Moving ahead EU investment instruments to accelerate the economic, social and territorial development

CPMR “Territories Matter” Initiative – 3rd seminar

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Following the motto “Regions at the heart of a reformed European Union”, the think-thank initiative “Territories Matter” aims to offer a space for reflection which supports the production of studies and evidence-based policy solutions relevant to realities confronting the regions. This will allow regions to contribute to the development of realistic policy proposals to the relevant policymakers influencing future reforms and supporting the continued existence of tailored investment support.

This third “Territories Matter” seminar discusses the need to optimise and accelerate economic, social and territorial development through the use of EU investment funds, particularly looking at the lessons learned from the Recovery and Resilience Facility, as well as the need to re-think Cohesion Policy for the future.

This background note aims to present the:
- Context of the seminar
- Questions to be discussed between CPMR Members representatives and external experts.
- Event proceedings

After the introductory opening session framing the day’s theme, two thematic sessions will follow. The points below present a short introduction to the subject matter.

1. Thematic session 1 - Advantages and disadvantages of the RRF, which elements to keep for the future?

The Recovery and Resilience Facility emerged as a temporary instrument aimed at providing a firm response to the economic downturn caused by the COVID-19 pandemic. It is no secret that this ambitious instrument combined with the delays in agreeing the multiannual financial framework has had implications in the 2021-2027 programming period. The delay affected the programming causing delays and the significant amount of funding made available under the RRF, along with the timeframe for its deployment, has placed RRF as a priority and pushed Cohesion Policy programming to the
backstage. In addition, the implementing authorities for many of the RRF investments are the same causing an increased administrative burden as the instruments do not follow the same procedures. It appears that where the capacity is limited there seems to be a substitution effect from Cohesion Policy towards Next Generation EU funds.

Concerning the post-27 vision for EU investments, the RRF has become a reference point for potential reforms of the governance framework of the European Structural Investment Funds.

It should be noted that the RRF has not been fully tried and tested which can pose a problem, as the time for decisions regarding the future of Cohesion Policy approaches. Preliminary assessments from the European Court of Auditors identified some weaknesses of the RRF architecture regarding limitations in measuring its impact, the lack of data on final beneficiaries and a strict national-level control, which is in line with concerns previously expressed by CPMR regions. On the other hand, the RRF has also introduced elements which could boost the efficiency of Cohesion Policy implementation such as considerably simplifying the disbursement and financial control, no longer based on actual costs.

This session will discuss the evolution of the two policies and possible consequences for the future of Cohesion policy. The RRF provides a different model of a development policy, with its strengths and weaknesses, what will stay and what will go is unclear, but could affect the model of multilevel governance and the level of empowerment of regional authorities.

Potential questions to be addressed:

• What are the pros and cons of an RFF development model?

• What can be adapted and adopted in Cohesion Policy?

• What could be the role of a milestone or performance-based financing in Cohesion Policy? Is it appropriate?

2. Thematic session 2 - Upgrading Cohesion Policy to an Evolving Europe

This session focuses on the reforms needed to upgrade Cohesion Policy for the next Multiannual Financial Framework in view of the pressures the EU is facing. Cohesion policy has played a vital role in reducing regional disparities within the EU as its main investment policy. Although Cohesion Policy is a central pillar to European integration and an essential part of the EU’s tools to reach many of its core objectives, its current architecture has reached its limits in addressing present challenges while preserving its long-term investment nature for cohesion.

The EU budget faces considerable pressure from the post-pandemic recovery and the impact of the ongoing war in Ukraine. With a budget under pressure, the efficiency and use of Cohesion Policy implementation are under scrutiny, while its resources are being sought for immediate emergencies putting at risk its investment mandate. New instruments are drawing from Cohesion Policy funds and there is a drive to introduce specific top-down missions to Cohesion Policy.

Under these conditions, there is a need to adapt the present structure of Cohesion policy, but what should be the approach to take and are aspects of the RRF potential solutions (see thematic session 1)? A core part of the process will be based on the reflections of the High-Level Expert Group to which CPMR will send its analysis and recommendations. In this session, we will hear about the state of play and the possible steps for the future.
Potential questions to be addressed:

- What are the key messages being developed at the HLG on cohesion?
- What does the MFF review tell us about the future direction of EU investment instruments?
- How can Cohesion Policy remain a bottom locally owned instrument for long-term investment, while its funds and planning are increasingly linked to top-down decisions on allocation and targets?
- How can the realities on the ground by regions effectively reach the policymakers to ensure cohesion policy still reflects the needs of the regions?

3. Dynamics of the sessions

- The 3 hours seminar will be structured in the following way:

  - Opening session
    - Welcome and introduction by Eleni Marianou – CPMR Secretary General
    - Opening speech by Pedro Azpiazu – Basque Minister for Finance
    - Video address by Elisa Ferreira – Commissioner for Cohesion and Reforms
    - Keynote speech by Peter Berkowitz – Director at DG REGIO

  - Thematic session 1: Advantages and Disadvantages of the RRF, which elements to keep for the future
    - Introduction and moderation by (CPMR General Secretariat)
    - The 4 main speakers will share their initial considerations regarding the pros and cons of the RRF.
    - The floor will open for CPMR members to share their reflections about what was presented, or any other aspects that they find relevant.
    - Main speakers will react, responding to members’ concerns, the feasibility of potential solutions and giving recommendations to address existing problems.
    - An exchange of views with all other participants will follow.

  - Coffee Break

  - Thematic session 2: Cohesion Policy: Is it a moment for a revolution?
    - Introduction and moderation by (CPMR General Secretariat)
    - The main speaker will share an overview of the work carried out, so far, by the High-Level Group of Experts on the future of Cohesion Policy and also share reflections about the direction in which cohesion policy is headed.
    - CPMR member regions representatives will share reflections from the point of view of their regions, highlighting the points they find most relevant and identifying any other elements.
    - The floor will open up for an exchange of views with the audience.

  - Networking lunch
4. Relevant background information for the seminar

- CPMR messages that should guide the simplification of Cohesion Policy – CPMR Policy Position
- Partnership Agreements 2021-2027: The legacy of Next Generation EU – CPMR Technical Note
- New flexibilities (SAFE): What’s at stake – CPMR Reflection Paper
- Back to the future: 5 scenarios for post-27 Cohesion Policy – CPMR Reflection Paper