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Cohesion 2021-2027: forging an ever stronger Union
Report on the outcome of 2021-2027 cohesion policy programming

Annex 1 - Interreg

Introduction

Since its foundation in 1990 European Territorial Cooperation (ETC), also known as Interreg, has grown from a Community Initiative to a fully-fledged EU cohesion policy goal. It provides a framework for cooperation between regions of different European countries with the aim to find common solutions to shared problems, and develop untapped potential of namely border areas.

In 2021-2027 Interreg intends to support **86 Cooperation programmes** organised in four strands. Apart from cross-border, transnational and interregional strands, a specific strand for cooperation of outermost regions has been added. It is also for the first time that cooperation programmes on EU external borders with the enlargement and neighbourhood countries become part of the Interreg family, governed by a single rulebook and managed by a single entity.

Since 2014 Interreg benefits from its own (EU) Regulation, defining the cooperation principles and rules. The 2021-2027 Interreg Regulation introduced a number of novelties: two **Interreg-specific objectives** complementing the thematic menu common to all cohesion policy and **significant simplification** for the delivery of Cooperation programmes are among the main ones.

The EU resources[1] for Interreg in 2021-2027 amount to approximately 3 % of the cohesion policy budget, i.e. **EUR 10 billion.** The total budget including the national co-financing is planned at **EUR 12.8 billion**.

Division of resources by four cooperation strands

Negotiations process: fast adoption of the programmes, better involvement of partners

The Commission started the negotiation process in 2019-2020 by issuing the so-called *Orientation papers* proposing geography, themes and implementation features for each Cooperation programme based on the Commission expertise. For internal cross-border cooperation the Commission established its views in line with the outcomes of the *B-solutions initiative*, addressing the legal and administrative obstacles hindering cooperation along the EU internal land borders. The early discussions centred around the Orientation papers´ and high commitment of programme partners allowed to have **the Cooperation programmes agreed and adopted much sooner than in the previous period**. Although the Russian aggression seriously disrupted negotiations in some areas along the borders with Russia and Belarus, the high commitment of the authorities in Ukraine and Moldova led to the timely adoption of their cooperation programmes with the respective Member States.

The unprecedented, unjustified Russian aggression against Ukraine caused an immediate halt for the preparation of nine 2021-2027 cooperation programmes (so-called *Interreg NEXT*) with Russia and Belarus, and a major disruption of the programming process for Interreg programmes involving Ukraine and Moldova. However, despite extremely difficult conditions the Commission could adopt, by end of 2022, six programmes with the participation of Ukraine and Moldova of the overall EU

[1] Interreg programmes are funded by the European Regional Development Fund (EUR 9 billion in 2021-2027). External cooperation programmes with the Western Balkans and Türkiye - Interreg IPA - also get support from the Instrument for Pre-Accession (IPA), whereas programmes supporting cooperation with the neighbourhood countries such as Ukraine – Interreg NEXT - are also partly financed by the Neighbourhood, Development and International Cooperation Instrument (NDICI).

budget of over EUR 600 million, including EUR 22 million originally planned for cooperation with Russia and Belarus. The fast adoption was also due to the high commitment of the national authorities in Kiyv and Chisinau to these programmes. They consider them as a unique learning opportunity of shared management after having been granted the EU candidate status by the European Council in June 2022.

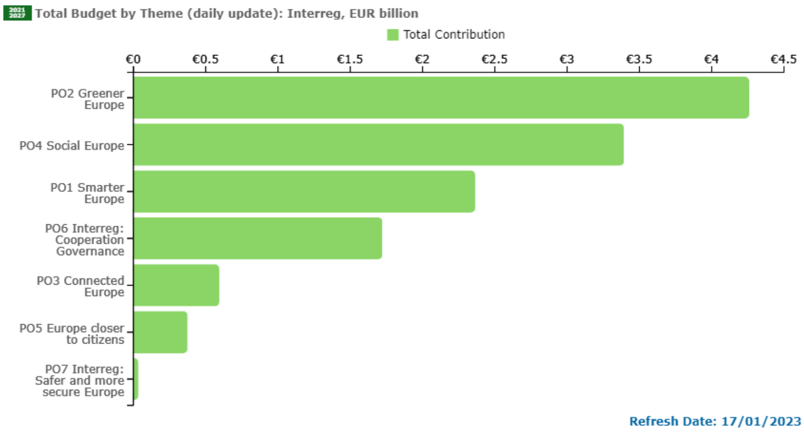
Strongly encouraged by the Commission and in line with the renewed *Code of conduct on partnership* the programmes managed to involve **broad range of partners and stakeholders** in the programming, despite the Covid-19 restrictions. It is worth noting that in Interreg programmes Member States committed to pay a particular attention to the involvement of young people, addressing some of the recommendations of *Youth Manifesto to shape European Cooperation Policy*.

Outcomes of the negotiations

Over 80% of Cooperation programmes used the opportunity to support **the Interreg-specific objective 1, 'Better cooperation governance'**, allowing e.g. to resolve border obstacles, build capacity of public institutions, support people-to-people actions or governance of macro-regional strategies and other activities reflecting the specific needs of territorial cooperation and regions engaged in it.

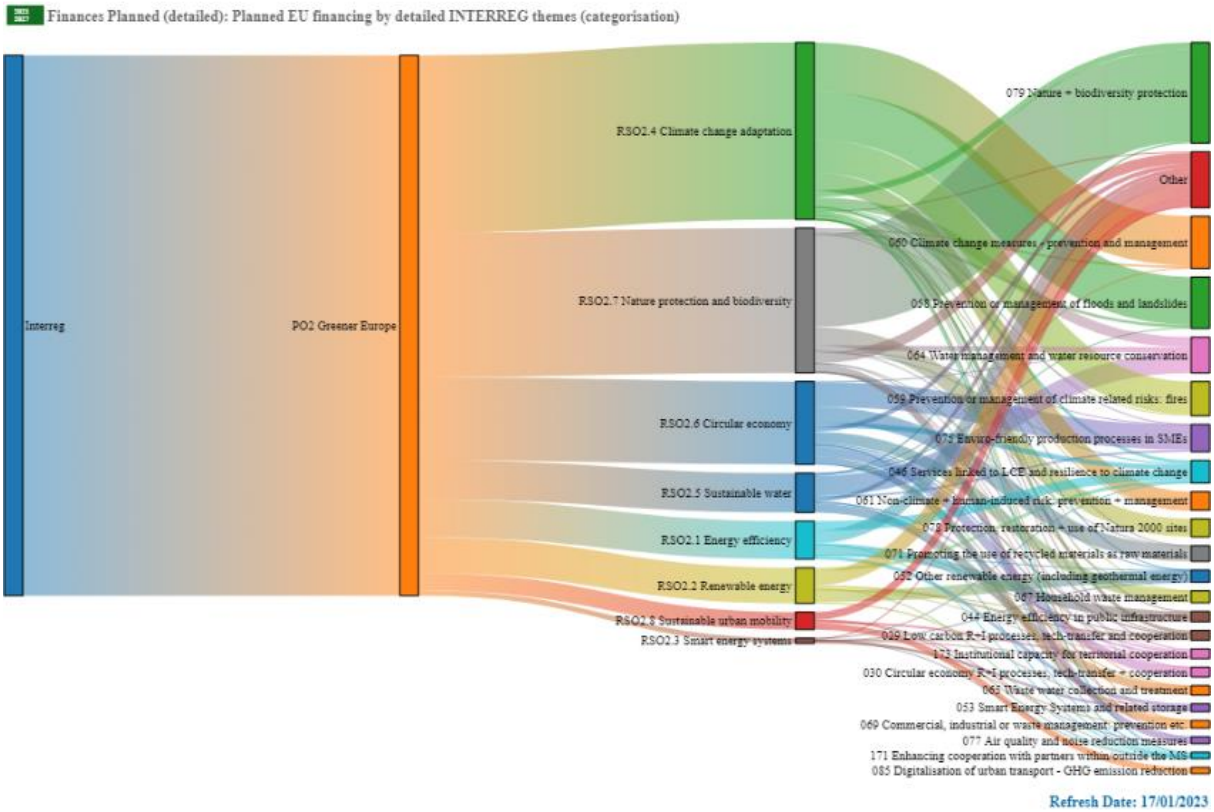
More than one third of the planned EU budget to support Green transition

Support of Interreg to the five policy objectives and two Interreg-specific objectives



In line with the Regulation, every Interreg programme supports *Greener Europe* policy objective. The 86 adopted Interreg programmes plan to invest **more than one third of their EU allocation to Green Deal** issues. Inside the policy objective the most prominent specific objective is the *Climate change adaptation* (with EUR 1 billion of EU support), followed by *Nature protection and biodiversity*. On average, 25 % of the overall programmes' EU expenditure should support climate objectives, and 12% the biodiversity one.

Support to specific objectives and cooperation actions under Greener Europe policy objective



The second biggest part of the planned EU budget for Interreg should support the more social Europe objective, obligatory for internal cross-border programmes. Support to culture and sustainable tourism represents 43% of this objective.

As for the **expected achievements**, by 2030 Interreg programmes plan to involve more than 2 million persons (e.g. citizens, volunteers, students public officials), 40 299 organisations and 25 456 SMEs in different kinds of joint actions across borders. There should be for instance more than 7 000 jointly developed and implemented pilot actions leading to 5 757 solutions. The programmes committed to solve 264 legal and administrative border obstacles. As for their contribution to the different thematic areas, Interreg programmes should e.g. support the capacity of new or modernised healthcare facilities (mostly in border regions) of 592 586 persons/year and train 233 702 participants in joint training schemes.

Use of territorial instruments

The 2021-2027 Interreg rulebook makes it possible, and even desirable, to invest in multi-sector and multi-level strategies that promote a balanced and integrated territorial development of certain regions. This bottom-up mechanism aims to turn local ownership into reality, with a strong involvement and responsibility of local stakeholders in defining their territorial strategies and the projects that derive from them. This way of working is rather new for the Interreg community – 15 programmes will use this opportunity to work as close as possible to citizens and the places where they live, in a strategic way.

Macro-regional strategies

During 2021-2027, the four EU macro-regional strategies (Baltic, Danube, Alps and Adriatic-Ionian) will be largely supported by four transnational programmes that cover the same geographic areas. By bringing closer together the four strategies' action plans and the four transnational programmes, it is expected that the EU budget will make a significant contribution to reaching the strategies' objectives and facilitate their implementation on the ground. This is particularly critical for actions linked to environmental matters and climate change. In addition, the participation of accession countries as equal partners in the macro-regional strategies gives them a unique opportunity to learn from and take part in EU regional development policies and programmes.

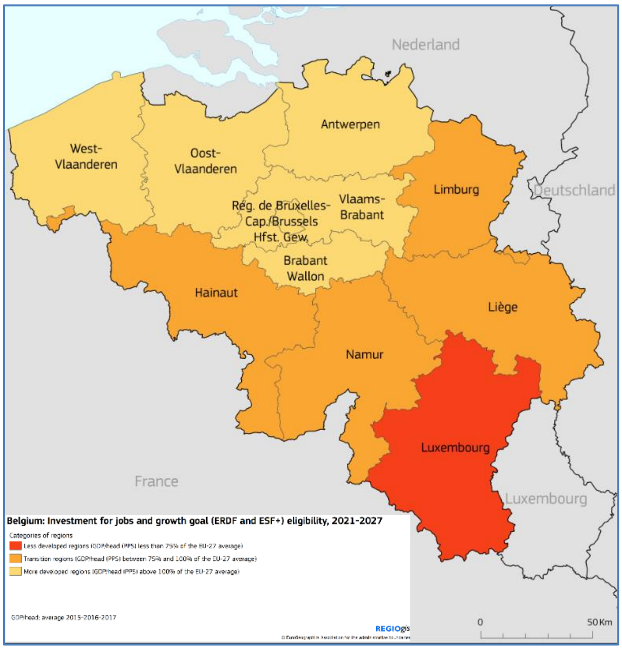
More information about Interreg and the programmes can be found at: **[www.interreg.eu.](http://www.interreg.eu)**

Annex 2 – Country Fiches [2]

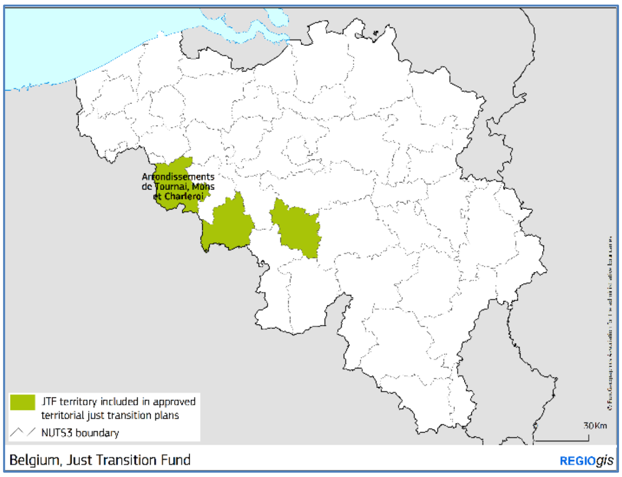
Belgium

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	992 831 253	NA	1 327 624 388	182 605 712	374 383 720
Less developed regions	*60 921 518*	*NA*	*61 795 171*	*NA*	*NA*
Transition regions	*616 608 838*	*NA*	*568 945 953*	*NA*	*NA*
More developed regions	*315 300 897*	*NA*	*696 883 264*	*NA*	*NA*
Number of programmes	8				11

Map 1 - Categories of regions[3]



Map 2 – JTF territories[4]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 2.9 billion will continue to support the Belgian regions and communities in promoting the development of a competitive, innovative and inclusive economy and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020 period, the classification of two provinces changed: the Walloon province of Luxembourg went from transition to less developed region while the Flemish Province of Limburg moved from more developed region to transition. Hence, the Flemish ERDF and ESF+ programmes will have two categories of regions and the Walloon one will have three categories of regions. Brussels-Capital remains a more developed region as a whole.

Belgium decided to roll over structures from previous programming period and add a specific JTF priority in the Walloon ERDF programme. Food and material aid will be provided through a federal programme covering the whole of Belgium.

[2] The narrative in the fiches excludes Interreg in view of the dedicated section and Annex 1.
[3] Source: Directorate-General Regional and Urban Policy.
[4] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Belgium.

Thanks to a very strong R&D system and its attractive research centres, Belgium is among Europe's 'innovation leaders' according to the 2022 edition of the European Innovation Scoreboard. Under the **Smarter Europe** objective with an allocation of EUR 496 million, cohesion policy will boost investments in research and innovation activities and foster the transfer of advanced technologies, support SMEs through tailored investments from creation to growth with a particular attention to digitalisation by supporting more than 10 000 companies. Business digitalisation will be boosted through the acquisition and integration of digital technologies and technologies that will improve digital security of SMEs. Moreover, 185 public institutions will be supported in their digital transformation.

Under the **Greener, low-carbon Europe** objective, investments worth EUR 396 million will support greenhouse gas emission reduction, energy efficiency and renewable energy. This includes investments in sustainable urban development, notably, in sustainable mobility and for energy renovation of public buildings with more than 230 000 square meters of public buildings that are expected to see their energy performance improved. Special attention will be given to circular economy through the support of productive processes respectful of the environment and based on the rational use of resources in SMEs. More than 3 200 enterprises will benefit from actions towards circular economy.

EUR 1.3 billion under the **More social Europe** objective will contribute to supporting the implementation of the **European Pillar of Social Rights** and will bring a valuable contribution to achieving the objectives set by Belgium in response to the European Pillar of Social Rights Action Plan. The ESF+ will continue to intervene in all three main policy areas of employment, education and lifelong learning, and social inclusion. However, reflecting the CSR, the focus on the most vulnerable groups will be strengthened, including young, people with a migrant background, low-skilled, long-term unemployed and inactive. This results in a shift of resources from pure employment measures towards active inclusion, skills and support for inclusive education. These actions are also fully relevant to address the existing skills mismatches and labour shortages on the Belgian labour market. To illustrate these efforts, the measures will help 950 thousand participants to improve their labour market position or strengthen their integration in society. Around 320 thousand persons will receive food or material aid

The three regions will also focus investments on urban policy with the aim of improving the lives of more than 1.2 million persons who will benefit from strategies for **integrated territorial development**. Around 18 % of the ERDF allocation will be used for urban sustainable development. Particular attention will be given to strengthening the attractiveness of urban centres.

The **Just Transition Fund**, with a budget of EUR 183 million, will be invested in developing a low-carbon, circular and energy-efficient economy, overall ensuring economic diversification and a fair climate transition in the country. In Wallonia, three arrondissements will receive support under the Just Transition Fund. It will be used to set up a decentralised production system for green energy and energy recovery from local renewable resources. The Just Transition Fund will also contribute to further economic diversification and modernisation by means of investments in SMEs and investment in the industrial sector as part of support for local industries. It will also provide support to training and research in the newly-created jobs. More than 60 000 MWh per year of renewable energy will be produced and 50 research jobs will be created in entities benefiting from the JTF.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Despite its relatively small size, Belgium is characterised by important regional disparities. Although average GDP per capita expressed in purchasing power standards (PPS) amounting to 120 %

of the EU average (2021) is higher in Belgium than in the EU, disparities between and within regions are significant.

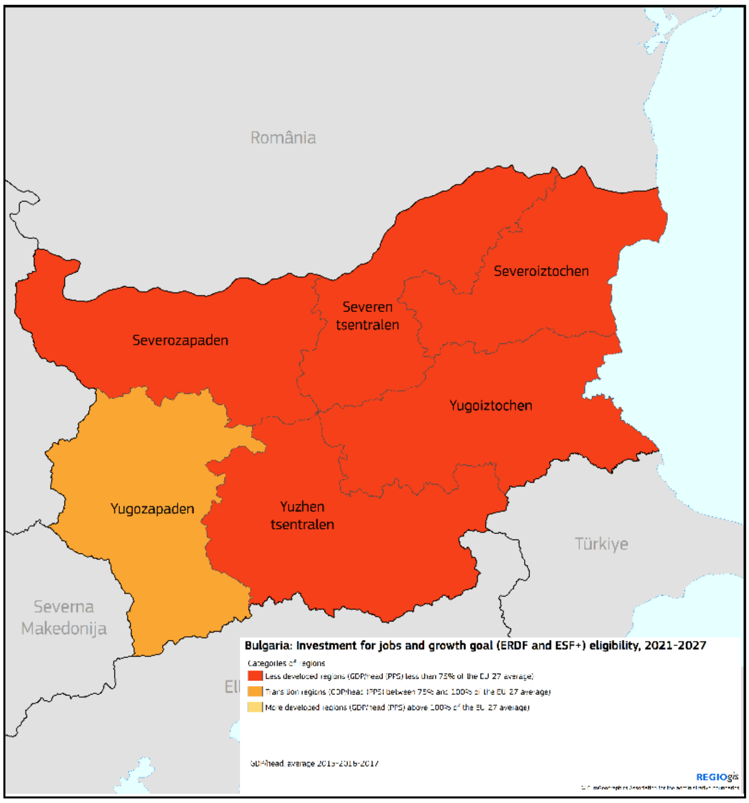
Regional disparities have not fundamentally decreased in recent years. **Several provinces are moving away from the EU average.** Such variation is also reflected by annual GDP growth per head, as well as unemployment across regions. Average annual real GDP growth per head in Belgium between 2011 and 2020 was 0.23%, below the EU average. In the Flemish regions real GDP growth per head varied between 0.35% and 0.61%. Four regions in Wallonia (Hainaut, Liège, Luxembourg and Namur) recorded negative growth per head. In contrast, Brabant-Wallon has been the fastest growing region in Belgium with GDP growth per head at 1.86%, which is well above the EU average. The Brussels Capital Region also records negative GDP growth per head (-0.86%), partially caused by an increasing population.

In Belgium, **the arrondissements of Tournai, Mons and Charleroi in the province of Hainaut have the highest industrial greenhouse gas emission intensity**, caused mainly by the production of cement, chemicals and electricity. In addition, **Hainaut is a province formerly dependent on steel, textile and coal**. It is still undergoing industrial transition, with specific challenges in terms of economic development and a relatively high unemployment. Finally, the high intensity carbon sectors in the province employs over 13 000 employees. These arrondissement have been identified as eligible for funding under the JTF and will benefit from targeted assistance to help them address the transition towards climate neutrality.

Bulgaria

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	5 641 418 277	1 241 170 316	2 625 192 711	1 295 009 351	135 521 264
Less developed regions	*4 906 709 529*	*NA*	*2 323 022 935*	*NA*	*NA*
Transition regions	*734 708 748*	*NA*	*302 169 776*	*NA*	*NA*
Number of programmes	9				12

Map 1 - Categories of regions[5]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 10.8 billion will continue to support the Bulgarian regions in promoting economic, social and territorial cohesion and embracing key [EU priorities](#) such as the green and digital transition. In comparison with 2014-2020 period, the aid intensity increased, remaining higher than the EU average (see Annex 4). As regards the number of programmes, Bulgaria decided in line with the previous programming period, to keep a similar architecture with 9 national programmes.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to address a number of challenges in Bulgaria.

According to the 2021 **European Innovation Scoreboard**, Bulgaria is an emerging innovation performer that still **struggles to narrow the gap with EU innovation leaders**. To address this issue and in line with the **Smart Specialisation Strategy**, an allocation of **EUR 1.6 billion** was programmed under the **Smarter Europe** objective, which aims to boost **research and innovation**

[5] Source: Directorate-General Regional and Urban Policy.

(R&I) **and digital transformation**. Measures will be aimed at enhancing **technology transfer** of research results and their implementation within the businesses and the economy, incentivising academia-business collaboration and **digitalising public administration** to benefit citizens and the business environment. To achieve these goals, EUR 140 million has been allocated to upgrade the **Bulgarian Centres of Excellence and Competence**, while EUR 200 million will be provided to **12 Digital innovation hubs**, **Seal of Excellence** projects, and existing regional innovation clusters, enhancing competitiveness at the regional level and providing added value for the Bulgarian economy.

More than 10 000 SMEs in Bulgaria will receive targeted support for increasing their competitiveness through **innovative productive investments,** uptake of **advanced technologies**, internationalisation, and **digitalisation**, with a greater share of financial instruments allocation compared to the previous programming period.

The Bulgarian economy is the **most energy-intensive in the EU**, and waste management continues to be a challenge, with the recycling rate of municipal waste still considerably lower than the EU average. Moreover, Bulgaria is among the EU countries most vulnerable to climate impacts, including temperature increase, soil drought, and extreme rainfall. To address these issues, investments worth **EUR 2.1 billion** under the **Greener Europe objective** will strengthen Bulgaria's compliance with the **EU Drinking Water** and **Urban Waste Water directives**, support activities towards a clean, **circular economy**, restore ecosystems and **biodiversity**, build a comprehensive **disaster risk management** system focused on prevention and resilience, and **reduce pollution**. Over 1.7 million people will benefit from improved access to public water supply, and 340 000 individuals will gain access to new or improved public waste water treatment. Furthermore, policy funding is consistent with the objectives of the **European Green Deal** and the transition to **climate neutrality**.

Bulgaria's rail and road density falls far below the EU average, with a third of the national road network classified as poor quality, severely impacting regional connectivity and road safety. To address these issues the **More connected Europe objective**, backed by **EUR 1.5 billion** from the ERDF and the Cohesion Fund, will aim at developing a **sustainable, smart, secure and intermodal TEN-T network** and regional, local and cross-border mobility. The envisaged investments will promote the use of environmentally friendly modes of transport and alternative fuels, improve the quality of road, rail and maritime infrastructure and contribute to reducing the harmful impact of transport on the environment. A variety of transport projects will be funded, **resulting in construction or improvement of 167 km of roads**. Additionally, modernisation of **railway sections** along the **Orient-Eastern-Mediterranean corridor**, which includes a railway connection between Bulgaria and North Macedonia and the Sofia-Pernik-Radomir railway line.

Bulgaria's levels of poverty and income inequality are particularly high among children, persons with disabilities, Roma and those living in rural and remote areas. Fighting these inequalities, **EUR 2.5 billion** is dedicated to the **More social Europe objective**, which aims to achieve **quality employment for all**, strengthen the capacity of labour market institutions, improve quality services through **digitalisation, foster upskilling and reskilling** to better match changing labour market needs and support fair green and digital transition. Investments will be geared towards **more inclusive and equitable quality education at all levels**, including through an increased participation in early childhood education and care. Funds will promote **social inclusion** of the most vulnerable groups, including provision of **better social services** to the elderly and people with disabilities, reducing child poverty and improving **socio-economic integration of marginalised groups**, particularly Roma.

To illustrate these efforts, it is expected that more than 330 000 participants will be supported to find **employment**, including more than 45 000 Roma. In the area of **education** 760 000 children and students will benefit from different interventions, including 219 000 who will receive **trainings to boost their digital skills**. There will be targeted support for better access to social, health and integrated services for more than 102 000 vulnerable people and 219 000 children under the **Child Guarantee Initiative**. More than 530 000 people with low incomes and in difficult situations are expected to receive packages of food and hygienic materials every year and 50 000 will receive a hot lunch all year round.

Overall, these investments are expected to help achieve the national targets set for 2030, including **increasing employment rates** to 79% and **boosting adult participation in learning** to 35.4%. In addition, these measures are expected to benefit 787 000 people who are at risk of poverty and social exclusion.

Bulgaria committed to enhancing the implementation of **integrated territorial instruments**, enabling regional and local authorities to prioritise investments based on their needs and development plans. Through the cohesion policy, Bulgaria is investing in **sustainable urban development** for 10 economic poles and **integrated territorial development of regions** for remaining urban municipalities and functional areas around them. Priority will be given to the investments in the **demographic, educational, economic, social, cultural and housing policies** in the remote areas, strengthening the territorial dimension of cohesion policy and making it more visible for the Bulgarian citizens. By 2029, investments will improve social housing conditions for 1 247 individuals and provide support for the energy efficiency and sustainable renovation of 3 731 residential buildings.

In the Partnership Agreement, Bulgaria has confirmed its commitment to the strategic objective of the **Just Transition Fund (JTF)**, which aims to assist regions and individuals in addressing the social, employment, economic, and environmental impacts of the green transition. The **JTF funding of EUR 1.2 billion** can help Stara Zagora, Kyustendil, and Pernik in accelerating their energy transition processes, highlighting the EU's emphasis on supporting regions that face the most significant challenges during the transition to a climate-neutral economy. However, Bulgaria is the only Member State for which **Territorial Just Transition Plans (TJTP) were not adopted in a programme in 2022** and thus has not gained access to its JTF allocation, while almost EUR 100 million were lost from the total of EUR 1.3 billion. Keeping its commitment for transition from the Partnership Agreement would prevent Bulgaria from losing further significant amounts of JTF at the end of 2023.

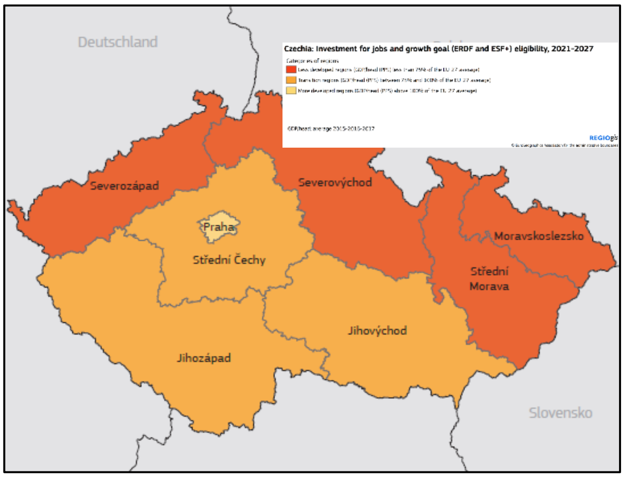
Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Bulgaria still faces significant **regional disparities** within the country, with **some regions experiencing much slower economic growth than others**. Although some of the least developed regions, such as Severozopaden and Severen Tsentralen, have been registering high growth rates in the period 2011-2020, **economic activity remains highly concentrated in the capital region**, which generates 51% of the national GDP. Moreover, **economic disparities between urban and rural areas are among the highest in the EU**. For instance, in 2020 Bulgaria’s GDP per capita was 55% of the EU average, with the capital region at 92%, while all other regions ranged from 36% to 42%. These disparities are driven by **gaps in labour productivity, demographics, education levels, employment, infrastructure quality and R&I performance.**

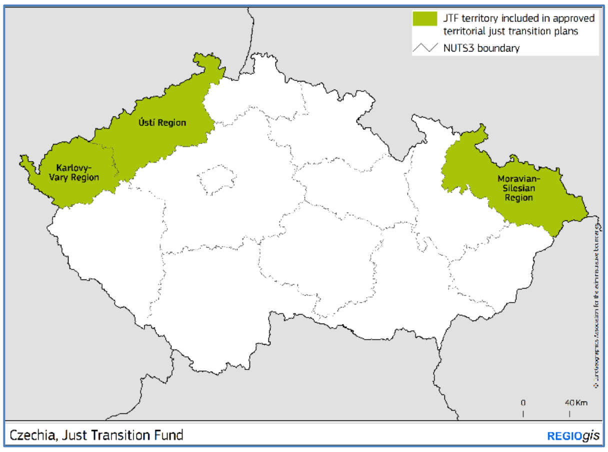
Czech Republic

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	10 346 328 254	6 635 395 888	2 430 902 368	1 641 492 008	310 867 301
Less developed regions	*5 256 092 521*	*NA*	*1 273 433 881*	*NA*	*NA*
Transition regions	*4 715 096 336*	*NA*	*1 142 362 583*	*NA*	*NA*
More developed regions	*375 139 397*	*NA*	*15 105 904*	*NA*	*NA*
Number of programmes	7			1	11

Map 1 - Categories of regions[6]



Map 2 - JTF territories[7]



In the programming period 2021 – 2027, Cohesion policy funds worth EUR 21.4 billion will continue to support the Czech regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with the 2014-2020 period, the aid intensity decreased but still remains significantly higher than the EU average (see Annex 4). As regards the number of programmes, the Czech Republic decided to roll over the structures from previous programming period (plus adding the self-standing JTF programme).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to address a number of challenges in Czechia.

Under the **Smarter Europe** objective with an allocation of EUR 3.4 billion, the digital transition will be facilitated by a comprehensive set of measures. They will contribute to the **digitalisation of the economy and to the improvement of business environment** by supporting the progress towards the EU average inter alia in the coverage of Very High Capacity Networks. The number of users of new and upgraded public digital services, products and processes will grow by 368 766 users/year. To **strengthen research and innovation capacities and the uptake of advanced technologies,** significant funds will be directed to research infrastructure and support to research and innovation activities in SMEs, including projects in areas related to artificial intelligence, robotics and cybersecurity, SME business development and internationalization. Altogether, support to 8 299 enterprises in Czechia (micro, small, medium, large) is foreseen. The share of financial instruments should increase compared to the previous programming period.

[6] Source: Directorate-General Regional and Urban Policy.
[7] Source: Inforegio - Just Transition Fund (europa.eu).

The Czech Republic's economy is energy intensive and while the share of renewables is growing, their potential is not yet fully exploited. Climate change is marked by more frequent droughts, floods, extreme winds and rainfall. Landfilling of municipal waste is above the EU average and recycling remains at relatively low levels. Under the **Greener, low-carbon Europe** objective, investments worth EUR 6.5 billion will **increase the share of renewable energy sources, reduce energy consumption and greenhouse gas emissions in public buildings and replace fossil fuel sources of energy with renewables**, in support of REPowerEU objectives. Under the renewable energy sources, most of the funds will be invested into solar energy. Czechia will improve its response to climate change, giving priority to nature-based solutions. The country will also accelerate its transition to a circular economy in line with the New Circular Economy Action Plan.

Transport infrastructure has not yet been completed to meet the needs of the population and the economy of the Czech Republic and the requirements of connecting Europe. There are significant differences in the regions' road and rail connections and the accessibility of the trans-European transport network, hampering the development of several regions. The main problem is the lack of capacity or the lack of accessibility of urban public transport. The Czech Republic is expected to increase the attractiveness of **clean urban and suburban public transport**. For instance, 556 km of dedicated cycling infrastructure will be supported. Under the **More connected Europe** objective, backed by EUR 4.1 billion from the ERDF and the Cohesion Fund, foreseen measures will contribute to **increasing the quality, performance and attractiveness of rail** as the backbone of sustainable transport. Investments into **sustainable, safe, climate-resilient, smart and interconnected national (non-TEN-T) and regional road infrastructure** are also foreseen.

Despite very high employment levels overall, the Czech Republic still faces lower labour market participation of groups of people with a certain type of disadvantage. Inequalities between women and men persist. The employment rate of women is significantly lower than that of men. The combined funding of ESF+ and ERDF totalling EUR 4.4 billion under the **More social Europe** objective will contribute to the implementation of the European Pillar of Social Rights and enable the Czech Republic to **improve access to employment**, especially for those who face difficulties, promote a **gender balanced labour market**, increase the overall level of **skills of the labour force**, also to successfully master **the green and digital transitions**, ensure equal access to quality and **inclusive education and training**, improve the **integration of third-country nationals**, improve the **living standards of people at risk of poverty or social exclusion** and increase the **availability of social services and access to healthcare services** in underserved areas and for the most disadvantaged groups of the population. To illustrate these efforts, the measures will help 101 354 participants to gain a qualification ; over 5 000 children will have access to early childhood education and care; more than 600 SMEs will be supported in their adaptation to the dynamic economic environment; up to 5 000 Roma will benefit from socioeconomic integration; over 20 000 teachers and pedagogical staff will improve their professional skills; over 500 000 children, pupils and students will receive better education ; over 6 000 Roma children will benefit from targeted support in the area of education, and around 118 000 people will receive food and material aid.

The Czech Republic is a frontrunner in the implementation of the **integrated territorial instruments.** In the 2021-2027 period, it will continue to pursue the cohesion policy objectives with the help of 13 ITIs and as many as 180 local action groups covering almost 93% of the territory and 60% of the Czech population. On the basis of the experience of the previous programming period, integrated territorial investments and local action groups investments will strengthen the territorial dimension of cohesion policy and will make it more visible for the Czech citizens.

The **Just Transition** funding of EUR 1.64 billion will help the Karlovy Vary, Ústecký and Moravian-Silesian regions to overcome the continued depopulation and the increased unemployment they face and to accelerate the energy transition process. Measures will support **restructuring and innovative approaches of enterprises in traditional sectors and their decarbonisation**. They will aim at **developing new renewable energy sources and promote and develop the circular economy**. For example, 63 hectares of rehabilitated land will be used for green areas, social housing, economic or other uses. Up to 18% of the total Just Transition programme allocation is ring-fenced for measures supporting reskilling, upskilling, social inclusion and education. It will provide EUR 68 million (EU contribution) to support the adaptation of workers, enterprises, and entrepreneurs.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

The Czech regions are gradually converging towards the EU average, albeit with different speeds. As a result, in 2021 – 2027 programming period, three Czech regions (Střední Čechy, Jihozápad, Jihovýchod) have been newly classified as transition regions. Nevertheless, a clear outlier in this process of convergence is the Severozápad region (North-West), which is persistently lagging behind and which displays practically the same GDP per head in 2010 (63.4%) and in 2020 (63.06%) with slight variations throughout the last decade.

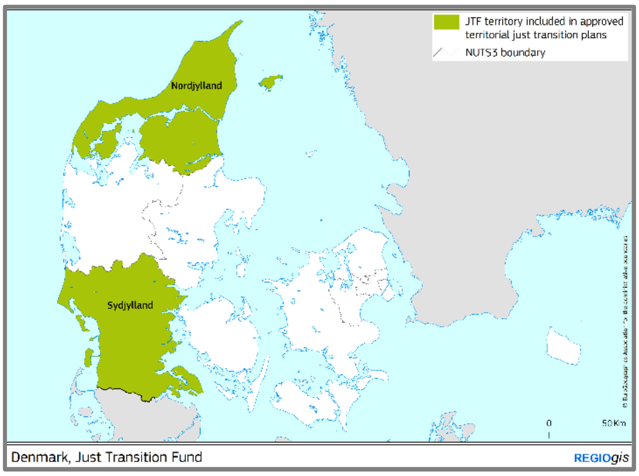
The structural problems present in the regions of Severozápad and partly in Moravskoslezko (Moravia-Silesia) are both economic (e.g., production with lower value added, old industries experiencing declining importance in the last decades, low incomes) and social (e.g. population ageing, low education, brain drain, higher proportion of socially-excluded localities with large share of Roma population). Especially the region of Severozápad is characterised by low growth dynamics, stagnation and negative development trajectories. These regions are at the same time JTF regions and will benefit from targeted assistance to help them address the transition.

Denmark

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	247 160 723	NA	119 616 872	88 968 963	152 000 000
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*77 874 377*	*NA*	*37 688 389*	*NA*	*NA*
More developed regions	*169 286 346*	*NA*	*81 928 483*	*NA*	*NA*
Number of programmes	1	NA	1	1	9

Map 1 - Categories of regions[8]

Map 2 - JTF territories[9]



In the programming period 2021 – 2027, some EUR 600 million of Funds will continue to support the Danish regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition via three national (ERDF, ESF+, JTF) and nine Interreg programmes. The overall aid intensity in Denmark dropped, largely due to the substantial REACT EU funds inserted into the 2014-2020 programme. The transfer from the ETC budget to the national ERDF programme and the additional JTF balanced slightly the situation. The average aid intensity is the second lowest in the EU (see annex 4).

The ERDF, ESF+ and JTF programmes envisage a seamless continuation of the 2014-2020 ERDF and ESF programmes and the REACT-EU operations, with increasing focus on the green and digital transition needs in Denmark.

[8] Source: Directorate-General Regional and Urban Policy.
[9] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Denmark.

In Denmark the green transition goes together with innovation and the availability of a skilled workforce. Therefore, there is a tight complementarity and synergy between the ERDF, ESF+ and JTF programmes. Where the focus of the national ERDF programme is on SME business development, the ESF+ programme supports education and skills development with a view to supporting the green and digital transition, and the JTF integrates the two approaches.

Under **the Smarter Europe** objective (EUR 130 million), the support is expected to increase the innovation capacity, competitiveness and internationalisation of the Danish enterprises focusing on their green and digital transition needs. Also, the constraints related to ageing and welfare of the population are targeted. With support to new digital systems and knowledge transfer between enterprises, research institutions and public and semi-public bodies the goal is to get over 550 000 new digital users. Some 3 100 enterprises are expected to improve their turnover or growth potential and over 500 enterprises are expected to develop new products, processes or concepts, including in the welfare field, as a result. This is complemented with ESF+ supporting digital skills development.

Denmark will speed up the green transition, which is key to achieving the ambitious climate targets of the EU and Denmark under the **Greener, low-carbon Europe** objective **(**EUR 260 million**).** Investments will support the enterprises transition towards **circular economy** by developing and using new innovative technologies aiming for 80 000 tonnes annual CO_2 eq. reduction, whilst 38 000 tonnes of waste is expected to transform to raw material.

The more social Europe objective (EUR 115 million ESF+, EUR 16 million ERDF) aims to strengthen growth and development across Denmark. ESF+ contributes to achieving a high level of employment, fair social protection and a skilled and resilient workforce ready for the future labour market. The ESF+ programme can support companies' demand for skilled labour by raising the formal level of education of the workforce and upskilling and reskilling of unemployed and employed persons. Almost 15 000 participants are expected, leading to 11 500 participants having either their formal or informal qualifications improved. ESF+ can also support adult learning and contribute to more people receiving and completing relevant vocational training. Actions can also target people at the edge of the labour market and people at risk of homelessness. The objective is to bring people closer to employment and create new opportunities supporting social integration.

The ESF+ also supports entrepreneurship with the objective to increase the number of start-ups and the survival rate of newly established companies. 12 000 participants are expected to complete an entrepreneurial competence development training, and 1 800 new companies are expected to be established. Under this objective ERDF aims to tackle the challenges of tourism dependent areas outside big cities. Ten larger tourism infrastructure investments aim to attract new businesses and encourage the existing ones to invest for their further development.

The Europe closer to Citizens objective (EUR 19 million) supports twenty small and medium sized towns at risk of falling behind in socio-economic development. The selected town centres are supported to create their development strategies and develop the local businesses. Also, climate adaptation investments and skills development are possible through the ERDF, the ESF+ and national schemes in the selected town centres.

The **Just Transition Fund** worth EUR 89 million will help North and South Jutland to cope with the necessary transition processes. In the North, the focus is on emission reduction in the entire value chain around the largest Danish CO_2 emitter. In the South the creation of new job opportunities for the phasing out of the oil and gas sector is essential. In both regions, the support is envisaged for development and use of new green technologies, enhancing the circular economy in the SMEs and providing the necessary skills for the workforce to adapt to new working environments. Some 1 400 new jobs are expected to be created and almost 20 000 persons are expected to develop new skills leading to over 8 000 maintained jobs. Overall, the annual CO_2 eq. reduction is expected to be 283 000 tonnes.

Denmark will use grants only as most of the programme funding goes to soft types of business development, and/or non-productive/semi-public/public investments. Also, Denmark provides annually almost three times the total of ERDF funding in national financial instruments for business development which can be combined with the initial grants from the programme.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

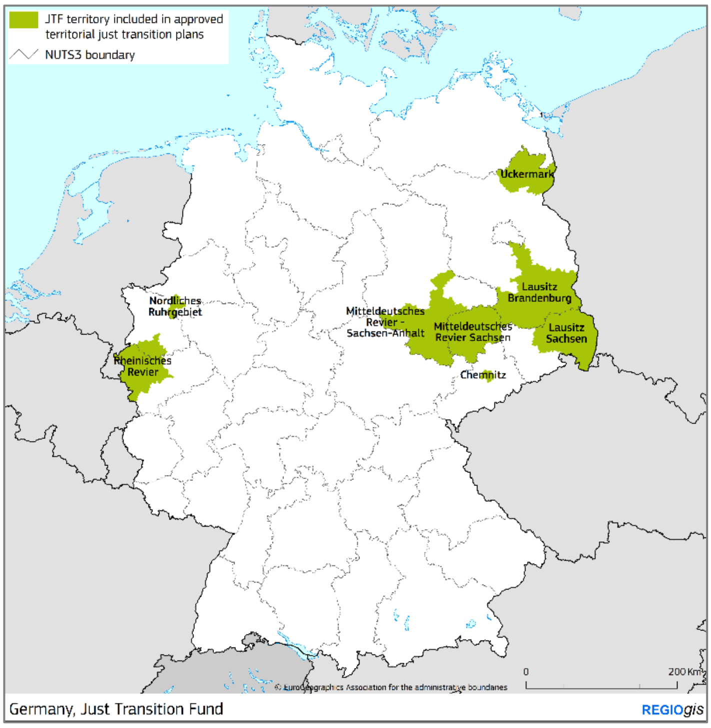
Denmark is the EU country with the least regional differences. Despite of this, certain territorial challenges were identified. The tourism sector in areas outside big cities and the general decline of the socio-economic environment of small and medium sized towns will be targeted to give a boost to the local economy.

Germany

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	10 820 389 786	NA	6 561 970 147	2 477 674 410	1 018 000 000
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*6 273 038 399*	*NA*	*3 147 598 232*	*NA*	*NA*
More developed regions	*4 547 351 369*	*NA*	*3 414 371 915*	*NA*	*NA*
Number of programmes	32				11

Map 1 – Categories of regions[10]

Map 2 – German JTF territories[11]



In the programming period 2021 - 2027, funds worth EUR 19.86 billion will continue to support the German regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020, the number of programmes and coverage has not changed in Germany, but five programmes (1 ESF+ and 4 ERDF) have become multi-fund programmes with JTF axes. The aid intensity decreased for the ERDF and

[10] Source: Directorate-General Urban and Regional Policy.
[11] Source: Inforegio - Just Transition Fund (europa.eu).

ESF+ not least due to a lower co-funding rate than in the previous funding period but is particularly high for the JTF regions - between EUR 262 and 1 097 per capita EU funding (see Annex 4)[12].

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Germany.

Under the **Smarter Europe** objective, Germany concentrates some 56% of its entire ERDF allocation. Grants still constitute the major form of support with financial instruments covering 11.3% of the interventions. To **strengthen research and innovation capacities and the uptake of advanced technologies**, significant funds, i.e. more than two-thirds of the allocation under this objective will be directed to research infrastructure as well as research and innovation activities in small and medium sized enterprises (SMEs) and be based on cooperation between enterprises and research and innovation organisations. This should lead to some 5 375 enterprises, predominantly SMEs investing in innovation, nearly half of them collaborating with research organisations. Support to sustainable growth and competitiveness of SMEs and job creation in SMEs constitutes 27.2% of the allocation of the objective. More than half of the investments (51.1%) will be directed towards the **support of productive investments in SMEs that will need to comply with at least the 'new-to-the-firm' innovation definition of the Oslo-manua**l. 43 553 enterprises are expected to be supported.

Germany's economy depends heavily on energy, and while renewable energy sources are becoming more prevalent, their promise to replace fossil fuelled energy and close the energy import gap has not yet completely materialised. The country still depends on imports to satisfy its energy needs. More frequent droughts, floods, strong winds, and rains are signs of climate change. Under the **Greener, low-carbon Europe** objective, support totalling around EUR 3.6 billion will **be targeting strategic investments for the green transition,** in support of REPowerEU objectives. The funds will be invested mainly in **energy efficiency** measures and the reduction of greenhouse gas emissions to achieve climate neutrality by 2045. A reduction of greenhouse gas emissions of more than a million tonnes of CO2eq/year is envisaged. Germany will improve its response to climate change, including funding for **flood protection, urban mobility initiatives, as well as biodiversity and nature protection and pollution reduction.** As a result, e.g., more than five million people are expected to have access to new or improved green infrastructure such as inner city parks to be co-created by the residents on former brownfields, which will be decontaminated with ERDF support. The country will also accelerate its transition to a **circular economy** in line with the New Circular Economy Action Plan.

Under the **more social Europe** objective, the ESF+ focuses on socially innovative approaches in three funding areas: **employment and securing skilled labour, social inclusion and poverty reduction, as well as education and lifelong learning**, while respecting the cross-cutting principles, gender equality, equal opportunities and non-discrimination.

To actively shape demographic, social, (information) technological and economic change processes, the first funding area focusses on targeted support for **developing the domestic and foreign labour force potential and ensuring a better work-life balance**. Also, the adaptation of employees and in particular SMEs to master the **green and digital transition** is key. Particular attention is given to supporting youth employment with 12.8% of the ESF+.

The second area targets **groups with difficulties entering the labour market and who are therefore faced with an increased risk of poverty** (e.g. the long-term unemployed, people with a migration background, people with disabilities, homeless people, single parents, low-skilled workers) and **combat child poverty** (5.9% of the ESF+ budget) in-line with the political priorities at EU level.

[12] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

The third area with approximately one third of the ESF+ allocation **supports young people and adults** to enhance their competences in a context of the **green and digital, transition** and to cater for **demographic ageing**. Planned measures aim in particular to support the potential of young people to improve educational outcomes, and transitions from school to training/work as well as to reduce the share of the youth population not employed and not involved in education or training. This funding area also addresses skills issues in order to further improve and strengthen education, (vocational) training and adult learning including **up- and reskilling in the areas of environmental and climate protection**.

The **Europe closer to citizens** objective is by far the **biggest contributor to the sustainable urban development (SUD) budget in Germany**. It is expected that additional 197 800 people in urban territories will benefit from new or improved green infrastructures. While most Laender use their own integrated urban development concepts (ISEK) to implement this objective, Niedersachsen uses Integrated Territorial Investment (ITI) and Sachsen-Anhalt employs Community Led Local Development (CLLD) as an implementation tool. The latter are both predominantly used for integrated territorial development in rural areas. The high diversity of regional challenges also makes for a **high diversity of measures across Germany**. For large **urban areas** and cities, the most prevalent measures aim to promote the **social, economic and sustainable development** of particularly disadvantaged urban areas, energy efficiency in public infrastructure and the low-impact economy. More than a quarter of the funds for this objective are invested in climate resilience and energy efficiency measures in cities. In the case of **small and medium-sized cities and rural areas** characterised by demographic change and net negative migration, mainly in the eastern German Laender, measures to **repurpose brownfield sites, preserve city centres and make them more attractive in the context of the preservation of cultural heritage and tourism** are most common. For instance, 138 cultural and tourism sites are planned to be supported, mostly outside traditional tourism regions. They are expected to attract some 7 097 975 visitors a year.

Germany has decided to end the use of coal and lignite for the generation of electricity by 2038, at the latest. For a significant share (Nordrhein-Westfalen) the phase-out will already end in 2030 and, on the basis of feasibility study foreseen in 2024, also the remaining lignite mining regions may be phased out by then. This will make a major contribution to achieving its CO2 reduction targets. The **Just Transition** funding of EUR 2.5 billion will benefit regions in the four Laender hardest hit by the transition, namely Brandenburg, Sachsen-Anhalt, Sachsen and Nordrhein-Westfalen. It will mainly support the **lignite mining regions:** Lausitzer Revier, Mitteldeutsches Revier as well as Rheinisches Revier. The city of Chemnitz, heavily dependent on a **lignite power plant**, the **former coal mining area** Nördliches Ruhrgebiet, and Schwedt in the Uckermark dependent an **oil refining for transport purposes** (being rapidly phased out) were also identified as hardest hit by the socio-economic impacts of the transition to a climate neutral economy. The Territorial Just Transition Plans for these regions focus on the **diversification of the economy towards renewables-based energy and resource efficient production methods**, on **innovation** and on **keeping the rural lignite core mining regions,** where a high percentage of people depend directly on the mining industry, **attractive for business and future generations**. As a result, 4 287 enterprises will be supported. Additional capacity for the recycling of 130 000 tonnes of waste per year is expected to be created. Professional training opportunities are an important element of the support. For example, 27 236 annual users are expected to benefit from new or modernised education facilities and 7 380 persons are expected to participate in professional training, of which 3 029 young people between 18 and 29 years. Thus a nationwide issue regarding youth without professional training (11.8% early leavers from education and training versus the EU average of 9.7%) is addressed, which is particularly problematic in these regions due to their negative demographic trends and the lack of skilled labour, which risks to be accentuated by early pension schemes.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

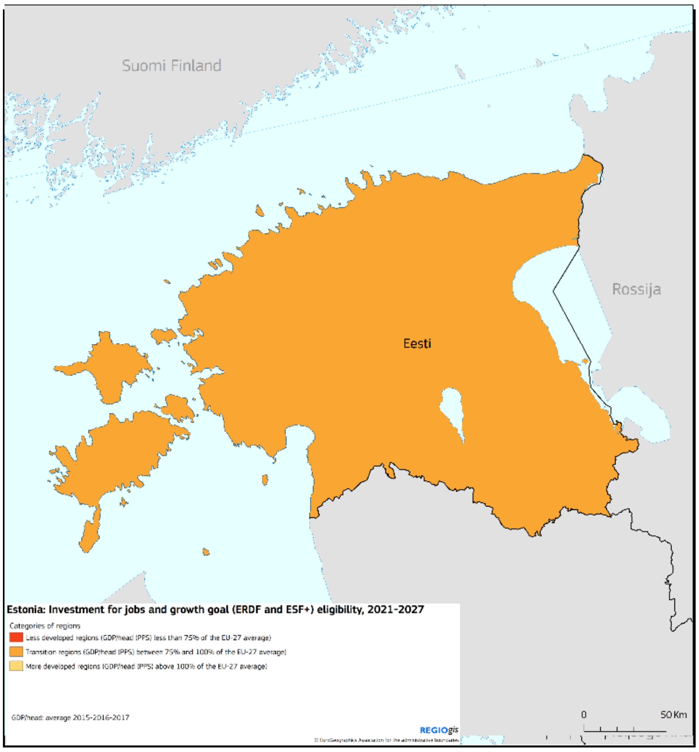
Germany's regional disparities in GDP per capita have steadily decreased since its reunification in 1990. **However, the gap remains high.** In 2021, Hamburg's GDP per capita (in purchasing power standard, PPS) was 191% of the EU average, followed by Oberbayern (174%) and Stuttgart (153%). Some regions continued to score below the EU average, however, with GDP per capita at 86% or lower in the eastern regions of Brandenburg, Chemnitz, Sachsen-Anhalt and Mecklenburg-Vorpommern, as well as in Lüneburg. Gaps between urban and rural areas also persist.

Germany is experiencing **significant demographic changes due to an overall ageing population and migration to urban hubs**, which create regional differences. Nationally, the population grew by 3.6% in 2011 - 2020 with significant increases in the western regions of Hamburg (8.3%) and Oberbayern (9.0%), but also in Leipzig (8.6%) and Berlin (11.1%) due to net positive migration. At the same time, especially eastern transition regions experience a continued demographic decline over the past decade, namely Thüringen, Sachsen-Anhalt and Chemnitz in Sachsen (-3.5% to -6.3%). This change also reflects rural-urban shifts across Germany, which result in rising urban populations on the one hand and in declining rural areas on the other. It is expected to be **more acute in the JTF regions**, where the phase-out of lignite mining could trigger a vicious cycle linked to the loss of economic activities and thus development potential, leading to a brain drain and an aggravation of the skilled labour crisis. The JTF addresses these issues through a **targeted approach, focussing on retaining businesses and people in these regions**.

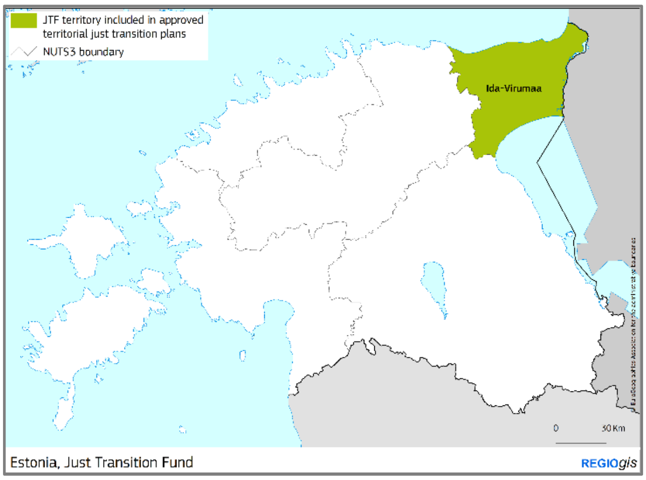
Estonia

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	1 701 561 154	779 722 013	534 157 337	353 896 282	58 059 611
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*1 701 561 154*		*534 157 337*	*NA*	*NA*
More developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Number of programmes	1				7

Map 1 - Categories of regions[13]



Map 2 - JTF territories[14]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 3.4 billion EUR from ERDF, CF and JTF in one multi-fund programme will continue to support Estonia in promoting the achievement of climate goals, create jobs, increase competitiveness and resilience of the economy, improve health and the quality of life for the people of Estonia and embracing key EU priorities such as social inclusion, green and digital transition (EUR 1.6 billion in the green transition and EUR 156 million in the digital transformation).

In comparison with 2014-2020 period, the overall budget decreased only by 441 million and the annual average aid intensities for Estonia remains the highest in EU 27, notably EUR 394.9 per inhabitant (see Annex 4)[15].

[13] Source: Directorate-General Regional and Urban Policy.
[14] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing several challenges in Estonia: demographic decline, low labour productivity, structural unemployment and labour shortage, skills mismatches with the needs of the labour market, inefficiencies in the social and health sectors, high energy intensity of the economy and consequently high socio-economic costs for the transition to climate neutrality.

Under the **Smarter Europe** objective, with an allocation of EUR 742 million, Estonia will improve cooperation between enterprises and research institutions, provide investments in SMEs to boost productivity, innovation and competitiveness in line with smart specialisation. To speed up the digitalisation of the economy and innovation capacity of stakeholders, further advanced digitalisation of the state at all levels of the government will take place, the testing and scaling-up of innovative solutions and emerging technologies will be facilitated and the investments in high-speed internet infrastructure will continue to decrease urban-rural digital divide. The ERDF (EUR 332 million) will boost R&D, innovation and digitalisation by supporting more than 12 100 companies and ensuring that more than 290 enterprises are closely cooperating with research institutions. In addition, 14 500 dwellings in more remote areas will be connected to VHC (Very high Capacity) broadband.

Under the **Greener, low-carbon Europe** objective, with an allocation of EUR 780 million, Estonia will invest in energy efficiency of buildings to save energy and contribute to the goal to reach climate neutrality. In addition, investments in flood protection, biodiversity, circular economy and sustainable urban mobility are also foreseen. Energy efficiency investments will save energy and reduce heating costs for 32 000 dwellings and additional capacity of 10 000 tonnes per year for waste recycling will be created.

Under the **More connected Europe** objective, with an allocation of EUR 521 million, Estonia will promote a shift from road transport to rail for both passengers and freight to decrease commuting times and GHG emissions. Investments will also contribute to the completion of the core TEN-T by 2030. At least 105 kilometres of rail will be reconstructed or modernised, including electrification.

Under the **More social Europe** objective, with an allocation of EUR 681 million, Estonia will support inclusive and long-term participation in employment for all, including vulnerable groups. In addition, it will tackle skills mismatches through the promotion of lifelong learning and adaptability of the workforce and investments in education and training. Investments will be made in the optimisation of school network in regions more affected by demographic changes. Estonia`s objective is also to promote social inclusion and to better integrate health and long-term care services, support independent living of people with special needs and to eradicate poverty, including child poverty. Support for food and basic material assistance will be provided to the most vulnerable. Classrooms for 1 700 pupils will be modernised.

Under the **Europe closer to citizens** objective, with an allocation of EUR 193 million, Estonia will improve the quality of business and living environment of both the urban and rural areas through integrated territorial development (other territorial instruments). Actions will include deployment of high quality digital public services, support to enterprises through trainings, development of smart services and solutions, as well as revitalisation of urban areas. Investments will mostly benefit the poorer regions, with positive spill-over effects to the surrounding rural areas in the case of the investments in the larger functional urban areas. 40 hectares of green infrastructure will be supported and 8 hectares of open urban space will be rehabilitated or created.

Under the **Just Transition Fund**, EUR 354 million will be invested in Ida-Viru county to phase out of oil shale, a fossil fuel in energy production. Estonia has set the objectives to cease electricity production from oil shale by 2035, to phase out oil shale in energy production by 2040 and to reach

[15] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

climate neutrality by 2050. With the JTF support, Ida-Viru will diversify its economic activity away from fossil fuels. It will create a new business environment in the region, based on a circular economy, which will support research and development in collaboration with local education and research institutions.

The territorial just transition plan for Estonia envisages the reskilling and upskilling of around 11 000 local workers and jobseekers. It will also provide labour market mobility solutions for oil shale workers to new businesses with high value-added green jobs. Moreover, it will create around 1 100 direct jobs and support some 230 enterprises. The first project has already been adopted: the NEO-Performance is investing EUR 100 million (EUR 18.75 million of JTF co-financing) in rare earth magnet manufacturing facility in Ida-Viru. Given the size of Estonia, the project is considered as a significant investment in a strategic sector.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Estonia is diverging with the EU in terms of GDP per capita but some regions are growing at a faster pace. In 2021, GDP per head in the capital area Tallinn was above the EU (122), while – apart from Lõuna-Eesti (71%) – it was below 67% in all other regions. During the last few years, there has been a slow internal convergence in terms of GDP per capita of Estonian NUTS3 regions, but based on faster growth of few municipalities (like Tartu and Valga).

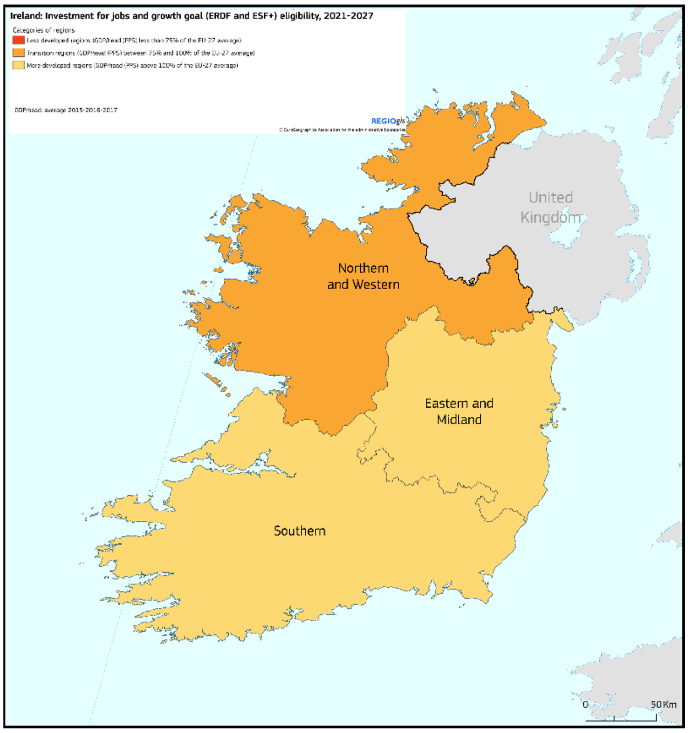
Demographic projections indicate that Estonian population could decline by 5.5% between 2020 and 2050. In 2011-2019, the capital region's population grew by a noteworthy 8.9%, while all the other regions experienced population decline ranging from 3.9% in Lõuna-Eesti to 14.8% in Kirde-Eesti. During the last years disparities between urban and rural areas are increasing in several areas: poverty rates, some educational indicators, connections to the high-speed internet.

JTF will address the socio-economic issues in Kirde-Eesti (Ida-Viru) and there will be special business support programme for 3 municipalities in Lõuna-Eesti. In addition, in several measures differentiated grant rate will be applied – poorer regions will get higher grant rate.

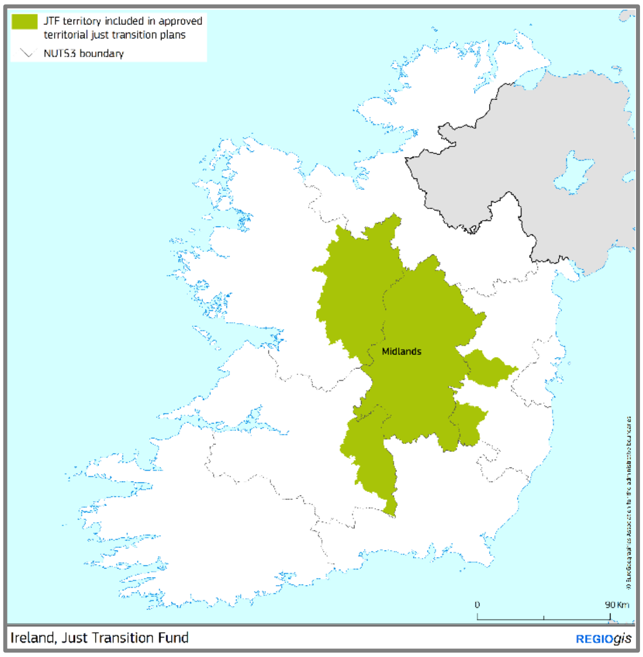
Ireland

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	395 716 021	NA	508 380 024	84 466 694	293 402 230
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*130 238 539*	*NA*	*141 624 468*	*NA*	*NA*
More developed regions	*265 477 482*	*NA*	*366 755 556*	*NA*	*NA*
Number of programmes	3			1	4

Map 1 - Categories of regions[16]



Map 2 - JTF territories[17]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 1.3 billion will continue to support the Irish regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as smarter and greener Europe. The aid intensity for Ireland decreased from the last period and is among the lowest in the EU (see Annex 4).

As regards the number of programmes, Ireland decided to continue with one national ESF+ programme and two regional ERDF programmes. In addition, a new, self-standing JTF programme will support the Midland. One significant change from previous period is that one of the regions, Northern and Western region, has since become a transition region. Worth noting is also that Ireland is one of the two Member States for which the contribution from ESF+ is higher than from ERDF.

[16] Source: Directorate-General Regional and Urban Policy.
[17] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing the challenges, notably **regional disparities and the dual economy** as well as the significant challenges in the **social inclusion and skills**. They will also contribute to the **energy efficiency** of buildings.

Under the **Smarter Europe** objective, with an allocation of EUR 200 million, the focus will be on **supporting regions with weaker regional innovation systems and improving innovation conditions for SME**. The objective is to reinforce the role of technological universities as knowledge hubs in the regions and knowledge transfers to local SMEs. The two regional ERDF programmes will support approximately 7 250 enterprises. More than 3 500 SMEs are expected to introduce product and/or process innovation.

According to recent statistics, Ireland has now the highest greenhouse gas emissions per head in Europe and is lagging behind meeting the targets for reducing them. Under the **Greener, low-carbon Europe** objective, the total cohesion policy contribution is EUR 244 million. The full ERDF contribution of EUR 119 million under PO2 will be directed at improving energy efficiency. It will address the increasing risk of **energy poverty in low income households**. Retrofitting houses currently in energy rating class G will also contribute to the reduction of greenhouse gas emissions. The ERDF programmes aim to support approximately 5 250 dwellings with improved energy performance.

The **More social Europe** objective will be supported by 508 million from the European Social Fund (ESF+). **It aims to help sustainable and quality employment, to increase competences and skills as well as to promote social inclusion and reducing poverty** while contributing to a green, digital and resilient transformation of the economy.

Almost half of the ESF+ contribution has been allocated to social inclusion with the view of promoting equal opportunities, non-discrimination and active participation, as well as improving employability, particularly for disadvantaged groups. It will also promote social integration of people at risk of poverty or social exclusion, including the most deprived persons and children. The other half of the programme includes measures for labour market training and activation for jobseekers, with a focus on younger workers and those underrepresented in the labour market. This will be done through an increased supply of flexible opportunities for continuous upskilling and reskilling in areas of high skill demand, including green and digital skills, as well as upskilling of workers in the childcare sector. Skills and youth employment actions are aligned with the European Skills Agenda and the reinforced Youth Guarantee.

Ireland has allocated 15% of their ERDF contribution towards actions to bring **Europe closer to citizens**. EUR 63.5 million is available for the town centre revitalisation programme for small and medium-sized towns. The 19 integrated urban regeneration action plans will tackle town centre regeneration, place-making, vacancy and dereliction. The public open space created or rehabilitated is expected to be close to 90 000 square metres. Through this scheme, the Irish aim to contribute to the New European Bauhaus as well as have more focus on the circular economy aspects of the sustainable urban development.

The **Just Transition Fund** allocation for Ireland is close to EUR 85 million. The Midland, as JTF territory, is a rural area with a low population density. Its dependency on agriculture and on the former peat industry is high. To support the region, the Irish set up a national Just Transition Fund in 2020, which has invested notably in reskilling of directly impacted workers. The **EU JTF programme** will address the **diversification of the regional economy** by investing in enterprises in areas such as tourism and the bio economy, the **regeneration of peatland**s, and the **smart and sustainable local mobility solution**s. In addition, the RRF will support a large-scale peat bog rehabilitation scheme in the Midland region.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Ireland had the second highest GDP per capita in the EU in 2021 (219% of the EU average in 2021), but internal regional disparities remained high, especially at NUTS2 and NUTS3 levels.

These concern in particular the Northern and Western region (NUTS2 region) with GDP per capita level at 83% of the EU average, but also some (NUTS3) territories within the Eastern and Midland region and the Southern region, such as the Midland with GDP per capita of just 55% of the EU average in 2020 (whereas the Dublin NUTS 3 area was at 270%).

Ireland has also benefited from high growth over the period 2011 - 2020, but it did not bring about convergence between regions. The Southern and the Eastern and Midland regions grew by 8.2% and 3.4% in 2011-2020, which was well above the EU average of 1% whereas the Northern and Western region grew in line with the EU average. The divergence is even more apparent at the level of NUTS 3 regions, with the NUTS 3 Midland region being the only one in Ireland with a negative growth rate (–1.3%).

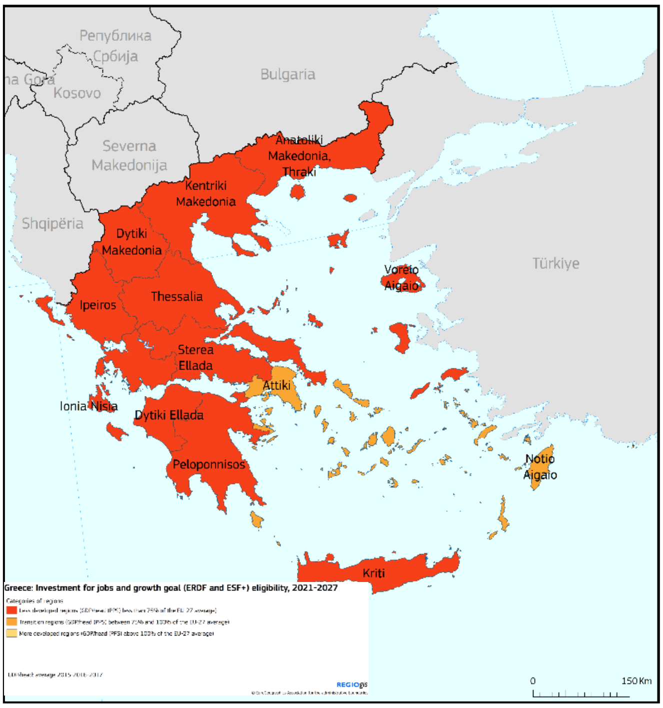
This has led the Northern and Western region to be classified in the 2021-2027 period as a 'region in transition'. There are now two Regional Development Policy programmes for Ireland: one covering the Northern and Western region as a transition region and one covering the two other regions, the Southern and the Eastern and Midland region. The Just Transition Fund programme that focusses on the specific challenges of the Midland region in exiting peat for electricity generation and will also contribute to supporting this territory that has been diverging with the Eastern and Midland region.

The two regional ERDF programmes are very close to each other in terms of content. This is partly explained by the governance system for EU funds in Ireland with programmes relying on the budget of Government Departments at the national level for the co-financing. This situation led in the past to the support of mainly nationally run funding schemes. In that context, the 2021-2027 negotiation process focused on improving the governance system for EU funds and on strengthening the regional dimension of the ERDF programmes. In the new period, regional ownership over ERDF programmes has been strengthened, which is expected to have a positive impact on the capacity of the programmes to tackle their regional challenges.

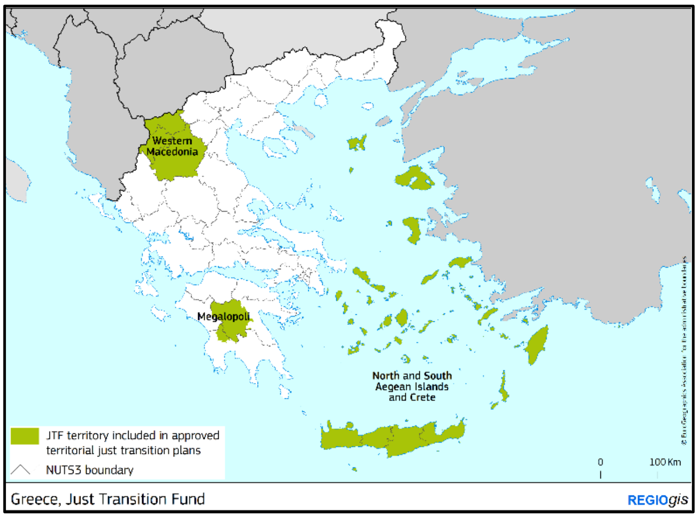
Greece

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	10 672 035 566	2 932 742 390	5 560 449 773	1 375 059 412	128 236 156
Less developed regions	*9 002 493 877*	*NA*	*4 698 854 902*	*NA*	*NA*
Transition regions	*1 669 541 689*	*NA*	*861 594 871*	*NA*	*NA*
More developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Number of programmes	20			1	13

Map 1 - Categories of regions[18]



Map 2 - JTF territories[19]



In the programming period 2021 – 2027, Cohesion policy funds worth EUR 20.6 billion will continue to support the Greek regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020 period, the aid intensity increased by 38% and remains significantly higher than the EU average (see Annex 4)[20].

As regards the number of programmes, Greece decided to roll over the national programmes for Competitiveness, Human Resources and Social Cohesion and the regional programmes for each of the thirteen regions, to set up new national programmes for Digital Transition, Civil Protection and JTF, as well as to split the Infrastructures Programme into two separate national programmes, one for Environment and Climate Change and another for Transport. A dedicated Technical Assistance Programme will address the needs in capacity building for beneficiaries.

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[18] Source: Directorate-General Regional and Urban Policy.
[19] Source: Inforegio - Just Transition Fund (europa.eu).
[20] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

Main priorities and results

Cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Greece.

Under the **Smarter Europe** objective with an allocation of more than EUR 4 billion, the cohesion policy will support research, innovation and development and SMEs growth under the Competitiveness Programme, based on a new and improved national/regional smart specialisation strategy. It will also strengthen links between research and innovation and entrepreneurship, hence enhancing national and regional competitive advantages. Business initiatives will be supported with seed capital (including those from research centres, universities and companies). Support to start-ups will also be provided, with the cooperation of financial institutions, such as banks, venture capital and business angels. Overall, more than 21 000 enterprises are expected to be supported. Investments under the Digital Programme are expected to increase the rollout of very high capacity networks (at least 100Mbps and up to 1Gbps) benefitting 669 276 households and 97 919 businesses. In complementarity with relevant ESF+ investments envisaged to close the gap on digital skills and retain highly specialized human resources, Greece will further improve its ranking in the DESI index.

As landfilling of municipal waste is far beyond the EU average, with recycling rates remaining at low levels (21%, 2025 target: 55%), Greece is expected to invest in appropriately designed Recycling and Resilience Facilities along with actions to increase separate collection at the source. Prioritised investments in the water and wastewater sector will accelerate compliance with the Urban Wastewater Directive (by Sept. 2022, 233 out of 482 agglomerations were non-compliant), while holistic investment planning – as a prerequisite for co-financing of new projects- in the sector is expected to enhance its environmental and economic sustainability. In support of RePowerEU objectives, investments worth approx. EUR 1.5 billion will reduce energy consumption and greenhouse gas emissions in residential and public buildings, replace fossil fuel sources of energy with RES and strengthen the autonomy of the Greek energy sector. EUR 150 million will be dedicated to the Greco Islands Initiative, which aims at rendering selected Greek islands carbon-neutral. Greece will also strengthen its climate resilience and civil protection capacity through a dedicated Civil Protection programme (EUR 570 million) and targeted actions to enhance the country's capacity to prevent, prepare and respond to prevailing risks, such as floods, fires and earthquakes. Emblematic sustainable urban transport projects include the Athens Metro Line 4 and the extension of Thessaloniki Metro, which are expected to provide clean and new urban transportation to an additional 214 764 902 users per year by 2029. Clean urban mobility in mainland and insular Greece will be supported through pilot actions in 10 cities, including the provision of upgraded e-buses. These investments worth EUR 5.8 billion will be co-financed under **Greener, low-carbon Europe** objective.

Regarding transport infrastructure under the **More connected Europe** objective, the Transport Programme (EUR 1.85 billion) seeks to improve transport connectivity while ensuring an environmentally sustainable transport sector, providing accessibility and social inclusion and strengthening security and safety of transport systems in Greece. Emblematic transport projects include inter alia the BOAK motorway (Chania-Hersonnissos interconnection) which will provide safer and faster road transportation in Crete region.

Under the **More social Europe** objective, EUR 6.5 billion of combined funding under ESF+ and ERDF is available to boost employment and cater for the social inclusion of vulnerable groups and marginalized communities. Better jobs and a safer working environment for young graduates and increasing employability of young people, including the difficult to employ target groups, are the aims under the Youth Guarantee initiative, which constitutes 14.1% (EUR 751 million) of the ESF+ funding. Supported measures also aim to provide access to qualitative employment opportunities, deliver active and healthy ageing policies and develop the social economy sector. They will help more than 100 000 unemployed and/or inactive persons find employment, of which approximately 30 000 young people, 700 Roma, 17 000 third-country nationals and 7 000 participants in apprenticeships/vocational training programmes. Moreover, approximately 218 000 persons will gain qualification/accreditation whereas more than 23 000 micro-enterprises will receive support to adjust, restructure, develop and become competitive. ESF+ and ERDF will also ensure availability of social, educational, healthcare and long-term care services and infrastructure in particular for marginalized communities and vulnerable groups, such as persons with disabilities, with a migrant background and the Roma community. About 35% (EUR 1.8 billion) of the ESF+ budget is allocated to actions strengthening social inclusion and supporting the most deprived. More than 1 million people are expected to benefit from services provided by 821 social and 425 primary care structures. Approximately 200 000 vulnerable children and students will be supported, of which more than 8 000 from integrated measures under the Child Guarantee initiative. Almost 12.6% (EUR 672 million) of the total ESF+ allocation is directed towards tackling child poverty. Also, 14 000 persons in the Roma communities are expected to benefit from ESF+ supported operations and 28 000 third country nationals will be provided with opportunities to gain a qualification and/or employment. Moreover, 700 000 vulnerable persons will benefit from food and basic material assistance.

With an allocation of EUR 1.6 billion the **Just Transition Programme** will support the development of a green, inclusive and resilient economy with decent jobs for all. In the territories most affected by the energy and climate transition, the programme will support de-carbonisation in Western Macedonia, Megalopolis and adjacent municipalities, and the phasing out of fossil fuel power stations in the islands of North-South Aegean and Crete. Overall, approx. 1 000 hectares of rehabilitated land will be supported through land repurposing. Just over 50% of the funds will support entrepreneurship through the financing of existing and new enterprises, business infrastructure, and cooperation between companies and research and innovation entities. Another large part of the funds (20.4%) will strengthen human resources and workforce skills in the affected areas (skilling-upskilling-reskilling) and promote employment. The JTF support will also target energy transition, land use adaptation and the circular economy (energy upgrades, strengthening self-production through energy communities, renewable energy sources, e-mobility, and energy storage systems).

Concerning **Integrated Territorial Investments (ITIs) and Sustainable Urban Development (SUD)**, an allocation of EUR 1.12 billion reflects the importance of territorial interventions for Greece and its 13 regions. Overall, 52 SUDs and 33 ITIs have been programmed, which will lead to integrated place-based and multisectoral interventions covering i.e. digital, start-ups, climate change mitigation, municipal waste management, reduction of air and noise pollution, cycling and clean urban mobility infrastructure, education, health, urban regeneration and more.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Regional disparities in Greece increased between 2011 and 2020. In 2020, all Greek regions remained below 90% of the EU average in terms of GDP per capita in purchasing power standard (PPS) terms. With the exception of two regions (Attiki and Notio Aigaio, which are both classified as 'transition regions'), all regions are categorised as 'less developed regions' in 2021-2027. Six Greek regions ranked below 50% of the EU average in terms of GDP per capita in 2020: Voreio Aigaio, Anatoliki Makedonia-Thraki, Kentriki Makedonia, Ipeiros, Thessalia and Dytiki Ellada. GDP per capita in Attiki (84% of the EU average) was more than twice that of Voreio Aigaio (41%) and almost twice that of Anatoliki Makedonia-Thraki (44%) and Ipeiros (45%).

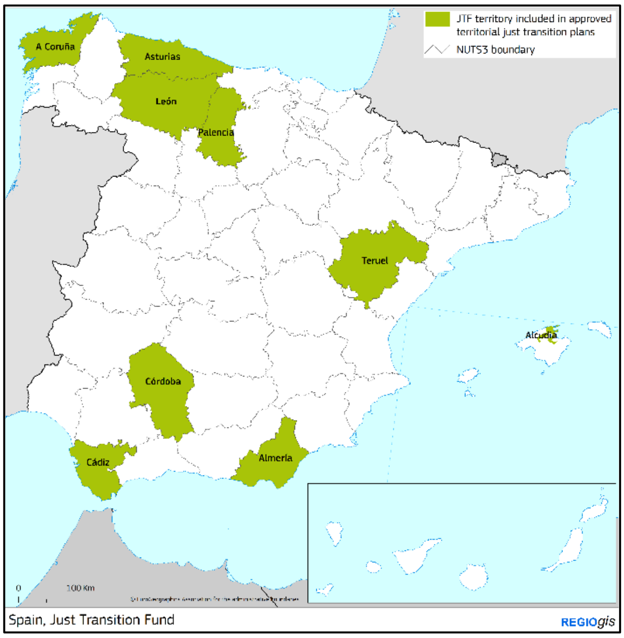
Structural challenges in several regions include skills development as a result of a declining working age population, a low share of people with tertiary education, particularly in non-urban areas and high rates of brain-drain with many young people moving away. In this context, the cohesion policy in Greece is expected to boost territorial cohesion. **A third of the overall financial allocation is dedicated to the thirteen regional programmes, which presents an opportunity for regions to develop their potential and to attract and retain talent.**

Spain

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	23 397 442 373	NA	11 295 696 991	868 744 863	694 796 132
Less developed regions	*12 253 802 345*	*NA*	*5 846 023 057*	*NA*	*NA*
Transition regions	*7 779 191 126*	*NA*	*3 742 912 639*	*NA*	*NA*
More developed regions	*2 856 713 750*	*NA*	*1 541 366 215*	*NA*	*NA*
Outermost and northern sparsely populated	*507 735 152*	*NA*	*165 395 080*	*NA*	*NA*
Number of programmes	43			1	9

Map 1 - Categories of regions[21]

Map 2 - JTF territories[22]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 36.3 billion will continue to support the Spanish regions in promoting economic, social, and territorial and embracing key EU priorities such as green and digital transition. In comparison with 2014-2020 period, the aid intensity decreased for all categories of regions (see Annex 4), with the highest drop being for the transition (-37%) and more developed regions (-35%). As regards the number of programmes, Spain decided to roll over structures from previous programming period and added a self-standing JTF programme.

Main priorities and results

The cohesion policy choices of the Spanish authorities are well aligned with the national and EU priorities, contributing to move towards a more competitive, smarter, greener, resilient, and climate-neutral Union.

The level of total RDI expenditure in Spain is well below the EU average. According to the Partnership Agreement, Spanish SMEs are small, have low productivity than other countries, have

[21] Source: Directorate-General for Regional and Urban Policy.
[22] Source: Inforegio - Just Transition Fund (europa.eu).

limited internationalisation capacity, low technological intensity, and concentrate in low value-added sectors. **With almost EUR 8.5 billion allocated to the Smarter Europe** objective**,** the ERDF will play a key role in **strengthening RDI and digitalisation as key factors to boost businesses growth, competitiveness, and productivity, and improve Spain's position in the EU**. Particular attention is given to strengthen the RDI capacities of the private sector through the technology/knowledge transfer, support to RDI activities of private undertakings and research centres, cooperation between undertakings and organisations research and innovative public procurement. Almost 55 000 enterprises will receive support for investments to strengthen their competitiveness, while 3 000 enterprises will be supported to cooperate with research organizations. Moreover, with the significant support from ERDF to emerging technologies for digitalisation of the public administration and services, Spain is looking to maintain and strengthen the good performance in this area over the last years.

The commitment of Spain to green transition, and the reorientation of the production model towards a greener, more resource-efficient, climate-neutral, modern, and competitive economy, is strong, allocating EUR 9 billion to the **Greener Europe** objective. Out of it, EUR 2.8 billion has been earmarked to **improve the energy efficiency of the public buildings and to develop new renewable sources of energy (e.g. biogas), in addition to the support for the use of the traditional ones (e.g. solar energy).** It is expected that around 7 700 households will improve their energy performance.

As regards the environment, due to its geographical location in south-west Europe and the associated climatic conditions, **Spain is a country with strong vulnerability to climate change** (e.g. extreme temperatures); moreover, it has a large population based on the coastline and also concentrated in the rivers, which comes with additional risks. Spain is also under the **pressure of the need for a more efficient management of the water resources available**, based on savings and reuse of the water, as well as **better management of the wastewater**. ERDF will support the significant investments necessary to strengthen Spain's efforts for climate change adaptation, risk prevention and disaster resilience, as well as to achieve the objectives of the Water Framework Directive and the Urban Wastewater Treatment Directive, especially in the less developed regions. The new programmes will support, for example, the construction or upgrading of 3 300 km of pipes for the distribution systems of public water supply and new or upgraded capacity for waste water treatment for 6 million inhabitants.

Support to transport infrastructure is limited in this new programming period. Under **the More connected Europe** objective, the ERDF will focus on **the completion of the TEN-T network** in Spain looking, at the same time, to **increase on medium and long term the currently low percentage of goods and materials distributed by rail** through support to the intramodality.

In the area of social cohesion, despite positive developments, Spain still presents several structural vulnerabilities; the **ESF+ will support in particular the women, young people, the low-skilled, people with disabilities and people born outside the EU, and will contribute to address the high early school leave rate in many regions**. In the field of **health**, priority has been given to supporting actions aimed at improving the quality and effectiveness of primary care. The ERDF will also support the construction, rehabilitation and upgrading of both health centres and hospitals, and the improvement of the equipment in specialised care. It is planned, for example, that 260 000 pupils will benefit of new or modernised education facilities.

The funds will also continue to support th**e integrated and sustainable development of the urban areas**, including the urban mobility, improving their physical, environmental, economic, and social dimensions, and making the cities a safer and more prosperous place to live for the Spanish citizens. ERDF will contribute, for example, to reconstruct or modernise more than 250 km of tram and metro lines.

Lastly, **the Just Transition Fund (JTF)** will contribute to mitigate the social and economic impact of the transition from coal in Asturias, and the provinces of La Coruna, Palencia, Leon, Teruel, Almeria, Cordoba, Cadiz, and the municipality of Alcúdia in the Balearic Islands. The allocation of almost EUR 900 million from JTF will help these territories to diversify their economy and support investments to create new jobs, thus alleviating the social impact of the transition. For example, JTF will provide support for 1 000 apprenticeships in SMEs and to 7 600 unemployed persons to reintegrate the labour market.

In terms of results expected, for the programming period 2021-2027 Spain has set ambitious targets for example to:

- Increase RDI expenditure relative to GDP by bringing it closer to the EU 27 average, from 1.42 % to 2.12 % by 2027;
- Achieve the primary energy savings target of 39.5 % in 2030 as set up by the Spanish National Integrated Plan for Energy and Climate 2021-2030;
- Reach an employment rate of 76 % in 2030 (68 % in 2021), in line with the provisions of the European Pillar of Social Rights Action Plan.

Spain has paid particular attention in the programming phase cohesion policy funds to the horizontal principles that have been carefully considered under all policy objectives. **Strong emphasis has been put on policy coordination, in particular with the National Recovery, Transformation and Resilience Plan**. As regards administrative capacity, a national roadmap is being developed to strengthen the human resources capacities, improve strategic planning and coordination tools, as well as the capacity of the beneficiaries to identify investment opportunities and prepare projects; the roadmap will start to be implemented in 2023 by the national and regional authorities.

The cohesion policy plays an important role in delivering on challenges identified in the country specific recommendations of 2020-2022 in a number of policy areas, mostly which are related to green transition (including renewable energy and networks, energy efficiency, climate adaptation, environmental policy and resources management, and transport); digital transformation (including the digitalisation of businesses and SMEs and the digitalisation of public administration); smart, sustainable and inclusive growth (including SMEs support, research and innovation); and health (including healthcare and long-term care).

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Regional disparities in GDP per head have continuously increased in Spain during the last decade and are high. In 2021, three regions in Spain had a GDP per head (in PPS) higher than the EU average, while in eight regions the indicator was lower than 75% of this average.

More than 50% of the cohesion policy allocation for Spain has been distributed to the five autonomous communities and cities[23] from the category of less developed regions (identified based on the average GDP per head from 2015 to 2017, which resulted in four more regions in this category than in the 2014-2020 programming period). The industrial fabric is dominated in these regions by small SMEs with low capitalization. Moreover, the growth model before the crisis of 2008 was based on low productivity sectors (construction, tourism) that recovered slowly and have not reached the same volume of activity. ERDF will therefore help the SMEs in these regions to grow, will support the diversification of the economy, in particular of the high value-added sectors and of those related to the smart specialisation areas in these regions.

These regions are also facing low employment and high early school leavers' rates, which will be tackled by the cohesion policy funds through support to education infrastructure and services, skilling, and reskilling etc. For example, almost 300 000 persons below 18 years of age will benefit of better quality and inclusive education and training systems in these less developed regions.

Given the heterogeneity of urban areas in Spain, **ERDF will support integrated urban development** focussing on three categories of urban areas: bigger cities (more than 75 000 inhabitants), medium cities (between 20 000 and 75 000 inhabitants) and functional urban areas (at least 20 000 inhabitants). With an allocation of EUR 2 billion earmarked for these areas, ERDF will allow to develop a wide variety of operations considering the social, economic, and environmental needs of urban areas in

[23] Autonomous Communities of Andalusia, Extremadura and Castilla-La Mancha, and the autonomous cities of Melilla and Ceuta.

Spain, including urban-rural linkages to ensure polycentric development. Administrative capacity measures will be reinforced during the implementation phase through the Spanish network of urban areas.

ERDF will also support integrated pilot projects to face population decline, in four regions; the objective is to develop innovative and replicable models to attract and maintain population in the areas most impacted by the population decline.

Outermost regions

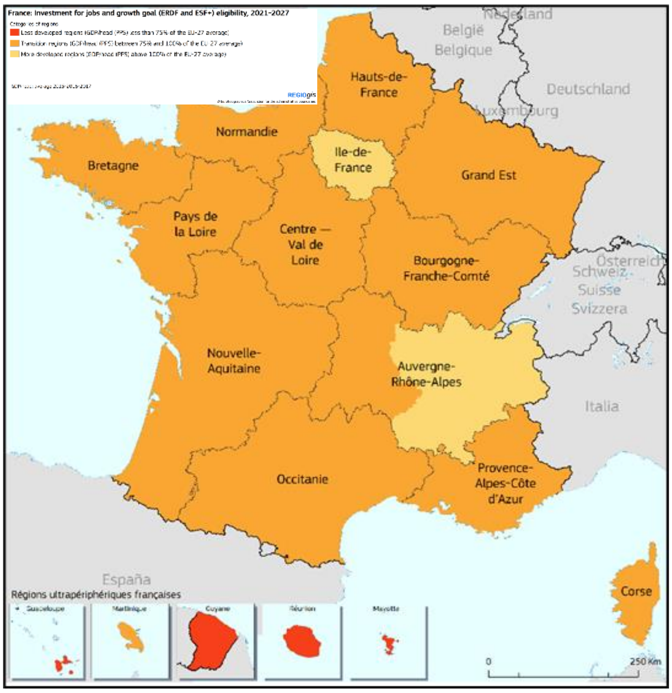
In addition to the main contribution of the ERDF for the Canary Islands, through the special allocation of EUR 673 million for the outermost regions, cohesion policy will tackle the particular conditions of the islands, triggered by additional cohesion, economic and territorial challenges compared to other territories.

Its geographical characteristics, such as its location, insularity, the dispersion of islands, or the seismic and volcanic activity affecting this area generate additional costs for the provision of public services, health care, energy generation and distribution. It is therefore necessary to support with the additional allocation specific actions to compensate the higher investments costs necessary for the development of these areas. The ERDF will contribute, for example, to the decarbonisation of the electricity system of the Island of Gran Canaria, through the promotion of renewable energies and the development of smart storage technologies with a 100 % renewable cycle.

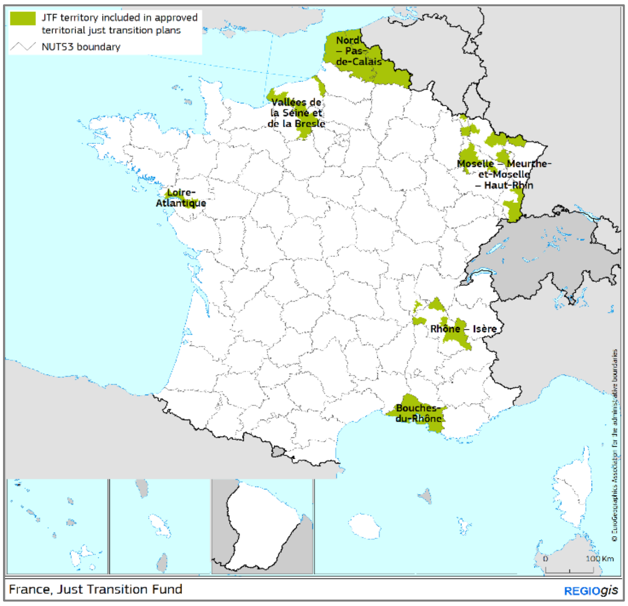
France

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	9 070 386 211	NA	6 674 708 658	1 029 952 599	1 107 421 089
Less developed regions	*2 184 379 547*	*NA*	*898 708 671*	*NA*	*NA*
Transition regions	*5 815 936 865*	*NA*	*4 348 823 580*	*NA*	*NA*
More developed regions	*554 080 754*	*NA*	*1 259 435 604*	*NA*	*NA*
Outermost or northern sparsely populated	*515 989 045*	*NA*	*167 740 803*	*NA*	*NA*
Number of programmes	22				18

Map 1 - Categories of regions[24]



Map 2 – JTF territories[25]



In the programming period 2021 - 2027, cohesion policy funds worth EUR 17.9 billion will continue to support the French regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020 period, the aid intensity decreased for more developed and transition regions (-31% and -8.7%, respectively), while it increased by 9.4% for less developed regions[26]. The number of programmes is significantly reduced compared to the 2014-2020 programming period (from 44 to 22, excluding the territorial

[24] Source: Directorate-General Regional and Urban Policy.

[25] Source: Inforegio - Just Transition Fund.

[26] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

cooperation programmes), notably to reflect the 2016 law on the New Territorial Organisation that reduced the number of French regions from 27 to 18.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in France. The policy options selected by the French authorities to receive support from the cohesion policy's funds are well aligned with the national and EU priorities, contributing to move towards a more competitive, smarter, greener, resilient and climate-neutral Union.

Overall, with around 38% of the budget (around EUR 3.5 billion) allocated to the **Smarter Europe** objective, the ERDF will play a key role in strengthening R&I and digitalisation as important factors to boost businesses growth, competitiveness and productivity. The funds will notably **help France bringing the share of GDP devoted to research and development closer to the European target of 3%** (compared to 2.2% in 2018). The ERDF support will notably help over 100 000 SMEs to introduce innovations in products or processes.

The funds will also decisively support the efforts towards a **greener, more resource-efficient, climate-neutral, modern and competitive economy**. The **greener, low-carbon Europe** objective will benefit from investments representing 37% of the total ERDF budget, with the contribution to the climate objective exceeding slightly 30% of the available funds. One of the focus of investments will be an **increased capacity to provide clean, affordable and safe energy and an accelerated transition to sustainable mobility**. This will notably help reduce the total energy consumption of France by 20% in 2030 compared to the 2012 levels. A significant share of funding will also support the vast national plans of **energy efficiency renovations** (with energy performance improvements expected for about 100 000 dwellings and more than 1 000 000 square meters of public buildings) and be used to mobilize industry for a **clean and circular economy**. In addition, France will take into account the principle of no significant harm to the environment in its investments under all the strategic objectives.

Under the **more connected Europe** objective, around EUR 0.6 billion will finance investments to **improve the connectivity and the related infrastructures** (ports and airports) **in the outermost regions**, which suffer from structural weaknesses in those areas.

Despite a very high employment level overall, the labour market in France is characterized by an unequal access to employment and training. The social and labour market integration of vulnerable groups, in particular the less skilled people with a migrant background, but also young people, remains challenging. Skills shortages and mismatches on the labour market strengthen the need to develop and facilitate the access for all to lifelong learning. The combined funding of ESF+ and ERDF under the **More social Europe** objective totalling EUR 6.96 billion will contribute to the implementation of the European Pillar of Social Rights. The ESF+ investments will aim to **support access to the labour market**, facilitate career transitions and continuous training of workers, and reduce social exclusion. The programmes will **support the unemployed and the inactive, with a focus on young people**, through up/re-skilling opportunities and the development of education and career guidance, promoting skills based on the local labour market needs and stemming from the green and digital transitions. The focus on the most vulnerable populations will be strengthened **to combat poverty and promote social inclusion** (support for access to rights and social services such as care, housing, education). Specific measures will be dedicated to fighting child poverty, improving access to healthcare and addressing material deprivation. Particular attention will be given to the outermost regions, where youth unemployment and social inclusion challenges are particularly acute.

Cohesion policy will also help tackle **territorial challenges**, notably thanks to the allocation of around EUR 1 billion conveyed through **the Europe closer to citizens** objective. These challenges include territorial disparities, notably in the access to healthcare, services to the population, widening gaps in employment rates following the economic crisis, sustainable mobility in rural areas, as well as presence of social, cultural, leisure facilities and business activities in certain urban and rural areas.

The **Just Transition Fund**, with a budget of around EUR 1 billion, distributed across 6 regional programmes (Hauts-de-France, Grand-Est, Normandie, Auvergne-Rhône-Alpes, Pays-de-la-Loire and Sud-Provence-Alpes-Côte d'Azur) and 1 national programme for human capital investments, will specifically help 10 French areas to cope with the impacts of the green transition, to diversify the economic activities which are currently based on carbon-intensive industries and to mitigate the negative repercussions on employment through upskilling, re-skilling and labour integration measures. The Just Transition Fund will notably create 3 250 direct jobs in supported entities in the industrial areas of northern France.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

France is characterized by **increasing territorial imbalances (**GDP per capita in 2021 ranged from 176 for Île-de-France to 28 for Mayotte, 100 being the EU average), **coupled with an overall slower growth of GDP per capita compared to the EU average** (23 out of 27 French regions have lost ground during the last decade in comparison to the EU average). Thus, most regions are at risk of being caught in a development trap. Several of them also went from the category of more developed to transition regions. This is notably due to differences in regional innovation performance and in the availability of social, education and training or health infrastructure, with a deficit observed in the outermost regions and, to a lesser extent, in isolated areas. These structural problems were considered in the programmes' strategies and will be addressed through targeted investments.

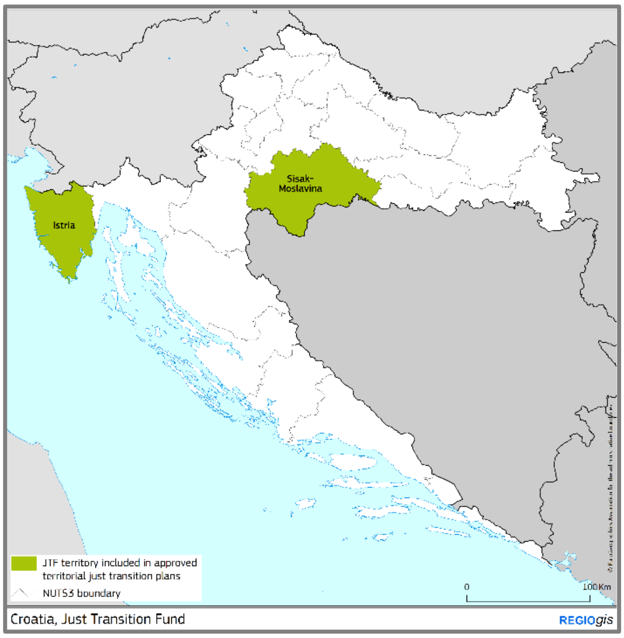
French **outermost regions** face **permanent constraints to their development**, such as remoteness, insularity, mostly small size, vulnerability to climate change, economies dependent on a few sectors, high levels of unemployment and gross domestic product significantly below EU and national averages. Some basic needs that are the key factors of quality of life and important for meeting the Sustainable Development Goals (access to water, education, healthcare or transport) have still to be covered in many of these territories. In view of that, these regions benefit from **specific additional allocations**. Specific provisions also provide **additional investment flexibilities and opportunities**. Thanks to explicit derogations included in the ERDF regulation, for instance, the intervention of the funds in the area of business support will cover not only SMEs but also large enterprises.

Croatia

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	5 404 709 020	1 182 402 919	1 933 570 912	185 886 687	186 871 939
Less developed regions	*5 404 709 020*	*NA*	*1 933 570 912*	*NA*	*NA*
Number of programmes	3				13

Map 1 - Categories of regions[27]

Map 2 - JTF territories[28]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 8.95 billion will continue to support the Croatian regions in promoting social, economic and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020 period, Cohesion Policy aid intensity in Croatia remains among the highest in the EU, at EUR 298/inhabitant/year (see Annex 4)[29]. As regards the number of programmes, Croatia decided to maintain the programme Competitiveness and Cohesion and to add a second programme with a more pronounced territorial character, the Integrated Territorial Programme that also includes the Just Transition Fund.

Main priorities and results

Cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Croatia.

[27] Source: Directorate-General Regional and Urban Policy.
[28] Source: Inforegio - Just Transition Fund (europa.eu).
[29] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

With an allocation of some EUR 1.7 billion to the **Smarter Europe** objective, Croatia aims at increasing GDP share dedicated to R&D to 2.5% (from 1.25% in 2020) by the end of the programming period, enhancing **digitalisation of businesses** and increasing availability and quality of e-services. Particular attention will also be paid to supporting SMEs with a view to increasing their **competitiveness and internationalisation** while funding will also be dedicated to improving skills for Smart Specialisation. It is expected that support will be provided to more than 13.500 enterprises and more than 3.000 new jobs will be created.

With a major part of cohesion policy funding in 2021-2027, Croatia is making an impressive effort to support the **Greener, low-carbon Europe** objective by allocating to it more than EUR 2.3 billion. Key expected results include improving energy efficiency (reduction of GHG emission by more than 20% and reduction of energy consumption by 17% over the period), increasing the share of renewables in energy production (aiming at 60% of electricity in 2030) and thus **reducing energy dependence**, **enhancing the circular economy** (with more than 180 000 tn/year additional recycling capacity) **as well as supporting climate resilience and biodiversity**. Croatia will dedicate 31.09% of ERDF and 38.89% of CF resources to climate contribution, while more than EUR 650 million ERDF and CF resources will be dedicated to biodiversity. Some 800 000 persons will be benefiting from nature protection and biodiversity measures.

With a view to ensuring a higher level of **connectivity and enhancing mobility**, investments of some EUR 980 million under the **More connected Europe** objective will aim at developing a **sustainable, smart, secure and intermodal TEN-T network** and regional, local and cross-border mobility. It is expected that 84 km of modernised railway lines will increase the number of annual users of railways by more than 200 000 persons.

Croatia faces increasing labour shortages and persisting employment challenges for women and vulnerable groups (low-skilled workers, persons with disabilities and NEETs (not in employment, education or training)). Another major challenge is the provision of affordable, quality social services, especially long-term care (LTC) that currently falls far from meeting the country's needs. The combined funding of ESF+ (EUR 1.9 billion) and ERDF (EUR 2.5 billion) under the **More social Europe** objective will contribute to the **implementation of the European Pillar of Social Rights** and Croatia's national 2030 targets of reaching 75% employment rate, 55% adult learning participation and poverty reduction by 298 000 persons. The funds will focus on creating employment opportunities, upskilling of people and improving the matching of education and training systems to meet employers' needs. Over 110 000 unemployed and over 25 000 employed individuals, out of which almost 70 000 young people, will benefit from active support to find jobs and/or advance in their careers. Projects funded will modernise and improve education programmes, from early childhood to higher education. Investments will also focus on adult learning and training, including lifelong learning of teachers and staff of educational institutions. More than 2000 educational institutions will be supported to implement quality education and training programmes. The programme will also promote social inclusion and the expansion of social services in consideration of local needs – including the requirements for provision of accessible, affordable and quality long-term care for persons with limited autonomy and with disabilities. Over 130 000 vulnerable people, including from disadvantaged groups will benefit from social services and measures for social inclusion. Over 100 000 most deprived people, including children, will be provided food, school meals and basic material assistance.

Cohesion policy will also support the **deinstitutionalisation** of social services, strengthen the **emergency medical response system and telemedicine services** (aiming at reaching more than 80 000 new users of e-health services annually), and the development of resilient and sustainable tourism aiming at increasing the number of visitors of cultural and tourism sites by more than 290 000 persons).

Croatia also intends to dedicate some 13% of ERDF allocation to **urban development**, through the Integrated Territorial Investments (ITI) tool combining the objectives of smarter, greener and Europe closer to citizens. The ambitious approach is reflected in increasing the number of functional urban areas benefiting from ITI funding from 8 in the 2014-2020 programming period to 22 in 2021-2027. As part of the objective to bring **Europe closer to citizens**, EU funds will also support the development of smart and sustainable islands. In both urban areas and on islands, the focus will be on integrated projects (some 44 are programmed) developed by local stakeholders in order to best meet the specific challenges of each territory, including those related to the green transition. Key expected results include improved energy performance of 700 public buildings, some 19 hectares of rehabilitated land, support to 49 cultural and touristic sites and some 110 000 persons benefitting from new or improved social or green infrastructure on islands.

Interventions under the EUR 186 million **Just Transition Fund** allocation will focus on mitigating the economic and employment effects of this transition by **strengthening entrepreneurship, diversifying the regional economy** (by supporting some 25 new SMEs) and fostering cooperation between business and research (75 supported researchers and 20 SMEs using supported public research facilities). Planned investments also aim to **modernise and decarbonise energy-intensive industries** in order to reduce GHG emissions from 317 000 to 20 - 25 000 tonnes of CO_2/year by 2029 and **to increase employment opportunities for the workforce** with some 1 700 annual users of modernised or new educational facilities.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Conversion with more developed EU regions remains a challenge for Croatia. Its GDP per capita in purchasing power standards (PPS) stood at 70% of the EU average in 2021, the fourth lowest in the EU. Beyond this, regional disparities are marked, ranging from the City of Zagreb (121% of EU average) to four counties in eastern Croatia at only 35 - 37% of the EU average.

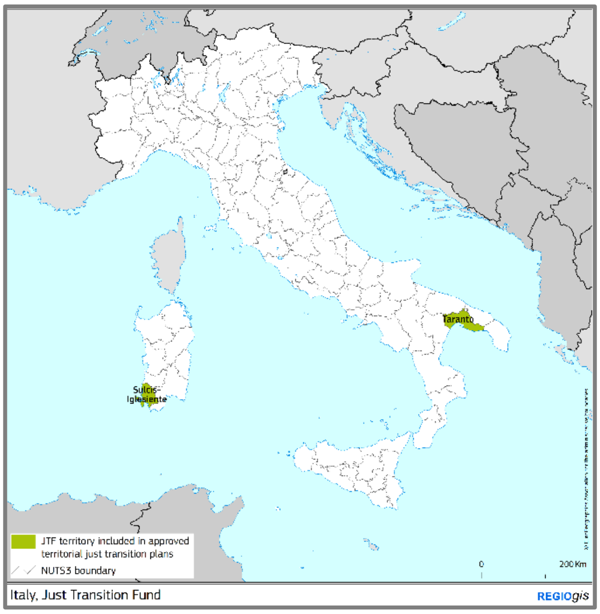
Through EU Funds’ investments, Croatia aims at reducing these regional disparities and enhance territorial cohesion, by putting particular focus on mountainous and assisted areas, as well as areas suffering from demographic decline and geomorphological specificities (e.g. through support to developing smart and sustainable islands).

Italy

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	26 341 324 645	NA	14 808 620 616	1 029 588 558	947 705 559
Less developed regions	*21 138 192 235*	*NA*	*8 949 683 127*	*NA*	*NA*
Transition regions	*833 629 223*	*NA*	*694 749 958*	*NA*	*NA*
More developed regions	*4 369 503 187*	*NA*	*5 164 187 531*	*NA*	*NA*
Number of programmes	47			1	19

Map 1 - Categories of regions[30]

Map 2 - JTF territories[31]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 75 billion (including national co-financing) will continue to support Italy and its regions in promoting and embracing key EU priorities such as the green and digital transition and support to the European Pillar of Social Rights and its Action Plan. In comparison with the 2014-2020 period, the status of four regions has changed: Marche and Umbria went from more developed to transition regions while Sardinia and Molise went from transition regions to less developed ones. The number of programmes has slightly decreased, as some regions decided to go for multifund programmes, one national programme was discontinued and two national programmes were merged.

Italy faces two main challenges: the more developed regions are slowing down compared to the EU average, and there is a persistent North South divide. Therefore Cohesion policy dedicates 75% of the

[30] Source: Directorate-General Regional and Urban Policy.
[31] Source: Inforegio - Just Transition Fund (europa.eu).

resources to the less developed regions of the South, with an increase of aid intensity per person from EUR 192 in the 2014-2020 period to EUR 220 in the current one (see Annex 4)[32].

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Italy. The envisaged interventions contribute to the transformation towards sustainable production models and the widespread use of digital technologies (green and digital transition) as well as to higher employment rates, skills development and a more inclusive society in support of the objectives of economic, social and territorial cohesion and fairness. Specific attention was given to the complementarity with other EU funding, and in particular the RRF.

Special attention was given to the most fragile socio-economic and geographical areas, contexts (functional metropolitan areas, deprived neighbourhoods, mountainous areas and other difficultly accessible territories, areas exposed to natural risks, areas affected by the industrial and energy transition) and to the most vulnerable groups of people such as young people and women. Funds also contribute to combating all forms of discrimination and promoting responsible business participation with more sustainable investments and quality jobs.

To address the challenge of low investment in research and innovation, Italy programmed EUR 9.5 billion to the **Smarter Europe** objective to support SME's growth and competitiveness, research and development and promote innovation, and the development of knowledge and skills for sustainability. Over 140 000 enterprises will be supported in this transition.

Italy faces several challenges in the **Greener, low-carbon Europe** objective, an allocation of ERDF resources worth EUR 8.8 billion will be used to: a) improve the energy efficiency of public buildings, with the target of having over 2 900 000 square meters of improved surfaces; b) provide for affordable, renewable, clean and secure energy; with a planned increase of 912 megawatt per year of production from renewable sources; c) improve waste water treatment for over 1.5 million people, d) improve waste recycling of over 1 041 000 tonnes per year, and finally they will contribute to the preservation and restoration of ecosystems and biodiversity, also for disaster risk prevention (people protected from floods and forest fires). They will also accelerate the shift to sustainable and smart mobility and make regions, cities and existing infrastructure more resilient to the impacts of climate change and natural risks. Priority is given to interventions that maximise the contribution to the fight against climate change. The 'do no significant harm' principle is taken into account under all policy objectives.

Under the **More connected Europe** objective, backed by EUR 1.5 billion from the ERDF, the planned measures will contribute to narrowing the gap between the south and the centre/north with regard to the electrification of railway lines, the digitalisation of the services and the strengthening of port logistics infrastructure. The target is to modernise and upgrade 600 kilometres of rail.

The combined funding of ESF+ and ERDF totalling over EUR 17 billion under the **More social Europe** objective will contribute to the implementation of the European Pillar of Social Rights. Interventions will benefit people directly via the strengthening of the systems in the employment, education and social inclusion fields, with the target of reaching more than 6.6 million people. Italy programmed the funds above (in some cases largely above) the minimum regulatory thresholds in the key areas of youth employment, social inclusion, support to the most deprived and fight against child poverty.

For the **Europe closer to citizens** objective**,** an allocation of over EUR 2.2 billion is envisaged. Actions to develop local territorial strategies are carried out throughout the national territory: metropolitan urban, medium urban, intermediate, inner areas, and coastal areas. Cohesion policy

[32] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

interventions will, among others, improve the environmental quality of urban centres and tackle poverty and marginality, including social housing.

Also the **Just Transition Fund** targets two areas in southern Italy where carbon-intensive production activities are concentrated: the functional area of Taranto in the Apulia region and the Sulcis Iglesiente area in the Sardinia region. The total programme allocation is over one billion. It will support the diversification of the economy in the targeted areas supporting more than 2 900 SMEs and helping more than 6 700 unemployed persons and recovering more than 900 hectares of polluted land.

The Partnership Agreement devotes also half a billion to develop a sustainable blue economy, supporting the EU Common Fisheries Policy in the Mediterranean Sea, the green and digital transition and the resilience of inland, coastal and island communities.

The main challenge in Italy is the capacity to implement timely the EU funds, therefore the support to administrative capacity is key. National and regional tools have been developed to accelerate the implementation of cohesion funds acting on three levels: (1) organisation structures; (2) human resources (availability and capacity) and (3) simplification of procedures and tools needed to make the management of interventions more effective.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

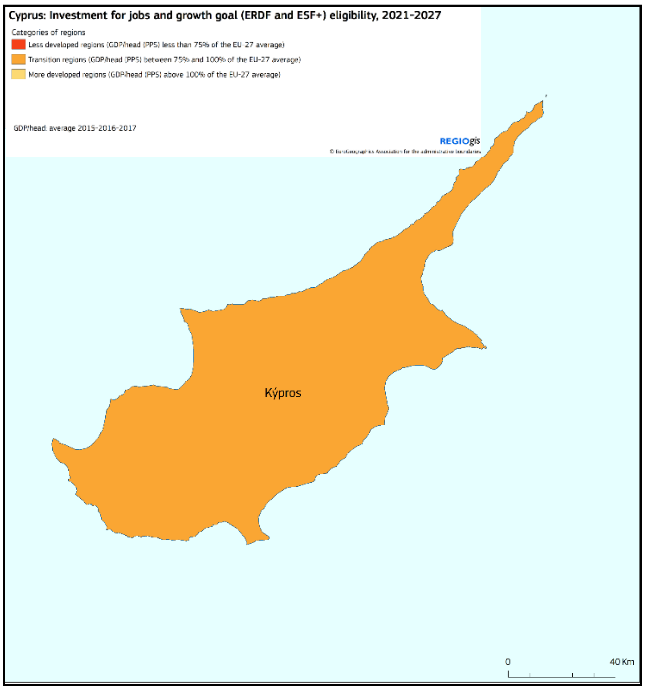
The persistent divide between the north and the south of the country represents one of the main and recurrent policy issues in Italy. All Italian regions have lost ground compared to the EU average in the last two decades. The problem remains, however, much more acute in the southern regions. Therefore, the real challenge is the economic and employment recovery of the country as a whole, with an increasing role of the south. Most of cohesion funding is therefore directed at the less developed regions.

As for the subregional features of the Italian territories, the support is focussed on the interventions under the **Europe closer to citizens** objective, especially in two specific categories of territories: urban areas and inner areas, for which specific development strategies and interventions are envisaged.

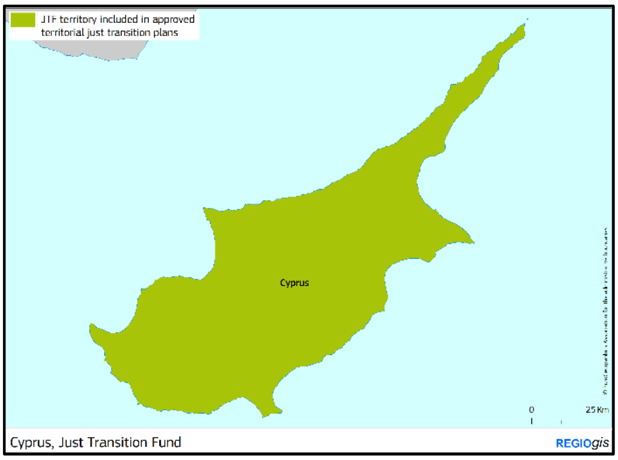
Cyprus

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	466 925 267	178 321 777	222 205 180	101 113 715	37 259 150
Transition regions	*466 925 267*	*NA*	*222 205 180*	*NA*	*NA*
Number of programmes	1				4

Map 1 - Categories of regions[33]



Map 2 - JTF territories[34]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 968.5 million will continue to support Cyprus in promoting economic, social, and territorial cohesion and embracing key EU priorities such as the green and digital transition. As regards the number of programmes, Cyprus decided to have a single cohesion policy programme that includes the ERDF, CF, ESF+ and the JTF. In comparison with the 2014-2020 period the aid intensity increased and remains higher than the EU average (see Annex 4)[35].

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to address a number of challenges in Cyprus.

The single cohesion programme Thalia 2021-2027 will significantly support job creation, business competitiveness, economic growth, sustainable development, and it will improve citizens' quality of life. Although Cyprus, as an island Member State eligible for the Cohesion Fund, is considered as a less developed region in respect to the thematic concentration, the Cypriot authorities have decided to

[33] Source: Directorate-General Regional and Urban Policy.
[34] Source: Inforegio - Just Transition Fund (europa.eu).
[35] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

allocate an increased ERDF budget to PO 1 and PO 2, respectively 33.3% (instead of 25%) and 48.5% (instead of 30%). For ESF+ and the budget for PO 4, the share of access to employment education and training systems is 36%, promotion of youth employment is 12.6%, social inclusion for vulnerable groups 39% and material assistance for the most deprived 7.6%.

Cyprus is a strong innovator with performance at 106.9% of the EU average and its performance has been increasing (37.9 pp) at a rate much higher than that of the EU (9.9 pp). Under **the Smarter Europe** objective with an allocation of EUR 156 million the Thalia programme aims to develop a competitive, innovative growth model for Cyprus based on an improved smart specialisation strategy. Investments will support research, innovation and development and SMEs growth. The priority areas for the Smart Specialisation Strategy are energy, tourism, agriculture and food, structured environment-construction, transport-shipping, health, the environment and information and communication technologies. The programme will also support actions that will interconnect the national research and innovation system with the economy, the business world and society. 885 research jobs are expected to be created in supported entities and some 1 775 jobs will be created through the support to entrepreneurship.

Cyprus ranks 20th (up from 24th in 2020) among 27 EU Member States in the 2022 Digital Economy and Society Index (DESI). Positively, the country's relative progress, considering its starting point, is above the expected rate, indicating that it is converging to the EU average. This remaining deficit will be addressed through investments to increase new digital services for citizens and businesses, to strengthen the digital identity of companies and to increase the number of companies using information and communications technology, including e-commerce. To this end, some 133 000 citizens will benefit from new and upgraded public digital services, products, and processes.

Under the **Greener, low carbon Europe** objective with an allocation of EUR 376 million, the programme will invest in the green conversion of Cyprus which will be achieved through significant investments in energy efficiency and reduction of carbon emissions, combined with renewed efforts to reach the applicable targets for waste and water management. The share of energy from renewable sources in relation to the total energy consumption will increase by 18.3 pp (from 11.7% in 2021 to 30% in 2029) and the greenhouse emissions are estimated to reduce by 108 900 tonnes CO_2 eq. /year. Furthermore, the programme deals with habitat protection and restoration within the Natura 2000 Network.

Managing waste efficiently remains an important challenge for Cyprus. In 2021, Cyprus still disposed most of its waste in landfills (62%), with only 15% being recycled (EU average 48%). The programme aims to establish a separate collection system of solid municipal waste at source and to implement a "pay as much as I throw" system through which the sorting at the source, separate collection, reuse and recycling and the reduction of waste is achieved. To this end, 300 000 tonnes per year of waste are planned to be collected separately. Co-financed actions will also contribute to the full harmonisation with on urban wastewater management directive.

The Cypriot inland transport system is exclusively road based and scores high on greenhouse gas emissions. The use of private cars is well above the EU average, as opposed to the use of public transport. The development of sustainable public – new or modernised - transport with 4 million additional annual users will be pursued through the deployment of an electric bus network and active mobility measures such as walking and cycling.

As concerns the **More connected Europe** objective, the programme will invest EUR 27 million in the core TEN-T road network, part of the Lefkosia South Orbital Motorway complementary to investments by Connecting Europe Facility. Road decongestion projects on the inter-urban road network, utilising intelligent transport systems aimed at reducing greenhouse gas emissions will also be supported. As a result of these investments 3 km of new TEN-T roads will be built as well as new modernised traffic management systems for 140 km of roads.

Regarding **the More social Europe** objective, ESF+ investments of EUR 222 million will be allocated to employment and training measures as well as investments to support the labour market, increase the overall level of skills, combat poverty and social exclusion. Programmed actions include outreach, consulting and guidance actions for young people, the modernisation of Public Employment Services, and the promotion of flexible working arrangements, which will enable Cyprus to improve access to employment and promote a gender balanced labour market. The ESF+ will also invest in the development of technical vocational education and training and in new initiatives such as Individual Learning Accounts and the ALMA initiative (Aim, Learn, Master, Achieve), in line with the European Skills Agenda and the reinforced Youth Guarantee. The key objective is to tackle successfully the green and digital transitions. Additionally, the ESF+ will provide significant support for the restructuring of social welfare services and actions in line with the European Child Guarantee, such as affordable early childhood education and care, as well as home care services, and access to free school lunches for deprived pupils. These measures will ensure equal access to quality and inclusive education and training and improve the living standards of people at risk of poverty or social exclusion.

The **Europe closer to citizens** objective, with an allocation of EUR 86 million will improve the quality of life in urban and non-urban areas in Cyprus. The aim of this support is to ensure maximum utilisation of the growth potential of cities and non-urban areas while successfully tackling social challenges and stimulating growth, liveability, and innovation. Investments will be made in green spaces, the protection of the cultural and natural environment, the promotion of sustainable urban mobility and the improvement of social conditions. Furthermore, the programme envisages the construction of new or restoration of existing infrastructure for the provision of social services in non-urban areas, with the aim of upgrading the services provided to young children, the elderly and other vulnerable groups of the population. The investments will lead to 45 000 persons having access to new or improved green infrastructure and more than 534 000 persons benefiting from integrated spatial development strategies in urban areas.

The **Just Transition** funding of EUR 101 million seeks to accelerate Cyprus' energy transition process towards the 2030 and 2050 climate targets. Cyprus as a small island state faces significant challenges in the transition process to a climate neutral economy, e.g. high energy costs, energy security, small economies of scale and almost exclusive dependence on fossil fuels. The envisaged actions will strengthen the energy transmission and distribution system, support measures for SMEs to apply innovative technologies and use RES and to reduce their energy footprint and carbon dioxide emissions. They will also empower the human capital through education and training actions and the creation of a Green Technical School in Nicosia. The investments foresee to contribute to an 18.3 pp increase of the share of energy from renewable sources in relation to the total energy consumption (from 11.7% in 2021 to 30% in 2029) as well to a reduction of 13 000 tonnes CO_2 eq. per year in estimated greenhouse emissions.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

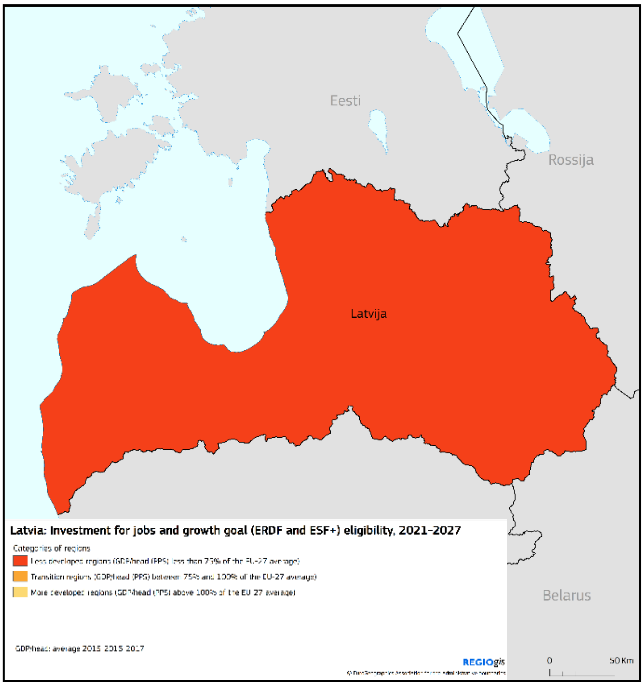
In the last decade, Cyprus has not converged to the rest of the EU. GDP per head decreased from 97% of the EU-27 average in 2011 to 88% in 2020. Real GDP per head grew on average at a rate of 0.15 pp per year between 2011 and 2020, lower than in the EU where it increased by 0.60% per year on average. Furthermore, socio-economic differences persist between territories. In 2021, the unemployment rate was at 7.5%, with cities at 7.2% and rural areas at 7.1% whereas unemployment in towns and suburbs stood at 9%. Differences also exist in terms of educational attainment. In 2021,47% of the population (from 25 to 64 years of age) had a tertiary degree but this share drops to 42.8% in towns and suburbs and to 33.2% in rural areas. In addition one in four people in rural areas was at risk of poverty and social exclusion in 2021 against 17.9% in towns and suburbs and 14.6% in cities.

Cohesion policy will address these differences with investments in promoting economic, social, and territorial cohesion. The envisaged actions support job creation, business competitiveness, economic growth and sustainable development while ensuring the maximum utilization of the growth potential of cities and non-urban areas and the successfully tackling of social challenges.

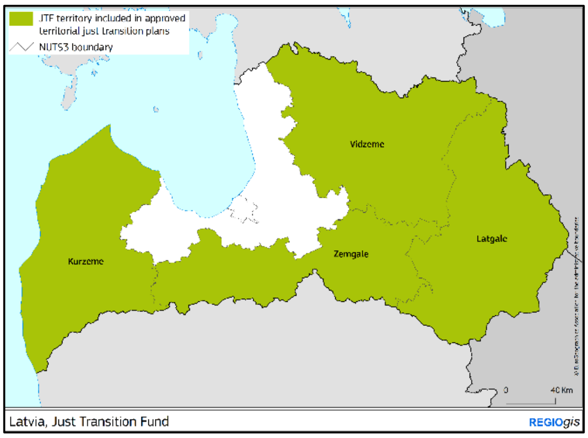
Latvia

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	2 562 898 835	958 813 128	720 968 137	191 606 819	49 764 070
Less developed regions	*2 562 898 835*	*NA*	*720 968 137*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Number of programmes	2				10

Map 1 - Categories of regions[36]



Map 2 - JTF territories[37]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 4.5 billion from ERDF, CF, ESF+ and JTF will continue to support Latvia in promoting economic and social convergence of the country and embracing many key EU priorities such as, green and digital transition, social inclusion and others. There is a single mainstream programme covering all funds, with an additional separate ESF+ programme dedicated to food and basic material support for the most deprived people. The role of the cohesion policy for Latvia has been significant since the accession and the EU funds still cover 50% of public investments. In comparison with 2014-2020 period, the amount available under cohesion policy for Latvia has increased by EUR 203 million in current prices. The annual average aid intensity for Latvia remains one of the highest in the EU 27 – EUR 323 per inhabitant in comparison to the EU average of EUR 118 per inhabitant.

[36] Source: Directorate-General for Regional and Urban Policy.
[37] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Latvia, especially linked to lagging performance in healthcare, social inclusion, demographic trends, regional disparities and overcoming "middle income" trap, and will assist the country in green and digital transitions.

The "middle income" trap, **insufficient investments into research and innovation, low value added of the industry and low digitalization uptake** are among the main challenges Latvia is facing. Therefore, Latvia dedicated under the **Smarter Europe** objective EUR 823 million of its ERDF allocation to address these challenges, representing 18% of the overall cohesion policy funding. It is planned to support 3 758 enterprises and to expand high capacity network use for 16 000 dwellings and 5 000 companies.

To assist Latvia in the green transition, investments will be made under the **Greener, low-carbon Europe** objective in **energy efficiency measures, resilience to the climate change, GHG reduction, increasing the share of RES in total energy consumption** by increase in generating capacity by 29 MW and the development of the circular economy by installing additional capacity of 80 000 tonnes/year for waste recycling. At least 4% of the ERDF will contribute to the protection of **biodiversity**.

Just Transition Fund's allocation of EUR 191.6 million will help Latvia to gradually abandon the extraction and use of peat in energy by 2030 and restore historic peat extraction sites with the total area of 13 600 hectares. In addition, Latvia will finance economic diversification and training of affected workers in line with the European Green Deal by training 3 950 persons.

The cohesion policy funds will invest among others in **improving road safety** and **more sustainable modes of transport**, **modernising the 130 km of rail** transport and 40 km of **TEN-T roads and rail rolling stock** under the **More connected Europe** objective, amounting in total EUR 781 million. **Sustainable multimodal urban mobility** will be supported with investments in tram and cycling infrastructure, multimodal mobility points, smart technology regulating traffic flows, electric vehicle charging infrastructure, etc.

Social cohesion and delivering on the European Pillar of Social Rights are core elements of the cohesion policy funds' agenda. Investments under the **More social Europe** objective will help to **improve access to affordable and quality social, healthcare and long-term care services**. It is planned to promote **accessibility and quality social housing** by investing in social housing infrastructure for 1 865 persons. Latvia will continue the transition from institutional to community-based care services. The investments will also **improve access to employment**, especially for persons from disadvantaged groups, and **promote social economy**. At least 56 538 persons will gain qualification, in particular the low-skilled, enabling them to acquire labour market relevant skills, including for digital and green transitions. The **quality of education will be improved** at all education levels from early childhood to university and adult learning. More than 30% of cohesion policy funds are allocated to this objective under the ESF+ and the ERDF.

Latvia will dedicate about 6% of its overall cohesion policy funds to **sustainable urban development and implementation of integrated territorial strategies, developing public spaces, local entrepreneurship and cultural infrastructure**. The administrative capacity of local administrations will be strengthened, thus allowing for more efficient and high-quality public services, consolidating the on-going administrative territorial reform in Latvia.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

In 2021, Latvia's GDP per capita was 72% of EU average, which is 6 pp higher than 5 years earlier. It is accentuated by very large territorial disparities. In 2020, the GDP per capita (in PPS) of the Riga-capital was 117% of the EU average, but only 37% in Latgale in the east of the country. Similarly, large differences exist also in terms of productivity, level of income, employment rate and share of population at risk of poverty.

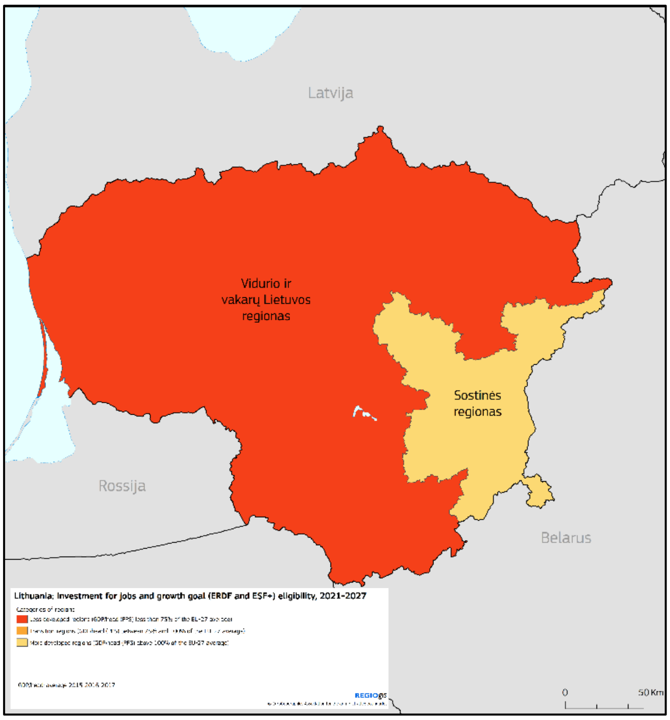
Latvia is also affected by depopulation with an average decrease of number of inhabitants in the country by about 1% per year. The population decrease affects other regions more than the region surrounding the capital, where the population grew by around 2% between 2011 and 2022.

The multi-fund cohesion policy programme aims to overcome these disparities by promoting business infrastructure investments in regions, as well as other investments in regional infrastructure and capacity of municipalities.

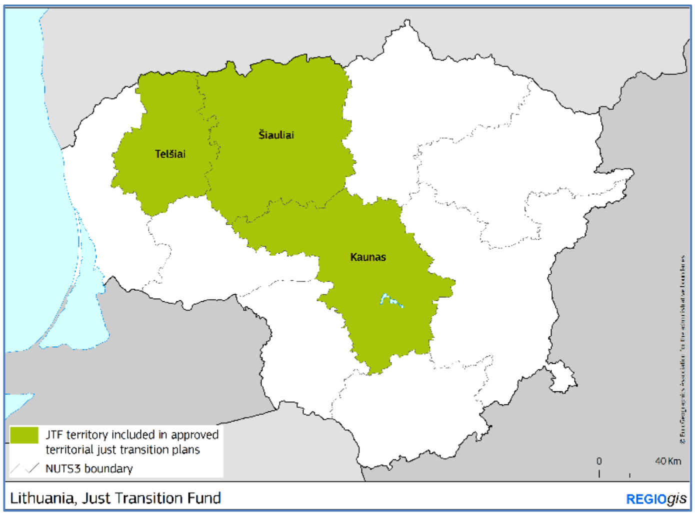
Lithuania

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	3 634 645 920	1 248 455 757	1 136 397 405	273 259 262	83 055 466
Less developed regions	*3 156 444 253*	*NA*	*1 037 693 450*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*478 201 667*	*NA*	*98 703 955*	*NA*	*NA*
Number of programmes	2				7

Map 1 - Categories of regions[38]



Map 2 - JTF territories[39]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 6.4 billion will continue to support the Lithuania's regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as green and digital transition. In comparison with the 2014-2020 period, the aid intensity increased from 297 EUR[40] up to 314 EUR and remains significantly higher that the EU average (see Annex 4). As regards the number of programmes, Lithuania decided to roll over structures from the 2014-2020 period, i.e. in addition to the national multi-fund 2021-27 EU Funds' Investments Programme to have a separate ESF+ funded Material Deprivation Programme. Meanwhile the new JTF is programmed as part of the 2021-2027 EU Funds' Investments Programme.

[38] Source: Directorate-General for Regional and Urban Policy.
[39] Source: Inforegio - Just Transition Fund (europa.eu).
[40] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Lithuania.

More rapid income growth towards EU average is hampered by low productivity (70% of the EU average in 2020), weak innovation performance, and low uptake of advanced technologies by Lithuanian SMEs. Under **the Smarter Europe** objective, close to EUR 954 million (16%) of the EU Funds' Investments Programme's resources will be focused on **boosting research and innovation, accelerating digitalisation**, **enhancement of competitiveness and productivity of SMEs** and smart specialisation. The programme actions will support 6 400 companies and contribute to achievement of the national target of increasing research and development spending from 1.16% of GDP in 2020 to 2.2% in 2030. The special emphasis is put on accelerating SME growth, increasing productivity, start-ups development exclusively in Middle-Western Lithuania for the region's catch up and eliminating regional innovation divide.

Lithuania faces long-standing energy and environmental challenges: carbon footprint has been increasing in recent years, the energy mix is mainly composed of oil and natural gas, with only a quarter stemming from renewable energy sources, transport remaining a major contributor to country's carbon footprint. The housing and public buildings sectors remain energy-intensive due to a large proportion of non-renovated buildings in the country. Almost EUR 1.9 billion (31%) of cohesion policy funds' investments in Lithuania will support **the greener, low-carbon transitioning towards a net zero carbon economy objective** out of which EUR 980 million will contribute to REPowerEU objectives. Significant investments will be made in energy efficiency measures targeting of more than 100 000 households and 200 central government buildings and nearly 500 industrial enterprises. Funding will also be channelled to boosting the share of renewables from 20% of total electricity in 2020 to 50% in 2030 together with deployment of smart electricity technologies and solutions in energy grids that would allow nearly 260 000 end-users to benefit from higher quality electricity supply. A sizeable share of funds (EUR 350 million) will be devoted to sustainable, environment friendly public transport by developing of infrastructure for alternative fuels and purchasing the clean urban public transport rolling stock in line with the sustainable urban mobility plans of 18 cities.

The cohesion policy funds will continue supporting **development of the Trans-European (TEN-T) networks** and **decarbonisation of the transport sector** under the **more connected Europe** objective amounting almost to EUR 500 million (8% of the total allocation). The programme's investments will aim to improvement and electrification of the TEN-T railway infrastructure in order to ensure its interoperability with other TEN-T corridors, modernisation of existing multimodal terminal connections. There will also be further development of the core and comprehensive TEN-T road network, upgrading or rehabilitating roads of national significance by improving regional connectivity on the TEN-T road network, ensuring **traffic safety**. Municipal transport infrastructure will be developed by introducing traffic safety measures on local roads, removing black spots. At the same time, **the development of cycling and pedestrian transport infrastructure** along national roads is envisaged in an integrated manner.

A combined funding of the ESF+ and the ERDF amounting to EUR 1.8 billion (30% of the total allocation) under **the More social Europe** objective will contribute to the implementation of the European Pillar of Social Rights and will enable Lithuania to address challenges related to decreasing working age population, reduction of poverty and income inequality. The investments will promote social cohesion, especially in the **labour market**, **better access to good quality social and health service**s. Particular attention will be put on the most vulnerable groups. Skills shortages and mismatch are among the obstacles preventing businesses from expanding knowledge-based activities. Therefore, investing in **upskilling, reskilling and job-to-job transitions** will remain an important investment priority in the years to come. Thanks to the targeted actions, nearly 44 000 participants will gain a qualification. Substantial investments will go to improving the **quality of education**, in particular in general and vocational education, and adult learning. The programme will support the **transition from institutional to family and community-based care services**, in particular for persons with disabilities. **Primary health care** will be strengthened by increasing the range of services provided by the primary healthcare teams, expanding their capacity including the integrated services. To ensure the supply of health professionals the programme will invest in the training of professionals to attract specialists to work in priority investment areas and addressing skills shortages at regional level. A separate Material Deprivation Programme will provide food and basic material support for about 250 thousand most deprived people annually, including children.

Lithuania's greenhouse gas (GHG) intensity per value added produced is among the highest in the EU due to a generally large energy intensity of the Lithuanian economy (almost twice exceeding the EU average) and to a few highly GHG-intensive industrial installations. These installations are situated in Kaunas, Siauliai and Telsiai counties and are very important sources of employment with almost 4 500 people employed directly and large number working in the supporting businesses. **The Just Transition Fund** (JTF) will deliver further decarbonisation, economic diversification and foster job creation by attracting investment and promoting up- and reskilling of workers in the territories most affected by the industrial transition. This will help Lithuania to reduce the emissions from the GHG-intensive industries and address the related negative social and economic impacts.

Overall, over EUR 1.2 billion (20% of the total allocation) of the funds programmed through **the Europe closer to citizens** objective and other specific objectives contributing to the **integrated territorial investments** will address regional disparities supporting local development strategies, developed and delivered in close partnership with local people. 16% of the ERDF allocations are targeting the sustainable urban development of 10 cities, which are important regional hubs for providing jobs and services. The other part of territorial investments, based on functional area approach and cooperation of municipalities, will improve economic activity and access to public and social services in other than urban areas.

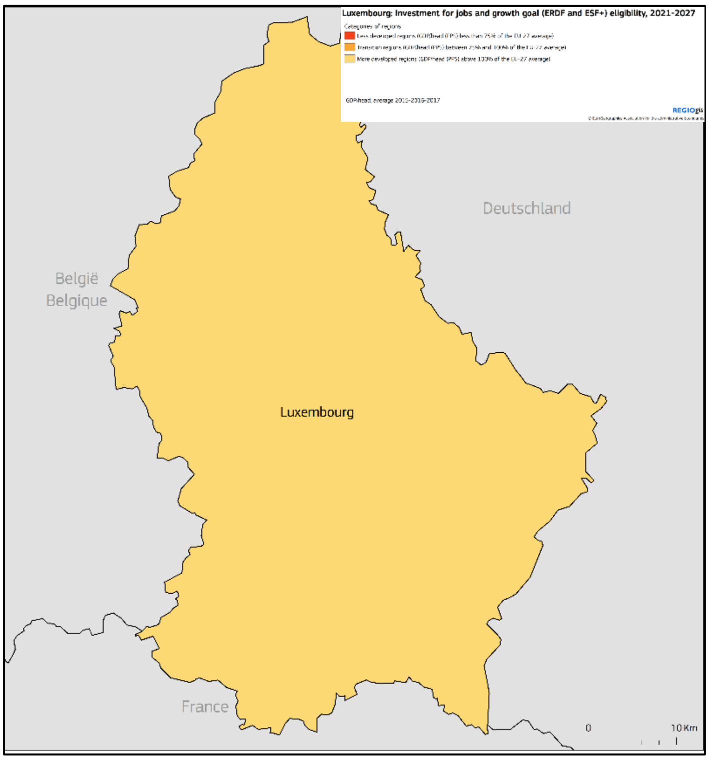
Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Lithuania's economy had seen several years of strong and balanced growth performance leading to convergence towards EU average: from 67% GDP per capita (PPS) of the EU average in 2011 to 89% in 2021. However, regional differences in economic development remain large. At NUTS2 level, GDP per capita (PPS) in the Capital region was 133% of EU average in 2021, and 72% in the region of Middle-Western Lithuania. Regional disparities are even more prominent at NUTS3 level between the sub-regions/counties. In 2020, GDP per capita (PPS) in Vilnius county was 126% of the EU average and 89% in Kaunas county, while it was less than half the EU average in several NUTS3 regions, going as low as 48% in Tauragė county. Therefore, a strong focus on Middle-Western Lithuania (less developed region) is ensured by the allocation of programme's resources: the annual aid intensity there is 291 EUR, while it is 102 EUR in the Capital Region (more developed region).

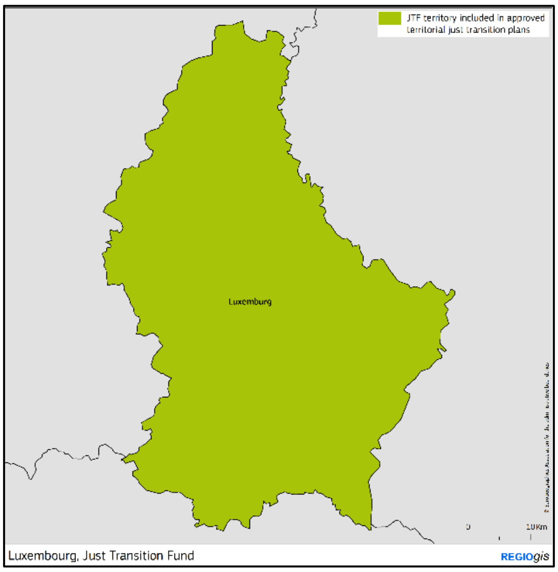
Luxembourg

Fund	**ERDF**	**CF**	**ESF+**	**JTF**	**Interreg**
Available funds (EUR)	14 120 179	NA	15 541 177	9 264 483	29 026 447
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*14 120 179*	*NA*	*15 541 177*	*NA*	*NA*
Number of programmes	2				6

Map 1 - Categories of regions[41]



Map 2 - JTF territories[42]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 68 million will continue to support Luxembourg in promoting research and innovation and energy efficiency and embracing key EU priorities such as the green and digital transition. In comparison with 2014-2020 period, the aid intensity decreased, except for Interreg (see Annex 4). As regards the number of programmes, Luxembourg decided to roll over structures from previous programming period and add JTF in both ERDF and ESF+ programmes.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Luxembourg.

[41] Source: Directorate-General for Regional and Urban Policy.

[42] Source: Inforegio - Just Transition Fund (europa.eu).

The Luxembourgish economy faces a fundamental need for diversification, given the predominant role of the financial service sector. To reach this goal, under the **Smarter Europe** objective with an allocation of EUR 9 million, the digital transition will be facilitated by a comprehensive set of measures. Investments in digitalisation and new technologies are foreseen with a focus in supporting the digitalisation of businesses, including the development of pilot projects in the healthcare sector. The ERDF will foster digitalisation in 4 public secondary schools. More cooperation between the University of Luxembourg and the business sector will be supported, as well as the internationalisation of SMEs and the enhancement of their R&D capacity. Research and innovation are among the priorities of the programme, with support to key sectors to implement a Smart Specialisation Strategy in Luxembourg, namely industry 4.0, sustainable buildings, health and communication technologies, spatial and urban planning, and logistics. For further diversification and innovation of national businesses, start-up and spinoff creation projects as well as 60 researchers working in upgraded research centres will be supported.

Under the **Greener Europe** objective, investments worth EUR 4.2 million will help increase the energy efficiency of buildings, in line with the national objective of enhancing efficiency by 40-44% before 2030. 2 000 households will be supported in improving their energy efficiency. Decarbonisation will also be encouraged via investments on renewable energy, including the production of green hydrogen.
Despite strong job creation and low unemployment, some groups in Luxembourg still face labour market challenges, such as the lower skilled (in particular older workers) or people with a migrant background. High labour and skills shortages strengthen the need to foster skills development and access to lifelong learning for the less educated employees and older workers. Moreover, dedicated actions are needed to support inclusive education in the context of the European Child Guarantee.

The ESF+ funding under the **More social Europe** objective is EUR 15 million will contribute to the implementation of the European Pillar of Social Rights. The programme targets jobseekers and inactive people, including young people (for instance with tailored training offers and specific actions for the social economy), and supports up- and reskilling of employees with in both cases, a significant share of the funding targets digital skills and jobs. 1 322 people will gain qualification and 1 703 participants are expected to gain employment six months after leaving. Actions will improve and modernise education and training through career guidance, fighting early school leaving, and boosting the integration of young refugees and migrants into the school system. Luxembourg will also support the most disadvantaged groups, in particular people with a migrant background, with integrated pathways to work, partnerships with employers for their sustainable integration in the job market, and support services for young people in difficult situations. Specific funding is dedicated to fight child poverty and to food and material assistance.

The entire territory of Luxembourg is eligible to receive funding under the **Just Transition Fund** amounting to EUR 9 million, with a more intense intervention in the South of the country, which features higher CO_2 emissions. In particular, a pilot project will support energy recovery for heat production in the municipality of Differdange. The results will benefit citizens, businesses, as well as the Luxembourg Science Center based in the town. This project is in line with the EU mission for 100 climate-neutral and smart cities by 2030. Separate actions within the JTF specific objective are also foreseen, supporting energy efficiency as well as the reconversion of former industrial sites. The JTF will contribute in addition with actions up- and reskilling workers in the context of the green and digital transitions.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

The territorial organisation of Luxembourg comprises two administrative level, namely the national level and the municipal level with no intermediate administrative level. The entire country is therefore at NUT 3 level.

Significant socio-economic disparities persist within Luxembourg between its different territories. In 2021, the unemployment rate in towns and suburbs was higher at 6.2% than in cities (5.1%) and rural areas (4.3%). There are very significant differences in terms of educational attainment. Almost 78% of the population has a tertiary degree in cities but this share drops to 43% in towns and suburbs, and in rural areas. The share of NEETs is also higher in towns and suburbs, and rural areas.

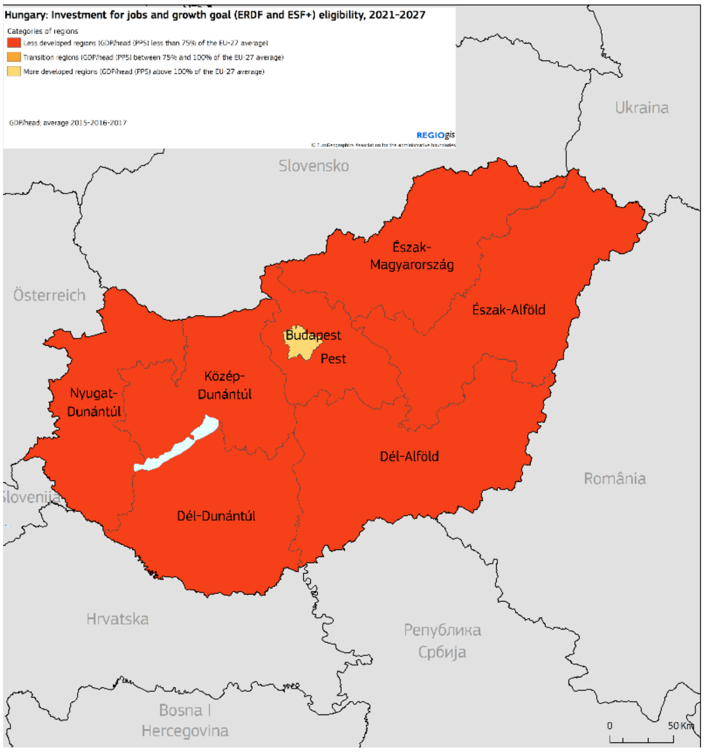
The incidence of poverty is higher in towns and suburbs, where 24.7% of the population was at risk of poverty or social exclusion in 2021, compared with 20.6% in cities and 16.3% in rural areas.

Luxembourg is affected by the economic and social consequences resulting from the transition in the same way as the other Member States of the European Union, but the territorial dimension of the transition and its consequences, differs. The 11 neighboring municipalities in the south-west of the country (Bettembourg, Differdange, Dudelange, Esch-sur-Alzette, Käerjeng, Kayl, Mondercange, Pétange, Rumelange, Sanem and Schifflange) will be more impacted by the transition. These municipalities constitute a functional urban area with a high level of integration and cooperation which share an urban and industrial heritage, and face the same socio-economic and energy challenges. Therefore the entire country is eligible for JTF support but an emphasis will be given to the South of the country.

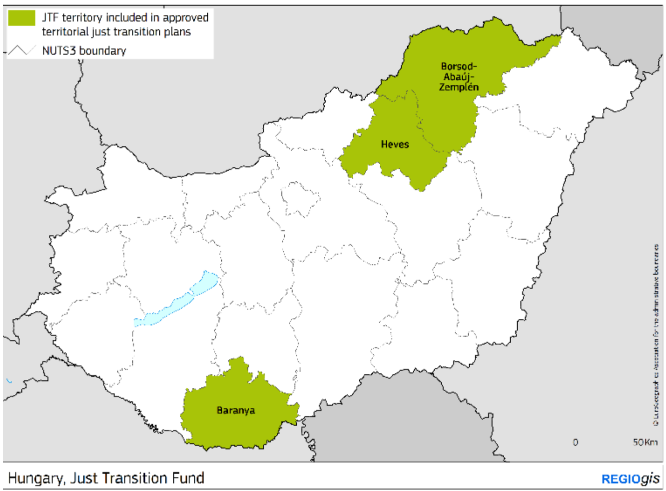
Hungary

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	13 568 227 267	2 602 158 279	5 298 665 303	261 053 355	258 768 190
Less developed regions	*13 203 008 392*	*NA*	*5 208 271 219*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*365 218 875*	*NA*	*90 394 084*	*NA*	*NA*
Number of programmes	7				13

Map 1 - Categories of regions[43]



Map 2 - JTF territories[44]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 22 billion will continue to support the Hungarian regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as fair, green and digital transition and the implementation of the European Pillar of Social Rights.

In comparison with 2014-2020 period, the aid intensity increased and remains significantly higher than the EU average (see Annex 4). As regards the number of programmes, Hungary decided to roll over structures from previous programming period. The exceptions are that a specific programme was created for the technical assistance, there is one single territorial programme, and a new thematic digital development programme was developed to better reflect this specific development objective.

[43] Source: Directorate-General Regional and Urban Policy.
[44] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The cohesion policy investments in the 2021-2027 period contribute to addressing a wide range of challenges, therefore Hungary plans to invest in all policy objectives and the JTF specific objective.

Although Hungary's GDP has been growing faster than the EU average since 2013, Hungary still needs to substantially improve the competitiveness of the economy, labour productivity, the efficiency of business processes and digitisation, thereby increasing the value produced in Hungary. Under **the Smarter Europe** objective, EUR 4.4 billion will promote the country's smart economic transformation and regional ICT connectivity. The majority of these funds will support the technological development of around 15 000 SMEs and offer them mentoring and advisory services. Hungary is still an emerging innovator according to the 2022 European Innovation Scoreboard, while the gap to the EU average is increasing. To improve Hungary's performance in research and innovation, EUR 1.5 billion will be invested in infrastructure and state-of-the-art research equipment (e.g. in science and innovation parks), and in the enhancement of the innovation ecosystem. In addition, to promote Hungary's digital transition, 7 700 SMEs will be supported in the integration of digital technologies in their operations, new or significantly upgraded e-government services will reach an additional 467 000 persons and 300 000 new households will gain access to Very High Capacity Network.

Hungary plans to spend EUR 6.7 billion on measures contributing to the climate targets, which significantly exceeds the EU targets. In Hungary, GHG emissions increased by 13% between 2013 and 2018, with air pollutants stagnating or increasing. As the economy is energy intensive, the energy crisis may push Hungary towards the exploitation of new renewable energy sources. More than 80% of habitats are in unfavourable conservation status compared to 60% in 2016. The REPower EU objectives are supported under the **Greener, low-carbon Europe** objective with EUR 1.65 billion, which will increase the share of renewable energy sources, reduce energy consumption and greenhouse gas emissions in public and private buildings. Most of the funds for renewable energy will be invested into solar energy. Additional production capacity for renewable energy will be 459 MW, while 34 148 dwellings will have improved energy performance. Hungary will also improve its response to climate change, giving priority to nature-based solutions. Moreover, it will support strengthening urban and regional climate adaptation, preserving natural resources (land, water, air, forests and soil) and improving water management as well as energy, food and water security and critical infrastructure security.

In Hungary, transport is among the highest greenhouse gas emitters within the non-ETS sectors. One of the biggest challenges in reducing the CO2 emission of the transport sector is shifting passenger and freight traffic from roads to sustainable modes of transport. A fast, reliable, and high-service-level railway system is essential to achieve this change. In Hungary, rail bottlenecks, aged rolling stock and rail infrastructure decrease the service level and increase travel time and energy consumption. Under the **More connected Europe** objective, Hungary supports the shift from road to rail by allocating EUR 1.9 billion to the improvement of the TEN-T railway network and rolling stock, connecting the rail to cities' urban mobility networks, and the development of intermodal hubs. Hungary will support the development of 119 km of new or upgraded railway lines, 14 new or upgraded intermodal hubs, and the purchase of 21 rolling stocks, each with a capacity of 1 192 passenger seats.

Despite relatively high employment coupled with low unemployment, structural tensions in the labour market, employability of disadvantaged groups (including Roma) and work-life balance remain challenging. Under **the more social Europe** objective, active labour market policy measures (financing of EUR 1.1 bn in total) are focusing more on reskilling and upskilling of people with a special focus on youth employment (specific allocation of EUR 448 million reaching 83 thousand NEETs - Not in Employment, Education or Training). Access to quality education is uneven and the shortage of teachers being a challenge, EUR 1.78 billion of the ESF+ will be spent to improve the attractiveness of the teaching profession in a sustainable manner by increasing the wages of 140 000 teachers. Further EUR 600 million is invested in digital skills development (reaching 600 thousand people), and VET and higher education investments are also planned to be supported together with special measures to prevent early-school leaving reaching 700 schools. More than EUR 1.2 billion will help further reduce material and social deprivation, especially disadvantaged Roma children through life-long programmes from the earliest age, which will contribute to the implementation of Child Guarantee (for this purpose an investment of EUR 259 million is envisaged). Territorial and social disadvantages should be reduced through the complex development of 'catching-up settlements' and improving the situation of people living in segregated conditions (45 000 children below 18 years of age and 75 000 Roma people), and implementing measures to reduce segregation through an ESF+ and ERDF investment of EUR 200 million. By supporting this objective, the Funds should decisively contribute to help Hungary reach its European Pillar of Social Rights national targets of 80% in employment rate, 60% in adult learning participation, and a reduction of people living in poverty by 292 thousands.

Under the **Europe closer to citizens** objective, emphasis will be given to local economic development and employment promotion, regional and local transport infrastructure linked to the local economy, local and regional tourism, urban green and blue infrastructure, climate adaptation and circular economy, brownfield regeneration, smart settlement development and social urban regeneration. By 2029, investments will support 829 persons to access better social housing conditions. In addition, 1176 km municipal rainwater drainage system and 70.85 hectare green infrastructure will be upgraded.

The Just Transition Fund (JTF) will address the socio-economic effects of the transition in Borsod-Abaúj-Zemplén, Heves and Baranya counties, by investing EUR 250 million in reskilling and upskilling, green economic diversification, development of renewable energy infrastructure, environmentally sound domestic energy production and sustainable land use. SMEs will be the main target group for economic diversification investments that require research and innovation with public research centres and energy efficiency investments. The JTF will also help workers acquire new skills and in job transitions, and by promoting new start-ups. Support to 1 900 enterprises will result in the creation of more than 800 jobs.

The Administrative Capacity Building Roadmap is annexed to the Partnership Agreement, which aims to tackle challenges such as capacity building of beneficiaries and partners, sound public procurement as well as prevention, detection and correction of fraud and corruption etc.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Based on GDP per capita PPS, Budapest (151%) is above the EU27 average while the other seven regions have a GDP per capita below 75% of the EU27 average. The four least developed regions are below 50% of the EU average: North Great Plain, South Transdanubia, North Hungary and South Great Plain. Relative economic performance is slowly catching up: between 2005 and 2010, these four regions stood at 41% to 43% of the EU27 average and 46 - 49% in 2015-2019.

The Roma minority faces multiple disadvantages: low educational attainment and employment rates, housing deprivation and high poverty rates. The proportion of the population at risk of poverty or social exclusions is lowest in Central Transdanubia (2018, 13.5%) and highest in Southern Transdanubia, North Great Plain and North Hungary (24%). 22% of municipalities have districts with a very high share of low-skilled and unemployed people (segregated areas). Around 3% of the population live in 1 384 segregated areas of the country, but this also reaches 11.9% in the least developed districts. Segregated settlements are mainly located in Northern Great Plain and North Hungary. Residential segregation is linked to educational segregation and equal access to public services, which is an important aspect of the programme's interventions.

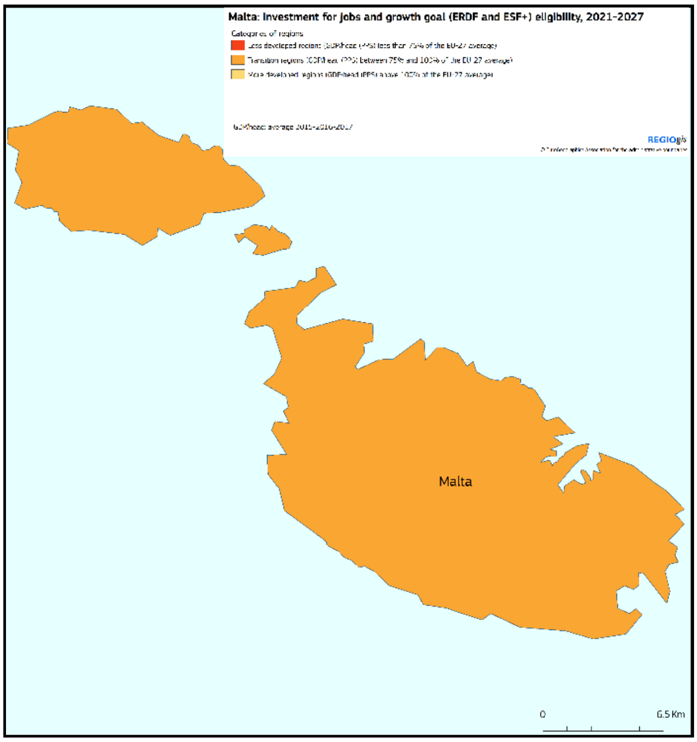
The social, economic and infrastructural characteristics of the 36 least developed districts (1 million people) depict a very disadvantageous situation and a lack of progress in the past decades. In these districts, population retention capacity is low and migration balance is persistently negative. The population is characterised by higher-than-average mortality. In 31% of their municipalities, there is no place for nursery schools and 42% lacks primary school facilities. Educational attainment and employment rates are low. The quality of social infrastructure and services needs to be improved.

As only counting on spill-over effect would not guarantee sufficient progress, the above territorial challenges will be answered **by targeting almost EUR 11.9 billion** (65% of the total ERDF and ESF+) **to the four least developed regions**. On programme level, there should be further targeting towards the **36 least developed districts, free enterprise zones and 'catching-up municipalities'** by allocations or preferences under specific calls for proposals.

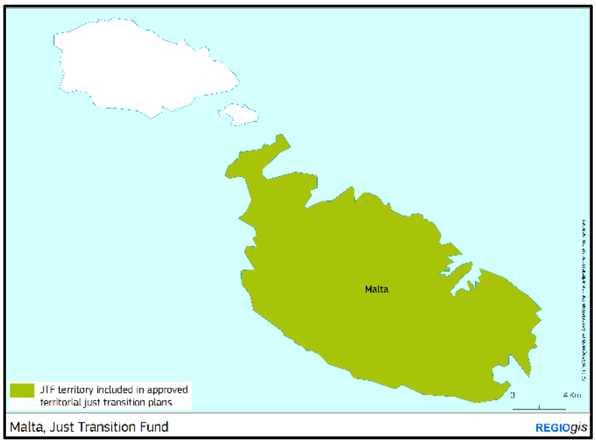
Malta

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	459 895 691	165 167 275	124 421 656	23 265 723	23 116 871
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*459 895 691*	*NA*	*124 421 656*	*NA*	*NA*
More developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Number of programmes	2				4

Map 1 - Categories of regions [45]



Map 2 - JTF territories[46]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 795.8 million will continue to support Malta in promoting economic, social and territorial cohesion and embracing key EU priorities such as the digital and green transition. In comparison with 2014-2020 period, the overall aid intensity remained above the EU average (see Annex 4)[47].

As regards the number of programmes, Malta decided, in line with the previous programming period, to keep a similar architecture, including under the ERDF and CF programme also JTF resources. Unlike in 2014-2020 period, however, there is no separate programme for material deprivation (ex-FEAD), but that is integrated within the ESF+ programme.

[45] Source: Directorate-General Regional and Urban Policy.
[46] Source: Inforegio - Just Transition Fund (europa.eu).
[47] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to addressing a number of challenges in Malta.

The challenges of **R&I, digitalisation and business growth** are addressed under the **Smarter Europe** objective with an allocation of EUR 110 million. Considering the limited role played by R&I in Malta's economy, with one of the lowest R&I intensities among the Member States, public and private sector investments in R&I will specifically aim to strengthen research and innovation capacity, including by promoting knowledge transfer and public institutions and industry collaboration, also with support to European Partnerships. Considering Malta's small to very small size of enterprises, their lack of internal resources and their limited access to finance, support is provided to foster their competitiveness, growth and long-term sustainability, including for example through the set-up of a Business Incubation Centre. Support to 400 enterprises, mostly small and medium enterprises, is also envisaged.

The challenges in the fields of energy and environment are addressed under the **Greener, low-carbon Europe** objective with an allocation of EUR 306 million. In its efforts to decrease GHG emissions, to tackle energy poverty and further diversify energy mix, Malta will support investments in energy efficiency measures, particularly in enterprises and households, the roll out of renewable energy pilot projects (particularly further exploring blue renewables opportunities) and the security of supply with the development of a second electricity interconnector and investments in energy storage solutions. 118 km of electricity transmission and distribution network lines are planned to be newly constructed or improved, resulting in 516 000 people benefitting from increased energy grid security. Being a water-scarce country, over EUR 85 million will be directed to modernise the drinking water supply network and to upgrade the wastewater network, including to reduce sea-water infiltration as well as losses and leakages, with the aim of optimising water management, promote water savings and further strengthening water-reuse. 68 km of new or upgraded pipes for the distribution systems of public water supply and 30 km of new or upgraded pipes for the public network for waste water collection will be financed resulting in 516 000 people connected to improved public water supply and to at least secondary public waste water treatment by 2029.

The challenges in the field of **transport** are addressed under the **More connected Europe** objective by promoting sustainable urban multimodal travel options and fostering decarbonisation, with support to active urban infrastructure (cycling lanes, pedestrian pathways and bridges) and the shift towards alternative fuels in road transport. 17.5 km of new, safe and clean urban transport infrastructure and 1 080 refuelling/recharging points for clean vehicles will be supported by 2029.

Malta still faces lower labour market participation of women and persons with disabilities, despite high employment levels overall and a significant decrease of the gender employment gap in the last years. Malta has also been suffering from skills shortages for a number of years. The ESF+ (EUR 124.4 million) will contribute to the implementation of the European Pillar of Social Rights and enable Malta to ensure equal access to **quality and inclusive education** and training, **reduce early-school leaving, address skills shortages** and **develop lifelong learning** in key areas, including the **green and digital transition**. These investments will also **enhance access to employment**, in particular for vulnerable people, promote a **gender balanced labour market**, contribute to **improving the social inclusion of vulnerable people**, **combatting child poverty** through the implementation of the EU Child Guarantee, and **improving the integration of third-country nationals**.

To illustrate these efforts, the measures will provide more than 53 000 adult learning opportunities in nearly 700 SMEs and more than 28 000 participants in educational activities will be supported. Over 12 000 young people will benefit from employment-related measures (Youth Guarantee, ALMA initiative) and over 5 000 vulnerable people will be supported by active inclusion measures, of which nearly 1 500 persons with disabilities. 1 200 third-country nationals will benefit from measures facilitating their socio-economic integration; over 6 500 participations in activities aiming at improving access to quality services (including Child Guarantee Initiative).

Considering the challenges linked to Gozo's double insularity as well as its characteristic, including its population density, resulting in a situation of disadvantage compared to Malta mainland an in significant pressures on services and infrastructures in urban areas, implementing **integrated sustainable urban development interventions** in Gozo's urban areas is crucial. In compliance with the objectives of the selected territorial strategy, support will be provided for promoting Gozo's sustainable socio-economic development, including with investments to preserve and promote Gozo's natural and cultural heritage and to improve its tourism offering. 3 400 square meters of green open public spaces are planned to be created or rehabilitated in urban areas by 2029.

In the framework of Malta's efforts in decarbonising the transport sector and its transition towards climate-neutrality, the **Just Transition Fund** (EUR 23 million) will be invested for the decarbonisation of the maritime transport sector, by entailing the connection of vessels to onshore electricity power supply. 37 alternative fuels infrastructure capable of providing electricity to a berthed vessel are expected to be financed by 2029, allowing a decrease in total estimated GHG emissions from 17 998 to 13 559 of tonnes CO2eq per year by 2029.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Malta is converging towards the EU average, but internal disparities among Malta mainland and Gozo persist, with GDP per capita (in PPS) on the main island at 105% of the EU-27 average and only at 65% of the EU-27 average in Gozo in 2021**.** Malta is the smallest island state with the highest population density in Europe, with Gozo being characterised by an additional level of insularity. As a result, Malta is particularly susceptible to the issue of peripherality.

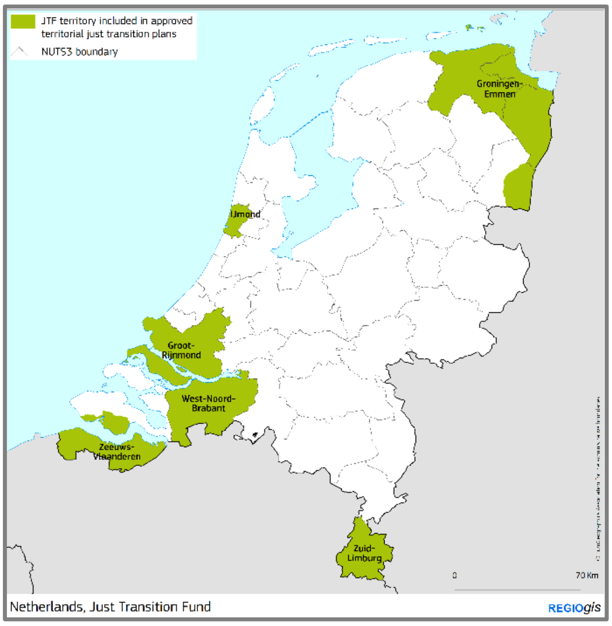
In 2021-2027 programming period, Malta was classified as a transition country. Beside **Gozo** being eligible under all ERDF/CF interventions, EUR 34 million will specifically be targeting its territory to ensure its sustainable urban development and its economic and social prosperity.

The Netherlands

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	506 249 109	NA	413 757 776	623 103 298	378 695 652
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*104 286 906*	*NA*	*75 757 735*	*NA*	*NA*
More developed regions	*401 962 203*	*NA*	*338 000 041*	*NA*	*NA*
Number of programmes		5		1	9

Map 1 - Categories of regions[48]

Map 2 - JTF territories[49]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 1.9 billion will continue to support the Dutch regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the European Green Deal. As regards the number of programmes, the Netherlands decided to roll over the structure from the previous programming period (4 regional ERDF programmes and 1 national ESF+ programme) plus adding the self-standing JTF programme.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in the Netherlands.

Increasing private investment in research and innovation and the valorisation of knowledge into innovations continue to be challenges for the Netherlands. Under the **Smarter Europe** objective, with

48 Source: Directorate-General Regional and Urban Policy.
49 Source: Inforegio - Just Transition Fund (europa.eu).

an allocation of EUR 310 million, the investments will **strengthen research and innovation capacities and the uptake of advanced technologies by companies**, in particular SMEs. Within the framework of regional innovation strategies for smart specialisation, the investments will address several societal challenges and at the same time enable companies to tap into (inter)national market opportunities connected to these challenges. Significant funds will be invested in innovations to **accelerate transitions such as the energy, raw materials, climate, digital, (agro)food and health transition**. The ERDF will support innovation projects in SMEs, cooperation activities between companies and knowledge institutions, the development of innovation ecosystems and the reinforcement of skills for smart specialisation. Over 4 700 enterprises will receive support under this objective. The private investment matching the public support is expected to exceed EUR 217 million.

In order to accelerate the green transition in the Netherlands, EUR 148 million under the **Greener, low carbon Europe** objective will be invested in line with the REPowerEU objectives. Given the relatively limited resources, support from the ERDF will be focused on **initiatives that put advanced innovative concepts into practice** while speeding up **the energy and circular economy transition**. Actions include testing and demonstration projects stimulating the roll-out of promising innovations for **renewable energy production, energy savings, smart energy systems and grids and the circular economy**. The measures will support over 1000 enterprises and contribute to the roll out of 38 smart energy systems.

Despite very high employment levels overall, the Netherlands still faces important challenges of labour market segmentation. In addition, the unfavourable employment and social situation of certain groups, in particular those operating at the margins of the labour market, such as the lower skilled, people with a migrant background or disabilities, remain challenging. High labour and skills shortages give further weight to the need to activate untapped labour potential. The total funding under the **More social Europe** objective is EUR 398 million. This will contribute to the implementation of the European Pillar of Social Rights. The ESF+ programme has a focus on **the social and labour market integration of those at the margins of the labour market**, including persons with a migration background, workers at risk of losing their job, youngsters with special education needs and detainees. Actions include tailor-made, targeted, and integrated support including investments fostering effective equal opportunities and avoiding discrimination. In addition, it includes investments in lifelong learning. The measures will help 320 000 participants improve their labour market position and around 480 000 persons will receive food or material aid. About 60 projects will be launched to test innovative actions to promote gender equality and social inclusion.

EUR 30 million will be dedicated to the **Europe closer to citizens** objective of cohesion policy. Through an integrated territorial approach, the ERDF will, on the one hand, ensure that **deprived urban communities connect to and benefit from the main societal and economic transitions** and, on the other hand, support projects that **tackle the labour market mismatch in those deprived areas.** About 25 cooperations between knowledge institutes, companies and/or public authorities will be set up to reduce the mismatch on the labour market.

About 9% of the ERDF allocation will be invested **sustainable urban development**. The ERDF will support **the green transition and projects close to the citizens** in the most deprived areas in Amsterdam, Rotterdam, The Hague and Utrecht. The funds will support four ITIs reaching out to a total population of 110 000 inhabitants. Following a positive experience in the 2014-2020 period, the CLLD approach will be continued.

The climate transition requires emission intensive industries in the Netherlands to phase out fossil fuels and replace them with renewable energy sources. At the same time, a shift from fossil to circular and bio-based raw materials is needed. In addition, there is a need for new economic revenue models in regions highly dependent on emission intensive industries. The transformation of these industries also necessitates a transformation of jobs with important re/upskilling challenges. Due to the planned cessation of natural gas production, the climate transition is particularly affecting the province of Groningen. EUR 623 million from **the Just Transition Fund will support six areas with large emission-intensive industrial clusters transitioning to a climate-neutral economy**. The JTF will invest in **innovation and diversification** of the industry, **network infrastructure** for green hydrogen and **re/up skilling**. The JTF will support over 1 500 enterprises, leveraging an additional EUR 312 million private investment. Over 49 000 persons will participate in trainings and up/reskilling activities.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Regional disparities in the Netherlands have been stable over the last decade. In 2021, the Noord-Holland region had the highest GDP per capita (PPS) (168% of the EU average, 2021), followed by Utrecht and Noord-Brabant (respectively 162% and 133%). The Noord-Holland region had also one of the highest annual GDP per capita growth rates among the Dutch regions (0.9%) in 2011-2020, together with Limburg and Noord-Brabant (respectively 1.1% and 1.0%). The three regions with the lowest GDP per capita (Drenthe, Friesland and Flevoland) had a GDP per capita just below the EU average (respectively 88%, 92% and 95%) and also fairly low growth rates (-0.2%, 0.3% and 0.1% respectively). Groningen's GDP per capita shrank by -1.7%, primarily due to the reduction in gas extraction.

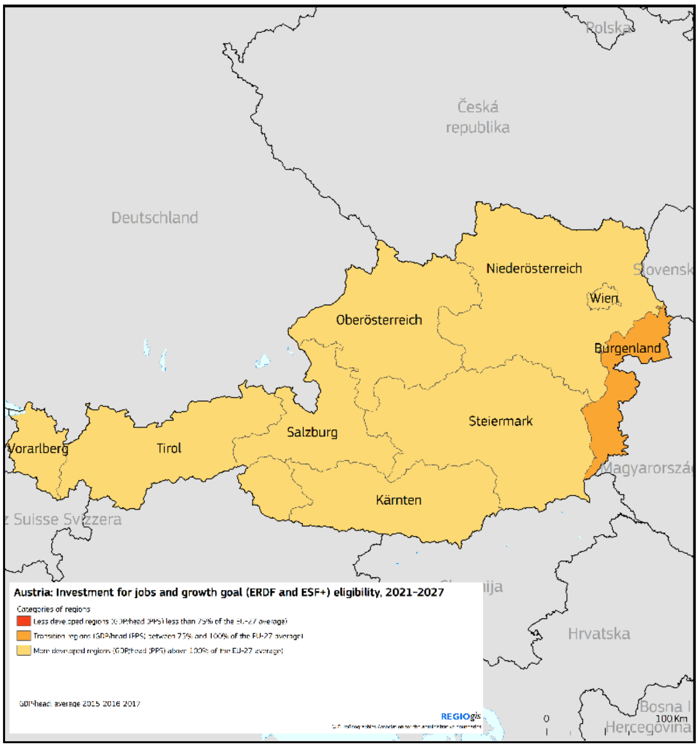
The Dutch cohesion policy programmes address specific regional needs and potential. The four ERDF programmes in the Netherlands are aligned with four regional innovation strategies for smart specialisation. These strategies identify key areas for investment based on regional needs and potential.

The JTF programme for the Netherlands covers six areas that are hardest hit by the transition to a climate-neutral economy. These areas are the province of Groningen together with the municipality of Emmen, Ijmond, Groot-Rijnmond, West-North-Brabant, Zeeuws-Vlaanderen together with the Vlissingen port area and South-Limburg. The type of activities supported by the JTF are aligned with the specific development needs of the targeted regions.

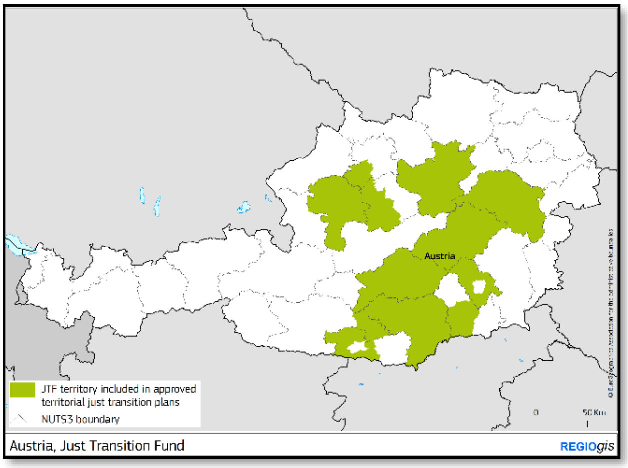
Austria

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	521 395 768	*NA*	409 668 103	135 769 268	219 711 720
Transition regions	*27 890 377*	*NA*	21 196 053	*NA*	*NA*
More developed regions	*493 505 391*	*NA*	388 472 050	*NA*	*NA*
Number of programmes	3				14

Map 1 - Categories of regions[50]



Map 2 - JTF territories[51]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 1.3 billion will continue to support the Austrian regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the European Green Deal. There is one Territorial Just Transition Plan (TJTP) for Austria, comprising JTF measures implemented in both the ERDF and the ESF+ programme. As a result, there are three Austrian-wide programmes, as in the previous programming period, one for the ERDF and the JTF, one for the ESF+ and the JTF, as well as an ESF+ programme fighting material deprivation.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Austria.

ERDF support clearly focusses on the **Smarter Europe** objective, for which EUR 309 million (incl. TA), or 59 % of the total ERDF (excl. TA) are envisaged. In order to increase the efficiency and economic exploitation of scientific performance and to boost productivity, support is provided to **strengthen research and innovation capacities and the uptake of advanced technologies**. The

[50] Source: Directorate-General Regional and Urban Policy.
[51] Source: Inforegio - Just Transition Fund (europa.eu).

development of R&D infrastructure in line with the national and regional smart specialisation strategies aims to bring the science system closer to excellence. In addition, transfer-oriented infrastructure will be supported in order to improve the connection of start-ups and SMEs to R&D infrastructure. ERDF support for transfer and advisory structures for businesses will facilitate their access to knowledge sources and speed up the economic exploitation of R&D results. 741 researchers will benefit from improved research infrastructure.

The second focus under the Smart Europe objective concerns **innovative productive investments in SMEs**. Technology-intensive investment in firms is important to increase productivity and foster structural change towards knowledge-intensive industries. More than EUR 487 million private investment is expected to be triggered by the public support.

Under the **Greener, low-carbon Europe** objective, the ERDF will support **energy efficiency** with a total of EUR 157 million (incl. TA) and thereby contribute to the REPowerEU initiative. This will help Austria to achieve its ambitious objective of reaching climate neutrality already by 2040. Support will be provided for investment projects to increase energy efficiency, mainly in enterprises but also in municipal infrastructure, as well as for advisory and information activities in the field of energy efficiency. Approximately 1 500 enterprises will benefit from the energy efficiency investment support, and are expected to invest more than EUR 190 million private funds together with the public support. In addition, applied R&D, demonstration and pilot projects on energy efficiency, as well as eco-innovations for energy efficiency in SMEs will be promoted. Part of the energy efficiency investment support will be implemented via financing not linked to costs. Austria is a frontrunner in applying this financing scheme, which is not linked to costs, or receipts of the operations, but to the fulfilment of conditions, and which simplifies administration and increases result orientation.

Under the **More social Europe** objective, Austria will invest EUR 410 million ESF+ (incl. TA) in two separate programmes. The intervention strategy takes account of individual principles from all three chapters of the European Pillar of Social Rights and is closely guided by the Council's country-specific recommendations and the National Reform Programme.

In the ESF+/JTF programme, Austria will invest around EUR 393 million (incl. TA) ESF+ funding to promote education, training, jobs and social inclusion and increase participation in the labour market. One focus will be on gender equality and equal opportunities in education and employment, supporting women's and single parents' access to the labour market with EUR 28 million. Support in the field of education will amount to EUR 128 million and concern inter alia the transition from school to work, as well as vocational training. Funds will also support investments in jobs and education for persons with disabilities, people with migrant backgrounds and other disadvantaged groups. A strong focus is set on active inclusion with EUR 115 million. With EUR 13 million social innovation is another important area of support from the ESF+. Promoting knowledge sharing and creating networks, participatory processes and experimentation spaces to strengthen innovation capacity and offer solutions to social challenges will be in the focus.

In a separate ESF+ programme to fight material deprivation with a total budget of EUR 17 million (incl. TA), representing 4.1% of the total ESF+ budget, Austria will finance the purchase of school articles at the begin of every school year for schoolchildren whose parents receive social aid support. They can buy school goods by means of vouchers in the dedicated selling points. Austria committed to complementing the ESF+ amount per voucher by national budget to make available an appropriate budget for every child.

EUR 55 million (incl. TA) will be dedicated to the **Europe closer to citizens** objective of cohesion policy. Support will be provided for **integrated development strategies for urban regions** and their surrounding areas in Upper Austria, Vienna, Styria and Carinthia. The focus will be on improving air and environmental quality, climate change adaptation and enabling efficient land use and inclusive economic development.

Furthermore, building on the positive experience in the 2014-20 period, **integrated approaches** involving local stakeholders (**CLLD**) in Tyrol will be continued. This creates synergies with rural development measures under the Austrian CAP Strategic Plan. CLLD is used across funds, with the

EAFRD as a lead fund and also includes the cross-border Interreg programmes AT-IT and DE/Bavaria-AT. Three priority areas will be addressed: cities and their surrounding areas, climate change and innovation-oriented economic and local development.

Areas characterised by GHG-intensive industries are particularly vulnerable in the transition towards climate neutrality, both in terms of competitiveness and negative impact on employment. The TJTP identifies parts of the regions of Upper Austria, Styria, Carinthia and Lower Austria as the most affected regions, due to their high greenhouse gas intensity. The objective of **Just Transition Fund** is to mitigate and prevent the socio-economic consequences of the necessary transition processes, with a total JTF budget of EUR 136 million split between the ERDF/JTF programme (EUR 76 million) and the ESF+/JTF programme (EUR 60 million). By investing in SMEs and strengthening the start-up ecosystem, the JTF will be used to unlock employment in green business lines which are sustainable long-term, and promote diversification towards sustainable and innovation-driven economic activities in line with the objectives of the Green Deal. This will be complemented by research and innovation projects that enable a transition to low- and zero-emission technologies and solutions. The ESF+/JTF programme uses the JTF to provide targeted career guidance, activation and mentoring, information, survey of needs and development opportunities in the region. Further, training, upskilling, reskilling and/or upgrading of professional skills, measures to increase labour market opportunities through employment projects will be financed.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Burgenland is the only transition region in Austria, with a GDP per capita (in purchasing power standards) of 87% of the EU average in 2021, compared to 143 respective 144% in the regions of Wien and Salzburg. The lowest R&D expenditure among the nine Austrian regions (*Bundesländer*) is also registered in Burgenland, where it amounted to 0.9% of GDP in 2019, while it reached 3.7% of GDP in Wien and was outstanding in Steiermark with 5.1%.

Each *Bundesland* offers a set of measures from the menu available in the programmes, which is tailored to the specific regional challenges and needs. There are several regional funding bodies playing an important role in the implementation.

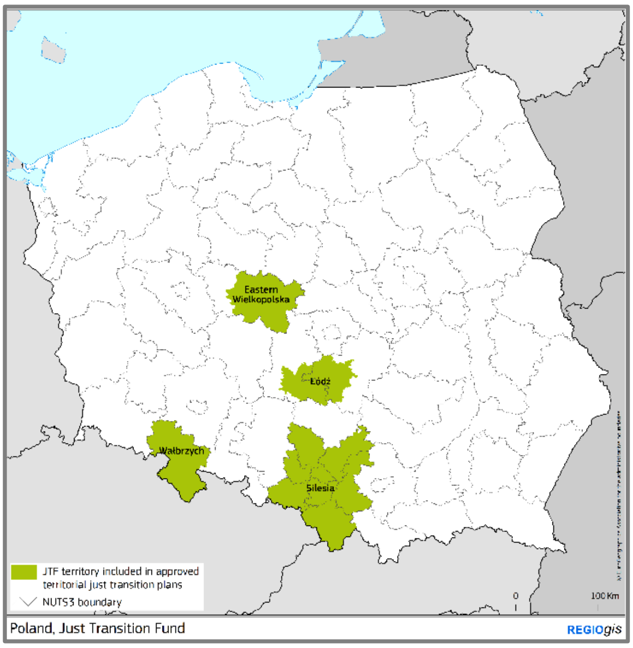
In terms of demography, rural-urban shifts occur across Austria, and result in rising urban population and expanding conurbations. This leads to urban sprawl challenges and subsequent negative environmental impacts. To ensure good quality of life, the ERDF provides support for integrated urban development strategies.

Poland

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	47 416 659 213	11 283 140 140	12 912 994 435	3 847 346 473	567 530 160
Less developed regions	*40 618 734 000*	*NA*	*11 472 221 601*	*NA*	*NA*
Transition regions	*5 250 815 883*	*NA*	*1 203 216 678*	*NA*	*NA*
More developed regions	*1 547 109 330*	*NA*	*237 556 156*	*NA*	*NA*
Number of programmes	23				15

Map 1 - Categories of regions[52]

Map 2 - JTF territories[53]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 76 billion will continue to support the Polish regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as green and digital transition. Poland remains the biggest beneficiary of cohesion policy. As for the number of programmes, the programming structure was rolled over from the 2014-2020 period with the JTF included in five regional programmes.

The cohesion funding will be primarily focused on the less developed regions. This is reflected in aid intensity (see Annex 4) which for the less developed regions is higher than in the 2014-2020 period (by EUR 69 reaching EUR 284 per inhabitant), while the overall aid intensity remains almost equal as in the 2014-20 period (EUR 190 per inhabitant)[54].

[52] Source: Directorate-General for Regional and Urban Policy.
[53] Source: Inforegio - Just Transition Fund (europa.eu).
[54] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Poland.

Under **the Smarter Europe** objective, close to EUR 13 billion will be used to **boost the supply of innovation from the science and business sectors** and over 1 000 enterprises will be supported to stimulate science-business cooperation, allowing faster deployment of innovative solutions and better innovation diffusion that can help less developed regions to catch-up. Skills will play an important role in this process. This should contribute to strengthening the innovative capacity of the economy, including by supporting research institutions and their closer collaboration with business. Support is also provided to the uptake of **digital solutions** by businesses and the public sector, upskilling of workers and to complete broadband infrastructure, thus contributing to the digital transformation of the economy and society. An additional 1.5 million households will receive fast internet by 2027 and 670 million users per year will deal with administrative issues entirely online. Cohesion policy will also contribute to **improving the competitiveness of small and medium-sized enterprises** by encouraging the uptake of product, process and service innovations and by promoting further professionalization of the activities of business support institutions to keep pace with the economic trends.

Almost EUR 21.9 billion will be invested in supporting the **greener, low carbon Europe** objective. Polish economy is characterised by high dependence on coal and high energy intensity leading to high greenhouse gas emissions and high energy costs. Air pollution in the Polish agglomerations is the highest in the entire EU. EU funds will support **energy transition** of the economy, for example through investments in renewable energy sources and circular economy, energy efficiency in buildings and replacement of solid fossil fuel heating systems. In 2030, there should be no household in the cities using coal heating compared to 20% in 2018. These investments will improve air quality, aiming at no single zone in Poland with the exceedances of PM10 (in 2019 there were 46 such zones). They will also help reduce energy poverty (from 9.4 % in 2018 to 6 % in 2030). Furthermore, support will be provided for **sustainable water and wastewater management** and promoting access to water via actions aimed at water efficiency, water quality, and reliable access to drinking water. Priority is given to increase the share of urban waste water treated and to bring wastewater management in line with the requirements of the European Directive. It is expected that the share of the population benefiting from the sewerage network increases to 85 % in 2030, as compared to 71.2 % in 2019 and the share of population using waste water treatment plants increases to 86 % in 2030, compared to 74.5 % in 2019. As regards **circular economy** and resource efficiency, supported measures aim to prevent the generation of waste, at its proper management and reuse as a raw material, combined with environmental education and advisory systems. By 2030 the recycling rate should almost double to 60 % compared to 34.3 % in 2018. Climate adaptation actions will be supported primarily to address the effects of droughts and floods. 19% of Poland’s territory is included in the European network of protected sites Natura 2000 and EU Funds will help to protect and promote **biodiversity** with 4.2% of the total cohesion budget allocation.

Transport decarbonisation and the development of the Trans-European Transport (TEN-T) networks with over EUR 15.7 billion will be supported under **the More connected Europe** objective. Investments in **rail and clean public transport** will contribute to reducing emissions and improving accessibility of remote and rural areas (nearly 2/3 of the inhabitants in rural areas have no access to any form of public transportation), thus improving social inclusion and equal opportunities. **Digitalization and safety of transport** will also be supported.

The **More social Europe** objective will be supported by EUR 13 billion for investments in people from the ESF+ and EUR 5.09 billion for investments in infrastructure from the ERDF, capturing the priorities of **the European Pillar of Social Rights**. The support will improve **access to the labour market** of disadvantaged groups, i.e. women, persons with disabilities migrants and young NEETs. The ESF+ will invest EUR 704.3 million to create 47 500 and maintain over 100 000 high quality childcare places, allowing the caretakers, mostly women, to resume work. In **skills, education, and**

training, the ESF+ interventions will amount to over EUR 2.6 billion. Priority is given to digital and green skills. In the area of education, the objective is to increase participation of adults in training, ensure high quality and inclusive education at all levels, with particular focus on vocational education and training. 7 700 individual learning accounts i.e. a personal virtual wallet for collecting training entitlements will be established as a pilot project with a view to scaling it up with a mix of public and private funding. As the population ages, a demand to improve **health care and access to social services** will increase, notably in rural and peripheral areas. The EU will foster primary care, ambulatory care, deinstitutionalisation of long-term care and develop community-based mental healthcare services. **Social inclusion investments** will reach out to those most in need, including persons with disabilities, children at risk of poverty, Roma and third-country nationals, including through material and food assistance. Around EUR 62 million from the ESF+ will support the **capacity building of social partners and civil society organisations.**

Greater involvement of local authorities in the implementation of cohesion policy is planned via **bottom-up development processes** and **partnerships** between local authorities and other stakeholders in the framework of **integrated territorial tools**, such as the Community- Led Local Development, the Integrated Territorial Investments. More than EUR 3.5 billion from the ERDF is to be spent in towns and cities of Poland for their sustainable development on the basis of the **integrated territorial strategies.**

Mining and post-mining areas in the five regions (Silesia, Greater Poland, Lower Silesia, Łódzkie and Małopolska) that are most negatively impacted by the transition towards a climate neutral economy will receive support from the **Just Transition Fund**. Measures planned will support restructuring and innovative approaches of enterprises in traditional sectors and their transition to a climate neutral economy. Maintaining employment in the companies transitioning towards new sectors, increasing the quality of formal and non-formal education to increase labour force skills is a priority. In Silesia alone, around 30 000 new jobs should be created

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

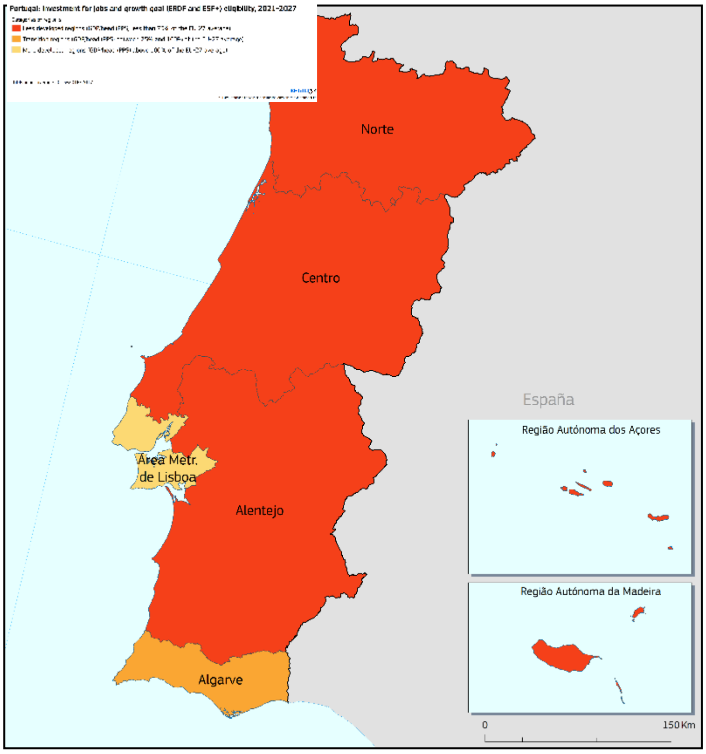
Regional disparities in GDP per head have continuously increased during the last decade and are very high. In 2020, the most developed capital city region Warszawski Stołeczny had a GDP per head (in PPS) corresponding to 167% of the EU average. It left the other regions far behind, with the GDP per head ranging from 82-83% (Greater Poland and Lower Silesia which became transition regions) to just 52-56% in the five least developed regions in the east of Poland (Lubelskie, Podkarpackie, Warminsko-Mazurskie, Swietokrzyskie and Podlaskie).

The poorest regions in the east of Poland will continue to benefit from a specific programme which will provide ERDF funding to support entrepreneurship, transport, environment, energy and climate related activities and social infrastructure. In addition, Integrated Territorial Investments have been extended to include small and medium sized cities in socio-economic decline, thus providing a coherent framework for a targeted and more effective planning and delivery of cohesion funds.

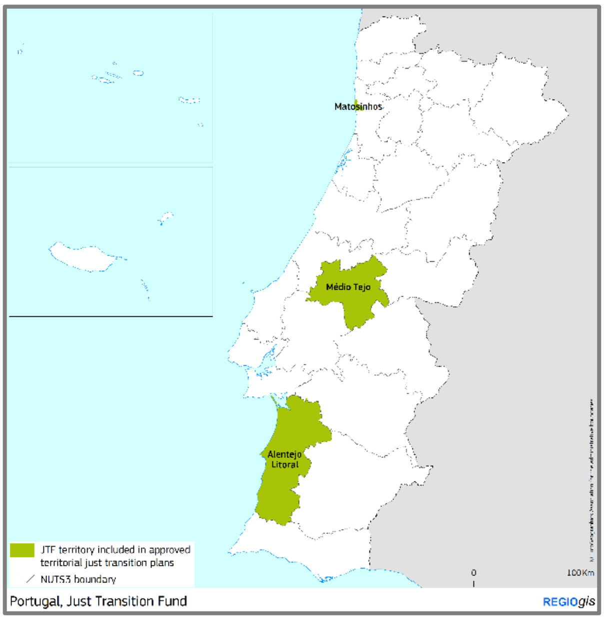
Portugal

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	11 496 728 210	3 105 340 566	7 776 520 960	223 839 015	138 751 654
Less developed regions	*10 381 546 323*	*NA*	*7 559 013 876*	*NA*	*NA*
Transition regions	*675 289 705*	*NA*	*114 340 000*	*NA*	*NA*
More developed regions	*321 190 715*	*NA*	*64 500 000*	*NA*	*NA*
Outermost and northern sparsely populated	*118 701 467*	*NA*	*38 667 084*	*NA*	*NA*
Number of programmes	11				7

Map 1 - Categories of regions[55]



Map 2 - JTF territories[56]



In the programming period 2021–2027, cohesion policy funds worth EUR 23 billion will continue to support the Portuguese regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the fair green and digital transition. In comparison with the 2014-2020 period, the aid intensity increased by 8%, being more than 2.5 times higher than the EU average[57] (see Annex 4). Portugal decided to broadly follow the same programme architecture from 2014-2020, with

[55] Source: Directorate-General Regional and Urban Policy.
[56] Source: Inforegio - Just Transition Fund (europa.eu).
[57] The 2014-2020 period aid intensities are calculated with amounts per Member State as set by the Commission Implementing Decision (EU) 2014/190/EU, as amended on 2/9/2020. In addition, the REACT-EU amounts are taken into account.

the exception of ESF+ which will have in 2021-2027 only one thematic programme instead of two as in 2014-2020.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Portugal.

With EUR 5.2 billion under the **Smarter Europe** objective, the ERDF will support smart specialisation strategies for R&I, **contributing to the economic valorisation of research results and adaptation of knowledge solutions and technology** in more than 1 500 enterprises, which should result in more than 1 200 patents. Innovative productive investments and internationalisation will increase **competitiveness of more than 13 000 SMEs**, lead to an increase in exports and **create more than 20 000 jobs**. The digital transition in 1 500 enterprises and 300 public institutions at national and regional level will be helped. Support to Gigabit networks in the remaining "white areas" (remote rural areas) will cover around 330 000 dwellings and 20 000 enterprises.

The support of EUR 5.1 billion ERDF under the objective of **Greener, low carbon Europe** aims to promote the **decarbonisation of the Portuguese economy** in 300 enterprises, **improve the energy performance** of more than 1.2 million square meters of public buildings and increase by 126 MW the capacity for **production of energy from renewable sources**. Protecting more than 1.8 million hectares of land from wildfires and more than 800 kilometres of coastal strips, river banks and lakeshores from floods will help **fight and prevent risks related to climate change**. More than 250 enterprises will implement **circular economy** projects and almost EUR 300 million will be invested in facilities for **separate waste collection**. These investments will help Portugal fulfil its ambitious national targets, ensuring the alignment with the objectives of the European strategies and initiatives in the area of climate and energy.

The **More connected Europe** objective focuses on improving the rail transport network and service and increasing the efficiency of the port system. Railway investments include: electrification and rehabilitation of the trackside, upgrade of the infrastructure and the extension of stations and terminals, construction of new sections, modernisation of the signalling and communication system, etc. These measures will result in 114 km of reconstructed or modernised rail (TEN-T), 370 km non-TEN-T and 221 km of rail equipped with ERTM system. In the port system, the planned investments will expand the port capacity, improve safety conditions and navigability, modernise cargo handling processes, digitalise procedures and contribute to a wider use of cleaner energy sources for onshore power supply to ships. The interventions will target 12 maritime ports (RTE-T) and 10 non-RTE-T ports.

Supported by the ESF+ (EUR 7.5 billion) and to a lesser extent by ERDF (EUR 0.5 billion), the **More social Europe** objective will contribute to 11 of the 20 principles of the European Pillar of Social Rights, i.e. the achievement of the 2030 national targets of 80% employment, 60% annual adult participation in education and training and around 750 thousand fewer people of risk of poverty and social inclusion. ESF+ will address labour market, social inclusion, education and training as well as health related challenges. EUR 3.1 billion will be invested in skills and education with over 117 000 unemployed adults and nearly 100 000 young people benefiting from traineeships and hiring support measures and around 366 000 individuals participating in vocational education and training while EUR 2.6 billion will help integrate disadvantaged and vulnerable groups and reduce inequalities and poverty levels, including specific support to the most deprived. Around EUR 1.8 billion will be invested in labour market and employment activation measures. Madeira and the Azores, where these challenges are particularly acute will benefit from EUR 112 million to this end. Investments in social and health care and support infrastructure contribute to the transition to community-based care and the process of deinstitutionalisation in synergy with the services supported by ESF+.

The EU funds will also support territorial strategies in urban and non-urban areas. For **urban areas** the instruments such as **ITI Inter-municipal communities and Metropolitan Areas**; **ITI Urban Networks** and **Urban Partnerships for Cohesion** are available. In addition, the Azores and Madeira programmes will each have their own **urban territorial instrument** supporting sustainable urban development strategies at municipal and/or functional urban area level. More than 160 000 square meters of open public spaces will be created or rehabilitated in urban areas, energy performance of 100 000 square meters of public buildings will be improved and more than 36 000 persons will benefit from new or modernised education facilities. For **non-urban territories** the following instruments are available: **thematic/functional ITI**, **Valorisation of endogenous resources** supporting action plans focused mainly on the development of low-density territories, and **Non-Urban Partnerships for Cohesion** focusing on supporting local development action plans in rural areas. In addition, the Azores will also support integrated development strategies in low-density/rural municipalities.

Portugal will also benefit from more than EUR 223 million support under the **Just Transition Fund**. This support will be implemented based on the territorial just transition plans developed for the municipality of Matosinhos (Norte Region), and the sub-regions of Medio Tejo (Centro region) and Alentejo Litoral (Alentejo region). Investments aim to provide support for 590 unemployed persons and more than 190 enterprises.

The most important part of the ERDF and ESF+ support - 89.96% and 97.20% respectively, will go to the least developed regions of Portugal, including the outermost regions of Madeira and Azores, through the regional programmes and the thematic programme for Innovation and Digital Transition and for Demography, Qualification and Inclusion.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Following the period 2000-2009 during which regional disparities in GDP per capita remained roughly constant, they started decreasing after 2010. However, this is partly due to the very low growth of the capital region. Portugal is also diverging with the EU in terms of GDP per capita but some regions are growing at a faster pace. In 2020, GDP per head in the metropolitan area of Lisbon was slightly below the EU average, while – apart from Algarve – it was below 70% in all other regions. In Norte and Centro, GDP per head growth was higher than the EU average in 2011-2020. Differences within regions are also important, mainly between the NUTS III sub-regions on the coast and the NUTS III sub-regions in the interior that experiences faster depopulation and slow growth.

For 2021-2027, Portugal benefits from around EUR 3.3 billion of ERDF and ESF+ support dedicated to territorial instruments focused on promoting the integrated development of urban and non-urban areas. The focus on the functional urban areas and promotion of urban-rural linkages is notable. Portugal allocates around EUR 2.8 billion of its ERDF (25%) to sustainable urban development. To complement ERDF, around EUR 226 million of ESF+ support will go to the territorial instruments.

Outermost regions

Outermost regions feature a number of specificities and needs, i.e.

- territorial fragmentation and demographic challenges (e.g. sparsely populated, economic disparities and population decreasing),
- low RDI investment and scale difficulties in RDI,
- high climate change risks (fires, floods and landslides) affecting several areas: water cycle, energy, biodiversity and natural resources, agriculture and fisheries, the coastline, human safety and health,
- inter-modality and sustainability of the regional mobility system,
- predominance of tourism sector, with low added value activities and jobs (Madeira).
- high unemployment rate, NEETs, (not in employment, education or training), poverty, early-school leaving, a shortage of teachers and access to health services (Azores).

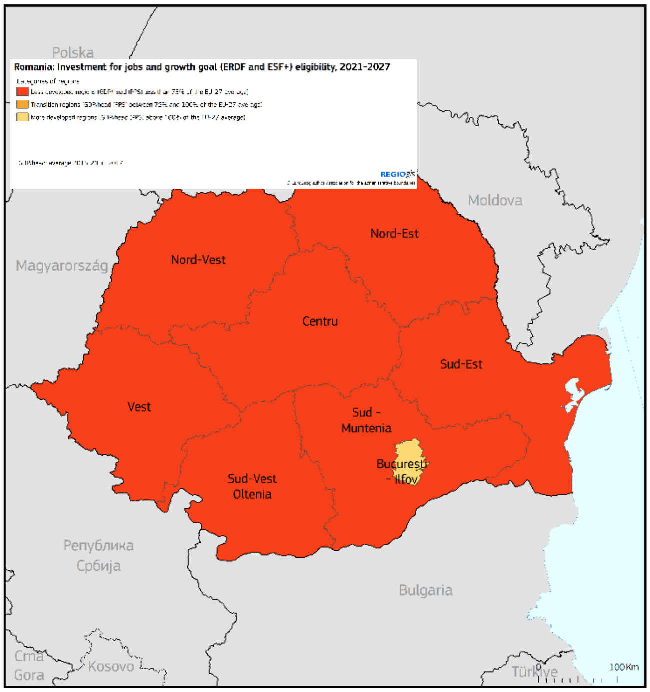
In terms of policy responses, the programmes Azores and Madeira have a broad policy scope, supporting SMEs competitiveness, R&I, digital transition in enterprises and local administration, green transition and climate action, sustainable transport and urban mobility, integrated development in urban and rural areas, access to healthcare, culture and sustainable tourism, as well as access to employment, education and training, skills, and active inclusion.

In the same way as for 2014-2020, outermost regions also benefit from specific additional allocations in the period 2021-2027. In Azores, ERDF, with around EUR 58 million, it is used to cover additional passenger transport costs between islands. Around EUR 19 million ESF+ is dedicated to support primary and secondary education. The ERDF, with around EUR 60 million, it is used for SME support measures in Madeira. The ESF+, with around EUR 20 million, is dedicated to support primary, secondary and tertiary education.

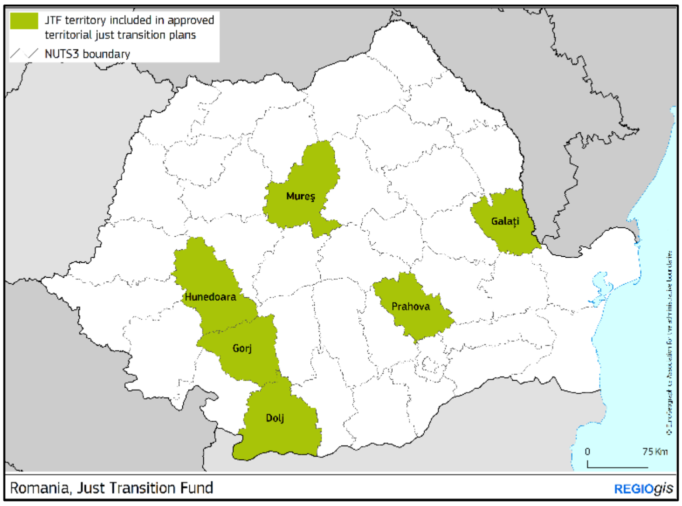
Romania

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	17 976 037 171	3 537 749 394	7 332 965 756	2 139 715 532	372 637 625
Less developed regions	*17 069 721 582*	*NA*	*6 963 472 450*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*906 315 589*	*NA*	*369 493 306*	*NA*	*NA*
Number of programmes	15			1	12

Map 1 - Categories of regions[58]



Map 2 - JTF territories[59]



In the programming period 2021–2027, cohesion policy funds worth EUR 31.4 billion will continue to support the Romanian regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. Wide-ranging measures are also foreseen aiming at tackling poverty and inequality, among the highest in the EU. In comparison with 2014-2020 period, the aid intensity increased both in less developed regions (+82%) and in the more developed region of Bucharest/Ilfov (+40%), remaining significantly higher than the EU average (see Annex 4). As regards the number of programmes, Romania decided to decentralize the management of parts of the funds to the regions which resulted in their increase from 4 to 16 (including the self-standing JTF programme).

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Romania.

[58] Source: Directorate-General for Regional and Urban Policy.
[59] Source: Inforegio - Just Transition Fund (europa.eu).

Innovation performance in Romania is weak and investment in R&I remains far below the EU average, with the only exception of the capital region. ICT uptake is low and Romania ranks last in the EU in the 2022 edition of the Digital Economy and Society Index (DESI). In 2021, only 15% of the population used the internet to interact with public authorities compared with an EU average of 58%. Under the **Smarter Europe** objective, an allocation of **EUR 4.3 billion** will boost research and innovation (R&I) and digital transformation by a comprehensive set of measures. They will contribute to the reduction of the innovation gap with the rest of the EU by targeting **increase of private R&I, incentivizing academia-business collaboration, supporting competitiveness of SMEs and digitalisation of public administration** for the benefit of citizens and business environment. More than 32 000 companies will be supported.

Targeted measures aim to boost the innovation potential and competitiveness of enterprises, including through creation of **national entrepreneurship hub dedicated to start-up ecosystem**. Actions enhancing knowledge and **technology transfer** address the weak academia-business collaboration. The creation of thematic public-private consortia and the support for national projects in advanced technologies aim to tackle the fragmentation of the R&I ecosystem and will have a strong spill-over effect in all Romanian regions.

The national Smart Growth and Digitalisation Programme and the eight regional programmes will invest in the **digitalisation of the public administration** to develop new e-government services for the benefit of citizens and businesses. To address that, Romania will invest in the development of **Digital Innovation Hubs** to support small and medium enterprises (SMEs) and local public authorities.

Romania's economy is highly energy intensive and while the share of renewables is growing, their potential is not yet fully exploited. The domestic connection rates to the water supply and sewage networks are amongst the lowest in the EU. Landfilling of municipal waste is above the EU average and recycling remains at relatively low levels. Climate change is marked by more frequent droughts, floods and coastal erosion. Under the **Greener Europe** objective, investments worth **EUR 7.9 billion** will **strengthen Romania's compliance with the EU Drinking Water and Urban Waste Water directives, reduce energy consumption and greenhouse gas emissions in public buildings and SMEs, increase the share of renewable energy sources and replace fossil fuel sources of energy with renewables**, in support of REPowerEU objectives. More than **1.1 million people** will be connected to improved public water supply and **700 000 people** to public waste water treatment. Romania will improve its response to climate change, giving priority to nature-based solutions and investments to reverse the negative effects of costal erosion. **2.5 million people** will benefit from flood protection measures. The country will also accelerate its transition to a circular economy in line with the New Circular Economy Action Plan.

Transport infrastructure is dramatically under-developed to meet the needs of the population and the economy of Romania and the requirements of connecting Europe. The **More Connected Europe** objective, backed by **EUR 5.2 billion** from the ERDF and the Cohesion Fund, marks a relative shift away from the concentration on road investments in favour of multi-modal and more sustainable modes of transport. Investments will contribute to **increasing the quality, performance and attractiveness of rail** as the backbone of sustainable transport and to developing **sustainable mobility in the urban nodes**. In that respect, 424 km of new or upgraded TEN-T rail will be constructed. Investments to improve the connectivity of **regional roads to the TEN-T network**, increase the road safety and develop the waterborne and multimodal transports are also foreseen. Romania is also expected to increase the attractiveness of **clean urban and suburban public transport**.

Promotion of social cohesion stands high on Romania's agenda through investments in employment, quality and inclusive education and training, green and digital skills as well as high-quality social inclusion services in line with the European Pillar of Social Rights. The combined funding of ESF+ and ERDF totalling **EUR 9.3 billion** under the **More social Europe** objective will contribute to the modernisation of the Public Employment Service facilitating the access and the adaptation to the dynamic labour market for all, in particular for youth, women and vulnerable groups and to ensuring quality and inclusive education at all levels. The funds will support addressing poverty and supporting social inclusion of vulnerable groups, with a particular focus on child poverty and material depravation and will also contribute to ensuring quality and accessible health services for all, in particular for the vulnerable groups. A dedicated programme of **EUR 5.8 billion** will boost the coverage of access to health and the quality of health services, advance the overdue upgrade of the national health infrastructure and help strengthening social cohesion. To illustrate the impact of the funds, it is expected that **more than 700 000 children and young people will benefit from the programmes, more than 354 000 people to gain new qualifications. 400 000 people in rural areas will have improved access to social, educational, employment and health services and more than 1.8 million vulnerable people to receive food and material support**.

Romania is committed to boost the implementation of the **integrated territorial instruments (ITI).** In the 2021-2027 period, it will continue to pursue the cohesion policy objectives with the help of 4 ITI. On the basis of the experience of the previous programming period, Romania is committed to introduce significant improvements in the governance and monitoring of the integrated territorial investments.

The **Just Transition** funding of **EUR 2.1 billion** will help the Hunedoara, Gorj, Dolj, Mureş, Prahova and Galaţi counties to overcome the continued depopulation and increased unemployment in these regions and to accelerate the energy transition process, in view of the coal phase-out foreseen for 2032. Investments will support the labour force affected by the transition find **new jobs through skilling, reskilling and active labour market measures**, **economic diversification through productive investments in SMEs** and development of business support infrastructure and services. The support will be delivered to almost 5 900 enterprises.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

The Romanian regions are gradually converging towards the EU GDP average, albeit with different speeds. Romanian regions have been catching up in terms of GDP per head and converging to the EU average, from 52% in 2010 to 72% in 2020. At the same time regional disparities persist. In the capital region, GDP per head corresponds to 164% of the EU average, followed by Vest region with 74%. In the other regions, GDP per head ranges from 46% to 67% of the EU average.

Regional disparities in Romania remain very high, driven by labour productivity, investment and employment gaps between the capital and the rest of regions.

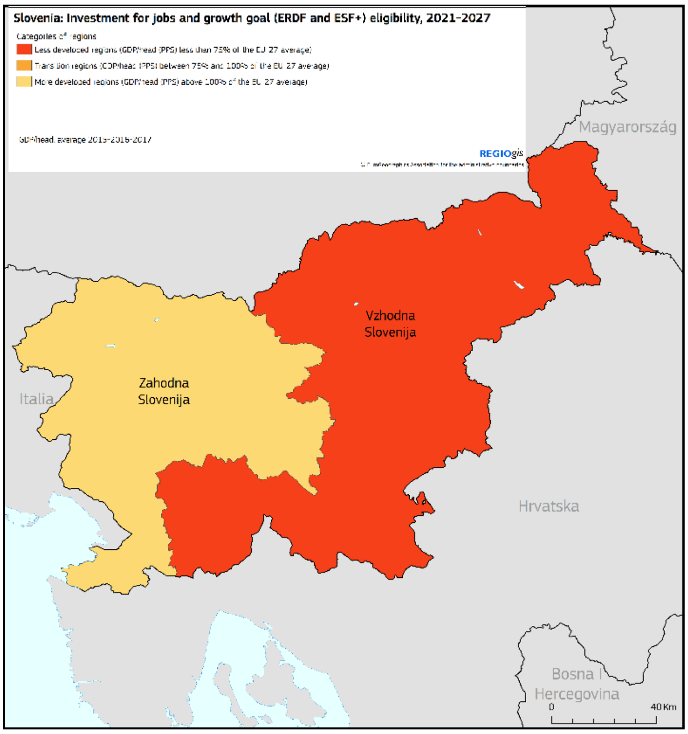
Moreover, the **rural-urban** divide is considerable, with the unemployment rate in 2021 at 8.4% in rural areas compared to 2.8% in cities.

Additional significant resources (more than EUR 7 billion equal to an increase of 40% compared to 2014-2020) have been allocated for the benefit of the less developed regions in Romania. For example, support will be provided to **405 entities that provide primary care in rural areas.** The regions of Nord-Est, Sud-Est, Centru, Sud-Muntenia and Sud-Vest Oltenia are at the same time JTF regions and will benefit from targeted assistance to help them address the transition.

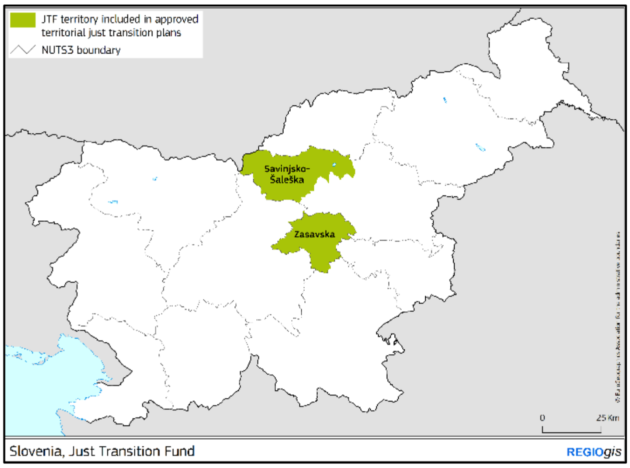
Slovenia

Fund	ERDF	CF	ESF+ (including FEAD)	JTF	Interreg
Available funds (EUR)	1 599 785 302	718 192 613	665 364 995	258 724 543	75 065 477
Less developed regions	*1 216 163 830*	*NA*	*505 813 421*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*383 621 472*	*NA*	*159 551 574*	*NA*	*NA*
Number of programmes	2				13

Map 1 - Categories of regions [60]



Map 2 - JTF territories[61]



In the programming period 2021 – 2027, the Cohesion Policy allocation for Slovenia amounts to **EUR 3.24 billion**, which is approximately equivalent to the budget allocation of the previous programming period. The cohesion policy will continue to support Slovenian regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition. In comparison with the 2014-2020 period, the aid intensity decreased for the more developed region, while it increased for the less developed region, and overall still remains significantly higher than the EU average (see Annex 4). As regards to the number of programmes, Slovenia decided to keep the programme architecture of the previous period, with one single multi-fund cohesion policy programme (and one programme addressing material deprivation).

Main priorities and results

The cohesion policy investments in the 2021-2027 period will play a decisive role in encouraging Slovenia to accelerate its green and digital transition, finance research and innovation, increase

[60] Source: Directorate-General for Regional and Urban Policy.
[61] Source: Inforegio - Just Transition Fund (europa.eu).

employment, improve education, healthcare and social services and enable impacted regions to shift away from coal by 2033.

Slovenia has a sustainable economic development, however its performance on innovation and competitiveness is weakening. Under **the Smarter Europe** objective, the EUR 727 million of planned investments will boost Slovenia's **digital transition** and a **competitive and innovative economy**, by introducing new business models and cutting-edge technologies, as well as creating high value-added products and services and to strengthen corporate social responsibility, enabling a faster transition to a climate-neutral society. The **SME-development** measures, benefitting almost 12 000 enterprises, will increase the competitiveness of the economy by creating high value-added products and services and to strengthen corporate social responsibility, enabling a faster transition to a climate-neutral society. Comprehensive services to support businesses in their emergence, growth and development, as well as in the transition to a climate neutral and circular economy will be upgraded. These actions will be accompanied by measures **developing the skills for smart specialisation**, industrial transition and entrepreneurship. The co-financing of the construction of open high-capacity broadband infrastructure for households will allow for the deployment of new services and technologies in areas where such networks do not yet exist and contribute to **enhancing digital connectivity**. To that end, almost 6 500 dwellings will have broadband access of very high capacity.

In addition, with EUR 793 million it will accelerate Slovenia's **green transition** turning it into a climate neutral, clean-energy economy and society. Envisaged measures will support energy efficient renovation of buildings and the increase of the share **of renewable energy sources** (RES) in final energy use, which will result in more than 600 MW of additional production capacity from renewable energy sources, focusing on the exploitation of solar and wind energy. Risk reduction as regards to the climate-related disasters is a further focus of the envisaged programme measures. A particular emphasis is on **river-basin flood protection or wildfire prevention** measures covering more than one million hectares on the ground. In the field of **biodiversity** and the urban environment, programme measures aim at e.g. improving the conservation of habitats, the information systems for air quality, or urban greening. Access to **water and waste-water treatment** will also be addressed to the benefit of more than 50 000 citizens by upgrading and extending wastewater treatment plants across the country with around 250 km of new collection pipes.

In the **transport** sector, the overall challenge in Slovenia is the relatively dispersed nature of settlements outside urban areas and thus a certain dependence on passenger cars in rural areas. Therefore, the EUR 511 million of investments in transport will focus on sustainable mobility. The foreseen measures will boost the **electrification of passenger cars** (with a mobility plan for charging infrastructure), new or upgraded railway lines of around 50 km, and a focus on **green public transport** and local inter-modal mobility including an upgrade of the **cycling infrastructure**. There will be faster trains between Ljubljana and Zagreb, and a safer Karawanken road tunnel reducing both emissions and cross-border waiting time. This will reduce the burden on the environment and, above all, reduce the burden on the road network, thus directly contributing to the climate neutrality.

Under **the more Social Europe** objective, EUR 741 million (out of which EUR 665.3 million from ESF+) will contribute to skills, a responsive labour market, long-term care, health and social inclusion. Extensive support will be provided to **improve access to the labour market**, particularly for **long-term unemployed, older people, low educated disabled, youth and inactive**. **Modernising labour market institutions measures** will focus on developing a labour market platform for **long-term forecasting of skills**, reducing labour market mismatches and closer cooperation with the educational institutions. The programme also envisages new higher education infrastructure and ICT equipment to prepare students for future competences. Programme will invest into **skilling measures** as well as awareness of lifelong learning, adult learning and vocational education and training, with the focus on key competences, **green and digital transformation skills,** benefitting almost 100 000 citizens. Measures to improve the quality of the working environment and conditions for **ageing population**, will be supported. **Social inclusion measures** will be centred on the **integration of people at risk of poverty, social exclusion and young people with special needs** into the labour market as well as on social inclusion measures for the most vulnerable social groups, including Roma and immigrants. Support will be provided for **modernising social, child and family care systems** to enhance services with regard to **deinstitutionalisation** and **digitalisation.** Activities focused on **long term care and health challenges will be supported including some** innovative services. Community living will be supported by investments in **social and community services and infrastructure**, recruitment of new staff and training and modern educational programmes. The programme will equally invest in healthcare and mental health services and infrastructure which are critical for the well-being of society. More than 120 000 patients per year will be able to benefit from the new or modernised healthcare facilities. It will invest in the revitalisation of cultural heritage and its integration into the tourism offer, contribute to the Slovenian tourism strategy of moderate capacity growth and the significant improvement in the quality and added value of Slovenian tourism.

The most deprived will benefit from EUR 29.4 million from the **dedicated food distribution programme** and accompanying measures.

Through targeted **territorial approaches** for 12 ITIs and 37 local action groups the programme will offer support to revitalise and green cities and to strengthen local communities. In **urban areas**, with EUR 57 million the programme will intervene in renovating and revitalising empty and underutilised buildings, cultural heritage and other facilities, and will renovate or create new open public spaces. The programme will contribute to the establishment of the **European Capital of Culture 2025**, an urban initiative that promotes multiculturalism and cross-border integration. In **other areas,** the EUR 28 million of **community-led local development** (CLLD) projects will contribute to improving the quality of life of the local population, ensure adequate accessibility of services both in urban centres and rural areas, improve long-term care and preventive health measures, promote intergenerational cooperation, strengthen competences and care for disadvantaged groups. Project will promote the more innovative use of local resources, (eco)tourism and the preservation of natural diversity and cultural heritage.

With **EUR 258 million,** the **Just Transition Fund (JTF**) will promote the **just transition** of the two Slovenian coal regions (Savinjsko-Šaleška/ SAŠA and Zasavje) with 2033 as the date set for exit from coal. The measures will deliver employment and skills and will support workers active in the coal sector with lifelong career guidance and training. 2 400 unemployed persons and 1 296 long-term unemployed persons are addressed. JTF will enable a **sustainable, flexible and diversified economic development**; while supporting energy restructuring, harnessing the regions' decarbonisation potential and gradual revitalisation of degraded areas. In Zasavje in particular, the JTF will invest in the production of various RES technologies and energy efficiency measures. The establishment of the **Centre for Demonstration and Training in Zero Carbon Technologies** will support research on carbon-free technologies for the transition to a modern, green-oriented industry. In SAŠA, the Fund will **redesign the district heating system** and support the transition from the use of coal to alternative clean energy sources for heating, for instance from solar energy and heat pumps. The workers who will need to reorient themselves towards a new profession in the context of the green transformation will benefit from lifelong career guidance and training. The JTF will support the creation of a '**Just Transition Centre**' in each region to promote local partnerships, provide training and capacity building, support for project preparation and coordinate activities, including with youth, NGOs, social and economic partners, and local communities.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

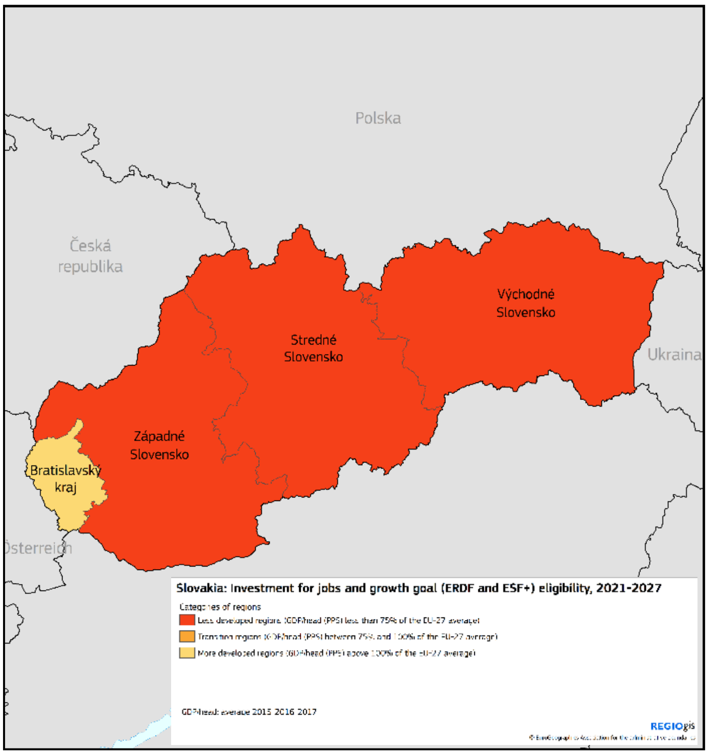
Slovenia is composed of 12 statistical regions (NUTS 3 level) and 2 cohesion regions, Eastern and Western Slovenia (NUTS 2). **Western Slovenia is a more developed region, while Eastern Slovenia is a less developed region, which is clearly lagging behind** Western Slovenia in terms of GDP per capita (82.7% and 119.2% of EU average respectively in 2019). **The disparities are even more pronounced at NUTS 3 level**, with the GDP per capita in the capital region (140.8% of EU average) almost three times higher than in the poorest region (Zasavska, 53%).

On the NUTS 2 level the development differences will be addressed by the different aid intensity and co-financing rate applied to the 2 cohesion regions. On the regional (NUTS 3) level they will be addressed through the 3 **territorial mechanisms** for urban areas (ITI), other areas (CLLD) and regional development (regional development agreements), based on specific **targeted regional needs** and using **bottom-up approaches**. Two of the NUTS 3 regions who are lagging behind the national average are also the **two coal regions** (one JTF region below NUTS 3 level), the specific needs of which will be addressed through the investments from the **JTF**.

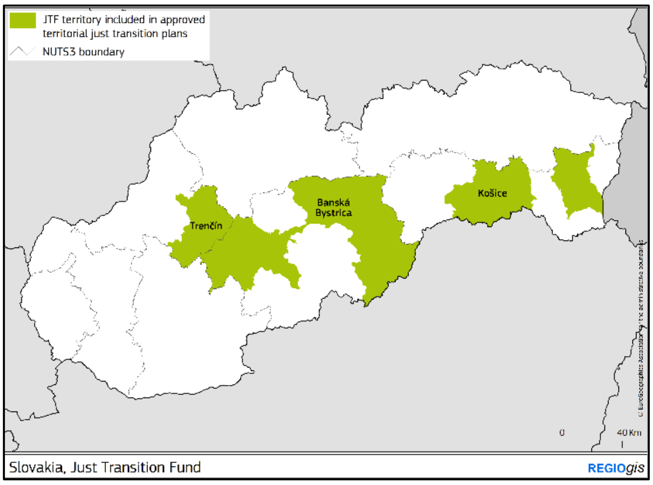
Slovakia

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	7 305 609 029	2 472 808 584	2 356 298 319	459 019 001	223 354 237
Less developed regions	*6 812 132 513*	*NA*	*2 306 298 319*	*NA*	*NA*
Transition regions	*NA*	*NA*	*NA*	*NA*	*NA*
More developed regions	*493 476 516*	*NA*	*50 000 000*	*NA*	*NA*
Number of programmes	1				11

Map 1 - Categories of regions[62]



Map 2 - JTF territories[63]



In the programming period 2021 – 2027, cohesion policy funds worth EUR 12.8 billion will continue to support the Slovak regions in promoting economic social and territorial cohesion and embracing key EU priorities such as the green and digital transition and the European Pillar of Social Rights. Compared to the 2014-2020 period, the aid intensity decreased a bit overall, but it remains the second highest among EU Member States and it increased for the less developed regions (see Annex 4). The programme architecture has fundamentally changed. Instead of seven (and later six) operational programmes that Slovakia had in the period 2014-2020, the new period started with a single all-encompassing multi-fund programme, including also the JTF specific objective. Besides, Slovakia is involved in 11 programmes of cross-border, transnational and interregional cooperation.

[62] Source: Directorate-General for Regional and Urban Policy.
[63] Source: Inforegio - Just Transition Fund (europa.eu).

Main priorities and results

The 2021-2027 cohesion policy investments are expected to address a number of challenges in Slovakia, boosting research and innovation, digitalisation, energy efficiency and social inclusion.

Under the **Smarter Europe** objective, over half of the **EUR 1.9 billion** allocation will support **research and innovation**, an area where Slovakia has a serious deficit. The operations will aim at increasing the involvement of the private sector, creating attractive conditions for researchers, improving Slovakia's participation in European partnerships initiatives, as well as at optimising the research infrastructure in line with the objectives of the RIS3 strategy, which identifies 5 key domains for investment: 1: Innovative industry for the 21st century, 2: Mobility for the 21st century, 3: Digital transformation of Slovakia, 4: Healthy Society and 5: Healthy food and environment. **Digital transition** will be promoted through deployment of innovative and secure digital technologies in both public and private sector and by expansion of very high capacity networks to 'white areas'. Around 20 000 households will get high-capacity internet connection. The investments should help improve the low score of Slovakia on the Digital Economy and Society Index, in particular as regards connectivity. **Support to SMEs** aims at increasing their competitiveness through improved access to finance, as well as by internationalisation of Slovak SMEs and business networking. EUR 50 million will be allocated on a financial instrument supporting IT investments in industrial enterprises. Skills development for smart specialization will be fostered, inter alia, through 10 000 apprenticeships in SMEs.

Slovakia is a frontrunner in the use of **financial instruments**. All types of these instruments are envisaged in 2021-2027 and the overall allocation across policy objectives amounts to EUR 934 million.

The Slovak economy is highly energy intensive and relies on (imported) fossil fuels and nuclear energy for a large part of its consumption. It needs to reduce dependence on Russian gas and speed up deep renovation of public and private non-residential buildings. Almost one third of the total allocation for the **Greener, low-carbon Europe** objective **(EUR 4.2 billion)** will therefore be used to **improve energy efficiency and develop renewable energy**. Energy saving measures in public and residential buildings, respecting the New European Bauhaus principles, renewable energy sources installations and investments in smart energy systems will contribute to achieving goals of the National Energy and Climate Plan. Over 16 000 households are expected to improve their energy performance. About half of the Greener Europe allocation is dedicated to **environmental protection, waste and water management and climate change adaptation**. Important investments are planned to improve access to drinking water and waste water treatment, in particular for marginalised communities and remote localities in the catching-up regions. Finally, **sustainable urban mobility** will be promoted by further development of tram and trolleybus lines, digitalisation of public transport and investments into cycling infrastructure.

The transport infrastructure and connections to trans-European networks fall short of meeting the needs of society and economy, especially outside the more developed Bratislava region. The planned investments under the **More connected Europe** objective, backed by EUR 2 billion from the Cohesion Fund and ERDF, aim at **modernizing and completing the rail and road TEN-T networks**. One of key projects is the completion of the D3 motorway north of Zilina, connecting the Slovak network with Poland and the Czech Republic, thus tackling a critical bottleneck in the Slovak road transport. Investments in regional networks include **modernisation of railway lines, construction of intermodal passenger terminals and road bypasses** that will divert traffic from city centres. Altogether, 215 km of rail will be modernised or newly built.

At national level, Slovakia fares well on key labour market and social indicators, however, there are large regional disparities as well as specific challenges such as **high long-term unemployment rate, a lack of childcare facilities, strong influence of socio-economic background on educational outcomes, skills mismatches on the labour market or staff shortages in the underfinanced healthcare system.** The combined ESF+ and ERDF funding for the objective of **More social Europe (EUR 3.3 billion)** accounts for more than a quarter of the cohesion policy funding. It will be channelled into a wide range of interventions **improving access to labour market, supporting social**

economy and fostering inclusive education, lifelong learning and high-quality social and healthcare services, in particular for marginalized and disadvantaged groups. The measures will help around 180 000 participants to gain a qualification, while over 370 000 users per year will enjoy access to new or modernized healthcare facilities. There is a strong emphasis on desegregation in education and accessibility of school facilities. Social and healthcare investments focus on deinstitutionalization, development of community-based services and provision of mobile and outpatient health services in underserved areas.

The **marginalized Roma communities** (MRC) face particular challenges. Close to 90% of Roma live at risk of poverty or social exclusion, only 20% of Roma are employed, less than half of Roma children attend pre-school education and the share of early school leavers among Roma is much higher than the national average. Across policy objectives the total allocation for MRC integration amounts to **EUR 927 million**. This includes a dedicated part for projects targeting Roma exclusively (EUR 400 million) and a mainstream allocation for projects benefitting both Roma and non-Roma in municipalities with MRC. The planned interventions aim at improving the living conditions, education and labour market participation of Roma in the spirit of desegregation. Over 9 000 Roma children will benefit from infrastructural investments supporting inclusive education.

Slovakia is expanding the **territorial approach**, as more urban areas will receive support for integrated, tailor-made investments. Drawing on recommendations from the Catching-up Regions initiative, integrated territorial development will be underpinned by eight strategies at NUTS 3 level and eighteen strategies for functional urban areas, with a total allocation of EUR 1.8 billion across policy objectives. Measures under the policy objective of **Europe closer to citizens** focus mainly **on strengthening the administrative capacity of local and regional authorities** and improving strategic planning in collaboration with civil society and other partners active in the community. Investments in **sustainable tourism** will help the cultural and natural heritage become driver of local economic development.

The **Just Transition Fund** will help offset job losses from the phase-out of coal mining and burning as well as from transformation of the steel industry in selected districts of the regions of Trenčín (Horná Nitra), Košice and Banská Bystrica. It will support **upskilling and reskilling of workers, dual learning and business investments aiming at economic diversification**. Around 7 500 individuals and 130 businesses will benefit from these operations. The JTF will also invest in renewable energy, including a major geothermal energy project for central heating in the Košice city, and in sustainable local transport, notably hydrogen mobility.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Slovakia is characterized by a **large gap between the more developed Bratislava region and the rest of the country** comprising three less developed regions. Most metrics deteriorate going from the west to the east. The capital region is more productive and innovative and offers better employment opportunities, thus attracting inward migration from other regions, which exerts pressure on local infrastructure. In Bratislava the GDP per head was at 149% of the EU average in 2021, while it reached only between 51% and 63% of the EU average in the other three regions. The bulk of cohesion policy funding (98% of ESF+, 93% of ERDF and the whole JTF allocation) will be rightly channelled to the less developed regions to support their upward convergence.

Finland

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	870 122 590	NA	604 674 883	465 677 790	162 721 339
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*468 355 205*	*NA*	*437 886 144*	*NA*	*NA*
More developed regions	*54 830 474*	*NA*	*53 773 798*	*NA*	*NA*
Outermost or northern sparsely populated	*346 936 911*	*NA*	*113 014 941*	*NA*	*NA*
Number of programmes	2				11

Map 1 - Categories of regions [64]

Map 2 - JTF territories [65]

In the programming period 2021 – 2027, cohesion policy funds worth EUR 2.1 billion will continue to support Finland and its regions in promoting economic, social, and territorial cohesion and embracing key EU priorities, such as green and digital transition. In comparison with 2014-2020 period, the aid intensity has increased, but remains significantly lower than the EU average (see Annex 4).

As regards the number of programmes, Finland decided to have two in 2021-2027: a multi-fund (ERDF, ESF+, JTF) programme for mainland and another (ERDF, ESF+) for Åland. Finland´s transfer from the ERDF to InvestEU (SME window) made it unnecessary to continue with the SME initiative operational programme from 2014-2020.

Main priorities and results

[64] Source: Directorate-General Regional and Urban Policy.
[65] Source: Inforegio - Just Transition Fund (europa.eu).

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing several challenges in Finland.

At 2.8% in 2019, Finland is lagging from its R&D expenditure spending target of 4% of GDP. In the last decade, expenditure on business R&D in Finland fell more sharply than in any other EU country. Differences persist among businesses in integration of digital technology, the economy is not sufficiently diversified, and most start-ups and jobs are created in lower-than-average productivity sectors. Under the **Smarter Europe** objective, with ERDF allocation of EUR 520 million (without flat-rate technical assistance)**,** the programme ´Innovation and skills in Finland 2021-2027´ aims to improve R&D and innovation systems in line with regional smart specialisation strategies, harness digitalisation, accelerate SMEs growth and increase productivity. Support to 12 600 enterprises is planned in Finland, of which about 8 000 under the programme's smart objective.

Finland's goal is to achieve climate neutrality by 2035. The challenge is to find ways to create incentives to engage and choose low-carbon solutions and to address uncertainties in the transition. To accelerate green transition under the **Greener, low-carbon Europe** objective, ERDF with the allocation of EUR 252 million will promote energy efficiency and circular economy, and reduce greenhouse gas emissions. The targets include almost 95 000 000 kWh/a energy savings in companies. Climate change adaptation will also be supported. Of the ERDF funding 35% is dedicated to climate measures. European Bauhaus Initiative will be considered under the energy efficiency actions. The biodiversity target is addressed by more than quadrupling the 2014-2020 level (from 0.3% to 1.3%).

Sustainable urban development is connected to smart specialisation and implemented under the above smart and green objectives (earmarked ERDF amount EUR 69 million) through an Integrated Territorial Investment (ITI) and is focused on innovation eco-systems as a common goal of 16 urban areas. A national theme "Innovation and competence networks" complements the ITI strategy to strengthen inter-regional networks for the development of innovation and skills. The theme is identified in the programme as an operation of strategic importance.

Long distances and low population density in East and North Finland have a negative impact on business-es' preconditions. Under the **More connected Europe** objective, Finland aims to promote business investment worth EUR 250 million in the Northern Sparsely Populated Area (NSPA) with small-scale transport infrastructure projects. The ERDF amount for this purpose is EUR 66 million.

The size of the working age population is declining until 2050, structural unemployment has remained relatively high, educational outcomes and skills have deteriorated, and there are about 70 000 young people not in education or employment. The ESF+ funding of EUR 579 million for the **More social Europe** objective is set to promote the availability of skilled workforce, the employability of those in a weak position in the labour market and to tackle material deprivation, intergenerational poverty and social exclusion. For instance, it is planned to support more than 52 500 unemployed persons. Material assistance is provided to 600 000 people in most vulnerable situations. Four national themes for the ESF+ have been identified as operations of strategic importance, e.g., 'Developing services for children, young people and families and promoting well-being towards equality'.

The EUR 448 million under the **Just Transition Fund** will invest in the 14 regions where peat transition will have a substantial economic and social impact. The Fund will be used to compensate for the socio-economic and environmental effects of halving the use of peat for energy by 2030. The JTF will also support the diversification of livelihoods, revitalising economic structures and employment by re- and upskilling the workforce working in peat extraction and related sectors, especially young people. Furthermore, peat fields will be restored back to carbon sinks where possible. The plan is to support about 1 900 SMEs and to create 3 700 new jobs. About 13 000 persons will gain new or upgraded skills.

Åland's structural funds programme 2021-2027 supports the **Smart Europe** and the **More social Europe** objectives. EUR 3.2 million of the ERDF is allocated to measures aimed at stimulating business creation and strengthening the opportunities for innovation and development of established enterprises. Measures that strengthen competitiveness and increase productivity support the move towards internationalisation. The aim is to support some 1 100 enterprises.

EUR 2.2 million of the ESF+ will be invested into improving access to work of the unemployed and of those facing difficulties in integrating into the labour market, in particular young people, persons with disabilities and people with a migrant background, long-term unemployed and the inactive. Furthermore, lifelong learning and flexible reskilling and upskilling measures based on labour market needs are supported. There is a specific focus on the low-skilled, people with a migrant background and persons with disabilities. The target is to provide 400 persons with new qualifications.

Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

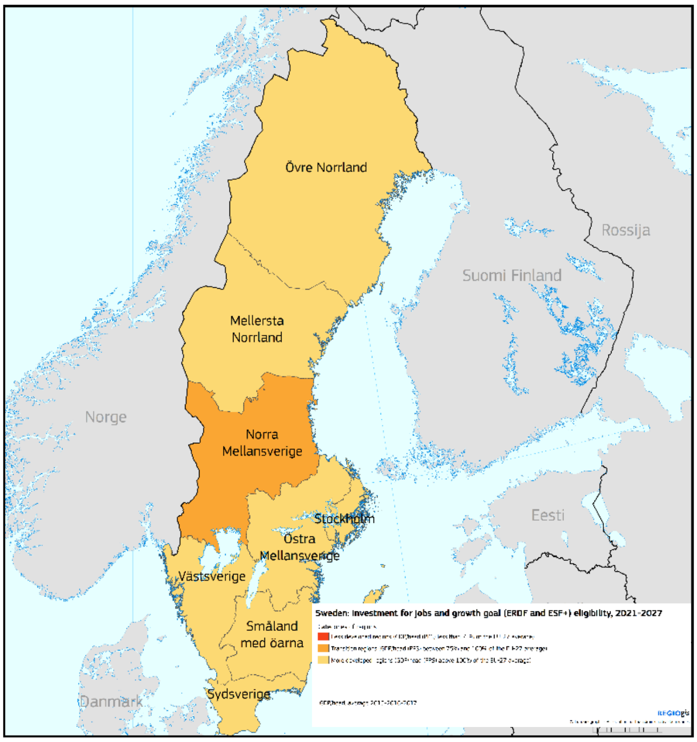
Finland´s average GDP per capita growth was lower than the EU average in 2011-2020. Internal disparities between the capital region and the rest of the country remain but have decreased. The reduction in regional variations in GDP per capita experienced by the country resulted from the richest regions falling back towards the level of the poorest ones – rather than the poorest ones catching the richest ones up. In 2021, Helsinki-Uusimaa's GDP per capita was 143% of the EU-27 average (still 34 - 48% pps higher than in the other regions). Pohjois -ja Itä-Suomi had the lowest value at 95%. Etelä-Suomi was at 99%, Länsi-Suomi at 100%.

Finland´s programmes are oriented towards long-term development of the regions by contributing to their sustainable growth and the inhabitants´ well-being. Pohjois- ja Itä-Suomi will benefit from the highest programme aid intensity owing to the special allocation for the NSPA, whereas the other two transition regions (Länsi-Suomi and Etelä-Suomi) will also gain more per capita than Helsinki-Uusimaa. It is recognised that all greater regions have growing and declining areas. Thus, regional differences will be reflected also in certain implementation choices, e.g., new types of service provision are being sought for sparsely populated areas.

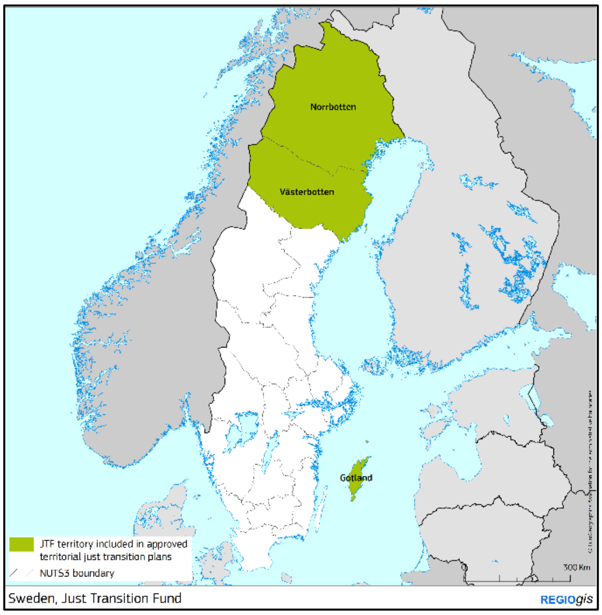
Sweden

Fund	ERDF	CF	ESF+	JTF	Interreg
Available funds (EUR)	862 523 407	NA	706 698 560	155 744 306	356 338 406
Less developed regions	*NA*	*NA*	*NA*	*NA*	*NA*
Transition regions	*134 980 262*	*NA*	*72 698 302*	*NA*	*NA*
More developed regions	*585 937 059*	*NA*	*587 871 974*	*NA*	*NA*
Outermost and northern sparsely populated	*141 606 086*	*NA*	*46 128 284*		
Number of programmes	10			1	13

Map 1 - Categories of regions[66]



Map 2 - JTF territories[67]



In the programming period 2021-2027, cohesion policy funds worth EUR 2 billion will continue to support the Swedish regions in promoting economic, social and territorial cohesion and embracing key EU priorities such as the green and digital transition, higher employment rates, skills development and a more inclusive society. While the aid intensity continues to remain low in Sweden compared to the EU average, cohesion policy still has an important role to play to tackle the specific regional needs and to promote a transition that leaves no one behind. As regards the number of programmes, Sweden decided to simplify the structure of the previous programming period, with the following changes: the multi-fund ERDF and ESF 2014-2020 Community-Led Local Development programme will not

[66] Source: Directorate-General Regional and Urban Policy.
[67] Source: Inforegio - Just Transition Fund (europa.eu).

continue, the 2014 – 2020 FEAD programme has been integrated in the ESF+ Programme, and the new self-standing JTF programme is introduced.

Main priorities and results

The cohesion policy investments in the 2021-2027 period are expected to contribute to addressing a number of challenges in Sweden.

Under the **Smarter Europe** objective, with an allocation of EUR 574 million, the digital transition will be facilitated by a comprehensive set of measures. These will **strengthen the conditions for research and demand driven innovation** and create opportunities for entrepreneurship, with a specific focus on the regional smart specialisation areas. An important share of the actions will support the **internationalisation and competitiveness of SMEs**. Additional measures will promote the **digitalisation of industry** and facilitate the access to digital and sustainable solutions. **Skills provision actions** in the regional smart specialisation areas will also be carried out. Altogether, it is estimated that 16 581 SMEs will be supported, both via grants and financial instruments (regional venture capital, continuing the 2014-2020 tradition, as well as a Climate Transition Fund). In addition, support will be provided to **access to broadband with high transmission capacity in the two northernmost regions** of Central Norrland and Upper Norrland, to increase their productivity and competitiveness. About 1 150 km of broadband are expected to be constructed.

Sweden aims to be a leader in climate, environment and energy solutions and one of the first fossil-free welfare societies in the world – with negative greenhouse gas emissions into the atmosphere as of 2045 (5 years ahead of the EU target). However, given the current dependence on fossil fuels of several sectors, the society at all levels needs to undergo a shift towards green transition, in line with the Paris Agreement. Under the **Greener, low-carbon Europe** objective, with an allocation of EUR 214 million, investments will support the transition towards a **circular economy**, behavioural change, and smarter use of resources, in line with the New Circular Economy Action Plan. It is estimated that more than 4 500 SMEs will receive grants and advisory support to become more resource efficient. Additional measures will promote **energy efficiency** in SMEs and their processes, encourage further the sustainable production and use of **renewable energy**, and invest in **smart energy systems**. It is expected, for example, that 36 projects for smart energy systems will be rolled-out. Some investments will also contribute to adapt the built environment and infrastructures to **climate-resilience and ecosystem-based approaches**: it is foreseen that these protection measures against climate-related natural disasters will benefit about 11% of the Swedish population. A smaller share of the budget will help to create the conditions for **sustainable urban mobility** as well.

The Swedish **two northernmost regions** of Central and Upper Norrland continue to be much less accessible compared to the others. They face challenges deriving from long distances, deficiencies and bottlenecks in the transport system in terms of long journey times, poor rail and port capacity, as well as lack of terminal capacity for road/rail transhipment. Under the **More connected Europe** objective, EUR 47 million will promote **sustainable and climate-resilient transport infrastructure and solutions** (including TEN-T), in order to increase accessibility, multimodality, and collective travel. It is foreseen that 436 km of rails will be reconstructed or modernised.

While there is a high demand for labour in Sweden and the employment rate overall is high, challenges persist regarding shortage of labour and skills mismatch. It also remains more difficult for those furthest away from the labour market to find employment. Under the **More social Europe** objective, the national ESF+ programme, with an allocation of EUR 707 million, will contribute to the implementation of the European Pillar of Social Rights and support Sweden to continue to **enhance access to employment**, to **reinforce investments in lifelong learning**, including measures for upskilling and reskilling and support for the green and digital transitions, to **encourage active inclusion** and to **promote social integration**. While the programme supports both employed and unemployed, there is a specific focus on helping those furthest away from the labour market. With more than 40% of EU funding set aside for social inclusion, the most vulnerable persons, including children, in society will be helped. It is expected that around 200 000 people will benefit directly from the ESF+ programme and that approximately 1 000 projects addressing societal challenges and needs related to social inclusion, labour market, education and capacity building will be carried out. Actions safeguarding equality, inclusion and non-discrimination are mainstreamed throughout programme implementation.

When it comes to **sustainable urban development**, Sweden decided to change its approach in the 2021-2027 period. While in 2014-2020 the focus was exclusively on the three biggest Swedish cities (Stockholm, Malmö, Gothenburg), now about 8% of the ERDF will support the development of some 15 territorial strategies and, later on, the actual implementation of about half of these. This approach will implement sustainable urban development actions across cities, urban regions, and city networks, in the framework of a common nationally designed territorial tool under the Smart Europe and the Greener Europe objectives.

The **Just Transition Fund**, with its EUR 156 million, will help the steel industry in Norrbotten, the metal industry in Västerbotten (both these counties located in Upper Norrland), and the cement industry in the island of Gotland in their industrial transformation towards climate neutrality. In the three agreed JTF regions, envisaged measures include research and innovation activities, deployment of clean energy technologies and infrastructure, circular economy, as well as upskilling and reskilling of workers. **Technologies for the large-scale production of renewable hydrogen** and **carbon capture and storage** will also be explored. It is estimated that as a consequence of the foreseen interventions the greenhouse gas emissions in the supported enterprises will be substantially reduced by about 42% tonnes CO2 equivalent per year. A smaller share of the JTF will also contribute to the increased capacity of Gotland's electricity grid.

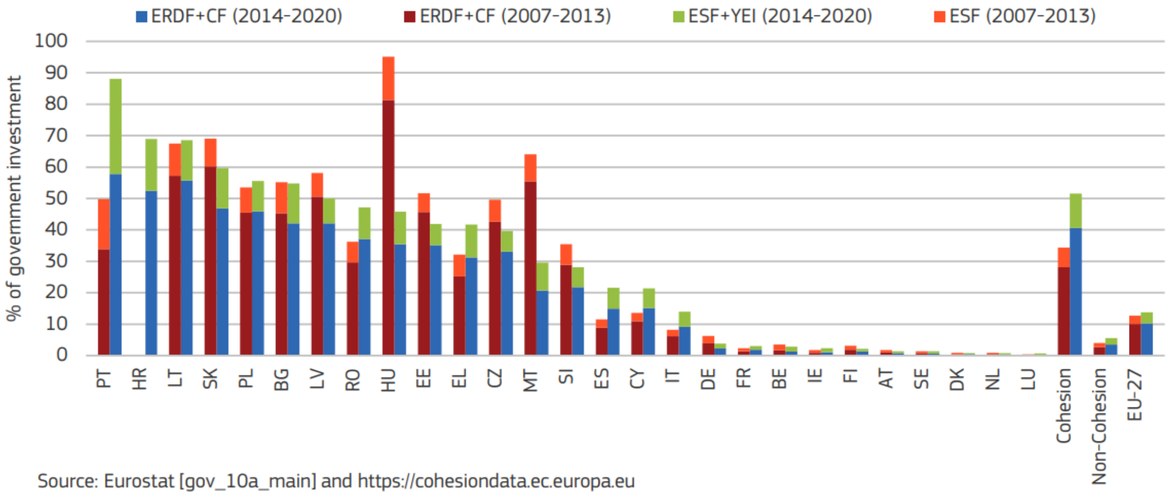
Territorial impact assessment, spatial differences and how the subregional differences and development problems are addressed

Sweden's regional prosperity is at or above the EU average, but challenges lie ahead. While regional inequality is altogether low, it has been rising over the past decades – the differences between urban centres and the rest of the country in terms of productivity and innovation are but one illustration. Looking at the Regional Competitiveness Index (2019) for example, Central Norrland, Upper Norrland and North-Middle Sweden ranked below 62, while all the other Swedish regions are above 80, with Stockholm outstanding at 100.

The structural problems present in the Northernmost regions of **Central Norrland and Upper Norrland** are mainly due to their scarce population, long distances, and connectivity challenges. To address these, cohesion policy continues to grant to both regions a specific allocation under the Outermost or Northern Sparsely Populated category, allowing for example to support targeted investments in broadband and transport infrastructure. Furthermore, for the first time under the ESF, there is a specific allocation for the Outermost or Northern Sparsely Populated category, through which the **local and regional labour market institutions and services** in the two Northernmost regions will be strengthened. In addition, Upper Norrland is receiving about 75% of the JTF allocation, and will benefit from targeted assistance to support its green transition and reduce its carbon footprint. In Upper Norrland for example skills labour shortages are important obstacles to the regional development. It is believed that more than 100 000 skilled people will be needed in this area by 2035. Therefore about EUR 17 million JTF will specifically target the retraining and reskilling of workers: 50 SMEs will receive support to invest in new skills, this in turn allowing for 500 employees of their staff to complete training for skills for smart specialisation, industrial transition and entrepreneurship.

In 2021-2027, **North-Middle Sweden** has become the first and only Swedish transition region. This region is also sparsely populated, has shown a declining GDP overtime, and has a low level of spending and investments in research and innovation. To address these challenges, Sweden decided to transfer EUR 56 million ERDF from the more developed to the transition category of region. This additional allocation will ensure that North-Middle Sweden will continue to receive the adequate level of funding also in 2021-2027.

Annex 3 - Cohesion policy funding relative to government investment in Member States in the 2007-2013 and 2014-2020 periods



Source: Eurostat [gov_10a_main] and https://cohesiondata.ec.europa.eu

Annex 4 - Annual average aid intensities by category and MS, 2021-2027 (EUR (current prices)/inhabitants/year (allocations in Partnership Agreements, January 2023))

MS	Cohesion Fund	Less Developed	Transition Regions	More Developed	Outermost and Northern Sparsely Populated	JTF**	sum **
BE		62.4	44.6	20.0		2.3	31.7
BG	24.9	206.2	69.9			26.0	216.5
CZ	89.7	184.5	197.6	43.7		22.2	284.7
DK			19.9	7.3		2.2	11.4
DE			97.7	16.6		4.3	34.5
EE	84.7		242.9			38.4	366.1
IE			46.1	23.1		2.5	29.7
EL	38.9	293.7	87.8			18.2	272.1
ES		221.1	98.1	34.9	44.8	2.7	109.3
FR		244.2	31.4	13.8	44.8	2.2	35.9
HR	40.5	251.4				6.4	298.3
IT		220.6	58.1	36.4		2.4	99.4
CY	29.9		115.4			16.9	162.2
LV	69.9	239.4				14.0	323.3
LT	62.2	290.6		102.3		13.6	313.5
LU				7.3		2.3	9.5
HU	37.9	326.3		37.1		3.8	316.3
MT	51.7		182.9			7.3	241.8
NL			16.7	6.8		5.2	12.9
AT			24.1	14.9		2.2	17.5
PL	41.9	256.1	144.5	85.0		14.3	280.5
PT	43.0	362.6	255.6	19.5	44.8	3.1	312.6
RO	25.6	197.1		79.6		15.5	224.6
SI	49.7	225.3		79.8		17.9	224.3
SK	65.1	271.8		121.8		12.1	331.3
FI			33.7	9.4	50.7	12.1	50.5
SE			35.2	18.5	30.2	2.2	24.8
EU27	**44.3**	**246.7**	**70.8**	**23.8**	**44.1**	**6.3**	**118.1**

** JTF: sum of MFF and NGEU components*

*** calculated relative to the total population of the Member States*

Annex 5 – Expected macro impact of the 2021-2027 cohesion policy

Introduction

In this analysis, RHOMOLO [68] is used to assess the impact of the 2021-2027 programmes on the economies of the EU and its NUTS 2 regions. It covers the funds channelled through the European Regional Development Fund (ERDF), the European Social Fund Plus (ESF+), the Cohesion Fund (CF), and the Just Transition Fund (JTF).

The RHOMOLO model is a well-fitted instrument to assess the impact of cohesion policy. The model incorporates the main engines of growth (accumulation of physical capital, human capital and technological progress) which are the levers on which cohesion policy acts towards its goal to foster development in the EU regions.

It also heavily borrows from economic geography by considering the interactions at play between regions. For instance, output and employment may increase in the SMEs supported by the policy but at the same time, such interventions foster competition and output and employment may decline elsewhere. Programmes implemented in the main beneficiaries also boost local demand which is partly served by exports from other countries, notably the more developed Member States which therefore may end up indirectly benefiting from funds allocated to less developed regions (see Crucitti et al., forthcoming).

Finally, cohesion policy entails short-term (mostly demand) and long-term (supply-side) effects, which are likely to progressively build up in time and last long after the termination of the programmes. Cohesion policy also needs to be financed and the cost of the policy should be taken into account.

All these aspects can be addressed in a consistent manner by a model like RHOMOLO to gauge the net effect of the policy when it affects the allocation of resources across the EU economies.

2021-2027 Cohesion policy expenditure

For the 2021-2027 period, EU funds allocated to cohesion policy amount to EUR 392 billion[69], around 30.5% of the total long-term EU budget [70] for the period. Considering an implementation period of 9 years due to the N+2/3 rule[71], this corresponds roughly to an average of around 0.2% of the EU GDP or 6.2% of the EU public investment per year [72].

Resources are in priority channelled to the less developed regions and Member States of the Union and 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 the following six fields of

[68] RHOMOLO is a dynamic spatial computable general equilibrium (CGE) model developed by the European Commission's Joint Research Centre 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, and the model itself is featured in numerous articles contributing to that same literature (see, among others, Lecca et al., 2020, and and Barbero et al., 2022). The version of the model used here is calibrated with data for 2017 whose construction is explained by García Rodríguez et al. (forthcoming), who update the procedure laid out by Thissen et al. (2019).

[69] This amount includes EUR 11 billion which were transferred to the Connecting Europe Facility and EUR 2.5 billion to be used under Commission managed instruments and EU technical assistance (see explanation here).

[70] European Commission (2021), Directorate-General for Budget, *The EU's 2021-2027 long-term budget and NextGenerationEU: facts and figures*, Publications Office of the European Union, https://data.europa.eu/doi/10.2761/808559.

[71] The N+3 rule requires funds to be used up to 3 years after they have been committed; regarding the last year of commitments (2027), the rule turns into N+2, which implies that the programmes are actually implemented over a period of 9 years.

[72] These estimates are based on the EU-27 GDP and General Government Gross Fixed Capital Formation figures forecasted by DG ECFIN up to 2024 and extrapolated up to 2030, based on the 2014-2024 growth rate.

interventions[73] which correspond to different transmission channels through which the policy interventions affect the economies of the Member States and their regions:

- RTD - Support to research and development (research, technological development and innovation, establishment of networks and partnerships between businesses and/or research institutes) are 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 - AIS) is assumed to increase private investments via a reduction in the user cost of capital, but without any TFP effects[74].
- 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 categories of intervention are modelled via increases in government consumption because it is assumed that they only produce 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 distribution of the funding across the fields of interventions varies from one region to another and hence from one Member States to another, reflecting the policy mix which results from the programmes' design. In general, the share of funds allocated to transport and other infrastructure is higher in the less developed regions and Member States while the most developed devote a higher share to research and development, support to the private sector and human capital. For instance, almost 64% of the funding is allocated to transport and infrastructure in Czechia while in the Netherlands, these two fields are only allocated 17% of the funding, 67% being dedicate to RTD and human capital.

Table 1: Cohesion policy allocation, per field of intervention, % of total allocation [75]

	RTD	AIS	TRNSP	INFR	HC	TA	Total
AT	21.9	21.8	1.1	13.1	34.9	7.2	100
BE	14.8	12.7	2.9	19.7	48.5	1.3	100
BG	9.0	9.4	13.5	39.6	24.7	3.9	100

[73] In this analysis, we consider the funds that are managed under cohesion policy and we therefore excluded the Connecting Europe Facility (CEF), the funds transferred out of cohesion policy, Commission managed instruments and the EU technical assistance in support of programming. Data for four programmes (not adopted yet at the time of the analysis), the material deprivation allocation, the JTF allocation for Bulgaria (not programmed yet) and the flat rate technical assistance allocation were not taken into account when carying out the analysis. The analysis hence covers a total amount of around EUR 368 billion.

[74] Some categories of interventions tagged AIS are considered as public consumption as they are not likely to affect investment decisions.

[75] Source: DG REGIO.

CY	6.2	6.2	7.2	54.7	20.4	5.3	100
CZ	10.8	10.6	29.3	34.4	11.2	3.6	100
DE	26.4	13.8	3.1	22.7	32.7	1.2	100
DK	27.6	23.2	2.2	11.9	27.8	7.3	100
EE	17.7	7.6	19.0	36.9	18.5	0.3	100
EL	5.2	17.0	12.6	35.8	25.7	3.7	100
ES	14.4	9.7	7.0	38.3	30.2	0.3	100
FI	31.0	22.1	4.3	9.8	31.0	1.8	100
FR	12.3	13.1	4.6	31.1	37.7	1.1	100
HR	13.5	13.1	15.5	36.0	21.7	0.2	100
HU	8.3	14.7	21.0	29.2	23.3	3.5	100
IE	15.7	1.9	8.0	30.4	41.3	2.8	100
IT	10.3	14.3	7.4	29.4	32.8	5.8	100
LT	9.7	11.8	14.0	47.1	17.1	0.3	100
LU	9.5	5.7	7.1	34.9	36.4	6.3	100
LV	9.1	12.7	22.3	40.1	15.1	0.8	100
MT	2.4	13.9	12.6	50.7	15.5	4.8	100
NL	33.0	13.3	0.2	17.2	33.7	2.6	100
PL	11.1	10.0	26.2	32.3	16.5	4.0	100
PT	11.4	15.7	14.7	22.7	32.5	3.0	100
RO	6.0	11.9	23.5	33.2	21.1	4.3	100
SE	23.1	20.4	3.8	18.3	32.2	2.2	100
SI	12.9	12.8	18.2	36.0	19.3	0.8	100
SK	7.9	10.3	23.2	35.9	19.3	3.5	100
EU-27	11.6	12.3	16.3	32.0	24.7	3.2	100

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[76]. A large share of the funding is therefore concentrated on less developed regions and Member States. For this analysis, all the programmes considered were regionalised at NUTS 2 level when needed, based on their geographical coverage and pro rata the population of the beneficiary regions. Around 69% of the funding target the less developed regions of the EU (Table 2). Aid intensity is also the highest in those regions with 207.1 euros per inhabitant and per year on average, almost 10 times more than in the more developed regions.

Table 2: Population, cohesion policy allocation and aid intensity, per categories of regions [77]

Regions	Share of population (2021)*	Share of funding*	Aid intensity**
Less developed	28%	69%	207.1
Transition	25%	19%	60.8
More developed	47%	12%	20.9
EU-27	100%	100%	82.3

*Percentage of EU-27 total; **Euros per inhabitant and per year.

In some Member States, cohesion funding corresponds to a sizable policy injection, up to 1.8% on average of the base year GDP[78] in Bulgaria and 1.7% in Croatia and Hungary. For some less

[76] Article 174 of TFEU 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.’

[77] Source: EUROSTAT and DG REGIO.

developed regions, the funding corresponds to even higher values, like Voreio Aigaio in Greece or Severozapaden in Bulgaria where the policy injection is at more than 3.5% of GDP per year on average (Table 3).

Table 3: Top 10 regions in terms of cohesion policy funding relative to GDP [79]

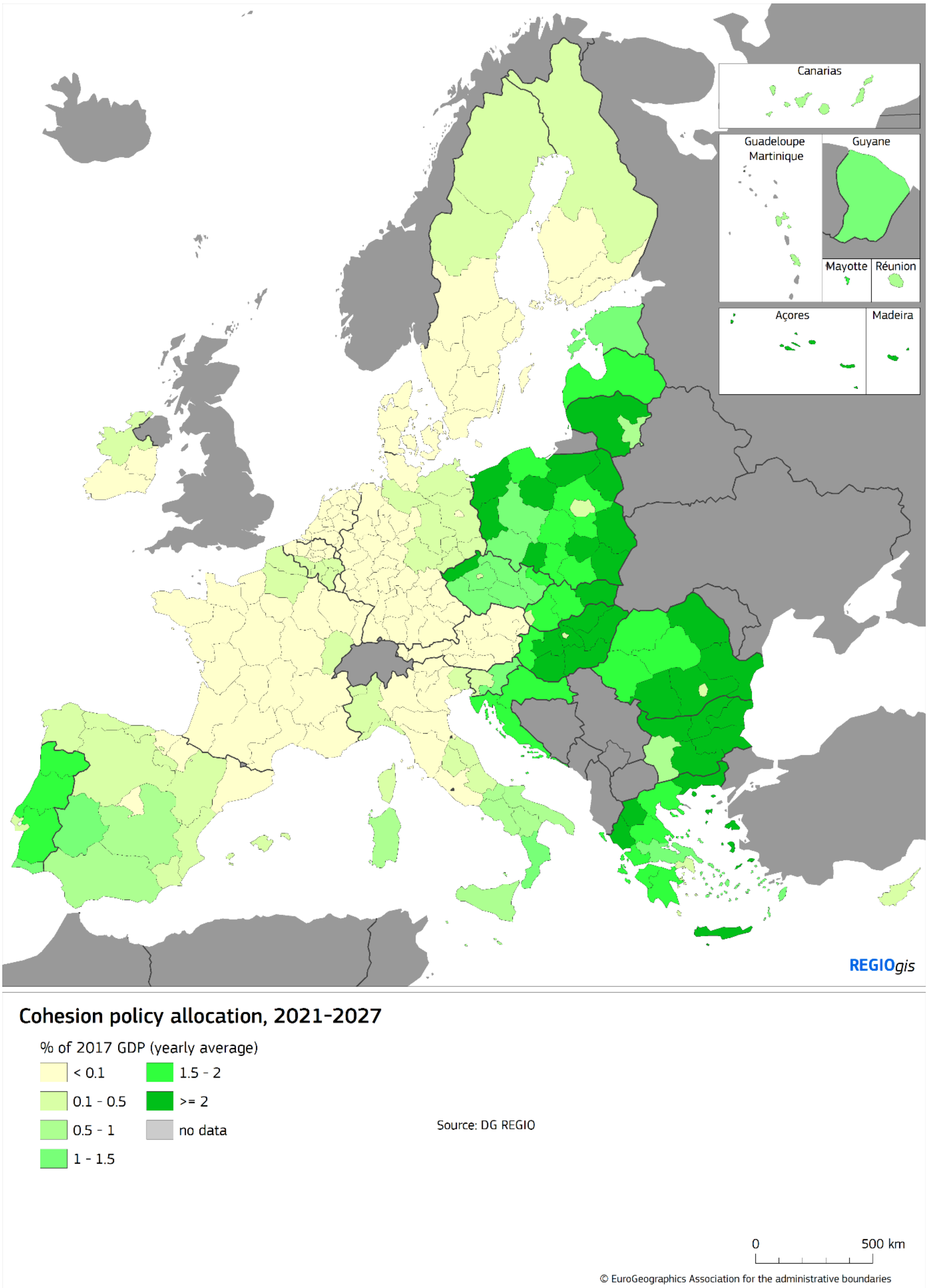
Region	Cohesion policy funding, % base year GDP
EL41, Voreio Aigaio	3.5%
BG31, Severozapaden	3.5%
PT20, Região Autónoma dos Açores	3.3%
BG42, Yuzhen tsentralen	3.2%
BG32, Severen tsentralen	3.2%
HU32, Észak-Alföld	3.1%
PL62, Warminsko-Mazurskie	3.0%
PL81, Lubelskie	3.0%
HU23, Dél-Dunántúl	2.9%
PL82, Podkarpackie	2.9%

As Map 1 shows, cohesion policy funding clearly concentrates in the less developed regions of the EU, notably in Eastern and Southern Europe.

[78] The model is calibrated on 2017 data. The ratio of the average yearly allocation to the base year GDP captures the size of the policy injection relative to that of the economy.

[79] Source: EUROSTAT and DG REGIO.

Map 1: Cohesion policy allocation 2021-2027, % of 2017 GDP, yearly average [80]



[80] Source: EUROSTAT and DG REGIO

At this stage, there is no information concerning the timing of the expenditure. We therefore assume that the time profile of the interventions is the one observed for the 2014-2020 programme.

The model is calibrated on a set of integrated EU regional Social Accounting Matrices (SAMs) for the year 2017 which include all the standard information of Input-Output tables on the production and use of goods and services, as well as information on the secondary distribution of income, detailing the roles of labour and households.

The model economies are disaggregated into ten economic sectors (based on the NACE Rev. 2 industry classification). Capital and labour are used as factors of production (public capital also enters the production function as an unpaid factor). Trade in goods and services – within and between regions- is assumed to be costly, with transport costs increasing with distance. The valuation of transport costs is based on a transport model by Persyn et al. (2020). Regional economies are typically more open than national ones, due to their smaller size, and this is taken into account in the model thanks to the regional trade flows and the relatively high elasticity of substitution between domestic and imported goods and services. The presence of significant interregional spill-overs is an important feature of the model. It is mainly due to trade flows and capital mobility coupled with the location of endogenous firms.

The base year is assumed to correspond to a steady-state, with constant growth and inflation rates. The interest rate is exogenous to the model and fixed at the level of 4%[81]. All the long-run supply-side effects decay over time, at a yearly rate of 5% for the changes in labour productivity, TFP, and transport costs. Moreover, the stocks of private and public capital have a depreciation rate of 15%, and 5%, respectively[82]. This implies that, in the absence of further investments, the structural effects generated by the policy gradually vanish and the economy returns back to its initial steady state.

Finally, the model takes into account the fact that cohesion policy is financed by the Member States' contribution to the EU budget which is assumed to be proportional to their weight in EU GDP. The Member States' contribution to the funding of cohesion policy is assumed to be financed by a lump-sum tax, thereby decreasing household disposable income, thus adversely affecting the economic performance and partly offsetting the positive impact of the programmes. This implies that a larger share of the Member States' contributions to the financing of cohesion policy comes from the more developed parts of the EU, while the bulk of the interventions takes place in its less developed territories[83].

RHOMOLO is used for scenario analysis, in the sense that shocks capturing the direct effects of policies are introduced to perturb the initial steady state calibrated with the SAMs, resulting in different values for the endogenous variables of the model such as GDP, employment, imports and exports, prices, and others. The impact of the policy corresponds to the difference between a scenario assuming no policy (referred to as the baseline) and one with the shocks representing the policy. For the present analysis, the model is solved for 30 periods, i.e. up to 2050. The results are expressed a percentage deviation from baseline. The impact, say on GDP, is therefore defined as the change in the EU, Member States or NUTS 2 regions GDP resulting from the implementation of the cohesion policy programmes financed by EU funding.

The magnitude of the impact obviously depends on the size of the policy injection but also on the composition of the policy mix (which strongly differs from one region to another, even with the same Member States) and the features of the beneficiary economy such as its industrial fabric, its endowment in physical and human capital or its location (which determines market access and transport costs).

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[81] Cohesion policy is not likely to significantly affect the international capital markets and hence the interest rate. This assumption is therefore reasonable.

[82] These values correspond to standard assumptions concerning depreciation rates of private and public capital.

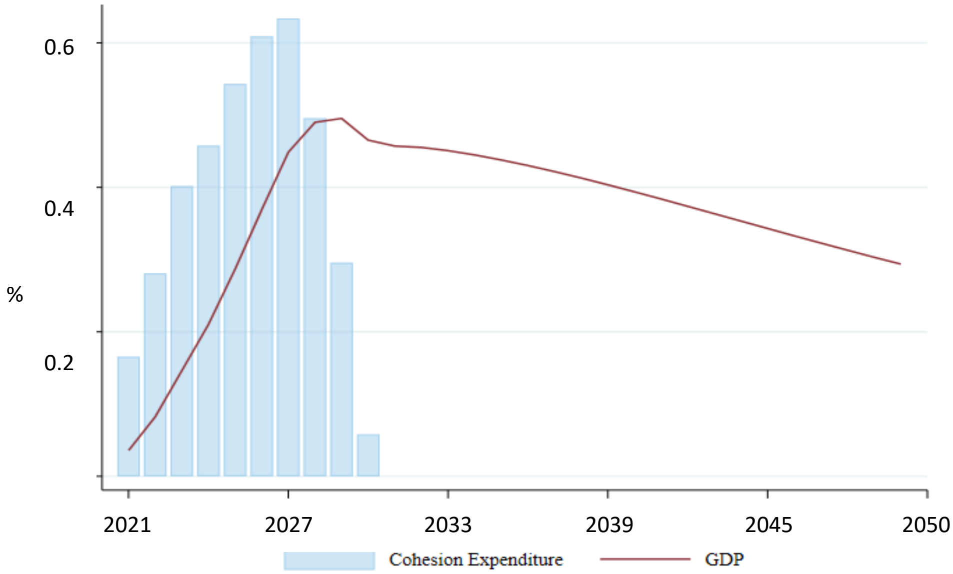
[83] Note that this leads to a distribution of the national contributions which is close to the actual Multiannual Financial Framework.

Impact of 2021-2027 cohesion policy

Impact at EU level

Figure 1 presents the time profile of the anticipated cohesion policy expenditure (bars) and the simulated impact on EU GDP (red line), from 2021 to 2050.

Figure 1: Cohesion policy expenditure and GDP impact at EU level [84]



The GDP impact increases steadily during the implementation period to reach a peak of around +0.49% in 2029. Then, after programmes implementation ends, it declines gradually as the increased private and public capital stocks depreciate, the temporary increases in labour productivity and total factor productivity (TFP) decay, as well as the temporary decreases in transportation costs related to transport infrastructure investments. However, in 2050 there are still significant effects of the policy, as GDP is 0.29% above its initial level.

Table 4 below reports the percentage deviations from the baseline for some key macroeconomic variables in selected years, including the so-called GDP multiplier. The multiplier is the ratio of cumulative change in GDP to the amount of the policy shock. It corresponds to the number of euros 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. It increases over time as the GDP impact is positive for the whole simulation period, while the policy shocks only lasts for the first years of it. In the short run the multiplier is usually lower than one as the benefits of the policy are not sufficient yet to outweigh its costs. However, this balance soon reverts and after 25 years since the beginning of the programming period, each euro spent on the policy has generated 2.8 euros of additional GDP at EU level. This corresponds to an annual rate of return of around 3.4%.

Table 4: Cohesion policy impact in selected years on a selection of macroeconomic variables at the EU level [85]

	Year			
	2025	**2030**	**2040**	**2050**
GDP (% change)	0.28	0.46	0.38	0.29
GDP Multipliers	0.52	0.98	2.37	3.46

[84] Source: RHOMOLO simulations.
[85] Source: RHOMOLO simulations.

Employment (% change)	0.48	0.37	0.33	0.26
Employment (change in thousands of people)	993.773	766.033	683.219	538.294

The policy injection also leads to improvements in employment, whose impact peaks at +0.64% in 2027, amounting to about 1 332 thousand additional jobs compared to the base year level[86].

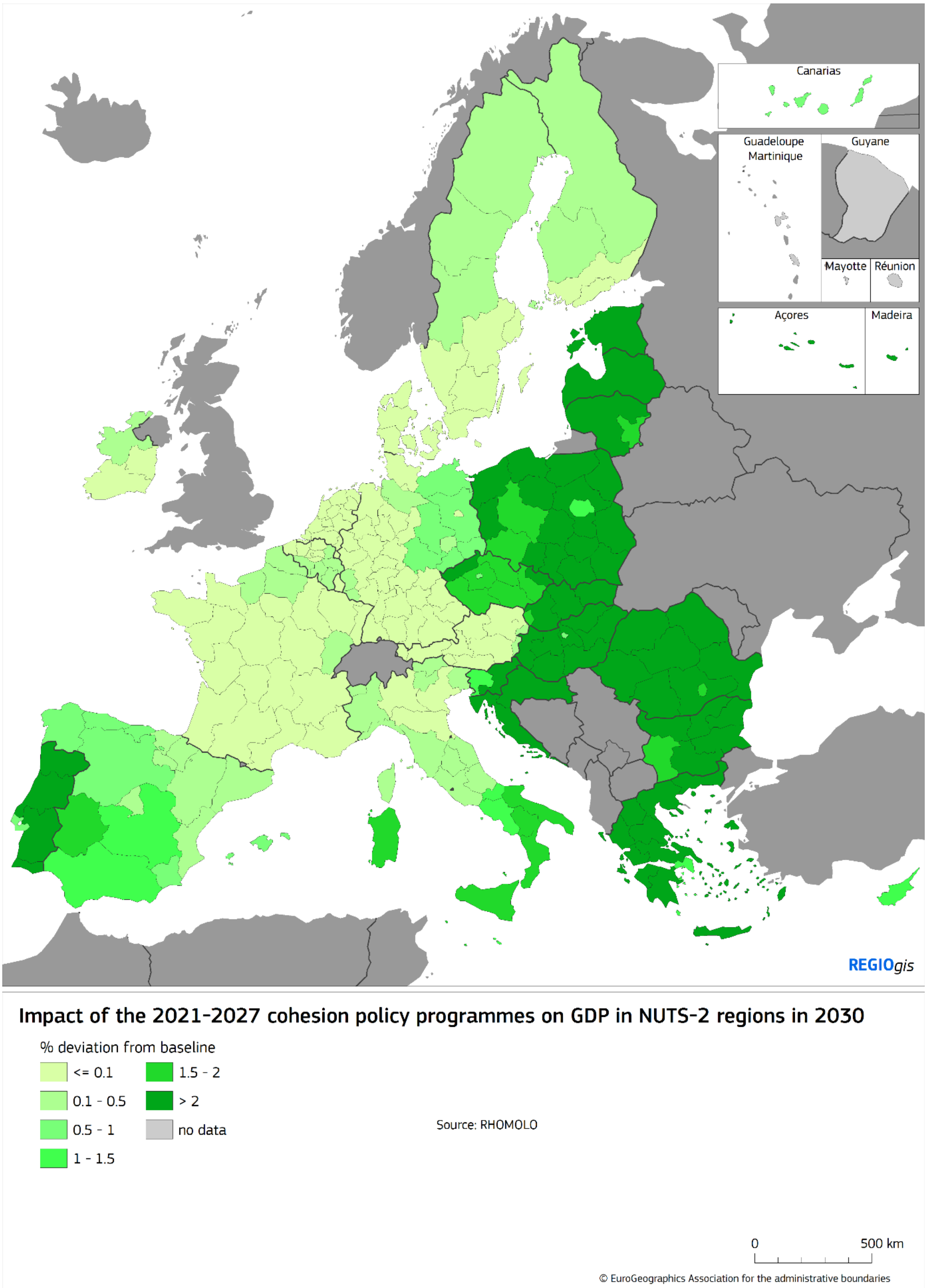
Impact at regional level

The model allows to obtain results at the level of the EU NUTS 2 regions. Maps 1 and 2 below show the territorial distribution of the GDP impact of the 2021-2027 programmes in 2030 (the end of the implementation period) and 2050, respectively. As expected, the GDP impact reflects the territorial distribution of the funds, especially in the short run, for which the impact of the policy is higher amongst the main beneficiaries of the policy, that is, the Eastern European regions, as well as Portugal and Greece. By the end of the programmes' implementation, GDP in Croatia is about +4% higher than in a scenario without cohesion policy and around +3% in Bulgaria, Romania and Portugal. At the regional level, the impact of the policy at the end of the implementation period peaks at close to +7% in the Portuguese Região Autónoma dos Açores and +6% in the Greek region of North Aegean. There are also significant differences among the regions within each country. For instance, the GDP impact in Hungary ranges between +0.7% and +3.6%, in Poland between +1.4% and +3.5%, in Romania between +1.5% and +3.8%, and in Portugal between +0.8% and +6.7%.

In the most developed regions of the EU, the short run impact of the policy is more limited for some of those regions, the contribution to the policy exceeds the allocation[87]. However, over time, the differences in terms of GDP impact between the EU regions diminish and the impact turns positive in all regions, including in the most developed. This is due partly to the multiplier effect of the investments in the region financed by cohesion policy and partly to the strong positive spill-overs generated by the policy, through which the programmes implemented in a given region also have an impact in other regions. The main direct beneficiaries of the policy are often small, open economies with narrow industrial bases and limited research and development capacity. Many goods or services critical for the implementation of cohesion policy programmes are not produced domestically and hence need to be imported, to a large extent from the more developed regions of the EU (see Crucitti et al., forthcoming). More developed regions also benefit from the positive impact on consumption from the higher incomes generated by the policy across the EU.

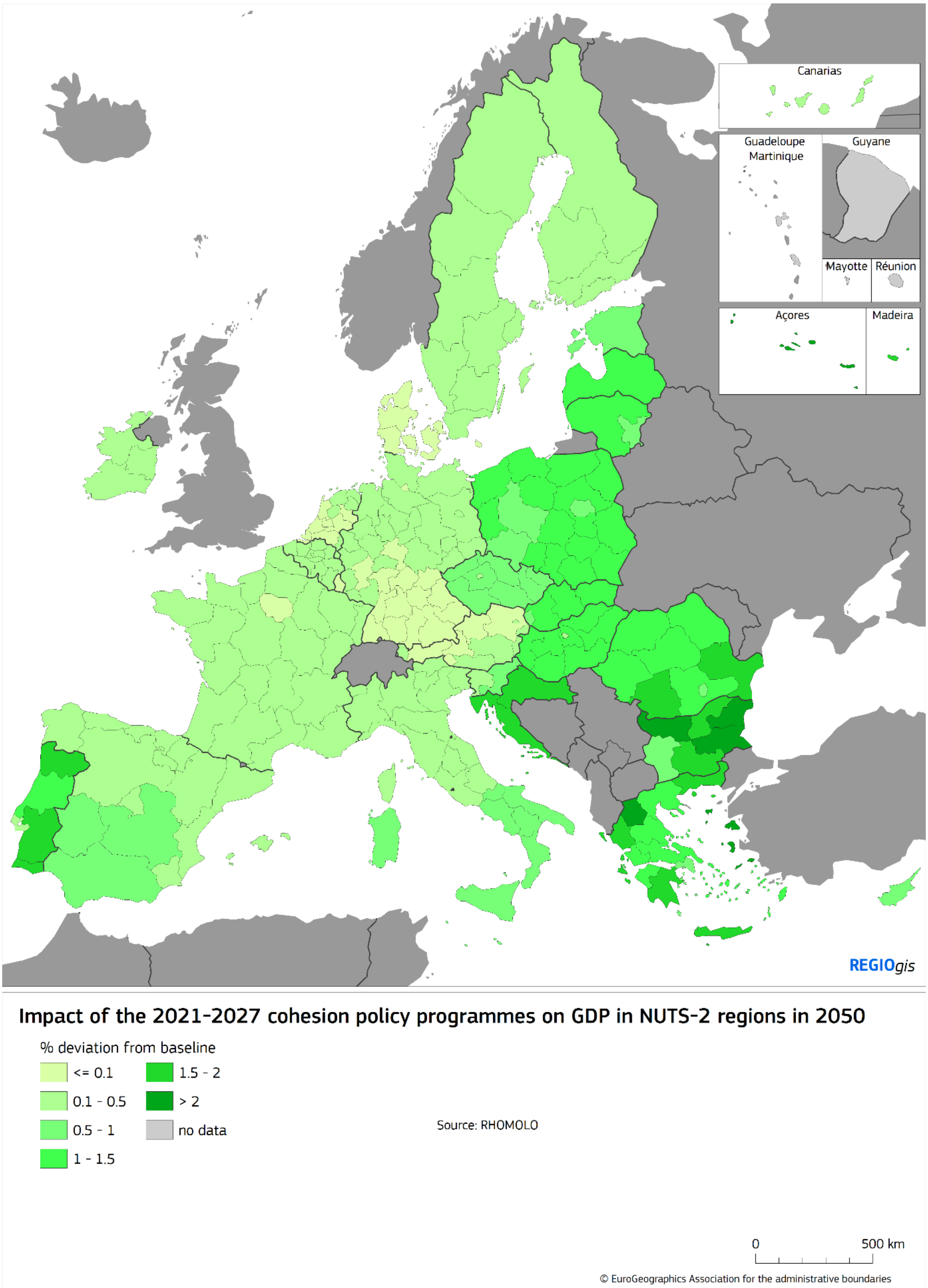
[86] The total number of employed persons in the model base year in the EU-27 is about 207 036 thousand.
[87] It is assumed that regions finance the policy proportionally to their GDP weight in the EU GDP.

Map 2: Impact of the 2021-2027 cohesion policy programmes on GDP in NUTS 2 regions in 2030 [88]



[88] Source: RHOMOLO simulations.

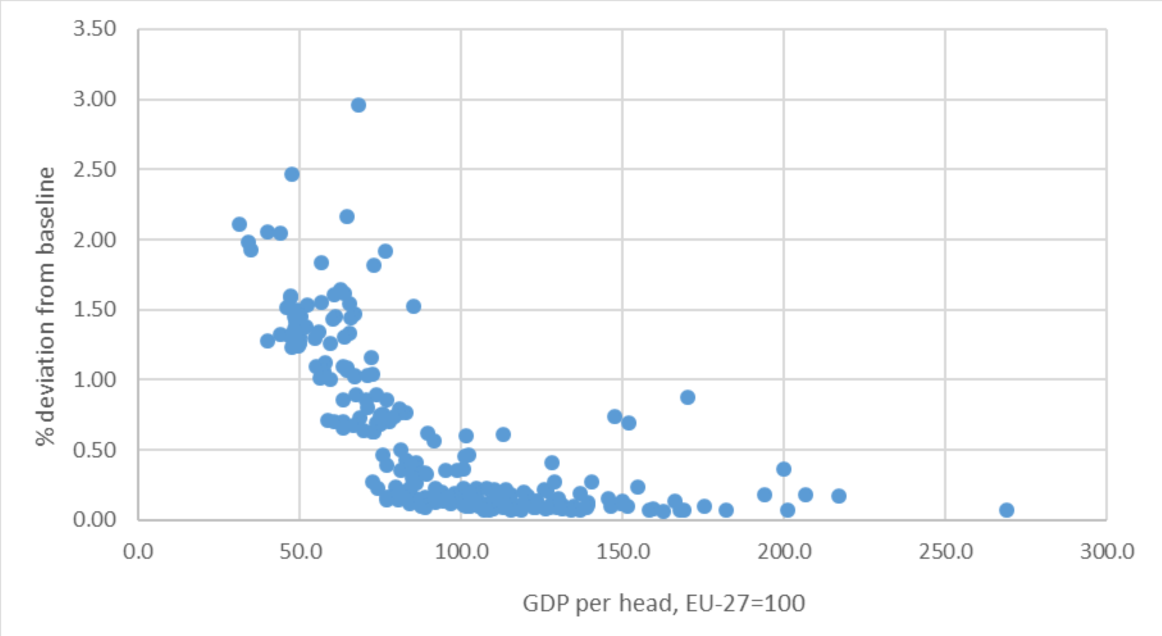
Map 3: Impact of the 2021-2027 cohesion policy programmes on GDP in NUTS-2 regions in 2050 [89]



[89] Source: RHOMOLO simulations.

The impact of the cohesion policy funds on the EU regions' GDP is highly and negatively correlated to the level of regional GDP per head. In 2050, the correlation coefficient is at -0.7 and there is a strong negative relationship between the two variables (Figure 2).

Figure 2: Cohesion Policy impact on GDP, 2050 vs GDP per head (PPS, base year) [90]

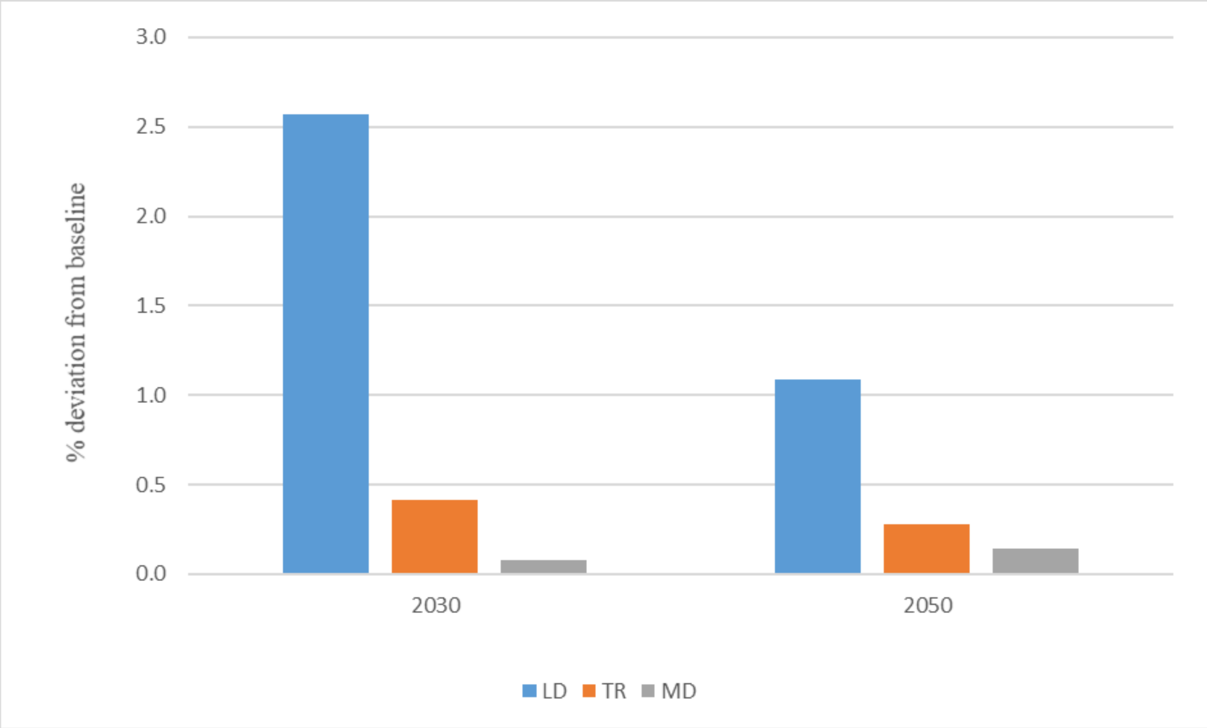


This geographical distribution of the impact also clearly appears when looking at impact per category of beneficiaries: less developed (LD) regions, which have a GDP per inhabitant that is less than 75% of the EU average; transition (TR) regions, which have a GDP per inhabitant that is between 75% and 100% of the EU average and more developed (MD) regions which have a GDP per inhabitant that is above 100% of the EU average.

The impact of the policy is significantly higher in the less developed regions than in the other categories (figure 3). In 2030, the impact on GDP in the less developed regions is +2.6% against +0.4% and +0.1% in the transition and more developed regions respectively. The difference between the impact on the various categories decreases in time but remains substantial with +1.1% in the less developed regions, +0.3% in the transition regions and +0.1% in the more developed regions in 2050.

[90] Source: EUROSTAT and RHOMOLO simulations.

Figure 3: Cohesion policy impact on GDP, 2030 and 2050, per category of regions [91]

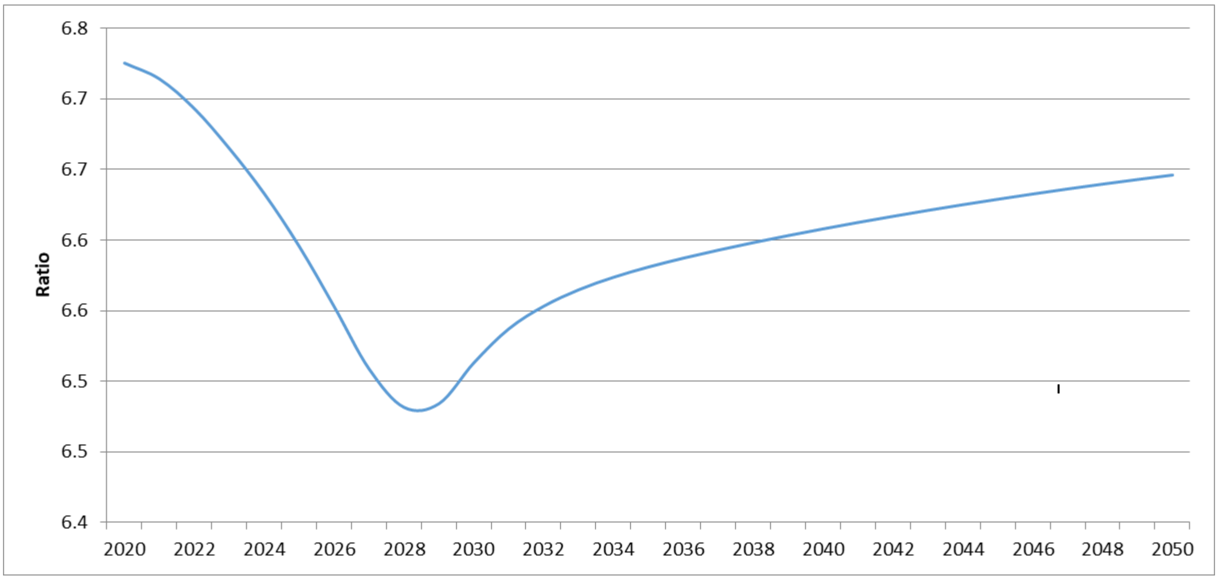


Cohesion policy produces most of its impact in the less developed regions of the EU which implies that it fulfils its mandate to reduce regional disparities. This is highlighted by Figure 4 showing the S90-10 ratio over the period 2021 to 2050[92]. The dispersion of GDP across EU regions significantly declines during the programmes' implementation, with a gap between the most and least developed regions of the EU more than 3.6% lower in 2028 thanks to the policy. Afterwards, it slowly goes up again, as the policy injection ends and spill-overs to most developed regions materialize while the structural effects of the policy progressively decay in time. However, it is still significantly below the initial level at the end of the simulation period.

[91] Source: EUROSTAT and RHOMOLO simulations.

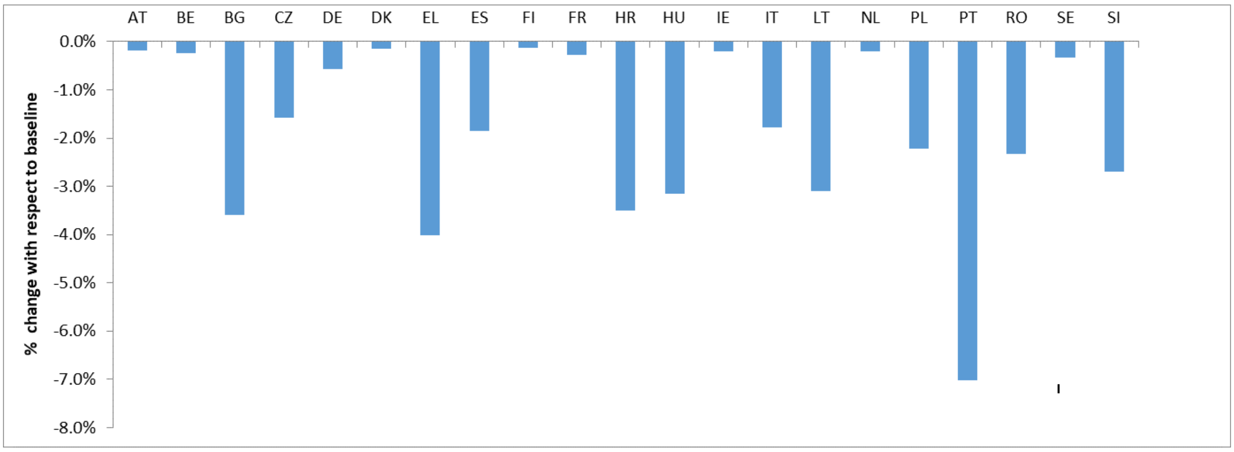
[92] The S90-10 ratio is a standard dispersion measure. It is calculated as the ratio between average GDP per head of the 10% most developed regions and average GDP per head of the 10% least developed regions.

Figure 4: S90-10 ratio, GDP per head, EU-27 [93]



Cohesion policy also contributes to foster internal convergence and reduce regional disparities within the Member States, especially in the main beneficiaries. As shown by Figure 5, the extent of regional disparities (as measured by the coefficient of variation[94]) decreases in all Member States as a result of the policy interventions. In Portugal, it is up to 7% lower compared to a scenario without cohesion policy and 4% lower in Greece and Bulgaria.

Figure 5: Impact of cohesion policy on the coefficient of variation GDP per head in 2029, NUTS 2 regions [95]



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93 Source: RHOMOLO simulations.

94 The coefficient of variation is the ratio of the standard deviation to the mean. It is a measure of the dispersion of GDP per head across regions. The change in the coefficient of variation reported in Figure 5 corresponds to the difference between the values obtained under the two alternative scenario of with and without cohesion policy.

95 Source: RHOMOLO simulations.

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Annex 6 – Main expected achievements of 2021-2027 cohesion policy in numbers

Main expected outputs/results under PO1

Number of researchers in improved research facilities	83 000 researchers
Companies supported for research and innovation	725 000 enterprises
Develop skills for smart specialisation, industrial transition and entrepreneurship in SMEs	65 000 SMEs
Digital services and digitalisation of public services	22 500
High speed digital connectivity infrastructures	3.1 million dwellings and 356 000 enterprises with broadband of very high capacity

Main expected outputs/results under PO2

Nature protection and restoration measures in Natura 2000 sites	3.8 million hectares
Improved energy performance and, hence, lower energy bills for the inhabitants	698 000 dwellings
Additional renewable energy generation capacity	9 555 MW
Public building surface with improved energy performance	32 million m^2
New green infrastructure area to help adapting to climate change	229 000 hectares
Clean water supply to persons	16.4 million persons
People connected to constructed waste water collection systems	8.5 million persons

Main expected outputs/results under PO3

New and modernised tram and metro lines	1 230 km
Dedicated cycling infrastructure supported	12 200 km
Cities and towns with new or modernised digitised urban transport systems	897
New, upgraded, reconstructed and modernised TEN-T railway lines	3 900 km
New or modernised intermodal connections	670
New, upgraded, reconstructed, and modernised TEN-T roads	2 260 km
Length of new, upgraded, or modernised inland waterways	260 km

Main expected outputs/results under PO4

Number of public administrations or services supported	37 550 entities
Unemployed supported	6 525 000 people
Employed trained/re-skilled	4 512 000 people
People with disabilities supported	1 541 000 people
Homeless supported	90 400 people
Minorities supported	614 900 people
Classroom capacity of childcare and education facilities improved	For 3 973 500 people
Capacity of health care facilities improved (per year)	For 60 279 000 people

Main expected outputs/results under PO5

Renovation of public buildings	2.1 million m^2
Creation or rehabilitation of open space in urban areas	33 km^2
Support of cultural and tourism sites	3 800

Main expected outputs/results under JTF

Number of enterprises supported (of which: micro, small, medium, large)	38 800 enterprises
SMEs investing in new skills for smart specialisation, for industrial transition and entrepreneurship	5 400 enterprises

Surface area of rehabilitated land supported	45 820 hectares
Unemployed, incl. long-term unemployed	119 400 people
Gaining qualification	199 000 people

The Cohesion Open Data platform provides more details, visualisations and raw open data for these and other indicators under the "achievements" tabs on the following pages

- Cohesion policy overview – https://cohesiondata.ec.europa.eu/cohesion_overview/21-27
- By policy objective – https://cohesiondata.ec.europa.eu/themes/21-27
- By EU fund, including Interreg – https://cohesiondata.ec.europa.eu/funds/21-27
- By country – https://cohesiondata.ec.europa.eu/countries/21-27