



**Chain REACTion:
Shifting Cohesion
Policy Priorities in a
New Reality**

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PREFACE

The IQ-Net Network promotes exchange of experience on the management and implementation of Structural Funds programmes among managing authorities and intermediate bodies. The network is managed by the European Policies Research Centre Delft under the direction of Professor John Bachtler and Heidi Vironen. The research for this report was undertaken by EPRC in preparation for the 50th IQ-Net Conference (online) on 21 June 2021. The report was written by Viktoriya Dozhdeva and Liliana Fonseca.

The report is the product of desk research and fieldwork visits during Spring 2021 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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The partners in the IQ-Net network are as follows:

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- ÖROK Secretariat – Austrian Conference on Spatial Planning

Belgium

- Flanders Innovation & Entrepreneurship

Czechia

- Ministry of Regional Development

Denmark

- Danish Business Authority

Finland

- South and West Finland (Etelä- ja Länsi-Suomi)

Greece

- Management Organisation Unit of Development Programmes S.A., Ministry of Economy and Development

Ireland

- Southern Regional Assembly, EU and Corporate Affairs Division
- Northern & Western Regional Assembly

Netherlands

- Managing Authority Kansen voor West
- Managing Authority Noord, Northern Netherlands Alliance (SNN)
- Managing Authority OP Oost
- Managing Authority Stimulus (OP Zuid)

Poland

- Marshal Office of the Warmińsko-Mazurskie Region

Portugal

- Agency for Development and Cohesion (ADC)

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- Provincial Council of Bizkaia/ País Vasco (Basque Country)

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- Deputy Prime Minister's Office for Investments and Informatization of the Slovak Republic

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- Welsh European Funding Office

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It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.



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LIST OF ABBREVIATIONS

AA	Audit Authority
AIR	Annual Implementation Report
CF	Cohesion Fund
CLLD	Community-led Local Development
CP	Cohesion Policy
CPR	Common Provisions Regulation
CRII/+	Coronavirus Response Investment Initiative/Plus
DG	Directorate General
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EP	European Parliament
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
FEAD	Fund for European Aid to the Most Deprived
IB	Intermediate Body
IROP	Integrated Regional Operational Programme (Czechia, Slovakia)
ITI	Integrated Territorial Investment
JTF	Just Transition Fund
(F)LAGs	(Fisheries) Local Action Groups
MA	Managing Authority
MFF	Multi-annual Financial Framework
MS	Member State
NGEU	Next Generation EU
OP	Operational Programme
PA	Partnership Agreement
PO	Policy Objective
R&I	Research and Innovation
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
ROP	Regional Operational Programme
RRF	Recovery and Resilience Facility
SCO	Simplified Cost Options
SEA	Strategic Environmental Assessment
SME	Small and medium sized enterprises
TA	Technical Assistance
TO	Thematic Objective
YEI	Youth Employment Initiative





COUNTRY/PROGRAMME ABBREVIATIONS

Country	Abbreviation
Austria	AT
Belgium (Vlaanderen)	BE (Vla)
Czechia	CZ
Denmark	DK
Finland	FI
France	FR
Greece	EL
Ireland	IE
Ireland (Southern Regional Assembly)	IE (SRA)
Ireland (Northern and Western Regional Assembly)	IE (NWRA)
Netherlands	NL
Poland	PL
Poland (Warmińsko-Mazurskie)	PL (W-M)
Portugal	PT
Slovakia	SK
Spain	ES
Spain (Bizkaia, País Vasco)	ES (Biz, PV)
United Kingdom	UK
United Kingdom (England)	UK (Eng)
United Kingdom (Scotland)	UK (Sco)
United Kingdom (Wales)	UK (Wal)





EXECUTIVE SUMMARY

Programme authorities currently have **major capacity challenges** dealing with short-term implementation of resources and longer-term programming.

1. **2014-20 programmes.** The main concerns in finalising the current programmes are the uncertainty of the COVID-19 crisis and its effects, Nevertheless, **programme commitment and spending are accelerating**, despite some difficulties with audit, public procurement and State Aid.

Programmes have **made extensive use of the flexibility under CRII/+**. Funds have been reallocated to the fields of health, business and social support, Other targeted measures include extensions of deadlines, opening of new calls, acceleration of payments and overall simplification of procedures.

Programme closure is still not high on the agenda for most IQ-Net authorities, but there is close performance monitoring to identify and address any outstanding issues in time.

2. **REACT-EU.** The additional funding is widely regarded as providing a valuable **bridging function between the**

first emergency crisis responses and a longer-term economic recovery.

However, the need to prioritise programming and implementation of large amounts of funds quickly is placing a strain on management and absorption capacity. Other tasks such as closure preparations and planning for 2021-27 are being side-lined.

3. **2021-27 programmes.** Progress continues to be affected by the pandemic (and priority given to the RRF), with **delays in the preparation, consultation and negotiation of OPs and PAs**. However, strategic priorities and management arrangements for 2021-27 have not changed markedly, and the main focus is on defining operational details.
4. **Just Transition Fund.** Uncertainty persists as the **JTF is still the subject of negotiation at EU and domestic levels**. Primary concerns relate to the regional distribution of the financial envelope; the co-financing rate; absorption capacity in some programmes; geographical targeting; and ensuring cooperation and coherence between different programmes and funding streams.



1 INTRODUCTION

With the 2014-20 programmes approaching their final stages, ESIF programme managers are focusing on speeding up spending and ensuring successful execution of the remaining resources. However, the COVID-19 crisis continues to be a major challenge, affecting progress and requiring re-prioritisation of management tasks and responses. In addition, the policy instruments introduced to tackle the immediate and longer-term effects of the pandemic are changing the implementation setting for ESIF authorities.

Thus the availability of additional funding under REACT-EU has largely diverted the attention from winding down the current programme cycle, preparing for 2014-20 closure and programming ESIF for 2021-27 towards ensuring swift implementation of this new instrument. Although providing a valuable boost to the existing Cohesion Policy resources and thus reinforcing Member States' capacity to tackle the negative effects of the pandemic crisis and pave the way towards longer-term recovery, REACT-EU poses new challenges. Its substantial amount of funding and tight timeframe for implementation require swift responses, stretching administrative capacities, testing programmes' ability to absorb the extra resources on time and side-lining other ESIF management priorities.

Preparations for the 2021-27 period are also affected by this re-prioritisation, with COVID-19 and new emergency and recovery measures slowing down the programming process and delaying the timetables of PA and OP preparation. Nevertheless, with nearly all regulatory elements now in place, programme preparations are reaching a more advanced stage, with more operational details gradually becoming available.

This paper reviews the overall progress in implementing IQ-Net programmes over the last six months, highlighting the key challenges and responses. It starts by reviewing progress with the 2014-20 programmes (**Section 2**), including an update on recent implementation issues, response measures and preparations for programme closure. **Section 3** then outlines progress with programming and implementing the additional funding under REACT-EU and the associated challenges. **Section 4** provides an update of the preparation of the 2021-27 programmes, and, finally, **Section 5** outlines the programming of JTF implementation.

2 PROGRESS WITH THE 2014-20 PROGRAMMES

While 2020 was the final year of the 2014-20 financial framework period, costs incurred by project beneficiaries can be co-financed from ESIF until the end of 2023. Nonetheless, programme budgets have been nearing depletion, and with many projects being finalised, authorities start looking towards closure. At the same time, the availability of additional funding under Next Generation EU (NGEU) has largely redirected programme priorities towards committing these new resources and ensuring their timely absorption. Implementation and



finalisation of programmes is still challenging, with the coronavirus pandemic continuing to be a major issue affecting progress and ESIF authorities being focused on implementing measures to counteract its negative effects on programme and project implementation.

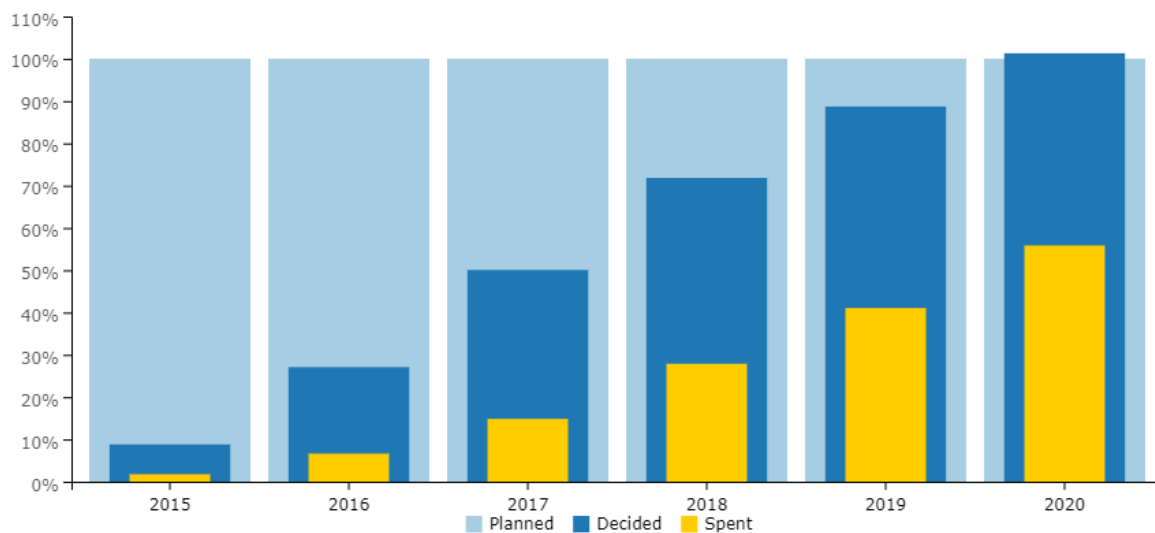
2.1 Progress with programme and project implementation

Most IQ-Net programme authorities report that progress with the 2014-20 programmes over the last 6-9 months has been consistent, with financial implementation developing steadily and project uptake evolving satisfactorily (AT, CZ, DK, FI, NL, PT, SK, Vla, Wal, W-M). Despite the contextual challenges related to the pandemic and its socio-economic effects, programme implementation and project uptake have remained largely untouched by the COVID-19 responses in some programmes (AT, CZ, Vla), some of the original differences in financial progress within programmes have largely levelled (PT, Vla), and overall progress is on track.

2.1.1 Financial progress

In the past two years, the rate of ESIF investment has accelerated significantly. By the end of 2020, the rate was of 56 percent of the total envelope, a 28 point increase from 2018.¹ The exponential progress with financial implementation for the 2014-20 period can be seen below:

Figure 1: ESIF 2014-20: Financial implementation timeseries (total cost)



Source: European Commission (April 2021) *European Structural and Investment Funds: spending doubled in 2019-2020* [consulted on 05/05/2021].

In 2020, despite the exceptional circumstances of the socio-economic crisis caused by the coronavirus pandemic, this sustained increase was maintained. This demonstrates that the use of ESIF across Europe's regions has continued to accelerate in 2020, with positive trends in both selection and spending rate. This was in great part enabled by the flexibility introduced in Cohesion Policy under the Coronavirus Response Investment Initiatives (CRII/+), which allowed the redirection of unspent funds to areas in need of support. While the crisis has generated



over-commitment, in [Vlaanderen](#) the commitment level is at 100.6 percent, given that the MA works with a 5 percent over-commitment on all priorities to anticipate fund release since 2019.

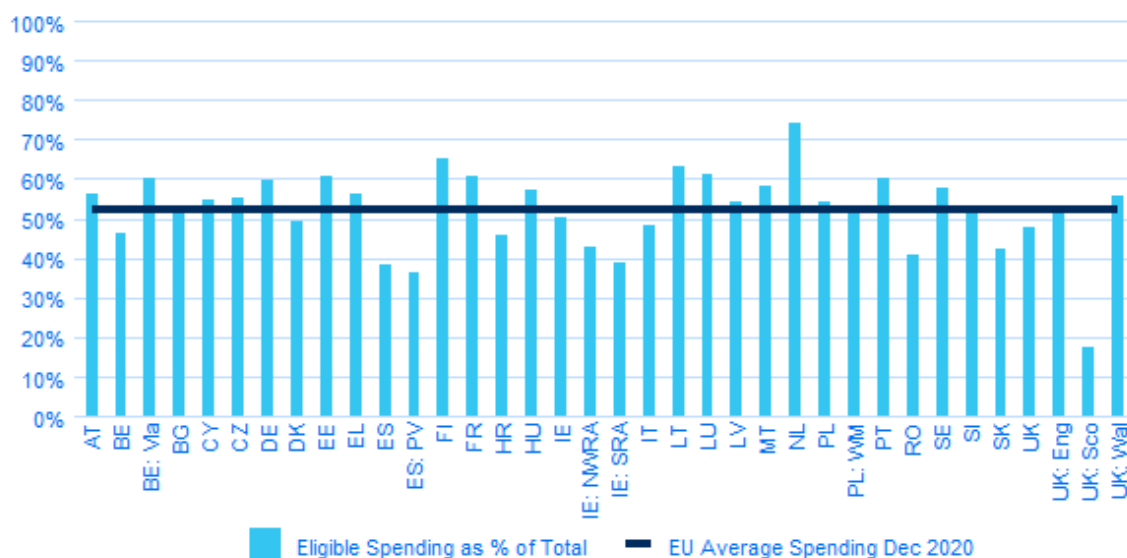
Overall, progress amongst the IQ-Net OPs has been very satisfactory, with the remaining funding expected to be fully committed on time in most programmes. This has been facilitated by relevant policy measures including close monitoring of financial progress and managing overbooking (see Section 2.3).

ii Spending rates



Similarly to the progress with commitments, financial implementation in the 2014-20 period shows a continued rise of spending rates across the EU regions (Figure 3). **Since mid-2020, average payment rates have increased from 42 percent to 53 percent** (as of December 2020). This applies also to the IQ-Net programmes, which have reported a steady progress of spending. The [Netherlands](#) continues to show the highest spending rate at 73 percent (a 13 point increase since June 2020), followed by [Finland](#) at 65 percent. There is a sustained increase above the EU average across a majority of the IQ-Net programmes, visible with [Czechia](#) (42 to 54 percent), [Austria](#) (45 to 56 percent), [Vlaanderen](#) (52 to 60 percent), [Warmińsko-Mazurskie](#) (45 to 53 percent) and [Portugal](#) (53 to 60 percent). The EU payment rate may slightly differ from the spending rate as reported by MAs based on project claims.

Figure 3: Overview of ERDF/ESF/CF implementation – eligible spending as % of planned, 30 December 2020



Source: Open data portal for the European Structural and Investment Funds, ESIF 2014-20 Finance Implementation Details, data downloaded April 2021.

It is also worth noting the significant catch-up since the last review. [Greece](#), which in June 2020 was at a rate of 35 percent, rose to a 56 percent spending rate by the end of 2020 – a 21 point difference. [Ireland](#) and its IQ-Net programmes (NWRA and SRA) are still below the EU average, but the national programme's spending rate has increased from 35 to 50 percent. Similarly,



the UK continues to perform below the EU average but has increased its spending rate by 12 points, from 36 to 48 percent. Within the UK, only Scotland remains below the EU average at 18 percent, while England and Wales are both slightly above the EU average. Both Slovakia and Spain's País Vasco remain below the average spending rate, though this has increased by 8 and 9 percentage points, respectively.



Among the individual programme authorities there is **limited concern over the progress of spending rates** (Table 1), with most considering this has been evolving positively. This is the case with, for instance, the Vlaanderen and Netherlands programmes, where the only issue pertains to the spending rate of some larger projects being delayed, as they have taken longer to develop and as such required an extended term of payment. Nonetheless, there has been a catch-up movement in the West-Flanders province and in the entrepreneurship and low-carbon economy priorities, which used to lag behind. This indicates that **when problems in spending exist, they tend to be confined to particular priorities and programmes**. This is also the case in Wales and Slovakia. In the latter, several programmes have lower rates of spending compared to the national average, even though both spending rate and absorption have increased between August 2020 and March 2021, and the increase in absorption is higher than in the previous six months. The lowest rate is that of the IROP, at 33 percent. In contrast, Ireland's NWRA has had a continued low spending rate, with only 17 percent of the total expenditure declared in payment applications to the EC by the end of 2020. This is mainly because of the two year delay of the 2007-13 period.²

Table 1: Selected examples of IQ-Net partner views on spending rate developments

Status	Programme	Comment / reason
Acceleration	CZ, IE: NWRA, SK	E.g. increase in payments to beneficiaries and higher absorption rate compared to the previous six months period.
No concerns	AT, DK, IE: SRA, NL, PT, PL: W-M, Vla	
Alerted	UK: Wal	The programmes are only about 50 percent spent, though for variable reasons across them. Spending is therefore a concern, but the MA envisions it progressing satisfactorily in due course.
	Vla (some projects e.g. under TO4)	Delays in implementation for some projects (e.g. energy efficiency in social housing), requiring increased attention in terms of spending rate, public tendering process and quality control.
	ES: Biz	The spending rate of 60% is lower than desirable.
	EL	Slight deviation from the initial expenditure forecast for 2020 of actions not related to the pandemic (c. 20-25%), although this gap has been covered by the contribution of 'COVID' actions.

Thematic differences persist in terms of both commitment and payment rates in several programmes – with measures related to innovation and entrepreneurship (incl. SME) support generally characterised by better progress (Biz, NL, PT, Vla), often reflecting well-established project pipelines and partnerships, while support under the low-carbon priority remains more problematic (Biz, CZ, NL, Vla). At the same time, **some of the previously persisting differences in financial progress across priorities or policy instruments have largely levelled** (PT, Vla).³



Regarding n+3, although the impact of the pandemic and progress has been varied across programmes, most **MA**s are not anticipating problems reaching n+3 in 2021, with [Austria](#) and [Czechia \(IROP\)](#) having already reached the targets for this year. Most OPs expect to meet n+3 several months before the end of the year. The few programmes that did not yet reach n+3 foresee that there will be sufficient progress in 2021 to reach the targets. As of April 2021, this was the case, for example, in [Czechia](#), where three OPs had not yet reached the limit for this year, and in [Wales](#) and [Portugal](#), each of which had only one programme outstanding.

In contrast, efforts are being made to accelerate spending and prevent de-commitment in [Slovakia](#) and [Scotland](#). In the former, the OP for Quality of Environment is preparing an amendment to be sent to the EC for funding to be shifted within the programme to areas where absorption has been faster, in order to avoid de-commitment. On the other hand, [Scotland](#) is looking to persuade the EC to not decommit funds in 2020 due to the challenges of the pandemic through the use of the 'force majeure' clause. This is currently under revision, but once the decommitment figure has been confirmed, the MA will review the OP to ensure all activities are still able to go ahead. Also in [Greece](#), the COVID crisis is likely to put pressure on achieving n+3 in some regional and ETC OPs unless timely mitigation measures are taken.

2.2 Factors affecting progress and key challenges

While the majority of IQ-Net authorities report consistent progress with the 2014-20 programmes, with commitment and spending rates and project uptake developing steadily, the **uncertainty of the COVID-19 crisis and its effects, and shifting socio-economic demands**, still remain a significant issue. In addition, programme and project progress continues being affected by a range of **ongoing implementation issues**.

2.2.1 COVID-19

COVID-19 has continued being the major factor affecting ESIF implementation over the last months and requiring re-prioritisation of management tasks and policy responses. The pandemic crisis and the associated restrictions have affected financial progress across programmes, led to cancellation of planned calls or withdrawal of beneficiaries, and overall led to delays in ongoing project and programme implementation – including due to delayed delivery of materials and equipment, delayed public tendering and public works, postponed activities and events, delays in the timely implementation of tasks by MA/IBs, and the associated extension of project calls and implementation timetables ([CZ](#), [DK](#), [EL](#), [NL](#), [SK](#), [Vla](#), [Wal](#), [W-M](#)).



Box 1: Impact of COVID-19 on 2014-20 ESIF implementation in Warmińsko-Mazurskie

The COVID-19 outbreak has been the main obstacle affecting the 2014-20 OP implementation in the last six months. It has delayed the process of settling payment applications, which has affected the level of expenditure and certification of funds, and overall slowed down the implementation of the programme through:

- Extension of project implementation period.
- Changes in employment indicators and the level of generated revenues for regional and local governments.
- Delays in the implementation of projects and missed deadlines for achieving project indicators by the beneficiaries, resulting from the introduced restrictions.
- Delays in timely implementation of tasks by MA/IB, e.g. assessment of payment applications due to the absence of employees from work due to illness, isolation, quarantine, childcare.
- Inability to carry out on-site inspections of projects, and technical difficulties related to organising training / conferences / seminars on-line.
- Resignation of some beneficiaries from applying for co-financing or postponing the implementation of investments due to the economic uncertainty.

The effects of the pandemic have been more prominent in specific thematic areas. **Support under the ESF has been particularly affected** in several programmes (CZ, DK, FI), not least due to the nature of the funded projects (e.g. as the organisation of training courses in an online format or collection of indicators related to people has been more challenging). For instance in [Czechia](#), projects with children as a target group have had difficulties due to facilities closure and low attendance rates. In [Denmark](#), implementation of measures related to vocational training and social inclusion has been particularly delayed as it has been impossible to shift to online formats. On the ERDF side, problems have been particularly prominent in the worst-hit sectors, including tourism, hospitality and the automotive industry ([FI](#), [NL](#), [PT](#)).

The **COVID-19 crisis has also prompted thematic shifts** in terms of public policies prioritisation, for instance by increasing the relevance of themes such as innovation and digitalisation ([DK](#), [NL](#), [Vla](#)) or leading to a reorientation of focus from economic growth towards survival and recovery ([Wal](#)). It has **also prompted changes in working practices** of ESIF authorities and beneficiaries, particularly related to digital transition (e.g. switch to remote working and online meetings, use of digital signatures etc.), which has in some cases helped to streamline the management and coordination processes and make them more effective ([CZ](#), [Vla](#)).

Across IQ-Net programmes, the negative effects of the pandemic have been mitigated by dedicated policy measures, including programme revisions (e.g. under CRII/+) and other targeted changes to implementation practices and dynamics (see Section 2.3).



2.2.2 Ongoing programme implementation issues

Apart from COVID-19, programme and project progress continues being affected by a range of ongoing implementation issues, although a significant number of previously identified challenges have been resolved as programmes are reaching final stages of execution.

In thematic terms, implementation of measures under TO4 (including CO2 and energy-related interventions) **continues to be challenging** in several programmes ([AT](#), [Biz](#), [CZ](#), [NL](#), [PT](#), [Vla](#)), with measures characterised by slower financial progress.

Public procurement, State Aid, the rigidity of the audit exercises, as well as implementation of e-Cohesion remain the main horizontal issues affecting progress.

- Lengthy and complex **public procurement** processes lead to delays, challenge administrative capacity and account for slower progress across several programmes ([Biz](#), [IE NWRA/SRA](#), [SK](#), [Vla](#), [W-M](#)). For example in [Ireland \(SRA\)](#), the lengthy procurement process has impacted on the declaration of expenditure from institutional beneficiaries, while in [Bizkaia](#), it has particularly affected progress in TO4. In [Warmińsko-Mazurskie](#), the complex procedure for awarding contracts in line with the principle of competition, leading to longer implementation periods and loss of funds due to the imposed financial corrections, remains a major obstacle for project implementation.
- **State Aid** is another persistent horizontal challenge, e.g. in [Vlaanderen](#) where it continues to delay implementation and requires the MA to provide clarity on the application of State Aid regimes.
- **Rigid audit requirements** have been another factor behind implementation delays ([Biz](#), [IE NWRA](#), [W-M](#)). For instance in [Bizkaia](#), the management of the SME scheme under TO1 is time consuming due to the detailed audits required, which is perceived as discouraging for companies that are being supported. Audits by the AA have continued creating a significant burden for both the OP implementing bodies and beneficiaries in [Warmińsko-Mazurskie](#).
- Finally, the implementation of **e-Cohesion** has been challenging e.g. in [Ireland](#), creating an administrative burden and delaying progress.

2.3 Policy priorities and responses

In an effort to respond to the ongoing and new pressures posed by the COVID-19 crisis and other implementation challenges, programme authorities fine-tune and where necessary readjust their management priorities and policy responses.

2.3.1 Current and future priorities

In the context of the continued impact of the COVID-19 crisis on programme and project implementation, it is not surprising that **planning the use of the additional resources made available under REACT-EU**, which will continue and extend the crisis response and repair measures delivered through CRII/+, is the main priority for most IQ-Net programme managers



currently and for the coming months. The priorities – depending on progress – range from finalising the REACT-EU programming and related OP revisions, setting up and launching the instrument, to ensuring its smooth and swift implementation and monitoring progress (AT, CZ, DK, FI, NL, SK). In several cases, prioritisation of the REACT-EU implementation is making other ESIF management activities secondary, concentrating human and administrative resources on REACT-EU related tasks (see Section 3).

Speeding up spending and ensuring successful execution of the remaining resources under the 2014-20 programmes, in the context of the continuing challenges posed by the pandemic, is another important priority for IQ-Net managers (Biz, CZ, EL, PT, Sco, SK, Vla, W-M). Among other things, this involves **accelerating progress in payment levels** (NL, Sco, SK, Vla) and performing **close monitoring** of the ongoing and any outstanding projects, in order to ensure a rapid reaction if any projects or measures are delayed or experience issues (CZ, Biz, EL, PT, Sco, Vla), timely **management of overcommitments** (CZ, EL, NL, PT, Vla, Wal), continuous consideration of **mobilising unused funds** from completed projects (CZ, DK) and ensuring the final targets – including under the **performance framework** – are achieved (EL, W-M). In this context, the workload has largely shifted from project preparation and selection to the management of ongoing projects and their spending rhythm and towards the phases of project finalisation.

The 2014-20 programme **closure is not yet deemed a priority** by most IQ-Net programme managers, with only Austria, Greece and Wales naming it among the tasks to be prioritised over the coming months. In Wales, closure preparations are expected to be at the centre of business planning for the next three years. **Preparations for the 2021-27 programme period are equally not yet considered among the most pressing tasks** for most IQ-Net managers, although it is emerging as a priority in several programmes (CZ, EL, FR, W-M).

Beyond finalising the ongoing or planned OP amendments, including in order to provide better responses to the COVID-19 crisis and prepare for programme closure (AT, EL), **other priorities** include finalising AIR 2020 (AT, FI), disseminating results from the 2014-20 period (e.g. FI, South Finland), and preparing for smooth transition between the two programme periods (CZ).

2.3.2 Policy responses: Programme changes

Programme amendments remain an important policy tool aimed at responding to ongoing implementation challenges and counteracting the economic and social effects of the crisis. Apart from programme revisions to allocate the additional resources under REACT-EU (see Section 3), IQ-Net authorities continue introducing OP amendments using the flexibilities offered by CRII, along with other targeted programme changes where necessary.

While the COVID-19 pandemic has not undermined overall progress with financial implementation, a large volume of resources has been redirected to tackling it under Cohesion Policy funds. As of 12 May 2021, this amounted to the mobilisation of approximately



€23.2 billion in CRII/CRII+ reallocations for health actions, business support and direct support for vulnerable groups and workers to counter the crisis.⁴

Across IQ-Net programmes, there is continued effort to mitigate the negative effects of the pandemic via programme revisions under CRII/+, though only minor amendments to programmes have recently been taking place. This is especially the case with those programmes already largely committed, where priorities do not cover the worst-hit sectors or where the main response to COVID-19 has been through the use of domestic funds at national or regional level (AT, DK, NL, Vla, FI, UK). In [Austria](#) and [Vlaanderen](#), the OPs have been performing much the same as before the pandemic, with the crisis not having a significant impact on programme implementation. Rather, existing projects have been adapted:



[Denmark](#) is using mainly national funding to tackle the crisis since most projects are nearing completion. Nevertheless, about €7.8 million was transferred in support of SMEs through restructuring, developing new business models and digitalising the business.⁵



Given the high commitment and selection rate for projects in the [Netherlands](#), no significant changes have been made. Minor reallocations were introduced in the West MA, from priority 4 (social inclusion in setting up SMEs) to priority 3 (labour market mismatch).



Some priorities in existing programmes in [Finland](#) were re-aligned to provide a complementary input in the form of several calls for projects to tackle COVID-19. About €500 thousand were reallocated in the Åland Islands from the ERDF to support SMEs.⁶

The newly introduced rules and increased flexibility that allowed for the restructuring of allocations were still taken advantage of across several programmes. As of 16 December 2020, 25 EU Member States and the UK have requested 239 amendments to their Cohesion Policy programmes using the flexibilities offered by CRII/+.⁷ Table 2 shows the number of programmes modified across those IQ-Net partner countries with data available. [Spain](#) has modified the most programmes, although these were very minor changes, followed by [Greece](#).

Table 2: Programme modifications in a selection of IQ-Net partner countries (December 2020)

Country	Funding reallocated (millions)	Programmes modified
Belgium	€15	3
Czechia	€238	2
Denmark	€7.8	1
Greece	€1,320	17
Ireland	€285	2
Poland	€860	7
Portugal	€1,000	9
Slovakia	€362.6	5
Spain	€2,500	25
United Kingdom	€57.6	3

Source: European Commission's page on Cohesion policy action against coronavirus.⁸

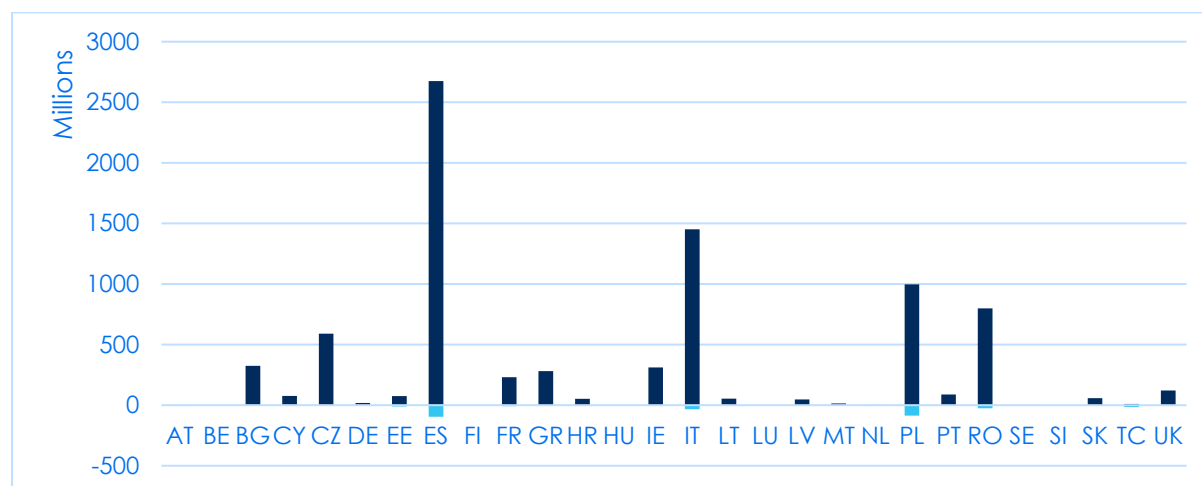
Reallocations of funds and programme changes were aimed at three main areas: health, business support and direct support for people, namely vulnerable groups.



i Investing in health

Health has been an important target area for reallocations by several programme authorities, especially important in the pandemic context. As of 12 May 2021, €7.4 billion have been reallocated for health-related measures, resulting in a net increase of €7 billion at EU level.⁹

Figure 4: CRII: Changes in planned EU support to health care since February 2020 (last update 12 May 2021)



Source: [EC Coronavirus Dashboard](#). Consulted 31 May 2021.

The adoption of the CRII/CRII+ regulations has accelerated and facilitated the financing of newly eligible actions like the purchase of PPE, testing, medicines, hiring of additional health personnel, and various types of medical assistance. Across IQ-Net programmes, the following measures were reported:

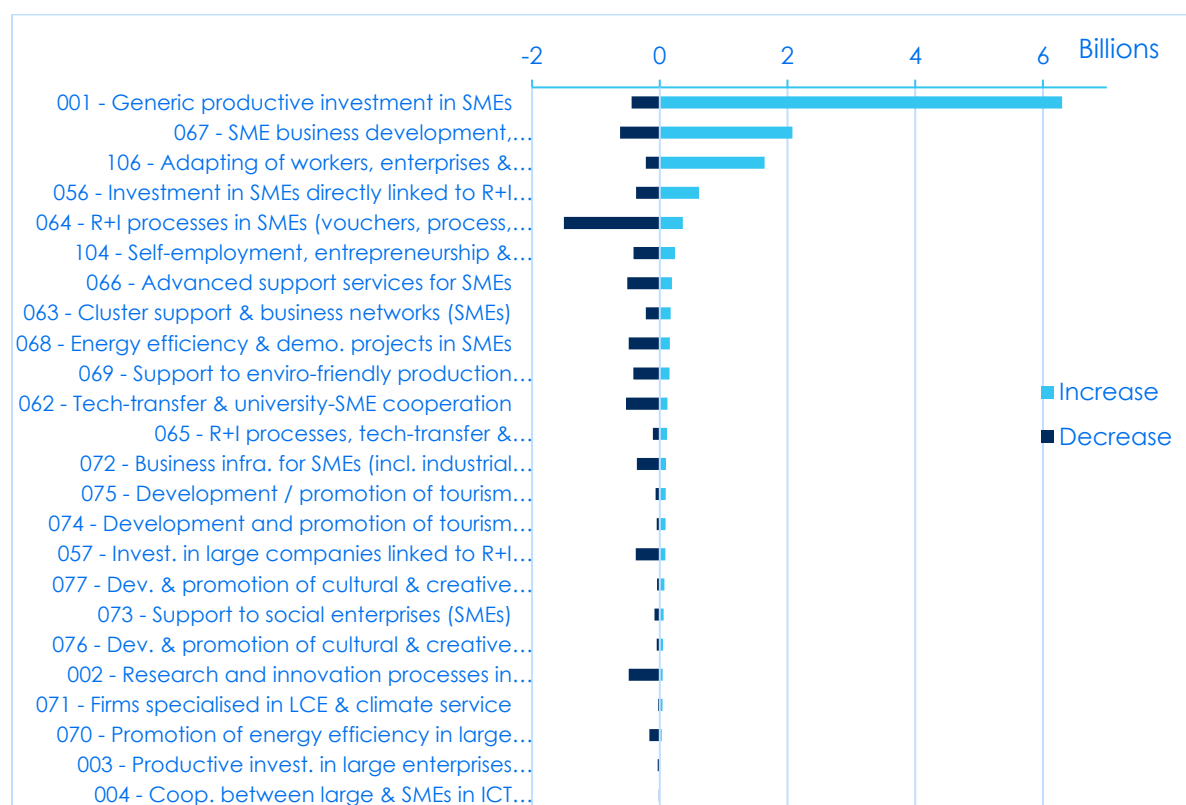
- **Countries that have experienced the most severe initial outbreaks report the largest reallocations to health care.** This is the case of [Spain](#), whose reallocations at over €2.6 billion in health-related actions far surpass those of other Member States, serving to support the response capacity of the health system in all the regions. In the particular case of the [Basque Country](#), they are considering reprogramming from TO 4 to COVID-19 health care expenses. [Poland](#) also has one of the largest reallocations to health care measures, at around €1 billion.
- Among the health care measures supported, **the funding allocated has mainly served for the purchasing of medical equipment**, such as ventilators and PPE ([ES](#), [IE](#), [SK](#), [FR](#), [ES: PV](#), [PL](#)). For instance, in [Ireland](#), under a proposed OP modification issued in July 2020, the national MA proposed a new Priority 7 on Health Support Scheme under CRII/+, to which all undeclared funds from Priorities 1, 2 and 3 (€285 million) were reallocated. The main objective is to maintain access to supplies of essential PPE for health services.
- **Project calls** have been designed specifically for the health sector. In [Slovakia](#), calls are open for hospitals (€48 million), regions and cities involved in public health protection measures (€28 million).



ii Investing in business

Another important area of activity for the reallocation of funds in the context of the COVID-19 crisis is business support. By mid-May 2021, reallocations in business support involved approximately €12 billion, meaning a net increase of €4.4 billion at EU level.¹⁰ This has included support for research and innovation, access to finance and liquidity support, entrepreneurship, energy efficiency, digitalisation and more.

Figure 5: CRII: Changes in planned EU support to enterprise intervention fields since February 2020 (last update 12 May 2021)



Source: [EC Coronavirus Dashboard](#). Consulted 31 May 2021.

Support for SMEs most affected by the crisis has been a particularly relevant line of action in programme reallocations, signifying a shift from longer-term investment areas towards more flexible and survival-focused support, especially for those sectors most impacted by the crisis. As shown in Figure 5, general productive investment in SMEs is by far the most targeted activity area, with over €6 billion funds diverted to it, followed by SME business development at just over €2 billion. This also includes investment in SME R&I, infrastructure and other collaboration activities involving SMEs, and for areas such as tourism, culture and hospitality. Support for SMEs has been emphasised by several IQ-Net partner countries, such as [Czechia](#), [England](#), [Greece](#) (see Box 2), [Poland](#), [Portugal](#), [Slovakia](#) and [Wales](#).

Several IQ-Net programmes have continued to take advantage of the CRII/+ flexibilities regarding the use of financial instruments. [Portugal](#) transferred €48 million to the business



sector, of which €15 million to be used in financial instruments. In [Poland](#), about €1.1 billion was dedicated for SME support, of which €840 million took the form of grants and €450 million in FIs. Working capital support through the form of loans and guarantees was also reported ([CZ](#), [EL](#), [FR](#), [SK](#)). For instance, in [Czechia](#), around €238 million have been used for the design of new financial instruments, the majority of which were used to facilitate bank loans to SMEs.¹¹

Box 2: Reallocations to business support under CRII/CRII+ in Greece



As of December 2020, the EC approved modifications to 16 out of 18 OPs (13 regional and 3 national) to help address the effects of the COVID-19 crisis on the Greek economy. Approximately €1.32 billion ESIF were made available through these changes to finance actions, mainly in business support. Through the OP Competitiveness, Entrepreneurship and Innovation, to be co-funded by the EU at the rate of 100% in the account year 2020-21, support was provided to SMEs.

A comprehensive framework for crisis response measures was also quickly set up by Greece since April 2020. This has helped launch four business support schemes: (i) Loan guarantees to businesses through the creation of a Guarantee Fund for working capital loans; (ii) Interest subsidy for existing SME loans; (iii) Interest subsidy for new SME working capital loans; (iv) Repayable advance scheme in the form of grants to SMEs. In total, approximately 105,500 enterprises are expected to be supported.

Source: European Commission's page on Cohesion policy action against coronavirus.

As drivers of regional development, **research and innovation have also been important targets for the reallocation of funds**. For example, countries like [Portugal](#) and [Slovakia](#) have created special calls for COVID-19 related research. In particular, [Slovakia](#) has made available over €100 million to support research projects. Also, in [France](#), €9 million were made available for R&I and other related measures, and in [Czechia](#), a €7.3 million aid scheme has been launched to support R&D activities related to the coronavirus outbreak.

iii Investing in people

Direct support for people, in particular vulnerable groups and workers, is another key target area for ESIF reprogramming under CRII/+, with the ESF being the primary Fund involved. By mid-May 2021, €3.8 billion were reallocated to support employment schemes such as short-time work arrangements, supplementary wages, IT equipment, and services for vulnerable groups (e.g. support for homeless people), among other measures.

Support has mainly focused on maintaining employment and favourable work conditions in the pandemic context. This has included the financing of equipment for distance learning and work, and the provision of loans for preferential broadband infrastructure – e.g. under the Digital [Poland](#) OP, to which €162 million were made available. Moreover, the upskilling of workers to increase their resilience and employment level throughout the crisis was considered across several programmes. This includes e.g. [Slovakia](#), which has increased reallocations for its ESF co-funded OP Human Resources. **Institutions and workers in high risk or vulnerable groups have also been targets for support**, with funds specifically allocated to mitigate the negative social impacts of the pandemic ([PL](#), [FR](#)). In [France](#), over €100 million has been



dedicated to supporting people through ESF actions, including short time work schemes and social services to vulnerable groups, and with a total of 23,000 entities having been supported.

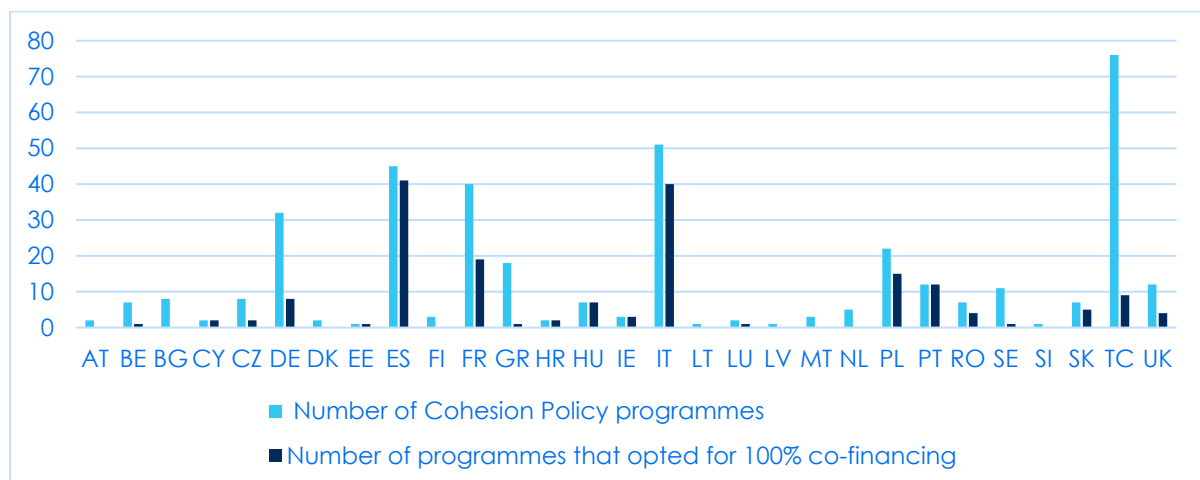
iv Financial and administrative flexibility



To facilitate the use of Cohesion Policy programmes in the crisis response, CRII/+ have also introduced measures to improve flexibility in cash flow and implementation. Through these modified rules and financing, about €7.6 billion were provided for an immediate increase of liquidity, and approximately €5.7 billion have been transferred between Funds and between categories of regions. The key flexibilities reported by IQ-Net programme partners include:

- So far, about **176 Cohesion Policy programmes have opted to use 100 percent EU co-financing**. This option is one of the most popular measures among the majority of modified programmes (Figure 6). For instance, among the IQ-Net partners, **Portugal** is now benefitting from this financing rate for all of its programmes, as is **Ireland**. **País Vasco/Spain, Slovakia** and **Poland** also make significant use of this facility. **Czechia** is using it in the OP Interreg V-A Czech Republic – Poland, and has expressed an intention to also exploit the opportunity for the entire OP Prague the Growth Pole. Slovakia has also considered this option very helpful, using it in five Cohesion Policy programmes and across 33 priorities.
- **Annual pre-financing has also been implemented automatically by the EU**, allowing for the ‘front loading’ of EU funds to Member States, but with the caveat that unused amounts must be returned. In **Austria**, managing authorities are making use of the audit simplifications and additional liquidity provided by the €18 million of non-recovered pre-financing for use in the form of an advance payment for coronavirus-related expenditure, as allowed under the CRII/+ rules. In contrast, in **Ireland** this rule has been a cause for concern for the regional authorities, with both NWRA and SRA highlighting its inefficiency regarding audits and mechanisms for declarations.

Figure 6: CRII: Number of programmes taking up option of temporary 100% EU co-financing



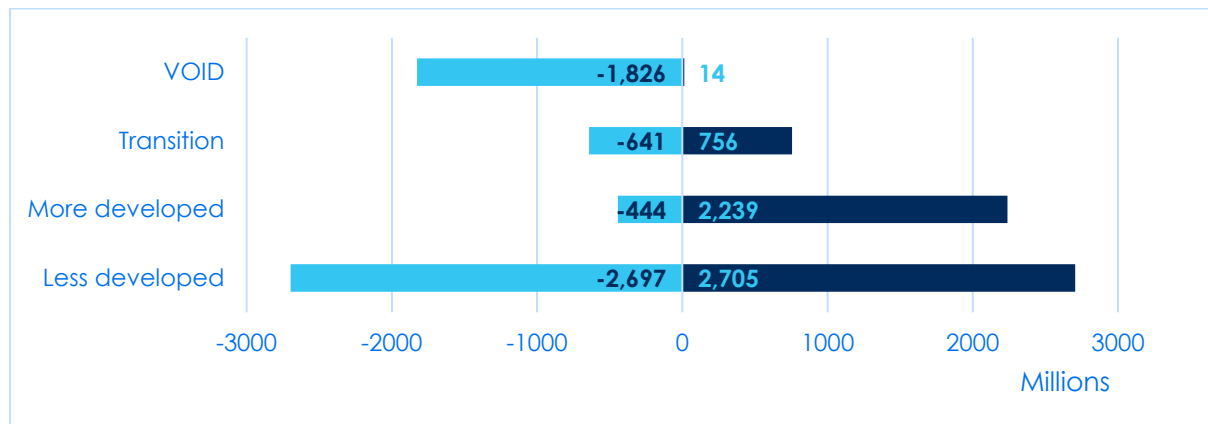
Source: [EC Coronavirus Dashboard](#). Consulted 31 May 2021.

Reprogramming has also permitted transfers between categories of regions, which countries could request. Figure 7 illustrates that there has been a substantial increase in reallocations for



both more and less developed regions. Since the last report (November 2020), there has been an €1,342 million increase in the reallocation for more developed regions, and a €1,378 increase for less developed regions. While the latter have also suffered fund reductions, the increases now (just barely) outweigh them. More developed regions are still the net beneficiaries, as urbanised areas have been the most affected by the pandemic, and have thus required additional (health care) investments.

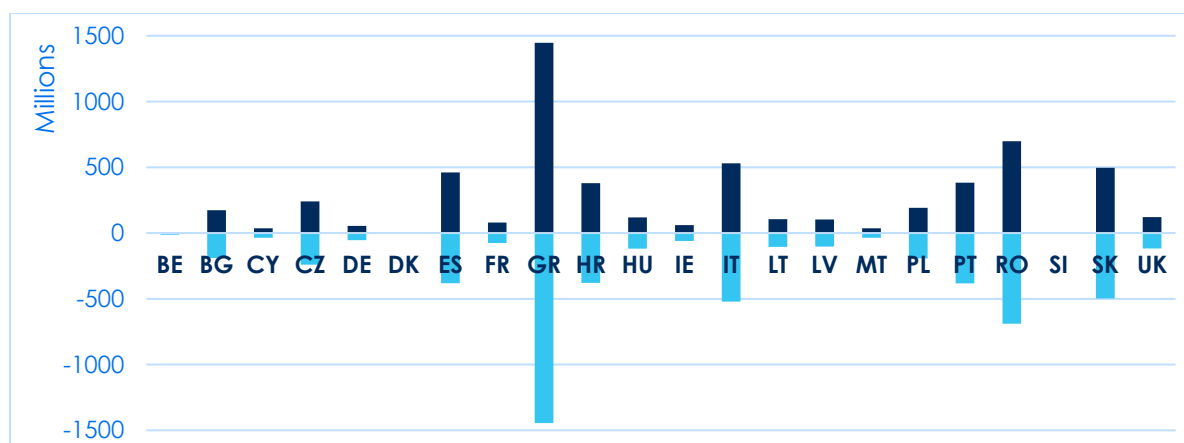
Figure 7: CRII: Change in allocations by category of region since 31 May 2020



Source: [EC Coronavirus Dashboard](#). Consulted 31 May 2021.

In addition, some countries have **transferred resources between Funds**. Data on changes in fund allocations through CRII/+ across EU Member States are illustrated in Figure 8. **Greece** appears as the country with the greatest amendments, reprogramming nearly €1.5 billion in funds from 16 programmes to the areas of Competitiveness, Entrepreneurship and Innovation (ERDF/ESF) and Human Resources Development, Education and Lifelong Learning (ESF/YEI).

Figure 8: CRII: Changes by country in Fund allocations since May 2020



Source: [EC Coronavirus Dashboard](#) [consulted 31 May 2021].



2.3.3 Policy responses: Other measures

Beyond formal programme amendments, other targeted changes to the implementation practices and dynamics have sought to counteract the effects of the pandemic and advance implementation. Some of these changes include modifications introduced to ongoing projects and project calls, financial support instruments, the approach to monitoring as well as modes of cooperation and communication with beneficiaries.

i Ongoing projects

With the pandemic affecting and delaying project timelines, several programmes have opted for **extensions to project implementation periods** (CZ, FI, NL, SK, Vla, W-M, UK), as well as the **advancement or acceleration of payments to beneficiaries** (AT, CZ, EL, NL, PT, SK). The **scope of projects** has also changed in some OPs, with alterations to output and result indicators and increased allocations for specific measures (EL, W-M). Some flexibilities have also been given to individual projects on a case-by-case basis, namely to update project plans or review indicator targets (e.g. FI).

Furthermore, with the need to switch to remote work, **activities, workshops and events have had to be rescheduled**, with the related expenditure qualifying as eligible (PT, Sco, Vla, W-M). **Adjustments to workflow** with the introduction of remote working and rearrangements to activities were also required so that progress on work packages could continue (FR, NL). This has also included **changes in the approach to control and audit**, with the introduction of new methods of digital project control (e.g. digital signatures and remote system monitoring in NL, and fully electronic communication in SK). A general focus has been on the **simplification of procedures**, namely by reducing the sample of on-site verifications, in accordance with EU guidelines (EL), and extending deadlines for the provision of information (SK).

ii Project calls

The organisation of project calls has also been affected by the crisis. **Extensions of deadlines** for submitting applications or for the issuing of calls were introduced across several programmes (SK, Vla, W-M). **Calls were also repeated** for proposals in measures/sub-measures with low contracting and certification, **and adjusted** in terms of allocations (SK, W-M).

In order to address COVID-related issues, new calls were opened (e.g. PT, Vla), for instance to support business investment and R&D in producing goods to prevent and combat COVID-19 and support SMEs in adapting to the new reality (PT). In contrast, the crisis also led to the **cancellation of some calls** (Eng, SK).

Remaining allocations have also been redirected to COVID-related measures (CZ, EL). Exceptionally, in **Czechia**, a free allocation remaining in some OPs will be channelled to the national programmes aimed at mitigating the pandemic impacts for the business sector.



iii Performance monitoring and communication with beneficiaries

In order to identify and quickly resolve challenges to the ongoing project implementation, especially as a result of the introduction of the new exceptional measures, **close and regular performance monitoring** is being performed by the IQ-Net authorities.

- Work is ongoing on **identifying constraints** to the development of execution (EL, PT), which might lead to the opening of new calls in order to address issues in a targeted manner (PT) or other mitigation measures.
- This also includes support with calls and monitoring of stakeholders (e.g. sub-regional authorities) with lower institutional capacity (Vla), **regular reviewing procedures** to support implementation of financially large projects (CZ, see Box 3), exercises on spend profiles to promote the submission of claims by partners (Sco) and issuance of circulars of Action Plans to accelerate contracting and implementation and development of Beneficiary Support Programmes (EL).
- **Proactive and close communication with beneficiaries** is pursued, for instance through the introduction of bi-weekly online walk-in meetings (Vla), sharing of good practices (Vla) and other formats for regular discussion of emerging issues (NL, Vla).
- **Capacity-building and information provision** are among key actions across some IQ-Net programmes (NL, PT, W-M). They include online training sessions for beneficiaries in individual thematic areas (W-M), frequent communication of guidelines and discussion of questions regarding project implementation (NL, W-M). Portugal launched a Transparency Portal (transparencia.gov.pt) centralising all information on European funds and integrating all systems and regimes applied in the country (also covering RRF).

Box 3: Regular review procedures to support project implementation in Czechia

In November 2020, the NCA published a **regular analysis of risks for implementation of the OPs 2014-20**. Within this systemic procedure, the NCA:

- Sets the minimum financial limits for the OPs to be achieved by the set deadlines;
- Identifies specific implementation risks that are addressed and suggests appropriate measures to mitigate them in cooperation with the respective MA.

Apart from the **financial performance**, the NCA monitors the **factual performance** (e.g. in the form of aggregated project outputs) and other indicators such as those set in performance frameworks of the OPs.

Since several IQ-Net authorities are dealing with over-commitment in their programmes, measures have also been introduced in an attempt to **manage overbooking in order to ensure smooth programme closure** (CZ, EL, NL, PT, Vla). For instance in Vlaanderen, the MA has been working since 2019 with a 5 percent over-commitment on all priorities to anticipate fund release, allowing promising projects to not be limited by their initial budget. A discussion on the over-commitment above the agreed limit of 105 percent is also being discussed in Czechia for particular OPs. In Portugal, continued analysis of the relationship between the planned approvals and the predicted break rates is performed, in order to ensure that the upcoming commitments are accommodated within existing programme resources.



iv Changes to financial support instruments

Further changes to financial instruments have also been introduced in order to alleviate COVID-induced shocks.

- The **possibility to finance working capital was widened** in some programmes (EL, NL, PT, W-M). In the Netherlands, the legal scope to finance working capital (e.g. rent and staff costs) was increased using existing resources.
- **Changes to loan and guarantee products were introduced** (EL, SK, W-M). In Warmińsko-Mazurskie, under the updated Financial Instruments Investment Strategy of the OP, the loan grace period was extended, credit holidays applied, interest rates on loans decreased and repayment periods and deadline validity of guarantees extended.
- **Domestic investment premiums and new credit lines with favourable conditions were also opened** to support, for example, companies in vulnerable sectors and SMEs (AT, PT, SK). In Portugal, this includes companies that provide support for cultural, festive, corporate, sports sectors, seminars and shows, and industrial companies with a high volume of business from exports.

v Other measures

Other support measures have focused on the **simplification of procedures**, including with regards to **public procurement rules** (EL, SK) and evaluation processes (EL). For instance in Greece, the national public procurement authority issued updated guidance on public procurement procedures in the context of the COVID-19 crisis, while in Slovakia, 40 measures to simplify the administration of funding have been announced, including the simplification of timesheets and public procurement checks.

Table 3: Examples of key support measures for beneficiaries (recent additions in bold)

MA support measure	Countries/regions
Extension to projects; flexibility in implementation schedules	CZ, DK, EL , FI, FR, NL, PT, SK , Vla, W-M, UK
Extending calls for applications	CZ, EL , PT, SK , Vla, W-M
Cancellation or modification of calls	Eng, SK, W-M
Widening the possibility to finance working capital	EL , NL, PT , W-M
Speeding up payments; increasing advance payments	AT, CZ , DK, EL , FR (Paris), NL, PT, SK
Online checks and digital signatures	FI, FR, NL, SK , Vla, W-M
Allowing flexibility in the submission of evidence	Eng, EL , FR, NL , Sco, SK
New methods of project delivery	CZ , DK, EL , Eng, FI , NL , PT , Sco, Vla, W-M
Issuing FAQ and guidance for IBs and beneficiaries	EL , FI, NL , PT, UK, Vla , W-M
Changing co-financing contracts, product and result indicators	FI , W-M
Simplification of programme documents and procedures	AT , EL , SK , W-M

Source: IQ-Net research.¹²



2.4 Evaluation update

According to the 2020 synthesis of the findings of evaluations of ESIF programmes in 2014-20,¹³ over 1,000 evaluations pertaining to the 2014-20 period have been carried out by Member States and published since January 2015, compared to only 800 pertaining to the last period within a comparable timeframe. The **number of evaluations continued to increase in 2020 at a faster rate than in previous years**. The distribution of evaluations across Funds has not changed in 2020 and continues with a slight prevalence of ERDF/CF over ESF/YEI, with approximately 20 percent of evaluations covering both.

In most IQ-Net programmes, evaluation activity is advancing steadily and according to plans. The **COVID-19 crisis and the associated OP revisions appear to have had limited effects on evaluation activity**. At the same time, REACT-EU evaluations already started in some cases (e.g. [AT](#)); also, [Czechia](#) is elaborating an evaluation of ESIF response to COVID-19 (Box 4).

Box 4: Czechia's evaluation of ESIF measures responding to the COVID-19 pandemic

In Czechia, at the national level, an analysis of ESIF measures responding to the COVID-19 pandemic is being elaborated. Its aim is to assess the effectiveness of ESIF co-funded measures to mitigate the impacts of the lockdown on the economy.

The assessment focuses on the response of 10 selected countries to COVID-19 within ESIF. Through the comparison and evaluation of how the situation was approached by selected Member States, it seeks to identify the more effective measures as an example of good practice for future learning. The main focus will be the evaluation of results, effects, or impacts of ESIF support in combatting COVID-19 and the socioeconomic crisis. The findings are expected in autumn 2021.



Across IQ-Net programmes, the **outcomes of evaluations are largely expected to inform the institutional framework and the strategic and operational content of the 2021-27 programmes**. In [Warmińsko-Mazurskie](#), seven recommendations emerging from the recently completed evaluation were related to programme strategy and the improvement of ROP programming in the future period, as they were for areas in which financial support will be continued in 2021-27. The incorporation of evaluation results in the preparations for the next period is foreseen across a range of programmes, including in [Ireland](#) (NWRA & SRA) and the [Netherlands](#) (Box 5), whose evaluations will inform early phases of the 2021+ preparations. In [Vlaanderen](#), upcoming evaluations will assess the impact of the 2014-20 programme priorities and the extent to which these align with the thematic concentration requirements for 2021-27. In [Wales](#), the outcome of evaluation will help inform the remainder of the programme period as well as the post-Structural Funds framework. An update to the ex-ante assessment of the ERDF-funded Wales Business Fund, for example, has led to revision of the Fund's investment strategy.



Box 5: West Netherlands' incorporation of recommendations for 2021-27 from evaluations

In preparing the 2021-27 programme, and considering lessons learned from technical, impact and regional evaluations, the West Netherlands' MA wants to make changes to the areas of organisation, content and delivery of the programme, including:

- Better differentiation in the assessment between innovation and low-carbon priorities;
- A shorter turnaround time when processing applications;
- Increased standardisation of the regulatory package (similar to the H2020 and Interreg formats), helping to tailor funding solutions to societal challenges as well as increase the control on the structure of the expert committee, eligibility criteria and external presentation of the OP at the beginning of 2021-27;
- Integrate the possibility to include grants and loans in a single operation.

A range of **thematic evaluations** is under way, planned or recently finalised, including on the topics of low-carbon economy (PT, W-M), e-services (W-M), RTDI (AT), culture and heritage (W-M), and labour market (CZ, W-M), among others. Wales has evaluated the over £800m of EU funding invested in infrastructure in Wales over the 2000-06 and 2007-13 periods. The evaluation found that a high proportion of EU-funded infrastructure is still being used for its original purpose, with the vast majority still owned and maintained by the original grant recipient and maintained to a high standard. However, there were also examples of investment that did not generate the intended benefits.¹⁴

In addition, some IQ-Net authorities have either commissioned or are considering new **studies targeting specific implementation instruments**:

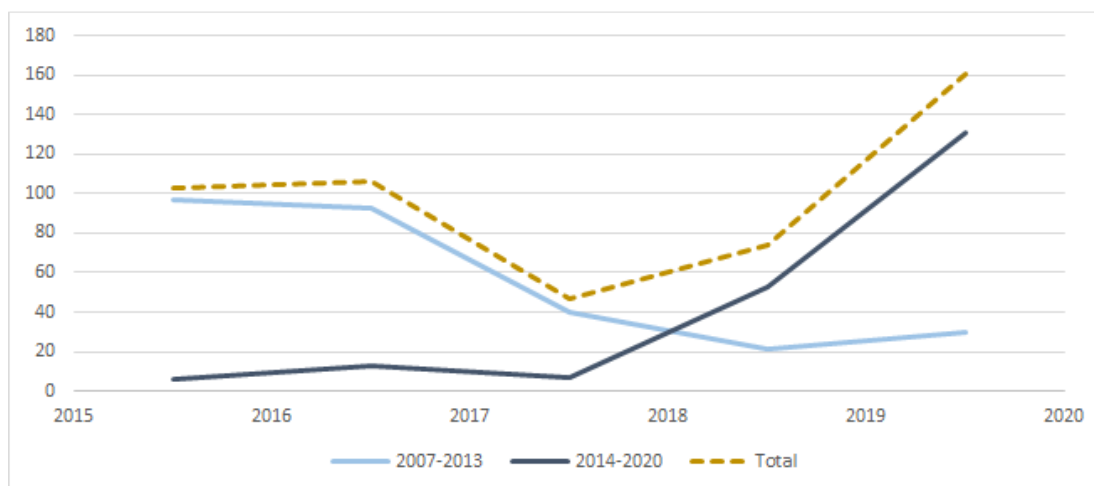
- **RIS3**: Assessments related to R&I smart specialisation strategies were highlighted in Greece, Portugal and the Netherlands. Greece is considering adding to its evaluation plan horizontal impact evaluations for RIS3 and territorial strategies. In Portugal, an evaluation of the implementation of both the national and regional RIS3 was carried out and published November 2020, with a focus on networks, outputs and expected results. In 2020, internal studies in the Netherlands assessing RIS3 used a methodology based on patent data. They focused on the different specialisations per province, identifying which choices lead to actual specialisation.
- **Integrated territorial instruments**: In Czechia, evaluation of ITIs was done at the National Evaluation Unit level and in the Integrated OP, the key message being that ITIs are a suitable tool for only some thematic areas (e.g. transport, environment, social services) but not others (e.g. business support).
- **SCOs**: Portugal is close to finalising an evaluation of the application of SCOs, ongoing since 2018. The report will highlight results of monitoring the evolution of SCOs in Portugal over time and the growing importance they have for managing ESIF.

Overall, recent evaluation updates emphasise the **heightened importance of impact evaluations on the 2014-20 programmes** (Figure 9), not least as the current period is nearing its final stages and measures implemented have produced sufficient results to be assessed. In Denmark, the volume of register-based monitoring of impact is starting to build up as the early projects have had time to make a difference on the performance of the individual businesses



involved. [Warmińsko-Mazurskie](#) has also started the implementation of impact assessments of the 2014-20 OP, namely on competitiveness and innovation of enterprises and the impact of support for regional health programmes.

Figure 9: New impact evaluations published since January 2015 on Cohesion Policy programmes by year and programming period



Source: European Commission (2021) *Synthesis of the findings of the evaluations of European Structural and Investment Funds Programmes 2014-2020*.

2.5 Programme closure

On 8 March 2021, a **revised draft of the European Commission's closure guidelines** was published following a meeting of the Expert Group on ESIF (EGESIF). As in the original document from 25 September 2020, it outlines the general principles, closure procedures and templates for the submission of closure documents by Member States. This revision was carried out taking into consideration the questions and comments submitted by Member States. Additional elements and changes have been introduced in this latest draft for clarity, including:¹⁵

- With the **REACT-EU** amendment to the CPR in December 2020, the term 'REACT-EU resources' has been included in the closure guidelines more consistently.
- Further **explanations have been included regarding REACT-EU resources** constituting external assigned revenue, separate from ERDF and ESF budget lines. Consequently, the 10 percent flexibility at closure will only apply between the REACT-EU priorities of the same Fund within the same programme, to which additional resources have been allocated, and not between categories of regions.
- Regarding the **procedure for approval or amendment of major projects**, Member States should submit a request for such action by 30 September 2023. These amendments include phasing requests and cancellations.
- The recommended **deadline for Member States not to revise targets** was revised to 2022 (from 2020).
- A clarification was made that FIs cannot be phased, and a more detailed explanation was given on the procedure to formally request the **phasing** of a major project.
- Further explanations were provided regarding **audits of financial instruments at closure**.



- The total cost of each **non-functioning operation** was lowered from €5 million to €2 million, with no need to finance the completion of non-functioning projects with national funds.
- **Amounts recovered after closure** of the OP must be repaid to the budget of the Union.
- The audit opinion and control report must include assurance on the amount of public **expenditure paid to beneficiaries**.

Closure is still not high on the agenda for most IQ-Net authorities. Although fund managers have begun reviewing the European Commission's draft guidelines and preparing their responses, there is a **general hesitation to proceed with the closure process before the final guidance has been received**. The preparation for programme closure is evident in the revision of closure guidelines with the certifying authority (IE: [NWRA](#), [Wal](#)) and the development of recommendations, timetables and designated working groups ([CZ](#), [Sco](#), [Wal](#)). Only in [Wales](#) internal preparations for closure have started in earnest, managed by the MA's Closure Manager. The MA is following a closure process involving frequent Priority Controller Meetings, a Closure Champions' Network, and the setting up of a programme closure plan (Box 6).

Box 6: Process of programme closure in Wales

Wales are using an annual closure process for the submission of accounts/management declaration/ACR, which has allowed for documents to be submitted early each year to date. This consists of:

- Tracking the **individual closure of operations**;
- Restarting the **Priority Controller Meetings** with each of the MA's portfolio heads. These are used to discuss operations that have requested extensions or are having issues with delivery. **In 2021, meetings are being jointly held with the Certifying Authority** to discuss ongoing spend. Meetings are held every two months, but will be monthly in 2022, as number of projects finishing in 2022/23 increases;
- **Internal guidance** provided for the MA's project management staff and **beneficiary guidance** available via the MA's website. These are to be adjusted by the MA's Closure Manager when final closure guidelines are available;
- **Closure champions' network** was partly reinstated;
- Programme closure is now a standard agenda item on the MA's **Delivery and Compliance Group**. The Group meets quarterly, and is made up of external stakeholders from various areas of operational delivery;
- The MA is in the process of compiling a **Programme Closure Plan**, setting out timetable for various activities over the next five years. For this round the annual closure timetable will be much shorter and tighter for all three authorities.

Date	Event	Implication
31/12/2023	End of Eligibility of Expenditure	Costs incurred or defrayed after this date are ineligible.
31/05/2024	Accounts close	Final opportunity to include claims in the accounts to EC. Claims Operations which have not been closed and for which claims remain unpaid or unverified cannot be claimed from EC.
31/07/2024	Submit Final Accounts to EC	



From an administrative perspective, all final claims will need to be processed, verified and paid by 1 May at latest, to allow for the accounts to be finalised and ensure that any adjustments can be made. The MA is currently looking at around 30 operations closing 'late' in the programme (from September 2023). This leaves little time for operations to ensure they have defrayed expenditure, and for resolving the queries likely to be generated by the payments' team and administrative verification team.

The AA will also be undertaking their annual audits, likely to generate a number of queries (based on previous experience). Any queries raised will need to be resolved or raised onto the system so that these can be considered for the final accounts' submission. All of this is mainly identifying administrative resources, and the MA hopes that their planning process will identify the requirements for individual teams, and allow the management team to make decisions regarding resource allocation.



Other IQ-Net authorities indicate that the **implementation of the current programmes and deciding the content of REACT-EU is still taking up most of the resources** (DK, FI). Not having final closure guidelines from the EC, alongside the changes to the rules on overbooking of expenditure, has also led MAs to prioritise implementation progress (IE: SRA, Vla, W-M). The focus on following up with ongoing projects means that **programme authorities are only likely to start preparations for closure in the second semester of 2021** (DK, FI, ES: PV) **or even 2022** (SK), as it usually involves a heavy workload of planning for staff resources, calculation of TA, and overall reporting of results from the 2014-20 period. Some of these resources and processes, however, are embedded in the ongoing implementation process. This is the case in [Portugal](#), [Wales](#) and the [Netherlands](#), as committed projects are having to work according to pre-set timelines and have their spending activity monitored. In the case of the South NL, the **annual financial control and reporting** to the control committee **has already created an ongoing closure process**, aided by the experience in 2007-13 (also highlighted in [Czechia](#)) and the fact that EC closure guidelines are largely similar (e.g. 10 percent flexibility).

Box 7: IQ-Net programme authorities' views on annual closure

The annual closure procedure may help facilitate an ongoing closure process and the preparation for the finalisation of the programme period (EL, FI, NL, Wal). In Slovakia, annual closure is described as a useful way to understand where the OP stands in terms of financial implementation and how it meets its target values and indicators. However, while the amounts to process are smaller, the administrative steps involved are virtually the same as for the final closure. This means the MAs have to set capacity aside at the start of each year and regularly coordinate this process with the Audit Authority. Some IQ-Net programme authorities therefore view this as a demanding, technical and administratively complex process (Vla, SK). According to Czechia, one of the main challenges of annual closure relates to the uncertainty over how to approach in the annual and final accounts expenditure which is the subject of unresolved audit findings.

A number of **outstanding questions, issues or challenges** regarding closure preparations have been highlighted:



- The **COVID-19 crisis** and the subsequent introduction of **REACT-EU** have caused delays to project implementation, leading to delayed focus on the programme closure process (FI, Vla, IE: NWRA). Some IQ-Net programmes view the impact of REACT-EU on timely closure as problematic also in terms of creating additional absorption pressure (AT, FI, NL) and increased workload (W-M). Portugal highlights concerns only regarding the share of resources allocated to the environment component where implementation is not yet underway.
- Uncertainty and concern regarding **financial and flat rate corrections** (AT), **overbooking** (AT, IE: NWRA, SRA) and **financial absorption** (SK, W-M), namely with regards to delays in public procurement and the limited flexibility of funds transfer between investment priorities.
- High risk of **strain on MA's internal capacities with the large volume of concurrent operational projects**, their control and closure, which will increase in 2022/23 (Vla, W-M). Simultaneously managing decommitments for 2020/21, each belonging to different schedules and therefore responding to different rules, is an important concern (FR).
- Uncertainty regarding how the **phasing of projects** over the 2014-20 period could be realised (CZ). Phasing over two programme periods will also not be a possibility for the UK, leading the Wales MA to look at alternative tools within guidance, such as non-functioning operations as an option for bigger infrastructure operations.
- Significant administrative **burden from Audit Authorities** (IE: NRWA, W-M). This relates for instance to conducting audits in a continuous formula lasting the whole year, and the requirement for a wide range of documents, which the MA/IB often do not have in accordance with the applicable procedures (W-M). In Ireland, in a 'typical' year, there are c. 30-35 operations audits and 4-6 systems audits. Similarly, high extrapolation from irregularities related with **the method of calculating the total error rate** for the programmes is an ongoing issue (W-M).
- **Absence of final closure guidance** from the EC (CZ IROP, IE: SRA, Vla, W-M) and **need for further clarification** on a few existing points, namely the appeals process and how these will be addressed in the final year (Wal), the deadlines for submitting payment claims (AT) and Annex IV on final balance calculation (W-M).

3 REACT-EU: BRIDGING THE GAP BETWEEN FIRST EMERGENCY RESPONSES AND LONG-TERM RECOVERY

REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) continues and extends the crisis response and crisis repair measures delivered through the CRII/+, providing a bridge between first emergency response and the long-term recovery. These additional resources, constituting a top up to 2014-20 programmes and distributed to Member States in 2021 (€37.5 billion) and 2022 (€10 billion), are to be used before the end of 2023, in line with the 2014-20 legislative framework. The strength of the additional financial allocation and the speed of its absorption are among the building blocks for the successful implementation of this instrument. In this context, it is not surprising that **the programming and implementation of REACT-EU funding is currently the main priority for the majority of IQ-Net programme authorities.**



3.1 Setting up REACT-EU implementation: progress, structures

3.1.1 Progress with setting up REACT-EU

With the REACT-EU regulation adopted on 23 December 2020¹⁶ and the instrument entering into force on 1 January 2021, first submissions of OP amendments and the new dedicated programmes to allocate the additional resources were expected in the first quarter of 2021.

Across IQ-Net programmes, **there is varied progress with regards to the programming and implementation of REACT-EU funding**. This ranges from preliminary planning and preparation of OP amendments to allocate additional resources, to the opening of calls and making allocations under the instrument following the approval of amendments by the Commission.

The first REACT-EU support measures were approved by the Commission for the [Netherlands](#) and [Austria](#). In the [Netherlands](#), the first calls were opened already in March-April 2021 and first allocations made in April 2021. As of April 2021, several programme amendments have been submitted to the Commission ([CZ](#), [DK](#), [FI](#), [SK](#)), which in some cases have already been accepted (e.g. [DK](#)) or were awaiting EC feedback (e.g. [CZ](#)). In some cases, REACT-EU reprogramming was at the stage of formal approval by the Monitoring Committees of the relevant OPs ([PT](#), [Vla](#)), while in others, the reprogramming was expected in the near future (e.g. [W-M](#)), with the associated preliminary work ongoing ([IESRA](#)). In some cases, additional revisions are expected to be made to those OPs that will integrate REACT-EU allocations in 2022 ([EL](#)).

3.1.2 Implementation structures

REACT-EU resources are being allocated to the existing programmes, in most cases through setting up new priority axes.

Box 8: Construction of a REACT-EU priority axis

- Programming REACT-EU requires creating new priority axis/es in a programme
- All REACT-EU priority axes have to meet the following conditions:
 - Have to be mono-fund
 - Cover only the new REACT-EU TO/IP
 - Cannot be mixed with non-REACT ERDF/ESF/CF resources in 1 priority axis
 - Will not be divided by categories of region
- For REACT-EU TO the EU co-financing rate can be up to 100%

Source: Romańska U and Walsh J (2021) REACT-EU programming. 2021-2027 Technical seminars. Webinar on programming of the REACT-EU resources, 9.02.21¹⁷

A **single dedicated REACT-EU priority axis** within the scope of the existing OP(s) is planned or already established for this purpose in several cases (e.g. [AT](#), [DK](#), [NL](#), [PT](#), [Vla](#), [W-M](#)). In the case of some multi-Fund programmes, REACT-EU is included through **several new priority axes**, covering the respective Funds. For instance in [Finland](#), REACT-EU is included into the 2014-20 OP through two new dedicated priority axes (for ERDF and for ESF measures). In addition, there



are two priority axes for Technical Assistance (one for ERDF and one for ESF), each axis including a number of Specific Objectives. A **separate priority axis for Technical Assistance of REACT-EU**, along with a new REACT-EU priority axis is also foreseen e.g. in [Czechia](#), although such separation of TA for REACT-EU from the TA in the entire OP, as requested by the EC (see Box 9), is perceived as cumbersome.

Box 9: Construction of a REACT-EU priority axis: Technical Assistance

- Technical assistance from REACT-EU can be only programmed in a separate, mono-fund REACT-EU TA priority axis. Not possible to add REACT-EU resources to an existing TA priority axis.
- The CPR rules on technical assistance apply to REACT-EU TA
 - ERDF can support TA related to ESF and vice versa
 - REACT-EU TA is not limited to REACT-EU TA activities, but can cover other TA activities, e.g. preparations for the 2021-27 period.

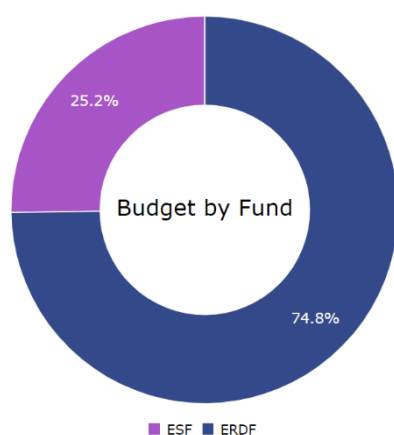
Source: Romańska U and Walsh J (2021) *op. cit.*

Whereas some MS chose to concentrate REACT-EU funding within a single OP (e.g. [CZ IROP](#)), in others ([NL](#), [PT](#), [SK](#)) it is distributed among several existing OPs by increasing their allocations.

i Use of ESI Funds

REACT-EU resources are distributed to Member States from the ERDF and ESF, as well as FEAD (European Fund for Aid to the Most Deprived) and YEI. As of early June 2021, the share of ERDF resources in the total REACT-EU allocation significantly exceeded that of the ESF (Figure 10).

Figure 10: REACT-EU: Total Budget by Fund, EUR (as of 08/06/2021)



Source: <https://cohesiondata.ec.europa.eu/themes/13>

Across individual IQ-Net programmes there is however significant variation in terms of the ERDF/ESF ratio within the REACT-EU funding allocation. For instance while the planned share of ERDF measures in the REACT-EU funding pot is significantly higher than that of ESF measures e.g. in [Finland](#) and [France](#) (70 and 67 percent ERDF respectively versus 30 percent ESF), the ESF allocation exceeds that of ERDF e.g. in [Vla](#) (which reserved c. three quarters of the REACT-EU



budget for ESF) and [IE \(SRA\)](#) (where the ESF will take the full allocation for REACT-EU for 2021). In some cases, the REACT-EU budget is divided evenly between ERDF and ESF (e.g. [NL](#)).

ii Regional allocation

In order to ensure that the additional resources can be targeted at areas where support is most needed, they are exceptionally not divided by categories of regions, although a focus on the less developed regions is encouraged by the Commission.¹⁸ The territorial dimension of the REACT-EU support is thus sought to be ensured through **adjusting the regional allocation of funding to the specific needs of individual territories** within MSs.



In [Finland](#), the regional allocation of REACT-EU funding is done on the basis of set criteria, giving particular consideration to those regions where the economy and employment have been severely hit by the crisis (based on three statistical measures: regional economic indicators; COVID resilience of the regional economy; and the effects of COVID on the regional economy).



In [Poland](#), the division of the funds will equally be adjusted to the individual needs of the regions, taking into account the requirement set by national authorities to direct financial streams to specific thematic priorities.



In [Denmark](#), parts of REACT-EU funding will be routed through seven recently established 'regional growth teams' in order to address specific impediments to growth in Danish regions, with two of the five regions having been divided up into subregions with different growth challenges.¹⁹

Regional shares have already been determined in some cases (e.g. [FR](#), [NL](#)). For instance in the [Netherlands](#), the percentages are in line with the allocation formula used for the 2014-20 regional budgets, with West NL set to receive substantially more than the other three regions for 2021, whereas the full amount for 2022 will be allocated to East NL.

iii Flexibility options

The implementing conditions for the additional resources under REACT-EU incorporate a range of flexibility elements, including the possibility of 100 percent EU co-financing, high level of pre-financing, absence of ex-ante conditionality or thematic concentration requirements, no breakdown by category of regions, possibility of transfers among ERDF and ESF, and the retroactive eligibility of expenditure from 1 February 2020. The initial overview of REACT-EU programming in IQ-Net programmes suggests that the flexibility options including 100 percent funding (e.g. [CZ IROP](#), [EL](#)) or generally higher EU co-financing rates (e.g. [NL](#)) and the retroactive eligibility of expenditure (e.g. [Vla](#)) are particularly welcomed, although some issues have also been highlighted. For instance the retroactive eligibility has been noted by [Vlaanderen](#) to potentially lead to less MA guidance as to which payments can be submitted. The 'fast procedure' enabled by REACT-EU has been stressed by [Czech IROP](#) to apply only at the very end of the entire approval process, thus not representing a flexibility element.



3.2 Thematic priorities

REACT-EU is set to provide additional funding for programmes under the Investment for Growth and Jobs goal (and for cross-border cooperation OPs under ETC), extending the measures delivered through CRII/+ and contributing to a green, digital and resilient recovery.

- The **ERDF** resources are to be primarily used to support investment in health-related products and services, working capital or investment support to SMEs, as well as support investments contributing to the transition towards a digital and green economy, investments in infrastructure providing basic services, and economic measures in the territories particularly dependent on sectors most affected by the crisis.
- The **ESF** resources are to be primarily used to support job maintenance, job creation, youth employment measures, skills development, particularly to support the green and digital transitions, and enhanced access to social services of general interest.²⁰

A broad range of themes is targeted under REACT-EU by IQ-Net programme authorities, including business support, R&I, low-carbon, social responses (including health and education related investment), and employment support – at the same time pursuing the twin objective of green and digital transition (see Table 4).

Table 4: Preliminary overview of REACT-EU thematic priorities (selected)

	Research and innovation	Business support (SMEs)	Low-carbon	Health	Social services (incl education)	Employment
AT	X	X	X			
BE (Vla)	X	X	X			
CZ				X	X	
DK						
EL		X		X		
ES (Biz)						
FI	X	X	X			X
FR		X				
IE NWRA		X			X	
IE SRA		X				
NL		X	X			
PL (W-M)		X	X	X	X	X
PT		X	X	X	X	X
SK		X	X	X	X	X

Source: IQ-Net research and Den Hoed et al. (2020) op. cit.

Business support is emerging as one of the key areas supported by REACT-EU resources. For instance in [Portugal](#), 51 percent of REACT-EU funding will be concentrated on support for the stabilisation and resumption of business activity, including via a Liquidity Incentive System enabling ERDF to support the financing of working capital for SMEs (Box 10). Apart from support for SMEs to recover from the COVID crisis ([EL](#), [FI](#), [PT](#)), including in particularly affected sectors (e.g. tourism, [IE SRA](#), [PT](#)), business support under REACT-EU includes, inter alia, support for growth in companies and technology-oriented business investments ([AT](#), [NL](#)).



Box 10: REACT-EU support for business survival and recovery in Portugal

The Liquidity Incentive System (APOIAR Programme),²¹ launched in November 2020 and implemented through the Thematic OP Competitiveness and Internationalisation in the Mainland, is an instrument to support the finances of companies, ensuring and preserving their liquidity and continuity of their economic activity during and after the COVID-19 outbreak. Its funding is to be almost fully guaranteed via the REACT-EU reprogramming. It allows support to finance the working capital, particularly of micro, small and medium enterprises, in the sectors particularly affected by the exceptional measures approved in the context of the pandemic, including wholesale and retail trade, accommodation, catering and restoration, tourist and cultural activities.

Low-carbon is another prominent theme among REACT-EU support measures, not least due to the focus of the instrument on green transition.²² Key actions relate to support for energy production, generation and efficiency (AT, NL, SK), renewable energy (AT, Vla) and green infrastructure (SK, Vla, W-M). In Portugal, a line of support for climate-oriented projects will be launched via a dedicated call under the existing business incentive schemes.

More precise focusing of the REACT-EU funding, particularly in the areas related to SME support as well as green and digital transitions, is (set to be) outlined in line with the new RIS3 and regional strategies (FI, NL), allowing regions to narrow down a specific focus depending on their needs.

Reinforcement of **social responses**, including in the areas of health, education/training and support for vulnerable groups, is another key area.



In **Czechia**, the majority of support (76 percent) will be channelled to the healthcare priority, with infrastructure for social services being another important thematic priority.



In **Ireland** (NWRA), REACT-EU funds were reallocated to a training budget line in ESF, to bolster current training programmes.



In **Portugal**, the reinforcement of social responses is foreseen in relation to health (e.g. vaccine and medicine rollout, logistical support, general strengthening of health system capacity) and education (including reinforcement of staff capacity and enhanced school performance monitoring).



In **Slovakia**, REACT-EU will support social services, skills (including vocational and primary schools), distant education and people at risk of poverty.

Support to **employment**, active labour market policies and job maintenance (FI, PT, SK) is also foreseen in some cases. Some of the other support measures foreseen under REACT-EU, although in a more limited number of cases, relate, inter alia, to areas such as sustainable urban development (e.g. urban mobility – AT, town centre revitalisation / smart city projects – IE NWRA), cultural infrastructure (SK), integrated rescue system (CZ IROP), and public administration reform projects (SK).



3.3 Implications for current and future programmes

Overall, the considerable amounts of funding under REACT-EU, its flexibility options, strong links to the most pressing challenges and sectors hit hardest by the crisis, as well as its bridging function between the two financial perspectives are generally appreciated.



Thus, extending the crisis response measures delivered through CRII/+, REACT-EU is intended to bridge the gap between the first emergency crisis responses and a longer-term recovery of the economy supported by the 2021-27 programmes. Such **bridge funding between the two programme periods is viewed as one of the key benefits of REACT-EU**. This would prevent interruption to funding, especially if there are delays in launching the new programmes, and ensure continuity and a smoother transition (FI, IE NWRA, PT, SK, Vla). Some programme authorities are looking to use REACT-EU funding as bridging finance or as a 'test exercise' for specific investment types in 2021-27 (e.g. smart city projects in IE NWRA, or investments covered by the new RIS3s in NL).



At the same time, the ultimate impact of REACT-EU on programmes is still largely uncertain,²³ and a number of issues have been raised. The substantial amount of funding under REACT, combined with the relatively **tight timeframe** for implementation, creates significant pressure in terms of ensuring timely allocation and full **absorption** of funds. In many cases this **stretches the existing administrative capacity and sidelines other ESIF management priorities**.

Thus, the tight time-space available for the implementation of REACT-EU projects, creating **pressure in terms of ensuring a swift commitment of funds and quick execution**, is in some cases viewed as a challenge (CZ, FI, NL, Vla).



In the **Netherlands**, the South MA expects REACT-EU to create a great deal of pressure on the timely allocation of funds and the challenge of having all the expenditure completed by the end of 2023, also with possible implications for the new programme due to the many competing resources.



Given the need to ensure quick delivery, while at the same time recognising that potential beneficiaries and selection committees need time to prepare and select applications, the **Flemish** MA expects to speed up its approach to project generation and selection mainly by relying on larger projects with manageable timing.

Ensuring absorption of the additional REACT-EU resources (combined with the resources under CRII/+) **within the established timeframe may prove challenging** (e.g. AT, FI). This risk is potentially particularly relevant for Member States hit hardest by the crisis, due to lower absorption rates.²⁴ Absorption issues also have potentially negative implications in terms of ensuring smooth closure (see Section 2.5).

In addition, the parallel tasks of ensuring timely programming of REACT-EU while working towards fully committing the 2014-20 resources, COVID-related reprogramming and preparing for smooth closure along with ensuring coordination with the RRF and preparing 2021-27



programmes has placed **significant pressure on the human resources and administrative capacity** of ESIF authorities, particularly in smaller programmes (NL, Vla). Additional funds and COVID-19 challenges create extra pressure on ESIF authorities particularly where existing management and control systems are not strengthened.²⁵

Importantly, the **prioritisation of the NGEU funding** (REACT-EU but also RRF) over ESIF has significantly **affected programming and implementation priorities** across programmes, including by delaying the planning of 2014-20 programme closure – with potential consequence for implementation delays and absorption issues further down the line.²⁶



In **Finland**, the availability of REACT-EU funding has shifted priorities towards a continued need to focus on delivering the 2014-20 programmes, opening new calls and reinstating all the functions and systems for the 2014-20 period – instead of focusing on planning the closure process and preparing for the new period, as initially foreseen.



Similarly in **Denmark**, detailed planning of programme closure has been delayed by the unexpected tasks in relation to REACT-EU.

The introduction of REACT-EU has led several programme authorities to divert focus and **push back their preparations for the 2021-27 period** (AT, DK, NL, Vla), due to the programming and implementation of REACT-EU being viewed as a more urgent task. In **Austria**, the whole process has been pushed back by planning for REACT-EU by roughly one year. Similarly in the **Netherlands**, the need to quickly commit the REACT-EU resources has led the MAs to 'hit the brakes' on the 2021-27 programme preparations, essentially making all other activities secondary to the implementation of REACT-EU.

Ensuring internal and external coordination for successful implementation of REACT-EU funding is another challenge facing ESIF programme authorities. In particular, ensuring strategic and operational coherence between REACT-EU and other instruments is important for maximising synergies and minimising overlaps or competition. At the same time, lack of detail on the coordination mechanisms of REACT-EU with other EU instruments may create a risk of duplication or fragmentation.²⁷



In **Denmark**, an obvious coordination issue between REACT-EU and other programmes are the different levels of funding: while REACT-EU is able to fully-fund activities, ESIF have typically been 50 percent, falling to 40 percent in 2021-27, and thus their parallel operation makes it necessary to carefully target and time calls for applications to the various programmes.



In **Portugal**, the REACT-EU programming options (including the definition of specific eligibilities) have been carefully articulated with the programming of the National Recovery and Resilience Plan and with the mobilisation of other European funding sources, namely SURE, in order to maximise complementarities.

Specific **thematic challenges** with regards to REACT-EU programming and implementation have also been highlighted.



- For some programme authorities, the **strict definition of the REACT-EU themes** (e.g. [West Finland](#)), focused on the topics of digitalisation and green transitioning, is viewed as **potentially limiting the application of this instrument**, including in terms of COVID-19 mitigation measures (e.g. [CZ IROP](#)).
- In terms of practical implementation, **challenges are anticipated with regards to specific themes**. For instance in [Czechia](#), challenges are expected on the side of applicants/beneficiaries in the healthcare sector due to the COVID-related overload of healthcare facilities and staff, making it challenging for them to submit and realise projects. In [Vlaanderen](#), REACT-EU support in the area of digitalisation in the cultural sector could lead to complications due to the difference with regular subsidy systems and control methods in this sector. Due to its novelty, this theme will also require careful preparation to unlock new beneficiary networks.



In order to encourage smooth and timely implementation of REACT-EU, programme authorities have introduced a number of support measures, including to ensure potential beneficiaries are well informed about the new funding opportunities. For example, the [Austrian](#) MA has set up a section on the programme website devoted to REACT-EU, while in the [Netherlands](#), each MA has created a dedicated REACT-EU portal e.g. outlining the activities supported, co-financing rates and conditionalities. The [Czech IROP](#) MA introduced an online electronic consultation service for potential applicants, and also published basic parameters of planned project calls to allow applicants prepare their project proposals before the calls are officially launched. The [Dutch](#) MAs have actively communicated the availability of REACT-EU calls to potential beneficiaries, including via dedicated webinars.

4 PREPARING THE 2021-27 PROGRAMMES

While preparations for the 2021-27 period have been on the agenda of the IQ-Net programme authorities for a long time, progress has been affected by a range of factors including delays in adopting the multiannual financial framework (MFF) 2021-27, the COVID-19 outbreak and the launch of the associated policy responses, as well as various domestic constraints. However, over the past six months, the context has further evolved, with most programmes reaching a more advanced stage of 2021-27 preparations.

4.1 Factors affecting 2021-27 preparations

4.1.1 MFF adoption

The political agreement by the European Parliament and the Council on the Commission's proposals for the 2021-27 package and the **final adoption of** the regulation laying down the EU's **MFF for 2021-27** by the Council of the EU on 17 December 2020 has been an important moment, helping accelerate Cohesion Policy planning for the next programme period.



As noted in previous IQ-Net research, at programme level, the delay in agreeing an MFF and the legislative package has been a major constraint with planning the 2021-27 period.²⁸ Plans for the preparation and negotiation of the new Cohesion Policy PAs and OPs, along with further strategic and operational programming, were in many cases largely conditioned by the decision on the MFF, with delays in the negotiations leading to uncertainties regarding budgetary planning, operational rules with financial impact, and programme content.²⁹

The adoption of the MFF is noted to have been an **important milestone** by several programme managers, **helping accelerate and clarify the programme drafting process and advance with setting the financial parameters of the OPs and PAs** (CZ, FI, NL, PT, W-M). Helping to speed up work on the new programmes, the adoption of the MFF has also allowed to progress with domestic negotiations (e.g. between regions) necessary to complete PA preparations (Vla).

4.1.2 COVID-19 crisis

Apart from MFF delays, the COVID-19 crisis as well as planning and implementation of the associated response measures has added to the uncertainty and had an impact on the preparation of the new cycle of Cohesion Policy funding. Across IQ-Net programmes, the main impacts have been felt in terms of the timetables for the 2021-27 OP and PA planning as well as approach to consultation, whereas the impact on the strategic content and implementation arrangements for 2021-27 has generally been relatively more limited.

Delays in programming and shifts in the approach to consultation ...



For a number of programmes, the **programming process has been slowed down by the pandemic**, with COVID-19 delaying the timetable of the PA and OP drafting (DK, EL, FR, PT, PV, SK, W-M). By diverging the focus of political and technical decisions to emergency responses, COVID-19 has led to changes to the proposed calendars for the development of programming work, and in some cases required revisions of the results of the earlier concluded strategic work or affected the timetable for scheduled negotiations.

In addition, **prioritisation of the programming and implementation of the new emergency and recovery measures**, particularly under the EU Recovery Instrument (notably REACT-EU and RRF), has also diverged the focus of programme authorities from 2021-27 planning, contributing to delays (AT, CZ, DK, NL, PT, SK, Vla) (see also Section 3). The need to ensure coordination with the new support measures (particularly the RRF) has also affected progress.



In practical terms, the **COVID-19 crisis has affected the approach to consultation and negotiation on the new programmes**, by limiting face-to-face and informal contacts and making programme authorities switch to digital formats. In some cases, this is viewed as potentially problematic. For instance in **Czechia (IROP)** there are concerns over the impact of the absence of face-to-face negotiations with the EC on the duration of negotiations; in addition, the impossibility of informal contacts during negotiations, that proved



to be very important in the past, is viewed as a disadvantage. At the same time, the increased use of new, notably digital, methods (e.g. online meetings and events, cloud sharing of documents, remote working) might also have positive impacts on current and future ESIF management arrangements, by increasing efficiency, enabling a larger number of people to participate in consultations, helping to streamline processes and generally accelerate transition towards **greater digitalisation** and e-public administration (CZ, Vla). Similarly, this has the potential to influence future monitoring and evaluation arrangements, e.g. by further internalising digital methods and remote working practices into these processes (Vla, W-M).

... but with limited impact on strategic priorities and management set-up



Generally, the **impact of the COVID-19 crisis on the strategic programming and thematic prioritisation** for 2021-27 has been relatively limited, not least as in many cases the broad structure and focus of thematic priorities had been largely defined before the pandemic (CZ, FI, NL, Vla). At the same time, in some cases COVID-19 highlighted the relevance of specific thematic dimensions and thus encouraged some re-thinking of the focus of future priorities. For instance the increased relevance of themes such as transition to a **low-carbon** economy (AT, DK) and **digital** transition (NL, Vla); ensuring accessible high-quality basic services, including **healthcare** (IE NWRA, Vla); addressing **education and skills** shortages (including in relation to the green and digital transitions) and **labour market mismatch** (FI, NL); and promoting greater **SME resilience** to external shocks (IE SRA) has been highlighted by the pandemic. For example in the [Netherlands](#), the digital aspect of innovations is expected to be given more weight on a project level, while the focus of the urban ITIs in West NL on labour market mismatch in disadvantaged urban areas will be more pronounced due to the effect of the crisis on the low-paid jobs in worst-hit sectors. In both [Austria](#) and [Denmark](#), the overall framing of the programmes is expected to become (even) greener.

The amended proposals for the 2021-27 CPR and Fund-specific regulations reflected some of these concerns (e.g. broader scope for supporting the resilience of health systems or online education / training), including in terms of thematic concentration requirements under the climate and digital headings.



Furthermore, the impacts of the pandemic are considered likely to have **relevance for the programming of the next (post-2027) period**. One potential impact of the EU regulatory changes during the COVID crisis may be related to opening a possibility of including regulatory provisions allowing greater ESIF flexibility for providing emergency responses to crisis situations (EL, PT). One of the key questions about the future rationale of Cohesion Policy is thus whether COVID-related regulatory flexibilities (notably under CRII/+ and REACT-EU) are blurring its purpose and long-term development goals, leading to prioritisation of short-term investments over strategic, long-term needs.³⁰



The **impact of COVID-19 on future management, monitoring and evaluations arrangements** has generally been limited, with continuity expected in most cases, although greater digitalisation of processes can be expected (CZ, Vla, W-M), or some adaptation of approaches to monitoring performance indicators to take account of COVID-related interventions (W-M).

4.1.3 Other factors

Apart from the delayed MFF adoption, the COVID-19 crisis and the diverged attention to the associated emergency measures, **other factors have affected progress** with 2021-27 PA and OP preparations over the past months, including the following.

1. Internal and external coordination. The need to ensure coordination of the planned 2021-27 interventions with the new support measures (particularly the RRF) in order to maximise complementarities and avoid overlaps has added to the complexity and affected progress. Internally, the approach to the 2021-27 Cohesion Policy cycle had to be coordinated both vertically and horizontally via formal and informal domestic discussions – including with and between the regional authorities, sectoral ministries and departments and generally among all relevant ESIF stakeholders.

- For instance in **Vlaanderen**, following the late adoption of the MFF, the centre of attention has now shifted to intra-Belgium agreements. New delays could arise now that the negotiations between the federal regions are still ongoing, including on the budgetary division of the funds under the Belgian PA.
- The South MA in the **Netherlands** has prepared a near-finished version of the new OP, but submission is dependent on the national level: the Ministry of Economic Affairs will coordinate the different sectoral contributions to ESIF before completing the PA. Similarly in **Warmińsko-Mazurskie**, decisions on thematic priorities, funding allocations, financial prioritisation of policy objectives and interventions will not be made before the end of negotiations with national government.

2. Other strategic and analytical exercises. Progress with drafting the 2021-27 OPs and PAs is closely linked and often dependent on progress with the preparation of other strategic frameworks, availability of evaluation results and results of consultation exercises, which inform and feed into the new programmes (e.g. wider strategies for socio-economic development for the coming years, RIS3 strategies, ex-ante and strategic environmental assessments etc.).

- For instance in **Portugal**, future programming of all public policies for the next decade is underpinned by an overarching strategy, Portugal 2030, which will serve as the strategic reference for the elaboration of the 2021-27 PA and the OPs.
- In the **Netherlands**, the finalisation of the RIS3s, which will act as strategic foundation for the innovation paragraphs of each OP, allowed progress with new OP drafts.
- **Finland** was expecting the feedback from the consultation exercise on the OP content, following which it could be submitted for the inter-service assessment by the DGs.



In cases where PA progress is largely dependent on the finalisation of the OPs, delays in OP preparation affected PA approval/submission (CZ, FI, Vla).

- In **Vlaanderen**, the PA is essentially a 'stacked version' of the OPs of the three Belgian federal regions, which will need to be finalised first, but there are uncertainties regarding the finalisation and budget allocation of the other regional OPs. On the other hand, the regional OP will remain a draft until the Belgian PA has been approved.
- In **Finland**, the challenge with the PA has similarly been the inclusion of other programmes which have experienced somewhat 'slower' drafting progress.

The later introduction of and the remaining uncertainties regarding the **JTF** also affect progress with OP and, consequently, PA finalisation (see Section 5).

3. Regulatory changes and requirements; Commission recommendations. Progress is also affected by factors such as the finalisation of Fund-specific regulations, changes in or concerns over specific regulatory requirements or targeted recommendations by the Commission. For instance it has been long unclear whether the **Netherlands** would support the obligation of a PA for countries with small ESIF budgets, leading to a relatively late official start of the drafting process. In **Finland**, the structure of the OP had to change when the Commission requested (contrary to the original recommendations) inclusion of PO2. Concerns over the thematic concentration requirements remain one of the key issues affecting PA preparations in **Czechia**. Finally, progress of informal comment procedures and **negotiations with the EC** are an important factor affecting the finalisation of 2021-27 preparations.

4.2 Progress in OP and PA preparation

While programme preparations are at a more advanced stage compared to six months ago, in some cases the schedules have been further postponed. **Final versions of the OPs are in most cases expected over summer or autumn 2021**, following the finalisation of the regulations.

Table 5: (Expected) schedule for draft/final OP drafting and submission

	Jan-Apr 2021	May-Aug 2021	Sep-Dec 2021	After Dec 2021
AT		Draft	Final	
CZ	Drafts approved by the national Government submitted to COM		Final (by 15 Sep)	
DK		Consultation (May) Submission (June/July)		
EL	First drafts submitted to COM (Apr)	Final drafts submitted to COM (by end of Jun)	Final OPs submitted to COM (Sep)	
FI	Draft version to be sent to COM (end of Apr) ³¹	Final version to be sent to COM (summer 2021)	OP to be launched on 1 Sep	
IE: SRA			Draft: Sept-Oct Final draft: Dec	
NL			Formal submission	Launch in 2022
PT		Draft (Jul-Sep)		Final (approval Dec 2021 / 1st quarter 2022)
Vla		Final		
W-M		Draft (July)	Final (Dec)	



In several cases, first drafts of the OPs had already been prepared during 2020, and the programming exercise is at an advanced stage. For example the [Flemish](#) draft ERDF OP was written at the end of 2020, and is expected to be finalised in the summer of 2021 following political discussions. In the [Netherlands](#), 80 percent versions of the OPs were drafted over the summer of 2020 and discussed informally with the EC in September. Informal consultations on the final OPs have started in the regions, with formal submission expected after the summer. In [Finland](#), the first draft of the OP was submitted to the Commission at the beginning of April 2020, although since then significant changes have taken place taking EC recommendations into account. Nevertheless, the final version is expected to be submitted in summer 2021 with a view to officially launching the programme by 1 September 2021. The [Austrian](#) preparations are also felt to be advanced, with an exchange with the EC taking place in early April and the SEA and public consultations carried out over the summer. On the other hand, [Bizkaia](#) has not started the programming for 2021-27 as yet and a draft OP has not yet been circulated by the Regional government.



Closely linked to the OP preparation progress, the **state of play with PA programming³² also differs across IQ-Net countries**. The formalisation and official submission of the PAs to the EC is expected following the approval of the general and specific regulations of the Funds, although preparations are advanced in most cases. For instance the [Czech](#) PA is fully drafted and approved by the Government, with negotiations with the EC having already started. The [Flemish](#) MA expected the PA to be finalised before summer 2021. [Austria](#) has prepared a first draft, a second one being expected in May, and anticipates the domestic approval of the final version in mid-June. Mature drafts of the PA were (expected to be) submitted to the EC in May 2021 in both [Slovakia](#) and [Greece](#). In [Portugal](#), the draft PA is expected over the summer and the PA approval in the last quarter of 2021.

4.3 Programme architecture

Several IQ-Net programmes expect **continuity** in terms of programme architecture ([AT](#), [DK](#), [FI](#), [W-M](#)). For instance the institutional setup is expected to remain unaltered in [Denmark](#), with the continuation of two national programmes (ERDF and ESF), and in [Finland](#), maintaining a single, multi-fund (ERDF/ESF/JTF) OP. The current two-fund (ERDF/ESF) architecture will also be maintained in [Warmińsko-Mazurskie](#). Where **changes** are expected, they relate, among others, to the following.



1. Use of multi-fund OPs: simplification and streamlining.



Slovakia is moving from multiple thematic OPs, each led by a dedicated MA and IBs, to one multi-fund OP with a single MA. This aims to: (i) enhance the strategic approach and increase synergies between the ESI funds; (ii) simplify the institutional structure, including by reducing the number of IBs; (iii) achieve more efficient and speedy implementation; and (iv) reduce administrative burden.³³ At the same time, it raises new challenges including: ensuring coordination between the single MA and national Ministries with expertise on the different POs; and the potential reduction of the number of IBs leading to the exclusion of some of the currently involved stakeholders.

2. Categorisation of regions.



In the **Netherlands**, the presence of three transition regions³⁴ (as compared to one in 2014-20) will affect the budgetary allocation, leading to a slightly different allocation mechanism between the regions. As a result, the budgets of the North and West regions will increase in relative terms.



In **Vlaanderen**, Limburg will have a separate status within the OP, having been assigned as a transition region with an earmarked budget. It remains part of the regular Flemish OP, but will be able to access more funding than the other provinces. Responsibility for definition of selection criteria, design of project calls, project development, communication with applicants, and project appraisal / selection will remain with the MA.



Given that **Finland** will now have different regional categories, namely more developed regions (Uusimaa and Åland), transition regions (rest of Finland) and also regions receiving NSPA (Northern Sparsely Populated Areas), there is some anticipation that this will lead to more administrative burden. In practice, this means that all targets and categorisations will now have to be divided into three headings.

3. Changes in mobilisation of different ESI Funds' support.



In West **Netherlands**, cooperation with ESF as part of the urban ITIs will be discontinued, following the limited integration experiences at project level.



In **Portugal**, the Cohesion Fund will be operated exclusively within the scope of the thematic OP on climate transition and resource sustainability and no longer be mobilised under other thematic OPs.



In **Vlaanderen**, the division between ERDF and ESF will be amended to 50:50 (from the current 30:70) in the Limburg programme element.

4. Change in the OP numbers. In both **Greece** and **Portugal**, while the number of regional OPs will remain the same,³⁵ the number of thematic programmes will change slightly (from 7 to 9 and 4 to 3 respectively). In Greece, such change aims to improve coherence in the design, management and monitoring of programmes and policies. In Portugal, it is also to ensure strategic coherence with the thematic agendas of the overarching development strategy for the next decade, Portugal 2030.

5. Balance between national and regional programmes: stronger regional or sub-regional dimension. In **Greece**, the regional dimension of the PA is strengthened as at least one third of



the total PA resources are allocated to the Regional OPs. In [Vlaanderen](#), the political debate within the new government has resulted in a greater influence of sub-regional levels in the programme. This is reflected in the presence of both provincial and urban ITIs, together with an earmarked budget for small to medium-sized cities.

6. Inclusion of JTF. Finally, the inclusion of the JTF, either as a newly designed OP or within the new OPs, has affected programme architecture (see Section 5).

4.4 Investment priorities

Progress with the negotiation and discussion of future investment priorities, largely determined by the policy objectives of Cohesion Policy legislation, thematic concentration requirements and domestic priorities, has been affected by MFF negotiation delays, the COVID-19 crisis and pending domestic decisions. Given this, in many cases the **programming options by policy objective are not yet fully consolidated**, with relevant discussions still ongoing. Final decisions regarding future investment priorities are pending including, among others, the results of stakeholder and public consultations and discussions within government, and the finalisation of other strategic and evaluation work (e.g. broader socio-economic strategies, regional and integrated territorial strategies, sectoral strategies, SEAs).

A **significant degree of continuity in terms of investment priorities is expected** in some cases ([AT](#), [CZ IROP](#), [DK](#), [NL](#), [Vla](#)), with no major thematic shifts from 2014-20 being anticipated. While in some cases future investment priorities are expected to be broad in terms of thematic coverage, with anticipated **support for all five policy objectives** ([PT](#), [SK](#), [W-M](#)), in others the focus is likely to be defined more narrowly. Horizontally, medium and long-term **recovery from the COVID-19 crisis will be an important priority** for many programmes ([Biz](#), [FR](#), [IE SRA](#), [PT](#)).

4.4.1 Strong focus on PO1 and PO2

Strong focus on the first two policy objectives is expected. This is due not least to the thematic concentration requirements but also reflects domestic priorities, continuity with the 2014-20 approach and anticipated management efficiency gains. For instance in [Vlaanderen](#), the decision has been made to target 60 percent of the planned budget on PO1 and 40 percent on PO2. In [Denmark](#), the thematic focus will similarly be on innovation, competitiveness, business support and the circular economy.

i PO1 (Smarter Europe)

A particular focus on this policy objective is expected across a number of programmes, with investment types expected to be supported including: digitalisation ([CZ](#), [DK](#), [FI](#), [FR](#), [PT](#), [Vla](#), [W-M](#)); business (particularly SME) support and business innovation ([DK](#), [FI](#), [FR](#), [NRW](#), [PT](#), [SK](#), [W-M](#)), including internationalisation ([SK](#), [FR](#), [PT](#), [W-M](#)); R&D ([AT](#), [FI](#), [IE NW](#), [PT](#), [W-M](#)), knowledge enhancement and cooperation between academia and industry / enterprises ([IE NW](#), [SK](#), [Vla](#),



W-M); industrial transformation (FR, W-M); cluster support (DK, SK, W-M); low-carbon innovations (NL); skills and capacities (DK, PT, W-M); and Smart Regions/Innovation Districts (IE NW).

In some OPs, support under PO1 will largely follow the approach pursued in 2014-20...

There will be a continued focus on similar priorities and investment types (DK, NL, Vla). For instance in Vlaanderen, PO1 will largely have the same investment types and target groups as Innovation and Entrepreneurship (P1 and 2) in 2014-20. In Denmark, the new programmes will continue the efforts of the current period, predominantly oriented towards businesses and their need for qualified employees, innovation and competitiveness.

In others, increased focus on specific elements is expected compared to 2014-20...

Digitalisation, for example, will have a more visible role in Finland, while in Austria, there will be minor adjustments relating to a greater role of infrastructure in R&D. The South and West MAs in the Netherlands intend to give more attention to the end users of low-carbon innovations, such as citizens and cooperatives. The increased allocation for PO1 in Warmińsko-Mazurskie is expected to translate into greater support for innovative companies, research units and stakeholders in the innovation ecosystem. In Ireland, the key needs for future ERDF and ESF+ programmes with potential impact on future priorities, identified in an analysis by Indecon Economic Consultants,³⁶ include measures to support increased R&D expenditure, promote Smart Regions/Innovation Districts, and increase collaboration between industry and the HE sector.

ii PO2 (Greener, carbon free Europe)

Greater investment into green objectives is expected across a number of programmes, not least due to the associated thematic concentration requirements.

- For example in Austria, Finland and Denmark, the overall framing of the programmes is expected to become greener. In Austria, there will be more investment into CO2 measures – 30 percent (in line with the new thematic concentration requirements) compared to the current 20. Similarly in Vlaanderen, 40 percent of the budget will be concentrated on PO2 compared to the current 16 percent (TO4). In the Netherlands, the MAs are positive towards a stronger link to the Green Deal in the new programme.
- In Ireland, themes under PO2 have been identified as a key priority for the next period in a 2020 public consultation report;³⁷ similarly, initiatives to ensure significant progress on climate action have been highlighted among the key needs for the future ERDF and ESF+ programmes in the analysis conducted by Indecon Economic Consultants.

Investment under PO2 will focus on support for energy efficiency (FI, PT, Vla), renewable energy (NL, PT), sustainable mobility (PT, Vla), circular economy (DK, FI, PT), smart energy systems, grids and storage (NL), sustainable sea economy (PT), as well as climate change measures including climate mitigation and risk management (DK, FI, PT), among others. The width of the new PO2, while allowing support to a more wide-ranging set of areas (including e.g. water



management), also means that project implementation and calls need to be more selective in order to avoid applications from too many sectors (Vla).

4.4.2 Thematic concentration issues

Over time, as programme preparations advanced, thematic concentration requirements have been increasingly internalised. However, some issues still remain. For example in both [Warmińsko-Mazurskie](#) and [Czechia](#), the fulfilment of climate-related ring-fencing requirements is considered challenging. [Czechia](#) has not been able to design interventions to reach the 30 percent threshold as yet, although a solution has recently been found at national level which will be negotiated with the EC. Other concentration requirements, including eight percent ERDF earmarking for SUD or concentration among particular types of regions, are also viewed as rigid and not allowing for significant changes in investment priorities ([CZ](#)). The flexibility that PO5 can bring to the implementation of territorial instruments ([PT](#)) or to options for combining investment ([NL](#)) is welcome. Climate-related innovations and education under PO5 is used to support the urban ITI programme in West [NL](#), for example, despite the formal discontinuation of the link with ESF. However, there might be limitations, notably due to the impossibility of mobilising ESF+ in PO5 and the need to comply with thematic concentration conditions under PO1 and PO2.

4.5 Territorial instruments

While there is considerable variation across IQ-Net programmes regarding progress and the degree of detail in planning the use of territorial instruments in 2021-27, the initial overview suggests a mix of continuity ([AT](#), [DK](#)) and change ([FI](#), [NL](#), [SK](#)). In many cases, the finer details of the programming and operationalisation of territorial instruments are **still under development / discussion** ([AT](#), [CZ](#), [EL](#), [FI](#), [IE SRA](#), [NL](#), [PT](#), [W-M](#)), with the associated analytical work ongoing or planned. For instance in [Czechia](#), a methodological document has been drafted at national level to coordinate the territorial dimension in the OPs which is under the inter-ministerial comment procedure and will be submitted to the Government for approval in summer 2021. The analysis of the role of Local Action Groups (LAGs) / Fisheries Local Action Groups (FLAGs) in [Warmińsko-Mazurskie](#) is expected to provide insights into whether it would make sense to use CLLD in the future programme.

Box 11: Regulatory framework for Territorial Instruments under ESIF in 2021-27

ESIF support to be provided for integrated territorial and local development in the form of:

- Integrated Territorial Investments (ITI): necessary when the territorial strategy receives funding from multiple priorities or programmes, funds or policy objectives;
- Community-led Local Development (CLLD): specific delivery method to enhance the participatory approach; and,
- Other territorial tools: recognises nationally developed tools for territorial strategies.

Integrated territorial development – minimum requirements:



- Interventions linked to territorial / local strategies of relevant local / territorial bodies;
- Definition of the targeted area according to development needs and potentials;
- Locally coordinated interventions through an integrated approach;
- Relevant territorial or local bodies involved in project selection; and
- Partnership with relevant actors to be ensured at local level.

Source: Laurila P (2021) *The Urban Dimension of Cohesion Policy 2021-2027. Integrated and Sustainable Urban Development. Opportunities for Metropolitan Cities. ESPON METRO Policy Seminar, 28 April 2021.*³⁸



Relying on the experience in 2014-20, **CLLD implementation is expected to continue in some programmes (AT, CZ, NL)**. For instance in [Austria](#), CLLD will continue in Tyrol, using EAFRD and ERDF, with EAFRD continuing as the lead Fund. While the ESF will not be formally part of CLLD, it will be strongly linked to the activities of the Tyrolean CLLD LAGs. In the [Netherlands](#), the West MA intends to support more CLLD LAGs with ERDF funding in 2021-27, following a successful pilot (Box 12). In other cases, reservations concerning the use of Cohesion Policy Funds (ERDF and/or ESF) for CLLD mean that this instrument **will not be used** to deliver part of the new programmes ([SK](#), [Vla](#)). For example in [Slovakia](#), CLLD will cease to be used due to the disproportional administrative burden, and support will be provided through LEADER as part of the EAFRD.

Box 12: Evaluation of CLLD implementation in the Netherlands – key findings

The CLLD LAG in Scheveningen, a district of The Hague, has implemented 36 small projects. It is regarded as a successful pilot, but with limited applicability elsewhere. The LAG has created local ownership and strengthened social connections. The availability of directly available public funds has contributed to the mobilisation of the local society. The realisation of direct and structural economic effects (employment) was less successful, due to the sometimes inadequate relationship with the municipality and the high administrative burden in terms of accountability. The instrument operated quite separately from the municipality, which meant that an integration between the policy goals and actions of the CLLD and the municipality was not achieved.

Source: GovernEUR (2020) *Eindrapportage CLLD Scheveningen. Rotterdam, 26 February.*³⁹



Similarly, the **approach to implementing ITI/SUD** in 2021-27 is characterised by a mix of continuity and change. Where overall continuity is expected ([AT](#), [Vla](#)), changes to individual elements are also often foreseen.

- For instance in [Austria](#), SUD will continue in the three *Länder* Upper Austria, Vienna and Styria, contributing to the fulfilment of the minimum requirement of eight percent ERDF funding. For the first time, there will also potentially be similar ERDF-funded measures in the two *Länder* Carinthia and Lower Austria, although this is still under discussion and would not be needed to contribute to the eight percent minimum SUD allocation.
- In [Vlaanderen](#), both provincial and urban ITIs will be continued. The ITI structure intends to use the experience of the current OP among provincial authorities to deliver the new programme. At the same time, the two main cities (Antwerp and Ghent) will have their own ITI – which is different from the 2014-20 programme, when they received funding under their own priority axis. The planned structure of ITIs, with two covering cities and three entire provinces, means that over half of the new OP will be implemented via ITIs.



More substantial changes to the implementation of ITI/SUD are planned in some cases (e.g. [FI](#), [NL](#), [SK](#)), including in terms of spatial coverage, governance and funding arrangements.

- In [Finland](#), instead of the 2014-20 focus on the six largest cities, the new SUD will cover the Helsinki region and all university cities (18 cities in total). This means that Finland will have one ITI strategy including 15 ecosystem agreements (the capital cities being included under one agreement), setting out key development priorities and needs.
- In the [Netherlands](#), ESF will no longer contribute to the ITIs as it was found too complex to integrate two Funds into one delivery system.⁴⁰
- In [Slovakia](#), the approach to ITI and SUD will also change, not least due to the PO5 requirements regarding strategy building and involvement of territorial actors (Box 13).

Box 13: Implementing ITI in Slovakia in 2021-27

PO5 will be implemented entirely through an ITI instrument (including SUD), but the latter will also receive funding from PO1-4. Territorial actors will be given a more prominent role in the management and implementation of ITI/SUD. Each of the eight self-governing regions has the responsibility of forming a Partnership Council tasked with the development of Integrated Territorial Strategies. The strategies need to include a proposal of project portfolio to be supported by ITI. The Partnership Councils will also be involved in the project selection process, which is a new development compared to 2014-20.

Although the set up of the SUD is still being discussed, the aim is to expand its application and use it to facilitate collaboration among cities. This will be done by appointing two or more cities in a given region as a group to implement an SUD.



The expected **territorial targeting of SUD interventions differs** across programmes, ranging from universal coverage to focus on selected areas. For example in [Poland](#), support will focus on supporting the development of all cities, regardless of their size, location or designated social, economic and administrative functions, although particular attention will be paid to areas of strategic intervention identified in the National Development Strategy. In [Vlaanderen](#), support will be reserved for the two large cities and 11 smaller 'regional cities' and similarly in [Finland](#), the SUD will cover 18 cities. At the same time in the [Netherlands](#), the plan is to continue to focus on the most disadvantaged urban areas in West NL, helping to avoid fragmentation of the already limited resources.

In terms of **thematic coverage**, focus on environmental sustainability - including energy transition ([NL](#)) and circular economy ([DK](#), [NL](#)) - and socioeconomic sustainability ([DK](#), [IE](#), [W-M](#)) - including revitalisation / physical renewal ([DK](#), [W-M](#)) and addressing labour market mismatch ([NL](#)) - is foreseen under SUD interventions in several programmes.

While finer details of implementation arrangements are often still being developed, in some programmes a range of operational elements have already been defined. In [Czechia](#), for example, planning is advanced in terms of governance, territorial coverage and project types (Box 14).



Box 14: Implementing territorial instruments in Czechia in 2021-27

ITI governance. The governing structures of the ITI will be similar to the current one, with the Steering Committee representing the highest platform at the level of ITI promoter and working groups being its advisory body. The Department of Regional Policy of the Ministry for Regional Development is the manager of integrated tools and the author of the methodology for preparing and implementing ITI.

Territorial coverage. A uniform methodological approach has been established to define the territory of all ITIs.⁴¹ ITI will be used in 13 city agglomerations (corresponding to the main cities of self-governing regions) and Mladá Boleslav, and not the entire Czech Republic.

Use of calls. Calls that ITIs/CLLD can participate in to receive funding for specific activities e.g. transport, education, social support are planned under IROP. The specific focus of the activity and allocation will be based on the approved integrated strategy.

Types of projects implemented under ITI. Three types of strategic projects are considered: (i) unique project; (ii) a project linked to other project(s) in a defined area and/or theme; and (iii) network project. The first two types should be specifically defined in the strategy of the promoter. Network projects will define the theme with specific projects subsequently identified during the implementation.

Ensuring cooperation. The coordinating unit is the Department of Regional Policy; cooperation at ITI and CLLD level will take place at the Regional Standing Conferences, where the strategies of individual promoters will be presented.⁴²

4.6 Financial instruments



Similarly to other operational elements of the 2021-27 programmes, there is variation across IQ-Net programmes regarding progress and the degree of detail in planning the use of FIs. Their **programming has not yet been concluded** in a number of cases (CZ, EL, IE, PT, SK, W-M), with the associated analysis (e.g. *ex-ante* assessments, gap analysis, online surveys) still ongoing or being prepared. For example in both [Czechia](#) and [Slovakia](#), *ex-ante* assessments of FIs are in preparation and are expected to provide insights into the specific fields/sectors where FIs will be used and suitable instruments. In [Ireland](#), NWRA are working with the EC desk officers on a gap analysis in relation to FIs. In [Warmińsko-Mazurskie](#), a number of analytical exercises are being conducted which will determine the extent to which FIs will be used in the 2021-27 regional OP (Box 15).



Box 15: Analysing the demand for FIs for 2021-27 in Warmińsko-Mazurskie

The MA of the ROP Warmińsko-Mazurskie 2014-20 is conducting actions including:

- a survey of financial intermediaries regarding the expected demand for various types of project depending on their form of financing (January 2020);
- an online survey for enterprises regarding their financial situation, investment plans for the coming years and the demand for financial resources in the form of loans for various types of project (February-March 2021); and
- contracting expertise on the appropriateness of using various forms of support in the regional OP for 2021-27 (to be concluded).

An initial overview of plans suggests a mix of continuity and change in the use of FIs across IQ-Net programmes. **No changes are foreseen** in some cases (CZ, DK, NL, Vla), with no introduction of (new) financial instruments (DK, Vla) or new forms of FIs (CZ) planned, and with the maintenance of the same level of FIs (with no enlargement) foreseen (CZ, NL). In others, **changes relate to:**

- **discontinuation** of ESIF-funded FIs (AT), or potential **decrease** in the use of FIs compared to 2014-20 (CZ, possibly NL);
- **wider use** of FIs anticipated in 2021-27 (SK), including the possibility of using FI in more project types (W-M);
- introduction or increased use of **combined instruments**, combining loans and grants in the same support (PT, W-M) (see Box 16);
- targeted changes in the use of **specific types of FIs**: e.g. in Warmińsko-Mazurskie, an increase in the level of allocation and scope of debt instruments is foreseen, while the use of guarantees and equity instrument will be discontinued; and,
- revision of **thematic areas** covered by FIs: for instance in Slovakia, FIs are expected to be used widely in supporting SMEs, energy efficiency and renewables and similarly in Ireland (SRA), SME support is an area where the use of FIs is seen desirable.

Box 16: Exploring the scope for using combined instruments in 2021-27

The possibility of using blended instruments in 2021-27 is being examined in some programmes. For example in **Warmińsko-Mazurskie**, the introduction of instruments combining loans with subsidies is planned. Similarly in **Portugal**, ways to substitute repayable grants (widely used in 2014-20 and previously but now made almost impossible by the Regulations) are being considered. One of the likely options is an increased use of blending (combination of FIs and grants), first introduced with the global PA reprogramming in 2018. This included a new blending instrument for business support, financed partly via a traditional incentive scheme and partly via a complementary FI. This involves SMEs benefitting from a non-repayable grant as well as access to repayable financing through a mutually guaranteed bank loan.

Finally, some IQ-Net programmes intend to **transfer parts of the ERDF allocation to InvestEU** (CZ, FI), although in some cases this decision has not yet been taken (PT).



5 COHESION POLICY AND THE JUST TRANSITION FUND

The Just Transition Fund (JTF) remains the subject of discussion and negotiation at the EU and Member State levels. It was proposed by the European Commission in 2018 as a third pillar of the EU's Just Transition Mechanism to facilitate the transition of carbon-intensive regions to a low carbon economy. It sits alongside the just transition scheme under InvestEU and the EIB Group public sector loan facility. In total this amounts to approximately €150 billion over the next programme period. In line with the Regulation⁴³ adopted in December 2020, the JTF will comprise €17.5 billion (in 2018 prices), of which €7.5 billion will be financed under the MFF, and the remaining complemented by NGEU, available from 2021 to 2023.^{44 45} These €10 billion are expected to be complemented with Cohesion Policy funds.

JTF resources could be reinforced on a voluntary basis with complementary funding from the ERDF and the ESF+.⁴⁶ Member States must submit Territorial Just Transition Plans (TJTPs) to the European Commission, identifying transition pathways and outlining the appropriate intervention logic. Eligible regions within Member States were identified by the European Commission, which recommended tailored priority investment areas of activity per country in Annex D of the 2020 European Semester Country Reports (Table 6).

Table 6: Key actions proposed by the EC in IQ-Net country JTF target regions

Actions	AT	BE	CZ	DK	EL	ES	FI	FR	IE	NL	PL	PT	SK
SMEs including start-ups, leading to economic diversification and reconversion	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	
Creation of new firms, including through business incubators and consulting services	✓		✓	✓		✓	✓	✓	✓		✓	✓	✓
Research and innovation activities and fostering the transfer of advanced technologies	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Deployment of technology and infrastructures for affordable clean energy, in greenhouse gas emission reduction, energy efficiency and renewable energy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Digitalisation and digital connectivity			✓										✓
Circular economy, including through waste prevention, reduction, resource efficiency, reuse, repair and recycling	✓	✓	✓	✓		✓			✓		✓	✓	✓
Regeneration and decontamination of sites, land restoration and repurposing projects		✓	✓		✓	✓	✓				✓	✓	✓
Upskilling and reskilling of workers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Active inclusion of jobseekers			✓		✓	✓					✓	✓	
Job search assistance to jobseekers			✓		✓	✓			✓		✓	✓	
Technical assistance			✓								✓		✓

Source: Own elaboration based on Annex D Investment Guidance, European Semester 2020 Country Reports.⁴⁷

As seen in Table 6, the majority of interventions recommended to IQ-Net countries focus on the deployment of technology and infrastructures for energy efficiency, renewable energy















and the reduction of greenhouse gas emissions, as well as the upskilling and reskilling of workers.

The Commission is expected to publish guidance on the JTF before the summer break.

5.1.1 Budgetary planning

The JTF regulation is still under negotiation, with a number of crucial elements for planning still uncertain. In particular, **the proposal on the allocation of resources per Member State has not been finalised**, along with the ESIF co-financing rate for the JTF. Allocation is based on five differently weighed socio-economic factors: half of the allocation is based on economic criteria (greenhouse gas emissions, production of peat, and of oil shale and oil sands), with the other half based on social criteria (employment data). The most recent allocations for IQ-Net countries are presented in Table 7 below, which shows the largest overall allocations of these countries going to Poland and Czechia.

Table 7: Distribution of JTF allocations across IQ-Net partner countries

	Under NextGenerationEU	Under MFF 2021-27	Total	Share
 Poland	2,000	1,500	3,500	20.0%
 Czechia	853	640	1,493	8.5%
 Spain	452	339	790	4.5%
 Greece	431	324	755	4.3%
 Netherlands	324	243	567	3.2%
 Finland	242	182	424	2.4%
 Slovakia	239	179	418	2.4%
 Portugal	116	87	204	1.2%
 Belgium	95	71	166	0.9%
 Austria	71	53	124	0.7%
 Denmark	46	35	81	0.5%
 Ireland	44	33	77	0.4%

(in € million, 2018 prices)

* All amounts reflect gross allocations, before transfers for technical assistance

** Totals may not tally due to rounding

Source: European Commission (July 2020):

https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/just_transition_fund_allocations_05.11_v2_0.pdf.

Furthermore, **domestic debates are still continuing regarding the distribution of the financial envelope between regions and the JTF co-financing rate**, thus delaying policy decisions. In **Vlaanderen**, for example, there is no concrete planning for budget allocations and implementation arrangements related to the JTF. The TJTP must be submitted at a Member State level, but it is doubtful whether all regional authorities will contribute to this as only one Walloon province (Hainaut) is eligible to receive a relatively low amount (€68 million). At the same time, the national envelope is rather small and could be at risk of fragmentation when spread over multiple regions. The likely allocation to Hainaut means that Vlaanderen has



turned its attention and capacity to the preparations for the new ESIF OPs, REACT-EU and the RRF, as well as the BAR.

Programme authorities are apprehensive about the process of transfers from ERDF and ESF to JTF, and the impact this will have on national and regional budgets. In the [Netherlands](#), following the JTF top-up as part of the Next Generation EU, the national envelope has increased substantially to approximately €623 million. However, while some regions will receive significant amounts from the ERDF, ESF+ and JTF, others without access to JTF will receive even less ERDF support because of the co-financing conditions attached to the ERDF.

On the other hand, **absorption capacity is a cause for concern in some IQ-Net programmes.** As the current programme period is coming to a close, planning and spending JTF resources in a timely manner is a concern in some cases. This is especially heightened as the targeted regions for these funds may lack the institutional and administrative capacity, but also the economic fabric, to effectively manage and absorb the available funds (e.g. [CZ](#)).

5.1.2 Programming



There are several options available for setting up the JTF programme 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 either a specific priority axis or a dedicated OP. IQ-Net authorities are mainly considering the following options for implementing the JTF:

- **Separate OPs** (e.g. [CZ](#), [DK](#), [EL](#)). In [Denmark](#), although planning is still in its early stages, a separate regional OP is envisioned for the fund. In [Czechia](#), the OP will be managed by the Ministry of Environment and administrated by the State Environment Fund, and other relevant sectoral ministries will be involved later in preparing project calls, appraisal process, etc. There are concerns about capacities for managing and implementing this new OP, as well as pressures to determine financial envelopes for each of the regions.
- **Separate priority axis in OPs** (e.g. [AT](#), [FI](#), [FR](#), [PT](#), [SK](#)). This implies that the current OP would be multi-fund, including ERDF, ESF and JTF. In [Austria](#), the JTF will be a single priority within each national ERDF and ESF+ programmes. In [Portugal](#) and [Finland](#), JTF programming will be included in the regional OPs integrating the eligible NUTS 3 areas.

In other cases, such as [Ireland](#) and the [Netherlands](#), there is still uncertainty regarding whether JTF integration will be implemented as a separate OP or priority axis. In [Ireland](#), the Member State level has not yet decided on how the JTF will be programmed, and this will be integrated at a later state during OP implementation. In the [Netherlands](#), the decision on whether the delivery of the programme will be done at the regional level is still pending. This could potentially involve the ERDF MAs and provincial authorities, particularly important given the territorial level of the JTF interventions, as NUTS 3 is not an administrative level. The South Netherlands MA expects that intraregional synergies could emerge when JTF projects are implemented in close connection between the sub-regions.



Given that JTF programming involves a wide array of public policy fields as part of the transition process, there is a **strong emphasis across IQ-Net countries and regions on ensuring coherence between different programmes** and funding streams. The pursuit of strategic and institutional coordination is common across MAs to ensure complementarities and synergies in the integration of JTF-related measures.

Member States are considering Cohesion Policy partnerships with other stakeholder networks (e.g. climate) and cooperation at multiple territorial levels. This is the case with the intraregional synergies anticipated by the South [Netherlands](#) MA in the JTF integration. In addition, the thematic similarities with the new ERDF programme would create overlap with JTF projects and actors that target the energy, climate and natural resource transitions.

The JTF **implementation process will also require coordination and capacity.** [Slovakia](#) has created an Interministerial Working Group to coordinate the preparation and implementation of the Just Transition Mechanism. [Czechia](#) has also established a parallel structure at the Ministry of Environment, alongside the already functioning structure of the OP Environment also managed by this Ministry. Nonetheless, there are some concerns about whether existing administrative capacities are sufficient to effectively manage and implement this new OP while simultaneously finalising the current programme period.

More generally, delays are expected for a number of reasons including: Member States are busy preparing ESIF programmes and RRF plans; the ongoing discussions on geographic eligibility; and the fact that final regulations have not yet been published. Because of these issues related to delayed programming, the European Commission has advised on options to progress on the PA without the JTF, which could then be integrated afterwards.

i State of play with Territorial Just Transition Plans



The European Commission has been providing advice for the development of the TJTPs, with 18 Member States being assisted by DG Reform. The plans are required to provide a clear intervention logic justifying the impact of the transition on the territories, and followed by the identification of transition pathways. At the same time, the plan should describe how the proposed operations will contribute to the just transition in the territory concerned.

Several IQ-Net authorities have been preparing their TJTPs, from which potential projects and investment ideas have been emerging:



Austria started their TJTP process in September 2020, and a draft plan was submitted at the end of March 2021. They are working in close cooperation with MAs, but are so far still missing approval from the European Commission on regional coverage, which is delaying work.



In **Czechia** there are three coal regions, each of which is preparing its own transition plan as the basis for the masterplan, which is the responsibility of the Ministry of Regional Development. There was also a call open for strategic projects in each of the three regions, with results expected by the end of April. After an evaluation process, discussion and approval on the regional platforms, the plan is to be finalised by the end of June.



Finland has prepared a draft Just Transition plan, working with different stakeholders to stimulate project ideas (Box 17).



Portugal had completed a territorial diagnosis of the application of the JTF and, on this basis, a project to support the preparation of the TJTP is ongoing. It targets five sets of regions and is supported by DG Reform, also in cooperation with the national environment agency, regional development commissions and intermunicipal communities. Preliminary conclusions are expected by the start of June so that this information can be used to support the OPs programming exercise.



In **the Netherlands**, the TJTP planning process has started very recently. They have been employing a bottom-up approach, using the same principle as the ITIs for these NUTS 3 regions. The proposed eight territories are still under discussion, with a final proposal foreseen in September.

Box 17: Finland's JTF programming process

Finland will receive c. €466 million under JTF, of which the MFF share is €204 million and NGEU €262 million. The national co-financing rate in the regions is at least 30 percent, which will bring the total pot of JTF funding to c. €664 million.⁴⁸

JTF will be a separate Priority/Specific Objective in the OP, but this will be added at a later stage via a programme amendment. However, with the finalisation of the JTF proposal in Spring 2021, it can be discussed at the first round of negotiations with the Commission.

The JTF text will be drafted on the basis of the regional JTF plans, being prepared under the lead of the Regional Councils in close partnership with ELY-Centres and other relevant partners. The consultancy group KPMG has been supporting the preparation of the JTF plans in ten regions. The plans need to justify the negative socio-economic effects resulting from the reduction in peat production or decommissioning of peat production. The regional plans will be included in the OP as annexes.⁴⁹

The regions have set up a JTF coordination group responsible for coordinating the preparation of the TJTPs. The Ministry of Economic Affairs and Employment, leading the preparation of the 2021-27 OP, works in close partnership with the JTF coordination group. The Ministry is responsible for negotiations with the Commission concerning JTF and will provide any feedback to the regions on the basis of these discussions.

ii Geographical targeting

The territorial dimension of the JTF remains a concern for several Member States, with some authorities being critical of the geographical coverage proposed by the European Commission. For this reason, there have been ongoing negotiations to broaden the scope of the geographical targeting (e.g. [AT](#), [DK](#), [FI](#), [NL](#)). The arguments for the inclusion of additional regions are diverse, ranging from absorption concerns to economic needs of the territory.



Based on internal analyses and discussions, proposals have been developed by several Member States:



Austria considers the spatial focus of the JTF should allow for the inclusion of agglomerations, for instance, urban areas where major steel production is located such as Linz. Aiming for a broader territorial approach, Austria's proposal would imply a population coverage five times higher than the Commission's proposal outlined in Annex D. A Just Transition Plan draft was sent to the EC in Spring 2021.



The eligibility of the JTF was discussed extensively in **Finland** and an indicative decision has led to the inclusion of selected regions and municipalities in South and West Finland, in addition to the North and East areas originally proposed by the Commission. In Finland, it is an important issue that peat regions are eligible in the JTF.



The Commission had only proposed the northern province of Groningen, in **the Netherlands**, as an eligible region for the JTF. However, the Dutch government has indicated eight NUTS 3 regions as potentially eligible. Given that the country annex of the EC proposal also mentions other carbon-intensive regions (e.g. North-Sea channel area and other zones in Zeeland and South-Limburg), the West and South MAs, whose territories include these industrial zones, called for revised eligibility criteria at NUTS 3 levels, such as industrial emissions and unemployment, to be used in the distribution of JTF resources.



The original EC proposal for **Portugal** included three regions containing the two remaining coal plants and the oil refinery. An extension has been proposed to widen this spatial coverage and include other NUTS 3 regions with very high levels of greenhouse gas emissions.

Extensions of the geographical coverage of the JTF have not yet been approved by the European Commission and there is a reluctance to do so in order to avoid JTF resources being spread too thinly. However, the Commission is open to discussions and has called for Member States to provide solid and compelling arguments for extension proposals.



Notes

¹ European Commission (April 2021) *European Structural and Investment Funds: spending doubled in 2019-2020*. Available at: https://ec.europa.eu/regional_policy/en/newsroom/news/2021/04/28-04-2021-european-structural-and-investment-funds-spending-doubled-in-2019-2020 [consulted on 05/05/2021].

² Houses of the Oireachtas (2021) *EU Funding*. Dáil Éireann Debate, Wednesday - 17 February 2021. Available at <https://www.oireachtas.ie/en/debates/question/2021-02-17/580/> [consulted on 17/04/2021].

³ E.g. the original differences in financial progress between the sub-regional ITIs (Kempen, Limburg and West-Flanders) and the rest of the programme in Vlaanderen; the persisting differences in the implementation of territorial instruments and other projects in Portugal.

⁴ European Commission (2021) *Coronavirus Dashboard: EU Cohesion Policy Response to the Crisis*. European Structural and Investment Funds, Data. Available at: <https://cohesiondata.ec.europa.eu/stories/s/CORONAVIRUS-DASHBOARD-COHESION-POLICY-RESPONSE/4e2z-pw8r/> [consulted on 31/05/2021].

⁵ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/#7

⁶ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/#9

⁷ European Commission (2020) *Cohesion Policy action against coronavirus*. Newsroom. Available at: https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/ [consulted on 01/06/2021].

⁸ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/

⁹ European Commission (2021) *Coronavirus Dashboard*

¹⁰ *Ibid.*

¹¹ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response

¹² Also: Michie R and Dozhdeva V (2020) *When it rains it pours: programme management in a time of crisis*. IQ-Net Review Paper 46(1), European Policies Research Centre Delft; Den Hoed W, Ferry M and Gal F (2020) *Programmes at a Crossroads: Crisis Responses and Transitions*. IQ-Net Review Paper 47(1), European Policies Research Centre Delft.

¹³ European Commission (2021) *Synthesis of the findings of the evaluations of European Structural and Investment Funds Programmes 2014-2020*, Commission Staff Working Document. Available at: https://ec.europa.eu/regional_policy/sources/docoffic/official/reports/annual_2020/implementation_2020_synthesis.pdf [consulted on 26/05/2021].

¹⁴ <https://gov.wales/evaluation-eu-funded-infrastructure>

¹⁵ EGESIF (2021) *Main changes introduced since the previous EGESIF meeting of October 2020*. Revised Draft Closure Guidelines 2014-2020. Expert Group on European Structural and Investment Funds. 8 March 2021: <https://ec.europa.eu/transparency/expert-groups-register/screen/meetings/consult?lang=en&meetingId=24273&fromExpertGroups=true> [consulted on 19/05/2021].

¹⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R2221>.

¹⁷ https://ec.europa.eu/regional_policy/sources/conferences/2021-2027-technical-seminars/presentation_react_eu_09022021.pdf

¹⁸ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/react-eu

¹⁹ <https://em.dk/nyhedsarkiv/2021/marts/regionale-vaekstteams-skal-skabe-vaekst-og-arbejdspladser-i-hele-danmark/>

²⁰ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/react-eu

²¹ <https://www.compete2020.gov.pt/APOIAR>; <https://www.iapmei.pt/PRODUTOS-E-SERVICOS/Incentivos-Financiamento/Sistemas-de-Incentivos/Incentivos-Portugal-2020/Apoiar-pt.aspx>

²² Under REACT-EU the objective is that 25% of the additional EU financing be committed to climate action.



- ²³ Den Hoed et al. (2020) *op. cit.*; Böhme K and Lürer C (2020) Research for REGI Committee – Cohesion Policy Measures in Response to the COVID-19 Pandemic, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels; Böhme K, Besana F, Lürer C, Holstein F, Hans S, Valenza A, Caillaud B, Derszniak-Noirjean M (2020) Potential impacts of COVID-19 on regions and cities of the EU. Brussels: European Committee of the Regions.
- ²⁴ Bachtler J, Mendez C and Wislade F (2020) Will Cohesion Policy recover from COVID? An Initial Assessment, European Regional Policy Research Consortium Paper 20/3, European Policies Research Centre, Glasgow and Delft; CoR (2020) 2020 Barometer of Regions and Cities. Full Report, Brussels, 2 October 2020
- ²⁵ Dozhdeva V and Mendez C (2020) Is Fraud Risk Management in Cohesion Policy Effective and Proportionate? IQ-Net Thematic Paper 47(2), European Policies Research Centre Delft.
- ²⁶ Molica F (2021) Next Generation EU: a Threat to Cohesion policy? Webinar at European Policies Research Centre, 17 March 2021; Molica F and Fontàs E L (2020) "Next Generation EU": a threat to Cohesion Policy? CPMR Technical note, December 2020; Darvas, Z. (2020) Will European Union countries be able to absorb and spend well the bloc's recovery funding? Bruegel Blog, 24 September 2020.
- ²⁷ Bachtler et al. (2020) *op. cit.*
- ²⁸ Michie and Dozhdeva (2020) *op. cit.*; Den Hoed et al. (2020) *op. cit.*
- ²⁹ Michie and Dozhdeva (2020) *op. cit.*
- ³⁰ Bachtler et al. (2020) *op. cit.*; Böhme and Lürer (2020) *op. cit.*; Böhme et al. (2020) *op. cit.*; CoR (2020) *op. cit.*; Kah S, Georgieva N & Fonseca, L (2020) Research for REGI Committee – EU Cohesion Policy in nonurban areas, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels; OECD (2020a) The Territorial Impact of COVID-19: Managing the Crisis across Levels of Government, Paris; Den Hoed et al. (2020) *op. cit.*; Brookes N, Molica F, Fontàs E L, Moreno G (2020) The EU Recovery Plan: "Next Generation EU" Recovery Instrument in a revamped MFF 2021-2027. CPMR Policy Analysis, June 2020.
- ³¹ Note: there were previous drafts which had been sent earlier.
- ³² Note: The drafting of the PA is now compulsory.
- ³³ Draft Program Statement of the Government of the Slovak Republic: <https://rokovania.gov.sk/RVL/Material/24756/1>
- ³⁴ Three provinces, two in the North NL and one in the West NL ERDF regions.
- ³⁵ 13 regional OPs in Greece; 5 Regional OPs in the Mainland and 2 Regional OPs for the Autonomous Regions in Portugal.
- ³⁶ Indecon International Economic Consultants (2020) Needs Analysis for ERDF/ESF+ Funding. Final Report submitted to the Department of Education and Skills of the Government of Ireland.
- ³⁷ Government of Ireland (2020) Public Consultation Report – Cohesion Funding in Ireland 2021-2027. Available at <https://esif.ie/results/> [consulted on 16/04/2021].
- ³⁸ https://www.espon.eu/sites/default/files/attachments/EC%20DG%20REGIO_Pia%20Laurila.pdf
- ³⁹ <https://www.kansenvoorwest2.nl/files/eindrapportage-clld.pdf>
- ⁴⁰ Ecorys (2019) Evaluatie Geïntegreerde Territoriale Investerings. Rotterdam, 31 January 2019, <https://www.kansenvoorwest2.nl/files/nl5100-33936-rapport-evaluatie-gti.pdf> [consulted on 23/04/2021].
- ⁴¹ https://mmr.cz/getmedia/420ae22b-fe35-4b75-88d0-5824612a4e85/PrF_200120_ZAVERECNY-DOKUMENT_FINAL_02042020.pdf.aspx?ext=.pdf
- ⁴² See: (i) proposal for the implementation of the ITI tool: <https://www.dotaceeu.cz/getmedia/11b66319-6c03-4054-a3f5-1e89ad523b91/Metodicke-stanovisko-c-13-k-MPIN-cistopis.pdf.aspx?ext=.pdf>; (ii) proposal for the implementation of the CLLD tool, including the LAG standardisation process: https://www.dotaceeu.cz/getmedia/c11ad698-ef5f-4705-9b36-6581d22d30dd/Metodicke-stanovisko-c-12-k-MPIN_2.pdf.aspx?ext=.pdf
- ⁴³ Council Regulation (2020) Laying down the multiannual financial framework for the years 2021 to 2027. EU, Euratom, 2020/2093 of 17 December 2020. Official Journal of the European Union. 22 December 2020. Available at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32020R2093> [consulted 25/05/2020].



⁴⁴ The Own Resources Decision has been ratified by all Member States on 31 May 2021. See also Euronews (2021) *After months of delay, EU nations finally ratify €750bn recovery fund*. Brussels Bureau. Available at: <https://www.euronews.com/2021/05/28/after-months-of-delay-eu-nations-finally-ratify-750bn-recovery-fund> [consulted 30/05/2021]

⁴⁵ European Commission (2020) Just Transition funding sources. Available at: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu/just-transition-mechanism/just-transition-funding-sources_en [consulted on 24/05/2021]

⁴⁶ <https://data.consilium.europa.eu/doc/document/PE-5-2021-INIT/en/pdf>. Note: the initial Commission proposal envisaged obligatory transfers of 1.5 to 3 times the JTF resources.

⁴⁷ European Commission (2020) *European Semester 2020: Overview of Investment Guidance on the Just Transition Fund 2021-2027 per Member State (Annex D)*, Country Reports. Available at: https://ec.europa.eu/info/sites/default/files/annex_d_crs_2020_en.pdf [consulted on 20/02/2021].

⁴⁸ Ministry of Economic Affairs and Employment (2021) *Alueellista oikeudenmukaista siirtymää koskevan suunnitelman valmistelu*, 29 January 2021.

⁴⁹ Public hearing of JTF preparation and the related SEA, <https://www.lausuntopalvelu.fi/FI/Proposal/Participation?proposalId=19a12b19-5af8-4ae4-bdb8-ce5adc129f33&proposalLanguage=da4408c3-39e4-4f5a-84db-84481bafc744%C2%A0>