Urban Recovery Watch

Empowering Cities in the EU Green and Digital Transition

Ricardo Martinez and Pietro Reviglio (eds.)

CIDOB BARCELONA CENTRE FOR INTERNATIONAL AFFAIRS 50 years

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CIDOB edicions
Elisabets, 12
08001 Barcelona
Tel.: 933 026 495
www.cidob.org
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Print: QP Print Global Services
ISBN: 978-84-18977-18-3
Legal Deposit: B 22013-2023

Barcelona, December 2023

Cover photo:
Iban Martinez. Public bike service in Barcelona. Nice aligment. https://www.flickr.com/photos/nnset/4631813941/in/photolist-84ifV4-aLqHLc-RrvHf-5dpxhm-PK6bZ-atkvJd-3jxrKa-4wPUS8-5pz1dh-UipX9-UipSo-3hgx5M-4JEVRE-o5kr73-3oHtk4-3oHofp-3Up7Yj-3fGWXC-53PCN5-8oYX71-UipWd-4YxnXC-64fs3n-97FuEi-aqcdTa-8zUEFy-MvA75-4j8zsC-9J8XTe-68pQTh-6RDUsS-dCtqXY-dqkBR2-4ruirv-68pQe9-X4jQ3-61iffH-4QBPqK-61igFV-68kBUM-61n71n-61nqgG-68kCdM-4Tve-cq-68kC4k-61npX3-68pQKm-8JsZ8y-61nsEG-2cVYbHr

CONTENTS

INTRODUCTION: THE URBAN DIMENSION OF AN UNPRECEDENTED EU FUNDING MECHANISM

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The unprecedented stimulus package of Next Generation EU, adopted by the European Council in 2020, comprises the set of measures put in motion at the EU level to address the crisis triggered by the COVID-19 pandemic. The remarkable amount of €723bn of its main funding instrument, the Recovery and Resilience Facility (RRF),[1] aims simultaneously to overcome the economic fallout and promote the green and digital transitions – also defined as the twin transitions – at the heart of the European Green Deal (EGD), the blueprint towards climate neutrality by 2050 defined by the European Commission (EC) in 2019.

With 75% of European citizens living in cities, understanding and harnessing the urban dimension of the recovery process is key to unlocking the transformative potential of the policy measures adopted at the EU level in the face of the pandemic. As governmental actors, cities possess the political legitimacy and on-the-ground expertise necessary to ensure the transformations called for by the European institutions. From mobility and social cohesion to housing and innovation, the responsibility of city governments in services provision and infrastructures makes them fundamental allies in bolstering the just green and digital transitions at the heart of Next Generation EU.

Against this backdrop, the Global Cities Programme of the think tank CIDOB (Barcelona Centre for International Affairs) and the city network Eurocities, with the support of Barcelona City Council, have joined forces to gather evidence on how this new model of EU funding works for cities, and provide policy analysis and recommendations to boost the empowerment of city governments in the implementation of the RRF. This multi-year project seeks to promote the localisation of Next Generation EU, distilling key learnings that can amplify the role of cities in the EU recovery process and twin transitions, and, more broadly, bring the urban perspective into the debate on the future of EU funding instruments.

1. Following the initial adoption of the stimulus package in 2020, the total amount of RRF resources that have been requested at EU level has changed more than once and is expected to continue changing until 2023. Likewise, amounts vary at the national level as a consequence of the specific agreements reached with the EU in terms of grants and loans. The reader should bear this in mind throughout the monograph.

As governmental actors, cities possess the political legitimacy and on-the-ground expertise necessary to ensure the transformations called for by the European institutions.

The first outcome of this policy research endeavour was published last year. The CIDOB Report "Cities in the EU Recovery Process: Localising the Next Generation EU" mapped the degree of participation of local governments in the design of several National Recovery and Resilience Plains (NRRPs) across Europe. Along with the intricacies of each national context, the report highlighted the fundamental need to strengthen multilevel governance arrangements and devise participatory mechanisms that encompass all the stages of the public policy process, allowing city governments to play a key role in their national recovery strategies (Fernández de Losada & Martinez, 2022).

Building on the pioneering CIDOB Report published in 2022, the publication in your hands, CIDOB Monograph "Urban Recovery Watch: Empowering Cities in the EU Green and Digital Transition", offers a second, more comprehensive analysis. Compiled by CIDOB and Eurocities, the monograph first offers an EU-wide, country-specific comparative assessment that examines the RRF funding received by cities, the way in which this is invested, and the governance mechanisms in place to structure the work between the national and local level. Second, it includes in-depth case studies of specific cities active in the implementation of the Next Generation EU instrument, complementing the national outlooks with bottom-up perspectives from the city level.

The country-specific chapters hereunder provide the reader with a broad range of experiences and perspectives from the following EU member states: Finland, France, Germany, Italy, and Spain. The compendium further includes two cross-cutting chapters. The first cross-cutting chapter sheds light on the specificities of metropolitan governments and their experiences with the EU Next Generation instrument. The second cross-cutting chapter offers a joint analysis of the participation (and lack thereof) of cities in the RRF process in the Visegrad 4 countries of Czechia, Hungary, Poland, and Slovakia. Each chapter draws valuable lessons that feed into the policy recommendations that are then put forth in the concluding chapter.

Next Generation EU builds on a model for public investment that is performance-based and centralised, leaving the definition of the roles across levels of government to the discretion of national governments, as the only interlocutors of the EC, in stark contrast with the more consolidated cohesion policy, which is cost-based and designed around the principle of partnership between levels of governments (Reviglio, 2023). Our research therefore analyses the RRF as part of a broader discussion on the future of EU funding instruments and the place that cities should have in them. As such, the study and takeaways presented in the monograph bring a much-needed urban perspective to the debates surrounding the mid-term review of the RRF, which will be front stage in the EU-related policy discussions of 2024.

Structure of the publication

Table 1 – List of chapters

Chapter	Focus		RRF national amount	Population	Allocation per capita	Case study
1	Italy		€191.5bn (€68.9bn grants, €122.6bn loans)	58,850,717	€3,254	Bologna
2	Spain		€163bn (€80bn grants, €83bn loans)	48,059,777	€3,391	Barcelona
3	France		€40.3bn (€40.3bn grants, €0 loans)	68,070,697	€592	Nantes
4	Metropolitan		See Chapters 1-3			Barcelona, Lyon, Turin (Metropolitan governments)
5	Visegrad 4	Czechia	€9.2bn (€8.4bn grants, €818m loans)	10,827,529	€850	Brno, Prague
		Hungary	€10.4bn (€6.5bn grants, €3.9bn loans)	9,597,085	€1,083	Budapest
		Poland	€59.76bn (€25.26bn grants, €34.5bn loans)	36,753,736	€1,623	Warsaw
		Slovakia	€6.4bn (€6.4bn grants, €0 loans)	5,434,712	€1,177	Bratislava
6	Germany		€27.8bn (€26.4bn grants, €0 loans)	84,358,845	€330	Mannheim
7	Finland		€1.8bn (€1.8bn grants, €0 loans)	5,548,241	€324	Helsinki

Sources:
https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages_en
https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/czechias-recovery-and-resilience-plan_en
https://ec.europa.eu/commission/presscorner/detail/en/MEX_23_4321
https://ec.europa.eu/eurostat/web/population-demography/demography-population-stock-balance/database

The first chapter presents the experience of the largest RRF recipient: Italy. Authored by Valeria Fedeli, the chapter analyses the co-responsibility of city governments in the recovery plan as beneficiaries of direct funding and broader modalities of support such as training and capacity-building, amidst the consequences of decades of public expenditure cuts and institutional fragility. Different mechanisms have been put in place to territorialise the extensive Italian NRRP and the case study of Bologna illustrates the experience of a city that has been able to interpret the recovery plan as an opportunity, framing the extraordinary nature of the national-based plan into the local long-term strategy.

The second largest RRF recipient, Spain, is presented in the second chapter. As its author Agustí Fernández de Losada argues, the Spanish plan has a clear urban dimension and yet local governments are mere beneficiaries of a national blueprint that is slightly accelerating a recentralisation trend. The case study of Barcelona outlines the example of a city committed to making the most of the recovery process, stressing the imperative of having the key stakeholders operating in the city on board. In this regard, as the author notices, investments in scientific and technological innovation projects led by both public and private institutions do have a significant urban impact as they contribute to the city's goal of consolidating itself as a digital hub.

In the analysis of France, Marjorie Jouen notes that no new governance mechanisms were put in place for the plan's implementation, relying on the existing tools of delegation and the French model of territorial contracts. With the green and digital transitions receiving a substantial share of the NRRP, the French case differs from other chapters in that it also includes co-financing by local governments as a modality of engagement geared towards ownership, more in line with the cohesion policy rationale. The case study of Nantes thus allows the reader to gain a grounded perspective on the concrete results of the recovery plan and how the city government is navigating the complexity of procedures facing French cities.

Compiled by CIDOB and Eurocities, the monograph first offers an EU-wide, country-specific comparative assessment that examines the RRF funding received by cities, the way in which this is invested, and the governance mechanisms in place to structure the work between the national and local level.

Cross-cutting the three previous chapters, Mariona Tomàs offers a much-needed account from the viewpoint of metropolitan areas. Metropolitan institutions had great expectations and hoped to leverage the RRF to be recognised as important players at national level and address their lack of adequate tools to tackle contemporary urban challenges. However, through the case studies of the metropolitan governments of Barcelona, Lyon, and Turin, the chapter highlights the potential of metropolitan areas and the need to change the current prioritisation of investments. It further highlights that there is still a lack of understanding on how these metropolitan areas are functional realities with complex legal status, operating on the fringes of existing mechanisms, and requiring reinforced political power.

Four Central European countries are studied in the joint analysis of the Visegrad 4 by Iván Tosics, who points first to a key differentiation across the RRF process between the frontrunners Czechia and Slovakia on the one hand, who have already started to receive the disbursement of resources, and Poland and Hungary on the other, who have not yet received any payment in the framework of the ongoing rule of law conditionality process. As a reminder of the wider power relations in which city governments are embedded, the relationships with national governments are hence key to understanding the different experiences with regards to the RRF process by the surveyed cities of Brno, Prague, Budapest, Warsaw, and Bratislava.

The complex multilevel system of governance to fund German cities is at the centre of the chapter authored by Karsten Zimmermann. In this context, the author argues that despite the lack of an explicit urban dimension in the German NRRP and an overall low level of EU funding, the national government supported cities in various ways, drawing from a growing trend of transfers going from the central to the local government. The case study of Mannheim complements the national outlook with the local example of a city successfully transitioning from an industrial to a post-industrial model of economic development, emphasising how this is possible also thanks to domestic and EU funding support.

The last chapter, by Taina Tukiainen, leads us to the RRF experience of Finland. Despite the comparatively limited amount of EU funding, the Finnish experience is instructive because of the country's ability to use these resources strategically to boost the innovation capabilities across levels of government and support urban transitions. In this context, the case study of Helsinki and its metropolitan area outlines a complex scenario with, for instance, on the one hand, the catalysing effect of the support for local businesses and, on the other, the ongoing need for more direct support to cities and regions.

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RECOVERY, RESILIENCE, AND ANTIFRAGILITY: THE CASE OF BOLOGNA AND ITS WAY THROUGH THE CHALLENGES OF "TERRITORIALISING" THE ITALIAN NATIONAL RECOVERY AND RESILIENCE PLAN

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1. Introduction: can the Italian National Recovery and Resilience Plan help the country to be antifragile? Presenting an open debate

The Italian National Recovery and Resilience Plan (NRRP) is the most extensive recovery plan in Europe: €191bn and an additional €30bn thanks to the Complementary National Plan (CNP) 2021-2026 offer the country a unique opportunity to recover from the socio-economic effects of the COVID-19 pandemic, based upon the objectives of Next Generation EU.

Two years after its formulation and approval at the EU level, the plan remains central in the political debate and a highly contested issue.

On the one hand, it is de facto one of the most significant public policies the country has ever adopted. It offers Italy the chance to recover from the effects of an unexpected event like the pandemic, but also from structural problems in terms of both economic development and institutional capacities. It is a programme of modernisation and public works based on some crucial public administration reforms (66 reforms, OpenPolis[1]), as well as on measures (358 measures, OpenPolis, *ibidem*) due to support the recovery by providing material and immaterial welfare and infrastructures. Regarding significant investments, infrastructure projects received €54.7bn, while ecological transition and jobs and businesses received €33.1bn and €29.9bn, respectively (OpenPolis, *ibidem*).

On the other hand, the plan has been criticised since its original approval for being quite a risky debt trap for the country (almost two-thirds of the resources are loans[2]) as well as highly centralised in nature and based upon a model and approach to public policy that fails to consider the specificity of the country. For decades, Italy has been characterised by a high institutional fragility, generated by a mix of unaccomplished reforms, continuous reduction of public expenditures and strong disinvestment in the public sphere: all factors which have largely eroded the capacities of the public administration to cope with ordinary issues and make the probability of success challenging in the face of such an extraordinary situation. While the plan aims to address these problems, it has limited

1. https://www.openpolis.it/parole/cose-il-pnrr-piano-nazionale-ripresa-e-resilienza/
2. https://www.italiadomani.gov.it/it/il-piano/Risorse/le-risorse-per-la-crescita/il-quadro-finanziario-del-pnrr.html

capacity due to the limited timeframe within which it has been formulated and the dramatic conditions under which it was designed. The lack of a vision for the country's future, for one thing, and the limited role of local authorities during its design phase, for another, have been arguments of discussion, particularly in the first year after its approval.

It is de facto one of the most significant public policies the country has ever adopted.

In the implementation phase, the mechanisms of the plan, based mainly on procedures involving local authorities as primary beneficiaries of funding, have generated a strong de facto involvement and commitment at the local level, especially from city mayors who have become protagonists of a complicated and time-consuming system of proposal design, project application and implementation. While this articulated implementation process is producing a high level of stress in the public administration, it has however become a diffuse, sometimes fragmented, yet engaging and challenging, cradle of innovation in the management of the process of transition the country has to face. In this framework, metropolitan and large cities, together with small and medium-size municipalities, have become the real protagonists of the plan, which assigns them relevant resources and makes them co-responsible for the recovery. As a result, the country is deeply engaged at different scales in its implementation, despite the public debate having remained relatively passive, generic or highly politicised.

During 2022 and 2023, some delays and problems contributed to putting the plan in an uncomfortable position: the rising costs of energy and raw materials produced by the conflict in Ukraine, as the difficulties in implementing reforms, as well as a new political coalition which has a different understanding and orientation towards the recovery, are redefining the landscape and framework for action of the plan. The result is that a plan mainly drawn up by a technical government in an exceptional period supported by a broad political coalition (including almost all the main political parties), is now regarded within a highly politicised and conflictual environment (Viesti, 2023). The new government led by a centre-right coalition has not only revised its governance by producing an even more centralised control of the plan; it has also announced significant cuts to some of its missions, some of them closely related to the urban sphere, in favour of others, more oriented to support private businesses.

However, despite this new phase, the NRRP remains a significant challenge for Italy to go through insofar as it reactivates a country which has long given up its capacity for planning, programming, and thinking about the future to recover from a condition of institutional, political, societal and economic fragility (Viesti, 2023; Urban@it 2024, forthcoming). The challenge is considerable, articulated and relevant: the stakes are related to the capacity (and need) to elaborate and adopt a vision and policies inspired consistently by principles of territorial cohesion and integrated action towards sustainable development to rethink the role of public and private sectors, as well as to shape and implement a clear and sound model of federalism able to address the complexity of the contemporary world. In this respect, to be successful, the plan should be an opportunity to reflect in the light of a strategic and proactive idea of resilience, or rather "antifragility" (Taleb, 2012), which is the capacity not only to help people and places to react to crisis and bounce back, but also to enable people and places to build the conditions for flourishing and doing better in a context of "polycrisis"[3] (Taleb, 2012).

3. https://www.weforum.org/agenda/2023/03/polycrisis-adam-tooze-historian-explains/

Looking into the general mechanism of operationalisation of the plan formulated for cities and local public authorities, as well as through its implementation in the city of Bologna, in the following paragraphs we will try to provide a contrasting picture of the state of play concerning its urban dimension. Secondly, we will argue to what extent the plan supports institutions' capacity to enable rather than "fragilise" (Blecic and Cecchini, 2021) in the post-pandemic period and we will conclude by offering elements to feed the general debate.

2. Territorialising the NRRP: a trap or an opportunity for cities?

Since 2020-2021, the plan's implementation phase has been described and referred to by politicians with an interesting Italian expression: *messa a terra*. A tricky idiom, as we have argued in the most recent report of Urban@it, dedicated to exploring the urban dimension of the NRRP (Urban@it, forthcoming, 2024). It alludes, more or less explicitly, to a *grounding* of the objectives of the plan from its top-down nature by way of implementing them operatively at the local level. In this perspective, the plan's implementation is based mainly upon the role of local authorities, its "beneficiaries", being the recipients of a very substantial part of the resources. According to the available figures, municipalities are the implementing bodies for more than 53% of projects and 47% of resources;[4] almost all of them are involved in the plan, including small ones of less than 10,000 inhabitants, where, thanks to the investments of the plan, public expenditures will reach more than 60% of the previous values. This situation makes it a great opportunity but also a considerable trap for cities of all sizes, which have very different capacities and expertise available to cope with the complex mechanisms of the plan, its logic and rules, as well as its timing, milestones, and objectives. At the same time, the nature of the funding makes it necessary to use resources for investing in capital account expenses rather than current account expenses, which forces measures to invest in material projects while leaving behind other investments in the future management of the infrastructures funded by the plan (Viesti, 2023). Both these facts contribute to consistently moving the idiom *messa a terra* from operationalisation to different spheres of meanings, dealing with, on the one hand, *atterrare* (translation "landing") and *atterrire* ("scaring"). While money falls from the sky and lands (or impacts) on places, it also stresses and scares those places which are due to intercept and use it as they can and as much as they can (Urban@it, forthcoming, 2024).

The result is a dramatic reduction of the more general idea of "territorialisation" consisting of a multiscale perspective of action, but not based on a territorial vision of its impacts. Resources have either been directly transferred, top-down, at the central level to strategic projects; assigned to managing authorities/bodies, due to work and allocate resources at the local level; or assigned through competitive calls to local authorities or other actors. This mechanism has been criticised for several reasons: the pre-selection of strategic projects at the national level has been done by a government of technicians and not of politicians, thus making the decisions quite questionable from all political sides, but also because it lacks a political vision and project for the country (Viesti, 2023). Second, the mechanism of calls and applications (and its multiplication) produces massive fragmentation of interventions and projects. Moreover, the rush in applying

4. https://www.lavoripubblici.it/documenti2023/lvpb2/relazione-semestrale-pnrr-31052023.pdf , June 2023

for projects has sometimes reduced the quality of projects, especially in contexts which could not count on good available projects and strategic frameworks. Finally, it has been argued, the logic of incentives and calls can result in rewarding the usual "winners", thus amplifying inequalities and disparities (Viesti, 2023; Urban@it, forthcoming, 2024).

The decision to include metropolitan cities as managing authorities in the NRRP has given new life to these institutions.

As a result, especially in the first phase, rather than being able to contribute to a strategic action of territorialisation of the plan, local authorities have been overwhelmed and intimidated by the plan. Indeed, after an initial concerned and negative reaction to the complexity of its top-down designed mechanism, they tried to adapt to it, gradually organising to voice the need for a simplified, more transparent and strategic territorialisation of the plan. In particular, the National Association of Municipalities (ANCI) has taken a leading role. It has requested and obtained the revision of rules and procedures in the light of simplification, activated a vital function of support to local authorities[5] and, finally, has taken on a proactive role towards the plan by supporting its implementation also against the more recent change in orientation of the new political coalitions governing the country.

Similar considerations can be made regarding the process of monitoring the implementation of the plan. The web platform, *Italia Domani* has been designed to present the whole framework and its objectives simply and clearly. Since April 2023, it has provided updated datasets on the projects funded by the NRRP to facilitate public information and debate. A second important tool, the ReGiS platform, collects all the data provided by the beneficiaries of the funding according to common rules in order to produce the monitoring of the plan[6]. Despite technical problems which have characterised its integration with other systems, both tools have the potential to produce shared public knowledge on the plan. However, several critiques have been presented by experts and scholars, as well as public opinion, to ask for a clearer and more sound publication of all available data in the form of open data. Moreover, the platform has been criticised for its complexity, which generates an additional burden for the local administration when they must certify that projects meet the targets to receive the resources assigned, rather than supporting its operationalisation.

These first elements describe a situation where the plan acts as both a "fragiliser" and an "enabler". The effort to act locally has significantly invested local administrations; however, the reaction generated shows, as we will see in the following paragraphs, elements of interest, if not for some *prospect* for cities and their role in contributing to the antifragility of the country.

3. Cities and/or metropolitan cities: the Bologna NRRP case within a persisting dualism

The city and metropolitan city of Bologna are the focus of the second part of this chapter.[7] The selection of the case is the result of a broader observatory on the implementation of the plan in the most significant metropolitan cities in Italy, also supported by the IX Urban@it Report, one section of which is dedicated to exploring the implementation of the NRRP in Milan, Turin, Bologna, Naples and Bari (Urban@it, 2024, forthcoming). It is worth noting that the plan identifies a specific role for metropolitan cities as managing authorities of *Piani Integrati di Intervento*,

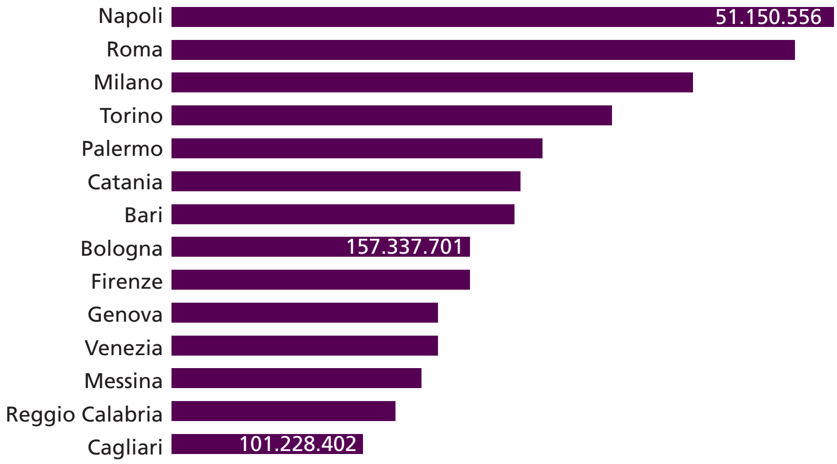
5. It is the case of the periodic report issued by ANCI on the state of the play of the plan which provides both a guide and a representation of its impact at the municipal level and the platform for municipalities dedicated to the plan managed by ANCI (Associazione Nazionale Comuni Italiani) and IFEL (Istituto per la Finanza e l'Economia Locale).

6. ReGis is the digital platform that all public bodies must use in order to comply with the monitoring and control of the implementation and the financial plans of the NRRP resources, in relation to milestones, targets and projects. https://www.italiadomani.gov.it/it/Interventi/regis---il-sistema-gestionale-unico-del-pnrr.html

7. More detailed information can be found in IX Urban@it Report, 2024, forthcoming, see in particular Chapter III dedicated to Bologna and the following background papers: Bonetti T. "Itinerari collaborativi nell'area metropolitana di Bologna", Boni A. L. "Il PNRR e Bologna"; Capasso E. and Corbia R. "PNRR e partecipazione dei Comuni: il caso di Bologna"; Orioli V. and Carlini C., "Il PNRR e la nuova mobilità di Bologna".

an initiative already available before the plan was approved, which has received special funds from the NRRP, allocated to integrated projects for urban regeneration (around €3bn euros, according to OpenPolis data[8]).

Table 1- NRRP resources (millions of euros) for Integrated Urban Regeneration Plans in metropolitan cities



Source OpenPolis (https://www.openpolis.it/il-pnrr-e-il-recupero-delle-periferie-urbane/)

The case of Bologna clearly offers elements to understand how a city with a strong tradition of metropolitan vision and governance...has been able to...interpret the plan as a resource and an opportunity.

As reconstructed by Baldi *et al*. (2023), the decision to identify metropolitan cities as managing authorities of this mission is particularly interesting since it offered them an opportunity to interpret strategically some of the tasks assigned by law with the "Delrio Reform", dating back to 2014 and currently under revision – a law which succeeded in instituting metropolitan cities in Italy after decades of stalemate and discussion but which has also given them only limited powers. However, the decision to include metropolitan cities as managing authorities in the NRRP has given new life to these institutions, which the national operational programme under the 2014-2020 cohesion policies had already infused.

In general terms, the NRRP identified metropolitan cities as beneficiaries of resources. It was quite an important decision, one could argue, but this has generally meant that cities (municipal authorities) and metropolitan cities (metropolitan authorities) have been working more in parallel than in synergy, with a more decisive role for cities in terms of resources received and tasks to accomplish. A quantitative reconstruction of the funding received shows that municipalities have had the most significant part of the cake and that the slice assigned to metropolitan cities has often landed on the capital city within the metropolitan city. One should not forget that, by law, the mayor of the capital city of a metropolitan city is also the de facto mayor (but not directly elected) of the metropolitan city. Moreover, a look at the process from the governance side shows that synergies and coordination between metropolitan authorities and the capital cities have been light, if not negligible, except in a few cases, and that the two actors are working in parallel with little coordination and vision.

The case of Bologna clearly offers elements to understand how a city with a strong tradition of metropolitan vision and governance, dating back before the law instituting metropolitan cities at the national level,

8. https://www.openpolis.it/il-pnrr-e-il-recupero-delle-periferie-urbane/

has been able to reinforce its longstanding investment in fostering metropolitan governance and interpret the plan as a resource and an opportunity. The case is also interesting from a second perspective; the long history and tradition in spatial planning at both urban and metropolitan levels, as well as a robust socioeconomic cohesion history, enabled Bologna to frame the extraordinary NRRP opportunity within a long-term strategy and use it as a lever to revise and reinforce its vision. As we will argue in the following paragraphs, unlike other cities, the projects selected and funded with the NRRP are coherent with the pre-Covid vision and planning processes and try to build on them. A final element of interest is related to the peculiarity of a context in which a unique civic observatory on the NRRP has been established, showing the necessity of public debate on and public engagement with one of the country's most essential and relevant public policies since the Second World War.

As a metropolitan city and municipal government, Bologna will be beneficiary of around €1bn (€1.1bn), one of the few cities in Italy, together with Rome, with such a significant sum available, especially at municipal level (€1.03bn). This can be considered the result of the decisive action of political and technical coordination between the city and the metropolitan authority: a board for the joint governance of the NRRP at the metropolitan level, as well as a joint secretariat working both in explorative and management functions, has been crucial to obtaining this success in the phase of applying for funding and is now also the lever for the implementation phase. Half of the financing is concentrated in the capital city, the remaining half in the metropolitan areas and mainly dedicated to mobility policies, urban regeneration initiatives and the renewal of material welfare.

More generally, it is helpful to remember that, according to recent data issued by ANCI (2023), the metropolitan authorities are responsible for around €4.5bn in resources, with a strong focus on urban regeneration, reforestation, schools and education.[9] On the other side, according to ANCI data (based on figures from the National Anti-Corruption Authority, ANAC), municipalities and all regional and provincial capitals are following the schedule foreseen by the plan, despite the complexity of procedures for applying, which have been partially overcome thanks to collaboration between the different layers of the state administration. It is, however, worth noting that only in a few cases has the coordination between metropolitan cities and the capital city been established in a solid and clear manner, with clear intentionality and political and institutional investment, as in the case of Bologna. In most experiences, the coordination is relatively informal, and the two administrations proceed on parallel tracks.

Finally, the last official update on the NRRP prepared by the national government[10] reminds us that the complexity of the procedures is a significant obstacle, as is the lack of human and knowledge resources in local administration, especially in medium-sized and small cities. In the light of this, on the one hand, some of the procedures required to apply are based on already available and advanced projects; on the other, unique resources have been allocated to cities to hire experts to support the design and management of the process. However, difficulties in hiring and managing these new resources have emerged. Some changes

9. https://www.anci.it/presentati-i-risultati-del-progetto-anci-metropoli-strategiche-sulle-citta-metropolitane/
10. https://www.italiadomani.gov.it/content/sogei-ng/it/it/strumenti/documenti/archivio-documenti/terza-relazione-al-parlamento-sullo-stato-di-attuazione-del-pian.html

were made to make it a more straightforward procedure and offer the opportunity to reinforce the public servants' role.

4. Can exceptionality dialogue with a long-term vision be dealt with within a public debate: can Bologna be a reference point?

The case of the National Recovery and Resilience Plan in Italy offers spaces for institutions to be "enablers" rather than "fragilisers"; but not all cities are in a condition to open these spaces.

The case of Bologna is relevant, from at least two other perspectives.

The first has to do with the capacity of local administrations to deal with the exceptional resources granted by the NRRP within a long-term and strategic vision of the future. How can such an extraordinary amount of money be used in a country where municipalities have not been able to work on long-term visions or structural projects for decades? Cuts in public expenditures, limitations on public debt, lack of human resources and expertise, and political fragmentation are standard features of the local administration experience in Italy in recent decades. The NRRP provides a unique opportunity to reverse these conditions for a limited period but also to impact the country's transition trajectory. However, its procedures and mechanism have seriously stressed municipalities when asked to compete for funding and select projects and policies that could be critical, urgent and strategic but also mature enough to be implemented and generate impact. Not all cities have managed to strike a balance between urgency, feasibility and the strategic dimension. Too comprehensive a list of urgencies, too little and narrow the time for formulating a vision have probably not contributed everywhere to match the requirements of the NRRP with local needs. However, some cities have been exceptionally able to cope with this dilemma based on their local resources and longstanding tradition of planning and programming.

This is particularly the case of Bologna, where the NRRP projects have a strong coherence with some of the strategic pillars of the urban and metropolitan plans elaborated before and during the pandemic and showed the capacity and will to achieve synergies between different resources. In this light, it is helpful to notice, first, that a keyword for Bologna in managing NRRP is the integration between this and other EU resources. NRRP is the largest resource available, with €650m, basically on Mission 2, "Green Revolution and Ecologic Transition", and Mission 5 "Inclusion and Social Cohesion", but the choice has been made to institute a deputy mayor in charge of both the management of the NRRP and other EU funds. In other words, there was a clear investment and capacity to activate a multi-fund strategy, as shown by the following tables, which illustrate the consistency of different fundings and their integrated use.

Moreover, the projects funded by the NRRP are part of the broader strategy of the current mayor and operate in close connection with and in the framework of both the Strategic Plan 2.0 and the objectives of the Sustainable Development Agenda 2.0, as well as on a strategy of sustainable mobility as a fundamental foundation shared between the city and the metropolitan city. The three most significant and most strategic projects are, in fact, related both to the historical mission of the city in the field of knowledge and its well-established attention to and engagement with sustainable development.

Table 2: PON METRO 2014-2020 – Main Projects funded in the city of Bologna		
CITY OF BOLOGNA- MAIN PROJECTS FUNDED UNDER PON METRO 2014-2020	**FESR**	**FSE**
Schools energy efficiency	13.695.895,64 €	
Urban regeneration- Urban Farm Pilastro	600.000,00 €	
Urban regeneration - Treno della Barca	441.438,19 €	115.384,81 €
Bycicle station	600.000,00 €	
Public lightening	19.337.521,80 €	
Sport center - Barca	1.196.266,69 €	
Cultural facilities - Liquid Lab	315.000,00 €	135.000,00 €
Polifunctional center - Populonia	1.534.018,62 €	
TOTAL AMOUNT	**37.720.140,94 €**	**250.384,81 €**

Source: Annalisa Boni, Bologna Deputy Mayor in charge of PNRR

Table 3: PON METRO 2014-2020 –Total resources, integrated by React EU, Metropolitan city of Bologna	
PON METRO 2014-2020 (integrated by REACT EU)- Metropolitan City of Bologna	**FUNDINGS**
Axis 1 -Metropolitan Digital Agenda	5.720.142,00 €
Axis 2 - Public services and urban mobility sustainability	10.379.126,83 €
Axis 3 - Social inlcusions - Services	10.070.611,31 €
Axis 4 -Social Inclusion- Infrastructures	9.571.276,08 €
Axis 5 -Technical Assistance	1.055.485,71 €
Axis 6 - Green, digitial, resilient recovery	68.142.857,14 €
Axis 7 - Social, economic and job recovery	6.857.142,86 €
Axis 8 - Technical Assistance REACT-EU	6.759.319,88 €
TOTAL AMOUNT	**118.555.961,81 €**

Source: Annalisa Boni, Bologna Deputy Mayor in charge of PNRR

The first project, *Impronta Verde*, contributes to building the new green infrastructure that supports the goal of becoming a carbon-neutral city; the second, *Città della Conoscenza*, invests in the regeneration and development of urban areas dedicated to further investment in the knowledge-based economy; the third deals with constructing two new tramway lines, which are part of the sustainable metropolitan mobility strategy. All of them impact both the capital and the metropolitan city. In particular, the project *Programma Integrato di Intervento Città della Conoscenza*, managed by the metropolitan authority, has been built upon a more comprehensive consultation at the metro level based on proposals from all the municipalities. Among the 67 proposals received, four projects have been chosen, one focusing on the capital city, while the others are based on other municipalities.

The second perspective concerns the peculiarity of a context cultivating and feeding a tradition of public participation and debate. Despite the limits imposed by the procedures of the NRRP that require the completion of the projects funded by 2026 and that have "suspended" the ordinary procedures for public debate, the case of Bologna shows the possibility of reactivating public debate even under exceptional conditions (Agamben, 2003). The manifold channels of direct, engaged, critical involvement the city has experimented with and built in the past decades have fed the design of the projects funded by the NRRP, making it part of more inclusive planning processes; at the same time, some of the projects have followed participatory processes by being complemented by ordinary resources. Finally, the Bologna case is one of the few in which three civic society associations have promoted a civic observatory to contribute to critically monitoring the plan and its implementation.[11]

In conclusion, this short reconstruction of the case shows, first, that despite its exceptional nature the NRRP can be a lever for the capacity of cities to work towards recovery and resilience in a sound, strategic and integrated perspective. Second, it also clearly shows the conditions under which institutions can contribute to enabling rather than "fragilising". Institutions produce "fragilisation" when they work too much in the short term, providing little space for vision, focusing on prescriptions rather than perspectives, not taking a place-based approach and a relational perspective seriously, not considering the intelligence of society, and applying a linear and rational approach to planning (Blecic and Cecchini, 2021). The case of the National Recovery and Resilience Plan in Italy offers spaces for institutions to be "enablers" rather than "fragilisers"; but not all cities are in a condition to open these spaces. Many are trying to seize this opportunity, especially those inspired by these principles for decades, like Bologna. Others need support and help to follow. However, the challenge requires capacity, vision, people, resources, time and attention. Bologna reveals the complexity of the effort, but also that there are trajectories of transition that can help the country not only recover from "polycrisis", but also be less fragile, if not antifragile. "Antifragility is beyond resilience or robustness. The resilient resists shocks and stays the same; the antifragile gets better" (Taleb, 2012).

Some of the basic principles of the EU integration project have been suspended and, what is more, the integration between cohesion policies and the recovery has not been truly cultivated in a strategic direction.

As a final conclusion, the case offers the opportunity to reflect on the contradiction of the Next Generation EU initiatives in figuring out a reaction to the pandemic. In a context of great uncertainty some of the basic principles of the EU integration project have been suspended and, what is more, the integration between cohesion policies and the recovery has not been truly cultivated in a strategic direction. On the other hand, the lever of public expenditure has been reactivated, offering opportunities to reconsider it as a value (see chapter 14, in Urban@it, 2024, forthcoming). However, the rather limited investment in cities as scale-spanning hubs of resources able to generate recovery remains quite a constant all over Europe. The case of Bologna offers elements to reflect on how the EU integration project can better invest in them in order to capacitate European societies against crises and uncertainty.

11. http://www.osservatoriocivicopnrr-bologna.it/chi-siamo/

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THE SPANISH RECOVERY STRATEGY, AN URBAN PARADOX. THE CASE OF BARCELONA

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1. Introduction: the involvement of local governments in the Spanish Recovery, Transformation and Resilience Plan

The Spanish Recovery, Transformation and Resilience Plan is built upon an urban paradox. As stated in previous research led by CIDOB, some of the pivotal priorities addressed in the €163bn[1] strategy developed by the Spanish government are linked to local competences and urban challenges. Yet local governments have not been invited to take part in the design of the plan nor in its monitoring and evaluation. Despite its urban dimension, they are mere beneficiaries of an unprecedented budget that is somewhat accelerating a recentralisation trend.

The 31 components that make up the ten lever policies laid out in the Spanish recovery plan show a strong commitment to boost reforms and investments in which city governments and urban stakeholders should play a major role. Table 1 provides evidence of that.

According to the Spanish Federation of Municipalities and Provinces (FEMP), in the period 2021-2023 more than €18bn has been made available for local governments by both the central government and autonomous communities. This accounts for more than 20% of the total non-refundable funds available.

Up to 13 Spanish government ministries are engaging with local governments to implement initiatives within the various priorities included in the Spanish plan. Yet almost 70% of the funds made available have been managed by two ministries: the Ministry for Ecological Transition and the Demographic Challenge (€6.07bn) and the Ministry of Transport, Mobility and Urban Agenda (€6.54bn). This seems to tie in with the type of competences devolved to local governments in the Spanish legislation.

As of September 2023, more than 64 funding schemes had been deployed to support initiatives submitted by local governments. It is worth mentioning that a significant part of the funds available, approximately 50%, have been territorialised and are being managed by the different autonomous communities.

1. The addendum to the Spanish Recovery, Transformation and Resilience Plan approved on October 2nd, 2023, by the European Commission has increased the total amount of funds available from an initial €140bn to the current €163bn. This includes €80bn in non-refundable grants and €83bn in loans.

Most of the funds allocated to local governments have been channelled through programmes designed by the central government and managed through competitive calls for proposals published both by ministries and autonomous communities.

Table 1: Funds granted to the Barcelona City Council

Lever policy	Component with urban dimension
1. Urban and rural agenda, the fight against depopulation and agricultural development	C.1. Sustainable, safe, and connected mobility shock plan in urban and metropolitan environments
	C.2. Urban rehabilitation and regeneration plan
2. Resilient infrastructures and ecosystems	C.6. Sustainable mobility, long-distance
3. Just and inclusive energy transition	C.7. Deployment and integration of renewable energy sources
4. An administration for the 21st century	C.11. Modernisation of public administrations
5. Modernisation and digitisation of the industrial and SME fabric, recovery of tourism and promotion of Spain as an entrepreneurial nation	C.13. Support to SMEs (including local markets)
	C.14. Plan for the modernisation and competitiveness of the tourism sector
7. Education and knowledge, lifelong learning, and capacity building	C.21. Modernisation and digitalisation of education, including early education 0-3
8. The new care economy and employment policies	C.22. Shock plan for the care economy and reinforcement of inclusion policies
	C.23. New public policies for a dynamic, resilient and inclusive labour market
9. Promotion of the culture and sports industries	C.24. Cultural Industry
	C.25. Promotion of Sports

Source: Author

The following are some promiment examples of funding schemes:

Table 2: Example of funding schemes available for Local & Regional Governments

	€ million
Electric mobility	909
Neighbourhood rehabilitation	976
Integral rehabilitation of buildings	1.994
Rehabilitation of public buildings	600
Social housing	1.000
Low emission zones and digitalisation of urban transport	2.500
Tourist sustainability in destination	1.905
Renewable energy self-consumption and storage	1.320
Digital transformation and modernisation of local administrations	391,4
Broadband	500
Care economy and social services	244,4
Early childhood education (1 and 2 years)	458,11
PERTE water digitalisation	3.000

Source: Author

Most of the funds allocated to local governments have been channelled through programmes designed by the central government and managed through competitive calls for proposals published both by ministries and autonomous communities. In exceptional cases, other mechanisms such as direct grants and collaboration agreements have been used to implement certain pilot initiatives with specific local governments.

Big cities such as Madrid (3.3 million inhabitants), Barcelona (1.6 million), Valencia (0.8 million) or Seville (0.6 million) have accessed the available funds through the same channels as the rest of the local governments in the country. Except for a few calls for proposals that excluded municipalities of less than a certain number of inhabitants (usually 50,000 or 20,000), a significant part of the programmes have placed the necessities of big metropolitan agglomerations under the same umbrella as those of medium-sized and small municipalities. As analysed in this monograph, metropolitan realities are barely acknowledged in the different programmes and the sole metropolitan government in the country (the Barcelona Metropolitan Area) has struggled to be considered eligible.

Madrid and Barcelona city councils have topped the funds allocated among local governments by far (€302m, in the first case, and €269m, in the latter). However, it is difficult to measure the total funds allocated in the two cities (the same applies to most of the cities) as they benefit from many other initiatives financed by the recovery funds and implemented by other organisations (e.g., other administrations, universities and research centres, civil society organisations, private corporations, etc.). In this regard, the lack of effective coordination mechanisms and will is a problem that diminishes the impact of the different measures undertaken.

More than 8,000 local governments have benefited from the grants awarded under the Spanish recovery plan. This includes the different tiers of local government recognised by Spanish law, i.e., municipalities, provinces, and insular councils. Likewise, specific intermediate local entities recognised by regional legislations, such as metropolitan governments (the case of the Barcelona Metropolitan Area established under a Catalan law), counties and public consortiums have been able to participate in specific calls.

2. Barcelona, a city committed to making the most of the recovery process

With the aim of unlocking the full potential of the recovery funds in the city, and addressing the green, digital, and social transformations that lie behind this unprecedented budget, Barcelona City Council devised a multistakeholder plan[2] in December 2020, structured around seven strategic axes:

1. Boosting the local economy
2. Working for a responsible transition towards a sustainable model for renewable energies and renovation
3. Achieving a fair digital transition
4. Boosting sustainable mobility
5. Developing health and social infrastructures
6. Creating a stronger system for innovation, research and knowledge
7. Focusing on the recovery of the nature in the city

The different priorities and lines of work included in the plan were designed together with the main stakeholders in the city, i.e., other tiers of administration, civil society organisations, knowledge-based institutions, and the private sector. It aimed to ensure effective coordination and complementarity between municipal-led, public-private and third-party initiatives developed and having an impact in Barcelona and its metropolitan area.

2. "Barcelona, we make plans for the future". Available at: https://ajuntament.barcelona.cat/estrategiaifinances/en/european-funds-1

While the Barcelona plan was adopted much earlier than the Spanish recovery strategy, Barcelona City Council was not formally engaged with the design of the reforms and investments included in the latter. The broad description of the seven strategic axes is well aligned with the lever policies finally defined by the Spanish government, though no clear connection can be made. In fact, more than 80% of the funds currently disbursed can be placed under axes 1, 2 and 4, while extremely strategic axes such as 3, 6 and 7 account for less than 2% of the funds received so far.

Indeed, Barcelona City Council, like the rest of the local governments in the country, has been invited to take part in the myriad of funding schemes open to municipalities. For the time being, the city council has submitted a total of 38 projects, from which 22 have been awarded funding, 4 are pending, and 12 have been rejected. The total amount of funds granted as of September 2023 came to a little under €269m, while €6.4m is unresolved and an important €51m project is under preparation.

Most of the funds granted to the city council are competitive and derive from open calls managed by both the Spanish central government and the Catalan regional government. However, Barcelona City Council has also benefitted from direct grants such as the €9.3m subsidy from the Ministry of Inclusion, Social Security and Migration for the social and labour market inclusion of beneficiaries of Spain's basic minimum income scheme; or funds allocated in the framework of collaboration agreements, such as the €14.9m contract programme passed with the Catalan government's Department of Social Rights to collaborate in the promotion of social welfare.

As can be observed in the following table, up to 65% of the Next Generation funding granted to Barcelona City Council falls under components 1 (mobility) and 2 (rehabilitation and regeneration) of lever 1 (urban agenda).

Table 3: Funds granted by the Barcelona City Council

Lever and component	Nº of projects	Funds granted	%
L1 (Urban agenda) – C1 (Urban mobility)	5	112.597.664	42
L1 (Urban agenda) – C2 (Rehabilitation & regeneration)	4	62.246.524	23
L5 (Industry, SMEs & tourism) – C12 (Waste management) & C13 (Local markets) & C14 (Tourism)	3	49.511.105	18
L8 (Care economy) – C22 (Care and social inclusion)	5	36.882.352,40	14
L4 (New public administration) – C11 (Modernization)	1	6.084.142	2,4
L7 (Education, training) – C21 (Modernization of educating system)	1	1.090.865	0,47
L6 (Science & innovation) – C16 (AI)	1	199.885	0,07
L9 (Culture and Sports) – C24 (Culture)	2	173.655	0,06

Source: Author

Within lever 1, just two projects account for a very significant part of the funds disbursed, the €107m low emission zone and the €42.5m project devoted to rehabilitation and urban regeneration. This might be considered as normal because both mobility and urban regeneration are core competences of Spanish local governments and two major challenges for a city such as Barcelona.

Along the same lines, local markets and tourism (components 13 and 14 of lever 5), also at the heart of local competences, absorb 15% of the funds allocated through two projects: the €40.8m strategy to foster Barcelona as a sustainable tourist destination and the €8.1m project to revitalise local markets and shopping locally. Likewise, up to 14% of the funds disbursed focus on the care economy and social policies, with €30.8m channelled through a bilateral agreement with the social affairs department of the Catalan government.

At the other end of the scale, digitalisation and innovation, top priorities for a city competing to consolidate its position as one of Europe's leading digital, technological and science hubs, warrant less than 2.5% of the funds allocated. However, as will be analysed later in this paper, top Barcelona-based technological and scientific projects, as well as initiatives to foster digitalisation among the private sector, are being developed by other stakeholders, i.e., universities, research centres, private corporations or other tiers of government.

Digitalisation and innovation, top priorities for a city competing to consolidate its position as one of Europe's leading digital, technological and science hubs, warrant less than 2.5% of the funds allocated.

Projects granted range from very well-funded initiatives, such as the low emission zone, with more than €107m (through two open calls), or the Tourism Sustainability Plan, with more than €40m, to very small projects such as the acquisition of a software for recharging vehicles in the city (€48,000) or the improvement of digital connectivity at the city municipal auditorium (€57,000).

Six different departments of Barcelona City Council have been engaged with the formulation and implementation of projects funded within the Spanish recovery strategy. Mobility, Infrastructures and Urban Services, with three projects and €108m granted, leads the ranking, followed by Economic Promotion (seven projects and €53m), Urban Planning and Housing (one project, €42m), Social Rights, Health, and Community (four projects and €36m), Resources and Digital Transformation (three projects and €10m) and Culture, Education and Sports (three projects, €1.2m). Security, Prevention and Co-habitation is the only department among the operational units of the city government not currently involved in the management of initiatives grated by the Next Generation EU funds.

The availability of this unprecedented EU budget has led to the creation of a specialised fundraising unit within the finance department of Barcelona City Council. This new unit promotes access to EU funds, both Next Generation EU and from the 2021-2027 Multiannual Financial Framework (MFF), to finance municipal priorities, strategies and projects; provides technical support to the city government teams; and ensures internal coordination and coherence. The latter is both critical and challenging in a large public organisation in which different priorities, interests and aspirations coexist.

The availability of this unprecedented EU budget has led to the creation of a specialised fundraising unit within the finance department of Barcelona City Council.

Although the policies and challenges addressed through the projects implemented by Barcelona City Council have a metropolitan dimension (i.e., mobility, housing, tourism, etc.), most of them operate strictly within the boundaries of the municipality and do not incorporate other neighbouring cities. The low emission zone, where Barcelona Metropolitan Transports is a key partner, is the sole, but significant, exception. This might be the consequence of calls for proposals and other financial schemes designed by the national government failing to consider, even neglecting, the supra-municipal dimension of most of the local competences defined within the Spanish legislation.

The same goes for the involvement of other stakeholders outside the city government institutional ecosystem and the public sphere. None of the projects currently under implementation involve stakeholders such as civil society organisations, universities, research centres or the private sector. They are all partnered between different units of the city council, departments of the Catalan government and specific consortiums where both are involved, that is, the city and regional government.

Finally, it is important to stress the difficulties that Barcelona City Council has experienced in addressing the regulations established to ensure a proper implementation of the funds included in the Recovery and Resilience Facility. While they are intended to introduce more flexible solutions, new measures taken to prevent fraud and avoid significant ecological harm, procedures designed to make public procurement more flexible and equitable, and digital platforms established to monitor milestones or to audit spending, to give some examples, have brought further bureaucracy to an already highly bureaucratic system. Unprepared administrative teams, both as managing authorities and beneficiary institutions, are struggling to navigate a highly complex and dense scenario.

3. Different stakeholders implementing projects in the city and metropolitan area

Together with the projects granted to Barcelona City Council, an even more significant number of projects are implemented in the city led by other stakeholders. Yet tracking this evidence is not an easy task as specific information about funds disbursed is not disaggregated by territories below autonomous communities. Reliable information about projects granted is mostly filtered by institutions. However, the European Commission has mapped some of the most relevant projects in each member state, allowing the possibility to zoom in on the location of lead institutions' headquarters.

According to the commission, Barcelona has a wide range of highly innovative projects led by different institutions, both public and private. The city hosts projects in almost all the sectors covered by the Spanish recovery plan, involving the different tiers of government that operate in the city (national, regional, supralocal and local), universities, research centres, civil society organisations, professional bodies and private corporations (large, medium and small companies).

A noteworthy example is the €22m project Quantum Spain, the first quantum supercomputer based on European technology that will be built and installed in Barcelona, at the Barcelona Supercomputing Center. The project involves

25 universities and 14 computing centres across Spain and aims to boost the Spanish quantic computing ecosystem. Other projects focus on sectors such as AI solutions for ageing, the agri-food industry (including some of the leading wine companies in the country), development of an RSV vaccine, electric vehicles, vocational training, or digitalisation of SMEs.

However, to understand the impact of the recovery funds in Barcelona we must also analyse projects granted to institutions based in other cities of the metropolitan area. Jointly, with more than €110m allocated in metropolitan projects implemented by the Barcelona Metropolitan Area in sectors such as housing, mobility, waste treatment, renewable or alternative energies, or tourism, cities such as Esplugues de Llobregat are hosting highly significant and innovative initiatives such as the €10m DIPCAN project[3] aiming at using AI to treat cancer metastasis.

Alternative schemes might be explored to promote public-private partnerships in science and tech-led initiatives and to partner with cultural industries, the third sector and grassroot organisations.

4. Key challenges ahead and conclusions

Approaching the mid-term implementation of the Spanish recovery strategy, the available funds are meant to reduce progressively. However, the addendum recently approved by the European Commission and the ECOFIN (EU's Economic and Financial Affairs Council) proposes to increase non-refundable funds for Spain by more than €10bn. This, together with the funds still to be disbursed, provides a favourable scenario for cities to continue monitoring and participating in the calls and other funding schemes that will be opened in the coming months.

At this stage, some observations can be made to strengthen the impact of the recovery funds in Barcelona and its metropolitan area.

The Spanish recovery strategy includes several components which have not been well covered by the projects already awarded to Barcelona City Council. Science, technology, innovation, culture and sports are key for the economy of the city and represent only a little over 2.5% of the funds already mobilised. Although the city government has very limited leeway in a highly centralised environment, it should mobilise available assets to advocate for a major participation in the funding schemes still available in these highly strategic components. The strategic programmes (PERTE) in areas such electric mobility, cutting-edge health, renewable energies, circular economy, the digitalisation of the water cycle or the new economy of care might provide some interesting opportunities.

With this in mind, advocacy efforts should address both the Spanish and Catalan governments, especially the former. Indeed, while the Catalan government has shown a certain readiness to partner with the Catalan capital city (more than €30m in bilateral agreements are evidence of that), Spain's central government has been reluctant to operate outside competitive calls with the major cities in the country. The partnerships that certain ministries are currently coordinating with different stakeholders to implement many of the reforms and investments set out in the recovery strategy might shed some light on the way ahead.

Similarly, advocacy should also focus on the EU institutions in order to ensure a greater participation of major cities in the second phase of the implementation of the recovery funds. City networks such as Eurocities

3. More information available at: https://barcelona.spain.representation.ec.europa.eu/estrategies-i-prioritats/nextgenerationeu-prop-teu/projectes/tractament-personalitzat-del-cancer-metastatic-amb-ia_es

can play a fundamental role here and Barcelona, as a key member of the organisation, should prioritise this line of work. Mobilising political will and gathering evidence on how these funds are being absorbed at the local level, while describing challenges and proposing next steps for the EU institutions, should be central tasks to both monitor and enhance the urban dimension of the Next Generation instrument.

Efforts aimed at ensuring a substantial degree of coherence and complementarity should also be addressed from a metropolitan perspective.

Despite the will expressed by the city government in its plan approved in 2020 to bring in the different stakeholders that operate in the city, municipal units are the sole actors in the projects currently under execution. This is certainly due to the limitations defined in the different funding mechanisms available for local governments. Nonetheless, alternative schemes might be explored to promote public-private partnerships in science and tech-led initiatives and to partner with cultural industries, the third sector and grassroot organisations.

This would allow further assets, resources, knowledge, and capacities which are key for the city to be mobilised, aligning them with the priorities agreed by different city stakeholders, making recovery funds and the Spanish recovery strategy more adapted to local realities and concerns. It would also reinforce the city government's leadership while ensuring greater coherence among the different initiatives that have chosen Barcelona as an exceptional location to innovate and produce solutions to global challenges.

Efforts aimed at ensuring a substantial degree of coherence and complementarity should also be addressed from a metropolitan perspective. The lack of effective coordination mechanisms vis-à-vis the implementation of recovery funds in the metropolis undermines the transformative potential that this unprecedented fund might trigger. Fostering joint initiatives between Barcelona City Council, the other metropolitan municipalities and stakeholders, and the metropolitan government could be an appropriate path to pursue. Barcelona should make its leadership and resources available to this end.

Finally, citizen commitment and engagement will be critical to unlocking the full potential of opportunities provided by the recovery funds. Thus, ensuring citizen participation in the design, implementation and monitoring of the initiatives carried out by the city government should be a major concern. This would inform projects with specific local needs, mobilise additional assets and hold public municipal intervention accountable. Some highly innovative platforms such as Decidim[4] could provide a relevant tool.

No doubt should be cast on the opportunities that the recovery funds might provide to a city such as Barcelona to move forward with the critical transformations it needs. The green, digital, and social transformations require investments and reforms and the mobilisation of all the available resources. The Spanish recovery strategy provides the perfect framework for that. However, its highly centralised architecture, which is preventing major cities from taking on a greater role, could diminish its impact. Greater vision is required to make these funds more accessible to local assets and innovations.

4. Decidim is the digital platform for citizen participation in Barcelona. For more information, visit: https://decidim.org/

FRANCE: A STACK OF CONTRACTS IMPERFECTLY INTEGRATING THE GREEN AND DIGITAL STRATEGIES OF BIG CITIES

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1. A recovery plan in a post-municipal election context

Quite early in the Covid crisis, on July 16th, 2020, the prime minister announced "[His] willingness to rely on territories so that the state is an actor of proximity". His intention became a reality on October 23rd, 2020, with Circular no. 6220 on "Territorial implementation of the Recovery Plan" (Premier Ministre, 2020a), six weeks after the full presentation of the National Recovery and Resilience Plan (NRRP). He was reacting to the observation that major costly social and civil organisation measures had to be implemented, often urgently, by local authorities, first and foremost the largest cities ("the self-financing shock experienced by the big cities" according to *France Urbaine,* the major cities association).

Let us recall the local French political context at the time. Municipal elections were held in spring 2020. In the big cities, the elections were marked by the victory of candidates with strong ecological transition strategies. The mayors of Nantes, Grenoble, Paris and Lille were re-elected – the latter two thanks to a marked greening of the initial programme. New teams described as green succeeded in Lyon, Strasbourg, Bordeaux, Tours, Besançon, Annecy and Poitiers.

Thus, from summer 2020, these new political teams were ready to implement their own green transition agenda, which was often more ambitious than that of the NRRP. In addition, these metropolitan strategies and associated investments anticipated substantial support from the future EU cohesion policy.

France Relance, presented as one of the EU's greenest plans

The NRRP, also named *France Relance*, amounted to €100bn, of which €46bn (€41bn according to a later calculation by the Court of Auditors, see Table 1) were co-financed by the Recovery and Resilience Facility, only in grants. It had three strands – green transition (€30bn), competitiveness (€34bn) and cohesion (€36bn) – and the intention was to initiate a homogeneous recovery in all territories and for all generations. The cohesion strand funds in particular were intended to safeguard employment through short-time work, to increase the employability of young people with the "1 Young, 1 Solution" programme, to support territories where public services are most difficult to access and to invest in the health system. This strand also included exceptional and additional funding of €942m in 2020 for the Local Investment Support Grant (DSIL).

The NRRP dedicated 50% of the funds to the green transition (above the EU threshold of 37%) and 25% to the digital transition (above the EU threshold of 20%).

Table 1: The measures of the French NRRP

		Estimated amount in the Recovery Plan (€ bn)	Estimated European support (€ billion)
Green transition	Eco-renovation	6.7	5.8
	Ecology and biodiversity	3.2	2.1
	Infrastructures and green mobilities	8.8	7.0
	Energy and green technologies	7.2	5.3
Competitiveness	Support to private companies	0.3	0.3
	Technological sovereignty and resilience	5.2	3.2
	Digital and cultural investments	3.1	2.1
Cohesion	Employment and training	11.3	7.5
	Research, health, safety and territorial cohesion	9.8	7.7
Subtotal		55.6	41.0
Other strands of the French recovery plan not benefiting from European funding		44.4	
TOTAL		**100.0**	**41.0**

Source: French Court of Auditors

The guidelines for a territorial implementation

PM Circular No. 6220 was addressed to the regional and departmental prefects, as well as the public finances directors. It explained that, "The territorial implementation of the Recovery Plan is a guarantee of effectiveness, adaptability, equity and cohesion. One of the factors of its success will be supporting territorial dynamics and making possible the rapid consumption of credits. Whenever possible, the actions of the plan must be implemented in all territories, including overseas territories." To do this, it detailed the administrative and financial organisation, as well as the information channels that the state services had to set up. The implementation of the plan mostly used the traditional tools of delegation. At no time was it designed with, by and for local authorities.

Subsequently, this PM circular identified four different types of intervention:

1) the measures drawn up at national level and not subject to territorially differentiated implementation, such as fiscal measures to reduce taxes or aid intended for certain groups (young people, energy renovation for households and SMEs, support for purchasing electric cars, etc.). The same applies to aid that will be awarded via national calls for projects;

2) those aimed at allocating funding locally via calls for projects decentralised at regional level and often managed by operators according to proven procedures i.e., Public Investment Bank (BPI France), Environment and Energy Management Agency (ADEME), Water Agency;

3) specific financial envelopes under the responsibility of the prefects for the benefit of the most mature and relevant investment projects, which are given priority treatment in the "urban policy districts" (QPVs) and in rural areas;

4) appropriations corresponding to the various lines of *France Relance*, earmarked on a public policy and a well-identified measure of the plan, but whose management will be delegated.

The territorial governance of the recovery plan was based on regional steering and monitoring committees co-chaired by the regional prefect, the regional director of public finances and the president of the regional council. These committees, composed of representatives of local authorities, economic and social partners, and the operators, had to ensure detailed information for citizens, communities and businesses. They were also in charge of monitoring devolved measures and reporting back the potential operational difficulties in the implementation. Departmental advisory committees have also been set up to ensure impetus at the lower level, with the participation of national elected representatives (deputies and senators).

The NRRP, also named France Relance, amounted to €100bn, of which €46bn (€41bn according to a later calculation by the Court of Auditors, see Table 1) were co-financed by the Recovery and Resilience Facility, only in grants.

A sophisticated financial evaluation system

A national evaluation committee has been set up in order to meet the requirements of European monitoring system. Composed of 26 members, including representatives of national associations of local authorities (but not big cities, as such), the Senate, the National Assembly, the social partners and the main ministerial departments in charge of the NRRP, it started working in spring 2021 and has already published two reports. The second report, released in December 2022, provides some useful information on the implementation by local authorities in general and urban areas in particular (*Comité d'évaluation du plan France Relance*, 2022).

In addition, in March 2022 the Senate adopted an information report based on the results of an investigation conducted by the Court of Auditors and on hearings (*Commission des finances du Sénat*, 2022). It draws some lessons and provides qualitative and quantitative data.

Thus, it notes that in addition to the large sums paid to compensate for the losses or decreases in revenues of local authorities and private companies (two-year loans), the ecological strand of the recovery plan has fuelled many existing national programmes (subsidies to individuals for the renovation of their buildings, *MaPrimeRénov'*, or for the purchase of clean vehicles, *Ecological Bonus*), or ambitious programmes that had no budget until 2020 (investment for railway infrastructure; renovation of state buildings, including universities; actions in favour of biodiversity).

The concern to quickly spend the available funds on concrete projects and to ensure public awareness of them has led to an unprecedented communication effort by the state administrations or the public agencies responsible for certain programmes (BPI France, ADEME, ANAH, *Pôle*

The implementation of the plan mostly used the traditional tools of delegation. At no time was it designed with, by and for local authorities.

Emploi, ANRU, ANCT). The extensive range of means used (digital platforms, the "recovery train" itinerant promotion, websites, call centres, flyers, guidebooks, labelling, etc.) led to a very high level of communication expenditure of €17m, equivalent to three to ten times the amount of major official campaigns of previous years. The Court of Auditors and the evaluation committee tend to consider that it was effective, as the large amount of funds available under the heading of the NRRP was spent in time and the French economy was on track for recovery by the beginning of 2022.

However, the evaluations converge on the problem of decipherability on the part of the local authorities of the specific NRRP aid, deadweight effects and confusion with other existing contracts or medium-term strategies, in particular the main European cohesion policy funds. So far, no official conclusions have been drawn on the added value and effectiveness of *France Relance* to accelerate the shift towards the green and digital transitions.

2. Two unsatisfactory ways to access to national funding

The two main ways for local authorities to access funding were calls for projects and contracts. Both have been criticised by local authorities for different reasons: the excessive number of calls (89 calls for sectoral projects and nine calls for expressions of interest in a few months) and their mono-sectoral approach, the re-centralisation of governance, the fuzzy articulation between the many existing mechanisms and the new ones, the complexity of procedures with different time horizons and, above all, the exclusion of the EU cohesion policy funds.

Before the Senate, the president of the Court of Auditors deplored "the lack of coordination of the different contractual supports" (*Commission des finances du Sénat*, 2022). The report mentions that one-tenth of NRRP expenditure went directly to local authorities: in order to compensate losses and revenues (€4.2bn), to support local public investment (€2.6bn), and to implement sectoral measures (€3.7bn). Quoting *Régions de France*'s own assessment, it states that local authorities have provided €15bn as co-financing. The secretary general of the recovery plan recalled during his hearing that municipalities where more than 15% of the population resides in a QPV (in general, located in metropolitan areas) benefited from 27% of the exceptional envelope devoted to municipalities by the recovery plan under the DSIL in 2020 (around €340m), while they represent 22% of the population.

As an example of a sectoral measure, the NRRP has devoted €1.3bn to the energy renovation of local authority buildings at all levels, via the DSIL for municipalities (€650m), the Departmental Investment Support Grant (DSID) for departments (€300m) and the Regional Investment Grant (DRI) for regions (€300m). A total of 6,212 projects were selected via calls for projects, according to the dual criteria of the maturity of the project (quick implementation) and the energy gain of the investment. Of these projects, 65% were educational buildings, 12% cultural or sports facilities, while the rest were nurseries or administrative buildings, etc.

Circular No. 6220 also determined a new specific mechanism for "the decentralised appropriations of the NRRP, as well as the actions which, although decided nationally, can be localised in a given region and which may be co-financed". At regional level, there would be "Regional Recovery Agreements signed between the State and the Regional Council strongly attached to the *Contrats de Plan Etat-Région* (CPERs)" and Recovery and Ecological Transition Contracts (CRTEs) at local level.

The concern to quickly spend the available funds on concrete projects and to ensure public awareness of them has led to an unprecedented communication effort.

Since the first decentralisation reforms in 1982, relations between the state and the regions have been based on contracts inspired by the long French tradition of planning, dating back to the aftermath of the Second World War. While the 10th and last plan ended in 1992, the CPERs have endured and are now established for six years. They overlap rather than fit perfectly with the seven-year European regional programmes. Until now, moreover, the two main territorial policies – in favour of rural areas and in favour of urban neighbourhoods in difficulty – were co-financed separately by the CPERs and by European funds.

At the local level, this approach is new. Prefects were asked to contract with the departmental councils, the "intercommunalities" (meaning groupings of 15-50 municipalities either in rural areas or in metropolitan areas), and the communes if they wish to enter into such an approach. Another PM Circular, No. 6231 dated November 20, 2020, detailed the content, ambitions and implementation of "these contracts in favour of the ecological transition and territorial cohesion" (Premier Ministre, 2020b).

They were supposed to meet three challenges: in the short term (2021-2022), involve territories (local authorities, socio-economic actors, associations, inhabitants) in the recovery plan; for the duration of the electoral mandate (2020-2026), support local authorities in their territorial project; and illustrate the differentiated and simplified approach of decentralisation. The circular insists on the fact that the ecological transition must be the cross-cutting theme of these contracts. The CRTE may consist of amendments to existing contractual tools (rural contracts, ecological transition contracts, territorial development contracts, etc.) or new contracts.

In practice, almost every "intercommunality" accepted the approach, which sometimes took the form of a wish list, especially in the absence of a common local strategy, since the CRTEs do not commit the state to co-financing the full list of projects. In fact, every year, the prefect must coordinate with the ministerial administrations to pick and choose what the state will subsidise or co-finance, either with the recovery plan funds, the DDTER (rural areas), the National Fund for Spatial Planning and Development (FNADT) or the DSIL. In the case of large cities, equipped with an established strategy, the CRTEs look more like a too narrow coverage, due to a lack of sufficient funding and ambition on the part of the state.

Although delayed in comparison with the initial timeline, the take-up was quite quick: a total of 245 CRTEs had been signed by September 2021, 635 by January 2022 and 847 by September 2023.

3. Nantes Métropole: an illustration of local participation in the new contracts

Early in 2021, as the CRTE targeted both groupings of very small rural municipalities (15-30,000 inhabitants) and metropolises regardless of their size and management specificities, large cities asked for recognition of the specificities of their situation with the creation of Metropolitan Contracts for Recovery and Ecological Transition (CMRTE). Both as Nantes Métropole's president and president of *France Urbaine*, Johanna Rolland was the first to sign an MoU for Nantes with the prime minister on February 26, 2021 (Rolland and Castex, 2021a).

In the process, on May 17, 2021, a quite ambitious method agreement was signed between *France Urbaine* and the prime minister, listing a series of institutional and financial commitments: "€6.5bn under the recovery plan, €2.3bn for QPVs and €1.3bn (including €900m from the recovery plan) for urban transport and mobility" (Rolland and Castex, 2021b). The text also stresses "the major responsibility of urban territories in the recovery, in the implementation of major transitions (ecological, energy, digital), in the strengthening of cohesion and territorial solidarity at the level of larger population basins (including in rural areas)". It specifies that "the state and *France Urbaine* converge to make the CMRTE the tool for the simplification of public policies and a long-term partnership". Yet in practice, the CMRTEs have often aggregated investment projects and composite sources of financing, combining grants already agreed, allocations from the national budget or *France Relance* and the promise of access to funds from calls for projects. Moreover, in France, apart from certain sectors, "intercommunalities" may not encroach on the specific competence of each municipality and its investment choices.

The example of Nantes Métropole is particularly enlightening. Nantes is member of Eurocities and already committed to achieving the United Nations' 17 Sustainable Development Goals. As such, the 2021 annual report mentions, among other things, that "as part of the recovery plan, Nantes Métropole has supported about 20 projects carried out by associative actors and municipalities as part of the Territorial Food Project" (Nantes Métropole, 2021).

The CMRTE itself was finalised and signed in early 2022 (Rolland *et al.*, 2022). It is presented as a short-, medium- and long-term framework contract between the state and the metropolis, the 24 municipalities and partners (namely the departmental council and the regional council), as well as operators such as CDC-BPI France, ADEME, Water Agency, OFB (biodiversity), ANAH and ANRU (housing), and ARS (health). It constitutes for six years "the metropolitan component of the CPER" of Pays-de-La-Loire Region. On this occasion, Johanna Rolland stated: "The ecological transition can be a formidable vehicle for improving the quality of life of the inhabitants of the neighbourhoods. Cities have a triple role to play in the ecological transition: to be exemplary, to work with their partners, to bring all the actors around the table."

The contract totals €1.462bn, divided almost equally between the state and the metropolis. The most striking imbalance lies in the low state support for sustainable mobility projects, the level of support for health being largely attributable to the construction of a hospital. The contract is accompanied by an appendix, listing each of the projects carried out by the communes.

Table 2: Nantes Métropole Contract		
Amount in € million	**State**	**Nantes Métropole**
1. Accelerate transition	301	258
Mobilities	14	145
Energy	45	43
Health	228	38
Biodiversity, water, circular economy, food	14	32
2. Strengthen the influence of the territory	230	185
Support to companies and low carbon economy	216	5
Pursue structural investments		173
Support to culture and sport	14	7
3. Social and territorial cohesion	202	187
Accompany the most fragile neighbourhoods	116	161
Fight against precariousness, accompany youngsters facing difficulties and job seekers	46	94
Support purchasing power	39	32
TOTAL	**732**	**730**
Engagement for Recovery	1,462	

Source: Author

4. Unclear and mixed local results

At national level, according to the evaluation committee, the subsidy for the energy renovation of buildings to individuals has affected the regions unevenly without it being clear why for the moment, but it is notable that only 4% of the subsidies have been requested for multi-family buildings, which indicates a potential delay and perhaps an inadequacy of the measure for urban areas (*Comité d'évaluation du plan France Relance*, 2022).

The Ministry of Economy regularly updates a dashboard detailing 25 measures of the recovery plan deployed by region and department (*France Relance*). Thus, as of February 28, 2023, according to it, in the Loire Atlantique Département, 17,716 files for the energy renovation of private housing had been validated for a total amount of work (including at the expense of individuals) of €196bn since 2020. A total of 537 flats in the social housing stock had been subsidised. In all, 8,040 premiums for the greening of the vehicle fleet had been paid and 13,448 ecological bonuses had been granted.

To understand the reality of the impact on large cities, and Nantes Métropole in particular, only the CMRTE provides information. Reading it, however, reveals an astonishing heterogeneous ensemble. The state's contribution combines everything that has been paid in the territory of the metropolis since 2021, whether directly to the inhabitants (bonuses, support for purchases or projects, training) or to support the investments of local authorities, plus everything that it intends to support in the years to come under other programmes.

For example, as regards the "energy renovation" component, the sums announced for the state and Nantes are almost equal, but it is foreseen that: "The state will support the energy leap through the call for expressions of interest in the Energy Sprong programme. Thanks to the national energy renovation programme *MaPrimeRénov'*, homeowners and social landlords located in the metropolis have already received €1.82m. The state will devote €6.3m to the renovation of public buildings of local authorities, including €1m for the Manufacture project (the total cost of renovation of the heritage building is €27m). At the same time, it will undertake 44 operations in its administrative buildings for an amount of €6.9m. For their part, Nantes Métropole and the city of Nantes will devote €5.2m and €38m, respectively, to energy renovation until 2026. The state will contribute to the renovation of three schools located in QPVs for more than €4.2m. It will finance projects in higher education and research buildings (state) for €22.5m. The local authorities will manage a renovation plan for sports buildings by 2026 amounting to €54m. A sum of €1.5m will be spent on the renovation of the Durantière swimming pool located near a QPV. The state will support the application for a subsidy of €0.5m, which will be submitted to the National Agency for Sport."

If the territorial impact of the recovery plan is indisputable, both with regard to the measures for the green transition and for the digital transition, coordination with the local authorities' strategies can probably be improved.

The budget for developing new renewable energies is uneven. While Nantes Métropole is committed in the Pact for the Ecological and Industrial Transition of the Cordemais power plant and the Loire Estuary, the state intends to continue to provide €1m every year to develop photovoltaics, recalling that the area is also eligible for the Just Transition Fund.

Regarding the major priority of the metropolis for mobility (a €145m investment plan), the state considers that it already paid €5m to the residents living in the metropolis under the national program to support the purchase of clean vehicles and just "invites the metropolis to bid for calls for 'active mobility' projects provided for in the Mobility Orientation Law and implemented annually or as part of the European project REACT-EU".

Information on the digital transition is more difficult to obtain and less structured: digital advisors have been deployed in all QPVs. Computers were distributed to high school students (departmental constituency) for an amount of €24m.

In 2022, four general inspectorates were tasked with carrying out a progress report on the CRTEs. Their report, published in December 2022, concludes that these contracts have improved the visibility of municipal investment projects to 2026 (*Inspection Générale des Affaires Sociales*, 2022). However, it is more critical of the contribution to the green transition, which remains unclear due to the lack of precise objectives and prioritisation on the part of the state, due to the insecurity of funding beyond a year and the insufficient coordination of the support from the national structures, the National Agency for Territorial Cohesion (ANCT) and the General Commission for Sustainable Development (CGDD).

Thus, if the territorial impact of the recovery plan is indisputable, both with regard to the measures for the green transition and for the digital transition, coordination with the local authorities' strategies can probably be improved. At this stage, the coordination with European funding such as the structural funds/cohesion policy appears, at best, confused and at worst, blocked. For local authorities already strongly engaged in contracting under cohesion policy, the exercise conducted in 2021 seems rather redundant.

5. Conclusion

Beyond the speed of implementation and consumption of funds, which were the two priority objectives assigned to it, the efficiency and effectiveness of the French NRRP in supporting the green and digital transition on the ground seem very uneven. As regards measures drawn up at national level and not subject to territorially differentiated implementation, these disparities seem well on the way to being corrected. But for the support to actions carried out by local authorities, the obstacles are more systemic or even structural. These are, first, guidance failures in the multilevel and interdepartmental chain of the state and, second, design and governance defects preventing the proper integration of existing local and/or metropolitan strategies.

The coordination with European funding such as the structural funds/cohesion policy appears, at best, confused and at worst, blocked.

Given the achievements already made towards the digital transition, the transformation to be accomplished regarding the ecological transition issues will be the most difficult and the most pressing. A final obstacle, for the future, concerns the sums needed for the green transition.

Contracts that vary greatly from one metropolis to another show in all cases a very partial coverage of investment needs. The lessons drawn from this comparative analysis are in line with the current state of the French political debate on the subject, fuelled by the recent publication from *France Stratégie* on the economic impact of climate action (Pisani-Ferry and Mahfouz, 2023). The authors argue that in the next ten years, beyond the necessary redeployment of spending, including brown fiscal or tax expenditures, and in addition to debt, an increase in compulsory levies will probably be necessary. They also call for strong European coordination and not just indicative intergovernmental coordination to effectively implement the EU's climate strategy. In this debate, *France Urbaine* has already positioned itself to demand more flexibility for big cities in their policies and borrowing capacities. The future EU programmes would certainly have to take it into account, in order to facilitate the integration of all the EU funds, not only those of the cohesion policy, to support the transition strategies pursued by metropolises.

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METROPOLITAN AREAS: SEEKING RECOGNITION IN THE CONTEXT OF URBAN RECOVERY FUNDS

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1. The specificity of metropolitan areas in Europe

Some 75% of European citizens live in cities and urban areas. The most fundamental challenges related to environmental and social issues are concentrated in urban and metropolitan areas. However, metropolitan areas do not have the adequate tools to address these challenges. Indeed, there are few examples of metropolitan governments. Both international reports and the academic literature describe the lack of incentives for metropolitan cooperation (United Nations Human Settlements Programme, 2022; ESPON, 2021; Zimmermann *et al*., 2020). Moreover, metropolitan governments have a scarcity of financial resources, and their representatives have been requesting more funds to address key issues like sustainable mobility, social cohesion and healthy environments in urban areas (Tomàs, 2023a).

This is why EU instruments like Next Generation have the potential to accelerate planning and investing at this scale. The €672.5bn from the Recovery and Resilience Facility (RRF) funds could be the seed for cooperation between municipalities that would not occur spontaneously. Moreover, the RRF could potentially be an opportunity for metropolitan areas to be recognised as important players on a national scale.

This chapter analyses how RRF funding has been received by metropolitan areas, the way in which these funds are invested, and the governance mechanisms in place to structure the work between the national and local level. To do so, we focus on three case studies: Barcelona, Lyon and Turin. They are medium-sized metropolitan areas, they are not the capitals of their countries and all have a two-tier metropolitan government. As we will see, they present some specificities due to their national political cultures and political systems.

2. Comparing the three metropolitan areas

At the European level, we find different models of metropolitan governance, cooperation and instruments. On the one hand, we have metropolitan governments provided with their own budget and responsibilities. On the other hand, voluntary cooperation between municipalities and public-private actors. In between, there are sectoral metropolitan agencies (mainly for transportation, water, waste and urban planning) and no specific metropolitan bodies but a vertical coordination exerted by existing authorities (like counties or regions) (Tomàs, 2019). Even if they have limited competences, indirect election and a lack of fiscal authority, metropolitan governments have a legal recognition and can better deliver public policies at a metropolitan scale. This is why we focus on the cases of Barcelona, Lyon and Turin. The following table summarises the main features of each metropolitan area:

Table 1: The three metropolitan areas

Case	Population 2021 (millions)	Surface (km²)	Density (hab/km²)	Municipalities (number)	Most important competences	Main areas of investment of RRF
Area Metropolitana de Barcelona (AMB) [1] (2010)	3.2	636	5,093	36	"Transport and mobility Waste and water management Urban planning Economic development Public spaces"	"Housing rehabilitation (€53.5m) Transport and Mobility / Low emission zone (€40m) Waste management (€12m) Green energy (€3.6m) Self-consumption photovoltaic panels (€2.8m) Digitalisation: (€1m) Tourism: (0.5m)"
Métropole du Grand Lyon [2] (2015)	1.4	538	2,602	59	"Economic develop-ment Education, culture and leisure Solidarity Living environment"	"Ecological transition [3] (energy renovation of public buildings) Social cohesion (training and integration of young people and vulnerable workers) Economic competitiveness (rehabilitation of industrial wastelands)"
Città Metropolitana di Torino [4] (2015)	2.2	6,827	322	312	"Transport and mobility Urban planning Living environment Economic development"	"Urban Integrated Plan (€224m: €113.5m for the city of Turin) Urban reforestation (€6.5m) Hydrological risks plan (€4m) Sustainable mobility / Bicycle corridors (€4m) Education: maintenance of school buildings (€86m)"

[1]. Source: https://www.amb.cat/s/web/area-metropolitana/coneixer-l-area-metropolitana.html
[2]. Source: https://www.grandlyon.com/metropole/missions-et-competences
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The three metropolitan governments were created in the 2010s, although the municipalities of these areas have a long tradition of cooperation and previous metropolitan arrangements. *Città Metropolitana di Torino* (CMTO) is the largest area, with 312 municipalities. It was created in 2015 by the "Delrio" Law (2014), replacing a second level of local government (*Provincia di Torino*), which exceeds the limits of the metropolitan area. As Italy is a decentralised state, the constitutional reform recognised the existence of *città metropolitane* and then replaced 14 out of 21 provinces with metropolitan governments in the most urbanised areas of the country. New institutions kept the competences of the provinces and were given the added responsibility of social and economic development, though with scarce economic resources. The CMTO is indirectly elected. Led by the mayor of Turin and governed by the Metropolitan Council, it is made up of 18 councillors (plus the mayor) and remains in office for five years, but it is dissolved when the municipal council of the capital city is renewed. Moreover, there is the Metropolitan Conference, a consultative and proposing body, made up of the metropolitan mayor and all the mayors of the municipalities belonging to the Metropolitan City.

The RRF could potentially be an opportunity for metropolitan areas to be recognised as important players on a national scale.

Meanwhile, metropolitan areas are not recognised in the Spanish Constitution. As Spain is a decentralised country, metropolitan governments can be created by regional legislation. The parliament of Catalonia approved the creation of the Barcelona Metropolitan Area (AMB) in 2010; it was constituted in 2011 and is the only metropolitan government in Spain. The AMB gathers 40% of the Catalan population in a dense urban area, but it is smaller than the functional urban area (which is made up of 5 million inhabitants). It is ruled by a Metropolitan Council made up of 90 councillors from the 36 municipalities; from the outset the presidency has been in the hands of the mayor of Barcelona (which has 1.6 million inhabitants). The mayors of the 36 municipalities are all represented, and the rest of councillors are designated in relation to their population and according to the results of local elections, held every four years. It is, then, an indirectly elected metropolitan government.

France has a lower degree of political decentralisation, and the laws affecting metropolitan areas are approved at national level (laws in 2010 and 2014). *Métropole du Grand Lyon* gathers 59 municipalities and 1.4 million inhabitants in a relatively small area (538 km2). Lyon is the smallest case among the three cases analysed in this chapter in terms of population (1.4 million), being the core of a larger functional area (more than 2 million inhabitants). It is a territorial authority created by the law of January 27th, 2014, on the modernisation of territorial public action and the affirmation of metropolises (MAPTAM law). Since January 1st, 2015, the new authority has stemmed from the merger of the Urban Community of Lyon (the existing metropolitan government) and the General Council of Rhône. It is the only *métropole* with this special status and the only directly elected metropolitan area in France. For the first time in 2020, under a two-round system, citizens elected the metropolitan councillors by direct universal suffrage. The Metropolitan Council is made up of 150 members – the metropolitan councillors – who sit for six years and choose the president. Moreover, there is a consultative body formed by representatives from civil society, which does not exist in Barcelona or Turin.

To sum up, we find institutional differences between the three cases. They all have legal recognition: Turin is recognised by the constitution, the highest level of sanction. Lyon and Barcelona, meanwhile, are regulated by national and regional laws, respectively. Turin and Barcelona have indirect bodies of political representation, while the metropolitan assembly of Lyon is directly elected. The three metropolitan governments are embedded in a complex multilevel system of governance, which includes the central, the regional and the local level (with multiple bodies and authorities at this level).

In relation to the main areas of RRF investment and contribution to the EU's green agenda, Barcelona and Turin devote most of their funds to housing, transport and sustainable mobility (low emission zones, public bike-sharing schemes). All the projects that will be developed with these funds integrate the green and digital dimension, transversely if not always explicitly. In the case of Lyon, the financed projects are related to ecological transition through the CRTEs (*contrats de relance et de transition écologique*)[1]. The main areas concern the energy renovation of public buildings and public housing, transport and sustainable mobility, and protection of biodiversity. Moreover, there are some projects linked to enhancing economic competitiveness and social cohesion.

Regarding the amount of investment, in France it is not possible to know the source of the funds in detail. The central government launched the *France Relance* plan, based on ecological transition, competitiveness and cohesion, and coordinated via calls for projects addressed to the different actors (companies, citizens, public administrations). The total funding of the plan is €100bn, €40bn of which coming from European funds. If we look in detail at the Agreement for Recovery and Ecological Transition in the Métropole of Lyon (*Accord Territorial de Relance de la Métropole de Lyon*), signed on March 23rd, 2021, there is a list of financed projects (for instance, almost €70m allocated to the renovation of secondary schools), but their representatives are unable to identify specific projects that were funded exclusively by the RRF. As we have said, the RRF accounted for 40% of the national recovery plan, but there is no precise visibility on which projects or which calls for projects this 40% came to finance.

In the case of the CTMO, the €224m come from the Urban Integrated Plan, where €113.5m are assigned to the city of Turin. Like the case of Bologna, the city of Turin has been the main beneficiary of the funds. Moreover, €86m are allocated to the maintenance of public buildings (secondary schools), which is a competence that the AMB does not have. The rest of the funds are earmarked for projects on urban reforestation (€6.5m) and sustainable mobility and bicycle corridors (€4m), as well as for the development of a hydrological risks plan (€4m).

Lastly, Barcelona has been allocated the lowest amount of investment (to October 31st, 2023). The main appropriations are housing rehabilitation (€53.5m) and those linked to transport, mobility and the development of the low emission zone (€40m). There are residual funds for waste management (€12m), green energy (€3.6m) and self-consumption photovoltaic panels (€2.8m), digitalisation (€1m) and tourism (€0.5m).

1. In the context of the Next Generation programme, and compared to Barcelona and Turin, Lyon stands out because of the emphasis on social cohesion and digital transition, linked to the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) package. The REACT-EU package is devoted to investment projects that foster crisis-repair capacities and contribute to a green, digital and resilient recovery of the economy, including support for maintaining jobs, short-time work schemes and support for the self-employed. In Lyon, the funds are mainly devoted to training, retraining and integration of young people and vulnerable workers towards promising sectors.

3. The role of metropolitan areas in the design and implementation of the EU recovery process

In order to access the funding, EU member states were asked to prepare National Recovery and Resilience Plans (NRRPs), stating the investments and reforms necessary for the recovery. As many articles and reports have explained, local governments played a limited role in the design of both the EU cohesion policy and recovery funds (ESPON, 2021; Eurocities, 2021; Fernández de Losada and Martinez, 2022). While most national plans addressed urban challenges (sustainable mobility, housing, renewable energy), they were mainly designed with a top-down approach. As Boni and Zevi state, "there was no seat at the table for cities" (2021: 22), and even less so for metropolitan areas.

The role of the CMTO is more of an intermediary between the state and the municipalities than a leading actor in creating metropolitan projects.

Once the national plans have been approved, the key issue is to what extent metropolitan areas have become important actors in the implementation phase. Have national plans recognised the specificities of metropolitan areas? Are metropolitan governments able to participate in the funding calls? In other words, have they been legitimated as political actors? In our three cases studies, we see different situations.

Previous experience with EU cohesion policy was relevant. In Turin, the CMTO identified potential interactions and synergies between European funds and instruments and policies already in place in order to align them with the main objectives of the EU Cohesion Policy 2021-27. The main tool was the development of a Metropolitan Strategic Plan. Moreover, in 2019 the metropolitan city also established a specialised unit in charge of promoting and coordinating projects that are funded with supranational resources ("European and International Projects and Programmes"). At the same time, the new unit seeks to ensure a higher consistency between these projects and the metropolitan city strategies with respect to EU programming (ESPON, 2021).

In the case of RRF funds, the national plan – based on six missions – fails to clearly identify the territorial targets and priorities. The distribution of funds has been mainly based on competition between local governments. All *città metropolitane* have been able to participate in the calls of the ministries. Indeed, the ANCI (*Associazione Nazionale Comuni Italiani*, the national association of local governments) has been the direct representative in the dialogue with the state. The funds have been awarded to all metropolitan governments, in proportion to their populations. According to the official statements, the state recognises the role of metropolitan areas as motors of social and economic development. However, we are unsure if it is due to institutional inertia, that is, simply because *città metropolitane* have replaced the provinces, or it really marks a change in the acknowledgment of the specificities of metropolitan areas.

In the case of the metropolitan area of Turin (CMTO), once the money has been received, it has been redistributed to the metropolitan municipalities, which have submitted the projects to be developed. In this sense, the role of the CMTO is more of an intermediary between the state and the municipalities than a leading actor in creating metropolitan projects. This could be partly explained by the type of funded projects, which are related to physical transformation to be developed at a municipal level. Indeed, the CMTO helps the municipalities to implement the projects and manage the funds. This is one of the main challenges of RRF funds: the implementation must be quick and municipalities lack the means to manage these funds according to the European requirements. Finally, like the EU cohesion policy experience (ESPON, 2021), there has been a larger concentration of funds in the central municipality (the city of Turin).

Not only has the Barcelona Metropolitan Area (AMB) been unable to participate in the design of the plans, it cannot be a beneficiary of most of them.

The situation of Barcelona is quite the opposite. The reforms and investments planned by the Spanish government in its Recovery, Transformation and Resilience Plan have a strong urban dimension. However, the calls to opt for these funds have only been designed for cities and provinces (a second tier of local government). In other words, not only has the AMB been unable to participate in the design of the plans, it cannot be a beneficiary of most of them. This is a striking case that can only be explained by the Spanish territorial political culture (Tomàs, 2023b).

The AMB is the only metropolitan government in Spain: the rest of the territory is organised into municipalities and provinces, the two types of local government recognised by the constitution. In this landscape, the different ministries ignore the existence of the sole metropolitan authority. This invisibility is not linked to a partisan issue, as metropolitan representatives and central government political leaders have been of the same political stripe. The Spanish anomaly stems from an institutional incomprehension of the metropolitan reality and the territorial diversity. In this sense, the implementation of the RRF funds is a lost opportunity to move towards a more comprehensive knowledge of the territorial specificities. Moreover, the previous experience regarding the EU cohesion funds showed that the AMB set its priorities according to the European strategy while trying to develop its own agenda (ESPON, 2021). In other words, the AMB had a fruitful previous experience but, even then, it failed to be a relevant political actor.

Another reason explaining the metropolitan institution's lack of participation in these funds is linked to the composition of the AMB. As the institution is made up of 36 municipalities and some of them are participating in the calls, there is the assumption that financing the AMB would prejudice other Spanish urban areas. In other words, municipalities would be doubly financed, individually and collectively through the AMB. This narrative illustrates that there is a lack of understanding of the metropolitan nature of the AMB. In the calls where the AMB has been able to participate, mainly linked to housing, transportation and mobility issues, the question of multilevel governmental coordination becomes relevant, both with municipalities and the regional government.

First, the AMB must deal with municipalities: coordinate the projects that will be presented and decide who will manage the fund. Indeed, the AMB is made up of 36 municipalities with disparate populations and resources. For instance, the city of Barcelona manages the funds itself, while smaller municipalities require the guidance of the AMB. Second, as part of the funds are implemented through regional governments, the AMB needs to engage in dialogue with the Catalan government. For instance, the funds on housing, waste and water management are to be managed in coordination with existing consortiums where the Catalan government – and the state – participates. Finally, the second tier of local government (*Diputació de Barcelona*), which supports small and medium-sized municipalities, among them those belonging to the AMB, has also been provided with funds (for instance, relating to tourism). It has been the case that some municipalities have been funded both by the provincial and the metropolitan levels of administration, without any coordination. The need for better synchronisation of levels of administration remains a huge challenge.

The experience of the RRF programme makes it clear that, as happened with the involvement of metropolitan areas in the design and implementation of cohesion policy, some relevant changes are needed to strengthen their political power.

In France, with a more centralised system, the implementation of RRF funds has been another example of the difficulties in establishing more horizontal governance relationships between local governments and the central government. Top-down policies have been reproduced, giving metropolitan governments little room to decide. The fact that it is impossible to distinguish the sources of the funding (state or EU) is relevant in terms of transparency and communication. In this case, what is interesting is the complementarity between the Agreement for Recovery and Ecological Transition in the Métropole of Lyon (*Accord Territorial de Relance de la Métropole de Lyon*), signed on March 23rd, 2021, and the Metropolitan Coherence Pact, voted on 15th March, 2021 by the Metropolitan Assembly. While the agreement focuses mainly on projects related to ecological transition (and secondarily on economic competitiveness and social cohesion), the Lyon Metropolis provides financial support to member municipalities through seven compatible priority areas with the components of the recovery plan (revitalisation of town centres, education, sustainable mobility, green and blue infrastructures, fight against food waste, housing-reception, accommodation, economic development and employment integration). This support represents an amount of €65m over 2021-2022. The state is expected to support projects financed by the metropolis by mobilising the support grant for exceptional local investment (DSIL) and the local investment support grant (DSID) energy renovation in support of projects carried out by the municipalities of the metropolis, depending on proposals from municipalities and the eligibility of projects.

4. Lessons learned and policy recommendations

The pandemic has had a significant impact on large urban and metropolitan areas, especially areas where density is associated with poverty and poor housing conditions. Cities and metropolitan areas have had to respond to new forms of social and economic problems without the necessary powers and financial resources. The EU reacted with the launch of the Recovery and Resilience Facility (RRF) programme, which is financially strong and highly ambitious. However, as denounced by the European Metropolitan Authorities (EMA, 2020), the original RRF regulation refers only to the member states, while subnational authorities are not mentioned. This is a paradox since cities and metropolitan areas have the potential to guide the green, digital and just transitions that Europe needs for recovery. As stated in another EMA publication (EMA and AMB, 2022), most European metropolitan areas have the management capacity and the technical and financial resources necessary for increasing the impact of these funds.

One of the key problems of metropolitan areas is their legitimacy, even in directly elected systems of democratic representation like Lyon.

Given that the state governments have centralised the distribution of these funds (with differences between the cases), the EU should open up parts of the RRF directly to local governments, including metropolitan areas. Not only because of the principle of subsidiarity, but especially because of the specificities of metropolitan areas. Indeed, metropolitan areas are functional realities, but they have difficulties in becoming relevant political actors, regarding their legal status. The cases of Turin, Lyon and Barcelona are an example of this condition: they operate on the fringes of the mechanisms that the state governments have established to prioritise the investments. The experience of the RRF programme makes it clear that, as happened with the involvement of metropolitan areas in the design and implementation of cohesion policy, some relevant changes are needed to strengthen their political power.

One of the key problems of metropolitan areas is their legitimacy, even in directly elected systems of democratic representation like Lyon. Metropolitan governments remain technical and obscure institutions both to other public administrations and citizens, in a similar manner to EU institutions. Moreover, in the cases of monocentric metropolitan areas, the interaction between metropolitan area governments and the government of the core cities is essential to ensure that recovery investments are carried using an integrated approach, as well as promoting balanced territorial development, and support all municipalities internally. For example, the competitive approach in Italy meant that core cities with more institutional capacity managed to get more funds than municipalities in the metropolitan area.

The majority of European inhabitants live in urban areas; this is why the territorialisation of the projects is so important. If metropolitan governments were able to design the plans according to their specificities, the projects would be developed in a more efficient way, contributing to the legitimacy of both European and metropolitan institutions. This change would need the development of a new European political culture, which is still dominated by the predominance of the state governments.

Finally, it is important to highlight that the implementation of the projects funded by the RRF programme has been difficult for the three metropolitan institutions consulted. The schedule is very tight and there are complicated bureaucratic procedures, especially those regarding anti-fraud plans and the "do no significant harm" (DNSH) principle. In this sense, it can be a negative incentive for participation in future calls, and procedures should be simplified.

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Acknowledgements

The author would like to thank Xavier Tiana from Àrea Metropolitana de Barcelona, Claudia Fassero from Città Metropolitana di Torino and Amélie Sanou, Nadia Reali-Carron and Amélie Smethurst from Métropole du Gran Lyon for their time and help. Interviews with them were held on May and June 2023.

VISEGRAD 4 CITIES IN THE IMPLEMENTATION OF NEXT GENERATION EU FUNDS – A LOST OPPORTUNITY?

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1. Introduction

The Visegrad Group (V4) countries – the Czech Republic (hereafter Czechia), Hungary, Poland and Slovakia – are at different stages of the EU's Recovery and Resilience Facility (RRF) process. All four countries have had their National Recovery and Resilience Plan (NRRP) approved by the European Council. This happened in 2021 for Czechia and Slovakia, while it came much later for Poland (June 2022) and Hungary (December 2022). From any perspective, the clear frontrunners in the RRF process among the V4 are Czechia and Slovakia. Both countries have signed their operational arrangements with the European Commission, received prefinancing and collected the first disbursements (one tranche for Czechia, two for Slovakia). Poland and Hungary, on the other hand, are trailing behind. Neither has received any payment yet and in Hungary's case, it has still to sign the operational arrangements.

The delay on the part of the latter two countries is all the more striking as even the countries commonly considered the stragglers among the EU partners are much further forward in the RRF process: both Romania and Bulgaria received their first payments in the course of 2022. The explanation for the disappointing RRF situation in Poland and Hungary is linked to the ongoing rule of law conditionality procedure, which requires both countries to fulfil a given number of conditions (milestones) before the disbursement of RRF resources can start.

For all these reasons, the cities of the V4 countries are discussed in two groups in this paper: cities in Czechia (Prague and Brno) and Slovakia (Bratislava) fall into the more advanced category, while cities in Poland (Warsaw) and Hungary (Budapest) are the stragglers.

2. The stakeholder consultation process

All the cities under consideration have serious grievances about the stakeholder consultation process in the planning phase of the NRRPs.

Czechia: There were huge expectations at first, as the amount of the RRF money was said to be €7bn. Over the course of 2020 and 2021, Prague was asked to draw up a list of projects for the National Investment Plan of the Babiš government[1]. The city put together important projects in a variety of fields (infrastructure, parks, buildings), but failed to receive any relevant feedback. Brno said there was no real consultation with the Babiš government; cities were simply asked to state their wishes as the government hinted at a unique opportunity to do a lot of things that are not possible with regular EU funds. However, the Babiš government was highly centralistic and drew up the plan without the territorial partners, failing even to take the regions' ideas into consideration.

There was no relation between the absorption capacity expressed in the National Investment Plan and preparation for the NRRP. Later, the cities were asked to group their projects into certain topics (components), such as support for investments or brownfields. As the territorial partners were extremely disgruntled, they were subsequently officially accepted into a committee which had started to work during the Babiš government. However, this was more for formality's sake, to tick the box; not all the issues discussed were included in the final version of the NRRP. Brno thought that the European Commission would be dissatisfied at the lack of any real consultation with the subnational partners, but this did not prove to be the case.

Slovakia: Bratislava participated in the consultation between government departments on the NRRP and other documents related to the NRRP, and some comments were incorporated and/or taken into consideration. The city would have welcomed the opportunity to directly consult the proposed calls for proposals within the framework of the NRRP to put forward steps to simplify the calls based on practical experience, but municipalities were not consulted in this regard.

Poland: From the very beginning, the public consultations on the NRRP were conducted in such a way as to bypass large cities, including Warsaw. Initially (in July 2020), a project identification procedure was organised under the responsibility of regional governments, and for projects at the local level too. The regional authority merged Warsaw's proposals (20 large projects) with other projects of the region and sent umbrella project proposals to the national level. The final draft of the NRRP, however, totally omitted this stage of work and the identification of specific investments[2].

In the course of the spring 2021 consultations, the city submitted several dozen comments on the draft plan. This work, however, also proved futile, as the final version of the NRRP was radically different from the draft version submitted for public consultation. Thus, the remarks made in the consultation process were practically ignored. Then the NRRP strategy has changed, rejecting any more direct project proposals with specific ends and territories in mind, opting instead for general reforms and investments. Even in this general approach, small and medium-sized cities were prioritised, while larger cities were only included in a kind of simulation. The capital city could make remarks but these were essentially disregarded.

Hungary: As the Hungarian chapter of the 2022 CIDOB Report points out, the Hungarian NRRP procedure was very far from being consultative or participatory in any way, as no stakeholder proposals or opinions were taken into consideration during the preparation of the final draft.

1. The government of the populist prime minister, Andrej Babiš, lost power in the autumn of 2021, and was replaced by a new five-party liberal-conservative cabinet. Slovakia also had changes of government in 2021 and in 2023, while no such changes ocurred in Poland and Hungary, where the nationalist-populist leaders (Kaczynski and Orbán) have strong power bases.
2. Warsaw's commentary on this stage of work can be found in an article from February 2021: https://eurocities.eu/latest/no-appetite-to-include-warsaw-in-polands-covid-recovery/

The final NRRP, which was fundamentally different from the original plan, was not even published prior to submission to the European Commission. Budapest had clear proposals and a very precise and tangible list of projects, mostly related to transport decarbonisation and energy efficiency and renewables. This was communicated to the government many times, in many forms, without real feedback from its side. Budapest's attempts to convince the commission to criticise the Hungarian government for neglecting real communication with the cities were also in vain.

3. Ways to access national funding

The implementation of the NRRP of a given country is regulated by the operational arrangements signed between the country and the commission. Three out of the four V4 countries have already signed such a document.

Czechia. The Operational Arrangements between the commission and Czechia is a 230-page document. The following items seem to be open for cities: zero-emission vehicles for municipalities; revitalisation of areas in public ownership for non-business use and rehabilitation into natural carbon sink; energy efficient revitalisation projects of brownfields owned by municipalities; revitalisation of areas in public ownership for business use through demolition and energy-efficient construction and energy-efficient renovation; rainwater management in urban agglomerations; cultural and creative centres, transport (mainly in Prague) and support for public investments.

Slovakia. The Operational Arrangements between the commission and Slovakia is a 229-page document. Some of the items open to cities are: development and application of top digital technologies; increasing kindergarten capacity; new primary health care.

Poland. The Operational Arrangements between the commission and Poland is a 230-page document. Some of the items open to cities are: support for development of general spatial development plans; enabling framework for green transition investments in urban areas; investments in a green transformation of cities; the purchase of low and zero-emission buses in cities above 100,000 inhabitants; new trams in operation for public.

Hungary. As mentioned, no Operational Arrangements document exists between the commission and Hungary yet.

4. Local participation in national calls

The potential ways to obtain information about and access to funding from the NRRP are related to the institutional structure of NRRP planning and implementation set up at national level.

In **Czechia** there are three institutions which would be formally responsible in the NRRP process: the Office of Government, the Ministry for EU Affairs, and the Ministry of Industry and Trade. This structure causes confusion; it is not clear from below which institution to contact, or who has what kind of competences. Following intense pressure from below, steering sub-committees for the NRRP have been created. Only one person, from the Union of Towns and Municipalities of the Czech Republic, represents the Czech cities on these committees. The general perception is that this is just a cosmetic measure for the benefit of the EU.

The lines between the nationally prefinanced RRF and the ongoing EU financed cohesion funds are blurred; sometimes only the details of a project determine which pot they come from.

The new structure comprises a committee and sub-committees, and the one covering the territorial dimension is especially relevant for cities. Implementation is not centralised, it is the responsibility of the component owner, i.e., the various ministries. Calls are published centrally on the website of the Ministry for Regional Development and on the website of the relevant ministry. On the NRRP website there are overviews, for example of the largest beneficiaries. The working groups for preparation of calls are not in operation systematically. The Ministry for Regional Development has recently invited stakeholders (including city representatives) to discussions to shape the calls for supporting strategic investments.

All in all, the NRRP management situation is improving now in Czechia, and personnel capacity in the relevant ministries has been strengthened recently.

According to the person representing the cities in the steering committee, cities in theory can apply for all calls in the NRRP. In reality, however, only brownfields and transport (mostly Prague), culture (small cultural and creative centres), support for public investments for cities and, most recently, affordable housing are seen as components for cities. The last two are still under negotiation and as time is quickly running out, the likelihood that local projects can be delivered by 2026 is decreasing.

In **Slovakia**, the sources of information are the national NRRP website, details published in the media, several e-mail communications and webinars organised either by the national coordination authority or the relevant ministries.

For Bratislava, the only way to access NRRP resources are the ministerial calls for project applications where cities are eligible for funding.

Regarding **Poland**, Warsaw does not have a direct representative in the NRRP Monitoring Committee. Twelve large cities, those comprising the Union of Polish Metropolises, are represented by a total of one person in the committee, which currently consists of 60 members.

As the NRRP considers the entire local government sector collectively, including the regional and local levels (rural governments too), indicating a specific amount for cities, especially large cities, is a difficult task. In the 2022 version of the Plan €10.81bn, i.e., 30.6% of the funds, was allocated to the local government sector, which is less than the share for the private sector (35.5%) and the share of the government sector (33.9%).

The Polish NRRP has not been officially launched yet. In order to beat the deadline, the national government decided to award some prefinancing from the national budget. However, the lines between the nationally prefinanced RRF and the ongoing EU financed cohesion funds are blurred; sometimes only the details of a project determine which pot they come from.

Warsaw previously submitted multiple direct proposals to the NRRP, with precise topics, amounts, etc. The national government rejected them. Instead, open calls for proposals were launched and Warsaw now has to apply in competition with other cities. So, in the framework of the "green transformation of cities" call Warsaw might stand some chance of getting a few buses and trams. The majority of NRRP investments are going to the national and regional level, with a lesser amount earmarked for large cities, and in the latter case not as grants but as part of the loan side (according to the government's promises this will be repaid at national level, not by the cities). All this shows the national government's bias against large cities.

In **Hungary**, because implementation of the approved NRRP is suspended under the conditionality procedure until fulfilment of all the "milestones" set by the commission, there are only limited experiences regarding the implementation process. For the moment, the setup of the NRRP monitoring committee is on the agenda. According to reports, the government had to accept (at the insistence of the commission) NGOs as members in this committee with whom the government had never collaborated before. Experiences with the monitoring committees of the different cohesion policy operational programmes (of which Budapest forms part) show that in the meetings of these committees, which are also attended by representatives of the commission, real issues can be raised and discussed.

In a similar manner to Poland, the Hungarian government also released some prefinancing from the national budget. From below, i.e., the cities' standpoint, it is hard to see a clear difference between the nationally prefinanced RRF and the ongoing cohesion funds.

5. Local results in the cities

It is difficult to gauge to what extent cities might access national funding. There are components that are intended exclusively for cities (a few are mentioned in the article), but then there are components that cities also gain support from through a sectoral programme or through a city-owned institution.

In **Czechia**, Brno hopes that some brownfield or cultural and creative projects will get funding. The biggest project that has received support so far is the development of the flood protection infrastructure in Brno. Supporting affordable housing could also be a project, but quite problematic, as the negotiations with the commission are still ongoing. Similarly, the conditions for the revitalisation of brownfields are also very difficult to meet. Cities expected more support for projects in the transport field (only Prague is getting some support). In short, the NRRP seems to be rather a lost opportunity. On the other hand, the regular structural funds schemes work well; the long-established processes and institutions function better.

In Prague, originally there was one project for a park renovation in the city centre, which has been included to the NRRP. Recently, the new government has wanted to use RRF funds to support affordable housing in all cities. For the moment the scheme is under preparation; discussions are underway (cities have been involved as well) over how to do it. This could become a key topic, as the availability of affordable housing is a major problem.

Data on the 100 biggest Czech final recipients shows that Brno has signed agreements on several projects (e.g., €32m for anti-flood measures) and the biggest total allocation of all the other cities – although, if combined, the city of Prague and its two districts get more. It is not easy, however, to calculate and compare the RRF money reaching cities, as other institutions might also be beneficiaries. For example, Dopravní podnik hl. m. Prahy, which is a company 100% owned by Prague, is also a major beneficiary with €18m. Besides, other calls are also open and awaiting big projects for low emission vehicles and public transport infrastructure in Prague (e.g. under the clean mobility allocation of €119m).

In **Slovakia**, Bratislava has not received any funds yet, nor has the city been informed about the funding decisions. Three proposals were submitted to finance cycling infrastructure and one project idea to build a community-based care home for the elderly. In both cases, the decisions on the submitted proposals are pending. The city is currently working on the submission of a proposal focused on increasing energy efficiency of city-owned buildings and developing e-charging infrastructure in the city.

The legal and administrative requirements for receiving the funding imposed by the national government and the European Commission are very similar to the European Regional Development Fund (ERDF)/Cohesion Fund requirements. Each call has some specificities depending on the thematic scope and managing authority. Cooperation with the Government Office, as the main coordinating body for the NRRP, is mostly straightforward.

In **Poland**, due to the problems with the implementation of the required reforms at the national level, the calls for proposals currently announced under the NRRP are, in a way, "pre-financed" from the national budget. The main means of obtaining information about potential financing is through unofficial talks and monitoring websites.

Initially Warsaw submitted a list of 20 projects. These include three relating to hospitals, three regarding important cultural facilities, five transport projects, four in the area of environmental protection, two in the field of innovative economy, one digitalisation project and two educational projects. As a rule, they were comprehensive projects that had a significant impact on the development of a given sector in Warsaw. After selection, the regional authorities included ten projects for submission to the central authorities. Due to the government's subsequent change of the NRRP concept, these projects did not make it into the final plan.

So far, only one contract has been signed, for the purchase of 12 low emission buses, but for now this is linked to funds from the National Fund for Environmental Protection and Water Management. In addition to the application for buses, Warsaw will bid for trams when the call relating to "green transformation of cities" is launched.

A review of the NRRP is currently underway. Indicators must be changed in order to take inflation into account and there is a proposal to postpone some actions. There will be a target of 88 trams in the NRRP. Warsaw predicts that Cohesion Fund will still be the main source of financing for the tram projects.

On a working level, there are people in the ministry who have a good knowledge of the situation and know that Warsaw is a reliable and important partner. Yet politics means that priority goes to those municipalities where more people vote for the government, i.e., to smaller cities and rural areas.

Ultimately, most probably only smaller projects will be available for Warsaw – provided that by end of this year the government meets all the conditions, i.e., it implements all the required reforms.

A performance-based mechanism is something that centralised countries are not prepared to work with; it could lead to an emphasis on form over content to some extent.

In **Hungary**, the "Green Bus Tender" (approximately €125m in grants out of the €6bn total NRRP) was originally designed by the government in such a way as to exclude Budapest. The municipality criticised this and turned to the commission, which issued a statement saying that this practice was clearly discriminatory and obliged the government to withdraw the original tender and launch a new one in a non-discriminatory manner. Thus, in the end, the city can harbour some hopes of accessing a minimum level of the resources (from the loan part of the RRF). The city is now waiting for the new tender and Budapest is hoping it will be able to apply for electric or trolley buses. There is an informal agreement with the government that Budapest can access approximately €25m.

The negotiations are going on behind closed doors, in the triangle of the government, Budapest and the commission. The government's strategy is to transfer some Budapest projects from the cohesion policy operational programmes to the RRF. This would mean that rather than getting any more, Budapest would get just the same but from different sources.

According to city officials, the green buses are the only thing the city can hope for from the NRRP – in other words, only 0.4-0.5% of the total amount is devoted to the capital city. This is highly discriminatory, bearing in mind the city's detailed and communicated project proposals to achieve carbon neutrality and energy independence. Budapest is part of the EU Mission for 100 climate-neutral and smart cities by 2030 and it is hard to imagine how the city can fulfil its tasks without any support from the central government. In more general terms, the government is blocking any EU funding from reaching the capital city and forbids the city from even taking out loans.

6. Concluding remarks

The synergies and differences between the two EU funding schemes: Cohesion policy implementation governance vs RRF governance

In the opinion of Czech experts there are thematic and personal synergies between the two EU funding schemes, even if the conditions are not the same. There is also some transit between the two schemes: some projects get support from the NRRP, even if initially the support was earmarked to come from the cohesion policy. In general, the territorial stakeholders play a more important role in cohesion policy, while implementation in cohesion policy appears to be more difficult.

In Poland, the demarcation and complementarity between the RRF and cohesion policy funds are seen as very unclear in many cases; they are constantly adjusted to the financial situation regarding these sources.

From the point of view of local needs, including large cities/metropolises, tailored support of their needs and potentials seems to be more appropriate than relying solely on national statistics.

Would a performance-based mechanism, built on the partnership principle and multi-level governance, be better than a cost-based mechanism?

The Czech opinion: in principle yes, but when the whole process is highly centralised, it would not work. A performance-based mechanism is something that centralised countries are not prepared to work with; it could lead to an emphasis on form over content to some extent.

The Polish opinion: the mechanism for target-based indicators is an interesting solution, but quite problematic when there are delays in the implementation of support systems beyond the beneficiaries' control. This is case of the Polish NRRP, but also the case of cohesion policy. Therefore, other forms of flexibility are preferred, for example the possibility of phasing projects between individual programming periods (as is currently the case with transport projects under cohesion policy from 2014-2020 and 2021-2027).

From the point of view of local needs, including large cities/metropolises, tailored support of their needs and potentials seems to be more appropriate than relying solely on national statistics, which often do not provide an accurate picture of a given Nomenclature of Territorial Unit for Statistics (NUTS) unit below the regional level.

The realities of the RRF process in the V4 countries so far

The EU regulation did not require national governments to include the subnational level in the planning and implementation of the new RRF funding opportunity. The case of the V4 capital cities clearly shows the difficulties in the planning and implementation of the RRF because of highly centralistic national governments. This is true of all four countries, but it is especially clear in the case of Poland and Hungary. In these countries the national decision makers systematically sought to exclude the larger cities from the opportunities offered by the RRF, for clear political reasons. The big projects proposed by the large cities were not considered; almost all funding is allocated on the basis of open calls, where it is easy to give priority to other clients. Moreover, representatives of large cities were practically excluded from the monitoring committee of the NRRP.

In Poland and Hungary, representatives of large cities deliver a blunt assessment: the RRF is a disaster. Poland will not be able to spend the structural funds money in time, but this is not an argument for the government. Despite talks with commission officials, it is clear that the European Commission will not intervene. Besides, the critical voices of large city mayors often go unheard domestically, due to the fact that oppositional politicians have no access to state-controlled TV and media outlets.

Despite all the contradictions surrounding RRF programming and implementation, it is a significant acknowledgement on the part of city officials that an RRF-type regulation might in principle be a good model for the future of EU financing. Not only are the simplified administrative rules important, but also the clear goal-setting and tight deadlines, as such outside pressure could speed up the projects to make urgently needed changes.

However, there are some important preconditions to achieve the maximum benefits of such an approach. First, the regulation should prescribe an inclusive process, in which subnational governments, and larger cities too, are involved in the planning at the beginning, implementation and monitoring stages of the RRF process. Secondly, firm and constant control is needed over the national governments in order to limit their gatekeeper role, ensuring that subnational governments are considered as equal partners (and not only as potential beneficiaries) in the whole process. The close involvement of cities could be assured by a requirement to allocate a portion of money to them directly, while strengthening decentralised planning power and capacities in cities.

Despite all the contradictions surrounding RRF programming and implementation, it is a significant acknowledgement on the part of city officials that an RRF-type regulation might in principle be a good model for the future of EU financing.

Even if these conditions were to apply, it is clear that RRF-type systems, aiming for strategic spending of resources in order to carry out important reforms in a short period of time, might function better in countries with more decentralised government structures, where the local level has sufficient independence and capacities to develop and implement strategic changes that best fit their situation. Hungary is also an extreme case in this respect: the strong centralisation of political and financial decision-making deprived most cities of the capability to influence the processes.

How could the RRF process be made more efficient in the remaining two to three years?

It is highly likely that national governments will soon recognise that, if nothing changes, large sums of the designated RRF resources will remain unspent by the 2026 deadline. As any type of change in the NRRPs must be approved by the commission, it requires coordinated efforts on both sides to speed up the process. The commission must require Member State governments to be more open towards the local level, where real project ideas exist, and national governments must act quickly in this regard.

Besides shifting to existing local projects, another potential tool is to relax administrative controls over the spending of money. In Czechia, for example, the “Lex Ukraine” law allows quick building for refugees in existing areas in the form of an extraordinary process. This only applies for three years, and the normal procedures have to be fulfilled afterwards, applying for the usual permits. A similar procedure would be the only option for RRF projects, due to the strict time limit. As well as the building permit procedures, the procurement process must be made less bureaucratic too.

All these extraordinary measures to relax the implementation process, however, increase the risk of corruption and direct political interference. To avoid that, it is extremely important to improve transparency, ensuring oversight and control over the process in the shape of powerful and well-informed monitoring committees, including all important actors.

Finally, even after relaxing some administrative rules, a substantial amount of RRF money may remain unspent by the 2026 deadline. It is foreseeable there will be much debate about extending the deadline on RRF spending and about the fate of the unspent money. Large cities can obviously show their existing strategic, resilience-oriented projects as a good alternative to the inefficient ideas of the national governments. Any hopes of large cities to have their projects directly financed by the EU from the unspent part of the NRRP allocation, however, are unrealistic, as the decision about any modifications of the RRF rules is in the hands of the Member States.

Firm and constant control is needed over the national governments in order to limit their gatekeeper role, ensuring that subnational governments are considered as equal partners (and not only as potential beneficiaries) in the whole process.

RRF, a lost opportunity in the V4 countries?

For all the reasons mentioned in this study, most of the large cities in the V4 countries consider the RRF a lost opportunity. This is especially true of the cities of Poland and Hungary (the Slovakian case is less clear due to the limited information supplied). The criticism from the Czech cities subsided after the change of government in 2021 – clearly proving that the inclusion of cities in the RRF process is first and foremost a national political issue, depending on the national government.

All in all, in the view of large city representatives, in the V4 countries the RRF failed to fulfil expectations of providing a new model of EU funding for the future. This is because of the strong national gatekeeping power, directed mostly against the interests of larger cities. The lessons learnt from the experience gained in the last three years must be taken into consideration in the process of planning the next EU budget, also taking into account the fact that the loan taken out for the RRF will have to be repaid, thus less money will remain for cohesion policy and for eventual future experimentation with RRF-type development policy.

SUPPORTED LOCALISM? – CITIES FACING THE CHALLENGE OF MULTIPLE TRANSITIONS IN THE GERMAN FEDERAL STATE

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1. The German support system for cities facing crisis

There has been a keen interest in how cities reacted to the several moments of crisis in recent European history. In a comparative study on state support schemes for cities in the face of the 2008-2009 financial crisis, Cucca and Ranci (2022, p. 13) call the German approach "supported localism". This approach is characterised by supportive financial relationships between cities and upper-level governments and vertical coordination. At the same time, cities enjoy significant financial autonomy and leeway to implement policies. The research is limited as the only German case study is Munich – a prosperous city and capital of Bavaria that generates enough tax revenue to react in a situation of crisis. Other cities in Germany have much fewer resources and rely more heavily on state support.

It is true, however, that all German cities, while they are guaranteed self-governance in the German constitution, form part of a comprehensive and complex multi-level governance system. This includes a variety of channels of public financial support; some are temporary and ad hoc; others have existed for decades. The COVID-19 pandemic and the related adverse effects on German cities and towns stress-tested this system of "supported localism". Whether cities are viewed as a co-producer or passive beneficiary of assistance programmes depends very much on the programme under scrutiny. The German Recovery and Resilience Plan (GRRP), for instance, has no explicit urban dimension and, to the irritation of local government leaders, cities and local government networks were not involved in the design of the plan (Zimmermann, 2022; Zimmermann and Linse, 2021).

The sum available for Germany initially was about €23.6bn, much less than the amounts other European states received and about one-fifth of the country's own stimulus programme from June 2020.[1] Nevertheless, cities will benefit from measures in several areas such as modernisation and digitalisation of public administration and climate-friendly mobility.

In August 2023, the federal government decided on a limited enlargement of the GRRP. An additional €2.4bn are now available for e-mobility infrastructure and investments in district heating networks. Again, the

1. The federal stimulus programme from June 2020 came to €130bn. It included a variety of measures such as a temporary reduction in VAT, direct payments for families and support for hydrogen technology and artificial intelligence. https://www.bundesregierung.de/breg-de/themen/coronavirus/konjunkturpaket-1757482 (15.10.2023)

latter measure in particular is relevant for cities, but their role is more one of passive beneficiaries. The GRRP is a federal programme that has been designed in a rather centralistic way (Zimmermann, 2022; Zimmermann and Linse, 2021).

The German approach of "supported localism" is characterised by supportive financial relationships between cities and upper-level governments and vertical coordination. At the same time, cities enjoy significant financial autonomy and leeway to implement policies.

The lack of an explicit urban dimension in the GRRP, however, does not mean that there was no federal support for German cities during and after the pandemic. State support was remarkable and used a combination of ad hoc measures and existing programmes. Above all, the federal economic stimulus programme from June 2020 was extraordinary and covered all sectors of society. As far as cities were concerned, the programme included compensation for the loss of business tax revenue (particularly important for German local governments)[2] and compensation for higher expenditures (not least staff costs in the public health sector and public administration). Another compensatory measure was financial assistance for public transport providers during lockdowns as many of them are owned by local governments. Later, the Federal Ministry for Housing and Urban Development launched the *Zukunftsfähige Innenstädte und Zentren* ("Sustainable Inner Cities and Centres") programme in 2022. As the lockdowns accelerated the decline of inner cities (shop closures, etc.), the aim of this programme is to support cities and municipalities in overcoming structural problems in city centres. A total of €250m is available until 2025. The programme supports 228 cities and municipalities (some 350 applied).

As well as the federal government, some state governments continue to support cities in this way. The state of North Rhine-Westphalia (NRW) launched a programme in December 2022 and provides €500m to compensate cities for medium-term indirect costs related to the pandemic.

With the exception of the federal programme "Sustainable Inner Cities and Centres", these support programmes are not designed as economic stimulus programmes but rather temporary compensatory measures. The reason for this strategic choice is a) the availability of several support programmes – including the European Regional Development Fund (ERDF) and European Social Fund Plus (ESF+) – for a variety of urban problems (mobility, urban regeneration, economic development) and b) the preference for a needs-based approach. Therefore, this contribution will place greater emphasis on the regular support system for cities under German federalism.

National urban policies in a federal state

In principle, federal government is not allowed to finance municipal tasks directly. This is due to the strict separation of competences between the states and the federal level. Only in exceptional circumstances (as defined in Basic Law Article 104a-d) may federal government support the states financially, and the state governments are required to forward this financial support to municipalities. The basic law stipulates:

"To the extent that this Basic Law confers on it the power to legislate, the Federation may grant the Länder financial assistance for particularly important investments by the Länder and municipalities (associations of municipalities) which are necessary to:

2. In 2020, the states and federal government shared the full compensation for the loss of business tax for local governments.

1. avert a disturbance of the overall economic equilibrium,
2. equalise differing economic capacities within the federal territory, or
3. promote economic growth." (Article 104b)

An example of the second case above (equalise differing economic capacities within the federal territory) is the law on financial assistance to strengthen the investment activities of financially weak municipalities, in accordance with Basic Law Article 104b (*Kommunalinvestitionsförderungsgesetz – KinvFG*). Based on this law, since 2015 the federal government has provided financial support for investments in public infrastructures such as schools, hospitals, childcare facilities and energy saving measures in public buildings (limited to €3.5bn until 2023). It is more common, however, for national funding to be made available for local governments. The constitution was amended in 2019 so that the federal government can now also give grants for social housing and school buildings, the latter being extremely important for cities.

All German cities, while they are guaranteed self-governance in the German constitution, form part of a comprehensive and complex multi-level governance system.

The federal government also supports the states financially to offset the costs of accommodating refugees and asylum seekers. This is a local duty in Germany and the spike in the number of refugees and asylum seekers in recent years has placed heavy financial burdens on cities. Again, the federal level transfers the money to the states, and they redirect it to municipalities. The states may add their own resources to these programmes. Still, this is not direct federal aid for municipalities as the state governments administer the funds.

National funding for the support of municipal public transport infrastructure follows a similar pattern but is based on a separate law (*Gemeindeverkehrsfinanzierungsgesetz*). Initially a temporary measure, national subsidies became an indispensable component of the financing of urban public transport, not least because national climate mitigation goals require good public transport. As part of a national climate mitigation initiative, federal aid will increase to €2bn starting from 2025. It is worth noting that the German court of auditors criticises these mixed funding schemes for their complexity and lack of transparency (Federal Court of Auditors, 2022). Quite a considerable share of this national fund is transferred to the states but remains unused and the states' contribution is far below the input of federal government. Hence, the federal government's contribution is more than just a supplement.

Direct federal support for municipalities is – more and more frequently – the exception to the rule and comes at times of extraordinary need. The previously mentioned post-pandemic recovery programme for inner cities and unique compensation for the loss of business tax in June 2020 are recent examples. Another example is a temporary intervention for mitigating air pollution in cities in 2017. As a result of pressure from the European Commission and in the wake of the "Dieselgate" scandal, federal government launched a programme to support immediate action for clean air in cities (*Sofortprogramm saubere Luft*). Initially a programme limited to three years, some elements of this programme, such as digitalisation, were extended recently (2022).

In more general terms, the role of federal government is, by default, to co-finance some of the joint programmes of the states and federal government (urban regeneration, social housing, public transport). Direct funding is ideally an exception, but it is happening more regularly.

A wide variety of funding options exists for policies such as mobility, energy, social housing, urban regeneration, culture, education (schools), social policies and environment, and they all follow different regulations. The German *Städtetag* conducted a study together with PD, a public consulting agency, and they identified about 900 funding programmes in the national data base (*Förderdatenbank des Bundes*, www.foerderdatenbank.de) that are more or less relevant to municipalities (*Deutscher Städtetag* and PD, 2021, p. 6). The large number indicates an eventual lack of strategic orientation and certainly most German municipalities are unaware of all these funding options.

The lack of an explicit urban dimension in the GRRP, however, does not mean that there was no federal support for German cities during and after the pandemic. State support was remarkable and used a combination of ad hoc measures and existing programmes.

Sources of information on funding

German municipalities are quite well informed about the major national and European funding opportunities. The participants in the previously mentioned survey, however, rated the availability and clarity of funding opportunities as mediocre (*Deutscher Städtetag* and PD, 2021, p. 16). As the states administer most of the national and European funds, they have an interest in there being sufficient impact and in receiving qualified project proposals. Thus, some state governments have created competence centres or municipal support networks to share information and give advice. The previously mentioned federal data base seems to be less relevant for cities (*Deutscher Städtetag* and PD, 2021, p. 15).

A significant source of information are the three umbrella organisations for German local governments. One is for the bigger cities (*Städtetag*), one for towns and municipalities (*Städte- und Gemeindebund*) and one for the counties (*Landkreistag*) (Heinelt and Zimmermann, 2016). These organisations represent the interests of local governments but also share information on funding opportunities. German cities are also members of European networks (Eurocities, Metrex, CEMR, etc.) or have offices in Brussels. Finally, there are organisations such as the German Association for Housing, Urban and Spatial Development[3] which is a combination of a think tank and lobbying organisation for German cities and regions in Europe. Some of the national political foundations also work on local government issues. So, there is no shortage of sources of information on funding opportunities, and state as well as federal government ministries would usually use these channels to distribute information. However, as there is no one-stop shop for cities, an abundance of information sources may also mean overload, fragmentation and lack of strategic orientation.

EU funding and German cities

EU funds are a significant source of financial support for German cities, although their importance has diminished as less money is available for Germany in the funding period 2021-2027 (€16.3bn, ERDF and ESF+). In principle, the German share of the European Recovery and Resilience Facility (RRF) can compensate for this but the GRRP has no explicit urban dimension, rather it is seen as a programme that complements other domestic and European programmes (Zimmermann, 2022). Local governments benefit from some measures such as digitalisation and e-government but they have no direct access (Zimmermann and Linse, 2021).

3. https://www.deutscher-verband.org

The ERDF and ESF+ are widely used by German cities. Again, it is the states that are responsible for the operational programmes, for the selection of projects and for monitoring. Cities have a greater say in this process. A study for the 2014-2020 ERDF funding period concluded that 13.9% of German ERDF funding was spent on sustainable urban development projects (according to Article 7 of the ERDF regulation for that period: CEC, 2013).

There are, however, differences between the states. North Rhine-Westphalia (NRW) invested 17% in cities; other states only met the minimum requirements. In the current period, this diversity becomes even more apparent: Baden-Württemberg invests 30% of ERDF money in functional urban territories; in Bavaria about 10% goes on the urban dimension; the ERDF operational programme of the state of Hesse fails to mention the urban dimension at all. However, as about 12% of the available funding is allocated to climate-friendly local public transport, it meets the goal of 8% earmarking (CEC, 2021, Article 11). NRW sets policy priorities for urban energy solutions, local and regional adaptation to climate change and revitalisation of neighbourhoods, and these make up around 18% of all the ERDF investment in this state.

German cities also participate in URBACT Projects and, of course, ESF+ and Life+.

In addition, cities may take the initiative to participate in specific actions such as urban innovative actions (UIAs) or one of the EU Missions – as the city of Mannheim did for the EU Mission on "100 smart and climate neutral cities by 2030" (together with Aachen, Dortmund, Dresden, Frankfurt, Heidelberg, Leipzig, Munich and Münster). This mission, however, does only provide for limited and indirect funding opportunities (Horizon Europe). It is rather considered to be a networking activity (https://netzerocities.eu).

2. Ways to access national funding

The ways to access funding differ between the programmes. For complex and ongoing funding schemes such as the national urban regeneration grants, there is no specific call as this is an ongoing programme with established routines and responsibilities. For new and temporary programmes, the relevant authorities will publish calls. The main difference, however, is the responsibility.

1) For federal programmes, the municipalities directly interact with a ministry or managing agency (*Projektträger*). The municipalities see these programmes as easier to manage (*Deutscher Städtetag* and PD, 2021). Cities directly apply for a call published by federal ministries in a bulletin and use the "easy-Online" national digital portal. Usually, a ministry promotes the call officially and in a widespread manner. State governments may support cities in this process, but their involvement is not anticipated. One example is the previously mentioned post-pandemic recovery programme for the revitalisation of inner cities from 2022.
2) The joint funding schemes of the 16 states and federal government are based on legal agreements (*Verwaltungsvereinbarungen*) between the states and federal government. These agreements are reached annually and establish the exact distribution of funds among the states

and the contribution of the federal government. The agreements also determine precisely what can be financed. Implementation (selection of projects, payment, monitoring, financial audits) is covered by branches of the state governments – the government offices of the regions (*Bezirksregierung*). By way of example: for the Urban Regeneration Grant, the state ministry in charge launches a call (*Programmaufruf*, usually in February each year) that includes goals, eligibility criteria etc. The cities submit proposals for multiannual funding (the deadline may be September of the same year). The state governments are responsible for the selection of projects. This procedure takes place each year in a broadly similar way. In the 2023 programme, the state government of NRW supported 225 projects with a total sum of €386.2m.[4] The states have some leeway to define their own priorities. For an example, see "Urban regeneration and social integration in neighbourhoods" (*Soziale Integration im Quartier*) in Baden-Württemberg.[5]

Mannheim is successfully navigating the passage from industrial to post-industrial city, and the exploitation of national as well as European funding opportunities has made an important contribution to this process.

The states are free to launch their own funding programmes to complement national programmes or support cities, pursuing their own policy priorities. The state of Baden-Württemberg, for instance, started funding programmes to support cities' investments in cycling infrastructure or to support infill development in urban planning (*Flächen gewinnen durch Innenentwicklung*). All 16 states are doing this but the policy priorities and the amount of funding available for cities and towns differ to a significant degree. This depends on the party coalition in power and the overall budget situation. Unfortunately, there is no comparative study of this dimension of sub-national support for cities.

To conclude, without doubt German cities benefit from a blend of different programmes that operate according to different regulations and time scales. Participation in the programmes, however, is limited by administrative capacities as each programme has different requirements. Although funding opportunities exist in abundance, this clearly limits overall effectiveness. Medium-sized cities such as Mannheim may participate in 15-20 programmes at the same time.

3. The case of Mannheim

Mannheim is a city of 309,000 inhabitants located in the southwestern state of Baden-Württemberg. Mannheim is successfully navigating the passage from industrial to post-industrial city, and the exploitation of national as well as European funding opportunities has made an important contribution to this process. Mannheim participated in many of the European and domestic funding options mentioned above.

During the Covid crisis, Mannheim benefitted from the previously mentioned compensation for the loss of business tax revenue. In addition, in 2022 Mannheim participated in the federal programme for the resilience and structural adaptation of inner cities. Federal aid for the "Future Space Mannheim" project is €2.5m; the city needed to add a further €850,000. Mannheim used REACT-EU in the years 2021 and 2022 to support people suffering from specific disadvantages and whose situation had worsened because of the pandemic (single parents, people with disabilities, school dropouts, migrants).[6]

4. https://www.mhkbd.nrw/themenportal/staedtebaufoerderung (26.05.2023)
5. https://mlw.baden-wuerttemberg.de/de/service/foerderprogramme/liste-foerderprogramme-mlw/soziale-integration-im-quartier-siq (31.05.2023)

However, due to the consequences of industrial decline and structural transformation (unemployment, disadvantaged neighbourhoods, lack of urban amenities in some areas), economic transformation, urban regeneration and transformation of industrial brownfields are still the main activities. Since 2000, the city has taken a more strategic approach in this regard and implemented a range of projects (about 30 projects with an investment volume of €60m in EU and national funding, which together with local sources amounts to €130m).

According to website information, Mannheim has received around €250m in urban development assistance since the inception of this programme in the mid-1970s.

Examples in 2023 are (urban regeneration grant):

- €2,500,000 in support of *Schönau-Nordwest* (modernisation of residential buildings, playgrounds)
- €1,900,000 in support of *Neckarstadt-West II* (public spaces)
- €900,000 in support of *Spinelli Barracks* (military conversion area, urban regeneration)
- €192,000 in support of *Sanierung Sportanlage Franklin* (regeneration of sports facilities)

Recently, mobility policies appeared on to the agenda too. Mannheim participated in the national immediate action programme "Clean Air" 2017-2020. In this regard, the city is one of five cities that have been awarded model city status, i.e., implementing pilot actions for the improvement of public transport (the others are Bonn, Essen, Herrenberg and Reutlingen).[7] European funding is important to Mannheim, as can be seen in the following two tables for the funding periods 2014-2020 and 2021-2027.

The following two tables give an overview on the relevance of EU-funded projects for the funding periods 2014-2020 and 2021-27.

6. https://www.mannheim.de/sites/default/files/2021-02/GrundlagenpapierREACT_MA_2021_final.pdf (14.10.2023)
7. https://www.deutschland-mobil-2030.de/blog/modellstadt-mannheim

Table 1: The amounts of funding received: EU Funding period 2014 – 2021		
EU-funded programmes 2014-2020		
EU-Programm	**Amount of funding**	**"Average for 2022 (as many projects of this period continue until 2023)"**
ESF OP BW	€ 3.300.000	€ 366.667
ESF federal – BIWAQ-Program	€ 53.600	€ 16.080
ESF federal – BIWAQ Program (Quizma-Project)	€ 312.178,86	€ 86.306,95
ESF federal – Program: „Strenthening youth in neighbourhoods"	€ 475.901,67	€ 67.985,95
ESF federal: Integration by Qualification „Bridging measure business administration"	€ 38.500	€ 38.500
European aid fund for the most disadvantaged persons (EHAP): ANIMA.Projekt	€ 1.215.028,09	€ 172.059,37
ESF OP Baden-Württemberg: REACT EU	€ 170.750	€ 169.750

Source: City of Mannheim 2023, personal communication

Table 2: EU Funding period 2021 - 2027		
EU-funded programmes 2021-2027		
EU-Programm	**EU Support**	**Average for 2022**
EFRE RegioWin 2030	€ 7.500.000	€ 1.071.428,57
ESF + Land OP REACT EU-Mittel	€ 800.000	€ 533.333,33
ESF + Land OP	€ 237.360	€ 22.770
ESF + Land OP	€ 712.757,85	€ 101.822,55
ESF + Land OP	€ 846.107,32	€ 120.872,47
ESF + federal: integration by qualification. Bridging measure business administration	€ 291.284	€ 73.291,94
ESF + REACT EU	€ 97.783	€ 20.632,16
ESF+ REACT EU	€ 222.750	€ 190.928,57
EU-Action programmes		
Creative Europe	€ 7.000	€ 4.454,54
COSME	€ 20.704,50	€ 14.493,15
Horizon Europe	€ 19.993.346	€ 273.781,25
Horizon Europe	€ 4.206.020	€ 125.110,83
Subtotal		€ 2.648.029,13
Federal Programm Sustainable City Centres	€ 2.538.760,54	€ 807.502,54
Total		**€ 4.398.280,05**

Source: City of Mannheim 2023, personal communication

EU funding and "Local Green Deals"

Together with the global network Local Governments for Sustainability (ICLEI), Mannheim coined the idea of "Local Green Deals" to demonstrate the contribution cities in Europe can make to reaching the goals of the European Green Deal.[8] The EU-funded project ALLIANCE, or Alliance for local green deals and innovative action for resilient cities and enterprises, seeks to implement this.[9] Besides Mannheim, Espoo (Finland), Umea (Sweden) and ICLEI are part of this project that pilots new forms of local governance (May 2022-May 2024). This EU-funded project is supported by a complimentary project called EVERGREEN that is financed by the German Ministry of Education and Research (*Innovationsplattform Zukunftsstadt*).

8. https://conferences.sustainablecities.eu/mannheim2020/
9. https://iclei-europe.org/projects/?c=search&uid=NNNacKdB (01.06.2023)

4. Recovery or transformation?

Data on the local impact of the National Recovery and Resilience Plan or federal stimulus programme from June 2020 is not available, not least because both programmes are not considered to be a stimulus programme for cities. It is even questionable whether such a comprehensive stimulus programme for cities exists in Germany. There are two reasons for this: German cities, like Mannheim, do face the fundamental challenge of a green and climate-friendly transformation and there are plenty of funding opportunities available. Thus, the challenge is less one of stimulating a post-pandemic recovery process than of a fundamental transformation of mobility patterns, land use, housing, energy provision, etc. The pandemic was a temporary disruption that did not trigger major changes in terms of funding (besides temporary financial compensation). The "Future Space Mannheim" project is a case in point. Although the federal funding programme is a response to the negative effects of the pandemic for inner cities, the call for projects clearly states that the structural problems of inner cities existed before the pandemic due to e-commerce and suburbanisation of retail. Mannheim employs the funding to find new purposes for empty shops, facilitates temporary uses and tries to build an alliance of public and private actors for a better future for the inner city.

Together with the global network Local Governments for Sustainability (ICLEI), Mannheim coined the idea of "Local Green Deals" to demonstrate the contribution cities in Europe can make to reaching the goals of the European Green Deal.

However, European and national funding for Mannheim used to facilitate the structural transformation of the city and its economy from an industrial to a post-industrial context clearly carries more weight. Emblematic projects include a technology centre, support for female entrepreneurs, support for Turkish entrepreneurs, regenerating brownfields, support for new sectors such as the creative industry (*Musikpark*, *Popakademie*, a competence centre for the textile industry). In addition, support for "left-behind" neighbourhoods was a central element of Mannheim's regeneration strategy. As a result, Mannheim is considered a successful case of urban transformation. Changes were visible not least through iconic buildings like the *Popakademie*. Currently there is a policy shift taking place from industrial transformation towards green transformation (as the National Garden Show 2023 in Mannheim demonstrates).

In more general terms, German municipalities need to master the coordination of several streams of funding – a little like assembling the pieces of a puzzle. Co-funding is necessary for European as well as for some national funding programmes. Some programmes require innovation and partnership, and this can prove to be complex. More and more national as well as European programmes require integrated solutions but remain somehow trapped in sectoral logics. Cities like Mannheim seek to concentrate funding from different sources on priority projects or areas. However, each programme operates on different time scales and requires different administrative procedures. As a result, the place-based coordination of programmes is challenging. The organisational capacities and the entrepreneurial spirit of German cities to successfully handle these managerial challenges differ. This, however, is totally in line with the idea of "supported localism".

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FINLAND'S RECOVERY AND RESILIENCE JOURNEY: HELSINKI METROPOLITAN AREA ON THE PATH TO GREEN, DIGITAL AND RESILIENT TRANSFORMATION*

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1. Introduction to Finland's national recovery and resilience plan

In this study, we explore the involvement of the Helsinki Metropolitan Area, comprising Helsinki, Espoo, Vantaa and Kauniainen, in Finland's recovery and resilience process, its strategic plan and the national funding calls, and we assess the influence of the Helsinki Metropolitan Area on the urban recovery landscape in Finland. To offer a comprehensive perspective, we will commence by outlining the challenges, process and plan related to recovery and resilience in Finland.

Based on the OECD[1] outlook, Finland faces various economic challenges, such as the need to raise productivity and competitiveness, improve employment rates, address structural unemployment, and better align skills with market demands. To enhance productivity and competitiveness, it is important to prioritise research, innovation, education and skills, digitalisation and green transformation. Furthermore, strengthening health care access, particularly through e-health solutions, is essential for bolstering social resilience.

Finland's National Recovery and Resilience Plan (NRRP) for 2021-2026 initially amounted to €2.085bn, but it was later revised down to €1.822bn (-13%) in June 2022.[2] The NRRP utilises grants rather than loans from the Recovery and Resilience Facility (RRF). The original NRRP represents 0.9% of Finland's GDP in 2019 and 0.3% of the entire RRF.[3] On September 1, 2023, Finland updated its NRRP and secured a REPowerEU chapter on energy measures worth €127m from the European Commission.

Based on the European Commission assessment, Finland has allocated 50.4% of its NRRP to the green transition to achieve carbon neutrality by 2035, while digital expenditure constitutes 27.1% of the overall resources. This allocation surpasses the RRF regulation's minimum requirements of 37% for the green transition and 20% for digital transformation. The Sustainable Growth Programme for Finland is funded by the Next Generation EU recovery instrument. Finland received its first pre-financing payment of approximately €271m (13% of the plan) on January 21, 2022, with the remaining payments contingent on plan implementation progress.

* *The Helsinki Metropolitan Area is a collaborative urban and spatial planning and negotiating system among four metropolitan cities comprising Helsinki, Espoo, Vantaa and Kauniainen*

1. OECD (2023), "Finland", in *OECD Economic Outlook, Volume 2023 Issue 1*, OECD Publishing, Paris,https://doi.org/10.1787/b40ea-fe8-en.
2. https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/729279/EPRS_BRI(2022)729279_EN.pdf
3. https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/696209/EPRS_BRI(2021)696209_EN.pdf

2. Finland's governmental national recovery and resilience process

Finland has allocated 50.4% of its NRRP to the green transition to achieve carbon neutrality by 2035, while digital expenditure constitutes 27.1% of the overall resources.

This study examines the role of partners in designing and implementing Finland's NRRP. It highlights how this framework enabled partner participation in shaping the plan.

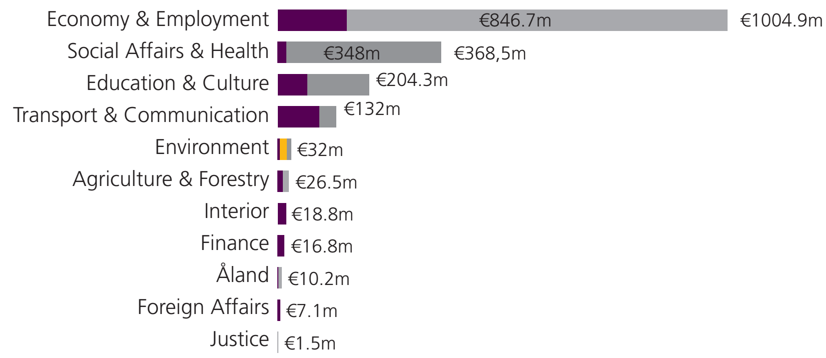
The administrative framework for implementing the Finnish recovery and resilience plan was successfully constructed and operationalised relatively quickly and with modest resources. The administrative framework is complex due to the involvement of numerous actors.

The process involved two rounds of consultation during the governmental proposal drafting and parliamentary phases. Amid the COVID-19 emergency measures, Finland engaged in informal consultations with all partners, demonstrating the process's adaptability during crises.

From September 2020 to April 2021, the design and implementation phase of the NRRP included extensive stakeholder involvement through consultations with partners, businesses, industry, regions, municipalities, academic institutions, and NGOs. During the parliamentary process in December 2020, dedicated consultations with partners revolved around the government report concerning the Sustainable Growth Program for Finland.

Ultimately, these consultations tried to ensure partner engagement in designing and implementing Finland's NRRP. However, the management of funding from the Finnish recovery and resilience facility involves a broad array of government authorities, making it very complex. The plan, while relatively small compared to other countries, reflects a compromise shaped by consultations[4] and the budget of €1,822,570,000 was divided among different ministries for 2021-2026 as follows:

Table 1: Finland's national recovery and resilience budget divided by ministry.



Source: References in the text

After receiving parliamentary approval for the Recovery and Resilience Plan in Finland, various avenues are available for accessing national funding, such as:

Ministerial calls for applications[5] and sectorial allocations/announcements:[6] Different ministries initiated calls for applications tailored to specific policy

4. https://vm.fi/en/finlands-recovery-and-resilience-plan
5. https://vm.fi/rahoituksen-hakeminen
6. https://tem.fi/kestavan-kasvun-ohjelma-tyo-ja-elinkeinoministerion-hallinnonalalla

goals and challenges across various sectors, including health care, economic development, employment, innovation, and sustainability. Also, some sector-specific announcements were made by allocating funds to industries, sectors or thematic domains.

Large-scale strategic projects:[7] [8] Finland's NRRP places great importance on ambitious projects capable of driving transformative changes in the economy and society. These projects align with national priorities such as green and digital transitions.

Channels to access the funds, were available through official websites[9] and EC RRF portal.[10] The European Commission's RRF portal acts as a resource for understanding EU funding and the specific requirements for accessing these funds. It provides insights and understanding into Finland's allocation under the RRF, revealing national priorities. Nevertheless, the administration process involves the participation of various government authorities and adds complexity to the overall process.

Finland's green transformation involves projects for emission reduction, clean energy, circular economy, and nature-based initiatives. The digital transformation focuses on infrastructure, including 5G and data management and digitalisation in education, health care, and public services.

Finland's Next Generation EU-funded recovery plan, particularly the National Recovery and Resilience Plan faced challenges. Criticised for prioritising existing government needs, tight schedules led to fragmented fund allocation, hindering municipality awareness. The temporary funding nature limited new models, and legislative constraints reduced municipalities' influence in the process.

Finland's Next Generation EU-funded recovery plan, particularly the National Recovery and Resilience Plan faced challenges. Criticised for prioritising existing government needs, tight schedules led to fragmented fund allocation, hindering municipality awareness.

In summary, Finland's NRRP highlights a commitment to a sustainable and technologically advanced recovery, strategically centralised by the government. The plan provides diverse funding opportunities across sectors, empowering stakeholders to actively contribute to the nation's economic recovery and increased resilience.

3. Finland's urban recovery: the role of the Helsinki Metropolitan Area (Helsinki, Espoo, and Vantaa)

Throughout our study, we have underscored the pivotal role of the Helsinki Metropolitan Area – comprising Helsinki, Espoo, Vantaa, and Kauniainen – in Finland. This region, home to 1.5 million people, accounts for close to one-third of the country's population. Additionally, with advanced industries and a substantial impact on GDP, the Helsinki Metropolitan Area plays a crucial role in the nation's development. However, in this process, it is not specifically considered.

Let us begin by exploring the City of Helsinki's participation in the NRRP process. It was spearheaded by a collaborative team comprising members from the Helsinki Executive Office, the national advocacy team, and the economic development sector, in conjunction with various city divisions and the energy company Helen. Additionally, crucial support was obtained from a consultancy firm.

7. https://tem.fi/kestavan-kasvun-ohjelma-tyo-ja-elinkeinoministerion-hallinnonalalla
8. https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma
9. https://www.businessfinland.fi/kampanjasivut/suomen-kestavan-kasvun-ohjelma
10. https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility_en

During the early phases of the NRRP's design, there were promising signals that cities might be eligible for direct funding from the NRRP. Responding proactively, the City of Helsinki meticulously crafted a comprehensive project portfolio of sustainable growth via digital and green transition, energy infrastructures, health care and sustainable travel and tourism as follows:

1. Digitalisation: Enhancing social and health care digitalisation, expanding 5G networks, fostering data and AI development, and promoting well-being.
2. Clean Energy and Energy Efficiency: Improving energy production, especially through Helen, utilising geothermal energy, and enhancing the energy efficiency of buildings.
3. Sustainable Smart Travelling: Shaping a sustainable future for transportation.
4. Tourism: Introducing the world's first carbon-negative travel experience.

The City of Helsinki's project proposal closely mirrors Finland's urban recovery plan. The national framework was set by the government and various ministries. The consultations were strategically centralised and executed within tight timelines. The City of Helsinki experienced a shortage of capacity and faced challenges in responding promptly to RRF calls within a tight timeframe. Additionally, there was a sense of disappointment as the initial plans were not fully embraced.

As Inga Nyholm, director of policy planning for the City of Helsinki, highlights, actors in the Helsinki Metropolitan Area have successfully secured funding from the Recovery and Resilience Facility, impacting the sustainability and economy of the region. The City of Helsinki has diligently pursued its comprehensive project portfolio, which includes projects focused on advancing digitalisation in social and health care, promoting the development of data and AI, and improving building energy efficiency, even with limited funding. Helsinki's experiences from the RRF process emphasise the pivotal role of cities in addressing global challenges and shaping a prosperous urban future. Enhancing opportunities for cities to contribute to EU policies would be mutually beneficial, fostering responsible use of EU funds and advancing the realisation of the EU's long-term objectives.

In summary, cities faced shortage of capacity and time pressure to respond to the fragmented plan with no substantial funding.

Despite no formal city-national partnership, the Helsinki Metropolitan Area – Helsinki, Espoo, Vantaa and Kauniainen – proactively prepared an extensive project portfolio spanning energy, sustainability, digitalisation, and green initiatives, when the possibility of RRF funding emerged during the national plan's design. The Metropolitan Area's capacity to influence policy is apparent even in the absence of a formal process.

One of the significant aspects in this recovery journey lies in its adaptability to geopolitical events, particularly concerning energy initiatives. The commitment to reduce dependence on Russian fossil fuels presented a unique opportunity for Finland to reshape its energy landscape in real time. The most substantial impact and benefits of the Recovery and Resilience Plan were observed in renewable energy projects and Business Finland's "Growth Engine" funding, which had a particularly significant impact on the energy and digital sectors.

The projects initiated through RRF funding, most of them still ongoing, have a profound impact on sustainability, the economy, and public services in Helsinki, Espoo, Vantaa and Kauniainen. Notably, investments in clean energy production, energy efficiency, and innovative solutions will propel the Helsinki Metropolitan Area towards a greener and more sustainable future by promoting green energy investments, digitalisation, improving employment rates, and enhancing health and social services. Despite the lack of a formal strategic partnership between cities and the national plan, the Helsinki Metropolitan Area has played an indispensable role in supporting and promoting key governmental initiatives.

By spring 2023, Helsinki, Espoo, Vantaa and Kauniainen had secured significant funding from the RRF in sectors such as energy and climate, social, skills and welfare and support for businesses, details of which can be found below.

Energy and climate

- Helen energy infrastructure owned by the City of Helsinki: RRF grant decisions have boosted energy infrastructure projects and new energy technology projects, aligning with Finland's carbon neutrality goals. The investments funded under RRF support the energy company Helen's mission to achieve carbon-neutral energy production by 2030.
- Helen Eiranranta heat pump plant owned by the City of Helsinki: A key project involving the construction of a heating and cooling plant in southern Helsinki, contributing to carbon-neutral district heating and cooling.
- Salmisaari air-to-water heating and cooling plant in Helsinki: The development of an industrial-scale air-to-water heating and cooling plant in Salmisaari to produce renewable district heat and cooling.
- Lohja solar park: Investment in a large-scale land-based solar park in Kirkniemi, Lohja, designed to produce renewable domestic electricity and support Finland's renewable energy goals.
- Fingrid Oyj: The new Hepokorpi power station in Espoo, which is a prerequisite for connecting the data centre to the main grid and thus for the large-scale utilisation of the waste heat of that centre. The utilisable waste heat would replace the use of fossil fuels in the district heating networks operating in the Espoo, Kauniainen and Kirkkonummi areas. In addition, the new substation would also enable the transition of other energy consumption in Espoo to clean electricity.
- Fortum Power and Heat: The heat recovery project in Hepokorpi, Espoo, where the waste heat recovered from the data centre being built will replace the use of natural gas and wood-based fuels in the district heating area of Espoo. The project replaces approximately 557GWh of energy production.
- Fortum Power and Heat Oy: At Kolabacken, Kirkkonummi, the waste heat recovered from the data centre will replace the use of natural gas and wood-based fuels in the district heating area of Espoo and Kirkkonummi.
- Elisa decentralised virtual power plant or the construction of a driven virtual power plant and the development of the virtual power plant's control system. The virtual power plant would form about 2,100-2,200 mobile network access points from backup power systems located in several different locations.
- Vantaa Energy renewable methane production facility. The plant would have an output of about 10MW and would produce about 80GWh of renewable

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methane per year. Renewable hydrogen produced at the plant and carbon dioxide, which is separated from the flue gases of the hazardous waste processing plant, would be used as raw materials for methane.

Social services, universities and welfare

- For young people – low-threshold Ohjaamo services for cities: Funding allocated for 2021-2024 to support vital services in Helsinki, Espoo, Vantaa and Kauniainen.
- Social and health care sector reform: Funding allocated to address health care and social welfare reforms, improve accessibility to services, and clear backlogs resulting from the COVID-19 pandemic for Helsinki, Espoo, Vantaa and Kauniainen.
- Support for all the universities registered in the Helsinki Metropolitan Area.

Support for business

- Business Finland: €352m for green and digital transformation for the Helsinki Metropolitan Area for companies via Growth Engine and other instruments registered in the Helsinki Metropolitan Area.[11]

To date, RRF funds amounting to approximately €500m have been invested across sectors such as green and digital transformation, health care and education. These investments have had a significant impact on both the Helsinki Metropolitan Area and Finland's wider recovery efforts. Notably, over €352m has been allocated to companies' green and digital transformation, and around €90.6m is specifically designated for direct energy investments in the Helsinki Metropolitan Area. This represents 45% of the Ministry of Economy and Employment's total allocation, providing substantial support to the area. The Helsinki Metropolitan area, where almost a third of Finland's population lives and which produces a third of GDP through its advanced industries, received 45% of the total allocation from the Finnish stimulus money directed towards green and digital change

Indeed, a considerable portion of RRF investments in Finland is spearheaded by companies in the energy sector, overshadowing the role of city administration services. Notably, many of these beneficiary companies in the energy sector also operate as municipal utility entities, serving as crucial intermediaries between the public and private sectors. Their dual role plays a pivotal part in Finland's progressive green transition, positioning them as significant contributors to the transformation between these sectors and significantly impacting the nation's ongoing development. Anticipating similar trends in other countries in the coming years further highlights the influential role of these municipal utility entities.

The most significant advantage of RRF funds stems from collaborative efforts and investments that aid cities in achieving their carbon neutrality targets by 2030, transforming energy and infrastructure into environmentally friendly and clean assets, and directly impacting the climate roadmap. City governance, which involves working in cooperation with businesses, communities, academia, research institutions and citizens, is of paramount importance. This is about a new way of coordinating all the city's administrations around the systems changes that have to take place in the climate transition. It means moving away from a silo mentality to a holistic approach in city

11 https://tietopankki.businessfinland.fi/anonymous/extensions/MyonnettyRahoitusRRF/MyonnettyRahoitusRRF.html

administration, and working alongside the business sector, academia and civil society to ensure the broad involvement of everyone who is empowered and required in climate efforts.[12]

According to Pekka Timonen, mayor of the city of Vantaa, the city's rapid growth spanning over 50 years has generated a need for innovative solutions. Vantaa has fostered innovation through collaborations with international companies, organisations, universities and residents, earning the European Rising Innovative City award in 2021. The city is committed to achieving ambitious climate goals, with Vantaa Energy currently planning an advanced thermal storage facility to store energy from sources like solar and wind power and waste heat. Furthermore, Vantaa actively participates in circular economy initiatives, including the recycling of concrete and other building materials. The European Union's Recovery and Resilience Facility has played a significant role in supporting companies and expertise in Vantaa.

As stated by Jukka Mäkelä, mayor of Espoo, companies based in Espoo play a pioneering role by locally piloting innovative energy, infrastructure and other solutions before expanding them globally.

Any positive development or transformation that happens within the city's boundaries serves the city's best interests. This holistic approach, combining investments and coordinated action, is instrumental in driving Finland's and the city's climate transition.

As stated by Jukka Mäkelä, mayor of Espoo, companies based in Espoo play a pioneering role by locally piloting innovative energy, infrastructure and other solutions before expanding them globally. This strategy positions Espoo as a key player and aids in achieving carbon neutrality by 2030. The European Union's Recovery and Resilience Facility has played a crucial role in supporting these companies and their expertise. Effective solutions, according to Mäkelä, emerge through collaboration among the public and private sectors, cities, universities and businesses. In this collaborative effort, Espoo contributes to Finland's global competitiveness and exports by fostering intelligent, sustainable and emissions-free urban development and energy solutions. This not only reduces carbon footprints but also enhances global carbon handprints.

In conclusion, our study has provided a narrative of the Helsinki Metropolitan Area's contributions to the national recovery plan and the utilisation of RRF funds. It showcases the proactive role, adaptability in changing geopolitical scenarios and its commitment to advancing Finland's urban recovery efforts. The Helsinki Metropolitan Area's story is emblematic of the broader journey Finland is undertaking in the context of the EU green and digital transition – a journey marked by innovation, sustainability and resilience.

4. Best practices and lessons learnt

Finland's nationwide gains: RRF funding as a catalyst for green, digital and resilient transformation

In the context of the broader European Recovery and Resilience Facility, the Finnish case, notably its Helsinki Metropolitan Area, stands out due to its smaller allocation of RRF funds. While southern European countries like Spain (€69.5bn), Italy (€68.9bn), and France (€39.4bn) initially received substantial RRF grants, the Nordic countries, including

12. https://en.viablecities.se/publikationer

Denmark (€1.6bn), Sweden (€3.3bn) and Finland (€1.8bn) are finally receiving more modest allocations. Finland distinguishes itself with a strong focus on resilience, innovation and green, digital transformation, leveraging its limited resources effectively.

In the Nordic countries, despite their relatively modest RRF budgets, a common thread unites them in their shared commitment to climate objectives in their RRF plans. However, each nation faces unique economic circumstances based on the OECD economic outlook, which shape its journey.

In Finland, the situation is marked by the shadow of Russia's aggression against Ukraine, which has amplified the need to expedite the shift away from fossil energy sources. The Finnish economy grapples with pressing challenges, including high inflation, tightened monetary conditions and disruptions in energy supplies. While Finland is progressing towards meeting its greenhouse gas emissions abatement targets, there are opportunities to lower abatement costs, such as through the implementation of a carbon tax. Furthermore, promoting innovation in productivity growth, increasing investments in research and development, and ensuring a skilled workforce are all critical factors for Finland's continued success.

The funding from the Recovery and Resilience Facility has unquestionably acted as a catalyst for Finland's shift towards a greener and more digital future, enhancing economic resilience. Nevertheless, it is crucial to recognise that these advantages are not confined to Finland alone. The Helsinki Metropolitan Area has benefited notably from the strategic allocation of RRF funds, particularly in the energy sector and for various companies. Despite this positive progress, there is still untapped potential for even more substantial transformation.

Examining how the Helsinki Metropolitan Area's investments align with EU priorities and the localisation of the European Green Deal reveals a commitment to sustainability and climate action that extends beyond national boundaries. In essence, the Finnish approach showcases how smaller budgets can be used strategically to drive innovation and support European objectives, emphasising the value of targeted investments in achieving long-term resilience and sustainability.

Finland's allocation of RRF funding, in comparison to its national economic scale, might be characterised as relatively modest. Yet it is essential to recognise that effectiveness does not always correlate directly with the size of the investment. In Finland's case, the RRF has been a small but effective instrument. This effectiveness is not limited to the national level; it has trickled down to the Helsinki Metropolitan Area, where the impact of these funds has been particularly pronounced. However, it must be remembered that the final results will only be available after 2026.

Direct support for cities marginal – or virtually absent

The new city governance model and business funding initiatives have played a pivotal role in the Helsinki Metropolitan Area's transformation. However, one crucial element that remains unaddressed is the need for more direct support to cities and regions.

The impact of the pandemic on local economies and community resilience has been profound, highlighting the urgency of allocating a more substantial portion of the Recovery and Resilience Facility funding directly to cities and regions. This approach could serve as a lifeline, reinvigorating local economies and fortifying community resilience in the face of ongoing challenges.

One crucial element that remains unaddressed is the need for more direct support to cities and regions.

By bolstering local economies and enhancing community resilience, the Helsinki Metropolitan Area can further solidify its position as a beacon of sustainable urban development and recovery. This missing piece of the puzzle could make a significant difference in ensuring that the benefits of the RRF funding reach every corner of the region and contribute to a more resilient, inclusive and prosperous future.

Business Finland impactful "Growth Engine" instrument and direct clean energy funding

A notable feature of Finland's RRF approach has been the strategic distribution of funds through Business Finland's "Growth Engine" and energy sector investments. These initiatives have had a substantial impact, not only on a national scale but also for the Helsinki metropolitan cities. To date, investments totalling around €445m from RRF funds, covering green and digital transformation, which equates to 45% of the Ministry of Economy and Employment's total, have benefitted the Metropolitan Area immensely. The results have been impactful, particularly for businesses, which in turn have contributed to the overall prosperity of cities and regions within the Helsinki Metropolitan Area.

City governance for carbon neutrality by 2030

The substantial investments in energy and infrastructure have contributed significantly towards achievement of ambitious climate-neutral targets by 2030. This coordinated approach, supported by these investments, is essential for achieving climate goals and advancing sustainability in cities, ultimately contributing to a greener, more resilient future. The benefits of this approach are felt not only in the cities and region but also resonate on a national and global scale as a model for effective urban sustainability and resilience.

Investing in skills, education and culture

The allocation of RRF funding to universities and educational institutions in the Helsinki Metropolitan Area has been instrumental in enhancing their expertise and research capabilities. This investment aligns with the Helsinki Metropolitan Area's commitment to ensuring excellence and skill development. However, it is crucial to emphasise that RRF funding supplements, rather than substitutes, ongoing research and innovation funding in the Helsinki Metropolitan Area, highlighting the need for sustained support for skills and education. This approach will contribute to the continued progress in education and culture, further reinforcing its position as a hub of knowledge and creativity.

Navigating Finland's recovery landscape: RRF Impact on the Helsinki Metropolitan Area and lessons for future resilience

As the RRF funding takes the stage in the transformation of Finland, it is essential to emphasise the tangible impact these major investments have on the Helsinki Metropolitan Area. A comprehensive evaluation can be conducted after 2026 to assess the results and impacts.

In conclusion, the audit[13] reveals that the EU recovery and recovery support instrument's plan encompasses 131 intermediate goals or targets and 55 measures across 31 authorities during 2021-2026. Common indicators, however, only capture a fraction of Finland's national objectives. The monitoring and reporting structure for achieving national goals lack the governance model needed to comprehensively assess the effectiveness of the Sustainable Growth Programme and the Recovery and Revitalisation Plan across all considerations. As a result, the overall implementation of the plan cannot be thoroughly monitored and verified to determine its accomplishments. Furthermore, managing project performance financed by support authorities faces challenges, particularly in defining project goals and indicators, planning implementation and verifying effectiveness.

Finland's implementation of the Next Generation EU-funded recovery plan encountered challenges. The municipalities were disappointed because they get marginal or not even direct funding for those purposes. The tight schedule led to fragmented fund allocation, hindering municipality awareness, and the temporary funding nature limited new models. Legislation constraints framed the process, giving municipalities limited influence. Key lessons highlight the need to adapt the plan to the national context and involve all sectors, while recommendations stress clear responsibilities and sector participation phases.

Finland's experience showcases its potential to steer especially green and digital transformation. Despite its relatively modest scale, the RRF has proven to be an important instrument for the green and digital transformation. Nevertheless, there is room for further improvement, particularly clear divisions of responsibilities, breaking government branch silos, involving all sectors of society and avoiding an overly government-led approach.

Recommendations for effective delivery include identifying phases for sector participation, understanding legislative limitations, and ensuring traceability of the recovery process's effectiveness by redirecting larger funds towards businesses and local communities. This approach could unlock even greater potential and pave the way for a more prosperous and resilient future for the Helsinki Metropolitan Area and the entire nation of Finland.

13. https://www.vtv.fi/app/uploads/2023/11/VTV-Tarkastus-14-2023-Elpymis-ja-palautumissuunnitelman-toimeenpano.pdf

CONCLUSION: IS THE EU RECOVERY PLAN DELIVERING ON ITS PROMISES? KEY CHALLENGES AND THE WAY FORWARD FOR PUBLIC INVESTMENTS

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1. Introduction

Next Generation EU's potential of around €750bn in firepower – possible thanks to Eurobonds – is a unique investment plan in the history of the EU to react to an unprecedented asymmetric shock. It will have implications far beyond economic recovery and has the potential to shape Europe's development model for years to come. If successful, it will accelerate Europe's just green and digital transformation and put Europe on the path to climate neutrality. For this to happen, the role of cities and their transformation are crucial.

At the same time, it represents a new way of promoting public investments at the EU level. The most optimistic in an initial phase asked themselves: can we consider Next Generation EU a real turning point compared to the paradigm of austerity at EU level, and can this be considered a model for the future to support public investments at local level for the challenges of transition and territorial cohesion?

Unfortunately, the evidence – including our Urban Recovery Watch – seems to suggest that this instrument is not solid enough to drive the required urban transformations for a just green and digital transformation and reverse the effects of austerity. While the EU recovery plan is a key tool, it was never intended to be the solution to years of underinvestment at local level. Long-term investments are still scarce and a recovery tool that promotes short-term investments to absorb a shock cannot be "resilient" and sustainable in the long term. As we argue, the lack of a long-term perspective to public investment – including the need for capacity to deliver investments – is contributing to some of the implementation challenges of the Recovery and Resilience Facility (RRF), the main delivery instrument of Next Generation EU.

As noted by the Eurocities Pulse Mayors Survey 2023, EU funding is considered an essential support for cities by city leaders. It is therefore hardly surprising to see why they closely followed the debates on the EU recovery plan and why they are actively engaging in discussions about how the EU can promote local finances. Mayors understand that EU funding can only cover some of their needs, and beyond improving their access to grants and subsidies such as the RRF that are limited in nature, they are increasingly concerned about how the EU can promote public investments at the city level.

The evidence – including our Urban Recovery Watch – seems to suggest that this instrument is not solid enough to drive the required urban transformations for a just green and digital transformation and reverse the effects of austerity.

Assessing and understanding the direction and the implementation of the urban dimension of the 27 European plans is not only crucial to promoting recommendations ahead of the RRF mid-term review. But on a long-term horizon it is also key to providing recommendations on how the instrument should evolve if it is to become a benchmark and a model for public investment support schemes at EU level.

In this context, cities have long called for a structured dialogue with the European Commission (EC) to explicitly monitor the status of the EU recovery plan in cities. Although the EC did not take this request into consideration, cities continued to advance the assessment of the urban dimension of the recovery to feed into the debate around the mid-term review of the instrument expected in early 2024.

Eurocities carried out two network-wide consultations to gauge the involvement of cities and CIDOB published a report "Cities in the EU recovery process: Localising the Next Generation EU" to assess cities' participation in the design phase across selected member states. Building on these efforts, the CIDOB Monograph "Urban Recovery Watch" evaluates city experiences in implementing these funds. The analysis of the urban experience in nine member states (Czechia, Finland, France, Germany, Hungary, Italy, Poland, Slovakia and Spain) provides substantial evidence to highlight interim results and implementation problems of the instrument. It also provides an opportunity to put the instrument in perspective and to reflect upon what the instrument means and how it affects the future prospects of public investment support at EU level.

It confirms previous findings suggesting insufficient involvement of cities in the implementation of these funds and sheds additional light on how – despite ongoing governance challenges and recurrent capacity and bureaucratic hurdles – cities are already achieving results and making what they can of these funds to deliver urban transitions. The aim of this short article is to provide a summary of the main findings and offer recommendations to contribute to forthcoming debates.

2. Findings, common trends and challenges

Table 1: Overview of the findings of the case studies

Country		RRF national amount	Case study	Population (MA level)	Resources for city investments	Main focus of investments	Ways to funding	Barriers to implementation
Italy		€191.5bn (€68.9bn grants, €122.6bn loans)	Bologna	1,010,812	1.1bn (650m via RRF)	Mobility	Earmarked resources for metropolitan cities	Administrative capacity
						Green infrastructure		Integrating measures
						Urban regeneration and knowledge economy	Competitive ministerial calls	Deadlines
Spain		€163bn (€80bn grants, €83bn loans)	Barcelona	5,641,569	268m	Mobility	Competitive ministerial calls	Administrative capacity
						Urban Regeneration		Integrating measures
						Local economy		Deadlines
						Care economy		
France		€40.3bn (€40.3bn grants, €0 loans)	Nantes	1,480,188	1.4bn (only partly through RRF and including local funding)	Mobility	Territorial contract with the state	Integrating measures
						Energy renovation	Competitive ministerial calls	Linking with other strategies
Metropolitan		See Chapters 1-3	Barcelona, Lyon, Turin					
			(Metropolitan governments)					
Visegrad 4	Czechia	€9.2bn (€8.4bn grants, €8.4m loans)	Brno, Prague	2,662,230; 1,184,568	TBC – little financing expected	Brownfields and transport, culture, affordable housing	Competitive ministerial calls	NA (delays in implementation)
	Hungary	€10.4bn (€6.5bn grants, €3.9bn loans)	Budapest	3,031,887	TBC – few expectations for many funds - informal agreement for €25m	Mobility	Competitive ministerial calls	NA (delays +lack of involvement/ discrimination of Budapest)
	Poland	€59.76bn (€25.26bn grants, €34.5bn loans)	Warsaw	3,108,755	TBC – still in very preliminary negotiations	Mobility	Competitive ministerial calls	NA (delays + limited involvement for Warsaw)
	Slovakia	€6.4bn (€6.4bn grants, €0 loans)	Bratislava	723,714	TBC - still in very preliminary negotiations	Mobility	Competitive ministerial calls	NA (limited involvement + delays)
						Energy efficiency		
Germany		€27.8bn (€26.4bn grants, €0 loans)	Mannheim	1,196,227	National and regional resources (no RRF)	Temporary compensatory fiscal transfers	Direct fiscal transfers	NA (no significant involvement)
						Inner city regeneration	Competitive calls	
Finland		€1.8bn (€1.8bn grants, €0 loans)	Helsinki	1,714,741	No substantial direct resources for city but approx. €500m for companies (incl. city-controlled enterprises)	Innovation	Calls and allocations directed mostly at private companies and third-sector actors	NA (no significant involvement)
						Support for businesses		
						Energy		
						Health (innovation)		

Source: See introduction and relevant chapters of the CIDOB Monograph

In most cases, not only the design but also the delivery and governance of plans have been centralised, with a lack of consideration for the specific needs of cities and local governments and the role they could play.

Our in-depth analysis is testament to the diversity of each National Recovery and Resilience Plan (NRRP) and its urban dimension. This degree of differentiation is the result of the substantial variations in national funding allocation, the interaction with other funding resources and programmes available at the national level, and the focus of investments, as well as the different experiences and capabilities in implementing significant public investment programmes. With that said, we can identify trends and challenges that are common to most of them.

2.1. Ways to access funding

Time pressure and limited consultations undermining local involvement: Timescales for preparing the plans were tight across the cases, resulting in quick and limited consultations with local governments. This often limited the involvement and participation of cities in the design of the plans. Despite the clear time limits, in some countries with a tradition of structured dialogue between levels of governments – Finland, for example –, though limited, consultations were considered substantial. The haste has not only limited the participation of local governments in the design phase, it also undermined meaningful involvement in the implementation and optimal choices for local investments and measures.

"Generic" distribution of resources with no attention to locally integrated policies: Across the analysed cases, funding was distributed in a generic way and without clear coordination between the different ministries and agencies. This has created challenges for the optimal and integrated local allocation of resources, preventing the areas and sectors most in need from being adequately benefitted. This lack of focus could compromise the overall effectiveness of the plans and absorption of resources.

Territorially blind planning – centralisation, competition and no redistribution: In most cases, not only the design but also the delivery and governance of plans have been centralised, with a lack of consideration for the specific needs of cities and local governments and the role they could play. Most plans have focused on distributing the resources through competitive calls rather than empowering territories based on their needs and potential. Plans have not properly considered the needs of each territory (e.g. through an *ex ante* assessment) and the impact that these investments could have in promoting territorially balanced development.

Unclear complementarity with national and EU funds: Although cohesion funds should complement recovery plans, it might be inferred from the analysed cases that there are no clear synergies but rather competition between the schemes. Furthermore, some countries (e.g. Germany) have financed their recovery partially with national resources, following different governance methods. Others (e.g. France) incorporated into the NRRP some of the projects already provided for in the relevant national budgets. Bringing other national and EU resources into the NRRPs has sometimes resulted in suddenly tighter deadlines and compliance with strict criteria, such as the "do no significant harm" (DNSH) principle.

2.2. Local results and implementation

Cities are using the funds to drive urban transitions across sectors: Across the broad range of major or minor resources received for public investments, all the cities are using them to power public investments to drive urban transitions. Cities that are receiving the highest per capita amount of resources (e.g. Bologna in Italy, Nantes in France, Barcelona in Spain) are using them to develop comprehensive and integrated investment packages with a strong focus on mobility, infrastructure and social inclusion. Cities receiving fewer resources (e.g. Helsinki in Finland and Mannheim in Germany) are using these funds for more targeted investments, often with a focus on innovation. Cities from the V4 have received few resources despite strong allocations at the national level and in spite of their efforts to present comprehensive packages of investment projects.

Urban investments without vision and coordination: A point of convergence is the clear emphasis on urban (and local) investments in countries that have received the highest amounts of resources. Cities have been recognised as central to economic and social recovery, with a particular focus on infrastructure. However, these urban investments are not properly coordinated and implemented with consistency and within a broader framework of multilevel and multi-sectoral alliances for urban transformation. The existence of an urban policy at the national level (e.g. Spain) can help in promoting a more adequate distribution of urban investments and coordination between levels of government, but it is insufficient if not properly connected with the national investment plan from the outset.

Difficulties in absorbing funds especially among the biggest recipients: Countries with larger resources per capita often appear to face difficulties in absorbing funds. This is particularly evident in nations and cities least prepared to manage large-scale public investments, highlighting the importance of administrative capacity for effective implementation. Difficulties in responding to tenders and following processes were evident in many countries, demonstrating the complexity of managing such programmes.

Critical administrative capacity: Administrative capacity has emerged as a critical factor for effective implementation of plans, especially in the biggest recipients. The lack of staff and relevant skills at the local level made it difficult to monitor, manage and implement projects. Many countries have not applied a uniform method of technical assistance, leaving investment management to national discretion. In countries where this assistance was lacking, administrative capacity proved to be a challenge, hindering programme implementation. The technical assistance system envisaged in the cohesion policy would have been excellent to replicate in the plans.

3. Recommendations and way forward

3.3. Towards the RRF mid-term review: making the most of urban recovery

As stated previously, the RRF is expected to undergo a mid-term review in early 2024. With this mind, the Urban Recovery Watch aims to feed the debate with concrete evidence on the first phases of the implementation in cities. Building on the expert analysis presented in the chapters and our assessment sketched above, we make a few recommendations for the mid-term review, which could contribute to a more effective implementation of the plans, and benefit cities and their citizens.

The RRF mid-term review should consider providing (more) direct access to RRF resources for cities as direct beneficiaries and implementing actors.

1. **Stronger involvement of cities in the implementation phase for stronger impact and absorption**: the EC and member states should properly address the participation gaps of cities in the implementation of urban investments. The RRF mid-term review should consider providing (more) direct access to RRF resources for cities as direct beneficiaries and implementing actors. This is crucial, especially in those countries where there is a risk of absorbing resources in a context where city governments are spending time and resources to respond to ministerial calls. It is also crucial in those countries where some cities were deliberatively left out.
2. **Promote national reforms that can enable urban transformations and ease public investment implementation**: the RRF mid-term review should place emphasis on the advancement of those national reforms that can help reduce red tape and bureaucratic hurdles (e.g. public procurement procedures) related to urban investments. At the same time, reforms should promote the development of national urban policies and multilevel coordination on urban issues and investments.
3. **Allow for readjustment of plans with a view to ensuring territorial and social equity:** the mid-term review should put the emphasis on territorial and social equity and should allow for possibilities to readjust current allocation to ensure that all people and all territories benefit from the funds supporting urban recovery.
4. **Promote stronger coordination with the urban dimension of cohesion policy (including for administrative capacity support)**: As the RRF and the next cycle of cohesion funds are being implemented in parallel, it will be paramount to promote coordination between NRRPs and cohesion policy programming with specific attention to their urban dimensions. This means, for instance, ensuring that the two different funding streams and measures complement each other while sharing a common administrative framework, but also that cities can use the support for administrative capacity coming from cohesion policy to help them implement all EU funds, including the RRF resources.
5. **Redirect non-committed resources to projects supporting urban transformation:** Not all the resources available under the RRF have been taken up by member states and there are many loans still available, while simultaneously not all the resources committed will be spent by the deadline. In light of these circumstances, we call for a pragmatic approach that allows national governments to directly entrust city governments that have ready-made projects to support their urban transformation. At the same time, we call on the EC to consider reallocating some of the unspent resources to support the implementation of EU missions, including the EU mission on climate-neutral and smart cities.

3.2. After Next Generation EU: lessons learnt on promoting local public investments at EU level

The debate on the legacy of the Next Generation EU instrument will have major repercussions on the EU budget, and notably cohesion funds. As highlighted in the introduction, it is an unprecedented model. Even though the instrument has been described as unique in European history, European institutions are considering it as a model for gathering resources and issuing common debt (Eurobonds), but also as a delivery mechanism for distributing resources and subsidies at the European level, that is, as an alternative to other models such as cohesion funds.

Clearly, a budget that is equivalent to just over 1% of the European gross domestic product (of which about a third is linked to agricultural subsidies) coupled with one-off Eurobonds with limited scope will not be able to solve the problems of finances and public investments at the local level. Therefore the discussion on the European budget must be addressed in a coherent manner together with all the financial levers. Having said this, we reiterate that any future EU public investment scheme should:

The lack of multilevel governance and a real partnership approach is one of the key shortcomings of the RRF.

1. **Be designed and implemented in partnership with territories.** The lack of multilevel governance and a real partnership approach is one of the key shortcomings of the RRF. This deficiency is undermining its ability to be a driver for public investments and recovery across all territories. Any new large-scale EU funding scheme needs to be built with these principles at its core.
2. **Address capacity gaps to deliver investments and act as complementary investment support.** There is a need to support cities' finances beyond providing more direct subsidies. A stronger vision and strategy to promote urban investments at EU and national level must be developed and embedded in reforms that can support urban transformation. This means supporting fiscal decentralisation to reinforce administrative capacity and the capacity to drive investment plans, as well as developing clearer coordination and support structures for urban investments at the national level.
3. **Recognise and address the negative externalities of EU budgetary rules.** There is a need to recognise that EU public investment frameworks are not implemented in a vacuum and that they interact and are affected by the EU economic governance rules and by the recommendations of the EU semester. There is a need to build greater consistency between schemes and EU rules so that they both promote a coherent approach to long-term investments at the local level.

Next Generation EU is a unique investment plan in the history of the EU to react to an unprecedented asymmetric shock. The remarkable amount of €723bn of its main funding instrument, the Recovery and Resilience Facility (RRF), has implications far beyond economic recovery. It also represents a new way of promoting public investment at the EU level.

From mobility and social cohesion to housing and innovation, the responsibility of city governments in services provision and infrastructures makes them fundamental allies in bolstering the just green and digital transitions at the heart of the transformations that the European institutions are calling for. As governmental actors, cities possess the political legitimacy and on-the-ground expertise necessary to unlock the potential of the policy measures adopted at the EU level in the face of the pandemic.

CIDOB and Eurocities have joined forces to bring the urban perspective into the debate on the future of EU funding instruments. The CIDOB Monograph "Urban Recovery Watch: Empowering Cities in the EU Green and Digital Transition" offers an EU-wide, country-specific comparative assessment that examines the RRF funding received by cities, the way in which this is invested, and the governance mechanisms in place to structure the work between the national and local level in Czechia, Finland, France, Germany, Hungary, Italy, Poland, Slovakia, and Spain. It further includes in-depth case studies of specific cities active in the implementation of the Next Generation EU instrument, complementing the national outlooks with bottom-up perspectives from the city level, including the specific experience of metropolitan governments.