



**COHESION POLICY & NEW  
INSTRUMENTS: FROM  
COEXISTENCE TO  
COMPLEMENTARITY**

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*Discussion Paper for CZ Expert  
Workshop*





Registered address:  
Stichting EPRC Delft  
De Cuserstraat 91  
1081 CN Amsterdam  
Netherlands

T: +44-141-548-3908  
E: [info@eprcdelft.eu](mailto:info@eprcdelft.eu)  
W: [www.eprc-strath.eu](http://www.eprc-strath.eu)

Visting address:  
Stichting EPRC Delft  
Faculty of Architecture and the Built  
Environment,  
Technische Universiteit Delft  
Julianalaan 134  
2628 Delft  
Netherlands

Stichting EPRC Delft is a foundation registered in the Netherlands (No. 69203288)



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## INTRODUCTION

*The current approach to synergies within the EU budget, which concentrates on inputs and financial flows, needs to be more focused on real policy complementarities.<sup>1</sup>*

**Cohesion is a fundamental objective of the European Union but it is currently challenged by growing economic, social and territorial divisions.** These result from the effects of globalisation, the lasting influence of the global financial crisis, the territorial impact of Covid-19 and the current war in Ukraine. Long-term challenges are associated with the varied territorial impacts of the green and digital transitions and demographic change.

**Cohesion Policy (CP) has a key role to play in addressing these challenges.** It is the principal EU instrument for delivering the strategic EU objective of reducing territorial disparities, pursuing a territorial vision based on multi-level governance, integrated 'place-based' strategies, and being flexible in responding to crises and emergencies.

**Cohesion Policy is not acting in isolation in addressing cohesion challenges.** New EU instruments have the potential to support it; equally, the priorities and funding of CP programmes may be diverted to support the objectives of new instruments. The most important of these instruments is the **Recovery and Resilience Facility (RRF)**, created to mitigate the economic and social impact of the Covid-19 emergency. Others include the funding for climate action under the **Modernisation Fund (ModF)** supporting energy security in lower-income Member States as part of the EU's green transition agenda. Within CP, there is the **Just Transition Fund (JTF)** for alleviating the impacts of transition to climate neutrality in territories most affected. The policy landscape continues to evolve. In May 2022, the European Commission presented the REPowerEU Plan to end dependence on Russian fossil fuels by 2027 and accelerate the green transition, which includes scope to transfer potentially substantial amounts of CP funds to dedicated chapters in RRF National recovery and Resilience Plans.

**The Commission has highlighted the scope for complementary actions between Cohesion Policy and these instruments but there are challenges.** The conclusions of the recent General Affairs Council of 2 June 2022 emphasised the longer term importance of strengthening complementarities and synergies with other relevant European policies. The 8th Cohesion Report advocates the principle of "do no harm to cohesion", meaning that no policy action 'should hamper the convergence process or contribute to regional disparities'.<sup>2</sup> Potential benefits include: *effectiveness* gains from articulating more coherent strategies and coordinating investments; *efficiency* gains from sharing capacities, resources and knowledge across funding bodies; and, strengthened transparency and accountability in establishing a more visible link between EU policies and needs at national and regional levels.



However, **efforts to strengthen complementarity must address strategic, administrative and regulatory challenges**. In practice, fragmentation in implementation arrangements across instruments, Funds and levels of governance remains a persistent challenge for the objective of cohesion. There are also regulatory challenges, for instance those stemming from the increased focus on green transition (e.g. reinforced horizontal principles (including the Do No Significant Harm principle), a move from ex-ante conditionalities to enabling conditions, new thematic concentration requirements etc. Furthermore, **the pursuit of complementarity raises important questions for the evolution of Cohesion Policy**. On the one hand, there is potential for processes of learning and exchange between policies and instruments to inform reform processes. On the other hand, there is a risk that the status of CP is diminished, becoming a source of administrative or budgetary support for other policies.

This paper is designed to inform and facilitate discussion at an Expert Workshop on the rationales and pursuit of complementarities between Cohesion Policy and other EU funds and instruments that are crucial for cohesion goals. Based on EU-level perspectives and contributions from Member States, the Workshop will discuss the most pressing challenges, exchange knowledge and good practice, and identify principles for ensuring positive interaction between Cohesion Policy and new EU instruments contributing to the objective of cohesion in 2021-2027 and beyond. Following this introduction, the paper is structured under the following sections:

- Section 1 sets the context by outlining the policy challenges for cohesion, summarising the key characteristics of CP, JTF, RRF and ModF, and identifying commonalities and differences.
- Section 2 explores interactions between these instruments, based on key dimensions: governance arrangements, strategic frameworks, implementation processes and financial complementarities.
- Section 3 briefly presents examples of good practice under these dimensions across Member States.
- Section 4 sets out questions for further discussion.



# 1 STRENGTHENING COHESION IN THE EU: POLICY CHALLENGES

## 1.1 Challenges for Cohesion Policy

The economic, social and territorial cohesion of the European Union is challenged by the lasting influence of the global financial crisis and the long-term implications of green and digital transitions and demographic change as so-called 'drivers of disparities'. Recent crises and emergencies, most notably Covid-19 and the conflict in Ukraine, also have varied territorial impacts that create challenges for cohesion. Across different parts of the EU, economic stagnation, problems of industrial adaptation, mass unemployment, social exclusion and political polarisation threaten to widen divisions between Member States, regions and social groups.

**Cohesion Policy has a key role to play** in addressing these challenges, by:

- **Supporting the long-term, strategic objective to reduce territorial disparities** and increase convergence between less developed regions and the EU average.
- **Pursuing a territorial vision** based on multi-level governance, integrated strategies for specific places, and interventions tailored to contexts and relying on local knowledge (including territorial instruments and mandatory integrated strategies for urban areas).
- **Being flexible in responding to crises and emergencies.** Cohesion Policy's multi-level governance framework and emphasis on partnership with regional and local stakeholders has proven valuable in quickly identifying needs 'on the ground' and coordinating responses.<sup>3</sup>

**Nevertheless, in the face of this changing socio-economic context, reflection is underway on how Cohesion Policy should evolve;** its function, financing, objectives, governance and implementation arrangements. A key factor in this process is the increasingly multi-faceted EU funding landscape and how CP responds to the recent emergence of a range of instruments whose implementation will have implications for economic, social and territorial cohesion objectives.

## 1.2 Increasing complexity of EU funding for cohesion

**Policy responses to cohesion challenges are complicated by the increasing resources allocated to a growing number of EU funds and instruments.** The Recovery and Resilience Facility, the Just Transition Fund and Modernisation Fund have different thematic and territorial overlaps with Cohesion Policy Funds (see Table 1), offering scope for positive interactions but presenting strategic, regulatory and governance challenges.



**Table 1: Key characteristics of CP, JTF, RRF and ModF – 2021-2027**

	<b>CP</b>	<b>JTF</b>	<b>RRF</b>	<b>ModF</b>
<b>Objectives</b>	Economic, social, territorial cohesion, reducing disparities.	Alleviating impacts of transition to climate neutrality in regions most affected.	Mitigating impact of pandemic, make economies & societies sustainable, resilient, prepared for green and digital transitions.	Meet 2030 climate & energy targets incl. EU transition to climate neutrality, energy security.
<b>Budget</b>	ERDF €200bn, CF €42.5 bn, ESF+ €88 bn.	€17.5bn 2021-2027. €7.5bn MFF; €10bn NGEU.	€672.5bn.	Estimated €14 billion.
<b>Financing</b>	Regular payments across the period. Disbursement largely based on real costs incurred.	Regular payments across the period. Disbursement largely based on real costs incurred.	One-off payment (with advance to MS worth 13% of volume). Payment based on estimated costs agreed in advance, disbursement once results & targets achieved.	Biannual disbursement to MS linked to meetings of EU-level Investment Committee.
<b>Aid intensity</b>	Projects partially covered by EU co-financing.	Projects partially covered by EU co-financing.	Projects are funded 100% by EU.	Projects funded up to 100% by EU.
<b>Spatial targeting</b>	COM allocates funds to MS based on statistical criteria: MS allocates to OPs, regions, focus on less-developed.	COM identified eligible regions affected by transition, negotiation with MS on selection.	Allocation at MS level based on population, GDP pc and unemployment rate.	Allocation at MS level to 10 lower-income MS. Focus on carbon dependent regions.
<b>Thematic targeting</b>	Ring-fencing to 5 Policy Objectives (smarter, greener, more connected, more inclusive and territorially integrated Europe).	Economic diversification & reconversion; climate transition; labour market.	Climate investments and reforms and digital transition but no tightly prescribed thematic or territorial focus.	Priorities: renewable electricity; energy efficiency; energy storage; energy networks; just transition.
<b>Forms of assistance</b>	Grants, loans, guarantees.	Primarily Grants.	Mix of reforms, grants and loans.	Grants, loans, guarantees.
<b>Management</b>	Shared: project selection at national/sub-national level during whole life cycle of OPs without direct COM involvement.	Shared – MS submit and manage projects in territorial just transition plans.	Direct: projects/reforms in NRRPs negotiated between COM and MS and approved as a package at the start of process. Funds disbursed based on progress.	Shared management – MS propose investments to EIB, Investment Committee and COM. EIB transfers resources to MS who implement and report to COM.
<b>Time-frame</b>	Multi-annual (2021-2027).	Multi-annual (2021-2027).	Emergency response to COVID 19 running for 6 years (2021-26).	9 years (2021-2030).

Source: own elaboration

### 1.2.1 Cohesion Policy & Just Transition Fund

**There are strong strategic complementarities between CP and JTF.** JTF aims to mitigate the adverse effects of the climate transition by supporting the most affected territories and workers concerned and promoting a balanced socio-economic transition. For its part, CP seeks to mainstream climate considerations into territorial development strategies and dedicates significant investments to projects with a strong potential to address climate change impacts via regional approaches.<sup>4</sup> In 2021-27, enabling conditions under Policy Objective 2 and thematic concentration rules (requiring a significant concentration of investments on the low carbon and circular economy priorities) emphasise climate-related CP investments.

**JTF is included in the Common Provisions Regulation (CPR) as a ‘shared management’ Fund and is being implemented under Cohesion Policy’s management and implementation system.** Member States must submit Territorial Just Transition Plans (JTTPs) to the European Commission, identifying transition pathways and outlining the appropriate intervention logic. There are several options available for setting up the JTF programme within the CP architecture: a national or regional programme, as well as a combination of the two; a mono-fund or a multi-fund budget plan; and the use of a specific priority axis.

**However, there has been considerable uncertainty at EU and domestic levels concerning cooperation and coherence between different programmes and funding streams.** Issues of geographical targeting, the regional distribution of the JTF financial envelope; the co-financing rate and absorption capacity in some programmes have prompted lengthy discussions.<sup>5</sup> The administrative requirements of programming are demanding given the need for coordination between different territorial levels and thematic areas and the mobilisation of both internal government resources and external assets for an effective management of transition.

**Although financial transfers between CP and JTF are possible, there is very little evidence of plans to use this option so far.** Although the JTF regulation stipulates that additional financial resources could be transferred on a voluntary basis from the ERDF and ESF+ national allocations to complement JTF, according to recent research the possibility of transferring financial resources has not so far been taken up and there are concerns that such financial flexibility, as long as responsibility lies only with national governments, can be detrimental to the territorial dimension of cohesion.<sup>6</sup>

### 1.2.2 Cohesion Policy & the Recovery and Resilience Facility

**There is considerable strategic overlap between RRF and CP<sup>7</sup>,** particularly in terms of promoting economic, social and territorial cohesion, strengthening economic and social resilience, mitigating the social and economic impact of the pandemic and supporting the green and digital transitions.<sup>8</sup> Article 28 of the RRF regulation requires Member State to foster synergies and ensure effective coordination among different instruments at Union, national and regional



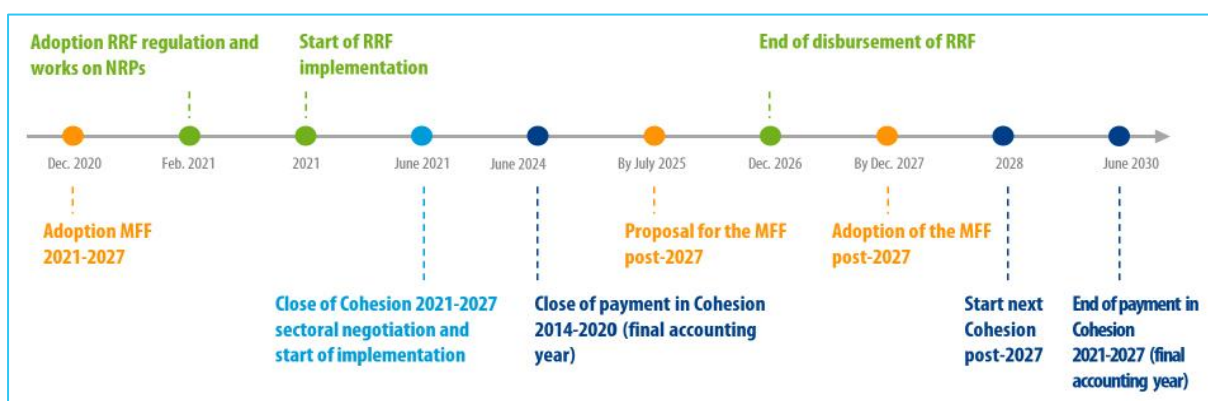
levels<sup>9</sup> and in some MS synchronicity in the drafting of NRRPs and PA/OPs has been important in strengthening complementarities and significant effort has been made to align strategies.<sup>10</sup>

**Difficulties in harmonising CP-RRF drafting timetables challenged the pursuit of complementarity and have in some cases disrupted CP programming.**<sup>11</sup> Initial reviews of the National Recovery and Resilience Plans (NRRPs) indicate considerable variation in the level of detail dedicated to descriptions of strategic complementarities. Only 10 percent of RRF funding has the ‘primary policy’ aim of social and territorial cohesion, although a further 33 percent has cohesion as a ‘secondary policy’ aim. It is not clear whether complementarity goes beyond ensuring demarcation in order to avoid double funding and ‘crowding out’ of CP by RRF.

**Concern over the extent of complementarity is heightened by the separate institutional arrangements for drafting the NRRPs and Partnership Agreements in many MS,<sup>12</sup> and the lack of involvement of local and regional authorities.**<sup>13</sup> In June 2021, the European Parliament adopted a resolution on the assessment of NRRPs that regretted the lack of coordination between plans and ESIF programmes and ‘insufficient’ involvement of local and regional authorities in the drafting process.<sup>14</sup>

**Most MS plan to establish links between CP and RRF implementation but there is a risk of administrative overload.** Implementing RRF alongside CP will bring additional workload to public administrations. Differences in RRF-CP investment scale/type, beneficiaries and timescales inevitably means parallel processes for data collection, monitoring and evaluation (see Figure 1). This potentially creates a significant additional overload for authorities already involved in CP implementation, particularly in MS with relatively small CP administrative systems.<sup>15</sup> Effective coordination will depend on administrative capacities, ensuring that individual members of staff have sufficient resources to pursue the goal of enhancing communication, coordination and synergies, and to provide high-quality guidance to project applicants on a range of funding options.

**Figure 1: RRF and cohesion timeline**



Source: Koopman, G.J. (2022) ‘Cohesion Policy & the Recovery and Resilience Facility: not just two sides of the same coin’ in ECA (2022) *Cohesion and NextGenerationEU: concord or clash?* Journal no.1, 2022.<sup>16</sup>

**Financial interaction between CP and the RRF is encouraged by regulations but has raised concern among programme authorities.** Article 9 of the RRF regulation states that reforms and projects may receive support from other Union programmes and instruments. However, there is a risk of duplication, substitution and ‘crowding out’ of funding, with implications for CP absorption. CP and RRF are governed by separate regulations, offering different incentives and costs for managing authorities and beneficiaries, in terms of thematic and spatial targeting and aid intensity (see Table 1). RRF use of financing not linked to costs introduces the potential for administrative simplification, although experience of this is limited and there are uncertainties on how it can be applied to a combination of reforms and investments. Milestones<sup>17</sup> and targets<sup>18</sup> must be agreed with the Commission to measure progress towards the achievement of reforms (e.g. labour market, judicial) or investments, specifying a stage to be reached by a certain date. The fact that the RRF is a one-off opportunity with a limited timescale also requires MS to quickly identify and propose high-performing projects which they are confident they will deliver. The RRF introduces more simplified financial management and control system, avoiding some processes associated with multi-level CP governance under shared management. Given this, it is possible that the management authorities (which will often be the same as those managing CP) will favour the RRF rather than CP to fund needed investments. Some CP authorities have noted the risk of potential prioritisation of the RRF funding over ESIF.<sup>19</sup>

**The simultaneous implementation of CP and RRF operations may also create challenges for beneficiaries.** They may perceive RRF as offering an ‘easier’ management system and a substitution effect could arise. There is also a risk of duplication as RRF and CP payments may be subject to different levels of control and audit potentially involving the same beneficiaries. This may be unclear to beneficiaries, managing authorities and audit authorities. At the same time, if the RRF performs well, it could offer some lessons for the future of CP that will benefit both programme authorities and beneficiaries. For example, the speed of approving national recovery plans and the results-based approach of the RRF may contribute to discussions of CP simplification.

**It should also be emphasised that the EU policy landscape continues to evolve.** Although outside the scope of this paper, it is important to note that the Commission proposes to make targeted amendments to the RRF Regulation to integrate chapters in NRRPs dedicated to the REPowerEU Plan for energy independence from Russian fossil fuels by 2027. To fund this, an additional €26.9 billion from Cohesion Policy funds could be made available in transfers to the RRF<sup>20</sup>, a proposal that has created concern among CP stakeholders.<sup>21</sup>

### **1.2.3 Cohesion Policy & the Modernisation Fund**

**ModF has strong strategic fit with CP, JTF and RRF, supporting just and green transition with a specific focus on the transformation of the energy sector.**<sup>22</sup> The ModF regulation refers to the potential for an investment under ModF contributing to the implementation of a territorial just transition plan, and that Member States should provide information about the expected



contribution of the investment to that plan, with a view of supporting coherence and complementarity with the objectives of the plan.

**There is strong territorial overlap between ModF and JTF, underlining importance of coherence.**

JTF and ModF prioritise investment in coal-dependent regions, alongside several other EU and domestic interventions. However, the ModF does not offer an explicit framework for supporting the development of strategic transition plans in these territories. There is also no scope for communication about the transition or the sharing of good practices.<sup>23</sup>

**There is some concern among practitioners about strength of provisions for partnership, consultation, coordination in ModF implementation,** particularly given pressure for quick finalisation of programmes. The biannual disbursement of funds to ModF programmes, beginning in 2021 places a time constraint on efforts to identify and support complementarities with other EU funds and instruments.

**Co-financing of ModF from private and public entities is possible,** as long as State aid rules are respected and the same costs are not already funded by another Union or national instrument (no double funding). Member States can draw on CP and JTF for this.

Thus, efforts to strengthen complementariness between Cohesion Policy and other EU instruments must address a series of challenges (see Box 1).

**Box 1: Pursuing complementarities - key policy challenges**

- The simultaneous programming of CP Partnership Agreements/Operational Programmes and new EU instruments under direct and indirect management has complicated coordination and overloaded administrative capacity.
- Whereas some Member States are using the same authorities to manage Cohesion Policy alongside other instruments (enabling interventions to be coordinated), other Member States have separate governance structures for different funding streams with limited coordination.
- The territorial dimension of new EU instruments is inconsistent and not necessarily aligned with Cohesion Policy in terms of geographical targeting and resource allocation.
- The involvement of local and regional authorities in the governance of new instruments varies greatly, with minimal involvement under many NRRPs for example.
- Thematic overlap between instruments entails a risk of duplication and rivalry with Cohesion Policy, particularly where new EU instruments are perceived as offering stronger incentives for beneficiaries (e.g. in terms of timescale, aid intensity, financial management). This may have significant implications for absorption of CP funds and for the broad objective of cohesion.

## 2 PURSUING COMPLEMENTARITIES AND SYNERGIES

In principle, there is scope to address the challenges posed by this increasingly complex policy landscape and develop positive interactions between Cohesion Policy and these new instruments. Such opportunities can be organised under key dimensions: governance mechanisms (e.g. coordination bodies or fora), strategic planning processes (managing the choice of priorities, the allocation of funding, setting of objectives, types of actions and beneficiaries), integrated implementation in the development of project pipelines and selection of projects, and financial complementarities to sequence, cumulate or coordinate funding (see Table 2).

**Table 2: Opportunities for strengthening CP complementarity with other EU instruments**

Dimension	Indicators	
	CP → other EU Fund/Instrument	Other EU Fund/Instrument → CP
<b>Governance mechanisms</b>	<ul style="list-style-type: none"> <li>• Involvement of authorities responsible for other instruments in drafting, programming process.</li> <li>• Structured collaboration with responsible authorities of other instruments in delivery of CP programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement of CP authorities in drafting EU Fund/instrument work programme/strategic plan.</li> <li>• Structured collaboration with CP authorities in delivery of EU Fund/instrument.</li> </ul>
<b>Strategic planning</b>	<ul style="list-style-type: none"> <li>• Description of arrangements for coordination, demarcation and complementarities with other EU instruments.</li> <li>• Reference to specific work programmes/ strategic plans of other EU instruments.</li> <li>• Identification of complementarities with other EU instruments under specific Policy Objectives, strategic priorities, measures.</li> </ul>	<ul style="list-style-type: none"> <li>• Description of arrangements to ensure coordination, demarcation, complementarities with CP.</li> <li>• Reference to complementarities/synergies with CP objectives, particularly territorial cohesion, to specific CP programmes or other strategies where CP Cohesion Policy funding is used.</li> <li>• Identification of complementarities between EU Fund/instrument strategic pillars and CP Policy Objectives or strategic priorities, measures.</li> </ul>
<b>Implementation processes</b>	<ul style="list-style-type: none"> <li>• Description of project selection methods that facilitate complementarities, synergies with Cohesion Policy.</li> <li>• Shared processes/authorities for management and implementation with Cohesion Policy (monitoring, evaluation, control and audit, communication, 'one stop shops' for instrument beneficiaries).</li> <li>• Workshops bringing together the relevant MAs and bodies in charge of instruments to regularly exchange information and mutually learn about the state of implementation.</li> </ul>	
<b>Financial complementarity</b>	<ul style="list-style-type: none"> <li>• Transfer of resources - shift of funds from one Fund/programme/instrument Union to another.</li> <li>• Alternative funding – notably use of the 'Seal of Excellence' model.</li> <li>• Cumulative funding - use of several Union Funds or instruments to fund the same action.</li> </ul>	

Source: own elaboration

### 2.1 Governance mechanisms

Governance systems provide different configurations of high-level support and cross-cutting thematic and territorial fora to encourage coordination and complementarities.<sup>24</sup>

- **Inter-ministerial and multi-level coordination for CP & JTF** (e.g. [EL](#), [IE](#), [NL](#)). In the [Netherlands](#), for example, the Ministries of Social Affairs and Employment and of





Economic Affairs and Climate Policy are jointly responsible for the JTF, but this will be implemented through intermediary bodies acting as managing authorities. This governance structure was chosen to ensure close intra-regional synergies with other funding streams at the level of implementation, in particular the ERDF.

- **Member States with large RRF allocations** generally have an inter-ministerial committee/commission to coordinate relevant areas of NRRP investment (EL, ES, PL, PT). In several cases, the management of NRRPs and Cohesion Policy are in the same ministry (ES, IE, LV, MT, PL, RO, SI), with a view to utilising the same systems and procedures insofar as possible. More common is a separation of management responsibility for the NRRPs and PAs, with various types of mechanism (working groups, committees etc) to facilitate cooperation. In Greece, a new dedicated unit is being established with the remit to coordinate RRF and CP actions.
- **In countries with smaller allocations**, the coordination mechanisms between CP & RRF are less institutionalised, relying on operational cooperation between relevant units in different ministries (BE, DK, NL). In Flanders, the ERDF MA is increasingly required to 'look over the wall', particularly in the context of PO2, to the department Environment, e.g. to find additionality to their (RRF-originated) resources to fund green and sustainability projects. Good contact with other departments and governmental agencies that have substantive knowledge in these sectors is important for this form of alignment. Steering meetings of the MA include monthly updates about RRF interventions that relate to innovation, with the idea to create awareness of overlaps and synergies.
- **The RRF requires engagement with partners (in line with national frameworks), particularly in the preparation of programmes, but this is less of an obligation than the partnership principle in Cohesion Policy.** In a small group of countries, regional and/or local governments have actively participated in the development of NRRPs (BE, DE, FI, FR, LV) and are envisaged as having a major role in implementation arrangements (DE, FR), although the details are not always elaborated in plans. Elsewhere, subnational actors, civil society and the private sector have been largely involved (so far) only as consultees, at the outset of the drafting process or on draft plans, or project proposers. In part, this reflects the dominance of national measures and the responsibility for reforms and investments at national level.

## 2.2 Strategic planning

Complementarities and synergies between different Union instruments and Funds are encouraged through the strategic planning process (involving the choice of priorities, the allocation of funding, setting objectives, types of actions and beneficiaries etc.).

- **The development of PAs and the approval and/or amendment of OPs and the drafting of work programmes and strategic plans of EU Funds and instruments provide opportunities for strengthening strategic complementarity.** For example, the NRRP in



**Portugal** demonstrates strategic coherence between different support instruments in 2021-27, including its strategic/thematic coherence with the ESIF PA 2021-27 (see Box 2 below).

- **For CP and RRF, the experience in several Member States to date appears to be one of close and effective cooperation between NRRP and CP departments in the drafting of plans, including several cases of integrated drafting** (e.g. **EL, FR, LV, MT, PL, RO, SI**), **but this is not universal**. One difficulty has been the prioritisation of the 'hard' deadline for NRRPs, in some cases leading to the programming of the PAs being partially suspended (**RO**) or given a lower priority.
- **Smart Specialisation Strategies have proven valuable in providing a specific focus for complementarities under the heading of research and innovation**. In **Finland**, R&D&I activities which are co-financed by ERDF (under PO1) must be based on the regional Smart Specialisation Strategies. This complements at the regional level Pillar 3 of the NRRP (R&D&I, research infrastructure and piloting) which focuses on the national level. Furthermore, during project assessment and payment phases, analysis is carried out to ensure that same costs are not funded from multiple sources (e.g. JTF, RRF). The procedures of each authority are described in detail in the description of the management and control system or other similar documents.
- **Demarcation is an important precursor to developing complementarities**. Although complementarity between Cohesion Policy and RRF is being pursued, demarcation is also important to avoid duplication and 'crowding out' of funding.<sup>25</sup> This applies particularly to MS with a complex mixture of national (sectoral) and regional Cohesion Policy programmes, where demarcation is an important precursor to developing complementarities (e.g. **Poland, Slovakia**).

## 2.3 Implementation processes

Coordination and complementarities rely on policies being implemented in an integrated way.<sup>26</sup> Complementarities can be pursued at different stages of the implementation process and in the development of project 'pipelines'. Project generation and selection processes can build links between investments from different funds, build on each other over time or be implemented simultaneously. The participation of representatives of other instruments in project appraisal or selection processes and the incorporation of the aims of other instruments in project selection criteria supports this. Joint monitoring and evaluation of the progress and impact of different instruments, or shared communication networks also strengthen synergies and complementarities. The use of specific types of investment instruments to support complementarity. For financial instruments, support to final recipients can be combined with support from other EU instruments and may cover the same expenditure item.



- **There are different options for pursuing complementarity between CP & JTF, based on the selected JTF programme architecture.** Some MS are establishing separate JTF programmes (e.g. [CZ](#), [DK](#), [EL](#)). This provides clear accountability for the programme, as well as a simpler strategic management process. Applicants can receive support from both the JTF programme and other programmes at the same time, with overlaps and synergies being monitored and discussed. Other MS are establishing a separate priority axis in CP OPs (e.g. [AT](#), [FI](#), [PT](#)). In [Austria](#), both the ERDF and ESF OPs will become multi-Fund programmes through the inclusion of the JTF as a priority axis (P4 Transition). In [Finland](#), the separate Priority Axis for the JTF will be added at a later stage via a programme amendment, with regional TJTPs being included as annexes.
- **Coordination in timing of RRF and CP implementation is being pursued to strengthen complementarity.** Certain investments are being funded under NRRPs in the first part of the period, and with CP thereafter ([CZ](#), [ES](#), [PT](#), [BE](#), [DK](#), [Vla](#)). In [Vlaanderen](#), the Flemish Recovery Plan notes a number of large infrastructural projects, which could use RRF support in the early stages (e.g. land purchase) with complementary ERDF support coming later on (e.g. for construction work). Although RRF planning at the Belgian level is still ongoing, coordination of management and implementation systems is likely to happen at the Flemish level. The federated entities will be responsible for designing and implementing their 'part' of the funding, and the federal government will also have its share. The current CP MAs have been informed about the potential RRF projects, and their CP programmes are seen as complementary to some of the projects outlined in the Flemish Recovery Plan. The Flemish ERDF MA can steer potential RRF projects to the programme when appropriate. In [Denmark](#), RRF will finance national reforms and initiatives (tax breaks, buying land etc.), while CP follows up with more detailed, smaller scale project implementation.
- **Specific CP implementation tasks are being aligned with RRF to promote synergies.** Implementation processes and experiences from the delivery of CP are generally seen as important resources for RRF, especially given the short time-frame for the preparation of NRRP implementation systems. The use of CP institutional and management systems and procedures in the delivery of the NRRP measures is in some cases viewed as a way to ensure the synergy of implemented activities, avoid double financing and promote consistency (e.g. in [Poland](#)). Nevertheless, as previously noted, dealing with additional workload in programme authorities who will have to produce indicators, monitor data and provide information in reports, at the same time as having to complete the disbursement of the 2014-20 CP commitments until 2023, requires substantial administrative capacity.

## 2.4 Financial complementarities

The CPR and regulations for other Union Funds and instruments provide strengthened scope for financial complementarities to avoid double counting and strengthen integration. This includes through:

- **Transfer of resources** with the scope for CP funds to be shifted to other Union instruments. This includes external transfers from CPR Funds other EU instruments; and transfers from ERDF and ESF+ in the form of complementary support to the Just Transition Fund. A key challenge is ensuring balance so that CP can contribute to other EU instruments and objectives while maintaining its own objectives and ensuring that other instruments contribute to cohesion goals.<sup>27</sup>
- **Alternative funding** (where resources from one fund or instrument replaces those from another) is also being supported. In 2014-20 the 'Seal of Excellence' allowed high quality projects that could not ultimately be funded by one EU instrument due to budget constraints to be supported by others without having the additional administrative burden of resubmitting proposals. This model was mostly associated with Horizon 2020 in 2014-20 but it will be available for other Funds and instruments in 2021-27. Uptake of the 'Seal of Excellence' has however been limited due to lack of recognition by funding institutions; lack of clear guidance on how to use the label; and the lack of alignment between national and other EU programmes regarding topics, selection and award criteria or evaluation processes.<sup>28</sup>
- **Sequential funding** gives preferential treatment to applicants in order to build on actions previously supported by other Union Funds or instruments (e.g. ERDF funded research infrastructures have been used for H2020 projects in [France](#)).
- **Cumulative funding** allows the same action to receive two separate but linked grant agreements from two Union funds or programmes.
- **Integrated funding** allows financial contributions from CPR funds to combine with support from other Funds and instruments. For example, Cohesion Policy funding can act as contribution of a Member State for participating in Horizon Europe partnerships). LIFE Integrated Projects, combine funds from LIFE and other EU sources (e.g. Common Agricultural Policy, CP and Horizon 2020) to help EU Member States to implement environmental and climate measures at regional, multi-regional or national scales. For instance, a LIFE programme is supporting the coordinated use of funding from CP, ModF and JTF in implementation of just transition in northern [Hungary](#) (see Section 3).



### 3 HIGHLIGHTING GOOD PRACTICE

**Elements of good practice in pursuing complementarities and synergies is emerging from experiences to date.** These can be summarised in terms of the conceptual dimensions introduced in Section 2: governance arrangements, strategic planning, implementation processes and financial relationships (see **Error! Reference source not found.** 3). There is a particular focus on CP/RRF interactions as this is where substantial attention is currently being paid by EU and MS authorities. Specific cases from MS are outlined below to provide more detail on practices under each heading.

**Table 3: Maximising complementarities and synergies: key issues and good practices**

Key dimensions	Good practice	Examples
<b>Governance mechanisms</b>		
Coordination among relevant authorities to overcome compartmentalised approaches and identify complementarities.	High-level political and administrative commitment maintained throughout programming and implementation stages through regular meetings of standing groups at and between different governance levels.	FR - complementarities in governance of CP/RRF (Box 2).
<b>Strategic frameworks</b>		
Strategies and plans to develop consensus, demarcate fields and identify shared objectives.	Effort invested in drafting process to clarify specific priorities of different instruments and set out how these complement and reinforce each other in an explicit way. Iterative review of strategies to address changes in context in terms of complementarities.	PT NRRP - Strategic coherence between support instruments in 2021-27 (Box 3).
<b>Implementation processes</b>		
Coordinated implementation approaches 'on the ground' to achieve synergies and complementarities (often difficult to achieve in practice).	Familiarity with different instruments and funds among implementers; systems and tools that make available up-to-date information on the progress of different instruments; and ad hoc contact between actors. Synchronicity in implementation. Availability of administrative resources and leadership for developing complementarities and synergies at national and regional levels.	RRF-CP synchronised implementation in NL (Box 4).
<b>Financial complementarities</b>		
Coherent financial management systems to support complementarity, avoid double funding and 'crowding out' of one fund or instrument by another (e.g. transfers, cumulated funding, integrated funding, alternative funding).	Awareness raising of potentials for programme authorities and beneficiaries, clear guidance (e.g. on Seal of Excellence model); strong alignment between programmes and instruments regarding topics, selection and award criteria or evaluation processes.	HU – LIFE project to mobilise, align funding from ModF, CP, JTF at regional/local level (Box 5).

### 3.1 Governance mechanisms



#### Box 2: Complementarities in governance of CP/RRF in France

**In France, State-Region Cohesion Policy governance structures have proven crucial in coordinating CP and RRF investments.**

- **In 2013, France set up a joint State/Regions Committee to steer CP.** This addressed the need for coordination arising from new decentralisation laws, which delegated management of CP to the regions for 2014- 2020. The committee meets on average every three months during intense negotiation phases, as was mostly the case between 2018 and 2021. It was co-chaired during this period by the Minister for Cohesion Policy and the President of Régions de France (the representative body of French regions). The committee brings all regional elected representatives together with the main ministries and enables key decisions on the implementation of EU funds to be taken on the basis of a shared agenda and prior technical analysis.
- **The permanent nature of collaboration between the state and the regions through this structure was vital in strengthening CP/RRF complementarity when it became clear that there was a risk of direct technical and political competition between the funds.** The Committee met at the end of 2020 and decided to draw up a guide dealing with the calibration issues specific to each area of policy. Some 30 thematic meetings took place over a two-month period in early 2021 to discuss the most suitable dividing lines between cohesion and recovery, particularly in areas which both marked as priorities – most importantly the green/digital deal. At these meetings, officers responsible for managing NRRP measures shared the specific nature of each measure with a panel of programme representatives and all present concluded on the simplest and most efficient solutions. A key lesson was that efficiency lay in the unrestricted sharing of information and arbitration at national level.
- **The need for meticulous examination led to the creation in each region of a co-funding committee** comprising representatives of the state, state agencies responsible for the RRF, and the regional managing authorities.

Source: Cichowlaz, P. (2022) Complementarity between the RRF and cohesion: EU public policy governance in France in ECA (2022), *op. cit.*

## 3.2 Strategic frameworks



### Box 3: Complementarities between the RRF and the 2021-27 Partnership Agreement, Portugal

In **Portugal**, articulation between the ESIF PA and the RRF is of crucial importance. Work has been conducted to ensure appropriate demarcation and complementarities between interventions under the two frameworks. Many areas supported under the RRF will not be funded by ESIF, and demarcation lines have been defined based on investment phase, implementation timeline or project typology (see Table below).

NRRP Components		2021-27 Partnership Agreement				
		PO1	PO2	PO3	PO4	EMFF
Resilience	National Health Service				♦	
	Housing					
	Social Responses				○ ♦	
	Culture	○ ♦			○ ♦	
	Business capitalisation & innovation	♦				
	Qualifications & competences				○ ♦	
	Infrastructures	♦		♦		
	<b>Forests</b>		♦			
<b>Water management</b>		♦				
Climate Transition	<b>Sea</b>	○ ♦	○ ♦			○ ♦
	<b>Decarbonisation of Industry</b>		○ ♦			
	<b>Sustainable Bioeconomy</b>		♦			
	<b>Energy efficiency in buildings</b>		○ ♦			
	<b>Hydrogen and renewables</b>		○			
	<b>Sustainable mobility</b>		♦ ■	♦		
Digital Transition	Enterprises 4.0	○ ♦				
	Quality & sustainability of public finances					
	Economic justice & business environment					
	Public Administration	♦				
	Digital school				♦	

Types of complementarities: ■ distinct phases of large investments; ○ distinct calendars; ♦ different typologies (by scope or by promoter).

Source: Adapted from Portuguese RRP "Recuperar Portugal, Construindo o futuro", 22 April 2021, p.214.

## 3.3 Implementation processes



### Box 4: Complementarities in RRF/ESIF implementation in the Netherlands

Although the RRF resources will not be available in the Netherlands until 2022, the fund is seen as a source for positive interaction with CP. The focus of RRF investment priorities on green and digital priorities is very similar to those of CP, and this potentially supports both the deployment of CP projects and innovations at a larger scale and the targeted support of national-scale RRF measures. Upon request of the involved ministries, the MAs have identified the following opportunities for this.

**The broader 'deployment' of CP innovations through RRF.** Larger RRF projects can follow on from pilot or experimental actions funded by CP. For instance, where ERDF would support small-scale neighbourhood projects to shift households away from gas supplies, RRF could fund large scale heat networks from renewable sources or scale up the neighbourhood projects to a wider area.

**Targeted CP support for national RRF reforms or investments.** For instance, if RRF is used on the labour market, it would be complementary to ESF+. Nationwide RRF reforms focussing on improving the skills of those in work, could be complemented by ESF+ support guiding specific groups of vulnerable unemployed and employed workers towards a (new) job.

Source: IQ-Net research

### 3.4 Financial complementarities



#### **Box 5: Coordinating funding for just transition in northern Hungary**

**The LIFE-IP North-HU-Trans project is supporting implementation of Hungary's National Energy and Climate Plan**, in particular a just transition for northern Hungary where the lignite-powered Matra Power Plant and two open-cast lignite mines are located.

**One of the key project aims is to mobilise complementary funds for the transition** and the coordinated use of other sources of funding from Cohesion Policy funds, Connecting Europe Facility, Modernisation Fund and Just Transition Fund. For this, the project assigns resources to: capacity building of regional and local administration; project definition and preparation, in alignment with the transition strategy; mapping of financing sources; mobilisation of co-finance; capacity building of regional and local administration in the area of finance mobilisation and raising awareness about alternative financing sources.

Source: Project web-site, accessed June 7 2022 - <https://igazsagosatmenet.eu/en/introduction/>





## 4 QUESTIONS FOR DISCUSSION

In the above context, the proposed questions for discussion in the three sessions of the Expert Workshop are as follows:

### **(a) Cohesion Policy and the increasing complexity of EU funding**

- What are the challenges and opportunities of interactions between CP and new EU instruments?
- Is the mutual reinforcement of CP and new EU instruments intended by the Commission being achieved so far?

### **(b) Achieving complementarities and synergies in practice**

- What are the main motivations for Cohesion Policy authorities in pursuing complementarity – avoid overlap or seek synergies?
- What strategic, governance, implementation or financial mechanisms are being used to manage interactions?

### **(c) Longer term implications for Cohesion Policy from new EU instruments**

- Does the increasing complexity of EU funding create risks for CP?
- In the context of multiple funds, how can CP preserve its strategic focus on objectives of convergence and reduction of regional disparities, its territorial dimension and system of multi-level governance?
- Are there lessons that can be drawn from the experience of new EU instruments? Would it be practical and desirable to adopt some of the features of the RRF implementation system in CP?



## Notes

<sup>1</sup> European Commission (2022) Cohesion in Europe towards 205', *Eighth report on economic, social and territorial cohesion*, Luxembourg, Publications Office of the European Union [https://ec.europa.eu/regional\\_policy/sources/docoffic/official/reports/cohesion8/8cr.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion8/8cr.pdf) (accessed 7 June 2022).

<sup>2</sup> *Ibid.*

<sup>3</sup> For example, the recently adopted initiative 'Cohesion's Action for Refugees in Europe' (CARE) introduces the necessary flexibility in the 2014-2020 CP rules so that Member States and regions can swiftly reallocate funding for such emergency support. See, Ukraine: Cohesion funding to support people fleeing, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_1607](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1607).

<sup>4</sup> Benzie M, Carter T R, Carlsen H and Taylor R (2019) *Cross-border climate change impacts: implications for the European Union*. *Regional Environmental Change* 19:763-776.

<sup>5</sup> Dozhdeva V and Fonseca L (2021) *Chain REACTION: Shifting Cohesion Policy Priorities in a New Reality*. Report for the 50th IQ-Net Conference, 21 June 2021

<sup>6</sup> CPMR (2022) *Just Transition Fund: First evidence on implementation*, Technical Note, January 2022.

<sup>7</sup> Lopriore M and Vlachodimitropoulou M (2021) *Recovery and Resilience Plans for the Next Generation EU: a unique opportunity that must be taken quickly, and carefully*, EIPA paper, February 2021, [https://www.eipa.eu/wp-content/uploads/2021/02/EIPA\\_Paper\\_Recovery-and-Resilience-Plans-for-the-Next-Generation-EU\\_Digital.pdf](https://www.eipa.eu/wp-content/uploads/2021/02/EIPA_Paper_Recovery-and-Resilience-Plans-for-the-Next-Generation-EU_Digital.pdf)

<sup>8</sup> Bachtler D and Dozhdeva V (2021) *The Recovery & Resilience Fund: Economic Stimulus at the Expense of Territorial Cohesion?*, EPRC blog, 2 June 2021, <https://www.eprc-strath.eu/public/dam/jcr:5d6269d3-84d2-458d-b9dd-bf14a030db19/RRF%20Blog%20-%20final.pdf>

<sup>9</sup> Interview with European Commissioner for Cohesion and Reforms Elisa Ferreira in EURACTIV podcast *Cohesion and Recovery fund: friends or foes?*, 22 June 2021, <https://www.euractiv.com/section/economy-jobs/news/cohesion-and-recovery-funds-friends-or-foes/>.

<sup>10</sup> See, for example Portugal's NPPR - *Recuperar Portugal, Construindo o Futuro*, 22 April 2021, p. 212

<sup>11</sup> Ferry M and Kah S (2021) *Pursuing Positive Interactions – within Structural Funds and with the RRF*, IQ-Net Thematic Paper 48(2), European Policies Research Centre Delft.

<sup>12</sup> Bachtler J and Mendez C (2021) *Recovery and Cohesion: Ambitious Objectives, Challenging Implementation*, Paper to the 42nd meeting of the EoRPA Regional Policy Research Consortium, October 2021, European Policies Research Centre, Glasgow and Delft.

<sup>13</sup> Valenza A, Iacob A, Amichetti C, Celotti P, Zillmer S and Kotrasinski J (2021) *Regional and local authorities and the National Recovery and Resilience Plans*, Study for the European Committee of the Regions, Brussels.

<sup>14</sup> European Parliament resolution of 10 June 2021 on the views of Parliament on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans (2021/2738(RSP)).

<sup>15</sup> Corti F and Núñez Ferrer J (2021) *Steering and Monitoring the Recovery and Resilience Plans. Reading between the Lines*, Recovery and Resilience Reflection Papers, No. 2, April 2021, CEPS, <https://www.ceps.eu/wp-content/uploads/2021/04/Recovery-and-Resilience-Reflection-Paper-No-2.pdf>

<sup>16</sup> ECA (2022) *Cohesion and NextGenerationEU: concord or clash?* Journal no.1, 2022.

<sup>17</sup> A milestone can be associated to qualitative achievements (adopted legislation, etc.), and details desirable content and characteristics.

<sup>18</sup> A target can be associated to quantitative results (number of beneficiaries, number of unemployed having been trained etc.).

<sup>19</sup> Ferry M and Kah S (2021) *op cit.*

<sup>20</sup> See Commission press release REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition



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<sup>21</sup> Moonen, G. (2022) *No long-term future without relative equality across all Member States*, interview with Younous Omarjee, Chair of the European Parliament Committee on Regional Development in ECA (2022), op. cit.

<sup>22</sup> In June 2022, Modernisation Fund investment of €2.4 billion to accelerate the green transition in 7 beneficiary countries was announced, concluding the third investment cycle and representing a sharp increase in spending compared to previous investment cycles, see [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_3488](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3488).

<sup>23</sup> WWF (2019) *An EU fund for a just transition - what it should be and why it matters*. Briefing Paper. [http://awsassets.panda.org/downloads/wwf\\_aneujustenergytransitionfund\\_briefinga4\\_final.pdf](http://awsassets.panda.org/downloads/wwf_aneujustenergytransitionfund_briefinga4_final.pdf)

<sup>24</sup> Kah S, Mendez C, Bachtler J and Miller S (2015) *Strategic coherence of Cohesion Policy: comparison of the 2007-13 and 2014-20 programming periods*, Report to the European Parliament's Committee on Regional Development, Brussels, [https://www.europarl.europa.eu/RegData/etudes/STUD/2015/540354/IPOL\\_STU%282015%29540354\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2015/540354/IPOL_STU%282015%29540354_EN.pdf)

<sup>25</sup> EC (2021) *Commission Staff Working Document - Guidance to Member States, Recovery and Resilience Plans*, Brussels, 22 January 2021.

<sup>26</sup> EPRC (2018) *Analysis of the coordination of EU funding programmes in selected EU Member States (focus: institutional settings)*. Report to the Ministry of Regional Development of the Czech Republic.

<sup>27</sup> Papadimoulis D (2018) *Cohesion distribution could be improved but we don't accept cuts*, euractiv.com, 9 July 2018.

<sup>28</sup> ECA (2018) *The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist*, Special report No.28.