implement the EERP in the most effective way possible, promoting economic recovery in the EU.
 - In fact, cooperation between the local and regional authorities as well as partnership between these authorities and the private sector have proved successful in many instances in shaping urgent anti-crisis policy plans.
 - However, as pointed out by respondents, there is still much to be improved in terms of cooperation between the grass roots level and the national level on the one hand, and the national level and the EU level on the other.
- 12) The effects of the crisis might result in weakened territorial cohesion if it is not countered by policies targeting specific problems in a differentiated manner.
 - The uneven manner in which the impact of the crisis is perceived across regions reflects different competitive starting points and means different long-term outlooks as well as varying degrees of recourse to anti-crisis measures offered by the EU.