EURO CITIES

Economic Development Forum
Policy Update
September – October 2020

Contents

Multiannual Financial Framework (MFF) & Next Generation EU

The current **EU long-term budget** (known as EU's Multi-Annual Financial Framework – MFF) comes to an end in December 2020. In 2018, the European Commission put forward proposals for the next EU long-term budget for 2021-2027. Given the coronavirus pandemic and the massive task to mitigate the socio-economic impact of the crisis, the Commission revised its budget proposal in May 2020, proposing an EU recovery instrument, **Next Generation EU**, to reinforce the EU's 2021-2027 budget and complement national stimulus packages.

The plan for European recovery will need massive public and private investment at European level to create jobs and repair the immediate damage caused by the Covid-19 pandemic, while boosting investment in the green (European Green Deal) and digital transitions. In order to provide the EU with the means to address the challenges posed by the Covid-19 pandemic, the Commission will borrow funds on behalf of the Union on the capital markets to finance the recovery effort.

The MFF lays out the priorities of EU financial planning (EU budget plan), which means it lays out for a **seven-year period** how much the EU intends to invest in which areas, as expression of the political priorities set.

In the EC proposal for the New Multiannual Financial Framework (**MFF**) will cover the period of 2021-2027 on the following main spending areas:
- **Single Market, Innovation and Digital** (€143,381 billion)

Horizon Europe	80,900
InvestEU	8,400
CEF - Transport	21,384
CEF - Energy	5,180
CEF - Digital	1,832
Digital Europe programme	6,761

- **Cohesion, Resilience and Values** (€1,099,668 billion)

ERDF	196,900
Cohesion Fund	40,700
ReactEU	47,500
Recovery and Resilience Facility	672,500
ESF+	87,995

| Just Transition Fund | 17,500 |

- **Natural Resources and Environment** (€373,874 billion)

- **Migration and Border Management** (€22.671 billion)

- **Security and Defence** (€13.185 billion)

| RescEU | 3,006 |
| Health programme | 1,700 |

- **Neighbourhood and the World** (€98.419 billion)

- **European Public Administration** (€73.102 billion)

The next step for the European Parliament is to approve the EU budget. Trialogue negotiations between the European Parliament, the European Commission and Member States have started at the end of August 2020 with the aim to reach final agreement as soon as possible before end of 2020 in time for entry into force by January 2021.

RESILIENCE AND RECOVERY FACILITY

The Recovery and Resilience Facility, which the European Council agreed to endow with €672.5 billion, (37% of which would be targeted to climate-related expenditure) will be directly managed by Member States. Increased from €560 billion, the centrepiece of the "Next Generation EU" recovery instrument is currently under negotiation. Multiple entry points are available for cities, as Member States will face the pressure for a swift deployment of the recovery support and a rapid implementation of investment projects. To secure these funds, Member States have already submitted their draft programme to the Commission and are expected to present their plans of action officially by **30 April 2021** at the latest. On 17 September, the Commission published its Guidance to Member States – Recovery and resilience plans, which underlines how milestones and targets should be clear, realistic, specific, measurable, achievable and time-bound.

RECOMMENDATIONs

The discussions over Cohesion Policy are moving forward and as mentioned a few weeks ago Commissioner Ferreira announced an increased earmarking for sustainable urban development to 8% of the next European Regional Development Fund, compared to 5% in the previous programming period. This comes close to the 10% we and the European Parliament had proposed.

While Eurocities is positive about earmarking and overall envelope for cohesion policy, it also share concerns about the ongoing risk of funding centralisation at the broader level as well as a weak application of the partnership principle in the midst of this crisis. For this reason, there is a continuing in monitoring the involvement of cities in both Operational Programmes (OPs) and

National Recovery Plans (NRPs) and advocating for both stronger representation of cities and cohesion dimension of the EU budget, including in Next Generation EU. A survey targeting Eurocities members to better understand the level of involvement of cities in the preparation of OPs and NRPs will soon be available and it will provide with evidence to support of our dialogue with the European Commission.

There are ongoing advocacy efforts for a strong urban dimension in the EU regulation for the Recovery and Resilience Facility (RRF): outlined recommendations on some of the 1300 amendments, presented by the EP on the RRF, considered crucial for cities. Most likely the vote in the ECON/BUDG committee will be in mid-November, after which a vote in the plenary will give the official mandate for negotiations. Eurocities' contacts in the European Parliament and the Committee of the Regions are well-established to ensure this point is well covered in the EP report on the RRF regulation. Further, it has recently been supported the preparation of a political meeting of ExCom members and forum chairs with national ministers in charge of EU affairs and the cabinet of the Commissioner for Economy to exchange on the EU budget and National Recovery Plans.

GUIDANCE TO MEMBER STATES - RECOVERY AND RESILIENCE PLANS [1]

The guidance is a working document intended to help Member States prepare and present their recovery and resilience plans in a coherent way and is without prejudice to the ongoing negotiations on the Proposal in the European Parliament and the Council. According to the Proposal, Member States may submit their **recovery and resilience plans** at the latest by 30 April 2021. Member States are also invited to discuss with the Commission the draft recovery and resilience plans together with their draft programming documents for cohesion policy, including **REACT-EU** and the **Just Transition Fund**.

The recovery and resilience plans need to reflect a substantive reform and investment effort. Both reforms and investments must be coherent and adequately address the challenges in the individual Member State. The reform efforts and investment put forward must be substantial and credible. Member States are invited to describe: (i) the main challenges that they are facing and (ii) how addressing them through the recovery and resilience plan will contribute to the achievement of the following four general objectives:

1. Promoting the Union's economic, social and territorial cohesion
2. Strengthening economic and social resilience
3. Mitigating the social and economic impact of the crisis
4. Supporting the green and digital transitions

GENERAL OBJECTIVES

The **executive summary** should outline the main narrative of the plan. Member States are invited to publish their plans to enable the European Parliament, the other Member States, the Commission and the public at large to have an overview of what the recovery and resilience plan

---

[1] The Guidance to Member States for the Recovery and Resilience Plan is likely to change following the position of the EP

will achieve. It should be illustrated by key facts and figures that provide a quantitative insight into the overall estimated impact of the plan.

Regarding the **European Semester**, Member States should look at the full set of country-specific recommendations addressed to them by the Council, in particular under the 2019 and 2020 Semester cycles. Unless the Commission has assessed the progress with these recommendations as 'substantial progress' or 'full implementation', all country-specific recommendations are considered to be relevant and a detailed explanation of how the country-specific recommendations are addressed by the proposed measures should be provided.

Member States should put forward recovery and resilience **plans that are coherent**. They should therefore demonstrate coherence between reforms and investments as well as demonstrate the coherence within the overall plan.

You can find the first part of the guidance here.

REACT-EU
Under the Next Generation EU recovery instrument, a **Recovery Assistance for Cohesion and the Territories of Europe** (REACT-EU) will make available €47.5 billion of additional funds to the current programmes of, ERDF, ESF and FEAD, during 2021-2022.

This means:
- It is possible to finance retroactively eligible measures launched as of February 2020. An initial proposal by the Commission for 'bridging solution' to amend the current EU budget for 2014-2020 to make additional €5 billion available for 2020 to enable faster reaction to respond to the urgent needs was blocked by the European Council.
- The additional funding can be implemented either through programme amendments or new dedicated programme submitted by Member States to the Commission (with simplified approval procedure).
- This additional funding will be allocated based on the severity of the economic and social impacts of the crisis taking into account the GDP of the country, the level of general and youth unemployment, among other criteria. Each member state will then decide how to distribute this additional funding between ERDF, ESF and FEAD.
- Funding will support key crisis repair actions in the short-term, across economic sectors, including culture and tourism, focusing on:
  o **Labour markets**, including short-time work schemes and youth employment measures, skills training;
  o Support to **healthcare** schemes;
  o Provision of **working capital** for small and medium-sized enterprises;
  o Aid to help people suffering from **food and material deprivation.**

FLEXIBILITY IN FUNDING ALLOCATION
1. REACT-EU: the additional funding is based on current cohesion rules. The flexibility provided through the Coronavirus Response Investment Initiative (CRII and CRII+) will be maintained.

This includes simplified procedures, the possibility to transfer resources between funds (between ERDF and ESF), categories of regions and priorities, and a relaxation of the rules on co-financing (up to 100% financing from EU budget).

2. MFF 2021-2027: Member states may request on a voluntary basis, during the programming process, at the beginning of the period and during implementation, the transfer of: - up to 5% in total of the initial national allocation from any of the cohesion policy funds under shared management to any instrument under direct or indirect management for the benefit of the member state concerned, and - up to 20% of the initial financial allocation of the ERDF and the ESF+ towards ERDF and the ESF+.

Latest developments on MFF and the Next Generation EU recovery fund

- The REGI committee proposed a budget for REACT EU of €54.8b up to 2024 (compared to 47.5b in the Council proposal). It is apparently an attempt at counter-balancing the €5b bridge solution for 2020 which was rejected by the European Council. They also introduced minimum share for Interreg, ESF, FEAD and YEI.
- The Court of Auditors criticised the repartition of the recovery funds to the different EU MS. Indeed, the repartition key is calculated for a big part on criteria pre-Covid (GDP, population, unemployment between 2015-2019). As a consequence, the auditors estimate that it won't benefit to the countries which have been hit the most. It also doesn't take into account the cohesion objectives and development levels of different countries/regions.
- The Commission created a steering board composed of Commissioners: Dombrovskis, Gentiloni, Timmermans and Vestager to work on the recovery plan. They will also be responsible of following the Semester.

EUROCITIES

EUROCITIES is gathering intelligence from the European Commission on latest negotiations while keeping dialogue with MEPs involved in MFF and RRF.

HORIZON

Horizon Europe, an ambitious €100 billion research and innovation programme to succeed Horizon 2020, proposed by the Commission in June 2018, establishes the EU framework programme for research and innovation for the years 2021–2027.

The European Parliament and the Council of the EU reached in March and April 2019 a provisional agreement on Horizon Europe. Then, the European Parliament endorsed the provisional agreement on 17 April 2019.

Following the political agreement, the Commission began a strategic planning process. Since the beginning of 2020, DG RTD has worked on drafting the work programmes of Horizon Europe and for certain areas they had overall consultations. The result of the process will be set out in a multiannual Strategic Plan to prepare the content in the work programmes and calls for proposal for the first 4 years of Horizon Europe.

On 29 September, the Council finalised its position on the proposed regulation establishing Horizon Europe and on the proposed decision on the specific programme implementing Horizon

Europe (e.g. budgetary nature). The agreement paves the way for finalising negotiations with the European Parliament in view of the swift adoption of the package by the end of the year.

A Robust Innovation Ecosystem for the Future of Europe

The report "*A Robust Innovation Ecosystem for the Future of Europe*" published by the European Commission is a result of a series of online and offline consultations, collecting the insights, suggestions, and key takeaways from the European innovation ecosystem stakeholders, which include a number of recommendations proposed by Eurocities secretariat and the WG Innovation.

The aim of collecting information from start-ups, investors, corporates, universities and Research & Technology Organisations (RTOs), regions and cities, national innovation agencies and ministries to build the future of the innovation ecosystem in Horizon Europe.

Eurocities secretariat and WG Innovation collected feedback from members, during EDF and WG meetings EDF in Florence and Valladolid, and presented the main local challenges and recommendations during consultations workshop, the high-level conference and in the technical paper focus on innovative local ecosystem.

The main local challenges highlighted by Eurocities, covered the following areas:
- crucial role of **innovation in the procurement process**;
- need to work on **innovative solutions that are sustainable for cities and their citizens**;
- need to support the **innovation know-how capacity-building of local authorities**;
- need for **better data and time to prepare innovation projects** that require full cycle deployments;
- need to **collect data for districts** to further advance cities' innovative projects.

Overview
In the report the European Commission illustrated the state of play of innovation ecosystems, landscape challenges and recommendations related to issues of **connectedness**, **competence** and talent, and access to and deployment of **capital**. Cutting across all three issues are the inclusion and diversity challenges inherent to a rich and multicultural region like Europe.

The feedback resulted from the consultation process must help build the future of the innovation ecosystem in Horizon Europe: the outcomes emphasises the need to work together, among start-ups, entrepreneurs, academic bodies and educational institutions, regions and cities, innovation agencies and national authorities, to expand collaboration through increased data analysis and qualitative information sharing. In this way, Europe shall become a global leader in many disruptive fields through providing better citizen engagement, increasing openness to investment risk and reducing regulatory burden.

Connectedness
To unlock the innovation potential from Europe's incredible research capacity, the relationship between corporations and start-ups with universities and Research and Technology Organisations (RTOs) must be improved through better and more frequent networking and novel

trainings. Innovation must flow beyond the main city hub, and abroad, so it can reach everyone in Europe, improving their livelihoods.

Competence

All stakeholders agree that entrepreneurship and understanding of how the innovation ecosystem operates must permeate all actors, from students to faculty, researchers, entrepreneurs, investors, and civil servants with more and better information on all innovation processes.

Capital

The challenge involves a need for more capital, an improvement of cross-border investment and a de-risking of the investment in disruptive companies (e.g. in deep tech). It's essential to continue investing in early-stage companies and to support and enable trial and error and the scaling-up of innovative pilots from the public sector.

Crosscutting

Beyond these three challenges, stakeholders brought up the urgency to reduce the current regulatory burden. There is a need for simplified legislation, experimentation and flexibility of existing legislation through the use of regulatory sandboxes, and new ways of developing innovative public procurement.

Industrial Strategy Revision

Industry, Research and Energy MEPs advocated a revision in the industrial strategy, to help businesses cope with the crisis and face the digital and environmental transitions. The original strategy, aimed to drive Europe's competitiveness and its strategic autonomy, was published in the early days of the COVID-19 pandemic and before the Next Generation EU plan was set up (March 2020).

The new strategy should have two distinct phases. First, the industrial strategy should contribute to **recovery** from the current economic crisis, and first aim to:
- consolidate jobs
- reactivate production
- adapt it to a post-COVID "new normal".

The second phase should be aimed at **reconstruction and transformation of the European industry**.

The new strategy should work out as social pillar and address the social consequences of structural change as the EU achievement of climate-neutrality and the management the twin green and digital transitions (e.g. economic and social revitalization of fossil-dominated).

Research & Innovation
MEPs also stress that industrial transformation requires a significant boost in research and development efforts, and recall Parliament's position to **increase the budget for Horizon Europe** up to 120 billion euro and to ensure the program's consistency with the Union's climate neutrality targets. MEPs highlight the importance of a research-based pharmaceutical industry and reiterate the need to put in place **a medicine shortage risk mitigation plan** to manage any vulnerabilities and risks for the supply chain for critical medicines.

Small and Medium Businesses (SMEs)
MEPs call for particular attention to be given to the situation of SMEs and consider that measures set up by Members States to help them cope with the current cash crunch are useful, but might in some cases increase their debt levels. They call on the Commission to support EU and **national programmes incentivising capital increase** and to facilitate recovery.
The report will be put to a vote by the full House during the **23-26 November** plenary session.

Commission launched the Renovation Wave Strategy

On 15 October, The European Commission has launched the **Renovation Wave**. The strategy aims to:
- at least **double the annual energy renovation rate of residential and non-residential buildings by 2030**;
- **address investment gaps** through the Recovery and Resilience Facility of which 37% will be dedicated to climate investments beyond recovery;
- **increase the volume and impact of EU funding** by providing more grants, technical assistance, project development support and loans and making it possible to combine them.

While affordability for medium and lower-income household, is one of the key principles, the strategy establishes the following three priority areas: decarbonisation of heating and cooling, tackling energy poverty and worst performing buildings, and renovation of public buildings (schools, hospitals, administrative buildings). The assessment of the initiative can be found here.

Energy Poverty package Part of the Renovation Wave Strategy, the Commission has launched a recommendation on energy poverty. The proposal includes a set of energy poverty indicators and the following guidelines:
- Reinforcement of social policy measures and energy efficiency improvements on housing in the Electricity Directive.
- Assessment of the barriers to investment in energy-efficient housing and the profile of dwellings in most need of renovation.
- Development of all policies that tackle energy poverty through meaningful and accountable processes of public participation. The measures to address energy poverty should be build closely with cities and civil society organisations and private sector entities.
- Prioritisation of measures targeting vulnerable groups though EU funding (cohesion policy especially) when tackling energy poverty.
- Allocation of public funds, especially grants, for low-income households.

EUROCITIES ACTIONS
Eurocities adopted a policy paper on EU's Renovation Wave Initiative - Delivered with cities and citizens – the paper calls on the EU to use the Renovation Wave to address barriers to renovation for all types of buildings, including social housing, to fight energy poverty and support vulnerable groups, and boost skills for creating quality jobs in construction industry for renovation sector through up-skilling and re-skilling programmes.

Digital Service Act

On the **19th February 2020** the European Commission announced in "*Shaping Europe's Digital Future*" a **Digital Services Act package** with the general objective of providing a modern legal framework for digital services, remained unchanged since the adoption of the [e-Commerce Directive](#) in 2000 - crucial in regulating digital services in the EU.

The steady pace at which technologies, businesses and societies have evolved over the past 20 years, through cloud infrastructure, online platforms like search engines, market-places, social networks, or media-sharing platforms has brought **major benefits,** like the rise of e-commerce and collaborative economy platforms (easy home deliveries, ride-hailing and home-sharing), but also an unprecedented opportunity for information to be freely shared online**.** Nevertheless, these advancements have also brought up a bunch of **challenges**:
·   online sale of counterfeit, dangerous products or other illegal goods, including those imported from traders based outside of the EU;
·   online dissemination of illegal content such as hate speech or child sexual abuse material;
·   infringements to property rights;
·   systematic abuse of digital services and their algorithmic processes for amplifying the propagation of disinformation online;
·   tax avoidance;
·   safety of vulnerable users, and in particular children.

Hence, the Commission identifies problems in the **regulatory regime** for the moderation large online platforms offering products, services and content. The baseline regulatory regime has been complemented by European directives and specific hard-law rules, which in turn have been supplemented by self-regulatory initiatives of main online platforms. Additionally, several member states have adopted national rules on online content moderation, which might lead to the jeopardise the European Digital Single Market.

Further, according to the Commission, the emergence of large online platforms introduces several problems regarding the **disruption of the level playing field on the European market**. Traditional businesses are increasingly dependent on a limited number of large online platforms able to control important platform ecosystems. As a matter of fact, it makes comparatively easily for them enter adjacent markets, since they benefit from the use of data gathered. Additionally, it plainly impedes many innovative digital firms and start-ups to bring innovative solutions.

OBJECTIVEs
The DSA will built on two main pillars:
▪   proposal of revised rules to deepen the **Single Market for Digital Services**
    ·   by raising and harmonising the responsibilities of online platforms and information service providers.
    ·   by reinforcing the oversight over platforms' content policies in the EU.

- ex ante rules to ensure that markets characterised by large platforms with significant network effects acting as *gatekeepers*, remain **fair and competitive** for innovators, businesses, and new market entrants.

This would lead to strengthen the **Digital Single Market** and ensure that digital service providers act responsibly to mitigate risks emanating from the use of their service by:
- · respecting Union rights and values;
- · protecting fundamental rights;
- · promoting innovation, growth and competitiveness (particularly of European digital innovators, scale-ups, SMEs and new entrants).

This initiative aims at establishing a balanced and effective governance online and at clarifying roles, procedures and responsibilities.

IMPLEMENTATION

Although the potential impact on fundamental rights to freedom of expression may be open to question, the new framework will **clarify a common set of responsibilities** for online platforms to keep *users safe* from illegal goods, content or services and to protect their fundamental rights online (e.g. online disinformation). Additionally, measures should provide for **transparency and greater regulatory oversight** over online platforms. In this context, unobtrusive solutions will be implemented:
- *dedicated reporting channels;*

- *processes for sanctioning infringing users;*

- *multilingual moderation teams*;

- *automated systems for detecting illegal content*;

- *labelling of political adverts*;

- *tools to tackle fake-accounts*.

At the same time, the DSA is intended to ensure a "*level playing field*" in European digital markets and **address potential market imbalances**. This should ensure that consumers have an increased choice and that the EU single market for digital services remains competitive and open to innovation. The EU Commission is proposing **ex-ante regulatory instrument for gatekeepers** through:
- *additional general rules* for all online platforms, such as rules on self-preferencing,
- *tailored regulatory obligations* for specific large platforms, such as non-personal data access obligations, specific requirements regarding personal data portability or interoperability requirements.

By taking the input from the DSA Task Force, Eurocities formulated a statement for The Digital Services Act 'Making digital opportunities work for people and the public good' based on the following key points:

- Ensure cities have **access to data to enforce local regulations** and **enhance policy development**

- Develop **robust cooperation obligations** to protect the public interest under the **country of origin principle**

- Resolve the lack of clarity for online platforms as **information society services**

- **Enhance the limited liability regime** to recognise the role that hosting service providers should play in removing illegal goods and services. The limited liability regime established by the ECD should be modernised to reflect the digital world as it is today.

- **Establish a single European regulatory authority** tasked with ensuring compliance with the Digital Services Act

Moreover, Eurocities has pursued a thriving dialogue with the European Commision, on one side, and the Short-Term Holiday Rental Group (STHR) an alliance of 22 European cities promoter of a position paper about the harsh effect of short-term rental accommodation, on the other.

On 17 September 2020, the Short-Term Holiday Rental (STHR) Group met up with Margrethe Vestager, Executive Vice President of the European Commission for '*a Europe Fit for the Digital Age and Competition*'. Mayors and leaders from 12 Eurocities members, shared proposals with Executive Vice-President Vestager about topics ranged from obliging platforms to share relevant data to holding platforms liable for the content they display.

Although tourism accounts for a great proportion of cities' economy, local authorities asked collaboration and a modern and harmonised regulatory framework. During the online roundtable, they expressed **difficulties in collecting taxes**, and **levies** and **considerable time and resources to identify non-compliant users** of digital services. The AirBnB case, reveals the ambiguity of platforms on housing market in European cities and then, the threats for residents - pulling accommodation off the rental market and leading to spiking housing prices. In her response Executive Vice-President Vestager expressed her support for cooperation between platforms and public authorities, prerequisite for a proper enforcement of the Digital Services Act.

Regional Aid Guidelines

The current EU guidelines for **Regional State Aid** will expire on **31 December 2020**. An evaluation as part of the 'fitness check' on the 2012 State Aid Modernisation (SAM) package has shown that they work well but that some targeted adjustments are needed, particularly to bring regional state support into line with the objectives of the European Green Deal, and the Industrial and Digital Strategy.

The review of the Regional Aid Guidelines (RAG) will be published in the **Q1 2021** as a result of the evaluation of the former Regional State Aid and a public consultation.

Since **May 2012**, the Commission has implemented a major reform of EU State aid rules, the SAM package which allowed Member States to quickly implement State aid to boost investment, economic growth, and job creation, whilst leaving Commission to focus its State aid control and avoid distort competition.

The RAG set out the rules under which Member States can grant state aid to companies to support investments in new production facilities in the less advantaged regions of Europe or to extend or modernise existing facilities. The guidelines also contain rules for Member States to draw up regional aid maps (the geographical areas where companies can receive regional state aid, and at which intensities).

A number of the State aid rules are **due to expire by the end of 2020** while others have no fixed expiry date. To provide predictability and legal certainty, the Commission intends to prolong the validity of those State aid rules, which would otherwise expire by end 2020. The preliminary results of the evaluation which took the form of Fitness Check, launched in line with the Commission's Better Regulation Guidelines on **7th January 2019**, showed that the current provisions work well but require some adjustments:
- Simplification of the structure and clarification of the definitions and terminology by aligning them to the General Block Exemption Regulation (GBER).
- Update of sector exclusions.
- Regional aid coverage, a-areas and predefined c-areas updated based on the current methodology and most recent statistics on GDP and unemployment.
- Investments related to new products and new process innovations induced a heavy administrative burden.
- The maximum aid intensities have been increased to support the European Green Deal and Digital Strategy objectives by enabling additional incentives for private investments.
- Simplification for Just Transition Areas.

COMMISSION PUBLISHES RESULTS OF EVALUATION OF EU STATE AID RULES
On 30 October, the European Commission has published a Commission Staff Working Document summarizing the results of the evaluation of the state aid rules adopted as part of the State Aid Modernization package. The evaluation concludes that, overall, the state aid

control system and rules are fit for purpose. However, individual rules will need some adaptation, also in the light of the recent European Green Deal and the EU's Industrial and Digital Strategies.

Tourism Task Force – European Parliament

On 23 September, the **Tourism Task Force**, part of the Parliament's Committee on Transport and Tourism (TRAN) held an exchange of views with key stakeholders of the tourism sector with the aim of analysing the situation of the EU tourism sector in the context of the ongoing coronavirus crisis, but also to seek input for drawing up the own-initiative report "**Establishing a Sustainable Tourism Strategy**".

The European travel and tourism ecosystem are the most affected by the coronavirus crisis due to insufficiently coordinated travel restrictions, declining traveller confidence and reduced consumer demand.

Thus, the European Tourism Manifesto alliance applauded renewed efforts of the EU Commission and the German Presidency of the Council of the EU to improve coordination on cross-border travel and restore the integrity of the Schengen area, but also called on EU governments and Member States to agree on harmonised travel restrictions as it struggles to survive this unprecedent crisis.

The need for continued COVID-19 control is foreseeable and, under Art.24 of the Schengen Borders Code, any related border restrictions must be coordinated - it is crucial to quickly restore travel within the EU and the wider European area (including EEA, UK and Switzerland).

In addition, international coordination to re-establish transatlantic travel would provide a vital boost to the travel and tourism sector.

In particular, it is necessary to:
  A. Establish common criteria and thresholds for determining epidemiological risk, including a common colour-coding system to identify risk areas.
  B. Implement common measures to put in place upon departure to and return from risk areas, as:
    - replacing the need for quarantine of travellers with comprehensive cost-effective testing and tracing
    - avoiding blanket restrictions to free movement by implementing more targeted measures which are limited in geographical scope
    - avoiding imposing travel restrictions on passengers in transit
    - agreeing on common rules for requesting pre-travel COVID-19 negative test results
    - ensuring the interoperability of contact tracing apps in the EU and the harmonization of Passenger Locator Forms based on international standards.
  C. Follow a common structured and transparent process to publish clear, comprehensive and timely information about any travel restrictions where these are needed.

EUROPEAN TOURISM CONVENTION – BARCELONA TOURISME
On the Occasion of the European Tourism Convention (12 October 2020), the Members of the European Parliament's Tourism Task Force (TTF), advocated taking very concrete steps towards

establishing a broad, EU-wide Strategy on Tourism. The challenging situation, in which the tourism sector finds itself, in the midst of the ongoing COVID-19 crisis, urges us to seek creative and unprecedented solutions: common efforts can be invested towards building a more competitive and sustainable travel and tourism sector. Therefore, it also essential a direct and dedicated financial support in the next long-term EU budget, on the basis of the share that the travel and tourism sector contributes to a Member State's GDP.

Representative of the city of Barcelona, actively participated to the **Workshop Safe and Seamless Tourism Experience**, focused on defining different actions for implementing the priorities previously identified by the organization and defining the temporary implementation horizon, KPI and stakeholders involved.

European Parliament resolution on Reinforcing Youth Guarantee 2021-2027

On 8 October, the European Parliament has adopted a resolution on '**Reinforcing the Youth Guarantee'**. The Parliament urges member states to ensure that young people who register for the Youth Guarantee schemes are offered good-quality, varied and tailored jobs, training or internships. The European Parliament points out that not all Member States have followed the 2013 Council recommendation, so it calls on the Commission to propose a Youth Guarantee instrument that is legally binding for all Member State. With the youth unemployment rate at 17.6% in the EU in August 2020 (from 14.9% before the COVID-19 crisis) and expected to continue rising, Parliament calls for more funds to strengthen the Youth Guarantee scheme for 2021-2027. Members of the Parliament disapproved with European Council decision in July to significantly reduce (from 15% to 10%) ESF+ resources under shared management earmarked to support action to boost youth employment. The Parliament is also asking for an additional requirement that all Member States (not only those with a NEET rate above the Union average) should invest at least 3% of their ESF+ resources under shared management in tackling youth unemployment. The Parliament has also asked for improving the Youth Guarantee instrument through the following:

·   Connect the active and passive labour market policies to social, health and housing services.
·   Ensure a stronger emphasis on gender dimension.
·   Guarantee a reasonable accommodation and work income that is compatible with continued disability payments.
·   Implement an early warning system to identifying young people at risk of becoming NEETs.
·   Ensure that internship contracts should take the form of written, legally binding agreements, specifying the tasks of the intern and including decent remuneration. The objective of the Youth Guarantee must lead to employment and that internships should never lead to job replacement.
·   Develop a quality framework governing the Youth Guarantee.
·   Improve the access to stable and sustainable jobs require stronger partnerships and efficient coordination between Youth Guarantee providers and relevant stakeholders, such as regional and local authorities.
·   Ban the practice of unpaid internships, traineeships and apprenticeships, which constitutes a form of exploitation of young people's work and a violation of their rights. The EP calls on the Commission and the Member States, in collaboration with Parliament, and while respecting the principle of subsidiarity, to propose possible ways forward for the introduction of a common legal instrument ensuring and enforcing fair remuneration for internship
-   In the next few weeks, the Council of the EU is expected to adopt the European Commission's proposal on the Reinforced Youth Guarantee.

Long-term investment funds – review of EU rules

European long-term investment funds (ELTIFs) is an EU scheme to facilitate investment – through alternative investment funds – in longer-term assets such as transport and social **infrastructure projects** (energy, hospitals, social housing), property and small firms. The ELTIF regime is intended to facilitate investment in these assets by **pension funds, insurance companies, professional and retail investors** providing an alternative non-banking source of finance. Such long-term finance is critical for the Capital Markets Union (CMU), the EU climate action and the European Green Deal, as well as the EU Energy Union and the Digital Single Market.
Since the adoption of the ELTIF legal framework in April 2015, only a small number of ELTIFs have launched with a relatively small amount of net assets under management. There are currently approximately **27 ELTIFs in the EU**, however **a number of Member States have no ELTIFs**. The fact that market acceptance has not met expectations highlights the need to better understand the reasons for the low take-up and develop potential measures to address any issues identified.

By reviewing the legal and policy elements of the ELTIF framework, the Commission aims to increase the number of ELTIF funds and overall investment in the real economy. European companies and in particular SMEs, would benefit from increased access to alternative sources of finance and a broadened investor base.
While some delay can be expected in the case of a new product/fund label, there may also be other reasons as to why the ELTIF market has not developed to a larger scale. The preliminary feedback of stakeholders has focused on three main areas:
  i. **removing limitations on the supply side** by improving the fund structuring and eligible assets related aspects of the ELTIF framework;
 ii. **reducing the demand side barriers to investment** (with a focus on retail investors but also including the institutional investor base); and,
iii. the **introduction of incentives by Member States** to promote ELTIF investment.

The Commission has opened the consultation which run from 19 October 2020 to 19 January 2021.

2. Eurocities – Meeting, Workshops & Events

21 September 2020 - 24 September 2020

KSF Meeting 2020

Originally planned to take place in Manchester, the KSF event was then organised as digital-only event. The KSF week therefore adapted to this new reality and presented a Forum week with a choice of sessions spread over four days. The programme '**Digital building blocks for resilient cities**' was characterized by a multidisciplinary approach, covering different topics on the digital agenda. Sessions on digital citizenship, interoperability, city labs, foresighting practices and data have been addressed within a topical frame. Participant covered multiple digital building blocks at the base of resilient cities for the future.

9 October 2020

Local Innovative Ecosystems in Crisis - Nantes Innovation Forum

During the **Local Innovative Ecosystems in Crisis** Lab, organised as part of the Nantes Innovation Forum by Nantes Metropole, the European Capital of Innovation 2019, Chair of Economic Development Forum in partnership with Eurocities, representatives from European cities and international organisation, but also start-up leaders, toggled to share insightful experiences and forward-looking ideas implemented in an attempt to overcome the Covid-19 crisis.

The crisis unveils cities as real-world test beds for innovation. Innovation process approach in the cities might be a real game changer, but it is necessary to improve ways of working together and learn how disruption can crate resilient future.

The main takeovers from the workshop:
- In times of crises social understanding on the failure of innovation solution is higher
- Cooperation with private sector as a benefit, since faster and much easier than before COVID- 19 crises
- EU funds and instrument found to be more flexible and supporting fast-track innovation
- Participatory futures refer to range of approaches involving citizens in exploring and shaping potential future.
- Cities need to build up on the existing collaborative capabilities to move at unprecedented speed
- Cities should use centred-design and co-creative approach

- Cities and researchers need to work on rebooting evidence-based solutions
- The crucial factor to overcome crises and creating innovation is to focus on network and international cooperation

During the workshop, **Sena Segbedzi**, Coordinator at **OECD** Champion Mayors Initiative proposes a discussion based on '*Cities' response to COVID-19*' and '*Enhancing Innovation Capacity in City*'. She illustrated the outcomes of how cities responded to Covid-19 from the perspective of rethinking resilience and leveraging the innovation, surrounded by the unexpected consequences of the crisis such as:

- accelerating environmental awareness.
- changes in urban needs,
- changes in the approach to municipal services.

The OECD mapped changes, both at global and EU-level, with stronger focus on improvement of service deliveries (e.g. emergency social assistance), internal government operations, resilient outcomes and generation of the new sources for revenues.

City authorities presented the main conclusions from their work with actors of local innovation ecosystems, collected as case studies of the **WG Innovation**.

In the course of the immediate measures taken by the Federal Government, **Hamburg** as a Federal State had a complimentary protective shield for all corona-damaged companies and institutions, including cultural and creative industries – and with a special focus on solo independents and freelancers. But right from the start of pandemic action, the Ministry of Culture and Media and the Hamburg Kreativ Gesellschaft brought into action, not just a quick relief but a long-term perspective for transformation and collaboration.

In the same session, **Julia Thomson**, Smart Cities Policy Lead for the **Greater London Authority** depicted the London's data centric project. The Alan Turing Institute, sponsored by the Lloyd's Register Foundation, worked together with researchers from the University of Warwick, UCL and University of Cambridge, designed a complex response to COVID-19 lockdown capturing mobility, transportation and traffic activity over the city of London to get the picture of "busyness" and enable targeted interventions.

Maarit Viik-Kajander, as Senior Planning Officer for the **City of Espoo**, summarized the aid put forward by local authorities and organisation for companies and R&D houses.

- City of Espoo offered a <u>onetime operating support to sole entrepreneurs</u> (more than 10.000 in Espoo).
- The Ely Center provided funding for operational costs to small companies experiencing temporary market and production disturbance (with 1-5 employees);
- Business Finland offered funding for business development to companies (co-creation projects between research organizations) with 6-250 employees, SMEs and mid-cap companies.

Further, in order to facilitate new investment, innovative business opportunities and co-creation, the City of Espoo owning Espoo Marketing organises a corporate startup event - a series of online pitching and matching events for big international corporations and start-ups. The event was organised together with Aalto University Startup Center and the biggest research house in Nordics -VTT's research incubator. These initiatives have resulted into faster resilience, with a clear focus on innovation and business development.

Mairis Vaneker, as Advisor Economic Affairs for the **City of Groningen**, discussed the Local Corona Innovation Fund: a small fund of €250.000 to finance entrepreneurial Covid-19 related initiatives. Its final objective is the cooperation among entrepreneurs which can harness a spillover effect and retain employment. This has been the case of Warenhuis Groningen, a platform making the physical product lines of local shops available online, with the City of Groningen which pays for the climate-neutral bike used for the products' delivery.

Then, the presentation of the project leaders who won the [EUvsVirus](#), a **pan-European hackathon to connect civil society, innovators, partners and buyers across Europe,** showed how the technology and data sharing are crucial in supporting the local authorities and citizens in times of the crises.

- **[Linistry for safe retail](#)** - Retailers need to limit the number of customers in-store and manage queues at the entrance.
- **[Bankera Business Care](#)** - Financing for SME's that are experiencing cash-flow issues during COVID-19 using a guarantee from its business partner. Loan repayment is flexible and can be made after the quarantine ends.
- **[sostenibl.es](#)** - Enabling short commercial channels for farmers in need during Covid crisis.
- **[Occupation-Shifter](#)** (by Skilllab) - A data driven approach to map from occupations and skills at risk to those in demand - today and during the recession. We show pathways to employment through technology.
- **[UNITE Public Procurement Platform](#)** - A platform for public procurement of special orders during times of crisis - cutting through the bureaucracy.

Han Vloeberghs, Economic & International Policy Advisor for **Leuven, iCapital 2020**, elucidated the resilience of the city in addressing COVID-19 crisis with:

- [Leuven Helps](#), a collaborative platform connecting locals in need with volunteers ready to help;
- '[Co-creating education](#)' (SOM), targeted to enhance equal learning opportunities and promote diversity, by bringing together teachers, students, experts, and volunteers to facilitate the transition to e-learning.

Further, among others, **Dr Benjamin Reid**, Head of International Innovation at [Nesta UK](#) and his colleague **Dr Oliver Zanetti**, Senior Researcher, Innovation Policy, carried out a remarkable interactive session on how cities can collaborate through the crisis with their innovation ecosystem. The pandemic could provide the final shift in how technology is

used in smart cities to one that is primarily about building communities. Experts presented scenarios of how cities can use this crisis to change the approach to cooperation among the innovation ecosystems and enable innovation; provided recommendations how the cities can leverage their positions as test beds via the subnational cooperation: network; peer-to-peers partnerships and development of solution platforms (Network Effects report).

13 October 2020

Healthy, thriving and inclusive cities – Workshop 1
Building a resilient, sustainable and circular economy to ensure a better future for the next generation

Capacity building to assess our resource consumption, youth education on healthy diets, and local business partnerships are some of the key actions needed to kick-start the transformative change needed to build a resilient and circular economy for thriving and inclusive cities. That's what Eurocities members concluded during the first workshop of the 'Healthy, thriving and inclusive cities' series.

By tackling those challenges highlighted through the pandemic - from steering structural funds towards more equitable and greener mobility solutions to fostering sustainable jobs and a healthier future for next generation – this new workshop series aims to broaden experience among Eurocities members and urban experts, for a new and 'better normal'.

Taking the city approach to circularity is crucial, explained **Annerieke Douma**, Director Global Alliances and Cities at Circle Economy, to ensure a positive transition to circularity for work and workers. The Circle City Scan tool helps local governments to discover and prioritise which sectors, materials, and impact areas are a priority in local agendas, based on data input from users as well as private and publicly available socioeconomic and material flow data. The tool is being piloted across European cities – including Glasgow and Prague - to show businesses and citizens how the circular economy can be implemented through practical and scalable strategies.

HOW TO TACKLE THE SKILLS MISMATCH AND SHORTEN VALUE CHAINS
Replicate and build on successful city to business partnerships. Innovative business models (BMs) through digitalization. These are key to affecting transformative change for local, inclusive, and sustainable labour markets. The COVID crisis has caused dramatic changes in the workplace and in business activities, as **Hans Verdonk**, co-coordinator of the Partnership on Jobs and Skills in the Local Economy for the City of Rotterdam, described. Rapid digitalisation played a pivotal role in this sense, as a more cost-effective way to scale learning efforts, but investment on a massive-scale are necessary to allow all citizens, and in particular students, to have access to digital equipment, and improve distance learning effectiveness. Further, digitalisation means business models (BMs)

innovation: cities should be able to take the lead on the capacity building matter for creating reskilling actions and life mutual learning opportunities but also on relocalising and shortening value chains. The first step to be taken is fostering communication: local leaders must initiate new forms of involvement for the communities, with the engagement of civil society and consolidation of existing business partnership.

HOW TO FOSTER SUSTAINABLE CONSUMPTION?

Capacity building for resource consumption assessment models, peer learning from city to small business circular solutions, and education for healthy diets. These were the key actions according to Eurocities members from our working groups waste, education, and innovation.

We can't begin to address our overconsumption, without first understanding it. That's the message from **Carlos Ribeiro**, Executive Director at Laboratório da Paisagem de Guimarães. Guimaraes have been working with the Global Footprint Network to assess the city's biocapacity, as its first step to developing measures to become more circular and sustainable. Some other cities – such as Amsterdam's doughnut economy model – are taking similar measures, but large-scale capacity building is needed to ensure all cities are on the path to understanding their 'budget' of natural resources.

What's next? We can learn so much from each other. Learnings from individual sectors can help us scale up action in others. Take the fashion sector, for example. It can take over 2,700 litres of water to make one white t-shirt, that's roughly the same amount of water one person would drink over 3 years. Collaboration with small businesses is key to embed circularity at the heart of the city's consumption, explained **Serena Chillè**, Resilience Officer for the City of Milan. Milan is collaborating closely with small business to co-create solutions for circularity, such as supporting start-ups like the now wide-spread Too Good To Go initiative. But involving all stakeholders is crucial: youth education for healthy diets to foster collective action and behaviour change, such as the Food for Life programme in the UK; scaling up circular procurement with collaboration between business and cities; raising awareness on sustainable consumption through eco-labelled products and creating dialogue with citizens; collaborating closely with researchers and fostering integrated science and policy dialogues.

Signing up to commitments can help spur debate within our cities and drive action for transformative change. In this respect, Eurocities is launching the Green City Accord to engage cities and spur improvement in local environmental performance, with specific commitments on circularity and waste.

20 October 2020

Healthy, thriving and inclusive cities – Workshop 2
Moving on: Healthy mobility for all in a thriving city

20 October 2020

Healthy, thriving and inclusive cities – Workshop 3
Urban design for healthy and accessible public spaces

23 October 2020

Big Buyers Initiative – Final Event

The **Big Buyers** is a European Commission Initiative for promoting collaboration between big public buyers in implementing strategic public procurement.

Public procurement can be a key tool in driving the development of innovative goods and services on the European market. By working together, and pooling their resources, cities, central purchasing bodies, and other major public procurers can maximise their market power and impact. The initiative presented a compelling opportunity to engage with other public authorities across Europe and to shape new innovative solutions to your procurement needs.

ICLEI and EUROCITIES have run the initiative on behalf of the European Commission, DG Internal Market, Industry Entrepreneurship and SMEs (DG GROW). The initiative aims to work together with existing networks and organisations active in this area.

The event has not only been a unique opportunity to share and discuss the results of one year of public procurers collaboration in the areas of Zero Emissions Construction Sites, Circular Construction and Heavy duty electric vehicles, but also a way to launch the next phase of this initiative the **Big Buyers for Climate and Environment**. Under this new phase new areas of collaboration will be established, on products and services of interest to public entities across Europe.

26 October 2020

Healthy, thriving and inclusive cities – Workshop 4
Built to thrive: using, reusing, renewing buildings for the wellbeing of citizens and our planet

29 October 2020

100 Climate-Neutral Cities by 2030 - by and for the citizens
'Financing the transition, beyond the grants approach'

The meeting looked at successful examples on how to finance the climate transition in cities, but also challenges and issues we would need to tackle to scale the financing and the use of alternative financing options.

There are alternative finance schemes tested in European cities, thanks to Eurocities as within the [Covenant of Mayors](#).

4-5 November 2020

Eurocities Annual Conference 2020
Reinventing cities – beyond the urban crises

It is happening at a time when a new reality is taking shape in cities, in Europe and globally. Cities have been the hardest hit by the pandemic as well as the social and economic consequences. It is also in cities that the urgency of dealing with other major challenges such as climate change stands out very clearly.

In the face of competing crises, what can city leaders do to set a new course? How can we reshape the city to match new needs? In the aftermath of the corona pandemic, the daily functioning of the city as we know it is challenged. When teleworking becomes the new normal, suburbs and the countryside, where life is more affordable and healthier, could be the winners. When restaurants, shops and offices are closing, the city loses some of its main revenues. When culture and entertainment, gastronomy and tourism are threatened, the attractiveness of the city is at risk. Is this 'the death of the city', as some already predict?

The biggest EU budget ever is on the table to pull Europe out of the crisis, by investing in a green, just and digital transformation – also in cities. And a new policy framework for a European Green Deal is in the pipeline, with direct implications on urban policies for green, inclusive and connected cities. But is the EU doing enough to support its urban areas in times of crises? Or can we think of new ways of working together to move beyond the crises and coming out of it stronger together?

At our Eurocities' annual conference we explored the pathways for recovery and resilience and learn about what cities are doing to face more challenges ahead.

9-10 November 2020

SAF Meeting

The **Social Affairs Forum meeting 'Cities for just transitions: Supporting local labour markets for an inclusive recovery'**, will focus on the EU Green Deal, the social Europe agenda and the recovery from the pandemic crisis from a city perspective.

Watch this video message from Maarten van Ooijen, deputy mayor of Utrecht and candidate SAF chair: https://youtu.be/F5SYM-TO9Po

It will be a unique opportunity to:
- **discuss** with MEPs and city deputy mayors innovative policies **how to put people first when moving to a green and digital economy in times of crisis recovery;**

- **get answers** from MEPs and Commission representatives on **how EU funding and national recovery plans can support social investments for just transitions in cities;**
- **learn from Zagreb**, the virtual host city, and their many inspiring good practices of social projects for the labour market inclusion of young people, people with disabilities and other vulnerable groups;
- **exchange good practices** from your cities and **reflect on current social policy issues** at local and EU level.

Registration and further information
- To attend, please register here.
- You can find the draft programme here.

25 November 2020

Providing Services of General Interest in times of Covid-19

Together with the European Centre of Employers and Enterprises (CEEP), Eurocities drawn up a virtual joint city dialogue to discuss the provision of public services and Services of General Interests (SGIs) aimed to boost the European recovery process (**Next Generation EU**), in the aftermath of the COVID-19 outbreak.

SGIs employ over 60 million workers in a broad range of sectors, contributing approximately to 26% of the EU's GDP and represent a large percentage of the activities that have remained operational right the way through the Covid-19 outbreak. The crisis showed up the urgency of having operational SGIs, and their value in building long-term economic and social resilience.

In recent years, a trend of remunicipalisation in the provision of SGIs has been witnessed in several Member States. Often occurring with expiring concession contract, supporters of remunicipalisation argues that helped to drastically improve service quality and focus more directly on social and green targets.

The joint-city dialogue will follow with a focus on public services in times of Covid-19 with stakeholders from affected sectors such as **energy**, **health**, **mobility** and **public housing**.

Check out the concept note and register here by Wednesday, 25 November 9.00 (Brussels time).

17 March 2021 – 19 March 2021

Save the date! EDF Meeting 2021 – Oulu

Save the date! The Economic Development Forum annual meeting will be held on 17-18-19 March 2021 in a new-hybrid version. The EDF, together with the hosting city Oulu, will plunge into the **role of the cities in the cocreation, piloting and boosting of local businesses** to address global challenges.

3. EU projects and funding

The latest **Eurocities funding forecast** with information on all open and upcoming funding opportunities for cities and the specific funding briefs is available here (after log-in). Contact: solene.molard@eurocities.eu

COSME

New calls for proposals are expected to be published in the coming weeks with focus on:
- GRO/SME/20/B/05- Co-financing of public procurement of innovation consortia
- GRO/SME/20/B/06- Creating links for the facilitation of public procurement of innovation
- GRO/SME/20/C/07- Innovation uptake and digitalisation in the tourism sector

Link to the work programme.