

REGIONAL POLICY 2.0 EU REGIONS, CITIES AND RURAL AREAS IN THE EPP SPOTLIGHT



The EPP Group believes that cohesion policy investments across the EU have resulted in unparalleled positive impacts on regions, cities, islands, rural, border, remote areas and outermost regions. Directly or indirectly, every EU Member State has experienced the positive effects of financing through the EU budget; whereas the outcomes of the multitude of local projects confirm the indispensable role of regional and local investment through cohesion policy and highlight its role and visibility in the Multiannual Financial Framework (MFF). Cohesion policy's multi-priority long-term investment approach, combined with its shared management aspect, has contributed to the EU's priorities, namely support for Small and Medium-sized Enterprises (SMEs), research and innovation, digitalisation, rural development, better urban infrastructure, sustainable tourism, transport infrastructure, culture and education, healthcare, social policies, cross-border projects and cooperation, the energy transition, energy efficiency, the climate and the environment.

The EPP Group notes that evaluations carried out by the Member States on the outcomes of the 2014-2020 cohesion policy investments show that, in general, cohesion policy brought about positive results in the areas that it supported. **The EPP Group underscores that cohesion investments play a pivotal role in fostering innovation ecosystems and enhancing resilience in the face of both current and future crises, including those arising from geopolitical instability and climate-related challenges, thus contributing to the objective of Article 174 TFEU.**

Considering that in the absence of these investments GDP growth would have been lower, cohesion policy should continue

supporting all regions through grants. A strengthened and impactful cohesion policy is also equally important for less developed regions, islands, outermost regions, lagging regions and those regions that have fallen under the development trap in Western and Southern Member States. To this end, it is necessary to provide adequate resources and know-how to islands as well as to outermost regions of the European Union, to acquire better access to funding.

The EPP, as the Group of local and regional representatives, especially **emphasises cohesion policy's role in supporting European territorial cooperation (ETC) across borders - the policy's key objective with a distinct legal basis** - in areas such as research, development and innovation and the environment. The introduction of "Macroregional Strategies" as integrated frameworks for cross-border cooperation has accomplished great results. However, these must be further strengthened to become a constitutive element of the European project and develop their full potential. Further simplification of cross-border collaboration and interoperability of infrastructure and services must be ensured within their framework to allow for the easier movement of people, services, goods, and capital. The EPP Group supports the elimination of cross-border administrative obstacles by promoting and implementing solutions such as 'BridgeforEU,' as well as better access to public services in the border regions owing to better cross-border cooperation.

It is essential to underline the success story of Interreg, which should remain a separate instrument under cohesion policy with its current components preserved. It is key to ensure that 'Interreg' has stable financing

at least at the currently available levels and that future fund division criteria are transparent, objective and based on reliable data.

Future cohesion policy: stronger, better, faster

The EPP Group insists that the next generation of regional policy must remain strong and ambitious, **and the importance of maintaining a strong and adequately funded cohesion policy. It reaffirms that cohesion policy must remain a distinct and clearly identifiable pillar within the next MFF, with dedicated resources and governance, in order to successfully continue to address territorial disparities and support long-term investment in less developed regions.** The delivery model should be based on shared management, as well as exhibit a strong regional and local focus, place-based approach and strategic long-term planning, through territorialised targets and milestones where applicable. The EPP Group believes in decentralised programming and an implementation model based on the strong partnership principle with regional and local involvement in both decision-making and implementation, strengthened implementation of the European code of conduct, the involvement of economic and civil society actors, shared management and multi-level governance, which are key elements of this policy, and determine its effectiveness.

The EPP Group believes that funding for regions, cities and rural areas must be attributed by assessing the actual needs on the ground. Therefore, priorities and milestones must be aggregated in a bottom-up manner, instead of being a simple top-down exercise. Responding to regional and local needs must be at the core of policy-making in order to tackle local challenges and to generate a pro-European sentiment. As a result, local and regional authorities should keep their involvement in the design, programming and implementation of cohesion policy funds in order to ensure full respect of the subsidiarity principle and a bottom-up approach. In this regard, the Group believes that Commission initiatives such as the EU Covenant of Mayors, with its 12,000 cities, are instrumental in the process of designing and implementing the next generation of cohesion policy. However, in light of the targets set out in Article 174 TFEU, there

should be balanced representation of all types of territories in funding, and thus the Group calls for restricting the geographical scope of the policy as it rests upon a narrow and misleading understanding of its impact and benefits.

The EPP Group stresses that reforms of the performance methodology must not follow the RRF model to avoid rigidity of implementation, risk of delayed payments and implementation delays. Regional policy has a comprehensive performance methodology, based on horizontal and specific enabling conditions, which include reforms, while the preliminarily planned milestones and targets are often directly linked to reforms. The EPP Group is determined to oppose any methodology not allowing for flexibility, or one entirely or partially disconnected from its Treaty-based objectives or the actual needs on the local and regional level. There needs to be a clear demarcation between cohesion policy and other EU policy instruments, in order to avoid overlaps and competition between instruments, ensure complementarity of the various interventions, and increase the visibility and readability of EU support. It is equally important to ensure that different EU funds are not used to finance the same objectives or actions, and that cohesion funds complement rather than duplicate national investments. This reinforces the efficient use of resources and strengthens the added value of EU funding.

The EPP Group calls for the mandatory involvement of locally elected representatives, civil society, and sectoral stakeholders - especially from rural areas - in the programming and governance of EU cohesion funds. Only a bottom-up approach, rooted in real-world regional needs, can ensure efficient and accepted project implementation.

The EPP Group underlines the importance of maintaining the structural integrity and identity of individual EU funds under cohesion policy. In line with the principle of subsidiarity and effectiveness, the Group opposes the introduction of a 'single fund approach' in the next Multiannual Financial Framework (MFF). Structural funds, including the ERDF, ESF+ and the cohesion fund, must remain clearly delineated and governed by their respective objectives and regulatory frameworks in order to ensure accountability, transparency, and tailored support for local and regional development. The EPP Group supports place-based integrated investment plans as a tool for tailoring policies to local needs. These plans

enable cooperation among municipalities, businesses, communities, and NGOs to deliver solutions to climate neutrality, employment, and inclusive growth. Their co-design by regional and local actors unlocks the transformative power of EU investment. The EPP Group underlines the importance of expanding the use and scope of Integrated Territorial Investments (ITIs), including by allowing for cross-border ITIs in the post-2027 programming period. As coordinated investment tools aligned with national and local strategies, ITIs are key to cohesive, resilient development.

Flexibility in a changing world

The EPP Group underlines that lack of flexibility in allocation methodology might potentially lead to exacerbating the already regrettable delay in the implementation of cohesion policy for 2021-2027, which should rather be actively remedied through further initiatives enabling better absorption of cohesion funds, including increased co-financing levels, higher pre-financing, and faster investment reimbursements. **Cohesion policy funds allocation should be based on transparent and objective criteria such as regional GDP per capita with the aim of pursuing economic, social and territorial convergence goals. The EPP Group calls on the European Commission for clear guidance and administrative simplification to ensure better absorption rates and effective use of available funding.** Cohesion policy is already agile and flexible and is subject to a very sophisticated performance framework that can be further strengthened to make the policy even more relevant. The EPP Group insists, however, that increased flexibility does not undermine the predictability of investment in regions, cities and rural areas. The path to more flexibility must not induce centralisation of programming and reprogramming by curtailing the participation of local and regional authorities. Local and regional funding should not be victim of development at a central level. Furthermore, the EPP Group calls for better access to funding for local and regional authorities, and for **internal and external border regions of the EU**, as well as for less-developed regions to be guaranteed. The need for built-in crisis flexibility should lead to creation of a dedicated axis for local and regional authorities to address emerging priorities. Last but not least, flexibility of the policy

from the point of view of the beneficiaries is a key point, including through a move away from rigid thematic concentration, uniform for all regions, and providing regions with greater flexibility already when programming the funding, in order to cater for their particular needs and specificities.

The EPP Group welcomes the initiative of the Commission to allow for greater flexibility in how cohesion policy funds are used, including the possibility of redirecting some funds towards defence-related investments and supporting the ongoing European defence industry.

The EPP Group strongly underscores the critical importance of ensuring food security, both in times of peace and in times of conflict. Consequently, the EPP Group calls for the possibility to allocate cohesion policy resources for the construction of a network of long-term food storage facilities, thereby ensuring that essential food supplies are available to sustain both the civilian population and the armed forces in the event of conflict or other emergencies.

The EPP Group stresses the need for stronger cohesion policy support for EU regions along the Eastern external border with Ukraine, Belarus, and Russia, which face major socio-economic pressures due to Russia's war of aggression against Ukraine. These regions are dealing with disrupted local economies, population movements, and increased demands on public services. As they play a key role in the EU's security and resilience, they require targeted support, greater funding flexibility, and adapted cohesion policy tools to respond effectively to ongoing challenges.

The EPP Group recognises that co-financing rates should be adaptable to real needs, suggesting 'NUTS 3-level' determination where appropriate. This allows for the more accurate reflection of local budgetary capacities and ensures a fairer, more targeted allocation of funds.

Resilience - but not at the expense of policy

The cohesion policy resilience aspect cannot be reduced to its treatment, especially in financial terms, as a 'management tool' to the ongoing or future crises faced by the EU. **Nevertheless, Member States should have the opportunity to use cohesion funds in a**

flexible way in case of the occurrence of an emergency or a crisis, should they decide to do so. Cohesion policy also should not be made subject to an unreflective extension of the firmly centralising trends embodied by some of the newer instruments, which the Union has placed at its disposal in order to manage these crises, and which are now existing in parallel with cohesion, threatening both with unnecessary 'double funding' for less vital projects and with superfluous competition for funding. Specific instruments are needed to address any future crisis. Moreover, to avoid inefficiencies and overlaps, a clear division of roles and better coordination between cohesion policy and other EU instruments are essential. Without coherent planning, there is a risk of losing strategic focus and weakening accountability, especially where multiple funds operate in the same regions.

Effective and achievable just transition

Cohesion policy needs to continue to foster the principle of just transition, addressing the specific needs of regions, while leaving no territory and no one behind. Continued financing for the just transition process ought to be assured through **the continuation of the Just Transition Fund** with adequate financial means for the post-2027 programming period.

The EPP Group acknowledges that the green, digital and demographic transitions present significant challenges and underlines the need for support for regions in this respect. The EPP Group highlights the need to maintain shared economic growth by strengthening the Union's competitiveness.

The EPP Group underlines the importance of water as a vector of cohesion and a fundamental resource for achieving territorial balance and sustainability. Investment in water infrastructures and management should be prioritised within the framework of cohesion policy, ensuring fair and sustainable access to water resources, and addressing water scarcity and drought risks, especially in vulnerable regions.

Simple is always better

The EPP Group underlines that efforts to simplify **must not involve centralisation of policies and/or mergers of funds and instruments into a single national fund. Furthermore, allocation and disbursement methodologies must not follow the path of the RRF national plans. Instead, the Group believes that a simplification path should lead to more flexibility, strengthened synergies and streamlined rules** and administrative procedures governing the cohesion policy at the EU, national and regional level. The latter need to be pursued vigorously, building on the existing well-established shared management framework, in order to strengthen confidence among users, encouraging participation of a broader range of actors in project-supported and, thereby, maximising the impact of the funds. The EPP Group calls for a wider use of digital technologies and solutions in Member States to simplify implementation, monitoring and reporting, hence contributing to more efficient administration and less physical documentation. The EPP Group stresses that a simplified and more accessible cohesion policy framework would not only improve absorption rates and administrative efficiency, but also contribute directly to increasing the competitiveness of the targeted territories by accelerating the implementation of investments, facilitating innovation uptake, and reducing barriers to access to EU funds. Simplification efforts should be specifically focused on beneficiaries, to ease their difficulties in accessing funding due to the multiplicity of eligibility rules, application processes, co-financing rates and entry points.

Furthermore, it is necessary to streamline the number of sectoral programmes that overlap with cohesion policy. In order to be effective, cohesion policy must be subject to regular audits to ensure the proper management of funds while reducing the number of supervisory authorities that complicate the process.

The EPP Group urges the Commission and Member States to establish simplified, decentralised one-stop-shops at regional level to support access to EU funding for SMEs, farmers, and microenterprises. These hubs should provide assistance with application procedures, reporting, and compliance requirements, especially in rural and less densely populated regions.

Demography for regional growth

The EPP Group notes that all European regions are affected by **demographic challenges** (e.g. rapid ageing, declining birth rates **or migratory movements**, resulting in further labour and skill shortages as well as 'brain drain'), but demographic decline has a more direct impact on some of them. Many border, remote, rural, insular and mountainous regions continue to lose considerable portions of their population. Cohesion policy is best equipped to address these challenges through its existing and prospective instruments **in all the above-mentioned areas**.

The importance of supporting specific solutions for regions **experiencing economic and demographic challenges such as rural desertification, population ageing, depopulation, loneliness and isolation has to be underlined. Such support should take the form of dedicated funding and targeted policy instruments and should aim**, among others, at improving the provision of **quality public services**, fostering economic **revitalisation and diversification**, **and creating a favourable environment for business development** and job creation.

Moreover, the EPP Group believes that cohesion policy should include targeted measures to better address the persistent challenge of brain drain, particularly in less developed, rural, and depopulating regions.

Enhancing transport infrastructure in these regions is also a key element to enable the possibility for their population to be connected to major urban centres, while reinforcing their right to stay.

In the context of demographic and social challenges in our regions, vulnerable groups such as the elderly, women, persons with disabilities and youth require special attention. Regarding cohesion funds, vital for persons with disabilities, the United Nations Convention for the Rights of Persons with Disabilities (UNCRPD) recommends that Member States should allocate funds in full conformity with the principles and rights under the Convention and ensure full adherence to it.

Notably, it is important to take into account the structural social and economic situation of the EU outermost regions, which is compounded by their remoteness, insularity, small size, difficult topography and climate,

economic dependence on a few products, the permanence and combination of which severely restrain their development and support them through specific measures based on Article 349 of the TFEU. The EPP Group calls on the Commission to replicate the POSEI model in other economic sectors of the ORs such as transport.

The EPP Group calls for stronger, tailored support for rural regions and the primary production sector. The future cohesion policy must specifically recognise the socio-economic contribution of farmers, agri-food producers, and rural SMEs to regional vitality. Programmes should be better adapted to the realities of sparsely populated and agriculturally intensive regions, focusing on economic resilience, food security, and generational renewal in farming.

Urban areas for a better standard of living for all Europeans

The EPP Group calls for the EU's cohesion policy to respond to the challenges faced by urban areas. A modern and sustainable transport infrastructure must be developed so that people and businesses in all our cities can easily connect. Significant disparities in standards of living in European cities pose an obstacle to sustainable growth, elevated by the growing housing crisis, which requires an adequate response that is crucial to preserving the welfare of all Europeans.

Reforms are key, but one size does not fit all

The EPP Group definitely doesn't shy away from cohesion policy reforms and improvements to make them more agile and simple. It does, however, underline that such changes need to be reasonable, and not making the policy too strict about conditionalities for funding, as such actions would bring about the threat of delegitimisation of the Union in the eyes of EU citizens in the regions, thus opening the doors to their drift to political extremism. At the same time, reforms must strike the right balance between simplification and sound financial management, ensuring that accountability and proper use of public funds remain core principles

without overburdening beneficiaries. The EPP Group highlights that any successful reform of cohesion policy must be tailored to diverse realities, development levels, and the administrative capacities of each Member State and region, thus calling for flexibility and subsidiarity in the design and implementation of cohesion instruments. **Thus, it is important that cohesion policy should remain one of the major EU tools to counterbalance the diverse effects internal market forces and regulation may create on different territories and populations.**

Implementation model to act and impact

The EPP Group calls for the wider use of digital technologies and solutions in the Member States to simplify implementation, monitoring and reporting to be ensured - i.e. contributing to more efficient administration and less physical documentation. The Commission and the Member States ought to ensure that all regions in the EU have access to high-speed broadband so that they are placed on an equal footing to complete the digital transition.

The Commission, the Member States and regional authorities ought to use and enhance existing mechanisms to detect and fight irregularities, fraud and corruption in cohesion policy funding. **While many irregularities result from unintentional mistakes rather than fraud, their persistence highlights the need for better administrative support and guidance for beneficiaries. Simplification of procedures should remain a key priority, but without weakening accountability or the integrity of spending. Efforts to reduce errors must go hand in hand with strengthening management capacity and maintaining sound financial control.** An increase in the general number of irregularities, frequently caused by mistakes rather than fraud, can't be used as an excuse to limit cohesion policy funding. As mistakes are frequently caused by bureaucratic burdens on beneficiaries, simplification of the policy at all stages should be the ultimate response to prevent them. The rule of law conditionality is an overarching conditionality to ensure that Union resources are used in a transparent, fair and responsible manner with sound financial management. However, the smart conditionality approach shall apply to Member States in breach of the

conditionality regulation, so that final beneficiaries are not penalised because of their government's actions.

In general, the EPP Group calls for the improved protection of final beneficiaries - regions and municipalities, students, SMEs and farmers. The original and essential purpose and principle of cohesion policy is to reduce disparities and leave no one behind: this shall be fully preserved. Communicating the success

The EPP Group stresses that communicating on the outcomes and results of the EU's regional investments is key in a Union subject to disinformation. Extended, timely and user-friendly information campaigns and initiatives deliver trust in the EU, debunk myths and dismantle Eurosceptics' narratives while concomitantly underscoring progress, promoting Euro-pean values and strengthening public trust. Showing and telling project success stories is as important as the investment and implementation of deliverables. The EU and the Member States must not shy away from **regularly communicating and displaying its added value. For this purpose, the EPP Group encourages Member States to actively promote transparency and citizen awareness by publicly broadcasting clear and accessible information about projects financed through cohesion policy instruments – including those completed, underway, or planned.**