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WORKSHOP REPORT

1. Basic Information

Venue: Instituto de Derecho Local (Autonomous Univers Date: 30 June 2021 Total number of participants: 15

Invited Experts (Affiliation, Position, Gender, as well as Name if consent is given):

Ángela Acín Ferrer. Consultant (previous position: Director Organisme de Gestión Tributaria. Diputació de Barcelona).

Serafín Pazos Vidal. 2º Head of Brussels Office–Convention of Schottish Local Authorities (COSLA).

Montserrat Ballarín Espuña. Public Finance and Tax Law Professor at Pompeu Fabra University, on secondment. Councilor for Commerce, Markets, Consumption, Interior and Finance of Barcelona. Vice-President of Social and Economic Development of the Barcelona Metropolitan Area.

2. Topic of the Workshop

Which work package(s) did you discuss?

- ☐ WP 1 - Local responsibilities and services
- ☑ WP 2 - Local financial arrangements
- ☐ WP 3 - Structure of local government
- ☐ WP 4 - Intergovernmental relations of local governments
- ☐ WP 5 - People's participation in local decision-making

Which practices did you discuss and evaluate?

e) The Local Recovery Plan (and the Next Generation EU) to Overcome the Effects of COVID-19.

What other practices did the workshop participants suggest to include in your country dossier regarding the work package(s) discussed?

3. Outcome of the Workshop

How did the workshop participants evaluate the local government practices collected so far in your country dossier regarding the work package(s) discussed. Please also take into account the following guiding questions. **500-600 words**

- What are the (explicit of implicit) objectives of the practice, especially concerning urban local governments, on the one hand, and rural local governments, on the other? Do the practices achieve these objectives?

- The practice described does not necessarily have to be a best or good practice. What are the factors of success or failure? Do these factors differ in urban and rural settings?

OBJECTIVES: To analyze to what extent the Recovery Plan for Europe, specifically the Next Generation EU (NGEU) and within this the Recovery and Resilience Mechanism (MRR), differs from previous European Plans. At the material level, examine the areas where the projects are focused and whether there are specific provisions regarding the financing or rural local entities (for example, special funds intended to revitalize the rural economy and contribute to the socio-economic sectors). Finally, determine if joint actions have been designed - by different levels of government - to participate in projects of the Recovery Plan for Europe (in particular the MRR). If so, examine the structure of joint actions, especially taking into account the role of the Provincial Councils.

SUCCESS AND FAILURE FACTORS OF THE PRACTICE:

- At the level of differences with the previous plans, in the specific case of Spain, there is a great overlap for the priorities of the MRR with the priorities of the Cohesion Policy.

However, it is required that 37% of MRR funds be concentrated on the climate objective and 20% on the digital, a thematic concentration not very different from that of the Structural Funds.

- The objectives of the MRR are very general, except in the case of the climate and digital axis, which have very precise indicators in Annexes VI and VII, respectively, of the MRR Regulation. The type of desired investments is also generically defined.

-The timescale of the MRR is even tighter than that of the Structural Funds since it is necessary to commit all the funds between 2021-2023 (and not to seven years), and to spend in six, it is one year less than in the MFF. Nor does it foresee an N+3 rule (that is, to spend the funds three years after they have been committed) which is allowed in the Structural Funds, but that payments will be made, at the latest, on December 31, 2026 (art. 24.1 MRR Regulation).

-The Fundamental performance criteria of the MRR are the " milestones" and "objectives", considering that the milestone constitutes qualitative achievements and the objectives constitute quantitative achievements. Compliance with them is mandatory for the Commission to reimburse the Member States (100%) for projects, or parts of them (that is, milestones) already executed. This means introducing the payment methodology based on milestones passed (typical of the World Bank), whose previous results in the EU have not been positive due to audit risk.

-If the Member States have not made "tangible progress" after 18 months, the Commission will stop reimbursing the amount of the financial contribution foreseen for that Member State.

-Like the European Fund for Strategic Investment, and given the short time scale, the States will be provided with pre-financing, although this is low (13%) and, therefore, it will hardly fulfill an anti-crisis shock function.

- The great difference between the MRR with the structural Funds, and a positive aspect for the agile execution, is that the MRR does not require co-financing.

-Among the six priority axes of the MRR scope of application (art. 3 of the MRR Regulation) is "social and territorial cohesion", which can benefit the financial position of rural local entities.

-On a practical level, there is a few large scale projects that combine different levels of government (Autonomous Community, Provincial Council, and Town Halls), as well as companies and research centers/universities (such as the project for the renovation of the Tarragona petrochemical plant, creating the "Hydrogen Valley of Catalonia").

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