

Cohesion Policy measures in response to the COVID-19 pandemic

Study requested by the REGI Committee



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Preliminary assessment of measures taken by summer 2020



The study presents a review of Cohesion Policy measures in response to the COVID-19 pandemic and their impact. It concludes with policy pointers.

The **COVID-19 pandemic** poses a wide range of challenges and has triggered a severe economic crisis in Europe. In response to developments in early 2020, the European Union has been extremely active by setting-up **policy and funding instruments** to enable swift and realistic mobilisation of initial support during the health crisis and then to aid **economic recovery in EU Member States**.

The most important measures are:

-) **The Coronavirus Response Investment Initiative** (CRII) from March 2020, which gathered together unused prefinancing of EUR 8 billion as immediate liquidity, then introduced simple rules of its spending.
-) **The Coronavirus Response Investment Initiative Plus** (CRII+) from April 2020, which introduced amendments such as a 100% co-financing rate and easier rules for necessary funds reallocations.
-) For rural policies, several **exceptional measures** were adopted such as emergency assistance, higher payment advances and lower administrative requirements.
-) The Eurogroup adopted a EUR 540 billion **emergency package** with three safety nets for: Member States, workers, and small and medium-sized enterprises (SMEs).
-) The European Commission adopted a **temporary framework** to increase the flexibility of state aid and broaden the scope of public financing.

Many Cohesion Policy programmes make use of the newly introduced rules and increased flexibility to restructure their resource allocation. About 100 programmes had presented amendments by late August 2020. Data on the first amendments shows significant **increases in resource allocations related to health infrastructure, access to health services** as well as support for entrepreneurship and start-ups. Furthermore, resource allocations in strategic or future-oriented fields such as **greening the economy and digitalisation of SMEs, decreased**.

Policy measures in the making

There are more and more far-reaching **EU policy replies** under discussion at the moment. At the heart of this are the **'Next Generation EU'** and the **Multiannual Financial Framework 2021-2027**. Together they constitute the European Recovery Plan with a proposed budget of **EUR 1,850 billion** to support Europe's recovery from the COVID-19 pandemic.

Potential benefits and risks deserve special attention:

-) The most important risk is that the Resilience and Recovery Facility might **overshadow** Cohesion Policy;



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At a Glance note

-) There is a risk that various support measures will increase **regional disparities** in Europe, if no strategic criteria are applied to guide which regions receive funding;
-) As short-term investments are prioritised over more ambitious high-quality and long-term investments, the crisis and recovery measures might be a **missed opportunity** for accelerating structural change,

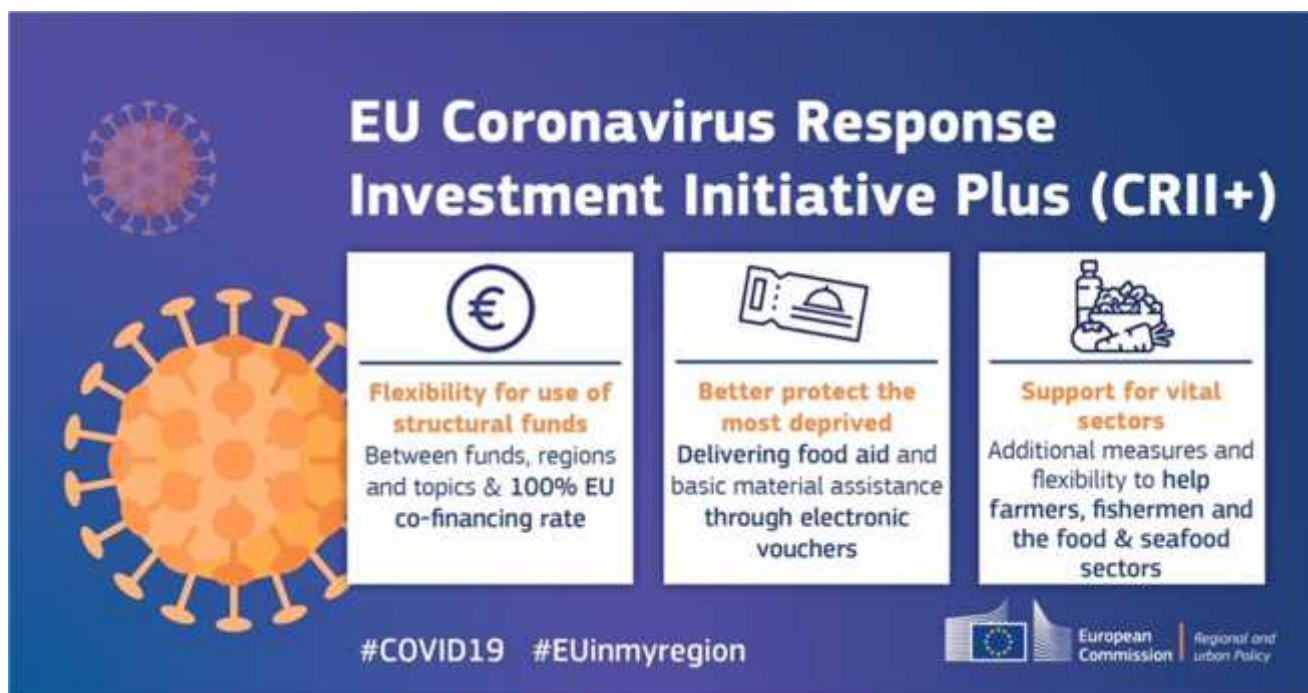
Conclusions and policy recommendations

-) **Ensuring the strategic and long-term dimension development:** Ensure that strategic and territorial funding criteria are applied in both future EU Cohesion Policy and the Recovery and Resilience Facility, (b) allow for local and regional experimentation to explore new pathways as there is no blueprint for the recovery process, and (c) ensure that the crises responses are based on a shared vision for a 'better Europe". **Strengthening multilevel governance:** Emphasise the importance of the

-) **involvement of local and regional authorities in preparing, implementing and monitoring the national recovery and resilience plans and in the shared management of Cohesion Policy.** Ensure the cohesion orientation of the European Semester.
-) **Strengthening the cooperation dimension:** Strengthen programmes and instruments based on multilevel governance and territorial cooperation principles, (b) facilitate cooperation in cross-border regions, especially in the field of healthcare and resilience, and (c) make cooperation mandatory in all EU Cohesion Policy programmes.

Key areas for EU action

1. Ensuring strategic and long-term dimension development.
2. Strengthening multi-level governance.
3. Strengthening the cooperation dimension.



Overview of CRII+

Source: CRII+ website.

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