

Regional policy responses to the emergency caused by the pandemic: 4 keywords

- 1. Flexibility** allowed to Member States by European Institutions (adoption of the Temporary State Aid Framework; suspension of fiscal rules; flexibility in the use of structural funds)
- 2. Wide scope** of emergency measures taken by regional and local administrations:
 - Health care responses
 - Economic and social responses (support to SMEs, artisans, retailers and self-employed; support to vulnerable workers)
- 3. Territorial differentiation:** heterogeneous regional health care, economic and social responses within EU countries
- 4. Coordination** among levels of government was necessary in all areas of intervention (the lack of coordination has led to some conflicts among local and central administrations especially in the case of health care responses)

Support to economic activities by regional governments

Emergency measures taken by regional and local governments **have complemented the measures taken by the central governments** covering a wide range of areas, the main being:

- Financial support: non-repayable grants, facilitating access to external financing through guarantees, deferring loan instalments
- Fiscal support: deferring tax and fees collection, granting exemptions and tax reliefs
- Administrative support: simplification and acceleration of procedures, relaxing certain restrictions easing regulations and permits required from businesses

Many regions have also adopted **specific measures** to support their SMEs (in Italy, for instance, Campania adopted its own “Plan for the Socio-economic Emergency” focusing largely on micro-enterprises

The most effective regional strategies have been those complementing national measures. Specific measures have sometimes implied overlapping and duplications not always allowing to reach all potential beneficiaries.

When State-Regions coordination worked: reprogramming unspent structural funds to tackle the crisis

In March and April 2020 the Commission launched two packages of measures: the Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative Plus (CRII+) to mobilise EU cohesion policy to tackle the crisis.

The CRII packages **provide liquidity and flexibility to redirect unspent resources to where they are most needed:**

- the **health sector** to secure personal protective equipment, finance testing and support hospitals by purchasing additional medical equipment;
- the **business sector** to provide working capital to SMEs, facilitate digitalisation and set up or re-design financial instruments;
- and **people** support to implement employment retention schemes and help vulnerable groups.

By end-2020, a total of €19.7 billion in cohesion policy resources had been reprogrammed to counter the crisis.

This has been a “**best practice**” of coordination between Central governments (providing guide lines about area of intervention) and Regional Administrations (reprogramming resources according to local needs)

Post-Covid recovery strategies: opportunities for lagging regions

NRRPs (National Recovery and resilience plans) bring back into EU State countries policy agendas the goal of “regional convergence” so far confined to Cohesion Policy (CP).

This is a great recovery opportunity for EU lagging regions; Integrating NRRPs and CP is a key issue still «under construction»:

- strategic complementarities: coherence among priorities, goals, project (in many common fields of NRRPs and CP: urban policies; regional smart specialization; green transition and circular economy; public administration)
- financial complementarities: CP funds may reinforce and extend after 2026 NRRPs projects
- territorial complementarities: design NRRPs national projects prioritizing territories with the strongest needs
- strong co-operation among different levels of government (State, Regions, Cities) both for the implementation of NRRPs and CP