Case study on the functioning of the RRF and other EU funds

Introduction

The relationship between the Recovery and Resilience Facility (RRF) and other EU funds has been a subject of analysis ever since 2020[1]. Studies have highlighted similarities and differences with other funding schemes, examining policy dimensions such as design, delivery system, monitoring and evaluation systems, payments, audit and control. The interaction between RRF and other schemes has fuelled debate and investigation on possible synergies, complementarities and substitution effects. In light of the RRF's peculiar nature and sheer size, its relationship with other EU funds has strategic importance for the current implementation and, even more, for the future evolution of EU investment policies. Within this mid-term evaluation, examining the interplay between the RRF and other EU funds is crucial to assess the added value of the RRF and contribute to an understanding of which lessons are emerging across Member States on features of the RRF that might be considered for potential transfer or adaptation in other policy contexts, and features of other EU instruments that could be transferred to the RRF in its potential evolutions.

Cohesion policy (CP) is the EU investment tool that lends itself best to an analysis in relation to the RRF. As the EU's main investment policy, covering about a third of the EU budget, CP is the most suitable term of comparison based on different dimensions:

- Size. The amount of resources mobilised by CP is the one that gets closest to the financial weight of the RRF, €723.8 billion in 2021-2026 (€385.8 billion in loans, up to €338 billion in grants). Taken together, the set of four funds[2] that make up CP in 2021-2027 have a size of about €543 billion (of which €377 billion in EU co-financing and €166 billion in national co-financing), as shown in Figure 1 below[3]. Even if a precise comparison of RRF and CP financial envelopes adopting the same timeframe is not possible (due to the requirement to disburse RRF resources before the end of 2026 and the fact that Member States can spend 2014-2020 CP resources until the end of 2023 and 2021-2027 resources until the end of 2029), the CP's scale is the one that, although smaller than the RRF's, approaches it the most, as illustrated in Figure 2, presenting the financial size of other EU funds under the MFFs 2014-2020 and 2021-2027[4].

- Investment types. No other EU fund covers a similar breadth of investment types as CP and the RRF. Both are multisectoral and aim to contribute to a diverse set of socio-economic policy objectives, even though CP is more geared towards the strengthening of the EU's economic, social and territorial cohesion[5]. This broad spectrum of investment types that both instruments finance, combined with their extensive financial size, is at the core of the transformative potential they have in common. While CP and the RRF aim to achieve this potential through different delivery systems (that will be analysed in this case study), their broad coverage enables both to be vehicles for many sectoral policies at the EU and Member State level, including the effort to navigate the green and digital transitions. Across sectors, the RRF and CP are key nodes in the delivery of EU and national policy making.

- Link to reforms. Both instruments have recognised the importance of linking investments to an agenda of structural reforms. As such, both are not only investment tools, but wider frameworks that share the ambition to increase the resilience of European societies. Yet, while the RRF funds reforms alongside investments, CP does so only in specific cases such as the targeted reforms of labour market institutions and services under the

[1] Early analysis was especially focused on the relationship between RRF and Cohesion Policy funds, for instance in Bachtler et al. (2020) as well as Molica and Lleal Fontas (2020). More broadly, for an early exam of the RRF's relationship with EU coordination mechanisms of economic policy, particularly the European Semester, see Kirkegaard (2020) and Moschella (2020).

[2] European Regional Development Fund (ERDF), European Social Fund + (ESF+), Cohesion Fund (CF), Just Transition Fund (JTF).

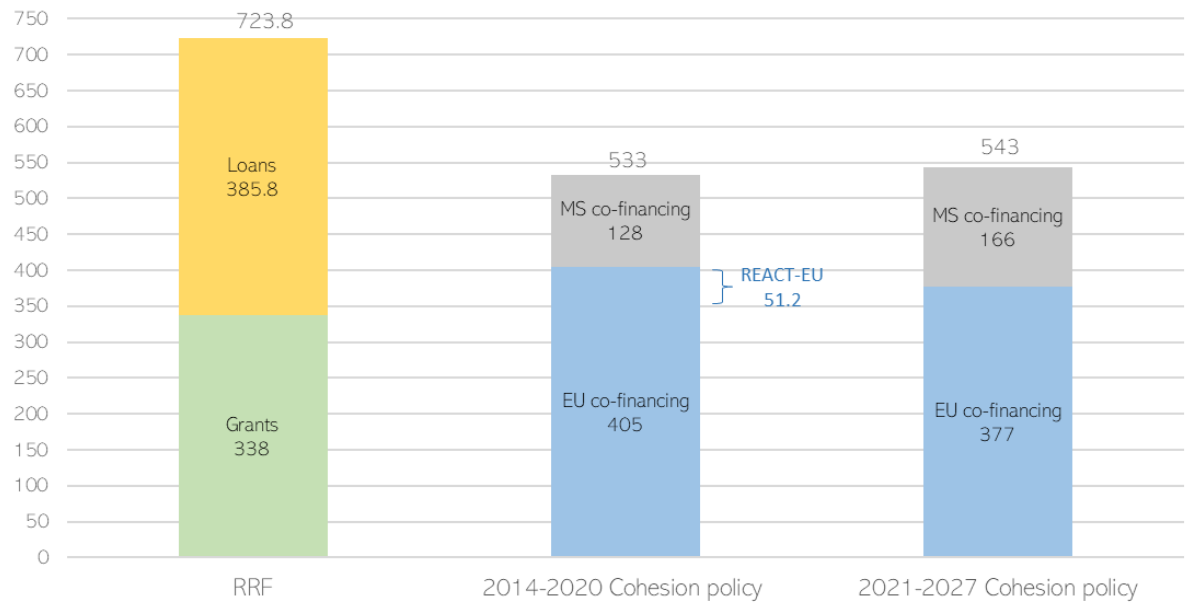
[3] Amounts in current prices.

[4] Annex I provides further detail on 2014-2020 and 2021-2027 financial amounts. Data on Cohesion Policy funds are taken from https://cohesiondata.ec.europa.eu/funds/ (retrieved in September 2023).

[5] The policy finds its legal basis in Articles 174 to 178 of the Treaty on the Functioning of the European Union (TFEU).

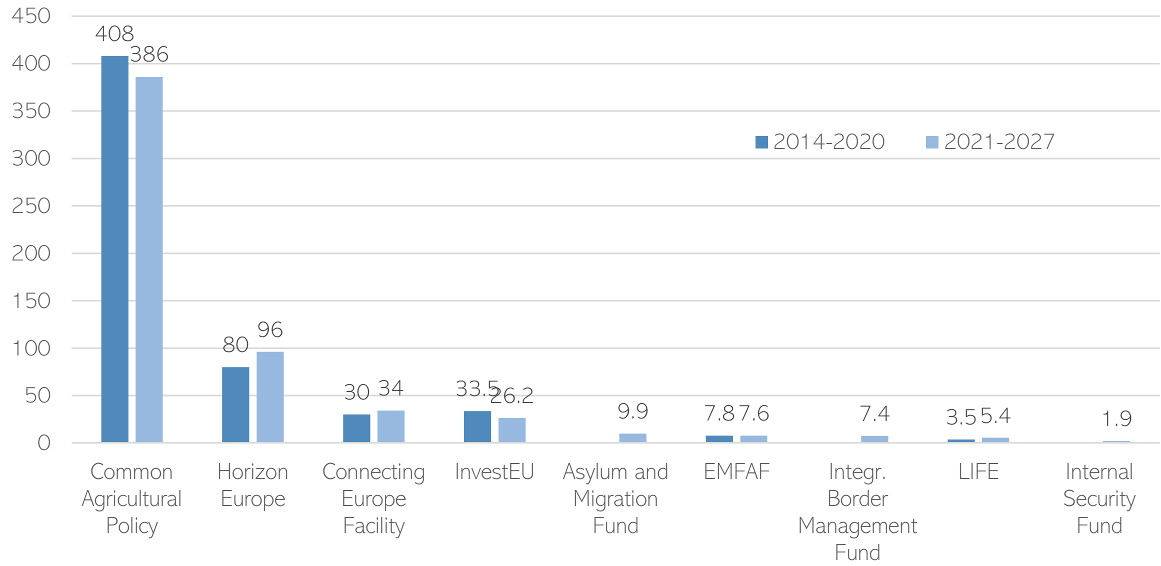
ESF+ (only if there is an associated cost assessment[6], as in the case of active labour market policy). However, since the 2014-2020 programming period, the ex-ante conditionalities (called enabling conditions in 2021-2027) have been introduced by the Common Provisions Regulation to help Managing Authorities develop a more investment-friendly environment and give impetus for reforms needed at national and regional level[7].

Figure 1 Financial size of RRF (2020-2026) and CP (2014-2020 and 2021-2027), € billion



Source: Authors. Data on CP funds are taken from https://cohesiondata.ec.europa.eu/funds/ (retrieved in September 2023).

Figure 2 Financial size of other EU funds (2014-2020 and 2021-2027), € billion



Source: Authors based on official sources.

[6] In other words, under Cohesion policy there is no disbursement of funds for reforms if they do not have a cost assessment associated (beyond the fulfilment of enabling conditions).

[7] When a payment application is submitted to the Commission, the expenditure in question is not reimbursed if enabling conditions for the related specific objective are not fulfilled. Reimbursement takes place once the Commission assesses the enabling conditions as fulfilled.

This case study aims to shed light on the interplay between the RRF and CP, focusing on six Member States and building on preliminary evidence on implementation. It helps contextualise and benchmark the RRF, feeding into the wider evaluation. Throughout the case study, evidence from the Member States selected for a deep dive substantiates the analysis. They are Germany, Greece, Italy, Lithuania, Romania and Spain. This set of countries includes large recipients but takes into account the experience of a smaller country as well. In addition, it covers countries with different levels of centralisation in the management of CP funds, to better examine the potential added value of a centralised and direct management against a shared management system.

The case study is structured in three sections. The first section compares the two instruments under multiple dimensions, while the second one discusses their interplay. In the third section, conclusive remarks identify the main findings and lessons learned.

In terms of methodology, the case study is based on a set of different sources. A review of the literature examining the differences between the RRF and CP was conducted as an initial step. It concerned mainly the features of the two instruments (corresponding to the first section of the case study) and less the synergies between the two or evidence from RRF implementation, about which the literature is necessarily less rich. Based on this review, semi-structured interviews with expert stakeholders from the European Commission and national authorities from the six selected Member States took place online between May and July 2023 (see Annex III), testing the preliminarily emerging findings on the comparison between the RRF and CP, and discussing their implications. For the second section of the case study, about the interplay between the RRF and CP, interviewees were asked about concrete examples of demarcation and difficulties in implementation, as well as evidence-based reflections on how the two instruments can learn from each other. The goal of this exercise was to allow the case study to offer some practical illustrations beyond generalisations found in early analyses published on these topics, and an overview of the opinions of a selected sample of informed stakeholders about forward-looking challenges. The replies collected through selected questions of the survey conducted as part of the Mid-term evaluation to RRF national stakeholders (authorities in charge of coordination/monitoring bodies and audit/control) were incorporated into the case study as well where relevant. As part of the analysis, the triangulation of data from public sources, literature, expert opinions, survey results and evidence from different countries enabled the case study to identify some general and nuanced findings and draw evidence-based conclusions. Finally, a unified narrative taking into account the different types of sources was developed to draft the case study.

1. A comparison of RRF and Cohesion policy

a. Sources, allocation methods and financial support

While CP is funded through the EU budget, which is financed from own resources as well as Member State contributions, the RRF – being part of the NGEU – is entirely financed by borrowing on capital markets[8]. Specifically, the Commission raises funds by issuing EU bonds. All debt must be paid back by 2058[9]. Member States receiving RRF loans will repay the loans and the costs related to the borrowing of funds, including the interest, while the EU budget will cover the repayment of the interest for the funds used as grants.

The RRF and CP allocate funding to Member States adopting different methods. The allocations of CP funds (known as their 'financial envelopes') are agreed during the multiannual financial framework negotiations taking into account national and regional disparities, with no flexibility to reallocate funds between Member States over the period. For the 2021-27 cycle, the allocation key[10] for ERDF and ESF+ (which make up about 80% of CP funds) is based mainly on regional GDP and gross national income (GNI) per capita, adjusted for purchasing power. In addition, other factors feeding into the calculation behind financial envelopes include data at regional level on unemployment, education level, net immigration from outside the EU, and the level of greenhouse gas emissions. Further adjustments are applied to favour the allocation of funds to less developed regions. Moreover, while ERDF, ESF+ and JTF benefit all EU Member States, the

[8] Article 5(1) of Council Decision (EU, Euratom) No 2020/2053.

[9] Article 6 of Council Decision (EU, Euratom) No 2020/2053.

[10] Article 108 and Annex XXVI of the CPR.

CF is foreseen only for Member States with a GNI per capita below 90% of the EU average[11]. According to an estimate by the European Court of Auditors, relative wealth determines over 80% of CP allocations[12]. The method for allocating funds under the RRF considers mainly development disparities existing before the pandemic at national level, but not at regional level[13]. No possibility to reallocate funds between Member States is foreseen under the RRF grants either, while for loans a different reasoning applies, as they are foreseen only upon request by Member States. Table 1 briefly presents the allocation method for RRF grants and loans.

Table 1 Allocation method for grants and loans under the RRF

RRF grants	RRF loans
70% of the grant component was allocated based on the Member State's population, its 2019 GDP per capita and its average five-year unemployment rate for 2015-2019. The remaining 30% was provisionally allocated based on the estimated fall in GDP in 2020 and 2021, a provision intended to reflect the pandemic's economic impact. This allocation of 30% of the grant component based on GDP decline was updated in June 2022, based on actual GDP changes. The update resulted in 19 Member States receiving less than initially estimated. These Member States were encouraged to continue to implement their original RRPs relying on alternative sources of funding, including national funds and RRF loans.	Concerning the loan component, a maximum RRF loan amount of 6.8% of 2019 GNI applies in each Member State. However, the amount of the loan support can be increased in exceptional circumstances and subject to availability of resources, such as other Member States not using their loan component in full. RRF loans can be requested up to August 2023.

Source: RRF Regulation (Art. 11, Art. 14, Annexes I, II, III).

Based on regulatory and programming information, the financial support of the RRF and CP significantly differ in some key features:

- While both instruments assume further financial commitments from the Member States, only CP requires a share of national co-financing to be earmarked. A key feature of CP is that investments are co-financed by the EU and Member States. Co-financing shares depend on the degree of development of the territory (national co-financing is higher in most developed regions). REACT-EU, which added €50 billion to 2014-2020 CP for 2021 and 2022, represents an exception, as it did not require additional national co-financing. Taking into account RRF resources and, for CP, both the EU and the national co-financing, provides insights on the total support to investments on the ground. Considering RRF grants against the EU co-financing for CP excludes the national contribution (loan paybacks and national co-financing), thereby singling out the financial resources actually mobilised by the EU.

- The RRF provides both grants and loans directly to the Member States, while CP channels resources to beneficiaries through national and regional authorities, based on the implementation of projects aligned with programme-specific selection criteria. As such, while the RRF provides central budget support (in a break with the traditional approach adopted by the EU in the past and filling the need for a robust injection of resources into the economy), CP funds are disbursed based on project-level reimbursements[14].

- A reflection on the financial envelopes of RRF and CP needs to take into account that in some Member States additional national resources are made available by governments. In fact, some NRRPs have added national funding to RRF resources, as part of national stimulus packages. This is for instance the case in Germany and Italy. Greece, Lithuania, Romania and Spain included no national funds in their NRRPs instead[15]. These different choices may partly affect the impact of the RRF. In the case of CP as well, some Member States foresee national measures complementing CP programmes (beyond the mandatory national co-financing). This is especially the case in Italy, where the national Development and Cohesion Fund is used to fund seven-year plans that have

[11] In 2021-27, the CF concerns 15 Member States: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

[12] European Court of Auditors (2019).

[13] Source: Annexes I, II, III, and IV of the RRF Regulation.

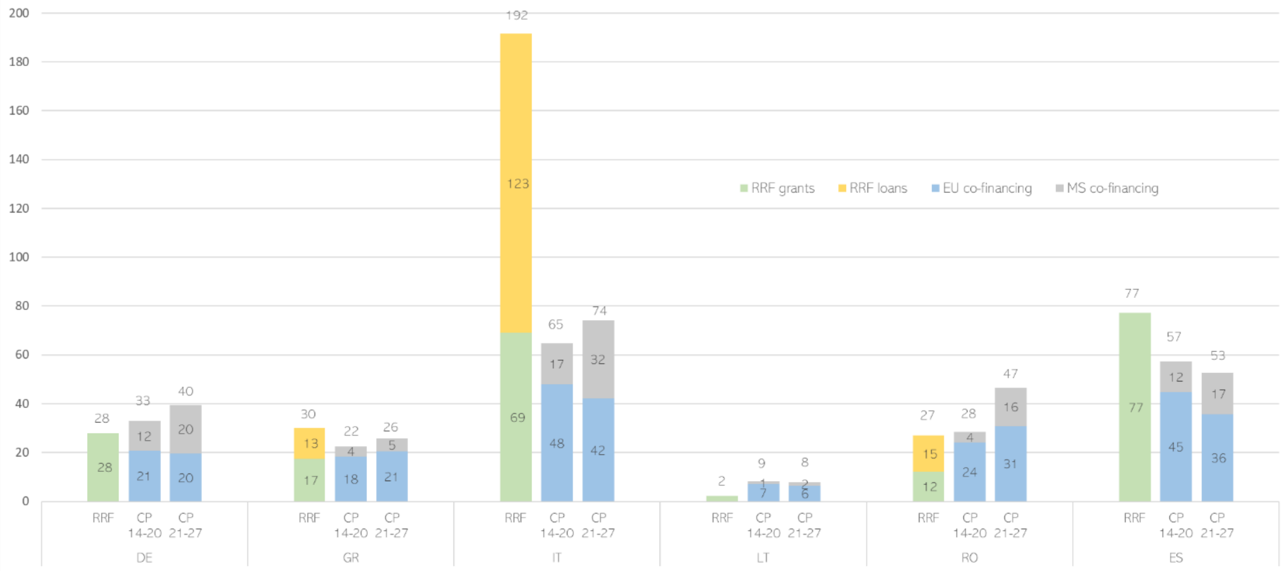
[14] For a discussion of the advantages and disadvantages of a potential use of budget support in the delivery of CP, see European Commission (2018c).

[15] Bruegel (2021).

traditionally been complementary to CP programmes, as well as special interventions for less developed regions. For instance, projects are frequently shifted under the national fund to safeguard them if they could not be completed under CP, thanks to the higher flexibility (and less strict strategic dimension) the national fund has.

Altogether, these differences point to the added value of a country-by-country investigation. For example, Member States took different choices with regard to RRF loans, also based on their different fiscal space. Greece, Italy and Romania requested them, in a varying proportion compared to RRF grants, while Germany did not, as shown in Figure 3, which illustrates the amount of resources mobilised in the six selected Member States under the RRF and CP. Lithuania and Spain initially did not request loans either, but submitted an addendum to its NRRP in June 2023, including loans as well[16]. Moreover, in 2021-2027 the mandatory national co-financing doubles the envelope of CP in some countries (Germany, for instance), but represents just a fourth of the EU expenditure in other cases (Greece), due to different co-financing rates. The need for an awareness of country specificities is exacerbated by the fact that the weight of the RRF and CP in each country varies.

Figure 3 RRF and CP (2014-2020 and 2021-2027) resources in six Member States, € billion



Source: Authors based on official sources.

The relevance of the two instruments in terms of their financial size considerably varies by country. RRF resources are less than CP resources mobilised by in the 2021-2027 programming period in the case of Germany, Lithuania and Romania, while they are higher for Greece, Italy and Spain. Greece, in particular, has a larger allocation than Germany and Romania under the RRF, while under CP its financial envelope is smaller than the other two countries. Yet, comparing just RRF grants with the EU co-financing under 2021-2027 CP (excluding MS loans under RRF and MS contributions under CP) shows that RRF grants are higher than EU co-financing in Germany, Italy and Spain, while they are lower in Greece, Lithuania and Romania. Measured against the national GDPs, RRF grants to the six Member States represent shares in a range between 0.7% of the GDP in Germany and 9.5% of the GDP in Greece, pointing to a different potential in terms of impact on the national economies.

The RRF and CP both foresee some thematic concentration, but with some differences[17]. The RRF sets budget allocation targets of at least 37% for the green transition and at least 20% for digital transformation. Similarly, the 2021-2027 CP regulatory framework requires a minimum proportion of ERDF and CF funding to be allocated to the green transition (in

[16] Lithuania's addendum, which includes EUR about 1.6 billion in loans, was endorsed by the Commission in late October 2023. As of early November 2023, it is expected that the Council will approve it soon. Spain's addendum, which brings the total value of the plan to EUR 163 billion (EUR 83 billion in loans and 80 billion in grants) was endorsed by the Commission and approved by the Council in October. In August 2023, Greece also requested additional EUR 5 billion in loans. Its request still has to receive an assessment by the Commission. The three plans' modifications are not considered in the chart.

[17] However, progress toward achieving the concentration targets should be verified during the implementation process.

all types of region) and competitiveness and innovation (in all regions except for more developed ones, which have no minimum proportion)[18]. For ESF+, the regulation foresees minimum budget proportions to social inclusion (at least 25%), youth employment (at least 12.5%), tackling child poverty (at least 5%) and supporting the most deprived persons (at least 3%)[19].

Under both CP and the RRF, the use of financial instruments is possible. CP implementation still largely relies on non-reimbursable grants, even though the use of financial instruments in CP has increased over the last programming periods[20]. In 2014-20, 6.7% of ERDF and CF resources were initially allocated to financial instruments, corresponding to EUR 16.7 billion. This figure increased in relation to pandemic response measures, that included a considerable increase in SME support through loans and guarantees in numerous Member States[21]. While final figures for the 2014-20 period are not available yet, according to Commission estimates, by the end of 2021 EUR 13 billion of ERDF and CF resources allocated to financial instruments mobilised more than 48 billion[22]. These figures however stem from a differentiated adoption of financial instruments in the Member States, with an allocation to financial instruments ranging from 0% to 18% out of the total ERDF and CF resources available per Member State. In 2021-27, ERDF and CF allocate about EUR 18 billion to financial instruments, corresponding to 7.3% of their total. Under the ESF, financial instruments are less used. Only ten Member States used financial instruments in 2014-20, covering less than 1% of resources available at EU level[23]. Under the RRF, Member State can set up financial instruments as well, with the possibility to entrust their implementation to specialised entities (as is the case under CP as well), including the European Investment Bank (EIB), which in turn can provide support to final recipients through direct lending or via financial intermediaries such as banks, financial institutions, investment funds and fund managers. Final recipients can benefit from support through financial intermediaries in the form of loans, guarantees, quasi-equity and/or direct equity. The EIB Group, for instance, currently manages RRF financial instruments for Greece (through the setup of a fund of EUR 5 billion dedicated to the deployment of the RRF loan and with broad sectoral coverage), Romania (through a EUR 300 million fund of funds with a similarly wide coverage) and Italy (through a EUR 772 million fund of funds, focused on sustainable tourism and urban integrated plans)[24].

Table 2 RRF and CP in terms of thematic concentration and allocation method

Dimensions	RRF	CP	Comparison*
Sources	Borrowing on capital markets (the European Commission raises funds by issuing EU bonds).	EU budget (composed of own resources and Member State contributions) as well as national co-financing).	
Allocation method	Reflects development disparities existing before the pandemic at national level, but not at regional level.	Reflects the extent of the disparities between the levels of development of the various regions, as well as inequalities.	
Thematic concentration	At least 37% for the green transition and at least 20% for digital transformation.	ERDF and CF: at least 30% to the green transition and 25% to competitiveness and innovation. ESF+: at least 25% to social inclusion, 12.5% to youth employment, 5% to tackling child poverty and 3% to support for most deprived persons.	

*Source: Authors. *Green: very similar; yellow: some differences, but not a completely different logic; orange: crucial differences.*

[18] Article 4 of the ERDF/CF Regulation. Beyond these minimum requirements, further provisions on concentration apply depending on the development level and on the Member State's choice to comply with concentration requirements at the national or at the regional level. For example, Member States with a GNI above the EU average and choosing to comply with concentration requirements at national level shall allocate cumulatively 85% to competitiveness and innovation (Policy Objective 1) and green transition (Policy Objective 2), and at least 30% to the green transition; Member States with a GNI between 75 and 100% of the EU average shall allocate at least 40% to competitiveness and innovation and 30% to the green transition; Member States with a GNI below 75% of the EU average shall allocate at least 25% to competitiveness and innovation and 30% to the green transition.

[19] Article 7 of the ESF+ Regulation.

[20] See European Parliamentary Research Service (2019). It should be noted that CP managing authorities do not have to pay back funds allocated to financial instruments.

[21] 'Cohesion policy support through financial instruments', European Commission website, available here.

[22] European Commission (2022b), p. 32.

[23] European Commission (2022b), p. 52.

[24] See EIB website for Information on RRF financial instruments respectively for Greece, Romania and Italy.

b. Policy objectives and role of reforms

The RRF and CP share similar priorities. Both the RRF and CP – as proved also by the thematic concentration requirements – contribute to fostering digital transformation and the green transition, while increasing the economic growth and social and territorial cohesion of the EU. Yet, despite these common aims, whereas CP pursues long-term objectives of convergence between regions and increased competitiveness, the RRF is a temporary instrument, operating mainly at the national level, initially conceived with the objective of responding to economic and social challenges posed by COVID-19. Evidence from Member States highlights that NRRPs support sectors that CP already covers, offering additional financial resources to increase the level of ambition and impact. In addition, some NRRPs support also sectors (under both the reform and investment components) that are not traditionally covered by CP, such as healthcare and justice in Italy, or the pension system in Spain.

Both the RRF and CP require Member States to address the challenges and priorities set out in the Country-Specific Recommendations (CSRs)[25]. While, for CP funds, investment priorities are defined during the programming process and re-assessed[26] taking account of the CSRs, the RRF regulation requires Member States to address in their NRRPs "all or a significant subset" of the challenges included in the CSRs. Furthermore, the reporting requirements of the RRF are integrated into the European Semester. On a practical level, CP's alignment with CSRs is ensured within wide-ranging and strategic programming documents. These are not intended for specific implementation requirements and as a result, the CP-CSRs alignment, although present, is of rather general nature. In fact, CP has been found to significantly contribute to the implementation of CSRs, but the lack of roadmaps or milestones for CSR implementation within CP programmes makes it difficult to fully assess the extent of its contribution[27]. According to the European Court of Auditors, in principle the RRF is intended to be more closely linked to reforms included in the CSRs compared to CP[28].

By allowing direct support for reforms in addition to investments, the RRF brings a new dimension to EU funding initiatives. The RRF has in fact proved able, in the initial phase of its implementation, to activate the leverage of structural reforms with a strength that CP's tools to enhance enabling frameworks and reforms have traditionally lacked. CP has long recognised the importance of linking investments to enabling frameworks and structural reforms, for instance through the necessary fulfilment of ex-ante conditionalities (evolved into enabling conditions, see Table below) as a prerequisite[29], and the setup of the Structural Reform Support Service (evolved into the Technical Support Instrument, within DG REFORM). However, CP does not finance public administration reforms, with some exceptions, such as the targeted reforms of labour market institutions and services under the ESF+ if they have an associated cost. Therefore, RRF support to reforms addressing structural problems of the economy or facilitating a quick and smooth absorption of funds is largely recognised as a crucial asset of the RRF by interviewees with different affiliations (among which the European Commission, national authorities, the Committee of the Regions and the Economic and Social Committee), who highlighted that this support effectively filled a gap compared to the status quo.

[25] Article 17(3) of the RRF Regulation, Article 12(1) of the CPR.

[26] Article 18 of the CPR.

[27] European Commission (2018d). See also European Court of Auditors (2020) and the Replies of the Commission included therein.

[28] European Court of Auditors (2023a).

[29] See Coman (2023) and Huguenot-Noël (2023) for a discussion of conditionalities as a policy mechanism in the EU, with a particular focus on CP.

Table 3 CP's ex-ante conditionalities in 2014-2020 and enabling conditions in 2021-2027

2014-2020	2021-2027
Ex-ante conditionalities (EACs) have been one of the main innovations for the 2014-2020 period. EACs concern, for example, the necessary administrative capacity to manage funds and the existence of strategic sectoral frameworks. Member States had to fulfil 29 thematic EACs linked to specific types of investments and 7 general EACs. Before programmes could be adopted, Member States had to either prove they had fulfilled the EACs or propose action plans explaining how they would fulfil them by end 2016. They had to report on these action plans in annual implementation reports in 2017. The CPR did not require Member States and Commission to monitor whether EACs remained fulfilled throughout the programme's lifetime. According to ECA (2021), at the OP adoption stage, around one third of thematic EACs remained unfulfilled. The Commission identified issues with at least some of the EACs for 26 of the then-28 Member States: only Austria and Denmark fulfilled all relevant EACs at the time of adoption of their programmes. The other Member States adopted a total of 761 action plans to fulfil EACs after programme adoption. Of these, Member States had reported 98% as completed by August 2017. As of December 2020, only the action plans for an Italian and a Cypriot programme remained uncompleted.	Enabling conditions replace the old ex-ante conditionalities (EACs). Overall, there are 20 enabling conditions as compared to 36 EACs. Most of the enabling conditions are broadly consistent with the former EACs. General EACs have been replaced by horizontal enabling conditions, which concern aspects related to public procurement and state aid, as well as the EU charter of fundamental rights and the UN convention on the rights of persons with disabilities. Unlike in 2014-2020, Member States are required to apply enabling conditions throughout the 2021-2027 period. Moreover, until the end of this period, the Commission can suspend payments if Member States stop fulfilling enabling conditions. However, similarly to the situation in 2014-2020, the CPR does not require the Commission to inform the European Parliament and the Council about Member States' compliance with enabling conditions in the 2021-2027 period.

Source: Authors based on CPR 2014-2020 and 2021-2027.

CP's enabling conditions and the reforms supported by the RRF are not directly comparable. Both can be conducive to a more solid framework for the implementation of public investments, but the potential scope of RRF-supported reforms is also wider, in light of their link with CSRs. Enabling conditions under CP are common to all Member States and their scope is limited to a number of specific areas. They are typically complied with through the adoption of strategies or administrative documents. At the same time, in many Member States, they reach and empower the sub-national level, leading to the development of strategies that are instrumental for the delivery of public investments on the ground. Reforms under the RRF are designed with significant ownership of Member States and their inclusion in NRRPs is tailored to country-specific needs. However, evidence and interview feedback indicate that under the term "reform" different types of policy interventions are included[30]. Interviewed EU and national authorities, in fact, pointed to some varying interpretations of the word "reform" in NRRPs. The term has been used to describe different actions, from ambitious and structural changes in key policy sectors (not necessarily linked to investments), to the adoption of rather simple administrative documents, or measures that were already foreseen and almost completed before the pandemic and the launch of the RRF (with examples related in particular to Lithuania and Spain[31]). Yet, in their most ambitious form, reforms under the RRF have the potential to overhaul the governance of entire policy sectors and to introduce disruptive innovations at the legislative level. In sum, RRF-supported reforms and CP's enabling conditions act at different levels and have different merits. According to feedback from interviewees from DG REGIO and national authorities involved in the implementation of CP in the Member States, in any case the two tools do not contradict each other and can be seen as synergic; in some cases, provisions put in place to fulfill enabling conditions (especially when they regard the setup of sectoral strategies and governance structures) can even be seen as reforms, in the broad sense of the term adopted under the RRF.

[30] See also Crespy and Vanheuverzwijn (2019).

[31] For example, in the Operational Arrangements between the Commission and Spain, a milestone (related to measure C10.R1) was about the creation of the Institute for the Just Transition Fund. The Institute, established in April 2020, was however already foreseen in the Just Transition Strategy approved in February 2019, although not yet put into law. Even if in line with the possibility for the RRF to finance reforms and investments made from February 2020, according to interviewees this example offers an illustration of a case where a reform did not really innovate the policy framework.

On a different note, both the RRF and CP offer tools that allow the EU to take measures in case of breaches to rule of law principles that seriously risk affecting the sound financial management of the EU budget or EU financial interests. The establishment of a robust framework for public investments, in fact, relies not only on the design and implementation of policy reforms and strategies, but also on the protection of financial resources against misuse by private actors or national authorities. In relation to the rule of law, CP has a long-standing experience, developed and fine-tuned over multiple programming periods. In 2021-27, it foresees[32]: the possibility to interrupt payment deadlines, suspend interim payments and implement financial corrections in the event of major deficiencies in national management and control systems; the exclusion of costs from reimbursement in case of lacking compliance with enabling conditions, which notably include the appropriateness of the public procurement system and compliance with the EU Charter of Fundamental Rights (which covers principles such as non-discrimination, effective judicial protection and equality before the law); the suspension of the approval of programmes in case they include discriminatory measures that conflict with the EU Charter of Fundamental Rights; the suspension of payments in case of an infringement procedure putting at risk the legality and regularity of expenditure. The RRF Regulation, in turn, foresees: the possibility, in case of fraud, corruption or conflict of interests, for the EU to reduce or recover funds from the Member State; the inclusion of milestones related to audit, control and rule of law as pre-condition for the first RRF payment. Both CP and the RRF are recognised by the European Court of Auditors as important instruments to protect EU financial instruments against breaches of the rule of law[33]. According to a recent study[34] analysing the different measures, CP's possibility to suspend payments or programme adoptions in case of non-compliance with the EU Charter of Fundamental Rights is a considerably powerful provision[35] and the strength of RRF's tools preliminarily appears to be more limited instead, although they might still have to be tested and deploy their actual effects.

Table 4 RRF and CP in terms of objectives and support

Dimensions	RRF	CP	Comparison*
Scope/policy objectives	Six pillars (green transition; digital transformation; economic cohesion, productivity and competitiveness; social and territorial cohesion; health, economic, social and institutional resilience; policies for the next generation).	Five Policy objectives (Smarter Europe; Greener, carbon free Europe; Connected Europe; Social Europe; Europe closer to citizens).	
Support to Investments / Reforms	Support to investments and reforms.	Support to investments (not to reforms with some exceptions such as the targeted reforms of labour market institutions and services under the ESF+).	
Rule of law	Possibility, in case of fraud, corruption or conflict of interests, for the EU to reduce or recover funds from the Member State; inclusion of milestones related to audit, control and rule of law as pre-condition for the first RRF payment.	Possibility to interrupt payment deadlines, suspend payments and implement financial corrections; exclusion of costs from reimbursement in case of lacking compliance with enabling conditions; suspension of the approval of programmes in case they include discriminatory measures; suspension of payments in case of an infringement procedure putting at risk legality and regularity of expenditure.	

*Source: Authors. *Green: very similar; yellow: some differences, but not a completely different logic; orange: crucial differences.*

[32] Rubio et al. (2023).

[33] European Court of Auditors (2023b).

[34] Rubio et al. (2023).

[35] According to the study by Rubio et al. (2023), so far there has not been any case of non-reimbursement of costs due to non-compliance with horizontal enabling conditions (including the one related to the Charter of Fundamental Rights), but the threat of non-reimbursement of costs can be very powerful to induce changes at national level. The possibility to suspend the approval of a programme or a programme amendment has been once instead, proving effective to prevent discriminatory measures.

c. Governance, horizontal principles and stakeholder engagement

The RRF is implemented under direct management, while CP funds are implemented under shared management. This means that the Commission and Member State authorities have different responsibilities in connection with each source of funding. Specifically, the Secretariat-General's Recovery and Resilience task force (RECOVER) and DG ECFIN manage the RRF directly[36], whereas DG REGIO and DG EMPL share the responsibility with Member States for CP funds[37]. Even though in all Member States there is one coordinating body for CP at the level of Partnership Agreement, hundreds of national and regional authorities in the Member States are then involved in programming and implementation of CP programmes. For the RRPs, a lead authority at Member State level (the "RRF coordinator") has overall responsibility and acts as the single point of contact for the Commission. Ministries or regions may be entrusted with implementing projects and reporting to this coordinator on their progress, similarly to intermediate bodies under CP. Moreover, CP funds are implemented by Member States and regions based on the framework set out at EU level in the CPR. The RRF is implemented based on national organisational arrangements instead, specific to each Member State.

At the programming stage, under the centralised approach of the RRF only one document – the NRRP – is prepared per Member State, while under CP, after the completion of a national partnership agreement with the Commission, the setting out of strategic approaches and investment priorities is declined into several programmes with different thematic or geographic scope. RRF programming is based on the RRP, a single document for each Member State, which details the investments and reforms supported by the RRF grants and, where relevant, loans. The RRP is assessed by the Commission, which provides a proposal for a Council Implementing Decision (CID) setting out a binding set of measures, the associated milestones and targets to be achieved, and the number and amount of instalments. Once the CID is adopted, it is complemented by operational arrangements[38] (which contain details of how the CID will be monitored, and what evidence the Commission expects to see to demonstrate that each milestone and target has been achieved), the financing agreements on which the budgetary commitments are based, and the loan agreements, if applicable. Changes to RRPs require the Commission's assessment and a Council's approval as well. Under CP, each Member State signs a partnership agreement with the Commission, which sets out the strategic orientation of the funding and the arrangements for using it. It contains details of national or regional programmes intended to address the main challenges facing the country or the region. The Commission adopts implementing acts to approve both the partnership agreement and the programmes. While the partnership agreement can change only at the request of the Member State following the mid-term review, amendments to CP programmes, including budget reallocations within the limits authorised by the CPR, occur frequently[39]. Modifications of programmes only require the assessment and approval of the Commission.

Before the programming documents of both instruments are adopted, the Commission carries out an assessment, following overall similar approaches. Under CP, the Commission assesses whether partnership agreements and programmes comply with the CPR and the relevant fund-specific regulations. For the NRRPs, the Commission carried out an ex-ante assessment in which it applies 11 broad and qualitative criteria[40] set out in the RRF Regulation. A significant difference lies in the fact that while the Commission's assessments of adopted NRRPs are publicly available, those of CP partnership agreements and programmes are only shared with the national and regional authorities concerned.

In terms of time for approval, the adoption of the RRPs was quicker than that of partnership agreements and programmes under CP. After the RRF Regulation was issued in February 2021, 18 RRPs[41] were approved by the Commission by July of the same year. This rapid finalisation of the negotiations was due to the RRF's objective to respond to an acute crisis, and facilitated by the lower number of RRF programming documents compared to the more than 300 national and regional

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[36] Article 8 of the RRF Regulation. Compared to other programmes implemented under direct management, however, the RRF is considered a *sui generis* version of direct management. The main difference lies in the nature of the immediate beneficiary. While under direct management the beneficiary is usually a natural person or entity, the beneficiary under the RRF is an EU Member State. See Kreith and Arwidi (2021)

[37] Article 7 of the CPR.

[38] The European Commission prepared a template for operational arrangements but issued it in October 2021 after most CIDs had already been adopted.

[39] Specifically on amendments related to indicators in the 2014-2020 Cohesion policy, see European Court of Auditors (2021), paragraphs 53-57.

[40] Article 19(3) of the RRF Regulation. See also European Court of Auditors (2022), which concluded that the assessment by the European Commission of NRRPs was overall appropriate, even though with some weaknesses.

[41] Belgium, Czechia, Denmark, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Austria, Portugal, Slovenia and Slovakia.

programmes under CP (in addition to the 27 partnership agreements). The Commission's negotiation of partnership agreements and programmes, in fact, is usually completed not before the end of the first year of the programming period. In the 2021-2027 period, the late adoption of the MFF package delayed the adoption of the CP package (the CPR and fund-specific regulations were only adopted in mid-2021) and further delays were due to Managing authorities being concurrently involved in activities related to emergency measures such as, the Coronavirus Response Investment Initiatives (CRII and CRII+), REACT-EU and Cohesion's Actions for Refugees in Europe (CARE and CARE+) and the parallel implementation of the RRF itself (as confirmed by interviewees across the six Member States selected for the case study).

The regulatory framework of CP establishes more horizontal principles to comply with than the RRF. Art. 5 of the RRF Regulation provides that RRF support must ensure additionality of Union funding (RRF support must be additional to support under other instruments) and comply with the principle of 'do not significant harm' (DNSH). These two principles are cornerstones of CP as well[42], but Art. 9 of the CPR for 2021-2027 explicitly mentions further ones: respect for fundamental rights and compliance with the Charter of Fundamental Rights of the European Union[43]; equality between men and women and the integration of a gender perspective; prevention of any discrimination; alignment with the objective of promoting sustainable development, taking into account the UN Sustainable Development Goals and the Paris Agreement, in addition to the 'do not significant harm' principle.

When it comes to stakeholder engagement, the two mechanisms differ. When drawing up NRRPs, national authorities were required to consult local and regional authorities, social partners, civil society, and youth organisations to the extent required by domestic legislation, and to provide in the NRRPs a concise overview detailing the consultation process conducted with social partners and stakeholders, showing how their inputs were integrated. Studies that analysed how these consultations took place generally point to national consultation processes that could have been better planned and arranged, with involvement intensity being rather weak in a relatively high number of Member States[44]. More recently, the results of a survey to social partners across the EU suggested a low level of satisfaction with the quality of their involvement in NRRPs implementation as well[45]. For CP funds, Member States must apply the partnership principle, which consists in ensuring the involvement in CP implementation of regional, local, urban and other public authorities, civil society, economic and social partners and, where appropriate, research organisations and universities[46]. In the 2014-20 cycle, a code of conduct on partnership[47] was also issued, which continues to apply in 2021-27. Concretely, the principle translates into the different partners having the opportunity to contribute to drawing up partnership agreements, through ad-hoc consultations, the participation in regular meetings and the submission of written contributions, and to similarly participate in preparing, implementing and evaluating each programme. In relation to 2021-27, these contributions were found to have helped, to some degree, in making programmes specific to the local and regional context (even if less so in the preparation of national partnership agreements) and were recognised as enablers of place-based sustainable and digital transitions, being especially important in the phase of needs analysis and priority development[48].

In some countries, the same bodies are responsible for designing and implementing both CP and the RRP. This is for instance the case in Lithuania and Romania, as well as Spain (with the exception of ESF+)[49]. In these cases, the RRF draws on capacity developed by national authorities for implementing CP funds (to different degrees depending on the

42 The operationalisation of the DNSH principle represents an area in which the experience gathered under the RRF has benefitted CP. In fact, in 2021 the Commission issued a detailed technical guidance on the application of the principle under the RRF (Commission Notice 2021/C 58/01). For the application of the DNSH principle under CP, the Commission later recommended to follow the approach taken under the RRF (Commission Explanatory Note EGESIF_21-0025-00). See also Lopriore and Cossalter (2022).

43 The only reference to the Charter of Fundamental Rights of the European Union within the RRF Regulation, in recital 33, is related solely to the right to conclude or enforce collective agreements or to take collective action.

44 European Committee of the Regions (2021a); European Policies Research Centre (2021); Eurofound (2022).

45 Eurofound (2023).

46 Recital 14 of the CPR.

47 Commission Delegated Regulation (EU) No 240/2014.

48 European Committee of the Regions (2021b).

49 In Greece, following the July 2023 elections, the national authorities coordinating CP, previously under the Ministry of Development and Investments, have been transferred to the Ministry of Finance, where the NRRP coordination authorities are located as well.

individual Member State), for example with reference to management and control systems[50]. Such organisational arrangements also help mitigate the risk of double funding, especially in cases where common IT tools are used that significantly contribute to the reduction of this risk. Where governance structures of RRF and CP differ, such as in Germany and Italy, there is less evidence of CP implementation tools being adapted for use under the RRF.

Establishing that the same body is responsible for both CP and the RRP contributes to efficiency gains and facilitates complementarities and synergies – but is not necessarily a decisive element. The interviews, especially with regard to Lithuania and Romania, confirmed that placing the responsibility for both instruments under a common body enabled smooth cooperation and brought about benefits in terms of a more ambitious joint strategy. However, even if RRF and CP coordinators are not within the same organisation, in some cases line ministries and horizontal bodies (for instance with roles related to treasury, audit or state aid) play a similar role under both instruments: this contributes, to some extent, to avoiding double funding and fostering cooperation. Furthermore, with reference to some other Member States (Greece, Italy, Spain) interviewees noted that, irrespective of the governance structure, the NRRP is given a priority over CP, mainly due to a considerably higher level of support at the political level and of media attention. The delivery mode and governance arrangements, in other words, do not necessarily emerge as the main drivers behind the successful implementation of the RRF. At both the EU and national level, external factors such as prioritisation choices by decision makers and media scrutiny play in fact a major role in influencing implementation[51].

Table 5 RRF and CP in terms of governance, stakeholder engagement and horizontal principles

Dimensions	RRF	CP	Comparison*
Programming	One national plan per country.	A variable number of national and/or regional programmes per country (almost 400 in total).	
Partnership and multi-level governance	To a limited extent.	Yes.	
Horizontal principles	Additionality; Respect of DNSH principle (Art. 5 RRF Regulation).	Additionality; Fundamental rights; Equality and prevention of discriminations; Alignment with the objective of promoting sustainable development, including respect of DNSH principle (Art. 9 CPR).	

*Source: Authors. *Green: very similar; yellow: some differences, but not a completely different logic; orange: crucial differences.*

d. Implementation, payments, monitoring and evaluation

A comparison of the regulatory frameworks of the RRF and CP sheds light on significant differences in their implementation. This section will first discuss the main differences based on an analysis of the underlying regulations and desk research, and then offer an overview of stakeholders' perception.

The eligibility period under the RRF lasts 6.5 years[52], less than CP. As such, it requires a certain concentration of expenditure. Within this period, some Member States have planned to spend most RRF resources in the first years, in line with the primary RRF concept of quick economic stimulus. Germany, for instance, chose to concentrate stimulus measures under the RRF between 2021 and 2023, pre-financing them at national level before being gradually reimbursed from EU funds until 2026. Italy chose to spread their investments out to 2026 instead, making large use of the loan component. Against this background, CP – with its longer eligibility period compared to the RRF (ten years in 2014-2020, nine years in 2021-2027) and, above all, with the succession of programming cycles – allows for an investment continuity that is particularly crucial in case of complex infrastructure projects requiring many years for completion. On a different note, the two instruments differ also in terms of pre-financing. Under the RRF, the pre-financing is significantly higher.

[50] In the Lithuanian case, in particular, the RRF management and control system is almost entirely based on the one used for CP.

[51] The RRF, as concerns its communication and public profile, benefits from less prescriptive provisions than CP (see Article 24 of the RRF Regulation and Articles 46-50 of the CPR), In addition, the RRF does not fall under the Commission's endeavour to achieve a common communication for all EU funding sources in 2021-27.

[52] According to Articles 17-18 of the RRF Regulation, measures included in the NRRPs are eligible if started from February 2020 onwards, and the final milestones and targets must be completed by August 2026.

While under CP, from 2021 to 2026 Member States have the right to receive annual prefinancing instalments amounting to 0.5% of the total support[53], under the RRF Member States can access a single pre-financing of up to 13% of the grant, and if relevant, the loan[54].

The RRF is implemented with disbursements made on the achievement of milestones and targets; by contrast, under CP most payments are eligible on costs. Within the framework of the RRF, EU financial support is provided using the financing-not-linked-to-costs (FNLTC) model: Member States receive funding upon the achievement of previously established milestones and targets. The FNLTC model is however not applied to specific individual operations, as Member States have the flexibility to opt for a financing model in line with national regulations. CP finances operations primarily based on the reimbursement of incurred costs instead, albeit not exclusively. In the 2014-2020 period simplified cost options (SCOs), which consist in the reimbursement of expenditures based on predetermined unit costs, flat rates and lump sums, were used only in limited instances for ERDF and CF, while more for ESF[55]. SCOs, in any case, reflect more a drive for simplification and burden reduction, than a real focus on performance: while they help shift the focus away from financial inputs, they are more related to outputs than to actual results[56]. In addition to SCOs, starting in 2019[57] Member States could also opt for FNLTC in selected sectors, but they showed little interest in using this model[58]. Ultimately, while the use of a performance-based systems under CP has long been a subject of debate[59], payments based on costs have overwhelmingly remained the norm. The 2021-27 cycle will however represent a further step towards a performance-based approach. For example, SCOs have now become mandatory for all operations under EUR 200,000[60] and technical assistance for programme management will be reimbursable through flat rates[61]. FNLTC has been confirmed as one of the forms of EU contribution to programmes[62], and technical assistance to reinforce the capacity of beneficiaries and relevant partners (additional to programme management-related technical assistance) will be implemented solely through FNLTC[63].

The RRF appears to show greater rapidity in terms of disbursement than CP, but the comparison has limited validity. As of end August 2023, under the RRF 31% of the planned grants and loans have been disbursed (including pre-financing), corresponding to EUR 153.4 billion, of which 106 billion grants (about 32% of the initial allocation) and more than 47 billion loans (28%). 22 Member States have already received payments, while Hungary, Ireland, the Netherlands, Poland and Sweden have not yet received any. Under 2014-20 CP, according to data from the European Commission CohesionData platform retrieved in September 2023, 84% of the total allocation has been disbursed. Under 2021-27 CP, about 2%[64] of the total EU allocation have so far been disbursed (EUR 9.4 billion, of which 9.2 in net pre-financing and 0.2 in net interim payments). Net interim payments have so far been disbursed under the Cohesion Fund, the ERDF and the ESF+ only, while net pre-financing has been disbursed under the JTF as well. Pre-financing has been disbursed to all Member States, while interim payments have been disbursed so far only to Bulgaria, Greece and Hungary. While data appear to point to the RRF being quicker in disbursing resources compared to CP, the comparison's validity is limited by the much different weight of pre-financing over the total allocation under the two instruments, by their different functioning and by the fact that the initial phase of RRF implementation has focused mainly on reforms, and is therefore hardly comparable with CP.

[53] Article 90 of the CPR.

[54] Article 13 of the RRF Regulation.

[55] European Commission (2018a) estimated that at EU level some 4% of ERDF-CF and 33% of ESF budget would be covered by SCOs at the end of 2014-2020.

[56] European Court of Auditors (2021), par. 90.

[57] FNLTC was introduced into the 2014-20 CPR through Reg, 2018/1046 (Articles 125 and 272). Commission Delegated Regulation 2019/694 established the modalities for financing conditions under the FNLTC model in the areas of energy efficiency and energy from renewable sources.

[58] European Court of Auditors (2021), par. 86.

[59] See for example Barca (2009), Mendez (2013) and European Court of Auditors (2021).

[60] CPR, Art. 53.

[61] CPR, Art. 36.

[62] CPR, Art. 51. For studies exploring the use of FNLTC under ESF+, see European Commission (2021) and European Commission (2022a).

[63] CPR, Artt. 37 and 95.

[64] For the sake of comparison, the disbursement rate of 2014-20 Cohesion policy at a similarly early stage of the programming period was 3% at the end of 2015 and 9% at the end of 2016 (source: CohesionData).

The CP approach concerning monitoring is ambitious. Over time, the Commission has promoted and supported the development of a detailed system for data reporting concerning not only data on expenditure progress and thematic and geographic distribution of CP funds, but also different features of the operations implemented. Granular information on the operations is made available by the managing authorities of each programme, which have to maintain a list of operations by programme and by fund and publish it online. In some cases, national authorities also make available lists of operations featuring additional details compared to what is foreseen in the CPR. Such comprehensive lists represent formidable sources of information, enabling a thorough mapping of financed operations. Being able to elaborate on the types of projects that have concretely benefitted from EU funding allows to understand how the strategic priorities identified in the programming phase have been translated into reality and in principle, these datasets can offer essential insights on the relevance and the coherence of the expenditure. The Commission has also recently taken steps to integrate such national datasets in a unified database at EU level, enriching them with further detail, even though this exercise faces multiple hurdles[65]. Furthermore, under CP, data on financial implementation and details of the operations constitute a first pillar of monitoring and data reporting; a crucial second pillar is represented by performance indicators, i.e. output and result indicators, which are at the core of monitoring activities. In 2014-20, mandatory common indicators, instrumental for aggregating data at EU level, were introduced[66], and the capacity of Member States and regions to collect data also improved[67]. The 2021-27 regulatory framework (with some minor modifications) has kept the common indicators, seen as key for aggregating data and ensuring accountability and policy learning. The common output indicators for ERDF, Cohesion Fund and JTF, for instance, are 97, common result indicators are 66. Under CP, the monitoring systems are managed by the managing authority of each programme, and their performance indicators are not linked to disbursement. Five times a year, managing authorities submit financial data to the Commission, and twice a year performance data. The Commission, in addition to managing the OpenCohesion data platform, issues an annual management and performance report to the Parliament, in the context of the discharge procedure[68]. In the face of such an ambitious approach to monitoring, managing authorities have over time set up wide-ranging monitoring systems and consolidated the data flows[69]. In some countries, the RRF monitoring systems are largely based on the CP ones, for instance in Lithuania and Romania, in light of the infrastructure and expertise built over time. At the same time, however, CP's evolution towards an ever more ambitious monitoring has also been attached to recurring concerns about administrative burden on public authorities and beneficiaries[70].

RRF's approach to monitoring is mostly focused on tracking progress toward milestones and targets. RRF common indicators are just 14, and their usefulness in terms of accountability and policy learning appears limited. Their purpose is to monitor the progress of the Facility as a whole (not of single national plans or single measures) toward its general and specific objectives[71], more than measuring performance[72]. Differences in monitoring between RRF and CP are also the consequence of some of their fundamentals: RRF's payments are centred on milestones and targets, in contrast to CP, where payments are mostly based on incurred costs, and RRF follows a more centralised approach compared to CP. Under the RRF, Member States are required to have a monitoring system in place at central level. Based on it, at the time

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[65] CohesionData.

[66] Four categories of indicators were established in the CPR, based on two fundamental variables: whether indicators concern implemented operations or observed change, and whether indicators are at the programme level or belonging to the list of EU common indicators: 1) Programme-specific output indicators are collected based on the type of interventions financed under each programme. For example, they can refer to the number of supported firms, jobs created, new kilometres of rail lines built, etc. They offer information on the implementation of projects and are linked to targets; 2) Programme-specific result indicators are collected based on each programme's specific objectives, and they measure change brought about in different policy areas (i.e. in the priority concerned). Their progress is compared to a baseline and a target. They may capture not only the impact of programme interventions but also other factors external to the policy; 3) Common output indicators are set out at EU level and apply across all MS and regions, providing information that can be aggregated. They are set out in the Annexes of fund-specific Regulations and are mandatory; 4) Common result indicators: only relevant for ESF/YEI, not for ERDF and CF.

[67] Pellegrin and Colnot (2020).

[68] European Court of Auditors (2023a), p. 53.

[69] See European Commission (2022c) for an overview of the different types of monitoring systems for 2014-20 ERDF and Cohesion Fund, their quality and challenges.

[70] See for instance Pellegrin and Colnot (2020).

[71] See definition of common indicators in RRF Regulation and Delegated Act.

[72] RRF performance is measured through milestones and targets, and the Commission's assessment of whether milestones and targets have been achieved is far from being a check-the-box exercise. Through an extensive dialogue with Member State authorities, the Commission contributes to the shaping of reforms and investments supported by the RRF.

of the submission of a payment request, Member States report to the Commission about the progress made on milestones and targets, and in two-yearly reports they provide data on common indicators. The Commission, in turn, performs a monitoring of NRRPs that is embedded in the European Semester, and at a more granular level assesses the data received from Member States to authorize payment requests. It manages the Recovery and Resilience Scoreboard, offering updated information on milestones and targets, disbursements and common indicators. Annually, the Commission also submits a report on RRF implementation to the Council and the Parliament. On the online Recovery and Resilience Scoreboard, the Commission provides the list of the 100 final recipients receiving the highest amount of funding in each country for the implementation of measures under the RRF, as reported by the Member States. Out of the six selected for this case study, however, two (Romania and Spain) do not make the list available as of September 2023.

A comparison of early data on common indicators under the RRF and CP shows a mixed picture, but hardly any conclusions can be drawn from such comparison. Comparing the data available so far for the RRF's 14 common indicators with their corresponding indicators under CP offers some limited insight into the order of magnitude of certain expected or achieved outputs under the two instruments. A meaningful parallel cannot be established for all 14 indicators, but based on a comparison of selected indicators, the RRF appears to deliver strongly on several elements of its green pillar.[73] This comparison however needs to be taken with caution, as the list of 14 common indicators under the RRF is not directly comparable with the much wider battery of common result and output indicators under CP, characterised in addition by a consolidated practice in its use. The financial resources contributing to the various indicators also differ in terms of magnitude between the two instruments. On a different note, an analysis based on indicators under CP needs to take into account that in some limited cases, the aggregated data on CP indicator achievements can be influenced to a certain degree by different understandings among Member States or double counting issues[74]. A comparison of target and achieved values of CP indicators can also be misleading, as within programmes, targets set by managing authorities at the beginning of the programming period are not fixed for the whole cycle (in line with the aim to ensure flexibility and capacity to adapt to the needs of Member States and regions). They can be modified as part of reprogramming depending on methodological aspects but also on implementation progress, and therefore, at least in some cases, targets tend to be progressively adjusted towards the achievement. The extent to which data on RRF common indicators are reliable cannot yet be assessed. Nonetheless, what can already be noted is that Member States are responsible for the quality of the data on common indicators and the RRF Regulation does not provide for requirements regarding data quality checks. More broadly, data on performance indicators as they are defined under the RRF (without baseline nor targets) are not necessarily a clear source of information on effectiveness.

As regards evaluation, similar provisions apply at EU level, while the picture at national level is fragmented. The Commission is required to carry out mid-term and ex-post evaluations for both CP and the RRF. At Member State level, CP has been instrumental, over the last decades, to promote a culture of public policy evaluation in many European countries[75]. Each programming cycle, Member State authorities carry out hundreds of evaluations in total[76]. During 2014-2020, ex-ante, ongoing and ex-post evaluations of each programme have been mandatory across Member States, and Evaluation Plans were required, so as to incentivise a strategic approach to CP evaluations. The 2021-2027 regulatory framework relaxed some provisions (for instance, the performance of an ex-ante evaluation is not mandatory anymore). Still, at the end of the 2021-2027 cycle, Member States are obliged to evaluate each programme by June 2029. Under the RRF, there is little available evidence concerning national approaches to the evaluation of NRRPs, and no common pattern emerges. In Italy, evidence from early 2023 suggests that, despite some generic reflections on the benefits of evaluating

[73] For instance, until the end of 2022 the RRF has already covered the installation of an additional capacity of renewable energy (in just four Member States) that corresponds to 27% of the of what has so far been implemented in the 2014-2020 period under CP across all Member States. Concerning alternative fuel infrastructure, the RRF has led to an increase of more refuelling/recharging points than the target under 2021-27 CP. Under the RRF's digital pillar, close to 18 million additional dwellings with internet access have been provided via very high-capacity networks (almost entirely in France), compared to a target for 2021-27 CP of about 3 million. CP appears to have a larger impact than RRF in environmental and climate risk protection and management, as its measures in this field benefit significantly more people than under the RRF. Also in the field of support to research facilities, the number of researchers working in supported facilities is significantly higher under CP than under the RRF.

[74] See European Commission (2018b) and European Commission (2022c). For instance, under common output indicator CO20 (Population benefitting from flood protection measures), different operations targeting the same population could lead to double counting.

[75] Pellegrin and Colnot (2020).

[76] Member State evaluations can be found at this link.

NRRP measures, no concrete steps have been taken yet in this direction, especially as regards an investigation of impacts that goes beyond the monitored indicators[77]. Spain, through the NRRP, has put in place a system for enhancing the ex-ante and ex-post evaluation of public policies in general, establishing to this end a new unit within the Independent Authority of Fiscal Responsibility, which will be also in charge of evaluating NRRP interventions.

Against this background showing important differences between the two instruments in various elements of their implementation, the RRF – especially due to its performance-based payment system – could be originally expected to lead to a reduced administrative burden compared to CP. However, there is so far no evidence supporting this claim. Interviewees from EU and national authorities concurred in saying that administrative burdens under the RRF are similar, if not higher, than under CP. The results of the survey conducted among RRF national coordination bodies, although not widely representative, tend to support the same conclusion. Only nine respondents answered a question directly comparing administrative costs of RRF and CP, and five of them (more than 50%) viewed them as similar. Additionally, more than half of the public authorities replying to the open public consultation (53%, corresponding to 16 replies) indicated that the RRF created unnecessary burden and complexity to some or a large extent.

Interviewed national authorities signalled that the procedures put in place in preparation to payment requests under the RRF are not less burdensome than under CP. The performance-based model foreseen under the RRF, once implemented on the ground, is not purely focused on achieved results, but still incorporates significant elements of a cost-based approach. In Lithuania, where the NRRP management and control system is based on the one in use for CP, the same checks and procedures are applied, for instance in relation to the correctness of public procurement and expenditure, as well as anti-corruption and anti-fraud measures. In addition, under the NRRP, the necessary reporting on milestones and targets is prepared. In Romania, national authorities indicated that the checks differ between CP and the RRF to the extent that incurred costs are compared against the standard costs included in the NRRP (while ensuring the same level of rigour and protection of funds). This different angle generates an administrative burden for the authorities in charge that is however comparable to the one sustained by managing authorities under CP. An Italian public administration official noted that under the NRRP, more attention is put on output achievement and related documentation, rather than on expenditure regularity controls as under CP. Despite this shift, in his view, the two levels of burden are broadly similar. At the same time, it is necessary to acknowledge that appropriate procedures are necessary to safeguard EU interests, especially in light of the considerable amount of resources being mobilised under RRF and CP.

Compared to the long experience in implementing CP, albeit with its evolutions over programming cycles, the RRF's implementation is frequently seen by national authorities as having a less certain framework. This uncertainty that does not facilitate implementation refers to the payment system, but also to audits, and is linked to a perception that RRF rules are being made and modified as its implementation progresses – in line with the fact that the RRF is a new instrument. National authorities from Lithuania signalled for instance some lack of clarity concerning the consequences of missing the achievement of a milestone, in terms of cut from the foreseen payment claim. Moreover, they expressed the opinion that some of the requests for additional information received from the Commission on payment requests were probably driven by the need for Commission officials to be on the safe side in the case of future audits, but represented to some extent an excessive caution, which bears the risk of shifting away the focus of implementation from the achievement of results. In a similar vein, national authorities from Italy also expressed some concern about the lack of precise indications on audit procedures.

At the same time, at least in terms of flexibility to adjust to changing circumstances, the RRF framework is perceived as too rigid. In 2014-2020, CP proved to be a flexible tool in a time of severe crises, as it offered a ready-to-use policy framework to deliver immediate support through initiatives such as CRII, CRII+, REACT-EU and more recent initiatives in response to the Russian invasion of Ukraine[78]. Even if the RRF is expected to provide a significant contribution to the removal of investment barriers and the activation of growth dynamics, compared to CP it is perceived as having a lower degree of flexibility. An interviewee from Lithuania reported that the rigidity of the process for revising NRRPs is in fact a constraining element, as both the informal and formal phases of negotiations take months, compared to a less burdensome process under CP. Along the same lines, survey results point to a certain degree of dissatisfaction

[77] Martino (2023). According to more recent informal evidence gathered in October 2023, Italy (together with a few other Member States) has expressed interest in receiving assistance from the Technical Support Instrument (TSI) for the evaluation of the NRRP.

[78] Böhme (2023).

concerning RRF's flexibility. 64% of the survey respondents stated that the RRF had no or very limited flexibility to adjust to the changing circumstances.

While CP provides resources for technical assistance, the RRF does not foresee it. In light of research on CP showing that administrative capacity and quality of government are crucial for its successful delivery[79], CP has over time increased its initiatives in support of administrative capacity building in managing authorities. Its toolbox includes for instance models to identify competency gaps, training sessions, peer-to-peer learning schemes, as well as capacity building roadmaps. Traditionally, CP funds have covered also the provision of technical assistance for the management of programmes (including wide-ranging support for preparation, implementation, monitoring, communication, training, evaluation), often outsourced to private consultancies. While frequently crucial for the management of CP programmes, especially in contexts featuring a weak administrative capacity, high turnover rates and constraints in hiring new staff in public administration, the use of technical assistance carries with it a risk in terms of overreliance on external expertise and lack of incentives to develop internal capacities. In 2021-27, CP can finance technical assistance actions to support programme management and to reinforce the capacity of other authorities, beneficiaries and relevant partners involved in the use of CP funds. While less resources will be made available for technical assistance compared to 2014-20 (causing some concerns among interviewed national authorities), the possibility to have this type of support for programme implementation contrasts with the lack of resources for technical assistance under the RRF[80]. In particular, an Italian regional authority mentioned that the municipal level is in strong need for support in relation to RRF implementation, but the possibility to put in place technical assistance actions dedicated to municipalities is not available. While not foreseeing resources for technical assistance, RRF implementation can however benefit from the existence of the Technical Support Instrument (TSI)[81], which provides support to Member States (upon request) for reforms and investments. Yet, the possibility to recur to the TSI differs from the technical assistance foreseen under CP programmes because the TSI is activated only upon request by the Member State, and subject to an assessment of DG REFORM, while CP programmes foresee an allocation for technical assistance from the outset. Additionally, the TSI is activated to conduct well-defined tasks in relation to the design and implementation of structural reforms, while the technical assistance under CP programmes typically covers a broad range of tasks linked to day-to-day programme management and implementation.

Table 6 RRF and CP in terms of implementation and payments

Dimensions	RRF	CP	Comparison*
Eligibility period	6.5 years.	10 years for 2014-20, 9 years for 2021-27.	
Performance framework	Common result indicators. Milestones and target.	Output and result common and programme-specific indicators. Milestones and targets.	
Payment system	Result-based payments.	Expenditure-based payments; use of simplified cost options (unit costs, lump sums and flat rates) and FNLC reimbursement in selected cases.	
Prefinancing	One-off pre-financing amounting to 13% of the total.	Annual prefinancing instalments from 2021 to 2026, amounting to 0.5% of the total.	
Monitoring	Monitoring system at national level. EC is responsible for monitoring implementation.	Monitoring system at programme level. Programme monitoring committees (which include EC representatives) are responsible for monitoring implementation.	
Evaluation	EC performs mid-term and ex-post evaluation	EC performs mid-term and ex-post evaluation. MS performs evaluations of programmes following an evaluation plan.	

[79] Rodriguez-Pose and Garcilazo (2015); Rodriguez-Pose and Tselios (2019). A review of studies conducted on administrative capacity in CP is offered by Smeriglio et al. (2015).

[80] The Greek NRRP is among the few exceptions in this regard. A technical assistance grant of EUR 40 million is in fact foreseen in the relevant CID Annex (labelled as Reform 16968). The reform consists in 6 subprojects: 1) Systems and Tools for Management Organization; 2) Audit and Control, On-the- spot inspections and Certifications; 3) Information and Publicity; 4) Studies, Expertise, Technical Consultants; 5) Support of the administrative organization and operation of RRF coordination structure; 6) Quality control services for public construction projects.

[81] The TSI, managed by DG REFORM, has a budget of EUR 864 million for 2021-27. It consists in support to Member States for the preparation and implementation of reforms and investments financed by different funds, including CP and RRF. It can take the form of Commission-led support or external expertise. In relation to the RRF, it can assist Member States: a) in preparing and amending NRRPs; b) supporting the capacity of RRF national coordinating authorities to implement their plans; c) providing thematic support linked to the implementation of reforms or investments.

Dimensions	RRF	CP	Comparison*
Technical assistance	Not foreseen.	Foreseen.	

*Source: Authors. *Green: very similar; yellow: some differences, but not a completely different logic; orange: crucial differences.*

2. The interplay between RRF and CP

a. Demarcation and synergies at programming stage

The parallel implementation of RRF and CP programmes allows Member States to make strategic decisions to finance investments using either the RRF or CP funds. The programming stage of both instruments required Member States to ensure coordination and coherence between the two. Any double funding by RRF and CP is prohibited[82]: an operation can be financed by both instruments as long as the same cost is covered only once, and as long as the RRF does not cover the mandatory national co-financing of CP projects[83].

Under the RRF regulatory framework[84], the responsibility to ensure that the two instruments complement each other was left to the discretion of national authorities, resulting in varying outcomes. Predictably, the launch of the RRF naturally sparked a lively debate on its compatibility with CP. The complementarity and synergy between RRF and CP at programming stage have been an object of scrutiny in different analyses[85]. Given that CP programmes were still in the early development phase when the NRRPs were submitted, these studies concluded it is not surprising that NRRPs include only rather succinct descriptions of the complementarities and synergies between the RRF and CP. As far as the Member States selected for this case study are concerned, NRRPs in Germany, Greece, Italy, Spain included only broad references to a necessary alignment but provided no details on the relationship between the NRRP and the national Partnership Agreement or CP programmes, while the Romanian NRRP included no consideration on this complementarity[86]. According to the European Court of Auditors, NRRP indications on complementarities were useful in establishing some basic principles, but further coordination during implementation at the regional and project level remains necessary[87]. Moreover, the fact that RRF funds are sometimes managed by structures different from those which manage the CP funds does not facilitate the task in those cases. According to a study commissioned by the Committee of the Regions[88], the lack of detail in NRRPs concerning their relationship to CP also reflected the limited role of local and regional authorities in the design of the plans.

Nonetheless, some Member States have developed specific demarcation approaches and the literature has singled out different types of strategies[89]. At a general level, a thematic demarcation can reserve certain areas of funding exclusively for the RRF. This first type of demarcation is strongly influenced by the regulatory basis, as RRF can support sectors that are by default beyond CP's remit, such as justice. Within individual sectors, there can be a territorial demarcation, whereby for certain sectors the RRF and CP focus on different types of territory, such as rural and urban areas, or a demarcation based on the type of beneficiary, for instance in terms of public or private nature. A temporal demarcation can be identified as well, with the absorption of funds based first on RRF resources and then on CP funds. The results of the survey to RRF national coordination bodies suggest that thematic demarcation has been the most frequently adopted approach.

[82] Recital 62 of the RRF Regulation.

[83] Article 9 of the RRF Regulation. SWD(2021) 12, Part 1/2, p. 42.

[84] Article 28 of the RRF Regulation, Articles 11 and 22(3)(a) of Regulation (EU) 2021/1060.

[85] Among which Lleal Fontàs (2021) and European Court of Auditors (2023a)

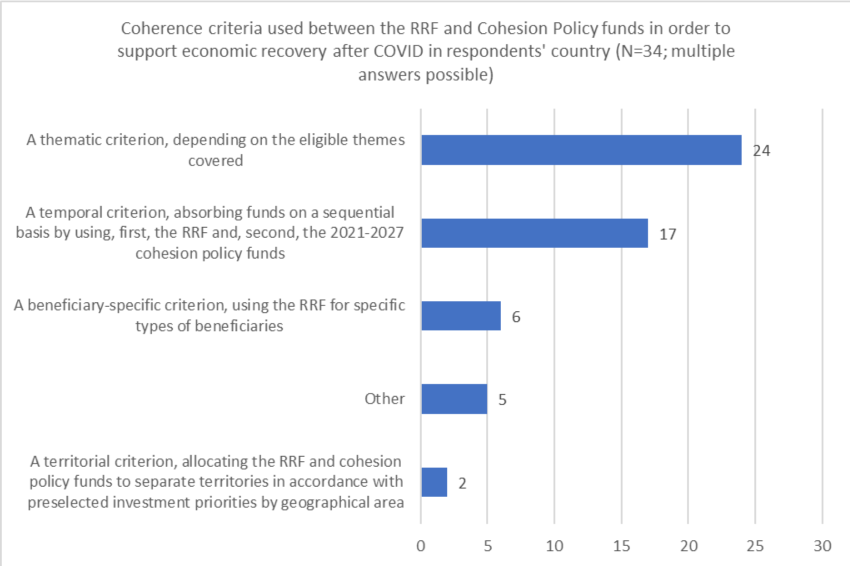
[86] See Annex 1 to Lleàl Fontàs (2021), whose analysis does not cover Lithuania.

[87] European Court of Auditors (2023a).

[88] European Committee of the Regions (2021a).

[89] Lopriore (2022) and European Court of Auditors (2023a)

Figure 4 Overview of replies to question on demarcation between RRF and CP



Source: Authors' elaboration on survey results.

Partnership agreements and programmes under CP also provide broad indications about demarcations vis-à-vis the RRP. However, even if most Partnership Agreements were finalised after the RRPs, they do not significantly substantiate the demarcation between the two instruments, except in a few Member States like France[90], which had established a strategic demarcation framework beforehand[91]. For example, the Italian Partnership Agreement makes frequent but rather generic references to synergies with the RRF under numerous investment sectors. At the same time, it recognises that this demarcation will be a crucial issue at a later stage and therefore establishes a specific policy mechanism[92] to address it during the implementation stage. This mechanism, according to interview feedback, is however not yet in place.

Illustrative examples show that Member states de facto adopted a mix of demarcation criteria.

- In Germany, the demarcation strategy was driven by the separate governance of the two instruments, with RRF managed centrally and CP implemented by Länder[93]. This differentiation prevented the possibility of demarcating based on types of territory, favoring a thematic and beneficiary-based approach instead. For instance, the German NRRP supports energy efficiency measures in residential buildings, while ERDF provides support for non-residential ones. According to a national authority interviewed, who is involved in the coordination of CP, this distinct demarcation also stems from difficulties encountered in establishing synergies due to practical conflicts between the RRF's performance-based approach and CP's cost-based approach. In cases where an operation funded by both instruments, it is not sufficient to simply divide costs between the two, as there needs to be an explicit link between RRF and results achieved solely through it. Hence, a demarcation approach is considered safer.

[90] The French approach has been formalised in a guide, available here: https://www.afccre.org/en/node/3763.

[91] European Court of Auditors (2023a).

[92] In order to align CP interventions with those supported under the RRP, Italy will set up a specific technical panel which will meet at least twice a year. CP national coordination authorities will participate in the panel, together with representatives of the RRP central coordination and monitoring body as well Managing Authorities of national programmes and representatives from regions and other local authorities. The European Commission will be invited to the technical panel meetings. The work of the panel will have the operational purpose to specify, in the implementation phase, the complementarities and demarcations between the two instruments. The panel will also check the state of implementation of investments co-financed by CP and those activated under the NRRP in areas of complementarity or where possible synergies are found, to take stock of possible implementation difficulties and common critical issues, and to discuss operating methods to be applied to both intervention tools aimed at maximising their effectiveness. Finally, the panel will coordinate the strengthening of administrative structures foreseen in the CP national programme focused on administrative capacity and under the NRRP. Source: Italy's Partnership Agreement 2021-2027.

[93] For ESF+, there is however a federal programme.

- In Greece, the thematic criterion plays a considerable role, as the RRF supports investments in areas where CP does not intervene, such as airports and highways. In the energy efficiency sector, a timing demarcation has been adopted, with RRF resources supporting for instance a specific project that is expected to continue with CP funds. However, interviewees from a national authority noted that demarcation efforts at programming stage were rather challenging, and issues related to this matter are expected to be addressed during the implementation phase. This will involve specific governance arrangements already put in place for this purpose, including a dedicated role for the 'Special Service for the Coordination of Planning, Evaluation and Implementation within the Greek Partnership Agreement and its Programmes', already foreseen even before CP and NRRP coordinating authorities were both located under the Ministry of Finance following the 2023 elections. Furthermore, interoperability between the IT systems of the RRF and CP minimises the risk of double funding.

- In Italy, demarcation is primarily of a thematic nature. The RRF includes significant funding for sectors not covered by CP, such as justice, or sectors to which CP allocates relatively fewer resources, such as healthcare. According to interviews, elements of demarcation based on beneficiary types or types of investment are present as well. Similar to Germany, energy efficiency interventions in public buildings are expected to be mainly funded by CP, while the RRF's contribution in this area is relatively smaller. For energy communities below 5,000, support comes from the NRRP, while those above that threshold are funded by CP. Furthermore, large infrastructure projects are generally included within the NRRP, whereas regional-level ones tend to fall under CP. While no demarcation based on timing criterion is reportedly foreseen, it might arise in future years.

- In Lithuania, different types of demarcation are in place, depending on the sector. In some cases, the demarcation of investments is based on a territorial approach. In the field of the development of the ecosystem for innovative start-ups, the support for from CP funds is directed to the start-ups in the region of Central-Western Lithuania, while RRF invests into the start-ups in the Capital Region. Beneficiary preparedness is also taken into consideration. In the transport sector, CP funds sustainable mobility measures for 18 major cities and resorts that have already adopted Sustainable Urban Mobility Plans (SUMPs) in the framework of the Operational Programme for the EU funds' investments 2014-2020 . For the other 2 cities, whose SUMPs were not financed by the funds of 2014-2020, sustainable mobility measures are funded through the RRF.

- In Romania, given the substantial investment needs across various sectors (healthcare, for example) the use of funds from both instruments is necessary. Demarcation at programming stage involved diverse criteria, depending on the sector at hand, such as the geographic criterion and the criterion based on investment types. In the field of transport, demarcation is relatively straightforward, as projects designated for different instruments were pre-identified: major infrastructure projects (part of the TEN-T) should be predominantly implemented at the national level and financed through the RRF, while county-level projects should be solely funded by CP. Productive investments in SMEs are covered by both instruments, and to prevent double funding, beneficiaries are required to provide self-declarations. Authorities can then cross-check this information using a national database. In the wastewater sector, the RRF targets areas closer to directives' compliance, and a similar criterion applies to waste management. The RRF supports less technically complex investments, such as the installation of separate collection, because they can be delivered in a shorter timeframe. Instead, more complex interventions, such as those that span across larger counties, are covered by CP. Energy efficiency projects in residential and public buildings are eligible for funding through both instruments. Hence, in this sector, a constant dialogue between authorities forms the basis for demarcation, facilitated by the existence of national level databases and by the fact that the coordination bodies of RRF and CP are under the same ministry. These bodies convene regularly and publish comprehensive lists of selected projects.

- In Spain, partly following a thematic approach to demarcation, the NRRP foresees major interventions, among others, in labour and pensions, and significant support for improving the country's transport infrastructure. In contrast, 2021-27 CP only allocates only 3% of its total budget to Policy Objective 3 (A more connected Europe by enhancing mobility), focusing more heavily on competitiveness and innovation (26% to Policy Objective 1 – Smarter Europe), the green transition (28% in total to Policy Objective 2 – Greener Europe, and the Just Transition), and social and inclusive growth (36% to Policy Objective 4 – Social Europe). Under the social component, a temporal demarcation towards the RRF can be observed. Actions related to vocational training are supported by the NRRP until 2024, followed up by CP in subsequent years through ESF+.

While demarcation strategies are key to avoid overlaps between the two instruments, they do not necessarily ensure synergies. In fact, the latter can be achieved either by financing different operations that build on each other, or by using the two instruments to finance different elements of the same operation. For instance, the Portuguese plan is expected to support initial investments in the hydrogen sector with the RRF but intends to follow up with Cohesion Policy funds[94].

Early on the literature has recognized that the pursuit of synergies between RRF and Cohesion Policy faces considerable hurdles[95]. In principle, the potential for synergies between the two instruments would be significant, thanks to the thematic overlap that could be exploited to achieve additional impacts, to the possibility for the RRF to improve framework conditions for investments and implement Country-Specific Recommendations that are too broad for CP to address, and to the possibility to build on CP's experience for RRF implementation. In practice, numerous challenges that make synergies difficult exist, including: limited or absent explicit territorial dimension of the NRRPs (leading to a diverging focus, compared to CP)[96]; burdensome strategic and operational cooperation; thematic overlaps that increase the risk of rivalry; NRRPs being prioritized over CP due to pressure for rapid absorption; different governance systems[97]. Moreover, it has been noted that the option of using two funds for the same project is quite limited. Despite some examples in this regard (e.g. the Austrian NRRP supports additional sections of a project about the construction and electrification of regional railway lines that already benefits from the Connecting Europe Facility), this possibility remains constrained by the difficulties in aligning schedules and procedures of different funds[98].

b. Challenges of a parallel implementation

During the implementation phase, the CP procedures offer tools to establish solid demarcation lines and ensure complementarity between NRRPs and CP. Feedback from interviews with DG REGIO, as well as national authorities from Italy, Greece, Lithuania and Romania, indicates that the meetings of programme monitoring committees within each CP programme are key, as they facilitate detailed and regular discussions on these matters. Selection criteria as well play a significant role in this demarcation and coordination effort.

The different eligibility periods between the RRF and CP, as well as the absence of the national co-financing obligation in the case of the former, have consequences in terms of coordination and prioritisation challenges. Member States need to align their project planning and implementation schedules with the specific eligibility periods of each instrument to effectively optimize the use of available funds. This can lead to variations in the prioritisation of already existent project pipelines. At the same time, final beneficiaries such as municipalities and enterprises need to determine which instrument aligns better with projects in their investment plans based on the eligibility criteria and the timing of the funds. This can influence the selection and sequencing of projects. In light of different timeframe of the two instruments and limited absorption capacity (see below), as implementation progresses, synergies are more likely to emerge in successive funding with Cohesion funds, ensuring that the EU public investment is sustained even after the end of the RRF[99]. While this mechanism can enhance the impact of funding, especially on large-scale infrastructure projects, there is a potential of slow-down in the starting of the implementation of the CP funds.

The Member States' limited absorption capacity may also affect the simultaneous implementation of the RRF and the CP programmes. Interviewees tended to frame the challenge in running both instruments in parallel as a risk, that derives from the substantial inflow of new resources to the Member States and threatens to exacerbate administrative capacity gaps. Authorities from the selected Member States highlighted the considerable burden and pressure that this parallel

[94] Lopriore (2022).

[95] EPRC (2021); Bachtler and Mendez (2021).

[96] See also European Committee of the Regions (2021a), which found that as NRRPs only partially address the territorial dimension, potential synergies with CP funds are not exploited.

[97] EPRC (2021); Ferry and Kah (2021).

[98] Lopriore (2022).

[99] Koopman (2022).

implementation puts on central and local administrations, as well as external experts and private actors, albeit to a varying degree (for instance, in a more pronounced way in Italy and Romania than in Germany). So far, the literature has not yet focused on complementarities and synergies emerging during the NRRPs' implementation (i.e. beyond demarcations and potential synergies identified at programming stage). However, it has recognised challenges related to increased administrative workload. According to the European Court of Auditors, the parallel programming of the two instruments was problematic, as the delays traditionally associated with MFF programming were further prolonged[100]. Other authors have echoed similar concerns with respect to the implementation phase, focusing especially on Spain and Italy, which received some of the largest RRF allocations and have traditionally faced difficulties in effectively utilizing and absorbing EU funding[101].

More broadly, both RRF and CP face the challenge of a certain weakness in the administrative capacity of some of the final recipients or other organisations involved in their implementation. The reasons behind these shortcomings that affect both RRF and CP are manifold. They are related, among other things, to human resources in the public sector (for instance: lack of sufficient staff, lack of staff with appropriate expertise, regulatory constraints in hiring new staff, considerable levels of staff turnover, lack of attractiveness of the public sector for highly skilled professionals, lack of a strong managerial input, frequent turnover of office holders, insufficient awareness of the problems at hand) and frequent legislative changes (for instance with regard to procurement rules)[102]. For instance, according to interview feedback, administrative capacity gaps are an issue in a number of sectors in Greece, among which water and solid waste, especially moving away from urban centres. In Romania, according to interview feedback the main reasons behind weak absorption capacity (in terms of delays in project preparation, public procurement, administrative checks and payment applications) are not related primarily to limited staff or lack of technical skills (although at local level they represent a clear issue), but more to political instability, lack of coordination between different level of government, and gold plating (in terms of national rules going beyond EU requirements and undermining the flexibility allowed by EU regulations). Altogether, these elements translate into unclear delegation of tasks, redundancy in checks, lack of proportionality lack of standardisation and IT deficiencies. In Italy, weaknesses in conceiving, designing and implementing projects are well-acknowledged, especially at the level of local administrations[103]. Moreover, according to the evidence collected in the context of the case study on active labour market policies supported by the RRF, the lack of financial and administrative resources of public employment services in certain regions constitutes a significant barrier to implementation of NRRPs in both Spain and Italy. In the same two countries, RRF-supported childcare measures[104] also have seen implementation delays related to capacity gaps in local administrations.

The substantial influx of resources provided over a short term by the RRF does not only put Member States' absorption capacity under pressure, but also risks, in selected cases, to support interventions that are not entirely aligned with other measures. In Italy, for example, the NRRP supports tax credits for enterprises – an instrument likely chosen for the simplicity of its implementation – and in this regard an interviewee expressed doubts over the coherence between this instrument and the effort to bring about structural change through a systemic industrial policy that covers, among other things, training, productive investments, and many support measures for SMEs especially in relation to the digital and green transition. The Greek plan's modification proposed at the end of August 2023 has also raised concerns over different elements, among which potentially disproportionate investments in the real estate sector that may cause environmental harm[105], and the plan's support to microprojects in the water sector, leading to a certain fragmentation that might jeopardise the holistic approach to the sector promoted by CP.

CP places emphasis on the importance of an integrated investment approach more than the RRF. For example, to foster comprehensive innovation and industrial policies, CP has put in place Smart Specialisation Strategies (S3)[106], which

[100] European Court of Auditors (2023a).

[101] Núñez Ferrer and Ruiz de la Ossa (2023).

[102] See for instance Smeriglio et al. (2015) and OECD (2020).

[103] As reported also in the European Commission 2023 Country Report on Italy - SWD(2023) 612.

[104] See case study on early childhood education and care.

[105] The detailed technical guideline for implementing the DNSH principle under the RRF, however, should prevent examples like this one from becoming reality.

[106] The concept of Smart Specialisation Strategy is based on a strong academic background. See for instance Foray et al. (2009) and Foray (2013).

identify priority areas for investment in a territory based on the analysis of local strengths and potential, as well as on an entrepreneurial discovery process (EDP) with wide stakeholder engagement. These strategies, developed mostly at regional level[107], represented an ex-ante conditionality in 2014-20 CP. The Commission has invited Member States to adopt this strategic framework also beyond the remit of CP, in line with the idea that Smart Specialisation Strategies can contribute to the consistency of investments with the local needs, opportunities and objectives, and to the vibrancy of innovation ecosystems. The S3 approach has been continued and updated under 2021-27 CP, and Member States and regions have by now accumulated experience in managing and implementing the strategies. The RRF (whose regulation does not mention Smart Specialisation Strategies) does not to the same extent enable the design of policies based on place-based analyses, local engagement processes and an integrated approach to the industrial and innovation domains. A study on ten Spanish regions has in fact shed light on the lack of ex-ante alignment between RRF and Smart Specialisation Strategies[108], and the Commission's Joint Research Centre has embarked on an effort to identify ex-post potential synergies between RRF and S3[109].

During implementation, according to interview feedback, a further type of territorial demarcation between RRF and CP risks emerging (in addition to the demarcations outlined at programming stage), as RRF resources can be expected to flow to more developed regions and country capitals in a larger proportion compared to CP. This risk can arise from either the even distribution of resources across the country or the prevalence of responses to national-level calls originating from areas with higher administrative capacity or a larger productive base. Especially in the context of pronounced urban-rural disparities (as well as between more developed and less developed territories), a weak territorial dimension poses a challenge to achieving balanced socio-economic development between core agglomerations and peripheries[110]. During interviews, this concern was particularly voiced in relation to Italy, Lithuania and Spain, while it appeared to be of less concern for Germany, Greece and Romania. Even in a country like Italy where the NRRP foresees that at least 40% of the resources that can be allocated by territory shall be allocated to the less developed regions in the South, the compliance with this provision is under threat. According to the latest government report[111] on this territorial clause (with data referred to end-June 2022), the insufficient absorption capacity of potential beneficiaries in these regions puts the achievement of the 40% target at risk, generating a trade-off between efficiency and equity in determining the allocations by territory. With respect to Italy, a question was also raised as to whether the amount of RRF resources foreseen to support competitiveness of enterprises in less developed regions is proportionate to local needs: since the industrial basis in the South of the country is underdeveloped, according to interview feedback it may be more appropriate to focus on the preconditions for socio-economic development first, by acting on, for instance, the water and waste sectors, infrastructure, or the justice system. In the area of active labour market policies, furthermore, efforts under the Italian NRRP to enhance territorial cohesion appear to have had a limited effect so far, as regions benefitting most from take-up of the Employment Guarantee Programme (GOL) or staff increases in public employment services are not the ones structurally most disadvantaged, with likely consequences in terms of heterogeneity of quality service provision across the country[112].

An analysis of RRF funds by territory development level is hampered by the lack of a granular monitoring system similar to CP's one. Under the RRF, Member States are only requested to make a list of the 100 largest final recipients per country publicly available[113], but this information is not linked to project location[114]. Italy, on its NRRP website, makes however more data available than requested by the EU, including data on project location[115]. These data show that 46% of the NRRP resources are flowing to more developed regions, compared to 34% to less developed regions and 5% to transition

[107] In 2014-20, Greece, Italy, Romania and Spain prepared both national and regional Smart Specialisation Strategies. Germany prepared them at regional level only, Lithuania at national level only.

[108] Gañán de Molina et al. (2022).

[109] See Tolias (2022) on Greece, Prota and Viesti (2022) on Italy, Fernández-Zubieta (2022) on Spain.

[110] See also Carrosio et al. (2022), who caution that "the more or less space-blindness of the NRRPs of Italy, Portugal and Spain might severely undermine the efficacy of the plans as well as the overall social and territorial cohesion of these countries".

[111] Presidenza del Consiglio dei Ministri (2022).

[112] See case study on active labour market policies.

[113] Article 1.10 of Reg. (EU) 2023/435. However, as of September 2023, Romania and Spain have not yet published this list.

[114] The Commission however asks Member States to provide this information on a voluntary basis (no legal basis is there to request it mandatorily) and uses it to populate a map with examples of RRF-supported projects on the RRF website.

[115] Among the Member States selected for this case study, none makes data publicly available to the same extent as Italy.

regions[116]. For comparison's sake, in 2021-27, in Italy 61% of CP resources are planned for less developed regions, 34% for more developed regions and 5% for transition regions[117]. From a different angle, the lists of largest final recipients however offer some insights into RRF implementation. In line with the RRF's initial goal to counter the crisis generated by the Covid pandemic and increase the resilience of the health sector, some of the top recipients are active in this field, which traditionally has not been at the core of CP instead. In Germany, the third and fourth top recipients are pharmaceutical companies involved in the development and manufacturing of Covid vaccines. In Greece, the Ministry of Health is the fourth largest recipient. Other top recipients hail from more traditional sectors that are covered by CP as well. In both Germany and Italy, the top recipient is the national organisation in charge of the railway network. In Greece, it is the Ministry of Infrastructure and Transport (which however, differently than under CP, is active in highway projects as well). The evidence available on final recipients, however, cannot inform an analysis of complementarity and substitution between RRF and CP, which relies largely on interview feedback instead.

Evidence of substitution effects generated by the RRF to the detriment of CP has been reported with regard to 2021-27 programmes, while significantly less so for the 2014-20 ones. In fact, there is wide consensus among interviewees that the RRF launch generated no significant substitution effect with regard to 2014-20 operational programmes[118], as their implementation was already well advanced. Concerning 2021-27 CP, the picture is mixed instead, according to interview feedback. In some Member States, mature projects expected to be implemented under 2021-27 CP were shifted into the NRRP. This shift occurred in Spain and Greece[119], where the NRRP received higher priority from the political level and media attention, and raised expectations of a lower burden compared to CP, also due to the absence of the national co-financing obligation. A similar shift occurred in Italy, which has a low number of mature projects (considering the size of its funding), partly due to long-standing administrative capacity gaps. Romania also experienced such displacement, but it did not generate an issue due to significant investment gaps, the existence of an extensive project pipeline, and the demarcation effort in place). The case of Romania points to the fact that the importance of the substitution question varies depending on national contexts. In countries with substantial investment gaps in traditional sectors, there is no risk of displacement between the two instruments, and RRF resources add up to CP to tackle the existing needs. No evidence of displacement effect was reported in relation to Germany (due to clear demarcation, and the limited role of CP in the country) and Lithuania (mainly thanks to the demarcation effort). However, in these latter two countries, based on interview feedback, there are examples of measures previously funded by the state budget now being supported by the NRRPs, especially in the field of energy-efficient renovation of buildings. In the case of Germany, more than 80% of the investments included in the NRRP were actually already included in the June 2020 economic stimulus programme (Konjunkturprogramm)[120].

There are some signs of a potential "comeback" of certain investments from the RRF to CP, but the extent to which this phenomenon will expand remains to be seen. In Greece, the NRRP revision proposed at the end of August 2023 demonstrated a tendency to withdraw certain investments from the plan to cover them under CP, due to implementation delays, combined with the longer eligibility period under CP. This concerns investments in the water sector, dams, flood mitigation, 5G in highways, and railways. In Italy, some railway projects have been withdrawn from the NRRP and will likely be funded under the national Development and Cohesion Fund (which Italy uses to complement CP). It is however too early to draw conclusions on the representativeness of these shifts.

[116] Authors' elaboration based on data from the Italian NRRP website retrieved in September 2023. The data refer to NRRP resources planned for projects for which a unique project identifier (CUP) is already in place. The NRRP resources appear to be distributed as folllows: 46% to more developed regions, 34% to less developed regions, 9% to projects with a national scope, 6% to projects involving a mix of regions of different development levels, 5% to transition regions. To categorise regions into development levels, the 2021-27 CP classification has been used

[117] Authors' elaboration based on Cohesiondata, retrieved in September 2023. The shares include EU and national contributions, and cover ERDF, ESF+ and JTF. Taking into account only the EU contribution, the shares are as follows: 72% for less developed regions, 24% for more developed regions, 4% for transition regions.

[118] The only examples of reprogramming and reallocation of 2014-20 CP resources due to the launch of the RRF that could be gathered as part of the interview programme refer to Spain (e.g. Murcia).

[119] Especially in the case of Greece, according to interview feedback, substitution effects concern numerous sectors, among which: digitalisation, urban regeneration, risk prevention and disaster management, water, health, energy efficiency and transport.

[120] Corti et al. (2022).

c. The cross-fertilisation of the two instruments

RRF and CP can be terms of comparison and sources of inspiration for each other. Together, they are an occasion for policy learning at EU level. Looking at one instrument through the lens of the other helps put into focus their potential and the challenges they face. Lessons learned from the two instruments' characteristics and experiences, and from the interaction between the two, can usefully feed into forward-looking reflections.

As the implementation of the RRF reform components is well underway, synergies between RRF-supported reforms and CP investments come increasingly into focus. Sectoral reforms supported by the RRF innovate the context in which CP investments are embedded, for instance through new legislation, strategies, governance structures, simplified procedures. In turn, CP programmes make financial resources available to put the revised framework to good use, promoting investments on the ground. In Italy, for example, RRF support for reforms and investments in energy and transportation is coupled with ERDF measures[121] and in the field of active labour market policies RRF is in some regions combined with ESF+ in a synergic way[122]. In Lithuania, RRF-supported reforms related to lifelong learning are coupled with ESF+ following up with post-reform training activities. In Greece, reforms supported by the RRF for the governance of the waste and water sectors (through the setup of a waste and water regulatory authority) and the restructuring of the Public Railway Organisation (OSE) pave the way for a facilitated implementation and impact generation of CP investments. In Spain, the updating of the Water Law and related regulations (supported by the NRRP under C5.R1) is expected to ensure a legal framework favourable to the increase of investments in line with the European Green Deal. Moreover, the new Spanish Circular Economy Strategy could in principle facilitate investments in the waste sector in line with the EU agenda, but since the competence for waste is regional, the strategy's actual impact on the ground, and its potential synergies with CP, remain to be seen.

RRF support to reforms benefits CP directly in the sectors it invests in, but also indirectly through wider reforms that contribute to a sound framework for implementing public investments. Hence, support to reforms is a necessary complement to CP's investment focus, as confirmed by interviewees of different affiliations. In addition to the effects of sectoral reforms, in fact, broader reforms have positive effects on CP as well. There is consensus among interviewees that public administration reforms in particular generate a benefit, albeit not immediate, for the implementation of public investments, including under the CP framework. At a more indirect level, the same reasoning applies to justice reforms.

At the same time, the strong territorial focus of CP, coupled with the engagement of local and regional authorities as well as of social partners, emerges as a policy tool that ensures proximity to needs, alignment with local and regional strategies and a strong ownership of projects by the authorities that implement them. In a context of increasing urban-rural divides and wide-ranging impacts of 'places left behind'[123], embedding a more pronounced territorial dimension into the RRF's approach appears to be worth some consideration, in view of promoting a balanced development. Different surveys[124] conducted among regional authorities and social partners overall point to a rather weak level of involvement in the design and implementation of the RRF, leading to specific territorial economic and social needs not being fully considered in the NRRPs. During the assessment phase of NRRPs, in fact, the Commission could not include among its evaluation criteria the quality of the consultation process and of the explanation of how consultation inputs were reflected in NRRPs[125], as these were not included in the RRF regulation. Moreover, at the implementation stage, centralised calls in particular limit the exercise of regional authorities' discretion[126].

Whether the RRF's delivery mode will offer useful suggestions for the future implementation of other investment policies remains to be seen. When asked about how the effectiveness of the RRF compares to CP, the survey respondents that answered the question were rather divided. 44% (4 out of 9) indicated that the RRF performs somewhat or much worse than CP, 33% that the effectiveness is similar, and 22% that the RRF performs somewhat better. Also due to the low number of responses, it is not possible to read much into this distribution of replies. While some studies have already

[121] European Commission (2023).

[122] See case study on active labour market policies.

[123] Rodriguez-Pose (2018).

[124] Regions for EU Recovery (2022), Eurofound (2022), Eurofound (2023).

[125] Lleal Fontàs (2021).

[126] Regions for EU Recovery (2022).

stated that the discussion of RRF delivery mechanisms does not hold as much potential for improving CP as might have been expected[127], the fact that under NRRPs the implementation of investment components is still at the beginning may suggest some caution in drawing early conclusions. CP itself, in fact, has long grappled with debates on excessive administrative burden and the new 2021-2027 framework brought about 80 simplification measures[128]. Moreover, CP finds itself on a long trajectory of policy adjustments and constant evolution towards a more performance-oriented implementation system, of which the 2021-27 regulatory package represents the latest step. In this regard, the ability of the RRF to shift the focus away from expenditure and towards results represents an important trigger for reflection for the CP community.

Among the drivers positively influencing the implementation of the RRF, there is the high level of priority given to it by decision makers at EU and national level, as well as the related media scrutiny. These elements were repeatedly mentioned by interviewees of different affiliations, although they are more prominent factors in some countries (Greece, Italy, Spain) than others (Germany, Lithuania, Romania). In this sense, elevating the priority given to CP in official communication and decision-making would likely favour its ultimate impact as well. Embedding CP in the European Semester in a similar way as the RRF, for instance, could enhance its role in a durable way.

At a strategic level, preliminary lessons learned from the RRF experience and the relationship between RRF and CP have triggered reflections about the future of EU investment policies. Some contributions have identified the implementation of the RRF as the key factor that will define post-2027 CP and outlined different scenarios in this regard[129], pointing also to a possible situation where CP's traditional logic is substituted over time by one more similar to the RRF's. Others have interpreted the launch of the RRF as a threat to the current CP and expressed the view that the territorial-based approach of CP is in danger[130] and explored a scenario in which CP is phased out[131]. A different type of analysis[132], after recognizing the RRF's ability to address structural reforms in Member States, called for revitalizing CP's reform orientation. CP, in fact, grants a continuity that can boost RRF reforms (and investments) beyond 2026, and is uniquely positioned to embed them within a place-based logic. In a similar vein, it has been noted that without participation of subnational actors, the legitimacy of reforms may have insufficient acceptability, legitimacy and credibility[133]. Accordingly, the Cohesion policy community has been invited[134] to move away from a narrative highlighting the differences between the CP and RRF and calling for policy alignment, towards a new vision that adopts a "policy sequencing" perspective. Under this new perspective, CP builds on the lessons learned from the RRF as well as the RRF's shortcomings, and positions itself as the optimal tool to ensure future consolidation of the progress expected to be made under the RRF.

The mutual fertilisation of the two instruments is a promising way forward in the eyes of many interviewees. As the debate on post-2027 EU investment policies begins to take shape, conceptualising a more performance-oriented, territorially-based and reform-focused policy incorporating the most effective elements of RRF and CP is an open challenge. Squaring this circle, in spite of all technical difficulties, could provide an even more powerful driver for inclusive and sustainable growth of the EU, its Member States and regions. Especially at a time when discussions on EU enlargement are back at the top of political agendas, and several countries with major investment gaps will possibly become new Member States, the setup of EU investment policies is crucial for the future resilience of the EU and its positioning on the global scene.

3. Conclusions

The RRF model offers important innovations in the formulation and delivery of EU-funded investment policies and the support to reforms. Nevertheless, due to the current early stage of implementation of the RRF, definitive conclusions

127 Böhme et al. (2023), p. 45.

128 https://ec.europa.eu/regional_policy/information-sources/publications/factsheets/2018/simplification-handbook-80-simplification-measures-in-cohesion-policy-2021-2027_en

129 Bachtler and Mendez (2021).

130 Lleal Fontàs and Teixeira (2023).

131 Toptsidou and Böhme (2023).

132 Hunter (2023).

133 Coman (2023).

134 Hunter (2023).

about its effectiveness and efficiency in comparison to CP are limited. A more complete assessment inevitably requires the evidence deriving from the effects generated over time by the RRF, currently not yet available.

Within an environment where other EU funds, notably CP, were already in place, the RRF has attempted to bridge gaps in the provision of support for reforms and investment during a highly critical juncture, such as the aftermath of the pandemic crisis. However, the RRF has soon evolved into a public policy tool aimed to address long-lasting problems and anticipate upcoming challenges that loom over the economy and society of Member States. The RRF's novel elements bridging existing gaps have had varying importance in national contexts, depending on Member States' specificities:

- Reforms. The RRF provides support in exchange for the implementation of reforms, including those not involving specific costs. These reforms improve the institutional and strategic framework in which also CP investments are implemented, and do so with a strength that CP has traditionally not had, in terms of support to enabling frameworks.

- Size. The RRF has mobilised an amount of resources that, thanks to its sheer size, enables a scale of ambition that CP alone could not reach.

- More developed regions. The RRF has become a tool to increase competitiveness and channel investment to regions which are not among the less developed ones (as opposed to CP's focus on those[135]), but in which there are nevertheless major needs in terms of both the green and digital transitions.

These elements, however, are also related to challenges. First, within the context of the NRRPs, the term "Reform" has encompassed actions of varying degrees of ambition and scope. Second, the size of resources mobilised under the NRRPs, coupled with the relatively tight eligibility period, resulted in a certain prioritisation at programming level that favoured the RRF over CP. This, in turn, has triggered displacement effects in some Member States. Furthermore, the influx of RRF funds brought about a widespread increase in the workload for administrations at both national and local levels across Member States. This elevated workload has not necessarily been fully mitigated by the measures put in place to strengthen administrations. Third, the lack of a territorial dimension in the RRF risks increasing disparities within Member States, and a conflict can be identified with CP's goal of supporting regional convergence. Concerns about channelling resources to more developed areas were raised particularly with regard to Spain and Italy, the main beneficiaries of RRF grants, where territories with a better institutional capacity and a more vibrant productive ecosystem are also more able to conceive project proposals and attract financing. The territorial dimension is however not limited to the channelling of resources to certain types of territory; it concerns also stakeholder engagement and an integrated investment approach, and these two aspects as well have so far received a more extensive attention under CP. Especially at a time of significant divides between core agglomerations and the peripheries, a weak territorial dimension may pose threats in terms of balanced socio-economic development.

In terms of sectors of intervention, NRRPs generally cover the same areas CP has traditionally focused on, and beyond. In particular, NRRPs provide support to areas such as justice, healthcare, taxation systems, pension systems, not traditionally under CP's scope. In sectors covered by both instruments, the most impactful policy mechanisms to establish solid demarcation lines and ensure complementarities and synergies are the use of selection criteria within each CP programme and the meetings of programme monitoring committees. In addition, RRF support to reforms tackles areas that CP is active in from an investment angle (for instance in the water, waste, transport and energy sectors) or that indirectly benefit CP implementation (for instance with regard to public administration, permitting procedures, and justice). In the case of other reforms, a linkage with CP is more difficult to identify.

As the focus of RRF implementation shifts towards investments, similar challenges are emerging to those that have long been associated with CP. The RRF's first phase of implementation, which focused mainly on reforms, has progressed generally in a timely way in 2021-2022. In relation to investments, however, administrative capacity issues, excessive administrative burden for managing authorities, the lack of mature projects, a difficult balance to find between the

135 ERDF and ESF+ foresee higher EU co-financing shares for less developed regions. Moreover, the CF is available only for Member States with a GNI per capita below 90% of the EU average.

necessity of controls and an excessive level of scrutiny, in some Member States came to the surface in a fashion not dissimilar to traditional challenges that CP has been long grappling with.

There is a widespread perception that the simplification and administrative cost reduction expected from the RRF has not materialised. Although it was anticipated that the RRF would impose a lighter burden compared to CP due to its centralised approach and the performance-based payment system, interviewed stakeholders have signalled that, in reality, there has not been a significant difference in terms of administrative burden yet. Survey results point to the same conclusion. As the investment component of NRRPs progressively comes into play, more evidence is expected to become available in this regard.

In terms of flexibility to adjust to a changing context, the RRF emerges as more rigid than CP. In 2014-20, CP offered a ready-to-use policy framework to deliver immediate and wide-ranging support at a critical time and allowed the reprogramming of resources, thereby proving to be a flexible tool for policy making. Even if the RRF greatly expanded the possibilities for public investment across Member States and is expected to provide a significant contribution to the removal of investment barriers, compared to CP it is perceived as having a lower degree of flexibility in adapting to new circumstances.

Ultimately, the main factors influencing the effectiveness of the RRF compared to CP are the link to reforms, the political support, and media attention. The activation of structural reforms, as foreseen under the RRF, is widely acknowledged as a successful and impactful policy mechanism. Reforms supported by the RRF are also to the advantage of wider public investment frameworks and CP. Reforms emerge as a decisive driver for change in combination with a focus on investments. The high level of priority given to the RRF by decision makers at EU level and in most Member States, in turn, has contributed to ensuring a mature project pipeline and, in the early phase, swift implementation. Extensive media coverage of NRRPs is both a cause and an effect of this prioritisation and of RRF's higher public profile compared to CP. The impact that the RRF is expected to generate over the medium term likely could not have been reached making use of the existing CP framework only, as these three key elements influencing its effectiveness – reforms, political support, media attention – set the two instruments apart.

In a forward-looking perspective, a cross-fertilisation of RRF and CP would be a significant development. While CP's territorial focus could be a fruitful addition to the RRF's approach, the RRF's focus on reforms and performance orientation is widely seen as a possible source of inspiration for the future of CP and EU public investment policies more widely.

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Annex I - Overview of main EU funds other than RRF

Funding scheme	Resources under 2014-2020 MFF	Resources under 2021-2027 MFF
European Regional Development Fund (ERDF)	€309 billion[136] (EU co-financing: €230 billion, national co-financing: €79 billion) incl. Interreg	€325 billion (EU co-financing: €224 billion, national co-financing: €101 billion) incl. Interreg
European Social Fund Plus (ESF+)	€141 billion as ESF (EU co-financing: €104 billion, national co-financing: €37 billion) + €10 billion under the Youth Employment Initiative (EU co-financing: €9 billion, national co-financing: €1 billion)	€142 billion (EU co-financing: €95 billion, national co-financing: €47 billion)
Cohesion Fund (CF)	€73 billion (EU co-financing: €61 billion, national co-financing: €11 billion)	€49 billion (EU co-financing: €39 billion, national co-financing: €10 billion)
Just Transition Fund (JTF)	N/A	€26 billion (EU co-financing: €18 billion, national co-financing: €7 billion)
Cohesion Policy (ERDF, ESF+, CF, JTF)	€533 billion (EU co-financing: € 405 billion, national co-financing: € 128 billion) *Note*: EU co-financing includes REACT-EU resources.	€543 billion (EU co-financing: €377 billion, national co-financing: €166 billion)[137]
Common Agricultural Policy (European Agricultural Fund for Rural Development and European Agricultural Guarantee Fund)	€408 billion	€386 billion
Horizon	€80 billion as Horizon 2020	€96 billion as Horizon Europe
Connecting Europe Facility (CEF)	€30 billion (€24 billion for CEF Transport, €5 billion for CEF Energy, €1 billion for CEF Telecom)	€34 billion (€26 billion for CEF Transport, €6 billion for CEF Energy, €2 billion for CEF Digital)
InvestEU	€26 billion EU budget guarantee + €7.5 billion from the EIB, under the European Fund for Strategic Investments (EFSI). the financial pillar of the Investment Plan for Europe (Juncker Plan). By 2020, EFSI mobilised €514 billion public and private investments.	€26.2 billion EU budget guarantee, under the InvestEU fund, the financial pillar of the InvestEU programme. In 2021-2027, the fund is expected to mobilise €372 billion public and private investments.
Asylum and Migration Fund (AMIF)	N/A	€9.9 billion
European Maritime, Fisheries and Aquaculture Fund (EMFAF)	€7.8 billion (EU co-financing: €5.6 billion, national co-financing: €2.2 billion) as European Maritime and Fisheries Fund (EMFF)	€7.6 billion (EU co-financing: €5.1 billion, national co-financing: €2.5 billion)
Integrated Border Management Fund (Border Management and Visa Instrument and Custom Control Equipment Instrument)	N/A	€7.4 billion
LIFE	€3.5 billion	€5.4 billion
Internal Security Fund (ISF)	N/A	€1.9 billion

Source: Authors based on official sources.

[136] Data on Cohesion Policy funds are taken from https://cohesiondata.ec.europa.eu/funds/ (retrieved in September 2023).

[137] Other sources indicate for 2021-2027 a EU co-financing of €392 billion, and a total value of about half a trillion Euro, but provide less detail on the disaggregation of these figures. See for instance https://ec.europa.eu/regional_policy/funding/available-budget_en.

Annex II - Comparative tables on the six selected Member States

Table 7 RRF v. CP resources

Member State	RRF resources (grants only)	CP resources[138]
Germany	€28 billion 0.7% of GDP (2021)	2014-2020: **€33 billion** (EU co-financing: €20.7 billion, national co-financing: €12.3 billion), including €2.6 billion from REACT-EU 2021-2027: **€39.6 billion** (EU co-financing: €19.6 billion, national co-financing: €20 billion)
Greece	€17.4 billion 9.5% of GDP (2021)	2014-2020: **€22.5 billion** (EU co-financing: €18.3 billion, national co-financing: €4.3 billion), including €2 billion from REACT-EU 2021-2027: **€25.7 billion** (EU co-financing: €20.5 billion, national co-financing: €5.2 billion)
Italy	€69 billion 3.3% of GDP (2021)	2014-2020: **€64.8 billion** (EU co-financing: €47.9 billion, national co-financing: €17 billion), including €14.4 billion from REACT-EU 2021-2027: **€74.1 billion** (EU co-financing: €42.2 billion, national co-financing: €31.9 billion)
Lithuania	€2.2 billion 4% of GDP (2021)	2014-2020: **€8.2 billion** (EU co-financing: €7 billion, national co-financing: €1.2 billion), including €0.3 billion from REACT-EU 2021-2027: **€7.8 billion** (EU co-financing: €6.3 billion, national co-financing: €1.6 billion)
Romania	€12.1 billion 5.1% of GDP (2021)	2014-2020: **€28.5 billion** (EU co-financing: €24.1 billion, national co-financing: €4.4 billion), including €1.6 billion from REACT-EU 2021-2027: **€46.6 billion** (EU co-financing: €31 billion, national co-financing: €15.6 billion)
Spain	€77.2 billion 6.4% of GDP (2021)	2014-2020: **€57.3 billion** (EU co-financing: €44.9 billion, national co-financing: €12.5 billion), including €14.2 billion from REACT-EU 2021-2027: **€52.6 billion** (EU co-financing: €35.6 billion, national co-financing: €17.1 billion

[138] Data on Cohesion Policy funds are taken from https://cohesiondata.ec.europa.eu/funds/ (retrieved in September 2023).

Table 8 RRF v. CP priorities

Member State	Breakdown of RRF funding by policy pillar	Breakdown of 2021-2027 CP funding by policy objectives
Germany	1. Green transition • Primary pillar: 42% • Secondary pillar: 6% 2. Digital transformation • Primary pillar: 50% • Secondary pillar: 4% 3. Smart, sustainable, and inclusive growth • Primary pillar: 3% • Secondary pillar: 48% 4. Social and territorial cohesion • Primary pillar: 1% • Secondary pillar: 10% 5. Health and economic and social resilience • Primary pillar: 0% • Secondary pillar: 28% 6. Next generation • Primary pillar: 4% • Secondary pillar: 4%	• PO1 Smarter Europe: 33% • PO2 Greener Europe: 19% • PO3 Connected Europe: 0% • PO4 Social Europe: 33% • PO5 Europe closer to its citizens: 5% • Just Transition: 10%
Greece	1. Green transition • Primary pillar: 33% • Secondary pillar: 11% 2. Digital transformation • Primary pillar: 23% • Secondary pillar: 0% 3. Smart, sustainable, and inclusive growth: • Primary pillar: 30% • Secondary pillar: 57% 4. Social and territorial cohesion • Primary pillar: 7% • Secondary pillar: 22% 5. Health and economic and social resilience • Primary pillar: 4% • Secondary pillar: 8% 6. Next generation • Primary pillar: 3% • Secondary pillar: 2%	• PO1 Smarter Europe: 20% • PO2 Greener Europe: 27% • PO3 Connected Europe: 9% • PO4 Social Europe: 32% • PO5 Europe closer to its citizens: 6% • Just Transition: 6%
Italy	1. Green transition • Primary pillar: 35% • Secondary pillar: 11% 2. Digital transformation • Primary pillar: 22% • Secondary pillar: 7% 3. Smart, sustainable, and inclusive growth • Primary pillar: 13% • Secondary pillar: 35% 4. Social and territorial cohesion • Primary pillar: 13% • Secondary pillar: 37% 5. Health and economic and social resilience • Primary pillar: 8% • Secondary pillar: 8% 6. Next generation • Primary pillar: 9% • Secondary pillar: 2%	• PO1 Smarter Europe: 24% • PO2 Greener Europe: 21% • PO3 Connected Europe: 3% • PO4 Social Europe: 45% • PO5 Europe closer to its citizens: 5% • Just Transition: 2%

Member State	Breakdown of RRF funding by policy pillar	Breakdown of 2021-2027 CP funding by policy objectives
Lithuania	1. Green transition • Primary pillar: 37% • Secondary pillar: 6% 2. Digital transformation • Primary pillar: 29% • Secondary pillar: 7% 3. Smart, sustainable, and inclusive growth • Primary pillar: 8% • Secondary pillar: 45% 4. Social and territorial cohesion • Primary pillar: 3% • Secondary pillar: 22% 5. Health and economic and social resilience • Primary pillar: 9% • Secondary pillar: 16% 6. Next generation • Primary pillar: 14% • Secondary pillar: 4%	• PO1 Smarter Europe: 18% • PO2 Greener Europe: 29% • PO3 Connected Europe: 8% • PO4 Social Europe: 31% • PO5 Europe closer to its citizens 10%: • Just Transition: 4%
Romania	1. Green transition • Primary pillar: 41% • Secondary pillar: 16% 2. Digital transformation • Primary pillar: 20% • Secondary pillar: 0% 3. Smart, sustainable, and inclusive growth • Primary pillar: 16% • Secondary pillar: 27% 4. Social and territorial cohesion • Primary pillar: 6% • Secondary pillar:40% 5. Health and economic and social resilience • Primary pillar: 9% • Secondary pillar: 12% 6. Next generation • Primary pillar: 8% • Secondary pillar: 5%	• PO1 Smarter Europe: 13% • PO2 Greener Europe: 23% • PO3 Connected Europe: 23% • PO4 Social Europe: 33% • PO5 Europe closer to its citizens: 3% • Just Transition: 5%
Spain	1. Green transition • Primary pillar: 42% • Secondary pillar: 9% 2. Digital transformation • Primary pillar: 27% • Secondary pillar: 3% 3. Smart, sustainable, and inclusive growth • Primary pillar: 15% • Secondary pillar: 27% 4. Social and territorial cohesion • Primary pillar: 9% • Secondary pillar: 46% 5. Health and economic and social resilience • Primary pillar: 3% • Secondary pillar: 11% 6. Next generation • Primary pillar: 4% • Secondary pillar: 4%	• PO1 Smarter Europe: 26% • PO2 Greener Europe: 26% • PO3 Connected Europe: 3% • PO4 Social Europe: 36% • PO5 Europe closer to its citizens: 6% • Just Transition: 2%

Annex III - Interviewees

Institution	Date of the interview
DG REGIO, Evaluation and European Semester Unit	22.05.2023
DG REGIO, Geographic desk	19.06.2023
DG REGIO, Geographic desk	26.06.2023
DG REGIO, Geographic desk	20.06.2023
DG REGIO, Geographic desk	27.06.2023
DG REGIO, Geographic desk	27.06.2023
DG REGIO, Geographic desk	29.06.2023
DG REFORM	28.06.2023
Committee of the Regions (external expert)	03.07.2023
European Economic and Social Committee	26.06.2023
National public administration (Germany)	04.07.2023
National public administration (Greece)	18.07.2023
National public administration (Italy)	06.07.2023
Regional public administration (Italy)	26.07.2023
National public administration (Lithuania)	17.07.2023
National public administration (Romania)	20.07.2023
National public administration (Spain)	10.07.2023
National public administration (Germany)	No reply
National public administration (Greece)	Declined
National public administration (Greece)	No reply
National public administration (Italy)	No reply
National public administration (Lithuania)	No reply
National public administration (Lithuania)	Declined
National public administration (Romania)	No reply
National public administration (Romania)	No reply
National public administration (Spain)	No reply