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

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The European Parliament adopted by 448 votes to 61, with 75 abstentions, a resolution 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.

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. As a long-term investment policy, cohesion policy should help to prepare regions for future challenges.

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 and Just Transition Fund

Stressing that cohesion policy must promote the full consideration of climate issues, the resolution 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. 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.

Members also called for a significant increase in the EU Solidarity Fund (EUSF) budget to help regions anticipate and mitigate the effects of climate change.

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 emergency, using the flexibility amount.

Middle-income regions

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

Parliament also recommended, inter alia:

- 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. Members called for an ambitious reindustrialisation policy for the EU's regions;

- 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. Members called for the **reintegration of the EAFRD** into the strategic framework of the CPR as a separate fund;

- recognising 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. Members called for a specific budget based on new resources that would provide solutions for the development of **sustainable and innovative urban areas**;

- designing measures and programmes adapted to the outermost regions, given that the majority of these regions are still among the least developed;

- taking all necessary initiatives, including 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.

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.