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Resolution of the European Committee of the Regions on a renewed cohesion policy post 2027 that leaves no one behind. Responses of the CoR on the Report of the High-Level Group on the future of cohesion policy and on the 9th Cohesion report

(C/2024/3661)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR),

HAVING REGARD TO:

- the Report of the Group of high-level specialists on the future of cohesion policy (hereafter HLG report);
- the *Ninth report on economic, social and territorial cohesion* (hereafter 9th Cohesion report);
- its opinion of 29 November 2023 on *The future of Cohesion policy post 2027*;
- the upcoming debate on a strategic agenda of the European Union;

1. welcomes the **HLG report and the 9th Cohesion report** as robust contribution to the debate on the future of cohesion policy;

2. recalls that 'economic, social and territorial cohesion' is a **fundamental objective of the EU** proclaimed in Article 3 of the Treaty on European Union (TEU) and that Article 174 of the Treaty on the Functioning of European Union (TFEU) translates this objective by providing for place-based policies reducing disparities between various European regions in the spirit of subsidiarity and solidarity;

3. highlights the outstanding added value of cohesion policy in contributing to this objective by supporting strategic investments and fostering convergence between regions, including the outermost regions defined in Article 349 TFEU and, rural areas and other areas defined in Article 174 TFEU (1);

4. calls for cohesion policy post-2027 to include a regional orientation at EU level and a specific allocation of funds for regions with territories referred to in Article 174, and for the aid intensity to reach a minimum threshold in association agreements. Possibly this should also include other EU budget policies with a territorial dimension, including any successor to Next Generation EU;

5. considers that a comprehensive budgetary response to the demographic challenge is needed, with additional funding, in a cross-cutting manner across all relevant Union programmes and policies, in particular in all the Structural Funds, in order to better address the social, economic and territorial gap suffered by the European regions affected by depopulation. Encourages the study of the possibility of using territorial classifications more adapted to the problem of depopulation existing in each of the territories, be it NUTS level 3 or, below it, local administrative units in some cases adjacent to them;

6. underlines that this success is based on the **core principles that have underpinned cohesion policy** since its inception: the shared-management model on a sub-national level together with the principles of additionality, solidarity among Union territories, of partnership and multi-level governance, and its support to place-based solutions;

7. insists that cohesion policy is paramount to ensure the sustainability of the European Single Market, to translate the European Union's competitiveness agenda in all European territories, to overcome national barriers hampering the Single Market and to mitigate unintended territorial consequences of its development;

(1) Art 174 TFEU states that particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.

8. is convinced that a reformed cohesion policy post 2027 must remain the main EU investment tool and must build on these core principles while **addressing new disparities and aggravated existing structural vulnerabilities** and differences captured by the findings of the 9th Cohesion report and the HLG report. It should also contribute to meet the investment needs estimated by the European Commission at EUR 650 billion in public and private investments per year over the next decade to achieve the EU's commitments for the green and digital transitions;

9. considers necessary to simplify the management and control of cohesion policy funds and to this end proposes that the administrative burdens be identified by the Commission and the Member States, taking into account the characteristics and differential aspects and objectives of the regions when defining aid. It stresses the particularities of the outermost regions and territories with natural handicaps and/or demographic challenges and asks that exceptions be considered to certain obligations which, in most cases, can only be effectively assumed by beneficiaries with larger budgets, equipment and population;

10. considers it important to ensure at all times that the administrative capacity of the Member States and their regions in the management of European funds is adequately strengthened through the existence of a specialised ecosystem of European fund managers in the field;

11. underlines the key role of cohesion policy to support communities and regions in **developing local solutions for the green, digital and demographic transitions** that are much needed to overcome the 'geography of discontent' and keep faith in the European Union by taking into account the Sustainable Development Goals (SDGs) and the need to tackle the demographic challenges, to combat depopulation in rural areas and to ensure a just transition for all regions;

12. shares the findings of the HLG report to **add an anticipatory and transformative dimension to cohesion policy** to support **regional transformation and just transition strategies** via **place-based industrial and energy policy and place-based innovation** in order to strengthen the resilience and the competitiveness of the EU as a whole as well as its strategic autonomy, taking into account the specificity and extreme vulnerability of the outermost regions;

13. recalls the need for a predictable and stable framework for Cohesion Policy whilst providing increased flexibility for sub-national authorities;

14. highlights in this context the need to build on the experiences of interregional innovative investments (I3) with the **Partnerships for Regional innovation** as a bridge between smart specialisation strategies and other EU policies to promote innovation-driven territorial transformation while fostering territorial cohesion and addressing the development trap of some European regions; emphasises the need to continue helping less innovative regions participate in global value chains as well as the capacity to participate in partnerships with other regions;

15. recalls that under Article 3 TEU, **cohesion policy and the internal market** constitute the basis of the EU's social market economy and ensure that all regions can seize the opportunities raised by the internal market;

16. calls for **cohesion policy to remain a fundamental pillar of the EU sustainable growth model** and the core long-term, decentralised investment policy for all regions within the post-2027 Multiannual Financial Framework; highlights that for many regions cohesion policy has become the main source of public investment;

17. welcomes the introduction of a 'golden co-financing rule' in the 2024 reformed economic governance framework, whereby the co-financing of EU funds is excluded from the calculations of net expenditure;

18. reiterates its previous position, that a **comprehensive reform of cohesion policy** is needed in view notably of speeding up the financial execution of the policy without putting into question the core principles of cohesion policy mentioned above;

19. adds that in order to ensure the application of the **'do no harm to cohesion' principle**, other EU policies and national policies should contribute to the objective of reducing economic, social and territorial inequalities within the EU and therefore, these other EU policies and national policies need to be reformed, guaranteeing coherence and complementarity between the different EU policies;

20. notes, in particular, that foreseeable upcoming enlargement of the European Union will require new and substantial resources, which must be obtained through different means, without, under any circumstances, resulting in a reduction of per capita available resources for cohesion one of the two pillars, alongside the common market itself, of the European Union;

21. strongly warns against any temptation in the name of efficiency to design future EU policies and programmes **pretending to promote cohesion with a centralised and 'one size fits all' approach**; such a centralised approach would not only prove ineffective to address the specific territorial needs and the goal to reduce regional disparities, including infra-regional disparities. It would also lack the necessary ownership for delivering long-term investment in every region and could even lead to funding allocations informed by political reasoning rather than regional challenges. The regional management of the cohesion policy is therefore essential; in this regard, stresses that several studies and the special European Court of Auditors report 26/2023 have shown the limits of the performance-based delivery model; calls therefore on the Commission to draw lessons from such limits for the post 2027 period and invites the Commission to take due consideration of the recommendations of the High level group report on that matter; draws also attention to the fact that the Recovery and Resilience Facility, as an emergency instrument, is of a much less redistributive nature than cohesion policy;

22. advocates that the future cohesion policy should operate under the aegis of a **single strategic framework in order to avoid** the fragmentation of funds and financial rules; insists that it should cover the Social Climate Fund, rural development funding and other EU relevant instruments; this 'European partnership pact' should build on previous initiatives, ensure coherence and directionality in the implementation of the policies, including through concrete targets, and should put local and regional authorities in the centre of the delivery;

23. points out that, since its inception, cohesion policy has **integrated a reform agenda** supporting sustainable investments on framework conditions for success; highlights that it was the first EU policy with a comprehensive performance framework; suggests that for the future these aspects of cohesion policy should be assessed against the background of lessons **learned from the RRF implementation** without putting into key question the core principles of the policy;

24. welcomes the proposal to make administrative procedures more streamlined, to reduce paperwork and adopt more efficient approaches to simplify processes and make them easier to use. It is considered essential that the implementation of the Structural Funds be more flexible in rural areas that are most severely affected by population decline, so as to allow them to be used together in a same project, to provide for the advance of funds and to be complementary to the Financial Instruments;

25. underlines that the RRF was designed as an emergency fund set up to address the crisis-related impact on national economies of the Member States whereas **cohesion policy is a strategic long-term investment policy** co-elaborated and implemented at sub-national level according to a specific delivery model based on core principles that need to be preserved and reinforced;

26. reaffirms that cohesion policy is the glue that keeps Europe together: stresses that **all European regions should remain eligible for cohesion policy funding** in the future and underlines that this also includes a reinforced European Territorial Cooperation (ETC);

27. emphasises the contribution of cohesion policy to the integration, economic development and capacity **building of new and candidate or potential candidate countries of the European Union** (including via ETC programmes); this role needs to be upheld in the future cohesion policy, with the vigorous involvement of LRAs;

28. underlines that reaping the benefits of a renewed cohesion policy requires a **strong political visibility and leadership for cohesion and an adequate administrative set-up in the next European Commission** as well as the reinforcement of capacities at Member State and sub-national levels, through *inter alia* sustainable investment in administrative capacity;

29. stresses that the 9th Cohesion Report underlines that rural, mountainous, island, and sparsely populated areas continue to face specific challenges that hinder economic growth and development, stemming from lower physical and digital connectivity or limited education and training opportunities. Emphasises that EU cohesion policy has played a pivotal role, particularly in rural areas, in reducing poverty and making progress in social inclusion and calls for further engagement in the next programming period;

30. welcomes the March 2024 Joint call of the **#CohesionAlliance** for 'a renewed cohesion policy post 2027 that leaves no one behind' and calls on everyone to sign the joint call;

31. looks forward to the **Council conclusions on the future of cohesion policy** and expects the Strategic Agenda 2024-29 to be adopted by the European Council to respond to the political recommendations of the HLG report;
32. instructs its President to forward this resolution to the European Commission, the European Parliament, the Belgian, Hungarian and Polish Presidencies of the Council of the EU and the President of the European Council.

Brussels, 18 April 2024.

The President
of the European Committee of the Regions
Vasco ALVES CORDEIRO
