Local & Regional Europe

Local Finances and the Green Transition

Managing Emergencies and Boosting Local Investments for a Sustainable Recovery in CEMR member countries

Co-funded by the European Union

7. The Recovery and Resilience Facility and subnational governments

In the coming years, climate change and the digital transition will remain integral to the European Union's plans and funding policies. Subnational governments play an essential role in these two targeted areas of crisis recovery. They manage public services that are critical to climate mitigation, social resilience and territorial cohesion. As local and regional governments with regulatory powers in these areas, they can also contribute to sustainable growth.

The Recovery and Resilience Facility (RRF) is a major European Union financing mechanism that provides funds for the EU Member States to achieve their goals in these areas. This chapter includes a quick analysis of the national recovery and resilience plans and the grants provided through the RRF from subnational governments' standpoint. Since the resilience and recovery plans submitted to the European Commission are the product of national programmes, the local and regional allocation of these investments are not presented in any great detail.

The following chapter briefly looks at the potential impact of the reforms and investments of the national recovery and resilience plans on local and regional governments. This study relies on the (rather limited) public information available.[13] As it was written at the start of the RRF's first year funding programmes, many national projects and grant schemes were still in development. Given the lack of specific financial data, the focus will mainly be on indirect connections between country-wide spending priorities and subnational governments' functions. These proxies show how subnational governments can benefit from RRF funds. CEMR also plans to use this information as a baseline for future RRF assessments and as a tool to support its member associations in their local and regional monitoring activities.

RRF objectives and management

The Recovery and Resilience Facility was developed during an unprecedented period. This major European Union financing mechanism was launched in the first year of the multiannual financial framework for 2021-2027. This timely additional funding under the *Next Generation EU instrument* will be primarily used for regional development, cohesion, recovery and resilience during the second year of the pandemic. The targets for the investments funded by these programmes are defined in part by the *European Green Deal*. With the introduction of a *temporary State aid framework* and the adjustment of European Semester procedures to the RRF, beneficiary countries of RRF grants and loans can enjoy greater spending flexibility.

The total budget of the Recovery and Resilience Facility is EUR 672.5 billion, available as grants (EUR 312.5 billion) or as loans (EUR 360 billion) for the period of 2021-2026. The grant component of the RRF is allocated among the EU member countries based on objective criteria, taking into account population size, economic development (inverse of GDP per capita, changes in GDP) and unemployment rate.

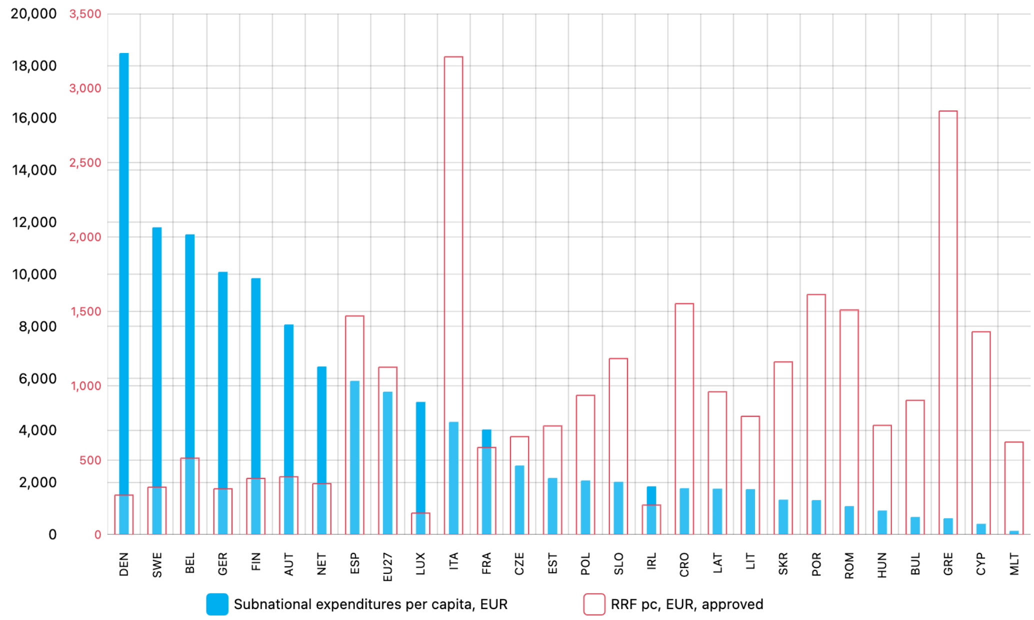
As of 1st March 2022, 22 national recovery and resilience plans (RRP) have been finalised and approved (remaining countries are Bulgaria, Hungary, the Netherlands, Poland, Sweden). The total amount appropriated under the approved national plans provides EUR 291 billion in grant financing and EUR 154 billion in loans. Pre-financing payments for 13% of the allocated amount were already initiated the first year but have not yet been paid out in full. The actual management of the RRF is regulated under operational arrangements signed with the Member States. As of March 2022, eight countries have successfully reached this stage.[14]

13 The financial data was downloaded from the [Recovery and Resilience Facility website]() in February 2022.
14 Report on the implementation of the Recovery and Resilience Facility. EC, Brussels, 1st March 2022 COM(2022) 75 final https://ec.europa.eu/info/sites/default/files/com_2022_75_1_en.pdf

RRF grants and decentralisation

Under the RRF allocation criteria, the grant per capita is higher in the newer less economically developed EU member countries (Figure 26).[15] Italy and Spain represent the only exceptions among the developed states, but they can also be characterised as large countries from the South hit hard by the crisis and with huge internal regional differences. However, aside from these two countries, all the other major beneficiaries are smaller and less decentralised, with lower local government spending. In fact, the RRF grants per capita for these countries, which include Greece, Portugal, Romania, Croatia and Cyprus, are significantly higher than their per capita local government expenditure for one year.

FIGURE 26 SUBNATIONAL EXPENDITURE AND RRF GRANTS PER CAPITA



RRF pillars

The six priorities of the RRF represent critical areas for crisis recovery but they have also been designed to work in tandem with responses to climate change, while also strengthening the EU foundation for future economic development through digitalisation, sustainable growth and increased resilience. The resulting RRF "pillars"[16] are the following: green transition; digital transformation; smart, sustainable and inclusive growth; social and territorial cohesion; health, and economic, social and institutional resilience; policies for the next generation. All national recovery and resilience plans are required to allocate a minimum of 37% of their RRF funds to the green transition (climate change) and 20% to the digital transition. **Local governments may benefit from these grants in cases where their functions and competences are in line with the RRF pillars.**

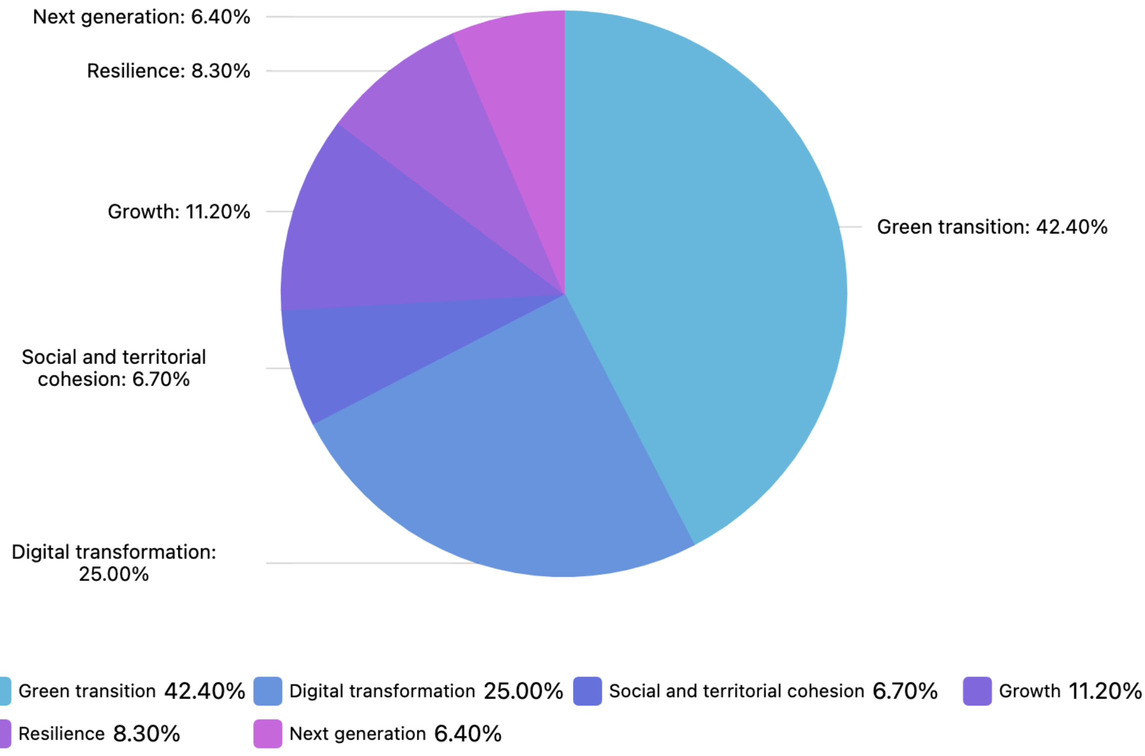
As a reform action or an investment might be beneficial to several programmes, the RRF guidance sets out specific rules on climate tracking and digital tagging. For example, "energy efficiency renovation of existing housing stock" is assigned a coefficient of 40% in support for climate change, while an intervention relating to "Smart Energy Systems" is accounted as 40% for digital transition. These RRF regulations on planning ratios are made more complicated when an action works in favour of more than one targeted pillar. For example, modernisation of public transport can be said to support both green transition and territorial cohesion. This explains why some independent reviews of the RRF grant and loan classification system resorted to

15 All the RRF-related data in this report were downloaded from the RRF website from 22 to 26 February 2022. The other data is from Eurostat
16 https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/pillar_overview.html?lang=en

a combination of pillars (also classifying some actions as "uncategorised", see the Bruegel dataset[17]). This categorisation problem has been addressed here by using the data available on RRF grants by pillar and breaking it down by spending allocation/target and presenting it as "Primary" or "Secondary" for analytical purposes (see Figure 27).

The data average of 22 countries shows that, as the "Primary" allocation, green transition spending accounts for the highest share of RRF grants (42%), with digital transformation representing the next largest item (25%). For both items, the required minimum allocation limits of 37% and 20%, respectively, have been met and exceeded. Of the remaining one-third of RRF funding, the grants for economic growth constitutes the highest share (11%), and the rest of the support is distributed rather evenly (6%-8%) amongst the last three RRF pillars. However, as a "Secondary" target, the remaining grant allocation mainly goes towards supporting social and territorial cohesion (38%) and economic growth (29%).

FIGURE 27 RRF GRANT SPENDING BY PILLAR (PRIMARY AND SECONDARY)



Unweighted averages of 22 countries with approved national plans

17 https://www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/

The European Commission has identified seven "flagship areas" for reforms and investments. They represent priorities to be taken into consideration for planning purposes and are all connected to green transition and digitalisation: Power up (clean technologies and renewables), Renovate (energy efficiency of buildings), Recharge and refuel (sustainable transport), Connect (broadband services), Modernise (digitalisation of public administration), Scale-up (data clouds), Reskill and upskill (education in digital skills). The national recovery and resilience plans are also guided by these high priority flagship areas.

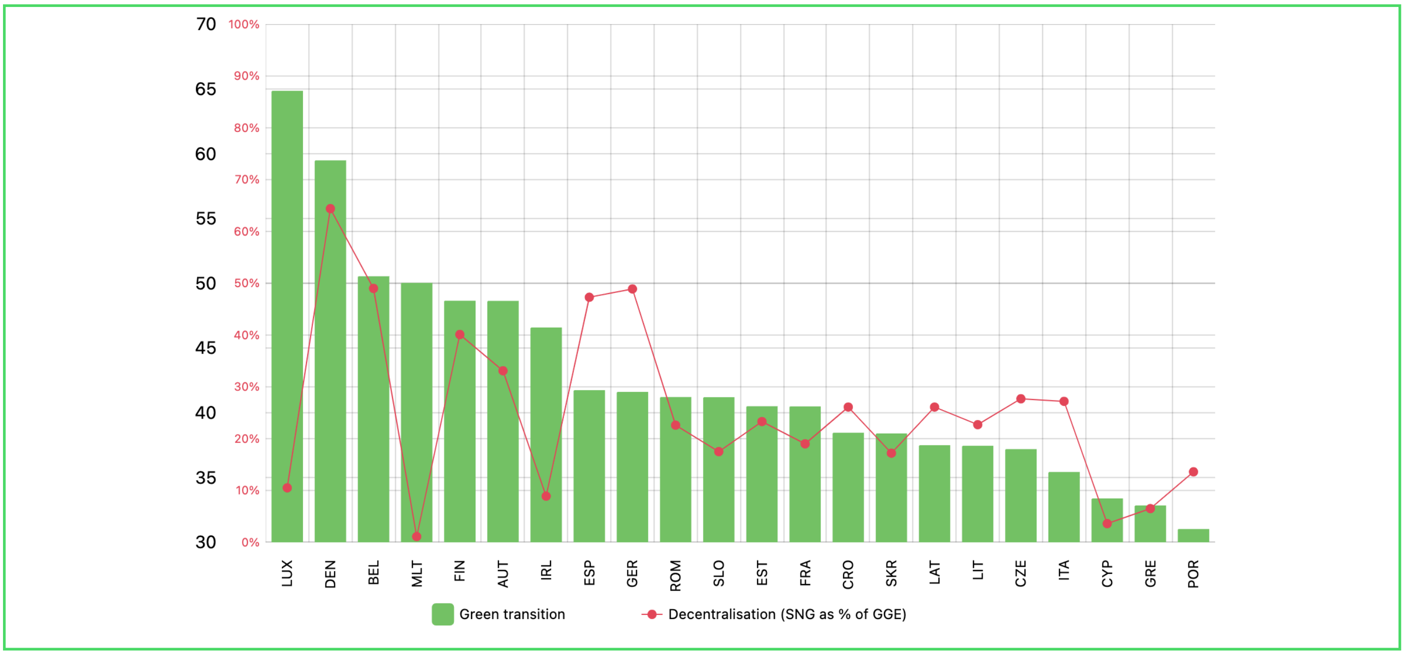
Two sets of guidance providing detailed instructions on the planning principles, content and format of the Member States' recovery and resilience plans have also been issued.[18] Specific examples are included to assist governments in drafting their RRF plans and developing the national programmes.

RRF pillars of high local significance

The first RRF pillar on *green transition* accounts for the largest share in the planned national recovery and resilience expenditure. For the 22 countries with approved plans, it represents more than 30% of RRF-related expenditure (Figure 28). **The share of green transition spending is higher in the more decentralised countries, with the exception of a few smaller countries, e.g. Luxembourg or Malta.**

The four countries with strong regional structures (Austria, Belgium, Germany, Spain) all appropriated more than 40% of their RRF budgets to climate-related interventions and policy areas. Among the less decentralised countries, Portugal, Greece and Cyprus have allocated less to the green transition pillar (although it is a high priority in Ireland). The national aggregate data on this first pillar indicates a clear trend, namely that the more decentralised countries intend to spend more on green transition-related investments and reforms.

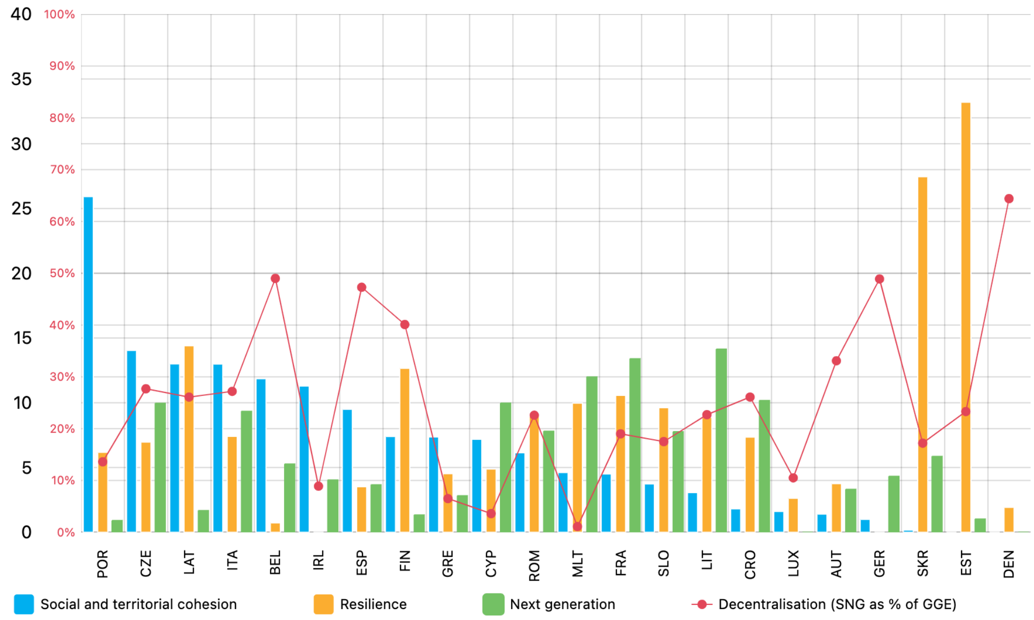
FIGURE 28 SHARE OF GREEN TRANSITION EXPENDITURE AND DECENTRALISATION



18 See Staff Working Documents, European Commission 22.1.2021 SWD(2021) 12 final, Parts 1 and 2.

In addition to the far-reaching core pillars of green transition and digital transformation, *three other pillars are especially significant for subnational governments and represent primary priorities*: (i) social and territorial cohesion, with its focus on reducing inequalities; (ii) resilience, which covers locally managed health care programmes; and the (iii) next generation pillar, on account of the many education interventions that will typically take place at the subnational level. The countries in Figure 29 have been ranked according to their share of funds dedicated to social and territorial cohesion in total contributions.

FIGURE 29 SHARE OF RRF GRANTS BY COUNTRY AND DECENTRALISATION (SELECTED PRIMARY PILLARS)



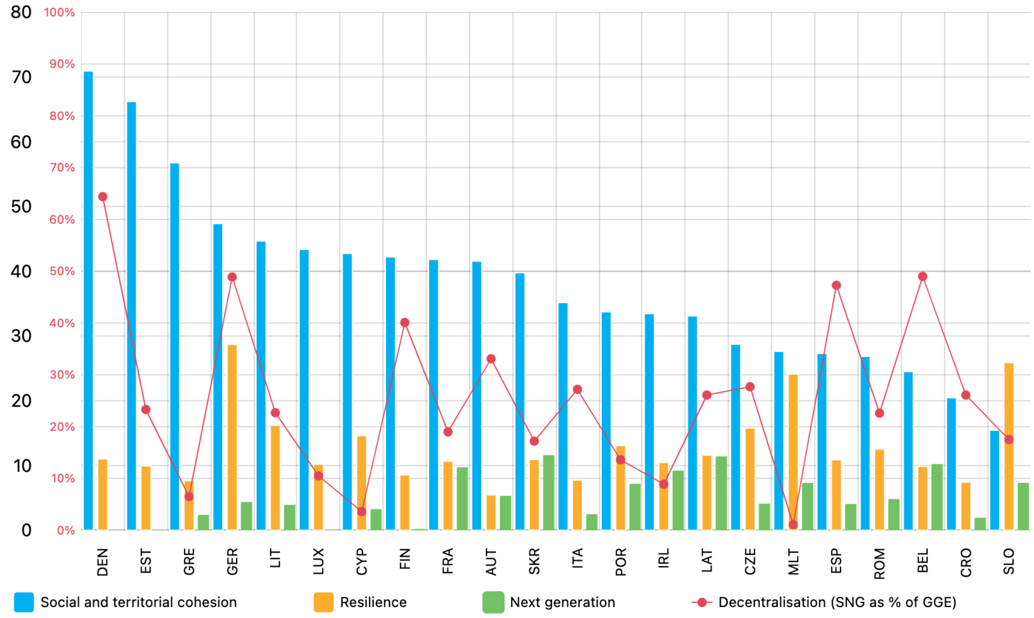
Countries with above average shares of *funds for cohesion* are rather heterogeneous: they include medium-sized ones (Portugal, Czech Republic, Ireland), two countries with federal structures (Belgium, Spain), as well as Italy, with huge regional differentiation.

The less decentralised countries intend to spend more on programmes under the *"resilience" pillar* where health care and public administration expenditures have been budgeted. Slovakia and Estonia are the highest spenders in this group even though expenditure on health care is relatively low in these two countries (3% and 15%).

Under the *next generation pillar*, education constitutes the largest expenditure item. The RRF grants can help support local governments in countries such as the Czech Republic and Lithuania, where education represents almost one-third of local spending, or France, where public education is a shared function (15% of local expenditure). In countries where education is not a local mandate (Cyprus, Malta), it is the national governments that will benefit from this pillar and RRF support.

Looking at the pillars that represent *secondary priorities* (in terms of grant allocation but also their impact on subnational governments), *social and territorial cohesion has been allocated the largest grant share;* there only seems to be a random connection to scope of decentralisation (Figure 30). Moreover, the potential impact of RRF grants on subnational governments cannot be determined by the overall allocation of grants by pillar.

FIGURE 30 SHARE OF RRF GRANTS BY COUNTRY AND DECENTRALISATION (SELECTED SECONDARY PILLAR)



Preferred policy areas by pillar priority

As previously mentioned, four RRF pillars are especially important for local and regional governments, particularly given their high level of competences and service provision responsibilities in green transition, health and resilience, next generation, and the fact that they are impacted by the social and territorial cohesion programmes. The importance of these selected pillars will be evaluated from an SNG viewpoint by looking at the composition of RRF grants by policy area.

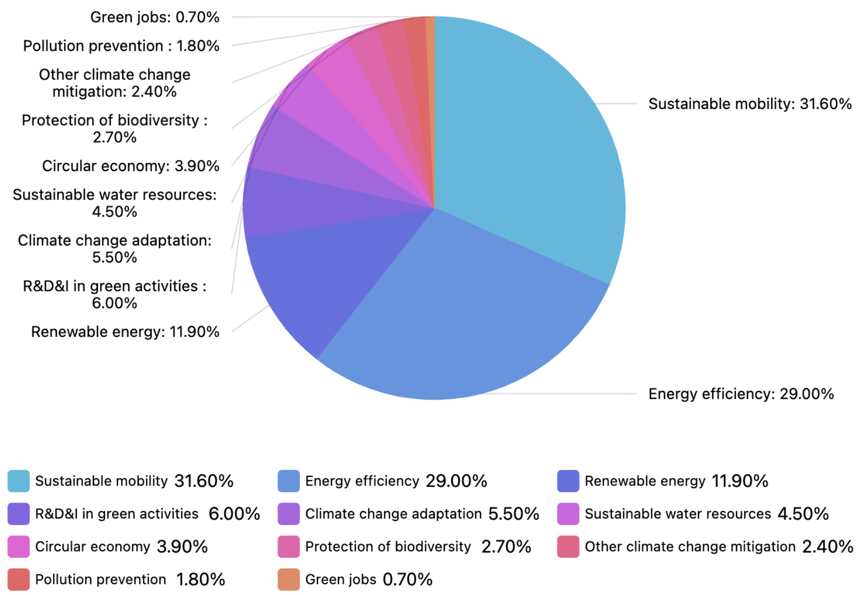
Green transition

Under the first RRF pillar, sustainable mobility is the preferred policy area with 32% of planned 'green' expenditure (Figure 31). Interventions include costly investments for railway networks and locally important green public transport programmes.

Energy efficiency is a similarly high priority, representing 29% of total expenditure planned on green transition. These grants are to be used for investments with local significance, such as making residential buildings more energy efficient, refitting public buildings, managing energy poverty, etc.

Typical local government functions, such as solid waste management using circular economy solutions (e.g. waste sorting, bio-waste treatment), sustainable water services and other environmental pollution prevention programmes, **represent only 2-4% of total expenditure under Pillar 1**.

FIGURE 31 EXPENDITURE SUPPORTING GREEN TRANSITION BY POLICY AREA



Spain provides a good example of a comprehensive national programme, the Spanish Urban Agenda, targeting various elements aligned with green transition (see Box 21).

Box 21 – Spain: Implementing the Spanish Urban Agenda – rehabilitation and regeneration plan

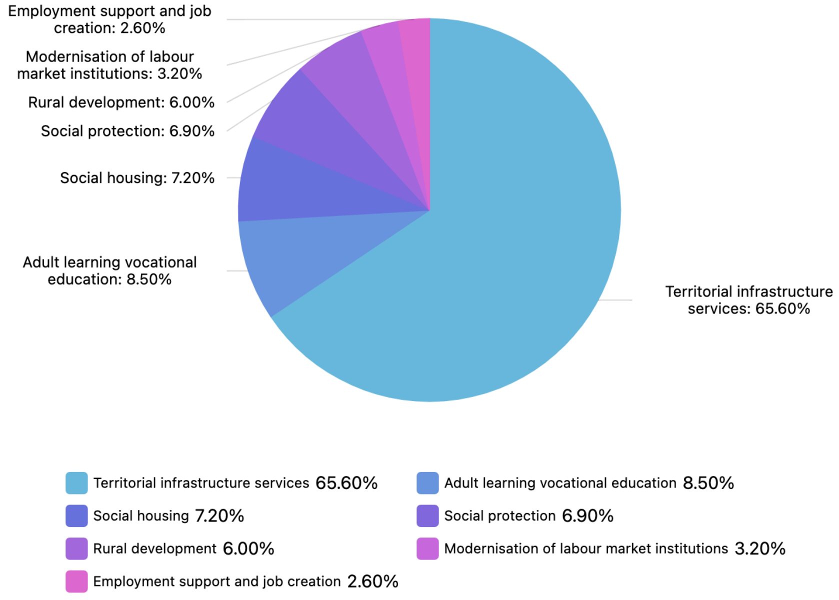
This component of Spain's RRF national plan involves the entry into effect of the Spanish Urban Agenda, a long-term renovation strategy for energy rehabilitation in the building sector. It will be implemented through various legislative actions touching on housing, property law and the establishment of renovation one-stop-shops. Planned investment targets include a large number of residential housing renovations, reduction in non-renewable primary energy consumption, construction of energy efficient social housing, renovations in small municipalities (population under 5 000), clean energy projects renovating public buildings partially in small municipalities.

Source: Annex to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Spain {SWD(2021) 147 final}

Social and territorial cohesion

Territorial infrastructure and services are the predominant policy areas of spending under the social and territorial cohesion pillar (66% of total) (Figure 32). This category encompasses different activities under local governments' control, ranging from public utilities to administrative services. The remaining one-third of *cohesion* spending is divided up amongst various services, many of which are also important at the subnational level: vocational education (8%), social housing and social services (both 7%), rural development (6%) and employment (3%).

FIGURE 32 SOCIAL AND TERRITORIAL COHESION PILLAR: EXPENDITURE BY POLICY AREA



The typical LRG-related policy areas under this pillar are territorial infrastructure and rural development. Their RRF grant shares range from 15% (Luxembourg) to 86% (Romania) in the case of territorial infrastructure and services. Rural development accounted for the highest share in Denmark (58%). Romania has developed an RRF-specific component, entitled "Local Fund", that targets various aspects of local infrastructure development (Box 22).

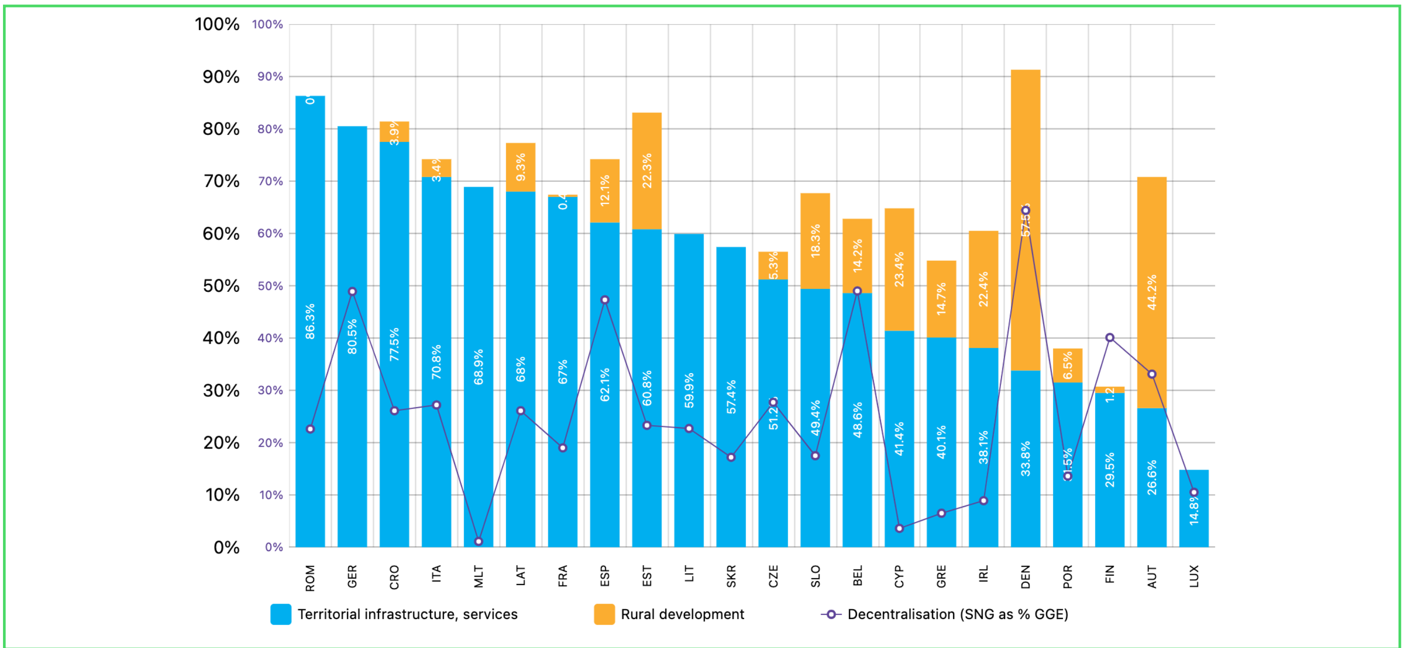
Box 22 – Romania: Component 10 – Local Fund

A key element of reforms and investments is sustainable urban mobility. This goal can be achieved through strategies and guidance on urban mobility planning, changes in zoning regulations to limit the use of cars, enforced service standards on public transport. Supporting investments include urban air quality monitoring systems, zero emission transport fleets and intelligent transport systems for administrative territorial units.

Source: ANNEX to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Romania {SWD(2021) 276 final}

Examining the expenditure on territorial infrastructure and rural development together, these policy areas are most prevalent among the four countries with federal structures (Austria, Belgium, Germany and Spain). Diverse projects have been planned, such as the expansion of broadband coverage in Austria as part of rural development policy. In the less decentralised countries – where subnational government expenditure is less than the 20% threshold in general government expenditure – expenditure on territorial infrastructure and rural development was high in Malta, Slovakia, Cyprus, Greece and Ireland. In these countries, the RRF funding will presumably be of greater benefit to the national government programmes.

FIGURE 33 TERRITORIAL INFRASTRUCTURE, RURAL DEVELOPMENT AND DECENTRALISATION



In Latvia, the RRF grants will finance its territorial administrative reform, which was initiated in 2021 (Box 23).

Box 23 – Latvia: Reducing inequalities through administrative territorial reform

As part of administrative territorial reforms, a new municipality law introducing additional functions and improved governance is scheduled to enter into effect by the end of 2023. Under this new institutional framework, the planned investments will go towards improving the network of regional and local roads and strengthening municipal operational capacities. Programmes will be launched aimed at establishing industrial parks in the regions, providing affordable housing, promoting high quality education by investing in general secondary education and related local infrastructure, purchasing zero emission public transport vehicles at local level and supporting access to public services and employment for people with disabilities.

Source: ANNEX to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Latvia {SWD(2021) 162 final}

TABLE 8 RRPS ON TERRITORIAL COHESION

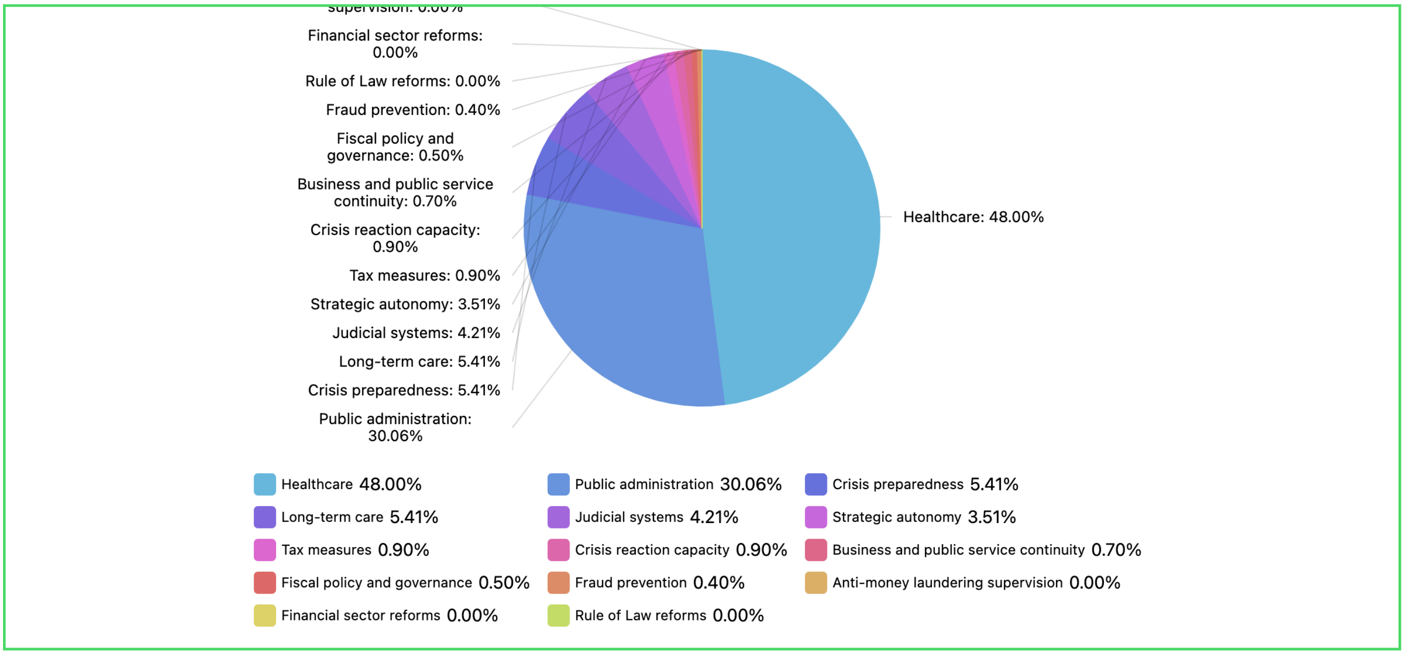
The plan effectively contributes to enhancing territorial cohesion	
To a large extent	8.3%
To a limited extent	54.2%
Not at all	16.7%
Do not know/ No opinion	20.8%
Total	100.0%

A survey of local government associations in 19 countries indicated that local and regional governments are not satisfied with the national plans on territorial cohesion (Table 8). An overwhelming majority of the respondents stated that the National Recovery and Resilience Plans do not contribute at all or only to a limited extent to the enhancement of territorial cohesion. It is also striking that one-fifth of the associations did not know or had no opinion regarding this critical territorial aspect of recovery.

Health and resilience

Health care services (48%) and effective public administration (30%) represent the main expenditure areas of the pillar on health, and economic, social and institutional resilience (Figure 34). The remaining eleven policy areas account for only 22% of spending under this pillar. The policy areas targeted are quite broad and range from crisis preparedness and crisis reaction capacity to financial sector reforms and fraud prevention.

FIGURE 34 HEALTH AND RESILIENCE PILLAR: EXPENDITURE BY POLICY AREA



RRF funding for health care, which accounts for almost half the spending under this pillar, represents a large share, with significant local implications in countries where it is a local government function (e.g. Estonia, Latvia, Finland, Romania). In others, however, even though they have similarly extended subnational health functions, the impact of the RRF grants will be felt to a greater degree at the intermediary tier local governments (Italy, Denmark, Austria).[19]

Austria has developed diverse programmes to strengthen subnational (regional and municipal) resilience (Box 24).

19 See the CEMR TERRI Report on local and regional government health care spending: https://terri.cemr.eu/en/the-analysis/local-public-healthcare-responsibilities/local-and-regional-healthcare-spending.html

Box 24 – Austria: Interventions for increased subnational government resilience

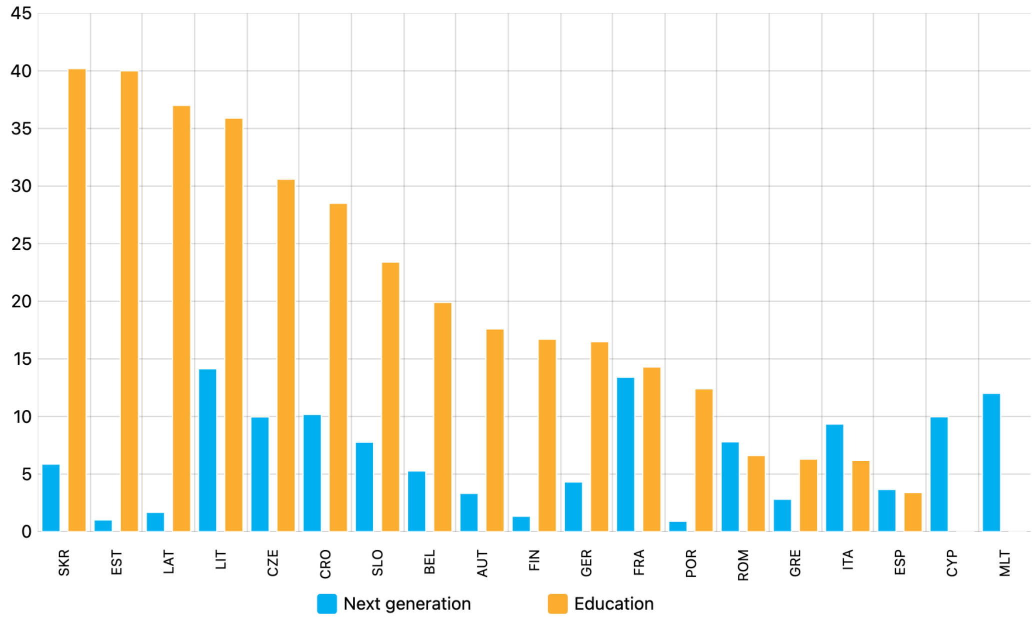
Several specific reforms and investments have been proposed under Austria's national recovery and resilience plan that will involve both regional (*Länder*) and municipal governments. The reforms target a broad range of issues and include: devising a roadmap for Austria's soil protection strategy, which sets a specific target to reduce land use, improving long-term care provision and developing a target-based fiscal framework at all government tiers legislated by the intergovernmental fiscal relations act ("eco-social tax reform"). Examples of investments are thermal refurbishment projects, connections to high-efficiency district heating, recycled brownfield land projects for climate-friendly town centres and community nursing pilot projects.

Source: ANNEX to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Austria, 2021/0162 (NLE)

Policies for the next generation

Three levels of education (74% of total grants), early childhood education and care (14%) and youth employment (12%) make up the majority of grants under the next generation pillar, ensuring its local significance. Among the countries with decentralised public education, namely Lithuania, Czech Republic and Croatia (see Box 25), Slovenia and France that will benefit more from the next generation grants (Figure 35). Countries with a low next generation pillar grant ratio but a high local education budget share are Slovakia, Estonia, Latvia, Finland and two of the federal countries (Austria, Germany). As the next generation grants in these countries will mainly target the tertiary (higher) education level, their local governments will benefit less from these RRF grants.

FIGURE 35 RATIO OF NEXT GENERATION GRANTS AND SHARE OF EDUCATION EXPENDITURE IN LOCAL BUDGETS



Box 25 – Croatia: Reform of the educational system

Planned reforms of local significance target the model for financing of Early Childhood Education and Care (ECEC), the introduction of full-day teaching and a secondary education needs assessment. Investments will go towards increasing ECEC places, the number of primary one-shift primary schools and the attendance in general secondary schools.

Source: ANNEX to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Croatia {SWD(2021) 197 final}

Grants by thematic area

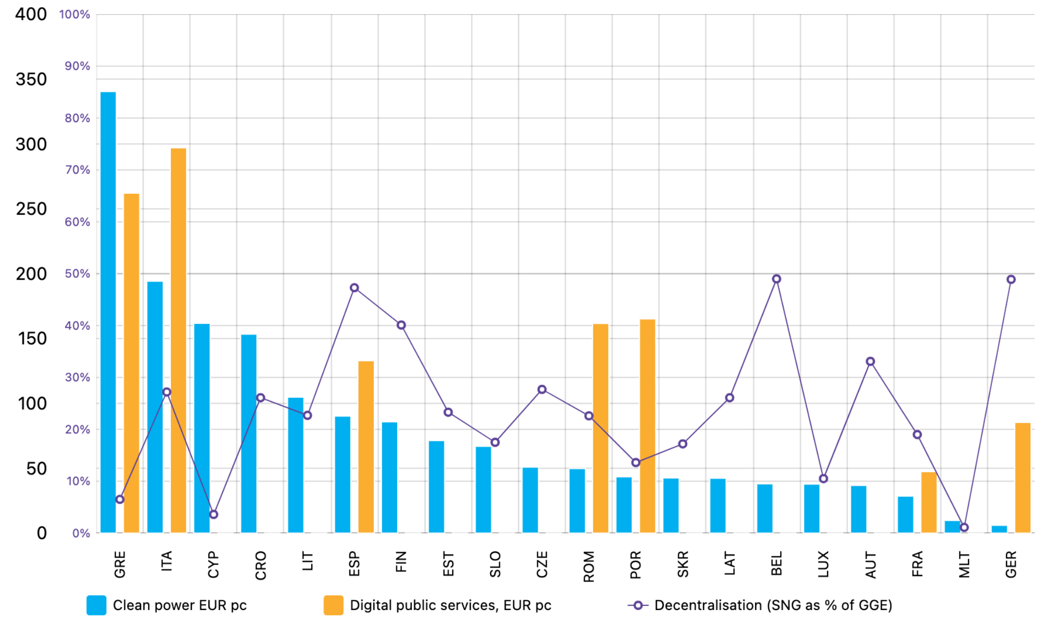
RRF grants already allocated include a total of EUR 26.7 billion for clean energy and EUR 41.8 billion for digital public administration.[20] Many *clean energy programmes* target the decarbonisation of energy systems in light of the fact that energy consumption produces 75% of greenhouse gas emissions. The use of renewable energies, combined with alternative sources (e.g. hydrogen) will impact many services provided by local governments, including transport, heating and buildings. The RRF will also concentrate on infrastructure network development and supporting reforms in this area.

The *digital public administration* programmes cover all aspects of e-governance (health care, justice) and, from a climate perspective, the digitalisation of transport and energy systems. Reforms in these areas aim to integrate service platforms, data management, analysis and decision making. Investments target the technologies supporting these programmes.

No specific pattern has been detected regarding the relationship between decentralisation and RRF expenditure on clean power (Figure 36). Greece, Italy, Cyprus and Croatia are the highest spenders (per capita) on clean power, but the role played by local governments in the public sector in these countries varies greatly, which influences grant distribution and significance. It can be assumed that local governments will benefit more from clean power programmes in the more decentralised countries such as Italy, Croatia, Lithuania and Spain. However, in other decentralised countries (Germany, France and Austria), where spending on clean power programmes is relatively low, the higher government tiers are likely to be the main beneficiaries of the RRF grants.

20 Source: https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/thematic_analysis.html?lang=en

FIGURE 36 CLEAN POWER, DIGITAL PUBLIC SERVICES AND DECENTRALISATION



National plans from LRGs' perspective

The active planning of the Recovery and Resilient Facility programmes at the national level has a significant impact on services and finances at the local and municipal levels. The inclusion of local and regional governments during this development phase is therefore vital. Two European organisations, the Committee of the Regions (CoR) and CEMR, therefore conducted a survey of subnational governments on their involvement and appraisal of the approved national plans.[21] The responses from 19 EU countries (25 local and/or regional government associations) highlighted the need for more consultation of local governments, although national government practices did differ widely across the continent.

TABLE 9 RRP RESPONSIVENESS

The plan effectively responds to the key challenges faced by local and regional authorities	
To a large extent	8.3%
To a limited extent	75.0%
Not at all	4.2%
Do not know/ No opinion	12.5%
Total	*100.0%*

An overwhelming majority stated that the national RRF plans effectively respond to the key challenges faced by local and regional authorities "to a limited extent" (75% of respondents). Only 8% of the respondents believed that their objectives were incorporated into the reform and investment plans (Table 9).

According to the local governments surveyed, the main goals of the Recovery and Resilience Facility were reflected in the national plans (Table 10). In line with the spending priorities, the digital and green/ sustainability transition did receive the most support. Local governments could benefit a lot from successful programmes in these fields. However, the locally important territorial cohesion dimension of the RRF was assessed as being the least effective one.

21 CoR-CEMR Consultation on the Implementation of the Recovery and Resilience Facility at Regional and Local Level: https://ec.europa.eu/eusurvey/runner/CoR-CEMR_RRF_Consultation2022

TABLE 10 ASSESSMENT OF THE RECOVERY AND RESILIENCE PLANS

The plan effectively...	*Average score*
... supports the digital transition	2.29
... supports the green/sustainability transition	2.27
... responds to the key challenges faced by local and regional authorities	2.05
... coordinates recovery funding with other sources of funding, notably EU funds	2.00
... supports cross-border initiatives with European added value	1.91
... contributes to enhancing territorial cohesion	1.89
Question: To what extent do you agree with the statements [above] regarding your country's National Recovery and Resilience Plan? To a large extent: 3; To a limited extent: 2; Not at all: 1	

Evaluation and monitoring

During the preparatory stage, the national recovery and resilience plans were assessed by the Commission in accordance with general evaluation criteria. The standards used were those set by the RRF regulations: relevance (comprehensive and balanced measures), effectiveness (lasting impact, effective monitoring), efficiency (reasonable justification of cost efficiency) and coherence of actions. A specific rating was used to categorise to what extent the national plans aligned with these criteria (large (A), moderate (B), small (C)).

In addition to the general evaluation criteria, the RRF regulations also specified other elements *adding new aspects of assessment*: the lasting impact of measures, milestones and targets that allow for the monitoring of progress, respect for the "do no significant harm" principle. The national plans also need to provide adequate control and audit mechanisms.

The progress of resilience and recovery plans' implementation is reported on a public RRF *scoreboard*. It not only provides updates regarding the financial contributions and disbursements but indicates the extent of fulfilment of the reforms (milestones) and investments (targets). A set of 14 common indicators is also measured. Social expenditure is also assessed by labelling expenditure according to nine dimensions linked to broad social categories in employment, education, health care and social policies.

The role of local and regional governments

According to the guidance issued to Member States regarding the national RRPs, local authorities should be consulted and involved in the RRF process, during the development of plans and in the monitoring of its implementation. The RRF regulations also call for coordination and complementarity of programmes and instruments between various tiers of governments, with an emphasis on the regional levels, where appropriate. Otherwise, local governments are rarely mentioned in the RRF regulations or guidance methods.

The LRG associations reported on the extent to which local governments were involved in the various stages of planning and preparing the national RRP (Table 11). The majority of respondents stated that they had only been informed about the overall process (40%), while approximately one-third were consulted (mostly with limited impact on the outcome). They were informed about the overall priorities of the national plans (44% of the respondents) but not consulted on these objectives (which only occurred with 16%).

Specific aspects of the national programmes were developed without input from the local governments. A majority of them responded that they had not been involved at all (or did not know/did not respond) in the identification of reforms (56%) or investments (52%). The critical elements of the planning process, such as coordination, validation and timelines, were also decided without local governments (56%); they were only informed about the governance aspects (28%).

TABLE 11 LOCAL GOVERNMENT INVOLVEMENT IN PREPARING THE NATIONAL RRPS

	Consulted	*Informed only*	*Not at all, do not know*
	3	*2*	*1*
Overall process	32.0%	40.0%	28.0%
Definition of the overall priorities and objectives of the NRRP	16.0%	44.0%	40.0%
Identification of specific investments	32.0%	16.0%	52.0%
Identification of specific reforms	28.0%	16.0%	56.0%
Governance of the process	16.0%	28.0%	56.0%
Question: To what extent were you or your members involved in your national government's preparation of the National Recovery and Resilience Plan (NRRP)? Consulted with impact on outcome, Consulted with no / limited impact: 3; Informed only: 2; Not at all, Do not know / No answer:1			

Future of local monitoring

As important actors affected by the national plans' reforms who are also beneficiaries of RRF-funded investments, local and regional governments should have a say in the RRF's implementation. According to the survey, local governments and their associations play a rather limited role in RRP implementation. Using a three-point-scale, they were overlooked when it came to appropriate roles, being a full partner of the national government and taking on considerable local ownership of the plans or projects (average score: 1.50, see Table 12).

Results can be considered slightly more favourable with respect to making use of local governments' specific powers (1.65) and exercising local influence on any potential changes to RRPs (1.67). Dialogue and information exchange with the national government on implementation mechanisms and procedures scored the highest (1.82). Nonetheless, all these aspects of implementation are far from the ideal for local government participation; the average level of involvement is low, not even reaching the level of "limited extent" (the median score).

TABLE 12 IMPLEMENTATION OF THE RECOVERY AND RESILIENCE PLAN

You/your members...	*Average score*
...undertake dialogues and receive timely and exhaustive information from the national government regarding procedures and implementation mechanisms	1.82
... have the possibility to suggest changes to implementation of plans to adapt to unforeseen changes	1.67
...are sufficiently taken into consideration in implementing the plan, on the basis of your specific competences/responsibilities	1.65
...have considerable ownership of the plan and any projects it contains	1.50
...are a full partner of the national government in the implementation phase	1.50
...have an appropriate role in monitoring the results of reforms and investments and the achievement of targets and milestones under the national plan	1.50
Question: Turning to the implementation phase, to what extent do you agree with the following statements? To a large extent: 3; To a limited extent: 2; Not at all: 1	

Implementation of the European Commission's planning and monitoring principles can only be properly assessed through the collation of country-specific information and comprehensive surveys after two to four years. The joint CEMR-Committee of the Regions survey helps in analysing the way in which the different national RRF plans responded to key local challenges, the extent to which they enhanced territorial cohesion, worked in coordination with other EU funds and supported the RRF priorities from the point of view of LRGs. Areas that receive unfavourable assessments should be the focus of future evaluations and amendments.

As the above analysis of RRF grants has shown, the local dimension of recovery and resilience plans should be evaluated primarily by countries. The policy areas or the main pillars of the national plans need to be aligned with local and regional governments' functions. LRGs are best suited to quantify the local relevance of investments and reforms implemented under the various RRF pillars.

Domestic data on RRF implementation will be limited, as noted in a survey of national RRPs: "…68% of countries committed to proactive publication of information about RRF implementation … only two countries (Cyprus and Romania) actually mentioned providing accessible, open data on their spending… and only two countries promised to publish full information on final recipients (Bulgaria, Romania)".[22]

Regardless, any comprehensive evaluation of the six pillars will always prove complicated as the expenditures very often serve multiple purposes. Horizontally, actions can overlap across pillars and/or policy areas.

In the future, it will be possible to measure the actual implementation of the recovery and resilience plans more effectively by using the national *disbursement reports*. The *financial statistics* in these country reports will shed light on whether the expenditure targets mainly serve local or regional governments and how the original objectives were achieved. To supplement RRF evaluations with comprehensive reports including the local and regional dimensions, **the core data used by the Commission, and not only aggregate ratios, should be made publicly accessible**.

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Layout : inextremis.be - Photo cover: © stock.adobe.com

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Co-funded by
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