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COMMISSION STAFF WORKING DOCUMENT

EVALUATION

Mid-term evaluation of the cohesion policy programmmes 2021-2027 financed by the European Regional Development Fund (ERDF), the Cohesion Fund and the Just Transition Fund (JTF)

{SWD(2025) 327 final}

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Glossary

Term or acronym	*Meaning or definition*
AMIF	Asylum, Migration and Integration Fund
BMVI	Border Management and Visa Instrument
CAP	Common Agricultural Policy
CEF	Connecting Europe Facility
CF	Cohesion Fund
CLLD	Community-Led Local Development
CoR	European Committee of the Regions
CPR	Common Provisions Regulation
CRII / CRII+	Coronavirus Response Investment Initiative / Coronavirus Response Investment Initiative Plus
DEP	Digital Europe Programme
DNSH	Do No Significant Harm
EAFRD	European Agricultural Fund for Rural Development
ECA	European Court of Auditors
EIB	European Investment Bank
EMFAF	European Maritime, Fisheries and Aquaculture Fund
EPRS	European Parliamentary Research Service
EQ	Evaluation Question
ERDF	European Regional Development Fund
ESF / ESF+	European Social Fund / European Social Fund Plus
FNLC	Financing Not Linked to Costs
FUA	Functional Urban Areas
GBER	General Block Exemption Regulation
GFCF	Gross Fixed Capital Formation
HE	Horizon Europe
HEC	Horizontal Enabling Conditions

Interreg	Key initiative on European Territorial Cooperation
IPA	Instrument for Pre-accession Assistance
ISF	Internal Security Fund
ITI	Integrated Territorial Investment
JASPERS	Joint Assistance to Support Projects in European Regions
JTF	Just Transition Fund
JTM	Just Transition Mechanism
LIFE	Financial Instrument for the Environment
MFF	Multiannual Financial Framework
MA	Managing Authority
MS	Member State of the European Union
MTE	Mid-term evaluation
MTR	Mid-term review
NEXT	Interreg Neighbourhood External
NDICI	Neighbourhood, Development and International Cooperation Instrument
NGEU	Next Generation EU
NRP	National Reform Programme
OTT	Other Territorial Tools
PA	Partnership Agreement
PO	Policy Objective
PSLF	Public Sector Loan Facility
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
RegHub	Network of Regional Hubs of the European Committee of the Regions
RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plans
S3	Smart Specialisation Strategies
SCO	Simplified Cost Option
SDG	Sustainable Development Goal

SFC	System for Fund Management in the European Union
SO	Specific Objective
STEP	Strategic Technologies for Europe Platform
SUD	Sustainable Urban Development
TEC	Thematic Enabling Conditions
TFEU	Treaty on the Functioning of the European Union
TFP	Total Factor Productivity
TJTP	Territorial Just Transition Plan
TSI	Technical Support Instrument

1. INTRODUCTION

Cohesion policy (CP) is one of the European Union's main investment policies, rooted in Articles 174-178 of the Treaty on the Functioning of the European Union (TFEU). The EU's ambition is to promote harmonious development by reducing economic, social and territorial disparities between Member States (MSs) and regions, especially underdeveloped areas. Cohesion policy is the main tool for delivering on this objective. The policy seeks to foster lasting socio-economic convergence and a smooth and fair green and digital transition, making sure that no one is left behind.

Under the 2021-2027 multiannual financial framework (MFF), cohesion policy is the second largest spending entry, accounting for roughly one third of the EU's seven-year budget. With EUR 378 billion in programmed investments, this figure rises to EUR 540 billion when combined with national public and private co-financing contributions. Given its substantial scope and size, cohesion policy serves as a pivotal instrument in delivering the EU's overarching political agenda.

The Common Provisions Regulation (CPR) mandates[1] the European Commission to conduct a mid-term evaluation (MTE) of all cohesion policy funds. The legislation[2] also makes provision for a review of implementation of the Just Transition Fund (JTF), and a report based on that review.

The purpose of the MTE is to make a comprehensive assessment of the programmes for the 2021-2027 period. This includes taking stock of progress made in implementing the European Regional Development Fund (ERDF), the Cohesion Fund (CF), and the Just Transition Fund (JTF), and analysing the uptake of the main legal novelty and the consequences of more recent context and legal changes. The evaluation provides evidence to support the mid-term review of programmes which is taking place in 2025[3]. In addition, the MTE process - along with the 2014-2020 *ex post* evaluation - informs the policy debate on the future of the EU budget, and particularly on the Commission proposal for the 2028-2034 MFF. Finally, the MTE serves as a baseline for the *ex post* evaluation of the 2021-2027 period, to be completed by the end of 2031[4].

This Staff Working Document (SWD) presents the findings of the mid-term evaluation of the European Regional Development Fund (ERDF), the Cohesion Fund (CF), and the Just Transition Fund (JTF). It also reports on the implementation of the JTF in relation to its specific objective. This SWD does not present the findings of the mid-term evaluation of the European Social Fund Plus (ESF+), which are included in a separate SWD. The evaluation covers all the 27 Member States, and third countries involved in Interreg.

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[1] Regulation (EU) 2021/1060, Article 45.
[2] Regulation (EU) 2021/1056, Article 14.
[3] Regulation (EU) 2021/1060, Article 8.
[4] Regulation (EU) 2021/1060, Article 45(2).

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The evaluation is carried out based on the five evaluation criteria required by the CPR and the better regulation guidelines[5]. It examines: (i) **effectiveness,** achievements and impacts of the funds in relation to the objectives of the ERDF, CF and JTF, (ii) **efficiency**, in particular whether simplification measures reduced administrative burden, (iii) **coherence** with other EU, national and subnational instruments, (iv) **EU added value**, i.e. whether the effects generated by the ERDF, CF and JTF go beyond what could be reasonably achieved by Member States and subnational authorities, and (v) **relevance** for strategic political and policy priorities, in creating the conditions for development and by addressing the emerging challenges for social, economic and territorial cohesion.

In accordance with Article 128 of the Financial Regulation, the MTE takes stock of the available evidence concerning the 2021-2027 period. The evaluation makes use of the qualitative and quantitative information reported by managing authorities (MAs) on selected operations, expenditure, output and result indicators, as well as relevant studies and documents published by the Commission and other relevant institutions. Data collection and analysis methods include desk research, data analysis, economic modelling and stakeholder engagement activities (a survey, interviews and a seminar). Further details are provided in Annexes II, V and VI.

Two complementary workstreams form the basis of this evaluation: an internal set of activities conducted directly by the European Commission's Directorate-General Regional and Urban Policy (DG REGIO) and a contracted evaluation study. The internal workstream utilises (i) internal analyses and studies; (ii) macroeconomic modelling on the expected impact of policy scenarios, including on the effect of crises and programme amendments; and (iii) analytical work related to the policy's continued relevance, programming timelines in shared management, simplification measures, enabling conditions and programme amendments, including those related to the strategic technologies for Europe platform (STEP).

Concerning the external study[6] (hereinafter 'the supporting study'), it was tendered by DG REGIO and awarded to an independent consortium composed of t33 Srl, ÖIR and Spatial Foresight. The analysis conducted focused on (i) available programming and implementation data, documents and studies; (ii) the new elements of the 2021-2027 policy framework; (iii) the interplay with other EU instruments; and (iv) extensive stakeholder consultations.

As described above, the MTE includes key information for assessing progress, as well as areas for improvement. The evidence gathered and the additional insights provide feedback on programming and implementation. **Limitations of the MTE result from the inherent challenges associated with conducting evaluation work at an early stage[7].** Following the adoption of the legal framework in 2021, partnership agreements and programmes were designed and approved in 2022, thus allowing for the start of implementation. Management and control systems were established, and rules of procedures were first created, followed by the design and launch of calls for proposals. In all MSs,

[5] SWD(2021) 305 final.
[6] Placeholder for link to final report of the evaluation study.
[7] See Annex II for a full discussion of the limitations and mitigation measures.

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projects are being selected and have started being implemented. However, few operations were completed by the MTE cut-off date of December 2024[8].

Therefore, this exercise serves as a starting point for building the evidence base for conducting a comprehensive *ex post* impact evaluation at the end of the implementation period. As Sections 2.1 and 3.1 explain in detail, factors mainly related to COVID-19 and the unprecedented EU response have contributed to the delayed programming and thus comparatively slower implementation during the first years of the period. As a consequence, the assessment is to some extent limited in its ability to fully consider the outcomes and impacts of the intervention. The MTE therefore focuses primarily on the operational and procedural aspects of programme design and implementation. The evaluation nevertheless strives to provide a comprehensive overview of the current progress, drawing insights and outlining early lessons learned.

Acknowledging the constraints of its timing, limited beneficiary representation, and a strong yet incomplete data landscape, **the findings of the mid-term evaluation are underpinned by comprehensive and overall robust evidence presented in the document[9].** The approach chosen, using diverse quantitative and qualitative data collection tools, ensured thorough triangulation of evidence from various sources. The stakeholder consultations, particularly the survey, were effective, drawing substantial interest and yielding representative feedback from key stakeholders, including coordination bodies, managing authorities, implementation bodies and monitoring committee members.

The Annexes (see Annex II in particular) describe in detail the strengths and limitations of the evidence base and the various data collection and analysis methods.

The remaining sections of this SWD are organised as follows:

- **Chapter 2 describes the expected outcome of the intervention**. In particular, Section 2.1 sets the background of the intervention and needs it addresses, Section 2.2 provides details on the objectives and targets and 2.3 reviews the points of comparison.
- **Chapter 3 outlines how the situation evolved over the evaluation period**. Specifically, Section 3.1 describes economic and policy developments since the start of the period, Section 3.2 reports in detail on the implementation state of play, Section 3.3 describes legislative and programme amendments and Section 3.4 looks at their effects on the baseline scenario.
- **Chapter 4 reports on the evaluation findings** by evaluation criterion.
- **Chapter 5 summarises the main conclusions and lessons learned**.
- **The Annexes provide information** on procedures (Annex I), methodology and limitations (Annex II), the evaluation matrix (Annex III), costs and benefits (Annex IV), stakeholder consultation (Annex V), additional evidence (Annex VI), intervention logic diagrams (Annex VII), and model simulations (Annex VIII).

[8] Specific cut-off dates per data collection tool are described in Annex II.
[9] See Annex II for a full discussion of the evidence, methodology and limitations.

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2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

2.1 Background and needs

Empirical evidence[10] shows that since the creation of the Single Market and the 2004 EU enlargement, the European Union has made progress in reducing economic and social disparities both between Member States and between regions. A considerable body of academic literature[11] documents the key role of cohesion policy interventions in driving the process of upward convergence. Particularly, but not only, in central and eastern Europe, cohesion policy is a key contributor to economic growth, improving infrastructure, and enhancing social inclusion across regions. While progress has been steady, convergence across regions remains uneven.

The 9th Cohesion Report[12] describes the persistence of subnational disparities, with some regions achieving non-existent or limited growth. Economic development appears to be driven mostly by capital regions and major agglomerations in many Member States. An entrenched geography of inequalities yields high economic, political and social costs[13], fuelling frustration and increasing political discontent. There are some risks that could potentially endanger the building of cohesion, such as low productivity growth, climate change risks and a widening skills gap. The recent debate, such as the Letta report[14], also emphasises **the demographic challenges linked to a shrinking and ageing population**. At the same time, as reconfirmed by the Draghi report[15], regional disparities can hamper European competitiveness. This underlines the **importance of cohesive growth for balanced economic development**.

Furthermore, **the twin - green and digital - transition brings new opportunities, but also requires substantial structural change**, which not all European regions are equally equipped to undergo. Addressing these challenges and exploiting opportunities is expected to require considerable investment. For example, green transition investment needs alone amount to an estimated EUR 350 billion annually[16], while the Draghi Report[17] estimates that EUR 750-800 billion annually is needed to tackle green and digital competitiveness.

The foundation for cohesion policy dates back to the Treaty of Rome of 1957, which identified territorial and demographic disparities as key obstacles to European integration. Therefore, economic, social and territorial cohesion are EU competences with a clear legal foundation that was reinforced further by the Treaty of Lisbon (namely the TFEU). **Since 1988, cohesion policy has followed a multiannual programming cycle, in line with the seven-year EU budget cycle.** Other EU policies contribute to reducing economic, social and territorial disparities, including those addressing agriculture and rural development (CAP), fisheries (EMFAF), transport (CEF and TENs), research

[10] European Commission. (2023a); OECD (2023); Eurofound/CEPS (2023); Bisciari (2020); Eurofound (2019).
[11] See Annex VI to this SWD for a list of empirical studies reviewed, including their findings and methodologies.
[12] Available here.
[13] OECD (2023).
[14] Letta, E. (2024).
[15] Draghi, M. (2024).
[16] EIB (2022).
[17] Draghi, M. (2024).

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and innovation (Horizon Europe), socially fair climate transition (Social Climate Fund), digital (DEP), environment and climate (LIFE), reform support (TSI) and security and defence industrial policies.

Reflections for the 2021-2027 cycle started in 2017, while concrete planning and legislative negotiation began in 2018. **This initial phase of cohesion policy planning took place in a favourable macroeconomic context.** In May 2018 the Commission presented the first MFF proposal, swiftly followed by legislative proposals for the CPR, the ERDF/CF, and for Interreg, and later for the JTF in January 2020.

However, the COVID-19 outbreak in early 2020 altered the economic, social and fiscal context in which the legislative debate and early negotiations were taking place. Member States shared a common view that collective action was essential for coordinating the response to the COVID-19 outbreak, mitigating the socio-economic impact of the pandemic and supporting EU countries' recovery.[18] Therefore, the EU took swift action through various measures, including health and vaccine coordination, proposals for the State aid temporary framework and the suspension of fiscal rules through the activation of the escape clause of the stability and growth pact. Cohesion policy 2014-2020 was among the first instruments to be mobilised, with the coronavirus response investment initiative (CRII) and CRII+ introducing simplifications, liquidity, and flexibility, as well as the possibility of 100% EU co-financing.

In terms of a direct financial contribution, the EU set up, in particular, Next Generation EU (NGEU) in July 2020, financed by direct EU borrowing for up to EUR 750 billion (2018 prices) delivered through a mix of grants and loans.[19] The largest instrument inside NGEU is by far the Recovery and Resilience Facility (RRF), which, with a total envelope of EUR 672.5 billion (2018 prices), is comparable in size to cohesion policy[20]. Concerning cohesion policy, within the 2014-2020 programming period, NGEU established the recovery assistance for cohesion and the territories of Europe (REACT-EU) with an allocation of EUR 47.5 billion (2018 prices). Under the 2021-2027 policy, EUR 10 billion (2018 prices) were reserved for the new JTF, to be combined with an additional EUR 7.5 billion (2018 prices) under the MFF.

The debate on the 2021-2027 MFF was finalised with the approval of the long-term budget in December 2020 and the relevant cohesion policy legislation in June 2021[21]**. While the legislation provides a policy framework for the funds, cohesion policy is implemented under shared management,** through multilevel governance, and the application of the European Code of Conduct on Partnership[22]. In this governance model, both the Commission and Member States jointly manage and oversee the programming, implementation, and monitoring and evaluation, with close

[18] For a better overview of the Commission' response to the COVID-19 crisis, see here.

[19] Council Regulation 2020/2094 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis.

[20] The mid-term evaluation of the RRF was completed in February 2024. Available here.

[21] Specifically, the rules for the ERDF, the CF and the JTF 2021-2027 are set out in four main pieces of legislation: the Common Provisions Regulation (CPR) (Regulation (EU) 2021/1060); the European Regional Development Fund and Cohesion Fund Regulation (ERDF/CF Regulation) (Regulation (EU) 2021/1058); the Just Transition Fund Regulation (Regulation (EU) 2021/1056); and the Interreg Regulation (Regulation (EU) 2021/1059).

[22] Regulation (EU) 2021/1060, Article 8.

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involvement of regional and local authorities, as well as social partners and civil society organisations. This enables greater alignment of EU objectives with national and regional priorities, thus making tailored action possible. **Briefly, the expected outcome of the intervention is not determined *ex ante* through the adoption of the EU-level legislation.**

More specifically, the legislation describes a programming process within which ERDF and CF policy objectives and the JTF specific objective are translated - through shared management - into investment programmes, at national, regional and local level. The 2021-2027 Partnership agreements, which are drafted by MSs and approved by the Commission set out the expected results for MSs' policy choices and a justification of the use of each policy objective at national level. Based on this, individual national and regional programmes lay down the specific territorial strategies, following negotiations with the Commission. The programmes set out a summary of the main challenges in their programme area (regional, cross-border or national) and a justification for the selection of policy objectives, priorities, specific objectives and forms of support.

Cohesion policy emphasises a territorial and place-based approach, ensuring that interventions are tailored to the specific needs and potentials of regions. Instruments under the partnership and multilevel governance principles allow regions and local stakeholders to craft strategies and take an active part in implementation activities, reflecting their unique economic, social, and environmental contexts. Once programmes are approved by the Commission, managing authorities can apply for EU funding when implementing them. During implementation, which is the primary responsibility of Member States, the Commission retains an advisory and monitoring role. The Commission also negotiates and approves programme amendments prepared by MSs.

The ERDF, CF and JTF collectively implement one-quarter of the EU's 2021-2027 MFF, providing EU support amounting to EUR 284 billion. In addition to these EU resources, cohesion policy requires national co-financing – public or private – to implement the policy. When factoring in this national contribution, the three funds are expected to result in EUR 399 billion worth of investment.

By concentrating resources in specific countries and regions, the ERDF, CF and JTF provide a significant financial boost for certain territories and Member States (see more details on the allocation methodology in Annex VI and relevance). This results in different funding intensity (measured in EUR per capita) across Member States, as illustrated in the figure below alongside planned allocations. As a result, **cohesion policy funds accounted for 13% of public investments across the entire EU during the 2014-2020 period, and they constituted a substantial 51% in less developed regions.**

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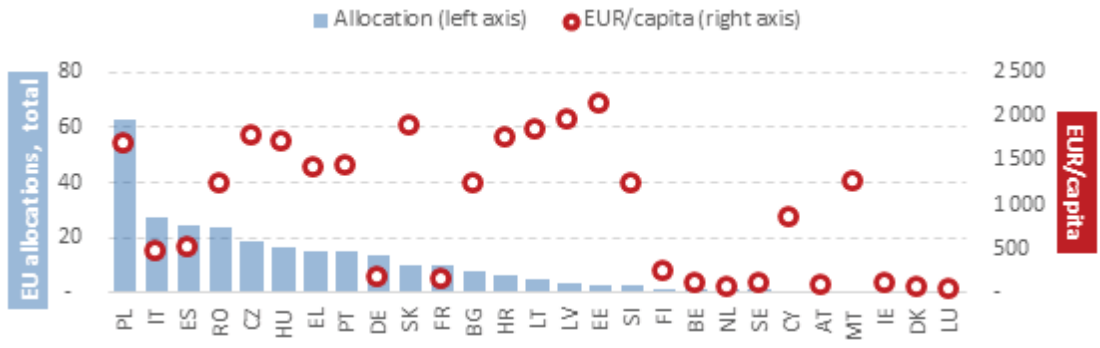
Figure 1 - Total (EU) allocations and funding intensity.



Source: European Commission.

2.2 Objectives and targets

While ensuring that the overall goal of economic, social and territorial cohesion is kept as the main guiding principle, cohesion policy has continuously adapted to the EU's policy priorities, including the ambition of a smart, green and digital Europe[23]. **In the 2021-2027 period, five policy objectives (POs) guide the allocation of all funds**: (1) a smarter Europe through innovation and digital transformation, (2) a greener, low-carbon Europe, (3) a more connected Europe with enhanced transport networks, (4) a more social Europe implementing the European Pillar of Social Rights, and (5) a Europe closer to citizens by fostering sustainable development in urban and non-urban, including rural and coastal, areas. The five policy objectives all apply to the ERDF and are broken down into 23 specific objectives (SOs) as shown in

[23] SWD(2023) 134 final.

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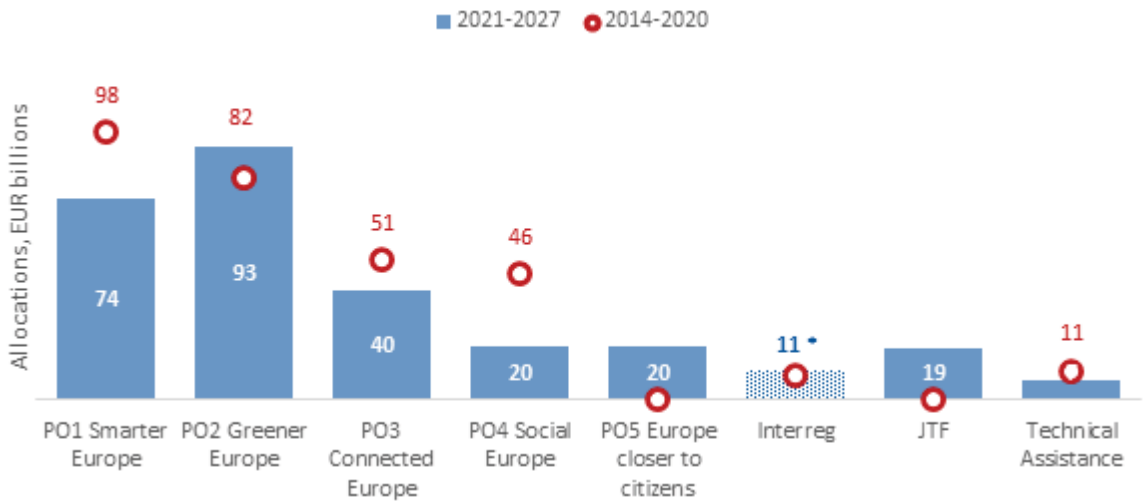
Table 1, while the CF has a more limited scope (PO2 and PO3). Although simpler and with some differences (see Section 2.3), this structure is broadly consistent with the 2014-2020 period's goals and thematic objectives (TOs).

The Just Transition Fund (JTF) is a new fund introduced in the context of the European Green Deal and financed jointly by the MFF and NGEU[24]. It pursues the single specific objective of supporting regions that are heavily dependent on carbon-intesive and emission-intensive industries as they transition towards a greener economy. JTF support focuses on mitigating negative social, employment, economic and environmental impacts of the transition process. The fund is one of three pillars of the Just Transition Mechanism (JTM), together with the InvestEU 'Just Transition' scheme, aiming to attract private investment, and the public sector loan facility (PSLF) leveraging additional public funding. The three pillars combined expected to mobilise up to EUR 55 billion.

Finally, Interreg is an important component of cohesion policy that promotes cross-border, transnational, and interregional cooperation. It is funded by the ERDF, together with the Neighbourhood, Development and International Cooperation Instrument (NDICI), and the Instrument for Pre-accession Assistance (IPA). For 2021-2027, it ensures reinforced cooperation with partner countries via Interreg IPA and Interreg Neighbourhood External (NEXT) and sets up a dedicated strand for EU outermost regions and neighbouring countries. On top of the five mainstream policy objectives, it supports the two additional specific objectives of (i) a better cooperation governance and (ii) a safer and more secure Europe. The figure below shows the changes in allocations for the three funds towards different priorities compared to 2014-2020.

Figure 2 - EU financial allocations (ERDF, CF and JTF) per theme in 2021-2027 and 2014-2020, EUR (billion)[25].



Source: European Commission. Note: the amount for Interreg includes the EUR 9.2 billion allocations to PO1-PO5. These are therefore counted towards both the policy objective and Interreg allocations in this figure (see*

[24] See the data story on the JTF to explore the investment plans under the JTF in more detail here.
[25] Allocations for policy objectives 1 to 5 include Interreg; Interreg amounts shown only include those under the Interreg specific objectives.

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Table 1 for details).

The achievement of objectives is guided by an intervention logic that defines, for each objective, the relationship between needs, financial inputs, enabling conditions, outputs and results[26]. Understanding the intervention logic for the five policy objectives, the JTF specific objective and Interreg is the starting point for gauging and assessing programming. For each of them, the evaluation includes visual illustrations in Annex VII to this SWD and a more detailed analysis in the thematic fiches attached to the supporting study. The table below provides a short overview, including targets for select output and result indicators expected to be achieved by the end of the implementation period (2029)[27].

[26] The cohesion policy monitoring system allows for a separation of financial figures and associated output/result indicators by fund and the level of each specific objective. Therefore, all figures presented throughout the SWD can be attributed directly and unambiguously to ERDF, CF and/or JTF interventions.

[27] For a more comprehensive overview of the targets, see the Open Data Platform.

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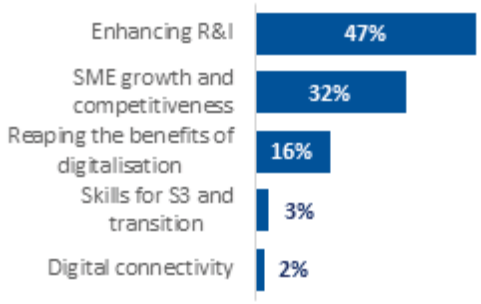
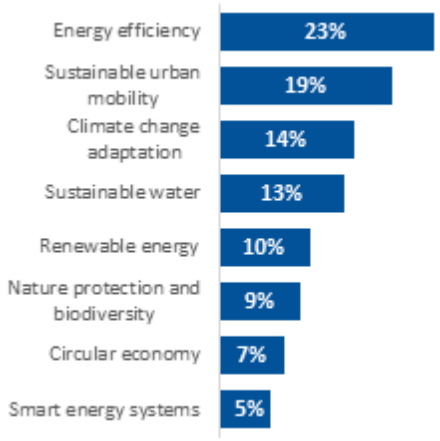
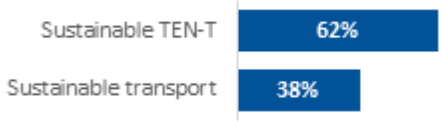
Table 1 - Overview of specific objectives by theme[28].

Specific objectives	Selection of cumulative final targets
PO1: A more competitive and smarter Europe (EUR 73.8 billion)	
	• create 168 412 jobs and encourage the hiring of 17 803 researchers; • support 79 003 enterprises in successfully introducing innovations; • improve very high-capacity network connections for 150 401 enterprises; • mobilise about EUR 44 billion of private investments.
PO2: A greener, low carbon transitioning towards a net zero carbon economy (EUR 93.3 billion)	
	• save 40 million MWh/year in energy consumption; • produce 14 million MWh/year more renewable energy; • connect 8 million more people to waste-water treatment systems; • reduce GHG emissions by 21 million tons per year; • protect 108 million people from natural disasters; • improve habitats in 3.8 million hectares of Natura 2000 sites.
PO3: A more connected Europe by enhancing mobility (EUR 40.5 billion)	
	• time-saving of 32 million days per year; • 4 billion more rail passengers per year; • 21.7 billion road trips benefiting from intervention.
PO4: A more social and inclusive Europe (EUR 19.6 billion)	

[28] Allocations refer to EU amounts. Allocations for policy objectives 1 to 5 exclude Interreg and technical assistance. Indicator values are calculated for total allocations (EU and national co-financing). For the result indicator, baseline values were subtracted to highlight net achievements.

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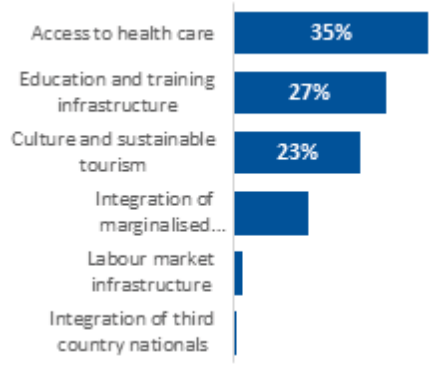	• 30 567 203 users of health care facilities; • 2 769 712 users of education facilities; • 41 261 901 visitors to cultural and tourism sites; • 49 552 users of social housing; • 35 574 users of social care facilities; • 120 099 users of employment services.
PO5: Europe closer to citizens by fostering the sustainable and integrated development of all types of territories (EUR 19.6 billion)	
	Contributes to common indicators in combination with other policy objectives.
Just Transition Fund (EUR 19.7 billion)[29]	
All funding is concentrated in a single specific objective to enable regions and people to address the social, employment, economic and environmental impacts of the transition towards the EU's 2030 targets for energy and climate and a climate-neutral EU economy by 2050.	• 62 938 jobs created; • 206 836 people gaining a qualification; • 3 806 SMEs supported to introduce innovations and 1800 new enterprises surviving on the market; • 2,9 million MWh/year of renewable energy produced; • 2 million ton decrease in annual GHG emissions; • 7 964 ha of land rehabilitated.
Interreg (EUR 1.5 billion Interreg SO1+2 and EUR 9.2 billion PO1-PO5)	

[29] The total allocation to the JTF (EUR 19.7 billion) is split between the dedicated specific objective, under policy objective 8 (around EUR 19.2 billion), and a technical assistance allocation (around EUR 500 million).

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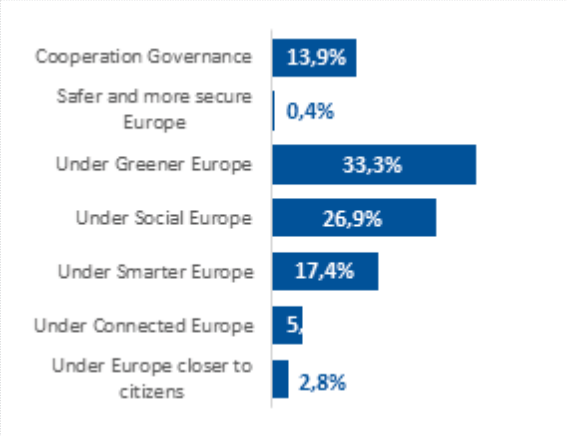

- 3 764 joint strategies and action plans implemented;
- 137 legal/administrative obstacles addressed;
- 20.9 million people covered by cooperation schemes/agreements;
- 5700 hectares of green infrastructure supported

Source: European Commission.

Looking at the financial forms of support, **21 Member States programmed around 6.5% of EU contributions via financial instruments: EUR 17.3 billion under the ERDF, EUR 505 million under the CF and EUR 600 million under the JTF.** Considering the three funds combined (see Figure 29), loans represent the highest share (51%), followed by grants combined with financial instruments (21%), equity or quasi-equity (15%), and guarantees (13%). Almost half of the 2021-2027 financial instruments are linked to SME growth and competitiveness, about a quarter to energy efficiency and around 8% each to renewable energy and research & innovation. Smaller but significant financial instrument envelopes are earmarked for urban and territorial development, digitalisation, critical technologies and circular economy[30].

To improve the implementation of the funds based on lessons learned and to achieve the objectives of cohesion policy in a cost-efficient way, **a major innovation and simplification effort was undertaken for 2021-2027[31].** The changes proposed are outlined in the section below.

2.3 Points of comparison

This section describes the points of comparison against which the ERDF, CF and JTF 2021-2027 can be evaluated. Namely, the mid-term evaluation **looks at previous programming periods, the impact assessment (IA) accompanying the proposal for the ERDF and CF Regulation 2018[32], and *ex ante* macroeconomic modelling.**

Previous programming periods

The mid-term evaluation considers benchmarks that can provide a sufficiently detailed baseline and similar points of comparison. **Data, legislation and programmes from previous programming periods, in particular 2014-2020 and to a lesser extent 2007-2013, are meaningful** for contextualising several dimensions of the assessment, for instance the pace of programming and implementation. In addition, the policy included a stronger territorial approach based on the partnership principle, multilevel governance, and the new European Urban Initiative. It also entailed

[30] For a detailed discussion of cohesion policy support through financial instruments, see the data story here.
[31] Simplification handbook. Not that not all proposed simplifications were taken up in the legislation.
[32] SWD(2018) 282 final.

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the mainstreaming of gender equality, climate and biodiversity actions, and the New European Bauhaus. Continuity and difference with previous periods are discussed presented in the following chapters, where relevant.

Impact assessment

Building on previous programming periods, the impact assessment explored several policy options to improve on the 2014-2020 legal framework. **The IA made several key proposals on the design on the policy itself.** The proposals discussed in detail by the MTE are shown in the table below, along with the evaluation criterion under which they are discussed.

Table 2 - Changes proposed by the impact assessment.

Change	Explanation
Consolidating the 11 thematic objectives of the 2014-2020 period into fewer and broader objectives. *Discussed under 'efficiency'*	This streamlining aimed to reduce complexity, improve reporting clarity, and facilitate flexibility and synergy among related initiatives within each objective. The change intended to address the previous system's limitations, which the IA and the *ex post* evaluation 2007-2013[33] found confusing, particularly in distinguishing between interrelated areas like innovation and SME support. Accordingly, the 2021-2027 legislation introduced five policy objectives and 23 specific objectives (against 46 investment priorities in 2014-2020), plus the JTF and Interreg. This approach aimed at shorter, simpler intervention logics both at programme and aggregate levels.
Thematic choices for programmes to incorporate relevant country-specific recommendations from the European Semester *Discussed under 'relevance'*	The CPR 2021-2027 established that Member States and MAs must align their partnership agreements and investment strategies with the challenges identified in the relevant 2019 and 2020 country reports and country-specific recommendations (CSRs).
'5+2' programming (mid-term review) *Discussed under 'efficiency'*	Only the first five years are pre-programmed, leaving the remaining two years open for adjustments based on emerging needs and the European Semester's guidance. This change addressed the need for greater flexibility observed during the previous programming period, particularly in response to unforeseen events like the economic crisis and the migration crisis. The new legal framework followed up on the recommendation by abolishing the performance reserve, which consisted of 6% of the total allocation to be allocated only based on the strict quantitative achievement of programme milestones. Instead, the CPR introduced a larger flexibility amount corresponding to 50% of the contribution for the years 2026 and 2027. Each programme is required to allocate the flexibility amount based on a mid-term review that considers a broad combination of quantitative and qualitative factors.

[33] SWD(2016) 318 final.

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Reinforced alternatives to reimbursements based on real costs *Discussed under 'efficiency'*	Simplified cost options (SCOs**)** make it possible to reimburse expenditure according to predefined methods based on process, outputs or results in the form of flat-rate financing, standard scales of unit costs, and lump sums. SCOs were introduced as early as 2007-2013 and saw increased uptake over the 2014-2020 period. The IA noted that further SCO uptake should be encouraged through simplified rules and calculation methods, off-the-shelf options and mandatory use for smaller amounts. Expanding the use of SCOs under the ERDF and CF was projected to reduce administrative costs significantly, potentially by 20-25%, while also minimising errors and irregularities. The 2021-2027 legislation enforced the proposed simplification and extended the possibility to use SCOs, which became mandatory for operations below EUR 200 000[34]. The new framework also introduced financing not linked to costs (FNLC), which allows for EU payments based on meeting specific conditions or achieving predefined results. FNLC aims for a radical simplification and shift to performance-based funding by moving away from cost verification to tracking tangible outcomes. However, the impact assessment also acknowledged potential challenges associated with this approach, such as being dependent on clear and traceable indicators and well-functioning national audit and assurance systems.
Streamlining ex-ante conditionalities into enabling conditions *Discussed under 'effectiveness' and 'efficiency'*	The new enabling conditions provide the funds with a solid conditionality mechanism encouraging Member States to put in place systems and arrangements needed for an effective and efficient implementation of cohesion policy. In the new CPR, the number of conditionalities was reduced from 36 ex-ante conditionalities to 20 enabling conditions, thus ensuring greater clarity and encouraging targeted policy action. In particular, the seven general ex-ante conditionalities were replaced by four horizontal enabling conditions (CPR Annex III). These relate to public procurement, State aid, the EU Charter of Fundamental Rights and the United Nations Convention on the Rights of Persons with Disabilities. The 29 thematic ex-ante conditionalities were replaced by only 16 thematic enabling conditions (CPR Annex IV) which are associated with specific objectives. The new framework requires Member States to meet all enabling conditions throughout the entire programming period. Payments from the Commission are conditional on fulfilment.
Simplified procedure for programme amendments *Discussed under 'efficiency'*	As was the case previously, managing authorities may propose programme amendments throughout the programming period, adjusting investment decisions to changes in EU, national and regional priorities, implementation difficulties on the ground and socio-economic factors. But according to the 2021-2027 rule these may also include amendments without a Commission Decision: allowing for limited financial transfers and related changes, and clerical or editorial changes that do not affect the programme implementation (major amendments still require a Commission decision).
Changes to the	The new framework introduced a set of common indicators at all three

[34] Regulation 2021/1060. Article 53(2).

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monitoring and evaluation mechanisms to enhance effectiveness and focus on results *Discussed under 'efficiency'*	levels: outputs, direct results and policy result/impact indicators. The inclusion of a new layer of direct result indicators sought to provide a more comprehensive and nuanced understanding of impact as opposed to the previous exclusive focus on outputs and broad policy results. To ensure consistency, stronger methodological support in terms of detailed definitions and methods of calculation for outputs and results was proposed by the IA. Finally, the impact assessment proposed to substitute the MS' obligation to submit annual implementation reports with the simple and frequent transmissions of electronic data.

Source: European Commission.

Four other changes are touched upon by the MTE, though only to a more limited extent. First, the IA proposed discontinuing major projects, which in 2014-2020 were projects with total eligible costs exceeding a threshold of EUR 50 billion[35] and were subject to specific rules and an approval process by the Commission. The new legislation eliminated this concept and introduced a new and simpler feature: operations of strategic importance[36]. Second, the IA proposed a simplified designation of authorities delivering cohesion policy. This involved rationalising the process of designating managing, certifying, and audit authorities, allowing for a 'rollover' of existing systems from the previous period and relying on early system audits for assurance. Third, the IA also proposed adopting a risk-based approach for management verifications and audits, focusing on higher-risk areas rather than aiming for 100% coverage. Lighter audit requirements would apply to lower-risk programmes. This proposal was incorporated into the 2021-2027 framework as part of the strengthened 'Single Audit' principle, aimed at avoiding duplicated audit efforts and reducing control costs for both Member States and the Commission. Fourth, the IA proposed a set of measures for the simplification and streamlining of financial instruments.

Macroeconomic modelling

Macroeconomic modelling provides a useful point of comparison for the effects of cohesion policy on the EU economy and on regional disparities under different assumptions. In recent years, the Commission has used RHOMOLO, a spatial computable general equilibrium model, to analyse the impact at regional level[37]. The model captures how programmes affect the accumulation of physical capital, human capital, and technological progress. These are important because they are the main levers through which cohesion policy acts to foster development in EU Member States and regions. RHOMOLO covers all NUTS 2 regions, and accounts for various sources of spatial spillovers through which the programmes implemented in a region also exert an impact on other regions.

[35] EUR 75 billion for thematic objective 7: sustainable transport and bottlenecks in key network infrastructures.

[36] These are defined as operations which provide a significant contribution to the achievement of the objectives of a programme, and which are subject to specific monitoring and communication, as defined in Article 2(5) CPR.

[37] See, among others, Lecca et al., 2020, and Barbero et al., 2022. The construction of the model and further details are explained by García Rodríguez et al. (2023), who update the procedure laid out by Thissen et al. (2019). See link.

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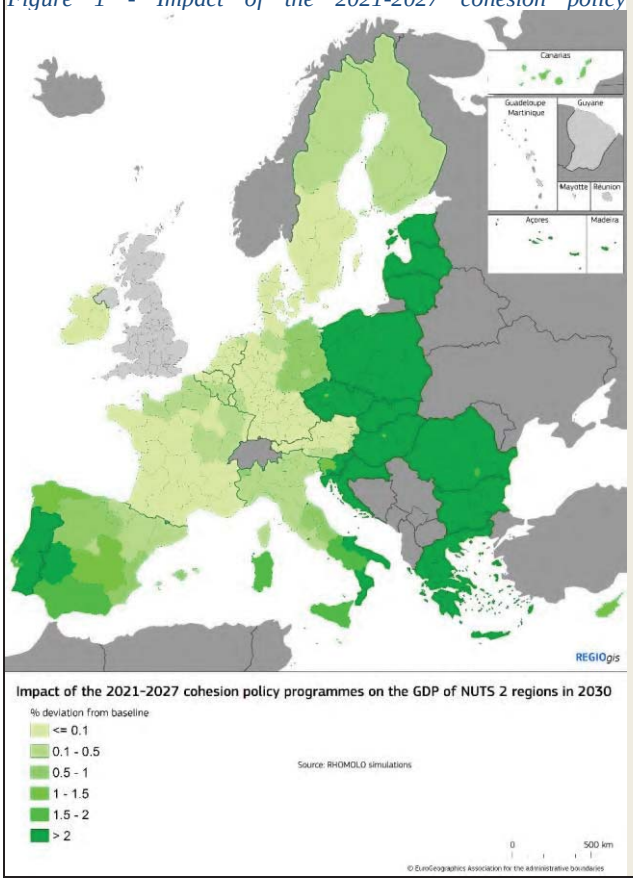
Table 3 - Impact of cohesion policy: mid-term evaluation baseline scenario.

For the purpose of this MTE, DG REGIO and the JRC developed a set of dedicated model simulations[38]. A comparison with quantitative estimations based on the amounts spent will only be possible after the end of the implementation period. Therefore, **this point of comparison is set here for the purpose of the future *ex post* evaluation and is not used in this mid-term evaluation as evidence of impact but rather to understand the likely effects of changes that have taken place since the start of the programming period.** A baseline simulation has been carried out on the basis of 2021-2027 programmes resulting from the negotiations with the Member States, and this is discussed here[39]. Alternative policy scenarios have been simulated, representing factors influencing the implementation throughout the period. The key findings are referenced in Section 3.4 below and detailed in Annex VIII.

The baseline scenario shows a positive and continuous impact of cohesion policy on EU GDP. Results suggest that EU GDP could be up to 0.61% higher in 2030 thanks to the 2021-2027 programmes. The effect is higher in less developed regions (+3.3%) than in transition and more developed regions (+0.5% and +0.1, respectively; see below). The multiplier (i.e. the impact per euro spent on the policy) is estimated at about 1, shortly after the end of the programming period, and about 3 approximately 25 years after the start of the implementation period, which corresponds to an annual rate of return of about 3.5%.

Figure 1 - Impact of the 2021-2027 cohesion policy



The positive impact is principally driven by increased demand for goods, added private and public capital stocks, increased total factor productivity, and lower transportation costs. After completion of programme implementation, the impact declines gradually, e.g. due to capital depreciation. Yet, the policy's long run GDP impact remains significant, at more than 0.3% in 2050.

The policy impact is smaller in more developed than in less developed regions, mainly due to the lower aid intensity and the higher taxes collected to finance the investments. However, it is positive, especially in the medium and long-run, when the cost of financing the policy is more than compensated for by the materialisation of returns on investment and the positive spillovers (e.g. increased trade flows) from investments in the net recipient regions.

Inequality between regions is also expected to narrow thanks to the policy interventions. The difference in impact between the three categories of regions

[38] The simulations are described in full in Annex VIII.

[39] European Commission (2023), SWD(2023) 134 Final: Cohesion 2021-2027: Report on the outcome of 2021-2027 cohesion policy programming.

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contributes to reducing the dispersion of GDP per capita across EU regions, with the gap between the 10% most and 10% least developed regions of the EU being expected to be up to 4.4% lower thanks to the policy. **Looking at labour markets, cohesion policy is expected to contribute to job creation** in the EU-27, with employment being boosted by around 1% (or 1 970 000 additional jobs) at the end of the implementation period.

This baseline is broadly in line with those found using different methodologies, in particular econometric analyses, including counterfactual methods, as well as previous modelling work[40].

3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?

3.1 Economic and policy developments

Socio-economic and policy development since the beginning of 2021 had an important bearing on both regional disparities and the start of 2021-2027 implementation. **The unprecedented economic, social and health policy actions described in Section 2.1 mitigated the effects of the crisis and supported a fast recovery in 2021 and 2022**. By the third quarter of 2021, the EU closed the gap with its pre-pandemic output level. Southern European regions, where GDP and employment figures declined significantly in 2020, were - on average - the ones where the rebound was strongest[41].

However, Russia's unprovoked war of aggression against Ukraine, which began in February 2022, had further profound economic repercussions. Energy prices increased again, adding on the tumultuous surge at the end of 2021[42]. Headline inflation rose sharply, reaching 9.2% in the eurozone in 2022[43], driven by a combination of high energy prices, supply chain disruptions and surging demand as economies recovered from COVID-19. Supply chain issues, triggered by pandemic-related restrictions and further strained by the war, led to shortages of key inputs and commodities, increasing production costs. Additionally, monetary policies aimed at combating inflation led to rising interest rates, increasing the cost of borrowing and impacting investment decisions.

To face these challenges, the EU adopted a new wave of crisis response instruments. To reduce the dependence on Russian fossil fuels, foster the green and digital transition and avert a major energy crisis following the Russian invasion of Ukraine, the Commission launched the REPowerEU plan in May 2022, followed by the REPowerEU Regulation[44]. REPowerEU, through the Supporting Affordable Energy (SAFE) initiative, allowed for the mobilisation of uncommitted 2014-2020 cohesion policy funds to support SMEs vulnerable to high energy prices and people at risk of energy poverty. Another set of amendments to tackle the crisis , Cohesion Actions for Refugees in Europe (CARE) and its extensions CARE+ and FAST-CARE (Flexible Assistance to Territories)[45] were introduced in 2022 to cover the needs of people fleeing the Russian invasion of Ukraine.

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[40] For an overview of the empirical literature, see Annex VI to this SWD, as well as European Commission (2023a).
[41] For a full discussion, see European Commission (2023a).
[42] Autumn 2021 economic forecast: From recovery to expansion, amid headwinds.
[43] European Central Bank (2023).
[44] COM/2022/108 final and Regulation (EU) 2023/435.
[45] Regulation (EU) 2022/562 ; Regulation (EU) 2022/613; Regulation (EU) 2022/562.

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3.2 Implementation state of play

Regulatory framework, partnership agreements and programmes

Programming for the 2021-2027 period took place in a very volatile environment. As Sections 2.1 and 3.1 show, several factors affected the start and early implementation of the new cycle. Negotiations of the MFF and the CPR proposal, presented in May 2018, were well underway when the COVID-19 pandemic struck in 2020. This event, along with the subsequent refugee and energy crises following Russia's war of aggression against Ukraine, prompted several legislative modifications to establish cohesion policy crisis response instruments. These changes triggered numerous programme amendments.

An additional factor affecting the start of the period was the negotiation of new emergency instruments under the NextGenerationEU recovery plan, in particular the Recovery and Resilience Facility (RRF) and REACT-EU, which were treated by several Member States as a priority given the shorter timelines for implementation[46]. These instruments consumed substantial and national administrative resources, exerting unprecedented pressure on national administrations to implement crisis response measures and absorb the additional funding. Payment data over the period covered by the mid-term evaluation clearly shows this pressure.

Cohesion policy payments tend to increase in the final years of each period[47], overlapping with the start of the subsequent period. This timing ensures continuity of expenditure and enables managing authorities – who largely remain the same – to transition smoothly from one period to the next. Thus, examining 2021-2027 programming activities in isolation may present a misleading picture.

The figure below shows aggregated cohesion policy payments from 1986 to 2023. It reveals that at the start of the current period, payments were at a record high level, due to the previous programming period and additional REACT-EU resources. In 2021-2023, cohesion policy disbursed EUR 136 billion to Member States, EUR 25 billion more than during the first three years of the previous period (2014-2016).

[46] See for example the RRF mid-term evaluation (SWD(2024) 70 final).

[47] See data on decommitments here. The final data for the 2014-2020 period, which could be spent until the end of 2023, will only be available at the end of 2025. This is likely to increase the 2014-2020 figures presented here.

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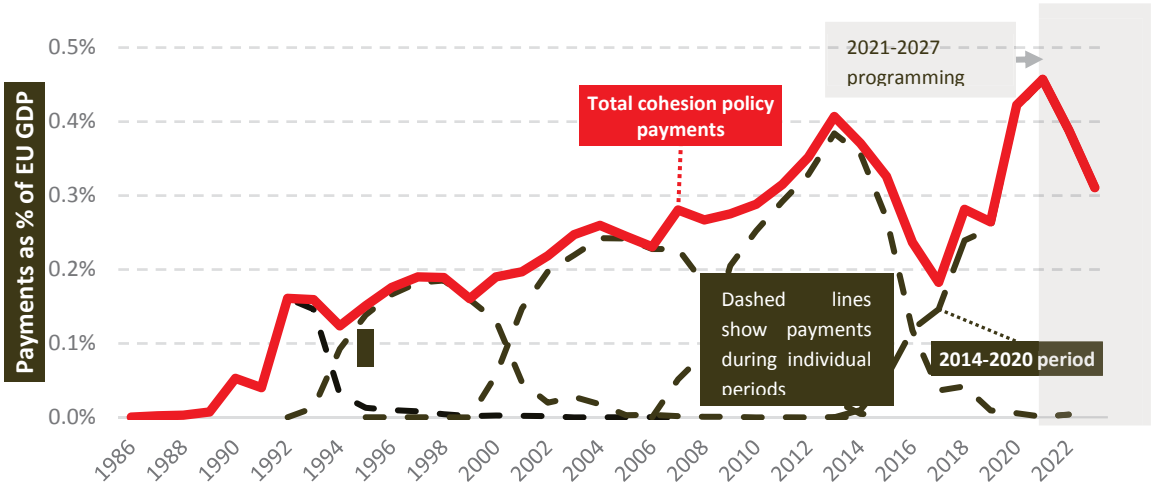
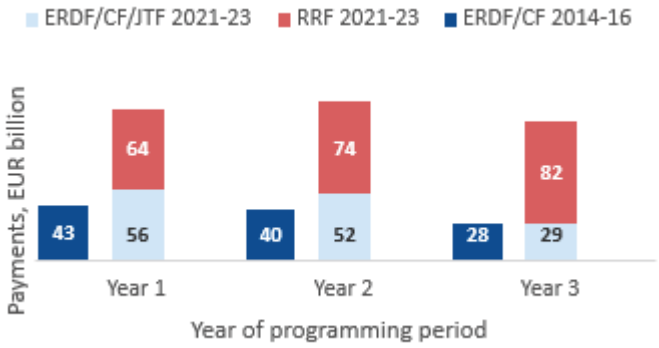
Figure 4 - Cohesion policy payments between 1986 and 2023.



Source: European Commission[48].

In addition to cohesion policy, the RRF provided resources over the 2021-2023 period. Total amounts paid to Member States from CP, combined with the RRF, over these three years reached EUR 357 billion, more than triple the payments made during 2014-2016 (see figure below).

Figure 5 - Payments to Member States during the first three years of the 2014-2020 and 2021-2027 periods.



Source: European Commission.

Figure 6 below depicts the extended timelines for adopting the regulatory framework and programming. It illustrates the disruptive effects of successive crises, which triggered a legislative and re-programming response for 2014-2020, as well as the challenges resulting from the simultaneous implementation of EU-level crisis response instruments, in particular the RRF. From the date of the Commission's proposal, adopting the CPR took 23 months in 2007-2013 and 26 months in 2014-2020. For the current cycle, it took 36 months from the May 2018 proposal until the CPR negotiations yielded an adopted regulatory framework. Notably, while the Commission's proposal was presented

[48] For a history of EU budget payment data, regionalised annually (1988-2022) to the NUTS2 level, from multiple programme periods and multiple funds, see related data story here.

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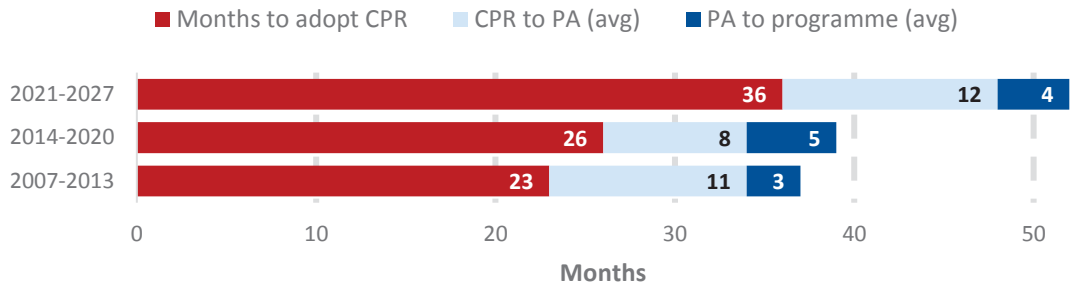
earlier than in previous periods, this was the first time the CPR was adopted after the programming period had effectively started (see Figure 6).

Figure 6 - Timeline for CPR, partnership agreement, and programme approval (months).



Source: European Commission. 'PA' refers to partnership agreements and 'avg' refers to the average number of months.

Partnership agreements set out the expected results for each policy objective at national level, and their negotiation run in parallel to those of individual programmes, where managing authorities develop specific strategies. The delayed agreement on the 2021-2027 MFF and CPR created legal uncertainty on the requirements for partnership agreements and programmes, which slowed programming and only allowed for official submissions from mid-2021 onwards. Despite these challenges, once the CPR was adopted, the EU average timeline for finalising the partnership agreements and programmes was largely comparable to the two preceding periods (see additional evidence, figures in Annex VI).

In the case of the JTF, the fund-specific Regulation required MS to select specific territories for support and to preapre specific transition pathways through territorial just transition plans (TJTPs), which also guide the implementation of the broader JTM. The 70 plans, covering 96 different territories (at NUTS 3 level or below) across all MS, were reviewed and approved by the Commission in 2022, except for three outliers in 2023.

Overall, there is a delay of seven months relative to the 2014-2020 period in approving programmes[49]. As Annex VI shows, average figures conceal considerable differences in programming timelines across Member States. While several countries concluded the process relatively quickly, others accumulated significant delays compared to the rest[50].

Implementation and financial progress

The programming period of cohesion policy is a multi-phase cycle designed to ensure that resources are used effectively and in line with EU objectives[51]. The approval of programmes concludes the process whereby Member States submit programmes to the Commission, outlining how they plan to use their allocated resources to achieve their selected specific objectives. The initial programming

[49] Counted from 1st of January 2014 and 1st of January 2021, respectively, until the average number of days/months to the approval of programmes. The difference between the two periods is 219 days, or 7.2 months.

[50] In the current period, six MS have adopted their programmes ahead of the 490 days median value in number of days between CPR to programme approval. Conversely, all programmes adopted by 10 MS were above this value.

[51] See a more detailed discussion of these phases in Annex VI.

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phase ends with the Commission's formal approval, and this is when implementation of EU support can officially[52] start.

As of the data collection cut-off date for this mid-term evaluation (December 2024[53]), the execution of the 2021-2027 programming period was at the end of its fourth year. While funding is committed annually until 2027, the total implementation period runs for nine years, as the programmes must deliver all investments on the ground (expenditure eligibility period) - by the end of 2029[54]. Then the preparation for the closure goes hand in hand with further interim payment claims – until the very last final payment claim will be sent to the Commission by 31 July 2030, to be followed by closure in 2031. The final absorption rate will only be seen at closure.

Financial progress is commonly used to analyse programme implementation on the ground. Figure 7 shows the build-up of project selection and expenditure over different periods. The situation at the end of 2024 (four years into the period) for 2021-2027 corresponds to end-2017 (four years into the period) for 2014-2020.

However, because of the six-month delay in adopting the legislative framework for 2021-2027, it is also useful to compare progress since the CPR adoption. In this case, end-2024 (three-and-a-half years after CPR adoption) for 2021-2027 corresponds to mid-2017 (three-and-a-half years after CPR adoption) for 2014-2020. This section compares both reference points.

By the end of 2024, net total EU payments – including pre-financing[55] – from the EU to MSs had reached 7.3% of allocations for the funds under evaluation. The figure was much higher for the JTF, which had reached 31.7%, mainly due to STEP pre-financing (EUR 5.9 billion at the end of 2024)[56]. Excluding pre-financing, net interim payments for the three funds combined stood at 2.6%. For the ERDF and the CF, the 2.8% net interim payment rate[57] is 0.8 percentage points lower than it was in mid-2017, which is the comparable point in time given the delay in programming. It is also 5.3 percentage points lower than at the end 2017, the date corresponding to the same amount of time elapsed since the start of the respective periods. These figures, however, do not provide an accurate depiction of progress as a considerable backlog of payments accumulated at the end of 2024. As a result, in January 2025 (i.e. a month after the MTE cut-off date), net interim payments rose to 4.2% for the ERDF and CF, which is 0.6% higher than in mid-2017, and 3.9% lower than at the end of 2017.

Another key indicator for understanding progress is the project selection rate – the proportion of the total financial allocation accounted for by concrete projects being implemented. The selection rate shows a project pipeline and therefore provides more nuanced information in early stages of the programming period, as interim payments are made only once the expenditure is declared by

[52] MS may start implementation earlier, based on national budgets and temporary (shadow) monitoring committees.

[53] See cut-off dates by data collection tool in Annex II. Financial data are transmitted by MAs to the Commission five times a year (four in the case of Interreg). Four datasets are available: (i) planned amounts (i.e. budget), (ii) selected amounts (i.e. budget of projects being implemented); (iii) spent amounts (i.e. expenditure reported by projects to MAs); and (iv) EU payments (i.e. payments from the EU to MS, following payment requests). Live data here.

[54] Article 63(2) CPR.

[55] In the first half of every year (2021-2026), the Commission advances the payment of 0.5% of the total allocation of each programme. This supports cashflow needs related to the launch of new calls and operations. The amount is then recuperated from payments awarded upon presentation of payment requests. See Article 90 CPR.

[56] STEP introduced a 30% pre-financing for the JTF.

[57] Interim payments have different retained amounts across periods (10% in 2014-2020 vs. 5% in 2021-2027).

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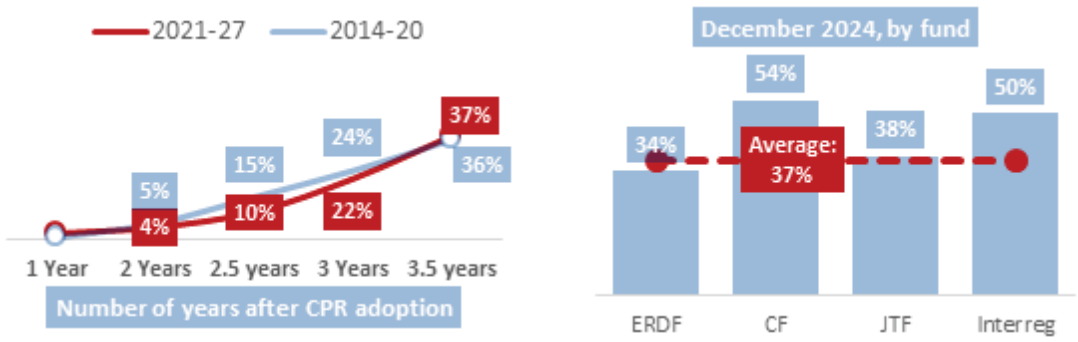
beneficiaries to MAs (or results were achieved in the case of SCOs or the FNLC) and the payment requests are then sent to the Commission[58]. This is highly dependent on the project lifecycle and is notably for multiannual and/or large infrastructure projects, which are those with a higher budget envelope.

Figure 7 shows that the funds' project selection rate at the end of 2024 was largely comparable to that in mid-2017 of the previous period, at 37% and 36% respectively.

The selection rate at the end of 2024 is similar for the ERDF and JTF, while the CF and Interreg funds exhibit a higher selection rate. **The overall progress over the past year is noteworthy, with the selection rate for the three funds combined quadrupling over this period.**

Figure 7 - Decided (selected) amounts.



Source: European Commission.

The aggregated figures hide considerable differences at the Member State level, where selection rates (i.e. projects that are ongoing) range from 11% to 93% (see Figure 28 in Annex VI). Four countries have selection rates above 64%, while three[59] report a project selection rate at or below 25%.

Based on Figure 7, implementation is roughly six months behind the previous period as the project selection value for 2021-2027 after four years from the start of the programming period is just one percentage point higher than after three and a half years in 2014-2020.

The acceleration of the selection rate over the last year means that a rapidly increasing number of projects are being delivered and the pace of implementation will likely further increase. Nonetheless, the 14-percentage point difference vis-á-vis the same point in time during the previous period (at 51.3% as of December 2017) is noticeable. Moreover, with the one-year shorter eligibility period compared to 2014-2020, implementation of project pipelines will need to speed up during the remaining years.

[58] Importantly, due to the nature of the projects under cohesion policy, many of which are multiannual or related to large infrastructure, it takes time for the selected projects to be prepared, implemented and to materialise into payment requests to the Commission. Such large and/or long projects can skew the overall perception of progress due to their substantial but potentially delayed financial disbursements.

[59] Respectively: LU, NL, RO, EE; and IT, PT, SI.

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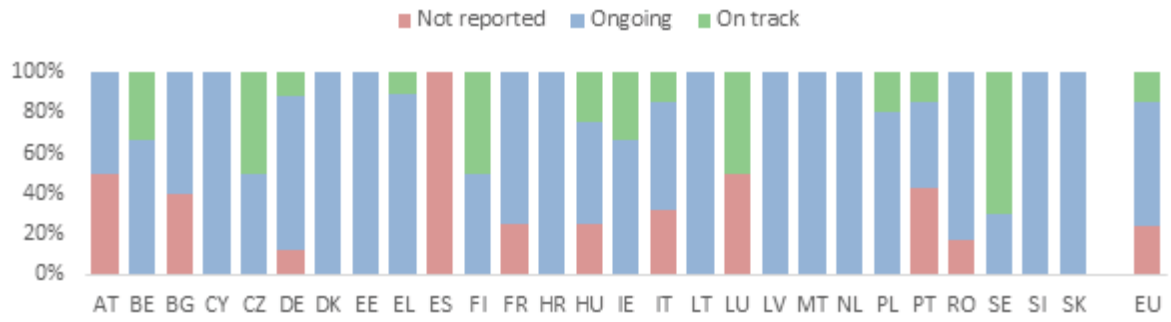
Progress on outputs

Programmes set quantitative targets for output and result indicators. Progress toward these targets is reported at two points in time. First, during the selection stage, forecasted values are reported for projects that have already been contracted ('selected values'). These values reflect the ongoing work of projects in the pipeline at the time of reporting. Second, achieved values are reported as projects advance and/or reach completion. The analysis below presents values from both stages to provide a detailed view of progress on the ground (see methodology in Annex II 'Analysis of output progress').

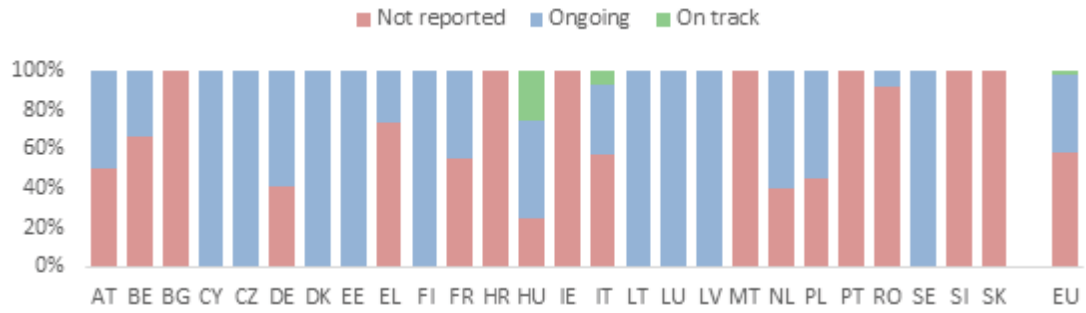
Figure 8 - Reported progress on selected values.



Source: European Commission based on supporting study. Note: Categories show progress in relation to the milestones as follows: 0% (no reported/decided value), >0 to 80% (ongoing), >80% (on track).

To assess the progress on output indicators[60], the milestones set by each programme for 2024 are the most appropriate benchmark for the mid-term evaluation[61]. However, reporting on indicators comes with a considerable time lag. In addition, some MS did not report any values because their monitoring systems are not ready yet[62]. Furthermore, some MAs may set relatively low or high milestones[63] because of the diversity of programme-specific challenges, projects portfolios, and even methodological assumptions. The analysis below should be viewed in light of these caveats.

Figure 9 - Reported progress on implemented values.



Source: European Commission based on supporting study. Note: Progress in relation to milestones: 0% (no reported/decided value), >0 to 80% (ongoing), >80% (on track).

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[60] Since only output indicators have milestones to be achieved by the end of 2024, the analysis focuses on the values of output indicators only while results indicators are left out.
[61] Achievement data on indicators are transmitted by the MAs to the Commission twice per year. See updates here.
[62] Spain has not reported any values and was therefore excluded from the figure above.
[63] Note that a large number of milestones (43%) have values of zero. Such milestones were excluded from the analysis.

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Since January 2024, significant progress has been made on selected values. Programme-level analysis shows varying progress. Many programmes have not yet reported significant progress in achievement values. 76% of programmes show some progress on selected indicator values, and about 42% have reported implementation data.

Enabling conditions, SCOs and FNLCs

Looking at horizontal enabling conditions (HECs), at the time of programme approval all Member States had fulfilled those related to public procurement and State aid. By end December 2024, all Member States had fulfilled all HECs, except for one case. One Member State did not initially fulfil the condition related to the United Nations Convention on the Rights of Persons with Disabilities, but it did so shortly after programme approval**.** All but two Member States had fulfilled the condition relating to the Charter of Fundamental Rights of the European Union and, as of 31 December 2024, only Hungary remains non-compliant. In December 2023, part of the condition related to judicial independence was assessed as fulfilled. Due to the other breaches of the Charter HEC, the non-fulfilment of thematic enabling conditions and the conditionality procedure, EUR 8.7 billion remain blocked and EUR 1.04 billion was lost. In February 2022, the Commission launched an infringement procedure against Hungary relating to the breach of the Charter[64].

As for the thematic enabling conditions (TECs), about two thirds (73%)[65] of the specific objectives associated with TECs fulfilled them at the time of programme approval. As of Q4 2024, this figure increased to 95%. The number of unfulfilled enabling conditions differs significantly across MSs: 14 MSs still had unfulfilled TECs, while in 13 MSs all TECs were currently fulfilled. The same is true in terms of policy areas: TEC 2.4 linked to disaster risk management, as well as 4.1 linked to labour markets were completely fulfilled as of December 2024. The unfulfilled thematic conditions, which cannot be reimbursed until fulfilment, related to a total of EUR 84 billion at programme approval stage, while as of December 2024 the amount was reduced to EUR 15 billion (only 4% of the allocation).

As of Q4 2024, **170 simplified cost options (SCOs) have been adopted at the upper level** (i.e. reimbursement from the Commission to MSs) as part of programmes in 15 MSs and five Interreg programmes amounting to a total contribution of EUR 7.5 billion. **The uptake of SCOs at the lower level (i.e. reimbursement from MAs to beneficiaries), is higher:** ERDF 11.5% of budget covered (EUR 37.4 billion), CF 2.3% of budget covered (EUR 1.1 billion), JTF 10.4% of budget covered (EUR 2.8 billion).

SCOs may also be used at the lower level for reimbursement from MAs to beneficiaries without submitting them to the Commission for formal adoption. Most of the schemes are adopted in the areas of SMEs' business development and internationalisation; research and innovation; technology transfer and energy efficiency. There has been a clear shift towards a more performance/results-oriented approach in the use of SCOs; this is shown by a greater use of unit costs and output-based indicators.

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[64] Information about Commission decisions on infringement cases is available online.
[65] The figures refer to 286 out of 294 cohesion policy programmes, including the ESF+ and excluding TA programmes.

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As of Q4 2024, seven FNLC schemes have also been adopted in six MSs[66] for a total of EUR 1.4 billion and five additional schemes from three MSs[67] are under COM assessment. The schemes are developed in the field of energy efficiency (DE, EE), research and innovation (AT, CY), and technical assistance (BG, IT, LV), more particularly under Article 37 CPR, which allows MSs to finance additional technical assistance actions as a top up to the programme in the form of an FNLC scheme.

3.3 Legislative changes and programme amendments

As of December 2024, 161 amendments of programmes requiring Commission approval were submitted, of which 146 have already been adopted.

Legislative changes are implemented as necessary to address emerging challenges and extraordinary circumstances. Such changes were frequent in the last years of the 2014-2020 period, as described in Sections 2.1 and 3.1, and more recently in the 2021-2027 period. This Section provides a descriptive overview of these amendments.

Section 3.1 described how Russia's war of aggression against Ukraine affected the EU economy and society in multiple ways. **FAST-CARE[68] was introduced in October 2022 and aims to mobilise funding from both the previous and current periods.**

The Regulation establishing the Strategic Technologies for Europe Platform[69] (STEP), which entered into force in March 2024, introduced another important change. STEP aims to steer funding across 11 EU instruments, including the ERDF, CF and JTF, to target three investment areas: digital technologies and deep-tech innovation, clean and resource-efficient technologies, and biotechnologies. The initiative aims to support the development or manufacturing of critical technologies and respective value chains and address shortages of labour and skills. To this purpose, two new specific objectives were introduced under PO1 (Smarter Europe) and PO2 (Greener Europe). The JTF specific objective has also been modified to clarify that it may cover investments contributing to the STEP objective. In addition, high-quality projects can be awarded the 'Sovereignty' seal, with a view to increasing their visibility to facilitate alternative or additional public and private investments[70]. MSs decide the extent to which they want to amend their programmes to incorporate STEP investments. Programmes that submitted STEP amendments by 31 August 2024 and reallocated the totality of the flexibility amount to STEP-dedicated priorities are exempted from the MTR. Further, STEP-dedicated priorities can benefit from co-financing rates of up to 100%. The implementation of STEP might imply a restructuring of the policy's investment priorities. While the amount of EU funds remains unchanged, a potential reduction in total funds might result from the increased co-financing rate (EU funds plus MS co-financing). However, the application of State aid and FNLC rules, limiting public and EU funding where relevant at the project level, means that the reduction of total investments may be limited.

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[66] AT, BG, CY, HU, IT, LV.
[67] DE, EE, RO.
[68] Regulation (EU) 2022/2039.
[69] Regulation (EU) 2024/795.
[70] See link.

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As at the end of December 2024, a total of 41 programme amendments submitted for Commission approval amounted to EUR 6.4 billion programmed under STEP-dedicated priorities from the ERDF, ESF+ and JTF. As of December 2024, 29 of these were approved amounting to EUR 5.9 billion for STEP-related actions. Further STEP-related amendments are expected in the course 2025.

As a response to the recent floods in several Member States, RESTORE –adopted in December 2024 – aims to support those affected by major or regional natural disasters[71]. In April 2025, the Commission put forward a proposal to extend the use of the mid-term review to (i) align investment priorities with the evolving context and (ii) introduce greater flexibility and incentives to facilitate the rapid deployment of resources[72].

3.4 Effects on the baseline scenario

Macroeconomic modelling can help in assessing how the delayed start of implementation and the introduction of STEP amendments can affect the baseline scenario expectations (see Section 2.3) on the impact of cohesion policy funds[73]. The results of the analysis highlight the fact that the late start of implementation of the programmes only has implications on the impact of the policy in the short run. **In the long run, the effectiveness of the policy is expected to be only marginally affected by the delay**.

The analysis also shows that, **as a result of the changes in funds allocations made possible by STEP, cohesion policy can be expected to boost economic performance and to reduce regional disparities to a greater extent than in the original baseline**. The reason for the greater impact of cohesion policy is a shift in the investment mix towards high growth yielding R&D interventions by up to twice the original size. The shift towards STEP interventions is particularly strong in less developed regions, thus enhancing the policy's effectiveness in reducing inequality between regions. However, this critically depends on the extent to which the initiative is taken up by the MSs.

The evidence suggests that STEP amendments and the delay in the start of implementation are likely to give cohesion policy a greater impact though with a slight delay in the materialisation of this impact as compared to the baseline. This is true for the impact both on the economy and on regional disparities. **The assessment of the materialized impact of cohesion policy funds will be based on actual implementation and will be included in the *ex post* evaluation of the 2021-2027 period**.

[71] Regulation (EU) 2024/3236
[72] COM(2025) 123 final
[73] See Annex VIII for a full discussion of the assumptions and results.

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4. EVALUATION FINDINGS

To what extent was the intervention successful and why?

4.1 Effectiveness

Effectiveness considers how successful EU action has been in achieving or progressing towards its objectives[74]. The analysis of effectiveness builds on the information on implementation progress presented in detail in Section 3.2. That section presents the late start of implementation of the programmes and related limited progress towards the achievement of objectives. That section of the MTE analyses the progress achieved so far, while also providing an overview of outputs to date. It also examines the conditions that made implementation more tangible, describes implementation bottlenecks and provides an overall assessment of the effectiveness of the delivery system in achieving the objectives of the ERDF, CF and JTF.

Progress towards objectives

The system for monitoring cohesion policy[75] allows for an analysis of the achievement of targets – or more appropriately for this MTE, the 2024 milestones – for each ERDF and CF policy objective, the JTF specific objective and Interreg. However, as shown in Section 3.2, there is currently a low level of reported progress on implemented values. Besides the late start of the period (see next section), this is because reported values come with a considerable time lag and therefore provide only a partial picture of the actual progress on the ground. This implies that the figures presented provide a conservative picture of implementation on the ground.

While in the context of the ERDF, CF, JTF and this mid-term evaluation the term refers to a specific phase of the programming period (see description in Annex VI and Section 3.2), **from a 'Better Regulation' perspective, implementation includes all activities following the adoption of the regulatory framework[76].** Therefore, to allow for a more comprehensive depiction of implementation activities, indicator values reflecting the existing project pipeline – selected values – are also presented alongside implemented values[77]. **Selected values should be treated as an indication of implementation progress rather than reflecting actual effectiveness.**

To assess the progress on output indicators, the milestones set by each programme for 2024 are the most appropriate benchmark for the mid-term evaluation. However, reporting on indicators comes with a considerable time lag. In addition, some MSs did not report any values because their monitoring systems are not ready yet. Furthermore, some MAs may set relatively low or high milestones because of the diversity of programme-specific challenges, project portfolios, and even methodological assumptions. The analysis below should be viewed in light of these caveats.

Overall, as depicted by Figure 8 and Figure 9, 76% of programmes show some progress on planned values of indicators based on selected operations, and about 42% have reported implementation data.

[74] Better regulation: Guidelines and toolbox, p. 405.
[75] See Annex II for a detailed discussion.
[76] See, among others, p.8 of the Better Regulation Guidelines and Chapter 4 of the BRT.
[77] Selected values are the planned amounts and implemented values are the ones achieved by the operations.

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Progress varies considerably between Member States. In general, eastern and northern Member States seem to be more advanced. In nine countries[78], all programmes reported implementation indicator values. Hungary, the Netherlands, Germany and Poland show progress in most programmes.

Progress is also uneven across POs[79]. Significant progress has been made under 'Smarter Europe' (PO1), with selected values exceeding milestones set for the end of 2024 for most output indicators. This is particularly the case for output indicators related to enterprise support[80]. For instance, the selected value of 290 900[81] enterprises supported constitutes 211% of the milestone, while the implemented value of 58 700 stands at 43%. The 2024 milestone values are even exceeded by the implemented values of 20 400 enterprises supported by financial instruments, 12 200 new enterprises supported, and 1 400 high growth enterprises supported. Even though they generally take more time to materialise, some first results can already be observed. For instance, 1 094 supported enterprises sustained or achieved turnover growth in the year following support, 884 SMEs achieved higher value added per employee and 292 SMEs introduced marketing or organisation innovation[82].

Similarly, there is considerable progress on 'Greener Europe' (PO2), with selected values for most indicators already exceeding the milestones. Some of the most advanced indicators in terms of implemented values show that (i) already 924 km of pipes for collection of waste water and 1 856 km of pipes for the distribution systems of public water supply have been built or upgraded (142% and 80% of the respective milestones); (ii) the support for protection and restoration measures has covered 442 000 hectares of Natura 2000 sites (117% of the milestone); (iii) 465 MW worth of renewable energy capacity has been built or extended (70% of the milestone); and (iv) 961 organisations are already cooperating across borders on supported Interreg projects (90% of the milestone)[83].

Activities under the 'Connected Europe' objective show a high level of progress in terms of decided values in several key indicators, but little reported progress on implemented values for most indicators. This can be explained by the fact that a considerable portion of support under PO3 goes to infrastructural projects with long lead times. However, there are exceptions, as some indicators have noticeable high implemented values. For instance, 38 km of TEN-T railways have already been equipped with ERTMS (143% of the milestone); 102 km of TEN-T rail sections have been reconstructed or modernised to improve performance (115% of the milestone); and the capacity of environmentally friendly rolling stock for collective public transport has been increased by 30 400 places (87% of the milestone)[84].

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[78] CY, CZ, DK, EE, FI, LT, LU, LV, SE.

[79] A more detailed discussion of the situation as of mid-2024 is included in Annex 6.3 to the supporting study. PO-specific overviews of indicator data can be found in the dedicated thematic fiches annexed to the final report. The analysis in this SWD has since been updated to reflect the data transmitted in December 2024.

[80] In particular, RCO01 'Enterprises supported', RCO02 'Enterprises supported by grants', RCO03 'Enterprises supported by financial instruments', RCO04 'Enterprises with non-financial support', RCO05 'New enterprises supported', RCO10 'Enterprises cooperating with research organisations' and RCO103 'High growth enterprises supported'.

[81] Reported indicator values are rounded up (or down) for simplicity.

[82] RCR19, RCR25, RCR04

[83] RCO31, RCO30, RCO37, RCO22, RCO87

[84] RCO109, RCO50, RCO57

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The ‘Social Europe’ and ‘Europe closer to citizens’ objectives show mixed progress. Under both objectives, many of the indicators with the highest implemented values are related to firm support[85] and to Interreg projects[86]. Other significant achievements under PO5 include: 1 050 people served or cared for by new or modernised social care facilities other than housing (780% of the milestone) and 6 300 pupils or students using new or modernised education facilities (87% of the milestone)[87].

Phased operations offer tangible examples of projects that are more advanced in terms of implementation. The CPR allows for the division of complex projects that require more time and resources than one funding period allows into "phases"[88]. This ensures continuity by allowing funding from consecutive periods while mitigating the risk of funding lapses or operational halts. For instance, Romania’s health programme 2021-2027 has a dedicated allocation of EUR 255.7 million for the finalisation of three regional hospitals. In addition, 54 other projects have been phased. Among them, the emergency units of the county hospital[89] in Deva and the ‘St. Maria’ clinical hospital for children[90] in Iasi are already 99% advanced, with just the energy audit, reception of works and financial checks needed for them to be complete. In Croatia, EUR 28 million (out of which EUR 19.3 million from the Cohesion Fund) provided by the 2021-2027 programme made it possible to complete the rolling stock major project which started in 2019 under the 2014-2020 programme. Twenty-one new electric multiple units for use in urban, suburban and regional traffic have been acquired.

In short, the above overview points to uneven progress across Member States, policy objectives and indicators. Implemented indicator values across several POs show that operations supported have already contributed to achieving the three funds’ objectives. At the same time, selected values show that considerable progress is starting to materialise on the ground.

Bottlenecks to the effective start of programming periods

Section 3.2 described in detail the delay in implementation of the current period compared to the pace of previous periods. As explained in that section, there were unprecedented challenges during the first years of the programming period. First the COVID-19 crisis and subsequently the Russian war of aggression against Ukraine created significant challenges for EU Member States. Furthermore, in reaction to the COVID-19 crisis, a new instrument, the NextGenerationEU, was introduced with a substantial financial envelope and short spending horizon.

There is evidence of substitution effects between the RRF, which represents by far the biggest portion of the NextGenerationEU envelope, and cohesion policy[91]. The evidence shows that in a number of

[85] Specifically, RCO01 ‘Enterprises supported’, RCO02 ‘Enterprises supported by grants’ and RCO04 ‘Enterprises with non-financial support’, already exceeding their respective milestones under both PO4 and PO5.

[86] RCO81 ‘Participations in joint actions across borders’ (389% of milestone in PO4), RCO83 ‘Strategies and action plans jointly developed’ (74% of milestone in PO4, 100% in PO5), RCO84 ‘Pilot actions developed jointly and implemented in projects’ (133% of milestone in PO5), RCO87 ‘Organisations cooperating across borders’ (232% of milestone in PO4, 211% in PO5), RCO116 ‘Jointly developed solutions’ (71% of milestone in PO4, 62% in PO5), RCO117 ‘Solutions identified for legal or administrative obstacles across border’ (300% of milestone in PO4)

[87] RCO70 and RCO67

[88] See Article 118 of the CPR

[89] Unitatea de Primiri Urgențe a Spitalului Județean de Urgență.

[90] Spitalului Clinic de Urgenta pentru Copii "Sf. Maria".

[91] RRF mid-term evaluation; DG REGIO internal survey (See Annex VI); Cichowlaz (2022); ECA (2023).

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countries, some mature projects initially planned under ERDF / CF for the 2021-2027 period were shifted to the RRPs. In addition, the significant influx of new resources from both instruments has exacerbated pre-existing administrative capacity challenges[92]. Finally, the considerable reprogramming of cohesion policy funds to address the crises occurred at the start of the period (described in detail in Section 3.2) and also led to delays. Evidence from payment data (see section 3.2 and Figure 5), from the survey, from interviews with programme authorities[93] and from research[94] shows that these events substantially disrupted programming activities.

While these unprecedented events go a long way to explaining the delay in the early stages, the experience from successive cohesion policy cycles requires an analysis of more systemic bottlenecks that may hinder the efficient deployment of funds and lead to pressure on Member States to accelerate fund absorption towards the end of each cycle. The challenges for programme authorities stemming from the delays are clearly displayed by the responses to the survey in the supporting study. The late approval of programmes and delays in starting implementation activities, also related to the crises described above, feature at the top of the list of current implementation challenges, with more than two-thirds of respondents identifying both as being at the root of limited progress[95]. The Fit for Future Platform also came to the same conclusion[96].

Evidence suggests that in past periods, the reasons behind the late and initially slow implementation can be attributed to three main factors[97]. First, the complexity of rules and procedures in managing the transition between programme periods, and notably the requirement in the 2014-2020 period for designation of national authorities. Second, the adoption of the legal framework for the funds has come with increasing delays. This is a critical prerequisite for the preparation of both partnership agreements and programmes, as it provides the legal certainty for aligning spending plans with EU requirements and objectives[98]. Third, there is convincing evidence that limited administrative capacity in Member States constitutes a barrier to efficient absorption[99].

The 2021-2027 framework aimed to tackle all three bottlenecks. First, it introduced a range of simplification measures (see Section 2.3 and analysis with respect to the efficiency criterion). While some of these were expected to help speed up implementation (e.g. SCOs and FNLC), many were targeted at the start of the period, aiming to simplify the programming phase[100]. Although these activities are still perceived to be resource-intensive[101], attempts to simplify the framework are well-

[92] RRF mid-term evaluation, DG REGIO internal survey (See Annex VI), Bachtler and Mendez (2023), Böhme et al. (2023), Kiss-Gálfalvi et al. (2024).
[93] See Annex 6.4 of the supporting study.
[94] See i.a. Kiss-Gálfalvi et al. (2024), Böhme et al (2022 and 2023; Atkinson et al. (2023); ECA (2023).
[95] See Annex 6.4 of the supporting study, the synopsis report.
[96] F4F (2024).
[97] Own categorisation based on evidence from Ciffolilli et al. (2024) ECA (2018).
[98] Ciffolilli et al. (2024) Absorption rates of Cohesion Policy funds.
[99] See i.a. Mendez and Bachtler (2022), Marques Santos et al. (2023), Incaltarau et al. (2020).
[100] Includes measures such as simplified designation of authorities, no obligation to conduct *ex ante* assessments, streamlined intervention logic, one strategic document per Member State (the PA) the reduction in the number of enabling conditions, shorter and better structured programmes.
[101] See stakeholder feedback regarding partnership agreements in the ESF+ mid-term evaluation supporting study (PAs are common for ESF+ and funds evaluated by this MTE).

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received and are (to varying degrees) seen as reducing the burden on programme authorities[102]. Second, the Commission adopted the CPR proposal in May 2018, 31 months ahead of the start of the period. The respective figures for 2007-2013 and 2014-2020 are 29 and 26 months. Third, the current framework proposed important measures to resolve persisting issues linked to administrative capacity. Feedback from programme authorities point to the effective use of these measures[103]. At the same time, some of the measures concerning implementation have remained insufficiently exploited for the three funds covered by the evaluation, which did not help in contributing to a quicker implementation following the conclusion of the programming phase (see section 2.3 and analysis with respect to the efficiency criterion, particularly related to SCOs and FNLC).

The net effect of measures to speed up implementation can only be estimated to a very limited degree. Factors such as the unprecedented impact of the crises faced by MSs at the beginning of the period, along with the burden of parallel negotiations and implementation of the RRF and the ERDF, CF and JTF reduce comparability with the previous programming periods. The analysis nevertheless makes it possible to conclude with some confidence that **the delays experienced in the 2021-2027 period are to be attributed to exogenous factors. These factors are the economic, social and political ramifications of the COVID-19 crisis and Russia's war of aggression against Ukraine. They also include the policy response aimed at mitigating the negative impacts of these events.**

Territoriality and multilevel governance

To decrease disparities between regions effectively, the programming of interventions is tailored to the **specific geographical, economic, social and environmental specificities, challenges and needs of local territories**. This place-based approach is delivered through integrated territorial and regional / local development strategies embedded in programmes. Integrated approaches are used by MSs to address specific needs of territories, to empower local actors and to ensure resources for a multi-sectoral intervention. However, some local stakeholders underlined that the division of roles between the managing authority and urban authorities is sometimes not clearly defined[104].

The practical consequence of the application of multilevel governance can be observed by looking at the results of programming. The ERDF, CF and JTF programmes can have a national, regional or even sub-regional scope. The distribution of resources among national and regional programmes has remained largely stable across the current and past two periods, with regional programmes covering between 43-45% of total allocations. However, aggregate figures hide important differences. The number of regional programmes is higher, but national ones have larger budgets. Thematically, the data analysed show that investments in the competitiveness of SMEs, low-carbon economy and social inclusion tend to be delivered more than average through regional programmes. On the other hand, investments in network infrastructure in transport and energy and in public administration tend to be delivered more through national programmes.

[102] See the discussion in efficiency; perceptions on burden reduction are captured for each of the simplification measures by the upcoming study on administrative costs and burden.
[103] See discussion in efficiency.
[104] See supporting study, Annex 6.4.

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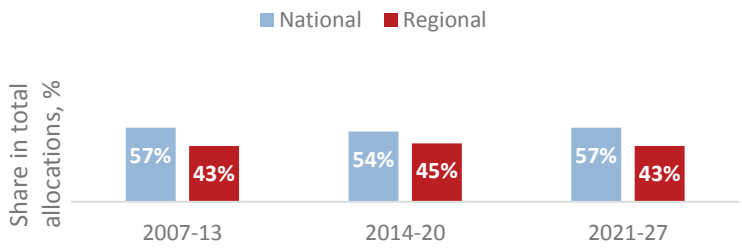
It can also be observed that most sustainable urban development (SUD) investments take place under the specific objective for integrated development of urban areas (SO 5.1) and under the specific objective for sustainable urban mobility, followed by energy efficiency and nature and biodiversity protection. Interventions under SO 5.1 focus primarily on the regeneration of public spaces, cultural heritage and services, and public tourism assets and services. Support to SUD strategies represents EUR 24.4 billion or 12 % of the total national ERDF allocations.

As regards non-urban areas, most of the allocation programmed under specific objective 5.2 is devoted to the integrated development of non-urban areas, followed by investments in education and training infrastructure, sustainable mobility and transport, active inclusion and energy efficiency. Interventions under SO 5.2 focus on cultural heritage and services followed by similar allocations to public tourism and services and physical regeneration. The use of the integrated approaches in non-urban territories was chosen by managing authorities without any regulatory obligation.

This setup suggests that in practice, **programming structures reflect the multilevel governance model.**

Figure 10 - Distribution of planned EU resources between national and regional programmes over three EU budget programme periods 2007-2027.



Source: European Commission.

While regional programmes are more closely linked to territorial actors and needs, the ERDF, CF and JTF programming and the implementation logic ensure that regional challenges are considered for national programmes as well[105].

The binary distinction between national and regional programmes hides considerable diversity. **In the 2021-2027 period, territoriality is operationalised through several concrete mechanisms and tools** (see list in Annex VI under 'Territoriality')[106]. These include territorial cooperation, integrated territorial tools, integrated territorial investments (ITIs), community-led local development (CLLD), other territorial tools developed nationally and a dedicated policy objective (PO5). The integrated territorial tools as well as PO5 are based on the integrated territorial strategies developed by relevant authorities at the sub-regional levels. While these place-based features can be used in all POs, they are concentrated in PO2, 4, and 5. As regards the type of tools, 56% are attributed to ITI, 40% to other territorial tools developed nationally and 4% to CLLD. ITIs and CLLDs were usually programmed where there had been a positive experience with the tool. Other territorial tools have often been used to make the most of pre-existing national mechanisms and tools.

[105] Article 11(1)(a) of the CPR requires Member States to analyse relevant regional challenges.
[106] Polverari, L. (2024).

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In the 2021-2027 programming period, Functional Urban Areas (FUA) represent the most prominent territorial focus of sustainable urban development strategies. More than 56% of SUD allocation has been programmed to support strategies covering FUAs compared to 20% in the 2014-2020 programming period. The increased use of FUA fosters local development based on the needs and opportunities of territories that are not limited by administrative borders, encourages stronger cooperation between territorial actors, including smaller urban areas, and strengthens urban-rural linkages.

Programme authorities perceive **the design of the three funds and the tools available to be effective in meeting local needs[107].** The decentralisation of the design and implementation of regional programmes is viewed as having a positive impact on beneficiaries, increasing the involvement of local authorities. In addition, instruments such as ITIs and CLLD[108] have been considered excellent tools for effectively addressing the territorial dimension.

The effectiveness of the territorial approach was also found to be conditional on coherence between the programmes and other territorial strategies as well as other funds and EU instruments, which are normally implemented individually rather than as collective integrated strategies. These difficulties are most evident regarding the JTF, due to the novelty of this funding instrument and related uncertainty.

Partnership

The shared management method is at the core of ERDF, CF and JTF multilevel governance. The Commission, Member States, and regional and local authorities all play essential roles in shaping and implementing the funds. Decisions are made collaboratively to ensure that the policy aligns with overarching EU objectives while focusing on regional and local needs.

The partnership principle[109] is key to multilevel governance of the funds. Enshrined in the regulatory framework, it implies close collaboration between all relevant stakeholders. This includes public authorities, economic and social partners, civil society, research organisations and academia, throughout the entire programming cycle – from preparation to implementation, monitoring and evaluation.

Evidence highlights that **partnership has a positive effect on programme design and implementation,** but there are still areas for improvement in stakeholder engagement and decision-making[110]. The analysis has demonstrated that there is a continuous improvement in the application of the partnership principle compared to the previous programming periods. At the same time a more flexible approach could contribute to reinforcing that principle when it comes to the composition of partnership. During implementation, partnership takes place mainly within monitoring committees, which play a key role in the effectiveness and quality of programme implementation. The qualitative analysis has shown a small decline in the quality of partnership only in a minority of Member

[107] See the supporting study, EQ3 and Annex 6.4. 46% of all survey respondents (all funds) graded the delivery systems for addressing specific territorial needs as somewhat effective, with 37% rating them as very to extremely effective. Only 16% rated them as not so effective.

[108] See Annex VI 'Territoriality' for a description.

[109] Commission Delegated Regulation (EU)) No 240/2014 of 7 January 2014 on the European Code of Conduct on Partnership in the framework of the European Structural and Investment Funds.

[110] See the analysis in the supporting study, EQ3.

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States[111]. **Partnership practices enhance collective commitment and ownership of EU policies**, increase available knowledge, expertise and viewpoints in the implementation of strategies, and ensure greater transparency in decision-making processes. In particular, territorial tools (e.g. ITI, CLLD) and the TJTPs add a specific territorial partnership component to programme implementation.

Stakeholder feedback collected for the study also points to challenges, including a perceived over-representation of regional and national authorities in monitoring committees, the complexity of processes, and limited capacity and resources of civil society. Some of the typical shortcomings identified are related to effectively and efficiently managing discussions in larger groups, managing partner contributions, and providing feedback. In addition, **in some cases, the still insufficient knowledge and capacity of stakeholders and partners mean that the input they provide has limited relance**. Lastly, while it seems that partners are especially active in JTF programmes, some challenges remain for the application of the partnership principle under the TJTPs. In some cases, particularly in multi-fund programmes, a dedicated partnership at territorial level has not been formally established.

The funds evaluated are responsive to regional and local needs, but this responsiveness is achieved through delivery systems that are perceived as complex and burdensome[112]. Notably, stakeholders emphasise the high administrative costs linked to programme implementation, and the lack of proportionality especially for small programmes and for small (local) administrations involved in the implementation of territorial tools.

In more centralised systems, where regions and local actors are formally involved but do not manage funding from the programme, members of monitoring committees are concerned that local and regional objectives are less represented[113]. A top-down approach limits the possibility for place-based interventions and investments despite formal stakeholder participation in the monitoring committee.

Further to the evidence collected by this mid-term evaluation, a report from the Committee of the Regions survey identified conclusions in the same vein[114]. For example, the CoR survey shows that partnership and multilevel governance have a clear added value in enhancing the effectiveness of the implementation of the ERDF, CF and JTF. Partnership practices have the potential to enhance collective commitment and ownership of EU policies, increase available knowledge, expertise and viewpoints in the design and implementation of strategies, and ensure greater transparency in decision-making processes.

Just Transition Fund and Territorial Just Transition Plans

The JTF is the new cohesion policy fund introduced in the 2021-2027 programming period in the context of the European Green Deal. While the transition to climate neutrality is mainly financed through the ERDF and CF, the JTF provides tailored support to specific territories and social categories among the most affected by the climate-neutral economy transition challenges. Its single

[111] See Böhme et al. (2021).
[112] See Annex 6.4 to the supporting study.
[113] See Annex 6.4 to the supporting study.
[114] Böhme et al. (2021)

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specific objective and targets, to be understood in the broader JTM framework, are presented in section 2.2 of this SWD and further detailed in the thematic fiche[115].

This section examines the progress made in implementing the JTF based on the Territorial Just Transition Plans (TJTP). The core evidence comes from the supporting study analysis of all 70 TJTPs and a sample of programmes that include the JTF, an analysis of funding allocations, as well as feedback gathered from stakeholder.

The JTF stakeholders who were interviewed[116] were highly satisfied with the two main novelties of the TJTP model. These were, on the one hand, the analysis of the climate transition process and the specific local challenges for each territory and, on the other, a participatory process involving local stakeholders and partners in the planning of supported actions. Community-led programming of JTF resources is generally perceived to have reinforced the partnership principle and the place-based approach of cohesion policy. Emphasis was put on strategic planning and analysis, matching measures to identified needs, including those of most vulnerable groups, as well as stakeholder engagement. Conversely, there have been calls to better involve social partners and young people[117].

The supporting study's analysis[118] shows that TJTPs are clearly focused on mitigating the negative effects of the transition towards climate neutrality, focusing support on the most impacted territories. JTF investments must be anchored in TJTPs that demonstrate a link between measures and the transition pathway, resulting impacts and challenges in specific territories. MSs used this requirement as an opportunity to select the most affected territories, following up on the proposals made in the 2020 country reports, and to reflect concretely on how carbon-intensive industries (such as steel, cement or chemicals) can be transformed without having an adverse impact on people and places. As a result, they reflect a strategic approach that is different from the ERDF and CF. Almost all plans make provision for the upskilling and reskilling of workers and jobseekers, showcasing a strong focus on mitigating negative social effects of the transition. Most TJTPs include measures for economic diversification, including investments in SMEs and job creation, entrepreneurship and startups, and research, development and innovation. Most TJTPs also envisage land/brownfield regeneration, decontamination and repurposing, and support for the circular economy[119]. Aside from allowing the territories to simultaneously address multiple challenges in an integrated manner, the TJTPs show that the JTF is able to uniquely combine ERDF-type investments (e.g. for infrastructure and equipment) and ESF+-type investments (e.g. training activities).

The JTF provides incentives to accelerate decarbonisation and the TJTPs include measures to support it: Bulgaria, Czechia, Croatia, Poland, Romania and Slovenia introduced specific planning and timelines to phase-out coal.[120] Most TJTPs indicate that coal plays a major role in local industries and include measures to develop sustainable alternatives and clean energy sources. The TJTPs also

[115] See the supporting study, Fiche_T4_JTF.
[116] See Annex 6.4 to the supporting study.
[117] Eurofound (2023); CEE Bankwatch Network, & Generation Climate Europe (2022).
[118] See Annex 6.2 to the supporting study.
[119] For a more detailed breakdown of JTF support, see the JTF thematic fiche, attached to the supporting study.
[120] JTF support is conditional on a realistic transition timeline. See: SWD(2023) 134 final and European Parliament (2023).

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complement plans to decarbonise MSs' industries[121], including by tackling sectoral dependencies. In some cases, the fund helps accelerate the development (or upscaling) of solutions (technologies), guiding them toward technological maturity and economic viability.

The plans also provide integrated support targeted at local challenges and the needs of vulnerable groups and underrepresented groups. In addition to workers and former workers directly concerned by the transition, such as those in fossil-fuel industries, JTF also supports groups disproportionately suffering from the negative effects (e.g. workers with disabilities, women, the long-term unemployed, young people and other underrepresented groups).[122] TJTPs played a pivotal role in identifying such groups and in designing targeted measures aimed at improving their social and employment situation, albeit to a varying degree between MSs. In view of this, some stakeholders report that the JTF's focus on the most vulnerable is not always translated into comprehensive strategies for women, young people, and other potentially vulnerable groups in the process[123].

The state of play examined in Chapter 3 and detailed in the thematic fiche[124] shows that the delivery of JTF investments had a late and slow start. As of December 2024, declared project expenditure by beneficiaries to managing authorities had not yet picked up, ranging from 0% to about 19% in different MSs. Only a few MSs reported significant progress on output and result indicator targets.

However, progress in project selection shows that implementation has picked up fast and is accelerating. The selection rate of JTF projects has increased more than sixfold from 6% at the end of 2023 to around 38% at the end of 2024 and peaking between 55% and 120% in nine MS. EU total net payments to MSs also show significant progress, reaching 32% of the available envelope.[125] The rapid and steep progress suggests that payments will follow accordingly in the near future.

Analysis and stakeholder consultation point to the conclusion that the slower start of implementation as compared to the ERDF and CF is mainly due to the novelty of the instrument. First, the preparation of TJTPs added a layer of complexity to programming activities as compared to other funds.[126] Newly appointed managing authorities had to rapidly familiarise themselves with a new instrument. Second, MAs interviewed as part of the supporting study[127] raised issues concerning increased workload, staff shortages and fluctuations, as well as complexities in ensuring compliance with State aid rules. Where authorities with longer experience of cohesion policy implementation and adequate resources manage the JTF, administrative capacity seems to be less of an issue. For instance, this is the case of the Netherlands, where project selection already took place for the large majority of JTF allocation. Third, the lack of competence and preparedness of potential

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[121] European Parliament (2023); SWD(2023) 134 final.
[122] For examples of JTF projects supporting vulnerable groups, see the JTF thematic fiche (supporting study).
[123] CEE Bankwatch Network (2023).
[124] See the JTF thematic fiche, attached to the supporting study.
[125] This is mostly due to STEP pre-financing, which will be key to provide MS with fiscal space and meet the shorter timeframe for execution as compared to other funds. Due to the frontloading of NextGenerationEU resources, 70% of the total JTF allocation is concentrated in the programmes' first two annual tranches, which need to be spent by the end of 2025 and 2026 respectively.
[126] See section 3.3.
[127] See Annex 6.4 of the supporting study.

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beneficiaries was frequently raised in interviews with other JTF stakeholders, such as monitoring committee members.

The Just Transition Platform (JTP) is seen by MAs and monitoring committee members[128] **as a key instrument in supporting the implementation of the JTF.** The JTP provides technical assistance to regions, which includes helping them identify projects and mobilise local communities in the decision-making process. Since 2020, the JTP also been organising two conferences a year. From 2021 to 2024, it also organised six working groups on carbon-intensive regions, stakeholder engagement and equal opportunities.[129] These conferences and working groups provide a space for regions to exchange good practices, build a JTF community, and match local needs with capacity on the ground. This has been particularly important for regions that are heavily reliant on carbon-intensive industries and are facing significant employment shocks. In the framework of the JTP, MAs also mentioned two additional enablers that are helping to smooth implementation activities: JTP Groundwork, which provides support for project development, governance and communication, and the JTPeers Experts Database, which facilitates access to diverse expertise.

Effect of enabling conditions

Enabling conditions are a set of legal, strategic, and administrative requirements that aim to increase the effectiveness and efficiency of ERDF / CF investments. They were introduced in Section 2.3 and discussed in Section 3.2. This section assesses their effectiveness, while the efficiency of their application is discussed in Section 4.2.

Member States fulfilled all horizontal enabling conditions as of Q4 2024, except for Hungary in relation to the enabling condition on the Charter of Fundamental Rights of the European Union.

The HEC on State aid encouraged MS to act and address issues that persisted over the previous period, while the HEC on the rights of persons with disabilities helped introduce a new dimension to cohesion policy strategic frameworks[130]. In order to comply with the State aid HEC, MSs have created new platforms or information tools/measures. In the cases analysed, programmes and PAs refer to national disability strategies and policies, several of which were prepared or adapted on purpose[131]. Some MAs, such as the Norte region managing authority in Portugal, even combined studies on best practices with practical roadmaps and training activities in order to improve internal capacity. By contrast, the fulfilment of the condition related to public procurement is in most cases covered by existing national normative and legal frameworks.

As shown in Section 3.2, **the overwhelming majority of thematic enabling conditions, were fulfilled by the MTE cut-off date. Evidence collected by the supporting study**[132] **shows that TECs have contributed to triggering concrete reform processes.** In particular, MSs and MAs have built on TECs to strengthen the intervention logic of programmes, to ensure long-term commitments, and to facilitate investments.

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[128] See the qualitative replies to the survey and interviews in Annex 6.4 of the supporting study.
[129] For an overview of the JTP support activities, see link.
[130] See Annex 6.2 of the supporting study.
[131] See supporting study, EQ6.
[132] See Annex 6.2 of the supporting study.

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The two TECs under PO1 concern the smart specialisation strategies (S3), first introduced in the previous programming periods, and broadband plans. In most MSs, the new set of fulfilment criteria triggered or is still triggering, such as in Cyprus, Estonia and Italy, upgrade processes based on the 2014-2020 experience. The link between the conditions and reforms is particularly strong in some countries, such as Poland with reference to broadband. All regions have developed smart specialisation strategies that are rooted in local needs and reflect specific circumstances. In regions with strong innovation systems, S3 focus on finding niches where limited ERDF support can bring greatest added value, while regions with weak innovation systems (which typically have more ERDF funding) can implement more comprehensive strategies for building R&I capacities. However, in many regions, in particular in less developed and transition regions, smart specialisation strategies are perceived to have limited steer on the actual investments, due to the limited linking of the strategic approach with the operational implementation of the ERDF.

The seven enabling conditions related to PO2 require the existence of specific sectoral plans, strategies and objective frameworks in the fields of environment, climate and energy. For example, Romanian programmes are conducting a substantial revision of their energy strategies. In several MS, such as Germany, regions are setting out waste management plans. In other MSs, such as Ireland, different levels of government are developing new strategic frameworks to support energy efficiency renovations of residential and non-residential buildings. Spain is conducting a spending review of climate change policies and assessing the economic impact of climate change-related risks. The degree to which these actions are solely due to the fulfilment of enabling conditions is unclear.

The transport TECs linked to PO3 worked in synergy with other EU initiatives to support the development or revision of transport/mobility plans and strategies at national, regional and local level. Some countries, such as Spain, France and Portugal, are still working on their multilevel planning. In other countries, such as Poland, the condition had a clear effect on the improvement of transport planning.

Finally, the six TECs related to PO4 contributed or are contributing to the development and revisions of national strategies in the fields of active labour market policy (e.g. Romania), gender equality, education and training (e.g. Croatia and Slovakia), social inclusion and poverty reduction (e.g. Hungary), the inclusion of Roma (Hungary and Romania) and health and long-term care (a notable example is the implementation of the Spanish national strategy for a community-based model). While enabling conditions were mentioned extensively in the survey and interviews, their fulfilment was not the only reason for the changes observed.

The observed reforms have improved the implementation context and are expected to lead to more effective investments, potentially extending beyond the scope of the ERDF, CF and JTF[133]. However, further research is needed to fully understand these mechanisms. This is due not only to the early implementation stage, and the resulting limited evidence highlighted by national coordination bodies, but also to the complex interplay with other instruments, such as the RRF (analysed in Section 4.3 under 'coherence'), which complicates causality analysis.

[133] See Annex 6.4 to the supporting study.

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Furthermore, enabling conditions are more closely tied to the overall national investment environment than to the specific outcomes of individual programme objectives. National coordination bodies have noted that EU-wide conditions can make it challenging to target specific needs of Member States and territories[134]. In some cases, such as the promotion of integration of marginalised communities and minority groups under PO4, stakeholders have suggested that conditions tailored to specific national and subnational contexts could enhance the effectiveness of enabling conditions and better complement financial resources. Additionally, the lack of enabling conditions linked to PO5 and the JTF may limit the synergy of investments with relevant sectoral policies.

4.2 Efficiency

Simplification and bottlenecks

The CPR for the 2014-2020 period already introduced various simplification measures, but further progress has been a cornerstone of the design of the 2021-2027 regulatory framework. Altogether, a burden reduction of 4-8% for MAs and 9%-14% for beneficiaries was estimated in 2014-2020 compared to 2007-2013 levels[135]. This was good progress, but the impact assessment and the ongoing *ex post* evaluation could still identify implementation bottlenecks and remaining unnecessary administrative burden[136]. The main simplification measures for 2021-2027 are described in Section 2.3[137].

Total administrative costs on programme authorities associated with running funds until 2024 are estimated to be EUR 565 million for the ERDF, EUR 73 million for the JTF and EUR 1 439 million for multi-fund programmes[138]. These costs are estimated to be at 2.2% (compared to 2.3% in 2014-2020) of total eligible expenditure for the whole period. Previous studies on administrative costs[139], as well as the ECA[140], noted that these costs are relatively modest according to EU and international comparisons. The mid-term evaluation of the RRF found administrative costs to be comparable between the Facility and cohesion policy funds[141].

Cost reductions for programme authorities are estimated at all stages of implementation[142] by a dedicated study on administrative costs and burden (see Annexes IV and VI). Even with a low level of implementation, EUR 141 million of administrative cost reductions are estimated until the end of 2024 for the ERDF[143]. The most consequential reductions can be observed in the activities related to operations and audit, which are among the most resource-intensive elements in the

[134] See also F4F (2024).
[135] Spatial Foresight & t33 (2017).; on the 2014-2020 *ex post* evaluation, see an overview here.
[136] In addition to stakeholder consultations, proposals for simplification built on the key recommendations of the High Level Group on Simplification for the post 2020 Cohesion Policy (link) and Spatial Foresight & t33 (2018).
[137] They are further detailed in the Simplification Handbook for 2021-2027.
[138] See limitations related to these estimates in Annexes II and IV. Multifund programmes include the ERDF, CF and JTF, as well as the ESF+, which is beyond the scope of this MTE, and therefore the cost has been proportionally adjusted. This figure thus only covers the ERDF/CF/JTF.
[139] Spatial Foresight & t33 (2017).; SWECO (2010).
[140] Special Report 07/2020
[141] See pp.60-61.
[142] The study identifies the following categories: programme preparation, general management, financial management, operations, reporting, monitoring and evaluation, audit. More granular (task-level) activities are split accordingly.
[143] See limitations related to these estimates in Annexes II and IV.

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administrative cost structure of implementation. For instance, selection of operations and information to beneficiaries, management verifications for each application for reimbursement and on-the-spot verifications, which together make up more than 40% of the cost of implementing the ERDF, have all seen reductions in the order of 14%-31%.

It is important to underline that comparability with the results of the previous period is hindered by the low level of implementation, which in practice means that many programme authorities did not have their systems fully set up yet. Moreover, for activities that are timed towards the end of the implementation process (e.g. audit), a solid evidence base is not yet available. This is confirmed by the CoR consultation of RegHubs, which indicated that authorities and beneficiaries expect a very positive impact from audit simplification but have only started to observe their practical effect[144].

The overall burden reduction estimate above can be further nuanced by the perception of stakeholders. Stakeholders surveyed by the study were asked about cost savings compared to the 2014-2020 framework. More than half of the respondents perceive no overall cost savings across all implementation stages[145]. The remaining answers were split between perceiving cost savings to a small, moderate or great extent. These findings hint at significant differences across Member States and programmes.

The above largely relates to the costs incumbent upon programme authorities. There is also evidence of burden reduction on beneficiaries compared to the 2014-2020 period. This includes both the application and project management stages associated with the use of the evaluated funds[146]. Though estimates of total cost savings until the end of the period presented in Annex II indicate potentially considerable cost savings for beneficiaries of the ERDF[147], given the low level of implementation, the estimates to date provide limited evidence. As such reductions (among other things) aim to improve the competitiveness[148] of beneficiaries, the *ex post* evaluation should explicitly assess this dimension.

Looking at the **actual simplification measures** introduced, the stakeholders surveyed viewed that these **helped improve the efficiency and effectiveness of the ERDF, CF and JTF**, and also **contributed to reducing administrative burden**. Only a small percentage consider them 'not at all helpful'. As in the above case, differences suggest varied practices across Member States. Evidence regarding specific new elements also suggest that the **uptake of optional simplification measures varies across programmes**.

Simplified cost options, perhaps perceived as the most successful[149] of all simplification measures, is a case in point. Fifteen Member States and five Interreg programmes adopted[150] schemes of this kind covering EUR 7.5 billion at the upper level (i.e. level of reimbursement from the Commission to the managing authority). Member States making most use of the upper level SCOs are

[144] F4F (2024).
[145] The study provides overall results for the categories listed above.
[146] See estimates in Annex IV, and limitations in Annex II.
[147] Where data is available.
[148] See also targets for reducing administrative burden as part of the EU competitiveness compass.
[149] One third of respondents considered them to be 'extremely helpful' and a further 39% 'largely helpful'. 82% programme authorities surveyed by the study on administrative costs and burden find that SCOs lead to a reduction in costs.
[150] 159 SCO schemes have been adopted as part of programmes. See Annex 6.2 to the supporting study.

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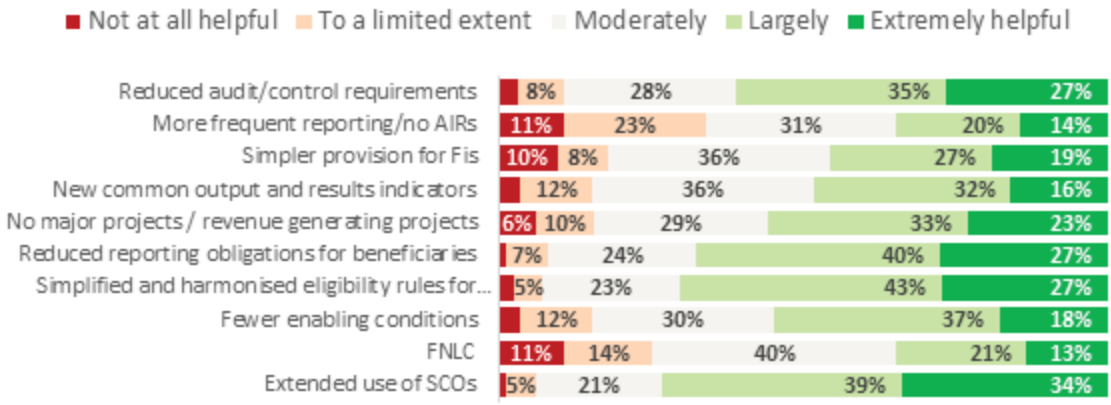
France (EUR 1.8 billion), Lithuania (EUR 1.8 billion), Portugal (EUR 1 billion) and Poland (EUR 1 billion). As for the SCOs used or planned to be used at the lower level (i.e. level of reimbursement from the managing authority to the beneficiary), the uptake is as follows: ERDF 11.5% of budget covered (EUR 37.4 billion), CF 2.3% of budget covered (EUR 1.1 billion), JTF 10.4% of budget covered (EUR 2.8 billion). 'Financing not linked to costs', another model introduced as a way of moving away from cost-based financing and simplifying the framework, is perceived with more cautious optimism[151]. Nonetheless, with only six Member States using FNLC schemes[152] covering EUR 1.4 billion, these views reflect limited actual experience to date. For both SCOs and FNLC, further schemes are expected to be submitted as part of programme amendments from MS that have already been using such schemes in their programmes, but also from others. Therefore, the use of SCOs and FNLC is expected to increase throughout the programming period.

Figure 11 - "Which of the new elements introduced in the CPR for the period 2021-2027 do you consider as most helpful (in improving efficiency, improving effectiveness and/or reducing administrative burden)?".



Source: European Commission based on supporting study survey. N=216 (average across new element category).

While the statistics on the uptake mark a considerable increase[153] compared to the previous period, their uneven use points to the existence of bottlenecks. In addition to capacity challenges during the first years of the period (see discussion under 'effectiveness'), other factors include the lack of expertise in developing SCO and FNLC methodologies, as well as uncertainties surrounding audit and control arrangements for these schemes. The complexity of some operations under the evaluated funds – for instance fully procured large infrastructure and innovative projects – where no historical data exist further hinder uptake. In fact, the different nature of supported operations allowed for a higher take-up under the ESF+.

In addition to the simplification measures and novelties discussed above, the MTE reviewed other bottlenecks identified by a range of stakeholders, including academia, grey literature, and programme

[151] While one third perceive it to be either largely or extremely helpful, 25% see limited to no change. Programme authorities' perception in the administrative cost study are split on its cost saving potential, with 44% reporting a reduction in resource use thanks to FNLC, as opposed to 56% who do not.

[152] With five additional schemes in three MSs being assessed by the Commission.

[153] For the ERDF, the coverage of lower-level SCOs and FNLC has almost doubled (from 7.6% to 12.5% of expenditure to date). For the CF there has also been a considerable increase (from 1.2% to 2.9% of expenditure).

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authorities[154]. **The results suggest that despite the progress made on many bottlenecks, stakeholders report that they still struggle with implementation challenges.** For instance, while 45% of respondents perceive that issues experienced over the previous period relating to unclear rules and procedures had been addressed, a similar share (40%) find that these issues have not been sufficiently resolved. The Fit for Future Platform Opinion on this mid-term evaluation also pointed in the same direction[155]. MAs and beneficiaries encounter problems related to complex State aid rules and public procurement requirements, and find adapting to recent revisions of relevant regulations (in particular the General Block Exemption Regulation, (GBER) to be particularly burdensome[156]. In the past, difficulties related to State aid rules had also been linked to different interpretations at different levels of governance and 'gold plating' practices by Member States[157].

Stakeholder feedback[158] further suggests that simplification at an early stage of programming can entail more complexity later (e.g. control and audit requirements), and vice-versa: simplification for later stages requires upstream investment during design and approval. The feedback received also points not only to 'extensive reporting and auditing requirements', which are seen as disproportionate especially for smaller programmes, but also to difficulties deriving from a 'lack of common understanding among national authorities at MS level' on how to apply new elements. Finally, in the context of the Fit for Future Platform, stakeholders report excessive administrative burden for SCOs in projects below EUR 200 000, lack of guidance materials, legal certainty and knowledge with regard to both SCOs and FNLCs and perceived risks linked to misalignment of different audit practices[159].

Evidence from the previous programming period suggests that **several implementation bottlenecks[160] are linked to administrative capacity, ranging from the level of programming authorities to beneficiaries and project applicants.** In general, administrative capacity for cohesion policy is influenced by the wider quality of government in each country[161], with leadership quality, cooperation with external partners and human resources being key positive factors[162]. Furthermore, variations in administrative burden and costs are strongly influenced by the financial size of a programme, the number and type of beneficiaries and time span of the individual operations, as well as the thematic focus of a programme. The use of technical assistance has evolved significantly over the past three decades in response to changing demands in the management and implementation of the programmes[163].

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[154] See EQ5 of the supporting study, based on Metis and EPRC (2014; High Level Group on Simplification for the post 2020 Cohesion Policy; Böhme et al. (2017).
[155] F4F (2024).
[156] See survey and interview results in Annex 6.3 to the supporting study, and Dozhdeva V and Fonseca L (2021) p. 58.
[157] Gold plating refers to the practice of imposing additional obligations on top of the minimum requirements set by the regulatory framework. See Böhme et al. (2017).
[158] Interviews with managing authorities and survey results collected by the supporting study, see replies to EQ5 and 7, as well as relevant Annexes (incl. 6.4 Synopsis report). Figure 30 in Annex VI also supports this statement.
[159] F4F (2024).
[160] The list of specific bottlenecks discussed here can be found in EQ5 of the supporting study.
[161] Mendez, C., and Bachtler, J. (2022).
[162] Bachtler, J. (2019).
[163] European Commission (2020).

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Moreover, in 2014-2020, implementation challenges were addressed by cohesion programmes under thematic objective 11: Efficient public administration. While the diversity of approaches followed in the Member States helped address both general and specific needs, the durability of the results of the actions supported could be hampered by staff shortages and turnover, technologically obsolete systems that may not support new processes, as well as shifts in political leadership. In addition, the simplification of administrative procedures for the implementation of the funds remained an area with ample scope for improvement.

For 2021-2027, important measures have been taken to resolve persisting issues linked to administrative capacity. Increased support came through soft measures for administrative capacity building, including encouraging a more strategic approach through 'roadmaps', increased possibilities for learning and exchanging, for instance via the Peer2Peer communities, which grew in number and increased their scope of action, and the Just Transition Platform (JTP) for JTF implementation. The revision of the Commission-EIB Joint Assistance to Support Projects in European Regions (JASPERS) and introduction of the Technical Support Instrument (TSI) reinforced the tailor-made support for designing and implementing reforms, including for improving the operational capacity and efficiency of public administrations.

Overall stakeholder feedback confirms that these efforts have been key to building and improving capacities and to solving important bottlenecks from the 2014-2020 period with a 'steep learning curve' for programme managers and beneficiaries. This general finding is substantiated by programme authorities that see many of the long-standing bottlenecks affecting implementation generally tied to administrative capacity as being addressed to some degree. For instance, 54% of respondents to the supporting study survey believe that the issue of weak capacity of beneficiaries has at least partially been addressed, with the same share having a similarly positive perception on 'lack of experience and knowledge to deal with emerging topics'[164].

To conclude, the simplification measures and new elements introduced by the 2021-2027 framework seem to be generally well-received. **The evidence collected hints at a reduction of the overall administrative burden compared to the previous period.** However, the early stage of implementation, limited uptake of some optional measures and differences between practices in Member States limited the generalisability of these results. At the same time, stakeholders still perceive implementation challenges which would require further attention. These include difficulties in the application of some of the novelties.

[164] The figures are calculated for respondents that identified these challenges in the first place. 15% and 17% did not perceive an issue in these two dimensions in the first place.

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Flexibility

The regulatory framework for the 2021-2027 period set out to make the ERDF, CF and JTF more flexible in responding to new challenges, introducing changes to the previous setup. This included the mid-term review, an important programme-level element in the increased flexibility and performance orientation of this programming period (described in Section 2.3). It concerns the 294 evaluated programmes, including an overall flexibility amount of EUR 58.6 billion[165].

In April 2025, the Commission proposed a package of targeted amendments[166] to the regulatory framework to maximise the mid-term review contribution to current and emerging EU political priorities (see also under 'relevance'). The package also intends to accelerate investment through simplification, greater flexibility and financial incentives for programmes that introduce timely amendments in line with the new priorities. Following a prompt co-legislative process, a provisional agreement was reached in mid-July 2025, with the package entering into force at the end of September 2025. The package extends the submission of programme amendments until the end of 2025. As the data cut-off of this mid-term evaluation is Q4 2024, this falls outside of the scope of this SWD.

Successive crises and new emerging political priorities have led to the introduction of other measures to increase the funds' flexibility. This has included simplifying by reprogramming increasing the ceilings to transfer funding to other EU instruments (see coherence), as well as providing the option to apply thematic concentration obligations at national, instead of NUTS-2 level. In addition, the 2021-2027 CPR includes a dedicated mechanism to respond to exceptional or unusual circumstances[167]. Preliminary evidence from the *ex post* evaluation of the previous period indicates that additional flexibility was well-received and effective in countering the impacts of successive crises. The use of the measures introduced for the 2021-2027 period was very limited to date, which meant that they could not be properly assessed for this mid-term evaluation. Experts and stakeholder feedback underline the importance of such measures in an increasingly volatile geopolitical and economic environment[168]. However, stakeholders also pointed out the risks associated with setting up too many crisis flexibility instruments in cohesion policy, as these may undermine its long-term structural objectives.

The Fit for Future Platform Opinion on this mid-term evaluation pointed in a similar direction. While stakeholders welcomed flexibility measures, they underlined how the focus of flexibility measures on the national level weakens the role for the regional and local level in determining actions on specific territorial needs[169].

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[165] EUR 7.5 billion for the CF, EUR 49.8 billion for the ERDF/ESF+, EUR 1.3 billion for the JTF. Note that 28 programmes will be excluded from the MTR due to STEP, reducing the flexibility amount reported above. Given that the approval of several of these were still ongoing at the cut-off date of the MTE, the actual amounts cannot be confirmed.

[166] See COM(2025) 123 final.

[167] See Article 20 CPR.

[168] Núñez Ferrer (2022); Rubio et al. (2024); Schout A, Molthof L and Hollander S (2023); Bachtler and Mendez (2023); see supporting study and its Annex 6.4.

[169] F4F (2024).

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Performance

The revision of the performance, monitoring and evaluation system was fundamental to increasing the ERDF, CF and JTF[170] result orientation[171]. Streamlining and reducing the number of objectives, and the contents of the programmes involving a simplification of the intervention logic all formed an integral part of this process. The streamlined intervention logic with five broader policy objectives and specific objectives was positively received by programme authorities. Though only a minority of survey respondents perceive a simplification potential, it is seen as enhancing clarity and reduced ambiguity in programme structure. Some authorities have, however, noted a certain degree of rigidity stemming from the 'one priority, one PO' rule and workload stemming from the requirement to tie intervention fields to specific objectives[172].

A more complete list of 97 (plus 3 for STEP) common output indicators and a new list of 66 common result indicators were introduced to improve the investment coverage of common indicators[173] and put an emphasis on outputs and results. Moreover, the CPR requires Member States to set up a performance framework covering all indicators, milestones and targets, in relation to each policy/specific objective. The feedback from programme authorities[174] and experts[175] generally suggests that the new logic of the monitoring system and particularly the result indicators are well-received. The coverage of investments is estimated to have increased to over 80%, while the definitions provided as part of the performance framework methodology help ensure consistency in the interpretation of the scope of the indicators[176]. However, the new setup is not without its challenges. Several programme authorities have reported challenges linked to setting estimated baselines, milestones and targets for indicators. These issues largely relate to a lack of experience and data on which to base estimates, and programmes with broader geographical coverage, as well as the diverse circumstances across regions[177]. Simplification through common indicators allows for EU-level aggregation but may limit a programme's ability to capture all expected ERDF, CF and JTF effects. There is a trade-off between simplified, standardised solutions and more tailored options[178].

While ensuring transparent and comprehensive reporting on the outputs and results of the intervention is often at odds with limiting the administrative burden associated with implementation, the current framework sought to streamline the process by eliminating annual implementation reports. Evidence on burden reduction is mixed. Two thirds of respondents to the supporting study survey found the new system at least 'moderately' helpful, while roughly 40% of ERDF programme authorities covered by the administrative cost study find some degree of cost savings linked to it. This figure is considerably higher for Interreg, where this ratio is above 80%. However, in the case of the ERDF, more than 50%

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[170] Note that this system is shared with the ESF+.
[171] See Annex II for a full discussion.
[172] Study on administrative costs and burden in the use of CPR funds (forthcoming).
[173] An estimated 50-60% of ERDF/CF resources were covered by common indicators in 2014-2020, SWD(2021) 198.
[174] 84% of respondents to the survey of the supporting study see the new common indicators as at least moderately helpful, with almost half indicating it is either 'largely' or 'extremely' so; Dozhdeva and Fonseca (2023), p.34.
[175] Begg, Corti and Liscai (2024); Begg et al. (2023).
[176] According to the upcoming study on 2021-2027 common indicators and their possible use in a system of FNLC, indicator methodological documents analysed contained no indicator definitions that were inconsistent with the guidelines of the SWD on Performance, Monitoring and Evaluation, SWD(2021) 198 final.
[177] See Annex 6.4 to the supporting study and Dozhdeva and Fonseca (2023) pp.34-35.
[178] See supporting study Annex 6.4, Dozhdeva and Fonseca (2023) period, p.34, as well as Begg et al. (2024)..

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of respondents to the administrative cost study survey see no change in costs and a small percentage even see this as an increase in resources needed. These issues reportedly stem from initial challenges related to the new format of data collection, management and transmission and the use of the e-cohesion systems[179]. While e-cohesion systems are widely and successfully implemented[180], interoperability with other national systems, externals and beneficiaries requires further improvement[181].

The financial categorisation system constitutes the main source of information in the planning of investment and in monitoring the progress of implementation of those plans over time[182]. The 2021-2027 categorisation system was developed based on the dimensions and categories used in 2014-2020 and saw an increase in the number of intervention fields from 124 to 193. As in the past, these categories are used to assess the contribution of the funds toward climate and biodiversity objectives. Streamlining the gender dimension across cohesion policy initiatives required a new categorisation dimension to capture the funds' contribution to gender equality. Since the CPR does not provide definitions for intervention field categories, in some cases the introduction of new categories of intervention resulted in challenges with interpretation for national authorities. For instance, several intervention fields associated with a 100% climate coefficient are qualified by footnotes restricting the scope of their application, which prompted several clarification requests[183]. The methodology used for climate and biodiversity tagging was criticised, as it involves significant approximations and considers only potential positive impacts[184].

In addition to the monitoring system, the CPR[185] obliges MAs to publish a list of operations outlining a minimum set of data to be provided. To present a harmonised EU-level set of project data, the Commission collects the published lists from each MA's website and standardises the data to be consistent across all programmes, publishing the results on Kohesio[186]. While the CPR prescribes a very relevant set of data to be provided, it does not mandate in any way the exact format in which each of the datapoints is to be presented[187]. This results in a very heterogenous set of data provided and makes it difficult to harmonise the input consistently at the EU-level[188]. The lack of harmonised project-level data hinders the possibility of a more granular tracking and analysis of cohesion policy funding.

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[179] See supporting study, EQ5 and Annex 6.4.
[180] PPMI Group, Rechenwerk and Ismeri Europa (2022).
[181] F4F (2024).
[182] See Annex II for a full discussion.
[183] Based on the number of questions received at the 2021 programming seminar, as well as exchanges during negotiations, ECA (2024) (the report also looks at the 2021-2027 framework) and Nesbit, Whiteoak, et al. (2022). Based on the number of questions received at the 2021 programming seminar, as well as exchanges during negotiations.
[184] ECA (2024).
[185] Common Provisions Regulation (EU) 2021/1060. Article 49 (3).
[186] See Annex II for a full discussion.
[187] For example, the level of the geolocation indicator is not further specified. This leaves room for managing authorities to express the location of a project in any way they wish, without any standardised requirements to adhere to either coordinates or NUTS levels.
[188] Through the list of operations Toolbox DG REGIO provided a voluntary template for MAs to follow. However, as this is strictly voluntary, broad uptake of the template is uncertain.

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Although Kohesio data for 2021-2027 is not yet available, which prevents its inclusion in the mid-term evaluation and analysis of project-level data, it will be usable in the ex-post evaluation. The Commission also plans to promote counterfactual impact evaluation methods, requiring timely transfer of detailed data and stronger connections with national administrative systems, supported by unique identifiers for beneficiaries under the new Financial Regulation[189]. Future ex-post evaluations might rely on existing legal framework monitoring data, with impact assessments conducted selectively based on data quality.

Application of enabling conditions

Enabling conditions represent an evolution from ex-ante conditionalities, which were introduced during the 2014-2020 period. While their impact on cohesion policy effectiveness is discussed in section 4.1, this section looks at whether their design had an impact on the efficiency of programming and implementation activities.

Enabling conditions build on the experience with ex-ante conditionalities over the 2014-2020 period, which has been assessed in a largely positive way. The ECA found that ex-ante conditionalities provided a consistent framework for assessing Member States' readiness to implement EU funds[190]. Other studies highlighted a positive contribution to the strategic quality and performance orientation of Member States' cohesion programmes, especially in countries with low administrative capacities[191]. However, they were also criticised for inconsistencies in their application across Member States, their one-off nature, large number and complexity[192].

In the lead-up to the 2021-2027 period, the reduction in the number of sought to ensure greater clarity and encourage targeted policy action. The vast majority of the MAs, implementation bodies and coordination bodies surveyed considered the lower number of conditions to be an extremely or largely helpful simplification (see Figure 11 under 'simplification measures and addressed bottlenecks').

A significant transformation also took place with respect to governance and fulfilment criteria, which reinforced clarity on the actions needed for compliance and transparency and speed of assessments. The horizontal enabling conditions apply to all specific objectives and all funds, while thematic enabling conditions automatically apply if the matching associated specific objective is selected. The new framework ensures that the Member States must meet the enabling conditions throughout the entire programming period and payments from the Commission to the Member States for the relevant specific objective can only be made when the corresponding enabling condition has been fulfilled[193]. At the time of programme approval, the Member State identified in each programme the fulfilled and unfulfilled enabling conditions and provided a justification where it considered that an enabling condition had been fulfilled. The justifications were assessed by the Commission in relation to the fulfilment criteria set out in the CPR. Similar assessments are carried out throughout

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189 Recital 32 and Articles 38 and 39 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

190 ECA (2017).

191 Huguenot-Nöel et al. (2017); Núñez Ferrer et al. (2018); Commission (2017b).

192 See ECA (2021) and the impact assessment 2021-2027.

193 Interviews with managing authorities in the context of the supporting study suggested that the withholding of EU payments may be difficult to communicate to final beneficiaries on the ground.

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the programming period in case the status of the condition changes from unfulfilled to fulfilled or vice versa.

The simpler and clearer design, particularly the reduced number of conditions and the detailed list of fulfilment criteria, increased the efficiency of the programming phase. This was confirmed in the survey by a significant share of managing authorities and coordination bodies (see Figure 31 in Annex VI), as well as by most RegHubs[194]. National authorities and MAs have a better idea of what enabling conditions require and can more easily and rapidly prioritise interventions and embed regional intervention logics into broader national and EU strategic frameworks.

Interviews with MAs highlighted a potential side effect: fulfilling the average enabling condition 2021-2027 is more burdensome than the average 2014-2020 ex-ante conditionality. which is however offset by the reduced number of conditions overall, confirming the reduced burden overall[195].

4.3 Coherence

Coherence between cohesion and CPR funds[196] and other EU funds

The coherence analysis covers the design of measures, coordination of actors, as well as demarcation, synergies and complementarities of the funding streams. It investigates the coherence between the ERDF, CF, and JTF programming and other EU funding instruments. It should be noted that the findings presented in this section draw from legal provisions as compared to the previous programming period, strategic alignment, programming, negotiations and final allocations, take up in management and coordination systems, and statements of the stakeholders involved in these phases and, to the extent possible, from the evidence from the limited implementation. Therefore, affirmative conclusions on the actual effects of such mechanisms will be reviewed at a later stage, in the *ex post* evaluation at the end of the programming period.

The CPR explicitly requires[197] partnership agreements to contain information on coordination, demarcation, complementarities and synergies between CPR funds and with other EU funds. The partnership agreement represents the first strategic document outlining coordination among funds. While EU funding is planned and managed at programme level, partnership agreements aim to ensure communication and coordination between authorities in charge of different EU funds and that information on planned interventions is exchanged. This approach helps identify overlaps, inconsistencies and potential for complementarities[198].

The analysis of partnership agreements and programmes conducted by the supporting study shows that partnership agreements comply with this requirement. Regarding other CPR funds[199], PAs provide a detailed description of the mechanisms and modalities proposed by the programme authorities to ensure effective collaboration and communication.

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[194] F4F (2024).
[195] See supporting study, EQ6 and F4F (2024).
[196] Other CPR funds include the measures financed under shared management in the EMFAF, AMIF, ISF, and BMVI.
[197] Regulation (EU) 2021/1060. Article 11 (1).
[198] This is confirmed by the ESF+ mid-term evaluation's findings. Note that partnership agreements are common to all cohesion policy funds, therefore these findings are directly relevant to this MTE.
[199] ESF+, AMIF, BMVI, ISF, and EMFAF.

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The combination of formal committees (notably the monitoring committee), working groups, and informal networks fosters coordination among instruments and funds linked by policy area[200]. Monitoring committees play a central role in coordinating CPR programmes. They provide oversight, facilitate multilevel and stakeholder collaboration, and ensure programme alignment and compliance. The participation of authorities managing other funds – including CAP, HOME funds and the RRF – in monitoring committees helps such coordination activities[201].

An efficient way of pursuing cohesion policy cohesiveness is the creation of multi-fund programmes. Muti-fund programmes can link together different funds and therefore create the possibility for inherent synergies. For example, most JTF programmes (36 out of 46) are embedded in a multi-fund programme (ERDF and/or ESF+), three of these solely combine JTF and an ESF+ programme (in Austria, Germany and Luxembourg). In the case of multi-fund programmes (e.g. ERDF / ESF+) multiple institutions and actors, representing both funds, are steering the programmes through one monitoring committee. All of the programmes that include the CF but one (Sustentável 2030 – Portugal) integrate support with other cohesion policy funds[202]. Lastly, about half of the programmes that include the ERDF (107 out of -198) also include support from the ESF+ (83), CF (22) and/or the JTF (31).

At the level of operations, the coordination of ERDF and ESF+ interventions effectively builds synergies, particularly in the context of Interreg programmes. Both the ERDF and the ESF+ jointly contribute to PO4, facilitating the coherence and complementarity between the two funds and their joint contribution to implementing the European Pillar of Social Rights and Union of Equality strategies. In several intervention areas, the two funds jointly cover the needs of target groups, including vulnerable groups, across a broad spectrum: from infrastructure and equipment through the ERDF to skills and services through the ESF+. This is the case in areas such as education, lifelong learning, skills development, healthcare and long-term care, but also the green and digital transition.

The programme-level analysis shows examples where ERDF supports infrastructure investments while ESF+ supports human capital investments in a coordinated manner[203]. A notable example is the case of projects for members of the Roma community as part of SO4.3, where the ERDF supports actions to improve living conditions (e.g. employment and social assistance) and access to services (e.g. education and housing) with ESF+ support, although the time span of projects under the two funds seem to be partially misaligned[204]. In contrast to PO4, synergies between the ERDF and ESF+ types of investments are more limited in territorial investments under PO5, due the difficulty MAs have organising coordinated calls or trying to combine criteria for two funds in one call, allowing for the single application of integrated projects co-financed under both funds.

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[200] See supporting study, EQ8 and annex 6.2.

[201] Based on the available evidence, participation is uneven, with programmes mostly mentioning HOME funds, RRF, EAFRD, HE and Erasmus+ representatives in their MCs. Upcoming study on strategic coordination and financial complementarity of CPR funds with other EU instruments.

[202] Namely: the ERDF (12), both the ERDF and JTF (2), or the ESF+ together with the ERDF and/or JTF (8).

[203] See supporting study for examples; the supporting study of the ESF+ mid-term evaluation also reached the same conclusion, and the finding is further supported by the upcoming study on Strategic coordination and financial complementarity of CPR Funds with other EU Instruments'.

[204] For further details, see 'Fiche_T4_PO4' of the supporting study.

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While the scope of EMFAF and ERDF/CF/JTF activities only marginally overlaps, programmes often cite EMFAF along with clear demarcation criteria, especially with regard to the ERDF. Similarly, documentary evidence shows complementary JTF and ESF+ support to upskilling and reskilling for workers and measures for the unemployed[205].

Coordination mechanisms with migration and home affairs programmes (AMIF, BMVI, and ISF) are less detailed at the level of programming documents. There are only a few examples where complementarities are addressed explicitly. Most of the partnership agreements refer to coordination between AMIF and ESF + (reception and integration of refugees), rather than with the ERDF, CF, or JTF[206].

The analysis of regulatory and programming documents reveals that coordination with other EU funding instruments outside the scope of the CPR is diverse. For instance, EAFRD employs various mechanisms to promote coordination with the ERDF, including demarcation criteria set by regulations and governance tools like CLLD (LEADER). However, there appears to be less regional-level coordination compared to the past, likely due to changes in the management structure, which is outside the 2021-2027 CPR framework. As a consequence, some stakeholders perceive a reduction in synergies compared to past periods[207].

JTF is the first pillar of the Just Transition Mechanism, alongside pillar II - InvestEU and pillar III – Public Sector Loan Facility. Nonetheless, these other two pillars are rarely mentioned in partnership agreements and programme documents, as the description of complementarities among the pillars is left to the TJTPs. As a regulatory requirement, the TJTPs explicitly lay down different uses of the three pillars, delineating areas of intervention covered by each and ensuring intervention consistency. The review of TJTPs confirmed that all documents outline the sectors earmarked for financing under Pillar II and Pillar III to ensure the coherence of all JTM pillars.

In addition to the above, the Commission put in place other mechanisms to encourage the complementary use of the ERDF, CF and JTF and other EU funds. Efforts to create synergies between Horizon Europe and ERDF programmes are on-going. S3 are particularly effective as key tools for connecting Horizon Europe, which focuses on excellence, and ERDF investments, which is more focused on moderate and emerging innovators. Building on this, the Commission published a practical guidance notice titled 'Synergies between Horizon Europe (HE) and ERDF programmes'[208].

An example of a structured dialogue with Member States, the Seal of Excellence Community of Practice[209] also helps to improve 'access to excellence' and R&I performance across Europe, by strengthening cooperation between the authorities in charge of the key relevant EU funding programmes. Examples include transfers between funds, which are allowed up to a threshold of 5% of

[205] See also similar findings of the supporting study of the ESF+ mid-term evaluation.
[206] Based on supporting study, EQ8 and annex 6.2; see also European Commission (2015).
[207] Strategic coordination and financial complementarity of CPR Funds with other EU Instruments (forthcoming 2024).
[208] Available here.
[209] A quality label awarded to a proposal which has been submitted to a competitive call for proposals under an EU instrument and judged to comply with the minimum quality requirements, but which could not be funded due to budget constraints. MAs may award funding to such proposals through a simplified procedure. The Seal of Excellence allows Member States and regions to identify and benefit from a pipeline of pre-vetted R&I projects.

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initial allocations[210]. In the case of HE, transfers can add most value when they are directed towards R&I areas that have been identified as priorities in S3 but did not benefit from HE support due to high demand. To date, few Member States have decided to use these possibilities[211]. Finally, cumulative funding helps pool resources from different EU instruments under both direct and shared management, potentially allowing for up to 100% EU co-financing. Efforts to improve synergies also exist with instrument such as DEP, LIFE, and ERASMUS+.

A recent ECA report[212] concludes that, so far, limited synergies at the operation level have been created between Horizon Europe and ERDF funds. The feedback from MAs[213] suggests a lack of awareness of the possibilities. The replies indicate that this is due to the fact that the above guidance notice was published after the programmes had been approved. Despite this, preliminary evidence from the Horizon Europe interim evaluation suggests that synergies with the ERDF are successfully exploited in most cases.[214] However, the results also imply that in many cases, differences in financing modalities constitute a bottleneck.

The ERDF, CF, CEF and InvestEU all contribute to financing TEN-T projects, demonstrating important synergies. Part of the CF budget itself was also transferred to CEF-Transport following the approval of the regulatory framework[215]. CEF-Transport mainly focuses on cross-border investments and missing links for transit traffic, while the ERDF and CF also target national transport sections, as well as regional and local connectivity priorities. Beneficial complementarity can also be observed in investments in TEN-T energy and digital networks[216]. Finally, synergies are observed in terms of functions within similar projects. For example, the preparation of a project could be financed under the CF, but then construction would start under the CEF, and vice versa.

Coherence with the Recovery and Resilience Facility

The analysis of the coherence with the RRF, given its size and thematic scope, merited special attention from this evaluation. An extensive literature discusses the similarities and differences of the two instruments[217]. Cohesion policy and the RRF contribute to similar EU policy priorities, although they are financed and structured differently. This creates a need for comprehensive coordination mechanisms to avoid overlaps and competition between the two instruments and also points to complementarities.

While at the EU level the RRF envelope is larger than cohesion policy funding (including the funds under evaluation and the ESF+), the relative financial importance of the two instruments varies

[210] Article 26, CPR. Note that transfers are also possible between the ERDF, ESF+ and JTF as per Article 27 (CPR).
[211] In the PA initially approved, only two Member States opted for transfers to other funds: Malta to HE (EUR 5 million) and Germany to ERASMUS+ (EUR 57 million), while Lithuania approved a transfer to HE at programme level (EUR 18.5 million ERDF) to encourage a more active cooperation of stakeholders.
[212] ECA (2022).
[213] Strategic coordination and financial complementarity of CPR funds with other EU instruments (forthcoming 2024).
[214] Available here.
[215] The transfer of EUR 11.3 billion from the CF is pre-determined, see Article 4 of the CEF Regulation (EU) 2021/1153.
[216] Strategic coordination and financial complementarity of CPR funds with other EU instruments (forthcoming 2024).
[217] For a comprehensive overview, see, among others, ECA (2023); the supporting study to the RRF mid-term evaluation, case study on the functioning of the RRF and other EU funds; the supporting study to this mid-term evaluation.

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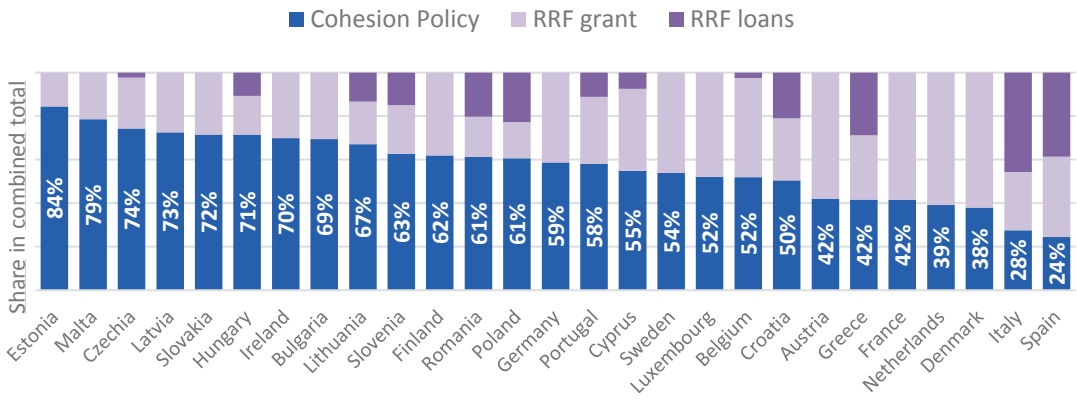
greatly between Member States. The figure below shows that cohesion policy funds make up over half of the combined RRF-cohesion policy funding in a substantial majority of Member States.

Figure 12 - Cohesion policy and RRF: relative importance.



Source: European Commission. Note: As opposed to the practice of reporting only EU contributions under cohesion policy, this figure contains both EU and national co-financing for the sake of the completeness of the comparison. It also includes ESF+ allocations for the same reason.

At the programming stage, coordination of the two instruments presented a unique challenge for Member States[218]. The respective regulations[219] require that investment planned and implemented under the two instruments must be coordinated and programming documents must specify how the complementarity is envisaged. Given that the RRF was established in the aftermath of the COVID-19 pandemic, the RRPs were drawn up within an extremely short timeframe. In practice, the RRPs were drafted while cohesion policy programming documents were still being developed. This short timeframe and overlap of timelines did not always allow detailed coordination mechanisms to be developed with cohesion policy funds on time. This is well-evidenced by the varying degrees to which the RRPs describe coordination mechanisms with cohesion policy[220]. The size of the financial envelopes shows some relationship with the level of detail provided, as MS with lower allocations describe less institutionalised coordination mechanisms[221].

Most cohesion policy programme authorities engage in some level of coordination with entities responsible for the implementation of the RRF. This generally occurs either through dedicated interinstitutional or interdepartmental structures, or through specific documents serving either strategic or operational/ methodological purposes. However, there are indications that in some countries, such coordination is lacking. This is primarily due to difficulties in interaction between different government levels, particularly at the regional and national levels[222]. At the same time, national RRF authorities have benefited from the experience of cohesion policy programme

[218] See supporting study EQ8.
[219] Regulation (EU) 2021/241. Article 28; Regulation (EU) 2021/1060. Articles 11 and 22(3)(a).
[220] See detailed categorisation in supporting study EQ8 and RRF mid-term evaluation supporting study, case study on the functioning of the RRF and other EU funds.
[221] Bachtler, J., & Dozhdeva, V. (2021).
[222] Strategic coordination and financial complementarity of CPR funds with other EU instruments (Forthcoming 2024)

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authorities. Moreover, in a number of countries[223], the same ministries or departments are responsible for implementing both instruments[224].

The parallel implementation of the two instruments put considerable strain on central and local administrations. Applicant capacity to propose quality projects, as well as the ability of beneficiaries to then implement awarded ones also proved challenging in several countries[225]. This burden does not affect all Member States equally, as parallel implementation is for instance more challenging in Italy and Romania than in Germany[226].

At the operational level, Member States have put in place four approaches to demarcation between RRF and cohesion policy funds: (i) thematic; (ii) territorial; (iii) based on the typologies of beneficiaries; and (iv) temporal. The most frequently adopted approach has been of thematic nature, but Member States have de facto adopted a mix of demarcation approaches[227].

Though demarcation strategies are critical in preventing overlaps between the RRF and the evaluated funds, they do not automatically ensure complementarity. Nonetheless, the evidence collected clearly indicates that a number of Member States have made use of the possibility to use the two types of funding to support different parts of the same investment or to support complementary measures[228].

Due to the time frame for preparing the RRPs, the extent to which it complemented or substituted existing efforts has been subject to debate[229]. Displacement effects have been a contributing factor in delaying the programming and implementation of the evaluated funds (see the 'effectiveness' section). These effects were uneven across Member States. For instance, in Spain and Greece, the RRF was given priority, while in Romania the shift did not create difficulties due to significant investment gaps and an extensive pipeline of projects. At the outset, prioritisation of the RRF was due to several factors, e.g., shorter eligibility period, perceived smaller administrative burden, and absence of a national co-financing requirement for the RRF[230]. In France for instance, when the COVID-19 crisis hit at the beginning of 2020, each managing authority already knew how it intended to use the 2021-2027 EU funds. Nonetheless, the preparation of cohesion policy programmes was outpaced by the urgent need for recovery, and thus the RRP was approved earlier in 2021 than the partnership agreement[231].

Synergies can also be achieved when reforms supported by the RRF benefit investments supported by cohesion policy. There is also potential for a similar effect in the other direction, via enabling conditions benefiting RRF investments. Certain reforms commonly included in the RRF plans, such

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[223] For instance, in Estonia, Lithuania, Romania and (except for the ESF+), Spain.
[224] See more detailed discussion in the RRF mid-term evaluation and the supporting study.
[225] Confirmed by an internal survey of DG REGIO geographical units.
[226] See the case study on other EU funds of the RRF mid-term evaluation supporting study and the survey of ECA special report 13/2024. The latter notes that while two-thirds of surveyed authorities face such challenges, one-third does not perceive substantial administrative capacity issues.
[227] See the RRF mid-term evaluation and supporting study EQ8.
[228] See the supporting study, RRF mid-term evaluation and its supporting study, 2024 European Semester country reports.
[229] Note that Article 9 of the RRF regulation stipulates that '*Support under the Facility shall be additional to the support provided under other Union programmes and instruments'.*
[230] RRF mid-term evaluation and its supporting study.
[231] Cichowlaz (2022)

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as anti-corruption measures and streamlined permitting procedures, can facilitate the implementation of investment projects financed by cohesion policy funds. Conversely, thematic enabling conditions, such as having a national or regional broadband plan, can help ensure that RRF funds are invested efficiently and effectively, aligning with real needs and priorities. Such complementarities are well-evidenced by the overview included in the 2024 European Semester country reports[232]. The box below provides a few concrete examples.

Figure 13 Examples of complementarities.

- The Greek RRP proposes investments in restoring the mining lands in Western Macedonia and Megalopolis as part of the broader targets set out in the National Energy and Climate Plans and the TJTP for the productive and environmental revitalisation of coal-affected areas and the development of new land uses that can support differentiated activities.
- The Italian RRP includes a reform of the regulatory and market framework to improve the efficiency and effectiveness of public investments in the water sector, which will address existing barriers to ERDF investment in sustainable water management.
- In addition to the reforms addressing fragmentation of the public research base and its efficiency, the Croatian RRP includes measures boosting institutional funding for public research institutions and higher education institutions. cohesion policy funding will focus partially on completing R&D infrastructure, such as technology and innovation infrastructure focused on the needs of the business and industry sectors, and on boosting cooperation between public research and SMEs, namely though dedicated calls for collaborative projects or targeted support for strengthening the capacity of technology transfer offices.

Source: European Commission and supporting study. Note: reflects the situation in early 2024. Since both RRPs and cohesion policy programmes can be modified during the implementation period, the complementarities may change and evolve over time.

An additional way of looking at complementarity between the two instruments is to examine whether they inspire similar reforms, thereby reinforcing each other. Enabling conditions provide a framework that ensures the optimal implementation of cohesion policy by laying down a minimum set of entry requirements as a precondition for EU payments applicable to all Member States which are mostly directly linked to supported investments[233]. In contrast, RRF milestone reforms are based on country-specific needs and directly linked to EU disbursements, bundling investments with broader complementary reforms to address larger structural challenges, and are normally not directly linked to specific investments.

These key differences make them not directly comparable[234]. However, RRF reforms bear some similarities with enabling conditions in that they aim to maximise the impact of investments through complementary reforms. Any reversal of a previously satisfactorily fulfilled milestone under the RRF can result in negative financial consequences. Similarly, the fulfilment of enabling conditions is continuously monitored by a monitoring committee and annual review meetings to avoid EU payments to MS from being retained.

[232] Chapter on ‘implementation of key reforms and investments using EU instruments’ and Annex 4; see also supporting study, EQ8.
[233] See the discussion under ‘effectiveness’ and ‘efficiency’.
[234] The supporting study accompanying the RRF mid-term evaluation reached the same conclusions. See the ‘Case study on the functioning of the RRF and other EU funds’.

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Although enabling conditions are not directly designed to support the implementation of country-specific reforms, their fulfilment may require the implementation of sectoral measures related to those reforms. In some areas and MS, these reforms seem to coincide or overlap with the reforms set as milestones in the RRPs. For example, planning transport infrastructure or prioritising investment in research and innovation through smart specialisation may be necessary to meet certain enabling conditions and also RRF milestones. In other areas, such as respect for the rule of law, public procurement rules, and audit requirements, the fulfilment of enabling conditions and RRF reforms are seen by programme and oversight stakeholders consulted by the Commission[235] as being complementary and requiring similar policy action, even though they are legally distinct mechanisms that operate independently and may lead to different outcomes both in theory and in practice.

Coherence with national and regional strategies

National governments in Europe spend between 30% and 50% of GDP, somewhere between 100 and 150 times the cohesion budget. They have a much broader coverage than cohesion policy and include areas such as healthcare, pensions and social security. There are also areas that are supported both by national budgets and by EU cohesion policy, e.g., infrastructure investment, innovation and training. Where national policies overlap with EU policies, they create a complex governance structure. There are three main ways in which national interventions and measures complement cohesion policy (in addition to the mandatory national co-financing). First, they can provide additional funding in national priority areas where cohesion policy funding is considered insufficient. Second, they can support activities that are not eligible for EU funding but support the same policy objective. Third, they support activities that are outside the scope of cohesion policy, but which are complementary.

To ensure the coherence of ERDF, CF and JTF investments specifically with national and regional strategies, different degrees of effort are required. In general, where the aid intensity provided by EU funds is higher (see Figure 14 below) and/or national and regional budgets are more constrained, the ERDF, CF and JTF are an essential source of funding for public investment. In that case, national funding may focus on specific actions, such as large infrastructure projects[236].

Figure 14 - Size of ERDF, CF and JTF allocations relative to national public investment (GFCF)[237].

Source: European Commission based on Eurostat (gov_10a_main).
Note: The figure should be interpreted as a ratio and not as the contribution of the evaluated funds to public investment. The ERDF, CF and JTF include areas of expenditure that are not necessarily classified as investment.

Similarly to the case of coordination with other EU funding instruments, partnership agreements provide a framework for ensuring coherence between national policies and EU funding priorities[238]. Moreover, **the European Semester (including the country specific recommendations and the**

[235] See, for instance, the stakeholder consultation performed in the context of the RRF mid-term evaluation and European Court of Auditors (2023) on breaches of the rule of law.
[236] See supporting study, EQ9.
[237] The nominator is the sum of annualised ERDF, CF and JTF allocations (EU co-financing only) for the 2021-2027 period (seven years). The denominator, used for comparison purposes, is the annual average for the years 2021-2023 (three years) of general government gross fixed capital formation (GFCF) in current prices.
[238] See findings of the ESF+ supporting study regarding partnership agreements

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special investment guidance issued to underpin the programming of cohesion policy) plays a key role in coordinating economic and social policies, but also in facilitating the alignment of national policies with priorities common to all Member States at EU level. As part of the European Semester cycle, National Reform Programmes (NRPs) drafted by Member States have included an overview of ongoing economic policy actions that also incorporate the use of cohesion policy funds. According to textual analysis of the 2022 and 2023 NRPs,[239] almost all NRPs (90%) dedicate a section to the use of ERDF, CF and JTF funds to address relevant challenges. In 2023 NRPs, Member States reported complementarities between priorities supported by cohesion policy funds with the NRPs, providing an overview of how key investment priorities were being addressed. All the 2023 NRPs explicitly cite the ERDF or CF, while about 80% also cite the JTF. Partnership agreements and programmes also make extensive references to national and regional strategies beyond the ERDF, CF and JTF, particularly in relation to the challenges identified in country reports and CSRs. These challenges are discussed below under the relevance criterion[240]. However, challenges remain when it comes to taking territorial considerations into account, matching the time frames of policy initiatives, and consistently supporting reforms throughout misaligned political cycles.

According to 74% of survey respondents[241], research and innovation is one of the sectors in which ERDF, CF and JTF funding is best integrated into national and regional policies. Stakeholders see a similarly high coherence for policies related to energy (71% of respondents), SMEs (67%), digitalisation (62%) and biodiversity (59%). Measures stemming from cohesion policy programmes are also reflected in the Member States' national Digital Decade strategic roadmaps, which take into account Digital Decade recommendations.

According to MAs interviewed, national and regional policies on education and health are fully integrated into the programmes. In relation to climate actions, ERDF, CF and JTF programme documents consistently cite national energy and climate plans (NECPs) and national climate plans in the identification of needs and priorities within PO2 investments.[242] By contrast, **rural development policy seems to be the policy which is integrated the least,** with negative replies from around 74% of the survey respondents. Follow-up interviews point to the relative scarcity of regional and national rural development plans as compared to other fields, with the main sources being rural development programmes (RDPs) out in place to implement the EAFRD. Part of the reason for this is that CAP strategic plans 2023-2027 were not yet available, as they were only adopted by Member States at the end of 2022.

The transport sector also seems to be a successful case. The thematic enabling condition under PO3, which requires the integration of regional and national transport investment plans, is seen by MAs and national coordination bodies as triggering policy action at different government levels. In

[239] See Annex 6.2 to the supporting study.
[240] See the heading 'Alignment and concentration of funding to challenges identified in the European Semester processes and Country-Specific Recommendations'.
[241] The number of respondents for each possible answer to the relevant survey question (Q7) ranges from 198 to 221. See Annex 6.4 to the supporting study.
[242] See Annex 6.2 to the supporting study.

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the field of linear transport infrastructure, tasks are clearly divided - infrastructure under the responsibility of national authorities is financed at national level, while infrastructure for which the regional level and below is responsible is financed at regional level. This is also reported regarding SO2.8 investments on sustainable mobility, with stakeholders indicating that these investments play a very important role in the development of integrated functional urban areas[243].

Looking at governance, p**erceptions vary regarding the overall weight of regional priorities in contrast to national ones.** In MSs where the ERDF, the CF and the JTF are primarily planned and implemented at the regional level, coherence is achieved through structured coordination, such as via monitoring committees. Project calls are launched for specific policy areas taking into account local needs and capacity, often in parallel with similar initiatives outside of scope of the three evaluated funds[244].

Alignment on climate, DNSH, biodiversity and gender equality

In the context of the European Green Deal, the EU aims to achieve full climate neutrality by 2050, as well as promoting the circular economy, zero pollution and biodiversity. To help achieve this ambitious goal, at least 30% of the EU 2021-2027 budget will be spent on climate action. Cohesion policy represents a significant area of spending within the MFF. The regulatory framework therefore made provision for minimum commitments for climate action: 30% for the ERDF and 37% for the CF. All programmes must also report on climate investments by assigning a climate coefficient to each intervention field in the categorisation information system.

ERDF and CF programmes exceed the investment goals set in the regulatory framework[245]: 33% of ERDF and 56% of CF budgets are dedicated to climate action[246]. In absolute terms, the total EU contribution that programmes allocated to climate action reaches 113.9 billion of EU funds, more than double than in the 2014-2020 period. The largest share is distributed via the ERDF with EUR 69.9 billion, followed by the CF with EUR 22 billion, the JTF with EUR 19.7 billion and Interreg programmes with EUR 2.6 billion.[247] The areas where the most funding is directed are energy efficiency (particularly in buildings, EUR 16.1 billion), renewable energy (EUR 10.1 billion), clean urban transport (EUR 8.1 billion) and adaptation to climate change (EUR 14 billion).

Furthermore, the analysis of programmes performed in the context of the supporting study and the survey replies (see Figure 15 below) shows that specific selection criteria ensure selection of operations that comply with or actively address and monitor climate action. A detailed list of exclusions to avoid investments in stranded assets (fossil fuels, incinerators, airports, landfilling) was introduced with the legislative framework, clarified and subsequently excluded during programming. The adequacy of climate actions is also ensured via the representation of relevant civil society groups and NGOs in monitoring committees and programme partnerships[248]. Finally, the vast majority of

[243] See supporting study, EQ9.
[244] Ibid.
[245] A full picture of concentration requirements and mainstreaming tracking is provided in Annex VI.
[246] See climate action data story here.
[247] See Annex 6.3 of the supporting study.
[248] See the Final Report of the supporting study.

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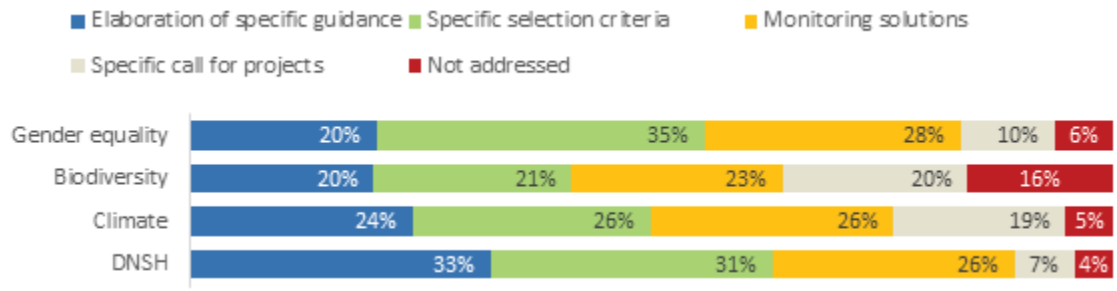
programmes make provision for the application of the New European Bauhaus initiative[249] as a way of delivering sustainable development 'closer to citizens'.

An important novelty in this period is that all the interventions must respect the 'Do No Significant Harm' (DNSH) principle[250]. In addition, climate proofing of investments serves to avoid potential negative long-term climate impacts. Compliance is assessed by the Commission at the time of programme (amendment) approval, but it also must be ensured throughout the whole programming period, including by relevant selection criteria in project calls.

In the context of climate mainstreaming and beyond, the monitoring system tracks the **ERDF, CF and JTF contribution to 12 of the 17 United Nations sustainable development goals (SDGs)**[251]. The supporting study found that coherence is generally ensured through a specific analysis in programmes or partnership agreements[252].

The supporting study document analysis shows that all programmes take into account and incorporate the DNSH and climate proofing principles.[253] In most Member States, this is operationalised by national guidelines and expert reviews. As shown in Figure 15 below, most programmes develop specific guidance and selection criteria in an effort to correctly apply the principle during implementation.

Figure 15 - Tools to implement horizontal principles and priorities.



Source: European Commission based on supporting study survey.

However, MAs see the application of the DNSH principle as burdensome due to its novelty, uncertain application procedures and inconsistencies between the legal frameworks of different instruments[254]. The general expectation is that compliance will get easier over time thanks to experience. Stakeholders also suggest that better harmonisation of the concrete requirements to comply with the DNSH principle across EU policies would be needed, together with clearer implementation tools and exceptions to reduce the burden on smaller projects. Tools like the

[249] See https://new-european-bauhaus.europa.eu/index_en.
[250] To be interpreted within the meaning of Article 17 of the Taxonomy Regulation.
[251] For a full overview, see link.
[252] See supporting study, EQ10.
[253] See Annex 6.2 of the supporting study.
[254] Beltran Miralles, M., Gourdon, J., et al. (2023).

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Peer2Peer Community and Technical Support Instruments are mentioned as being useful, and to be reinforced[255].

The EU Biodiversity Strategy for 2030 aims to ensure that ecosystems are healthy, resilient to climate change, rich in biodiversity, and deliver a range of services essential for people′s prosperity and well-being. Ambitious targets address the main drivers of biodiversity loss and aim to reduce key pressures on nature and ecosystem services in the EU. In terms of financing, the MFF aims to allocate 7.5% of its annual spending to biodiversity objectives in 2024, and 10% in both 2026 and 2027.

The ERDF, CF and JTF contribute to the regulatory goal on biodiversity. Programmes allocated EUR 16.6 billion to relevant actions for the 2021-2027 period, around 50% more in relative terms compared to the 2014-2020 allocation[256]. 69% of the EU funding is covered by the ERDF (excluding Interreg), followed by the CF (18%), Interreg (8%) and the JTF (5%). Investments with biodiversity as their core goal, i.e. investments in Natura 2000 sites and nature and biodiversity protection measures, add up to more than 40% of the contribution to biodiversity objectives. Among other measures that indirectly benefit biodiversity, investments in flood protection and wastewater treatment are also significant[257].

Furthermore, the analysis of programmes[258] shows that specific selection criteria ensure (only or preferably) that operations comply with or address and monitor biodiversity action. The quality of biodiversity action is also promoted via thematic representation in monitoring committees. **However, a relatively higher share of MAs report that the focus on biodiversity, as opposed to other dimensions, is less prominent during implementation (see** Figure 15 **above).**

The EU Gender Equality Strategy[259] identifies cohesion policy as a key channel for promoting gender equality actions via gender mainstreaming. Gender equality is a cross-cutting principle, i.e. gender equality and a gender perspective must be included and promoted throughout all stages. To this end, in 2021-2027 the legislative framework includes a requirement for MSs to include relevant civil society organisations and bodies such as those responsible for promoting fundamental rights and gender equality. Compliance with the EU Charter of Fundamental Rights also includes relevant issues for gender equality. Furthermore, one of the thematic enabling conditions requires the Member States to put in place a national strategic policy framework for gender equality.

While the ESF+ is the main contributor, the **ERDF and JTF programmes also jointly contribute approximately 9% (EUR 24.3 billion) and 0.7% (EUR 1.8 billion) of their combined budget to gender mainstreaming and gender targeting respectively[260]**. In relative terms, JTF allocates a considerably higher share of its budget (almost 27%) to gender mainstreaming, relatively exceeding the ERDF by 18 percentage points. Similarly, under the ERDF, PO4 and PO5 are relatively more focused on the gender dimensions (around 20% of their EU allocation) as compared to other POs.

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[255] See Annex 6.4 of the supporting study.
[256] For a full overview, see biodiversity tracking data story here.
[257] See Annex 6.3 to the supporting study.
[258] See Annex 6.2 to the supporting study.
[259] COM(2020) 152 final.
[260] For a full overview, see support to gender equality data story here.

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This reflects how investments in education, healthcare, social services, long-term care and integration of marginalised groups and ethnic minorities contribute to reducing gender inequality. However, because of the larger envelope in PO1 and PO2, the largest ERDF contributions in absolute terms are allocated to research and innovation, support for SMEs, renewable energy and sustainable urban mobility and transport, which reflects the importance of gender equality to the green and digital transitions [261].

Looking at programme strategies, document analysis as part of the supporting study[262] shows that programmes involving the ERDF, CF and/or JTF are in line with the horizontal principle of gender equality, mostly through selection criteria (see Figure 15 above), particularly under PO1, PO2, PO4 and Interreg, and representation in monitoring committees. All programmes also include a section on actions safeguarding equality, inclusion and non-discrimination, under which many programmes have included commitments and targeted actions to promote gender equality. **Furthermore, a few programmes also develop active gender-sensitive approaches,** for example by clarifying the potential gender equality impacts of their spending decisions or using gender budgeting tools.

How did the EU intervention make a difference?

4.4 EU added value

The analysis of EU added value of the ERDF, CF and JTF looks at whether the interventions supported by these funds produce results beyond what would have been possible through Member State budgetary instruments.

Continuity

Across successive MFFs, cohesion policy has adapted to evolving socio-economic and political contexts while retaining key features such as territorial targeting, the partnership principle, and a place-based approach. These consistent elements provide added value going beyond a single programming period. Continuity provides added value through creation of a long-term strategic perspective, clear expectations and certainty across ERDF and CF funding periods. This is well-evidenced by the various supporting studies of the 2014-2020 *ex post* evaluation.

For instance, for investments in R&I, an area where uncertainty is an inherent feature of the research process, ERDF funding has served as a reliable funding framework through a longer time frame and across periods[263]. Regarding green infrastructure, the longer funding period compared to national financing schemes has provided room to implement projects which have required a long timeframe[264]. The extent of similar effects will have to be verified by the 2021-2027 *ex post* evaluation. In the early stages of implementation, phased operations already provide evidence of a considerable degree of continuity. Poland provides an example for R&I, as it has awarded close to EUR 102 million in 2021-

[261] See Annexe 6.3 to the supporting study.
[262] See Annex 6.2 to the supporting study.
[263] See supporting study of the 2014-20 *ex post* evaluation on RTDI (WP4);
[264] Supporting study of the 2014-20 *ex post* evaluation on climate and environment (WP7). Other supporting studies, such as the one on SMEs (WP6) and transport (WP8) also confirm the existence of similar continuation effects in other areas of support.

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2027 for the implementation of the second phase of projects selected for co-financing in 2014-2020[265]. Continuity in green infrastructure investments is exemplified by Romania, where EUR 4.7 billion has already been contracted for 118 phased projects[266] under the 2021-2027 envelope in water and wastewater, waste, risk management, energy efficiency and Natura 2000 management plans. Overall, at the time of writing, 13 MSs were planning to phase projects from 2014-2020 to 2021-2027 amounting to approximately EUR 19 billion under the ERDF and CF. Stakeholders consulted have also largely confirmed the existence of continuation effects in the 2021-2027 period, highlighting that working with the three funds enables regions to plan and finance long-term investment strategies, independently of national budgetary and political cycles[267]. Moreover, the evidence[268] suggests that the 2021-2027 enabling conditions were useful in ensuring long-term commitment to strategic goals.

Besides the long-term predictability of financial support, the funds' inherent and dedicated capacity building efforts show considerable continuation effects across funding periods. Already in 2014-2020, the spread of good practices and the capacity-building initiatives supported by the ERDF and CF strengthened national public administrations and contributed to a more robust governance framework, particularly in less developed regions. Spill-over effects from the use of the funds were observed that led to a change of mentality in public administration promoted by the use and management of European structural funds[269]. These effects are amplified by the stability of institutional frameworks responsible for delivering the ERDF and CF[270]. Despite the limited implementation, such effects can already be observed over the 2021-2027 period, as shown in the efficiency section[271] and demonstrated by the evidence gathered by the supporting study.

Additionality

The scale and focus of support provided by the ERDF, CF, and JTF form the foundation for assessing EU added value. This involves not just recognising the benefit of additional budgetary resources for Member States but evaluating how these funds enable public interventions that would otherwise be unattainable through national and regional instruments alone[272]. With only one fifth of the total budget of the funds contracted out to date (see Section 3.1), potential displacement of national public expenditure will have to be examined once most operations in the 2021-2027 perspective had been rolled out. In the absence of detailed evidence of implementation, this section relies on stakeholder assessment of the perceived additionality at the planning and early implementation stages. There is no evidence to indicate a (substantial) lack of additionality vis-á-vis national public expenditure in

[265] Under Priority I. Support to entrepreneurs, SMART Pathway – Fast Projects, call FENG.01.01-IP.01-004/23, European Funds for Modern Economy 2021-2027. The original funding from these projects came from operational programme smart growth 2014-2020.

[266] Under the sustainable development programme and assuming 1 EUR = 4.9 RON; 25 more contracts will be signed, which would lead to approximately EUR 5 billion.

[267] See discussion in the supporting study, notably under efficiency, coherence and EU added value.

[268] Survey and interview results, documentary and intervention logic analysis. See the efficiency section of the supporting study.

[269] See, among others, the supporting study of the 2014-2020 *ex post* evaluation on SME support (WP6) and institutional capacity and reform (WP10).

[270] For instance, 80% of managing authorities from 2014-2020 continued to function as MAs in the 2021-2027 period in a sample of 13 countries analysed (AT, BE, CZ, CY, ES, IE, HU, LT, LU, LV, MT, NL, SE)

[271] Besides the discussion in that section and stakeholder feedback, see also the analysis in Annex 6.3 to the supporting study for an analysis of administrative capacity building roadmaps.

[272] See also Figure 14 for a relative scale of support compared to national resources (section on coherence).

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previous periods[273] and (additional) scale effects were widely documented across different thematic areas in the 2014-2020 period[274].

Surveyed stakeholders clearly indicate that, **without ERDF, CF, and JTF funding, national and regional policies would either not pursue cohesion objectives or would do so to a much lesser extent.** 78% of all respondents[275] see 'extremely high' and 'high' added value of the three funds in this respect. The replies highlight the additional financial resources supporting additional activities, the accelerated roll-out of investments and a focus on addressing emerging challenges. This is confirmed by interviews with representatives of countries and regions where local resources are perceived to be insufficient such as Greece, Latvia, Portugal, Croatia, northern Sweden and southern Italy. ERDF, CF and JTF financial envelopes are also key in supporting specific types of investments, which would not have been pursued to the same extent within national and local frameworks alone. For example, about 50% of survey respondents highlight the high/extremely high contribution to tackling emerging challenges (e.g. demographic change, migration, crisis effects, green and digital transitions). This is also confirmed by interviews with managing authorities and in relation to the twin transition.

The requirement to complement EU resources with national co-financing – public or private – aims to amplify the added value of the funds, and to ensure ownership by the beneficiary regions and long-term sustainability of the investments. Recent policy changes, including crisis response instruments such (such as FAST-CARE and RESTORE), and initiatives of strategic importance, such as STEP, make it possible to reduce national co-financing and to rely on EU co-financing rates of up to 100%. This follows the need to provide rapid response to emergencies or ensure higher take-up by Member States. The added value of such instruments is confirmed by preliminary findings from the 2014-2020 *ex post* evaluation, where Member States indicated that such measures enable rapid response and faster absorption, alleviating financial pressure on national budgets. While this finding may be relevant in a crisis context, it cannot be generalised to expenditure without the same element of urgency. First, in the context of productive investments, 100% EU co-financing reduces the size of the overall resources mobilised, and therefore the impact on the ground[276]. Second, concerns were raised in the context of the *ex post* evaluation 2014-2020 regarding potentially insufficient ownership by Member States, impacting the effectiveness and the quality of funded initiatives. Finally, given that national co-financing requirements are higher for more developed regions and lower in the less developed ones[277], this feature benefits more developed regions[278].

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[273] See upcoming *ex post* evaluation of the 2014-2020 period, as well as Mohl (2016), Cantos-Cantos, Balsalobre-Lorente and García-Nicolás (2020) and Staehr and Urke (2022).

[274] See, among others, the supporting study of the 2014-2020 *ex post* evaluation RTDI (WP4), SMEs (WP6), climate and environment (WP7) and transport (WP8).

[275] N=590. The finding holds across all stakeholder groups, with coordination bodies (95%), managing authorities and implementing bodies (both 80%) being the most positive and monitoring committee members the least (75%). Note that from the remaining responses, 19% still indicate 'some' added value.

[276] Note that 100% EU co-financing does not necessarily mean that national funding does not contribute to the operations financed by the funds, for instance as a result of eligibility, State aid rules and FNLC agreements.

[277] Taking the two extremes, for the investment for jobs and growth goal, the EU co-financing rate cannot be higher than 40% in more developed regions (50% for those that were previously categorised as transition regions) and 85% for less developed ones. See determinants of co-financing in Article 112 CPR.

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Place-based approach and partnership

Besides the additional funding provided by the three funds, the distribution and governance structure of the funds is equally important. Through their allocation rules and multilevel governance, the funds provide territorially tailored support that could not have been provided by private or other public bodies. The added value of cohesion policy's place-based nature was widely confirmed by the stakeholder consultation. Importantly, the dedicated support offered by the ERDF, CF and JTF to border regions, sparsely populated areas, and outermost regions[279] was cited as a key added value. For example, the ERDF and CF play a key role in supporting the outermost regions by providing tailored solutions, including a specific allocation to cover additional costs linked to extreme remoteness, higher EU co-financing, and tailored provisions, e.g. enabling ERDF support to airport infrastructure.

The application of the partnership principle, a central feature of the place-based approach, is another component of the added value of working with the funds (see also discussion on multilevel governance under 'effectiveness'). Despite their effectiveness and importance in meeting specific local and regional needs[280], more than a quarter of Member States[281] have developed partnerships only in the framework of cohesion policy, while in many of the remaining countries national partnerships are *ad hoc* and/or have a more limited scope[282].

The governance mechanism involving the EU, national and regional levels partnership applied by the three funds creates a unique added value vis-á-vis not only national, but also EU instruments[283]. In particular, the centralised approach of funds under direct management (including, but not only, the RRF) does not to the same extent enable the design of policies based on regional and local needs or local engagement processes[284].

Contribution to the provision of European public goods

With increasing pressure on the EU budget to deliver on a multitude of priorities and to effectively tackle current and upcoming challenges, support is expected to target areas with a clear European dimension. The concept of European public goods (EPGs) – public goods[285] that are best provided and financed at the EU level – provides a useful guide for identifying such areas[286].

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[278] See discussion and evidence on these aspects in ECA (2023); Kiss-Gálfalvi *et al*. (2024); Rubio *et al*. (2024).

[279] French Guiana, Guadeloupe, Martinique, Mayotte, Reunion Island and Saint-Martin (France), the Azores and Madeira (Portugal), and the Canary Islands (Spain). The TFEU (Article 349) envisages specific measures to support these regions in addressing their permanent constraints. See COM(2024) 435 final.

[280] See effectiveness section; supporting study EQ3; relevant OECD work, incl. OECD (2023), OECD (2019) and OECD (2020) and other publications, inc. Venables (2023), Iammarino et al. (2019), Holstein et al. (2021), etc.

[281] Namely BG, EE, HU, LU, SK, SI, SE

[282] Upcoming study on the application of the partnership principle.

[283] See,among others, Wostner and Bachtler (2025); Issue paper 4 prepared for the group of high-level specialists on the future of cohesion policy

[284] See a detailed description of the differences in the case study on the functioning of the RRF and other EU funds of the study supporting the RRF mid-term evaluation; this finding is confirmed by stakeholder perceptions and more generally the research community. See, among others, Bachtler et al. (2024), Polverari (2024), Hunter and Pilati (2021), etc.

[285] Public goods are goods that are freely accessible to everyone (non-excludability) and whose use does not affect use by someone else (non-rivalry).

[286] The concept has received increasing attention recently in relation to the EU budget. For a definition, considerations and typology see, among others, Begg et al. (2023); Fuest and Pisani-Ferry (2019); Buti et al. (2023); D'Apice and Pasimeni (2023); Wyplosz (2024); Ubide (2023).

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What constitutes an actual EPG is by no means unequivocal and should be seen as a spectrum of features. The literature[287] points to three criteria which can be used for their identification:

1. There are **externalities/spillovers between national jurisdictions** that can be internalised through the provision of the public good at EU level.
2. The existence of **return to and economies of scale** that could be achieved by providing the good at EU level.
3. **Homogeneity of preferences** for their provision.

Cohesion policy and, by extension, the three evaluated funds fundamentally aim to reduce regional disparities and foster the harmonious development of the EU. By focusing on economic, social, and territorial cohesion, the policy is crucial for maintaining a well-functioning single market.[288] This overarching objective of the ERDF, CF and JTF provides a general justification for their funding through the EU budget. The discussion about whether the interventions financed by the three funds justify the transfer of spending to the European level can be examined in line with the same criteria. Such an assessment can be replicated for the *ex post* evaluation of the current period to confirm the preliminary assessment of this section (see methodology note in footnote)[289].

The table below shows key areas identified by this mid-term evaluation, along with respective allocations. It also lists associated indicators which can be used by the *ex post* evaluation to examine actual contribution of the three funds to these EPGs. A more detailed description for each area can be found in Annex VI.

Table 4 Overview of European public goods provided by the ERDF, CF and JTF

European Public Good and respective allocations	**Externalities / spillovers between national jurisdictions**	**Evidence of scale effects in 2014-2020 *ex post***	**2024-2029 EU policy priority[290]**	**Associated indicators**
Climate action (EUR 114 billion)	Yes	Yes	Yes	Climate-related indicators, incl.: • RCR29 Climate: Estimated GHG emissions • RCO106 Climate: Landslide protection • RCO26 Climate: Green infrastructure adapted to

[287] Building on Fuest and Pisani-Ferry (2019), Weiss et al. (2017), Claeys and Steinbach (2024).

[288] The 2009 Barca report contains a detailed explanation of why this is the case, arguing that the sustainability (i.e. the very existence) of the EU makes a place-based development policy indispensable, and that the EU-level has a competitive advantage over MS-level management of such a policy. See the more recent discussion on the 'right to stay' in the Letta report, as well as Toptsidou et al. (2024) directly tackling the single market angle.

[289] The list of areas, as well as the existence of cross-jurisdictional externalities and spillovers relies on literature (see op.cit. in relation to the definition of EPGs above). Regarding the returns to and economies of scale, such an assessment is complex and can only be conducted *ex post*. In the absence of such evidence, the mid-term evaluation relies on the assessment of scale effects that go beyond what could be achieved at the national level of the relevant work packages of the 2014-2020 *ex post*. For climate change, see WP7, for infrastructure WP8, for the digital transition WP, for cross-border cooperation WP evaluation. Finally, while homogeneity of preferences is generally difficult to capture, EU policy priorities of the current (2024-2029) and previous institutional cycles can be taken as proxies. These are analysed in detailed under 'relevance'.

[290] As assessed under the relevance criterion, see below.

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				climate change • RCO27 Climate: Strategies addressing climate change adaptation
Digital transition (EUR 33.5 billion)	Yes	Yes	Yes	Indicators related to digitalisation, incl.: • RCR12: Users of new and upgraded digital services • Products and processes developed by enterprise • RCR11: Users of new and upgraded public digital services, products and processes
Trans-European transport infrastructure (EUR 25.7 billion for transport)	Yes	Yes	No[291]	TEN-T indicators
Cross-border cooperation (EUR 10.7 billion for Interreg programmes)	Yes	Yes	N/A[292]	Interreg indicators, incl.: • RCR79 Interreg: Joint strategies and action plans taken up • RCR104 Interreg: Solutions taken up or up-scaled • RCR84 Interreg: Organisations cooperating post-project
Defence (no estimate available)	Yes	Not assessed	Yes	No related indicators are available

The above list is arguably incomplete, owing to the inherent conceptual difficulties associated with the identification of EPGs. For instance, the literature generally lists 'competitiveness' or 'strategic autonomy' as EPGs, areas for which the evaluated funds have earmarked a sizeable contribution (see more detailed analysis under 'relevance'). Therefore, while this conceptual framework is useful for deepening the qualitative assessment of where the three funds' EU added value lies (i.e. which EPGs they provide), it cannot be applied in order to distinguish changes across programming periods.

Is the intervention still relevant?

4.5 Relevance

Programmes' alignment with policy goals and territorial and basic needs

The ERDF, CF and JTF are characterised by a collaborative governance model. Partnership agreements, programmes and TJTPs are the result of negotiations between the Commission, Member

[291] However, directly mentioned by the Draghi report, highly relevant to achieving CP objectives and also forming part of the TEN-T strategy, therefore

[292] Since cross-border cooperation is not an explicit intervention area, this dimension cannot be assessed.

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States, and managing authorities (see sections 2.1 and 3.1). According to the partnership principle, programmes are also prepared and implemented in close cooperation with a wide range of social and territorial stakeholders, as discussed in detail in previous sections.

The ERDF, CF and JTF each have specific focuses even if their scope of support shows overlaps. Around 72% of ERDF resources supports less developed regions and a further 18% targets transition regions. Around 1% is devoted specifically to outermost or northern sparsely populated regions, with aid intensity varying based on their categorisation as more developed, transition or less developed regions (Figure 32 below). The JTF is tailored to meet specific territorial needs linked to the climate transition at the sub-regional level (NUTS3 and below). Despite a different targeting key, its allocation broadly mirrors the pattern of the ERDF, albeit with a relatively stronger focus on transition regions (28% of funding). The Cohesion Fund is exclusively allocated to Member States with a GNI per capita below 90% of the EU average. As shown in section 2.1 (Figure 1), territorial targeting concentrates resources, yielding per capita allocations that range from ~EUR 37 per capita in Luxembourg to as high as ~EUR 2 100 in Estonia.

The targeting of the funds is subject to thematic concentration requirements. In particular, under the ERDF, at least 85%[293] of the resources for more developed regions must be allocated to 'Smarter Europe' and 'Greener Europe' POs. These requirements are exceeded in all Member States, as programmes go beyond the minimum requirements[294]. Horizontal thematic obligations are also exceeded (see section 4.3). Last, at least 8% of ERDF allocations are dedicated to sustainable urban development via territorial or local development strategies[295]. However, the absence of thematic funding concentration requirements under PO5 limits the ability of such investments to demonstrate their contribution to the EU's priorities.

The urban dimension of cohesion policy has also gained traction, with the ERDF now representing a fundamental source of public investment and innovation in many cities, metropolitan and urban areas across the EU[296]. The planning and investments described in previous sections suggest that EU urban action under the ERDF is increasingly integrated with key EU initiatives such as the cities mission, the green city accord and covenant of mayors[297]. However, a dedicated analysis will need to be performed in the context of the 2021-2027 *ex post* evaluation of cohesion policy.

The investment strategies of programmes diverge substantially at policy objective and specific objective level, putting emphasis on different goals. For example, regions with lower innovation performance invest more resources in 'smart' initiatives under PO1: the bottom 20% of regions by regional innovation performance are allocated over seven times more euro per capita than the top 20%[298]. Allocations under PO2 also show a clear strategic focus. For instance, regions with low renewable energy consumption or greater reliance on fossil fuel-based heating systems benefit from

[293] 9% of total ERDF allocations target more developed regions with a GNI per capita above 100% of the EU average.
[294] A full picture of concentration requirements and mainstreaming tracking is provided in Annex VI.
[295] See EQ1 answer and Annex 6.3 to the supporting study for a more detailed discussion.
[296] Eurocities (2024).
[297] See, in particular, under 'territoriality and multilevel governance'.
[298] See the analysis in Annex 2.3 to the supporting study.

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higher per capita support for renewable energy[299], and those with a higher vulnerability to natural hazards invest more in resilience to climate change[300]. This is also the case for water management[301], with 3.5 times more funding per capita in regions with less-developed sewage systems than in those with well covered ones.

The needs-based patterns are less pronounced for mobility and infrastructure support under PO3, as allocations seem to be simply concentrated in transition and less developed regions. This feature is reinforced by the CF allocation key. Nevertheless, regions with lower access invest more per capita than regions with less transport accessibility gaps. Contributions to social cohesion targeted via PO4 are more diverse. Largely, regions with higher rates of social deprivation obtain more related funding per capita. However, the pronounced importance of the ESF+ – which is outside the scope of this MTE – hinder a clear assessment of targeting under this PO[302].

Thus, cohesion policy programmes exhibit a needs-based funding allocation in the 2021-2027 period. **Managing authority and monitoring committee members consider that this is a direct consequence of the participatory approach to programming**[303]. The resource distribution contributes to the higher-level goals of social, economic and territorial cohesion across the EU. Planned investment is higher in regions with greater needs for each policy objective and the associated specific objectives.

The ERDF and JTF also contribute to addressing basic needs identified by the programmes. The ERDF does so mostly by contributing to PO2 'Greener Europe', which foresees actions environmental quality, access to clean water, sanitation and shelter. Needs linked to tolerance and inclusion are addressed in similar proportions by PO2, PO1, and PO4.

While the harnessing talent communication[304] was adopted only after programme negotiations, **all but one partnership agreements refer to emerging challenges linked to demographic changes, such as ageing and low-fertility rates. This is followed up with specific territorial analysis in 119 programmes** that include ERDF support under PO4. Out of these, 92 programmes explicitly target demographic challenges under PO4 and PO5. Managing authorities interviewed or surveyed in the supporting study[305] consider that the operations funded by the ERDF tackle demography mostly indirectly through, for instance, accessibility and quality of services and infrastructure, such as transport[306], and measures to attract and retain population in depopulated areas. Accordingly, while there are no common output and result indicators to capture the focus on demography, individual programmes propose programme-specific indicators.

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[299] Under SO 2.1 'Promoting energy efficiency and reducing greenhouse gas emissions' and SO 2.2 'Promoting renewable energy'.
[300] Under SO 2.4 'Promoting climate change adaptation and disaster risk prevention and resilience, taking into account eco-system based approaches'.
[301] SO 2.5 'Promoting access to water and sustainable water management'.
[302] Note that PO5 and the JTF are discussed in subsequent questions and therefore are not included here.
[303] See Annex 6.4 to the supporting study.
[304] See link.
[305] See Annex 6.4 to the supporting study.
[306] See for instance, Bisaschi *et al.* (2021).

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Programmes also contribute to meeting basic needs of EU citizens by creating favourable conditions for development, e.g. through support for mainstream, non-segregated educational infrastructure and equipment, health and social infrastructure, addressing energy poverty, as well as improving accessibility and means of communication, especially in remote and constrained areas.

Alignment and concentration of funding with the European Semester

The European Semester is an annual exercise established in 2010 to align budgetary, economic and social policies in the Member States with the objectives and rules agreed at EU level. As part of the Semester annual cycle, country reports and country-specific recommendations (CSRs) are the primary outputs to convey tailored analysis and policy recommendations.

Assessing the extent to which ERDF, CF and JTF investments align with challenges and recommendations identified in the European Semester requires three steps. First, it is key to understand how the Semester encompasses a territorial focus. Second, the analysis of partnership agreements and programmes shows how Semester guidance is taken into account in investment strategies. Third, financial analysis of the investments reveal to what extent funding is being directed to the challenges identified in the country reports.

As shown by literature analysed in the supporting study, the European Semester has been repeatedly criticised for lacking a strong place-based focus[307]. This concerned consideration of the cohesion policy funds per se, which collectively implement around one third of the EU budget and are considered key to the pursuit of EU's goals, and to the analysis of subnational needs beyond the MS level. The analysis of 2019 and 2020 Semester outputs leads to the conclusion that, as compared to the past, **country reports embed a greater focus on regional disparities within a given MS[308], while CSRs point to regionally differentiated issues.** These include the use of cohesion policy funds (including the three evaluated funds) and the involvement of regional and local authorities. For example, in the past years, the country reports of France, Portugal and Spain highlighted major disparities between continental regions and outermost regions, while the 2020 CSRs pointed to targeted policy responses for outermost regions. The territorial dimension of the European Semester has continued to be reinforced in the later 2022, 2023 and 2024 cycles,[309] where coherence between the ERDF, CF and JTF and RRPs also features heavily.

Under the CPR 2021-2027, Member States and managing authorities were required to align their partnership agreements and investment strategies with the challenges identified in the relevant 2019 and 2020 country reports and CSRs. This had to be coherent with yearly national reform programmes, RRPs and InvestEU programmes.

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[307] See reply to EQ15 in the final report of the supporting study, e.g. the European Committee of the Regions.

[308] While the regional level of analysis features in most sections of the country reports, the 2019 Annex D provided guidance for 2021-2027 cohesion policy investments, based on needs ranked as needs, priority needs and high priority needs. Similarly, the 2020 Annex D provided guidance on the JTF.

[309] While the regional level of analysis features in most sections of the country reports, two annexes are specifically dedicated to economic and social performance at regional level (Annex 15 in 2022, Annex 17 in 2023 and 2024) and to the implementation of cohesion funds (Annex 3 in 2022, Annex 4 in 2023 and 2024). The 2024 country reports also include a section on the mid-term review of cohesion policy programmes. CSRs included recommendations on cohesion policy programming (2022), implementation speed (2023) and the mid-term review (2024).

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MS regularly present to the monitoring committees and to the Commission the progress in implementing the programmes in support of the CSRs. Finally, specific mechanisms, including **the mid-term review**, are in place for **considering evolving EU priorities identified through later Semester cycles** (2022, 2023, 2024), where a territorial approach and cohesion policy funding feature heavily.

The document analysis performed as part of the supporting study confirms that **Annex D to the 2019 (ERDF and CF) and 2020 (JTF) country reports and the 2019 CSRs were extensively taken into account in programming documents.** All partnership agreements refer explicitly, at least in general terms, to European Semester recommendations and in particular to the investment guidance issued in Annex D to the 2019 and 2020 country reports. Some programmes also include concrete follow-up proposals. For instance, Slovakia put in place an explicit mechanism, the 'partnership specific annex', recommending incorporating individual recommendations for each specific objective following the 2019 to 2022 CSRs into its partnership agreement[310].

National coordination bodies and MAs underlined how CSRs are embedded into the partnership agreement and programmes both in the preparation of the programmes and in the following amendments[311]. They also affirm that country reports point to relevant challenges that help target and adapting programme strategies. One respondent from Poland went as far as to attribute the investments in long-term care in the country to the push triggered by the corresponding EU Council recommendation.

However, interviews with MAs and replies to the survey[312] underline that the subnational level is often left out of the consultation process on CSRs that are relevant for cohesion policy funds. The lack of involvement of local authorities creates a risk of mismatch between the correct identification of challenges and the insufficient administrative capacity to address them at the regional level.

Finally, the financial analysis of the supporting study on investments reveals that funds have been allocated to cover most of the investment needs identified by Annex D of the country reports and that implementation is following accordingly. For policy objectives 1 (smart), 2 (green), 3 (connected) and 4 (social) at least 85% of the investment needs identified by Annex D to the country reports have been addressed by programme financial resources. For PO5 (closer to citizens), this was 65%. The European Semester is least cited in the PO5 description of programmes and partnership agreements. In POs 1, 2 and 3 the least covered investments were low carbon, circular economy and R&I in large enterprises (SO 1.1), business infrastructure for SMEs (SO 1.3), circular economy and commercial waste (SO 2.6), digitalisation of transport and other means of transport (SO 3.2). PO4 has the highest coverage of investment needs noted in country reports, although programmes usually assign a lower priority to investment needs than Annex D, with the notable exception of health (SO 4.5). As analysed in Section 3.2 and EQ1, financial progress so far shows that selected operations are broadly in line or catching up with the allocations, albeit variably by MS.

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[310] Detailed analysis is reported in Annex 6.2 of the supporting study.
[311] See Annex 6.4 to the supporting study.
[312] See Annex 6.4 to the supporting study.

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Continued relevance

Since the adoption of the legislative framework and the conclusion of programming activities, the pace of political and economic developments has been fast (see Sections 3.1 and 3.2). This warrants an assessment of cohesion policy's ongoing relevance. The ERDF, the CF and the JTF collectively constitute roughly one quarter of the 2021-2027 MFF and are therefore central to achieving the EU's ambitions. This alignment is all the more relevant at the outset of a new institutional cycle following the 2024 European elections. The assessment of continued relevance reviews whether planned spending is aligned with two key documents: (i) the Commission President's political guidelines for the 2024-2029 Commission[313] and (ii) the Council's strategic agenda for 2024-2029[314].

The policy's Treaty-based objective of enhancing economic, social and territorial cohesion is embedded in both the Commission President's political guidelines and the Council's Strategic Agenda. Both also highlight several specific areas where the ERDF, CF and JTF play a vital role.

A comparison of the 2024-2029 strategic agenda with the one covering the 2019-2024 cycle shows that the evaluated funds invest EUR 213 billion out of a total EUR 284 billion available for interventions in priorities that continue to be at the core of the EU strategy[315]. This provides clear evidence of the policy's alignment with both emerging and continued priorities and its critical contribution to the Commission's, but also to the EU's, broader strategic agenda.

A preliminary mapping of the policy areas mentioned in the two documents with the specific areas of intervention within the scope of the ERDF, CF and JTF programmes was carried out. The areas were selected based on their prominence in the two strategic documents and then matched with the intervention fields of 2021-2027 programmes. Following this, the estimated planned amounts for each of the policy areas was calculated. The table below presents the results of these calculations.

Table 5 - Alignment of investments with the Commission political guidelines and the Council's strategic agenda.

2024-2029 EU priorities covered by the ERDF, CF and JTF	Total contribution	Of which earmarked for less-developed regions
Clean industrial deal[316]	EUR 114 billion	EUR 51 billion
Abundant, affordable and clean energy	EUR 43 billion	EUR 24.3 billion
Bolstering competitiveness - Enterprise growth - Research & innovation	 EUR 44 billion EUR 35 billion	 EUR 29 billion EUR 20 billion
Digital transition	EUR 33.5 billion	EUR 19.6 billion
Gender equality - Gender targeting - Gender mainstreaming	 EUR 2 billion EUR 24 billion	 EUR 1.2 billion EUR 10 billion
Just transition	EUR 19.7 billion	
Climate adaptation and preparedness	EUR 14 billion	EUR 8 billion
Circular economy	EUR 8.4 billion	EUR 4 billion

[313] See link.
[314] European Council - Strategic agenda 2024-2029.
[315] This corresponds to around 75% of the total EU planned amounts, with the remaining amounts corresponding largely to transport (directly mentioned by the Draghi report, highly relevant to achieving CP objectives and also forming part of the TEN-T strategy, i.e. still highly relevant) and technical assistance.
[316] See https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en.

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Nature protection	EUR 17.4 billion	EUR 9 billion
Health and quality of life	EUR 8 billion	EUR 6.1 billion
Affordable housing	EUR 7.5 billion	EUR 3.8 billion
Fighting poverty	EUR 5.6 billion	EUR 3.6 billion
Investment in skills and labour market	EUR 4.9 billion	EUR 1.3 billion

Source: European Commission.

In addition to the above, another area supported by the evaluated funds is defence and dual-use technologies and infrastructure. The topic is treated under separate headings in both strategic documents, making it one key priority for the current institutional cycle. Support to defence is discussed above, under the EU added value criterion.

Emerging needs

With an increasingly fast-paced transformation of the economic, geopolitical and technological landscape, anticipating future needs and the extent to which interventions are aligned with them is critical.

Development trajectories of regions are asymmetrically affected by current socio-economic trends. Most important trends with major impact include global trade integration and investment flows, as well as demographic decline and twin transition[317]. In general, less developed and non-metropolitan regions have a lower capacity for adapting to these challenges[318], raising concerns of widening disparities that could limit regional competitiveness, undermine the European social model[319] and increase discontent[320]. The main underlying convergence objective of cohesion policy (see section on alignment with policy goals and territorial needs), and by extension of the three evaluated funds, therefore remains highly relevant if the single market it function well[321].

Besides its general redistributive function, adequately defining the three funds' contribution to specific policy areas will remain critical in addressing emerging challenges. The 2023 JRC foresight report[322] identifies 10 areas where policy initiative is likely to be needed. The ERDF, CF and JTF cover four of these areas and mobilises resources to tackle them in the short to medium term (i.e. next five years, until the end of the period). These include contributions to a net zero economy, shifts in sustainable production and consumption, a 'Europe of investments' and increased labour market participation and skills. The overview provided in Figure in Annex VI shows that the three funds contribute substantially to the areas identified by the foresight report.

The shifting geopolitical landscape and widening productivity gap with global competitors have intensified demands for EU funding to focus on enhancing competitiveness[323], including through digital transformation. Research and expert opinion[324] emphasise the critical need for tailored[325]

[317] An upcoming study titled 'Challenges for cohesion: looking ahead to 2035' contains an analysis dedicated to these challenges and derives conclusions and lessons learned for cohesion policy.
[318] OECD (2024), Wostner and Bacthler (2025), Rodríguez-Pose and Bartalucci (2024), Maucorps et al. (2023).
[319] See Draghi (2024) and Letta (2024).
[320] Rodriguez-Pose et al. (2023).
[321] See recent discussion in, among others, European Commission (2024f), Jančová et al. (2024), Toptsidou *et al.* (2024)
[322] Matti, C. et al (2023).
[323] Among others, Draghi (2024), Letta (2024) or recently by the Commission's own 'competitiveness compass'
[324] See an overview in Fratesi (2025); other recent contributions include OECD (2024), Wostner and Bachtler (2025), Jančová *et al.* (2024), European Commission (2024f).

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support for less developed regions, which can unlock their untapped potential and boost their competitiveness. By aiming to strengthen the competitive positions of lagging and transition regions, the three funds are designed to improve allocative efficiency and stimulate economic growth at both local and national levels, also against the background of insufficient and uneven progress on the Union's digital transformation.

A one-size-fits-all approach to resource distribution among expenditure categories would leave many needs unmet. It is necessary to use tailored, place-based interventions. Success depends on the strategic choices made by regions and Member States regarding funding allocations, which inherently involve trade-offs[326]. STEP and the mid-term review, particularly following the adoption of the amendments package in 2025, provide opportunities to reassess allocations in light of emerging needs[327], such as those related to competitiveness, decarbonisation, defence and eastern border regions as well as affordable housing, water resilience, and the energy transition, including in the light of the progress required to achieve the Digital Decade targets and objectives. This reassessment requires careful deliberation, guided by insights from reports like Draghi's, which identifies key areas to 'reignite growth'.

The funds' contribution to the first of the three areas, namely decarbonisation and clean industrial deal[328], is discussed in relevant chapters of this evaluation[329]. While the preceding section showed that the three funds do contribute to 'increasing security and reducing dependencies', a more granular analysis cannot be undertaken at the stage of the mid-term evaluation due to the low level of implementation but can be verified *ex post*[330]. The three funds also make a unique contribution to the third area discussed by the Draghi report, namely innovation.

The smart specialisation strategy (S3), introduced in the 2014-2020 programming period, was meant to drive a shift to allow for place-based structural economic development building on the competitive advantages of regions[331]. S3 provides a strategic framework for ERDF investments in R&I, enabling a systemic approach and targeted investments to strengthen local innovation ecosystems. In 2021-2027, there is a dedicated enabling condition that aims to make innovation diffusion, industrial transition, and interregional collaboration key elements of the S3 policy mix[332]. The multilevel governance approach to innovation policy, which puts regions in a vertical relationship with the national and EU-levels, allows the three evaluated funds to contribute to competitiveness in a manner that is unique

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[325] Note that the place-based and partnership approach applied by the three funds is a critical element identified by the literature, as development potentials vary and thus one-size-fits-all solutions lead to suboptimal policy outcomes.
[326] See Fratesi (2025).
[327] See COM(2025) 163 final on 'A modernised Cohesion policy: The mid-term review'
[328] The report's terminology refers to 'decarbonisation and competitiveness', which are closely related to this term used by the Commission President's guidelines referred to in the preceding sub-section.
[329] Besides the preceding sub-section, see discussion under 'EU added value' and 'effectiveness'.
[330] Moreover, in practice, the areas identified by the Commission's analysis of 'strategic dependencies and capacities' (see SWD(2021) 352 final and SWD(2022) 41 final, namely: raw materials, batteries, active pharmaceutical ingredient, hydrogen, semiconductors, cloud and edge technologies, photovoltaic panels, cybersecurity, IT software) cannot be fully tracked through intervention fields as these are not explicit objectives of cohesion policy. While there is operation-level evidence from the 2014-2020 period, this data is not yet available for 2021-2027.
[331] Molica (2023), Foray et al. (2020).
[332] See main report and Annex 6.2 to the supporting study and Hunter *et al.* (2024).

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within the EU policy realm[333] (see also EU added value). At the same time, the practical implementation of the S3 approach in the previous period has also shown limitations, in particular in terms of too broadly or even inadequately targeted priorities defined by regions. Limited participation of both public and private stakeholders in the process was also criticised[334]. Therefore, its effective application over the current programming period should be studied by the 2021-2027 *ex post* evaluation.

5. WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED?

5.1 Conclusions

Effectiveness

Implementation started late and was generally slow at the start of the period but accelerated considerably in the first half of 2024, catching up with the 2014-2020 trend. Progress is uneven across Member States, policy objectives and indicators. Implemented indicator values across several POs show that operations supported have already contributed to the achievement of the ERDF, CF and JTF objectives.

The 2021-2027 framework put in place a list of measures to help speed up the start of the period. The reasons behind the delays are largely exogenous and relate to the Covid-19 crisis and the Russian war of aggression in Ukraine, both of which could not have been foreseen. At the same time, **the simultaneous implementation of EU-level crisis response instruments, in particular the RRF, created absorption challenges** due to the prioritisation of instruments with shorter deadlines. Some simplification possibilities (namely SCOs and FNLC) have remained insufficiently exploited under the three funds being evaluated, which did not help to speed up implementation.

The three evaluated funds are well-suited to addressing regional disparities. Their intervention logic is based on territorial challenges and allows for national and decentralised regional programming and implementation. However, administrative capacity for meeting the needs outlined in territorial strategies is a key prerequisite and requires corresponding capacity-building actions to be carried out to ensure successful implementation. Moreover, stakeholders highlight the risk of various funds and tools being implemented as individual initiatives rather than in the context of an integrated territorial strategy.

The empowerment of subnational actors induced by the territorial approaches ensured a stronger involvement of subnational levels in the implementation of the three evaluated funds, thus strengthening the multilevel governance framework and generating capacity at local levels. **Partnership and multilevel governance have a strong positive effect on programme design and implementation when applied effectively**, but there is still room for improvement in relation to partnership frameworks and governance rules.

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[333] Wostner and Bachtler (2025).
[334] Molica (2023), Kramer et al. (2021), Foray (2020), ECA (2022)

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The multilevel governance model and the involvement of regions and local authorities has clear added value in enhancing the effectiveness of ERDF / JTF/ CF programme implementation. The approach of PO5 is a practical support to this model as it activates the participation of subnational and sub-regional bodies as well as members of the public and local stakeholders. Stakeholder feedback also points to challenges, including perceived over-representation of regional and national authorities in monitoring committees, the complexity of processes, and limited capacity and resources for local partners and authorities**. PO5 and territorial tools are empowering subnational stakeholders and their participation in implementation. This role is especially prominent where the regional level is not involved in programme implementation due to the national programme architecture.** In such cases, integrated strategies provide tools for direct involvement of territorial bodies. Integrated approaches are used by Member States to address specific needs of territories, to empower local actors and to ensure resources for a multi-sectoral intervention for territorial development**.**

The introduction of the JTF – with a new architecture, governance and group of beneficiaries – created challenges at the beginning of the programming period. However, while implementation of the JTF experienced a slower start than for the ERDF and CF, it caught up with the other funds and it is accelerating fast, with selection rates increasing more than sixfold (from 6% to 38%) over 2024. The Just Transition Platform has been instrumental in supporting this process.

A review of the 70 TJTPs supporting 96 different territories confirms that current activities are in line with the JTF's intended objectives. The inclusive approach to preparing the TJTPs resulted in ambitious plans that clearly focus on mitigating the negative economic and social effects of the transition for the most impacted territories and social groups in the shift to climate neutrality. The inclusiveness of preparation sets good examples and practices across Member States for enhanced partnership and multilevel governance.

The fulfilment of enabling conditions is very high and corresponding reform processes can be observed in Member States. Fulfilment of horizontal enabling conditions is complete except for one case and the fulfilment of thematic enabling conditions is very high. Enabling conditions effectively strengthened the strategic framework and intervention logics for ERDF and CF investments, driving policy action in areas like transport, smart specialisation, and climate and environmental planning. Further research based on more extensive implementation is needed to fully understand transmission mechanisms and interactions with instruments such the RRF. However, the application of uniform conditions may limit their capacity to address local needs and challenges as they evolve over time. Tailoring conditions to specific national and regional contexts could enhance their effectiveness. Despite advancements, challenges remain, particularly in regions with weaker innovation systems and the absence of conditions for PO5 and JTF, which may hinder specific policy synergies. Overall, while enabling conditions created a supportive investment environment, further integration with localised strategies is necessary for optimal results.

Efficiency

Simplification measures and novelties introduced by the 2021-2027 framework are contributing to a reduction in administrative burden, with estimated cost reductions compared to 2014-2020 at all stages of implementation and for both programme authorities and beneficiaries. Feedback from programme authorities also indicates that many of the long-standing bottlenecks affecting implementation – generally tied to administrative capacity – have been addressed to some degree. For instance, 62% of respondents to the supporting study survey believe that the issue of weak capacity of

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beneficiaries has at least partially been addressed. Nonetheless, issues linked to weak capacity remain a key challenge.

Despite the positive reception of simplification measures, **stakeholders still perceive implementation challenges.** These include 'extensive reporting and auditing requirements', as well as initial difficulties in understanding and implementing some of the novelties, such as the application of the revised GBER. There is an uneven uptake of some of the optional elements, namely SCOs and FNLC. This is due to several factors, including a lack of expertise in developing methodologies related to such schemes, as well as uncertainties surrounding audit and control arrangements for these schemes.

The mid-term review of programmes is taking place by the end of 2025 and benefits from the entry into force of a dedicated legislative package at the end of September 2025. This offers an opportunity for aligning the programmes with current and emerging EU political priorities, while also aiming to accelerate investments through simplification, greater flexibility and financial incentives.

Better structured operation-level and beneficiary data could help improve public information on the operation of the funds and subsequently transparency. The CPR prescribes the operation-level data that has to be published by the MAs but it does not fully standardise its format. This results in a very heterogenous set of data, raising the need to make data inter-operable to improve quality and transparency for monitoring and communication.

The ERDF, CF and JTF monitoring system has improved compared to the previous period providing greater granularity of investment actions, a more complete set of common output and result indicators and ensuring greater transparency on the result-oriented approach of the current period. However, the **monitoring system could be further improved in terms of data availability and consistency in order to better serve evaluation needs** and the assessment of the impact of projects which have received support. To present an EU-level set of project data, the Commission collects the published lists from each MA's website and standardises the data to be consistent across all programmes, publishing the results on Kohesio. While Kohesio project-level data show potential, the system still faces significant challenges in harmonising data across different levels and ensuring a high quality of data capable of supporting counterfactual analysis. Simplification through more automated data transmissions at the operation level should also be explored.

The transition from ex-ante conditionalities to enabling conditions in the 2021-2027 period has improved the efficiency of programming and implementation activities for cohesion policy. Enabling conditions addressed past criticisms by reducing the number of conditions and simplifying and clarifying compliance criteria, which most managing authorities and coordination bodies found beneficial. This clearer design allows national authorities to prioritize interventions and align them with broader strategic frameworks effectively. While fulfilling each enabling condition tends to be more stringent than the previous conditionalities due to their increased ambition, the overall administrative costs are lower thanks to the smaller number of conditions to be respected. This evolution enhances strategic quality while balancing the administrative burden, ultimately facilitating more efficient programming across Member States.

Coherence

The ERDF, CF and JTF programmes have implemented coordination mechanisms with other EU funding instruments, with varying degrees of success. The evidence points to the existence of such mechanisms with all examined funds and at various – strategic, programme and operational – levels. The degree of coordination varies by fund. Horizon Europe and the CEF stand out for their

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extensive coordination with the ERDF and the CF/ERDF respectively. Conversely, coordination mechanisms with programmes dedicated to the EMFAF, the EAFRD and migration and home affairs – AMIF, BMVI and ISF – are often less detailed at the partnership agreement and programme levels, particularly where the scope of investments differs. It should be noted that such findings will have to be checked against full implementation at the end of the programming period.

At the level of operations, the high degree of coordination and complementarity of ERDF and ESF+ funding is effectively translated into synergies, especially in the context of PO4, Interreg and JTF, while it is more limited in PO5.

Member States have made use of the possibility to use the RRF and the evaluated funds to support different parts of the same investment or to support complementary measures. Synergies can also be achieved when **reforms supported by the RRF benefit investments supported by the evaluated funds.** There is also potential for a similar effect **in the other direction, via enabling conditions benefit RRF investments.** While their different designs, goals and tailoring make them not directly comparable, enabling conditions and RRF reforms can be seen as mutually reinforcing and even partially overlapping in some areas.

There is clear evidence of substitution effects in some Member States, i.e. that some mature projects initially planned under cohesion policy for the 2021-2027 period were shifted to the RRPs. Such displacement effects have **likely been a contributing factor in delaying the programming and implementation of the evaluated funds**. The significant influx of new resources from both instruments has **exacerbated** pre-existing **administrative capacity challenges**. The most important implementation challenge perceived by consulted stakeholders until the end of 2026, when the RRF will come to end, is the insufficient capacity of Member States to manage the implementation of both instruments in parallel. Therefore, challenges are likely to persist until then.

Partnership agreements, the European Semester and individual programme documents provide frameworks for aligning national and EU priorities, with national reform programmes integrating ERDF, CF and JTF funds into economic and social policy. Sectors like research, innovation, and transport demonstrate high policy coherence, while rural development remains less integrated. In decentralised systems, the ERDF, CF and JTF align well with regional needs, whereas centralised approaches face challenges in adequately representing local objectives. Stakeholders view the three funds as an avenue for strengthening place-based strategies, addressing governance complexities and promoting regional cooperation. However, multiple strategic and programming documents result in varying degrees of inconsistency and duplication.

EU horizontal priorities and principles are integrated into ERDF, CF, and JTF programming to different extents. Quantitatively, climate action is pursued beyond the minimum regulatory requirements and with more than double the 2014-2020 amounts. now accounting for approximately 33% of ERDF (compared to a 30% target), 56% of CF (compared to a 37% target), and 100% of JTF expenditure, respectively. Biodiversity goals are also supported with significant amounts, although this is highly variable and almost insignificant in some Member States. The prioritisation of climate and biodiversity is also reflected in selection criteria, composition of monitoring committees and programme partnerships. The above mainstreaming requirements and concentration rules provide a frame for programme authorities' choices in terms of programming, including when increased flexibility is called for. The funds also support other EU horizontal priorities, such as clean air, without providing a quantitative requirements for these measures.

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EU added value

The ERDF, CF and JTF make it possible to address specific development challenges which would not be pursued to the same extent in their absence. What constitutes this added value can be broken down into four main dimensions:

- **Continuity effects:** The three funds create added value through a long-term strategic perspective, clear expectations and certainty across ERDF and CF funding periods. The MTE points to a considerable added value in the possibility of establishing investment plans, and finance long-term investments through the evaluated funds, independently of national budgetary and political cycles.

- **Additionality:** EU resources are especially critical in less developed regions and areas where local resources would be insufficient to pursue public investments in key areas, including rural areas, the outermost regions and islands. But they are also particularly important in more developed regions in areas such as innovation, climate and just transition.

- **Place-based approach and partnership:** The vertical (multilevel) governance mechanism linking the EU, national and regional levels, and the horizontal mechanism with regional partners, create a unique added value vis-á-vis not only national, but also other EU instruments.

- **Administrative capacity building:** The territorial approaches are empowering subnational stakeholders and their participation in the implementation of the ERDF, CF and JTF, thus strengthening the multilevel governance framework and generating capacity at subnational and sub-regional levels. This contributes to a more robust and efficient public administration in all Member States with a positive spillover for other work with regional and national funds.

The ERDF, CF and JTF also **contribute to the provision of European public goods**, where such interventions have a clear European dimension. This includes fighting climate change and environmental degradation, digital transformation, TEN-T, interregional and cross-border cooperation and defence.

Relevance

The partnership-based approach ensures diverse stakeholder involvement in designing and implementing programmes, focusing ERDF, CF and JTF allocations on reducing territorial disparities. Approximately 72% of ERDF resources target less developed regions, while JTF funding supports specific sub-regional needs. Concentration requirements, which set minimum investment requirements for PO1 and PO2 and sustainable urban development, are overachieved thanks to the choices made by managing authorities.

Programmes successfully integrate the challenges and recommendations identified in the European Semester at the time of programming. The MTE looked at how partnership agreements and programmes picked up on the challenges and priorities identified in the 2019 and 2020 European Semester. Document analysis, financial analysis and consultation activities point to an extensive alignment of the programmes, although with significant thematic and geographic variations. Specific mechanisms, including the mid-term review, are in place to take into account later Semester cycles (2022, 2023, 2024), where a territorial approach and cohesion policy funds feature heavily. However, despite a strengthened territorial dimension in the Semester, subnational authorities expressed the need for further involvement in the process.

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The funds continue to be highly relevant to achieving EU policy objectives. The adopted ERDF, CF and JTF allocations show a very high degree of alignment with both the Council's strategic agenda and the Commission president's guidelines. In addition, the three funds actively contribute to areas for policy action identified by the 2023 JRC foresight report and the areas to boost growth listed by the Draghi report, ensuring their ongoing relevance for the foreseeable future.

The 2025 mid-term review is currently underway and offers a valuable opportunity to align the programmes with emerging needs, evolving circumstances and EU priorities. These include competitiveness, decarbonisation, defence and eastern border regions as well as affordable housing, water resilience, and the energy transition.

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5.2 Lessons learned

Delivery mode and system

Shared management and multilevel governance have made the ERDF, CF and JTF more effective in delivering on their objectives. It also creates added value compared to both national and EU instruments and allows for reducing capacity underutilisation in less developed and transition regions. This highlights **shared management as an effective delivery mode in the future for decreasing disparities**.

The simplification measures introduced in several programming periods have reduced administrative burden in the use of funds. However, from the perspective of beneficiaries, the complexity of the policy combined with gold-plating practices at national or regional level still results in considerable burden. Ways of streamlining audit and control procedures could be explored.

The fragmentation of EU funds with their respective rules and procedures adds to the complexity. Coordination can be demanding and the mechanisms in place are not always effective in exploiting complementarities and synergies. Therefore, **further simplification and alignment of rules and procedures seem necessary.** Moreover, when introducing new instruments that thematically overlap with already existing ones, the potential displacement effects and increased administrative complexity of implementing multiple funds at the same time should be considered and addressed effectively.

Challenges linked to the parallel implementation of the RRF and ERDF, CF and JTF funds require continued attention. **Cohesion policy implementation will likely be impacted by the trickle-down effects of RRF closure** and measures to mitigate the associated risks seem necessary at this stage.

More awareness-raising on options to create synergies between EU funds is needed, in particular related to options such as the use of the Seal of Excellence and the Sovereignty Seal under STEP and cumulative funding.

While the ERDF, CF and JTF delivery system is overall mature and effective, administrative capacity building and technical support needs to continue across all regions, especially in small local municipalities, rural and remote areas, the outermost regions, and islands. These actors have limited resources, and their need for support risks to be overlooked in many cases. **JTF managing authorities in particular have uneven capacity and resources**, which the Just Transition Platform is effectively contributing to tackle. In the coming years, new implementation bodies should receive special attention and direct support from experienced managing authorities to enhance their capacities. **For encouraging the uptake of financial instruments, further efforts could include provision of advisory services and technical support.**

Incentivising the use of SCOs and FNLC schemes remains essential. Support in reducing the initial costs and risks of developing SCOs and FNLC schemes is likely to induce further uptake of these tools. This should include clarifications related to audit and control requirements, as well as technical assistance and sharing of best practices related to methodologies. **Results-based financing may be better suited to some types of investments while its use might be more complex for others.**

Compliance with DNSH has proven to be difficult to assess in some Member States for certain types of projects. However, Member States expect that the issue will reduce with time and experience.

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Clearer implementation tools and guidance would support the learning process and contribute to reducing the burden on smaller projects.

Monitoring committees coordinate programmes efficiently and play a role in maintaining and improving the quality of implementation and absorption. For effective shared management and stakeholder involvement, monitoring committees will continue to be highly relevant.

Strategic steering

The European Semester provides coordination of economic and social policies of strategic importance and facilitates dialogue between the EU institutions and the Member States. It **is an effective mechanism for improving coherence between national and subnational policies and strategies and common priorities of Member States.**

Territorial mechanisms and tools are mature enough to effectively represent and channel regional and local needs. However, from a strategic angle the European Semester's steering may be improved by strengthening even further its territorial dimension.

Enabling conditions ensure the existence of frameworks, systems and arrangements needed for an effective and efficient implementation in Member States. Next steps **to guarantee the right conditions for investment could consider tailored national and subnational reforms as complementing elements**, where relevant, to financial investments in the strategic steering. This could involve incorporating lessons learned in the context of the RRF.

The mid-term review presents a unique opportunity to adjust the 2021-2027 programmes and enhance their contribution to emerging needs and political priorities. These include competitiveness, the clean industrial deal, defence, housing, water resilience and cities.

Territoriality, partnership, multilevel governance

The way territoriality is operationalised ensures that regional needs remain at the core of programming and implementation and most of the stakeholders involved call for a stronger application of the partnership principle and territorial tools for the benefit of policy effectiveness.

While sufficient administrative capacity is a necessary precondition for successful deployment of the territorial approach, the adoption of integrated approaches can also be an effective way to generate administrative capacity at the local level. The empowerment of subnational actors induced by PO5 and territorial tools' programming ensured a stronger involvement of sub-national levels in the implementation of the ERDF and CF, thus strengthening the multilevel governance framework. **Maintaining sufficient participation of partners decreases the risks of overlooking territorial specificities. Therefore, action is needed in Member States where the quality of partnerships is relatively lower.** Continued capacity development of both partners and MAs will be key as this is clearly identified as a barrier to improvement. In addition**, some monitoring mechanisms might be useful for assessing whether the European Code of Conduct is effectively implemented,** which could be connected to follow up actions in the case of failure to comply.

JTF programming has successfully delivered on creating a strategic frame for integrated green and social goals by linking EU funding to identified transition pathways, resulting impacts and challenges of specific territories. This was largely helped by the involvement of territorial actors. In the implementation phase, their involvement needs to remain consistent to ensure the much-needed territorial focus.

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Smart specialisation strategies (S3) have successfully connected place-based investments with the twin digital and green transition**. Improvements are needed to maintain the links between programme investments and S3 strategic framework (during implementation and in the future).** This is of key importance as these policy fields are increasingly important to meeting overall EU goals.

Performance, monitoring and evaluation

Reviews to ensure performance orientation and evaluations to assess programmes according to the Better Regulation Guidelines criteria are interlinked. **Learning from the experience of the mid-term review and mid-term evaluation, the purpose and timing of these exercises need to be considered together** in order to allow for better synergies and to account for unforeseen factors.

Methodological documents are a useful addition to the performance-related programming tools. **As there was large variation in how indicator milestones were defined, in the future this part of the methodology will need reinforcement, including for financial instruments.**

Effective and comprehensive evaluations depend on the robustness and accessibility of monitoring data. While the existing monitoring system and Kohesio provide detailed information, **the cohesiveness and completeness of project-level data available to the Commission could be improved by ensuring access to micro-data through better interoperability of national databases**. This could also reinforce the application of counterfactual evaluation methods, which are vital to enhancing the reliability and usefulness of policy assessments, thereby informing better decision-making and policy formulation.

Just Transition Fund

Through the TJTPs, **the JTF shows how a place-based, partnership-based, and integrated approach can be strengthened beyond the existing framework for other funds.** In addition, the JTF approach to partnership has ensured effective participatory planning. Finally, **the strong integration of activities normally split between the ERDF and ESF+ could provide an example for future programming**. This approach, however, has increased the complexity and time requirements of the preparation and programming phase.

The JTF has provided incentives to accelerate decarbonisation by linking EU funding to decarbonisation commitments described in the TJTPs. While the advancement of coal phase-out in Europe through a series of newly introduced or specified commitments is an important achievement, **the legal framework could provide a stronger basis for incentivising the fulfilment of the commitments introduced.**

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ANNEX I: PROCEDURAL INFORMATION

The European Commission conducted the mid-term evaluation of the European Regional Development Fund (ERDF), the Cohesion Fund (CF) and the Just Transition Fund (JTF) in the programming period 2021-2027 by the end of 2024, in line with Article 45 of the Common Provision Regulation (CPR) 2021/1060.[335]

The Decide planning entry for the mid-term evaluation is PLAN/2023/1574. The Call for evidence was published on 'Have your say' on 11 September 2023 for a four-week period until 9 October 2023 for stakeholders and the general public to provide feedback.[336]

The evaluation was led by the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO). An Interservice Steering Group (ISSG) was set up comprising a broad range (17) of additional Commission services: DG AGRI, DG BUDG, DG CNECT, DG COMP, DG ECFIN, DG EMPL, DG GROW, DG HOME, the JRC, DG JUST, DG MARE, DG MOVE, DG REFORM, DG RTD, DG SANTE, SG and SG RECOVER. The ISSG helped ensure the representativity of the evidence considered, the validity of the analysis and the reliability of the conclusions. In particular, the ISSG was consulted eight times:

- In June and July 2023 on the Call for evidence and technical specifications of the external study;
- In February 2024 on the Inception Report of the external study;
- In March 2024 on the survey questionnaire and list of targeted stakeholders;
- In May 2024 on the Intermediate Report;
- In July 2024 on the Draft Final Report;
- In September and October 2024 on the Final Report; and
- In October and November 2024 on the draft SWD; and
- In July 2025 for the formal ISC (23 services consulted) on the SWD and all its annexes.

In line with the requirements set out in the Commission Better Regulation Guidelines,[337] the mid-term evaluation examined the effectiveness, efficiency, relevance, coherence and Union added value of each Fund. The evaluation relied on two main components:

1. An internal workstream of DG REGIO initiated in January 2023 and concluded in December 2024. This consisted of a stock-taking exercise of on-going analyses and studies conducted by the Commission, an overview of progress on implementations activities, simplification measures and enabling conditions, a summary of programme amendments and the changes in the regulatory framework, including STEP, and macroeconomic modelling (RHOMOLO); and
2. An external independent supporting study (i.e. the supporting study) awarded to a consortium consisting of T33 Srl, OIR and Spatial Foresight. The service contract started in

[335] Regulation2021/1060.
[336] Call for Evidence on the mid-term evaluation of the European Regional Development Fund, Cohesion Fund and Just Transition Fund for 2021-2027.
[337] Better Regulation: guidelines and toolbox, link.

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January 2024 and ended in October 2024. The analysis relied on desk research, data analysis, extensive stakeholder consultation activities (interviews, survey and validation seminar) and thematic fiches.

For a discussion on the evidence considered, see Annex II. Annex V provides a full report of all consultation activities conducted.

As with all evaluations related to programmes with a major impact on the EU budget or which are of strategic importance for the Union, the mid-term evaluation carried out by DG REGIO was selected for scrutiny by the Regulatory Scrutiny Board ('RSB') in 2024[338]. An RSB upstream meeting was held on 3 June 2024. The evaluation wan then submitted to the RSB on 14 November 2024 and discussed at the technical level in the following weeks. The review meeting was held on 11 December 2024. The RSB issued a positive opinion with reservations on 13 December 2024, providing some recommendations for improvement.

The table below summarises the main points raised by the RSB and how they have been integrated into the evaluation.

Table 6 – Summary of the main RSB recommendations and following integration into the mid-term evaluation report

RSB recommendation	Change in the evaluation report
The robustness of the evidence presented should be more critically assessed, particularly in relation to stakeholder representativeness.	A detailed discussion of the evidence robustness and limitations, including mitigating measures, was added to Annex II and referenced throughout the report.
Effectiveness findings (e.g. enabling conditions) should be reviewed and clarified.	Relevant parts of the effectiveness analysis were reviewed and clarified. In particular, the section on enabling conditions was re-organised and reviewed for all relevant criteria (effectiveness, efficiency and coherence).
The efficiency analysis should be updated with the most recent data. *Ex ante* model simulations should not be used as evidence of benefits.	The efficiency analysis, as well as the annex on costs and benefits, has been updated in line with the RSB's guidance. Absolute monetised costs were included until the evaluation cut-off date (to the extent possible). Model simulation results were removed.
Coherence with other initiatives, particularly the RRF and in relations with enabling conditions, is not sufficiently analysed.	The section has been amended with a discussion on synergies between RRF investments and enabling conditions, as well as the interplay between RRF reforms and enabling conditions. Coherence with other instruments was also reviewed.
The report should better link the EU added value to the evaluated Funds and evaluated period, including a focus on the appropriate methodology and needs for the future *ex post* evaluation.	The EU added value section has been redrafted to better reflect the detailed comments received from the RSB, with particular attention to provide evidence directly related to the 2021-2027 programming period, identifying methodological needs for the *ex post* evaluation, reflection on the use of the monitoring system to asses EU added value and, to add some consideration of unique features compared to other EU and national

[338] List of meetings for 2024: https://commission.europa.eu/publications/meetings-regulatory-scrutiny-board_en.

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	instruments.
The report should include a dedicated analysis of relevance considering emerging needs, particularly competitiveness.	A dedicated section has been added to the relevance section, which takes note of emerging needs based on foresight studies. Regarding competitiveness, it builds on the areas identified by the Draghi report and includes a reflection of the Smart Specialisation Strategies and their role in place-based development.
Conclusions should be revised to reflect the availability, reliability and limitations of the evidence.	The conclusions were reviewed accordingly, and the limitations were discussed in detail in Annex II.
Lessons learned are not sufficiently operational, including on the monitoring needs for the ex-post evaluation of the funds.	The lessons learned were revised accordingly, including a specific point on monitoring.
The report should attempt to identify and analyse unintended consequences such as crowding out or substitution of private investment and on allocative efficiency.	Although such an analysis is severely limited at the stage of this MTE due to the low level of implementation, a reflection on these dimensions was added to the EU added value and relevance (emerging needs) sections. These sections lay the foundation for the work to be undertaken by the *ex post* evaluation.
The report should explain this mid-term evaluation's relation to *ex post* evaluations of prior programming periods.	A dedicated section has been added to Annex II to explain the use of evidence from the 2014-*2020 ex post* evaluation.
Identify methodology and data needs for the 2021-2027 *ex post* evaluation.	The MTE has been amended to include reflection on these aspects in several sections. The EU added value section now includes a reflection on both the use of future analyses and the monitoring system. Relevance identifies data needs and analyses to be conducted to verify the results of the discussion on emerging needs. Data needs are now discussed in relation to the monitoring system and counterfactual methods both in Annex II, conclusions, lessons learned, as well as in the efficiency section. The efficiency section also contains a reflection on data needs for the *ex post* evaluation.

Source: European Commission.

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ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

Overall approach

This annex describes the methodology of the internal workstream and of the supporting study, followed by a discussion of the three main limitations and mitigation measures. The last section presents the list of references appearing in the SWD[339].

The internal workstream and the supporting study components were combined in this SWD, which makes reference to data collections with slightly different cut-off dates, as described below.

Table 7 - Cut-off dates of different data collection tools

Tool	Data cut-off date
Financial data	Q4 2024
Monitoring data on achievements (outputs and result)	Q4 2024
Survey	Mid-2024
Interviews	Q3 2024
Uptake of SCOs and FNLC	Q4 2024
Fulfilment of enabling conditions	Q4 2025
STEP amendments	Q4 2024
Macroeconomic modelling input data	Q3 2024

Source: European Commission.

Internal workstream

The internal workstream collected internal analyses and ongoing studies conducted by the European Commission; macroeconomic modelling on the expected impact of policy scenarios, including on the effect of crises and programme amendments; and analytical work related to costs and benefits associated with the three funds, the policy's continued relevance, programming timelines in shared management, simplification measures, enabling conditions and programme amendments, including Strategic Technologies for Europe Platform (STEP)-related ones. This section provides more details on three activities in particular, namely the analysis of timelines, the assessment of costs and benefits and the stock-taking of ongoing analyses and studies.

Analysis of timelines

The analysis of timelines investigated the time elapsed between:

- The proposal of the CPR (General Regulation for 2007-13) to adoption.
- CPR adoption to partnership agreement approval.
- Partnership agreement adoption to programme approval.
- CPR adoption to programme approval.

Data was collected for three periods, namely 2007-13, 2014-2020 and 2021-2027 and was extracted from SFC. For reasons of comparability across periods, the analysis used the dates of decisions rather than notification dates, which mark the completion of the approval process and come one to three days later than decision dates. For the same reasons, only REGIO-led

[339] For an overview of the references used in the context of the supporting study, see the Final Report.

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programmes were included in this analysis, although EMPL-led multi-fund programmes that include one of the evaluated funds from the scope of the mid-term evaluation and for which data has otherwise been presented. Finally, for the 2007-13 period, Croatia was excluded from the analysis to ensure comparability.

Cost and benefit analysis

The analysis of costs builds on the REGIO study titled 'Study on administrative costs and burden in the use of CPR funds'.

Regarding administrative costs on programme authorities, the study collected data from two targeted surveys, one sent to programme authorities and another to coordination bodies. Both included quantitative and qualitative elements related to administrative tasks, practices, costs, and potential savings. To ensure representativeness, the surveys collected information from all Member States, funds, type of region and programme size. Follow-up interviews were used to validate the results.

Following this study's categorisation, the assessment of costs presented by task area (i.e. broader categories) in Annex IV. These entail the following activities:

- **Preparation**: elaboration of partnership agreements, preparation of programmes and programme amendments, Setting up of management and control system, identification of programme authorities, ensuring and monitoring enabling conditions.
- **General management**: information, training and communication, establishing, running and guiding work of monitoring committee, ensuring a system for collecting, recording and storing data, setting up and using a system for electronic exchange of information with beneficiaries, ensuring respect for fundamental rights, equality between men and women and non-discrimination, drawing up the management declaration.
- **Financial management**: ensuring adequate separation of functions and systems, corrections of irregularities, effective and proportionate anti-fraud measures, drawing up and submitting payment application to commission, certification of expenditure entered in the accounts, accounting function, management of financial instruments.
- **Operations:** selection of operations and information to beneficiaries, management verifications for each application for reimbursement by beneficiaries, on-the-spot verifications, integrated territorial investment, community-led local development.
- **Reporting, Monitoring, Evaluation:** annual performance review, preparation and transmission of financial data to the EC, programme evaluations.
- **Audit:** preparation, submission and updating of audit strategy, system audits, ensuring adequate audit trail, audit of operations, audit of accounts, preparation and submission of annual audit opinion and control report.

Estimates are available for the ERDF (IJG) and JTF. CF could not be separately estimated, but form part of multi-fund programme estimates. All multi-fund programmes sampled include at least one (and often multiple) of the evaluated funds and therefore are within the scope of this mid-term evaluation. The cost estimates were calculated for the share of the ERDF, CF and JTF in the total allocation of these programmes, amounting to 82.2% (the remaining 17.8% being made up of ESF+ funding). Estimates for the different funds are based on the following sample sizes: ERDF (N=92), JTF (N=10), Interreg (N=85), Multi-fund (N=110). Note that sample size refers to the number of programmes and not individual responses.

Total monetised costs were estimated until 2024, i.e. until the financial cut-off point for data collection of this MTE. The administrative cost and burden study collected data on the share of costs that are incurred each year. It is possible to estimate how much has been incurred until the

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end of 2024 using this information. These calculations, based on the raw data, were made by DG REGIO. Such yearly breakdowns could not be estimated at the task group level. Task group cost figures are therefore presented as estimates until the end of the period.

Estimates for the burden on beneficiaries are based on 197 beneficiary responses and 4 final recipients of financial instruments from 72 different programmes that have participated in the survey. Of these, respondents for the evaluated funds are as follows: ERDF (N=29), JTF (N=3), Interreg (N=21) Multi-fund (N=97). The response rates show uneven distribution across funds and Member States. This low response rate may introduce bias, as the perspectives captured may not fully reflect the broader reality of administrative burden. To mitigate this bias to the extent possible, the results are presented for all funds within the scope of the study, relating to all 201 responses.

The aggregate monetised estimate of cost reduction for programme authorities builds on a comparison of the results with the previous 2018 study "New assessment of ESIF administrative costs and burden" relating to the 2014-2020 period. However, some key limitations make the comparison challenging and therefore the overall results should be treated with caution. The main limitations to the comparability are the following:

- The list of tasks has been refined compared to the previous study and therefore cannot be fully compared.
- The amount of data for costs on the task level is substantially lower compared to other types of data.
- The data was collected during a period where many programmes had their operations not yet fully running, due to the implementation delay of many programmes.
- During interviews, programme authorities repeatedly reported difficulties in comparing the tasks to the previous funding period, as the structure of tasks developed for this study was difficult for programme authorities to apply to the reality of managing the programmes.

Because of the above, this MTE only presents one aggregate monetised figure for the ERDF, where this data is available. The comparison at the fund level seems to be more plausible than the comparison between tasks (i.e. at a more granular level), which is therefore not monetised for the purposes of this MTE. Estimates will be available from the upcoming administrative cost and burden study.

Similarly, the comparison of administrative burden on beneficiaries is limited by several issues of comparability. As for the programme authorities, it is built on the comparison with the 2018 study, which highlights several challenges to direct comparability due to changes in scope, task definition, measurement and data collection. Given comparability issues and the relatively smaller sample size, the MTE does not include monetised estimates and administrative burden is assessed only qualitatively.

Regarding simplification for programme authorities, measures were assessed for their potential to reduce costs. The scoring is determined based on the percentage of respondents who believe the measure result in cost savings. The levels of scoring are as follows:

- 1: less than 5% of respondents believe the measure reduces costs
- 2: less than 30% of respondents believe the measure reduces costs;
- 3: less than 50% of respondents believe the measure reduces costs
- 4: less than 70% of respondents believe the measure reduces costs; and

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- 5: more than 70% expect cost reductions.

Measures are also assessed for their likelihood of causing cost increases. The scoring reflects how many respondents expect higher costs due to the implementation of these measures:

- 1: Less than 5% expect significant or moderate cost increases
- 2: Less than 30% expect significant or moderate cost increases;
- 3: Less than 50% expect significant or moderate cost increases;
- 4: Less than 70% expect significant or moderate cost increases; and
- 5: More than 70% expect cost increases.

Finally, a score is given about the Net cost reduction potential (Cost reduction minus cost increase). This score indicates the overall cost-effectiveness of each measure, calculated by subtracting the cost increase potential from the cost reduction potential:

- 0: NO COST REDUCTION POTENTIAL'– If the net score is less than 1, meaning there is little to no overall cost saving;
- 1: MODERATE – A net score between 1 and 2; and
- 2: SIGNIFICANT – A net score between 2 and 3.

The table in Annex IV only presents the measures that have received an overall net score above 0. There were no measures with negative scores (i.e. leading to an overall cost increase). For the simplified reimbursement models, the scores also include values based on ESF+ and Home fund respondents, i.e. do not only reflect ERDF, CF and JTF simplification potential. Furthermore, the scores for simplified reimbursement models represent an average of final scores across each task group to simplify the assessment.

Stocktaking of ongoing analyses and studies

The data collection phase also included a review of ongoing studies conducted by DG REGIO which are relevant for the mid- term evaluation. The results of these studies, to the extent relevant, were already integrated in this draft. Out of a longer list of 12 studies, the MTE relied on seven. These studies were the ones that were deemed the most relevant, reliable and complete at the stage where they could be used and have generally reached at least a draft final stage, with several already in the process of finalisation. These were the following:

- Challenges for Cohesion: Looking ahead to 2035.
- Strategic Coordination and Financial Complementarity of CPR Funds with Other EU Instruments.
- The application of the partnership principle in the 2021-2027 shared management Funds covered by the CPR.
- ESF+ mid-term evaluation supporting study.
- Assessment of Administrative Costs and Administrative Burden in the Management of the CPR Funds 2021-2027.
- Study on the uptake of SCOs and FNLC for the CPR Funds in 2014-2020 and 2021-2027 programming periods.
- Implementation of Roadmaps for Administrative Capacity Building.

Use of evidence from the 2014-2020 *ex post* evaluation and its supporting studies

The *ex post* evaluation of the preceding programming period was undertaken at the same time as this mid-term evaluation. The evidence presented in the *ex post* SWD, as well as the 13 work packages supporting for the *ex post* evaluations of the 2014-2020 programming period were used to develop several sections in this mid-term evaluation. In particular, the effectiveness,

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efficiency and EU added value sections relied on several aspects taken up by different *ex post* work packages or the SWD. The *ex post*, on the other hand, benefitted from methodological and data limitations encountered by the MTE and informed the analysis of these aspects. An example of such a gap is related to the additionality of funding vis-á-vis Member State public investments, which has been included in the *ex post* evaluation and referenced by this MTE in the EU added value section.

Supporting study

The supporting study combined several data collection and analysis activities to provide elements for the replies to the 16 evaluation questions. Seven thematic fiches also illustrate the thematic intervention logic and key findings for the five POs, the JTF and Interreg. The methodology and the main limitations are described below and further detailed in annexes 6.2, 6.3 and 6.4 and 6.5 of the final report.

Data collection

The data collected consisted of literature and programme documents (Task 1), financial and achievement (output and result indicators) data (Task 2), and the stakeholder consultations (Task 3).

The literature and document review (Task 1) focused on 13 areas of major interest for the ERDF, CF and JTF including novelties compared to previous monitoring periods, SCOs and FNLCs, enabling conditions, implementation bottlenecks, territorial needs and tools, administrative capacity, horizontal priorities and principles, the added value of the three funds, the European Semester process and coherence with other EU instruments, regional disparities, social and health dimensions and emerging challenges, including demography. Details were at fund, programme and policy objective (PO) levels whenever possible and relevant. The analysis covered more than 500 items, including:

- Studies and literature related to the design and implementation of cohesion policy programmes for 2021-2027;
- All 27 partnership agreements;
- European Semester Country Reports for 2019 and 2020, Country Specific Recommendations for 2019, 2020 and 2022 as well as National Reform Plans of 2021, 2022 and 2023;
- Documents from 90 programmes across all MS and categories of regions: Smart Specialisation Strategies, roadmaps, selection criteria for projects calls and monitoring committee documentation.; and
- All of the 70 TJTPs supporting 96 specific territories (NUT-3 and below) across all MS.

The documents and literature considered can be considered strongly representative of the target population. Looking at the metrics of programme documents, which was the only sampled source, the review covered 78 mainstream ERDF, CF and JTF programmes, accounting for more than 60% of the EU planned financial allocation, and 12 Interreg programmes. However, due to possible selection bias, sampling issues cannot be fully excluded.

Financial and physical data from SFC were shared by the Commission and covered, for all the ERDF, CF and JTF programmes, planned amounts as well as monitoring data on the selection of operations, EU payments, spending declared by beneficiaries and output and result indicators.

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While this study was being carried out, MS transmitted implementation data (i.e. combining financial values and output/result indicator values) to the Commission twice, with cut-off dates at the end of December 2023 and at the end of June 2024. Data on programme implementation were updated based on the latest data transmission with cut-off date on 30 June 2024.

However, the data analysed present a number of limitations, among which three stand out. Some activities, mainly linked to setting up the programme infrastructure and preparing project calls, are not tracked by the monitoring system. There is also an inherent lag in reporting project activities up to the Commission level, which is *ex post* and does not capture ongoing actions. Finally, there is discrepancy between the territorial coverage of programmes (which can be national or regional) and the level of analysis (NUTS 2 and NUTS 3).

A survey of programme stakeholders in parallel to the desk analysis involved ERDF, CF, JTF and Interreg managing authorities, central coordination bodies and intermediate bodies, as well as monitoring committee members and other organisations at national and sub-national levels in all Member States. In total, 618 answers were recorded, covering 297 cohesion policy programmes. In addition, two rounds of interviews with 45 stakeholders at regional, national and European levels complemented the survey responses for JTF, social inclusion, audit and control, added value, place-based policies and the urban dimension. A seminar in Brussels in June 2024 concluded the stakeholder engagement process, with 46 participants in person and 106 on-line discussing first findings and lessons learnt.

The analysis of responses shown above and detailed in the Synopsis Report (Annex V of the SWD and Annex 6.4 to the final report) suggests a high representativeness of the survey, while the interviews and seminar were mostly used selectively to validate and enrich tentative findings. However, the representativeness of all stakeholder consultation activities is always prone to multiple biases (e.g. structure of the questions, number of respondents, etc.), which suggests that caution in interpreting the results is still needed.

Analysis and findings

The contributions to answering EQs are based on evidence from the data collection, which is described above. Each reply follows a similar structure, presenting the understanding of the evaluation question, the structure of the reply, and how evidence from different tasks was analysed and triangulated to reach the conclusions. The triangulation of data sources supporting the answer depends on the EQ, the topics covered, and/or the data available. The methodology is illustrated in an evaluation matrix matching EQs with related judgement criteria and sources of information (see annex 6.1 to the final report).

EQs 1 and 2 predominantly follow a quantitative approach and rely on programme progress, while answers from EQ 3 to 16 are largely based on qualitative evidence (literature and document review, survey, interviews and seminar). In general, evidence is stronger for programme design and fund allocation, which in the case of shared management depend on MS/MA preferences and not only on EU legislation and the Commission, than for outcomes and achievements. In addition, valuable results from parallel DG Regio studies (e.g. SCOs and FNLC, complementarity and partnership principles) not yet published, were also considered whenever possible.

Overall, the robustness of the findings can be considered satisfactory. However, two considerations must be made. First, the analysis carried over to reach the findings was constrained by budget and, most importantly, tight time constraints. Second, it is clear that the

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limited implementation progress at this stage of the programming period point to the need for final judgments to be left for the *ex post* evaluation.

Analysis of output progress

Programmes include quantitative output and result indicator targets to be reached by the end of 2029. They also set milestones – intermediate value to be achieved by 2024 – for output indicators. The managing authorities report to the Commission twice per year (in June, and December) the forecasts for indicator values from selected operations and the indicator values implemented (achieved) by those operations. While programme and project activities are already underway, reporting on indicators comes with a considerable time lag. In the case of implemented values, they are mostly associated with project completion. Thus, at this intermediate stage of the mid-term evaluation, they provide a very incomplete reflection of actual progress on the ground. In addition, monitoring systems are still in the process of being set up in some countries. With only output indicators having milestones and the current low level of reported values for result indicators, the analysis in the mid-term evaluation focuses on the values of output indicators. To provide a more comprehensive picture of progress, both selected and implemented values are analysed, as explained in the main body of the SWD.

To assess the progress on output indicators, the milestones set by each programme for 2024 are the most appropriate benchmark for the mid-term evaluation. The ambitions for the milestone values reflect diverse considerations behind the interventions at the programme level. Given programme-specific challenges and types of projects within their portfolios, some MAs may set relatively low values for milestones[340].

For each output indicator, per programme and per PO (or JTF SO), a ratio was calculated between the reported values 'decided' – forecasts based on selected operations –, implemented values and the value of the milestone. The results – in % of the 2024 milestone value reached – show the degree of progress made on the output indicator. Each indicator was then classified as "not reported " (the "decided" or implemented value is 0), "ongoing" (the "decided" or implemented value is greater than 0 but less than 80% of the milestone value has been reached) or "on track" (80% or more of the milestone value has been reached).

Taking this indicator-level classification, the results were then aggregated at programme level. Based on the number of indicators falling into either the above categories, each programme was labelled as "not reported ", "ongoing" or "on track". This allows for an aggregated presentation per country. As programmes classified as ‘ongoing’ cover indicators with a wide range (0 to 80%), it should be noted that programmes classified as "ongoing" can fall within a wide range in terms of implementation status.

[340] Note that a large number of milestones have values of zero. Such milestones were excluded from the analysis.

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Main limitations and mitigation measures

The elements presented above and in the and following annexes show how the methodological approach optimised the limited evidence available. This allowed to derive conclusions of variable strength and detail, proportionally to the evidence available. Therefore, the evidence is deemed robust in relation to the tone and depth of the conclusions.

This sub-section summarises the three main limitations and mitigation measures of the mid-term evaluation, which are transparently presented throughout the report.

Timing of the evaluation

In line with the obligation set in the legislation, the mid-term evaluation had to be conducted by the end of 2024. This provision, introduced at the time of the first CPR proposal (2018), assumed a timely start of programming activities and implementation at the beginning of 2021.

However, the actual evidence base of the mid-term evaluation was limited by the late start of implementation. This is due to substantial delays stemming from the COVID-19 crisis, reprogramming linked to the emergency response (e.g. REACT-EU and RRF), the delayed adoption of the CPR itself, and the design and start of implementation of the RRF. As a consequence, the evaluation could only look at a significantly shorter implementation period. The main body of the SWD and this annex discuss the timing issues in detail.

To address these constraints and ensure reliability, the evaluation team made full use of the evidence available from implementation and relevant literature, both as part of the internal workstream and in the context of the supporting study. Additionally, the report outlines the resulting limitations of the findings and only derives conclusions where evidence is deemed sufficient.

Stakeholder representativeness

As presented in detail above and in Annex V, the survey gathered 618 replies from all MS and Interreg countries.

44% of the stakeholders consulted in this context were programme authorities. The call for evidence (44 replies), interviews (45 interviews), seminar (46 participants present and 106 participants online). and DG REGIO internal survey (30 respondents) all gather useful and complementary evidence. This is considered appropriate given: (i) the early state of implementation, implying that these entities were the ones most involved so far; and (ii) the nature of questions investigated by the MTE, which largely calls for an assessment by these stakeholders.

At the same time, given the large and representative body of replies, the stakeholder consultation was comprehensive and in line with the partnership principle of the ERDF, CF and JTF. The views of a varied set of stakeholders are addressed by consultation of members of monitoring committees, composed of economic and social partners, civil society and research organisations along with other relevant (regional, local, urban) public authorities. Monitoring committee members make up 44% of the survey sample. The remained are other types of stakeholders (detailed in Annex V): business associations and individual companies, NGOs and environmental organisation, banks or financial sector organisations, EU citizens, academic/research institutions, welfare/social organisations and public authorities also submitted replies to the call for evidence,

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albeit in much smaller number than for the survey. Finally, the qualitative interviews also targeted monitoring committee members and experts.

As established, almost all categories of stakeholders across all Member States, regions and sectors are well represented. The only notable exception are beneficiaries. This is primarily a consequence of the first main limitation discussed above, i.e. the low level of implementation when the activities of the supporting study were conducted. Given the impossibility to consult a substantial and representative sample of stakeholders, the evaluation makes no methodological attempt to substantially deal with the effect of investments on beneficiaries.

Nevertheless, the separate study on administrative costs and burden has consulted 197 beneficiaries and four final recipients of financial instruments to date (see section on cost and benefit analysis in this annex). The results of this ongoing study are used for the assessment of administrative burden of beneficiaries. However, these results have to be treated with caution given the above limitations linked to low implementation.

The report addresses potential stakeholder bias by using evidence from different sources, as described above. Wherever available, quantitative evidence and the available literature is used to confirm or question the validity of replies. Moreover, thanks to several ongoing REGIO studies, the evidence emerging from different stakeholder groups can be cross-checked. Finally, wherever relevant, the SWD discussion on findings (section 4) and conclusions and lessons learned (section 5) is transparent on the diversity of views with regards to specific questions.

Monitoring system

The monitoring of multi-thematic, multi-territorial and multi-annual investment programmes is complex. In the 2021-2027 programming period, Member States structure programmes according to the specific objectives listed in section 2.2. However, aggregated financial data at the level of specific objective do not provide detailed information about what is financed, how investments are financed, where they take place and what outputs and results they produce. To collect this type of information, a sophisticated monitoring system was put in place jointly by the Commission and programme authorities. The system has evolved across and within periods as a consequence of regular assessments and improvements[341].

Managing authorities provide financial data five times per year on 8 dimensions[342] at the level of specific objective, fund and category of region. In addition, the system includes 97 common output indicators (plus 3 for STEP) and 66 common result indicators for the ERDF, CF, JTF and Interreg. Programme authorities select common indicators based on their planned actions and

[341] A detailed overview of the financial monitoring system, including an overview of the main changes across periods, is available here: https://cohesiondata.ec.europa.eu/stories/s/hhu3-atyz.

[342] The categorisation dimensions are listed in Annex I to Regulation (EU) 2021/1060 (Common Provisions Regulation, CPR). They are: Intervention fields (*): 182 codes identifying the scope of investments; Form of support (*): 6 codes identifying whether investments are delivered through grants or financial instruments; Territorial delivery mechanism and territorial focus (*): 33 codes identifying the territorial context (urban neighbourhood, mountainous area, ...) of the operation and the territorial tool applied; Economic activity: 26 codes identifying the sector ultimately benefitting from the support; Location: Indicates the location of the operation using the NUTS nomenclature; ESF+ secondary theme (*): 10 codes identifying the secondary objectives of ESF+ interventions; Gender equality (*): 3 codes indicating the intensity of support to gender equality measures; Macro-regional and Sea-basin strategies: 11 codes indicating the contribution of the investments to these strategies.

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complement them with programme-specific indicators. For each indicator, they develop a methodology following common templates in order to estimate 2029 targets and 2024 milestones (intermediate quantitative targets, only for output indicators) and report on progress twice per year[343].

The 2021-2027 monitoring system does not require the provisions of project-level data. To address this issue, the alternative Kohesio[344] data base was put in place. It builds on the MS requirement to maintain a database on supported projects and to publish parts of it. DG REGIO collects and aggregates these data from hundreds of different sources. Kohesio data is not yet available for 2021-2027, which forced its exclusion from the evidence base of the mid-term evaluation and in the impossibility to analyse project-level data. However, it will be possible to use such data in the context of the *ex post* evaluation.

In addition, the Commission is planning to encourage the use of counterfactual impact evaluation methods. This will necessitate changes in data collection practices. On one hand, it involves ensuring the timely transfer of micro-level data (such as contract-level data with beneficiary information) from local and national managing authorities to the Commission or relevant intermediate data systems. On the other hand, it requires developing stronger linkages with local and national administrative data, which in turn demands harmonization and, in some cases, more extensive information. The new Financial Regulation requirement[345] for unique identifiers per beneficiary will assist in this direction.

The future *ex post* evaluation may therefore be informed by monitoring data within the existing legal framework, but rigorous assessment of impacts may be conducted selectively depending on data quality. Additional improvements to the monitoring and evaluation framework will be developed in the context of the impact assessment for the post-2027 CPR.

[343] The performance framework for 2021-2027, including descriptions of the common output and result indicators, is available here

[344] https://kohesio.ec.europa.eu/en/.

[345] Recital 32 and Articles 38 and 39, Regulation 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

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ANNEX III. EVALUATION MATRIX (BY CRITERION)

Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
EFFECTIVENESS	**EQ1.** How and to what extent do approved programmes and progress in implementation reflect the goals of the ERDF, the CF and the JTF for 2021-2027?	• Implementation progress compared to milestones • Implementation progress compared to previous period(s) • Extent to which implementation was affected by external factors	• Financial data • Output and result indicators • Approval timelines	• SFC and Cohesion Open Data Platform data • Data analysis (Task 2, supporting study) • Additional data analysis (internal workstream) • Desk review (internal workstream)
	EQ2. What is the progress in the implementation of TJTPs? Is it in line with the JTF goal to address the socio-economic challenges of specific territories of the transition towards the Union's 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050? What are the challenges and gaps?	• Pace of progress implementation • Alignment of TJTPs with the JTF specific objective • Extent to which the regulatory requirements are applied	• Main factors affecting progress implementation • Analysis of TJTPs content • Stakeholder perception of the preparation, approval and implementation process of the TJTPs	• All 70 TJTPs (Task 1, supporting study) • Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • JTF thematic fiche (supporting study)

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
	EQ3. Are ERDF, CF and JTF delivery systems effective in considering and addressing specific territorial needs? Where any implementation bottlenecks identified? AND **EQ4.** In what ways do partnership and multi-level governance affect programme design and implementation?	• Effectiveness of the involvement / contribution of partnership and multi-level governance in the programme design • Effectiveness of the involvement / contribution of partnership and multi-level governance in in the implementation phase	• Distribution of planned EU resources between national and regional programmes • Stakeholder perceptions and documentary evidence of involvement in partnership and multi-level governance in the programme design and implementation	• SFC2021 and Cohesion Open Data Platform • Data analysis (Task 2, supporting study) • Additional data analysis (internal workstream) • Desk review (internal workstream)

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
EFFICIENCY	**EQ5.** How were implementation bottlenecks identified in previous programming periods tackled and addressed in 2021-2027? AND **EQ7.** Did the simplification measures proposed for the 2021-2027 programming period contribute to the reduction of the administrative burden? How and to what extent?	• Simplification measures led to a reduction of administrative burden • Bottlenecks from the previous period were addressed • Adoption of SCOs and FNLC as share of budget envelope • Existence of further bottlenecks to implementation • Success of capacity building exercises • The monitoring and performance system is fit for purpose	• Stakeholder perceptions on simplification measures and novelties • Estimated change of administrative costs since 2014-2020 • Adequacy of the monitoring and performance system • Perceptions and documentary evidence on capacity building	• Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • Study on administrative costs and burden • Desk review (internal workstream)
	EQ6. How did enabling conditions affect intervention logics and programme implementation? Did it increase the implementation efficiency?	• Reduction in the number of conditionalities and clearer fulfilment criteria reduced the administrative burden • High fulfilment and reform process in MS • Positive effect on the effectiveness of public investments	• Stakeholder perception on the number of conditionalities and new fulfilment criteria • Analysis of programmes' compliance with horizontal and thematic enabling conditions • Analysis of corresponding policy actions	• Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • Fulfilment justifications sent by MAs/MS to the European Commission • Desk analysis (Task 1, supporting study)

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
COHERENCE	**EQ8.** Is ERDF, CF and JTF programming and implementation coherent with other EU funding instruments (e.g., ESF+, Connecting Europe Facility, InvestEU, Horizon Europe) and in particular with the RRF? To what extent? How was it achieved?	• Coordination mechanisms put in place with the respective EU funding instruments at strategic level. • Demarcation and mechanisms put in place with the relevant EU funding instruments at operational level • Use of measures/possibilities to enhance synergies	• Coordination mechanisms mentioned in partnership agreements • Financial data on the use of measures such as transfers between funds • Examples of synergies (esp. with the RRF) • Share of ERDF, CF and JTF to RRF	• SFC2021 • Interviews (Task 3, supporting study) • Desk review (Task 1, supporting study and internal workstream) • RRF scoreboard
	EQ 9. To what extent do ERDF, Cohesion Fund and JTF interventions complement relevant policy actions and reforms at the national level?	• The funds' financial weight is significant • MS ensure coordination of national investments and the ERDF, CF and JTF • MAs and national coordination bodies consider that coherence is ensured	• Ratio of ERDF, CF and JTF investments to general government gross fixed capital formation, across MS • Analysis of partnership agreements, National Reform Programmes, Country Reports and CSRs • Stakeholder feedback on the level of coherence across different policy areas	• Eurostat • SFC2021 • Desk review (Task 1, supporting study and internal workstream) • Survey (Task 3, supporting study) • Interviews (Task 3, supporting study)

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
	EQ10. Are programmed interventions coherent with the horizontal priorities of climate mainstreaming, biodiversity, DNSH and gender mainstreaming?	• Programmes allocated enough funding to climate, biodiversity and gender equality • Programmes integrate DNSH, climate proofing and gender equality across all implementation activities	• Comparison of planned allocations with regulatory requirements on the concentration of funding • Analysis of how and when in the implementation stages programmes apply regulatory requirements • Stakeholder perception on the level of coherence across different policy are	• SFC2021 • Cohesion Open Data Platform • Data analysis (Task 2, supporting study) • Desk review (Task 1, supporting study) • Survey and seminar (Task 3, supporting study)
EU ADDED VALUE	**EQ11.** Would the objectives of the policy have been pursued in the absence of ERDF, CF and JTF interventions? To what extent? What is their expected additional value compared to what could have been reasonably achieved by Member States?	• The five POs and JTF and Interreg SOs would not have been pursued to the same extent through Member State budgetary instruments.	• Ratio of planned funding to Member State public investments • Stakeholder perceptions on quantitative additionality • Analysis of European public goods, the quality of national investment frameworks and administrative capacity • Existence of spillover effects	• Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • Desk review (Internal workstreams and Task 1, supporting study) • Eurostat (GFCF) and SFC2021

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
	EQ12. How do ERDF, CF and JTF investments contribute to a place-based approach in Member States? What is the added value for outermost regions and cross-border cooperation?	• The funds provide targeted territorial place-based support, including to outermost regions and cross-border cooperation, that allow for interventions going beyond what would have been possible through Member State budgetary instruments.	• Stakeholder perceptions on quantitative additionality • Documentary evidence of added value for specific territories and categories of regions (e.g. cross-border and outermost)	• Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • Desk review (Internal workstreams and Task 1, supporting study) • SFC2021
	EQ13. What is the added value of the ERDF, the CF and the JTF in supporting the twin digital and green transition?	• The funds provide support the twin transition beyond what would have been possible through Member State budgetary instruments.	• Comparison of planned allocations with regulatory requirements on the concentration of funding • Stakeholder perception on qualitative additionality (i.e. whether the policy has an impact on national and regional policy priorities and choices)	• Survey (Task 3, supporting study) • Interviews (Task 3, supporting study) • Desk review (Internal workstreams and Task 1, supporting study) • SFC2021

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Criterion	Questions	Judgment criteria	Indicators/descriptors	Data source
RELEVANCE	**EQ14.** To what extent do approved programmes address the basic needs of EU citizens and the emerging challenges for social, economic and territorial cohesion? AND **EQ16.** Are the interventions selected during programming still relevant for the needs of targeted territories? To what extent?	• Partnership agreements and programmes analyse basic needs and emerging challenges, proposing measures to tackled them • Programmes allocated enough funding to emerging challenges • Selected interventions are in line and/or can be easily adapted to evolving needs and priorities	• Comparison of planned allocations with regulatory requirements on the concentration of funding • Comparison of the thematic structure of the ERDF, CF and JTF with Commission President's political guidelines and the Council's strategic agenda • Analysis of the content of partnership agreements and programme documents • Stakeholder perception on the governance and delivery mechanism of programming and implementation activities	• SFC2021 • Analysis of the Commission President's Political Guidelines and the Council's Strategic Agenda • Desk review (Internal workstreams and Task 1, supporting study) • Survey (Task 3, supporting study) • Interviews (Task 3, supporting study)
	EQ15. Do programmed interventions ensure alignment/concentration of the funding in challenges identified in the European Semester processes and Country Specific Recommendations? To what extent?	• Partnership agreements and programmes address the challenges identified in Country Reports and the recommendations formulated in CSRs • Programmes concentrate funding accordingly	• Analysis of the territorial dimension of the European Semester • Analysis of [artnership agreements and programmes alignment with CSRs and country reports (2019-2023), in particular Annex D 2019 on the ERDF and CF and Annex D 2020 on the JTF, and CSRs • Comparison of planned allocations with European Semester priorities • Stakeholder feedback on the procedure and content of alignment mechanisms	• SFC2021 • Desk review (Internal workstreams and Task 1, supporting study) • Data analysis (Task 2, supporting study) • Survey (Task 3, supporting study) • Interviews (Task 3, supporting study)

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ANNEX IV. OVERVIEW OF BENEFITS AND COSTS

The implementation of the ERDF, CF and JTF results in costs incurred by different stakeholder groups. This annex intends to give an overview of these costs[346]. The figures are presented in the table below, while this description provides contextual information to the reader to help the interpretation of the numbers.

Administrative costs incurred by programme authorities. These entail the costs of administering and running ERDF CF and JTF programmes. The share of the costs borne by the different programme authorities is shown below.

Table 8 Distribution of total administrative costs by type of authority and fund (n=425)

Fund	Managing Authority	Intermediate Bodies	Audit Authority
ERDF	77 %	17 %	6 %
JTF	74 %	14 %	11 %
Interreg	56 %	38 %	6 %
Multi-fund	73 %	22 %	4 %

Source: Ongoing study on the 'Assessment of Administrative Costs and Administrative Burden in the Management of the CPR Funds 2021-2027'. Figures are rounded and may not always add up to 100%.

The numbers in the table on the costs identified by the evaluation are generally shown as estimates for the whole programming period, largely due to methodological limitations. However, at an aggregate (fund) level, it is possible to estimate the costs already incurred by programme authorities. This is shown in the 'Overview of costs identified in the evaluation' table.

[346] As explained in Annes II, all figures and most cost categories are derived from the upcoming study on the 'Assessment of the administrative costs and administrative burden in the management of common provision regulation funds in 2021-27'. As this study is still under preparation, the assessment presented here does not prejudge the final results of that study and could be subject to modifications.

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The costs incurred until the MTE cut-off date are between 24% and 27% of the total estimated costs for the entire programming period. At the same time, implementation has only started to accelerate. This is because some of the activities that result in workload for programme authorities, such as programming, setting up the management and control system, designation of authorities or fulfilling enabling conditions must be put in place before implementation could begin. The comparison of workload with total eligible spending over the 2014-2020 shows how these start-up costs are incurred before spending could begin. It is worth noting that the estimated workload is based on a 2018 study, which therefore does not take into account crisis response initiatives and additional resources through REACT-EU, which are likely to have added to the workload over the years between 2020-2023 as opposed to what is depicted in the figures below.

Figure 16 Share of yearly administrative costs (workload) and total eligible spending in the 2014-2020 period

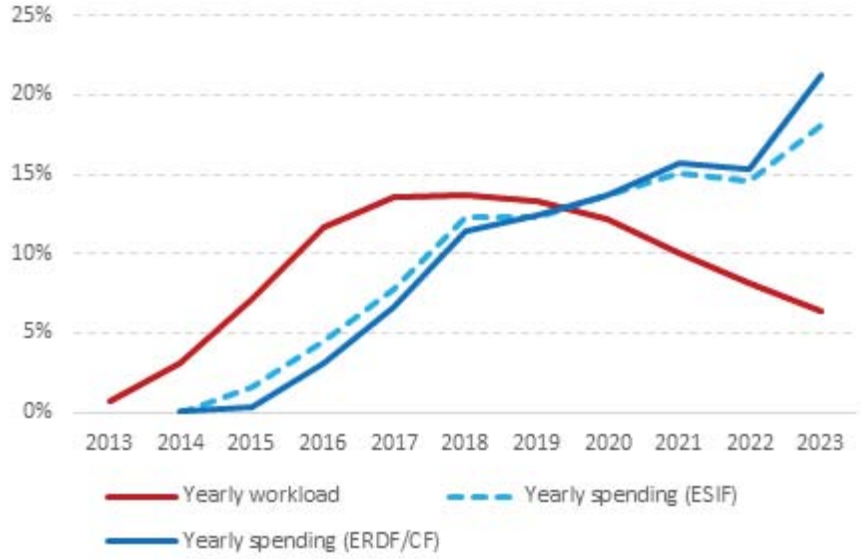
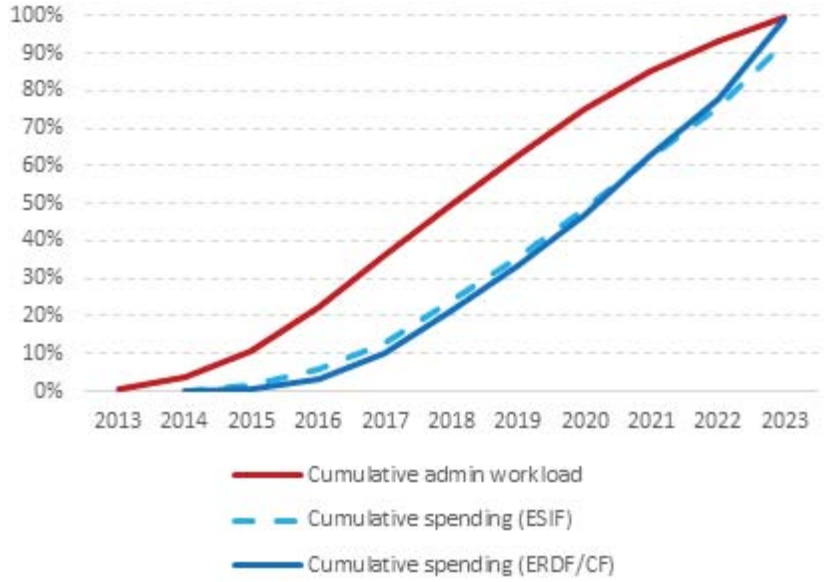


Figure 17 Cumulative administrative costs (workload) and total eligible spending in the 2014-2020 period



Source: European Commission based on Spatial Foresight and t33 (2018)

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Administrative costs incurred by beneficiaries[347]. These costs relate to all activities undertaken by beneficiaries and final recipients through their application and project lifecycle related to their use of the three evaluated funds. The assessment presented by this mid-term evaluation of the administrative costs on beneficiaries is qualitative. However, the upcoming study on the 'Assessment of the administrative costs and administrative burden in the management of common provision regulation funds in 2021-27' is expected to provide quantitative estimates of the associated burden. The sub-categories listed in the table include the most important ones, while other associated ('residual') sub-tasks may also be incurred by beneficiaries. Also note that some beneficiaries can outsource tasks, which may lead to additional costs or a different cost structure than what is listed in the table.

Table A. Overview of costs identified in the evaluation			
		Administrative cost for the ERDF, CF and JTF For more details, see description in Annex II.	
		Cost	Additional information
Programme authorities (for a breakdown by authority type, see note at the top of this annex)			
Preparation	One-off	ERDF: EUR 161m JTF: EUR 28.5m Interreg: EUR 65m Multifund: EUR 466m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
General management	Recurring	ERDF: EUR 363m JTF: EUR 36m Interreg: EUR 174m Multifund: EUR 647m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds

[347] Note that the underlying administrative cost and burden applies the term 'administrative cost' exclusively for costs incurred by programme authorities, while 'administrative burden' is used to denote costs incurred by beneficiaries.

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			evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
Financial management	Recurring	ERDF: EUR 320m JTF: EUR 41m Interreg: EUR 163m Multifund: EUR 691m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
Operations	Recurring	ERDF: EUR 1 242m JTF: EUR 166m Interreg: EUR 403m Multifund: EUR 2 953m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
Reporting, monitoring and evaluation	Both activity	ERDF: EUR 189m JTF: EUR 22m Interreg: EUR 80m Multifund: EUR 357m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
Audit	Recurring	ERDF: EUR 155m JTF: EUR 16m Interreg: EUR 72m Multifund: EUR 166m	The estimates refer to the costs for the whole programming period. Until the MTE cut-off date, only a part of these costs have been incurred. Multi-fund programmes include data for CF as well, but only cover the funds evaluated (i.e. exclude the ESF+). Note that these funds also include funding from other instruments outside of the scope of this MTE, for instance the

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			ESF+. Therefore, these costs are higher than what would proportionally be attributed to the evaluated funds alone.
Training	Recurring	Insufficient data to quantify.	Includes training through technical assistance and internal training as a result of adaptation to changing rules.
Total administrative cost for programme authorities		Incurred to date (end of 2024): ERDF: EUR 565 million (24% of estimated total) JTF: EUR 73 million (23% of estimated total) Interreg: EUR 217 million (25% of estimated total) Multifund: EUR 1 439 million (27% of estimated total)	'Estimated total' refers to total costs until the end of the programming period. Note the 'multifund' numbers provide a proportional estimate for ERDF/CF/JTF costs (82.2% of the total) and therefore exclude the ESF+ (the remaining 17.8%).
Beneficiaries			
Application	One-off	The process of applying for funding can be broken down into three main sub-tasks: 1) gathering information, 2) preparing and submitting the application documents, 3) replies to requests for more information and/or documentation after submission Gathering information and preparing and submitting the application documents are rated as the most time-consuming activities (N=199).	The administrative burden of the application process varies considerably across the three funds and Member States, with differences in time, staffing and outsourcing costs. Interreg beneficiaries reported the highest administrative burden, while multi-fund programmes have lower time and outsourcing costs.
Project management	Recurring	This task mainly consists of 1) preparing and submitting payment requests 2) information and communication requirements 3) keeping of records According to beneficiaries, preparing and submitting payment requests is the most demanding task (N=190).	Differences across funds and MS similar to the application process described above.
Reporting and monitoring	One-off	This task mainly consists of 1) preparing and submitting monitoring data 2) collection and submission of information regarding project evaluation. Preparing and submitting monitoring data is perceived as the most time-consuming activity (N=185).	Differences across funds and MS similar to the application process described above.
Management and verification	One-off	This task mainly consists of 1) collection and	Variable perceived burden across funds and MS.

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		submission for audits and inspections 2) participation in management verifications 3) follow-up on post-control/audit recommendations. Collection and submission for audits and inspections is perceived as the most time consuming (N=174).	

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Table B. Overview of benefits identified in the evaluation			
		Direct and indirect benefits from the ERDF, CF and JTF	
		Benefits	Comment
Member States, businesses and citizens			
Change in real GDP	Long-term	At the stage of this MTE, quantification was only possible based on *ex ante* data (see section 2.3) and therefore it is not reported here.	Regularly estimated via macroeconomic modelling (RHOMOLO) and broader counterfactual and econometric analysis.
Change in employment	Long-term	At the stage of this MTE, quantification was only possible based on *ex ante* data (see section 2.3) and therefore it is not reported here.	Regularly estimated via macroeconomic modelling (RHOMOLO) and broader counterfactual and econometric analysis.
Reduction in inequality between regions	Long-term	At the stage of this MTE, quantification was only possible based on *ex ante* data (see section 2.3) and therefore it is not reported here.	Regularly estimated via macroeconomic modelling (RHOMOLO) and broader counterfactual and econometric analysis.
Wider social benefits, including improved well-being, health, gender equality, etc.	Long-term	To be quantified (but not monetised) through output and result indicators at the stage of the *ex post* evaluation.	Social welfare benefits stemming from the five POs, JTF and Interreg SOs.
Other wider benefits, including climate change mitigation and adaptation, improved biodiversity and ecosystem services, connectivity, cross-border infrastructure and cooperation, increased administrative capacity to for public investment planning and implementation, etc.	Long-term	To be quantified (but not monetised) through output and result indicators at the stage of the *ex post* evaluation.	Wider range of benefits stemming from the five POs, JTF and Interreg SOs

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Cost savings

Programme authorities: For the ERDF, there is an overall 20% cost reduction compared to the administrative costs estimated by the 2018 study relating to the 2014-2020 period. This figure is 8% in the case of Interreg. Until the end of 2024, this adds up to a cost saving of EUR 141 million for ERDF, and EUR 19 million for Interreg. No comparable data is available for the CF.

As shown in the description of the administrative costs, the workload is not spread evenly throughout the programming period. Therefore, these figures should be treated with caution and interpreted as rough estimates, with the estimates of cost reductions relating to the total costs incurred until the end of the implementation period (estimated to be EUR 590 million for the ERDF and EUR 74 million for Interreg) rather than until the MTE cut-off date.

Cost reductions were observed across almost all cost areas examined by the upcoming administrative cost and burden study. The few exceptions – i.e. where an increase was estimated, are:

- Preparation of programmes and programme amendments
- Certification of Expenditure Entered in the Accounts
- Management of Financial Instruments
- Community-Led Local Development

The assessment of simplification measures uses a Likert scale. Note that no simplification measure was assessed to have resulted in a cost increase. The methodology behind the scoring presented below is explained in Annex II and builds largely on stakeholder feedback. Where possible, the assessment is done specifically for the ERDF and the CF. In the case of simplified reimbursement models, the small sample size of respondents meant that the scoring could only reliable be performed for all CPR funds, i.e. covers responses for funds beyond the ERDF and CF.

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TABLE C. Simplification and burden reduction (savings already achieved)		
	Direct compliance cost savings from simplification measures introduced in the 2021-2027 period.	
	Assessment of simplification *Based on stakeholder feedback, net effect as a difference between cost saving and cost increase potential.* ***See Annex II description on categorisation.***	
Programme authorities **Total estimated cost savings for the ERDF[348] (until end 2024): EUR 141 million, and EUR 19 million for Interreg** *(see important caveats on these figures on the previous page)*		
No obligation to conduct an *ex ante* evaluation	Significant (3)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Simplified designation of authorities	Significant (2)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Shorter, better structured programmes	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Streamlined intervention logic	Moderate (1)	Note that these results do not provide any

[348] No information is available for multi-fund programmes, while JTF is a new fund.

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		indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
One strategic document per Member State to guide the negotiations	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
No specific rules and procedure for major projects - general management tasks and operations	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
No specific rules for revenue generating projects beyond State aid rules - general tasks and management	Significant (3)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
No specific rules for revenue generating projects beyond State aid rules - operations	Significant (3)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Simpler rules on management costs and fees	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Reducing the number of verifications	Significant (2)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They

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		indicate the extent to which stakeholders believe they reduce burden.
More flexible combination of grants with financial instruments	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Streamlined payment applications	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
More frequent reporting instead of annual reports	Significant (2)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Simplified review	Moderate (1)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
A more proportionate approach to audits (EPAs)	Significant (2)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
A more proportionate approach to audits for Interreg	Significant (2)	Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.

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Simplified reimbursement models		
Use of unit costs, lump sums, flat rate or a combination of those as set in accordance with Art 94.4 CPR (Delegated Acts prepared by COM)	Significant (3.3)	Because of the relatively small sample, the results relate to all CPR funds, not only the ERDF and CF. Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Use of unit costs, lump sums, flat rate or a combination of those as set in accordance with Art 94.2 CPR (SCOs set by MS as an integral part of programme)	Moderate (1.7)	Because of the relatively small sample, the results relate to all CPR funds, not only the ERDF and CF. Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Technical assistance may be reimbursed in proportion to progress in implementation, using a flat-rate.	Moderate (1.7)	Because of the relatively small sample, the results relate to all CPR funds, not only the ERDF and CF. Note that these results do not provide any indication on the magnitude of savings (i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.
Reimbursement to beneficiaries in accordance to Art 53.2 CPR (obligatory use of SCOs for smaller operations, i.e. operations where the total cost does not exceed EUR 200,000)	Moderate (1.7)	Because of the relatively small sample, the results relate to all CPR funds, not only the ERDF and CF. Note that these results do not provide any indication on the magnitude of savings

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		(i.e. actual reduction in workload). They indicate the extent to which stakeholders believe they reduce burden.

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ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT

The stakeholder consultation was based on a strategy that involved a public Call for Evidence (launched by the European Commission), conducting interviews, sending a targeted survey, a validation stakeholder seminar and a DG REGIO internal survey.

The table below presents a short description of the targeted stakeholder per each activity.

Table 9 - Overview of consultation strategy and methodology.

Activity	Stakeholder targeted	Timing, stakeholder engagement
Call for evidence	Individual citizens, Academic and research institutions, NGOs, Consumer and social organisations, Individual economic operators and representatives, Public authorities	11 September 2023 - 09 October 2023, 44 responses
Targeted survey	Managing authorities, central coordination bodies, intermediate bodies, monitoring committee members, social and economic partners other interest groups	15 April 2024 – 13 May 2024, 618 responses
Interviews	Managing authorities, central coordination bodies, intermediate bodies, audit authorities, cohesion policy experts, experts in urban issues, JTF vulnerable groups	February 2024 – September 2024 45 interviews were conducted
Seminar	Managing authorities, central coordination bodies, intermediate bodies.	In June a stakeholder seminar took place in Brussels with 46 participants present and 106 participants online.
DG REGIO internal survey	DG REGIO desk officers across all Member States teams.	July 2024, 30 respondents distributed across 26 Member States teams

Source: supporting study.

The following sections present a summary for each of the consultation activities. Annex 6.4 of the supporting study presents the full results.

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Call for Evidence

Introduction

The 'Call for Evidence'[349] supported the preparation of the European Regional Development Fund, Cohesion Fund and Just Transition Fund for 2021-2027 – mid-term evaluation. It was open for feedback from 11 September 2023 to 09 October 2023. The Commission received 44 responses, most of them on very specific aspects not directly linked to the evaluation criteria and questions. The low number of responses to this call for evidence confirms that the evaluation should mainly rely on the targeted surveys, interviews and the stakeholder seminar to gather meaningful information.

In general, responses give an interesting insight into some areas for improvement for the implementation of the ERDF, CF and JTF. The call for evidence presents some complementary feedback especially coming from (potential) beneficiaries and general interest groups, in addition to the view from public authorities who were targeted by the targeted survey conducted during this study.

Overview of respondents

A total of 44 responses was received. The largest number of contributions stems from France (14 responses), followed by Sweden (8) and Germany (4). Two replies come from Czechia, Italy and Spain and one from Estonia, Finland, Hungary, Netherlands. Eight answers were received from European-wide organisations or networks. Respondents from ten Member States provided responses.

The largest share of replies stems from the business sector represented by business associations and individual companies (14 replies). Public authorities provided the second-largest share of replies (13). Their scope is local (2 replies) and regional (11 replies) level. NGOs and environmental organisations provided eight replies, with six responses from national and European environmental NGOs, one from a Europe-wide network of municipalities and one from a European network of disabled people. Three replies come from EU citizens, while three responses stem from banks or financial sector organisations. Academic institutions and research institutes provided two replies, while one response stem from a welfare/social organisation.

Overview of feedback provided

Most of the responses submitted to the call for evidence came from the **business sector** (32%) with 9 replies coming from companies[350] and three from national[351] and two from European business associations[352]. Most business-related replies from France and the one from Finland ask for a better alignment of European cohesion policy and namely the three funds with the Net Zero Industry Act and the Critical Materials Regulation (CRM Act) recently adopted by the Commission, i.e. making funds available to the entire nuclear cycle. They "encourage the European Commission to review all investment fund rules to include nuclear where it is currently excluded. All technologies aligned with the European taxonomy should be eligible in all EU's

[349] See .
[350] Századvég Konjunktúrakutató Zrt, Snam, Groupe SNCF, Transdev Group, Electricité de France – EDF, Westinghouse, GazelEnergie, Orano, Teollisuuden Voima.
[351] Confcommercio, Deutscher Braunkohlen Industrie Verein eV, GIFEN, the French nuclear industry.
[352] NuclearEurope, European Geothermal Energy Council (EGEC).

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investment funds such as the Modernization Fund, the Innovation Fund, the Just Transition Fund, the InvestEU Fund, the ERDF, the CF etc."[353]

Some **sectoral business associations** ask for a better consideration and uptake of specific industrial sectors and technologies in cohesion policy (e.g. urban and regional transport, nuclear, hydrogen, geothermal energy). Some replies from the business sector suggest that the ERDF, especially the JTF is flexibly opened to large companies due to their pivotal role in the just transition in the relevant areas.

25% of responses came from **public authorities**. Of the 13 replies, eight come from Sweden, three from France, one from Spain and one from the Netherlands. Most replies refer to the regional[354] and four to the local level[355]. Several regional and local authorities from Sweden refer to the Kiruna declaration on the need of territorial adapted EU policies, adopted by the European Committee of the Regions, while specifically asking for better adjusted instruments and regulations for Europe's northern sparsely populated areas. Some regions and the local level responses refer to the need for a stronger involvement of the local level in programming and decision-making to make programmes more place-based, to aspects such as negative consequences of SCOs with additional (and often unclear ad disproportionate) requirements that put additional burden on intermediaries and beneficiaries, and the need for streamlining between different EU funding instruments.

Eight **NGO** (18% of all replies) provided feedback, with six responses from national and European environmental NGOs[356], one from a Europe-wide network of municipalities and regions[357], and one from a European network of disabled people[358.] Several replies refer to the request to review and update the CPR according to the Net Zero Industry Act and to take into account possible changes to the taxonomy regulation for the implementation of the JTF. This issue is strongly reinforced by French and French-based organisations, repeatedly stating that "nuclear is a strategic technology for Europe for various reasons including the fact that it is a decarbonised source of energy"[359]. A second topic mentioned by several NGOs is the need to improve, simplify and harmonise the DNSH principle implementation. Other replies from NGO refer to different specific aspects to be improved, e.g. the need to adjust the JTF to become more social, fair and just, selection criteria for projects to strengthen nature-based climate protection and local climate adaptation or strengthening the place-based approach of cohesion policy. The reply from ENIL refers to the use of ERDF and JTF funds to support long-stay residential institutions for people with disabilities and reminds that this is not in line with United Nations Convention on the Rights of Persons with Disabilities (CRPD).

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[353] GIFEN, the French nuclear industry.
[354] Region Västernorrland, Region Västerbotten, Region Norrbotten, Region of Jämtland Härjedalen, Region Västra Götaland, Region Stockholm, Conseil régional Ile de France, Région Nouvelle-Aquitaine, Région Auvergne Rhône Alpes.
[355] Gemeente Rotterdam, Kommunförbundet Jämtland Härjedalen, Norrbottens Kommuner, Diputación Barcelona.
[356] Eesti Roheline Liikumine/Estonian Green Movement, RePlanet, Voices of Nuclear, Bund für Umwelt und Naturschutz Deutschland e.V., weCare, CEE Bankwatch Network.
[357] Council of European Municipalities and Regions (CEMR).
[358] European Network on Independent Living (ENIL).
[359] weCare, Voices of Nuclear, NuclearEurope.

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Three replies came from **EU citizens**[360] and voiced criticism on topics outside the scope of the evaluation such as the need to better support strategic industries and reduce the cost of the creation of a company. Two refer to issues related to the programming at national or regional level, e.g. that there are wide differences between regional programmes and that some programmes do not take on board EU priorities.

Three responses stem from **banks or financial sector organisations**, on banking group from France[361], one sector association from Germany[362] and a Europe-wide association[363]. Two replies propose additional simplification measures to facilitate the use of financial instruments and the mobilisation of private co-financiers in order to promote simplicity and regulatory stability for the post-2027 CPR. Moreover, two replies propose a simplification and harmonisation of the DNSH principle.

Academic institutions and research institutes provided two replies. A French research institute[364] asks also for a better alignment of the three evaluted funds with the Net Zero Industry Act and the Critical Materials Regulation (CRM Act). A Czech University[365] asks for more synergies and better alignment of ERDF with other EU funding instruments already in the programming stage, e.g. using a common terminology (or dictionary with terminology and what it means in different programmes) and stable rules.

One response stem from a **welfare/social organisation**[366] criticising the national approach in Germany to address Objective 4 (a more social Europe) only within the ESF+ programmes and not under ERDF, as foreseen in the CPR. Taking into account that the ESF+ does not provide funding for investment measures in social infrastructure and considering that there is "considerable need for funding for investments in the energy efficiency of buildings", ERDF funding opportunities should also be made available in Germany.

Survey

Introduction

A survey was conducted between April and May 2024. It targeted ERDF, CF, JTF, and Interreg managing authorities, central coordination bodies and intermediate bodies, as well as monitoring committee members and other involved organisations at national and sub-national level in all European Member States and also in associated countries. The survey addressed national coordination bodies in all 27 Member States (sometimes more than one) and representatives of 297 cohesion policy Programmes, i.e. managing authorities and implementation bodies, as well as representatives of the corresponding monitoring committee Members, altogether a target group of approx. 2 500 potential survey respondents.

[360] From Spain, Czechia and France.
[361] Bpifrance.
[362] Association of German Public Banks, VÖB.
[363] European Association of Guarantee Institutions (AECM).
[364] Commissariat à l'énergie atomique et aux énergies alternatives (CEA).
[365] Masarykova Univerzita.
[366] Evangelische Kirche in Deutschland (EKD).

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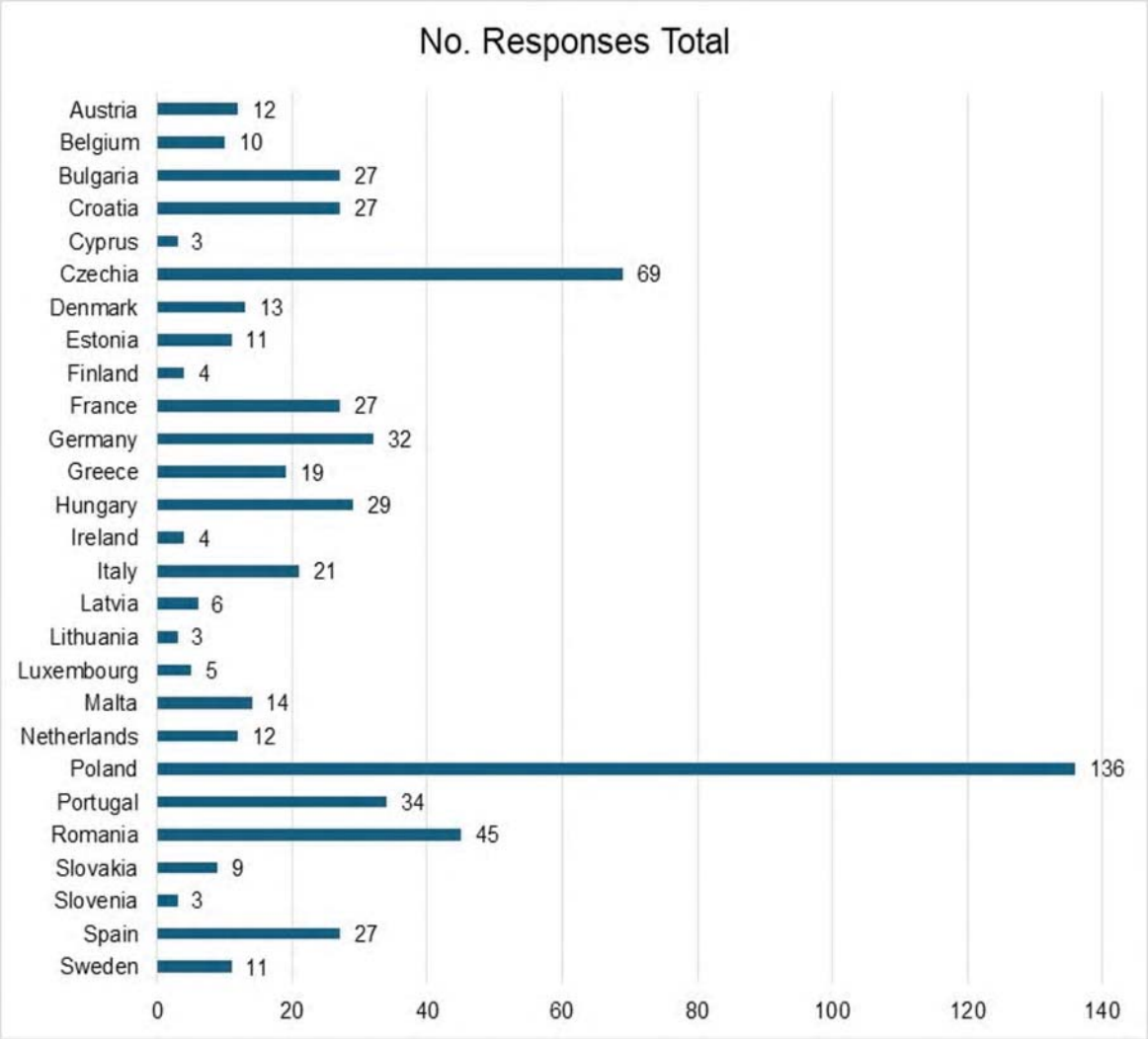
Overview of respondents

A total of 618 replies was recorded. This shows the high interest of the addresses into a thorough analysis of the mid-term implementation status of the ERDF, CF and JTF. Out of this, 2 answers were from European organisations (not from a specific country), 2 answers were from Switzerland and 1 from Norway (referring to Interreg programmes). Thus, from Member States came 613 replies. Most answers were received from Poland (136), followed by Czechia (69) and Romania (45). Less replies came from Cyprus, Lithuania and Slovenia (3 each).

Figure 18 – Survey respondents by MS



Source: supporting study.

All target groups are well represented. Most answers came from monitoring committee members (272 or 44%) (they are also the highest number among the target groups), followed by managing authorities (152 or 25%). 68 Implementation Bodies (11%) answered the survey, as well as 42 Coordination bodies (7%), as well as 84 respondents, classified as 'Other' (13%).

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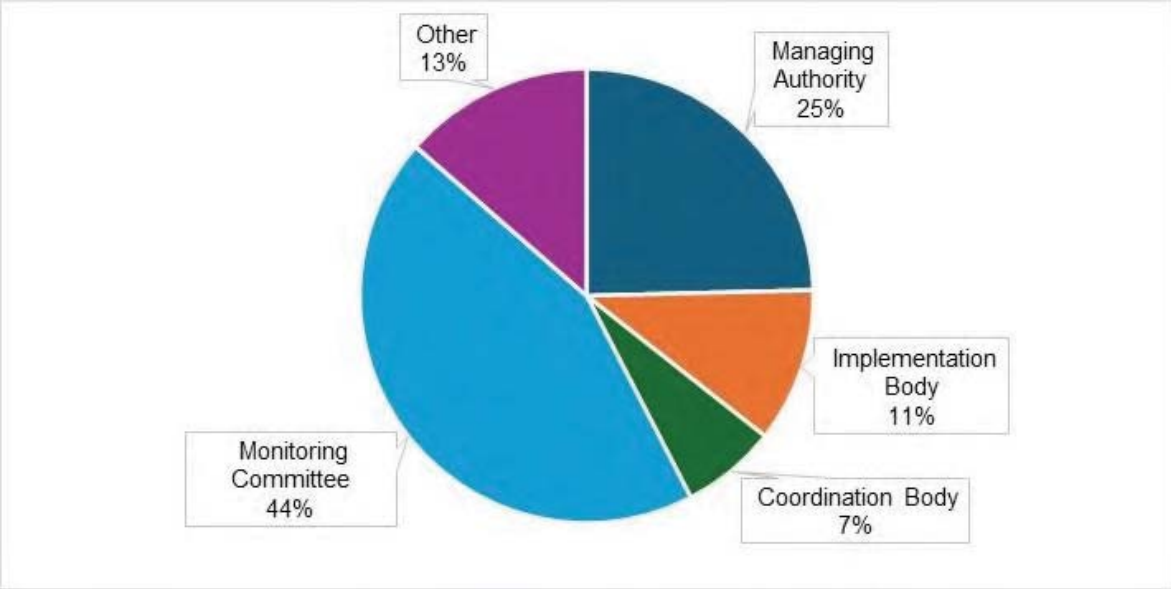
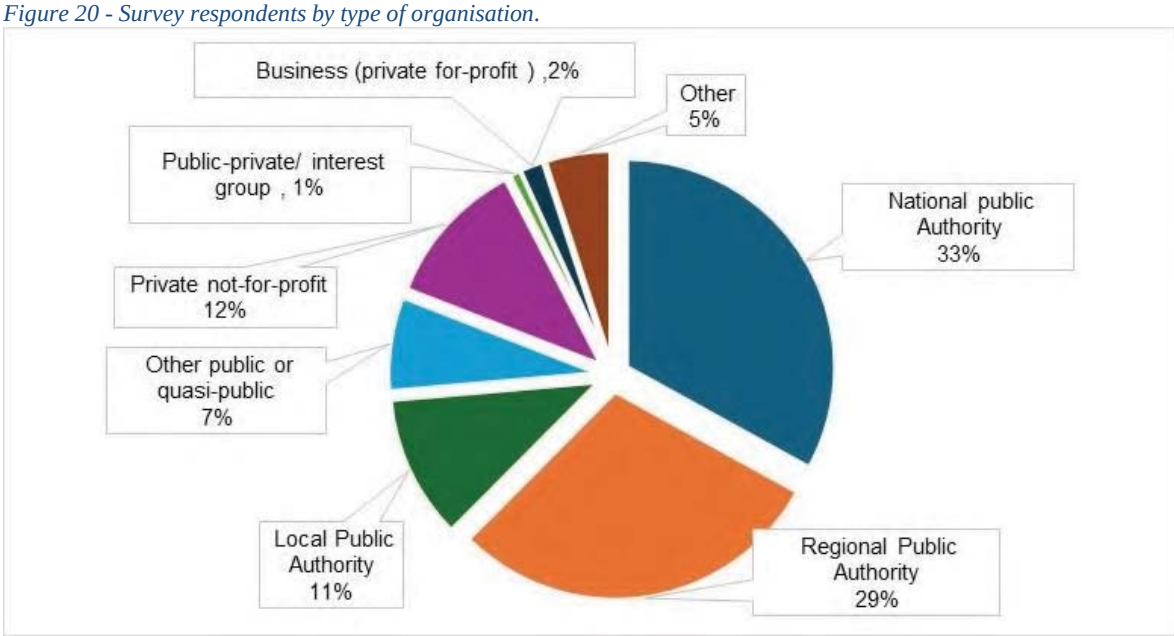
Figure 19 - Survey respondents by target group.



Source: supporting study.

By type of organisation, national (204 or 33%) and regional (182 or 29%) public authorities were the most represented groups. However, also many local public authorities (69, 11%) as well as other public organisations (69, 7%) participated in the survey, showing their interest and participation in EU cohesion policy. 71 respondents (12%) represented private, not for profit organisations. A minor share of respondents represented private for-profit interest groups (5 or 1%) or the business sector (11 or 2%). 31 respondents were from 'other' organisations than the afore mentioned (31 or 5%).

Figure 20 - Survey respondents by type of organisation.



Source: supporting study.

Overview of feedback provided

Overall, 15 questions were asked to the survey respondents. Most questions asked for a classification of opinions according to a Likert Scale from 1 (not at all helpful) to 5 (e.g.

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extremely helpful). Almost all questions offered also the opportunity to provide individual feedback on certain topics.

The results of the survey were analysed and systematically integrated into the analysis of the different Evaluation Questions. The detailed results are included in the Appendix to this Synopsis report.

Managing authorities, implementation bodies and **coordination bodies** were asked questions about efficiency, effectiveness, coherence, relevance and added value of ERDF, JTF and CF programmes.

Monitoring committee members were invited to answer questions about effectiveness, relevance and added value of EU cohesion policy in 2021-2027, in particular ERDF / CF/ JTF.

The feedback can be summarised as follows:

Delivery systems are considered as effective mechanisms to address territorial challenges. 46% of all survey respondents (61 of 134) graded the delivery systems for addressing specific territorial needs as somewhat effective, with 37% (49) rating them as very to extremely effective. 16% (22) rated them as not so effective and 1% (2) as not effective at all.

Different implementation bottlenecks and challenges were identified for the 2014-2020 period. Of those bottlenecks, some could be addressed by simplifications or other solutions, while still many of them are insufficiently addressed. Thus, important implementation challenges still persist in 2021-2027. Managing authorities (n=183) have identified the following as the most relevant programme implementation challenges: the delays in the programme approvals (68% of the responses), the delays in the implementation activities (63%), rules and procedures application (52%), the set-up their management framework (39%). Least challenges are to be seen in reporting to the EC (5%), the financial data monitoring system (14%) and the coordination with intermediate bodies (16%).

Respondents gave an insight into reasons for delays in programme implementation: these were mainly: the late adoption of the package of EU regulations and the late signature of partnership agreements. COVID-19 outbreak combined with the parallel measures going under RRF which caused additional and unforeseen workload for managing authorities and implementation bodies resulted in further delays.

The novelties introduced in the CPR as simplification measures for the 2021-2027 period are generally seen as helpful by the respondents.

The enabling conditions introduced have been helpful in the programme design and implementation. 58% (122 of 209) of the respondents to this question have perceived them as very or extremely helpful. Open responses indicate that enabling conditions provide a link between strategic frameworks and foreseen interventions within programmes. Nevertheless, there is significant overlap between the programming process and the requirements of enabling conditions criteria.

56% of responses (98 of 175) found the multi-level governance and partnership principle are both very to extremely effective in the programme design. 53% (88 of 175) of responses find them very to extremely successful in the programme implementation.

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Programme interventions complement relevant national / regional policies, when looking at the overall picture. Research and innovation seems to be very to fully complementary with national / regional policies according to 74% of responses (125 out of 169), followed by energy, SME and digitalisation policies. Rural development policy seems to be the least complementary policy.

Only about one third of responses says that the ERDF, CF and JTF programmes are addressing emergent challenges such as ageing or depopulation. Challenges that are less addressed in current programmes are, for example, migration, floodings, cybersecurity, shortage of skilled workers.

The vast majority of Monitoring committee members (278 out of 303, 92%) believes that the programme they are involved in is still relevant for the current needs in the territories of the programmes.

19% of respondents (39 out of 209) plan to make a modification in their programme as a consequence of the emerging challenges. Nevertheless, most of respondents, i.e. a 43% (89) is yet unsure. As regards the use of the forthcoming Strategic Technologies for Europe (STEP) legislation, a 29% (60 out of 210) of respondents plans to use them. Most of them, with a 45% (94) are uncertain.

The majority of responses (85%, 484 out of 568) finds that programmes address regional disparities related to the access to public services (education, health, transport, and digital services and infrastructure). Only 54 of 568 (10%) does not feel that programmes address them at all, while 30 (5%) indicated that there are no specific regional disparities with regard to public services.

79% of the responses (457 out of 579 who answered this question) find that the ERDF, CF and JTF have a high or very high added value. Looking closer at the characteristics of this added value, respondents see the added value in (multiple answers possible): additional financial resources to do more, as indicated by 75% of respondents (435 out of 578), focus on horizontal principles (e.g., sustainable development or gender equality) (53%), financial resources to tackle emerging challenges, (52%), financial resources to do things faster (47%), structured multiannual planning (43%), focus on local needs through a place-based approach (42%), application of the Partnership Principle as (32%), visibility of project outcomes (31%).

The majority of the respondents (66% out of 562) sees a high or extremely high added value of the ERDF, CF and JTF for the green transition. 60% see a high or very high added value of the three funds for the digital transition.

Interviews

Introduction

In the context of the mid-term evaluation study, 45 semi-structured were conducted with cohesion policy stakeholders in 23 Member States and at EU level. The interviews allowed to obtain qualitative feedback and detailed insights on several issues related to efficiency, effectiveness, relevance, coherence and added value.

Overview of respondents

In a first round of interviews (March-April 2024) 13 interviews were conducted with ERDF-CF-JTF and Interreg Managing Authorities. 25 representatives of Managing Authorities from 11 Member States (Austria, Greece, France, Croatia, Ireland, Italy, Latvia, Luxembourg, Sweden, Germany and Portugal) as well as one Interreg programme (Euro-MED) were interviewed. In a second round of interviews (May-June 2024) another 25 interviews were carried out with actors

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involved in the design and implementation of the ERDF, Interreg, CF and JTF programmes. The interviews covered 12 EU Member States, namely, Bulgaria, Czech Republic, Denmark, Estonia, Finland, Hungary, The Netherlands, Lithuania, Poland, Romania, Slovakia and Slovenia. Nine interviewees represented JTF stakeholders, six were national coordination bodies or managing authorities and ten were representatives of other organisations, participating as Monitoring committee Members in the implementation of cohesion policy programmes. In a third round seven experts on EU cohesion policy and specific areas such as JTF, urban issues and vulnerable groups (Roma) were interviewed to fill information gaps. The European Committee of the Regions rapporteur of the Fit for Future Platform Opinion on this mid-term evaluation was also interviewed.

Overview of feedback provided

Implementation bottlenecks and challenges faced during the 2014-2020 period have been addressed in the new funding period by significantly streamlining the 2021-2027 programmes. Efforts have been made to address past shortcomings such as insufficiently trained staff and fragmented administrative structures. In the current period, designated coordinators and streamlined administrative processes aim to enhance accountability and efficiency. Additionally, the various digital tools, such as e-signature, and improved information and monitoring systems seek to minimise critical issues encountered during previous periods. Nevertheless, challenges persist, such as the parallel implementation and planning of CP programmes 2014-2020, 2021-2027 and other instruments such as REACT-EU and RRF. In general, smaller countries report less implementation bottlenecks than larger and federal countries with different levels of governance and a higher number of regional programmes.

Several solutions address these challenges and improve implementation. Investments in staff knowledge and experience have been prioritised, with programme staff in the current period being notably more experienced than previously. Efforts are also made to improve the audit process. Comprehensive measures address State aid issues. Beneficiaries are being informed and advised on State aid rules to navigate project selection effectively.

Several challenges entail **delays in programme implementation**. Designing calls for projects took an extended period. Regulatory changes, particularly the transition to new programmes, and State aid issues, especially for the JTF, further impede progress. For example, JTF State aid issues are delaying investments, as, for example, the steel industry implies large and complex investments and aids, which lead to State aid issues. Delays in the approval of the 2021-2027 CPR and other fund Regulations and the introduction of the RRF exacerbate the situation. Additionally, issues such as unresolved audit issues from the previous period and an increased competition to fund (national sources, CP and RRF), especially climate-related initiatives, pose further challenges to timely implementation.

The **novelties** introduced in the CPR for 2021-2027 are seen positively by interviewees, though further adjustments are still needed for smoother implementation. While SCOs are seen generally as helpful by all interviewees, their implementation and use are seen as complex and also depending on other decision-making levels in the MS. Some interviewees point out that simplification at one end causes new and unanticipated administrative burden somewhere else. Also, ambiguous alignment with other regulations and requirements was mentioned. State aid regulations and guidelines and public procurement complexities remain, especially for SMEs and small organisations.

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Enabling conditions are perceived as helpful and necessary for compliance with EC directives and prioritising results, although their impact may vary depending on regional contexts and the programme focus. In general, the interviewees see them as essential for referencing and ensuring compliance with key public policies. At the same time certain aspects are deemed burdensome. Updates to national policies, such as National Energy and Climate Plans, can affect EU fund approvals, highlighting the interconnectedness of enabling conditions with broader policy.

Multi-level governance and the partnership principle are perceived as effective in programme design, facilitating collaboration, ensuring inclusivity and anchoring investments to local and regional needs. Despite some challenges, their contributions have been instrumental in the successful submission and implementation of programmes, highlighting their importance for the ERDF, CF and JTF. Partnerships foster trust and ensure that agreements are upheld, enhancing the effectiveness of investments. However, challenges exist, particularly in balancing multilevel governance processes with tight time horizons, as seen in JTF. The combination of formal committees (of which the monitoring committee is the most prominent), working groups and informal networks foster coordination among instruments/funds linked to policies, facilitating seamless collaboration and resource allocation across sectors and regions. MAs mention examples of thematic working groups or multi-fund committees, in addition to the formal monitoring committees and partnerships, one MA mentions a "*National Code of Conduct regarding Partnership for the European Funds related to cohesion policy (which was elaborated based on the European Code of Conduct on Partnership*)".

The design of programmes reflects a significant consideration of both national and regional policies. **Coherence** is ensured via the enabling conditions that facilitate synergies with national and regional policies, notably in island strategies and urban development plans. Coordination is evident in sectors such as education and health, where ministries incorporate regional needs into planning processes. Programme interventions are often closely intertwined with national programmes. However, new and ambitious requirements for JTF highlight the need for better coordination at both EU and national levels, for example, between departments in charge of EU funds, economic development, innovation, environmental development, energy and climate transition, social issues and employment.

Mechanisms ensure the **European Semester process** influences cohesion policy programmes by taking into account Country-Specific Recommendations (CSRs) and the challenges identified in National Reform Programmes (NRPs) during the programme design phase. In the 2021-2027 period, the process is more structured with Annex D of the European Semester report providing specific guidance for Cohesion fund investment. Several MAs mentions that CSRs and challenges identified in NRPs are embedded into the partnership agreement and programmes.

Cohesion policy, particularly through ERDF and JTF, largely adopts a **place-based approach** in most of the interviewed Member States. While PO 5 prioritises bottom-up approaches, other sectors integrate policies into regional contexts. ITIs aim to develop this approach further, albeit with challenges due to predefined typologies and indicators. The place-based approach in the EU-funded programmes provides significant added value compared to top-down or one-size-fits-all schemes. In Portugal, the approach is deemed essential, as it allows for tailored interventions that consider local and regional nuances, such as value chains and vocational education needs. In regions like Northern Sweden, with unique development needs due to sparse population, a place-based approach is seen as indispensable.

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The JTF stakeholders think that **place-based approach** adds significant value by facilitating stakeholder involvement and creating tailored plans based on local realities. This customization ensures relevance and effectiveness, as seen in Estonia's specific targeting of Ida-Viru County and the Netherlands' alignment with local transition challenges. However, the rigid regional boundaries and lack of flexibility can pose challenges. For instance, Estonia struggled to adapt national strategies to the NUTS3 level.

The interviewees underline the **added value of the ERDF, CF and JTF** in supporting long-term investment planning and fostering cooperation among regions. Participants acknowledge that without cohesion policy, national and regional governments would face significant challenges in pursuing cohesion and sectoral policy objectives. Many express concerns that without EU funding, investments would have been centralised in more developed areas, leaving less affluent regions behind. This sentiment is particularly strong for regions in Greece, Latvia, Portugal, Croatia, Northern Sweden, France and Italy where local resources are insufficient for development. Moreover, the three funds enable innovation and risk-taking, providing a framework for addressing critical issues such as the digital and green transitions. In some countries, the added value of the ERDF, CF and JTF to achieve green and digital transition goals is extremely high (e.g. Greece, Portugal). The consensus is that while the digital and green transition would still be supported to some extent without the ERDF, CF and JTF, its speed and scope would be significantly compromised. In terms of the green transition, EU funding provides substantial support that might be difficult to secure solely through national budgets. The same applies, albeit to a lesser extent, for the digital transition.

Most coordination bodies are of the opinion that the EU funding through the ERDF, CF, and JTF significantly **supports the twin digital and green transition**. These funds are often the only resources available for such large-scale projects, stimulating municipal actions constrained by local budgets. Overall, while EU funds are invaluable, a more tailored approach and continuous long-term support are needed to address regional needs effectively.

The JTF stakeholders believe the territorial plans significantly **contribute to the EU's 2030 energy and climate targets and a climate-neutral economy by addressing local challenges** with targeted budgets. The plans incorporate the DNSH principle, ensuring environmental preservation, and support green technology development. The JTF and associated territorial plans address key challenges. They align with national and regional strategies, effectively supporting industrial reconversion and preserving cultural identity. However, they fall short in covering critical human dimensions like housing, health, well-being, and urban mobility, essential for post-transition quality of life. These gaps are then filled by other funds.

Seminar

Introduction

In addition, a seminar took place at Novotel Brussels City Centre on June 12, 2024. The objectives of the seminar were to share the preliminary findings of the study with participants and, during the World Café session with programme authorities and experts, discuss challenges and issues experienced in the initial phase of programme implementation, lessons learnt and solutions.

In the first session (in hybrid mode), the study team provided an overview of the study methodology and tasks, the progress of activities and preliminary findings from document

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analysis, investment analysis and interviews, focusing on all policy objectives and all analysed funds (ERDF, CF, JTF, and Interreg). The presentation was followed by a Q&A session, during which participants engaged with the study team and Commission representatives. The last part of the session focused on in-person participants as a set-up for the following activities, i.e. the World Café sessions. Participants, including representatives from the Commission Interservice Group, were divided into four groups each of around ten representatives from various programme authorities and experts.

Overview of respondents

There were 46 participants on site from 17 Member States, and additional 106 people joining online. The seminar was partially held in a hybrid format.

Overview of feedback provided

To facilitate a fruitful exchange, the discussions were organised using the World Café format and divided into three 1-hour rounds of discussion. Each round focused on themes (key areas) covered by the study, which the four groups discussed simultaneously:

Round 1: Cluster 1 'Policies and Strategic Integration'

Almost all the topics were addressed during the discussion. In the first key area, Coherence with other funds, and the EU Semester, the main difficulty was aligning programme implementation with the original plan, as implementing synergies between funds was more challenging than expected. Among the solutions to this challenge, participants pointed out that guidelines from DG REGIO on demarcation could be useful and greater coordination between agencies could also have a positive impact.

For horizontal principles, a recurring issue was compliance with DNSH. To prevent this issue from becoming a significant time drain for programme authorities, it was suggested that topics/areas where DNSH is essential could be grouped and prioritised.

Participants remarked that a significant EU added value is the improvement of administrative capacity for officers working with EU funds, at regional and national level. Working with EU funds is perceived as a 'training ground' to improve expertise and skills, both administrative and content. This contributes to a more robust and efficient public administration in all Member States with a positive spillover for other work with regional and national funds.

Alignment of the EU regulatory framework on the twin transition emerged as a problem. A participant pointed out that DG REGIO and DG COMP approved different rules for State aid two years apart. This led to a delay in project implementation.

Round 2: Cluster 2 'Management and Administrative Capacity'

In the second cluster focused on 'Management and Administrative Capacity,' the first group highlighted that, for almost all key areas, a major challenge was administrative capacity. Solutions included increased education and training on new topics for programme authorities, as well as improved communication with beneficiaries. Even tools that should simplify, such as SCOs, are perceived as very time-consuming, which often overshadows their simplifying goal. Solutions were to develop different methodologies for the types of interventions related to SCOs and new networks between programme authorities to share and compare SCO practices and solutions. One group highlighted how often novelties have a complicated structure that contradicts the objective of simplification. This and related gold plating by both the EC and

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Member States in implementation mean simplification tools often do not appear as such to programme authorities. A number of challenges relate to strict audit procedures, which are even more complex for simplification measures.

Enabling conditions were discussed as an additional burden as they are not place based, thus even if not all conditions are equally relevant for all Member States and all programmes, they have to be met and documented regardless. This can negatively impact implementation.

Difficulties for early implementation were identified in the priority given to RRF. As similar authorities were tasked with implementing a multitude of funds, such prioritisation resulted in staff shortages. For smaller/local authorities this was particularly pronounced.

Together with the challenge of closing the previous programming period, a lack of administrative capacity and resources for authorities is apparent. The solutions refer to limiting staff turnover in small structures and greater support from the Commission regarding capacity exchange.

It was noted that RRF follows simpler rules for project implementation, and the regulatory framework is not as strict as for CPR funds. Some participants said that they are reprogramming their milestones. All agreed the CPR regulation should be approved much more in advance.

Concerning 'Administrative capacity', participants reiterated that outsourcing is not always the solution because consultants are aware of the new regulations but are not always able to fit them into the national or administrative context. Staff in programme authorities should be trained to develop skills and expertise, and it is pivotal to provide a platform to exchange expertise among EU programme authorities. The audit authority should be involved in such training and exchanges of experiences, so they are aware of the implementation difficulties, as well as potential solutions to face them.

Round 3: Cluster 3 'Territorial and Social Dimension'

Addressing territorial needs, depends highly on the capacity of local actors to implement specific territorial tools such as ITI. It worth noting that budgets allocated to Interreg – addressing cross-border needs – have decreased. A solution could be to promote a change in the calculation method to determine the financial contribution allowed to territories. Implementation of roadmaps to support local actors is also required. Beyond the demographic issues, a shortage of energy and raw materials is a growing challenge for some territories. The group pointed out the of State aid rules in traditional sectors (such as steel and coal) limit the scope of JTF.

There is a particular need for place-based policies that are more locally centred and constructed. Analyses of such regional potential is limited, and ambitious target setting is rare. One solution could be improved regional analyses, particularly Territorial Impact Assessment and other ESPON and EC analysis tools. Macroregional strategies were mentioned as a potential 'tool' to monitor the long-term impact of Interreg, as such strategies can bring together multiple programmes working in the same area.

Under the 'Social and health dimension', participants highlighted flexibility measures introduced to address difficulties from the COVID-19 crisis and described them as positive, as well as the STEP regulation.

For the JTF, addressing lack of capacity in regions which cannot make full use of JTF opportunities was identified. Potential overlaps with existing national funding were discussed by

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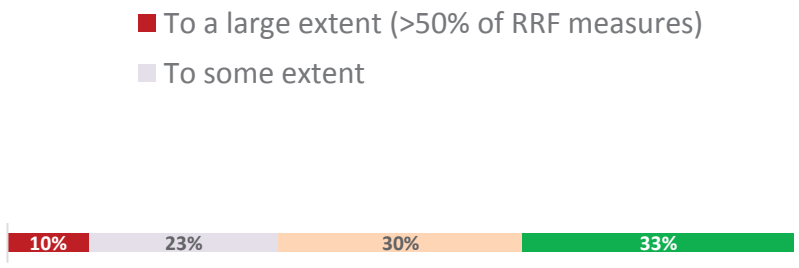
the participants. One solution was to develop special technical assistance for JTF regions focusing on synergies and demarcation between national and EU funding sources.

DG REGIO internal survey

The survey, conducted in July 2024, focused on DG REGIO geographical units and collected their experience with the RRF and their perceptions on its functioning. The survey covers 26 Member States through 30 responses. Only the questions directly relevant to the mid-term evaluation are presented in Annex VI.

One third of the answers suggest that there were substitution effects at least 'to some extent' between the RRF and cohesion policy. A further third (30%) only perceive such effects to have taken place to a limited extent, while 33% believe that no such substitution has taken place in the Member State they work with. Looking at the geographical distribution of perceived substitution effects, respondents who indicated that more than half of RRF measures were originally envisaged under cohesion policy are responsible for countries where – proportionally, i.e. as a share of GDP – the RRF financial envelope has been among the largest. Along the same logic, the smallest RRF financial envelopes (as a share of GDP) are in countries where respondents see limited or no substitution effects between the two instruments.

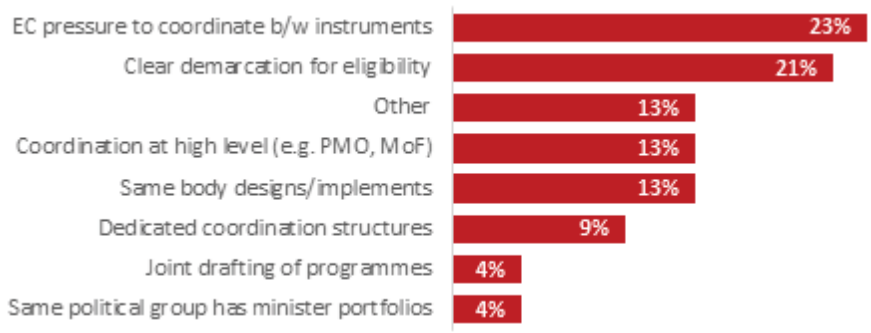
Figure 21 - To what extent have measures and projects planned initially under cohesion policy been moved to be financed under the RRF in the Member State you are responsible for?.



Source: European Commission.

The survey also shows that the most important implementation challenge perceived until the end of 2026, when the RRF will come to end, is the insufficient capacity of Member States to manage the implementation of both instruments in parallel. Applicant capacity to propose quality projects also features high on the list.

Figure 22 - Implementation challenges ahead for cohesion policy until 2026 (RRF wind-down date).



Source: European Commission.

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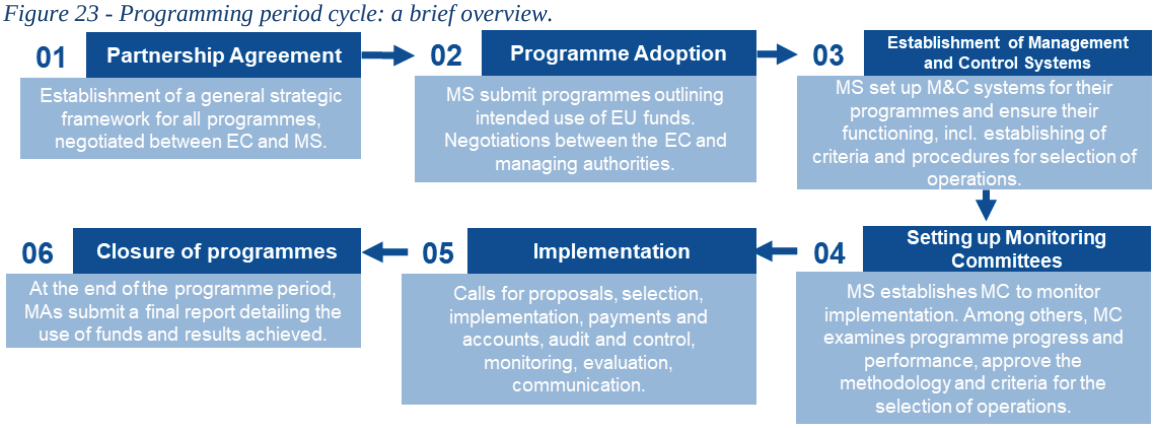
Allocation of resources under the three funds

Cohesion policy funds are allocated based on a methodology set by the 1999 Berlin council. The method is based mostly on regional GDP/capita, taken into account other indicators such as national GNI and population. Despite changes in its specific criteria, the basic method has remained consistent. In line with the Berlin method, the resources available through the three evaluated funds are distributed based on different eligibility keys. The ERDF allocations are determined by categorising regions according to their level of development. Of its total EU support of EUR 214 billion, over 72% is targeted towards less developed regions[367]. The JTF's budget of EUR 19.7 billion is geared towards supporting the regions most affected by the transition towards climate neutrality. The Cohesion Fund's EUR 37 billion is delivered through national programmes.

Programming and implementation (section 3.2)

The programming period of cohesion policy is a multi-phase cycle designed to ensure that resources are used effectively and in line with EU objectives. The figure below provides a schematic overview of these phases. Important to note however that, some stages are often running in parallel and are dependent on the specific arrangements within the Member States.

Figure 23 - Programming period cycle: a brief overview.



Source: European Commission.

After the approval of the 2021-2027 programmes, organisational work picked up in earnest. Each Member State must have in place a description of the management and control system[368] at the latest by the time of submission of the final payment application for the first accounting year[369]. Monitoring committees had to be established within the first three months[370]. Within six months, websites that contain information on programmes, covering the programme's objectives, activities, available funding opportunities and achievements had to be set up[371]. At the same time, first calls for project proposals were prepared by managing authorities. The managing authority

[367] GNI per capita below 75% of the EU average.
[368] Article 69(11) CPR.
[369] and no later than 30 June 2023.
[370] See Article 38 of the CPR.
[371] Article 49 of the CPR.

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must ensure the publication on the “programme” website, or on the single website portal, of a timetable of the planned calls for proposals.

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Overview of the empirical literature

Table 10 - Overview of the empirical literature.

	Main results	Implications for cohesion policy	Method	Data used
Albanese et al. (2023)	Weak or no effect of CP on various development dimensions at EU level. Positive effects when homogeneous regions (in terms of quality of government, human capital, …) are considered.	Take account of the heterogeneous initial level of development of regions and consider other development dimensions along with GDP.	Regression discontinuity design. Period covered: 2006-2015.	'EU payments – regionalised and modelled' dataset. Outcome variables: several economic, socio-demographic and environmental indicators (Eurostat).
Amendolagine et al. (2024)	Positive overall effect of CP, but clear differences between regions. Larger positive effects on medium-high tech industrialised regions.	Take account of global value chains and production networks in CP design.	Econometric model. Period covered: 2000-2018.	"EU payments regionalised and modelled" dataset. Output variable: GDP per head.
Antunes et al. (2020)	No significant impact of CP.	Take into account the complementarities between public and (not funded) private investment.	Econometric model. Period covered: 1995-2009.	Outcome variable: GDP per head.
Bachtrögler-Unger (2016)	Positive impact on regional growth, but decreasing marginal benefits. Institutional quality has a positive impact too.	Giving more funding to tackle crisis might not be effective, given decreasing marginal benefits of funding.	Regression discontinuity design. Period covered: mainly 2000-2013 (but also 1989-1999 for some estimates).	CP commitments (ESIF Open Data Portal, European Commission). Outcome variable: GDP per head (Cambridge Econometrics European Regional database).
Bachtrögler-Unger et al. (2020)	Positive effects on value added and employment of firms, especially in low-income regions. Limited effects on productivity.	Concentrate funding on the less developed regions.	Propensity-score matching and Difference in Differences. Period covered: 2007-2013.	Commitments/payments (European Commission and ORBIS). Outcome variables: GVA, employment, labour productivity.
Bachtrögler-Unger et al. (2023)	Higher amounts of EU funding are associated with increased economic activity at the municipal level.	Need to collect more data at the municipality and project level.	Econometric model. Period covered: 2007-2013.	CP commitments. Outcome variable: night light emissions as proxy for economic activity.
Becker et al. (2010)	Positive effects on GDP growth, but not on employment.	No policy implications drawn.	Regression discontinuity design. Period covered: 1989-2006.	Planned expenditure (though not fully clear). Outcome variables: GDP per head, employment (Cambridge Econometrics European Regional database).
Becker et al.	Positive effects on regional growth until	Reallocate funding from regions receiving	Generalised propensity score	CP payments (ESPON and SWECO

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(2012)	the threshold of 1.3% of initial GDP. Beyond this, no or very limited effect.	more than 1.3% of their initial GDP to regions below the threshold.	estimation. Period covered: 1994-2006.	database for EU Commission) (but not fully clear). Outcome variable: GDP per head (Cambridge Econometrics European Regional database).
Becker et al. (2013)	Positive effects on Objective 1 regions, but larger for those with larger endowments of human capital and better institutions.	Target Structural Funds more at increasing human capital and quality of government rather than infrastructure.	Regression discontinuity design. Period covered: 1989-2006.	Outcome variable: GDP per head (Cambridge Econometrics European Regional database)
Becker et al. (2017)	Positive effects on Objective 1 regions, but limited in time, especially when the Objective 1 status is lost.	Objective 1 status should be kept for longer periods and geared towards investments supporting long-term growth.	Regression discontinuity design. Period covered: 1989-2013.	Outcome variables: GDP per head, employment, GFCF/GDP, public sector GFCF/GDP (Eurostat Regional Statistics and Cambridge Econometrics European Regional database).
Bondonio (2016)	Positive effect on regional growth in the Objective 1/Convergence regions.	No policy implications drawn.	Propensity score matching and Generalised propensity score. Period covered: 1994-2013.	CP payments (European Commission). Outcome variable: GDP per head, employment and GFCF (Eurostat and Cambridge Econometrics European Regional database).
Butkus et al. (2020)	Too much concentration of funding on less developed regions is not efficient, since CP has diminishing marginal outcomes.	Target allocations on smaller territorial units to reduce disparities within regions. Reduce concentration of funding.	Difference in difference. Period covered: 2000-2013.	CP allocations. Outcome variables: GDP and labour productivity (Eurostat).
Cerqua & Pellegrini (2018)	Positive impact on regional growth, but marginal effects diminish as funding increases beyond a certain point.	Reallocate funding between regions, to increase effectiveness.	Regression discontinuity design. Period covered: 1994-2006.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP per head, GVA, employment, productivity (Eurostat and Cambridge Econometrics European Regional database).
Ciani & de Blasio (2015)	Little effect on employment, no effect on population and house prices to tackle the effects of the 2007-2009 crisis.	Adjust the targets and design of CP measures to increase their effectiveness.	Difference in Difference. Period covered:2007-2013.	CP payments (OpenCoesione website, Italy). Outcome variables: employment (IISTAT-Labour Force survey) and house prices.

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Crescenzi & Giua (2019)	Positive impact of CP on growth and employment, but effects concentrated in a few countries.	Nation based approach (adaptation to country needs) suggested to complement the place-based approach to counterbalance heterogeneous effects at country level.	Regression discontinuity design. Period covered: 2000-2014.	Not fully clear (seemingly Cambridge Econometrics European Regional database. European Commission data on payments). Outcome variables: GVA, employment in manufacturing.
Cristofoletti et al. (2023)	Hard investments produce effects only when they are combined with a suitable level of soft investments.	Working on the policy mix is more important than increasing expenditure.	Generalised propensity score matching. Period covered: 2007-2013.	Outcome variable: GDP per head (Eurostat and Cambridge Econometrics European Regional database).
Darvas et al. (2021)	More positive effects when projects have longer duration, more inter-regional focus, lower national co-financing, more national (as opposed to regional and local) management.	Allocate more funding to interregional projects. Reconcile locally-led projects with centralised management to ensure administrative capacity.	Econometric model. Period covered: 2003-2017.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP per head.
Destefanis & Di Giacinto (2023)	Positive and significant effects, both in the short and long run, in less developed regions. Positive effects of spillovers.	Downsizing of EU CP could harm economic growth, especially in less developed regions.	Econometric model. Period covered: 1990-2016.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP per head.
Di Caro & Fratesi (2021)	Effects vary significantly across EU regions, according to level of national development, quality of regional institutions and regional human capital endowment.	Regions where the policy has been ineffective should be the main target of CP in the future, but the measures should mostly target governance.	Heterogeneous coefficient approach. Period covered: 1990-2015.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP. (Cambridge Econometrics European Regional database)
Ferrara et al. (2017)	Positive impact on RTDI and transport, but results more robust for the former.	No policy implications drawn.	Regression discontinuity design. Period covered: 1999-2012.	CP certified expenditure. Outcome variables: patent applications and road accessibility.
Fidrmuc et al. (2019)	CP boost regional growth and institutional quality has a positive impact. Most of the impact of CP takes place in nearby regions rather than in recipient regions.	Institutional reforms are necessary to boost growth performance.	2 stages least squares econometric model. Period covered: 1994-2013.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP per head.
Filippetti & Reggi (2012)	Negative impact on GDP growth overall, but positive impact for high levels of regional quality of government and decentralisation.	Strengthen capacity building measures, as quality of regional government ensures the effectiveness of funding.	Econometric model. Period covered: 2000-2008.	CP commitments (European Commission). Outcome variable: GDP per head.
Fratesi & Perucca	Complementary relationship between	Regional policy should invest in assets	Regression model à la Barro.	CP commitments.

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(2018)	hard and soft assets present in territorial capital and regional policy	complementary to those present in a region	Period covered: 2000-2012.	Outcome variable: GDP.
Gagliardi & Percoco (2016)	Positive effects in lagging areas, driven by the performance of rural areas close to the main urban agglomerates.	CP needs to focus more on the geography of development within each region.	Regression discontinuity design. Period covered: 2000-2006.	Outcome variable: GDP.
Maucorps et al. (2020)	Cohesion policy (CP) alleviates structural weaknesses that limit efficiency of investments for catch-up. But inadequate allocation of CP funding: mismatch between CP recipients (country) and CP needs (region).	CP would be more effective if funding were to be exclusively allocated at the regional level, given the region's lack of structural capacity.	Structural equation model. Period covered: 2008-2016.	'EU payments – regionalised and modelled' dataset. Outcome variable: GDP per head.
Pellegrini et al. (2013)	Positive impact on economic growth of Objective 1 regions.	No policy implications drawn.	Regression discontinuity design. Period covered: 1994-2006.	CP certified expenditure (European Commission). Outcome variable: GDP per head.
Percoco (2016)	Positive effects especially in regions with a below-mean level of services.	Higher growth rates can be obtained by promoting the service sector in its early stages, i.e., when the potential for productivity growth is higher.	Regression discontinuity design. Period covered: 2000-2006.	CP payments Outcome variable: GDP per head.
Rodriguez-Pose & Garcilazo (2013)	Positive effects, but above a threshold of expenditure, quality of government is the decisive factor affecting economic growth.	Shift CP focus to soft infrastructure and conditionalities linked to quality of government.	Econometric model. Period covered: 1996-2007.	CP payments. Outcome variable: GDP per head.
Védrine & Le Gallo (2021)	Positive effects on regional disparities in EU-15 countries but no effect on overall growth. Positive effect on growth in EU-10 countries, but negative impact on regional disparities.	Take inequalities into account when defining the objectives of CP funding.	Econometric model. Period covered: 2000-2014.	'EU payments – regionalised and modelled' dataset. Outcome variables: regional disparities and GDP (Cambridge Econometrics European Regional database).
Wostner & Šlander (2009)	CP has effects in terms of additional public structural expenditure.	Successful management of public funds is needed to ensure effectiveness of additional expenditure.	Econometric panel model. Period covered: 1990-2006.	CP Payments Outcome variable: structural expenditure (Eurostat).

Source: European Commission based on 'Work package 1: Synthesis' supporting the ex post evaluation of the ERDF and CF 2014-2020 (forthcoming).

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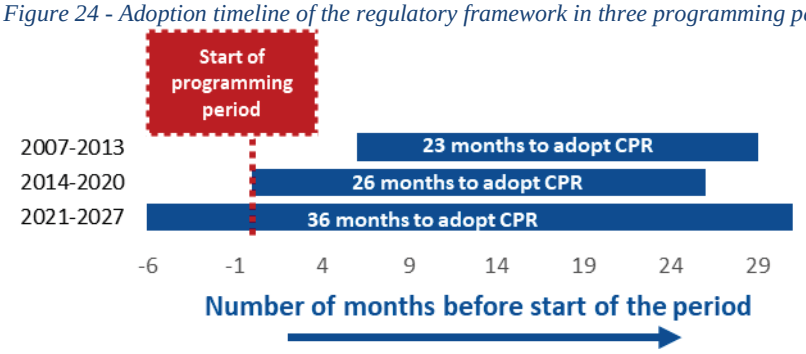
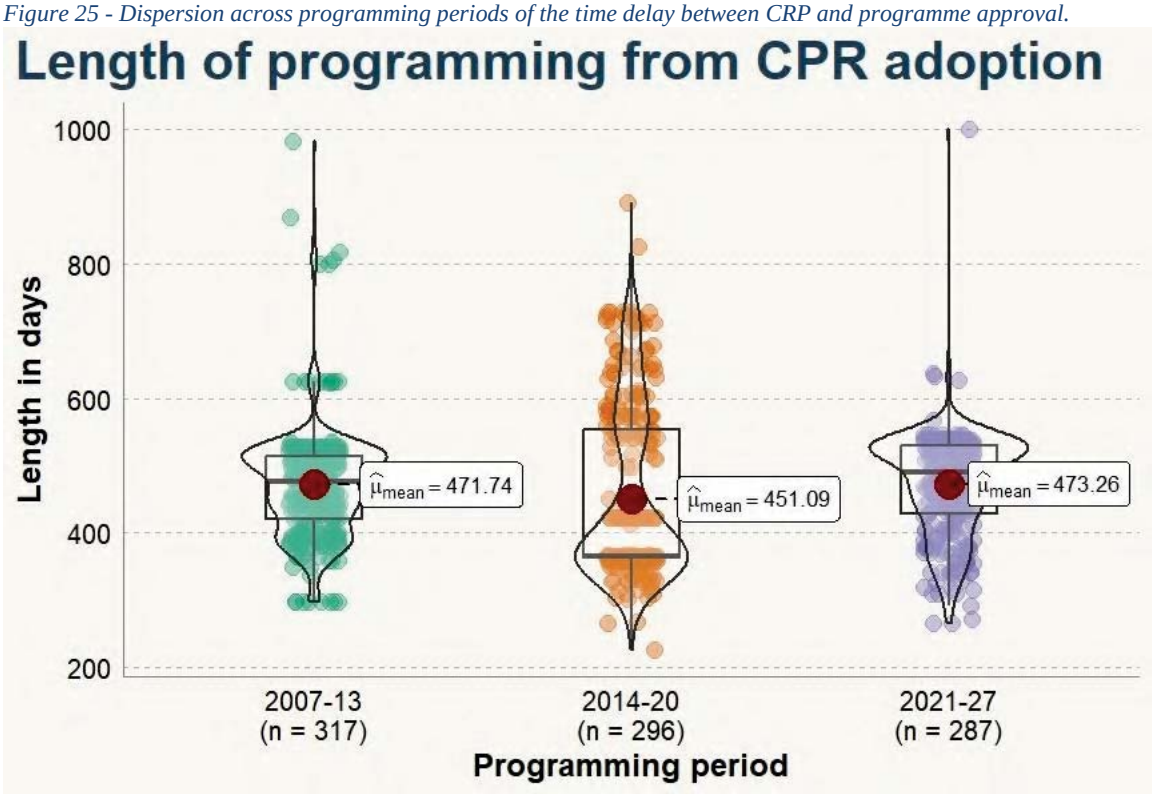
Analysis of timelines (Section 3.2)

Figure 24 - Adoption timeline of the regulatory framework in three programming periods.



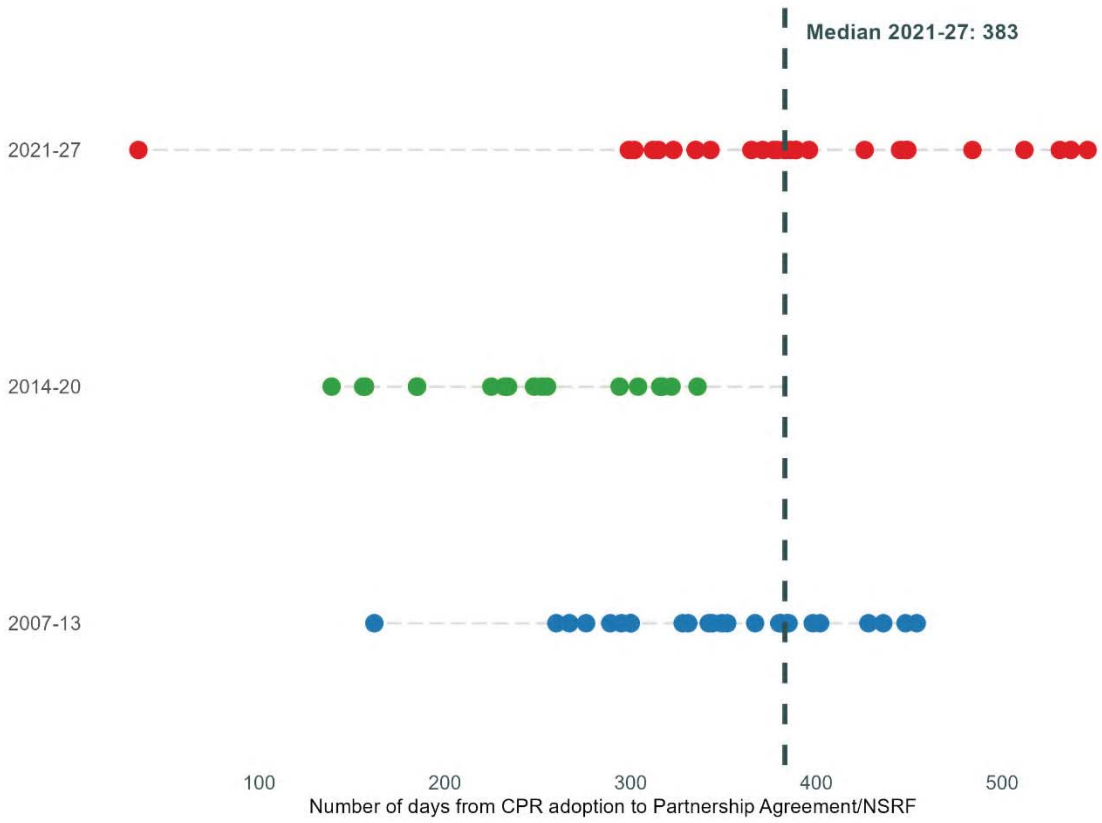
Source: European Commission.

Figure 25 - Dispersion across programming periods of the time delay between CRP and programme approval.



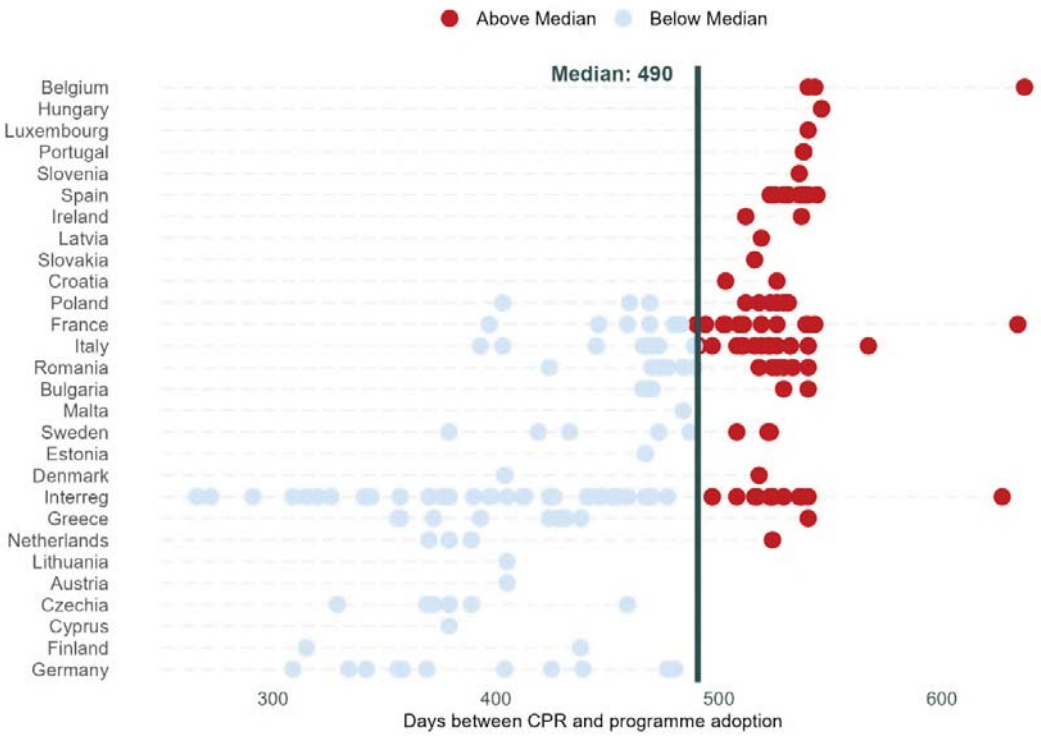
Source: European Commission.

Figure 26 - Length of approval of PA/NSRF from CPR adoption across three periods, in days.



Source: European Commission.

Figure 27 - Length of approval of programmes from CPR adoption in 2021-2027, in number of days.



Source: European Commission.

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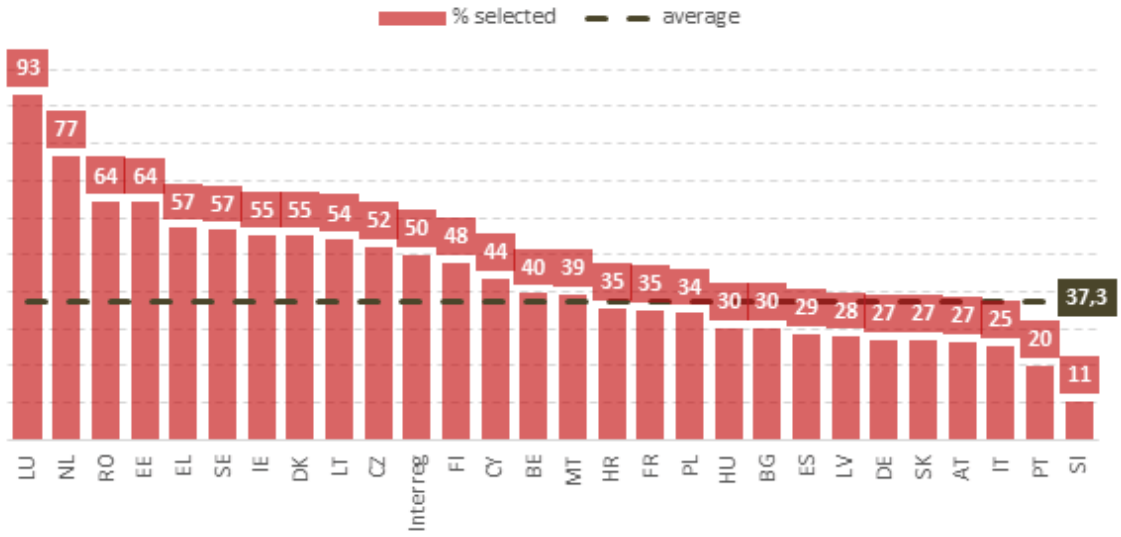
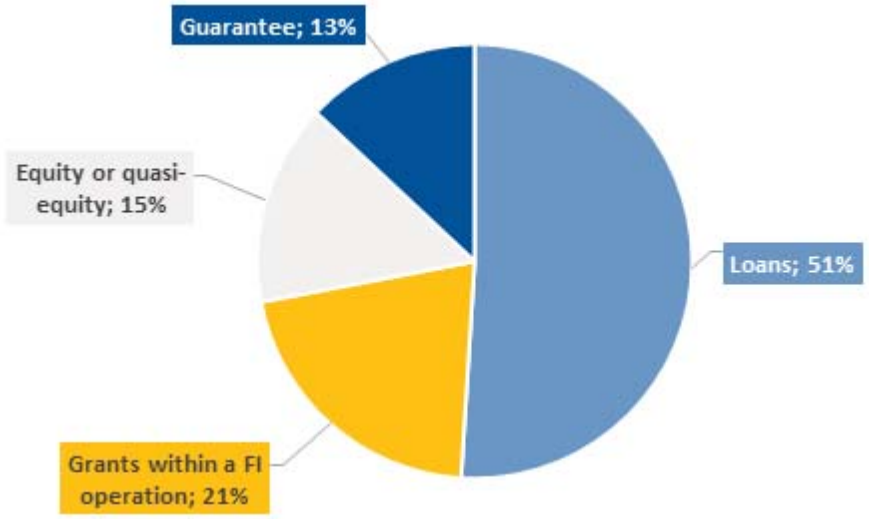
Financial progress (Section 3.3)

Figure 28 – Project selection rate per MS (ERDF, CF and JTF).



Source: European Commission

Figure 29 - Types of financial instruments in the ERDF, CF and JTF 2021-2027 (percentages).



Source: European Commission.

Territoriality – tools and instruments (section 4.1)

- **Design of the intervention logic**: Partnership agreements provide the basis to build the intervention logic of programmes. Analysing regional challenges are solicited by the CPR as compulsory elements to define development needs for each MS. Partners contribute to the socio-economic analyses that inform programme design, ensuring that local needs are considered.

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- **Place-based design and implementation**: Interventions take into account unique sub-regional challenges and opportunities, and the specific context (urban, rural, peripheral etc.).
- **Sustainable Urban Development** : Minimum share of the ERDF allocation (5% in 2024-2020, 8% in 2021-2027) needs to be allocated to support sustainable urban development through territorial strategies that set out integrated actions in urban areas, with special attention to tackling environmental and climate challenges, notably the transition towards a climate-neutral economy by 2050, to harnessing the potential of digital technologies for innovation purposes, and to support the development of functional urban areas (Art. 11 of ERDF / CF) . Urban authorities have to be involved at least in the selection of operations.
- **Policy objective 5**: PO5 focuses on fostering a Europe closer to its citizens and is wholly based on integrated territorial development strategies. It promotes place-based approaches that respond to the specific needs of territories and thus strengthens the concept of territoriality. PO5 is closely linked to multilevel governance by encouraging collaboration among EU institutions, national and regional authorities, and local actors. By empowering sub-national authorities it aligns with the principles of subsidiarity.
- **Macro-regional strategies**: These strategies for large territories (e.g. Danube, Alpine, Baltic regions) coordinate efforts across regions and MS.
- **Territorial cooperation**: Regions, including cross-border regions, are encouraged to collaborate on projects that address shared issues.
- **Integrated Territorial investment** (ITIs): The ITI is a programming tool for integrated territorial development to link at least two programme priorities, and possibly multiple policy objectives, programmes, or funds. All ITI interventions must respect the minimum requirements, be based on territorial strategies, and governance arrangements to involve the relevant territorial authorities or bodies in the selection of operations supported from the programmes.
- **Community-lead local development (CLLD)**: CLLD is a joint participatory local development method, with the following principles defined in the CPR: bottom-up approach, area-based local development strategies, partnership, social innovation, an integrated and multi-sectoral approach, networking and cooperation. The method supports involvement of local communities in decision on EU funds spending.
- **Other territorial tools (OTT):** OTT is another programming tool that allow to combine funding from multiple programme priorities, policy objectives, funds, or even programmes. It is underlined by the territorial strategies and allows to leverage integrated approaches developed by Member States. OTT can be used as one multi-thematic PO5 priority.

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Concentration and mainstreaming

Table 11 - Fulfilment of thematic concentration requirements

MS	Level of requirement	Min Requirement PO1 (%)	PO1 (%)	Min Requirement PO2 (%)	PO2 (%)	Min Requirement PO1 and PO2 (%)	PO1 and PO2 (%)
AT	National	0%	0%	30%	30%	85%	89%
BE	LDR	25%	49%	30%	35%	0%	0%
BE	MDR	0%	0%	30%	38%	85%	92%
BE	TR	40%	51%	30%	35%	0%	0%
BG	National	25%	29%	30%	30%	0%	0%
CY	National	25%	33%	30%	57%	0%	0%
CZ	LDR	25%	25%	30%	30%	0%	0%
CZ	MDR	0%	0%	30%	30%	85%	85%
CZ	TR	40%	40%	30%	30%	0%	0%
DE	National	0%	0%	30%	33%	85%	89%
DK	MDR	0%	0%	30%	30%	85%	85%
DK	TR	40%	55%	30%	30%	0%	0%
EE	National	40%	43%	30%	30%	0%	0%
ES	MDR	0%	0%	30%	38%	85%	87%
ES	TR	40%	41%	30%	38%	0%	0%
ES	LDR	25%	31%	30%	40%	0%	0%
FI	National	0%	0%	30%	30%	85%	100%
FR	MDR	0%	0%	30%	36%	85%	87%
FR	TR	40%	43%	30%	34%	0%	0%
FR	LDR	25%	32%	30%	37%	0%	0%
EL	National	25%	38%	30%	32%	0%	0%
HR	National	25%	33%	30%	31%	0%	0%
HU	National	25%	33%	30%	32%	0%	0%
IE	MDR	0%	0%	30%	32%	85%	86%
IE	TR	40%	53%	30%	32%	0%	0%
IT	LDR	25%	39%	30%	31%	0%	0%
IT	MDR	0%	0%	30%	33%	85%	86%
IT	TR	40%	45%	30%	34%	0%	0%
LT	National	25%	26%	30%	30%	0%	0%
LU	National	0%	0%	30%	32%	85%	100%
LV	National	25%	32%	30%	32%	0%	0%

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MT	National	25%	25%	30%	41%	0%	0%
NL	National	0%	0%	30%	30%	85%	94%
PL	National	25%	27%	30%	31%	0%	0%
PT	National	40%	47%	30%	30%	0%	0%
PT	National	25%	37%	30%	31%	0%	0%
RO	National	25%	26%	30%	34%	0%	0%
SE	National	0%	0%	30%	30%	85%	100%
SI	LDR	25%	41%	30%	31%	0%	0%
SI	MDR	0%	0%	30%	28%	85%	92%
SK	LDR	25%	25%	30%	37%	0%	0%
SK	MDR	0%	0%	30%	50%	85%	85%

Table 12 - Contribution to mainstreamed priorities, percentage of total allocations[372]

Fund	Climate allocation, %	Environmental allocation, %	Biodiversity allocation, %	Clear air allocation, %	Digital allocation, %
ERDF	33%	27%	5%	17%	13%
CF	57%	46%	8%	30%	13%
Interreg Funds	24%	33%	4%	11%	6%
JTF	99%	22%	12%	12%	2%
Grand Total	40%	29%	6%	18%	12%

Table 13 - Contribution to gender equality: planned amounts (allocations)

Fund	Gender targeting	Gender mainstreaming	Total
ERDF	1,550,366,201	18,527,163,061	20,077,529,263
JTF	27,813,363	4,714,865,306	4,742,678,669

Gender-related expenditure categorisation distinguishes between:

1) *Gender targeting for actions making a targeted positive contribution to gender equality – Interventions whose principal objective is to contribute to gender equality; improving gender equality is the main objective of the intervention, without it the action would probably not exist.*
2) *Gender mainstreaming for actions making a positive contribution to gender equality through mainstreaming – Interventions having gender equality as an important and*

[372] The regulatory framework of the funds includes a commitment to support climate action with a target of investing at least 30% of the total ERDF and 37% of the Cohesion Fund resources in climate action.

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deliberate objective but not as the main reason for the intervention; gender equality is directly or indirectly improved as a side effect of the core actions.

3) *Gender neutral for actions that are gender neutral – interventions that do not target or contribute to gender equality.*

Table 14 - Achievement of the 8% sustainable urban development requirement under the ERDF

MS	% allocated to SUD
AT	9%
BE	18%
BG	8%
CY	16%
CZ	12%
DE	9%
DK	8%
EE	8%
EL	9%
ES	8%
FI	8%
FR	11%
HR	13%
HU	9%
IE	15%
IT	10%
LT	16%
LU	12%
LV	10%
MT	8%
NL	9%
PL	11%
PT	25%
RO	17%
SE	8%
SI	8%
SK	11%
Total	12%

Simplification (section 4.2)

The figures below are based on the REGIO study titled 'Study on administrative costs and burden in the use of CPR funds'.

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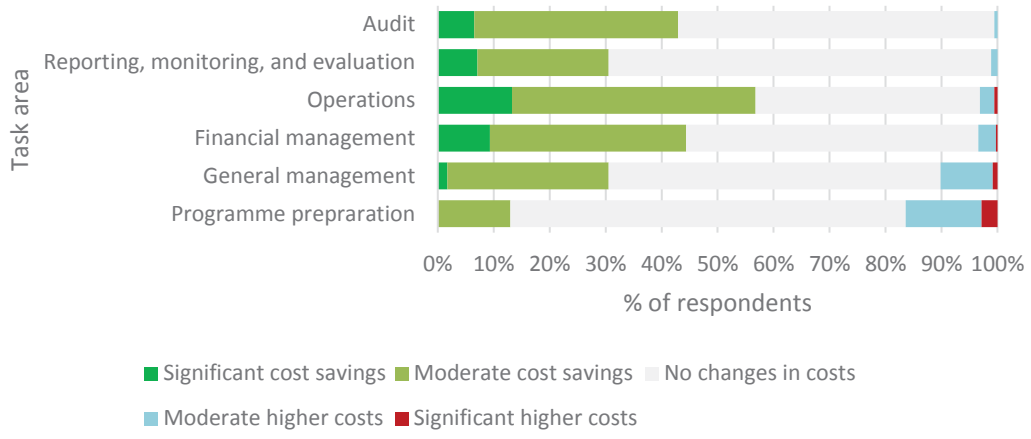
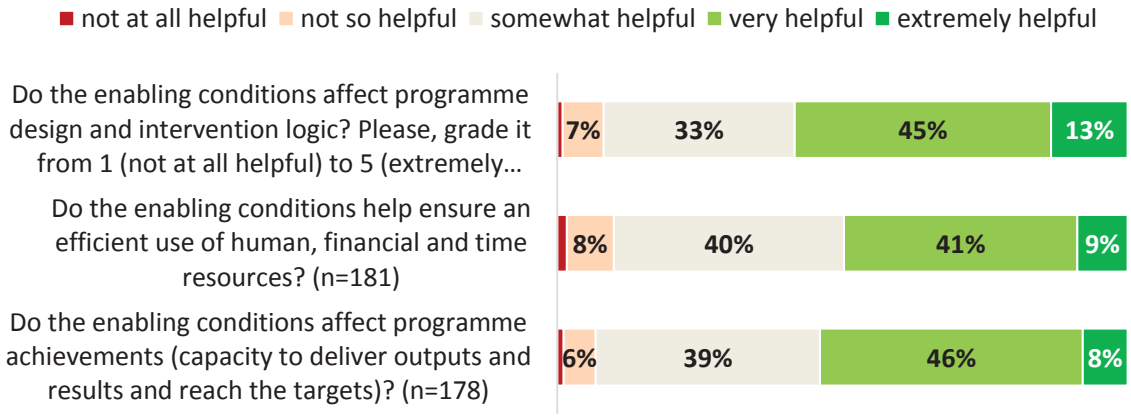
Figure 30 - Perception of cost savings per tasks resulting from simplified reimbursement models in the 2021-2027 period.



Source: Study on administrative costs and burden in the use of CPR funds (forthcoming).

Figure 31 - Enabling conditions.



Source: European Commission based on supporting study survey.

EU added value (Section 4.4)

The first example, climate, is a global public good. By extension, the **fight against climate change** is an effort best coordinated at the European rather than the national level[373]. In line with the European Green Deal, the planned investments under the ERDF, CF and JTF contributing to climate action reach EUR 114 billion. EUR 14 billion is earmarked for climate adaptation and prevention and management of climate related risks, while the JTF's EUR 19.2 billion supports the regions most affected by the negative impacts of the climate transition (see effectiveness and

[373] Begg et al. (2023); Buti et al. (2023); Fuest and Pisani-Ferry (2019).

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relevance for more details). 66% of surveyed stakeholders find a high / extremely high added value of these funds in supporting climate objectives[374].

The extent to which **digital transition** can be considered an EPG – or even a public good per se – is still questioned[375]. Policy research puts digital sovereignty among the list of EPGs that the EU budget should prioritise[376]. As major contributors to the Digital Decade policy programme 2030, the evaluated funds have earmarked EUR 33.5 billion for supporting the digital transition. This includes areas such as digital skills, secure and sustainable digital infrastructure, digital transformation of businesses and digitalisation of public services. The supporting study found that 60% of surveyed stakeholders see a high / extremely high added value of the evaluated funds for the digital transition[377].

Support to enhancing **cross-border cooperation** inevitably carries a European dimension. The 9th Cohesion report emphasized the added value of European Territorial Cooperation (Interreg), as better cooperation leads to more balanced territorial development. Cooperation is the *raison d'être* of Interreg; support to enhancing inter-regional and cross-border cooperation is critical for developing cohesive regional and cross-border strategies, building trust, and designing solutions for common challenges, with the goal of a more integrated Europe. For the 2021-2027 period, there is a significant EU allocation of EUR 10.7 billion for Interreg programmes, supporting a wide range of policy areas including competitiveness, innovation and social inclusion.

Trans-European infrastructure is a clear case of an EPG as it provides physical connectivity within the Union and to the outside world. Furthermore, it enables the free movement of goods and people, and caters to cross-border transport and energy needs, as well as to demand for regional and local mobility. In 2021-2027, close to EUR 40.2 billion of EU funding are allocated to PO 3 "More connected Europe", which contributes to the development of the Trans-European Network Transport (TEN-T). The TEN-T is the backbone of the EU transport system, with its dual-layer structure (i.e. core and comprehensive and networks). In 2021-2027, investments from the ERDF and CF aim to contribute to the construction or modernisation of 2 260 km of TEN-T roads, and of 3 905 km of TEN-T rail. As there are no explicit intervention field associated with TEN-E, dedicated allocations cannot be estimated. There is, however, an indicator that captures the contribution of the three funds to trans-European energy infrastructure, which can be considered by the assessment in the *ex post* evaluation of the 2021-2027 period.

Last, but not least European **defence** cooperation is also designated as an EPG[378]. The evaluated funds contribute especially to dual-use projects, in an area that covers a broad range of activities, including technology, facilities, infrastructure, training, internationalisation and exports[379].

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[374] N=572. Coordination bodies were the most positive (79%), while respondents from monitoring committees were more moderately so (61%).
[375] Wyplosz (2024).
[376] Fuest and Pisani-Ferry (2019); Buti et al. (2023); and Ubide (2023).
[377] N=569. Coordinating bodies and MAs were overall more positive than respondents from monitoring committees.
[378] Begg et al. (2023); Buti et al. (2023); Fuest and Pisani-Ferry (2019).
[379] As there are no dedicated intervention fields to defence, the contribution of funds to this sector can only be estimated *ex post*.

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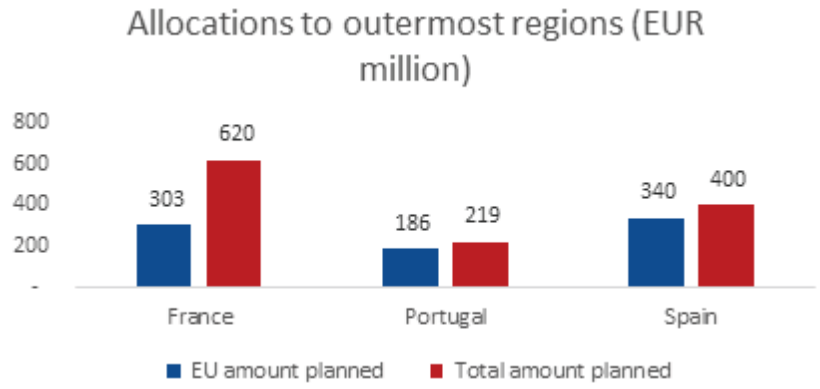
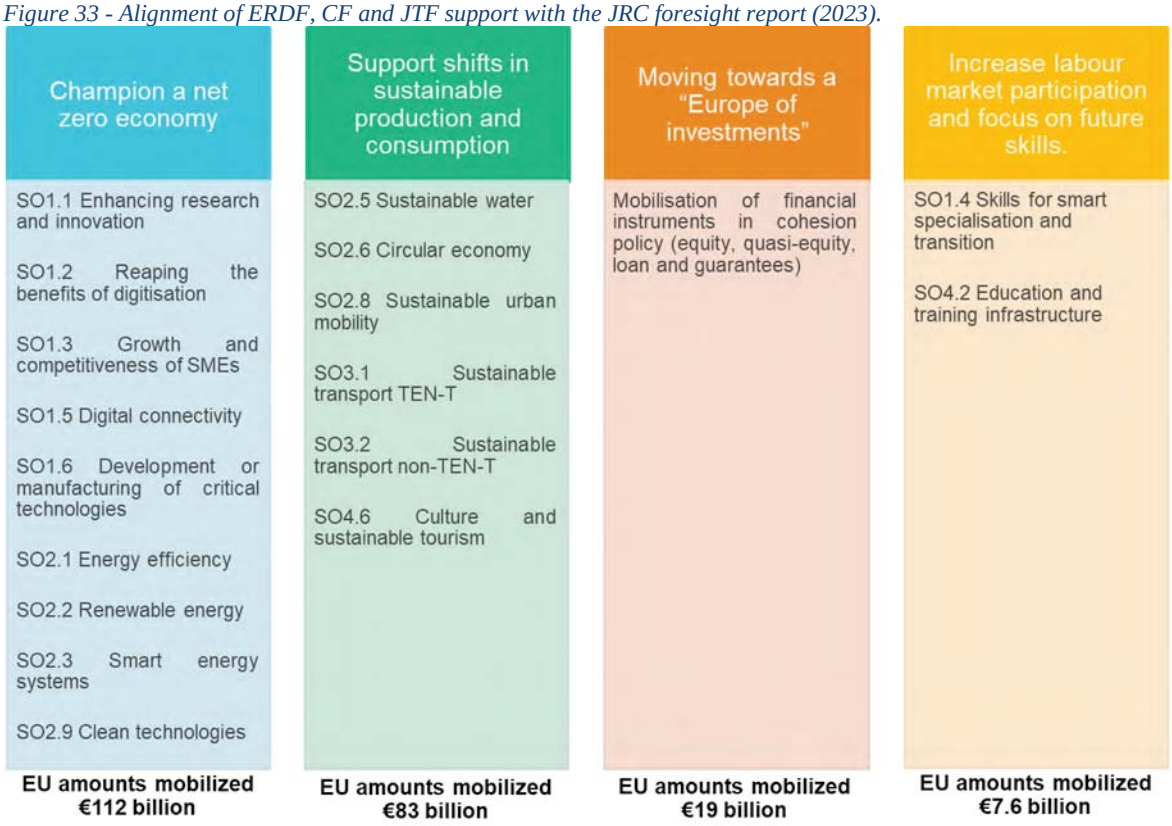
Relevance (Section 4.5)

Figure 32 - Allocation to outermost regions.



Source: European Commission supporting study.

Figure 33 - Alignment of ERDF, CF and JTF support with the JRC foresight report (2023).



Source: European Commission.

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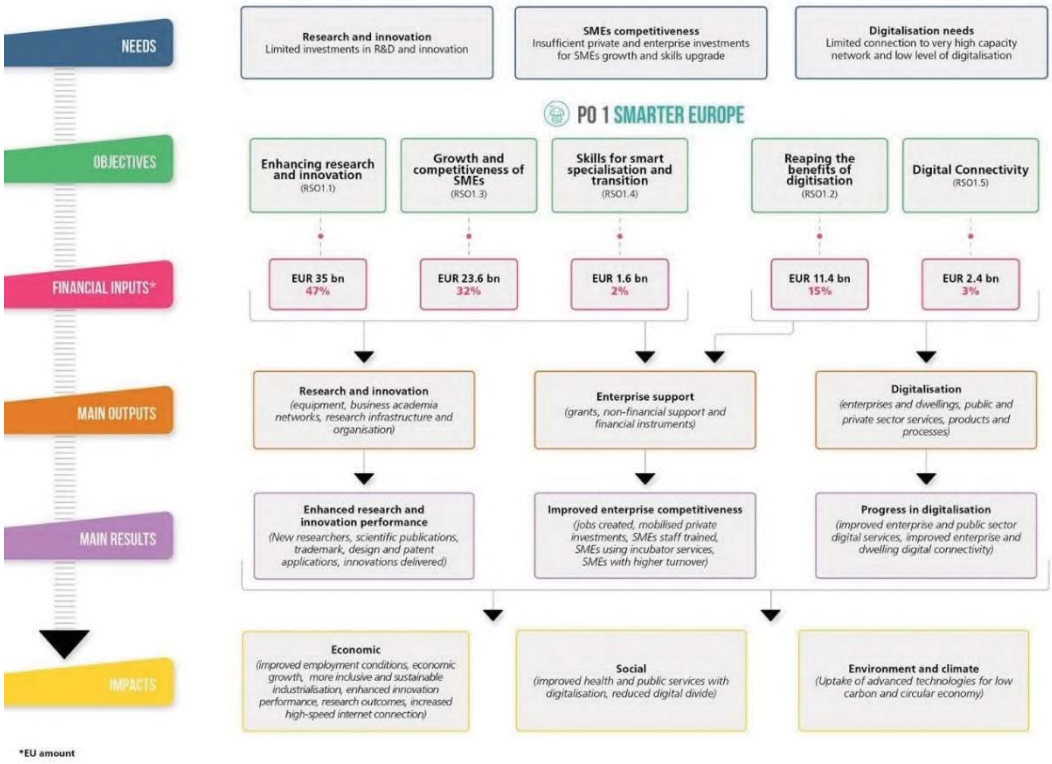
PO1 – Smarter Europe

The following infographic and short description summarise the main components of the PO 1 intervention logic. A more detailed analysis is included in the thematic fiche on policy objective 1 'Smarter Europe', annexed to the supporting study.

Figure 34 - PO1 Intervention logic diagram.



Source: Supporting study.

Needs

Research and innovation differences between regions and within Member States can have a major impact on long-term growth and be amplified by digitalisation. R&D expenditure and innovation in the EU have a strong regional dimension, with specific development needs arise that call for policy action to address:

- Limited investments in R&D and innovation in particular from private sector and SMEs.
- Insufficient private and enterprise investment in SME growth and skill upgrades
- Limited connection to very high-capacity network with insufficient digitalisation and uptake of digital technologies.

Objectives

In this context, cohesion policy programmes can be pivotal to supporting innovation, bridging gaps between EU territories, promoting place-based development, industrial transformation and developing skills for 'smart specialisation'. ERDF investments in digital technologies and innovative solutions can promote more inclusive and sustainable growth, create opportunities for

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people and businesses, modernise the public sector as well as enhance SME competitiveness. In particular:

- SO1.1 invests in enhancing research and innovation capacity and implementing advanced technologies.
- SO1.2 aims at reaping the benefits of digitisation and thus at increasing the uptake and use of ICT for governments, enterprises and citizens.
- SO1.3 looks to mobilise enterprise investments to enhance sustainable growth and competitiveness for SMEs, as well as support quality job creation.
- SO1.4 develops skills for smart specialisation, industrial transition and entrepreneurship to address existing needs for skills upgrade and governance capacity.
- SO1.5 is about enhancing digital connectivity through infrastructure, including in public and private dwellings and enterprises to make them part of a smarter Europe.

Inputs

PO 1 ERDF funding amounts to about EUR 73.9 billion, more than 1/3 of the ERDF total. Most of it focuses on SO1.1 enhancing research and innovation, followed by SO1.3 for SME growth and competitiveness and SO1.2 for digitisation. SOs 1.4 and 1.5 have a minor share of the PO 1 budget.

Achievements: outputs and results

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the PO1 thematic fiche annexed to the supporting study. They can be clustered into four areas: enterprise support, research and innovation, digitalisation and territorial development.

Common output and result indicators capture quantified 2029 targets in each of these areas and represent 80-90% of the total common and programme-specific indicators for all SOs in PO 1.

Impacts

PO1 investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the PO1 thematic fiche annexed to the supporting study.

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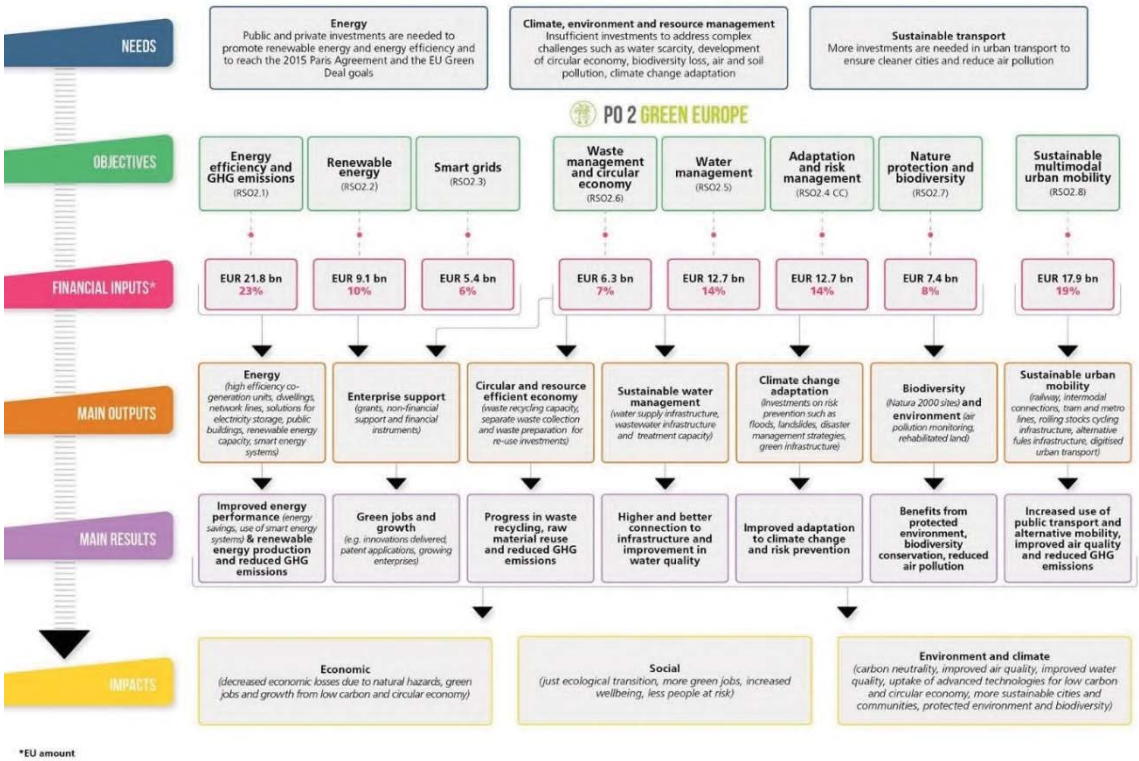
PO2 – Greener Europe

The following infographic and short description summarise the main components of the PO 2 intervention logic. A more detailed analysis is included in the thematic fiche on policy objective 2 'A Greener and low carbon Europe', annexed to the supporting study.

Figure 35 - PO2 Intervention logic diagram.



Source: Supporting study.

Needs

Environmental issues and climate change pose worldwide challenges. Huge investments are needed to reduce GHGs emissions by 55% by 2030, to promote renewable energy and energy efficiency as well as green and digital transition in the most impacting industries, to support EU regions to adapt to climate change, to address biodiversity loss and the degradation of ecosystems, to improve access to water, water quality and wastewater treatment, to promote waste management and circular economy as well as to reduce air pollution and to promote green infrastructure and sustainable multi-modal urban mobility.

However, needs vary and disparities in risks, costs and opportunities for the green transition are high between the 27 Member States and between different types of regions. This is why the evaluated funds need to play a key role in supporting regions to design and implement environmental and climate territorial policies tailored to their needs.

Objectives

In 2018 the EU adopted the Green Deal, with the ambition to make Europe a greener and low carbon development area by 2030 as well as promoting the circular economy, zero pollution and biodiversity. The Green Deal contributes to 2015 Paris Agreement objectives and the UN 2030 Agenda. The Green Deal provides overarching objectives for cohesion policy intervention over the period 2021-2027.

PO2 is one of the five policy objectives established by Article 5 CPR. EU Regulation 1058/2021 identifies eight specific objectives under PO2, addressing the environmental and climate territorial needs, which can be supported by ERDF and CF:

- SO2.1 promoting energy efficiency and reducing GHG emissions.
- SO2.2 promoting renewable energy in accordance with Directive (EU) 2018/2001.
- SO2.3 developing smart energy systems, grids and storage outside the Trans-European Energy Network (TEN-E).
- SO2.4 promoting climate change adaptation and disaster risk prevention and resilience, taking into account eco-system-based approaches.
- SO2.5 promoting access to water and sustainable water management.
- SO2.6 promoting the transition to a circular and resource efficient economy.
- SO2.7 enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution.
- SO2.8 promoting sustainable multimodal urban mobility, as part of transition to a net zero carbon economy.

Inputs

The EU amount planned resources under the ERDF and CF for PO2 is currently EUR 93.3 billion, plus EUR 3.4 billion under Interreg. Most of the ERDF EU amount is concentrated in SO2.1 and SO2.8, followed by SO2.4. CF finances mostly SO2.1, SO2.5. CF investments are limited in SOs 2.2 and 2.3, while ERDF has a limited contribution to SO2.3 and SO2.6.

Achievements: outputs and results

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the PO2 thematic fiche annexed to the supporting study.

They can be clustered into eight areas: enterprise support, energy, climate change adaptation, sustainable water, circular and resource efficient economy, biodiversity, green infrastructure and pollution sustainable urban mobility and territorial development. Common output and result indicators capture quantified 2029 targets in each of these areas.

Impacts

PO2 investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the PO2 thematic fiche annexed to the supporting study.

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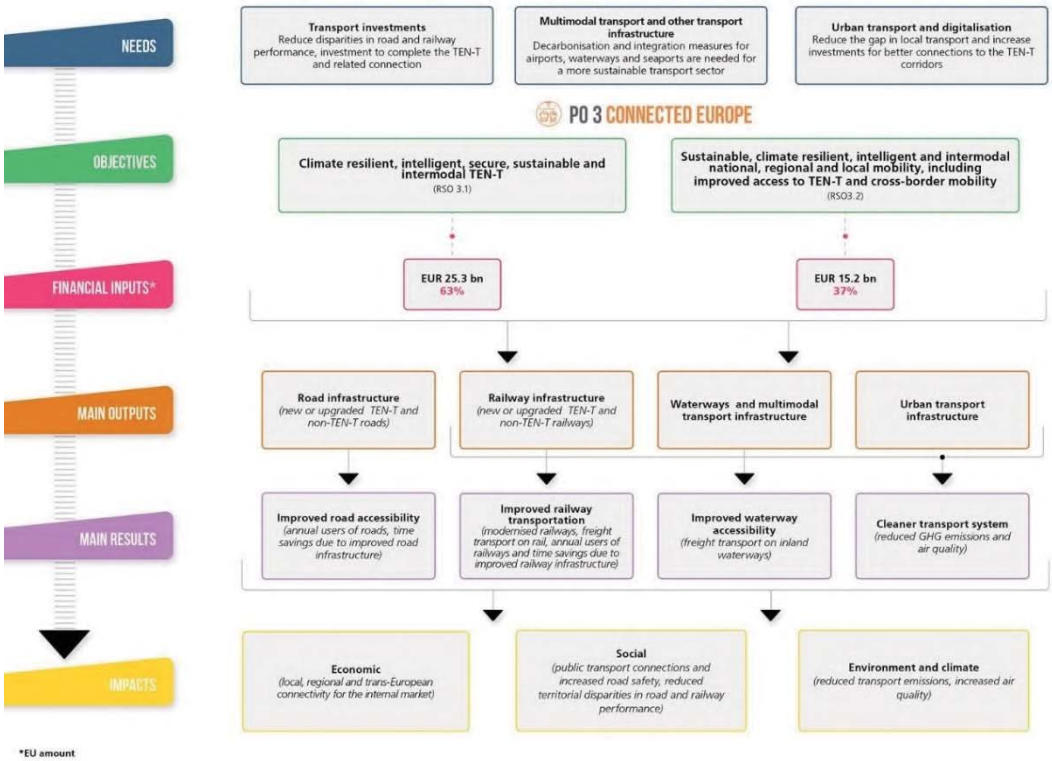
PO3 – Connected Europe

The following infographic and short description summarise the main components of the PO 3 intervention logic. A more detailed analysis is included in the thematic fiche on policy objective 3 'Connected Europe', annexed to the supporting study.

Figure 36 - PO3 Intervention logic diagram.



Source: Supporting study.

<u>Needs</u>

Disparities in transport connectivity are observed between Member States and types of territories. Rural and scarcely densely populated areas, alongside geographically disadvantaged territories such as islands, outermost, mountain and border regions, pose significant obstacles in ensuring adequate transport connectivity. More remote and scarcely densely populated areas enjoy less robust rail infrastructure, while road accessibility is generally stronger in north-western and southern Member States.

This is coupled with the need to reduce the negative externalities of the transport sector, in line with the necessary shift to a zero-emission mobility as underlined in the Green Deal. The transport sector is responsible for about a quarter of EU total greenhouse emissions, and it is also a source of air pollution, noise pollution and habitat fragmentation negatively impacting biodiversity.

<u>Objectives</u>

In 2020, the Commission published the 'Sustainable and Smart Mobility Strategy' on the future of European transport, detailing milestones for 2030, 2035 and 2050. The Strategy considers Green Deal objectives, outlining sustainable, smart and resilient mobility. The strategy also highlights the necessity to coordinate and prioritise EU funding programmes to achieve the objectives.

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In line with European Green Deal and Sustainable and Smart Mobility Strategy objectives, the EU strategy seeks to develop coherent, efficient, multimodal and high-quality transport infrastructure across the EU, based on the Trans-European Transport Network (TEN-T). This entails the development of railways, inland waterways, short sea shipping routes and roads linking urban nodes, maritime and inland ports, airports and terminals.

PO3 focuses on the completion of the TEN-T and on improving connections to the network, but it also finances national, regional and local mobility, as well as digital solutions. Specifically, the ERDF and CF Regulation provides two specific objectives:

- SO3.1 – Developing a climate resilient, intelligent, secure, sustainable and intermodal Trans-European transport (TEN-T),
- SO3.2) – Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility.

Inputs

The EU funding component of PO3 amounts to EUR 40.97 billion, ranking fourth in size among policy objectives. There is almost an even split of resources between ERDF and CF, with the latter also accounting for about half of the total CF envelope. Almost two-thirds of the total is allocated to SO3.1, while one-third goes to SO3.2.

Achievements: outputs and results

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the PO3 thematic fiche annexed to the supporting study.

They can be clustered into four areas: improved railroad accessibility, improved road accessibility, improved waterways and cleaner transport systems. Common output and result indicators capture quantified 2029 targets in each of these areas.

Impacts

PO3 investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the PO3 thematic fiche annexed to the supporting study.

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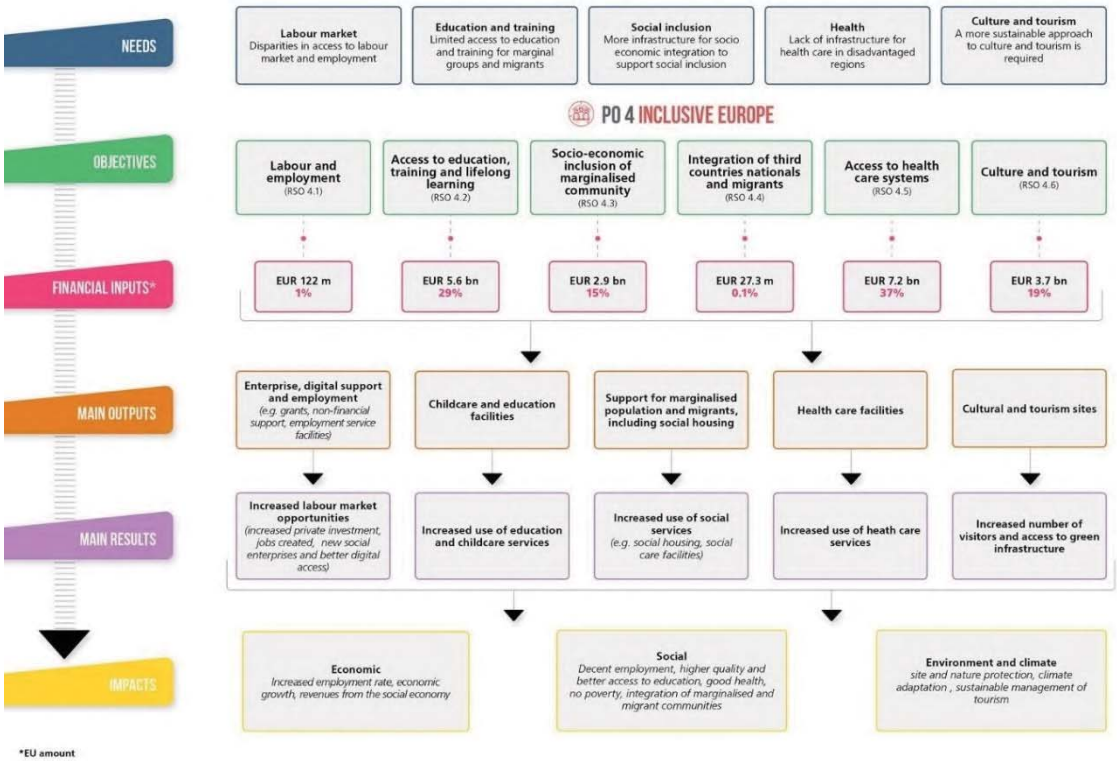
PO4 – Social and Inclusive Europe

The following infographic and short description summarise the main components of the PO 4 intervention logic. A more detailed analysis is included in the thematic fiche on policy objective 4 'A more Social Europe', annexed to the supporting study.

Figure 37 - PO4 Intervention logic diagram.



Source: Supporting study.

Needs

While economic and social disparities between Member States are decreasing, they are increasing within Member States. The digital and green transitions may further increase territorial disparities, especially between rural and urban areas. The poorest and most vulnerable are particularly affected by these changes.

Economic change, coupled with social disparities and demographic change, is leading to different needs, such as high-quality services, affordable housing, and healthcare. As these sectors undergo digital and green transformations, there is potential to foster long-term sustainability.

Objectives

Cohesion policy funds aim to turn the European Pillar of Social Rights into reality by strengthening the resilience of social systems, promoting skills, increasing employability, improving the quality, labour market relevance and inclusiveness of education and training as well as facilitating access to affordable non-segregated social housing and accessible mainstream social, long-term care and health services. Cohesion Policy funds also recognise the transformative power of sustainable tourism and culture. The ERDF and CF regulation identifies six specific objectives under PO4:

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- SO4.1 aims to improve the efficiency and inclusiveness of labour markets and access to quality employment by developing social infrastructure and promoting the social economy.
- SO4.2 aims to improve equal access to inclusive and quality education, training and lifelong learning services through the development of accessible infrastructure, including by promoting resilience for distance and online education and training.
- SO4.3 aims to promote the socio-economic integration of marginalised communities, low-income households and disadvantaged groups, including people with special needs, through integrated actions including housing and social services.
- SO4.4 aims to promote the socio-economic integration of third-country nationals, including migrants, through integrated measures, including housing and social services.
- SO4.5 is to ensure equal access to health care and promote health care sustainability, including primary care, and to encourage a shift from institutional to family and community care.
- SO4.6 aims to strengthen the role of culture and sustainable tourism in economic development, social inclusion and social innovation.

Inputs

The EU funding component of PO4 amounts to EUR 112.3 billion, out of which 19.3 come from the ERDF and 2.4 are Interreg-specific. Most of the ERDF and Interreg allocation is concentrated in SO 4.5, followed by RSO 4.2 and RSO 4.6. RSOs 4.1 and 4.4 have a minor contribution to the PO4 budget, since the two areas feature heavily under ESF+ support.

Achievements: outputs and results

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the PO4 thematic fiche annexed to the supporting study.

They can be clustered into five areas: increased labour market opportunities, improved childcare and education facilities, improved social integration and housing facilities, increased healthcare access and territorial development. Common output and result indicators capture quantified 2029 targets in each of these areas.

Impacts

PO4 investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the PO4 thematic fiche annexed to the supporting study.

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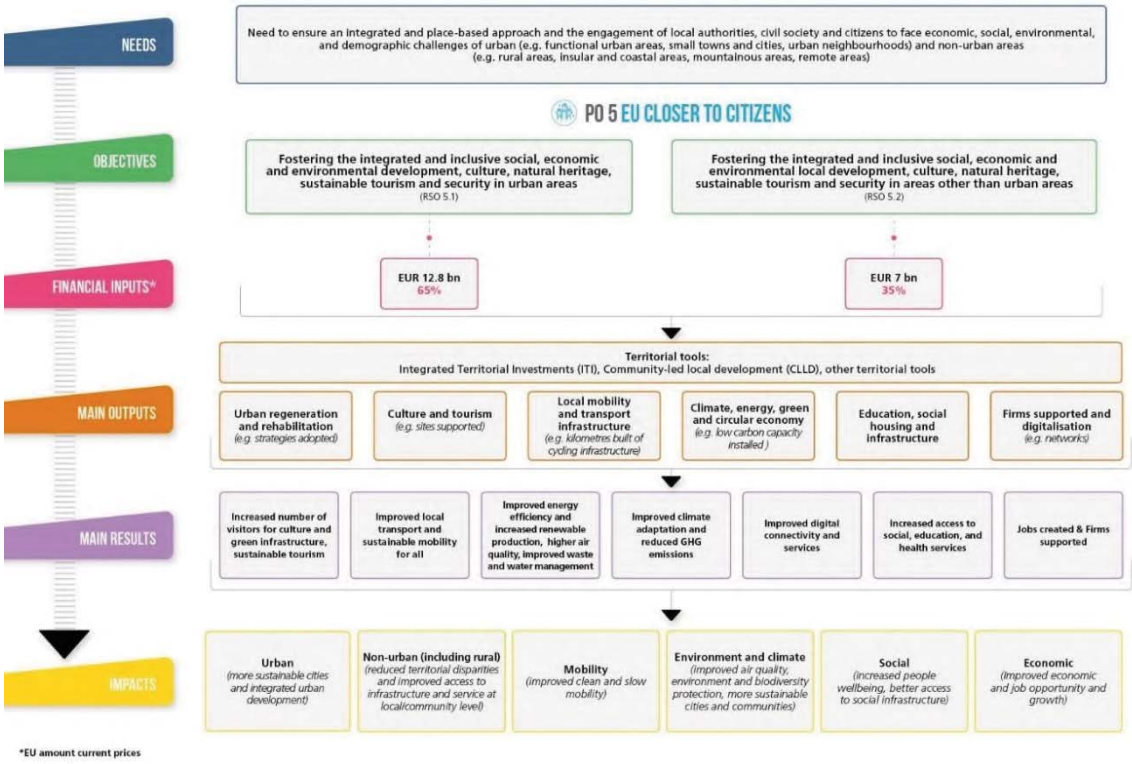
PO5 – Europe Closer to Citizens

The following infographic and short description summarise the main components of the PO 5 intervention logic. A more detailed analysis is included in the thematic fiche on policy objective 5 'Europe Closer to Citizens', annexed to the supporting study.

Figure 38 - PO5 Intervention logic diagram.



Source: Supporting study.

<u>Needs</u>

Cities and metropolitan regions drive economic development, while smaller cities and towns provide access to services. However, many areas face challenges such as poverty, lack of jobs, and environmental degradation. Sustainable urban development is key, addressing issues like affordable housing, migrant inclusion, and climate change. Rural areas also need support, including digital connectivity, sustainable mobility, and entrepreneurial growth, to create balanced development and a high quality of life in all European territories. This requires a comprehensive approach to address the unique needs of each area and promote overall well-being.

<u>Objectives</u>

The ERDF/CF Regulation provides the following two 'specific objectives' under PO5:

- RSO5.1: fostering the integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security in urban areas; and
- RSO5.2: fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security in areas other than urban areas.

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Member States elaborate national and regional programmes and may choose to cover one or both specific objectives, depending on the needs to be addressed and the measures to address those needs.

Inputs

Member States programmed a total of more than EUR 19 billion in EU contribution to support place-based investments via more than 2500 integrated and local territorial development strategies, with enhanced ownership and participation of local stakeholders and communities.

Almost two-thirds of this allocation is planned for investment to foster integrated and inclusive social, economic and environmental development, culture, natural heritage, sustainable tourism and security within urban areas (RSO5.1), while one-third will pursue such objectives in non-urban areas (RSO5.2).

Achievements: outputs and results

Compared to other POs, the thematic content of PO5 depends relatively more on specific local needs, identified through territorial strategies. Therefore, there is a broader variety of actions supported.

The most common outputs and results are expected in relation to territorial development, climate mitigation measures, energy efficiency, GHG emissions reduction, transport and green infrastructure and culture and tourism. Accordingly, programmes were free to use indicators from all other POs. This resulted in a wide spectrum of common indicators to capture quantified 2029 targets.

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the PO5 thematic fiche annexed to the supporting study.

Impacts

PO5 investments are expected to have diverse social, climate, mobility and environment and climate impacts on urban and non-urban areas. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the PO5 thematic fiche annexed to the supporting study.

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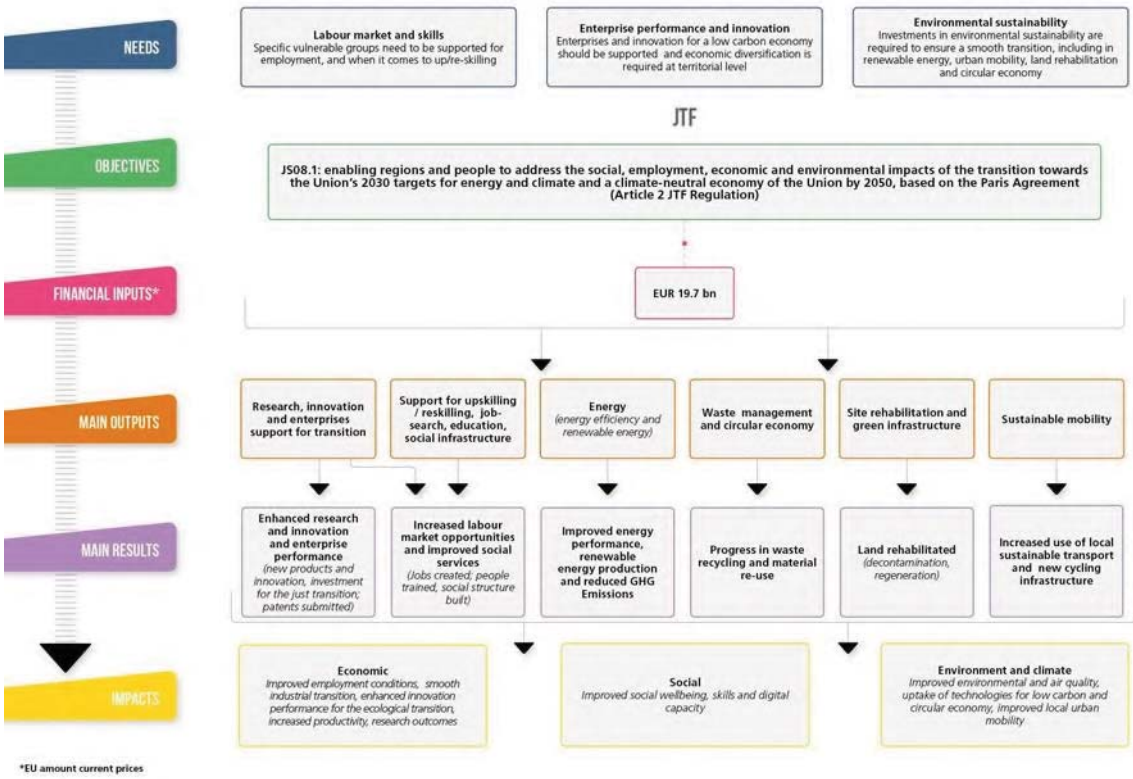
Just Transition Fund

The following infographic and short description summarise the main components of the JTF intervention logic. A more detailed analysis is included in the thematic fiche on the Just Transition Fund, annexed to the supporting study.

Figure 39 - JTF Intervention logic diagram.



Source: Supporting study.

Needs

The European Union aims to achieve net zero by 2050 through ambitious policies and EU funds. The European Green Deal sets out a roadmap to achieve climate neutrality in a fair and effective manner. However, the transition will affect EU territories and regions differently, with some regions needing more help than others. The transition to a low-carbon economy will require significant changes in various sectors, including energy, transportation, and industry. This will involve a shift away from fossil fuels and towards renewable energy sources, as well as improvements in energy efficiency and the adoption of new technologies.

The transition requires different solutions and approaches, taking into account local demographics, infrastructures, and economic specificities. Many regions are socio-economically weak, with lower GDP per capita and wages, but also have important manufacturing jobs that need to be transformed to become more sustainable. These regions need support to create new opportunities for growth, innovation, and employment. This will require a coordinated effort from governments, businesses, and civil society to support the development of new industries and jobs, and to ensure that the benefits of the transition are shared fairly among all members of society.

Objectives

The JTF is a new instrument that supports territories most affected by the transition towards climate neutrality, aiming to boost their economic diversification and reconversion. The identification of most affected territories is based on their dependence on declining and/or transforming economic sectors, such as fossil fuels, metals, and chemicals. The JTF addresses various types of impacts linked to the transition process, including social, economic, and environmental impacts, such as employment, social exclusion, and environmental hazards.

The JTF provides support for diversification and modernisation of the local economy, mitigation of negative repercussions on employment, and other measures linked to the transition. The instrument offers a range of investments, including grants and financial instruments, in areas such as SMEs, research and innovation, renewable energy, and digitalisation. The JTF also supports investments in education and social inclusion, including upskilling and reskilling workers, job-search assistance, and active inclusion of jobseekers. The goal is to provide an integrated approach to funding based on each region's specific needs, allowing for a combination of 'hard' and 'soft' investments.

Inputs

JTF resources amount to EUR 19.7 billion from the 2021-2027 MFF and NextGenerationEU. The other two pillars of the JTM are a dedicated InvestEU Just Transition Scheme to attract private investment and the Public Sector Loan Facility to leverage additional public funding. The three pillars combined are expected to mobilise up to EUR 55 billion.

The main areas financed by the JTF are SMEs support and diversification (29%), clean energy including renewable energy (17%), skills, job searches and education (15%), RTDI (9%) regeneration of sites (9%).

Achievements: outputs and results

An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the JTF thematic fiche annexed to the supporting study.

They can be clustered into seven areas: support to enterprises, energy transition, sustainable transport, reduction of GHG emissions, land rehabilitation, improved of education facilities and increased labour market opportunities. Common output and result indicators capture quantified 2029 targets in each of these areas.

Impacts

JTF investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the JTF thematic fiche annexed to the supporting study.

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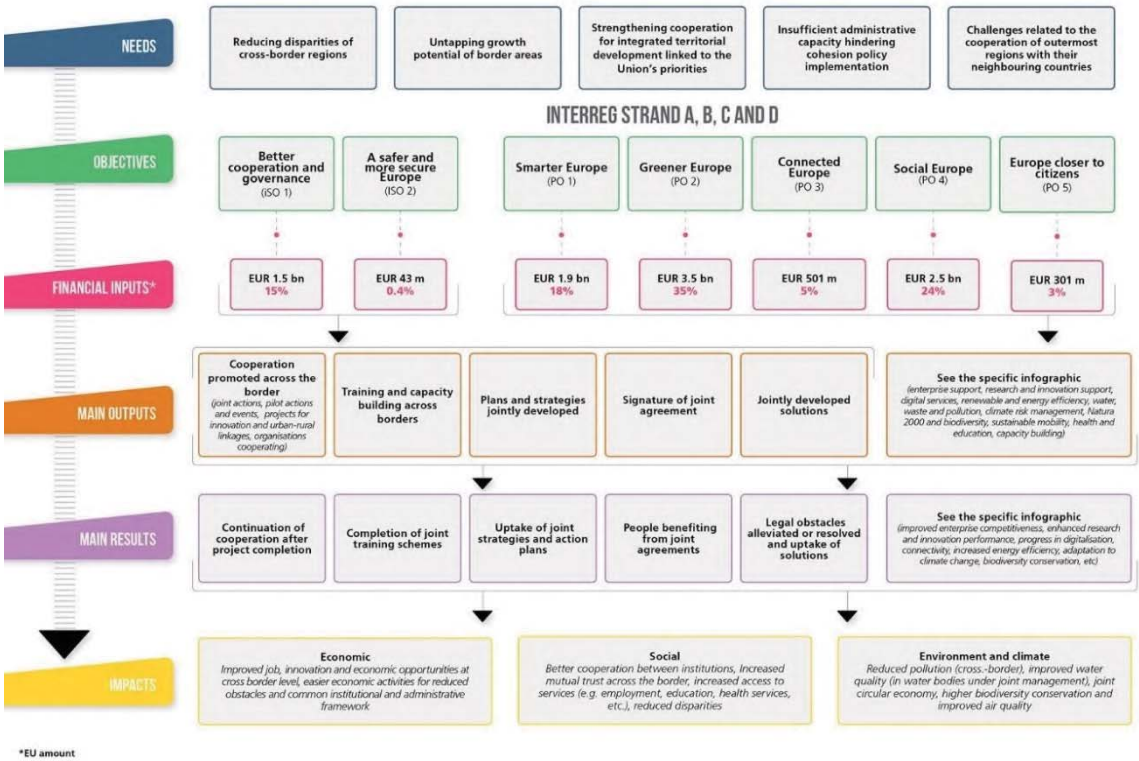
Interreg

The following infographic and short description summarise the main components of the Interreg intervention logic. A more detailed analysis is included in the thematic fiche on Interreg, annexed to the supporting study.

Figure 40 - Interreg Intervention logic diagram.



Source: Supporting study.

Needs

Cross-border regions face specific types of needs which are tackled by four Interreg Strands. Cross-border cooperation (strand A) covers common challenges identified jointly in border regions and seeks to exploit the untapped growth potential in border areas. Strand A programmes support cooperation between regions in at least two Member States lying directly on borders or adjacent to them.

Transnational cooperation (strand B) focuses on strengthening cooperation for integrated territorial development linked to the Union's priorities. It involves partners from national to the local level in the Member States, as well as candidate countries and countries bordering the EU. Other strands, such as Strand C, address challenges related to administrative capacity, while Strand D tackles the challenges related to the cooperation of outermost regions with their neighbouring countries.

Objectives

Today, 86 Interreg programmes are operating across EU internal and external borders, supporting harmonious development at multiple territorial levels and bringing partners together across borders for various initiatives, including health, environment, research, tourism, education, culture, and social inclusion.

Interreg programmes invest in the five mainstream policy objectives: a more competitive and smarter Europe (PO1), a greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe (PO2), a more connected Europe (PO3), a more social and inclusive Europe (PO4), or a Europe closer to citizens (PO5). In addition, they also invest in two additional Interreg specific objectives (ISOs):

- Interreg specific objective (ISO) 1: A better cooperation governance.
- Interreg specific objective (ISO) 2: A safer and more secure Europe.

Input

The EU funding for Interreg amounts to EUR 10.597 billion, out of which around EUR 9 billion come from the ERDF and the rest from IPA and NDICI. 60% is dedicated to Interreg strand A and 22% to strand B. An additional 9% is dedicated to the Peace Plus Ireland-Northern Ireland/United Kingdom programme. Strands C and D account for 5% and 3% respectively.

Of the total EU allocation, 14% (EUR 1.49 billion), is dedicated to Interreg specific objective ISO1, while 0.4% (EUR 43.22 million) is for ISO2. The remainder 85.5% (around EUR 9 billion) is planned under the mainstream POs 1 to 5.

Almost half (45%) of resources under ISO1 are allocated to 'Institutional capacity of public authorities' actions. The second most funded categories are 'Other actions to support better cooperation governance' (almost 23%) and 'People-to-people action for increased trust' (16%).

Achievements: outputs and results

Interreg contributes to outputs and results across the mainstream POs, which are illustrated by PO above and in the respective thematic fiches.

In addition, ISOs 1 and 2 specifically promote: joint strategies, actions and plans across borders, including joint training schemes; organisational cooperation across borders, including multilevel governance of macro-regional strategies; and solutions for legal and administrative obstacles, including legal agreements.

These actions produce results such as durable cooperation, continuation and participation in post-project actions, enhanced cross-border administrative capacity, simpler legal and administrative framework.

Common output and result indicators capture quantified 2029 targets in each of these areas. An overview of outputs and results is provided in section 2.2 of this SWD and fully described in the Interreg thematic fiche annexed to the supporting study.

Impacts

Interreg investments are expected to have diverse economic, social and environment and climate impacts. Given the early implementation stage, the mid-term evaluation can only examine expected impacts, as described in detail in the Interreg thematic fiche annexed to the supporting study.

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ANNEX VIII. MODEL SIMULATIONS OF IMPLEMENTATION SCENARIOS AND STEP

Introduction

This annex analyses how factors influencing in the implementation of the 2021-2027 programmes may have affected the effectiveness of the EU cohesion policy at the macroeconomic level. The first factor is the delay in the starting of the programmes. At the cut-off date of the modelling input data, i.e. three years after the beginning of the programming period, the cumulative EU total net payments made to the Member States from the cohesion policy funds were about 5%[380] of the amounts allocated to cohesion policy.

This is partly due to fact that before being kicked off, programmes must be negotiated and agreed between the Member States and the Commission. The projects must then be selected based on elaborated selection criteria, endorsed by the monitoring committees, mostly via calls for proposals. Once the projects are selected and launched, the first expenditure is being incurred after which the beneficiary requests reimbursement from the managing authority and the managing authority declares it to the Commission for payment. Although lengthy, this process is part of the project cycle and is common to all programming periods, whether in the context of cohesion policy or other EU policies.

However, the implementation of the 2021-2027 programmes is likely to be also slowed down by the fact that a significant amount of funding has been added to the previous programming period with REACT-EU[381]. The design and the significant additional resources injected in the Member States via the Recovery and Resilience Facility (RRF) has also played a major role in delaying the implementation of the programmes. The shorter eligibility period, the expectation of reduced administrative burden in both programming and implementation, and the absence of a national co-financing requirement for the RRF may have pushed the Member States to give priority to the RRF to the detriment of cohesion policy. Evidence shows that in some Member States (e.g., Greece, France, Italy, Romania, Spain), mature projects initially planned under cohesion policy for the 2021-2027 period were shifted to the RRPs[382]. Such displacement effects have likely been a contributing factor in delaying the programming and implementation of cohesion policy funds. However, the impact has not been uniform as some Member States (e.g. Germany and Lithuania) have not experienced such substitution effects. In other cases (e.g. Romania), where substantial investment gaps exist, a strong pipeline of projects has prevented displacement under cohesion policy, even when substitution effects were present.

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380 This includes advance payments; 27% of the funds have been 'decided', i.e. the financial resources have been allocated to selected projects though the money may not have been disbursed yet, cf. https://cohesiondata.ec.europa.eu as of October 2024.

381 Around EUR 50 billion were added in the context of the emergency response to the social and economic crisis following the COVID-19 pandemic under the recovery assistance for cohesion and the territories of Europe (REACT-EU). REACT-EU extends the crisis-response and crisis-repair measures delivered through the coronavirus response investment initiative (CRII) and the coronavirus response investment initiative plus (CRII+) and constitutes a bridge to the long-term recovery plan. See https://ec.europa.eu/regional_policy/funding/react-eu_en for additional details about REACT-EU.

382 Cf. the mid-term evaluation of the RRF (European Commission, 2024b) and Cichowlaz (2022).

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The RRF mid-term evaluation also noted that the significant influx of new resources from both instruments could exacerbate pre-existing administrative capacity challenges. The parallel implementation of the RRF and cohesion policy has placed considerable pressure on central and local administrations, as well as external experts, private actors, and final recipients. This strain likely contributed to delays in cohesion policy programming and implementation, with the extent of these pressures varying according to the size of financial envelopes and the administrative capacity of individual Member States[383]. The current period will therefore end up being characterised by a particularly slow uptake of the programmes. This analysis attempts to investigate the possible consequences of such delay on the capacity of the policy to achieve its objectives, both in the short run and in the long run.

The second factor considered here is the introduction of the Strategic Technologies for Europe Platform[384] (STEP) aimed at steering funding across 11 EU programmes, including the EU cohesion policy programmes, to three target investment areas: digital technologies and deep-tech innovation, clean and resource efficient technologies, and biotechnologies. It will be up to the Member States to decide the extent to which they want to amend their programmes to incorporate some STEP priorities.

From a programming point of view, STEP aims at changing the policy mix, i.e. how Member States and regions allocate the funding between various fields of interventions. STEP should encourage the Member States to allocate a larger share of the funding to interventions which can be considered as support to Research & Development (R&D). However, since this exercise takes place under a closed budget envelope, it also implies that the additional resources allocated to STEP must be taken from other fields of interventions. STEP is therefore likely to change the general use of the resources allocated to Member States and regions under cohesion policy.

The analysis is based on RHOMOLO[385], a general equilibrium model which has been designed to assess the impact of cohesion policy on EU regions. The model captures how programmes affect the accumulation of physical capital, human capital and technological progress which are the levers on which cohesion policy acts in priority to foster development in the Union's Member States and regions. The model is used to simulate the impact of the policy under different policy scenarios representing the changes discussed above and compare the outcome against a baseline corresponding to a no-changes scenario.

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383 In addition, in the current programming period the adoption of the Common Provisions Regulation took longer than in previous programming periods which may have further contributed to a delay in implementation.

384 For details, see https://strategic-technologies.europa.eu.

385 RHOMOLO is a dynamic spatial computable general equilibrium (CGE) model developed by the European Commission's Joint Research Centre (JRC) in collaboration with the Directorate-General for Regional and Urban Policy. Its purpose is to provide scenario analyses with sector-, region-, and time-specific results related to investment policies and structural reforms in the EU. The economic foundations of the model are based on the well-established literature on general equilibrium models. The model itself is featured in numerous articles contributing to that same literature (see, among others, Lecca et al., 2020, and Barbero et al., 2022). The version of the model used here is calibrated with (economic) data for 2017; the construction of the model and further details are explained by García Rodríguez et al. (2023), who update the procedure laid out by Thissen et al. (2019). See also https://joint-research-centre.ec.europa.eu/tedam/rhomolo-model_en for an online-application and further details.

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Section 2 briefly presents some key features of the 2021-2027 programming period. Section 3 presents the scenarios in more detail. Section 4 covers the analyses of the scenarios corresponding to the possible delay in the implementation of the programmes and the introduction of the STEP initiative. Section 5 concludes.

2021-2027 cohesion policy expenditure

For the 2021-2027 period, under the initial plans, EU funds allocated to cohesion policy amount to around EUR 378 billion. The funds are channelled to the EU economies via the European Regional Development Fund (ERDF), the European Social Fund (ESF+), the Cohesion Fund (CF), and the Just Transition Fund (JTF).

Investments are concentrated on key sectors of interventions for fostering growth and development. For the sake of this analysis, cohesion policy funding is regrouped into six broad fields of interventions:

- **RTD**: Support to research and development (research, technological development and innovation, establishment of networks and partnerships between businesses and/or research institutes) is assumed to stimulate private investment via a decrease in the user cost of capital, and to lead to an increase in total factor productivity (TFP).
- **AIS**: Aid to private sector (support to small and medium sized enterprises, facilitation to credit, assistance to improve tourism and cultural services) is assumed to increase private investments via a reduction in the user cost of capital, but without TFP effects[386].
- **TRSNP**: Investments in transport infrastructure generate demand side effects in the short run corresponding to the purchase of goods and services required to build the infrastructures, modelled with an increase in government current expenditure. On the supply side, they reduce transport costs, stimulating trade flows.
- **INFR**: Investments in non-transport infrastructures (telecommunications, energy, environmental, health, and social infrastructure) are assumed to increase public investments when associated with industrial processes, or as government consumption otherwise. Public investment produces supply-side effects since it temporarily increases the stock of public capital and therefore the production of goods and services. Some of the INFR intervention categories are modelled via increases in government consumption, as the are assumed to have only demand-side effects.
- **HC**: Investments in human capital (educational and vocational training, labour market interventions) are assumed to increase government current expenditure in the short run. As for the supply-side effects, some of these investments are assumed to increase labour productivity through training while others (such as active labour policies) are assumed to increase the labour supply.
- **TA**: Finally, technical assistance (administrative capacity building, monitoring, and evaluation) is modelled as an increase in public current expenditure to account for purchases of goods and services, with no supply-side effects.

The various fields of interventions also differ regarding the timing at which they affect the regional economies. For fields which trigger important demand side effects (notably TRNSP, INFR, and TA), the impact materialises in a rather short time span. For fields which mainly

[386] Some categories of interventions tagged AIS are considered as public consumption as they are not likely to affect investment decisions.

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imply supply side effects, the impact can take longer to materialise. For instance, support to R&D and to the private sector boost TFP which eventually ends up stimulating private investment. This implies that the effects of such interventions tend to build up in time and continue to increase long after spending is discontinued.

The policy mix, i.e. the distribution of the funding across the fields of interventions, varies from one region (and hence from one Member State) to another (Table A8.1). The share of funds allocated to transport and other infrastructure-related interventions is generally higher in the less developed regions and Member States. In contrast, the most developed regions and Member States devote a higher share to R&D, support to the private sector, and human capital. The figure below displays the policy mix by Member States.

Table A8.1 - Cohesion policy allocation, per field of intervention, share of total EU allocation, in percent (%).

Country	RTD	AIS	TRNSP	INFR	HC	TA	Total
AT	21.7	21.5	1.1	13.0	35.7	7.1	100
BE	14.5	12.5	2.9	19.4	49.4	1.3	100
BG	8.1	11.4	11.7	40.7	24.2	3.9	100
CY	6.1	6.1	7.0	53.7	21.8	5.2	100
CZ	10.8	10.7	28.9	34.6	11.5	3.6	100
DE	26.4	13.1	3.1	23.5	32.7	1.2	100
DK	27.5	23.2	2.2	12.0	27.8	7.3	100
EE	17.6	7.5	18.9	36.5	19.1	0.3	100
EL	5.1	16.6	12.4	35.2	27.0	3.6	100
ES	14.2	9.5	6.9	37.7	31.3	0.3	100
FI	30.5	21.8	4.3	9.8	31.8	1.9	100
FR	11.7	12.7	4.6	30.1	39.8	1.1	100
HR	13.4	12.9	15.5	35.7	22.3	0.2	100
HU	8.2	14.5	20.9	29.0	23.9	3.5	100
IE	15.4	1.8	7.9	29.9	42.2	2.7	100
IT	10.2	14.0	7.3	28.9	33.9	5.7	100
LT	9.3	12.2	13.9	46.1	18.1	0.4	100
LU	9.3	5.6	7.0	34.2	37.8	6.2	100
LV	9.0	12.6	22.1	39.8	15.7	0.8	100
MT	2.4	13.9	12.5	50.4	16.0	4.8	100
NL	32.9	13.0	0.2	17.1	34.3	2.6	100
PL	11.0	9.9	26.1	32.1	17.0	4.0	100
PT	11.3	15.5	14.6	22.5	33.2	3.0	100
RO	5.8	11.6	22.8	32.2	23.3	4.2	100
SE	23.0	20.5	3.9	18.5	31.9	2.3	100
SI	12.8	12.7	18.0	35.7	20.0	0.8	100
SK	7.8	10.2	23.1	35.7	19.7	3.5	100
EU-27	11.4	12.2	16.0	31.7	25.5	3.1	100

Source: European Commission.

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The geographical distribution of the funding reflects the objective of cohesion policy to promote a balanced development of the EU and reduce disparities among EU regions[387]. The funding is therefore concentrated on less developed regions and Member States. For determining eligibility to the 2021-2027 ERDF, cohesion policy distinguishes three groups of regions by their level of development. The group of less developed regions (LD) includes regions with a GDP per capita of less than 75% of the EU average, so-called transition regions (TR) have a GDP per capita between 75% and 100% of the EU average, and more developed regions (MD) have a GDP per capita of over 100%[388].

Around 69% of the funding target the less developed regions of the EU (Table A8.2). Aid intensity is also the highest in those regions with almost EUR 304 per inhabitant and per year on average, around 10 times more than in the more developed regions.

Table A8.2 - Population, cohesion policy allocation, and aid intensity, across categories of regions.

Regions	Share of population* (%)	Share of funding (%)	Aid intensity
Less developed	27.0	69.2	303.9
Transition	25.4	18.8	87.7
More developed	47.6	12.0	29.8
EU-27	100.0	100.0	118.5

** The population corresponds to the average 2021-2027. The JRC ARDECO database provides figures up to 2025. Figures for 2026 and 2027 are extrapolated based on the population growth rate 2015-2025.*

Source: ARDECO database and European Commission.

Policy scenarios

Baseline

The baseline scenario corresponds to the setting described in the previous section, except for the fact that it does not include Interreg[389]. In addition, it is necessary to specify the time profile of the interventions, i.e. how the funding is distributed in time over the 10 years corresponding to the implementation period[390]. Using the data available for the 2014-2020 programmes, a time profile per NUTS 2 region and per type of intervention is being established. The baseline

[387] Article 174 of the Treaty on the Functioning of the European Union is the legal basis of Cohesion Policy, stipulating that: "*In order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions.*"

[388] For this analysis, all the national or multiregional programmes were regionalised at NUTS 2 level, based on their geographical coverage and pro rata the population of the beneficiary regions. The model is built at the NUTS 2 level and in absence of other metrics, this is a reasonable assumption to proxy the funding channelled to regions via this type of programmes.

[389] Specificities of the Interreg programmes makes it hard to link them to the model's type of investments and are therefore not taken into consideration in the analysis. Interreg programmes represent around 3% of the funding, including or excluding national co-financing.

[390] The N+3 rule allows funds to be used up to three years after they have been committed which implies that the programmes are actually implemented over a period of 10 years.

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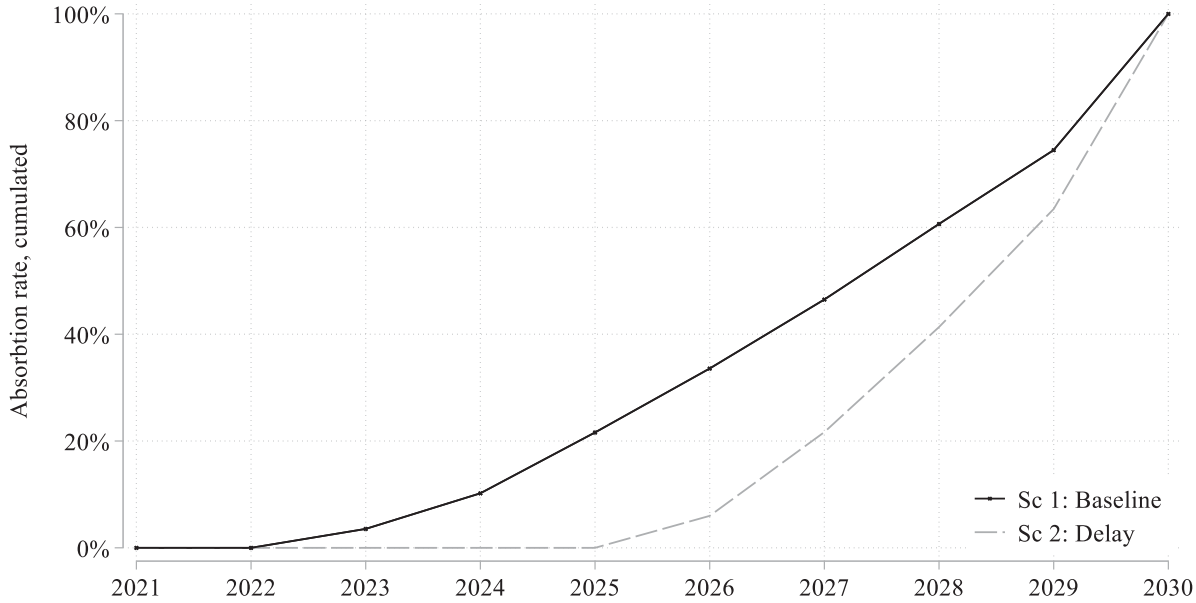
scenario of this analysis corresponds to a case where the 2021-2027 would have followed the same time profile as the 2014-2020 programmes for each field of intervention and each region[391].

Scenario 2 – Delay in programme implementation

Scenario 2 explores a delay in expenditure of the funds. Figure A8.1 shows the expected expenditure time profiles at the EU level, for the baseline scenario and scenario 2. For the baseline scenario, funds start to be implemented from 2023 onwards. Scenario 2 is a hypothetical and extreme scenario where implementation only starts in 2026[392], while in reality EU payments stood already at around 5.4% as of the of June 2024. Implementation accelerates faster under scenario 2 and reaches the same 100% absorption rate at the end of the implementation period, as under the baseline scenario.

Figure A8.1 - Time profile, EU-27 level, baseline and scenario 2 (Sc 2).



Source: Cohesion Open Data Platform and European Commission calculations.

Scenarios 3 and 4: STEP

The analysis considers two separate STEP scenarios. A 'small STEP' scenario (scenario 3) and a 'large STEP' scenario (scenario 4). They should be seen as a range between minimal and maximal possible outcomes. The actual outcome will fall somewhere in between the two. The small STEP scenario is set up in three steps:

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391 Note that this time profile assumes full absorption of the funding by end of 2023. This assumption is in line with the evidence from previous programming periods. For instance, by the end of their implementation period, more than 99.5% of the 2007-2013 allocation was spent.

392 The absorption rates for 2021-2025 are set to zero. For 2026, the absorption rate is set to 50% of the baseline absorption rate. For 2027-2030 the absorption rates are set to 100%, plus the so far 'unallocated' 50% from 2026 are allocated as follows: 10% (of the 50%) to 2027, 20% to 2028, 30% to 2029, and the remainder 50% to 2030.

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1. The scenario assumes that 1% of the allocations for each specific objective (SO) as defined in the fund-specific Regulations will be reattributed to STEP. The percentage value is low since historically it was more difficult for stakeholders to agree on the transfer of investments allocations between sectoral policies.
2. For SOs JSO8.1, SO1.2, SO1.3, SO1.4, SO1.5, SO2.1, SO2.2, SO2.3, SO2.4, SO2.5, SO2.6, SO2.7, and SO2.8 a higher rate of 9% is assumed while for SO SO1.1, a rate of 15% is assumed. For these SOs, higher STEP-take up rates (i.e. the share of the initial allocation that will be reappropriated to STEP priorities) are assumed, given their thematic proximity to STEP priorities which could lead stakeholders to be more open to such strategic transfers.
3. These rates are applied to all Member States and regions, except for those Member States which in early 2024 had not (yet) indicated that they intend to apply the newly introduced flexibilities by STEP[393].

These adjustment rates are then used to recalculate the distribution of funds across all investment priorities. The small STEP scenario reallocates about **EUR 8.8 billion** of EU funding to R&D-related activities, which is broadly in line with preliminary observed data of STEP amendments[394]. The large STEP scenario reflects the maximum theoretical amount and would mobilise about **EUR 43.8 billion**. As highlighted above, the actual amount is likely to be smaller.

The changes are larger for less developed regions than for the other categories. This is due to the fact that less developed regions/Member States have initially allocated less of their funding to R&D, which implies that the overall investment-mix changes relatively more when the allocation dedicated to R&D increases with STEP. In particular, resources allocated to R&D support in less developed regions increase by EUR 6.1 billion under the small STEP scenario and by EUR 30.4 billion under the large STEP scenario. In the more developed regions the resources allocated to R&D support increase by only EUR 1.1 billion and EUR 5.4 billion under the small and large STEP respectively.

Expected impact of 2021-2027 cohesion policy across scenarios

Baseline impact and scenario 2 (delay)

Figure A8.10 41 shows the simulated impact of the policy on EU GDP under the baseline and scenario 2, as simulated with RHOMOLO. In the baseline scenario, the GDP impact increases steadily during the implementation period to reach a peak of around +0.61% in 2030, compared to a scenario without policy interventions. Following the end of the programmes, the impact declines gradually due to the depreciation of the added private and public capital stocks, the decay of the increase in labour productivity and TFP, and of the decrease in transportation costs. Nevertheless, the impact of the policy is still visible in the long run. In 2050 and 2070, it still increases GDP by more than 0.3% and about 0.2% above the level that would have been reached without it, respectively.

The delay in the implementation of the programmes is reflected in the impact of the policy which materialises later under scenario 2 compared to the baseline scenario. Even in the scenario which

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393 European Commission (2024a). The main results also hold when all Member States would implement the considered STEP (unreported sensitivity analysis).

394 European Commission data; includes adopted amendments and those in draft status as of 16 September 2024.

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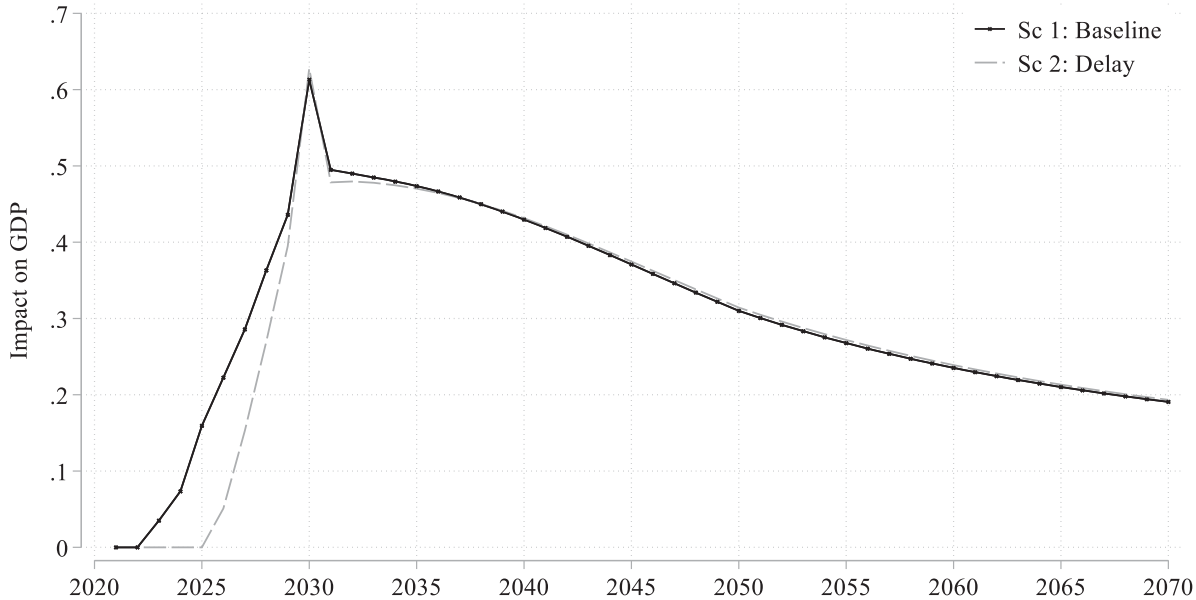
is more extreme than the current real level of EU payments, the delay in the programmes' implementation only affects the effectiveness of the policy in the short run. By the end of the implementation period, the impact of the policy on EU GDP is about the same and there is virtually no difference between the two scenarios onwards. This is also highlighted by looking at the multiplier ('impact per euro spent on the policy'[395]). 25 years after the start of the programmes, each euro spent on the policy has generated around EUR 2.9 of additional GDP under the baseline scenario and EUR 2.7 under the delay scenario. This corresponds to an annual rate of return of respectively 3.4% and 3.2%. The difference between the two is due to the fact that the returns come somewhat later under scenario 2.

Figure A8.2 - Impact of the 2021-2027 cohesion policy programmes on EU GDP; baseline and delay scenario (Sc 2).



Source: Eurostat and RHOMOLO simulations/REGIO.

Cohesion policy produces most of its impact in the less developed regions of the EU which implies that it fulfils its mandate of reducing regional disparities. Under the baseline scenario, the impact on GDP at the end of the implementation period (2030) is +3.3% in the less developed regions against +0.5% in the transition regions, and +0.1% in the more developed regions. The difference between the impact on the various categories decreases in time but remains substantial with +1.6% in the less developed regions, +0.3% in the transition regions, and +0.2% in the more developed regions in 2045. The impact of the policy on the different categories of regions is very close under scenario 2, with 2030 GDP being higher by 3.6% in less developed regions, 0.6% in the transition regions, and 0.1% in the more developed regions compared to a no-policy scenario.

[395] The multiplier is the ratio of cumulative change in GDP to the amount of the policy shock. It corresponds to the euro of GDP created for each euro invested in the policy or the impact per euro spent on the policy. The multiplier can be interpreted as a measure of the return obtained from the policy investments.

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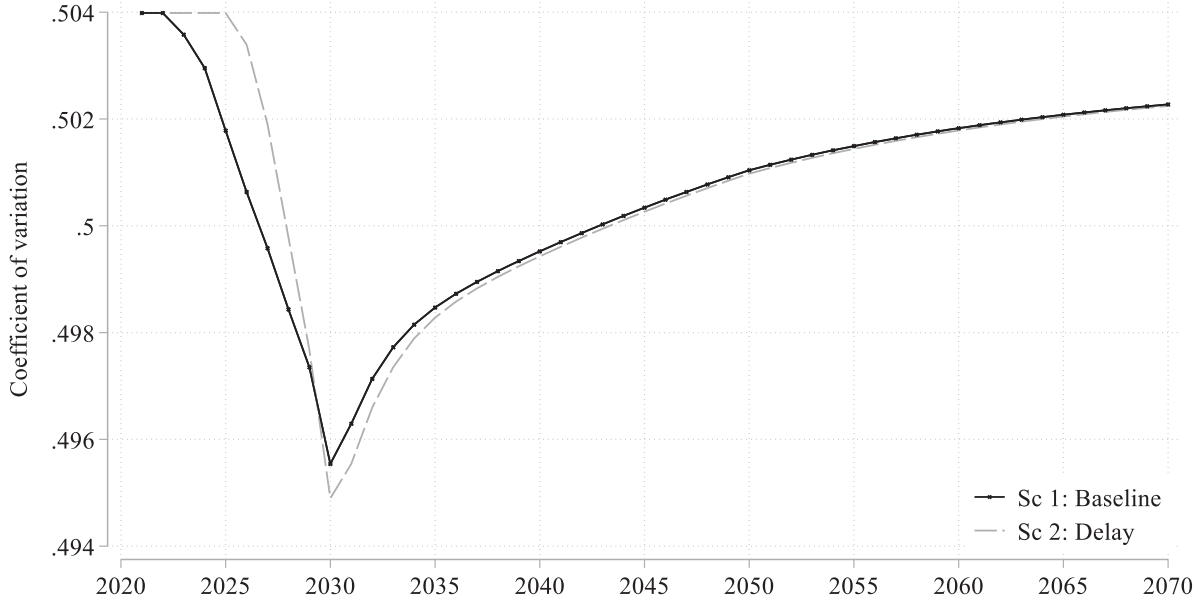
The impact of the policy on the extent of regional disparities can also be measured with the help of dispersion indices such as the coefficient of variation[396] or the inter-percentile ratio[397]. Under the baseline scenario, the dispersion of GDP per head across EU regions declines during the programmes' implementation, with a gap between the 10% most and 10% least developed regions of the EU being at most 4.4% lower thanks to the policy (2031). Similarly, the coefficient of variation is lowered at most by 1.7% (Figure A8.3). The results are almost identical under the delay scenario, with the inter-percentile ratio being lowered at most by 4.6% and the coefficient of variation by 1.8%. The decrease in dispersion resulting from the cohesion policy programmes come later under scenario 2 but is slightly more pronounced because resources are more concentrated at the end of the implementation period under this scenario. In the long run, dispersion slowly increases again, as the policy injection ends, and its structural effects progressively decay in time while the reduction of regional disparities tends to be the identical under the two scenarios.

Figure A8.3 - Changes in measure of dispersion (coefficient of variation) based on estimated impact of cohesion policy expenditures on GDP per capita in EU-27; baseline and delay scenario (SC 2).



Source: Eurostat and RHOMOLO simulations/REGIO.

According to those results, the delay in the implementation of programmes affects the effectiveness of the policy in the short run as its impact is also delayed and tends to concentrate at the end of the implementation period. However, in the long run the effectiveness of the policy is hardly affected, both in terms of its impact on the economic performance of the EU and its capacity to reduce the extent of regional disparities. This hinges on the assumption that all

[396] The coefficient of variation is a measure of dispersion of GDP per head across regions. It is calculated as the ratio of the standard deviation to the mean. A decrease of the coefficient of variation indicates convergence, while an increase shows divergence.

[397] The inter-percentile ratio is a standard dispersion measure. It is calculated as the ratio between average GDP per head of the x% most developed regions and average GDP per head of the x% least developed regions.

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resources are eventually absorbed under both scenarios. If this was not case, in particular, if part of the resources ended up being decommitted as a consequence of the delay in the programmes' implementation, the impact of the policy could be lower under the delay scenario.

STEP Scenarios

Given the limited budgetary and resource allocation changes, the small STEP scenario yields no significant deviation from the baseline scenario. By 2030, GDP is expected to be 0.62% higher vis-à-vis the no-intervention scenario, compared to 0.61% in the baseline scenario (Figure A8.4).

In contrast, the large STEP scenario yields a stronger deviation, visibly starting during the implementation period. By 2030, the deviation compared to a no-intervention scenario is about +0.66%. After 25 years, each euro spent on the policy has generated around EUR 3.0 of additional GDP under the small STEP scenario (i.e. approximately the same as in the baseline scenario) and EUR 3.2 under large STEP scenario. This corresponds to an annual rate of returns of 3.5% and 3.7%, respectively, which reflects the fact that support to R&D is a field generally yielding high returns in the long run compared to other fields of intervention.

The change in resource allocation across the STEP scenarios also affects the policy's effectiveness to reduce regional disparities. Figure A8.5 shows the simulated impact of cohesion policy on the coefficient of variation[398] over the period 2020 to 2070, for the two STEP scenarios. While for the small STEP scenario the coefficient of variation closely follows the baseline (displaying virtually no deviation), cohesion policy appears to be more effective in reducing regional disparities under the large STEP scenario.

This result is driven by the following: STEP tends to increase the capacity of the policy to boost GDP. However, as highlighted by Figure A8.6, this effect is stronger in the less developed regions than in the more developed ones.

[398] The coefficient of variation is a measure of dispersion of GDP per head across regions. It is calculated as the ratio of the standard deviation to the mean. A decrease of the coefficient of variation indicates convergence, while an increase shows divergence.

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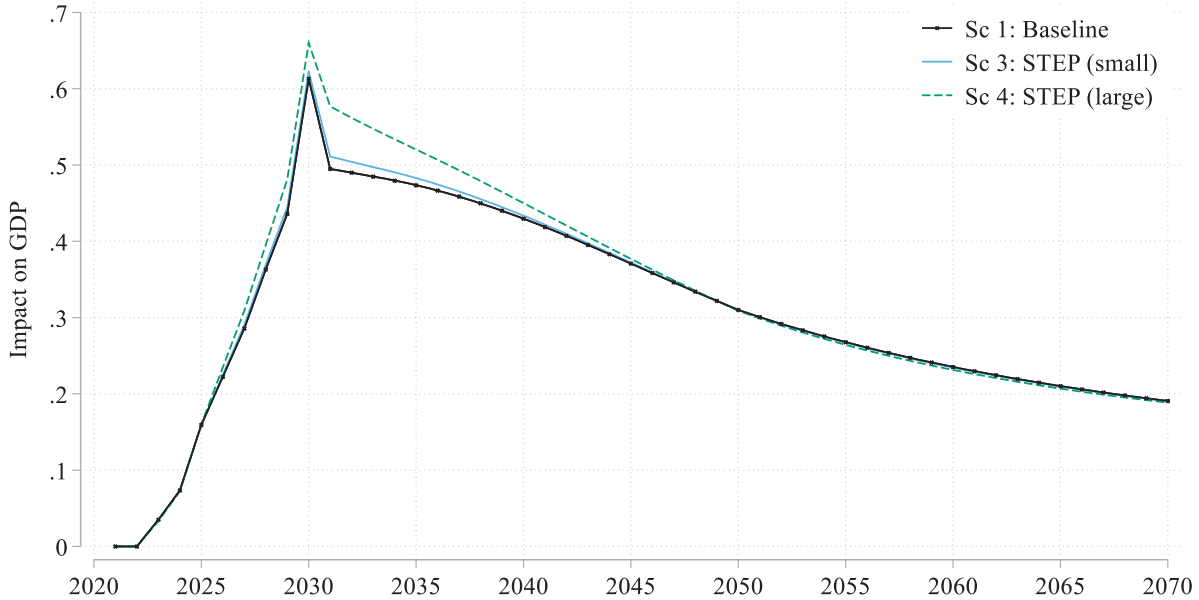
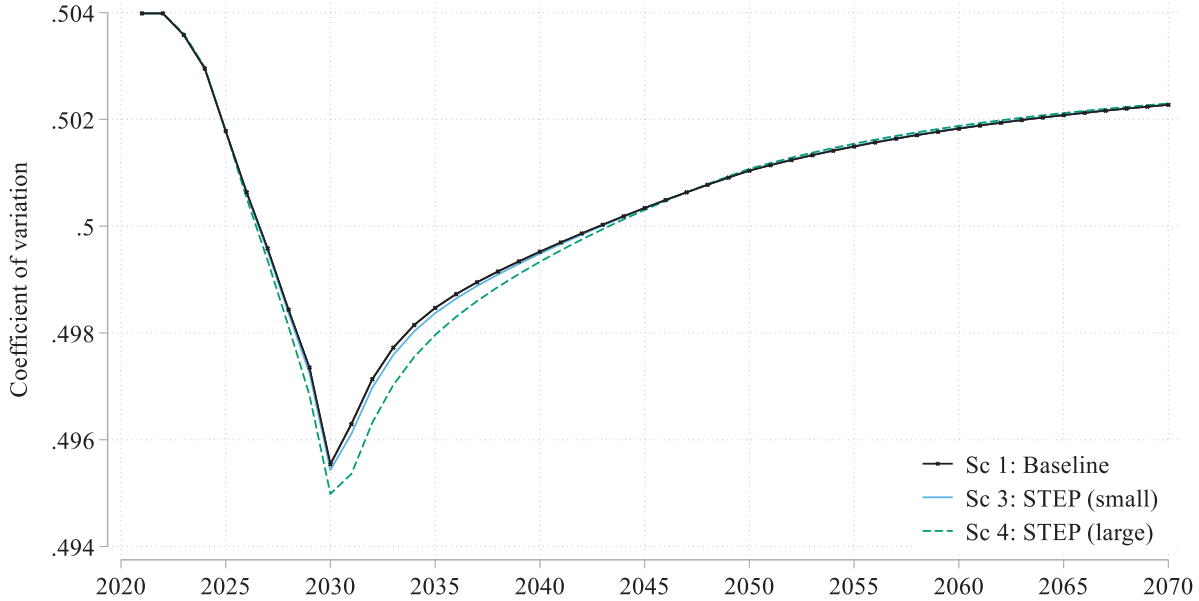
Figure A8.4 - Impact of 2021-2027 cohesion policy programmes on EU GDP; baseline and STEP scenarios (Sc 3 and Sc 4).



Source: Eurostat and RHOMOLO simulations/REGIO.

Figure A8.5 - Changes in measure of dispersion (coefficient of variation) based on estimated impact of cohesion policy expenditures on GDP per capita in EU-27; baseline and STEP scenarios (SC 3 and Sc 4).



Source: Eurostat and RHOMOLO simulations/REGIO.

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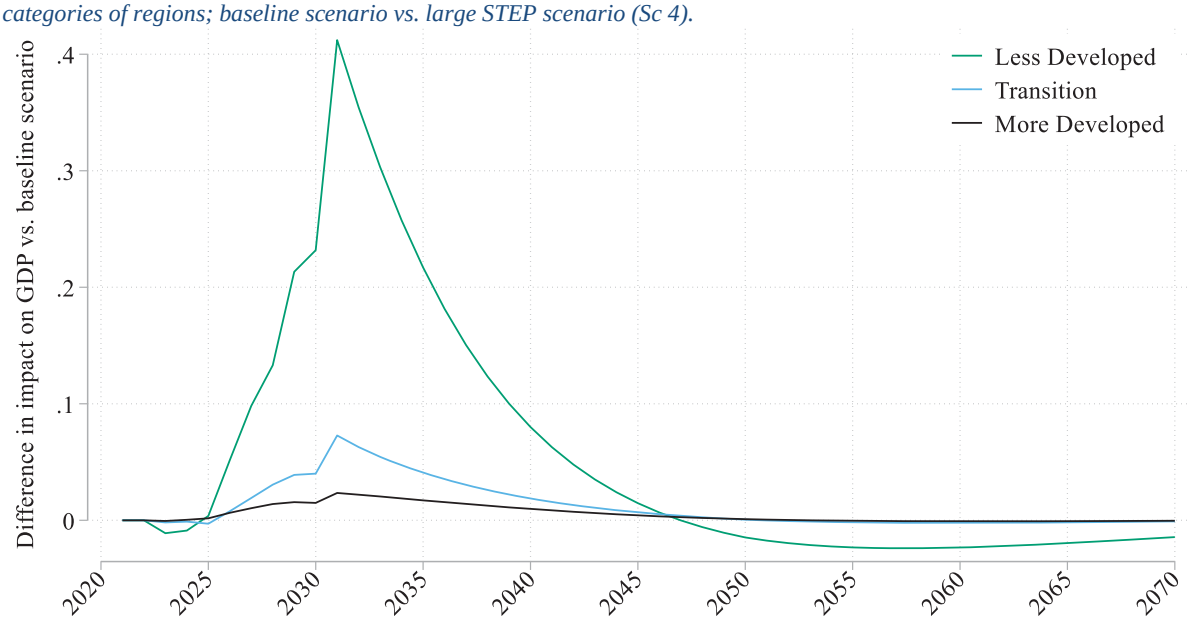
Figure A8.6 - Difference (percentage points) in impact of the 2021-2027 cohesion policy programmes on GDP across categories of regions; baseline scenario vs. large STEP scenario (Sc 4).



Note: The series depict the simulation results for the large STEP scenario minus the baseline scenario. Hence, a positive value indicates a more positive impact on GDP under the large STEP scenario, relative to the baseline scenario. Source: Eurostat and RHOMOLO simulations/REGIO.

The larger GDP impact obtained from STEP in less developed region is mostly due to the change in resource allocation discussed above. In less developed regions, the share of EU funds invested in STEP related fields more than doubles, from 9.4% in the baseline to over 21% in the large STEP scenario. More developed regions start from a significantly higher level of such fields and the large STEP scenario only alters the share from 17.0% to 29.7%. Hence, several less developed regions experience a major shift in resource allocation to implement STEP related investments which leads to a significant change in the GDP impact of the policy.

Conclusions

The analysis presents different implementation scenarios, capturing changes regarding the implementation of the 2021-2027 cohesion policy programmes: (1) the baseline scenario corresponds to the initial investment plans as agreed upon by the Member States and the European Commission, assuming that the timeline of the execution of the programmes would follow the one observed for the 2014-2020 period; (2) a delay scenario that considers an hypothetical and extremely late start of implementation, and hence temporally condensed implementation; (3) a small STEP scenario considers a limited implementation of the recently adopted STEP; and (4) a large STEP scenario which is closer to the maximum theoretical take-up of STEP.

The baseline scenario suggests that Cohesion Policy has a positive impact on the EU GDP and contributes to reduce the extent of regional disparities, which means that it is effective in achieving its mandate of reducing regional disparities. The delay scenario displays only a short run and temporary effect due to the slow take-off in the implementation of the programme.

The implementation of STEP leads to a change in the investment priorities of the policy, away from demand-side interventions and towards supply-side interventions. This altered investment mix can yield GDP-growth enhancing effects leading to higher GDP impact. It also contributes to

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enhance the impact of the policy of cohesion and in particular on the extent of regional disparities within the Union. Obviously, the capacity of STEP to enhance the effectiveness of the policy critically depends on the extent to which the initiative is taken up by the Member States.

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Appendix

Changes in co-financing rates

The extent to which national co-financing changes with STEP also varies from one category of regions to another. Less developed regions receive a larger total (and relative) financial envelop. Hence, increasing the co-finance rate (and therewith potentially re-directing national funds) can lead to a relatively larger decrease in the total funding. Table 15 presents these aspects by showing the average co-financing rates and total funding (EU + Member State budgets), across the two STEP scenarios and across the categories of regions. For all regions, the co-financing rate increases though the impact on the total budget differs significantly. In less developed regions, the total funding drops by twice as much as in more developed regions. In sum, the total funding decreases by about EUR 6.8 billion for the small STEP scenario, and by about EUR 34.2 billion for the large STEP scenario, or just over 6%.

In addition, the analysis considers for both STEP scenarios the case when national authorities reallocate the 'freed' funds and spend the money on priorities aligned with the policy, a form of 'voluntary co-financing'. For simplicity, the reallocation is assumed to follow the regional (NUTS 2) specific spending prioritisation of the EU funds of the specific scenario[399]. In these amended scenarios, the average cofinancing rates and also the total funding remains unchanged. Across all STEP scenarios the EU funding remains unchanged.

Table 15 - Average co-financing rates and changes in total funding (EU + Member State budgets), across STEP scenarios.

Regions	Average CFR[400] (%) Baseline	Average CFR (%) Small STEP	Average CFR (%) Large STEP	Funding (EUR, billion) Small STEP	Funding (EUR, billion) Large STEP
LD	79.4%	80.2%	83.8%	-3.6	-18.0
TR	63.1%	64.2%	68.7%	-1.7	-8.3
MD	43.8%	44.7%	48.7%	-1.6	-7.9
EU-27	69.7%	70.6%	74.5%	-6.8	-34.2

Note: The 'Funding'-columns consider total amounts (sum of EU and national budget allocations) for cohesion policy.
Source: ARDECO database and European Commission.

399 The case considers scenario-specific allocation shares to reflect the new funding priorities. EU funds are considered to avoid a distortion of the shares based on the changed cofinancing rates (as would be the case when total funds are considered) NUTS 2-specific allocations are considered to account for regional differences.

400 Average cofinancing rate, calculated as the share of EU funds of total (EU + Member State) funds.

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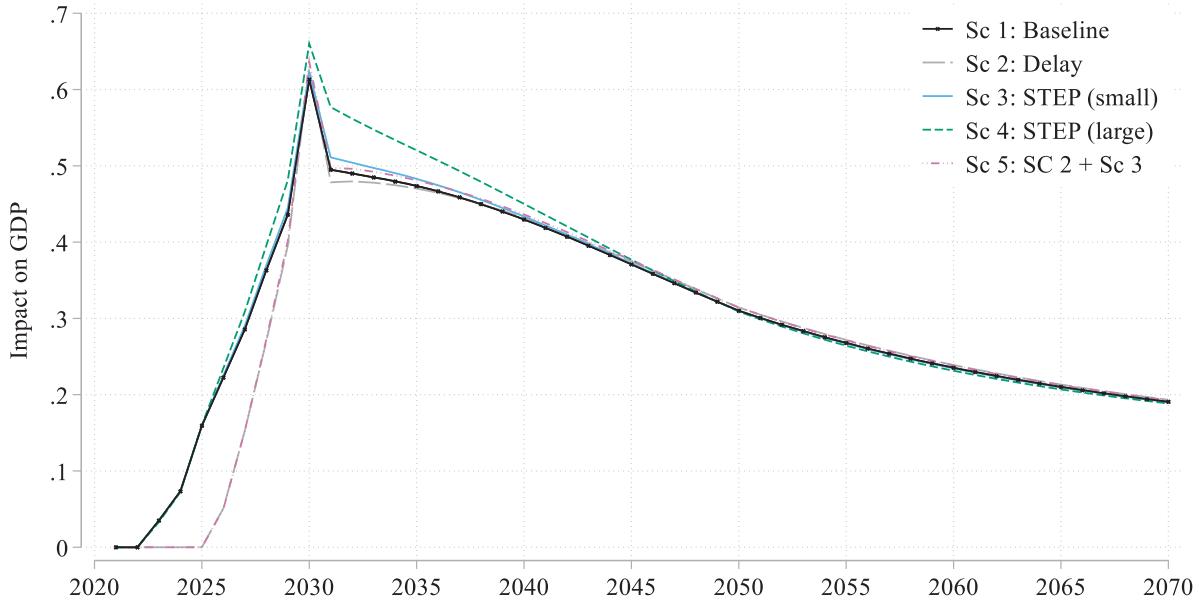
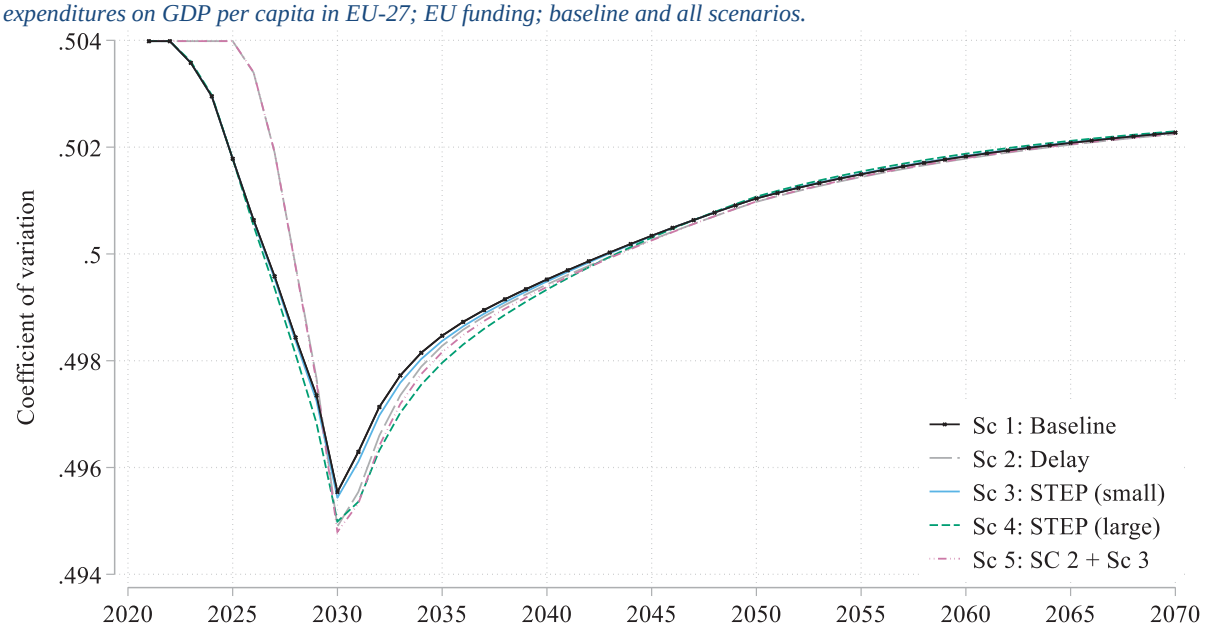
Additional charts

Figure A8.7 - Impact of the 2021-2027 cohesion policy programmes on EU GDP; EU funding; baseline and all scenarios.



Source: Eurostat and RHOMOLO simulations/REGIO.

Figure A8.9 - Changes in measure of dispersion (coefficient of variation) based on estimated impact of cohesion policy expenditures on GDP per capita in EU-27; EU funding; baseline and all scenarios.



Source: Eurostat and RHOMOLO simulations/REGIO.

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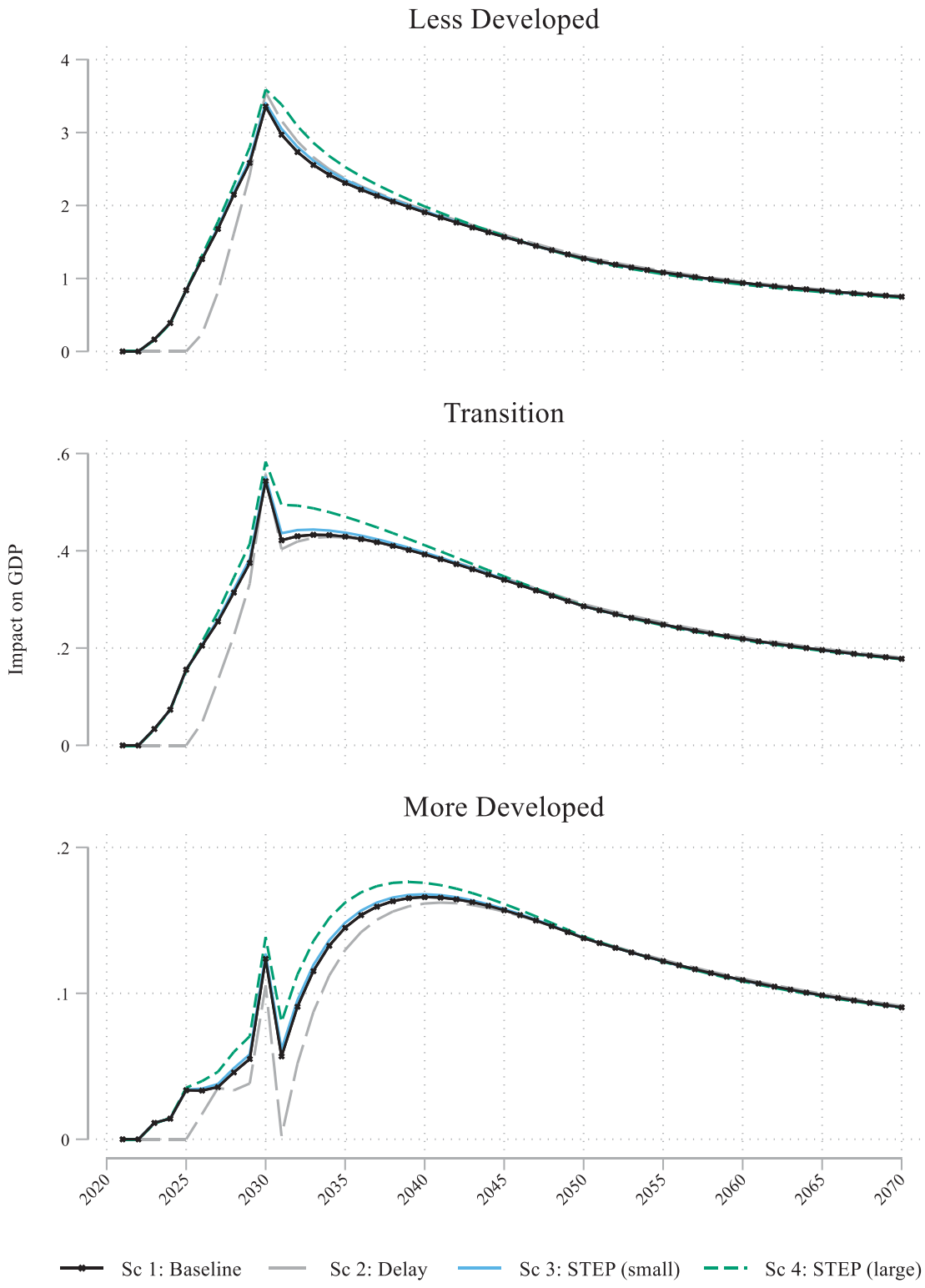
Figure A8.10 41 - Impact of the 2021-2027 cohesion policy programmes on GDP across categories of regions; baseline, delay scenario (SC 2), and STEP scenarios (SC 3 and Sc 4).



Source: Eurostat and RHOMOLO simulations/REGIO.

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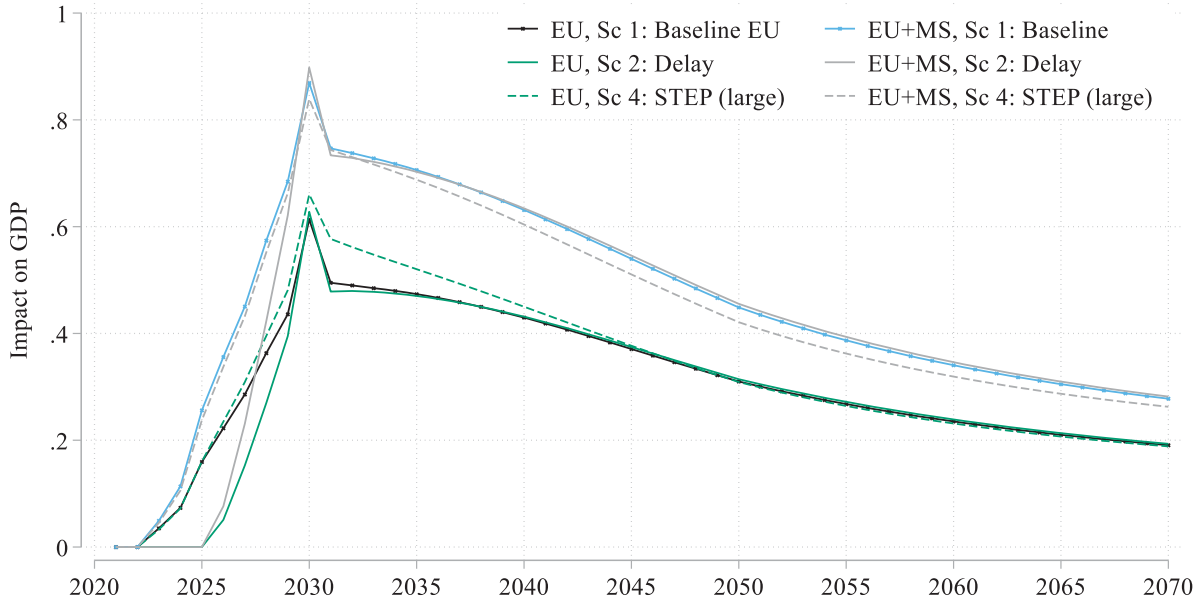
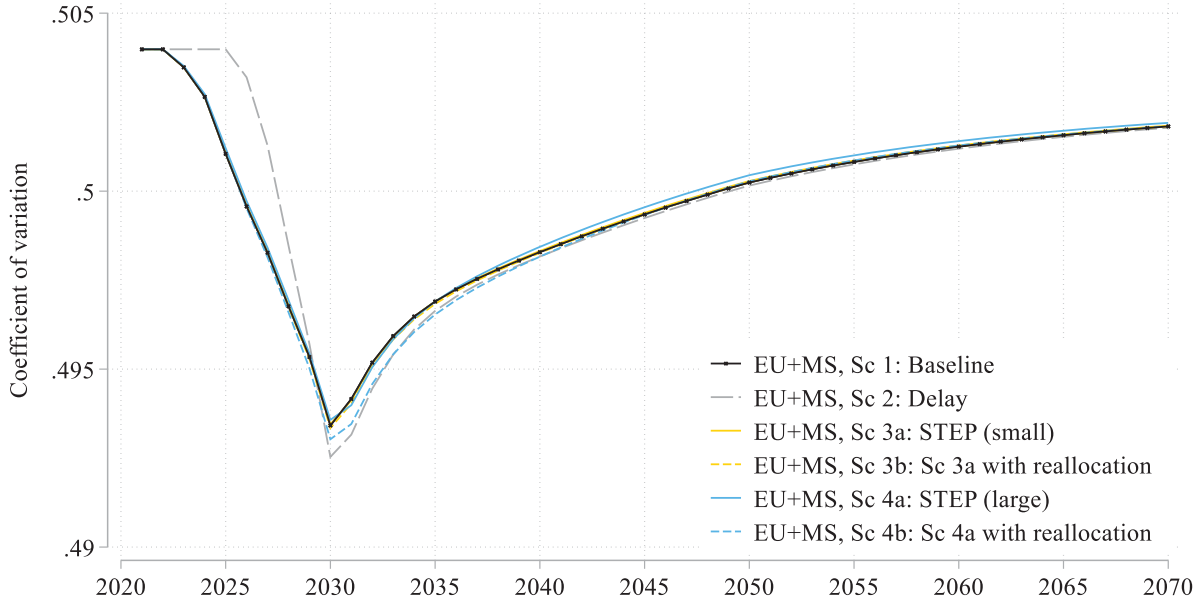
Figure 42A8.11 - Impact of the 2021-2027 cohesion policy programmes on EU GDP; baseline, delay scenario, and large STEP scenario; EU funding and total (EU + Member State) funding.



Source: Eurostat and RHOMOLO simulations/REGIO.

Figure 43A8.12 Changes in measure of dispersion (coefficient of variation) based on estimated impact of cohesion policy expenditures on GDP per capita in EU-27; total (EU + Member State) funding; baseline, delay, and STEP scenarios.



Source: Eurostat and RHOMOLO simulations/REGIO.

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