



**WHAT FUTURE FOR EU  
COHESION POLICY?  
REFORM AMBITIONS  
AND REALITIES**

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**Report to the 59<sup>th</sup> IQ-Net Conference, 24-26 November 2025, Vienna, Austria**



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## PREFACE

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- Northern & Western Regional Assembly

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- Managing Authority Stimulus (OP Zuid)

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**Portugal**

- Agency for Development and Cohesion (ADC)

**Spain**

- Provincial Council of Bizkaia / País Vasco (Basque Country)

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## Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.



## LIST OF ABBREVIATIONS

<b>CAP</b>	Common Agricultural Policy
<b>CF</b>	Cohesion Fund
<b>CLLD</b>	Community-led Local Development
<b>DG</b>	Directorate General
<b>ECA</b>	European Court of Auditors
<b>EP</b>	European Parliament
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>FNLC</b>	Financing Not Linked to Costs
<b>ITI</b>	Integrated Territorial Investment
<b>LDR</b>	Less Developed Region
<b>MA</b>	Managing Authority
<b>MDR</b>	More Developed Region
<b>MFF</b>	Multiannual Financial Framework
<b>NGEU</b>	NextGenerationEU
<b>PO</b>	Policy Objective
<b>RRF</b>	Recovery and Resilience Facility
<b>NRPP</b>	National and Regional Partnership Plan
<b>NRRP</b>	National Recovery and Resilience Plan
<b>SCO</b>	Simplified Cost Options
<b>SUD</b>	Sustainable urban development
<b>TA</b>	Technical Assistance



## COUNTRY/PROGRAMME ABBREVIATIONS

Country	Abbreviation
Austria	AT
Belgium (Vlaanderen)	BE (Vla)
Czechia	CZ
Denmark	DK
Finland	FI
Greece	EL
Hungary	HU
Ireland	IE
Ireland (Southern Regional Assembly)	IE-SRA
Ireland (Northern and Western Regional Assembly)	IE-NWRA
Malta	MT
Netherlands	NL
Netherlands (Managing Authority Kansen voor West)	NL West
Netherlands (Managing Authority Stimulus (OP Zuid))	NL South
Poland	PL
Poland (Warmińsko-Mazurskie)	PL (W-M)
Poland (Pomorskie)	PL (Pom)
Portugal	PT
Spain	ES
Spain (Bizkaia, País Vasco)	ES (Biz)



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## EXECUTIVE SUMMARY

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The Commission's proposals for the 2028-34 EU budget imply a fundamental reshaping of EU Cohesion Policy. Cohesion, agricultural and other policy instruments would be merged into a single European Fund, delivered through national plans and governed by performance-based payments. While the Commission argues this will enhance strategic focus, flexibility and simplification, many stakeholders and the European Parliament warn that the reforms risk centralising decision-making, weakening shared management and undermining territorial cohesion.

These concerns are reinforced by major budgetary shifts, including a 12 percent cut to Cohesion Policy and a shift towards the Competitiveness Fund. The Berlin allocation method is replaced, envelopes for Transition and More Developed Regions are removed, and only Less Developed Regions retain minimum guarantees.

IQ-Net authorities recognise the need for closer alignment with EU priorities, but fear that Cohesion Policy's core Treaty objective – reducing territorial disparities – may be undermined by reduced resources, competition over funding and lower planning certainty.

Greater budgetary and programming flexibility is welcomed, but is widely seen as undermining stability and predictability.

Expectations of simplification are low, as merging funds and delivery systems is anticipated to increase complexity and coordination demands.

Governance reforms reinforce these risks. National and regional plans strengthen national and EU control and steering at the expense of regional autonomy, despite provisions for regional chapters. Territorial instruments remain available, but the removal of earmarking risks declining use.

A stronger focus on performance is supported in principle, but significant delivery risks are anticipated. Performance-based payments are expected to still require cost-based audits and checks, increasing administrative burden and discouraging innovation. Capacity, liquidity and compliance risks are heightened under an accelerated decommitment rule.

Overall, IQ-Net authorities view the reform as ambitious but high-risk. While it may strengthen strategic alignment, it risks centralisation, erosion of the territorial dimension and greater complexity. Positive outcomes will depend on transparent allocation mechanisms, safeguards for all regional categories, meaningful partnership and subsidiarity, and audit systems aligned with performance logic.





# 1 INTRODUCTION

EU Cohesion Policy is at a turning point. The European Commission's proposals for the 2028-34 Multiannual Financial Framework (MFF) would fundamentally reshape how EU investment is planned, governed and delivered. The proposals combine a reduced Cohesion Policy budget with a marked reorientation of the MFF towards EU competitiveness, security and resilience objectives, alongside increased budgetary flexibility and a stronger performance-based delivery logic. At the same time, funding certainty for Transition and More Developed Regions would diminish, and long-established allocation mechanisms would be replaced. Together, these changes signal a profound shift in the architecture, priorities and governance of EU territorial investment.

Central to the reform is the creation of a European Fund Regulation covering cohesion, agriculture, fisheries, rural development, home affairs and the Social Climate Fund, implemented through National and Regional Partnership Plans (NRPPs). Under this model, Member States would prepare a single plan integrating reforms and investments across policy areas, with EU payments linked to milestones and targets rather than expenditure. The Commission argues that this consolidation will improve strategic alignment with EU priorities while simplifying implementation and enabling faster responses to emerging challenges. The proposals also reflect lessons drawn from the Recovery and Resilience Facility (RRF), particularly the emphasis on a national planning framework, performance and reform-linked funding.

However, the reform package is politically, institutionally and territorially contested. Many Member States, regions and the European Parliament warn that merging Cohesion and Agricultural Policies into national plans risks centralising decision-making at both EU and national levels, weakening shared management and reducing the scope for place-based development. Integrating policies with distinct objectives, governance traditions and control systems raises concerns about administrative feasibility, proportionality and implementation risks. There is widespread apprehension that multi-level governance and partnership could be diluted, with subnational authorities playing a more limited role in shaping investment priorities. At the same time, performance-based payments are widely expected to coexist with traditional cost-based audit requirements, potentially creating parallel systems rather than genuine simplification.

This IQ-Net paper assesses how the proposed reforms may operate in practice, drawing on extensive fieldwork and desk research conducted during Autumn 2025 across IQ-Net partner countries and regions. Evidence is drawn from Coordinating Authorities, Managing Authorities and Intermediate Bodies, capturing a wide range of administrative, territorial and institutional contexts. The analysis examines the political and budgetary context for reform, the Commission's MFF and regulatory proposals, and their implications for allocation mechanisms, governance structures, partnership and multi-level governance, the territorial dimension, and the proposed performance-linked payment model.



A key conclusion emerges from the analysis. While programme authorities broadly recognise the rationale for greater strategic integration, alignment with EU priorities and improved performance orientation, they emphasise that these objectives depend on clear demarcation between policy areas, predictable and proportionate rules, and safeguards for multi-level governance and territorial approaches. Without such conditions, the reforms risk increasing centralisation, weakening regional autonomy, raising administrative burdens and undermining the long-term, place-based logic that underpins Cohesion Policy's added value, effectiveness and legitimacy.



## 2 THE CONTEXT FOR REFORM

The debate on the design and priorities of the next MFF began in mid-2024, with President Ursula von der Leyen's Political Guidelines 2024-28 (July 2024) outlining a more ambitious and reform-oriented agenda for EU finances and policies. Von der Leyen's proposals focused on four key areas:

- Increased resources and new revenue sources, potentially extending or replacing NextGenerationEU (NGEU).
- A new industrial policy, centred on a European Competitiveness Fund to mobilise private investment, support key technologies, and strengthen EU strategic autonomy, along with a Clean Industrial Deal to promote green manufacturing.
- Adaptation of competition policy to help companies scale up more effectively.
- Greater investment in security and defence, including common projects, stronger border security, and the creation of a "real European Defence Union".

To make the next MFF more strategic and flexible, von der Leyen proposed **shifting from a programme-based to a policy-based budget**, with each Member State preparing a single national plan combining reforms and investments. Based on the Recovery and Resilience Facility (RRF), this approach reflected ideas already advanced by DG Budget, which called for:

- A sharper focus on key EU priorities such as competitiveness, defence, climate and demographic change.
- A more integrated and less fragmented governance structure through consolidation of funds and greater budgetary flexibility.
- Simplified, performance-based delivery mechanisms that link payments to progress on reforms.

**These ideas emerged in the context of influential analyses of Europe's competitiveness: the Letta and Draghi Reports.** Enrico Letta's Single Market Review (April 2024) urged deeper integration in the financial, energy and digital sectors.<sup>1</sup> Mario Draghi's Competitiveness Strategy for Europe (September 2024) warned that the EU faces a widening productivity gap with global competitors, due largely to weaknesses in emerging technologies.<sup>2</sup>

At the same time, geopolitical developments reinforced the EU's focus on defence and security. Russia's ongoing invasion of Ukraine and uncertainty about the United States' commitment to European defence following Donald Trump's re-election led the European



Council to call for increased defence investment, resilience and crisis preparedness across security, health and disaster management.

**A leaked DG Budget paper (October 2024) provided further insight into possible MFF reforms.**

It proposed a three-pillar structure covering shared management, directly managed and external funds. Pillar 1 would merge Cohesion Policy funds (ERDF, ESF+, CF) with the CAP, Fisheries, Social Climate and Home Affairs funds, all managed under a single national plan per Member State. Allocations would be aligned with EU priorities, linked to reforms and conditioned on performance milestones.

**Finally, the Commission's January 2025 communication and consultation, "The Road to the Next MFF", formalised this agenda.**<sup>3</sup> It highlighted growing fiscal pressures, including "new needs and emergencies", and the impact of NGEU debt repayments beginning in 2028. These developments have set the stage for an MFF reform focused on simplification, flexibility and strategic alignment with Europe's long-term competitiveness and security priorities.

**Member State reactions to the consultation were mixed.**<sup>4</sup> A majority favoured a larger EU budget to meet new priorities, with some countries calling for major increases (France, Spain and Poland), while a smaller group (Germany, the Netherlands, Sweden and Finland) opposed expansion. Most governments support introducing new EU "own resources" to finance spending and ease national contributions, though some are sceptical. There was broad opposition to cuts in CAP and Cohesion Policy budgets, albeit with some net contributors arguing for reallocating funds to competitiveness or defence. Proposals to merge CAP and Cohesion funds into single national envelopes were rejected by most Member States, citing distinct purposes and the need to maintain separate frameworks. Support for linking EU funding to reforms received mixed reactions, with concerns about undermining national ownership and cohesion objectives.



## 3 EU BUDGET PROPOSALS FOR 2028-34

In July 2025, the European Commission published its proposals for the 2028-34 Multiannual Financial Framework (MFF).<sup>5</sup> As expected, the proposal confirmed a significant restructuring of the EU budget: a reduction in the number of headings, the merger of cohesion and agricultural expenditure into a single heading, and the introduction of new own resources. The overall direction of the budget is towards greater flexibility, allowing both the Commission and Member States to reallocate resources in response to evolving circumstances.

This section reviews the Commission's 2028-34 MFF proposal, outlining key changes to the size, structure, revenues and spending priorities, and assesses their implications for Cohesion Policy,<sup>6</sup> including the reactions of IQ-Net authorities to eligibility and allocations. It also examines emerging political conflicts with the European Parliament and how these tensions are shaping early negotiations on the future budget.

### 3.1 The overall MFF budget

**The total budget proposed for 2028-34 amounts to €1.98 trillion, equivalent to 1.26 percent of EU GNI.** In 2025 prices, this represents €1.763 trillion in commitment appropriations, compared with €1.24 trillion (2025 prices) for the adjusted 2021-27 MFF. While this appears to be a 42 percent increase, direct comparisons are complicated by the temporary inclusion of NGEU in the previous period. The NGEU instrument added around €750 billion, bringing total EU-level spending for 2021-27 to approximately €2.1 trillion, significantly higher than the new MFF proposal.

Moreover, the 2028-34 MFF includes NGEU repayments amounting to €149 billion, which reduce the funds available for new commitments. Adjusting for these factors, the effective increase in EU spending power is more modest. Nevertheless, the proposed framework represents a higher share of EU GNI (1.26 percent) than the actual average for 2021-27 (around 1.01 percent), reflecting both inflationary adjustments and the inclusion of new strategic priorities such as competitiveness and security.

### 3.2 Revenues

The Commission aims to diversify revenue sources and reduce reliance on GNI-based contributions. It revives earlier initiatives and introduces several new own resources designed to create a more autonomous EU revenue base. Proposals include:

- **Re-proposed own resources:** based on the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM).



- **New resources:** a levy on electronic waste (e-waste), a Tobacco Excise Duty Own Resource (TEDOR) and a Corporate Resource for Europe (CORE).
- **Adjustments to existing instruments:** higher plastic packaging levy, removal of the VAT base cap, and withdrawal of Member State collection cost deductions.

Together, these measures are projected to generate approximately €58.2 billion annually (2025 prices), maintaining GNI contributions broadly stable. However, the outcome will depend on the negotiation process, as Member States differ widely in how these measures would affect their net positions.

### 3.3 Expenditure

The proposals consolidate the current seven budget headings into four, significantly restructuring expenditure priorities.

- **Heading 1:** Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security (€946 billion). This merges the current Cohesion and CAP headings, alongside NGEU repayments and migration-related spending.
- **Heading 2:** Competitiveness, prosperity and security (€522 billion), combining the former “Single Market, Innovation and Digital” heading with the European Competitiveness Fund, Horizon Europe (€155 billion) and a new Resilience, Security, Defence and Space component (€116 billion).
- **Heading 3:** Global Europe (€190 billion).
- **Heading 4:** Administration (€104 billion).

Within this structure, Cohesion and CAP allocations decline while competitiveness spending expands substantially:<sup>7</sup>

- **CAP income support and fisheries:** -9 percent compared with 2021-27.
- **Economic, social and territorial cohesion:** -12 percent.
- **European Competitiveness Fund:** +139 percent.

### 3.4 Implications for Cohesion Policy

**A key innovation is the establishment of a single European Fund** for economic, social and territorial cohesion, agriculture, rural, fisheries and maritime prosperity and security, implemented through National and Regional Partnership Plans (NRPPs). The financial envelope



for the NRPPs totals €865 billion (current prices), of which approximately €783 billion is pre-allocated by Member State and €72 billion retained for EU-level actions.

**Financial allocations to Member States are determined by a new general key** that integrates regional and agricultural prosperity indicators at NUTS 3 level, together with a Home Affairs key and the Social Climate Fund formula. Minimum allocations for Less Developed Regions (LDRs) remain, but the traditional NUTS 2-based system and GNI capping have been removed. Historic shares are preserved through limits on major budgetary changes (80-105 percent of 2020 allocations and 90-112.5 percent for LDRs).

**This marks a decisive break from past practice.**<sup>8</sup> The allocation mechanisms move away from the established Berlin formula, substituting distribution keys that blur the link between regional prosperity gaps and funding levels. Only LDRs have a guaranteed allocation, but this need not necessarily be applied at Member State level; no region can be certain of what it may receive in future. The absence of specific allocations to distinguish Transition and More Developed Regions (MDRs) further dilutes the redistributive rationale of Cohesion Policy. EPRC and other analyses indicate that this fundamentally changes the character of Cohesion Policy allocations, determined primarily at national level and distributed through NRPPs, with the Commission and Member States exercising considerable discretion.<sup>9</sup>

**IQ-Net authorities share this assessment.** They warn that the transfer of allocation power to Member States – especially under tightening budget constraints – risks intensifying domestic competition, reducing regional development funding and weakening territorial cohesion. Without earmarked allocations for all categories of regions and clear rules, many fear growing uncertainty for future planning and a diminished capacity to address development needs.

**Shifting responsibility for allocation towards Member States is seen as a key change in the proposals.** This is seen as increasing political competition inside countries, exposing regional and cohesion-oriented interventions to pressure from better organised sectors, and weakening the guarantees that previously protected Transition regions and MDRs. High climate earmarking, a large unallocated mid-term review tranche, and the merging of cohesion with other policy areas reduce the share of funding that regions can plan with confidence. Where national and regional development rely heavily on cohesion funding, the new approach is viewed as risky unless accompanied by minimum allocations, transparent calculations and clear territorial safeguards.

**Concerns about declining funding are widespread** and often point to reductions compared with 2021-27 (**Biz, EL, FI, IE-SRA, PT**). **Bizkaia** anticipates a 20 percent reduction (in line with the maximum safety-net margin). **Ireland** expects a reduced allocation for an already small programme and signals that PEACE Plus (the largest programme in Ireland) lacks a specified allocation creating planning uncertainty (**IE-SRA**). **Greece** is concerned at the reduced budget in real terms, even though regional development needs have not improved. **Portugal** considers that it is among the Member States most likely to lose from the proposal. While **Finland**



notes that several regions are already used to declining funding, this does not make future reductions easier, particularly where there is no domestic regional development funding to compensate.

**Loss of guarantees for Transition regions and MDRs raises concern about territorial funding and balance.** The removal of allocations for non-LDR territorial categories is regarded as a major problem, especially for Transition regions and MDRs that still have clear investment needs (**BE (Vla)**, **EL**, **FI**, **IE-NWRA**, **NL West**). **Flanders** adds that the absence of earmarked shares to all regional categories combined with the large earmarking requirement for green spending will reduce room for innovation and entrepreneurship measures that were important in such regions. **Greece** stresses that removing a dedicated allocation for Transition regions could jeopardise support for its largest region, Attiki. **South of Finland** emphasises that the only fully developed region, Helsinki Uusimaa, still needs cohesion funding because many of the country's main challenges are addressed there. In **Ireland**, the **NWRA** expects to lose Transition status and therefore anticipate further reductions.

**Expanded national discretion is seen as turning the allocation process into a domestic competition.** While the added flexibility for Member States to distribute a single envelope across policy areas may have benefits, it is also viewed as turning Cohesion Policy into a domestic contest for resources (**BE (Vla)**, **EL**, **HU**, **IE-SRA**, **PL (Pom)**). **Flanders** warns that difficult choices are now placed in national hands, creating a situation where cohesion funds become contested territory between agriculture, regional development and other priorities, even though the envelope is in part predetermined by the new framework. **Greece** points out that, apart from ring-fenced CAP guarantees, the absence of clearly differentiated allocations for Cohesion Policy and CAP will trigger internal conflicts over resources. Views in **Ireland (IE-SRA)** highlight that strong sectoral lobbies, especially agriculture, are likely to fare better than cohesion related instruments when the national envelope is tight. Regional authorities in **Poland** also see uncertainty where there is no specified minimum allocation for regional programmes, even if the national level has committed to maintain the current arrangements (**Pom**).

**Rising intranational competition may heighten regional inequalities.** Risks of internal competition within Member States are expected to increase once the single envelope is introduced, with ministries and sectors likely to defend their shares more assertively (**EL**, **FI**, **IE-SRA**). **Finland** anticipates that national ministries will be more protective if the overall allocation falls, which will make regional programming more difficult. **Greece** notes that the discretion left to Member States on the balance between national and regional programmes allows for very different internal outcomes, including the possibility of abolishing regional programmes or allocating disproportionate resources to certain territories. **Ireland** warns that, in such a context, policy areas with weaker political backing are likely to lose out (**IE-SRA**).

**High dependence on cohesion funding, combined with limited national co-financing capacity, makes reductions particularly challenging.** High dependence on cohesion as the



main investment source makes reductions particularly problematic in smaller or more peripheral regions (FI, MT, PT). The **Finnish regions** note that, because there is no domestic regional development funding, any reduction in EU funds directly limits what regions can implement and may force certain actors such as universities to seek funds from instruments such as Horizon Europe, which do not fund the same types of activities. **Malta** stresses that cohesion remains a key source of investment and that stability, proportionality and predictability in allocations are essential for long term planning in a small administration with limited capacity. **Portugal** argues that new EU-wide priorities should not erode the resources intended for territorial and economic convergence, particularly where outermost regions are concerned.

**Calls for safety nets and clearer calculation methods reflect the need for predictability.**

Minimum allocations and transparent rules are viewed as safeguards against uneven internal distribution (CZ, EL, HU, Pom, PT, PL (W-M)). **Greece** asks for the reintroduction or strengthening of allocations for Transition regions and also for increased support for LDRs below 60 percent of the EU average, preferably through a scaled approach. Regional authorities in **Poland** stress the need to protect regional level intervention from being squeezed by national prioritisation (Pom, W-M). **Portugal** notes that the model does not differentiate sufficiently between Member States with GNI below 90 percent and does not take sufficient account of outermost regions. **Hungary** requests more clarity on the indicators used to calculate allocations, noting that nominal stability can still mean real reductions once inflation is considered.

**Competing EU priorities further constrain cohesion resources.**

Pressures on the MFF from enlargement, defence, Ukraine, the triple transition and the repayment of NGEU are recognised and there is concern that these will squeeze the room for cohesion unless the overall budget increases (AT, IE-SRA, PT). **Portugal** is explicit that new spending areas should not come at the expense of existing long-term policies and that the Union budget ought to go beyond the traditional 1 percent GNI limit if political ambitions are to be met. **Ireland** notes apprehension that the MFF will not receive the full amount sought, which would further reduce national envelopes (IE-SRA). In addition, a stronger emphasis on competitiveness in the new MFF is perceived as being at the expense of Cohesion Policy and CAP and favouring larger and more developed economies. **Greece** highlights that higher allocations for competitiveness do not automatically translate into higher competitiveness in lagging economies, citing experience with Horizon 2020 where participation and success rates were modest. In this sense, the Competitiveness Fund should include safeguard mechanisms such as quotas to ensure that LDRs can also benefit in line with cohesion objectives.

### 3.5 EU negotiations and clashes with the European Parliament

Ahead of the publication of reform proposals, the **Hungarian and Polish EU Council Presidencies placed the future of Cohesion Policy high on the political agenda**, using their terms to promote reflection and debate on the policy's direction within the next MFF. The



Hungarian Presidency emphasised its role in reducing disparities and better addressing demographic challenges such as ageing and depopulation, calling for a long-term, place-based approach and stronger territorial integration after 2027. The Polish Presidency deepened this debate, promoting cohesion as a core EU goal, reinforcing territorial and multi-level governance principles, and linking cohesion with competitiveness. A Joint Declaration in May 2025 urged a territorially sensitive EU response to global and demographic challenges, grounded in subsidiarity and partnership.<sup>10</sup>

**The Danish Presidency, assuming office in July 2025, shifted focus towards the initial phases of formal negotiations on the MFF.**<sup>11</sup> Its programme emphasised effective, results-based use of Cohesion Policy to advance common European priorities, link funding to reforms under the European Semester, and ensure compliance with the rule of law. In December 2025, the Presidency reported progress on Council work, including intensive examinations carried out through the ad hoc Working Party on the MFF, its subgroups, the Permanent Representatives Committee (Coreper), and the Council. Between July and December 2025, national delegations reviewed horizontal issues (including structure, flexibility, governance, performance, conditionality, and revenue) and all MFF headings, supported by Commission input through technical fiches, seminars, and presentations. This work was conducted alongside parallel discussions on own resources in the Working Party on Own Resources and policy debates in the Economic and Financial Affairs Council (ECOFIN) and the General Affairs Council (GAC).

**This work culminated in the Presidency preparing a draft Negotiating Box** to identify key issues and options for future negotiations. In terms of the Fund regulation, the Danish Presidency is seeking partial negotiating mandates (notably on programming and on management and control), with a detailed European Council discussion on the MFF 2028-34 scheduled for 16 December 2025.

Amid growing tensions over the reform package, **the European Parliament sent a critical letter to Commission President Ursula von der Leyen** on 30 October 2025, rejecting the Commission's proposal for NRPPs and demanding a revised version before negotiations can begin. The EP argues that the proposal replicates the RRF model and recentralises EU funding at the national level, undermining shared management and regional involvement. The EP warns it would fragment EU spending, weaken cohesion and agricultural policy, and reduce the EU's added value. The letter sets out seven key demands:<sup>12</sup>

- **Against re-nationalisation:** Maintain EU-wide solidarity and prevent a patchwork of 27 national plans; safeguard funding for all regions and avoid market distortions.
- **Decoupling of policies:** Keep separate, clearly funded frameworks for cohesion, agriculture, fisheries, and social policy to ensure accountability and predictability.



- **Stronger regional role:** Guarantee the participation of regions and local authorities through mandatory negotiations with the Commission, upholding multi-level governance.
- **Restoring the CAP framework:** Reinsert CAP rules into dedicated legislation to preserve a level playing field for farmers.
- **Enhancing EP powers:** Give the European Parliament co-decision rights over Member States' plans, flexibility mechanisms, and the EU Facility, with more in-depth budget oversight.
- **Rule of law and conditionality:** Apply the Conditionality Regulation and Charter of Fundamental Rights across the entire EU budget and ensure automatic fund suspensions for breaches.
- **Addressing the democratic deficit:** Reject the "cash-for-reforms" model lacking EP oversight and transparency; link reforms directly to investments and costs.

The letter, signed by leaders and rapporteurs from the EPP, S&D, Renew Europe and Greens/EFA groups, concluded that the current NRPP proposal cannot serve as a basis for negotiations and urged the Commission to submit an amended version reflecting EP core demands.

#### **The Commission reacted by signalling openness to three limited concessions:**<sup>13</sup>

- strengthening partnership through a "regional check" to ensure regional authorities have a say in the preparation, implementation and evaluation of the Plans, direct access for regions to the Commission, and greater transparency in Monitoring Committees;
- introducing a dedicated rural funding target; and
- granting the European Parliament a greater role in the strategic steering process.

The Commission ruled out tabling formal amendments to its legislative proposal on the grounds that this would entail procedural delays; however, the changes have been widely viewed as cosmetic or as reflecting developments already emerging in the Council negotiations.<sup>14</sup>

**In parallel, the Danish Presidency tabled a draft MFF "negotiation box"** on 4 November 2025 setting out key principles and parameters with several modifications relevant to Cohesion Policy and the NRPP debate. These included:

- Introducing a separate envelope for "Common Fisheries Policy" interventions, as opposed to Fisheries support being part of the CAP;



- recognition that the EU budget will support “all regions” although not specifying earmarked shares for MDR/TR regions;
- reference to NRPPs taking into account the needs and challenges of Member States and regions;
- an acknowledgement that regions can be Managing Authorities (MAs) at regional level; and
- references to NRPPs supporting all or a significant share of country-specific recommendations under the European Semester, and the other reference documents already in the Fund Regulation.



## 4 EU COHESION POLICY REGULATORY FRAMEWORK FOR 2028-34

Alongside the MFF 2028-34 proposals, **the European Commission presented a package of sectoral legislative measures on 16 July 2025**. The new legislative framework for Cohesion Policy includes:

- A Regulation on the European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security,<sup>15</sup> establishing the new umbrella fund and the rules for National and Regional Partnership Plans (NRPPs).
- Two fund-specific regulations, one covering the ERDF/Cohesion Fund (including Interreg)<sup>16</sup> and another for the ESF.<sup>17</sup>
- A complementary Performance Regulation introducing a common framework for expenditure tracking, indicators and performance monitoring across the EU budget.<sup>18</sup>

The key changes to Cohesion Policy include:

- A single fund and rulebook for all shared management instruments, with one NRPP per Member State.
- A performance-based approach linking payments to milestones, targets and reforms.
- Centralised coordination and a single audit principle.
- Greater budgetary flexibility, supported by an EU Facility for crises and new priorities.

The Commission has justified the reform by emphasising the need to focus resources on EU strategic priorities, enhance flexibility, and simplify implementation.

**IQ-Net authorities broadly acknowledge the relevance of these objectives, recognising potential benefits in improving coherence and responsiveness. However, they express significant reservations about how these goals are pursued and balanced in practice.** There is concern that the proposed reforms may dilute Cohesion Policy's long-term, place-based character in favour of a more centralised, thematic approach with performance payments linked to wider EU priorities. While the intention to make the policy more strategic is welcomed, many fear that the new architecture could weaken territorial ownership, increase administrative complexity, and erode the core objective of promoting economic, social, and territorial cohesion.



## 4.1 Alignment with EU priorities

**The importance of a stronger alignment with EU strategic goals is widely acknowledged, but there are concerns about a diminishing focus on territorial cohesion (BE (Vla), EL, FI, NL (South, West), MT, PL (Pom, W-M)).** Flanders considers that the reform proposals demonstrate a clear intention to align funding with overarching EU priorities and to use resources more strategically for forward-looking investments. Finland views the emphasis on the green and digital transitions and innovation as positive and relevant. However, themes such as affordable housing are viewed as less relevant (FI, NL South). Malta welcomes the stronger link to competitiveness, resilience and the twin transitions but stresses that this must not come at the expense of cohesion and solidarity across all territories.

Greece points out that the proposals pay only limited attention to Treaty objectives on reducing regional disparities. The merging or grouping of funds is expected to blur cohesion objectives and create additional administrative burdens. Similar concerns are expressed in Poland (Pom), where it is noted that the proposed reforms risk transforming Cohesion Policy into an instrument for short-term crisis response rather than long-term convergence. Warmińsko-Mazurskie highlights the need to preserve the policy's focus on cohesion, warning that the integration of new priorities, such as defence and migration, should not divert resources from Cohesion Policy to other instruments given that relevant interventions (e.g. dual use infrastructure) can now be financed. NL West and South suggest that traditional priorities, including the urban dimension, are being sidelined in favour of the Competitiveness Fund – while this benefits the Netherlands overall, there is less predictability about returns to specific regions.

**A tension between EU-level coherence and national or regional ownership is evident.** The consolidation of programmes into 27 national plans may enhance coordination from a European perspective but risks reducing sensitivity to territorial specificities. Malta highlights that small and insular Member States, facing permanent structural constraints, require flexibility to tailor investments to their own circumstances. Bizkaia similarly points to the need for careful implementation to ensure that centralised planning does not limit the capacity of subnational actors to engage effectively.

**The large allocations for a mid-term review create planning uncertainty and delay (NL West, BE (Vla), PL (W-M)).** Warmińsko-Mazurskie note that setting aside 25 percent of the allocation will significantly reduce the budget available for programming and delay implementation, pointing to current experience where even 15 percent blocked until the mid-term review has slowed down programmes. Flanders warns that such design choices will make it harder to maintain viable management structures in regions that receive lower allocations.

**High climate earmarking raises questions about balance between priorities.** The requirement to dedicate 43 percent to climate objectives is seen as ambitious and, in some cases, excessive, with the risk that it will crowd out priorities that are important for growth and regional



development, such as innovation, entrepreneurship, research and innovation infrastructure and support for key regional actors (BE (Vla), CZ). Flanders considers that this would shift resources away from innovation type measures that MDRs value. Czechia views the 43 percent climate contribution ambitious and in need of further discussion. More generally, the Finnish regional authorities point out that if funding is reduced and is also more concentrated, some actions that have been funded to date (such as equipment investments or certain research and innovation activities) will no longer be possible.

**Thematic concerns are also raised about increasing standardisation and reduced flexibility.**

The NRP Plan will have to support the general objectives of the Fund laid down in Article 2 and contribute to the specific objectives in Article 3 (Table 1). Polish authorities are concerned about the requirement for all specific objectives specified in the Regulation (close to 30) to be included in NRPPs, imposing excessive standardisation and reducing flexibility (W-M). Austria expects more ring-fencing to be introduced during the negotiations, which would reduce discretionary space even further.



**Table 1: The specific objectives of the Fund**

<b>1. Support the Union's sustainable prosperity across all regions</b>	
1.1 Fostering the attractiveness of territories incl. integrated development of urban/rural areas	1.6 Furthering the Saving and Investments Union and developing market-based funding options
1.2 Strengthening the EU industrial base, supply chains and manufacturing	1.7 Supporting social and affordable housing
1.3 Supporting a just transition	1.8 Enhancing Union transport infrastructure
1.4 Supporting the digital transformation	1.9 Support for tourism, including sustainability
1.5 Supporting research, development and innovation	1.10 Supporting water management, environment and climate
<b>2. Support Europe's defence capabilities and security across all regions</b>	
2.1 Reinforcing the Union's defence industrial base and military (esp. dual use TEN-T)	
2.2 Strengthening the Union's preparedness to crises and disasters	
2.3 Strengthening the Union's security (including Home Affairs policies)	
<b>3. Strengthen social cohesion by supporting people, strengthening societies and EU social model</b>	
3.1 Supporting employment, access to the labour market, better working conditions and labour mobility	
3.2 Enhancing labour supply and improving education and lifelong learning	
3.3 Promoting equal opportunities, safety nets, social inclusion, fighting poverty and homelessness, supporting investment in social infrastructure	
3.4 Facilitating access to services and associated infrastructure	
3.5 Addressing demographic challenges including labour shortages	
3.6 Addressing the social impacts of the inclusion of building and road transport to ETS2	
<b>4. Sustaining quality of life in the Union</b>	
4.1 Supporting income for farmers and their long-term competitiveness	
4.2 Contributing to long-term food security	
4.3 Improving the attractiveness and living standards in rural areas	
4.4 Ensuring sustainability, competitiveness and resilience of EU fisheries and aquaculture sector	
4.5 Enhancing sustainable agriculture and forestry management practices	
<b>5. Protecting Europe's democracy and enhancing institutional capacity</b>	
5.1 Sustaining and further developing open, rights-based, democratic, equal and inclusive societies	
5.2 Promoting and upholding the rule of law	
5.3 Enhancing the efficiency of public administration and institutional capacity of authorities and stakeholders	
5.4 Promoting culture and supporting a vibrant and diverse cultural sector	

**Source:** Adapted from COM(2025)565



## 4.2 Budgetary flexibility

**Greater flexibility is viewed as positive in principle but raises concerns about predictability, strategic focus, and multiannual planning (AT, BE (Vla), CZ, DK, EL, FI, HU, MT).** While **Flanders** sees benefits in a reserve of up to 25 percent of national allocations for the mid-term review to respond to changing needs, it warns that such mechanisms may harm long-term programming and delay implementation. **Malta** also values the potential to adapt to unforeseen circumstances but stresses that flexibility should not undermine stability or the ability to plan effectively.

**The balance between adaptability and coherence** is a recurring theme. **Greece** cautions that increased flexibility could give the Commission and central decision-makers greater discretion to shift priorities, which may undermine the strategic continuity of national development plans. The **Finnish regions** note that pursuing too many themes at once can dilute focus and reduce the effectiveness of limited funding.

**There is also scepticism about the operational feasibility of flexibility.** **Austria** highlights that Cohesion Policy, given its regulatory complexity, is not an ideal instrument for rapid crisis response and that expanding its scope to cover a wider range of policies could increase inefficiencies. **Denmark** points out that, although the consolidation of programmes into single national plans may simplify the framework from the EU's viewpoint and facilitate budgetary flexibility, domestic coordination across ministries could become more complex. Flexibility is regarded as necessary for responsiveness, yet many highlight the need to maintain predictability, coherence and shared ownership in its implementation.

## 4.3 Simplification

**Simplification is the most consistently supported objective, but doubts remain about whether it will translate into reduced administrative burden in practice (AT, BE (Vla), DK, EL, ES (Biz), FI, HU, IE-NWRA, MT, PL (Pom)).** **Flanders** observes that simplification measures, while intended to streamline procedures, may primarily benefit the European Commission rather than programme implementers or beneficiaries. **Austria** similarly notes that the proposed performance-based model could lead to a “worst of both worlds” scenario if detailed project-level checks continue alongside macro-level performance controls.

**Simplification at EU level may create additional administrative challenges nationally.** **Denmark** points out that while the replacement of hundreds of programmes with 27 national plans might simplify procedures for EU actors, it introduces a new layer of governance within Member States requiring coordination among several ministries. **Greece** anticipates that the adaptation process will impose significant short-term administrative burdens, particularly where multiple funds are being merged. **West of Finland** notes that the proliferation of



indicators and specific objectives risks undermining simplification efforts, especially if these increase reporting requirements for national and regional authorities.

**Accessibility and administrative capacity remain key concerns.** **Bizkaia** highlights that excessive bureaucracy continues to limit access for smaller actors such as SMEs and municipalities, which often lack the capacity to manage compliance and reporting obligations. **Malta** and **Ireland (Nwra)** stress that simplification should deliver practical benefits on the ground, not just streamlined procedures at higher administrative levels or additional burden which previous reforms have sometimes produced. **Pomorskie** adds that layering substantial reforms on an already complex system risks confusion and could ultimately increase, rather than reduce, administrative burden.

The key concern is that simplification is welcomed as a guiding principle, but there is little confidence that it will be achieved in practice. Many expect continued or even greater administrative complexity during implementation.

## 4.4 Overall assessment

**Achieving an appropriate balance between EU priorities, flexibility and simplification is seen as challenging** (**AT, FI, MT, PL (Pom, W-M)**). Regional representatives from **Finland** consider that the proliferation of themes risks dispersing focus and undermining attention to issues most relevant for regions. Malta emphasises the importance of maintaining balance between European priorities and national ownership, between flexibility and predictability, and between simplification and accountability. **Austria** observes that while broadening the scope of Cohesion Policy could enhance responsiveness, it may also overextend an already complex system. **Poland (Pom, W-M)** warns that implementing extensive reforms without sufficient preparation could generate confusion and diminish the effectiveness of the policy.

While reform objectives are viewed as conceptually sound and aligned with evolving EU priorities, **practical challenges are anticipated**. The concern is that while the reforms aim to make Cohesion Policy more strategic, flexible and efficient, they risk introducing new forms of complexity and reducing the territorial focus that distinguishes the policy.

**The challenge lies in managing a set of trade-offs.** The intention to concentrate resources on EU priorities is regarded as justified, yet not at the cost of local relevance and cohesion objectives. Flexibility is appreciated as a way to improve responsiveness, but it must be balanced with predictability and long-term planning. Simplification is endorsed but is unlikely to succeed unless it delivers reduced administrative burden for MAs and beneficiaries.

**Overall assessments of the reform proposals combine recognition of potential benefits with concern about practical risks** (**FI, IE-Nwra, MT**). Some see opportunities in reduced duplication, wider thematic scope and more strategic national level choices (**CZ, NL South, PT**). Others welcome the emphasis on clearer Member State-level decisions on resource



concentration and rule of law (IE-SRA). However, many IQ-Net authorities consider that the actual outcome will depend on detailed implementing rules and on how far the Commission is prepared to safeguard cohesion objectives, multi-level governance and partnership within the new architecture.

**A perceived downgrading of Cohesion Policy is among the most consistent reactions.** The new architecture is seen as weakening the long-term, investment-oriented and territorially balanced model that has underpinned the policy (BE (Via), PL (W-M), PT). The shift away from long-term, multiannual and place-based investment in favour of a more thematic, semester-like, performance-oriented structure is interpreted as a challenge to the original rationale of Cohesion Policy. Concerns about the reduction in the overall share of the EU budget devoted to economic, social and territorial cohesion reinforce this perception, since a smaller envelope will make it harder to reduce regional disparities and support less developed areas (PL (W-M)). Portugal also notes that bringing multiple instruments into a single planning framework risks ignoring Treaty-based provisions on specific funds and on the outermost regions.

**Increased centralisation is viewed as a major risk, especially where regional programmes are central to delivery** (ES, IE-SRA, NL West, PL (Pom, W-M)). Moving to national plans is viewed as likely to strengthen central administrations and to weaken the voice of regional and territorial stakeholders, with some fearing that regional priorities will no longer be defined with the same degree of consultation as in the current framework (ES, IE-SRA). Dutch regional views suggest that programming may no longer be genuinely regional, even if implementation remains so, and that this represents an unwelcome shift towards National Recovery and Resilience Plan (NRRP) style approaches (NL West). Polish perspectives stress the need to embed multi-level governance in the regulations legally to secure regional participation (PL (Pom, W-M)).

**Integration of multiple policy areas is considered conceptually attractive but operationally risky.** Blending cohesion, agriculture and other policies within one national plan is seen as creating governance and delivery challenges because these areas follow different traditions, systems and control requirements (AT, DK, HU, PT). Denmark notes that bringing them together will not automatically create simplification. Hungary argues that a single integrated fund is not an appropriate vehicle for Cohesion Policy and supports maintaining separate regulations for ERDF, ESF+ and CF. Austria warns that replacing fund-based silos with thematic silos could simply relocate complexity, requiring major changes to IT systems and control structures before 2028. Portugal welcomes efforts to avoid parallel instruments but cautions that a loosely defined framework could create arbitrariness in negotiations with the Commission.

**Uncertainty about implementation details limits the ability to form definitive judgements.** There are high levels of uncertainty about how the new elements will work in practice, and this creates difficulty in providing a final assessment at this stage (AT, CZ, FI, MT). Czechia notes that several components, such as the EU Facility, the involvement of Member States and the timing of drawdown, are not yet clear, and that many elements appear revolutionary but could prove dysfunctional when formerly separate models are merged. Similarly, Finland has a



cautiously positive stance but warns that reforms often promise more simplification than is actually delivered once secondary rules are in place. **Malta** calls for further clarification on governance, performance assessment and the link between reforms and funding. **Austria** questions whether introducing a coordinating authority will simplify or merely add another level of governance.

**Core principles of partnership, subsidiarity and territoriality are seen as under pressure.** Several authorities warn that the reform weakens long-standing principles that underpin Cohesion Policy (**HU, IE-SRA, PL (Pom, W-M)**). **Hungary** notes that partnership and subsidiarity are not sufficiently embedded in the post-2027 model and that merging very different funds will inevitably require exceptions that reduce clarity for beneficiaries. **Irish** regional perspectives highlight earlier RRF experience with centrally managed, performance-based instruments, where regional consultation was limited, and fear this may recur (**IE-SRA**). **Polish** regional authorities reiterate the need to codify multi-level governance and the status of regional decision-making legally and more firmly in the regulations to preserve regional roles (**Pom, W-M**).

**Simplification remains a central objective but an uncertain prospect.** While simplification is broadly welcomed, many expect new layers of complexity at national level even if rules are streamlined at EU level (**AT, CZ, HU, MT, NL South, PT**). **Czechia** points to possible duplication across pillars, with similar activities appearing under different headings. **Malta** observes that past simplification efforts at EU level often translated into added domestic requirements. **Portugal** warns that replacing common rules with flexible, negotiation-based arrangements may introduce inconsistent treatment across Member States. **Hungary** warns that harmonising IT tools across funds will create short-term administrative costs without guaranteeing long-term simplification. **Dutch** authorities express concern that the abrupt move to Financing Not Linked to Costs (FNLC), before evaluation of RRF experience, may prove premature (**NL South**).

**Performance-linked financing and accelerated spending rules are viewed as demanding and potentially counterproductive.** Provisions such as the N+1 rule and performance-based payments are seen as challenging to apply to long-term investment programmes (**AT, BE (Vla), NL (South, West)**). **Flanders** argues that faster spending targets may undermine the strategic focus of investments. Regions in the **Netherlands** are wary of over-emphasising output-based financing without sufficient transition through Simplified Cost Options (**NL (West, South)**). **Austria** notes that adapting systems to the new timetable will be demanding and that if cost-based controls continue in parallel, simplification will remain elusive.



## 5 NATIONAL AND REGIONAL PARTNERSHIP PLANS

**The proposal for National and Regional Partnership Plans (NRPPs) represents a major shift in the governance and delivery of EU investment policies.** Under the new umbrella Fund, cohesion, sustainable development, competitiveness and security are established as overarching objectives. Each Member State would prepare one NRPP, complemented by a single Interreg Plan for territorial cooperation. This would streamline the current system by reducing the number of programmes from around 540 to just 27 National Plans, potentially with national and/or regional chapters. The NRPPs would bring together several funding streams covering Cohesion Policy, agriculture, fisheries, migration, and rural and coastal development into a single framework. In addition, the Social Climate Fund and the Modernisation Fund would be incorporated as distinct chapters within the Plans.

IQ-Net authorities broadly welcome the ambition to bring different funding streams under one strategic framework, but many warn that such breadth could dilute cohesion as a distinct policy goal and weaken territorial targeting. Each NRPP is designed to integrate Cohesion Policy, the CAP and other investment instruments within shared national and regional planning structures. In practice, this raises questions about governance balance, administrative feasibility and the preservation of cohesion's place-based character.

### 5.1 Strategic integration and potential synergies

**A more strategic and coherent territorial approach is seen as the main opportunity.** Several authorities (**BE (Vla)**, **FI**, **MT**, **PL (W-M)**) suggest that bringing cohesion, rural development and other investment instruments into a single framework could enable genuinely place-based investment packages addressing economic development, rural development, climate adaptation and innovation together. For example, some regional representatives from **Finland** recall cooperation between cohesion and agricultural and rural measures in earlier periods, implying potential for recreating synergies if the framework supports them. **Malta** highlights scope for stronger alignment across territorial development, digitalisation and climate adaptation, provided complementarity is clearly defined. **Warmińsko-Mazurskie** considers it positive that rural development is brought into the same plan, as this can promote complementarity between policies. **Flanders** adds that overlaps between CAP rural programmes and cohesion-backed investments could be used to maintain some interventions even when the overall envelope declines.

**At the same time, integration creates risks of budgetary competition.** Once cohesion and CAP share the same envelope, open competition between sectors is judged likely, particularly where agriculture enjoys stronger political support (**EL**, **IE-SRA**, **NL South**, **PL (Pom)**). **Greece** warns that cohesion and rural development may compete to maximise their shares, while social policy areas, already reduced to 14 percent, could become more vulnerable. The **IE-SRA** MA emphasises that without clear demarcation, policy areas with less political weight will



lose out, and **NL South** notes that integration could channel excessive funding towards agriculture at the expense of innovation. In terms of governance, **Polish** regions add that because agriculture is managed nationally, it is difficult to see how regions could exercise any meaningful management role over these resources once integrated.

## 5.2 Policy and institutional mismatches

### **Differences in intervention logics, rules and institutions are among the strongest risks identified.**

Several authorities (**AT, CZ, HU, MT, NL West**) recall that earlier attempts to align funds produced limited benefits. **Czech** interviewees prefer to keep CAP, Home Affairs and cohesion separate and consider combining multiple policies under a single plan to be rather problematic, citing negative experience during 2014-20. **Hungary** stresses that sectoral and cohesion funds are structured too differently to integrate meaningfully and that their combination could create market-like competition rather than synergy. Irish authorities (**IE (NWRA, SRA)**) note that integration brings together institutions and sectors with little history of cooperation, especially between Cohesion Policy and CAP, increasing risks of coordination challenges and delays. **NL West** warns that rules designed for one fund may be wrongly applied to another, for instance applying CAP's N+1 logic to ERDF operations. **Malta** highlights the need for clear demarcation of scope, eligibility and budgets to avoid overlaps and double funding, particularly in smaller administrations.

### **Administrative complexity and coordination burdens are expected to rise rather than fall.**

**Czechia, Finland, Flanders, Pomorskie** and **Bizkaia** highlight that ministries will have to coordinate across multiple funding streams and that the advantages of integration will materialise only if national structures are flexible enough to manage this. **Czechia** warns of the risk of duplication across pillars since similar activities appear under different headings. **Bizkaia** anticipates political and administrative challenges because cohesion and CAP have divergent objectives and delivery cultures. **Finland** points out that different ministries currently manage cohesion and CAP, making the coordinating ministry for the NRPP crucial. **Malta** warns that combining CAP, which is frequently revised, with other instruments could disrupt implementation cycles. **Polish** regional perspectives stress that indicator sets are designed for national management, not for regional implementation, hindering territorial coordination.

**There is also concern about dilution of cohesion visibility.** Where large portions of the envelope are earmarked for green, social or agricultural priorities, cohesion-funded activities may be absorbed into broader programmes (**EL, BE (Vla)**). **Flanders** notes that smaller cohesion budgets could see distinct actions folded into general programmes, reducing visibility and policy diversity. **Greece** adds that the reduction in the social dimension, coupled with pressure to fund social actions nationally, may result in cancelled operations where national co-financing is unaffordable. As noted, **Polish** authorities are concerned about requirements to address all specific objectives in NRPPs, imposing excessive standardisation and leaving little



room for other interventions. **Austria** expects more ring-fencing to be introduced, which would reduce discretionary space even further.

### 5.3 Governance, timing and interdependence

**Interdependence between policy chapters introduces timing and sequencing risks.** Southern authorities in **Ireland** highlight the possibility that delays in one chapter could hold up others, an issue magnified by the differing negotiation cultures and implementation speeds of CAP and cohesion. A single NRPP could therefore become an administrative bottleneck rather than a simplifying framework.

**Perceived gains from integration may be limited or one-sided.** **NL West** suggests that the main administrative savings accrue to the Commission, not to MAs. **Austria** similarly notes that previous simplification measures appeared simpler for Brussels but not for programme authorities on the ground.

**Programme authorities therefore emphasise the need to preserve shared management, policy autonomy and the regional role.** This is especially the case in smaller or decentralised systems (**MT, PL (Pom)**). **Malta** welcomes stronger coordination but insists that fund-specific objectives, legal bases and governance structures must remain distinct, and that monitoring and reporting requirements must stay proportionate to capacity. Regional authorities in **Poland** caution that although “regional” appears in the NRPP title, the draft design does not provide for meaningful regional governance once agriculture, largely a nationally managed policy, is included. **Finland** stresses that the institutional choice of coordinating ministry will be influential. While cooperation with the Ministry of Economic Affairs and Employment has been positive, shifting coordination to the Prime Minister’s Office could weaken established practices of regional involvement.

### 5.4 Administrative feasibility and simplification

**The NRP Plan promises efficiency but risks creating new layers of complexity.** While integration could reduce duplication and improve coherence in planning and data systems, most IQ-Net programme managers foresee substantial transitional and administrative costs. Experience with the RRF reinforces doubts that simplification at EU level translates into simplification for managing or implementing bodies. Many expect the model to shift rather than remove complexity, particularly in multi-level systems.

**Simplification will depend on detailed rules, proportionality and capacity.** Several authorities (**CZ, FI, MT**) stress that real simplification hinges on secondary legislation and Commission guidance. **Czechia** notes that Article 78 merely sets limits for Simplified Cost Options and FNLC without operational clarity. **Finland** stresses that benefits will occur only if fund-specific rules are



genuinely harmonised. **Malta** emphasises that simplification requires proportionate audit, control and monitoring systems across funds.

**Capacity constraints and coordination challenges are widely expected.** **Ireland's NWRA** MA foresees that promised efficiencies will be offset by capacity-building needs, delaying implementation. **IE-SRA** emphasises that the reform constitutes a radical change requiring the rebuilding of systems, which past experience shows is not efficient and may create significant transitional inefficiencies. **Pomorskie** warns that performance-based mechanisms such as FNLC will be difficult to apply alongside traditional cost-based audits. **Flanders'** experience shows that even minor plan adjustments can cascade across administrations, creating low-value work. **Portugal** stresses that simplification is impossible without a genuine multi-level governance process reflecting each country's institutional structure.

**In summary, integration under the NRPP offers clear theoretical advantages but significant practical risks.** The opportunity lies in designing genuinely integrated, place-based investment packages and reducing overlaps between funds. The risks lie in importing CAP-style rules and sectoral power balances into cohesion, creating competition rather than synergy, and increasing coordination and administrative burdens. Across IQ-Net authorities, there is a shared view that integration must come with clear demarcation, protected space for cohesion objectives and governance arrangements that do not marginalise regional actors.



## 6 MULTI-LEVEL GOVERNANCE AND PARTNERSHIP

**The proposals reaffirm the principle of partnership but introduce a clear shift in the balance of responsibilities towards national administrations.** While the draft Regulation continues to reference multi-level governance and partnership, the introduction of a single NRPP implies the discontinuation of regional programmes, albeit with an option to include regional chapters in the plan. Linking payments to reforms also strengthens the role of national governments in defining and assessing milestones and targets. The introduction of a Coordination Authority may also imply more centralisation. MAs across Member States recognise that this could reduce regional autonomy and increase centralisation trends.

### 6.1 A stronger role for national administrations

**Greater concentration of authority at national level is seen as a defining feature of the proposed framework.** Regional authorities in several countries note that, in the new regulatory texts, their role is largely confined to consultation or involvement rather than management as in the RRF. This shift towards national ownership of plans risks subordinating regional priorities to national policy agendas. For example, **Flanders** observes that the new structure could reduce the role of subnational authorities in shaping or implementing programmes, a challenge shared by other decentralised systems where flexibility and responsiveness to local needs could diminish. However, constitutional provisions in federal countries are likely to safeguard a strong regional role.

**Uncertainty about the institutional balance between the Commission, Member States and regions is a widespread concern.** While some authorities acknowledge the potential for more integrated national planning, most highlight that the regional role in programming remains undefined. The **Finnish** regional authorities highlight the importance of maintaining regional involvement in defining themes and priorities, noting that although regions do not interact directly with the Commission, they play a central role in programme delivery. They stress that current cooperation with the Ministry of Economic Affairs and Employment works well, but fear that coordination by the Prime Minister's Office under the new model could weaken this relationship.

**Smaller or centralised Member States place greater emphasis on proportionality and coordination than subnational autonomy.** **Malta** interprets the proposals as reinforcing shared management combined with stronger Commission oversight through reform-linked funding. While welcoming the accountability focus, the **Maltese** MA insists that flexibility, clear coordination and proportionate reporting are necessary to avoid additional administrative layers in smaller administrations.



## 6.2 Changing dynamics within the Commission

**The balance of responsibilities within the Commission is also questioned.** The reform proposals and budget framework were developed top-down, with limited consultation across Directorates-General, and there is concern that DG Budget's growing role could shift priorities away from territorial development. There are calls for a well-defined regulatory framework to preserve balance between the Commission and Member States and to maintain the focus on cohesion objectives (e.g. [Greece](#)).

**The new architecture is interpreted by many as strengthening both national and EU-level control, with regions losing steering capacity.** Regional authorities in the [Netherlands](#) underline that subnational autonomy would be significantly weakened, even though cohesion-funded investments are inherently territorial. [Polish](#) regional authorities ([Pom](#)) add that removing direct communication between the Commission and regional actors risks reducing the quality of information flows and weakening the place-based character of Cohesion Policy. Similar concerns are voiced in [Austria](#), where it is unclear whether the Commission will continue direct engagement with regional or thematic bodies or act solely through national coordinators.

## 6.3 Risks of nationalisation and centralisation

**Risks of nationalisation and centralisation are widely identified as key challenges in the proposed framework.** Most authorities foresee a concentration of power at both EU and national levels, with reduced regional participation in programming and limited capacity for local adaptation. The move towards single national plans decisively strengthens central administrations and narrows the space for subnational input.

**IQ-Net authorities reveal different degrees of vulnerability to these risks.** In unitary systems such as [Denmark](#) and [Hungary](#), centralisation is already advanced, but authorities still expect further concentration of decision-making through cross-programme coordination. By contrast, authorities ([AT](#), [BE \(Vla\)](#), [ES \(Biz\)](#)) in federal and regionalised Member States anticipate more disruptive impacts, as national steering may constrain existing regional autonomy, although [Austria](#) already rationalised its regional programmes at national level during previous reforms.

**More widely, the growing role of centrally managed instruments at EU level**, including the Competitiveness Fund, could marginalise shared management and place-based approaches ([EL](#), [HU](#), [NL](#), [PL \(W-M\)](#)). For instance, [Warmińsko-Mazurskie](#) argues that centralised management should apply only in exceptional cases of horizontal importance, and that effective Cohesion Policy requires allocating funds according to local needs and conditions. Regions are closest to socio-economic realities and therefore need the tools and competences to shape and implement development strategies.

**There are expectations of positive partnership continuity in some cases.** [Czechia](#) notes that the principle of partnership remains embedded in the proposals and that flexibility could help



develop more integrated projects. However, they caution that without adequate coordination, competition among instruments could outweigh complementarity, particularly in regions with limited administrative capacity.

## 6.4 Safeguarding subsidiarity and shared management

**Concerns about the erosion of regional programming are accompanied by fears of weaker responsiveness and slower decision-making.** In **Ireland** and **Poland**, regional authorities question how the Commission might safeguard regional input under the new model, given that previous instruments such as the NRRP offered little scope for subnational participation. Regional authorities in the **Netherlands** point out that national ministries may take longer to react to local challenges once responsibilities are centralised.

**The perceived risk of excessive Commission influence during negotiations also features prominently.** **Portuguese** authorities warn that subordinating Cohesion Policy to broader EU priorities could grant the Commission disproportionate leverage in shaping national plans, weakening both national and regional ownership of investment choices.

**The direction of reform is widely viewed as reducing the practical scope of partnership and shared management.** While coordination and accountability may improve, these gains could come at the cost of weaker multi-level governance and reduced regional/place-based differentiation. Many IQ-Net authorities argue that without explicit safeguards for subsidiarity and regional participation, the reforms risk undermining one of the defining principles of Cohesion Policy.

**In summary, the proposals maintain a rhetorical commitment to partnership but signal a structural shift towards centralised control through national plans despite provisions for regional chapters.** Most programme authorities consider that the new model will reduce regional autonomy, limit responsiveness to local conditions and could weaken the territorial legitimacy of Cohesion Policy. Preserving the principles of multi-level governance, partnership and subsidiarity is therefore viewed as critical to sustaining the policy's effectiveness and credibility in the post-2027 period. The following section examines the implications for the territorial dimension through the lens of territorial instruments.



## 7 TERRITORIAL DIMENSION

**The territorial dimension of Cohesion Policy has grown steadily since 2014-20, reinforcing the EU's commitment to place-based development.** The European Commission has promoted instruments that tailor investments to local contexts and strengthen multi-level governance. By 2021-27, around 2,150 territorial tools were in operation across Member States, covering urban, rural, functional and cross-border areas. Evaluations consistently find that these instruments add value by fostering partnership and local strategy-building, though their potential remains constrained by fragmentation, limited capacity and complex fund combinations.

**The new proposals maintain the concept of territorial instruments but remove the regulatory earmarking that previously ensured their uptake.** Without compulsory allocations, many authorities fear these tools will become optional and vulnerable to national budgetary priorities, especially in Member States with limited funding or centralised governance structures.

### 7.1 Territorial instruments, allocations and performance

**Implementation of territorial instruments varies widely across Member States.** In **Croatia**, **Czechia**, **Poland** and **Portugal**, early experimentation in 2014-20 created mature territorial models refined during 2021-27. Mandatory earmarking for Sustainable Urban Development (SUD) also produced positive spillovers – for instance, in **Greece**, where it catalysed new local partnerships and expanded interest in SUD and Integrated Territorial Investments (ITIs) beyond major cities.

**Limited deployment characterises countries with smaller allocations or simpler governance systems.** Regulatory requirements were an important driver for the use of territorial instruments in **Denmark**, **Finland** (ensuring funding for regions such as Helsinki-Uusimaa) and **Malta**, often limiting delegation and focusing on experienced territories to avoid administrative complexity. **Pomorskie** notes that such instruments demand significant time and resources to establish, leading to slower initial implementation. **Warmińsko-Mazurskie** adds that partnership-building can be a bottleneck, though it yields long-term gains in local strategic capacity.

**Broader thematic coverage and stronger integration are key benefits where territorial tools are well established.** **Czech** authorities highlight that multi-level planning helps link inclusion, decarbonisation and innovation, addressing structural challenges such as ageing populations and industrial transition. In **Austria**, Community-led Local Development (CLLD) remains well embedded in Tyrol, and urban interventions supported by Cohesion Policy in other parts of the country are expected to continue.

**The loss of compulsory earmarking for SUD marks the most significant regulatory change.** Earlier rules required at least 8 percent of ERDF for SUD, ensuring sustained urban investment; the new



framework removes this safeguard and also removes similar quantifiable obligations for LEADER under the EAFRD.

**Some authorities see an opportunity in greater flexibility.** **Flanders** considers that removing quotas could enable more strategic, high-impact investments and better alignment with regional priorities. **Warmińsko-Mazurskie** similarly prefers optional instruments that allow resources to adapt to emerging needs.

**Most, however, warn of declining incentives and national reallocation risks.** Without earmarking, authorities in the **Netherlands**, **Greece**, **Finland (Helsinki-Uusimaa region)**, **Ireland (SRA)** and **Flanders** expect Member States to redirect funds toward national priorities, undermining place-based investment. Regions in the **Netherlands** are concerned about the continuity of city-specific programmes such as in Rotterdam, while some regional representatives (e.g. Helsinki-Uusimaa) in **Finland** warn that the loss of earmarking could widen disparities where Cohesion Policy budgets for urban areas are small.

**Centralisation of decision-making is another major risk.** Regional authorities caution that removing earmarking increases national discretion, potentially favouring politically salient territories. A regional representative of **Finland** also notes that unequal national funding levels could make it difficult to pursue common EU objectives. In federal systems such as **Belgium**, overlapping competencies further complicate coordination and reduce the impact of territorial instruments.

**By contrast with the loss of dedicated funding, a stronger performance orientation may reduce flexibility.** The proposals introduce measurable targets in territorial strategies, a shift welcomed in principle but treated with caution. **Pomorskie** stresses that the real value of territorial instruments lies in process-oriented gains – such as improved local governance, partnership and capacity-building – which are difficult to capture through quantitative indicators.

## 7.2 Coherence with rural development, CLLD and LEADER

**Closer alignment between Cohesion Policy and rural development is broadly welcomed.** Integrating CLLD and LEADER into a single framework could simplify fund combination and improve coherence between ERDF, ESF and EAFRD interventions. This reflects current practice, as many Local Action Groups already use both Cohesion Policy and rural development resources. **Flanders** views this as a chance to integrate local infrastructure and rural initiatives more effectively, while **Austria** expects continuity given CLLD's well-established role with EAFRD as the lead Fund.

**Improved coordination is also anticipated in Greece**, where CLLD and LEADER previously operated separately. A unified regulatory basis could reduce duplication and simplify management.



**However, persistent fragmentation remains a risk.** One regional representative from **Finland** pointed out that the consolidation may not resolve differences in objectives or delivery models. Similarly, there is some concern among the more urban regions in particular that strong political support for LEADER could lead to de facto rural earmarking, potentially marginalising urban and functional territorial approaches under a single national plan.

### 7.3 Addressing other territorial challenges and issues

**The degree to which the new regulatory framework recognises diverse territorial challenges remains limited.** Although NRPPs are expected to consider territorial specificities, there is little clarity on how this will apply to industrial, demographic, decarbonisation or border regions.

**Just Transition arrangements illustrate this uncertainty.** **Austrian** authorities report mismatches between available Just Transition Fund funding and local absorption capacity, while **Greece** criticises the omission of coal regions – still below national GDP averages – from dedicated transition support.

**Support for border regions is also uneven.** There is support for a continued focus on eastern borders (**Finland, Poland**) and calls for parallel attention to the south-eastern frontier (**Poland**), as repeatedly raised by **Greece** in Interreg and mid-term reviews. However, there are questions about whether Cohesion Policy is the most suitable tool to address urgent security or defence-related needs in border territories.

**Industrial and demographic challenges risk being overlooked.** **Flanders** highlights that industrial clusters, port logistics and population decline could be deprioritised under a more centralised approach. **Czechia** similarly warns that regions with the greatest development challenges often lack administrative capacity, and that without earmarking, disparities could widen. **Bizkaia** adds that issues such as migration, housing and demographic change require continued territorial focus to prevent emerging gaps.

### 7.4 The future of territorial instruments

**Continuity of established models is expected where territorial instruments are already embedded in programme management,** notably in **Austria, Czechia, Poland, Portugal.** **Portuguese** authorities argue that a reduction in their importance is unlikely and emphasise the need to maintain multi-level shared management and regional involvement. They call for territorial instruments to remain adaptable to different governance systems and highlight their role in connecting regional, national and European strategies.

**Decline in territorial approaches is anticipated in countries where use of these instruments has depended mainly on regulatory requirements.** Without earmarking, authorities in the **Netherlands**, (regional authorities in) **Finland** and **Flanders** expect national governments to prioritise other objectives, while in **Ireland** territorial approaches are viewed as potentially



vulnerable to future shifts in national administration and priorities. **Greece** warns that the limited incentive structure could lead to the loss of the governance capacity built through ITIs in the past two periods.

To conclude, the proposals maintain a rhetorical commitment to territoriality but weaken the mechanisms that guaranteed a minimum level of place-based investment. Where regional and local actors have established strong roles, territorial instruments are likely to continue, possibly in closer coordination with rural development. Where national governments have a stronger role, territorial instruments may become marginal, resulting in more uneven territorial initiatives and outcomes across Member States.



## 8 PERFORMANCE MONITORING AND PAYMENTS

The proposed system for performance-based monitoring and payments is recognised as an effort by the Commission to strengthen accountability, link funding more closely to outputs, and accelerate disbursements to Member States. While these goals are supported in principle, many IQ-Net authorities identify significant risks and implementation challenges. Experiences with the RRF strongly shape these views, as Member States anticipate that performance-linked payments will not automatically lead to faster or simpler implementation. Instead, many foresee the continuation of cost-based verification alongside the new performance model, creating a **dual system** that combines the burdens of both approaches.

IQ-Net authorities highlight three central themes:

1. **limited flexibility and innovation**, as milestones and targets may discourage experimentation;
2. **operational and financial risks**, including the likelihood of delays, underachievement, and loss of funding; and
3. **audit and administrative burdens**, with concerns that traditional cost checks will continue at the same scale and intensity, alongside milestone and target verification.

### 8.1 Focus on performance and results

The shift towards performance-based payments is recognised as conceptually sound in principle. Stronger links between funding, outputs and results can enhance transparency and accountability (BE (Vla), FI, MT). Flanders considers that requiring implementers to manage projects actively from the start could help align spending with measurable outcomes. Similarly, Finland sees the emphasis on performance as positive, provided roles, responsibilities, and indicators are clearly defined.

However, several IQ-Net authorities warn that the model remains focused on outputs rather than real results (BE (Vla), NL West). Dutch regional authorities note that the focus on short-term deliverables rather than genuine outcomes, may lead to a “tick-box” compliance system. To secure funding, authorities may prioritise “safe” projects with predictable results, at the expense of innovation or risk-taking (BE (Vla), PT). Moreover, defining milestones at the outset may reduce flexibility to adapt project calls or support emerging needs or changes in costs (BE (Vla), CZ, PT).

### 8.2 Incentives, benefits and risks

Performance-linked payments are expected to encourage a stronger results orientation and closer monitoring of progress. Linking payments to achievements can improve accountability



and increase awareness of outcomes at all levels (BE (Vla), MT, PL (Pom)). Aligning performance mechanisms across funds could also create synergies and coherence between shared and direct management instruments (PL (Pom)).

**Despite these potential advantages, there is limited evidence that such systems have delivered faster payments in practice.** Malta, Finland and Bizkaia emphasise that the RRF has not proven to be a simpler or quicker model. Instead, additional verification and reporting requirements have often delayed implementation.

**The risks associated with performance-linked payments are considered substantial and could undermine effective implementation if not managed carefully.**

- **Loss of flexibility:** Flanders and Portugal caution that fixed milestones and predefined indicators may reduce the ability to adapt to changing conditions, favouring risk-averse project selection.
- **Financial exposure:** Czechia, Flanders and Hungary warn that delays in achieving milestones could jeopardise cash flow and create fiscal risks for national budgets. Hungary highlights the potential detachment between project implementation and reimbursement, exposing public authorities and project promoters to uncertainty.
- **Centralisation and governance risks:** Greece warns that performance payments could further centralise control, as payment requests would depend on the overall fulfilment of objectives set in national plans, limiting regional autonomy and creating dependency on central government.
- **Capacity constraints:** Malta and Warmińsko-Mazurskie note that smaller administrations or regions with limited capacity may struggle to meet complex and detailed reporting and verification requirements, risking penalties unrelated to their performance.
- **Simplification paradox:** Many authorities report that performance verification could add rather than remove administrative burdens (AT, FI, IE-NWRA, MT).

While the shift is seen as potentially beneficial in theory, authorities agree that **without proportionate audit requirements and flexibility**, the system risks penalising smaller or less experienced administrations and creating new bottlenecks in implementation.

### 8.3 Feasibility and operationalisation

**The coexistence of performance-based and cost-based systems is regarded as the main practical obstacle to implementation.** Austria and Greece anticipate that national rules requiring cost-based audits will coexist with EU performance monitoring, creating two overlapping systems and increasing administrative complexity. Similar fears are expressed in



**Ireland (SRA)** and **Hungary**, where MAs expect to “run the new system but keep the old parameters” to satisfy auditors, given likely tension between performance-based delivery and traditional cost-based audit requirements. **Czechia** points out that, despite recommendations to move away from invoice checks, many duties can only be verified by controlling costs, while uncertainties remain around indicators and reporting requirements. This reflects a broader view: even in countries supportive of performance orientation, authorities expect to retain cost-based controls for legal and compliance security.

**Unclear and inconsistent audit requirements are a second major source of concern.** **Austria** sees the lack of clarity around audit as a major weakness. National and EU audit bodies continue to apply different standards, with some insisting on invoice-level verification despite the new performance logic. **Ireland (SRA)** similarly warns that unless audit authorities agree early on common expectations, MAs will need to maintain parallel cost-based documentation “to cover all bases”. **Malta** argues that performance verification must be accompanied by a proportionate and risk-based audit framework that replaces, rather than duplicates, traditional checks. The **Maltese** MA stresses that if both systems are maintained, the administrative burden will increase, and payment timelines will be delayed. The European Court of Auditors’ (ECA) cautious stance towards performance-based approaches risks reinforcing this duality. **Denmark** adds that clarity and consistency between the Commission and the ECA will be essential to avoid reintroducing the very bureaucracy the reform aims to reduce.

**Administrative readiness varies widely across Member States and will shape how effectively the system can operate.** **Flanders** expects a steep learning curve, as performance-linked systems require new monitoring tools and reporting procedures. The need to track multiple indicators across diverse project types could add significant complexity. **Finland** also highlights the challenge of developing and measuring suitable indicators at the local level, while **Warmińsko-Mazurskie** notes that regional authorities have little control over centrally defined milestones, making them accountable for outcomes they cannot directly influence.

**Simplification remains largely theoretical under current conditions.** The **Irish NWRA** MA and **Bizkaia** note that performance monitoring has so far increased reporting demands, with RRF experience showing overlaps between milestone checks and cost verification. **Austria** and **Malta** stress that as long as auditors require proof at invoice level, simplification will remain unattainable. **Denmark** views the proposals as broadly compatible with its long-standing simplification agenda, provided indicators are measurable and the Commission and the ECA agree on interpretations.

**The interaction between the performance-based approach and the accelerated decommitment (N+1) rule is also a key issue.** Stringent verification procedures will slow disbursements at precisely the time when spending needs to accelerate (**AT, PT, W-M**). **Portugal** notes that the “N plus ten months” (given the October annual deadline) requirement is illogical when combined with relatively limited (albeit higher) pre-financing, as it could push Member



States towards short-term “quick win” projects rather than structural investments. **Dutch** regions express similar concerns, although they acknowledge that increased pre-financing in the first three years may help mitigate some delays (**NL South**).

**Performance-based systems inherently produce uneven outcomes, favouring stronger administrations and sectors.** **Greece** and **Poland (W-M)** anticipate that well-resourced or institutionally mature administrations will adapt more easily, while weaker ones may experience additional delays and funding risks. This dynamic could deepen existing disparities rather than promote convergence. In **Poland**, particular concern centres on Technical Assistance – making TA dependent on performance is seen as inappropriate, since it finances the administrative functions necessary for implementation. Conditionality could lead to staff shortages, slower decisions, and reduced programme quality. **Malta** echoes this point, noting that smaller Member States could be disproportionately penalised if funding continuity is tied too rigidly to milestone achievement.

**Despite the shift towards a performance logic, cost-based audits are expected to remain integral to financial management.** Project costs will still be audited to ensure compliance with procurement, State aid and eligibility rules and the regularity of expenditure (**BE (Vla)**, **EL**, **HU**, **IE**, **MT**). **Malta** argues that maintaining both systems will defeat the purpose of simplification and calls for a transition to proportionate, output-oriented audits. However, the absence of a clear framework and differing ECA interpretations make it likely that Member States will continue to face dual audit obligations combining cost- and performance-based verification.

## 8.4 Conditions for effective performance management

**The performance-based payment system is widely regarded as ambitious but high risk.** Authorities recognise its potential to enhance accountability and focus on outcomes, yet they see limited evidence that it will simplify implementation or speed up payments. Across Member States, the main conditions for success are repeatedly identified:

- **Audit alignment:** Clear, consistent, and proportionate rules must be established between the Commission, the ECA and national authorities to prevent duplication (**AT**, **DK**, **IE-SRA**, **MT**).
- **Flexibility and proportionality:** Targets and milestones should allow adaptation to changing contexts and safeguard smaller administrations against disproportionate penalties (**BE (Vla)**, **EL**, **MT**).
- **Institutional capacity and support:** Adequate training, resources, and time will be required to build the systems needed for performance-based management (**BE (Vla)**, **FI**, **PL (W-M)**).



- **Regulatory coherence:** Dual systems should be avoided by aligning EU and national audit frameworks to ensure predictability and cash-flow stability (**CZ, EL, HU**).

**In its current form, the performance-based payment system risks increasing administrative complexity and financial uncertainty rather than delivering the promised acceleration toward better outcomes.** While authorities broadly support the principle of linking funding to results, they highlight that without simplification, flexibility, and clarity in audit and control mechanisms, the system is likely to hinder implementation and heighten risk between stronger and weaker administrations.



## 9 CONCLUSIONS: REFORM AMBITIONS AND REALITIES

**The reform proposals represent a radical reconfiguration of Cohesion Policy with significant risks for regional programming and responsibilities.** The overall picture that is emerging from reactions to the proposals is of a system that changes architecture, governance and terminology but not all underlying practices. While the national plan structure, performance-linked disbursement and closer alignment with EU priorities are transformative, many expect the persistence of existing shared-management mechanisms, eligibility rules, monitoring and evaluation, and audit traditions. However, the expected outcome is a hybrid framework that combines reform and continuity, shifting administrative and financial responsibilities decisively to national administrations while potentially weakening, and in some cases displacing, the territorial and regional character of Cohesion Policy.

**Perceptions of the scale and nature of the reform vary considerably, although with agreement that this cycle marks a much sharper break than previous reforms.** For many, the proposals constitute a significant shift that limits regional flexibility, constrains project selection and re-orientates Cohesion Policy from a territorial investment logic towards national reform agendas. In other countries, with more centralised systems, the reform implies incremental evolution that can preserve core governance arrangements, albeit with additional obligations. At the same time, there is broad recognition that the merger of cohesion, agricultural and other instruments under a single NRPP, combined with an extended performance-based logic, goes well beyond earlier reforms and implies organisational change with questions about implementation feasibility. Some interpret the reform as displacing rather than modernising Cohesion Policy, while others view it as a step towards a more performance-oriented model that, if accompanied by robust safeguards for multi-level governance and partnership, could pave the way for a more comprehensive redesign after 2034.

**Eligibility and allocation arrangements are an important issue of contestation in the MFF reform debate.** The move away from the Berlin formula, the weakening of guarantees for Transition regions and MDRs, and the consolidation of cohesion, CAP and other envelopes into a single national plan are widely seen as shifting distributive choices down to Member States while at the same time providing the Commission with more scope to intervene in programming during implementation. This raises fears of intensified domestic competition between sectors and territories, with cohesion-oriented and weaker regions exposed to stronger national lobbies and to the political priorities of central governments. High climate earmarking, sizeable flexible tranches and the absence of clear minimum allocations are expected to reduce predictability and the scope for medium-term regional planning, particularly in countries with limited domestic regional development funding. Authorities therefore call for stronger safety nets and greater transparency in allocation methods – including clearer indicators, minimum guarantees and safeguards for all categories and types of regions – to ensure that the reform does not erode the redistributive function of Cohesion Policy and widen territorial disparities.



**A perceived downgrading of Cohesion Policy's mission raises concern about the loss of its territorial focus.** The emphasis appears to be shifting from reducing disparities towards competitiveness, crisis response and centrally defined priorities. For administrations that rely heavily on Cohesion Policy for investment, this represents a substantive loss. The growing influence of Commission DGs with responsibility for the MFF and coordination relative to those responsible for regional development suggests that financial discipline is overtaking territorial objectives and governance.

**The new model is recognised for its potential strategic advantages but also clear drawbacks.** Integration under a single national framework could strengthen strategic oversight, improve alignment with EU priorities and increase the visibility of EU funding through unified portals, systems and clearer communication. These gains, however, are offset by concerns about reduced autonomy and greater complexity. Consolidation into one national plan is widely expected to strengthen central administrations while weakening regional participation. Centralisation of decision-making is also seen as a risk for territories that depend on higher-level milestones and reform to unlock disbursements.

**Administrative complexity is expected to rise rather than fall.** Consolidation may simplify oversight at EU level but will require new coordination structures nationally. Broader policy coverage and stronger links between reforms and funding are likely to generate additional reporting obligations, and there is concern that simplification could become a pretext for expanding, rather than streamlining, Commission discretion. Genuine simplification, it is argued, depends on shorter approval cycles and proportionate monitoring, not on new layers of negotiation.

**Implementation capacity and sequencing of reforms and reviews are identified as key challenges.** Imposing extensive changes on systems already operating under pressure could lead to transitional costs, confusion and slower delivery on the ground, despite faster disbursements to Member States. Continuous reprogramming cycles are viewed as exhausting for both national and EU administrations, diverting resources from implementation. There is strong emphasis on the need for flexibility that is real and predictable, allowing adjustment mid-way without undermining territorial priorities.

**Continuity of partnership and the regional role remain central to the legitimacy of the policy.** Effective cooperation between national and regional levels is considered essential, yet many fear that new coordination structures could concentrate decision-making within central governments. Safeguards for proportionality and transparency are viewed as critical to prevent smaller administrations from being overburdened during the transition.

**The overall assessment is that the reform is significant in design but incomplete in preparation.** The new architecture, performance-linked disbursement and stronger alignment with EU priorities are recognised as important innovations, yet there is widespread expectation that core audit, eligibility and management practices will remain largely unchanged. The likely



result is a continuation of existing systems with additional layers of obligation. In some contexts, the reform may lead to greater centralisation and stronger national steering, while in others existing multi-level arrangements may adapt and persist within the new framework. The key risks include further centralisation, erosion of partnership, heavier administrative loads and slower implementation. Potential benefits lie in clearer strategic direction, simplification – at least for higher levels of governance – and a stronger focus on performance.

**The central challenge ahead is to modernise without undermining the founding principles of Cohesion Policy.** IQ-Net authorities call for reform that maintains the performance orientation and coherence while safeguarding regional participation, ensuring genuine simplification and upholding the Treaty objective of reducing disparities. Without such balance, there is concern that efficiency gains at EU and national levels will come at the expense of Cohesion Policy effectiveness and territorial legitimacy that underpin its long-term success.



## Notes

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<sup>5</sup> European Commission (2025a) [A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034](#), COM(2025) 570 final; 16 July 2025.

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<sup>7</sup> European Commission (2025b) Fiche 4: Comparison table between the multiannual financial framework 2028-2034 and the multiannual financial framework 2021-2027.

<sup>8</sup> Mendez C, Bachtler J and Wislade F (2025) [Cohesion Policy on the Rocks?](#), EoRPA Report 25/3, European Policies Research Centre, University of Strathclyde and EPRC Delft.

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