European Committee of the Regions

Commission for Territorial Cohesion Policy and EU Budget

COTER

The delivery system of Cohesion Policy now and in future

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This report was written by
Kai Böhme, Paola Marinović, Sabine Zillmer (Spatial Foresight)
Kinga Hat, Bernd Schuh (ÖIR)

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Acronyms

CAP – Common Agricultural Policy

CARE – Cohesion's Action for Refugees in Europe

CF – Cohesion Fund

CLLD – Community-Led Local Development

CoR – European Committee of the Regions

CPR – Common Provision Regulations

CRII – Coronavirus Response Investment Initiative

CRII+ – Coronavirus Response Investment Initiative Plus

ECA – European Court of Auditors

ERDF – European Regional Development Fund

ESF – European Social Fund

FAST-CARE – Flexible Assistance for Territories

FNLC – Financing not linked to costs

GDP – Gross Domestic Product

GHG – Greenhouse Gas

JTF – Just Transition Fund

JTP – Just Transitional Plan

NGEU – NextGeneration EU

PO – Policy Objective

RCO – REGIO Common Output Indicator

REACT-EU – Recovery Assistance for Cohesion and the Territories of Europe

RRF – Recovery and Resilience Facility

RRP – Recovery and Resilience Plan

SCO – Simplified Cost Option

SME – Small and Medium-sized Enterprise

TO – Thematic Objective

Summary

The debate about Cohesion Policy post 2027 has already started. Meanwhile, many of the adjustments of the delivery mechanism introduced in recent years still have to show whether they help to increase the effectiveness and efficiency of Cohesion Policy.

To facilitate the discussion about which changes to delivery mechanisms are worth carrying over to post 2027, this report offers a first review of changes in the 2021-2027 regulations, flexibilities introduced in Cohesion Policy regulations to face the pandemic and refugee crises, and possible lessons from the Recovery and Resilience Facility (RRF).

The review is based on desktop studies, a short survey of Cohesion Policy Programme authorities and interviews with authorities involved in Cohesion Policy and/or the RRF. The results highlight some first indications.

New features introduced for 2021-2027

The regulatory framework for the 2021-2027 period further simplifies the delivery and management of Cohesion Policy. In comparison to the previous funding period (2014-2020) the main changes to the Common Provision Regulations (CPR) for 2021-2027 are:

- Simplification and flexibility of financing: extended possibility to use Simplified Cost Options (SCOs) also for reimbursement and Financing Not Linked to Costs (FNLC) schemes.
- Enabling conditions with general criteria for eligibility to use the EU funds by Member State: limited objective criteria concerning sound financial management practices, critical features of the legal and policy environment of the country. Unlike the ex-ante conditionalities, the conditions may be the basis for action within individual programmes.
- Reduced audit requirements and control systems.
- Simplified and harmonised eligibility rules for beneficiaries for all ESI-Funds.
- Reporting: new common output and result indicators, reduced frequency and volume of reports to be delivered by beneficiaries: instead of annual implementation reports only financial data is required five times per year.

- More result-oriented approach: designing and implementing programmes where reimbursements are based on achievements.
- Possibility of reprogramming through the mid-term review in 2025: the allocations for the last two years will be made after any reprogramming based on the review. The flexibility amounts to 50% of 2026 and 2027 allocations.
- Procedural rules for submitting applications.

Features introduced during the pandemic & refugee crises

COVID-19 and then Russia´s war on Ukraine with the resulting refugee and energy crises were major shocks which deeply impacted people, enterprises, public authorities, municipalities and regions in the EU. Cohesion Policy has proven that it can react swiftly to changing circumstances and rapidly provide resources for emergency measures. With the pandemic this included the Coronavirus Response Investment Initiative (CRII) and later CRII+. In addition, there was Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), supporting recovery after the pandemic. For the Ukrainian refugee crisis, there was the Cohesion Action for Refugees in Europe (CARE) and later Flexible Assistance for Territories (FAST-CARE). These mechanisms channelled Cohesion Policy funding quickly to where it was needed most.

Together CRII and CRII+ brought new rules for the delivery of cohesion funds (European Commission, 2022a):

- Extended eligibility of certain expenses (e.g. medical equipment);
- Transferring unallocated EU funding between funds and categories of regions;
- Pre-financing of up to 100% for specified projects to enable Member States to immediately benefit from the funds (CRII+);
- An option to increase the EU financing rate to 100% for the 2020-21 accounting year.

CARE and CARE+ introduced or extended Cohesion Policy rules (European Commission 2022b, Members' Research Service 2022):

- The possibility of 100% EU financing for the 2014-2020 funding period was extended to 2022;
- Possibility to use European Regional Development Fund (ERDF) and European Social Fund (ESF) resources for measures supporting people fleeing Ukraine;

- Retroactive EU support for all actions helping Ukrainian refugees (dating back to the start of the Russian invasion, 24 February 2022);
- Simplified modifications to programmes and reporting;
- Increased EU pre-financing under REACT-EU from 11% to 15% for all countries and up to 45% for the most affected Member States (CARE+);
- New SCOs with new unit costs per person arriving and staying in the Member State (CARE+).

Lessons from the flexibility introduced

First and foremost, the EU funding period 2021-2027 saw a paradigm shift with respect to overall policy implementation approach. The 2021-2027 period saw a compartment-building of policies going hand-in-hand with the establishment of several additional funding sources, i.e. the Recovery and Resilience Facility (RRF) and Just Transition Fund (JTF). Each of these 'policy silos' claims, that within its policy it achieved simplification and thematic concentration and result orientation. Overall and with respect to Cohesion Policy it has led to multiple objectives and in due course conflicting actions on the ground (i.e. the regions). Moreover, it has led to shifting the measurement of the ultimate achievements vis-à-vis the cohesion objective towards the policy action and therefore increased the attribution gap between policy measures and the overall result/ impact on cohesion in the EU.

Addressing the delivery system of Cohesion Policy and specifically the new features therein with respect to its effectiveness and efficiency, one has to acknowledge that all EU funding instruments are supposed to contribute to cohesion as overarching objective of the EU.

This implies when drawing conclusions on the aspects of the delivery mechanisms two analytical aspects have to be distinguished:

1) Looking at new features in existing policy support (e.g. CPR funds) vs. new funding instruments with their delivery mechanisms (e.g. JTF) following points can be flagged:
   - ⇒ Fill the result orientation of Cohesion Policy with life and ask for appropriate result indicators, which are linked to the intervention logics of Cohesion Policy and conduct Territorial Impact Assessments to safeguard ex-ante that the right regions are targeted.
   - ⇒ Bring policy closer to the people, especially the JTF with its regional focus (NUTS 3) and the need for regionally based justification of action picked

up on the success stories of well-established delivery mechanisms/ methods of regional development support (Community-Led Local Development – CLLD). The regional and local scale and the involvement of the population in the policy formulation creates the sense of ownership which is necessary to perpetuate development in regions in a sustainable way.

⇒ Facilitate flexibilities while maintaining a focus on monitoring and reporting. The need for quick response and flexible targeting and implementation will call for a delivery of policy which is quicker on its feet. This means that intermediate decision support by either ad-hoc working groups (of experts) or interinstitutional mechanisms would allow for an intermediate assessment of the situation and evidence-based decision making in a quicker way. The inclusion of social partners would allow for a broader involvement of society.

⇒ Extending flexibilities to national and regional procedures and institutional/ organisational capacity. One more lesson learnt from the quick-response policy mechanisms like CRII and REACT-EU/CARE is the need for building enough capacity on all administrational levels to support beneficiaries and target groups to adsorb the support in time and in the intended way. This could mean targeted support during the application phase, but also guidance on monitoring and reporting.

2) Looking at the effectiveness and efficiency of delivering Cohesion Policy following points can be flagged:

⇒ Despite the reluctance of the Commission, it would be well advised to provide more and more tailor-made guidance on certain delivery mechanism aspects such as SCO and FNLC. Member State authorities on the other hand should take stock of offers by the Commission for low-barrier support through peer-to-peer learning.

⇒ Make sure that local and regional authorities will have enough capacity and know-how to deal with the necessary targeting of Cohesion Policy on their respective territories and to combine effectively the different sources of funding available.

⇒ From the perspective of the EU institutions the main lesson learnt from the list of changes and delivery system features is that in the medium run it will be difficult to prove the success of overarching, multi-objective policies (like Cohesion Policy) due to the compartmentation and cameralistic logic of the sectoral policies during this programming period.

⇒

Lessons from the Recovery and Resilience Facility

The RRF is a key building block of the NextGenerationEU instrument. In addition to tackling consequences of the pandemic; reforms and investments under the RRF aim to increase resilience and reinforce the EU's strategic autonomy. It reinforces implementation of sustainable reforms and investments and promotes economic, social and territorial cohesion.

Although Cohesion Policy and the RRF have some common aims, their design is fundamentally different.

RRF allocation considers disparities only at national level, while Cohesion Policy takes into account national and regional differences. In addition, the multi-level governance and partnership principles of Cohesion Policy do not apply to the RRF.

Another key difference is that Cohesion Policy is implemented under a common EU framework, while the RRF is implemented through national systems. In contrast to national and private co-financing typical for Cohesion Policy funds, the RRF provides direct budgetary support with 100% EU financing. The RRF financing also differs from Cohesion Policy, as the fulfilment of milestones and targets is a key criterion for EU disbursement.

It appears that RRF was intended to be less complicated, but over time the delivery mechanisms have become increasingly complex. The following points can be flagged:

- ⇒ Before trying to copy the simplified approach of RRF, Cohesion Policy players need to consider what this implies for regional and national administrative capacities. There is a risk that RRF simplifications erase the administrative capacity building from Cohesion Policy.
- ⇒ Before learning from RRF, it needs to be clarified whether the character of Cohesion Policy shall be changed, or whether it shall continue to focus on structural change and strategic long-term investments in people and places to help economic, social and territorial cohesion. RRF mechanisms are not suitable for long-term investments in structural change.
- ⇒ While the RRF approach linking funding to national reforms seems to work, it will be difficult to transfer this to Cohesion Policy. Cohesion Policy would need to better identify links between its investments and reforms and develop reforms that match regional government responsibilities.
- ⇒ The RRF experience stimulates and expands the approach to SCOs and FNLC already used in Cohesion Policy. However, given growing

uncertainties about the milestone approach, it would not be wise to copy its current state.

⇒ If Cohesion Policy is to adopt the idea of milestones from the RRF, it needs to ensure sufficient flexibility to adjust milestones to changing circumstances.

⇒ If adopting delivery features of RRF, Cohesion Policy should maintain a focus on reducing disparities between people and places.

⇒ Adopting delivery features of RRF may risk further fuelling centralisation tendencies in Cohesion Policy.

⇒ The development of double structures and programmes should be avoided as much as possible. In many cases running Cohesion Policy and RRF comes with substantial additional administrative workload. The added value is not always clear as many RRF investments could have been made under Cohesion Policy.

Conclusions and recommendations

The review of changes to the 2021-2027 regulations, the flexibility introduced in Cohesion Policy regulations to face the pandemic and refugee crises, and possible lessons from the RRF highlight key issues to be discussed in the preparation of Cohesion Policy post 2027.

This includes the understanding and role of Cohesion Policy vis-a-vis EU policy objectives beyond economic, social and territorial cohesion. It also concerns the needs to safeguard key principles of Cohesion Policy such as partnership, shared management and subsidiarity.

A discussion is also needed about further simplification and improved delivery including new tools and instruments with the administrative disruptions and costs such novelties cause in programme implementation. What is the trade-off between changes to improve delivery and the administrative costs of these changes?

1 Introduction

In recent years various changes have been made to the delivery system of Cohesion Policy. Most prominently increased flexibilities were introduced to respond to the COVID19 crisis and later on the refugee crisis, in addition to changes introduced with the 2021-2027 programme period. At the same time, the discussion about Cohesion Policy post 2027 has started already.

In light of this, this study has collected insights on potential lessons from:

- changes to the 2021-2027 regulations,
- flexibilities in Cohesion Policy regulations to face the pandemic and refugee crises, and
- the Recovery and Resilience Facility (RRF).

Bringing these insights together, helps to identify elements which directly affect the efficiency of EU investment policies and contribute to further simplification of Cohesion Policy. In any case, key principles of partnership, shared management, the place-based approach and multilevel governance shall be maintained.

1.1 Background

The initial objectives of investments under Cohesion Policy have been adapted to changing needs in Member States and regions in time of crisis. In addition to the initial focus on smart, sustainable and inclusive growth, Cohesion Policy has offered swift support to Member States in their COVID-19 pandemic response and recovery actions.

The flexibility granted under Coronavirus Response Investment Initiative (CRII) and later CRII+ allowed Member States and regions to focus on immediate needs of the health, business and social sectors. The reprogramming showed that programmes can rapidly adapt to investment strategies responding to the health crisis. This demonstrated the agility of Cohesion Policy delivery to adapt and respond to unforeseen events and circumstances. However, the CRII/CRII+ provisions, along with successive rounds of flexibility introduced under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), Cohesion's Action for Refugees in Europe (CARE) and Flexible Assistance for Territories (FAST-CARE), have also raised questions as to how much Cohesion Policy should be used to tackle emergencies and the impact on its core objectives and features.

In spite of the unprecedented consequences of the pandemic with the associated pressures on public administrations over the last two years, Cohesion Policy spending accelerated. At the same time, the 2014-2020 multiannual financial framework has been extended to a 10-year implementation period under the N+3 rule.

In parallel, due to the late adoption of the legislative framework for 2021-2027, programming and implementation of current Cohesion Policy programmes only started in 2023.

Many Managing Authorities are under pressure to close 2014-2020 programmes, reprogramming some (REACT EU and CRII+; Fast CARE) or using the resources of Next Generation EU: REACT EU and Just Transition Fund (JTF) under very short deadlines. In addition, some Managing Authorities are also involved in the Recovery and Resilience Facility (RRF). Even in these extraordinary times, Cohesion Policy has adapted swiftly and supported communities to face the pandemic, while also supporting the transition to a green and digital Europe.

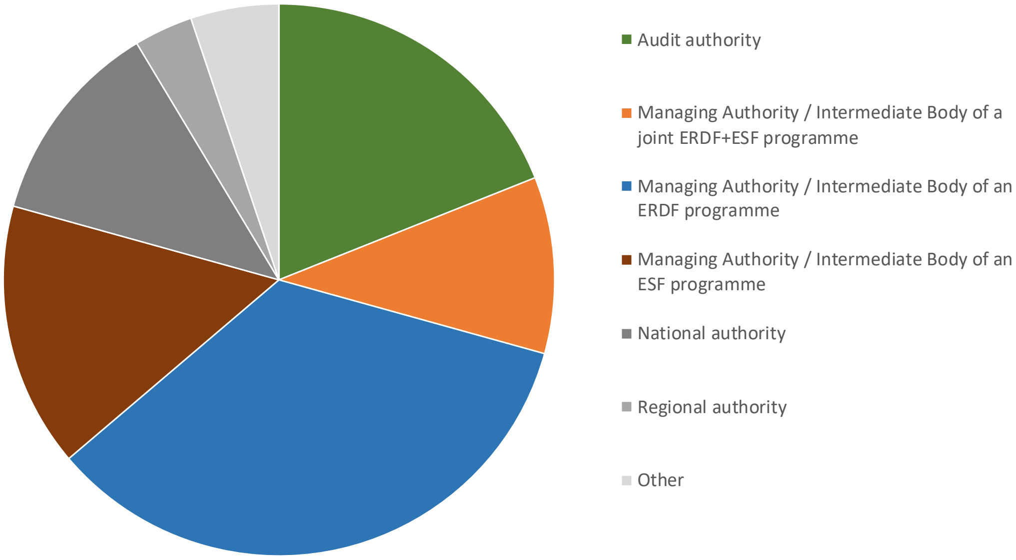
1.2 Methodology

The study was conducted from late December 2022 to early April 2023.

It is based on document studies, an online survey of Cohesion Policy programme authorities and interviews with Cohesion Policy programme authorities. The findings offer potential lessons from changes in the 2021-2027 regulations, flexibilities in response to recent crises, and the RRF. It is however only a snapshot at one moment in time and does not give a representative picture. For this, the study was too small, and the timeframe too short to collect enough responses to the survey and conduct sufficient interviews. Still, we are confident that the picture is a fair one.

The survey launched in April 2020, collected 51 responses from 20 countries and different types of authorities. The majority of responses are from Managing Authorities and Intermediate Bodies. About 1/3 of the responses come from of European Regional Development Fund (ERDF) programme Managing Authorities and Intermediate Bodies, 16% from European Social Fund (ESF) programmes, and 10% from joint ERDF+ESF programmes. This is followed by Audit Authorities (19%) and National Authorities (12%).

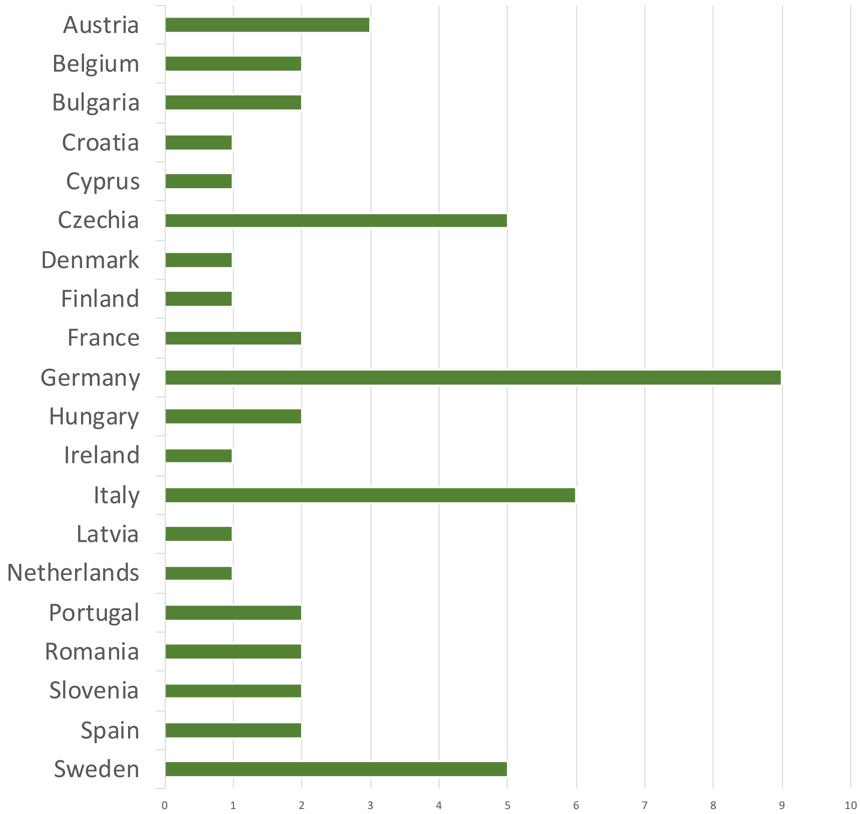
Figure 1 Survey responses: Types of respondent



Source: Survey (2023), n=51

The survey responses come from 20 of the 27 EU Member States, with more from authorities in Germany, Italy and Czechia (see Figure 2).

Figure 2 Survey responses: Origin of respondents



Source: Survey (2023), n=51

To better understand the rationale of lessons learned, there were a small number of interviews. Among others national ERDF Managing Authorities in Austria, Croatia and Latvia were interviewed. Furthermore, regional ERDF Managing Authorities in Mazowieckie (Poland) and Thuringia (Germany) and a territorial cooperation programme (Interreg Upper Rhine) were interviewed. In addition, the ministry in charge of RRF in Austria and the Swedish ESF Council were interviewed.

1.3 Structure of the report

This report provides first reflections to further the debate about possible improvements of the Cohesion Policy delivery mechanism post 2027.

Chapter 2 of this report provides an overview on new features for Cohesion Policy in the 2021-2027 period as well as during the COVID-19 crisis and the refugee crisis in the wake of Russia’s war on Ukraine. Instruments such as REACT-EU, CRII, CRII+, CARE and FAST-CARE have quickly responded to external shocks and allow more flexible use of Cohesion Policy. In addition, the new programme period brought simplifications such as SCOs and FNLC, as well as reduced requirements e.g. on reporting. It also introduced the JTF and its Just Transition Plans (JTP). All this is explained in further detail in the chapter.

Chapter 3 provides insights on lessons from the new flexibilities introduced in Cohesion Policy. The increased flexibility and some of the simplifications have been broadly appreciated.

Chapter 4 focuses on the RRF. It explains the particularities of the facility in terms of programming and allocation and also looks into its implementation. For many people, the RRF appears to be a promising example of how to simplify the delivery mechanisms of EU policies. However, looking in further detail at possible lessons, this chapter shows that appearances are deceptive. Literature studies, survey responses and interviews suggest that what initially seems to be simpler risks considerable shortcomings which make it less reliable and predictable and more complex in the long run.

Chapter 5 offers some conclusions and policy pointers. Based on reflections on the changing understanding and role of Cohesion Policy and key lessons from previous chapters it provides some policy pointers for post 2027.

2 New features introduced in 2021-2027 and during the pandemic & refugee crisis

New rules for the delivery of Cohesion Policy were introduced in line with the EU responses to the recent COVID-19 and Ukrainian refugee crises as well as the new CPR for the 2021-2027 funding period.

While the first part of this chapter focuses on flexibilities introduced for the crises responses (Coronavirus, Russia's war on Ukraine), the second part presents changes to the rules for the 2021-2027 period. An overall assessment of these short- and long-term approaches is then outlined.

2.1 Flexibilities introduced during the pandemic & refugee crises

In response to the unprecedented crises, the European Commission launched a series of measures to support national, regional and local communities. The first package in response to the COVID-19 crisis was the CRII (Regulation (EU) 2020/460), launched in March 2020. It focused on providing grants to Member States. The second phase, CRII+ launched in July 2020 included the possibility of providing loans.

Together CRII and CRII+ introduced new rules to deliver cohesion funds (European Commission, 2022a):

- Extension of eligibility for certain expenses (medical equipment);
- Transferring unallocated EU funding between funds and categories of regions;
- Pre-financing of up to 100% for specified projects to allow Member States to immediately benefit from the funds (CRII+);
- An option to increase EU financing to 100% for the 2020-21 accounting year.

CRII and CRII+ did not offer new financial resources. They focused on flexibilities to use unspent resources and redirect them to meet new needs. In terms of thematic reprogramming, the investments were supposed to focus mainly on: (a) the health sector (reallocation of EUR 8.3 billion) by providing personal protective equipment, financing testing and enabling hospitals to purchase additional medical equipment; and (b) the business sector (reallocation of EUR 12.5 billion) supporting SME working capital, alleviating the digital transition;

and directly supporting people (reallocation of EUR 5.1 billion) by implementing employment retention and helping vulnerable groups. The change of financing rules resulted in an immediate increase of EUR 7.6 billion in liquidity, the 100% EU financing was engaged in 179 Cohesion Policy programmes and transfers between Funds and categories of regions amounted to EUR 5.7 billion.[1]

The initiatives were extended by REACT-EU in December 2020 (Regulation (EU) 2020/2221), to which an additional EUR 50 billion was allocated and financed by the EU Recovery Plan. REACT-EU is the first instrument available within the NextGenerationEU framework. It is a bridge between the first crisis-response initiatives and the long-term recovery plan. The additional financial resources of REACT-EU are primarily channelled through the European Regional Development Fund (ERDF) and European Social Fund (ESF) under the 2014-2020 funding period. Member States used these amounts under the Investment for Growth and Jobs goal. The main aim was to support crisis repair in the context of the COVID-19 pandemic in regions whose economy and jobs were worse hit, to prepare a green, digital and resilient recovery or to increase the allocation for programmes supported by the funds. This quite clearly follows the EU Cohesion objectives. The support was meant to be used over a two-year period 2021-2022. Together with additional budget from NextGenerationEU, conditions to use the resources have been simplified as follows (European Commission, 2023):

- 100% financing rates of the cost by the Union's budget are possible, i.e. national co-financing is not obligatory;
- 11% pre-financing to provide immediate liquidity and ensure a quick roll-out of this support;
- No ex-ante conditionality, nor any requirements for thematic concentration or allocation by category of region;
- Wide scope of support and possibility of transfers between ERDF and ESF;
- Retroactive reimbursement for projects dating back to 1 February 2020 possible.

In response to the refugee crises caused by Russia´s war on Ukraine, additional dedicated support opportunities were introduced. The first, CARE, agreed on 8 March 2022, and the subsequent CARE+ agreed one month later, introduced flexibilities to the 2014-2020 Cohesion Policy dedicated to emergency support for people fleeing the invasion. Furthermore, EUR 10 billion of the existing REACT-EU funds were made available by CARE to address the needs of those refugees

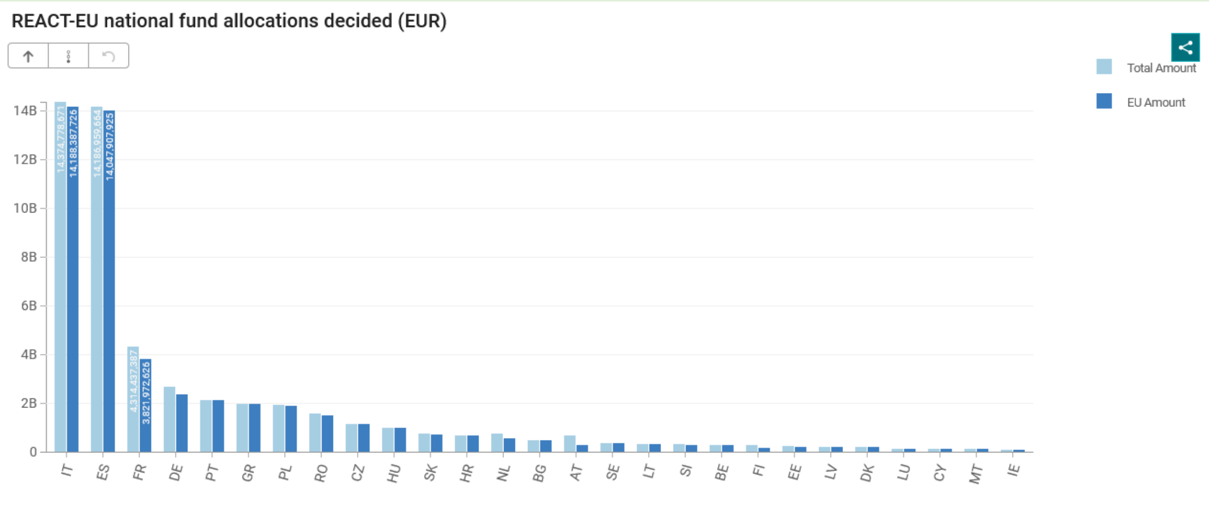
[1] until September 2022

as well as the regions welcoming them. CARE+ brought an additional EUR 3.4 billion for countries sheltering people fleeing from Ukraine.

Text Box – Use of new features

The figure below illustrates the uptake of 100% EU financing rates. It compares the EU support with the total funding amount since the adoption of REACT-EU on 23 December 2020. It shows the distribution of the additional budget provided by REACT-EU to cope with the emergency situation.

Figure 3 REACT-EU national fund allocations (EUR) (02 March, 2023)



Source: European Commission, 2023

The flexibilities also resulted in financial re-allocations. In 2020 a large portion of Operational Programme (OP) budgets were already committed, leaving little room for manoeuvre. In 2021 the allocation of resources across Thematic Objectives (TOs) remained mostly the same. During the past two years, most of the transferred resources went to TO3 'Enhancing the competitiveness of small and medium-sized enterprises (SMEs)' and TO9 'Promoting social inclusion, combating poverty and any discrimination', whose planned amounts for 2019 to 2021 increased by 18% and 8% respectively. Most of these additional funds were taken from TO4 'Supporting the shift towards a low-carbon economy in all sectors' and TO7 'Promoting sustainable transport and removing bottlenecks in key network infrastructure'. It is also worth highlighting that TO2 "Information and communication technologies" and TO4 were the two objectives whose planned amount decreased most over these last two years in relative terms, both by 9%. (Böhme, Zillmer, Hans, Hrelja, Valenza Alessandro, & Mori, 2022)

CARE and CARE+ introduced or extended the following adaptations of Cohesion Policy rules (European Commission 2022b, EPRS 2022):

- The possibility of 100% EU financing for the 2014-2020 funding period was extended to 2022;
- Possibility to use ERDF and ESF resources for measures supporting Ukrainian refugees;
- Retroactive EU support for all actions helping people fleeing Ukraine (dating back to the start of the Russian invasion, 24 February 2022);
- Simplification of programme modifications as well as reporting;
- Increased EU pre-financing under REACT-EU from 11% to 15% for all countries and up to 45% for the most affected Member States (CARE+);
- SCOs establishing new unit costs per person arriving and staying in the Member State concerned (CARE+).

Further CARE amendments, FAST-CARE entered into force in October 2022. These amendments prolong and extend the rules of CARE and CARE+ applying them to both 2024-2020 and 2021-2027 Common Provision Regulations. The simplifications and flexibilities cover all Cohesion Policy funds. FAST-CARE extends 100% financing to both periods of Cohesion Policy programmes. Particular funding support is dedicated to local authorities and civil society organisations (30% of the spending under FAST-CARE).

The assistance programmes enabled and eased help for people fleeing Ukraine. The actions and assistance extended the flexibilities introduced by REACT-EU and presented new retroactive reimbursement, even for completed operations addressing migratory challenges. The flexibilities were also differentiated to direct support to Member States and regions with the highest number of arrivals from Ukraine.

2.2 New features for the 2021-2027 period

First and foremost, the 2021-2027 funding period saw yet another paradigm shift in the policy implementation approach. In the 2014-2020 programming period, the ‘Strategic Framework Approach’ was acknowledged – bringing all EU co-financed funds under the EU 2020 strategy and its accompanying goals – ensuring that cohesion was embedded in a solid and consistent funding and policy implementation framework. The 2021-2027 period saw policy compartment-building (CPR vs. the Common Agricultural Policy - CAP) going hand-in-hand with several new funding sources (RRF, JTF). Each of these ‘policy silos’ claim that they achieved simplification, thematic concentration and result orientation. Overall and with respect to Cohesion Policy, this led to multiple objectives and conflicting actions on the ground (i.e. in EU regions). Moreover, it has led to shifting the measurement of ultimate achievements from the cohesion goal towards policy action. This has increased the attribution gap between policy measures and the overall result/ impact on cohesion in the EU. Along those lines, this report concentrates on the new policy features in the CPR and leave aside the CAP, as the implementation changes have been similar, and the overall outcome on cohesion stays the same.

The CPR for the 2021-2027 period was meant to reduce unnecessary administrative efforts for both Managing Authorities and beneficiaries. At the same time, a high level of legal compliance had to be maintained. Following the simplification of the thematic scope (focus on five policy objectives instead of 11 thematic objectives in the 2014-2020 period), the delivery system defined by the new CPR intended to ease the implementation of Cohesion Policy during the programming period. Many of the features included in the CPR for 2021-2027, have however been in place for some time (some for even more than one previous programming period). Yet, they were not, until now, detailed and regulated in such an explicit manner (e.g. FNLC) or were adapted (e.g. SCOs).

Compared to the 2014-2020 funding period, the new CPR brought the following changes:

- Simplification and flexibility of financing: extended possibility to use SCOs also for reimbursement and FNLC schemes.
- Enabling conditions with general criteria for eligibility to use the EU funds by Member State: limited objective criteria concerning sound financial management practices, critical features of the legal and policy environment of the country. Unlike the ex-ante conditionalities, the conditions may be the basis for action within individual programmes.
- Reduced audit requirements and control systems.
- Simplified and harmonised eligibility rules for beneficiaries for all ESI-Funds.
- Reporting: new common output and result indicators, reduced frequency and volume of reports to be delivered by beneficiaries: instead of annual implementation reports only financial data is required five times per year.
- More result-oriented approach: designing and implementing programmes where reimbursements are based on achievements.
- Possibility of reprogramming through the mid-term review in 2025: the allocations for the last two years will be made after any reprogramming based on the review. The flexibility amounts to 50% of 2026 and 2027 allocations.

- Procedural rules for submitting applications.

The current programming period also includes for the first time a novel territorial approach implemented via the JTF. This is a new funding instrument that aims to support regions and sectors most affected by the transition to a low-carbon economy, to ensure the transition is socially fair and economically sustainable. To address the most affected regions, the NUTS3 targeting (sub-regions) is being implemented for the first time. The JTF is novel as it targets only carefully selected territories and focuses on specific activities. The selection of regions was accompanied by the elaboration of a region-specific plan for the just transition which designed to stimulate economic development and at the same time guarantee that no one is left behind. The following new elements of the JTF implementation shall improve the efficiency of the policy:

- More detailed regional level (NUTS3 and below): JTF eligible territories are based on their exposure to negative consequences of the transition. The final delineation resulted from functional interdependencies, rather than NUTS2 or country administrative borders.

- Strengthening the role of eligible regions in the programming process. Programming was either led by the regions or the regions were strongly involved in it. Each eligible region was expected to form its own development strategy considering its specific needs and future opportunities. Regional-led programming was done in direct coordination with the EC.

- The participatory character of the development of Just Transitional Plans (JTPs). Different groups of regional stakeholders and civil society representatives were directly involved and consulted during the programming.

- Focus on specific goals of a socially just and inclusive transition to a climate-neutral economy. The European Regional Development Fund (ERDF=, European Social Fund (ESF) and Cohesion Fund (CF) now have a broader scope and include more general objectives on economic development, promoting employment, social inclusion and investment in less developed regions of the EU. All the measures addressed by JTF should be directed at mitigating potentially negative consequences of the transition process and promoting renewable energy, energy efficiency and sustainable mobility.

The programming process for the JTF is designed to ensure the funds are used in a strategic and targeted way, to support regions and sectors most affected by the transition to a climate-neutral economy, while also ensuring the transition is socially fair and inclusive. The process involves close collaboration with stakeholders, strong monitoring and evaluation, and coordination with other EU funds, to maximize the impact of the support.

2.3 Reflections on the new features

Cohesion Policy is a critical tool for promoting economic, social, and territorial cohesion within the European Union. It aims to reduce disparities between regions and improve the quality of life for all EU citizens. Furthermore, Cohesion Policy is a well-established funding structure (Managing Authorities, delivery system), aimed at streamlining funds and projects to achieve the long-term EU objectives of a green, social, connected, innovative and smart Europe. This is especially true for the 2014-2020 programming period, where all EU co-financed means were bundled under one umbrella of policy implementation – making it easier to follow up on Cohesion Policy objectives. The new programming period (2021-2027) saw a deliberate change in this approach (independently from the crises accompanying its set-up). This change was induced by disagreements on common EU policy goals (such as the EU 2020 goals). In 2018 and 2019, the debate on these goals was abandoned with Member States opinions ranging from applying the United Nations Sustainable Development Goals (SDGs) and breaking them down to the EU level. To the other extreme that individual Member States wanted to follow their own goals or no goals at all. With this discrepancy and the pressure of the Paris Climate Agreement, the Commission set up 'umbrella strategies' such as the EU Green Deal, the Recovery Plan and the long-term strategy for Rural Areas. These do not replace commonly agreed policy goals (as embedded in Cohesion Policy), which all Member States can identify and follow up on. In other words, the EU has become a headless entity on multiple feet, which may walk in many ways without going in a clear direction

This lack of commonly agreed goals also goes hand in hand with the categorisation of policies. Due to the pressure on Member States to simplify sectoral policies, 'policy silos' were introduced. This is best seen in CPR funds versus the CAP. Both claim they follow and contribute to overall EU strategies, but they implement their policies in a very separate way with their own measures to safeguard result orientation and simplification. Moreover, since 2019, the EU has faced the challenge of multiple crises. This initially led to new implementation mechanisms and funding programmes, justified by the need to react quickly and immediately. However, in the medium run, this has created confusion and difficulties in fully grasping the various support opportunities, which have been provided to the regional and local scale.

Any crisis, especially the COVID-19 pandemic and the war in Ukraine, affects economic, social and territorial balances and inequalities in the EU. A crisis brings the risk of increased regional disparities, but at the same time can be seen as a trigger for the positive development. A reflection on adaptation and transformation needs and opportunities to increase preparedness for the next crisis ensure from the initial disruptions. This process of a resilient response to a crisis might be seen from a territorial point of view (how regions react to a crisis?). Moreover, as policy systems can be examined in the light of the unprecedented situations, a critical and future-oriented review of the Cohesion Policy structure is necessary. The administrative framework for Cohesion Policy funding has proven its worth and functionality under crisis conditions, quickly distributing support where and for what was most needed. It has also been proven that the EU can rely on these structures and entrust them with additional responsibilities.

The flexibilities and direct support provided by short-term actions might distract attention from the long-term primary objectives of Cohesion Policy. It is crucial to reflect and ensure that the objectives of the Cohesion Policy are being pursed and that it does not evolve into a mere administrative framework for distributing financial support. The formulation and fulfilment of policy objectives is a strategic task of Cohesion Policy in the long-term. The short-term measures revealed the potential shift of responsibility for channelling EU support. Next to the change of responsibilities between EU and Member States, the crisis itself dictated the actions. The principle of programmes being driven by long-term objectives was shifted to direct demand-driven actions. It is necessary to support the most affected regions. However, given the attraction of the flexibilities (e.g. EU 100% financing), short-term situation-driven support might become more attractive than well-founded ESI Funding.

The crisis instruments revealed and helped to strengthen the resistance of EU regions in the short-term by providing support driven by immediate demand (sectoral and regional focus as an answer to pandemics or the war). To strengthen long-term systemic resilience, understood as preparedness to as yet undefined crises and generic resilience (in accordance with Wilson 2012 and Hat and Stöglehner 2019), well prepared and structured policies are still indispensable. At the same time, continuous learning from the crisis should flow into long-term strategies. The combination of short-term reaction and long-term reflection is the essence of adaptive and transformative resilience of regions and Cohesion Policy itself.

One positive element of the new features is the transformation of a successful policy implementation mechanism into the intervention dealing with the transition towards a carbon free future. The JTF implementation – following to some extent the principle of LEADER and CLLD – shows a willingness to bring EU policies 'to the people' and under their responsibility. With this approach, Cohesion Policy success will be more likely safeguarded. However, the contribution and effect on the territorial, social and, environmental dimensions of cohesion will be difficult to assess.

This closes the loop to the observation above that the lack of a common umbrella of EU goals with a clear implementation approach will make the overall result hard to achieve. As said before, we see a compartmentalisation of EU policies along with a claim to contribute to overall EU strategies (like the Green Deal). The need for simplified policies –driven by Member States - has brought reduced reporting and measurements of policy success. This is especially true for capturing indirect, long-term effects of policies (as represented by most cohesion goals). This might be the place to introduce an excursus on how these effects can be captured:

Excursus on result measurement as foreseen in EU funds:

Result indicators relate to programme objectives. They represent (in qualitative or quantitative terms) what can be measured/ captured at programme level to show contributions towards programme objectives. Result indicators are defined by baselines and targets (which implies the baseline can never be 0). In other words, they follow the logical questions: 'What do you want to change?' and 'How do you capture the change?' Thus they strengthen the result orientation of programming. In their design they have to be close to the policy and the societal/ territorial needs they should address. Due to the complexity of objectives, quantitative and qualitative targets should be combined. Regular monitoring should prompt policy debate and feed the self-reflection of policy.

In publications by the former head of the evaluation unit of the Directorate General for Regional Development (see Gaffey, Schulte-Brauks, 2013[2]) it is recommended that result indicators are 'selected by programmes and shall not be common indicators thus recognising the different 'journeys' to EU2020 objectives. Evaluation is to be expected to disentangle the contribution of the policy to change from the influence of other factors (impact) – thus result indicators are supposedly to be depicted as 'net-effects'':

[2] Gaffey, Veronica; Schulte-Brauks, Antonella (2013): Results and Performance for Cohesion Policy. A Step Change for the Future. Vilnius, 4 July 2013

- Capturing the measurable dimensions of the result/progress towards achieving the result/change.[3]
- Results = short-term direct effects - Impacts = longer-term indirect effects.[4]

For the 2021-2027 programming period, there will be some modified definitions:

- Direct results/ outcomes – match the immediate effects of the intervention with reference to direct addressees - a baseline value of 0 is then possible.[5]
- Results – (quantitative) contribution of the policy intervention to the immediate results/ specific objectives.[6]

Unlike outputs it becomes clear from the multitude of definitions and specifications that result indicators are the most complex issue for providing information on the policy cycle. They are supposed to bridge the direct consequence of the policy and the overall effect of the interventions. In other words, they should close the causal gap between political action and meeting the overall societal/ territorial needs by providing information on the causal chains. It has already been pointed out in the previous section that this attribution gap may be substantial if the policy goal is formulated and captured in a very general way (‘prevent demographic change’, ‘strengthen innovation in regions’) and information deficits are then to be expected. Even if the attribution gap is not large and fuzzy the result indicators should capture the effects of policy and exclude other intervening factors.

While the issue of closing the attribution gap may be covered by different indicators (qualitative and quantitative), assessment of the ‘net-effect’ may be tackled by the way information is combined.

Another challenge of using result indicators in the policy circle is comparability and the ability to aggregate. The policy phase of implementation calls for policy justification and transparency, so EU policy has to establish EU scale information by combining individual programme effects. This implies that indicators are

[3] European Commission (2013b): Draft Template and Guidelines for the Content of the Cooperation Programme. Version 3 – 28.06.2013

[4] Gaffey, Veronica (2012): A Fresh Look at the Intervention Logic of Structural Funds; Paper presented at the European Evaluation Society Conference in Helsinki, 4th October 2012

[5] European Commission (2015): Commission Staff Working Document, Better Regulation Guidelines, SWD (2015) 111 final, 19.5.2015.

[6] Directorate General Agriculture (2019): slides presented at the German Evaluation Network Annual Meeting; January 2019; Berlin

defined in a standardised way, so they can be added together without definition mismatches and double counting. The common indicators in the annexes to ERDF, Cohesion Fund and ETC regulations include some along these lines:

Employment increase in supported enterprises, population benefiting from flood protection measures, number of enterprises supported to introduce new to the firm products, estimated annual decrease of greenhouse gas (GHG).

The main challenges for all these indicators are to harmonise definitions (e.g. when is a product ‘new’ to the firm?) and collect data within the programme. The Common Provision Regulation[7] foresees the introduction of direct result indicators (see above), strongly linked to the performance of a single operation/ measure. These strongly resemble the character of outputs and will not close the attribution gap between policy action and the need addressed by the programme.

What can be seen from this excursus is this simplification and compartmentalisation will move result measurement away from being able to assess whether cohesion has been achieved and if so, which policy contributed in which way. This will lead to two consequences by the end of the 2027 programming period:

1) Actual achievement of Cohesion Policy will be hard to grasp in all its facets (economic, social, environmental),

2) Capturing the net-effect of single policies to achieving Cohesion Policy will be impossible and will lead to a lack of piloting capacity at regional and local levels.

[7] REGULATION (EU) 2021/1060 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy; https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02021R1060-20230301&from=EN#tocId19

3 Lessons learned from the flexibility introduced in the regulations

This part of the study focuses on the efficiency of implementation and possibilities of appliance of additional flexibilities under regular conditions. It includes suggestions of provisions that could bring more efficiency to the policy, taking into account the experiences on the ground with the implementation of the last flexibilities inserted in the regulations and as well as other potential ideas from other EU programmes. The findings are based on the documentary research, survey and interviews (for details see the description of methods in section 1.2 Methodology).

3.1 Experiences with the new rules and opportunities

Experience with the new rules and opportunities concern the novel 2021-2027 CPR as well as the Just Transition Fund and crises response mechanisms such as CRII, CRI+, REACT-EU, CARE, FAST-CARE.

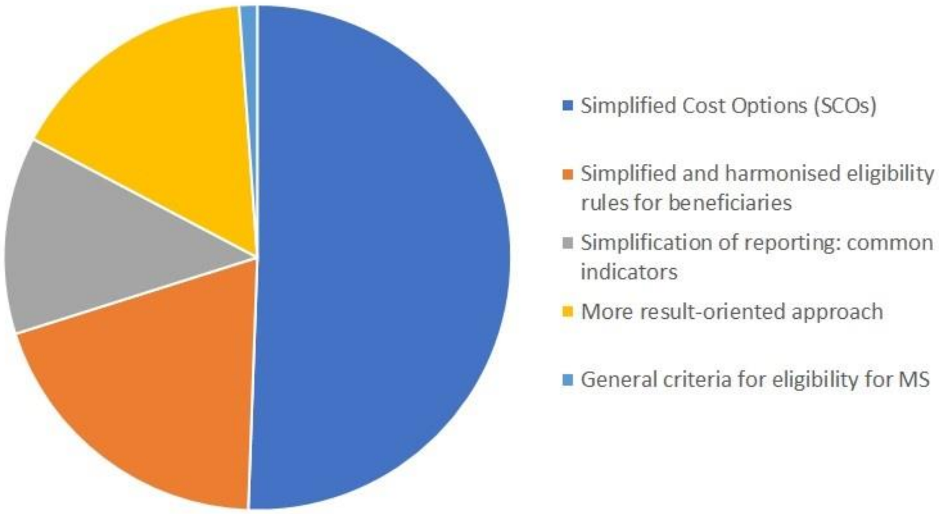
3.1.1 Novel 2021-2027 CPR rules

The multitude of changes and funding opportunities which were either carefully prepared (CPR and the programming period 2021-2027) or arose from direct crises related needs evoked different reactions and approaches as the survey and interviews revealed. The processes of implementations are partly still in their early stages and therefore not all judgements are final.

As for the CPR itself, the changes in its legislative structure made it more user-friendly. However, its actual contributions to simplification are not yet known, only in the future will it be possible to assess the effectiveness of the new rules.

When it comes to the novel 2021-2027 CPR rules, the Simplified Cost Options (SCOs) were stated in the survey and interviews to contribute the most to the effectiveness and efficiency of the EU funds especially in the context of technical assistance (see Figure 4). The SCOs are a very good option and should be used much more. Although the preparation phase needs a lot of effort, once they are ready, they are very useful. The option of SCOs is meant to be very interesting and user-friendly, still it should not become obligatory but remain optional. Like in the last programming periods the adaptations of the SCOs call for better examples and more guidance from EU level, which would help to reduce the initial burden for the programme. Like in the previous programming periods this is a two-sided sword for the Commission, who claims, that any detailed guidance provided may hamper the leeway given to Member States and regional and local authorities in implementing. On the other hand, especially authorities with little experience and low administrative capacity would call for more inspiration by the Commission.

Figure 4 Survey question: Which of the novel 2021-2027 CPR rules help to improve the effectiveness and efficiency of the EU funds the most?



Source: Survey (2023), n=51, multiple choices possible

However, the contribution of all the changes to the effective simplification is relative. It is important to understand for whom the simplification is meant. While the SCOs have generally been appreciated, some of the Managing Authorities judge this change as a deterioration.

The perception of the remaining amendments is much more differentiated. The adaptation of the reporting system brought some effort in reductions, but also increase of requirements. The cancellation of annual reporting is deemed to be a very efficient improvement as the reports were very often seen as nuisance and burden – especially in times when the picking up of programmes was slow and changes were minimal. The introduction of common indicators is seen as significant simplification, but it certainly has led to a narrowing down of capturing achievements (see above). Moreover, it has created the tendency of chimney thinking[8] with respect to potential effects policies may trigger. With respect to capturing all aspects of Cohesion Policy, the orientation on common indicators will not arrive at satisfactory results.

[8] I.e. an overly focused way of creating cause – effect chains of specific policies.

The re-programming option allows the programme to respond to the situation which is unpredictable at the beginning of the funding period (due to different processes, crises, etc.). When it comes to the single set of eligibility rules – there is not so much improvement yet, it could be explored and much more simplified. All in all, to take the real advantage of the well-meant simplifications, the development of the regulations should be completed well ahead before the start date of the considered programming period. It is also too early to give a proven opinion on what worked well and what did not.

One of the new aspects[9] which still needs some time for the proper uptake is the financing not linked to costs (FNLC). Even if there are already more and more programmes including this financing system, the approaches defined currently as FNLC in the Cohesion Policy are still very cost oriented. Pilot projects implementing the FNLC include units like 'jury sessions for projects are held', 'contracts signed'. The beneficiaries are accounted according to costs. The refund from the European Commission is not linked to cost and paid per achievement of agreed amount of jury meetings, contracts, etc. provided the credibility against the European Commission is given. There should be also a defined level of flexibility in achieving the milestones: it is suggested that 5% of deviation should be allowed (e.g. if 20 projects were targeted, one could be dropped) (COM(2023) 99 final).

The FNLC has great potential, but has been yet very seldom applied. The more it is applied, the more it can be tested and developed providing more best practice/pilot examples. It is perfectly suited for the controlling and auditing or parts thereof, they should more and more developed based on FNLC.

3.1.2 Novelty of the Just Transition Fund

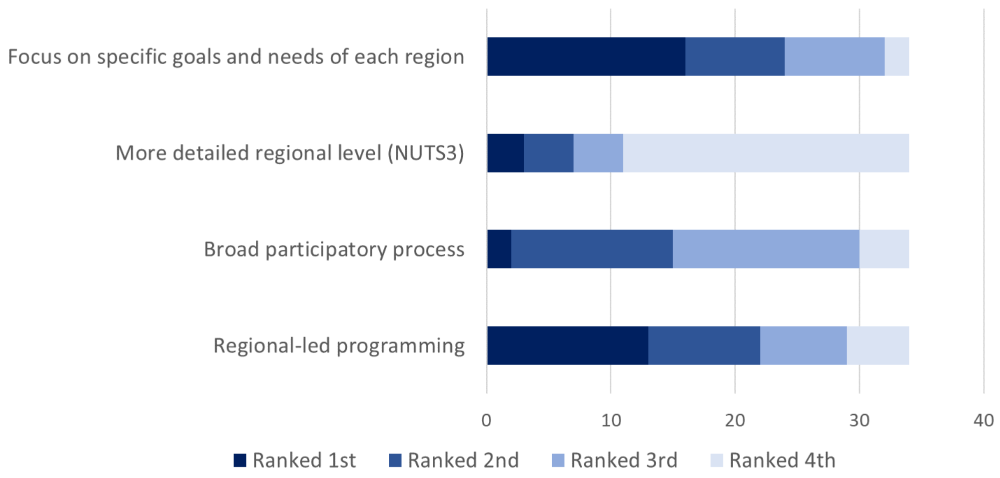
A further significant novelty in the new programming period is the introduction of the JTF. It evokes divided opinions: the new fund with specified goals and focusing more on functional than administrative regions may significantly contribute to cohesion in the EU; at the same time there is another consideration stating that there is already the ERDF with the main objective of supporting all regions throughout the EU. Further investigations indicate that the Member States (or regions) with no coal regions nor very specific and territorially demarcated heavy industry regions tend to be sceptical about the real impact and benefit of the JTF. In the current form, they had rather difficulties with the effective and efficient implementation (e.g. Finland, Latvia, Austria). On the other hand, there are regions with very tailored and well developed JTPs, where the Fund is seen as

9 being now explicitly embedded in the CPR (Art. 51 and 95 of the CPR) but in principle already established in the programming period 2014-20

a very relevant chance for the region's future development (e.g. Romania, Poland) (Hat et al. 2023).

It turned out that the most valued aspects of its implementation approach are the focus on specific regional goals and needs together with the strong regional role in the programming process. The demand for broad participation and the NUTS3 operational level were less appreciated within the survey respondents (see Figure 5).

Figure 5 Survey question: Which of the new elements of JTF implementation and programming approach contribute to improve the efficiency of the policy the most?



Source: Survey (2023), n=34

The specific goals and regional needs are important, strengthening the role of the particular region in the programming as well, but at the same time the more detailed regional level made it complicated for many Member States. Although, only by considering the more detailed territorial units, the regionally specific needs can be considered. Furthermore, the opinion may be different, depending on the territorial scope of the respondents. For those, who were directly involved in the development of Just Transition Plans, at the end all the aspects turn out to contribute to the final efficiency of the programme. From the national level point of view, it may remain a burden.

It is important to include relevant stakeholders into the programming process, although according to some of the interview partners it gets problematic when potential beneficiaries are also influencing the programmes. There is a conflict of interests and the input may become very self-oriented. The other group considers a well-prepared participation as very beneficial for the programme content even despite its resource intensity. Furthermore, it is also crucial for an effective implementation to ensure understanding and support for the policies by the broad society.

It was also stated that although the JTF is meant to have another character than the other cohesion funds, there is still a significant share of mainstream framework as for other programmes. In the opinion of interview partners, it would give the JTF even more significance if it had its own framework.

3.1.3 Crises response instruments

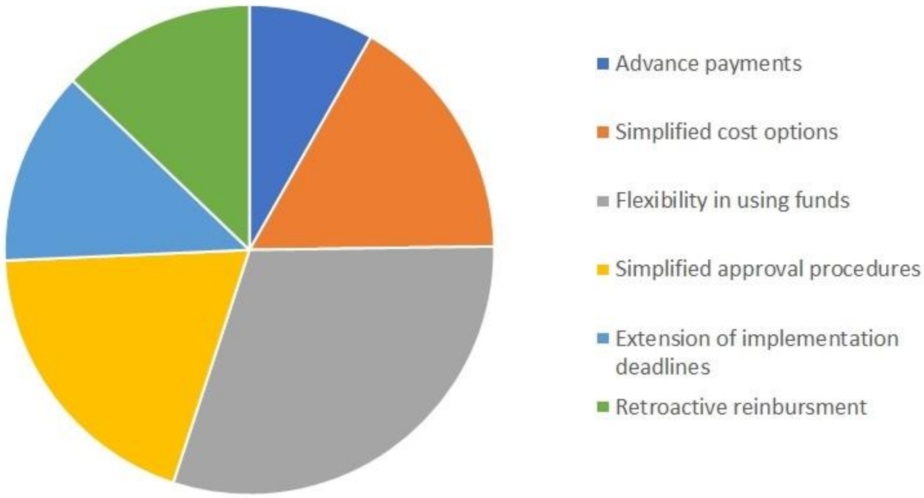
The recent crisis responses: CRII, CRI+, REACT-EU, CARE, FAST-CARE brought flexibilities which were very much welcomed by the Managing Authorities. The most appreciated feature was the release from the thematic concentration. The unspent money of the regular Cohesion Policy funds could be reallocated between priority axes of the programme depending on the needs, allowing up to 8% adaptation without additional approval by European Commission. It was deemed very helpful to use the flexibilities, because in many cases there was still a significant amount of unspent money towards the end of the funding period. The extensions of the implementation deadlines also contributed to the successful finalisation of the previous funding period (see Figure 6).

Countries like Malta, Greece, and Portugal[10] used the possibility to adjust the funding between priorities and objectives. Despite very concise planning there are always over- and undersubscribed funding areas. It is also valuable in the face of recent inflation, especially for projects approved already some time ago. Thanks to this flexibility it was still possible to implement them flawlessly. The calls could have been published without specific objectives in the operational programme. During the pandemic the urgent procurements for medical equipment could be therefore easily announced. The retroactive reimbursement gives additional flexibility and should be explored more in the future (see Figure 6).

Figure 6 Survey question: In response to the recent crises (Covid-19, Russia's war on Ukraine) the European Commission launched a series of support measures (i.e. CRII, CRII+, REACT-EU, CARE, FAST-CARE).

[10] see EU fund spending developments for REACT EU according to https://cohesiondata.ec.europa.eu/themes/13/14-20

Which aspects of the increased flexibilities which came with all the measures contribute the most to the efficiency of the delivery system?



Source: Survey (2023), n=51, multiple choices possible

The most important lesson learnt from the crisis measures reveals that there was and still is a significant scope for simplification – especially in the field of disbursement and releasing of funds.

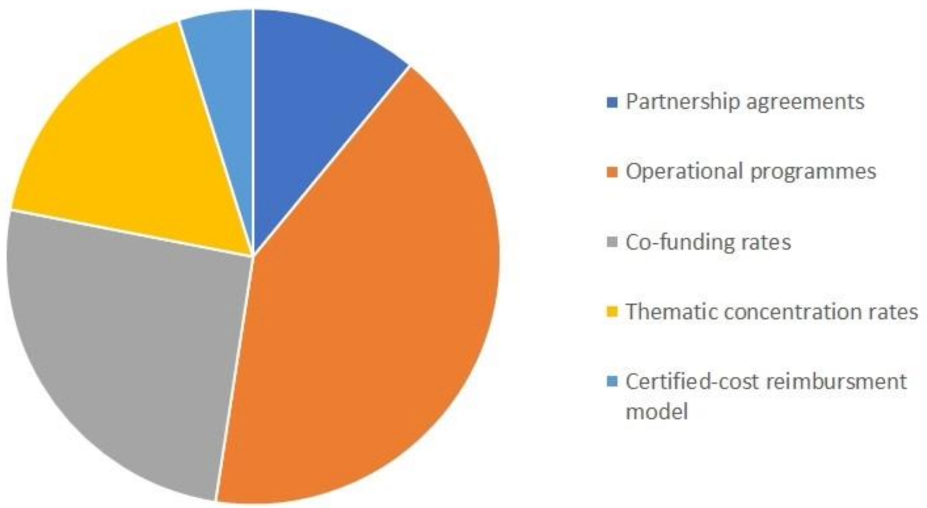
The general idea of using the Cohesion Policy implementation system for the urgent crisis responses is disputable. Most Member States used the flexibilities mainly to solve the issue of strictly allocated funding resources from the funding period coming to an end. It was also dedicated to procurement of medical equipment.

There are Member States (like Germany and Austria), which have an effective national system of crisis support and the EU measures were not really necessary in the direct context of Covid and Ukraine crises. Still, the flexibilities enabled the Cohesion Policy funds to be spent in an uncomplicated way, which was much valued especially at the end of the funding period. The flexibility of use despite the original thematic concentration helped a lot.

3.1.4 Long-term goals and urgent challenges

The essential elements of the Cohesion Policy system that remain relevant to ensure the achievement of its goals are the operational programmes, co-funding rates and the thematic concentration rates. Partnership agreements are meant not to be that necessary, as they presumably do not have any added value – with respect to the relevance of achieving cohesion in the long run. In many cases, the documents tend not have any real operational or strategic value (see Figure 8).

Figure 7 Survey question: Which elements of the Cohesion Policy system are (still) relevant to ensure the achievement of long-term goals and face urgent challenges?



Source: Survey (2023), n=51, multiple choices possible

While the thematic focus is recognised as relevant, the necessity to prove the contribution to e.g. climate targets on top of all programmes is deemed as not practical. The climate change compatibility, the ‘do no significant harm principle’ is rather seen as additional work for the programmes. It is regarded as hardly possible to have thematic focus and these general objectives directly addressed by one programme. They should remain the overarching objective, but relating them to all activities, which aim at supporting the regions in their structural development is deemed rather inefficient. These answers do primarily reflect on the administrational side of EU Fund management. It certainly does not reflect any lessons learnt from the multiple crises facing the Member States in the recent years and the need for multi-objective policy planning and implementation. If anything, the answer shows how difficult it still seems to effectively align the scarce public support, which clearly calls for the concentration of these scarce means, with the horizontal conditions (like climate change, need for resilient regions and society) determining the formulation of policy goals and implementing policies accordingly.

The most needed and wished for by both the survey respondents and interview partners is planning stability. Consistency of the Cohesion Policy delivery process is necessary. Stability of regulatory framework is also important. The mid-term evaluation is a very good idea, but due to the late start of the programmes its initial purpose will most likely change the character. The sheer lack of tangible results in the programmes will rather call for process-oriented evaluations providing the authorities with answers to implementation problems rather than the achievement of targets.

3.2 Conclusions

To assess the delivery system of Cohesion Policy and specifically the new features therein with respect to its effectiveness and efficiency, one has to acknowledge that all EU funding instruments are supposed to contribute to cohesion as overarching goal of the EU.

This implies when drawing conclusions on the aspects of the delivery mechanisms two analytical aspects have to be distinguished:

1) New features in existing policy support – e.g. CPR funds vs. new funding instruments with their delivery mechanisms – e.g. JTF.

2) Effectiveness and efficiency of delivering Cohesion Policy for whom – the EU level administration – e.g. the relevant General Directorates, DG REGIO, DG AGRI vs. the national, regional and local level administration – e.g. local and regional authorities.

Ad 1: This programming period faces a compartmentation of sectoral policies due to the lack of commonly agreed and accepted overarching EU policy goals. Moreover, in the wake of the crises (like COVID-19 and the war in Ukraine) response mechanisms have been introduced (JTF, RRF etc.) which showed their own specifics with respect to policy delivery. All that increased the complexity and heterogeneity of EU policy delivery.

The attempt to simplify and slim down delivery of the existing funding mechanisms are certainly well meant and going in the right direction, even though in most of the cases they are tapping on existing mechanisms (e.g. SCO, FNLC), which have been improved and better codified. But all these gains in delivery efficiency have been more than outbalanced by the loss of attribution of effects towards the overall cohesion goals. The simplification within each of the EU funds will enlarge the attribution gap of each of the support mechanisms and the overall cohesion within and among Member States.

Moreover, the European Commission will have severe problems to capture and prove the overall success of EU Cohesion Policy vis-à-vis the EU Parliament and clearly distinguish which EU means have created which effect with respect to cohesion and – what is even more worrying – whether the different funds did not actually create counter-effects among each other (coherence between funds and net-effects).

⇒ As first recommendation to both the EU Commission and the MS – **fill the result orientation of Cohesion Policy with life** and ask for appropriate result indicators, which are linked to the intervention logics of Cohesion Policy and conduct Territorial Impact Assessments to safeguard ex-ante that the right regions are targeted.

The new instruments, which were established as immediate crisis response (CRII, CRII+ and REACT-EU/CARE) certainly showed some elements of delivery, which may be seen as useful and effective for Cohesion Policy. The fact that all these instruments had to react quickly and in a very targeted way cut quite some red tape and showed policy delivery in a pure sense. The following common features of policy delivery may be picked up as most useful.

⇒ **Bring policy closer to the people.** Especially the JTF with its regional focus (NUTS 3) and the need for regionally based justification of action picked up on the success stories of well-established delivery mechanisms/ methods of regional development support (CLLD). The regional and local scale and the involvement of the population in the policy formulation creates the sense of ownership which is necessary to perpetuate development in regions in a sustainable way.

  - Link policy delivery as much as possible to the appropriate territorial level – i.e. regional and local

⇒ **Facilitate flexibilities while maintaining a focus on monitoring and reporting.** The need for quick response and flexible targeting and implementation will call for a delivery of policy which is quicker on its feet. This means that intermediate decision support by either ad-hoc working groups (of experts) or interinstitutional mechanisms would allow for an intermediate assessment of the situation and evidence-based decision making in a quicker way. The inclusion of social partners would allow for a broader involvement of society. This conclusion is also backed-up by recent evaluations of the CRII and CRII+.[11]

  - Incorporate flexibility into all funds contributing to Cohesion Policy by embedding interim-decision support with sound evidence-based information.

[11] See EU COM (2023): Study supporting the preliminary evaluation of the support provided by ESF and FEAD under the Coronavirus Response Investment Initiatives (CRII and CRII+); VT/2020/48; Directorate-General for Employment, Social Affairs & Inclusion Directorate G — Funds: Programming and implementation Unit G5 — Better Regulation; Brussels

⇒ **Extending flexibilities to national and regional procedures and institutional/ organisational capacity.** One more lesson learnt from the quick-response policy mechanisms like CRII and REACT-EU/CARE is the need for building enough capacity on all administrational levels to support beneficiaries and target groups to adsorb the support in time and in the intended way. This could mean targeted support during the application phase, but also guidance on monitoring and reporting.

- Build up capacities on all administrational levels, but specifically on the regional and local level to safeguard absorption of funds.

Ad 2: As pointed out above the main driving actors for the simplification and more efficiency in policy implementation have been the Member States. The features in the existing EU Programmes show clearly that the main emphasis was on reducing the administrative burden for programme administrations. This has brought about the fact that programme achievements have been linked more closely to outputs and direct policy effects (extending the attribution gap to the indirect overall results – see above). This certainly had the effect of reducing efforts and resources for monitoring and evaluation for the national authorities. However, some features may bear the risk of outbalancing this gain in reporting necessities with national gold-plating on the audit side: the FNLC is one example where the experience of the previous programming period have shown that keeping a presumed audit trail on results (as intended for the FNLC) is deemed as hard to establish and asks for thinking out of the box for auditing authorities[12].

⇒ Despite the reluctance of the Commission, it would be well advised to provide more and more tailor-made guidance on certain delivery mechanism aspects such as SCO and FNLC. Member State authorities on the other hand should take stock of offers by the Commission for low-barrier support through peer-to-peer learning.[13]

From the perspective of local and regional authorities, the simplification and compartmentation of Cohesion Policy has led to a decrease of room for manoeuvre. The mainstream Cohesion Policy instruments – due to their lack of providing the bigger picture for certain types of territories and zooming in on a smaller geography – tend to miss both an involvement of local and regional authorities in setting up the policies and a specific targeting of regions along their

[12] It has been proven as compatible with national budgeting rules as acknowledged by the European Court of Auditors when quoting the Austrian ERDF pilot case for the previous programming period in their Report "EU Financing through cohesion policy and the Recovery and Resilience Facility: A comparative analysis"; https://www.eca.europa.eu/Lists/ECADocuments/RW23_01/RW_RFF_and_Cohesion_funds_EN.pdf

[13] see https://ec.europa.eu/regional_policy/policy/how/improving-investment/regio-peer-2-peer_en

needs. Both CPR funds and the CAP struggle with regional differentiation (NUTS 3) due to the lack of information on this geographical scale. The only exception in this respect is the JTF, which acknowledges the territorial differentiation. This lack of regional perspective will in due course hamper cohesion. Another consequence of this is the need for local and regional authorities to build up competence and resources to cope with the increased complexity of available Cohesion Policy support from the various sources. The local and regional authorities will be needing this know-how to effectively combine sources of funding and meet all their respective delivery mechanism and maybe contradicting goal setting.

⇒ Make sure that local and regional authorities will have enough capacity and know-how to deal with the necessary targeting of Cohesion Policy on their respective territories and to combine effectively the different sources of funding available.

From the perspective of the EU institutions, the main lesson learnt from the list of changes and delivery system features is that in the medium run it will be very difficult to prove the success of overarching, multi-objective policies (like Cohesion Policy) due to the compartmentation and cameralistic logic of the sectoral policies during this programming period.

4 Possible lessons from the RRF

The COVID-19 pandemic caused enormous economic and social consequences across the EU. This crisis showed that developing sustainable and resilient economies could help Member States respond more effectively and recover faster from future shocks. A lack of resilience also poses a challenge to convergence and cohesion in the EU (Regulation (EU) No 241/2021).

In July 2020, the European Council agreed on NextGenerationEU (NGEU) as a temporary instrument to deal with the consequences of COVID-19 crisis. The Recovery and Resilience Facility (RRF) is a key building block of the NGEU instrument (European Commission, 2022b). Besides tackling COVID-19 pandemic consequences, reforms and investments under the RRF aim to make the EU more resilient and reinforce its strategic autonomy (Regulation (EU) No 241/2021). The RRF reinforces implementation of sustainable reforms and investments and promotes economic, social and territorial cohesion in the EU (European Court of Auditors, 2022b).

The RRF improves recovery and resilience of the EU through measures structured in six pillars:

- green transition;
- digital transformation;
- smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning internal market with strong SMEs;
- social and territorial cohesion;
- health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness; and
- policies for the next generation, children and the youth, such as education and skills (Regulation (EU) No 241/2021).

The RRF has introduced several innovative elements such as simplified programming, performance-based financing and monitoring of milestones (European Court of Auditors, 2022b). This chapter provides a first comparison between existing the delivery model of Cohesion Policy and new features introduced by the RRF. In addition, this chapter provides more detail on lessons that could be drawn from the RRF.

Investments under the RRF largely coincide with Cohesion Policy strategic objectives and financial resources, with a particular focus on the green transition and digital connectivity, followed by climate change and adaption, education and training, and access to health care services. However, the high complementarity between RRF and Cohesion Policy does not always match the governance mechanisms in Member States (Böhme, Mäder Furtado, Toptsidou, Zillmer, Hans, Hrelja, Valenza, & Mori, 2022).

4.1 Programming and allocations

To start with, RRF programming is based on a single document for each Member State – the Recovery and Resilience Plan (RRP) – and a simplified programming process that involves design, submission, assessment and adoption. The RRP is a key document that provides details on investments and reforms supported by the RRF. RRF investments are combined with reforms so Member States can deliver reforms which will make them more resilient. The plans should have a lasting impact with structural changes in administration and policies. When drafting the RRPs, the Commission provided guidance to ensure they met pre-defined criteria (European Court of Auditors, 2023b).

Following submission of each RRP, the Commission had two months to assess the plans and propose an implementing decision to the Council. The Council needed one month to make a final decision based on the Commission's proposal. The Commission assessment was based on 11 pre-defined, broad and generic qualitative criteria. These (Table 1) are divided into four categories: relevance, effectiveness, efficiency and coherence (European Court of Auditors, 2023b).

Table 1 RRP assessment criteria

Category	**Criteria**
Relevance	Criterion 1 – contribute to all six pillars
	Criterion 2 – effectively address the challenges identified in the European Semester, in particular the 2019 and 2020 country-specific recommendations
	Criterion 3 – contribute to strengthening growth potential, job creation and resilience;
	Criterion 4 – contain only measures that comply with the 'do no significant harm' principle (DNSH);
	Criterion 5 – contribute to the green transition (minimum 37 % of the total estimated cost for climate spending);

	Criterion 6 – contribute to the digital transition (minimum 20 % of the total estimated cost);
Effectiveness	Criterion 7 – through its measures the NRRP will have a lasting impact;
	Criterion 8 – provide arrangements to monitor their implementation, including milestones, targets and related indicators;
Efficiency	Criterion 9 – provide a reasonable and plausible justification of their total estimated costs;
	Criterion 10 – provide control systems and arrangements that prevent, detect and correct corruption, fraud, irregularities, conflict of interest and double funding;
Coherence	Criterion 11 – contain measures that represent coherent actions.

Source: Regulation (EU) No 241/2021

The RRP of each Member State needed to provide cost estimates for the proposed measures and the Commission needed to verify the reasonability and plausibility of these estimates. Programming and adoption of RRF were rapid as the key objective of RRF is to respond to the COVID-19 crisis. In the first six months after adoption of the RRF, 18 of 27 RRPs were endorsed. The lower number of RRF programming documents in comparison to almost 400 partnership agreements and national and regional programmes for Cohesion Policy helped a fast finalisation of the negotiations. In addition, Member States gave a priority to the development of NRRPs (European Court of Auditors, 2023a).

Furthermore, the RRF allocation method differs significantly from the Cohesion Policy method. Allocation of Cohesion Policy funds takes into account national and regional disparities, while the RRF considers disparities only at the national level (European Court of Auditors, 2019). 70% of the grant allocation for RRF was based on a Member State's population, its 2019 GDP per capita and average five-year unemployment rate for 2015-2019. The rest of the grant allocation was based on GDP decline in 2020 and 2021 (Regulation (EU) No 241/2021). Also, the RRF eligibility period is for 6.5 years and is shorter than the eligibility period for Cohesion Policy 2021-2027 of 10 years (COM(2013) 246 final).

The multi-level governance and partnership principles of Cohesion Policy do not apply to the RRF. Drafting the RRP doesn't require the partnership principle. This means that local and regional authorities, economic and social partners and civil society organisations do not need to be involved to the same extent as for Cohesion Policy funds (European Court of Auditors, 2023b).

4.2 Implementation

Cohesion Policy is implemented under a common EU framework, while the RRF is implemented through national systems, so RRF implementation rules are specific to each Member State. At Member State level, ‘the RRF coordinator’ has overall responsibility and acts as the single point of contact for the Commission (Regulation (EU) 241/2021). In contrast to the RRF, programming, implementation, monitoring and auditing of Cohesion Policy involves hundreds of national and regional authorities and the beneficiaries of EU funds can be public or private bodies, entities with or without legal personality, or natural persons (COM(2013) 246 final). Furthermore, technical assistance is financed by Cohesion Policy, but not by the RRF (European Court of Auditors, 2022a). In addition to these formal differences information from the interviews shows that introducing the RRF overburdened the administrative capacity of Member States and induced delays in implementing Cohesion Policy and programming of 2021-2027 programmes.

National or private co-financing has been a general principle for Cohesion Policy funds. Obligatory national or private co-financing guarantees Member State or beneficiary commitment and ownership, ensuring value for money in EU-supported interventions. In contrast, the RRF provides direct budgetary support with 100% EU financing without requiring national or private co-financing (European Court of Auditors, 2023a).

A key element that differentiates the RRF from other EU instruments is its emphasis on performance. The ‘financing not linked to costs’ (FNLC) means that disbursements are only possible on fulfilment of milestones and targets. Estimated costs of measures should be provided in RRPs of each Member State, but payments are not linked to these. This novelty is a risk for properly comparing cost-efficiency as RRPs are very different across countries (European Court of Auditors, 2022a).

In the RRF, assessment of the fulfilment of milestones and targets is not about checking the costs of each measure. Reasonableness and plausibility of costs was assessed after the submission of the plan. This means that Members States could benefit from more cost-effective implementation while having to deal with the burden of possibly higher costs. Moreover, assessment of milestones and targets is not about checking compliance with EU law because Member States have the responsibility to make sure their measures comply with applicable EU and national law (European Court of Auditors, 2022a).

Before the submission of the first payment, the Commission and the individual Member State need to sign operational arrangements. These documents contain details on how the Council Implementing Decision will be monitored, and what evidence should be shown to the Commission to demonstrate achievement of the target or milestone. Before any RRF disbursement, the Commission must assess whether the Member State has fulfilled all milestones and targets linked to the payment request. If one or more milestones and targets have not been achieved, the Commission must suspend all or part of a payment. If the Member State doesn't remedy the situation within six months, the Commission must reduce the financial support. As the RRF will be implemented in a context of higher prices due to inflation, this will put additional pressure on Member States to control costs or commit additional national funds to complete RRF investments and reforms (European Court of Auditors, 2023b). Against this background, interviews with Managing Authorities from different EU Member States indicate that this implies a lack of payment flexibility for the RRF, which should be addressed and modifications introduced (e.g. a methodology for partly achieved targets, possibility to reallocate funds).

Monitoring, reporting and evaluation are important steps that guarantee funds contribute to their objectives. Monitoring the RRPs differs significantly between Member States because milestones and targets are specific to each RRP (European Court of Auditors, 2023b). Monitoring RRF is centralised using pre-agreed milestones and targets linked to the payment requests. Member States need to nominate a central authority that provides consolidated reporting to the Commission and has responsibility for monitoring implementation of the RRP (European Court of Auditors, 2023a).

The Commission has designed a control system with a set of ex-ante verifications and on-the-spot audits to assess whether milestones and targets have been fulfilled. However, the control system provides limited verified information at EU level that RRF-funded investment projects comply with EU and national rules. Missing such information could impact any assurance the Commission can provide on protecting the financial interests of the Union which results in an EU-level accountability gap (European Court of Auditors, 2023a).

To ensure transparency and facilitate monitoring of RRF implementation, the Commission has set up a publicly accessible, online platform, the Recovery and Resilience Scoreboard[14]. This platform provides indicators which help to follow progress in programme implementation including data such as achieved milestones and targets, committed and disbursed funds, etc. The Commission must update the scoreboard at least twice a year using data submitted by Member States in the context of the European Semester. This online platform has a similar

[14] See https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html?lang=en

function as an open data platform developed for Cohesion Policy funds[15] (European Court of Auditors, 2023a).

4.3 Conclusions

Cohesion Policy and the RRF have some common aims, but their design is fundamentally different. Cohesion Policy is a long-term policy that focuses on fostering convergence across EU regions, while the RRF is a fast response to the consequences of the COVID-19 crisis. This suggests that one policy cannot tackle both short-term crises and long-term strategic development objectives.

In comparison to Cohesion Policy, the design, submission, assessment, and adoption of RRF programming has been significantly simplified. Furthermore, RRF allocation considers disparities only at the national level, while Cohesion Policy takes into account national and regional disparities. This implies different perspectives of cohesion objectives in implementation. In addition, the multi-level governance and partnership principle of Cohesion Policy does not apply to RRF. Thus, it cannot not consider the needs of regions within a Member State that are not also widely acknowledged at national level.

A key difference is that Cohesion Policy is implemented under a common EU framework, while RRF is implemented through national systems. In contrast to national and private co-financing typical for Cohesion Policy funds, RRF provides direct budgetary support with 100% EU financing, which helps overcome national budget restrictions but may limit stakeholder commitment that is ensured by co-financing. The RRF financing model also differs from Cohesion Policy, as a key criterion for disbursement is complete fulfilment of milestones and targets. In addition there are concerns related to the comparability of RRP milestones and targets, overburdened administrative capacity involved in programming and implementation, additional financial pressure on Member States due to inflation and time pressure in delivering RRPs. These should not be neglected when intending to transfer RRF experience to Cohesion Policy.

With these reflections in mind, further detailed conclusions are developed below, for delivery mechanisms and from practical experience of RRF implementation so far.

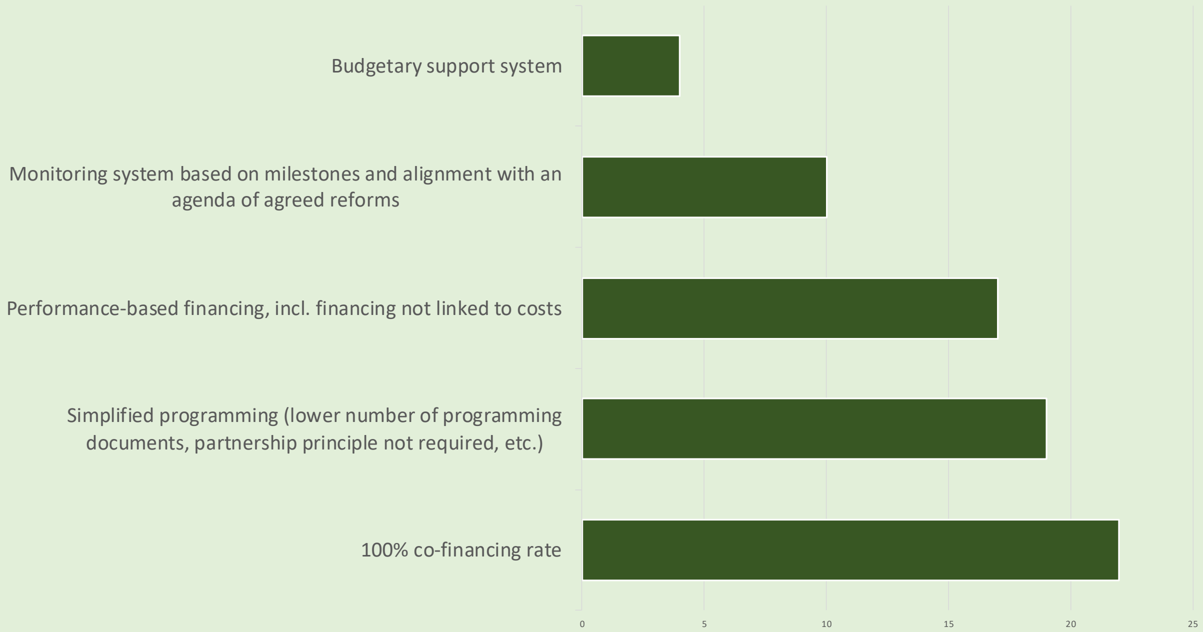
[15] See https://cohesiondata.ec.europa.eu/

View on new features introduced by the RRF

In general, RRF features raise interest among authorities involved in the delivery of Cohesion Policy. This concerns in particular, the 100% financing rate, simplified programmes and performance-based financing (see Figure 8). Although the survey provides a spotlight and is not representative it indicates a curiosity about learning from other policy instruments to further improve the delivery of Cohesion Policy.

Answers to open questions and the interviews, however, also reveal caveats concerning lessons to be learned from RRF. These are discussed in further detail below.

Figure 8 Survey question: Which RRF novelties could be considered to be taken up in the future Cohesion Policy in order to improve its delivery system?



Source: Survey (2023), n=51, multiple choices possible

4.3.1 Lessons from the RRF delivery mechanism

Despite those differences, there is a general expectation that Cohesion Policy can learn lessons from RRF as it appears to involve innovations and simplifications to delivery mechanisms. However, looking in further detail, this might not be the case. Indeed, it appears that RRF was intended to be less complicated, but over time the delivery mechanisms have become increasingly complicated. Based on document studies, interviews and the survey the following points can be flagged.

Institutional learning and capacity building. A key question concerning possible simplification concerns the objectives of a policy delivery mechanism. Is it mainly to channel money as swiftly and reliably as possible, or is it also a way to build up capacity in national and regional administrations? In the past Cohesion Policy has contributed substantially to administrative capacity building including long-term strategic planning, shared management and partnership principles, additionality and accountability. Shifting to a simpler system of transferring money to national accounts risks eroding capacities developed in the past, which will always be needed for meaningful investments at local or regional levels.

⇒ Before trying to copy the simplified approach of RRF, Cohesion Policy players need to consider what this implies for regional and national administrative capacities.

Structural policies vs. major investments. Cohesion Policy is the main long-term investment policy in the EU budget and has been evolving since 1988 in line with EU priorities and administrative requirements. It invests in people and places to realise structural changes to achieve economic, social and territorial cohesion. RRF focuses mainly on investments in large scale projects and may contribute to structural changes through its links to reforms. Nevertheless, RRF has a much shorter time horizon than Cohesion Policy and thus is less favourable for long-term strategic investments. Therefore, the type of investments supported by RRF may not fit the objectives of Cohesion Policy.

⇒ Before learning from RRF, it needs to be clarified whether the character of Cohesion Policy shall be changed, or whether it shall continue to focus on structural change and strategic long-term investments in people and places to help economic, social and territorial cohesion.

Link to national reforms. RRF investments are combined with reforms which could increase the resilience of countries. At first sight it appears RRF has been more successful in linking funding to the implementation of necessary reforms than Cohesion Policy has been with its approach to conditionalities, etc. However, this is also linked to the institutional settings as well as how and to whom the money is paid. For RRF funding, investments and the way the money is transferred are closely linked to reforms. For Cohesion Policy, it often appears the link between what is funded and what reforms are required is farfetched. This reduces the effectiveness of linking EU funding to reforms. Furthermore, linking funding to reforms is difficult to translate to the regional level, which is still the main target of Cohesion Policy and a key player in the shared management system. Which types of reforms could be done at regional level, especially considering the diversity of regional government systems and responsibilities in the EU?

⇒ While the RRF approach of linking funding to national reforms seems to work, it will be difficult to transfer this to Cohesion Policy. To do so, Cohesion Policy needs to identify better ways to plausibly link investments to reforms and develop reform requirements which match the responsibilities of regional governments.

Emphasis on performance. Cohesion Policy has long made efforts to increase result orientation and shift from a focus on administrative compliance to results. Also FNLC is not new to Cohesion Policy. Still, the RRF approach to linking funding to milestones defined by achievements looks promising in that sense. However, a result in the RRF corresponds basically to an output in Cohesion Policy. For example, a new hospital is a result in RRF, while in Cohesion Policy it is considered an output, e.g. along the lines of REGIO Common Output Indicator (RCO) 69 'capacity of new or modernised health care facilities'. This means there is a confusion of what is considered a result or an output between the two policies. Furthermore, for RRF there are considerable ambiguities about how to prove a result has been achieved. Therefore, there are rising concerns that the RRF approach to milestones and results creates more problems than they solve, as the initial system of minimal checks and audits based on the national system is now challenged by other institutions (i.e. ECA).

⇒ The RRF experience may be a stimulus to further elaborate and expand Simplified Cost Options (SCOs) and FNLC already used in Cohesion Policy. However, given the growing uncertainties related to the RRF milestone approach, it would not be wise to copy its current state.

Lack of flexibility. Flexibility has been a key issue allowing Cohesion Policy to react swiftly to external shocks such as the COVID-19 pandemic or Russia's war on Ukraine with the consequent refugee and energy crises. The RRF milestone approach does not allow for flexibility and has only limited possibilities to adjust milestones to changing circumstances. There are various calls that this lack of flexibility needs to be addressed and modifications introduced (e.g. methodology for partly achieved targets; reallocation of funds). Most prominently inflation can cause issues as the costs for achieving a milestone have increased substantially since adoption of the RRPs. Another risk of inflexibility linked to achieving milestones is that innovative new measures will not be implemented, as failure will result in the loss of funds.

⇒ If Cohesion Policy is to adopt the idea of milestones from the RRF, it needs to ensure sufficient flexibility to be able to adjust milestones to changing circumstances as well as encourage experimentation and innovation.

100% financing rate. About 30% of the survey respondents indicated that not requiring co-financing is appealing. Some interviewees indicated the contrary, that a 100% financing rate was not crucial for investments. This reflects to some degree different (financial) backgrounds of programme authorities and illustrates that one rule may not be equally supported across Member States. However, RRF works with an approach where the costs incurred are not the basis for funding, but an amount is agreed for achieving a milestone. Whether the achievement requires more or less funding is a responsibility of the Member State. For some authorities used to the Cohesion Policy approach this has caused confusion not at least concerning VAT or increased costs to achieve a milestone. Some players also pointed out that the Cohesion Policy co-funding approach was introduced for a reason. It helps to ensure commitment by stakeholders and underlines accountability.

⇒ If Cohesion Policy is to increase the share of EU-funding, it should carefully analyse the experience of RRF investments – considering that RRF does not reimburse costs but pays for achieved milestones.

4.3.2 Further reflections on RRF

Besides the above lessons from delivery, there are further reflections to be drawn from the RRF experience.

Regional disparities. Cohesion Policy is about addressing economic, social and territorial disparities between people and places. Cohesion Policy is intended to help reduce regional imbalances in the EU. This is reflected in the calculation of allocations to more developed, transition and less developed regions, as well as shared management. In the RRF regional disparities are not explicitly taken into account.

⇒ If adopting delivery features of RRF, Cohesion Policy needs to maintain a focus on reducing disparities between people and places not only between Member States, but also within.

Involvement of local and regional authorities. Cohesion Policy has a strong tradition of shared management and partnership principles. This ensures that local and regional authorities as well as civil society representatives are actively involved in the design and delivery of the policy to address the needs of their territory in a place-based manner. This is still true, although in recent years many countries have seen increased centralisation to the national level for Cohesion Policy. RRF is in most cases a purely national affair which lacks alignment with the multi-level governance and partnership principles.

⇒ Adopting delivery features of RRF may risk further fuelling centralisation in Cohesion Policy, which could enhance the gap especially for places that already feel left behind, as their voices maybe heard even less.

Double structures and administrative costs. As RRF has been implemented in parallel to Cohesion Policy, it has created new administrative structures and tasks. Some countries have parallel structures which hamper smooth coordination between the policies. In other countries, the RRF is handled by the same teams as Cohesion Policy, which leads to a substantial overburden of administrative capacities when new emergency initiatives (e.g. CRII, CRII+, CARE) and preparation for the new programming period already stretched administrative capacities. This is exacerbated, as technical assistance is not supported by the RRF and sometimes leads to delays in the implementation of Cohesion Policy.

⇒ In future, double structures and programmes should be avoided as much as possible.

The discussion of the RRF delivery mechanisms does not hold as much potential for improving Cohesion Policy as might have been expected. Indeed, it confirms that the existing Cohesion Policy system is reliable and predictable. A new system which seems simpler from the outset risks considerable shortcomings which make it less reliable and predictable and more complex in the long run. At least this raises the question of who benefits from its simplification? Beneficiaries, regional and national management authorities or the European Commission? It may even be argued that the key features of the shared management of Cohesion Policy have evolved to overcome short-comings of a seemingly simpler system.

5 Conclusions and recommendations

The review of changes to 2021-2027 regulations, the flexibility introduced to face the urgent consequences of the pandemic and the refugee crises, as well as possible lessons from RRF highlights key issues to be discussed in the preparation of Cohesion Policy post 2027.

This concerns understanding the role of Cohesion Policy vis-a-vis EU policy objectives beyond economic, social and territorial cohesion. It also concerns the need to safeguard key principles of Cohesion Policy such as the partnership, shared management and subsidiarity principles.

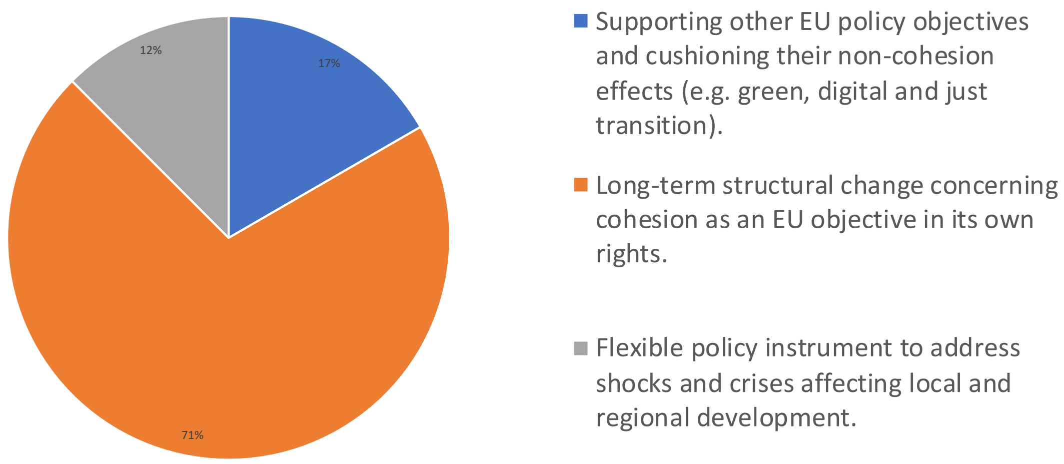
A discussion is also needed about further simplification and improving the delivery system. This includes the need for new tools and instruments as well as the administrative disruptions and costs such novelties cause in programme implementation. What is the trade-off between changes to improve the delivery system and the administrative costs of these changes?

5.1 Changing the understanding of Cohesion Policy

Role of Cohesion Policy. Cohesion Policy post 2027 could take very different directions (Böhme, Toptsidou, Valenza, Amichetti, & Münch, 2022). It seems to be torn between becoming one of the main vehicles for fulfilling overarching EU objectives such as the green, digital and just transitions, turning into a multipurpose emergency instrument to allow the EU to quickly respond to external shocks, or focussing on structural issues underlying growing disparities between people and places. There are growing concerns that Cohesion Policy is overburdened with different objectives and expectations, which distances it from its purpose of economic, social and territorial cohesion (Böhme, Mäder Furtado, et al., 2022). Cohesion Policy is widely praised for the agility and flexibility it has shown in the face of recent crises, and is considered an important instrument for the EU to master the green, digital and just transitions. However, it should not lose sight of its primary aim to support long-term structural change and cohesion. Even if the survey results are based on a small sample, they clearly confirm this perspective (see Figure 9).

⇒ To avoid becoming torn apart by diverging objectives, maintain the primary purpose of Cohesion Policy and focus on structural changes needed to support cohesion.

Figure 9 Survey question: What should be the primary objective of Cohesion Policy?



Source: Survey (2023), n=48

Partnership, shared management and subsidiarity principles. Other key features of Cohesion Policy highlighted in the discussion concern the shared management approach and the role of regional authorities in ensuring place-specific investments and priorities. Some respondents even argued for NUTS 3 and CLLD as the most effective levels of governance and for more trust in the capacities of local authorities. The rationale of place-based knowledge and the need to involve relevant players was also highlighted with regards to the partnership principle. Arguments for the stronger involvement of local and regional players often went together with calls for more flexibility, tailor made solutions and emphasis on the subsidiarity principle.

⇒ Ensure the partnership, shared management and subsidiarity principles remain key characteristics of Cohesion Policy.

5.2 Continuity of the delivery systems

Simplify and improve but do not change. Recently there have been various attempts to simplify delivery of Cohesion Policy and test new features (see chapter 2). Other EU policies with seemingly novel approaches such as the RRF might hold some lessons for Cohesion Policy (see chapter 4). This should however not sideline the experience and well-functioning delivery system that Cohesion Policy has built up over time. Certainly, there is room for further improvement and adjustments to changing circumstances, but the overall structure works. To further increase the efficiency and effectiveness of the policy mainly concerns control and audit, followed by programming and implementation. These are major sources of administrative costs and burden as well as gold plating. The reason often lies in perceived mistrust between the European Commission, Managing Authorities and local and regional programming partners. This makes the whole process way too complex, which means that valuable time and money is lost at all stages of the policy cycle, from programming and implementation to the controls. At the same time, strong voices highlight that every change in the system – even simplifications – generates disruptions and new administrative costs and burden when establishing routines and a shared perspective of how the change is to be interpreted and implemented. The results of the survey and interviews confirm the general impression that Cohesion Policy is trapped between a desire for further simplification and general reservations to change.

- ⇒ Cohesion Policy has built a functional and accountable delivery system. Although there is room for improvement, the basics should be kept.

- ⇒ Before introducing improvements and simplifications, these should be thoroughly checked for any disturbance and costs compared to the benefits.

- ⇒ Simplifications should also be assessed to review which authorities benefit from them.

Quo vadis monitoring? The monitoring system has constantly developed throughout the evolution of Cohesion Policy. Clear definitions of different indicators, e.g. output and result indicators, have certainly improved and helped to achieve a common understanding among the players involved. Also the increasing focus on standardised indicators has its merits when it comes to an EU-wide aggregated picture of what Cohesion Policy does. However, at programme level there are concerns that output and result indicators do not show the real achievements. On a scale from 1 (very poor) to 6 (very good), survey respondents ranked whether the monitoring system shows real achievements at 3.02. 16% even ranked it as very poor and none as very good. The main criticisms are that the standardised indicators do not fully match the activities, the time frame is too short, as real effects are only seen years after a measure is finalised and it is too burdensome.

- ⇒ Reviewing evaluation and monitoring to see how to measure achievements rather than outputs and results may illustrate what has been done but not what this means for structural changes in the area and cohesion.

Faites vos jeux! Rien ne va plus! The strict 7-year programme periods of Cohesion Policy cause regular stress in the system as new regulations and programmes need to be negotiated and adopted. This is a moment of intense administrative workload for all players involved and usually runs late, so programme implementation starts about 2 years into the programme period. Despite all good intentions, the logic of EU-wide negotiations on funding lines and regulations leads to these delays. Despite this, many respondents (42%) and interviewees are in favour of keeping the current 7-year programme cycles. Even though this is burdensome, it gives some certainty and consistency during implementation. It also provides beneficiaries with the assurance of long-term funding for specific policy objectives. About as many survey respondents (46%) can imagine shifting to continuous programmes – without a fixed end date – with regular reviews and options for reprogramming when needed. However, there are also doubts about the risk to (a) lose the long-term perspective and stability of the programme if changes happen too often, and (b) not adjusting to changing circumstances and policy objectives when a programme is not making use of the reprogramming option. The idea of an extended programme period covering two periods (i.e. 14-year programmes with an updated budget after 7 years), was clearly not considered beneficial by the survey respondents.

⇒ Keep the 7-year programme periods but check what can be simplified, e.g. carrying over particular elements of the programme document from one period to the next.

⇒ Support on-time programming with early adoption of stable regulations providing a reliable planning basis for Cohesion Policy programmes.

New tools and instruments. In particular in response to recent crises and new European policy objectives, Cohesion Policy has witnessed new instruments and tools. These were purpose built to respond to a particular challenge, though this challenge may also have been addressed by increasing the flexibility of existing Cohesion Policy instruments and tools. The political rationale of setting up new tools and instruments is comprehensible as it demonstrates that the EU is active and reacts to new challenges. However, it often increases the administrative workload and uncertainty about existing mechanisms. Therefore, there are pleas to consider using existing tools and instruments before setting up new ones for every new need.

⇒ Before developing new tools and instruments, check how much existing Cohesion Policy tools and instruments can meet the needs.

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