

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.

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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 Plans (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 & Martínez, 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

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

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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.

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.

References

Fernández de Losada, A., and Martínez, R. (Eds.) *Cities in the EU Recovery Process: Localising the Next Generation EU*. Barcelona: CIDOB, 2022.

Reviglio, P. "European cities in Europe's recovery plan: an historical opportunity for urban transformation?", *Urban Research & Practice*, 16(3), 2023, pp. 483-487.

