

NEXT GENERATION EU: A STRESS TEST FOR COHESION POLICY?

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Introduction and motivation

The creation of Next Generation EU (NGEU) has marked a turning point in the European Union's economic and budgetary policy, both due to its extraordinary and temporary nature and to its institutional design. Through its central instrument, the Recovery and Resilience Facility (RRF), NGEU introduces an intervention logic oriented towards the fulfilment of milestones and targets, based on a results-based payment system and a strong thematic concentration of investments. This logic responds to the need for a rapid and coordinated response to the economic and social impact of the COVID-19 pandemic, but it also raises relevant questions from a territorial and public policy perspective.

This approach contrasts with the traditional principles of EU cohesion policy, which has historically been articulated around a territorial and long-term logic, based on the ex ante allocation of resources, additionality, partnership and multilevel governance. The coexistence of both instruments during the 2021–2027 programming period has created an unprecedented context in which policies with potentially complementary objectives coexist, but are underpinned by different intervention logics. In this context, it is particularly relevant to analyse the territorial effects of NGEU and its potential influence on the future design of cohesion policy, especially with a view to the 2028–2034 Multiannual Financial Framework.

The aim of this paper is to analyse the interaction between NGEU and cohesion policy from a territorial and institutional perspective, using Spain as a case study. Specifically, it assesses the extent to which the design and implementation of NGEU reinforce, complement or place under strain the classical principles of cohesion policy, as well as the mechanisms through which these effects materialise at the regional level.

Conceptual framework: territorial cohesion and new intervention logics

The analysis is grounded in the literature on regional development, place-based policies and multilevel governance. Cohesion policy has been the European Union's main instrument for reducing regional disparities and promoting balanced development, relying on a system of shared management between the European Commission, Member States and subnational governments. This approach explicitly recognises the importance of territorial context and regional heterogeneity in terms of productive, institutional and social capacities.

By contrast, NGEU introduces a more centralised and performance-oriented logic, in which resources are primarily allocated according to thematic priorities and structural reforms, and disbursements depend on the achievement of milestones and targets agreed in advance with the European Commission. This institutional difference may generate territorial tensions, insofar as administrative capacity, previous experience in managing EU funds and the regional socio-economic context decisively influence implementation speed and the effective absorption of resources.

From this perspective, NGEU can be interpreted as a “stress test” for cohesion policy, as it puts to the test its ability to adapt to an extraordinary intervention context characterised by urgency, conditionality and thematic concentration.

The Spanish case: multilevel governance and the role of regional governments

Spain constitutes a particularly relevant case for analysing the territorial effects of NGEU due to its high degree of decentralisation and the central role played by the autonomous communities in the execution of public expenditure and investment policies. Within the framework of the Recovery, Transformation and Resilience Plan (RTRP), the autonomous communities manage a substantial share of the resources stemming from the RRF, mainly through transfers channelled via sectoral conferences and other intergovernmental coordination mechanisms.

Although the institutional design of the RTRP formally incorporates elements of co-governance, the allocation of resources is not based on explicit territorial criteria, but rather on policy pillars and thematic components defined at the central level. This feature clearly differentiates the RRF from structural funds and raises questions regarding its coherence with the objectives of territorial cohesion, as well as its potential distributive effects across regions.

Data and methodology

The paper combines data on the allocation and implementation of RRF funds and the REACT-EU initiative, disaggregated by autonomous communities and by major areas of investment, with regional socio-economic indicators at the NUTS-2 level. Methodologically, the analysis adopts a descriptive and exploratory approach aimed at identifying territorial patterns in fund

absorption, project implementation speed and their relationship with regional administrative capacity.

Preliminary results and discussion

Preliminary results suggest that the effective territorial allocation of NGEU funds in Spain is shaped by their thematic logic and by regional administrative capacity. Autonomous communities with greater experience in managing EU funds tend to exhibit higher implementation speed and higher absorption levels. Moreover, the territorial distribution of funds does not always align with the traditional objectives of cohesion policy, which raises the risk of reinforcing territorial divergence dynamics if such instruments are consolidated without explicit corrective mechanisms.

Implications for cohesion policy 2028–2034

The findings of the analysis have relevant implications for the future of cohesion policy in the 2028–2034 period. First, they highlight the need to strengthen strategic coherence between performance-oriented instruments such as the RRF and the long-term territorial approaches that characterise cohesion policy. Second, they underline the importance of regional administrative capacity as a key factor for the effective absorption of EU funds, suggesting the convenience of reinforcing technical assistance and institutional capacity-building instruments. Third, the coexistence of NGEU and cohesion policy raises questions regarding the balance between strategic centralisation and multilevel governance. Preserving the partnership principle and avoiding processes of recentralisation are essential to ensure that cohesion policy continues to play its role as a core instrument for territorial convergence.

Conclusions

Beyond its exceptional and temporary nature, Next Generation EU represents a significant innovation in the design and implementation of EU public investment policies. The introduction of a logic based on performance, conditionality and greater strategic centralisation has enabled a rapid response to the crisis, but it has also generated new challenges from a territorial and governance perspective.

The analysis of the Spanish case shows that these challenges translate into differentiated territorial effects, closely linked to regional administrative capacity and intergovernmental coordination mechanisms. In the absence of explicit territorial criteria, the implementation of the RRF tends to favour territories with stronger institutional capacities, which poses risks for the traditional objectives of convergence and cohesion.

From this perspective, NGEU acts as a stress test for cohesion policy, highlighting the need to reinforce coherence between performance-oriented instruments and long-term territorial policies. The evidence analysed suggests that greater strategic coordination between NGEU

and structural funds would make it possible to maximise synergies, reduce potential adverse effects and improve the overall effectiveness of European public action.

Looking beyond 2027, these conclusions point to the desirability of moving towards a cohesion policy framework that balances results orientation, strengthened regional administrative capacity and effective multilevel governance. Integrating the lessons from NGEU is key to ensuring that cohesion policy remains a central instrument for promoting balanced territorial development in the European Union.

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