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Subject:	Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1057 establishing the European Social Fund + (ESF+) as regards specific measures to address strategic challenges - Opinion of the European Economic and Social Committee

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# OPINION

European Economic and Social Committee

## Cohesion policy mid-term review (2025)

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056 as regards specific measures to address strategic challenges in the context of the mid-term review  
(COM(2025) 123 final – 2025/0084 (COD))

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/1057 establishing the European Social Fund + (ESF+) as regards specific measures to address strategic challenges  
(COM(2025) 164 final – 2025/0085 (COD))

**ECO/676**

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**EN**

Advisor	Petr ZAHRADNÍK
Referrals	European Parliament, 8/4/2025 Council of the European Union, awaiting referral
Legal basis	Articles 164, 175, 177, 178, 322 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted at plenary session	29/4/2025
Plenary session No	596
Outcome of vote (for/against/abstentions)	202/0/2

## **1. Conclusions and recommendations**

- 1.1 The EESC acknowledges, and agrees with, the need for a mid-term review of cohesion policy for the period 2021-2027 due to the radical change in conditions and circumstances compared to those that prevailed when the rules governing the policy were adopted.
- 1.2 At the same time, the EESC recognises that the review of cohesion policy for this period has been the broadest and most thorough so far in the history of this policy. Even the NextGenerationEU instrument, established prior to this review due to the COVID-19 pandemic, has not been enough to properly meet the new common needs of the European Union, making it necessary to undertake an in-depth mid-term review of this policy. This only testifies to the importance of basing the EU's next multiannual financial framework (MFF), which also includes cohesion policy, on more sustainable, and at the same time more flexible, guiding principles that respond to changing realities.
- 1.3 Thus, the EESC accepts that increased needs – for example in terms of competitiveness, strengthening defence capabilities and ensuring strategic autonomy – make it necessary to shift priorities towards these areas within cohesion policy as well. On the other hand, the EESC acknowledges the risk that all this 'inflation' of new objectives in cohesion policy might distract from the main objective of cohesion policy, which is to reduce the social, economic and territorial disparities between EU regions.
- 1.4 At the same time, the EESC sees the mid-term review of cohesion policy as an indication of what shape cohesion policy will take in the post-2027 MFF, with intensive preparations currently under way. The EESC would very much like to see this, as it considers it very important to ensure continuity of content between the two successive MFFs, especially in view of the current difficult circumstances and the need for the EU to have a robust capacity to act.
- 1.5 At the same time, the EESC calls for the mid-term review of cohesion policy to functionally synergise with and complement the revision of the MFF as a whole, where the issues of competitiveness, strengthening defence capabilities and ensuring the EU's strategic autonomy also play a key role.
- 1.6 In this connection, the EESC recommends that the mid-term review of cohesion policy should not focus exclusively on paying greater attention to the new thematic priorities, but should also bring about a significant shift in funding towards the use of financial instruments and thus towards more efficient and targeted use of the available funding allocations. Combining financial instruments and grants is also a good option for the future. This approach should then become even more prominent in the next MFF post-2027, which is currently being prepared.
- 1.7 The EESC also welcomes the efforts being made to provide financial incentives and stimuli to implement projects under the strategic priorities, in the form of an expanded right to pre-financing and larger advance payments, or even zero contribution from national funding (i.e. funding entirely covered by the EU budget), as well as a one-year extension of eligibility for the ERDF and the Cohesion Fund. We recommend that this should also apply to the Just Transition Fund. As regards thematic concentration requirements, the EESC supports the possibility of counting

amounts programmed for new strategic priorities, including those contributing to STEP objectives, towards the amounts required to ensure compliance with thematic concentration requirements.

- 1.8 In parallel, however, the EESC draws attention to the fact that, when a change is adopted during the programming period, it favours those Member States that have a slower absorption rate and thus still have a larger share of their initial allocation, as it has not yet been committed to projects, compared to those that have tried to make continuous use of their allocation since the start of the programming period. When it comes to solving the current problems, the 15% limit appears to be an overly strict requirement for Member States. We recognise that this limit is linked to the procedure for reallocating remaining financial resources during the mid-term review process; however, taking a uniform approach could in some cases hinder the use of the financial incentives offered in relation to the policy framework for each of the various programmes in a given Member State.
- 1.9 The EESC notes that the mid-term review of cohesion policy, just like the revision of the MFF as a whole, focuses exclusively on the expenditure side of the EU budget and completely omits its revenue. The EESC points out that, despite the long-running debate on the reform of the EU's own resources and the introduction of new resources, there have so far been no tangible results. This may not necessarily be the most important problem for the rest of the period 2021-2027, but the EESC urges the European Commission – and in particular the Council of the EU, which has been the main obstacle preventing agreement on this issue to date – to find a reliable, long-term solution to this issue in order to prepare the EU's financing post-2027.
- 1.10 The EESC stresses, with full responsibility, that, in order to make effective and rational use of financial resources in the context of the mid-term review of cohesion policy, it is essential to carefully determine the territorial dimension of the new priorities, in line with the subsidiarity principle, i.e. to identify the associated territorial potential and benefits in terms of promoting competitiveness and strengthening strategic autonomy, along with the territorial dimension associated with strengthening defence capabilities (bearing in mind that many of these priorities are best addressed simultaneously at national and European level, and thus belong more to those MFF programmes that are centrally managed). One extremely important condition for safeguarding the territorial dimension of the new priority areas is therefore to avoid creating artificial and unfounded obstacles between these areas and the objectives of convergence and reducing territorial disparities, bearing in mind that the former (i.e. competitiveness, strengthening defence capabilities and strategic autonomy) are in fact ways of achieving the latter (increasing convergence and reducing territorial disparities).

## **2. Description of the subject in context**

- 2.1 In the context of the mid-term review of the multiannual financial framework (MFF), the European Commission has taken the initiative to review cohesion policy as well. This review focuses primarily on better supporting the EU's strategic priorities: competitiveness and decarbonisation, defence and security, the eastern border regions, affordable housing, water resilience and energy transformation.

- 2.2 The aim is not only to better direct cohesion policy towards the forward-looking topics currently being focused on and to put them into practice at Member State and regional level, but also to use them to maintain the course being followed by cohesion policy in order to reduce economic, social and territorial disparities between the regions of the European Union. The purpose of the review is to encourage the Member States to redirect the available resources into the new investment priorities.
- 2.3 In terms of strengthening the EU's competitiveness and bridging the innovation gap between the EU and major global players in this field, the European Commission proposes to strengthen the position of the business sector by extending ERDF support to large companies operating in areas of strategic importance, such as defence, strategic technologies and decarbonisation. At the same time, Member States are being encouraged to increase investment in strategic technologies under the Strategic Technologies for Europe Platform (STEP).
- 2.4 The European Commission also proposes that Member States could use cohesion policy funds to build resilient infrastructure to foster military mobility. The production capacity of defence SMEs in all regions of the European Union should also be supported. In addition, it is proposed that, due to their proximity to the Russian war of aggression against Ukraine, the EU's eastern border regions should benefit from a preferential level of pre-financing, provided that at least 15% of their total funding is reallocated to the new strategic priorities.
- 2.5 The European Commission identifies the current housing market situation in a number of Member States as a market failure that can legitimately be addressed through public sector intervention, specifically by doubling the amount of cohesion policy funding for affordable housing. The expectation is that Member States will be able to raise and pool private and public funds through a new financial instrument, developed in conjunction with the European Investment Bank (EIB), to combine cohesion policy resources with those from the EIB, other international financial institutions, national development banks and private commercial banks.
- 2.6 Another strategic priority towards which the Commission proposes reprogramming the thematic framework of cohesion policy is water, specifically water resilience; this includes, for example, projects to digitalise water management infrastructure or to mitigate the impact of drought and desertification.
- 2.7 As part of the mid-term review of cohesion policy, the European Commission also proposes prioritising investment to promote energy interconnectors and related transmission infrastructure and deploy charging infrastructure, in order to significantly facilitate the acceleration of the energy transition, the promotion of clean mobility and the implementation of decarbonisation measures.
- 2.8 At the same time, the European Commission is proposing a system of financial incentives aimed at implementing strategic priorities. All projects supported by cohesion policy funds and developed under the EU's strategic priorities should be eligible for a level of pre-financing of up to 30%. Cohesion policy programmes that transfer at least 15% of their total allocation to these priorities may receive even larger advance payments and a one-year extension of their eligibility

for the ERDF and the Cohesion Fund. In addition, investment in the strategic priorities should be covered by up to 100% EU financing in all regions.

**3. General comments on the proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1058 and (EU) 2021/1056<sup>1</sup>**

- 3.1 The EESC believes that the process of reviewing cohesion policy is a step in the right direction on the part of the Commission, which, given the extremely significant changes in the environment, reflects its capacity to act and ensures that cohesion policy resources are spent effectively in areas that are currently priorities for the European Union. Otherwise, there would be a risk that the limited resources of cohesion policy might not be able to cover the new strategic priorities.
- 3.2 The EESC appreciates that the mid-term review of cohesion policy forms an integral part of the revision of the whole MFF for 2021-2027. It has been undertaken as a result of major changes in the Union's challenges and priorities, in the form of new needs and the emergence of exceptional events of fundamental significance. The review of the MFF thus demonstrates the flexibility of the EU budget and the shift of its substantive focus towards areas where the EU's development faces serious risks or is lagging behind, such as research as a basis for global competitiveness, migration and border management, defence, external action, reforms, critical technologies and strategic raw materials, and the consequences of the energy crisis.
- 3.3 The EESC believes that there should be reasonably sufficient thematic and procedural continuity between the mid-term review of cohesion policy and its concrete future post-2027; this also applies to the MFF as a whole. This continuity should be reflected in a high-quality programming process, ensuring that the strategic priorities identified today are fully aligned with the direction given to the content of future cohesion policy. At the same time, its framework should be broad enough both to ensure the necessary flexibility to take into account developments during the next financial perspective and to meet the specific needs of Member States while ensuring European added value.
- 3.4 The EESC is convinced that the strategic priorities for the mid-term review have been selected properly and believes that the significant resources under cohesion policy will contribute to the development of regional competitiveness. It takes the view that an approach to the issue of competitiveness that takes full account of its complexity is the most effective way of overcoming disparities between regions; in this regard, priority should be given to regions that are less developed, are at risk of lagging behind or have fallen into the middle income trap. With regard to competitiveness, it is not always essential to promote global excellence in cohesion policy; in many regions, it is sufficient to make the most of the assets they start with in order to develop based on the principle of smart specialisation, to ensure long-term sustainable development in future.

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[COM\(2025\) 123 final](#).

- 3.5 At the same time, the EESC also endorses the idea that strengthening defence and security is another key issue, and one that also has a territorial dimension at regional level, given the deteriorating security situation along the EU's eastern borders. Although defence and security are primarily EU and national level issues from a subsidiarity point of view – and all the more so as the risk of deterioration increases – there is no doubt that there is also room for regional preparedness, with a prevention, information and execution component. The closer a region is to the source of this threat, the more urgent its strategic need becomes. These provisions should also apply to all other eastern border Member States and their regions.
- 3.6 In many Member States, decent housing has recently become an unaffordable good. Although this is a matter that should primarily be the competence and responsibility of the Member States, the EESC also agrees that the possibility could be considered of addressing housing bottlenecks with EU funding. To this end, it recommends making maximum possible use of repayable financial instruments that offer housing seekers more favourable conditions than on the normal market. At the same time, the EESC recommends that housing support from EU funding should be directed towards specific, well-defined objectives, such as offering housing to create jobs as part of a business development project or, where appropriate, providing housing assistance in order to encourage people to settle in a given region and thus limit its depopulation.
- 3.7 Water is an important aspect of the response to climate change and is therefore a significant parameter of the European Green Deal. Given the transboundary nature of watercourses, water sources and the risks associated with floods and droughts, this topic is also a relevant element in the cohesion policy review. However, in this case the EESC clearly recommends making a distinction between, on the one hand, prevention and investment activities related to water use and water-related risks and, on the other, spending on emergency measures and dealing with the consequences of damage, which should be handled outside cohesion policy operational programmes.
- 3.8 The Competitiveness Compass and the Clean Industrial Deal have convincingly demonstrated the importance of the energy system for the proper functioning of the economy and for ensuring a decent standard of living in the EU; this was particularly evident during the recent energy crisis, which has made energy parameters a major obstacle to competitiveness and has also led to a deterioration in the living standards of the population in the form of a decline in real incomes. Therefore, medium- and long-term measures to improve the cost-effectiveness of energy production and its smooth transmission within and between Member States are unquestionably a priority. In this context, the EESC merely notes that the massive costs of the EU's energy transition far outstrip the real possibilities of cohesion policy, even after the review, as the bulk of the burden of these costs will rest on national public and private funds and can only partially be alleviated by cohesion policy resources.
- 3.9 At the same time, the EESC may legitimately ask why certain other key topics have not been included in the list of strategic priorities for the mid-term review, when they are likely to dominate the discussions on the preparation of the future MFF. These topics include, for example, the issue of education (which undoubtedly has a territorial dimension), and the removal of unnecessary barriers in the single market, which is becoming increasingly serious as the global trade and customs war brought about by the new US administration continues to escalate. This removal of



barriers may lead to the opening up of new areas, in particular for the free movement of services and workers and the freedom to conduct a business, all of which are of particular importance for cross-border interregional relations.

- 3.10 The EESC welcomes the proposal for additional financial incentives to allow for a more flexible response in delivering new strategic priorities, and recommends further developing this idea and encouraging Member States, especially those not making appropriate use of this option, to use repayable financial instruments. The recent period has confirmed the rise of this type of funding in areas where it has not traditionally been used (such as housing, vocational training, addressing social and health issues, developing applied research with real potential for capitalisation and the energy transition), which could be reflected to a greater extent in the revised cohesion policy.
- 3.11 At the same time, the EESC draws attention to the fact that the review of cohesion policy might not be so urgent if it had been possible to resolve the issue of obtaining new EU own resources, which could increase the EU's fiscal capacity and enable it to react more flexibly to unforeseen circumstances within a much faster timeframe and without additional administrative and procedural steps.
4. **General comments on the proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) 2021/1057 establishing the European Social Fund + (ESF+)**<sup>2</sup>
- 4.1 The EESC urges that any reallocation of ESF+ resources under the amended Regulation must be carried out in close consultation with social partners, civil society organisations and local authorities and, in particular, with the aims and founding principles of the ESF+. This aligns with the EESC's consistent advocacy for participatory governance in social and cohesion policy, as strengthening stakeholder engagement safeguards and reinforces democratic legitimacy, social and civil dialogue, regional ownership and more effective alignment with real labour market needs.
- 4.2 While the EESC acknowledges the importance of developing skills in strategic sectors such as defence, digitalisation, decarbonisation and clean technologies, it stresses that this must not come at the expense of social inclusion, poverty reduction and the promotion of quality employment. The amended Regulation must ensure that vulnerable groups, including low-skilled workers, the long-term unemployed and marginalised or otherwise disadvantaged groups such as women, young people and migrants, continue to benefit from ESF+ support as a fund established with a strong social dimension.
- 4.3 The EESC welcomes the Commission's intention to pilot a Skills Guarantee and recommends scaling it up into a permanent mechanism under the ESF+. This should guarantee access to re- and upskilling for all workers at risk of displacement, especially in regions undergoing industrial restructuring or defence sector conversion.

- 4.4 Given the strategic importance of skilled labour mobility across sectors and regions, especially in times of structural change in sectors such as green technologies and defence, the EESC calls for targeted ESF+ measures to support cross-border and intersectoral mobility. This should include job matching, language training, recognition of qualifications, training and, where possible, relocation support.
- 4.5 The EESC supports the proposed increased flexibility and pre-financing measures, particularly for programmes that reallocate resources towards new priorities and for border regions facing acute challenges. However, simplification must not compromise transparency, effectiveness or compliance with EU fundamental values and levels of national co-financing. The EESC calls for regular, transparent monitoring of how the reprogrammed funds are used, with appropriate input from social partners and other civil society organisations, and insists that all actions must remain aligned with applicable EU fundamental principles and values.
- 4.6 The EESC strongly supports the provision of enhanced financial flexibilities such as 100% Union financing and increased pre-financing for ESF+ programmes only in regions bordering Russia, Belarus, Ukraine and the eastern border of the EU. These territories are on the frontline of the EU's geopolitical and social challenges and face specific vulnerabilities. The EESC recommends developing tailored strategies within the ESF+ to revitalise local economies and labour markets, address demographic decline and reinforce social infrastructure.
- 4.7 While the proposal allows for targeted support for skills in clean technologies and digitalisation, the EESC recommends that all ESF+ priorities, whether related to defence, economic resilience or territorial cohesion, systematically integrate the twin transitions. This includes support for digital literacy, green entrepreneurship and circular economy skills across sectors and regions. Ensuring fair, just and inclusive transitions requires equipping all workers, not only those in high-tech sectors, with the necessary and future-proof competences to thrive in the new economy. In this regard, the EESC stresses the need to allocate a dedicated percentage of the ESF+ to programmes for the continuous training of workers.

## 5. **Specific comments**

- 5.1 The EESC points out, with regard to support for defence and security-related activities, such as the defence industry, that it is highly likely that such activities can subsequently also be exploited for civilian purposes, especially once the heightened security risks diminish.
- 5.2 At the same time, the EESC points out that the conclusions set out in its opinion on results-oriented cohesion policy remain fully valid for both the revised and future cohesion policy<sup>3</sup>. It should be stressed here that effective cohesion policy is not only about choosing relevant topics and funding methods, but also about developing internal procedures and criteria, as these have a specific impact on its effectiveness.

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<sup>3</sup> Exploratory EESC opinion at the request of the Polish presidency on [Results-oriented cohesion policy](#). (not yet published in the Official Journal).

5.3 With regard to water-related measures, the EESC points out that it has drawn up, at its own initiative, the concept of a ‘European Blue Deal’, which it recommends also including in the scope of these measures.

Brussels, 29 April 2025.

*The President of the European Economic and Social Committee*  
Oliver RÖPKE

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