



16 February 2016

Speech by the CEMR Secretary General, Frédéric Vallier
EU Inter-Parliamentary Committee on Budgets
European Parliament

Mister President,

Madam rapporteur and the Rapporteur on the revision of the Multiannual Financial Framework,

Honourable Members of the European Parliament,

Let me first thank you for your invitation, and in particular Ms Thomas and Mr Olbrycht for their invitation to come and present to the interparliamentary meeting the expectations and actions of the municipalities, mayors and their local administrations to respond to the humanitarian and social emergency created by the geopolitical situation at the gates of Europe.

The Council of European Municipalities and Regions, which I am the Secretary General, represents the 55 national associations of municipalities, cities, provinces and regions in the 28 countries of the European Union, but also the Balkans, Turkey and Ukraine, representing altogether some 150 000 local and regional authorities across the continent.

I must say from the outset that, in the face of this crisis, and indeed as often in time of serious crisis, local elected representatives are more sensitive and ready to find solutions than their counterparts in national governments. The proximity of the emergency often implies being more realistic and emphatic.

Therefore, in the framework of the Better Migration Management Package, to be launched in March-April, LRAs are ready to help the Parliament, the Commission and member States to tackle the refugee crisis, while at the same time, we are ready to closely continue contributing to the revision of the Multiannual Financial Framework (MFF) in the upcoming months.

In addition, since the very beginning of the crisis in spring 2015, we have put in place tools to assess the situation with a continuous monitoring on the ground and we are ready to provide

the EU decision-makers with more data about the situation (needs and financial impact and requirement) at the local level. To complete this data collection work, we wish to set up a European Observatory which could bring forward the needs of the municipalities and assist these through the exchange of good practice in the field of reception and integration of asylum seekers.

The refugee crisis already pushed the MFF to its limits

Since January 2015, more than 710.000 asylum seekers¹ have entered Europe from the eastern as well as the southern borders. By 2017, if no solution is found, more than three million migrants from conflict zones could potentially cross EU borders².

This crisis comes at a time of financial crisis we are all aware of, however, we share the analysis of President Juncker, who recognised that *"extraordinary measures require extraordinary funding"*.

Actually, **the resources available in the current MFF**, even with the full activation of the existing flexibility provisions, could be **insufficient** to tackle this problem in the next years. **Municipalities** participating in relocation or quota schemes incur in **unexpected costs**, which are **neither reimbursed nor fully covered for expenses** incurred by central governments.

On the contrary, in many countries, the resources made available to local governments in charge of social welfare have decreased in order to deal with the debt crisis; we also note in that respect that countries which are at the front line of the arrival of refugees are the ones most affected by budgetary restraint policies. Greece, of course, but also Finland, Italy and Spain ... countries where the resources of local governments are decreasing.

In addition, under the UN Convention, local authorities are obliged to protect unaccompanied minors, which may result in a financial burden for municipalities if they do not get the support from central governments.

- It seems clear that **the total MFF agreed for the period 2014-2020, is insufficient** to respond to the multiple crises that Europe is facing.

Local governments are lacking resources, both in first arrival, transit and final destination countries. There is a clear **lack of funding at the local level** in order to provide refugees with basic assistance, and in many places, there is **not enough permanent housing, shelters, nor psychologists**, teachers, social workers or interpreters.

In order to highlight these issues and according to estimations:

- To take the case of **Germany**, and to give you an idea of the distribution of costs between different levels of responsibility: the refugee crisis cost 15 billion euros in Germany in 2015, of which 10 billion were financed by local authorities and 5 by the regional and the federal government. Depending on the number of refugees arriving **this**

¹ <http://frontex.europa.eu/news/710-000-migrants-entered-eu-in-first-nine-months-of-2015-NUiBkk>

² <http://uk.reuters.com/article/2015/11/05/uk-europe-migrants-costs-idUKKCN0SU1BL20151105>

year 2016, the cost can vary between 9 and 25 billion euros at least, and the majority of them are covered by the local level.

- In consequence, if we take into account the total number of refugees that arrived in 2015 to the **EU, the budget should be increased by 30,3 billion euros** in order to be able to properly tackle the refugee crisis.

We support the view of the rapporteurs that exceptional additional funding sources will need to be found.

We believe that:

- We need to urgently assess potential ways to increase the **own resources of the EU**, as well as new ways to improve and increase the use of other existing sources of extra income and fiscal capacity at the EU level. In this respect, we urge the High-Level Group on Own Resources to speed up their work and the Council to be ambitious and innovative in its forthcoming meeting, to find additional resources to support the efforts of local authorities in terms of reception and integration.

We support the use of a **proper financing of the European Union budget** to respond to this crisis either through the use of:

- **A specific European loan**
- or through the introduction of **a temporary tax on carbon energy**, taking advantage of low oil prices.
 - We wish also that only **Member States involved in the relocation mechanism benefit** from this increase in resources with the condition to find a fair allocation key for local and regional governments.
 - We ask the **EIB to give free-of-interest loans** in order to build more housing, partly assigned to the reception of refugees.

In the framework of the existing funding mechanisms at the EU level, no specific resources have been set aside to properly address the challenges at the local and regional levels. Accordingly, we ask the Parliament, the Commission and the Council:

- That within the MFF revision process and beyond the emergency measures for return and relocation, **more resources are dedicated to integration** measures both in the long and medium-term.
- To assess whether **underused resources** could be reoriented and used to help local and regional authorities to better confront their responsibilities in this field. In this respect, the Urban innovative Actions Call for Proposals under the ERDF provides a valuable facility for urban authorities to access direct funding to provide refugees with what they need. However, this new instrument is very small and therefore, we call for something more structural

There is still some margin of action to assess how to create **synergies between the existing funding mechanisms** such as the ISF, the AMIF, the ESF and the ERDF.

- We call for reinforcing the **partnership principle** to ensure a real multi-level governance approach in all decisions between tiers of government, including budgetary ones, with respect to the refugee crisis. This should be extended, not only to decisions concerning relocation and other measures at the national level, but also with respect to the design, monitoring and evaluation phases of the various existing EU funding mechanisms, including the Asylum, Migration and Integration Fund (AMIF); the Internal Security Fund (ISF); the European Social Fund (ESF); the Pre-Accession Instrument and the European Neighbourhood Instrument.
- We call for some **flexibility with respect to the Stability and Growth Pact** for municipalities hosting a high number of refugees and which are faced with insufficient resources.
- We believe that **cooperation between hosting cities and cities of origin** can make a positive contribution to refugees' integration, and to their return once the crisis will be over, and that as a result, the EU should financially support such links including awareness raising initiatives such as the Development Education and Awareness Raising (DEAR) projects.

Finally, in conclusion, I would like to once again emphasize the effort of mayors, local elected representatives, local government officials often faced with unbearable human situations, but who face their responsibilities; I think of the mayors of Lesbos, Kos, Athens, Lampedusa, Calais to name a few. They are the pride of our commitment to the values which are those of our Europe. The Council of European Municipalities and Regions stands by their side and your side to disseminate widely the message of humanity who founded the European project, we rely on you to help us support them in their actions.

Thank you for your attention, I am at your disposal if you have any question.

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