

A more territorial EU economic governance framework for a post COVID scenario

CPMR “Territories Matter” Initiative – 1st seminar
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The first seminar under the “Territories Matter” initiative touched upon existing problematics and potential solutions to strengthen the territorial dimension of the EU economic governance framework (European Semester) and EU investment policies, with a specific attention to the Recovery and Resilience Facility.

The question addressed during the seminar were the following:

What can we learn from the preparation process of the National Recovery and Resilience Plans in terms of the involvement of regions?

How can the territorial dimension of EU investment policies be strengthened as part of a reformed European semester framework?

The session gathered around 50 CPMR member regions and counted with the participation of Francesco Corti, Associate Researcher at CEPS, Eulàlia Rubio, senior Research Fellow at Jacques Delors Institute, and David Rinaldi, Director of Studies & Policy at Foundation for European Progressive Studies (FEPS).

This document aims to give an overview of the main ideas and messages raised during the session and will contribute to the subsequent discussions under the initiative and the final policy paper. Discussions were held under Chatham House rules, so messages gathered in this document reflect the discussion but not the personal opinions of specific participants.

1. Highlights of the seminar

1.1 Common observation: as a general rule, investment policies at EU level outside cohesion policy have no systematic territorial dimension.

→ What we should aim for: ‘Take Regional Policy outside Cohesion Policy’, all EU investment policies should take inspiration from Cohesion policy and integrate a territorial approach.

Options of the future:

- EU policies aimed at stimulating investment with a strong territorial development approach should be **designed bearing in mind the diversity of territorial realities across the EU**. They should also be designed according to the competences of regions when it comes to the definition of investment strategies. There should be a consistent approach across all EU investment policies.



- Establishment of a **regional approach to the impact assessments** prior of EU political initiatives, especially those with significant economic, social, and territorial cohesion impact.

1.2 Common observation: Regional authorities are not systematically seen as real partners deploying EU investment policies outside cohesion policy by the European Commission and EU Member States.

→ What we should aim for: **EU Regions to be considered essential actors to deploy EU investment policies, mirroring the multilevel governance approach of Cohesion Policy.**

Options of the future:

- **Regional authorities should be in the driving seat in the deployment of EU funds** as regional authorities give political legitimacy and ownership to all initiatives and actions in place.
- The capacity and expertise within regional authorities when it comes to implementing shared management funds (such as Cohesion Policy funds) makes them ideal candidates to play a central role in coordinating all EU investment funds and therefore become investment hubs at territorial level.

1.3 Common observation: Inadequate involvement of regions in the European Semester framework for economic policy coordination

→ What we should aim for: **The role of regional authorities in the European Semester must be institutionalised now that the process is moving from a technocratic to a political process.**

Options of the future:

- **The concept of partnership** should be central to the upcoming discussions on the reform of EU economic governance. Regions should not be consulted and involved in the same quality and level as other very different actors at national level such as social partners, trade unions, business associations and academia. Regional authorities are part of the political structure of the Member State and responsible to implement policies discussed under the framework.
- **Reflection on the need to harmonise how Member States involve regional authorities at EU level** in the framework in line with their competences, especially in the preparation of the Country Reports or other investment guidelines (e.g., Annex D).

1.4 Common observation: Lack of meaningful involvement and territorial dimension on the definition of the national recovery and resilience plans.

→ What we should aim for: **Regions should take part in the execution of each plan' components throughout the RRF implementation in the coming months.**

Options of the future:

- As recovery plans are already approved, the focus should be on the need to **guarantee regions' involvement and voice in the investment's selection criteria** to guarantee a smooth and efficient roll out of the Recovery Plan.
- It is vital that **decentralized coordination arrangements work** in order to boost the exchange of information between levels of government on the implementation of the recovery funds. Also, it is important that coordination arrangements are employed in order to facilitate the adaptation of the plans' implementation on achieving the established milestones.
- The **complementarity with cohesion policy** emerges as one of the biggest issues and reinforces the strategic involvement of regions on the investments decisions.

1.5 Common observation: Lack of synchronisation and coherence of EU funds interventions between levels of government.



→ What we should aim for: **Strategic integrated use of EU resources to face structural changes and EU long term objectives with an impact on the territory.**

Options of the future:

- Articulation and **integration of all strands available in a high level political strategy** at Member State level with the full involvement of regions. The strategic approach should be encouraged at EU level.
- **Smart specialization strategies (S3) should be the core of all EU funds planning** in light of place-based development priorities and enlightens the strong knowledge of EU regions on the provision of economic development on the territory.
- Consideration of the powerful tool that **cross-border cooperation** can be on the implementation of the EU economic policy spectrum.

2. What's next?

Discussions gave way to several critical open questions which can be addressed as part of future seminars organised under the CPMR "Territories Matter" initiative.

2.1 Will there be an RRF 2.0? If so, what will be the consequences over the role of the EU budget as an investment budget for the post-2027 period?

The temporary recovery instrument parallel execution with the regular MFF has raised concerns in terms of governance and implementation (*see point 4*). The speculations on a potential permanent RRF raise questions on the future of the EU budget regarding its objectives, implementation, management and control, and governance. The success or failure of the Recovery and Resilience Facility will have a strong impact on the future EU budget discussions.

2.2 How can EU long-term objectives be financed together with the regions?

The EU policy agenda for the coming years is clear: achieving the green and digital transitions are at the heart of the European Commission overarching priorities. These priorities are being supported by an unprecedented number of instruments at EU level: investment 'focused' policies which will be implemented as part of the 2021-2027 programming period, the Recovery instrument until 2026, not to mention other funds such as the Social Climate Fund which is due to be operational as of 2025 onwards. Vital questions regarding the overall efficiency of EU action and the top-down logic of many of the EU instruments to realise its long term ambitions will need to find answers.



The Conference of Peripheral Maritime Regions (CPMR) represents more than 150 regional authorities from 24 countries across Europe and beyond. Organised in Geographical Commissions, the CPMR works to ensure that a balanced territorial development is at the heart of the European Union and its policies.



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