Economic, social and territorial cohesion in the EU: the 8th Cohesion Report

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The Committee on Regional Development adopted an own-initiative report by Constanze KREHL (S&D, DE) on economic, social and territorial cohesion in the EU: the 8th cohesion report.

Need for solid funding

Members considered 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, taking into account the expected recession, with the addition of budgetary resources from the **Just Transition Fund** (JTF II). New challenges require new funds and cohesion policy needs to be topped up with **new budgetary resources**.

The original objective of cohesion policy, namely to promote and support the 'overall harmonious development' of its Member States and regions, should remain the key role of cohesion policy programmes. However, Members insisted 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 the crisis.

One CPR, but two separate parts

Regretting that the slow pace of negotiations on the Multiannual Financial Framework (MFF) has led to considerable delays in the programming period, Members called 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 for management authorities to start preparing in a timely manner.

Climate change

The report stressed that cohesion policy must promote the full consideration of climate issues. It insisted that future cohesion policy should distinguish between climate change mitigation and adaptation in its monitoring of expenditure and in its thematic focus.

Members called for a new fund, the Just Transition Fund II (JTF II), to be created in the post-2027 programming period at NUTS 3 level, with a revised allocation method. The Fund should be **fully integrated into the CPR**, while applying the principles of shared management and partnership. 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.

Co-financing

Members believe 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 emergency, using the flexibility amount.

The report urged support for the industrial, social and environmental transition of deindustrialised regions. To address the potentially negative consequences of the transition of old industries, such as steel and aluminium, and to support these sectors, JTF II resources should be directed towards their modernisation where possible. The EU is invited to develop an ambitious reindustrialisation policy for the EU regions.

Support for rural and urban areas

The report stressed the importance of supporting rural areas by improving transport connectivity, broadband, service provision, economic diversification and job creation, and by helping them cope with challenges such as rural desertification, ageing, depopulation and rural depopulation. Given that only 11.5% of people in rural areas work in agriculture, forestry and fisheries, Members called for the **reintegration of the EAFRD** into the strategic framework of the CPR as a separate fund.

Members reiterated the importance of **urban-rural links** and of developing strategies based on functional areas, with particular attention to small and medium-sized towns, in order to prevent the decline of rural areas. They also called for a specific budget based on new resources that would provide solutions for the development of **sustainable and innovative urban areas**. Cities and urban authorities should have direct access to EU funding in the future.

Outermost regions

Members regretted that the 8th report pays no particular attention to the progress made in achieving economic, social and territorial cohesion in regions that suffer from severe and permanent natural or demographic handicaps, such as the outermost regions. They stressed the importance of designing **tailor-made measures and programmes**, as the majority of the outermost regions are still among the least developed regions.

Middle-income regions

Members noted that 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. They believe it is crucial that the Commission identifies these regions and allocates **more ESF+ funds** to them in the next programming period.

Simplification

Members believe that simplification should be one of the main drivers of future cohesion policy. They called on the Commission and Member States to avoid placing an additional administrative burden on managing authorities. They also stressed 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.

Territorial cooperation

The report regretted the Council's freezing of the legislative process on the European cross border mechanism. It called on the Commission to take all necessary initiatives, including the **relaunch of the European cross-border mechanism**, to make this cooperation more dynamic and effective for the benefit of the people.

Lastly, Members believe that the reflection on the future of cohesion policy after 2027 needs to continue to take into account the lasting economic and social consequences of **Brexit** in the EU regions. They also called on the UK government to fund the UK's participation in Interreg.