



City dialogue on mitigating the socio-economic impact of COVID-19 crisis in cities

Thursday 7 May, 11h00 CET, via Skype for Business

Register [here](#) to get the link to connect to the city dialogue

Context

While the EU and national leaders are now discussing plans for the EU Recovery Fund and the revision of the EU budget for 2021-2027, cities are pro-actively setting out measures to mitigate the social and economic effects of the COVID-19 crisis on people, jobs, businesses, the local economy and equality and inclusion in our cities. This requires a good understanding of the consequences and impact of the COVID-19 crisis we are dealing with in our cities.

Objective

The way towards recovery is long and uncertain but we need to start by analysing the real extent of the socio-economic impact of the COVID-19 crisis on our cities, which can be the basis for the mitigation measures integrated into the local recovery plans we are developing in our cities. This is also an opportunity for systemic change in our cities not only to undo the effects of this crisis but to have a fresh start for building more inclusive, equal and sustainable cities and contributing to an inclusive Europe.

This city dialogue will focus on assessing the socio-economic impact of the COVID-19 crisis on cities. We will bring together strategists from different European cities in a dialogue with OECD to discuss what are the socio-economic consequences of COVID-19 in our cities and how to tackle them. We will look into the recent analysis of OECD on the territorial impact of COVID-19 and will apply the findings to our cities.

Agenda

- 11.00 - 11.10 Welcome and introduction by **EUROCITIES**
- 11.10 - 11.30 OECD analysis of the territorial impact of COVID-19 by **Paolo Veneri, Soo-Jin Kim and Isabelle Chatry, OECD**
- 11.30 - 11.45 Q & A with OECD and city representatives - moderated by **EUROCITIES**
- 11.45 - 12.45 Interactive discussion between city representatives - moderated by **EUROCITIES**
- 12.45 - 12.50 Final remarks by **OECD**
- 12.50 - 13.00 Concluding remarks by **EUROCITIES**

Questions for discussion

1. What is the impact (or effects) of the COVID-19 crisis on your city? Consider all areas:
 - economic impact: which economic sectors, companies and workers are most affected?
 - fiscal impact: drop in revenues for municipal budget: tourism, taxation etc.?
 - social impact: poverty, inequality, social inclusion, effects on vulnerable groups?
 - societal impact: on social life of the city, on public services, on housing etc.?
2. How are you assessing the impact in your city on short, medium and long terms? How is this work coordinated in your city?
3. What are the policy responses you have put in place in your city to mitigate the impact(s)?
4. What funds are you using in your city to mitigate the impact of the crisis? Are you able to use EU funds? Are you able to use the flexibility in state aid rules? How exactly?
5. What is the vision for your city post-corona crisis? Do you see any opportunities to invest in a more sustainable and inclusive city? Are there any changes your city is considering?

Background

Coronavirus (COVID-19) is an unprecedented crisis with a vast global impact. It started as a health emergency crisis with direct impact on our health and healthcare systems, but has quickly triggered also an economic and financial crisis due to the measures to contain the spread of the virus, with massive impact on jobs, businesses and the economy. Everyone in our society has been impacted by changing the way we live and work, but people in the most vulnerable situations have been hit the hardest. This risks to evolve into a social and societal crisis as inequalities are rising and new groups of people are entering poverty and exclusion.

Asymmetric impact

The COVID-19 global crisis has a strong territorial dimension, as shown by a recent [OECD analysis](#). First, the regional and local impact of the crisis has been highly asymmetric within countries - some cities and regions have been harder hit than others. In economic terms, the impact of the crisis will also differ across regions, depending on their exposure to tradable sectors, exposure to global value chains and type of specialisation, such as tourism. Overall, touristic regions and metropolitan areas seem at higher risk of job disruption than others.

Economic impact

One of the main concerns is the economic impact of COVID-19 pandemic, which is already visible in our cities. The latest [ILO data](#) on the labour market impact of the COVID-19 pandemic reveals unprecedented losses in working hours in the first half of 2020 with devastating effects on workers and enterprises worldwide, especially those operating in informal economy who are most vulnerable. The OECD estimates that for each month of containment, there will be a loss of 2 percentage points in annual GDP. The European Central Bank (ECB) estimates range from minus 15% to minus 7% of the EU GDP. Cities like Amsterdam estimate the impact on the economy amounts to 1.6 billion EUR per month that measures last. All economic sectors are affected through disrupted global supply chains, weaker demand for imported goods and services, and a decline in tourism, among others. Cities like Amsterdam, which gain a lot from their hub function, their tourism and the corresponding strength of the hospitality sector, are especially hard hit. In turn, this has a strong impact on possible job losses - up to 31% of all jobs to be impacted in Amsterdam. SMEs and entrepreneurs are hit particularly hard by measures to contain the virus spread.

Fiscal impact

The stress on municipal budgets will be substantial, in the short, medium and long terms. Cities have had to extend their services to meet the increasing demand for social and healthcare services, for targeted support to the most vulnerable groups as well as to support SMEs and the newly unemployed people, all of which led to an increase in local public spending. This comes on top of the public services that need to be continued and adapted, in some cases by adding new additional (digital) public services. All this puts a high pressure on the municipal budgets. Meanwhile, municipal revenue will be strained by reduced tax-revenues and other sources of revenue. Mitigating the financial impact on city governments to help them commit the necessary urgent resources to help the population or support businesses is fundamental, as shown in the recent OECD analysis.

Social impact

Besides the economic and fiscal impact that is hitting cities hard, there is also a massive social impact that is putting at risk the social inclusion and social cohesion in our cities. A recent assessment by the ILO shows that working poverty is likely to increase significantly and inequality is on the rise and affecting especially older people and those with health conditions, young people facing the risk of unemployment/underemployment, older workers, women (as they take childcare more than before pandemic), unprotected workers, including the self-employed, and migrant workers, among others.

We are already seeing new groups of people in vulnerable conditions in our cities due to the impact of the COVID-19 crisis: people who lost their jobs, people who cannot afford paying rent, elderly, students, young people and children in low-income families. The number of people seeking social assistance support is on the rise in cities and so is the number of those on food aid and basic material assistance. People in vulnerable groups are becoming even more vulnerable, especially the homeless, undocumented migrants, victims of domestic violence and workers in the informal sector. All this is deepening the social and territorial inequality in cities, increasing poverty and affecting equality of opportunities, such as through the digital divide in education. It is also affecting the solidarity in our local communities and in society at large, especially the inter-generational solidarity between young people and the elderly. Tackling these social effects of the COVID-19 crisis will require considerable social investment in affordable and accessible services at local level, which need to be accounted for in the recovery plans.

EUROCITIES city dialogues

This event is part of a series of online city dialogues organised by EUROCITIES to inform, connect cities and facilitate city-to-city dialogue on responses to fight COVID-19 crisis and its impact. Our city dialogues enable the exchange of experiences and inspire mutual learning between cities. Indeed, mutual learning is essential for cities to face the current challenges and to inform the EU and member states how to calibrate their support.

Useful links:

- EUROCITIES platform for live updates from cities: <https://covidnews.eurocities.eu>
- EUROCITIES overview of social and healthcare measures in cities to respond to COVID-19: <https://bit.ly/2W8x8Zl>
- ILO Monitor: COVID-19 and the world of work. 3rd edition dated 29 April 2020: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf
- OECD analysis - 'Territorial impact of COVID-19: managing the crisis across levels of government'. In English here: <http://oe.cd/il/2X6>, in French here: <http://oe.cd/il/2YQ>
- OECD analysis - [Cities policy responses](#)



This online event has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>