

Brussels, 12 February 2026
(OR. en)

6299/26

COH 25

NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: Mid-term review of cohesion policy 2021-2027: lessons learned for the future
- *Exchange of views*

At the meeting of the General Affairs Council dedicated to Cohesion Policy of next 26 February, on the basis of the Presidency paper set out in annex to this note, Ministers in charge of Cohesion Policy are invited to discuss the topic “Mid-term review of cohesion policy 2021-2027: lessons learned for the future”.

Background paper

for the General Affairs Council dedicated to Cohesion Policy

“ Mid-term review of cohesion policy 2021-2027: lessons learned for the future”

Cohesion policy has consistently pursued its Treaty-based objective of promoting economic, social and territorial cohesion, while responding to changing economic and political circumstances. The Mid-Term Review (MTR) of the 2021–2027 programming period illustrates how cohesion policy can adapt to changing circumstances, against a backdrop of heightened geopolitical uncertainty, accelerating green and digital transitions, and renewed debate on the future direction of the EU budget. The discussion in the General Affairs Council (Cohesion) aims to exchange views on experiences with cohesion policy adaptability in aligning with emerging strategic priorities in the context of MTR, while preserving its core mission. Furthermore, the debate aims at a reflection on how this experience can support effective and timely implementation of cohesion policy in the 2028-34 period.

Re-prioritisation and new priorities, incentives and flexibilities

The MTR has enabled Member States and regions to undertake reprioritisation, including the redirection of funding towards competitiveness in line with STEP objectives, as well as defence and civil preparedness, notably dual-use, affordable and sustainable housing, water resilience, and energy. This reprioritisation has been accompanied by ESF+ support for skills development in areas such as civil preparedness, defence-related industries, cybersecurity, decarbonisation and STEP-related technologies.

Reprioritisation within the MTR was voluntary. However, 24 Member States submitted programme amendments, demonstrating broad engagement in reallocating resources in line with implementation progress and investment strategies. Financial and procedural incentives, including higher co-financing rates, increased pre-financing and a one-year extension of eligibility were designed to support faster mobilisation and help alleviate national budgetary pressures, including in Member States with high absorption rates.

Overall, the MTR has demonstrated the capacity of cohesion policy to align with emerging EU priorities without undermining its core objectives, as well as the importance of timely implementation, simplification and technical assistance to ensure rapid delivery.

Uptake of new competitiveness-oriented instruments

As repeatedly recognised by the Council, cohesion and competitiveness are interdependent:¹ cohesion policy contributes to competitiveness by exploiting the growth potential of all territories and by building on local strengths. In line to the Draghi Report², cohesion policy supports competitiveness through direct investments in innovation, digitalisation, research and development. In particular, smart specialisation strategies play a central role in strengthening innovative ecosystems and industrial transformation, fostering cooperation in research and innovation, and supporting regions in developing competitive capacities, reinforcing regional and European value chains.

The MTR has provided opportunities to further strengthen the interaction between cohesion policy and competitiveness instruments, including Important Projects of Common European Interest (IPCEI) or the STEP Seal of Excellence, as closer alignment of cohesion funding with EU priorities can generate complementary and synergistic investments, particularly in advanced manufacturing, clean technologies and strategic value chains.

¹ [Council conclusions on Cohesion and Cohesion Policy post-2027](#), 28 March 2025, Brussels, doc. 7523/25.

² Mario Draghi, [The future of European competitiveness – A competitiveness strategy for Europe](#), September 2024.

This experience suggests that strengthening competitiveness and pursuing cohesion objectives are mutually reinforcing policy goals. Looking ahead to the 2028-2034 period, there is value in strengthening ‘Smarter Europe’ type of investments and promoting regional competitiveness, alongside continued investment in people. Skills development, reskilling and workforce adaptation, including in digital and strategic technologies, remain critical for inclusive growth and long-term competitiveness, reinforcing the importance of a strong social dimension in cohesion policy.

Key considerations for effective implementation

As programme amendments are finalised, 2026 represents a critical year for implementation. The MTR has broadened the scope of investments under cohesion policy, including in areas such as defence and affordable and sustainable housing, and it has brought new actors into implementation structures.

The availability of mature project pipelines and sufficient technical capacity is a pre-requisite for successful implementation: the uptake of MTR flexibility measures, such as direct support awards for Seal of Excellence projects and IPCEIs, is dependent on the ability of Member States and regions to mobilise high-quality projects previously constrained by budgetary or timing limitations under other EU instruments.

Emerging experience indicates that flexibility is most effective when paired with clear incentives and sound governance. Adaptable and resilient administrative capacity is a precondition for a policy that can rapidly adjust to changing circumstances. Continued investment in technical assistance, simplification and support for project preparation and implementation is essential.

Questions

1. Incentives and flexibilities were designed to support faster mobilisation and alleviate national budgetary pressure. Drawing on Member States’ experience with the mid-term review, how could incentives and flexibilities be designed in the 2028-2034 period to further strengthen alignment of cohesion policy with EU strategic priorities, including competitiveness?

2. The mid-term review highlights the importance of a programming framework that combines stability with responsiveness. In light of the mid-term review experience, how can the future programming framework strike the right balance between providing sufficient time for strategic reflection and ensuring rapid implementation, particularly in periods of economic or geopolitical change?

 3. Given the broader scope of investments and the involvement of new actors, what lessons can be drawn from the mid-term review on strengthening administrative and implementation capacity in order to ensure that all Member States and regions can effectively benefit from cohesion policy in the future?
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