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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Structural Measures and Outermost Regions
Subject:	Draft Council conclusions on the future of Cohesion Policy: First draft of the Presidency proposal

In view of the meeting of the WP on Structural Measures and Outermost Regions on 23 January 2025, delegations will find attached the first draft of the Presidency proposal for the draft Council conclusions on the future of Cohesion Policy.

Council Conclusions on the future of Cohesion Policy
1st DRAFT

THE COUNCIL OF THE EUROPEAN UNION:

- (1) RECALLS that these Council Conclusions are without prejudice to the negotiations on the post-2027 Multiannual Financial Framework and cohesion legislative framework;
- (2) RECALLS its conclusions of November 2022 on Cohesion Policy, of November 2023 on the future of Cohesion Policy, of June 2024 on the 9th Cohesion Report, as well as of November 2024 on the role of Cohesion Policy in addressing demographic challenges in the EU;
- (3) RECALLS the Strategic Agenda 2024-2029, adopted by the European Council on 27 June 2024, which recognises the need to enhance economic, social and territorial cohesion, aiming for continuous upward convergence, reducing disparities, increasing our resilience and competitiveness and stimulating long-term growth across the Union, in order to promote the overall harmonious development of the EU;
- (4) RECALLS the key message of the Budapest Declaration on the New European Competitiveness Deal stating that *“faced with new geopolitical realities, and economic and demographic challenges [...] and the need to ensure the EU’s sovereignty, security, resilience and global influence, the EU should strive to be competitive, productive, innovative and sustainable, building on economic, social and territorial cohesion, and ensuring convergence”*;
- (5) WELCOMES the European Commission President’s Political Guidelines for the next European Commission 2024–2029, which recognise *“the need for a strengthened cohesion and growth policy with regions at the centre [...] designed in partnership with national, regional and local authorities [to] address regional and social disparities”*;
- (6) WELCOMES key messages in the Letta and Draghi reports¹, which look ahead at the challenges faced by the EU and its policies operating within the Single Market;
- (7) UNDERLINES that the importance of the protection of the financial interests of the European Union requires respecting the common values enshrined in the TEU and in the Charter of Fundamental Rights of the European Union;

¹ Enrico Letta, *Much more than a market*, April 2024; Mario Draghi, *The future of European competitiveness – A competitiveness strategy for Europe*, September 2024.

Economic, social and territorial cohesion and its role in addressing EU challenges

- (8) RECALLS that the objective of economic, social and territorial cohesion, as set out in the Treaties, is at the heart of the European project and that EU policies and actions should contribute to the achievement of this objective through taking into account their territorial dimension and their coordination, and with the involvement of the regional and local authorities. At the same time achieving objectives of those policies and actions requires incorporating territorial dimension into their design and implementation;
- (9) IS CONCERNED by the asymmetric territorial and societal impact of numerous challenges faced by the EU, its Member States and regions, in particular increasing competitiveness, resilience and security, while addressing the triple transition. POINTS OUT that, if left unaddressed, they could lead to widening economic, social and territorial disparities across the EU and jeopardise the European integration process, thus potentially undermining the public support for the European project;
- (10) EMPHASISES that addressing these challenges requires coherent and coordinated responses by EU policies and actions taken by the Member States, which should be anchored in an EU overall strategic framework, defining core EU objectives, including competitiveness, resilience and cohesion. Such strategic framework should be developed in a dialogue between the Commission, the Member States and, where relevant, regional and local authorities, and promote clear synergies and interlinkages among EU policies and avoid overlaps amongst instruments with similar objectives;
- (11) CONSIDERS that the European Semester framework should regularly address the convergence objective and its territorial dimension, and serve as a coordination mechanism between the Commission and Member States on long-term development. ENCOURAGES the Commission to further expand country reports with reviews on countries' territorial disparities (including internal disparities at various territorial levels), in full partnership with Member States. NOTES, however, that the integration of the territorial dimension into the European Semester requires further adjustments to the process, including a move towards a more medium-term orientation and stronger upstream discussions with Member States and, where relevant, sub-national authorities, on the country assessments and recommendations;

Cohesion Policy and competitiveness

- (12) RECALLS the Letta report, which highlights that effective Cohesion Policy, implemented in a balanced way across the EU, is the key condition for the success of the Single Market, and that strengthening internal cohesion creates a stable environment for the implementation of external strategies;
- (13) REAFFIRMS that competitiveness and cohesion are not mutually exclusive but deeply interconnected. Cohesion needs competitiveness as a driver of growth, while competitiveness without cohesion neglects using fully all potentials EU has to offer;
- (14) EMPHASISES the critical role of both enhancing competitiveness of the EU as a whole and improving cohesion across countries and regions, thereby contributing to the achievement of EU strategic priorities and addressing EU challenges in a mutually reinforcing manner;
- (15) BELIEVES that in order to boost Europe's competitiveness and resilience, the EU needs to mobilise all its growth engines. NOTES that future competitiveness depends on realising the untapped growth potential of all its territories, in particular the less developed regions, and the importance of building cooperation networks, including knowledge transfer and innovation, to help regions integrating into global value chains. This would enhance long-term resilience of the regions, promote upward convergence and reduce inter- and intra-regional disparities and social discontent;

Foundations and key principles of Cohesion Policy

- (16) RECALLS that Cohesion Policy, being central to the European integration project, is the EU long-term structural policy which reduces regional disparities in the EU and increases the upward convergence of EU regions. STRESSES that Cohesion Policy should continue to contribute to achieving strategic goals and priorities of the European Union;
- (17) INSISTS that Cohesion Policy should continue to be based on its well-established key principles, such as shared management, multi-level governance, partnership, as well as people- and place-based approach, being applied alongside the principles of proportionality and subsidiarity. RECALLS that those key principles are crucial for the proper involvement of regional and local authorities in the programming, implementation and management of Cohesion Policy, which should be implemented as close to European citizens as possible and for their benefit, thus making the policy implementation more people-oriented, bottom-up and efficient. HIGHLIGHTS that those principles are relevant not only to Cohesion Policy, but reinforce the whole model of the European integration;

- (18) CALLS on the Commission to enhance the territorial approach, in particular through actions adjusted to relevant areas. BELIEVES that development within functional areas can serve as an effective framework for implementing bottom-up and people and place-based strategies;
- (19) EMPHASISES that Cohesion Policy should remain open for all regions with a focus on less favoured ones, areas affected by industrial transition, regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions, as referred to in Article 174 TFEU, and the outermost regions, based on Article 349 TFEU. At the same time RECOGNISES the importance of Cohesion Policy support to address challenges affecting regions at risk of falling into the development trap as highlighted in the 9th Cohesion Report, and external border regions. HIGHLIGHTS that Cohesion Policy support should be inversely proportional to the level of prosperity of particular territories;
- (20) UNDERLINES that European Territorial Cooperation fosters stronger regional ties and integration among Member States, as well as it cultivates positive relations between the EU and its partner countries. CALLS on the Commission to explore possible paths to reinforce the European Territorial Cooperation, including strengthening interregional cooperation, cross-border synergies, leading to increased resilience and improved functioning of the Single Market across the borders;
- (21) REMINDS that Cohesion Policy should not be perceived as a crisis response tool and consequently ENCOURAGES the Commission to draw lessons from responses to recent crises taken by Cohesion Policy in order to streamline the existing emergency instruments and ensure their greater effectiveness;

Governance of Cohesion Policy

- (22) STRESSES that shared management must remain the delivery method of Cohesion Policy;
- (23) RECALLS the importance of multi-level governance that enables an effective design of interventions at national and sub-national level, at the same time strengthening the sense of shared responsibility for achieving Treaty-based policy goals and empowering the Member States, regional and local authorities. In this context CALLS on the Commission to maintain their role in the governance of Cohesion Policy and delivery of EU goals based on their own territorial potentials and specific challenges;

- (24) STRESSES that the participatory implementation model of Cohesion Policy strengthens ownership at all levels, brings people closer to the European project, and thus creates a sense of shared responsibility and values, including democratic principles;
- (25) INSISTS that the Cohesion Policy governance model must continue to respect the existing division of competences and coordination system among different levels of government in each Member State, including the number and forms of programmes, such as regional ones, and the role of regional and local authorities in policy design, programming, management, implementation, monitoring and evaluation;
- (26) UNDERLINES that strong institutions, good governance and high administrative capacity are required for an effective implementation of policies, reforms and investments, including when faced with new and rapidly evolving challenges. Therefore, CALLS ON the Commission to propose effective measures to support administrative capacity building at national, regional and local levels;

Effectiveness and efficiency of Cohesion Policy

- (27) ACKNOWLEDGES that Cohesion Policy should help mobilising reforms and investments in the Member States, and HIGHLIGHTS that improving efficiency and effectiveness of Cohesion Policy can be achieved by focusing on tangible results. INSISTS that linking investments with reforms should adhere to the key principles of Cohesion Policy emphasised in these Conclusions and be agreed in a partnership between the Commission, Member States and, where relevant, regional and local authorities;
- (28) Therefore, CALLS ON the Commission to propose, in full cooperation with the Member States, a mechanism linking investments with key reforms in areas relevant to Cohesion Policy, based on lessons learnt from the experience of the existing models and taking due account of take-aways from available evaluations or audits of the performance-based systems, including those conducted by the European Court of Auditors. INVITES the Commission to develop a more performance-based approach linked to the implementation of reforms and investments, as well as a stronger focus on measuring progress in achieving results rather than the pace of spending;
- (29) POINTS OUT that introducing a result-oriented approach, including reforms and investments, should result in a substantial reduction and a greater flexibility regarding thematic concentration and earmarking requirements related to the goals of sectoral policies. In this context HIGHLIGHTS the need for a more tailor-made approach that recognises specific territorial needs and challenges;

- (30) While preserving foundations and key principles of Cohesion Policy, CALLS FOR further simplification and reduction of the administrative burden at all levels of the stages of programming, implementation, monitoring, control and audit; at the same time ASKS the Commission to propose uniform implementation rules for the shared management funds, as well as to avoid the multiplication of funds and reduce fragmentation of support;
- (31) RECALLS the need for harmonisation and proportionality of the controls and audits, as well as the extension of an application of the single audit principle;
- (32) INVITES the Commission to use evidence-based approach in designing the framework of the future Cohesion Policy and to further develop the well-established systems of monitoring and evaluation in order to assess how investments and reforms deliver strategic goals, to strengthen tools aimed at examining the potential and real impacts of policy interventions, as well as to further embed territorial impact assessments in policy preparation and evaluation;

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- (33) LOOKS FORWARD to the presentation by the Commission of the results from the policy review on the impact on Cohesion Policy of potential future enlargements;
- (34) AWAITS to receive proposals for the next legislative package for Cohesion Policy as early as possible in 2025, to enable swift negotiations and a timely and smooth start of its implementation.
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