

Position paper on the role of metropolitan areas in planning and implementing the European Recovery and Resilience Facility¹

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As an answer to the COVID shock, the EU has developed the Next Generation EU programme. Within that, the Recovery and Resilience Facility (RRF) is a mission-oriented programme for transformative economic, environmental and social recovery, led by the strategic goals for European Green Deal and digital transition.

Metropolitan areas and regions (from now on areas) comprise European cities and their hinterland with different structures of governance. These are large functional urban areas, covering the job and housing markets (and the leisure, education, food production areas) of millions of people. **The metropolitan authorities on this territorial level are in the best position to set up integrated strategies and projects to implement the European Green Deal and the digital transition, while also ensuring that no one is left behind.** Projects developed under these strategies could be very valuable to fulfil the strategic goals of the EU.

European Metropolitan Authorities (EMA) is a platform of volunteer cooperation composed by more than 40 European metropolitan areas representing 75 million inhabitants (see the list of members in annex).

This position paper of EMA aims to summarise how metropolitan areas should contribute to the planning and implementation of the RRF with a clear impact in citizens, companies and other stakeholders.

1. The challenge caused by the pandemic and the role of metropolitan governments

The pandemic has **particularly strongly hit large urban and metropolitan areas**, especially where density is associated with poverty, poor housing conditions and limited access to health care. In order to fight the direct health impacts and also the indirect economic and social consequences, such as homelessness, housing crisis, problems with public transport and other services, preventive, protective or containment measures had to be introduced.²

¹ This position paper has been prepared by Iván Tosics from the Metropolitan Research Institute, Budapest with a Task Force of the following EMA partners: Helsinki-Uusimaa Region, Metropolitan City of Milano, Metropolitan City of Torino, Krakow Metropolitan Area, GZM Metropolia, Warsaw, Bratislava Region, Metropolitan Area of Lisbon, Budapest, Barcelona Metropolitan Area and contributions of different metropolitan areas of the EMA network.

The pandemic has led to a certain degree of centralisation of policy making on national level. **Cities and metropolitan areas have faced unprecedented levels and new forms of social and economic problems** to which they had to react, in many occasions without the necessary powers and financial resources. Their expenditures grew dramatically while their revenues (from taxes, fees) decreased sharply.

Despite this financial “scissor effect” there are many examples of innovative local policies, such as restructuring and maintaining quality public spaces, protecting workplaces, tackling homelessness and housing precariousness, support to economies of proximity, culture, adapting the public services to the new situation, etc. **It is strongly demonstrated that local interventions are even more successful if coordinated across administrative boundaries, on the level of the metropolitan area:**

providing safe public transport and new ways of mobility, waste management, support to SMEs, and other services for the whole job and housing market area in a concerted way, according to the changing needs of the population under the new circumstances. **Metropolitan level governance allows for better sectoral and territorial coordination of policies, in the framework of which also social and environmental justice issues can be handled more efficiently.**

Metropolitan governments have been tackling the pandemic by searching new ways of multilevel governance also in domains where they have limited competences, including healthcare, education, or security.

The leaders of the EU increasingly acknowledge the high potentials of metropolitan governance. Just before the pandemic, in the Cities Forum (Porto, February 2020) Elisa Ferreira, Commissioner for Cohesion and Reforms highlighted the local level as key for the future of Europe, if understood as functional

urban areas. The Commission also emphasized the importance of the functional urban area aspect, highlighting those new cohesion policy tools, which make working on functional territories possible. In the New Leipzig Charter, adopted on 30 November 2020, three spatial levels are equally handled (neighbourhoods, cities, and functional urban areas) and the charter includes special mention to the role of metropolitan areas. In the new Territorial Agenda 2030, adopted early December 2020, the Functional Region is also one of the six priorities to reach a Just and Green Europe.

2. The new EU framework to fight the crisis: the Recovery and Resilience Facility

As a reaction on the dire situation, the EU announced the Next Generation EU (NGEU) package. Within this, **the Recovery and Resilience Facility (RRF) is a financially strong and highly ambitious programme towards a mission-oriented transformation**, in which the European Green Deal is the “motor” for EU recovery, together with digital and energy transition.

² OECD, 2020: The territorial impact of covid 19. Managing the crisis across levels of government. <http://www.oecd.org/coronavirus/policy-responses/the-territorial-impact-of-covid-19-managing-the-crisis-across-levels-of-government-d3e314e1/>

Member States are preparing their national Recovery and Resilience Plans (RRP), describing their ideas for reforms and investments to approach the strategic goals of the RRF.

Metropolitan areas can positively contribute, avoiding potential risks of the national planning process, in several aspects.

One of the risks is that **Member States follow their own interests, just mimicking the strategic goals of the EU**. National political pressures might divert money from truly worthwhile projects,³ pouring most of the money into their ordinary budget. Contrary to the national level, all these problems can very well be addressed on metropolitan level by **developing clear metropolitan strategies to approach the double strategic aims of economic recovery and climate protection, and raise suitable project proposals such as housing renovation with energy efficient criteria, clean transport, better digital connectivity in the local territory, support schemes to micro and SMEs, recovery of economic activity in city centres promoting green and blue infrastructure, and supporting new businesses and employment in the green sector.**

Another risk is that **climate and digitalisation priorities might totally suppress social considerations. The metropolitan level can effectively safeguard the social aspects through integrated projects, e.g. fighting energy and transport poverty. Climate response policies, if developed and implemented on metropolitan level, might include also a “local just transition” element, to ensure that recovery and resilience through green transition is fair and democratic.**

There are very high risks with the **absorption capacity and the good governance criteria**. Adding all means together for the next 6 years,

the EU funding to be spent is over 20% of GNI for 11 countries. To prepare and implement projects in the magnitude of 3-4% of GNI each year is an enormous task,⁴ which is threatened by poor execution (including fraud and corruption) and serious absorption difficulties.⁵ **The development of sound national governance frameworks for the RRF to ensure proper absorption and implementation seems to be a very difficult task in the case of many countries. Metropolitan areas offer a good opportunity with well-prepared projects, based on integrated and existing strategies and on the legacy of their well-functioning public administrations, and their proximity to the territory and stakeholders.**

3. The missing element from the RRF: cities and metropolitan areas

The original RRF regulation refers only to the Member States; there is no explicit obligation or requirement for subnational authorities to be involved⁶ (the European Parliament has criticized this).

³ Beware of smoke and mirrors in the EU's recovery fund. Wolfgang Münchau in Financial Times, 20 September 2020. <https://www.ft.com/content/0ba23192-5f43-402d-8f26-6fce0ab669f3>

⁴ Cohesion Policy 2021-2027 What's new? EPC Online briefing 24 September 2020 <https://www.youtube.com/watch?v=3EtqywYiWBQ>

⁵ Multi-annual financial framework and Next Generation EU, Review of an unprecedented, tumultuous European budgetary chapter. Anne VITREY and Sébastien LUMET, Foundation Robert Schuman, Policy Paper. European issues n°575 27th October 2020 <https://www.robert-schuman.eu/en/doc/questions-d-europe/qe-575-en.pdf>

The lack of mentioning of subnational governments contradicts the fact that across Europe large urban and metropolitan areas have been the ones hit hardest by the pandemic and economic crisis. In addition, cities and metropolitan areas are the drivers of the green, digital and just transitions that Europe needs for recovery.

Metropolitan areas, if their priorities are included in the national plans and have access to sufficient funding, can significantly contribute to the fulfilment of the EU strategic goals. From the seven European Flagships (identified in the 2021 Annual Sustainable Growth Strategy) especially the following are the most relevant from this perspective:

RENOVATE: By 2025, contribute to the doubling of the renovation rate and the fostering of deep renovation.⁷ As both the housing and the job markets function on a metropolitan scale, **renovation reforms and investments established at the metropolitan level might lead to best results.** Real life experiences show that the renovation of the existing stock of buildings does not lead automatically to the alleviation of energy poverty. While energy and water bills might be reduced in the end, the huge investment costs might make the improved housing unaffordable for the original residents, quite often leading to gentrification. **Metropolitan areas are in a good position to handle this challenge of renovation through accompanying measures with social benefit schemes, which ensure the desired social outcomes, while support renovation in generating new economic opportunities for companies working in the building sector and job creation.**

RECHARGE AND REFUEL: By 2025, aim to build one out of the three million charging points needed in 2030 and half of the 1000 hydrogen stations needed⁸. **Metropolitan areas are very experienced in the integrated planning and organisation of mobility systems, based on public transport to which other modes of mobility are connected⁹.** An additional interesting aspect is the link between metropolitan mobility and housing systems. The metropolitan cases of Toulouse, Lyon, Warsaw, Torino, Barcelona, Bratislava, Vienna, Birmingham, and Porto¹⁰ show many different innovative ideas, **how the organisation and pricing of public transport can contribute to the better performance of the housing system on metropolitan scale. This link is an added value for mobility-oriented metropolitan projects in the RRP.**

⁶ Bachtler J, Mendez C and Wishlade F (2020) The Recovery Plan for Europe and Cohesion Policy: An Initial Assessment, European Regional Policy Research Consortium Paper 20/1, European Policies Research Centre, Glasgow and Delft. <https://www.eprc-strath.eu/public/dam/jcr:0b-de4db2-61d4-4cc6-b463-d7de1d3c049e/THE%20RECOVERY%20PLAN%20FOR%20EUROPE%20AND%20COHESION%20POLICY:%20AN%20INITIAL%20ASSESSMENT.pdf>

⁷ Example of component of reforms and investments – Renovation wave aimed at enhancing energy and resource efficiency https://ec.europa.eu/info/sites/info/files/component_renovation.pdf

⁸ Example of component of reforms and investments – Clean, smart and fair urban mobility https://ec.europa.eu/info/sites/info/files/component_clean_urban_mobility.pdf

⁹ There are many good examples on Sustainable Urban Mobility Plans (SUMP) developed on metropolitan level and Integrated Territorial Investments (ITI) as implementing these strategies.

¹⁰ Discussed at the EMA Annual Forum in Lyon in June 2019.

CONNECT: Ensure that by 2025 there is the widest possible rollout of rapid broadband services to all households, companies and public sector (administration, school...). Metropolitan areas are developing projects for better connectivity that can be reinforced and amplified through the RRF.

MODERNISE: By 2025, ensure the provision of a European digital identity (e-ID) and public administrations should be providing interoperable, personalised and user-friendly digital public services. This flagship gives good opportunity to metropolitan areas to reform and modernise their governance system (digital administration) and the way they interact with citizens.

RESKILL AND UPSKILL: By 2025, the share of Europeans aged from 16 to 74 with basic digital skills should increase to reach 70%. Member States should reduce the share of 13-14 year old students who underperform in computer and information literacy to under 15%. This flagship is relevant to those metropolitan areas that have competences in education and training: they can modernise their systems according to an overarching digital agenda and offer training programmes with digital skills.

4. Giving a larger role to metropolitan areas in planning and implementation of the RRF

The consultation process that EMA has carried out in the preparation of this paper has shown that cities and metropolitan areas have not been involved in the preparation of the national Recovery and Resilience Programmes, with the exceptions of Finland, Netherlands, Portugal, and to a certain extent Italy.

EU local and regional authorities are jointly lobbying to achieve some real changes in the RRF regulations. Their core request is as follows: “...

we urge the European institutions to recognise municipalities as key allies in our joint fight for a resilient future. First, we urge the EU to mandate Member State governments to better engage cities when shaping country-level recovery plans. Second, we find it crucial that the EU opens up parts of the Recovery and Resilience Fund directly to local governments.” Concerning the latter, the European institutions are called to adopt the proposed amendment in the European Parliament to dedicate an important budget in the RRF for local and regional levels to cover the special metropolitan needs.

European Metropolitan Authorities are strong actors within the realm of Local and Regional Authorities (LRA). They claim that all results achieved in favour of cities to enhance their role in the EU recovery programmes should also be valid for metropolitan areas, providing that the municipalities of these areas agree to act together and the area has a suitable metropolitan government structure.

¹¹ Example of component of reforms and investments – A public administration fit for the future https://ec.europa.eu/info/sites/info/files/component_public_administration.pdf

¹² Letter from European Mayors on the EU’s Recovery and Resilience Facility. <https://eurocities.eu/wp-content/uploads/2020/10/202010-Letter-from-European-Mayors-on-the-EU%E2%80%99s-Recovery-and-Resilience-Facility.pdf>

With reference to **the subsidiarity and partnership principles, the involvement of the Local and Regional Authorities into planning and implementation of the RRF should become a strong criterion when the Commission assesses the RRP-s handed in by Member States.** In that sense we call to develop a more structured dialogue in the coming months (and years) between the Commission and the cities and metropolitan areas and regions to ensure that LRAs are adequately represented in plans and involved in their implementation.

Finally, we want to highlight that the implementation of RRF projects at the local, metropolitan and regional scales is an excellent way to show the support of the European Union to the citizens and economic and social stakeholders that are suffering from the effects of this pandemic. Metropolitan areas can and should play an important role in the fulfilment of that aim. Communication campaigns will be more efficient and cost effective done at local level than at national level.





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