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Discussion Paper

Cohesion Policy and Recovery and Resilience Facility: complementarities and synergies for resilience, green and digital transitions and economic, social and territorial cohesion of Europe

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Introduction

The Recovery and Resilience Facility (RRF) will support reforms and investments undertaken by Member States (MS), to mitigate the impact of the coronavirus pandemic and make Europe more resilient, sustainable and better prepared for the challenges and opportunities of the green and digital transitions. Its scope includes ‘pillars’ supporting economic, social and territorial cohesion, with the MS required to foster synergies and promote strong coordination between National Recovery and Resilience Plans (NRRP) and the programming of Cohesion Policy (CP)¹. From our perspective as Ministers responsible for cohesion, it is important to make sure that the RRF support to economic, social and territorial cohesion is respected so that the efforts and achievements of cohesion policy are not compromised.

In practice, considering that the NRRP have been already discussed/presented to the Commission, some initial questions concerning the most effective way to ensure complementarities and synergies between the two Instruments are emerging.

1. Strategic and operational coordination

At a strategic level, the experience to date suggests a degree of cooperation between NRRP and CP, including a few cases of integrated drafting, though separation of management responsibility is more common, with various types of mechanisms (more or less institutionalised) to facilitate cooperation. One reason for that appears to be the need to respect the deadline for NRRP, in some cases leading to the programming of the Partnership Agreements (PA) being delayed.

Considering the decisions on the use of the RRF versus CP to finance investments, the practice shows that the choices are being influenced by three main questions:

- Eligibility - what can we finance under each instrument?
- Absorption - what are we able to spend and control?
- Administration - where is it easier to spend within the timeframe?

Other factors, like the obligatory links of the investments to reforms, the prioritisation of mature projects, and whether the appropriate legal competences are in place to guarantee milestones and targets have played a part in decisions of funding under RRF or CP.

¹ Articles 3 and 28 of the RRF Regulation

Thus, in more concrete terms, the decisions on the investments seems to be carried out according to a mixed approach that can be summarized as follows:

- Investment scale: the RRF is being used to finance large-scale investment projects that are part of wider national reform processes, while CP is being used for projects with a wider scope, stronger territorial targeting, and a larger share of soft measures;
- Eligibility: RRF is being used to fund investments ineligible under CP either because of regional eligibility status (more developed regions/transition regions) or type of project;
- Timing and Absorption: certain investments are being funded under NRRP in the first part of the programming period, and with CP thereafter, thus, reflection is needed on whether the absorption by criteria linked to execution of targets in RRF is easier than the traditional CP methodology

Economic, social and territorial cohesion is mentioned explicitly in the scope and objectives of the RRF, but cohesion does not appear in practice to be the major objective of NRRP. A weak territorial dimension of the RRF can have potential implications for CP and territorial cohesion, including on the reduction of internal disparities, on the role of sub-national levels, and on the multi-level governance principle.

However, several MS have acknowledged that a more explicit territorial dimension may emerge as the NRRP are implemented, and in the development of project selection criteria and projects.

There is also an important *indirect* impact on cohesion arising from NRRP spending on infrastructure gaps and connectivity deficits or on addressing social inequalities, which are more prominent in disadvantaged regions and urban neighbourhoods.

2. Complementarities and synergies

There is a therefore the necessity to explore how to strengthen complementarities and synergies between the NRRP and the Partnership Agreement (PA). This presents however some challenges. For instance:

- The demands for effective strategic and operational coordination are considerable, but the time to set-up inter-institutional cooperation mechanisms and effective working relations is limited;
- The differences in the PA and the NRRP drafting timetables can in some cases hinder effective institutional coordination and limit the pursuit of synergies;
- The use of CP management and implementation systems and procedures (or their elements) in the implementation of the NRRP measures is in some cases viewed as a way to ensure the synergy of implemented activities, avoid double financing and promote consistency, even if the practical application of

this may be complicated e.g. due to the lack of necessary resources and capacities;

- The overlap between CP and RRF in some areas, including green and digital transition, present particular concerns in terms of overlaps and crowding out. In addition, the broad scope of RRF thematic coverage makes it more challenging to define clear focus and ensure coordination with CP interventions;
- The potential prioritisation of the RRF funding over CP due to the pressure on quick implementation / absorption (e.g. emergency nature, shorter lifespan, and tight timetable for NRRP) may reduce attention and capacity to deal with the programming and implementation of the CP funding 2021-27, contributing to further delays and absorption issues of cohesion resources.

3. Questions for discussion

1. How can the Recovery and Resilience Facility and Cohesion Policy jointly contribute to economic, social and territorial cohesion?
2. How can the synergies and complementarities between National Recovery and Resilience Plans and Cohesion Policy be maximised at the operational level?