

The future of EU cohesion policy

The emerging debate

SUMMARY

Early work is underway on the post-2027 reform of EU cohesion policy. This creates a unique opportunity for regional and local stakeholders to influence national positions and those of the European institutions at an early stage, well before the actual start of the legislative process. This reflection process is not only technical, but is also highly political because it touches on many of the challenges the EU is facing. Key issues include the degree to which other EU policies support cohesion objectives; the balance between the policy's use in crises and its focus on longer-term goals; the future governance of the policy; where and how its effectiveness can be improved; the continued need to develop institutional capacity; and the impact of any new Member States potentially joining the EU during the next funding period.

The European Commission has set up a high-level group of specialists to examine and re-shape the role of cohesion policy. The group will publish its strategic conclusions and recommendations in early 2024. These will feed into the ninth report on cohesion, a comprehensive document expected to present the Commission's substantive reform options for the future design of cohesion policy. The first EU institution to adopt an official position on cohesion policy post-2027 will be the Committee of the Regions at its plenary in November 2023.

Cohesion policy is expected to change fundamentally in the coming years. However, there are certain key principles that most stakeholders are intent on keeping, such as: multi-level governance with the representatives of the regions; the place-based approach, which recognises the specific development needs of territories; and the partnership principle, which seeks to include all relevant stakeholders in the design and implementation of the programmes. A key challenge is the policy's future relationship with the Recovery and Resilience Facility (RRF), a temporary instrument promoting short-term recovery after the pandemic. Undoubtedly, the RRF has strong implications for the post-2027 architecture of EU intervention.

It can be safely assumed, based also on the pace of the previous reforms, that the legislative process to establish the rules for cohesion policy post-2027 will be initiated about 2 years before the end of the funding period, in the first half of 2025. Although interventions concerning the future design of cohesion policy are still feasible afterwards, they would be much less influential as negotiations between the co-legislators progress.



IN THIS BRIEFING

- Introduction
- The institutions' views
- Consultation with stakeholders
- Contributions from academia
- Key issues emerging in the debate
- Outlook



Introduction

The years 2023 and 2024 are fundamental for implementing the 2021-2027 cohesion policy programmes, but also for preparing the future of these programmes. The Commission's [8th Cohesion Report](#) in February 2022 set out the main developments and territorial disparities that European regions have experienced over the last decade. In addition to this very well-known feature of the regular cohesion reports, it also points towards the upcoming debate on the future of cohesion after 2027. The **reflection process**, which is already underway, is tackling the multiple challenges identified in the 8th Cohesion Report, from the innovation divide to demographic change. The Commission's assessment underscores several key issues facing cohesion policy. First, the challenges for cohesion cannot be addressed by cohesion policy alone and require a **broader response** by the EU encompassing other EU policies that can influence territorial challenges. Second, while cohesion policy has shown itself to be an effective EU tool to respond to crises, there is a question over the balance between the key objectives of the policy. The evidence for the effectiveness of cohesion policy will clearly play an important part in the reform debate, which needs to address issues of **delivery and capacity**.

This debate is highly **political**, because it touches on many of the challenges facing Europe, such as the triple refugee, energy and cost of living crises. It encompasses the resilience of cities and regions, the existing disparities in Europe – despite the enormous success of cohesion policy in the past – climate change and adaptation, the rural-urban divide, the role of middle-sized cities in Europe, digital connectivity, and the 'geography of discontent' in Europe, to name a few. Undoubtedly, regions will need to transform themselves profoundly in the coming decades to reach the EU's climate goals and reduce the digital divide. Another key challenge is the policy's future **relationship with the Recovery and Resilience Facility (RRF)**, a temporary crisis-response tool to mitigate the impact of the COVID-19 pandemic on Member States' economies and to enhance the resilience of the EU and its Member States against future shocks. The RRF has strong implications for the post-2027 architecture of EU intervention.

The institutions' views

European Commission

The group of high-level specialists on the future of cohesion policy

Following the publication of the 8th Cohesion Report, the Commission established the [Group of high-level specialists on the future of Cohesion Policy](#). The work of the group, which will continue until early 2024, focuses on the effectiveness of cohesion policy with a view to tackling the multiple challenges identified in the 8th Cohesion Report, from the **innovation divide** to **demographic change**, and how the policy will support a **fair digital and green transition** and regional recovery and growth. The chair of the group is Prof. Andres Rodriguez-Pose from the London School of Economics. On the academic side, he is accompanied by Prof. John Bachtler from the University of Strathclyde. On the political side, former elected representatives include former MEP and Parliament's rapporteur for the 8th Cohesion Report Constanze Krehl (S&D, Germany), former president of the European Committee of the Regions (CoR) Karl-Heinz Lambertz, former European Commissioner for Employment László Andor, and former president of the Tuscany region Enrico Rossi. The group consists of 13 members and will meet in Brussels nine times throughout 2023.

The first meeting, titled 'Developing the European Growth Model', took place on 31 January 2023 and focused on how cohesion policy supports balanced economic development and **correction of internal disparities** through investments in general public goods, innovation, digitalisation, human capital, the environment and climate, social integration and transport. The 8th Cohesion Report identified a set of challenges including [demographic change](#) and increased (skills) shortages in the labour market, climate transition, technological change and globalisation. The second

meeting, on 9 March, was devoted to enhancing resilience of regions against emerging challenges. The third meeting, on 27 April, focused on discussing how cohesion policy can be further enhanced to **tailor support to specific development needs**, taking into account the diversity of starting positions and the uneven impact of ongoing transitions, and current and future external shocks. The fourth meeting, which took place on 23 May, focused on the role of **place-based policies** and development strategies. Beyond the territorial angle, the place-based approach involves local engagement, ownership and inclusive partnerships, which are key to cohesion policy. Effective partnerships and place-based strategies engaging local stakeholders also help address pressure on democracy by **increasing ownership** of European policies. They may also lead to the positive and **active engagement** of local, regional or national public authorities.

On 19 June, an extraordinary meeting was held to discuss the issue of the 'geography of discontent', how regional **development traps** lead to less support for European integration, and values. The main conclusions of the research are summarised in the following box.

The geography of EU discontent and 'lonely places'

The research paper on the '[geography of discontent](#)', published by the Commission's Directorate-General for Regional and Urban Policy (DG REGIO) in June 2023, follows a [first study](#) published in 2018, a [working paper](#) titled 'Does cohesion policy reduce EU discontent and Euroscepticism?' from 2020, and [another working paper](#) on 'The urban-rural divide in anti-EU vote: Social, demographic and economic factors affecting the vote for parties opposed to European integration' published in the same year. The main conclusion of the research is that Eurosceptic voting is linked to the so-called 'regional development trap', which makes a region unable to retain its economic dynamism in terms of income, productivity and employment. The research shows that the link between economic stagnation and Eurosceptic voting is not confined to one electoral cycle. Places which feel left behind are faced with disengagement and discontent in the long term. If the development trap is not addressed, disengagement and discontent make citizens less likely to support European integration or values. The paper calls for cohesive development of our societies, including: place-based policies that can help regions to escape from long-term economic decline; a better understanding of the causes of the regional development traps and how they can be overcome; improving the quality of government, increasing innovation, and boosting education and training; developing smaller cities, towns, and rural areas; and further research on the impact of public policies at territorial level.

The Commission's Joint Research Centre published a [report](#) titled 'New perspectives on territorial disparities' in June 2022 exploring the concept of 'lonely places', a multifaceted concept, which can refer to a plurality of locations that present a certain vulnerability in terms of local endowment, accessibility, or connectivity. Lonely places can be found in remote and rural areas as well as cities. The concurrence of and interactions among vulnerabilities can make one area lonelier than others. While the term 'lagging behind' is mostly limited to economic aspects, the designation 'lonely places' captures the position and connection of places from demographic, economic, social and infrastructural points of view. The authors of the report located 1 200 such municipalities within the EU and made several recommendations to connect lonely towns with the rest. It is a shared responsibility of local, regional, national and European actors to transform them into places of opportunities. EU policies and initiatives such as the Long-term Vision for Rural Areas, the Urban Agenda for the EU, the Territorial Agenda 2030, the Action Plan on Integration and Inclusion, the Digital Education Action Plan, the European Pillar for Social Rights, the EU Strategy on the Rights of the Child and the European Child Guarantee can contribute by gathering resources to support the transition from lonely localities to places of opportunities.

The fifth meeting, on 4 July, focused on reinforcing territorial cooperation and addressing challenges to European integration. Participants in the debate found that territorial cooperation creates **new communities of common interest** across borders, showcasing a different mode for the delivery of public goods. The sixth meeting, on 14 September, focused on anchoring financial support from cohesion policy in reforms, in the context of the [European Semester](#) and **synergy with other EU policies**. In the expert group's view, it is important to reflect on lessons learned from the [European Semester exercise](#) and the [RRF](#), to develop stronger and more country-specific linkages between **investments** under cohesion policy programmes and relevant **reforms**, in complementarity with other policies and instruments.

The seventh meeting, on 10 October, will focus on increasing the policy's effectiveness through renewed **conditionality mechanisms**. As a range of conditionalities have been introduced to cohesion policy along with investment guidelines in the context of the European Semester and links with reforms, the high-level experts consider that an appropriate regulatory and institutional environment is necessary for the effective delivery of investments. The eighth meeting, on 14 November, will revisit **delivery modes** and mechanisms, taking priorities into account.

The structure and the delivery of cohesion policy funds will be examined by reviewing the thematic priorities and geographical scope, the shared management considerations, further simplification, enhanced administrative capacity, etc. Finally, learning from **simplification** and flexibility already introduced in the 2021–2027 programming period, under both cohesion policy and other relevant investment-related funds, the group will explore additional beneficiary-friendly improvements. Instead of reimbursing real costs, **simplified cost options**, such as flat rates, lump sums and standard scales of unit costs, allow the reimbursement of expenditure according to predefined methods based on outputs and results. These calculation methods are often used in European Social Fund Plus (ESF+) and Horizon Europe projects, mainly for the calculation of personnel costs; however, there is still significant scope to make their use more widespread in European Regional Development Fund (ERDF) and Cohesion Fund (CF) projects. In infrastructural projects in particular, the reimbursement of the actual costs of physical investments is still prevalent.

After discussion of delivery modes and implementation timelines, the group will give consideration to the right balance between the policy's flexibility and **reactivity** and its **long-term objectives**. The ninth and final meeting, on 14 (and possibly 15) December, will focus on enhancing cohesion policy's capacity to respond to sudden **shocks** and **crises**.

The meetings are web-streamed and therefore available to the public. All relevant documentation, including the group's rules of procedure, the CVs of its members, issue papers, academic papers, presentations by the participants, and minutes of the meetings are published on the [Commission's website](#). The group will publish its strategic conclusions and recommendations in early 2024, and its findings will feed into the 9th Cohesion Report. The report and wider discussions will be the subject of the '[Cohesion Forum](#)' due to be held in Brussels on 11 and 12 April 2024.

European Parliament

Parliament's own-initiative [report](#) on 'Economic, social and territorial cohesion in the EU: the 8th Cohesion Report' (rapporteur: Constanze Krehl, S&D, Germany), adopted on 15 September 2022, contains several important reflections concerning the future of the policy. First, it stresses that cohesion policy can only continue to play its current role if it has solid funding based on the partnership principle and multi-level governance. This means providing **at least the same level of funding** as for the 2021-2027 funding period, with the addition of budgetary resources from the new Just Transition Fund (JTF II) to be created in the post-2027 programming period.

Parliament insists that cohesion policy **should not become a source of financing to make up for shortcomings** in budgetary flexibility, nor face budgetary cuts in response to various crises. For example, in response to the COVID-19 pandemic, the EU adopted measures to transfer cohesion funds through the [Coronavirus Response Investment Initiative](#) (CRII) and Coronavirus Response Investment Initiative Plus (CRII+) and the [Recovery Assistance for Cohesion and the Territories of Europe](#) (REACT-EU) to serve as short- and medium-term instruments for crisis repair and recovery action. Furthermore, in [response to the war](#) in Ukraine, the EU introduced [Cohesion's Action for Refugees in Europe](#) (CARE) to help Member States provide emergency support covering the basic needs of people fleeing the Russian invasion. The Flexible Assistance to Territories (FAST-CARE) is another important package extending the support already provided under CARE by offering further support and further flexibility to address the consequences of Russia's aggression against Ukraine. Parliament would like to maintain cohesion policy as a long-term investment policy helping to prepare regions for future challenges.

Regretting that the slow pace of negotiations on the multiannual financial framework (MFF) had led to considerable **delays** in the 2021-2027 programming period, the report calls on the Commission to assess the legal possibility of **creating two distinct parts** within the [Common Provisions Regulation](#) (CPR), namely the **content-related part** (political) and the **MFF-related part** (financial resources), for the programming period post-2027. The content-related part should be negotiated and concluded before the MFF-related part, to allow management authorities to start preparing in a timely manner. Stressing that cohesion policy must promote the full consideration of climate issues, the resolution insists that future cohesion policy must distinguish between **climate change mitigation and adaptation** in its thematic focus.

The report calls for a new fund – the JTF II, to be created at [NUTS 3 level](#) (regions whose population is between 150 000 and 800 000) – with a revised allocation method; this fund should be fully integrated into the CPR. Regions with high CO₂ intensity per capita, as well as industries in transition, should have access to this fund, which should have greater financial means than the current JTF and a wider scope. Parliament also calls for a significant increase in the [EU Solidarity Fund](#) (EUSF) budget to help regions anticipate and mitigate the effects of climate change. As regards co-financing, Parliament considers that the **co-financing rate** under the 'Investment for jobs and growth' objective at the level of each priority, under normal circumstances, should not exceed: (a) 85 % for less developed regions and outermost regions, (b) 75 % for regions in transition, if maintained, (c) 70 % for more developed regions. All three rates should be increased in case of an emergency, using the flexibility amount.

Some regions face the '**middle income trap**' and often have declining and ageing populations, struggling manufacturing industries, low growth, lack of innovation, low competitiveness, low productivity, poor quality of government, little progress towards just transition, and vulnerability to shocks caused by globalisation. Parliament considers it crucial that the Commission identify these regions and allocate more [ESF+](#) funds to them in the next programming period. Parliament also recommends supporting the industrial, social and environmental **transition of de-industrialised regions**, including the transition of old industries, such as steel and aluminium, by directing JTF II resources towards the modernisation of these sectors where possible. The resolution calls for an ambitious reindustrialisation policy for the EU's regions.

The report advocates **supporting rural areas** by improving transport connectivity, broadband, service provision, economic diversification and job creation, and by helping them to tackle challenges such as rural desertification, ageing, depopulation and rural depopulation. In this context, the report calls for the reintegration of the [European Agricultural Fund for Rural Development](#) (EAFRD) into the strategic framework of the CPR as a separate fund. Furthermore, the report recognises the importance of **urban-rural links** within the context of functional urban areas, with a particular focus on **small and medium-sized towns**, to prevent the decline of rural areas.

Parliament calls in the resolution for a specific budget based on new resources that would provide solutions for the development of sustainable and innovative urban areas. It recommends that the Commission design measures and programmes adapted to the **outermost regions**, given that the majority of these regions are still among the least developed. It reiterates its call for the [relaunch](#) of the **European cross-border mechanism**, to make territorial cooperation more dynamic and to continue to address the lasting economic and social consequences of Brexit in the EU regions.

Finally, Parliament believes that **simplification** should be one of the main drivers of future cohesion policy. The resolution calls on the Commission and Member States to avoid placing an additional administrative burden on managing authorities. It also stresses the importance of respecting the **partnership principle** in all programming, implementation and monitoring of EU cohesion policy, and of close cooperation between regional and local authorities, NGOs and other stakeholders.

On 7 November 2023, the Regional Development Committee (REGI) will host an Inter-Parliamentary Committee meeting on the 'Future of Cohesion Policy: Opportunities, Challenges and Next Steps'.

Council of the EU

In its [conclusions on the Commission's 8th Cohesion Report](#) of 2 June 2022, the Council expressed its readiness to launch a period of reflection on the future of cohesion policy after 2027, in order to design a simpler and effective set of rules supporting long-term investment, and to avoid the tendency of multiplying funds.

On 22 November 2022, the Council approved its conclusions on cohesion policy providing a general assessment of its role in fostering regional development in the EU, as well as the main implementation challenges and the way forward for the future. The [conclusions](#) provide guidelines for cohesion policy post-2027, stressing the need to continue strengthening economic, social and territorial cohesion in the coming years. When preparing the next legislative framework, the Commission is called upon to explore opportunities presented by **performance-based reimbursement** and make maximum use of it, to continue efforts to simplify the rules and harmonise them across EU programmes, and to evaluate the existing EU policy instruments before introducing new ones to avoid overlaps between them. The Council also stresses the importance of focusing on the objective of sustainable development of the EU and its regions in the next programming period, as well as addressing the specificities of regions, particularly regions in a [development trap](#) and regions on the external EU border, as well as outermost regions and regions facing various demographic challenges.

During the second half of 2023, Spain holds the Presidency of the Council of the EU, followed by Belgium and Hungary in 2024; these three consecutive presidencies constitute the current 'trio'. The [18-month joint programme](#) outlining their common priorities stresses that the trio will contribute to a reflection process on the future of cohesion policy post-2027, as a driver of convergence, investment and transformation. The aim should be to reduce disparities, with a particular focus on least developed regions, rural areas, urban areas linked to the latter, as well as areas affected by industrial transition, regions that suffer from severe and permanent natural or [demographic challenges](#), and outermost regions. According to the programme setting out the priorities and main direction for the [Spanish Presidency](#), the Council will adopt a 2.0 cohesion approach, identifying essential elements such as shared management, the regional approach, pre-financing, and co-financing rates. The Presidency will promote analyses **beyond the income criterion**, modifying the calculation of **co-financing rates** and the **thematic concentration** criteria. It will propose the inclusion of criteria relating to exposure to climate change, unemployment and youth unemployment rates, social exclusion, school drop-out rates, and migratory pressure. Incentives for digital transformation and the full use of the green transition to generate opportunities in every territory will also be taken into account. On 29 September 2023, an informal ministerial [meeting](#) on cohesion policy took place in Murcia to discuss the above-mentioned proposals, which appear in a working document submitted to the ministers. The Presidency would seek to have conclusions on post-2027 cohesion policy adopted at the General Affairs Council on 30 November.

European Committee of the Regions

The European Committee of the Regions (CoR) is in the process of drafting an own-initiative opinion on the future of cohesion policy post-2027. On 22-23 June 2023, the Commission for Territorial Cohesion Policy and the EU Budget (COTER) held an [exchange of views in Sibiu](#) (Romania) on how to strengthen EU regional policy over the next decade. Representatives of local and regional authorities and other relevant stakeholders [were also consulted](#) on 13 July 2023 by the co-rapporteurs: CoR President Vasco Alves Cordeiro, Azores (S&D, Portugal), and COTER Chair Emil Boc, Cluj-Napoca (EPP, Romania). The draft [opinion](#) points out that a comprehensive reform is needed to address both the dilution of the role and identity of cohesion policy and its perceived slow implementation. On the general principles of the post-2027 cohesion policy, the opinion stresses that **all European regions should remain eligible for funding**. It strongly advocates that the **shared-management model**, **multi-level governance** and the **partnership principle** remain the guiding principles.

The opinion stresses, furthermore, that any potential follow-up instrument to the [RRF](#) should be implemented under shared management and that the Commission should reassess the governance of future centrally-managed programmes, in line with the '[do no harm to cohesion](#)' principle, to ensure a more territorially-balanced impact. As regards the connection to **European economic governance** and reform (the [European Semester](#)), the opinion calls for the discontinuation of macroeconomic conditionality and says the link between the EU economic governance framework and cohesion policy must not be based on a punitive approach holding EU funding programmes hostage to national decisions. It stresses that the existing mechanism of **enabling conditions** could be repurposed to incorporate the reform dimension, within the [partnership agreements](#). In addition, the opinion emphasises that stronger guarantees will be needed to ensure that the application of rule of law conditionality does not adversely affect local and regional beneficiaries.

On the **legal architecture** and **budgetary aspects**, the opinion stresses that the overall cohesion policy budget in the post-2027 period should be at least equivalent to the 2021-2027 budget in real terms (including the [REACT-EU](#) top-up), while the [European territorial cooperation](#) component should represent no less than 5 % of the total amount. The opinion advocates for cohesion policy to operate under the aegis of a **single strategic framework** defining the main scope and goals for the post-2027 period. It demands that such a '**European partnership pact**' encompass all shared management funds as well as new instruments under hybrid forms of management, such as the [Social Climate Fund](#), and expects further **harmonisation of fund-specific rules**. In this context, the opinion calls for the restoration, under the [CPR](#), of the future fund of the common agricultural policy (CAP) supporting agricultural rural development (currently the [EAFRD](#)). The opinion also points out that the [JTF](#) could be embedded in the [ERDF](#) or the [ESF+](#), as a top-up allocation. The opinion also calls for establishing significantly **higher levels of pre-financing**, of no less than 10 % in the first implementing year, to allow for a quicker kick-off of programmes.

Concerning governance, the opinion opposes the trend towards **re-nationalisation**, and notes that shared management has proven effective. It highlights that the [European code of conduct on partnership](#) should be updated and embedded in the post-2027 CPR, and insists on the importance of territorial and place-based approaches. On programming, **flexibility and simplification**, the opinion stresses that regulatory stability is essential for **fast and effective delivery**. At the same time, the opinion notes that the rules for re-orienting funds should be made more flexible to address the fast-changing priorities of our times. It also asks the Commission to launch a wide-ranging consultation and assessment of simplification measures undertaken since the 1990s. Finally, the opinion acknowledges the importance of supporting **innovation-driven territorial transformation** as a fundamental element of the future cohesion policy. The draft opinion was adopted at the meeting of the COTER Commission on 26 September 2023, and the CoR Plenary will vote on it on 29-30 November 2023.

European Court of Auditors

The Court (ECA) issued a [comparative analysis](#) in January 2023 of the RRF and the EU's cohesion policy funding to help draw preliminary conclusions to feed into the preparation of the EU's long-term budget after 2027. The two instruments are implemented under different overall framework, governance and management arrangements due to their different purposes, which means that the EU bodies and national authorities have different responsibilities for each instrument. Funding under both instruments is provided through **grants**; for the RRF, funding is also disbursed in the form of repayable **loans**. Cohesion support allocated to countries takes account of **regional disparities**, which is not the case for the distribution of RRF funding. The instruments also differ significantly in their approval and assessment processes: while cohesion payments are based on **actual costs**, the conditions for RRF payments involve the satisfactory fulfilment of **milestones and targets**. As a result, for the RRF, the Commission relies more on national systems to ensure that the EU's financial interests are protected effectively, the review concludes. [Issue 1/2022](#) of the ECA Journal (on 'Cohesion and Next Generation EU: concord or clash?') is entirely devoted to this topic.

In a [special report](#) published in February 2023, the ECA examined how the Commission adapted the rules to provide greater flexibility to Member States in using cohesion policy funds in response to the COVID-19 pandemic. The Court's report considers that cohesion policy has often been used to provide short-term responses to crises, and a number of the modifications introduced to that end have become regular features of the policy. However, the report notes that the long-term impact of this use has not been formally assessed. New rules for 2021-2027 cohesion policy, largely drawing on the flexibilities, make it easier to use cohesion funds to respond to unexpected events. As a result, the report points to a risk: the **repeated use of cohesion policy to address crises** may have an impact on its primary strategic goal of reducing disparities between European regions. The ECA's [Cohesion Conference 2023](#) will assess the European added value of cohesion policy based on evidence from EU and national evaluations during the last three programming periods. The conference, which will be held on 23 October, will also cover innovative methodological approaches to evaluations, particularly in the context of new data sources.

European Investment Bank

The key finding of the European Investment Bank's (EIB) '[Cohesion Report 2022-2023](#): Investing in strategic technologies for inclusive, green and digital transition in cohesion regions' is that the **innovation divide** is persisting. The report notes that cohesion regions tend to invest more in transport, energy and infrastructure, but less in research and innovation. Moreover, the regions closer to the war in Ukraine, more dependent on fossil fuels and with energy-intensive industries, face bigger barriers to private-sector investment and have less capacity to innovate. The EIB report also points out that there is a difference in the type of innovation investments between different regions. Less developed regions tend to focus on innovation investments with a strong infrastructure component, as opposed to a stronger focus on services in transition regions, while there is a strong focus on industry and manufacturing in more developed regions. This finding indicates that the most developed regions are better placed to develop strategic technologies for the twin transition, which might further deepen territorial disparities. The publication of the report in June 2023 was followed by a [strategic discussion](#) on 18 September 2023 on the role of cohesion policy in equipping less developed and transition regions for the twin transition.

Consultation with stakeholders

The [#CohesionAlliance](#) – a coalition of 140 regions, 137 cities and counties, 50 associations of regional and local governments, and around 40 MEPs who believe that EU cohesion policy must continue to be a pillar of the EU's future – has launched a [call](#) addressed to local and regional authorities to collect their feedback on the future role and design of cohesion policy in order to make the policy stronger, simpler, more effective and result-oriented in the future. During the [conference](#) on 'Cohesion, our fundamental value for the future of Europe: regions and cities for a strong recovery and just transition', held in Sibiu in June 2023, local and regional leaders called on the EU to increase its financial support to regions with a strong **automotive industry**. It was underlined that these regions are among the most affected by the transition towards a **'net-zero emissions' economy** and that it is important to develop a European strategy that ensures the transition is not only environmentally but also **socially sustainable**.

The Conference of Peripheral Maritime Regions ([CPMR](#)), which brings together 160 regions in 24 EU Member States and beyond, representing 200 million people, is publishing a [series of reflection papers](#) to lead the debate on the post-2027 MFF and cohesion policy. The February 2023 [reflection paper](#) analyses the relationship between the European Semester and cohesion policy. The paper, titled 'Cohesion Policy and the European Semester: a love (or hate) story?', argues that the way the European Semester framework has been adapted for the RRF could be duplicated for cohesion policy, which might see the inclusion of features that characterise the RRF, such as enhancing structural reforms and its performance-based nature. If cohesion policy took up this reform approach, the interlinkages between the policy and the European Semester would be strengthened.

The paper notes that one of the main weaknesses of the European Semester is the lack of regional authorities' involvement, and warns that the non-consideration of regions under the European Semester is a bottleneck for investment. The paper refers to voices calling for a switch to a **fully performance-based** approach to bring about the much anticipated **simplification** under cohesion policy. Introducing a degree of results conditionality to the disbursement of cohesion funds would, logically, have to be based on the achievement of certain objectives and reforms.

An earlier CPMR [reflection paper](#) titled 'The break-up of EU cohesion and structural policy' addresses the negative effects of the centrifugal trend affecting EU cohesion and structural policy, and the issue of **fragmentation** of the funds, in particular. For example, the rural development fund (EAFRD) is no longer governed by the CPR, having been incorporated into the CAP legislation, yet it clearly remains a structural fund, and the ESF+ is more geared towards serving the priorities of the European Pillar of Social Rights and the European Semester, though it remains under the cohesion policy legislation. Several funds previously outside the remit of cohesion policy have now been added to the ESF+, such as the Fund for European Aid to the most Deprived (FEAD), the Youth Employment Initiative (YEI) and the European Programme for Employment and Social Innovation (EaSI), thus enlarging its scope, or have been directly attached to the CPR (e.g. the Asylum Migration and Integration Fund – AMIF, the Internal Security Fund – ISF, and the Border Management and Visa Instrument – BMVI). The creation of NextGenerationEU and the establishment of the JTF make the funding architecture even more complex. This piecemeal approach has far-reaching implications in terms of additional red tape for managing authorities, overlaps and duplications between the funds. According to the authors of the paper, this trend could be reversed through the creation of a **single territorial fund** by merging all the structural funds.

Contributions from academia

The [working paper](#) of the Commission's Joint Research Centre titled 'Missions and Cohesion Policy: Living separate or dancing together?' explores avenues for cross-fertilisation between the **mission-oriented approach** and cohesion policy. The first one refers to the five EU missions launched in 2021, as part of the Horizon Europe programme, namely adaptation to climate change, beating cancer, restoring our oceans and waters, 100 climate-neutral and smart cities, and a soil deal for Europe. The paper argues in favour of mutual policy learning between the two to address some of their respective shortcomings: cohesion policy is facing a gradual erosion of its identity, whereas the mission-oriented approach needs a stronger territorial perspective. The mission-oriented approach could offer a blueprint for reorganising cohesion policy priorities around a few missions, linking more explicitly its objectives to major societal challenges.

The February 2023 [discussion paper](#) 'Addressing Cohesion Policy's identity crisis in a changing European Union' by Alison Hunter, senior adviser to the European Policy Centre, sets out a bolder direction for cohesion policy's value and positioning in the MFF. The paper argues that cohesion policy requires **reinvention**, not an incremental upgrade. Four overarching themes are analysed, reframing cohesion policy within a strategic, long-term investment perspective: (1) EU resilience, (2) security, (3) strategic autonomy, and (4) reforms. The author proposes five detailed recommendations which weave together these themes with the policy's long-standing core features. First, she calls on EU decision-makers to acknowledge the need to review the purpose of cohesion policy. Second, she requests relevant stakeholders to revitalise cohesion policy's long-term value by defending its pillars, namely that the EU should re-confirm cohesion policy's role as a structural policy. Third, she advocates positioning cohesion policy as the 'guardian' of EU place-based policymaking and argues that the policy should champion the '**future-proofing**' of regional resilience. Fourth, she demands the articulation of cohesion policy's role in the evolving EU governance and reform agenda, and suggests that the EU should reach beyond the RRF to reclaim cohesion policy's role in structural reform. Fifth, she recommends improving cohesion policy's convening power to catalyse deeper EU innovation cooperation and notes that the future cohesion

policy must deliver a more coordinated approach to the EU's innovation agenda. The paper concludes that the future cohesion policy should evolve in lockstep with citizens' needs.

Wolfgang Petzold identified possible topics for the reform debate in his May 2023 [paper](#) on 'Cohesion policy post 2027' – a contribution to the Yearbook of Federalism 2023, published by the European Centre for Research on Federalism at Eberhard Karls University, Tübingen – and ranked them according to their relevance to the MFF negotiations. He regards the relevance of **conceptual questions** – such as flexibility vs. long-term orientation, links to EU medium- and long-term policy objectives (e.g. the European Green Deal), or cohesion as an EU value – to the MFF as relatively low. The same can be said about EU enlargement, namely the coordination with programmes for EU candidate countries. **Trends in regional development**, such as regional aspects of the demographic situation, regions in the development trap, the situation of industrial regions and those with geographical specificities (outermost regions, low population regions, islands, mountain regions), are of medium relevance to the MFF, the paper notes. The same is true for **governance issues**, such as the future rules for conditionalities, the reference to the European Semester, payments due to expenditure incurred or after achieving objectives and reforms, further simplification of the management of the funds, modes of management (shared vs. central, national vs. regional programme management), the role of territorial instruments (Interreg, EUI and sustainable urban development, and local development initiatives), the problems of absorption, control arrangements and the fight against fraud, and capacity building for national/regional administrations.

All these topics have high relevance for the MFF, but the most relevant to the negotiations, according to the paper, are: cohesion policy's **coherence** with other funding programmes, namely coordination between existing funds and other funds and programmes such as the EAFRD, the JTF, the Solidarity Fund, the Research Framework Programme, and the role of the '**do no harm to cohesion**' principle for other EU policies, for example through **territorial impact assessments**; and the debate on indicators for the allocation of funds, especially concerning **indicators beyond GDP**.

The results of the November 2022 [Bertelsmann Foundation study](#) on 'The Future of EU Cohesion: Effects of the **Twin Transition** on Disparities across European Regions' suggest that difficult times lie ahead for regional economic cohesion in the EU, because there is an underlying trend towards economic **divergence** across the EU. As the digital and green transitions are likely to amplify these diverging growth patterns in Europe, reducing existing regional disparities will become even more difficult in the years ahead. Overall, the results of the analysis provide a strong pointer towards a more differentiated and targeted approach to cohesion policy, switching from using income-related criteria to determine the level of support towards criteria that consider regions' characteristics and future growth potential, notably how they might fare in the ongoing twin transition.

EoRPA, a regional policy research consortium funded by national government departments across Europe, set out in its October 2021 [report](#) on 'Recovery and Cohesion: Ambitious Objectives, Challenging Implementation' several potential post-2027 reform directions with respect to the financing, objectives, governance and implementation arrangements of cohesion policy. These range from the **current (status quo) model** to a **more devolved (or re-nationalised) cohesion policy model**, with a limited role for the EU. Between these extremes are two plausible models, which are not necessarily incompatible: a **territorial cohesion model**, which emphasises the distinct place-based rationale of cohesion policy, and a **national cohesion and reform model**, drawing on features of the RRF.

Key issues emerging in the debate

A number of major issues have clearly emerged from the debates so far. As regards the objectives of any future cohesion policy, there is broad support for making the policy more **impactful** and more **effective** in terms of long-term development at the regional level, **promoting territorial balance**. One of the key findings of the [Regional Competitiveness Index](#), published earlier this year by the Commission, is that the most successful countries have the smallest territorial imbalances. On the

other hand, regional **development traps** are becoming more pervasive, often outside traditional regions, and they often lead to less support for European integration, as evidenced by various papers. The duration of the trap is a key factor influencing the **geography of discontent**. Addressing growing discontent and anti-EU sentiment in places left behind requires more effective policies, especially improving the quality of governance, increasing innovation, and boosting education and training. There is also consensus among stakeholders for making the policy more **user-friendly**, so that local groups are not hindered in accessing cohesion support. In addition, all relevant actors are keen to make the policy more **visible** and better communicated to citizens.

Cohesion policy is expected to change fundamentally in the coming years. However, there are certain key principles that should be kept, according to the vast majority of stakeholders. In her [speech](#) of 20 April 2023 at the conference on 'The future of EU regional policy', Commissioner Ferreira identified three such principles which cannot change. First, **multi-level governance** with regions and close cooperation between different levels of governance are key to the policy's success. Second, the **place-based approach**, which recognises that the specific development needs of territories require specific responses, should also remain untouched. Third, the **partnership principle**, which aims to include all the relevant stakeholders in the design and implementation of the programmes, is widely recognised as a major success factor.

Outlook

The debate on the future of cohesion after 2027 is already alive and kicking. This creates a unique opportunity for regional and local stakeholders to influence the national positions and that of the European institutions at an early stage, well before the commencement of the actual legislative process. As regards the timetable for the reform, it is possible to identify important future **milestones** in the process. This year will see the continuation of the work of the Commission's expert group, and the CoR will adopt its opinion on the future of cohesion in November, which will make it the first EU institution with an official position. The negotiations on the mid-term review of the 2021-2027 MFF will also have an indirect impact on the reform of cohesion policy.

In early 2024, the Commission's group of specialists will put forward their strategic conclusions and related recommendations, which will feed into the **9th Cohesion Report** to be published in spring 2024, presenting the Commission's substantive reform options for the future design of cohesion policy; these reform options will undergo impact assessments in early 2025. Not completely unrelated is the publication of the **Commission's report on the implementation of the RRF**, which is expected in February 2024, while the preparation of the MFF will take shape in parallel. Needless to say, the European elections to be held between 6-9 June 2024, followed by the re-constitution of the European Parliament, the mandate of the new President of the European Council and appointment of the next European Commission towards the end of 2024 will significantly shape the reform process.

Box 1 – Timeline of the reform process

2023

- November: adoption of CoR opinion on the future of cohesion policy

2024

- February: publication of Commission's report on the implementation of the RRF
- Q1: publication of Commission's expert group's conclusions and recommendations
- Q1: publication of the 9th Cohesion Report
- 6-9 June: European elections

2025

- Initiation of the legislative process for post-2027 cohesion policy
- March: Member States' assessments of 2021-2027 cohesion policy programmes in the context of the mid-term review

2026

- Council's Working Party on Structural Measures and Outermost Regions
- By end of year: conclusion of mid-term review of cohesion policy 2021-2027

2027

- Publication of the 10th Cohesion Report
- By end of year: all regulations for post-2027 cohesion policy and the new MFF should be adopted.

In the context of the **mid-term review of 2021-27 cohesion policy**, Member States will assess the outcomes of their programmes by March 2025. It can be safely assumed, also based on the pace of the previous legislative reforms, that the legislative process to establish the rules for cohesion policy post-2027 will be initiated about 2 years before the end of the funding period, in the first half of 2025. This is when the real debate begins within and between the EU institutions on the **new sectoral regulations and the new MFF**. The discussions will likely be controversial, and it can be expected that the Parliament and Member States will position themselves at an early stage concerning fundamental issues, such as the volume and structure of the EU budget, the composition of own resources and the **possible continuation of the RRF beyond 2026**.

In 2026, the Council's Working Party on Structural Measures and Outermost Regions (SMOR) will continue discussing the Commission's proposals with a view to agreeing on a preliminary position on thematic blocks, and Parliament will adopt its first negotiation boxes. Meanwhile, the mid-term review of cohesion policy 2021-2027 will be concluded by December 2026. Although interventions concerning the future design of cohesion policy are still feasible afterwards, they would be much less influential as negotiations between the co-legislators progress. All regulations governing the **spending rules for the post-2027 funding period**, and the new MFF providing the corresponding amounts, must be in place by the summer of 2027 to allow Member States to complete their preparations and programming, and to actually start implementation of the new structural fund programmes on time. Therefore, it is unlikely that the 10th cohesion report, which is to be published in 2027, will have any significant impact on the tripartite negotiations (trilogues) between Parliament, the Council and the Commission on the structural fund regulations.

MAIN REFERENCES

- Committee of the Regions draft opinion, [The future of cohesion policy post-2027](#), September 2023.
- European Commission, [EU Regional Competitiveness Index 2.0](#), revised May 2023.
- European Commission, [Eighth Report on Economic, Social and Territorial Cohesion](#), February 2022.
- European Commission, [The geography of EU discontent and the regional development trap](#), June 2023.
- Hunter A., [Addressing Cohesion Policy's identity crisis in a changing European Union](#), EPC discussion paper, February 2023.
- Lleal Fontàs E., [Cohesion Policy and the European Semester: a love \(or hate\) story?](#), CPMR reflection paper, February 2023.
- Petzold W., [Cohesion policy post 2027](#), in Die EU-Kohäsionspolitik und die Regionen: Nach der Reform ist vor der Reform, Jahrbuch des Föderalismus 2023, Europäisches Zentrum für Föderalismusforschung, pp. 437-453, Nomos (forthcoming).
- Széchy B., [Cohesion in the EU towards 2050: 8th Cohesion Report and stakeholder views](#), EPRS, European Parliament, November 2022.

DISCLAIMER AND COPYRIGHT

This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

Reproduction and translation for non-commercial purposes are authorised, provided the source is acknowledged and the European Parliament is given prior notice and sent a copy.

© European Union, 2023.

Photo credits: © izzuan / Adobe Stock.

eprs@ep.europa.eu (contact)

www.eprs.ep.parl.union.eu (intranet)

www.europarl.europa.eu/thinktank (internet)

<http://epthinktank.eu> (blog)