



**European Committee
of the Regions**

ECON-VII/018

147th plenary session, 1-2 December 2021

OPINION

Implementation of the Recovery and Resilience Facility

THE EUROPEAN COMMITTEE OF THE REGIONS

- stresses that local and regional authorities (LRAs) have been at the forefront of the fight against the COVID-19 crisis and its socio-economic consequences since the outbreak of the pandemic, both through their own policies and by implementing and enforcing decisions taken by national governments;
- notes that as can be seen from studies by the CoR, the EPC, the Konrad Adenauer Stiftung and the CPMR, LRAs have been insufficiently involved in the preparation process of national recovery and resilience plans, and that the extent to which LRA input into the plans has been incorporated in most cases cannot be ascertained;
- also regrets that, in most Member States, preparing the NRRPs has been a top-down process, which carries the risk of centralising important public investment and has an impact on the ultimate success of the Recovery and Resilience Facility. This is at odds with the importance of multilevel governance, the principle of subsidiarity and the process of devolution that has taken place in many Member States in recent decades, not least with regard to the programmes under the European Structural and Investment Funds (ESIF);
- considers that for a sound implementation of the NRRPs with regularly involved LRAs, a thorough reform of the European semester is necessary, not only in the light of the lessons learned from preparing the NRRPs, but also in order to make it a genuine tool for the EU's long-term objectives, be it in the context of Fit for 55, the digital transition, the achievement of the Sustainable Development Goals (SDGs) by 2030, or to reach climate neutrality by 2050.

Rapporteur

Rob Jonkman (NL/ECR), Alderman of the municipality of Opsterland

Reference document

N/A

Opinion of the European Committee of the Regions Implementation of the Recovery and Resilience Facility

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

General comments

1. welcomes the Recovery and Resilience Facility (RRF) as an ambitious and timely tool to enable the EU to emerge stronger from the COVID-19 crisis and to speed up the green and digital transitions. Supports the European Commission's view that most Member States have done a good job of drawing up the national recovery and resilience plans (NRRPs) in a relatively short space of time;
2. is aware that in several Member States the NRRPs are only part of broader national recovery plans, and points to the need for more exchange of experience and a comprehensive approach at European level, in order to overcome the crisis and make the EU economy more robust and sustainable for the future;
3. cautions that the European semester as a governance mechanism for the Fund (referred to as "Facility") remains a centralised and top-down exercise that is not appropriate for a tool that is supposed to strengthen economic, social and regional cohesion; notes the importance of implementing the NRRPs properly, distributing the funds objectively and transparently, in close partnership with local and regional authorities, the social partners and NGOs, based on the principle of subsidiarity, multilevel governance, and an integrated and bottom-up approach. The greater the ownership in a Member State, the greater the likelihood that the NRRPs will be implemented successfully;
4. stresses that local and regional authorities (LRAs) have been at the forefront of the fight against the COVID-19 crisis and its socio-economic consequences since the outbreak of the pandemic, both through their own policies and by implementing and enforcing decisions taken by national governments;
5. draws attention to the fact that, for many municipalities and regions, the COVID-19 crisis has led to a decrease in revenue and an increase in expenditure. This is a repeat of the situation that prevailed during the credit crisis (2008-2011). The level of investment by LRAs has still not returned to the level recorded prior to that economic and financial crisis;
6. points out that LRAs, which are responsible for one third of all public expenditure and more than half of public investment in the EU¹, have, in many cases, statutory power in certain policy areas that are key for the RRF. It is essential that local and regional authorities are directly

¹ OECD, Key data on Local and Regional Governments in the European Union (brochure), 2018. Available at: <https://www.oecd.org/regional/EU-Local-government-key-data.pdf>

involved in designing and implementing the NRRPs, successfully implementing the reforms and investments within their remits, in line with the degree of economic, fiscal and financial autonomy provided for by their national legal framework and the subsidiarity principle;

Involvement of local and regional authorities in preparing the NRRPs

7. notes that as can be seen from studies by the CoR, the EPC, the Konrad Adenauer Stiftung and the CPMR², LRAs have been insufficiently involved in the preparation process of national recovery and resilience plans, and that the extent to which LRA input into the plans has been incorporated in most cases cannot be ascertained;
8. concludes that, as a result, the picture of the level of LRA involvement in preparing the NRRPs varies widely, and that, although LRAs or their associations have officially been consulted on the draft plans in several Member States, generally speaking it is unclear how these consultations have taken place in practice and what has been done with the decentralised input into the plans;
9. also regrets that, in most Member States, preparing the NRRPs has been a top-down process, which carries the risk of centralising important public investment and has an impact on the ultimate success of the Recovery and Resilience Facility. This is at odds with the importance of multilevel governance, the principle of subsidiarity and the process of decentralisation that has taken place in many Member States in recent decades, not least with regard to the programmes under the European Structural and Investment Funds (ESIF);
10. argues that the ways in which the NRRPs have been drawn up and the LRAs have been involved are not conducive to promoting ownership of the recovery plans. Lessons learned from previous European semesters show that many country-specific recommendations were not followed up due to the lack of a clear approach and ownership; points out that this is also due to the lack of recognition of the role of local and regional authorities in the European semester;
11. expresses its disappointment that, generally speaking, the Committee's opinion on involving LRAs directly, and as subnational authorities, in preparing the NRRPs has not been properly followed up³. The CoR regrets that the call set out in Recital 34 of the RRF Regulation, stressing the importance of Member States involving LRAs in preparing and implementing the recovery plans, has only been partially taken into account. The preparatory processes of NRRPs also call into question respect for the subsidiarity principle.

² EPC and Konrad Adenauer Stiftung Europe: Discussion paper: National Recovery & Resilience Plans: Empowering the green and digital transitions? (April 2021)

CoR study by Alessandro Valenza, Anda Iacob, Clarissa Amichetti, Pietro Celotti (t33 Srl), Sabine Zillmer (Spatial Foresight) and Jacek Kotrasinski: Regional and local authorities and the National Recovery & Resilience Plans (June 2021), available at: https://cor.europa.eu/en/engage/studies/Documents/Regional%20and%20local%20authorities%20and%20the%20National%20Recovery%20and%20Resilience%20Plans/NRRPs_study.pdf

CPMR analysis on the National Recovery & Resilience Plans – Technical note (June 2021).

³ Opinion of the Committee of the Regions: Recovery plan for Europe in response to the COVID-19 pandemic: Recovery and Resilience Facility and Technical Support Instrument (COR-2020-03381).

12. points to the specific case of the outermost regions, whose need for particular attention within the European Semester has been recognised by the European Commission;
13. reiterates that LRAs, as public authorities, are closest to their citizens and businesses and are therefore the most aware of their needs, problems and aspirations. In the end, they are responsible for the implementation of most of the national strategies at local level, which are usually formulated with top-down approaches and therefore are not in line with local needs. Similarly, LRAs provide the majority of public services to their residents and businesses, and invest in policy areas covered by the recovery plans. The economic and social recovery, as well as the green and digital transitions, – particularly the digitalisation of public administrations – can therefore only succeed if LRAs are directly involved in preparing and implementing the NRRPs. Without the structural involvement of LRAs, the political level closest to the public will be left out, with the result that the milestones and targets set cannot be achieved; Therefore it is suggested that LRAs, or national associations that represent LRAs, be involved in planning commissions, and be part of negotiations with the European Commission;
14. also concludes that most NRRPs do not include any reference to contributing to achieving the Sustainable Development Goals (SDGs), whereas the EU has previously decided that its policies should contribute to this across the board. Therefore it is suggested that The European Commission set up clear indicators that need to be followed by Member States;
15. underlines that Member States and the EU institutions must strictly apply and respect the "do no significant harm" principle (DNSH) across each investment and reform, in particular sustainable investments contributing to climate and biodiversity targets; insists that the European Commission ensures the reporting system is in place and the territorial dimension and expertise of LRAs are considered in the assessment as the evaluation for each measure is done on the national level;

Involvement of local and regional authorities in implementing the NRRPs

16. in the light of the above, points out that implementing the NRRPs at local and regional level is crucial, and calls on the Commission to encourage the Member States to actively involve local and regional authorities in this process in a structured way, and to present guidance to that end;
17. points out in this connection that the vital role of LRAs is not limited solely to implementing the NRRPs, but also to their further planning and evaluation;
18. calls on European associations such as CEMR, Eurocities and CPMR⁴ to continue, jointly with the Committee, to inform local and regional authorities and their associations about the (implementation of the) NRRPs and the role that LRAs can play in this regard;

⁴ CEMR: Council of European Municipalities and Regions (<https://www.ccre.org>)
Eurocities (<https://eurocities.eu>)
CPMR: Conference of Peripheral Maritime Regions (<https://cpmr.org>)

19. calls on the Member States to define the role of local and regional authorities in the implementation, further planning and evaluation of the recovery plans in the agreements concluded with the European Commission on operational arrangements (in accordance with Article 20(6) of the RRF Regulation) and the individual legal commitments with Member States on financial contributions (in accordance with Article 23 of the RRF Regulation) – taking into account the constitutional relations and division of powers in the Member States, especially since in some Member States, sub-national governments are partially responsible for implementing the Resilience and Recovery Facility. In their reports on the implementation of the RRF, the Member States should include a section on the involvement of LRAs, in line with Recital 34 of the RRF Regulation;
20. points out that the scoreboard for measuring progress in, and the provision of information on implementing the NRRPs, should be operational by 31 December 2021, as set out in Article 30 of the RRF Regulation, serves as a basis for the Recovery and Resilience Dialogue and should take into account regional and local interests. Asks the European Commission to ensure the "territorial dimension" and role of LRAs are properly reflected in the biannual scoreboard. In order to ensure an inclusive monitoring process and an objective approach to implementation, an understanding of the objectives achieved at local and regional level is essential, without leading to excessive administrative burden for LRAs;
21. calls on the European Commission to continue to require Member States to take into account the specific characteristics of all types of regions when implementing their National Recovery and Resilience Plans, to allow for a place-based implementation of the NRRPs;
22. welcomes the inclusion of "recovery and resilience dialogues" in the RRF Regulation. The Committee would like to draw the attention of the European Parliament to the right, in accordance with Article 26 of the RRF Regulation, to invite the Commission, every two months, to present the state of the recovery, Member States' plans and the progress with implementation.
23. calls on the European Commission to consult the Member States and regions on a regular basis and to ensure that all requirements and principles, in particular the principles of subsidiarity and multi-level governance, are adhered to as closely as possible when implementing the NRRPs, and serve as a point of reference in the discussions on the biannual progress reports;
24. given the importance of local and regional involvement in implementing the NRRPs, calls on the Parliament and the Commission to systematically involve the European Committee of the Regions in the "recovery and resilience dialogues", in order to promote dialogue between all EU institutions and advisory bodies so that the regional and local dimension is properly safeguarded;
25. calls on the 27 members of the European Parliament's joint ECON-BUDG Working Group on the Scrutiny of the Recovery and Resilience Facility, and their alternates, to play their full role as watchdog over the implementation of the recovery plans and to involve the Committee and other LRA representatives in these dialogues on a regular basis; stresses that the Committee can also draw on the expertise of its Green Deal Working Group and the Broadband Platform to support the monitoring of the key green and digital targets;

Territorial cohesion

26. welcomes the anchoring of the RRF in economic, social and territorial cohesion through the legal basis in Article 175 TFEU and the inclusion of cohesion as one of the pillars set out in Article 3 of the final regulation;
27. advocates that Member States should involve LRAs in the cost-benefit analysis of the RRF public investments and reforms in the field of cohesion, sustainability and digitalisation and execute the RRF-funding schemes under shared or direct management, where applicable;
28. insists that it is essential that the implementation of the RRF Regulation is applied in full respect of Article 4(2) TEU, the principles of conferral, objectivity, non-discrimination and equal treatment; stresses that as agreed in the December 2020 European Council Conclusions, the Union budget (including Next Generation EU) must be protected against any kind of fraud, corruption and conflict of interest – to protect its sound financial management and the Union's financial interests;
29. concludes, however, that territorial cohesion is only addressed in the NRRPs to a certain extent. Some NRRPs provide information at local and regional level and address social, digital and environmental issues from a territorial perspective. However, the territorial approach is not systematically streamlined across all policy areas;
30. considers the top-down approach of most NRRPs and the lack of involvement of local and regional authorities to be the cause of this, and therefore urges the Commission and the Member States to uphold and implement the partnership principle enshrined in the European code of conduct on partnership in the framework of the European Structural and Investment Funds;
31. points out that the centralised approach leads to territorial differences being overlooked, both in terms of challenges and opportunities. As a result, NRRPs may be less efficient and have less impact than desired. This puts regions that were already lagging behind in their development before the outbreak of the pandemic at risk of an even greater development gap, be it in employment, educational attainment, business support, digitalisation, mobility or other key policy areas;
32. notes, moreover, that insufficient involvement of LRAs in preparing the NRRPs carries the risk of not achieving the potential synergies with cohesion policy. There is a risk of overlapping investments between the recovery plans and the ESIF programmes, creating competition between the two. The fact that NRRPs do not require national co-financing and are subject to a special state aid regime is detrimental to ESIF programmes. The cohesion policy objectives to reduce disparities between the various regions and the backwardness of the least favoured regions should not be jeopardised;
33. expresses its surprise that, to date, there has been no clear coordination between the NRRPs and the ESIF programmes, as this is mandatory in accordance with Article 17 of the RRF Regulation. The Committee therefore calls on the Commission to draw attention to this in the

agreements concluded with the Member States on the NRRPs. The synergy between the NRRPs and the ESIF programmes should also be part of the Commission's annual reports on the implementation of the RRF and of the scrutiny by the European Parliament;

34. also draws attention to coordination with the other programmes funded by NextGenEU (e.g. REACT-EU). Effective implementation by LRAs is hampered by the recovery programmes' different turnaround times and the lack of alignment between the existing EU programmes and the new programmes funded by NextGenEU concerning ambitions for a green and digital transition;
35. notes, moreover, that the NRRPs make barely any reference to other European programmes (e.g. the CEF), which means that the NRRPs also need to be more closely coordinated with those EU programmes;

Administrative capacity

36. stresses that while in many NRRPs administrative capacity is the subject of reforms under the country-specific recommendations, some Member States do not pay sufficient attention to strengthening administrative capacity at local and regional level; points out that the administrative capacity of many local and regional authorities should be developed, particularly given the wide range of EU programmes and opportunities for financial support:
37. emphasises that in order to ensure proper implementation of the NRRP and an adequate take-up of RRF funds, Member States, in close cooperation with local and regional authorities, where applicable, can facilitate the creation and/or extension of local and regional authorities' administrative capacities in order to achieve efficient use of public funds by jointly developing and supporting mechanisms for policy coordination, cooperation, information transfer and specific and continuous training schemes;
38. considers, therefore, that the Technical Support Instrument (TSI) should be made more readily available to support local and regional authorities, especially the less developed regions facing the largest capacity gap, as this discourages them from making the best use of RRF support in implementing investments and reforms;

European semester

39. points out that, as subnational authorities, LRAs play an important role in the delivery of reforms implemented through the NRRPs on the basis of the country-specific recommendations of the European semester, through investment, reforms and legislation; encourages the European Commission in cooperation with the CoR to make public and share good practices and experiences on the involvement of LRAs in the European Semester;
40. invites the European Commission to actively support local and regional authorities that have experienced problems absorbing EU funds in the past in addressing these problems, so that the NRRPs can be successfully implemented across the European Union;

41. reiterates, therefore, its call issued in previous opinions⁵ for a code of conduct for the involvement of local and regional authorities in the context of the European semester. This code is more urgent and necessary than ever if the European semester is to become more transparent, inclusive and democratic, and also more effective, by involving local and regional authorities; This increases ownership at local and regional level, thus improving the implementation of the desired reforms in the Member States;
42. concludes that having a code of conduct for partnership in the European semester would have avoided a top-down approach in preparing the NRRPs. The direct involvement of LRAs as partners and subnational authorities would have led to the objective of economic, social and territorial cohesion being better anchored in the NRRPs;
43. draws the Commission's attention once again to its own communication of 23 October 2018 on subsidiarity⁶, which acknowledges, among other things, that local and regional authorities are different to other stakeholders because they are at the forefront of implementing EU law and that "there is scope in many cases for the views of national and regional Parliaments and those of local and regional authorities to be reflected better [...] during the legislative procedure"; invites the European Commission to step up this involvement in the future;
44. also concludes that, as regards the territorial dimension of the European semester, the Commission has taken steps to include more regional elements in the country-specific recommendations and to establish the link with ESIF programmes. In the Committee's view, this makes establishing a code of conduct to formalise the involvement of local and regional authorities in the European semester a logical and necessary step;
45. calls, at the very least, for Member States in future to report, in their annual national reform programmes (NRPs) under the European semester, on their consultations with local and regional authorities and stakeholders, in the spirit of Article 18(4)(q) of the RRF Regulation, and to describe in detail the tangible impact of these consultations;
46. considers that for a sound implementation of the NRRPs with regularly involved LRAs, a thorough reform of the European semester is necessary, not only in the light of the lessons learned from preparing the NRRPs, but also in order to make it a genuine tool for the EU's long-term objectives, be it in the context of "Fit for 55", the digital transition, the achievement of the Sustainable Development Goals (SDGs) by 2030, and to reach climate neutrality by 2050.

Brussels, 1 December 2021

⁵ Opinion of the Committee of the Regions: Recovery plan for Europe in response to the COVID-19 pandemic: Recovery and Resilience Facility and Technical Support Instrument (October 2020, COR-2020-03381).

Opinion of the Committee of the Regions: The European semester and cohesion policy: aligning structural reforms with long-term investments (April 2019, COR-2018-05504).

Opinion of the Committee of the Regions: Improving the governance of the European semester: a Code of Conduct for the involvement of local and regional authorities (COR-2016-05386).

⁶ COM(2018) 703 final.

The President
of the European Committee of the Regions

Apostolos Tzitzikostas

The Secretary- General of the European
Committee of the Regions

Petr Blížkovský

II. PROCEDURE

Title	Implementation of the Recovery and Resilience Facility
Reference(s)	N/A
Legal basis	Article 307(1) TFEU
Procedural basis	Rule 41(a) RP
Council referral	6 May 2021
Date of Bureau/President's decision	N/A
Commission responsible	Commission for Economic Policy (ECON)
Rapporteur	Rob Jonkman (NL/ECR), Member of the Executive Council of Opsterland
Analysis	8 July 2021
Discussed in commission	29 September 2021
Date adopted by commission	29 September 2021
Result of the vote in commission	Majority
Date adopted in plenary	1 December 2021
Previous Committee opinions	
Consultation of Subsidiarity monitoring network	N/A