



COUNCIL OF EUROPEAN MUNICIPALITIES AND REGIONS
CONSEIL DES COMMUNES ET REGIONS D'EUROPE

**THE IMPACT OF THE ECONOMIC CRISIS ON EUROPE'S LOCAL AND
REGIONAL GOVERNMENTS**

THE ATHENS COMMUNIQUÉ

24TH March 2009

***The Executive Bureau of the Council of European Municipalities and Regions,
meeting in Athens on 24th March 2009, adopted the following Communiqué:***

1. Across Europe, our local and regional governments are everywhere experiencing the difficult consequences of the most severe economic crisis for very many years.
2. It is precisely at times of crisis that our citizens look to their local and regional governments for support, and have most need for many local public services. To provide support and essential services to those in need is at the heart of our mission – but it also leads to pressures to spend more in providing this support.
3. Yet it is also at this time of recession that our financial resources are reduced, by reductions in taxes, financial transfers, and other sources of revenue. It seems likely that this loss of income will last throughout 2009 and beyond.
4. We take note of the steps taken at European level, and in most Member States, to stabilize the financial system and to promote economic recovery in these difficult times. Membership of the eurozone, we further note, has been of positive benefit for those countries of the zone which have experienced special difficulties.
5. We believe, first, that local and regional governments are uniquely well placed to play a key role in the implementation of economic stimulus programmes, and second, that our investments are more likely to be successful in the shorter term than investments at other levels. However, experience shows that some national governments have not taken into account the need to involve and work with their local and regional authorities.
6. Moreover, investment by local or regional governments is on average likely to achieve a higher multiplier effect. Local and regional governments are responsible already for some 70% of public procurement expenditure.
7. We therefore call on the European institutions, including the European Council, to channel a much greater amount of investment under the current and future economic recovery programmes through local and regional governments.
8. We ask the European institutions and the Member States to provide greater flexibility to ensure that the Structural Funds can be used more simply and

creatively at this time (e.g. increasing the EU co-financing share), geared in the short term towards investments that can be swiftly implemented, and which are in any event of importance for the future, such as energy efficiency measures. Short-term measures should be designed to contribute to, not work against, longer-term goals such as building competitiveness and sustainability.

9. We appreciate the role of the European Investment Bank in taking forward measures for recovery, working with local and regional authorities, and emphasize the need for such programmes to be extended.
10. We also call on the national governments to ensure that their local and regional governments are
 - (a) involved as partners in tackling the crisis, and
 - (b) empowered – financially and in other appropriate ways – to carry out their responsibilities for social protection and assistance to the victims of the crisis.

In particular, the financial base and the resources of local and regional governments must be protected.

11. In conclusion, we believe that the potential contribution of local and regional government in combating the economic crisis has not yet been fully understood or utilized by the European Union, or in most European states. We propose a “local and regional new deal” – aimed at achieving shared objectives to strengthen Europe’s economy, environment and society.