

Improving Essential Services in the EU regions: The role of Cohesion Policy



Key findings

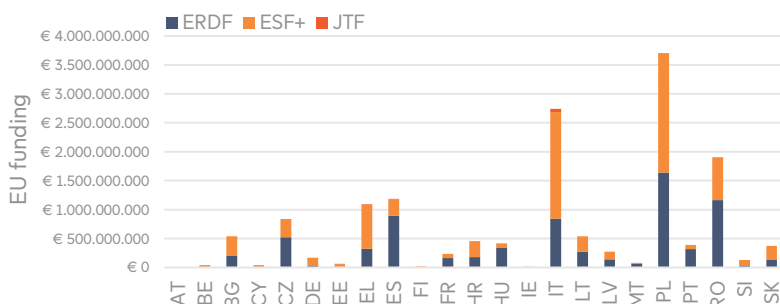
Demographic change will continue to shape Europe in the coming decades. Ageing and depopulation are pressing demographic trends, especially in rural and remote regions in Europe. Population decline and out-migration raise the costs of service provision, shrink the local tax base and deepen skill shortages. These patterns are expected to persist, potentially widening existing service deficits in rural and remote regions.

The EU supports essential services in terms of healthcare, childcare and other services to individuals with Cohesion Policy, the Recovery and Resilience Facility and the Common Agricultural Policy in the MFF 2021-2027. With three major EU instruments supporting essential services in rural, remote and vulnerable regions regulatory complexity is high.

Cohesion Policy has dedicated around EUR 15.7 billion in EU funding to support investments and service provision tied to healthcare, childcare and long-term care – with most support from the ERDF and ESF+. Of that amount, EUR 12.4 billion are targeted at such investments in less developed and outermost or northern and sparsely populated regions. Around EUR 983 million of EU funding from Cohesion Policy will be disbursed via territorial tools to support essential services.

Territorial ringfencing mechanisms strengthen the contribution of Cohesion Policy to enhancing or maintaining essential services. Funding from the Recovery and Resilience Facility is also used to support essential services in remote, sparsely populated and rural areas. However, the support is often not explicitly territorially targeted in many Member States. Some Member States apply funding from the Common Agricultural Policy to support essential services in healthcare, childcare and other services to people in rural regions via the investment intervention and via LEADER in the 2023-2027 period, though uptake remains limited.

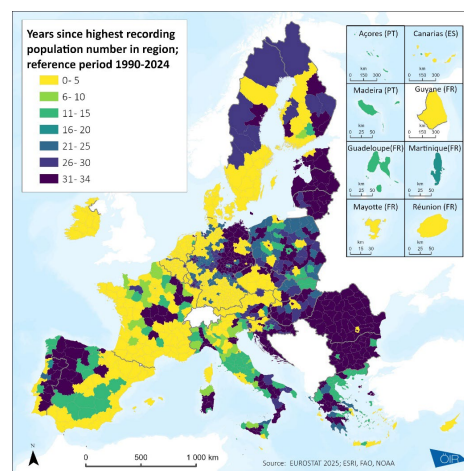
Cohesion Policy planned expenditure in essential services (health, social and people)



Source: ÖIR GmbH based on Cohesion Data (31.12.2024)

costs, operating and staffing tied to service provision require recurrent expenditure that may exceed local fiscal capacities once the project and associated EU funding ends. The use of integrated and territorialised delivery modes, such

Years since highest recording population number in regions (1990-2024)



Source: ÖIR GmbH based on Eurostat

The analysed Cohesion Policy interventions showcase that Member States have applied specific and place-based interventions to counterbalance the effects of demographic decline and outmigration on essential service provision in remote, sparsely populated and rural areas.

However, this dependence on Cohesion Policy raises concerns about financial sustainability of the supported investments. Beyond the initial infrastructure and equipment



as Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD), can improve coherence between investments in essential services and other regional interventions. By tailoring measures to local specificities and combining them within territorial strategies, such approaches can enhance regional vitality and attractiveness while strengthening the local implementation capacity.

In the context of the new MFF 2028–2034, a greater use of performance-based financing can reduce administrative burdens and increase efficiency and implementation speed. However, milestones and indicators must account for the particularities of remote, rural and sparsely populated regions, where low population density and geographic constraints make service delivery costlier.

Conclusions and recommendations

To safeguard continued investment and support, a pre-allocation of funding or higher funding intensities in the MFF 2028–2034 should include pre-allocated funding or higher co-financing rates for rural, remote, sparsely and demographically declining regions.

- **Pre-allocation and higher funding intensities for rural, remote, sparsely populated and demographically declining regions.** These regions rely on Cohesion Policy to maintain and upgrade essential services such as healthcare, childcare, education and other services to people. Any ringfencing of EU funding for rural territories should consider the broad spectrum of needs in rural areas, not only those related to the farming sector.
- **Strengthen result-oriented monitoring for services to people, healthcare, childcare and other essential services.** EU funds support health through research, infrastructure, prevention and digitalisation, but indicators included in the proposed 2028–2034 performance framework focus on technical outputs rather than outcomes for rural communities, such as service access, patient satisfaction and equity.
- **Support for essential services should be accompanied by investments into the broader economic fabric of the area to improve regional vitality and attractiveness.** Investments in healthcare, childcare and services to people should be complemented by support for the broader economic fabric of regions facing demographic decline. Anchoring essential services projects within regional development frameworks, or operationalising them through CLLD and ITI, strengthens regional vitality and increases the long-term attractiveness of these territories.
- **Investments into physical assets in essential services should be complemented by adequate investments in training and recruiting qualified personnel, notably in healthcare, childcare and services to people.** Cohesion policies have traditionally focused on physical assets, which are considered a priority in eligible expenditures. This is particularly evident in ERDF interventions and NRRPs measures. While physical structures and equipment address important needs, in many cases the lack of adequate and qualified personnel has emerged as a crucial gap in the full development of effective essential services. Complementary actions aimed at training and recruiting qualified personnel should be at the core of policy interventions, at least during the initial phase of service creation in the most disadvantaged areas.
- **Increased and more innovative use of CLLD, ITI and territorial tools for essential services.** The use of CLLD, ITI and other territorial tools should be leveraged and expanded, especially for the remote, rural or sparsely populated regions in the context of essential service investments. These tools can improve the territorial relevance of investments for essential services by improving alignment with other regional needs and enhancing coherence with wider policy frameworks.
- **Strengthen the role of regions in the NRPPs, particularly in relation to the targeting of structural needs – including essential services – in remote and vulnerable regions.** The active involvement of local and regional authorities in the programming and implementation of EU funding is recommended also beyond the context of essential services provision. This can ensure that the needs of regions facing persistent demographic decline, especially of remote, rural and sparsely populated regions, are adequately considered in the design of funding programmes.

There is overlap between the scope of the RRF and Cohesion Policy in the MFF 2021–2027 in their support to essential services. This suggests potential for streamlining and simplifying the EU's territorial funding landscape. Any streamlining effort of Cohesion Policy or its successor fund should preserve the capacity of EU funds to address territorially specific needs, including in essential services, and avoid diluting the place-based character of Cohesion Policy.

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