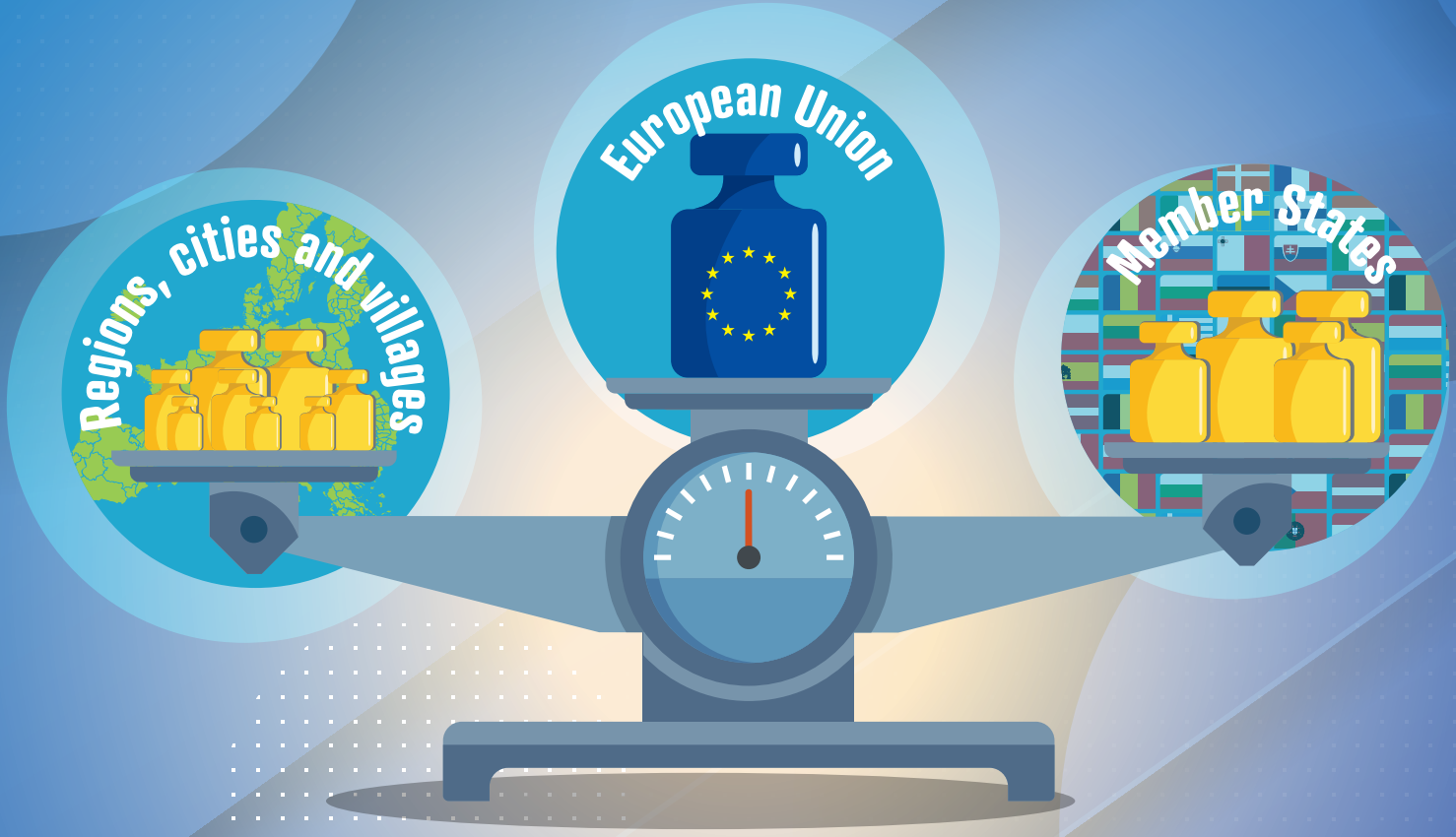
European Committee of the Regions

# EU annual regional and local barometer

## *Counting the cost of the COVID pandemic on the EU's regions, cities and villages*




#EURegionalBarometer

# The economic impact of COVID on regions and cities

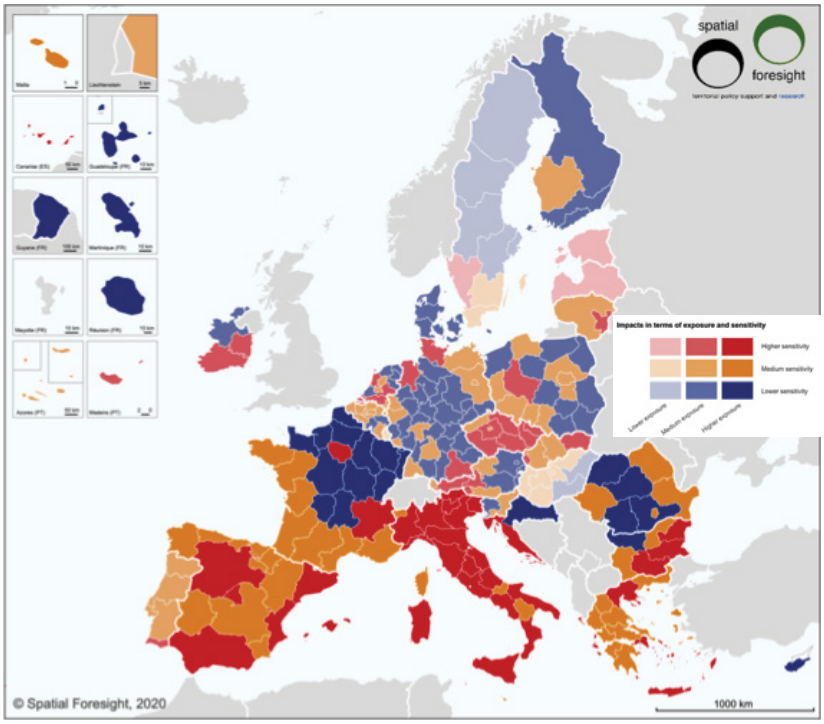
## Decreasing revenues, increasing costs: the dangers of the "scissors effect"

**Decreasing revenues and increasing expenditure, the so-called 'scissors effect', puts public finances of municipalities, cities and regions in the EU at risk. For example, the decrease of revenues in 2020 of subnational authorities in France, Germany and Italy alone is estimated to be in the order of EUR 30 billion for the three countries representing up to 10% of the respective totals.**

**Over 90% of EU regions and municipalities expect a plummet in revenues.**

The economic impact of COVID-19 has been severe across the whole of the EU. The report shows how some areas are particularly vulnerable, with Île-de-France, the Spanish regions of Andalusia, Castile and León, Madrid and Valencia and most of the Italian regions have been hardest hit, along with coastal regions in Croatia, eastern Bulgaria and Greece.

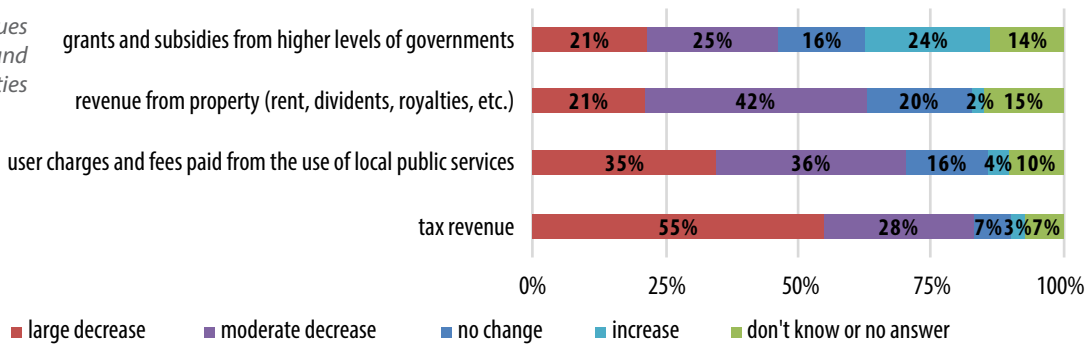
The report makes the link between health and the economy. It assesses the potential economic impact of lockdowns imposed to try to prevent spread of the virus. It also shows the 'scissors effect' on the finances of local and regional authorities. On the one hand, their expenditure on health, social services and civil protection has exploded. On the other hand, their income from economic activity is contracting rapidly.




*COVID-19 and exposure and sensitivity of EU regions*
*Potential risk with regards to regional economies, labour markets etc., June 2020*

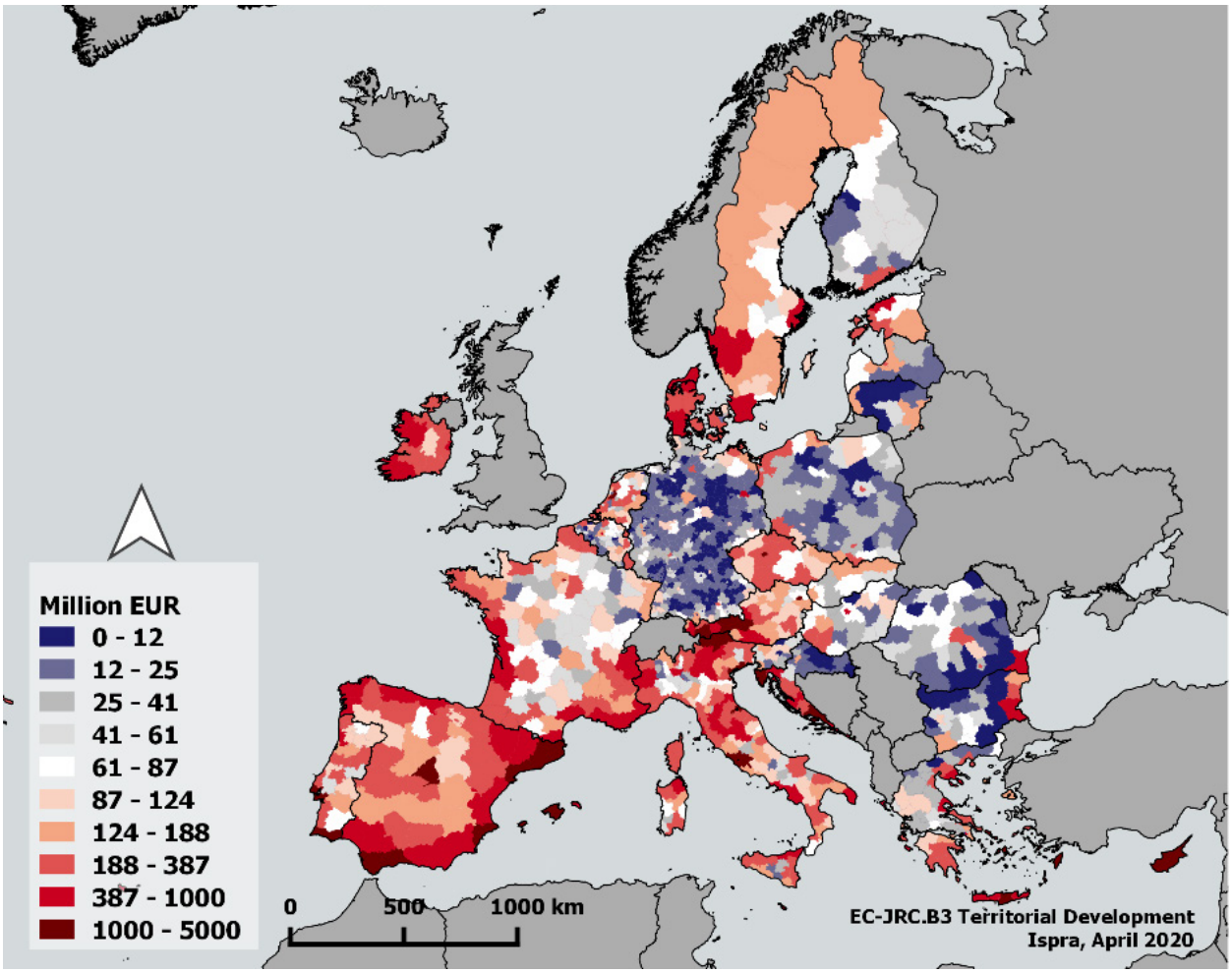
Responses to a joint survey carried out with the OECD in 300 municipalities and regions indicate that over half of subnational governments feel a very strong impact on subnational finance in 2020 (33% a moderate impact). Without adequate support, a large majority of EU's regional and local authorities see the situation worsen in 2021 and even 2022. Cities are particularly hit: 78% of respondents representing large municipalities (over 250 000 inhabitants) report a strong impact of the COVID-19 on their finances and functioning. 83% of them expect a decrease in their tax revenue, including a "large decrease" for 53% of them.

*Impact on revenues expected by local and regional authorities*




*Source: CoR-OECD survey: "The impact of COVID-19 on regions and cities", June-July 2020*

*Tourism Total Expediture: EU*




Tourism constitutes over 10% of EU's total GDP and provides over 27 million jobs. Following the travel restrictions, border shutdowns and lockdowns introduced in many countries and regions, tourism became the worst affected of all major economic sectors. According to the OECD, depending on the duration of the lockdown, there has been a fall of 60 to 80% in international tourism flows.

## Key fact

**83%** 2020 **53%** 2021

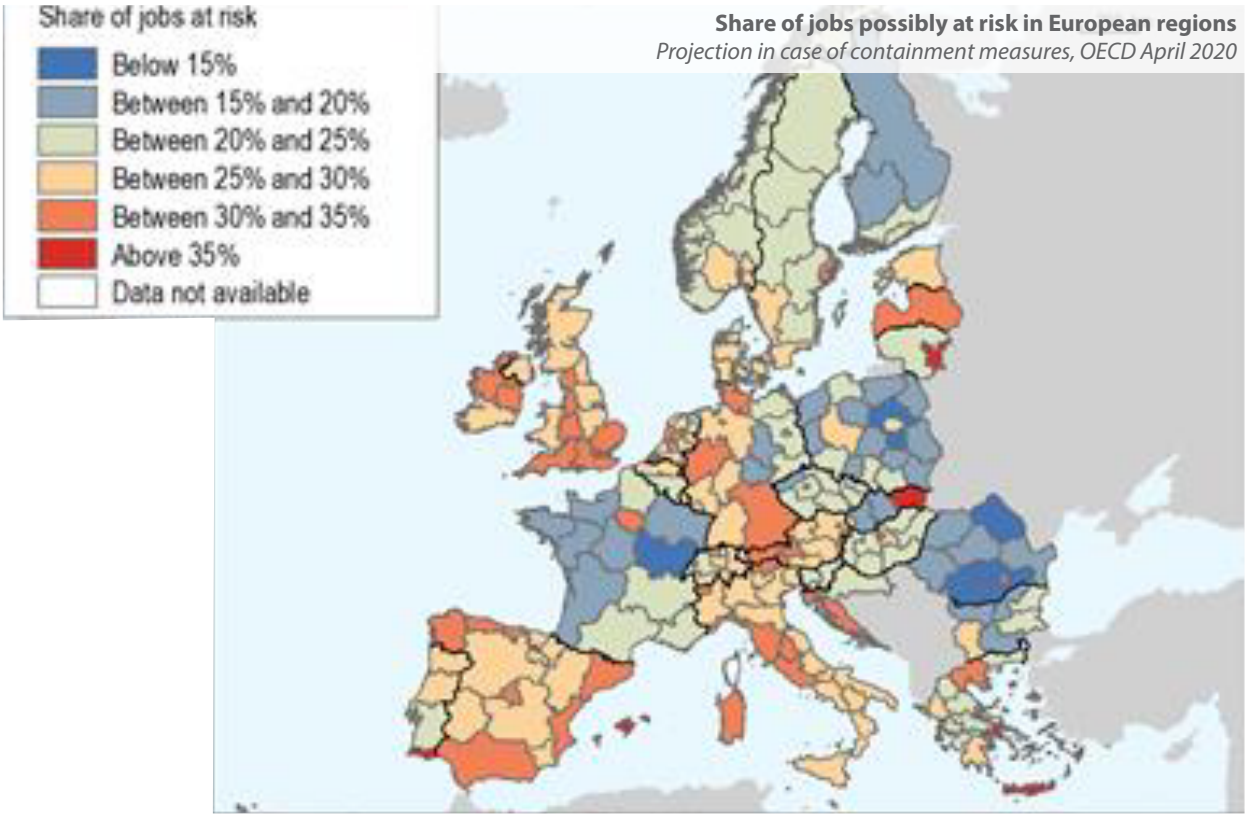
83% of regions and municipalities expect a decrease in their tax revenue; 53% of them expect a large decrease.

## Call to action

Allocate recovery and resilience funding based on the territorial impact of the crisis.

# The impact on jobs and communities

## The need to avoid a COVID-19 lost generation




**Share of jobs possibly at risk in European regions**
*Projection in case of containment measures, OECD April 2020*

*http://oecd.org/coronavirus/policy-responses/from-pandemic-to-recovery-local-employment-and-economic-development-879d2913/*

**The "COVID-19 lost generation": young people are most vulnerable as digital divide deepens rifts in Europe.**

**The pandemic risks increasing the rural/urban divide and exacerbating differences between education systems. Only six Member States have highly digital school provision for 80% or more of students.**

**The impact of pandemic likely to be higher on women who make up nearly 80% of the EU healthcare profession and a similar percentage of various frontline sales roles.**

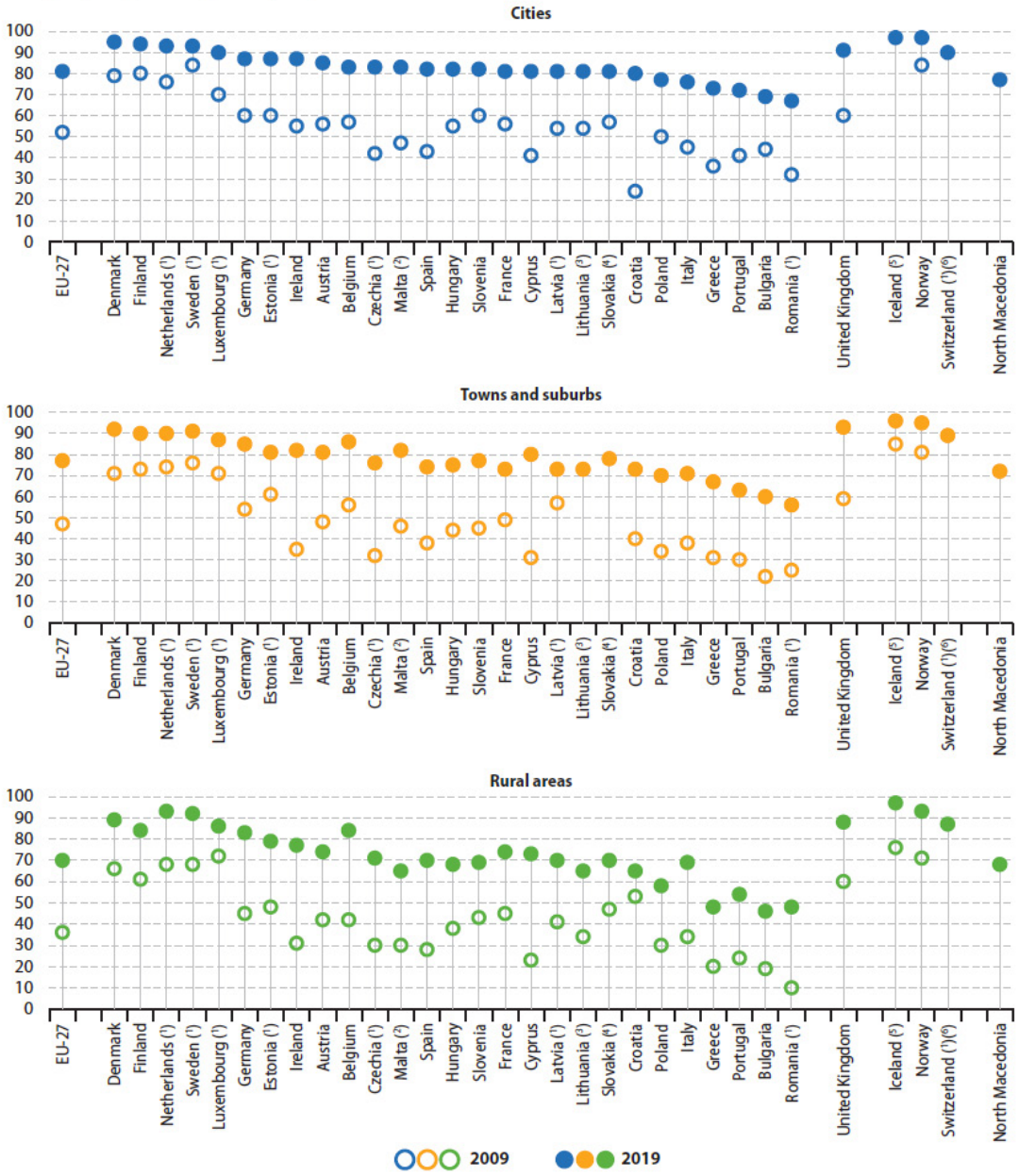
The report assesses the share of jobs potentially at risk in each region. Analysis is presented which confirms that it is the self-employed, those hired on fixed-term contracts and part-time workers who are hardest hit. This means young people are particularly vulnerable to the employment effects of the pandemic. With the COVID-19 crisis far from being over any soon, this could lead to the risk of a COVID-19 lost generation, in terms of access to digital education and job opportunities.

Digitalisation is enabling the rapid expansion of tele-working, a first time experience for more than a third of workers. There is nevertheless an increasing rural-urban divide in relation to broadband provision, which handicaps sparsely populated areas. Important digital divides also exist between different education systems, with only six Member States having highly digital school provision for 80% or more of students. Over time, all these factors will only exacerbate the demographic changes already underway in many regions and cities across the continent.

Particular attention has been placed on the impact of the crisis on small- and medium-sized enterprises. The report includes a focus on the tourism industry, particularly important in the EU's peripheral and maritime regions where it is often the only significant source of business and employment.

Finally, the report shows the impact of COVID-19 is likely to be higher on women who make up nearly 80% of the EU healthcare profession and a similar percentage of various frontline sales roles. There is also a growing body of evidence that violence against women and girls has risen during confinement.

**Figure 9.1:** Daily internet users during the three months preceding the survey, 2009 and 2019
(% of people aged 16-74 years, by degree of urbanisation)




Note: ranked on the share of people aged 16-74 years living in cities and using the internet daily during the three months preceding the 2019 survey.

(1) Break in series.
(2) Rural areas, 2019: low reliability, not available.
(3) Towns and suburbs, 2009: not available.
(4) Towns and suburbs, 2009: low reliability, not available.
(5) Cities, 2009: low reliability, not available.
(6) 2009: not available.

*Source:* Eurostat (online data code: isoc_ci_ifp_fu)

## Key fact




Only six Member States having highly digital school provision for 80% or more of students.

## Call to action

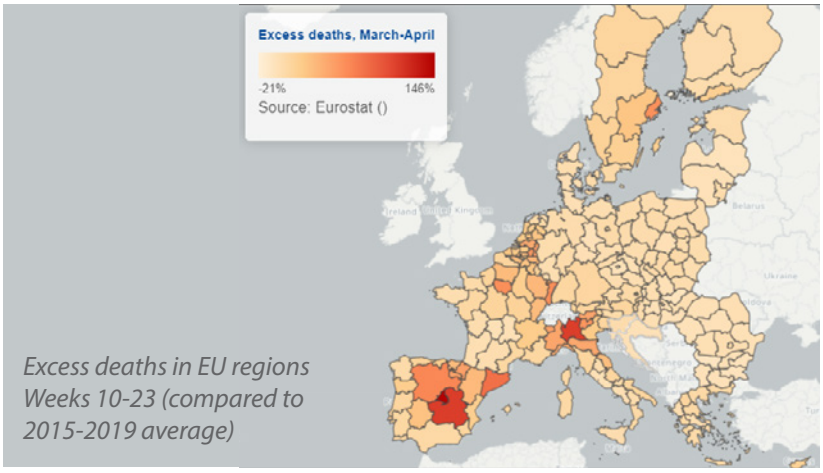
Provide more support for prevention policies with a focus on the most vulnerable

# *The asymmetric impact of the pandemic on regional and local health systems*

**The fight for beds in Europe: COVID shows vast disparities between regions for hospital care.**

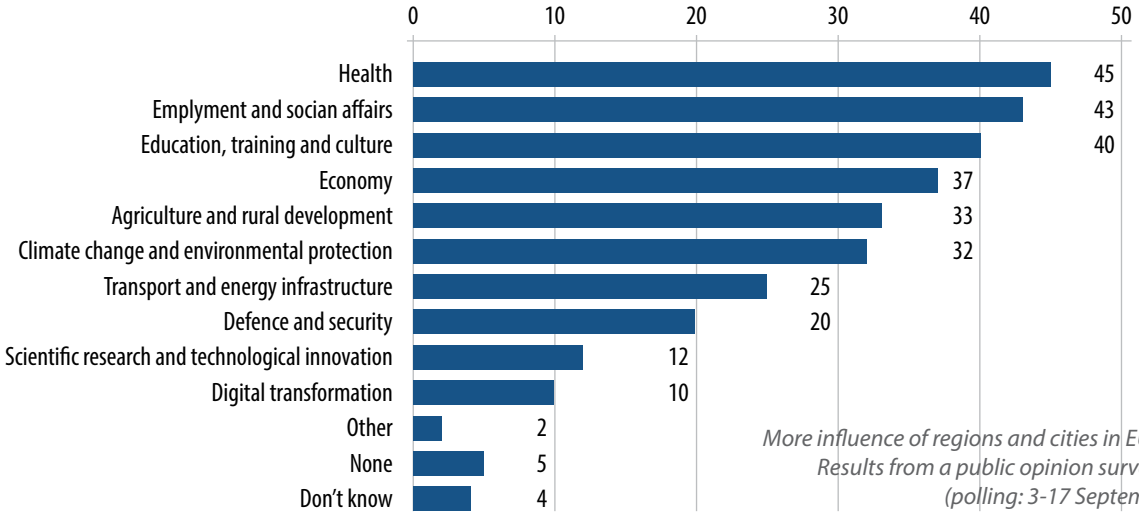
**Most Europeans say regional and local authorities should have more influence on health decisions at EU level.**

The pandemic has had widely divergent effects on different regions and local authorities across the EU. This is generating a new geography of COVID-19 highlighting wide disparities between regions, both in terms of their responsibilities for healthcare as well as in their capacity to deliver. As an example, the availability of intensive care beds and hospital personnel varies across the EU, and this has a direct impact on regions' ability to cope with the emergency




*Excess deaths in EU regions Weeks 10-23 (compared to 2015-2019 average)*

The asymmetric impact of the COVID crisis on regions' healthcare systems shows the need for place-sensitive responses. A new public opinion poll was carried out in September among over 26 300 people in all Member States. It shows that most Europeans say health is the top priority in terms of policy areas where local and regional authorities should have more influence on EU-level decisions.




*More influence of regions and cities in EU policies? Results from a public opinion survey in EU27 (polling: 3-17 September 2020)*

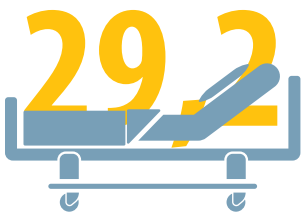
## *Key fact*

Numbers of intensive care beds per 100 000 inhabitants:

**Portugal**: 4.2 (lowest in the EU)



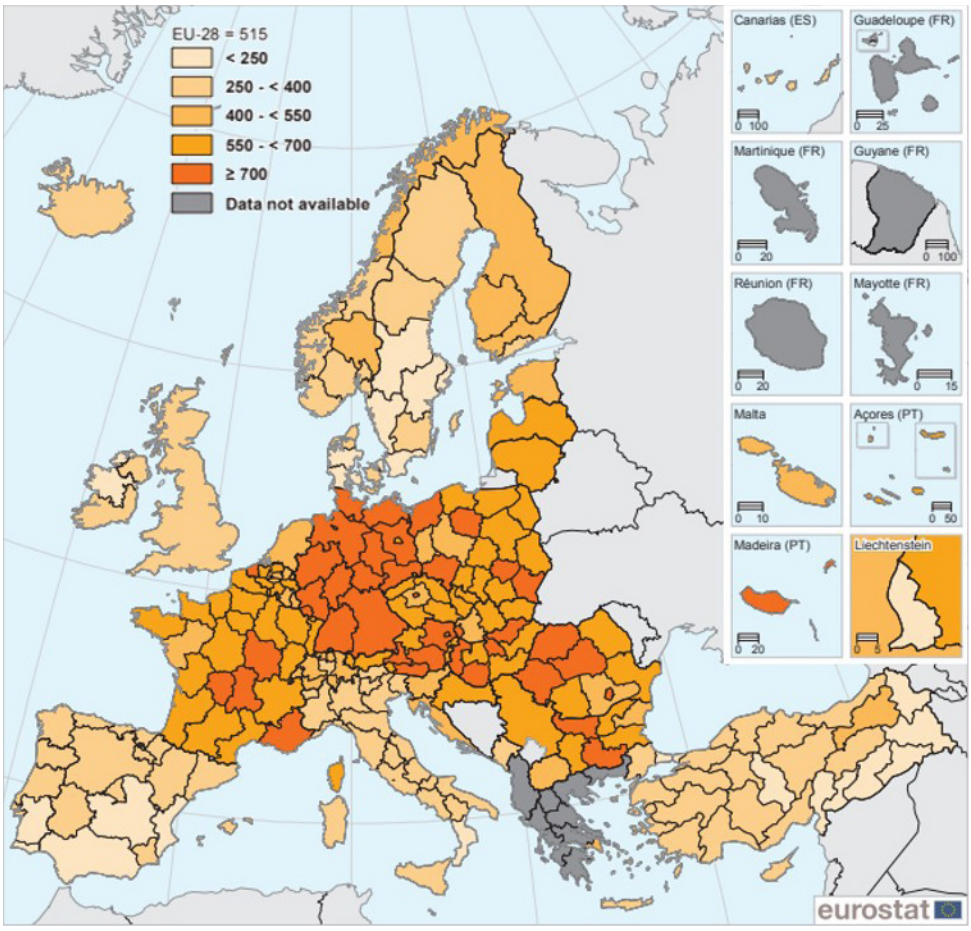

**Germany:** 29.2 (highest in the EU)




## *Call to action*

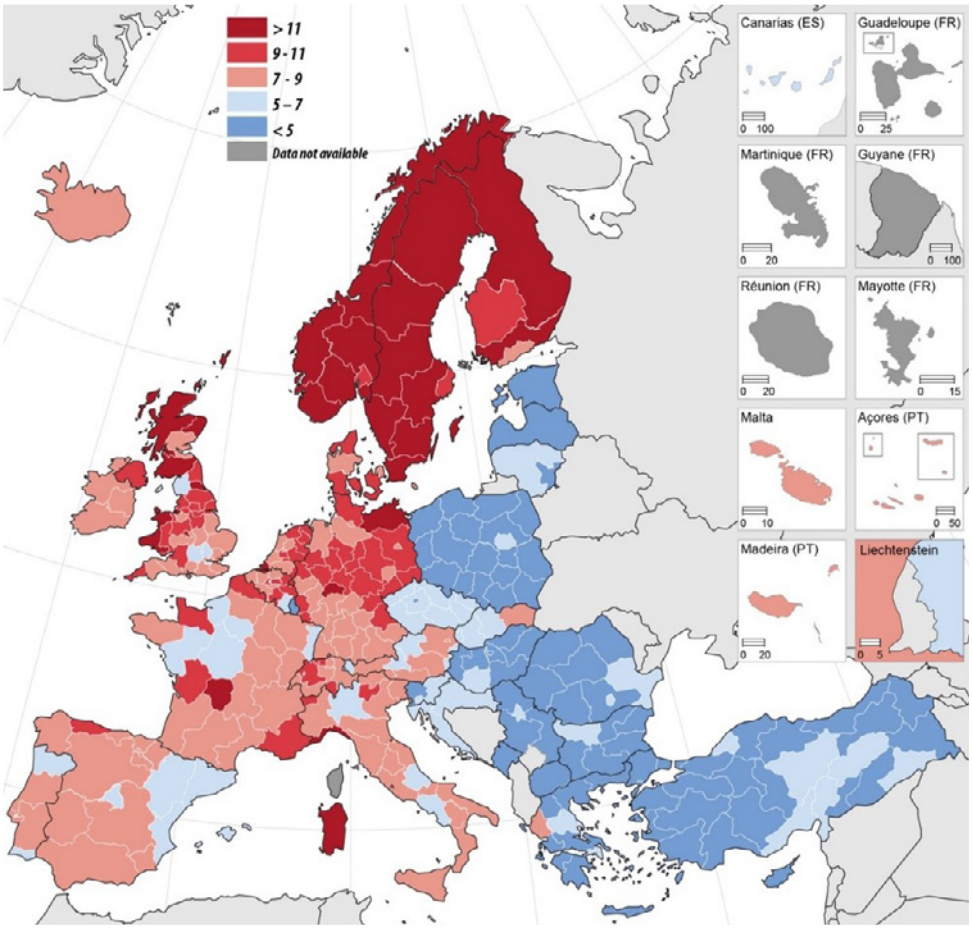
Increase the capacity of health, emergency and care systems in all EU regions.

*Number of hospital beds per 100 000 inhabitants in 2015, by NUTS-2 region*




*Source: Eurostat Regional Yearbook 2018.*

*Healthcare workers across EU regions – in %*




*Source: Eurostat, as reported in the CoR Territorial Impact Analysis.*

# *More faith, more trust: Time for a change EU democracy*

**Local politics can restore trust in Europe: More than half of Europeans trust regional and local authorities.**

A new opinion poll for the European Committee of the Regions shows 52% of respondents tend to trust local and regional authorities, which remains the most trusted level of government overall, indeed the only level in which most Europeans trust.

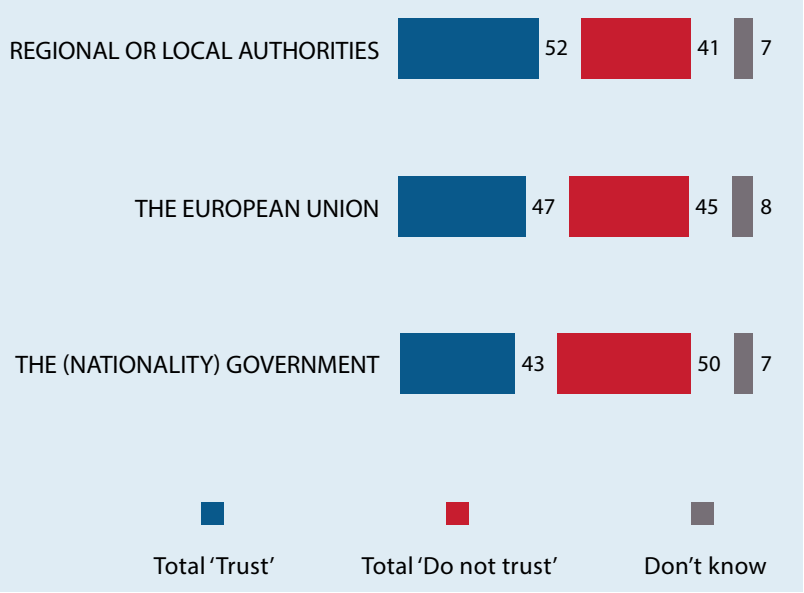
Evidence from a joint survey CoR/OECD also shows that a new coordination model among the different levels of government is required.

Looking to the future, our polling data show that 67% of Europeans believe local and regional authorities do not have enough influence on decisions taken at the EU level.

Europeans would like the regional and local authorities to have more influence at EU level on many topics: health (45%), employment and social affairs (43%), and education, training and culture (40%) are most mentioned

58% of the respondents (with a majority in every Member State) think that giving local and regional authorities more influence will have a positive impact on the EU's ability to solve problems. More and more people seem to be realising that the future of Europe needs to be built with regions, cities and villages, not just with Member States and Brussels.

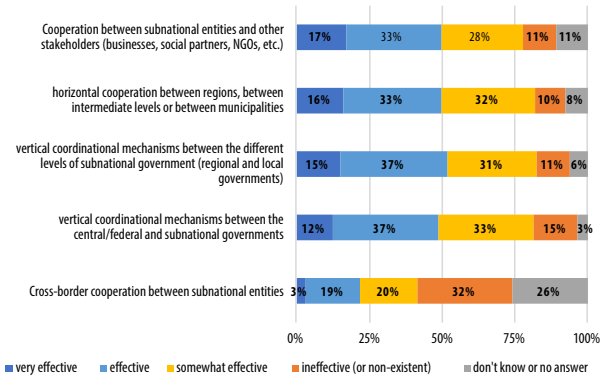
*Trust in different levels of government*
*Survey among 27 000 citizens on "The coronavirus crisis and the role of EU regions and cities", Kantar/CoR, October 2020*

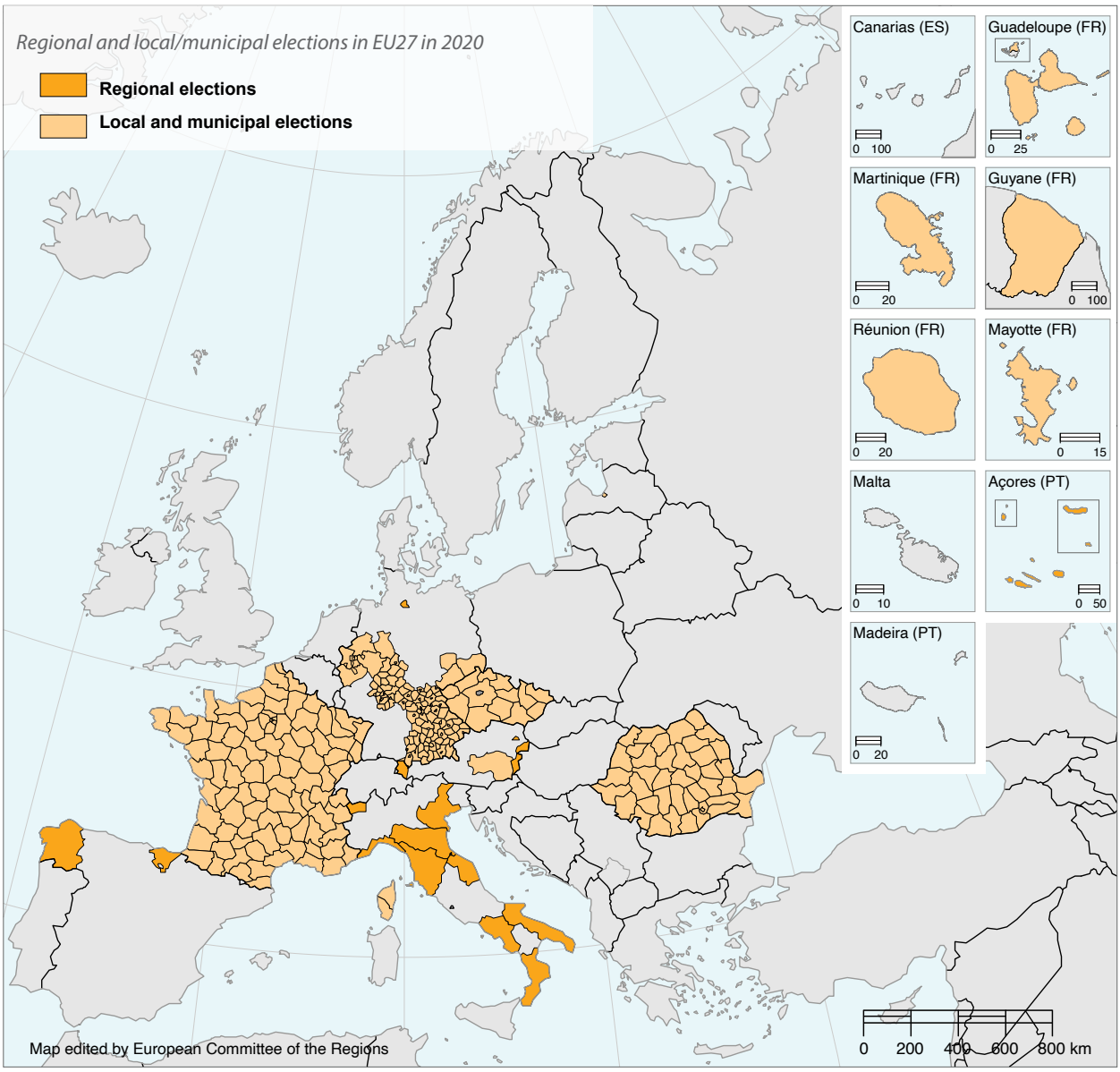



**Coordination between different levels of government?**

Survey among regional and local authorities, OECD/CoR, July 2020

*Effectiveness of coordination mechanisms in managing the COVID-19 crisis*
*CoR-OECD (2020) The impact of COVID-19 on regions and cities*






## Key fact

58%

58% of Europeans think more influence of regional and local authorities will have a positive impact on the EU's ability to solve problems.

## Call to action

Ensure better coordination between all levels of government and support local democracy within and beyond the EU.

## For more information:

https://cor.europa.eu/EURegionalBarometer.go

**This brochure gives a foretaste of the insights relevant to your local area**

The "EU regional and local barometer" report is an initiative of the European Committee of the Regions. Published in 2020 for the first time, the aim is to show the state of the regions and cities, municipalities and rural areas of the European Union each year in October. The report brings together data and analysis from a wide range of sources including new and unique insights from the Committee's own work and its partnerships with others.

This first edition, published on 12 October 2020, focuses on the impact of the COVID-19 pandemic. EU regional and local authorities have been on the frontline in tackling the health crisis and keeping people safe. The report shows how they are also key to the economic recovery. We highlight the impact on the most vulnerable in our communities and present new public opinion data on these issues, polled less than a month before publication

QG-02-20-829-EN-N | ISBN 978-92-895-1071-4 | doi:10.2863/314510

**European Committee of the Regions**

Created in 1994, after the entry into force of the Maastricht Treaty, the European Committee of the Regions is the EU's assembly of 329 regional and local representatives from all 27 Member States, representing over 446 million Europeans.

Edited by the European Committee of the Regions

October 2020

Rue Belliard/Belliardstraat 101 | 1040 Bruxelles/Brussel | BELGIQUE/BELGIË |
www.cor.europa.eu | @EU_CoR | /european.committee.of.the.regions | /european-committee-of-the-regions | @EU_regions_cities