

Future of EU Cohesion Policy Post-2027

Placing Local and Regional Public Services at the Core of Economic, Social, and Territorial Cohesion

CEMR Position Paper
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Forewords by CEMR Spokesperson



Bernadette Geieregger
Mayor of Kaltenleutgeben
(AAM)

“ **Cohesion Policy is a cornerstone of the European Union.** As are local and regional governments and the public services we provide. The high quality of affordable public services make Europe unique in the world. But we see that public entities are more and more financially restrained to maintain existing infrastructure and to invest in new services. EU Cohesion Policy must therefore dedicate a relevant share of its financial volume to **preserve and further develop public services for all.** Functioning public services are a win-win for citizens, the economy and the environment, they do not have a territorial stamp as they are equally important in rural and urban areas and they cannot be outsourced, thus guaranteeing local employment. ”

❖ Context

While the Cohesion Policy funds for the period 2021-2027 are just starting to be implemented, the **European Commission has already launched the reflection on the Future of Cohesion Policy post-2027.** On the initiative of Commissioner Ferreira, the Commission established a high-level specialists' group on the future of Cohesion Policy, with members from various backgrounds, including academics, former MEPs, CoR members, and national officials in charge of managing Cohesion funds.

The [Council of European Municipalities and Regions](#) (CEMR) welcomes the Commission's launch of this reflection process as an opportunity to reaffirm the **added value of Cohesion Policy**, the fundamental importance of the **Partnership Principle as a core value**, and the role of local and regional governments as both key stakeholders and beneficiaries of EU Cohesion Policy.

Most importantly, at a time of multiple crises, European citizens have witnessed that **local and regional governments are always at the forefront** of the social, economic, and territorial response. They are first in line to implement emergency solutions (COVID crisis), tackle the climate emergency, welcome refugees, and provide solutions to citizens and SMEs most affected by inflation. At the same time, local and regional governments are also facing a "scissor effect" of increased expenses and reduced incomes. This translates into a difficulty to invest in the longer-term sustainable development of their territories.

Cohesion Policy can be a key driver for local and regional public investment, not only in urban areas but also in rural and remote territories suffering from market failure. Cohesion Policy helps to **ensure access to essential public services and to equal opportunities wherever you live.**

If the EU wants to deliver real improvements for citizens it should put local and regional public services and investments, back at the heart of its future Cohesion Policy post 2027.

❖ CEMR key messages

- **Reaffirm core principles:** the Cohesion Principle is in the DNA of European projects; this should be reflected with an ambitious budgetary allocation of at least one-third of the EU's budget. Cohesion Principles such as Partnership, multi-level governance, integrated and place-based development should be strengthened and embedded into other EU policies. It is and should remain a long-term policy.
- **Strengthen the Partnership Principle:** The Code of Conduct on the Partnership Principle should be revised to strengthen its implementation and broaden its scope to other EU policies, in particular the EU Semester. This would allow investments and reforms priorities to be decided together with local and regional governments, and therefore answer the real needs of European territories.
- **Learn lessons from ongoing and past programming periods:** multiple changes in regulations over the previous (2014-2020) and ongoing (2021-2027) periods, as well as the creation of new funds, create additional administrative burdens and should be avoided. When there is no mandatory requirement to involve stakeholders in decision-making, it simply does not happen.
- **Template for Cohesion Policy 2028-2034:** a simpler framework with fewer different initiatives and funds, greater local flexibility, and a single set of rules for beneficiaries. A policy that strengthens local and regional public services and investments through a mandatory thematic concentration and earmark dedicated to local and regional governments. Place-based and integrated territorial development as the key delivery method.

❖ Reaffirming core principles

Cohesion Policy has been successful so far because of key essential principles that should be maintained and strengthened in the next programming period.

1. Cohesion Policy is the DNA of the European project, it is about solidarity between European territories and the promotion of convergence between its regions. The budget allocated to this policy should reflect the EU's ambition to support all its territories and inhabitants, wherever they live, and **should not be lower than one-third of the EU's total budget**. Even more so, if Cohesion Policy remains the first lever to address new political priorities and emerging crises, it should then be the first item of expenditure of the European Union.

2. When implemented together with local and regional governments, Cohesion Policy is the **most obvious example of the European Union's added value** for citizens and inhabitants. It is a powerful way to reverse Euroscepticism and the geography of discontent.
3. Cohesion Policy **is and should remain a long-term policy** that supports structural investments, with sufficient predictability for beneficiaries. Local and regional decision-makers must be able to design their territorial development policy on **predictable and secured Cohesion Policy investments**.
4. While **flexibility** should allow Managing Authorities to redirect funds in case of critical emergencies (e.g., industrial, or natural disaster, health crisis, etc.) and significant changes in policy priorities, this **should always be done in full respect for the Partnership Principle** and therefore in agreement with Cohesion Policy stakeholders.
5. **CEMR proposes the creation of a fund dedicated to emergency and crisis**. It could be partly funded by any other unspent funds. After the seven years or mid-term, unspent provisions could be transferred for the purpose of Cohesion Policy.
6. Cohesion Policy should be reaffirmed as a core pillar of the EU by the next Commission President and become an essential part of annual State of the EU report. The Commissioner in charge of Cohesion **Policy should also oversee territorial development in its broader dimension** (urban-rural continuum), **and local and regional public investments**. This Commissioner should have the strategic role of a Vice-President in the Commission and ensure no other EU policies contradict the objectives of EU Cohesion Policy.
7. In line with the “do no harm to Cohesion Policy” principle, **Territorial Impact Assessments** should be systematically carried out with any new regulation proposal, assessing the impact and relations between the **proposed regulation/directive on local and regional governments’ competences, capacities**, and potential impact on the local and regional administration.
8. **Place-based policy and multi-level governance** should be core principles of EU policymaking in general and Cohesion Policy in particular.
9. Cohesion Policy should remain focused on its objectives as enshrined in the Treaty on Functioning of the EU, article 174-176, providing specific attention to rural areas, areas affected by industrial transition, **regions which suffer from severe and permanent natural or demographic handicaps**, and island, cross-border, and mountain regions.

❖ Strengthening Partnership Principle

10. Partnership Principle ensures Cohesion Policy investments are fit for purpose and maximised. It is essential to involve stakeholders, and particularly the representatives of local and regional governments, who are best placed to understand the challenges and assets of their territory and the needs of the citizens.

11. This is the reason why the Partnership Principle should be strengthened within Cohesion Policy by **imposing transparency in decision-making** with specific requirements such as:

- a. Publication of the list of members of Monitoring Committees and selection criteria in the national Official Journal.
- b. Ensure the obligation to respond to comments and suggestions sent by stakeholders identified in the Code of Conduct at all stages: during the elaboration of the Partnership Agreement, programming, implementation, and monitoring stages.
- c. Ensure the obligation to use **50% of the Technical Assistance allocation for strengthening the capacities of beneficiaries and stakeholders** identified in the Code of Conduct.
- d. Conduct of a needs assessment with local and regional governments prior to drafting the Partnership Agreement

Non-respect of these requirements should be a sufficient motivation for the Commission's rejection of the Partnership Agreement.

12. This could be done through a **timely revision of the delegated act on the European Code of Conduct on Partnership**. It is essential that the Code of Conduct be fully in place when Member States and Managing Authority will start the programming cycle. In other words, the Commission should not encourage Member States to start programming if the framework for Partnership Principle is not fully in place.

13. Investment and reform priorities should be decided together with the local and regional governments, given that they are most concerned by the investments in their territories and the impact of reforms on local and regional administration. Therefore, CEMR calls on a revision of the European Code of Conduct on Partnership that will broaden the **scope of Partnership Principle, to all EU policies having impact at the local level.**

14. The **European Semester** is a very clear example of a centralised process where the Commission's Country Specific Recommendations have a clear influence on the Cohesion Policy investment priorities in the Member States. Beyond Cohesion Policy, European Semester can induce reforms directly impacting local administration and budgets. It is therefore essential that the European Semester be compliant with the Partnership Principle and set up national consultations of local and regional governments **before the validation of Country Specific Recommendations.**

❖ Lessons learned from ongoing and past programming periods

15. Lessons learned from the 2014-2020 period, and the reactions to the COVID crisis and the war in Ukraine showed that **more flexibility in implementation, reporting and monitoring was possible** in implementing Cohesion Policy. The Recovery and Resilience Facility showed it was possible to unlock massive levels of investments for green and digital transitions; smart, sustainable, and inclusive growth; social and territorial cohesion; health, social and institutional resilience and education and skills. **All objectives that can also be pursued through Cohesion Policy.**
16. However, the speed imposed by the RRF, and the multiplication of changes in the rules of Cohesion Policy – while relevant in a crisis situation – proved to create an **additional administrative burden for Managing Authorities** and beneficiaries who had to constantly adapt their process to benefit from CRII/CRII+; REACT; CARE/FAST CARE; and STEP; it forced them to make difficult choices in prioritisation; and to put in place processes to prevent the risk of double funding. If funds had been channelled directly through Cohesion Policy, it could have avoided this unnecessary complexification.
17. Using Cohesion Policy as a mean to finance changing political priorities (most recently with the Strategic Technologies for Europe Platform – STEP, allowing large enterprises to benefit from Cohesion Policy), is, in fact, counterproductive to the rapid and efficient spending on Cohesion Policy funds, and **current delays in the start of 2021-2027** programming period are in most part due to urge in spending RRF and REACT EU before starting the implementation of the new period.
18. CEMR strongly advise **against the creation of ad hoc funds and new instruments during a programming period**. Instead, existing Cohesion Policy funds and rules should be exploited, for instance by extending the eligibility scope of activities rather than creating a new fund. It should have been possible to integrate the objectives of the Social Climate Fund, within the existing Cohesion Policy funds (European Social Fund Plus in particular) rather than creating a new funds based on centralised management arrangements (National Social Climate Plans).
19. While the programming of the Recovery and Resilience Facility seemed more efficient and faster than the programming of EU funds, it is too early to assess its real efficiency in delivering on its objectives. It must be recognised that the RRF was not submitted to the Partnership Principle, and therefore [as demonstrated by the CoR-CEMR survey](#)¹, most **Member States did not involve representatives of local and regional governments** in preparing the national Recovery and Resilience Plans. In addition, since the scope of RRF is similar to the Cohesion Policy funds (including social, economic and territorial cohesion, green and digital transition), several Member States used the RRF to

¹ <https://cor.europa.eu/en/engage/brochures/Documents/RRF-consultation-2022.pdf>

fund projects that were initially foreseen for Cohesion Policy, given the time pressure for faster implementation of the RRF. This contributed to an additional delay at the start of the programming and implementation of the Cohesion Policy funds for 2021-2027.

- 20.** Several simplification measures have already been introduced in the programming 2021-2027, but Managing Authorities and beneficiaries **still report unnecessary administrative burdens**². This is only aggravated by regularly changing regulations. This could discourage municipalities and regions with fewer capacities – hence with the most potential to benefit from Cohesion Fund – from applying for Cohesion Policy funded programmes. Beneficiaries demand harmonisation of rules and processes among the different funds – simplification is needed at both EU and national levels.
- 21.** While the **Policy Objective 5 “Europe closer to citizens”**³ was introduced in the new period 2021-2027, CEMR research⁴ shows that **since no mandatory thematic concentration was associated** with this Policy Objective, its uptake has been quite low despite the possibility to apply this PO in a cross-cutting way. Member States on average are only planning to use 5% of their allocations to PO5 and three Member States decided not to use it at all.

❖ What Cohesion Policy 2028-2034 should look like

- 22.** A policy that **benefits all types of European territory** (developed, transition and less developed) through a place-based approach allowing to address the specific challenges of each territory: urban areas, peripheries, remote and rural areas, etc.
- 23.** Simplify Cohesion Policy with **fewer different funds and a single set of rules for beneficiaries**. A subnational government should be able to receive support from Cohesion Policy to finance truly integrated territorial development projects through the **combination of different funds** without the complexity of navigating different sets of rules.
- 24.** A single set of rules for beneficiaries could also bring the possibility for a **more flexible policy**, allowing to easily shift funds to different priorities if the need arises, without the additional administrative burden for Managing Authorities to adopt new rules and processes.

² It should be noted that other requirements, beyond Cohesion Policy’s own regulation, are creating additional administrative burden. For instance, obligations related to “Do No Significant Harm” should not be imposed on individual projects but assessed at the overall programming level so as to alleviate burden on local beneficiaries.

³ In 2021-2027 cohesion policy the new cross-cutting Objective 5 ‘A Europe closer to citizens by supporting locally led development strategies and sustainable urban development across the EU’ can be used to support integrated investment strategies targeting relevant territorial scale (e.g., cities, rural areas, metropolitan areas, and functional areas) where people work, live and commute daily.

⁴ [Overview of Cohesion Policy funds 2021-2027, CEMR June 2023](#)

- 25.** Given the close connection between the **European Agricultural Fund for Rural Development (EAFRD)** and the existing Cohesion Policy funds, were the EAFRD to remain under the Common Agricultural Policy, it should be designed in a way that matches the rules of the other Cohesion Policy funds, allowing multi-funded projects for rural development.
- 26. A mandatory thematic concentration should impose that a minimum of 40% of Cohesion Policy funds benefit local and regional public services and investments.** The introduction of the possibility for large enterprises to benefit from the Cohesion Policy Funds poses important risks. This could lead to a situation where companies with more human and financial resources would be competing with local and regional governments with fewer capacities. It is important to **secure funds that will benefit most directly citizens and inhabitants** through the government level closest to them.
- 27. Ensures that at least 60% of beneficiaries of Cohesion Policy funding are local and regional governments.** This would require more transparency in how Cohesion Policy is implemented, and the list of beneficiaries of Cohesion Policy in each Member States and region should be made publicly available through the Cohesion Open Data Platform. In addition, the list of the top 100 beneficiaries of Cohesion Policy in each Member State should also be published on the Cohesion Open Data Platform.
- 28.** When this is not the case, Member States should consider and explore options for **entrusting the role of Managing Authorities to local or regional governments.** Experience shows that they are better placed to design programmes fit for the specificities of their territories⁵. In addition, local and regional governments covered by Integrated Sustainable Investments (ITI) and Community-Led Local Development (CLLD) should be entrusted with the selection of local projects funded through these mechanisms.
- 29.** Future Cohesion Policy could use both approaches of results-based financing when relevant, and traditional cost-based financing when results are difficult to demonstrate (e.g., innovations or social dimensions that can only be measured in a longer time frame). **Managing Authorities should be able to decide which type of funding** they prefer to use for the different programmes and types of projects.
- 30.** Increased flexibility also means the possibility to align the timeframe of projects with the mid and longer-term time frame of local and regional governments' political mandates. In this respect, we recommend that the **N+2 rule does not apply to projects**

⁵ [See CEMR overview of Cohesion Policy implementation](#) to understand who the Managing Authorities in each Member States are.

implemented by local and regional governments, but a longer time be allocated to conduct these projects.

31. Use of Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD) should be further encouraged with a dedicated earmarked funding and increased EU co-financing for projects using ITI, CLLD. In order to use another territorial tool designed by Member States with the same co-financing as ITI-CLLD, such an alternative national tool or mechanism should be assessed by the Commission. It should **demonstrate that local stakeholders play a key role and have ownership** in the implementation of these tools.

32. A place-based policy that takes into consideration the specific challenges of different territories and regions in Europe, including the impact of global and geopolitical events such as the increased vulnerability of east-European local and regional governments because of the Russian war on Ukraine.

33. Co-financing rate should be calculated at NUTS 3 level to better reflect these specific territorial challenges which are overlooked when assessing development at NUTS 2 level.

34. Further encourage exchanges and cooperation between European territories and regions – including non-EU – through a revamped Interreg programme. This should include support for cooperation and technical exchange programmes that aim at strengthening the **capacities of local and regional governments' administrations and elected officials.**

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Contact

Marine Gaudron

Adviser - Economic, Social and Territorial Cohesion

Local Finances

Tel. + 32 2 213 86 93

marine.gaudron@ccre-cemr.org

About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest association of local and regional governments in Europe. Its members are 60 national associations of municipalities and regions from 40 European countries. Together these associations represent some 115,000 local and regional governments.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional elected representatives, and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.