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European Commission

2026 ANNUAL PROGRESS REPORT

Simplification, Implementation & Enforcement



Raffaele Fitto

Executive Vice-President of the European Commission for Cohesion and Reforms

1. Introduction

This report shows the progress made on key policy objectives, on simplification, implementation, and enforcement in the field of cohesion and reforms during the period from 1 August 2025 to 31 July 2026. The report will serve as the basis for a detailed discussion with the European Parliament and Council.

As the **Executive Vice-President responsible for cohesion policy, regional development and cities**, I made sure we intensified our work in close partnership with national, regional, and local authorities to ensure that Europe has a strengthened, modernised cohesion and growth policy. The report focuses in particular on the implementation of the mid-term review, the progressing work on the National and Regional Partnership Plans, the strategic non-legislative initiatives proposed over the last 12 months, as well as the continuous efforts of my services in direct exchange with Member States.

In my capacity as Executive Vice-President of the European Commission for Cohesion and Reforms, and together with the Commissioner for Economy and Productivity, I also continue to co-lead the work on the implementation of the **Recovery and Resilience Facility** (RRF).

2. Executive Summary

From 1 August 2025 to 31 July 2026, cohesion policy work focused on advancing simplification, strengthening implementation, and supporting Member States in delivering EU priorities. Progress was driven both through legislative and non-legislative action, as well as through direct engagement with national, regional and local authorities and other stakeholders.

A central achievement was the delivery of the 2025 mid-term review of cohesion policy. Enabled by the revised regulatory framework adopted in September 2025, Member States made use of simplification measures linked to the mid-term review, including faster selection of Important Projects of Common European Interest (IPCEIs) and broader use of Seals of Excellence. The review confirmed the agility of cohesion policy in responding to emerging priorities such as competitiveness, defence and military mobility, civil preparedness, affordable and sustainable housing, and secure water and energy access.

Member States increasingly used simplification tools available under the Common Provisions Regulation, with strong growth for Financing Not Linked to Costs (FNLC) schemes, and expansion of Simplified Cost Options (SCOs), reflecting a clear shift towards a more results-oriented delivery.

Implementation support to Member States remained central, with the Commission stepping up targeted training, webinars, expert guidance, Peer2Peer exchanges and the Q&A platform. Additional support was provided through initiatives such as the Eastern Border Regions Community, the Just Transition Platform, the Cohesion for Transitions Community of practice, as well as targeted support for New European Bauhaus delivery, and the launch of the EU Cities web portal to simplify access to EU support.

Two implementation dialogues helped identify obstacles and translate stakeholder feedback into concrete follow-up. The dialogue on EU funding and regional competitiveness led to simplification that substantially reduced the administrative burden for the Interregional Investment Instrument (I3) applicants. A second dialogue with business representatives from the Outermost Regions gathered valuable input for the forthcoming strategy and regulatory package for those regions.

Reality checks also produced actionable results. A dedicated reality check on state aid advances under Article 91(5) CPR encouraged greater use of this option. Operational exchanges with Member States helped clarify its practical application and address uncertainties that had constrained uptake, contributing to a doubling of cumulative advances declared by Member States and paid by the Commission compared to 2025.

With the approaching deadline of the Recovery and Resilience Facility (RRF), efforts have focused on accelerating implementation, supporting Member States in submitting payment requests and during their processing. Following the Communication *"NextGenerationEU – The Road to 2026"*, published in June 2025, Commission services stepped up efforts to assist Member States in streamlining their Recovery and Resilience Plans (RRPs).

Looking ahead, the proposed National and Regional Partnership Plans (NRPPs) for the next Multiannual Financial Framework embed simplification structurally. By replacing around 540 programmes with 27 integrated national and regional partnership plans and one Interreg plan, and by introducing a single rulebook and a performance-based model, the proposal aims to reduce fragmentation, allow for integrated programming, simplify implementation, and ease reporting obligations for Member States and beneficiaries alike.

3. Delivering Results: Key Measures

A. Simplification and costs savings

Simplification measures

The **mid-term evaluation** of the 2021-2027 cohesion policy programmes (funded by the European Regional and Development Fund (ERDF), Cohesion Fund (CF), and Just Transition Fund (JTF)) published in October 2025 shows in a comparative perspective that simplification measures and novelties introduced by the 2021-2027 framework (e.g. more frequent but lighter reporting, streamlined controls with fewer management verifications, the 'single audit principle' and proportionate audit arrangements) are contributing to a reduction in administrative burden, with estimated cost reductions at all stages of implementation and for both programme authorities and beneficiaries. Additional measures fostering faster delivery and reducing administrative burden in the current programming period include the use of the Seal of Excellence, simpler provisions for financial instruments, and more flexibility in reprogramming.

There has been a steady and exponential increase by Member States in using **Financing Not Linked to Costs**, a type of simplified reimbursement model which moves away from cost-based financing and has helped speeding up implementation. To date, 15 Member States operate 50 schemes (EUR 6.13 billion expenditure) to streamline 2021-2027 cohesion policy delivery and build expertise for the 2028-2034 multiannual financial framework. Over 70 new proposals were under assessment by the Directorate-General for Regional and Urban Policy (DG REGIO) by 31 July 2026, with further schemes in development. Coverage spans ERDF, CF, and JTF priorities, including energy efficiency, R&D, broadband, housing, water resilience, and SME support.

Member States are also expanding the use of unit costs and output-based indicators. As of July 2026, the European Commission had approved 200 **simplified cost options** schemes across 18 Member States and 6 Interreg programmes, with estimated expenditure of EUR 8.1 billion. To further accelerate the uptake of simplified reimbursement schemes, my services undertook targeted actions in 2025-2026, including regular monitoring of inquiries coming from Member States, workshops with national authorities, as well as a comprehensive webinar on the design, use and audit of FNLCs for cohesion funds' managing, coordination and audit authorities. Expert exchanges and technical guidance were ensured through several technical bilateral meetings at the request of Member States and 2 dedicated meetings of the **REGIO Transnational Network (TN)** on Simplification. As a result, recent submissions show a clear shift towards a more results-oriented approach.

Member States are also **leveraging simplified reimbursement tools under strategic priorities**. Concretely, Poland and Ireland introduced FNLC schemes in housing; Portugal uses it in the water sector; Germany widely applies it, including for Strategic Technologies for Europe Platform (STEP). Bulgaria will deploy new financial instruments for STEP and defence. Croatia will use them in 22 cities under urban integrated territorial investments (ITI), funding affordable/social housing aligned with New European Bauhaus principles. Finally, Czechia plans to upgrade wastewater plants (boosting energy efficiency, cutting emissions) and use one-off pre-financing to accelerate water treatment projects.

Strategic non-legislative initiatives

The **EU Agenda for Cities: Driving Growth and Prosperity**, adopted in December 2025, delivers coordinated, simplified, and tailored support for cities while reinforcing multi-level governance to ensure effective EU policy implementation. It streamlines access to EU funding and reduces administrative complexity by better aligning existing instruments and reporting requirements, while rendering access to EU support more user-friendly for cities.

The Commission also adopted its first-ever dedicated **Strategy for Islands**, to address the specific and multi-faceted challenges faced by islands across the EU. The strategy aims to better tailor existing EU policies to island realities, to simplify and improve the coherence of EU interventions for islands. The strategy envisages regular technical dialogues with EU institutions, island authorities, and relevant stakeholders to address island-related policies and contribute to simplifying and reducing the administrative burden. For example, the strategy invites Member States to simplify islands' planning and permitting systems for housing provision.

Simplification under the Recovery and Resilience Facility

Simplification of the Commission Implementing Decision authorising payments

To simplify and expedite the payment request process based on the experience of the past years, my services streamlined the template for Commission Implementing Decisions authorising disbursements under the Recovery and Resilience Facility. This was done by removing repetitive texts in the recitals that summarised assessments already detailed in the Commission's preliminary assessment of the satisfactory fulfilment of milestones and targets.

This simplification eliminates duplication between documents, reduces administrative burden and streamlines internal procedures without undermining transparency since the Commission's preliminary assessment continues to contain the same detailed and thorough assessment of each milestone and target, is transmitted timely to the Economic and Financial Committee and to the European Parliament, and is subsequently made public.

2028–2034 MFF progress

The Commission's proposal for the 2028–2034 Multiannual Financial Framework introduces a fundamentally simpler delivery architecture for shared-management funds, reducing fragmentation while enhancing flexibility, accountability and transparency. By bringing together 14 shared-management funds within a single framework, the proposal enables Member States and regions to plan and implement investments through a single strategic document, while fully preserving the partnership principle, multilevel governance and the place-based approach. The President of the Commission in her letters of 9 November last year and 6 January this year proposed to the co-legislators to further adjust and clarify key elements of the Commission proposal. These contribute to reinforcing the role of regions in the design, implementation and evaluation of the National and Regional Partnership Plans (NRPPs) and the Interreg Plan and include safeguards to prevent significant decrease in allocations to transition and more developed regions. These proposals also provide for strengthening the level of support for rural communities (e.g. via a 10% rural target applicable to the NRPPs). Overall, the Commission's proposals simplify implementation by providing greater flexibility in the programming and management of funds, while maintaining a strong focus on performance, accountability and sound financial management.

The Council endorsed its partial general approach on 16 July on the NRP proposal and the ERDF/CF (incl. Interreg) fund-specific proposal. The Council and the Commission remain committed to an agreement by the European Leaders on the MFF by December this year.

Progress on Simplification: Stress Testing and Reality Checks

The focus was maintained on ensuring that Member States have the knowledge and good practices supporting the uptake of simplification measures that are already provided by the regulatory framework. With this view and to identify further bottlenecks, my services carried out further stress testing through reality checks with Member States' authorities to investigate how existing simplification options could be further rolled out by Managing Authorities.

1. Data automation – Part of DG REGIO's stress testing action plan

DG REGIO continued to advocate for simplification of processes of Member States submitting data to the Commission by using available digital tools, with a technical seminar for Member States organised in September 2025 that led to 19 new programmes (including Interreg) using webservices. A second webinar was held as a reality check in June 2026 with senior managers of Member States' managing bodies similarly garnered a large interest (over 300 participants).

As further interest is shown from other Member States to follow these simplification measures, my services will continue to explore the most efficient ways to further data automation directly with Member States.

2. Payment of state aid advances according to Article 91(5) of the Common Provisions Regulation (CPR) – newly identified initiative

Given the limited take-up of simplification measures by Member States, DG REGIO stress-tested the delivery of regulatory provisions in Article 91(5) CPR on the payment of state aid advances, which stipulates the conditions under which these may be included in payment applications before related expenditure is incurred. State aid advances offer an effective means of speeding up the payment process, improving project liquidity and supporting timely project implementation. In a dedicated reality check, my services brought together Managing Authorities with solid track records and those that have not yet made use of it. This helped identify concrete challenges, such as secondary rules enforced by Member States and rigid interpretation of the provision. It also helped encourage Managing Authorities to integrate it more confidently into programme implementation. The total cumulative amounts

paid as advances have increased by EUR 847 million to a total of EUR 1.48 billion[1] in the time period between 1 August 2025 and 31 July 2026 as a concrete outcome of the reality check.

Delegated and implementing acts

As part of its simplification agenda, the Commission reviewed all empowerments for delegated and implementing acts for 2025-2026 under the cohesion acquis to ensure that only those necessary for the effective functioning of cohesion policy remain prioritised[2]. The review confirmed that five acts remain essential for the purposes of continuing the implementation of the policy and do not create additional administrative burden for stakeholders. At the same time, two acts were identified for deprioritisation[3], demonstrating the Commission's commitment to reducing unnecessary regulatory activity while preserving the effective implementation of cohesion policy.

B. Implementation

Mid-Term Review of Cohesion Policy (2025)

The implementation of cohesion policy programmes has been progressing steadily. By the end of June 2026, the selection rate reached almost 75% for DG REGIO funds, with projects amounting to close to EUR 290 billion being delivered on the ground. Payments by the Commission to Member States show a similar performance when compared to the 2014 - 2020 programming, when account is taken of the seven-month difference in programme adoption timelines[4].

The adoption of **the mid-term review (MTR) legislation** made it possible for Member States to realign cohesion policy investments with current EU priorities, such as competitiveness, defence and military mobility civil preparedness, affordable/sustainable housing and secure water/energy access; while ensuring that programmes are simplified and delivery accelerated.

Uptake by Member States was strong. By the end of 2025, 25 Member States had submitted 186 amendment requests amounting to a reallocation of EUR 34.6 billion[5] (around 9.4 % of the EU's cohesion policy budget) to new priorities. The speed of delivery was remarkable: the Commission processed the full volume of programme amendments within four months, enabling projects to start immediately[6]. Two thirds of the modified programmes are regional ones, confirming that the policy is flexible and actively involves regional and local actors.

Member States also made use of specific simplification measures introduced by the MTR[7], explicitly allowing for faster selection of **Important Projects of Common European Interest (IPCEIs)** and extending **Seals of**

[1] These figures are presented before the application of the co-financing rate and therefore correspond to the amounts declared by the programmes in their payment applications.

[2] The implementing act prioritised for 2026 is the Commission Implementing Decision amending Implementing Decision (EU) 2021/1803 setting out the provisional amounts allocated to each Member State from the resources of the Brexit Adjustment Reserve and the Commission Implementing Decision (EU) 2026/1162 of 21 May 2026 amending Implementing Decision (EU) 2021/1803 setting out the minimum amount of support to local and regional coastal communities.

[3] The deprioritised Implementing Acts and Delegated Acts were the ones for which the COM had the legal empowerment to adopt them if needed but their adoption was not mandatory as per the basic act. The **Implementing act** setting out the conditions and procedures for selecting finance partners other than the EIB in the Regulation (EU) 2021/1229 on PSLF (Public sector loan facility) under JTM and **Delegated act** to amend the key performance indicators set out in Annex II of the Regulation in case that the interim evaluation report finds that the indicators set out in Annex II do not allow for a proper assessment of the Facility in Regulation (EU) 2021/1229 on PSLF (Public sector loan facility) under JTM.

[4] Payments December 2018 = 18.3%; payments June 2026 = 18.5%

[5] The reallocation is concentrated on competitiveness (EUR 15.2 billion, from 6G to biotechnology) and defence and civil preparedness (EUR 11.9 billion for dual-use investments including drones, space assets and military mobility), followed by affordable housing (EUR 3.3 billion), water management (EUR 3.1 billion) and energy infrastructure (EUR 1.1 billion). More details can be found in the MTR Factsheet

[6] With the exception of the two ongoing amendments reallocating resources to the strategic priorities

[7] Several Member States (Romania, Ireland, Czechia, Croatia and Slovakia) have adopted MTR-related simplification measures.

Excellence to the JTF. Moreover, Member States are currently planning an enhanced use of simplified delivery modes such as FNLC to implement the MTR strategic priorities. The amended mid-term review regulatory framework also offers enhanced simplification and opportunities for supporting innovative urban actions (Member States' transfers of shared management resources to the European Urban Initiative (EUI), Seal of Excellence for projects that can be taken over by cohesion policy programmes).

Follow-up work on NextGenerationEU

Following the Communication "NextGenerationEU - The Road to 2026", published in June 2025, Commission services have undertaken renewed efforts to support Member States in simplifying and streamlining their Recovery and Resilience Plans to bring the instrument to a successful conclusion. Since all milestones and targets need to be implemented by 31 August 2026, the Communication put forward multiple options to improve Member States' ability to implement their RRPs swiftly and fully. In the period covered by this report, all plans were revised at least once.

As a result of these efforts, the number of outstanding milestones and targets has been reduced by approximately 20%. This has led to a significant reduction of the burden linked to the assessment of payment requests, both for the Member States and for the Commission. In addition, Member States have made use of some of the options laid out in the June 2025 Communication, such as equity injections in national promotional banks that help stimulate private investment, as well as national contributions to EU programmes for satellite communication. Crucially, this simplification effort was carried out while ensuring that all plans continue to fully comply with the requirements in the RRF Regulation, so that the Facility continues to deliver on its ambitious objectives.

With the RRF expiring on 31 December 2026, my services closely examined the operational aspects of implementing the Facility and simplified procedures wherever possible. This work was also reflected in the Commission's *Guidelines for Member States on operational aspects related to the final phase and closure of the RRF* on 30 April 2026. These guidelines inform Member States about the final steps of programme implementation until the end of the year and explain how the Commission intends to operationalise key aspects of the Facility's closure. The guidelines also clarify the Member States' obligations beyond 2026 in areas such as monitoring, control, audit and data retention.

By the end of July 2026, disbursements to Member States under the RRF stood at EUR 430 billion, which corresponds to 75% of the RRF envelope meaning that 143 billion remained to be disbursed. Member States have stepped up implementation efforts as milestones and targets had to be completed by 31 August 2026.

Main takeaways from implementation dialogues

My services held **two implementation dialogues** to engage directly with stakeholders to identify concrete issues and obstacles and translate the feedback into action.

The **first dialogue** on **EU Funding and Regional Competitiveness** was held on **18 September 2025,** and brought together micro, small, medium, and large enterprises to discuss challenges and experiences with tools like Simplified Cost Options (SCOs), the Interregional Investment Instrument (I3), and the Smart Specialisation Strategies (S3). Participants recognized the tangible **reduction in administrative workload** and **increased speed of payments** achieved through Simplified Cost Options and recommended enlarging the scope of SCO off-the-shelf options. The S3 was perceived as a useful tool to capitalise on regional strengths and boost regional competitiveness with room for improvement regarding its implementation in some Member States and regions. Best practice examples from stakeholders included the accessibility of I3 for companies of all sizes due to overall low administrative burden compared to other funding options, as well as the ability of the initiative to connect start-ups to larger companies in different Member States. For concrete follow-up measures, more details can be found under the section *Annex: examples*.

The **second implementation dialogue** was held on **21 April 2026** and brought together business representatives of all **9 Outermost Regions** to discuss the challenges they face and gather input ahead of the publication of the forthcoming Outermost Regions (OR) Strategy and regulatory package. As an example of best practice, the Programme of Options Specifically Relating to Remoteness and Insularity (POSEI) was considered by many participants to be a successful and well-targeted instrument. Participants called for a more effective application of Article TFEU 349 across EU policies and legislation, and proposed sector-specific adjustments to simplify the regulatory framework and enhance competitiveness of businesses in the Outermost Regions. These requests will be addressed through various measures proposed in the upcoming regulatory package in the form of tailored adaptations of EU legislation, such as in the fields of agriculture, fisheries, environment, and taxation. The regulatory package aims to deliver tangible benefits for the people living in these regions, as well as for businesses (including SMEs) and local and regional administrations.

Gold-plating

Persistent instances of **gold-plating** in the administration of cohesion policy funds have been highlighted in the 2021–2027 programming period, particularly in areas such as project selection, management verifications, and audit procedures. In some cases, national implementation practices have introduced control requirements that go beyond those required under the EU legal framework, such as the systematic overapplication of control measures, where uniform, resource-intensive procedures are imposed regardless of project risk or complexity. For example, auditors have identified cases where excessive on-the-spot verification requirements – such as mandatory bi-annual site visits during implementation, annual visits throughout the durability period, and ad-hoc inspections – are applied indiscriminately to all operations, including low-risk projects. Such approaches not only generate disproportionate administrative burdens for beneficiaries and authorities alike but also divert attention from higher-risk cases where scrutiny would be more justified.

My services are committed to reducing administrative burden linked to the implementation of cohesion policy funds. Reviews of Member States' 'gold plating' practices are systematically performed, notably through audit work. For the 2021-2027 programming period, the Commission has already identified 20 cases of such practices related to funds managed by the Directorate General for Regional and Urban Policy, mainly linked to the selection of operations, management verifications and audit work. In some cases, national practices introduced systematic overapplication of control measures and resource-intensive procedures regardless of project risk or complexity.

Gold-plating practices are discussed with Member States representatives during monitoring committee and annual performance review meetings, as well as in the Transnational Network on Simplification and the Expert Group on the Common Provisions Regulation Funds.

In its compliance audit work, the Commission identifies any rules, processes and procedures that constitute an excessive administrative burden and cost, or that can be simplified without undermining the overall assurance and effectiveness of the management and control system.

Should the Commission identify 'gold-plating' practices, it will recommend the Member State to take corrective actions, which are then followed up by auditors until fulfilled.

DG REGIO Implementation Support to Member States

Best practices and concrete solutions for speeding up the delivery of the 2021 – 2027 programming period have emerged from the two transnational gatherings of heads of Managing Authorities, as well as the exchanges of national officials facilitated by the REGIO Peer2Peer community. Proving once more our agility responding to emerging challenges, a new **Eastern Border Regions Community** was launched by my services to strengthen the resilience, crisis response, and cross-border cooperation of the concerned regions amid geopolitical pressures by offering case studies and best practices, sharing contributions from experts chosen by the community, and providing in-person workshops to a network of practitioners from all 9 EU Member States on the eastern EU border.

DG REGIO is a main contributor to the **New European Bauhaus** (NEB), with EUR 900 million (of EUR 1.4 billion EU funds) already invested in projects on housing, energy efficiency, and urban sustainability. To address recurrent challenges and capacity gaps of Member States to deliver the NEB, my services prepared a dedicated technical support initiative through a call for expression of interest and selected 14 regional and national authorities that will receive tailored expert support to integrate the NEB principles in investments, particularly in housing. This support will strengthen and simplify project preparation, which may help improve access to funding for smaller beneficiaries by reducing administrative complexity.

As part of the Cities' Agenda, the **EU Cities web portal** was launched in 2026 to centralise access to over 80 EU programmes and initiatives for cities of all sizes.

Administrative Capacity Challenges and Tools or Programmes to support Implementation in Cohesion Policy

The second major aspect of implementation support is tied to **structural needs and challenges**: Member States continue to grapple with persistent administrative capacity gaps, impacting both programme authorities and beneficiaries. Key needs have been identified via European Semester reports, OECD analyses, and evaluations. This includes strengthening beneficiary capacity, improving stakeholder coordination, enhancing participatory governance and addressing public sector skills shortages (attraction, development, retention).

My services finalised pilot projects on administrative and beneficiary capacity building, delivering reusable tools, while an ongoing workforce skills pilot tests innovative staff retention methods. Another initiative, implemented

jointly with the OECD, is helping 11 programme authorities across 9 Member States adopt strategic public procurement – developing action plans, toolkits, and awareness events (2024-2026).

Between 1 August 2025 and 31 July 2026, my services have enhanced the technical support provided, with **670+ participants** in TAIEX-REGIO Peer2Peer exchanges and **360 programme authority staff** trained in State aid, public procurement, anti-fraud, and capacity building.

To strengthen implementation of cohesion policy programmes, my services provided targeted webinars[8] and training to Member States (administrative capacity, financial instruments, JTF, STEP, State aid). A Q&A platform operates to offer interpretation and address recurring challenges.

Another area of focus for my services is the work with municipalities, providing them direct funding for innovative projects as well as capacity building: The **European Urban Initiative (EUI)** is progressing as planned, its fourth call for innovative action proposals was launched in Q1 2026, offering EUR 60 million in ERDF funding. Beyond funding, the EUI is helping to enhance urban expertise in EU-relevant priorities. Its 2025-2026 policy labs focused on affordable housing and integrated urban mobility. Its 2025-2026 policy labs focused on affordable housing and integrated urban mobility.

Ensuring transparency and data accessibility, along with user-friendly navigation, remains a key priority. The **Cohesion Open Data Platform** delivers regular updates on the financial progress and performance reporting of all programmes funded under cohesion policy. To further promote public access to cohesion policy data and insights, two new data stories on the mid-Term Review[9] and on Cohesion policy support to competitiveness[10] have been made available through the platform.

Similarly, **Kohesio** continues to expand, now incorporating comprehensive lists of projects and beneficiaries selected by Managing Authorities to receive funding under the 2021–2027 programmes.

C. Enforcement

In shared management under cohesion policy, in order to protect the Union budget, Member States are primarily responsible for **applying financial corrections** to cancel all or part of the support from the Funds to an operation or programme where expenditure declared to the Commission is found to be irregular (Art 103(1) Regulation (EU) 2021/1060).

The Commission continued to apply **financial corrections**[11] to protect the Union budget by reducing support from the Funds to a programme where deficiencies and/or irregularities affect expenditure already paid by Commission/included in accepted accounts. When new cases arrived, the Commission also **interrupted the payment deadline**[12] when there was evidence of serious deficiency and/or additional verifications are needed to check suspected irregularities. The Commission may suspend payments: i) in cases where a Member State has not taken action to address the situation giving rise to an interruption; ii) if there is a serious deficiency; iii) if irregular expenditure is included in a payment application or there is a reasoned opinion on a matter which puts at risk the legality and regularity of the expenditure.

My services followed up **complaints from citizens**[13] relating to the implementation of cohesion policy funding in Member States. As the funds are implemented under shared management, Member States are obliged to have

[8] 2021 – 2027 Technical seminars

[9] Cohesiondata: The Mid-Term review of Cohesion Policy Programmes 2021-2027

[10] Cohesiondata: Cohesion policy support to the Competitiveness Compass

[11] 1 financial correction procedure was launched, 5 financial correction procedures were ongoing and 1 financial correction procedure was finalised with the adoption of a financial correction decision reducing the EU contribution to a programme during the reference period.

[12] The payment deadline was interrupted for 6 programmes during the reference period and 4 suspension of payments procedures were launched.

[13] 58 complaints were received during the reference period. 41 complaints were closed during the same period.

effective arrangements for examining complaints at national level and the Commission may request the Member State to examine complaints submitted to the Commission and to inform the Commission of the results in accordance with Article 69(7) of Regulation (EU) 2021/1060.

In cohesion policy, **enabling conditions serve as an important tool for the EU to introduce and enforce horizontal principles, rules, and standards**[14]. These conditions are prerequisites for the effective and efficient implementation of investments under specific objectives. By ensuring these criteria are met, a favourable framework for investment is created and maintained throughout the programming period.

Each thematic enabling condition (TEC) is linked to a particular specific objective and becomes applicable automatically when that specific objective is chosen for support. Currently, certain TECs continue to remain unfulfilled, especially concerning transport planning, water, waste and wastewater management, health and long-term care, and mainly for programmes in 9 Member States[15]. Thus, **EUR 2 billion remain blocked because of unfulfilled TECs** which corresponds to 0.5% of total cohesion policy's allocation. In the reported period, the horizontal enabling conditions continued to be effectively implemented, including when adopting amendments of programmes of the mid-term review. The Commission blocked the payments to programmes as long as the horizontal enabling conditions have not been fulfilled.

4. Way forward

The focus now is on following up on the implementation of cohesion policy, including the take-up of the MTR and ensuing simplification measures and continuing to support Member States in implementing simplification measures through FNLCs.

The European Commission had launched a **call for evidence** for a **Strategy on the Right to Stay,** which aims to ensure that every European can stay and thrive in the place they call home. As part of this process, I will hold an implementation dialogue on 29 September 2026 with relevant stakeholders to discuss current bottlenecks, best practices, and opportunities for simplification.

Following my implementation dialogue in April 2026, the European Commission is publishing the Outermost Regions Strategy and regulatory package on 9 September 2026, putting into place tailored adaptations of EU legislation in the fields of agriculture, fisheries, environment, and taxation.

I will continue the established high level dialogue format on the issues of the urban agenda, the European Border Regions and Island territories. For example, to ensure a systematic follow-up to the **Communication on the EU's eastern regions bordering Russia, Belarus and Ukraine**[16], the Commission set up an annual high-level political dialogue to discuss EU policies and their contribution to the development and security of the eastern border regions, including to reflect on simplification measures for the benefit of these regions.

The Commission is also designing the EU Cities Platform, a unified structure, to consolidate EU policy engagement with cities. This platform will integrate city-focused initiatives into a simplified, accessible support system.

My services will continue to work in coordination with other relevant Commission services on the **preparation of the proposed National and Regional Partnership Plans**, subject to the final agreement of the co-legislators. It will support national authorities, partners and beneficiaries in adapting to the new features, making full use of the simplification opportunities available, and preparing for the performance-based model.

[14] There are four **horizontal enabling conditions (HECs)** focusing on public procurement, State aid, the application of the EU Charter of Fundamental Rights, and the United Nations Convention on the Rights of Persons with Disabilities. The horizontal enabling conditions apply to all specific objectives. Additionally, there are sixteen thematic enabling conditions (TECs) that address areas such as smart specialisation, energy efficiency in buildings, energy governance, renewable energy, disaster risk management, water and wastewater infrastructure, waste management, conservation of natural habitats, broadband access, transportation, active labour market policies, gender equality, education and training, social inclusion and poverty reduction, Roma integration, and health.

[15] These countries are: CY, DE, EL, ES, FR, HU, IE, IT, RO.

[16] COM2026/82 Communication on the EU's eastern regions bordering Russia, Belarus and Ukraine Strong regions for a safe Europe

Annex: examples

I. Simplification of the budget table used in I3 instrument calls

During the implementation dialogue on EU Funding and Regional Competitiveness, several stakeholders raised concerns about the complex and lengthy financial data requested to access EU funding, particularly under the I3 Instrument. As a direct follow-up, upon DG REGIO's request and with the support of EISMEA, DG BUDG and its DIGIT EU Funding & Tenders Portal proposals submission tool team agreed to implement a lighter version of the I3 budget table for applicants.

The revised template no longer requires individual beneficiary sheets for each work strand, eliminating significant detailed information and reducing the number of budget tables to be completed. This reduces the need for applicants to submit hundreds of pages of financial data and simplifies both proposal preparation and upcoming grant agreement preparation for the currently open I3 calls for proposals which were launched in May 2026. The change is particularly welcomed by larger interregional consortia.

The simplification also facilitates proposal assessment and project management by reducing the administrative effort required from evaluators and project officers. It will also apply to the I3 calls of 2027. These measures help decrease the administrative burden for all stakeholders while maintaining the necessary level of financial oversight and accountability.

II. State aid advances under Article 91(5) CPR

To accelerate the disbursement of JTF resources in view of the N+3 rule and the JTF NextGenerationEU (NGEU) payment deadline set at the end of 2026, greater use of State aid advances represents a significant and still largely untapped opportunity to boost EU payments in the short term.

Through a Reality Check, my services found that several Member States already make use of this payment option under the JTF, notably in areas such as support for SMEs, economic diversification, environmental sustainability and workforce transition. One Member State implements state aid advances with a public guarantee facility aimed to reduce the administrative and financial burden for SMEs that may face difficulties in securing collateral guarantees through private banks. Although the regulatory framework allows advances of up to 40%, Managing Authorities often apply lower rates in practice, typically around 10% for larger projects and up to 30% for smaller ones.

III. FNLC under Article 95 CPR

Although FNLC is a delivery mode provided by the regulatory framework, until recently Member States made limited use of it. My services made sustained efforts to address capacity gaps and help individual Member States to become more familiar with this tool which represents an alternative to real costs and is a reimbursement mode under cohesion policy funds which offers an alternative to real costs that can speed up absorption, simplify implementation and ensure better focus on achieving policy objectives by offering the possibility to Member States to be more ambitious in terms of results when designing their schemes.

Some examples of recent FNLC adopted with cohesion policy programmes:

- Portugal developed an FNLC scheme for interventions promoting access to water and sustainable water management. The overall objective is to ensure excellent water services to populations. Payments are linked to the number of km of new or upgraded pipelines of the public water supply system and of the public wastewater collection system. The scheme also includes a result component, as payments are also linked to the number of population equivalents that can be served by the new or improved wastewater treatment capacity.
- Estonia developed an FNLC scheme on energy efficiency renovation of apartment buildings. The objective is to promote the comprehensive renovation of multi-dwelling buildings in order to increase energy efficiency, reduce energy consumption and improve the living conditions of residents. Payments are linked to greenhouse gas emissions reductions in the renovated buildings.
- France developed an FNLC scheme for housing-related interventions. The overall objective is to expand and promote support for social, affordable and sustainable housing through the construction of new buildings, but also the transformation or renovation of existing buildings that were previously not social housing. Payments are linked to the number of new social housing units created.

All the above-mentioned FNLC schemes also include a number of intermediate steps triggering interim payments before the achievement of the final result. This is to facilitate implementation and ensure that the final result can be achieved.