Urban areas in the post-Covid era: Challenges and future pathways

With around 75% of EU citizens living in urban areas, many of the policy challenges facing the EU have a disproportionate impact on its cities, a trend that has been exacerbated by the pandemic. While EU funds under the Recovery and Resilience Facility can help support cities, stakeholders have called for greater local and regional involvement in the process and for a new focus on cohesion funding. A resolution on challenges for urban areas in the post-Covid-19 era was adopted during Parliament’s February 2022 plenary session.

Background

Compared with rural regions, urban areas suffered particularly heavily at the start of the pandemic, with high population density and movement contributing to high transmission and mortality rates. Responding to the pandemic, local governments implemented a variety of mitigation strategies that were pivotal in preventing the spread of the virus in urban areas. While these measures brought a temporary halt to much of cities’ social and economic life, the pandemic is likely to have a lasting impact on cities in many respects.

Impact on urban areas

With each city facing its own unique set of circumstances, the impact of the pandemic will, as highlighted by the European Committee of the Regions, vary according to the severity of each city’s lockdown measures, the sensitivity of its socio-economic structures to the restrictions and its rate of recovery. Yet while every city is different, it is possible to identify a number of Covid-related impacts common to many urban areas. First, the pandemic has accelerated trends spurring inequality, exposing old inequalities and problems in cities in a new light. Going forward, cities are likely to face an increase in inequalities between societal groups, with many aspects of the Covid-19 crisis and resulting lockdowns affecting groups such as women, the urban poor and minorities particularly heavily, impacting their lives in areas such as mental health, personal safety, income and education. Second, many local and regional governments have been impacted financially, experiencing a simultaneous increase in expenses and fall in income during the pandemic, a point highlighted by a 2021 analysis by the Council of European Municipalities and Regions. The Covid-19 crisis obliged local governments to purchase additional equipment, implement lockdowns and protection measures and give extra support to their most vulnerable residents. Meanwhile, however, the loss of income caused by the slowdown of economic activity during lockdowns has led to a fall in tax revenue, placing additional strain on local authorities’ finances despite the various recovery measures subsequently put in place. Third, with the pandemic revealing the importance of digitalisation in people’s lives, the Covid-19 crisis has led to an increase in teleworking, especially in cities with an educated workforce. This could have a long-term impact on the spatial development of cities, towns and suburbs as people begin to spend less time in urban centres. Equally, however, this new reality has brought into sharper focus the increasing digital divide that exists both within cities and between rural and urban regions, with the eighth cohesion report noting that the share of city residents with at least basic digital skills is higher than in rural areas, highlighting the need for urgent action to close this gap.

EU support available

Although the EU has no competence in the area of urban development, many EU initiatives have an impact on urban areas. Cohesion policy, accounting for about a third of the EU budget, supports urban development through funds such as the European Regional Development Fund (ERDF), the European Social Fund and the Cohesion Fund. In the 2021-2027 policy cycle, Member States are required to earmark at least 8% of their ERDF resources for sustainable urban development, with the European Urban Initiative providing a further €400 million for urban projects. However, many Member States have yet to present their cohesion investment plans to the Commission, raising fears that valuable cohesion funding could be lost.
NextGenerationEU (NGEU) is a temporary instrument geared towards rebuilding a greener, more digital and more resilient Europe after Covid-19. Supported by the Recovery and Resilience Facility (RRF), which is offering €672.5 billion in loans and grants to support reforms and investments undertaken by Member States, its goal is to help the EU emerge stronger and more resilient from the crisis. In addition to the RRF, €50.6 billion in funds are available through NGEU Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), for crisis response and crisis repair measures. Member States must submit national recovery and resilience plans (NRRPs), setting out reforms and investment to be implemented by 2026. A 2021 survey by Eurocities, however, notes that most cities have been insufficiently involved designing their NRRPs, calling into question the extent to which these recovery plans truly reflect the needs of urban areas.

European Parliament report

Adopted on 15 February 2022, Parliament's resolution on challenges for urban areas in the post-Covid-19 era offers a series of recommendations addressing some of the most serious challenges facing urban areas after the Covid-19 crisis, and discusses how to ensure that cities are inclusive, sustainable, innovative and learning-based, and introduce tailor-made policy initiatives. On inclusive cities, Parliament emphasises the need to implement policies to help vulnerable groups and minorities disproportionately affected by the pandemic. In this context, it highlights the impact of the crisis on women in particular, noting that they are more likely to work in jobs on the frontline and to have taken on more tasks as principal caregivers, and that they are more vulnerable to the economic consequences of the pandemic. To achieve sustainable cities, the resolution argues that the recovery effort must support the green and digital transitions and offer environmentally friendly urban planning and mobility solutions. Noting that rapid digitalisation has been a characteristic of the pandemic, along with the challenges posed by the digital divide, Parliament underlines that innovative cities must focus on digitalisation and digital connectivity as a priority for the recovery effort. The resolution also considers that learning cities need to ensure inclusion and access to education, online or live, noting that the pandemic has exacerbated youth unemployment and reduced access to education for children and adults. Lastly, Parliament stresses the need for tailor-made policy initiatives to adapt to the new post-Covid reality in urban areas. Specifically, Parliament calls for up to 15 % of the funds available under NRRPs to be allocated to urban areas to address post-Covid challenges and recommends that the European Urban Initiative be given a greater budget and scope. It also highlights the need for adequate and directly accessible future funding opportunities for cities to implement programmes locally, and encourages countries to provide greater resources to support the Urban Agenda.

Future pathways

A July 2020 OECD report on cities' policy responses to Covid-19 sets out a number of future pathways out of the crisis. Noting that long-term recovery strategies for cities need to focus on addressing the structural inequalities magnified by the pandemic, the OECD argues that economic recovery should be paired with a focus on environmental sustainability and consider the pivotal role of digitalisation. Crucially, the report considers that cities cannot face the challenge of recovery on their own, emphasising that recovery is a shared duty across all levels of government. The importance of multilevel partnership approaches was highlighted by the Commission's eighth cohesion report, which considers that territorial recovery from the pandemic is dependent on place-based, multilevel and partnership-led approaches, supported by effective policies and instruments. The European Committee of the Regions has echoed this view, calling on the Commission to make practical recommendations on involving local and regional government in NRRP implementation. For its part, Parliament has drawn attention to the importance of cohesion policy for the recovery effort, with a 2021 Policy Department study noting that emergency funding needs to shift towards cohesion funding to address the long-term recovery perspective. In this context, Members of Parliament's Committee on Regional Development recently warned that Member States' delay in presenting their cohesion investment plans to the Commission means that valuable cohesion funding could be lost.

Outlook

While many of the challenges facing cities have deepened during the pandemic, there is arguably a new impetus for cities to build a sustainable and digital future through the recovery process. However, while EU funds are available to help, limited local and regional involvement in NRRPs and cohesion programming delays raise questions about the extent to which the EU can truly support the recovery effort in urban areas.