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On the Tenth Report on economic, social and territorial cohesion

Chapter 4.1 Impact of 2021-2027 programming period and mid-term

{COM(2026) 966 final}

Chapter 4.1
Implementation and impact of the 2021-2027 programming period and the mid-term review

European cohesion policy is the EU's main investment policy, with an EU budget allocation of around EUR 378 billion for the 2021-2027 period. As stated in its legal basis (articles 174 to 178 of the Treaty on the Functioning of the European Union), the main objective of cohesion policy is to reduce economic, social and territorial disparities within the Union, including by promoting sustainable development and growth in EU regions and creating a greener, more connected and socially integrated Europe. Accordingly, the bulk of cohesion policy funding targets less developed European Member States and regions.

In the current programming period, cohesion policy is delivered through specific funds, namely the European Regional Development Fund (ERDF) investments in the social and economic development of all EU regions and cities; the Cohesion Fund (CF) investments in environment and transport in the less prosperous EU Member States; the European Social Fund Plus (ESF+) to support employment, education, and skills and promote a fair and socially inclusive society in EU Member States; and the Just Transition Fund (JTF) to support the economic diversification and reconversion of the territories mostly affected by the socio-economic costs triggered by the climate transition.

Cohesion policy is the second largest EU policy in budgetary terms after the common agricultural policy. It is also a key instrument to support o the EU's priorities, in particular the EU's plan for sustainable prosperity and competitiveness, supporting people, strengthening societies and the EU's social model, and sustaining quality of life (including water and nature).

The implementation of the cohesion programmes is closely monitored, and the capacity of the policy to deliver its objectives to promote the balanced development of the EU and to reduce disparities among EU regions is regularly evaluated. This and the following chapters present some key findings on the implementation and impact of cohesion policy.

4.1.1. Implementation of the 2021-2027 programmes

4.1.1.1. Fund allocation and geographic distribution of the funding

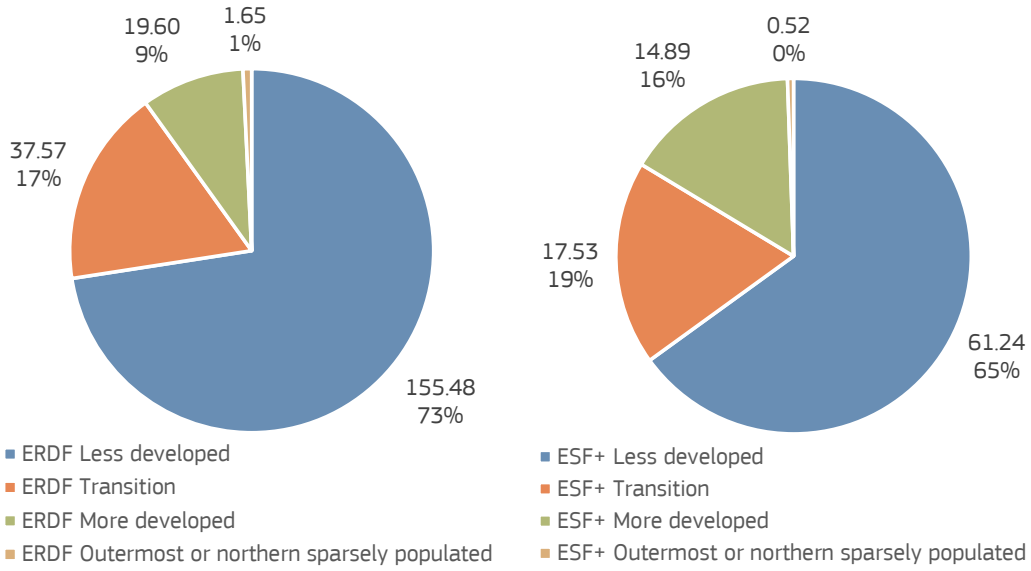
As of June 2026, EUR 378 billion of EU support had been planned under the 2021-2027 programmes. Together with national (public and private) co-financing, total planned investments amount to more than EUR 526 billion (Table 4.1.1). This support comes from the ERDF, the ESF+, the CF and the JTF, and through Interreg programmes.

Table 4.1.1: 2021-2027 cohesion policy investments - EU planned allocation and total planned amount per fund (in EUR)

Fund	EU Amount	Total Amount
ERDF	214,292,669,951	299,781,585,228
ESF+	94,179,184,588	139,048,864,620
CF	39,182,296,284	47,643,187,674
JTF	19,679,704,540	25,953,998,260
Interreg Funds	10,661,767,197	14,185,475,517
Grand Total	**377,995,622,561**	**526,613,111,300**

Source: Cohesion Open Data Platform, period covered up to data update: 02/08/2026.

Figure 4.1.1: 2021-2027 ERDF and ESF+ support by category of region (in billion EUR)



(1) Article 108(2) of Regulation (EU) 2021/1060 defines the categories of regions as follows:
(a) less developed regions, whose GDP per capita is less than 75% of the average GDP per capita of the EU-27
(b) transition regions, whose GDP per capita is between 75% and 100% of the average GDP per capita of the EU-27
(c) more developed regions, whose GDP per capita is above 100% of the average GDP per capita of the EU-27

Source: Cohesion Open Data Platform, period covered up to data update: 02/08/2026.

Funding from the ERDF and the ESF+ primarily targets the less developed regions, defined as the NUTS-2 regions whose GDP per capita is below 75% of the EU average (Figure 4.1.1).

The CF also supports Member States whose gross national income per capita is below 90% of the EU average to strengthen the economic, social and territorial cohesion of the EU. Finally, the JTF supports the territories most affected by the transition towards climate neutrality to prevent any resulting regional inequalities.

The territorial dimension of 2021-2027 cohesion policy programming in the Member States is also reflected in the management of the funds by regional authorities and the explicit targeting of regions through integrated regional programmes.

Table 4.1.2 shows that some 45% of all cohesion policy funding in the Member States in 2021-2027 is channelled through such regional programmes. The ratio of national to regional allocations varies by fund.

The CF allocations are entirely in national programmes whereas the JTF is entirely targeted on and/ or managed by regions.

There is significant variation in the ratio of national to regional allocations by Member State (Table 4.1.3). Smaller Member States tend to be dominated by national programmes. Medium and larger sized Member States tend to have stronger regional allocations.

Table 4.1.2: National and regional targeting of 2021-2027 cohesion policy investments per fund (in EUR and %)

Fund	Nationally allocated	Regionally allocated	**Total**	National %	Regional %
ERDF	106,391,674,638	107,944,463,507	**214,336,138,145**	49.64%	50.36%
ESF+	54,390,345,219	39,788,839,369	**94,179,184,588**	57.75%	42.25%
Cohesion Fund	39,182,296,284		**39,182,296,284**	100.00%	0.00%
JTF	308,985,780	19,327,250,566	**19,636,236,346**	1.57%	98.43%
Interreg		10,661,767,197	**10,661,767,197**	0.00%	100.00%
Grand Total	200,273,301,921	177,722,320,640	**377,995,622,560**	52.98%	47.02%

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Table 4.1.3: National and regional targeting of 2021-2027 cohesion policy investments per Member State (in EUR and %)

Member State	Total EU allocation	Nationally allocated	Regionally allocated	National %	Regional %
Austria	1,066,833,139	931,063,871	135,769,268	87.27%	12.73%
Belgium	2,503,061,353	53,110,536	2,449,950,817	2.12%	97.88%
Bulgaria	10,705,921,309	7,986,711,304	2,719,210,005	74.60%	25.40%
Croatia	968,565,939	867,452,224	101,113,715	89.56%	10.44%
Cyprus	21,054,118,518	13,283,189,709	7,770,928,809	63.09%	36.91%
Czechia	19,858,621,083	2,184,109,792	17,674,511,291	11.00%	89.00%
Denmark	455,746,558	366,777,595	88,968,963	80.48%	19.52%
Estonia	3,369,336,786	3,015,440,504	353,896,282	89.50%	10.50%
Finland	20,540,287,141	12,974,639,631	7,565,647,510	63.17%	36.83%
France	35,561,884,227	18,155,706,282	17,406,177,945	51.05%	48.95%
Germany	1,940,475,263	1,469,221,781	471,253,482	75.71%	24.29%
Greece	16,775,047,468	890,985,780	15,884,061,688	5.31%	94.69%
Hungary	8,706,569,538	7,136,603,006	1,569,966,532	81.97%	18.03%
Ireland	20,991,153,329	16,811,674,089	4,179,479,240	80.09%	19.91%
Italy	988,562,739	508,380,024	480,182,715	51.43%	48.57%
Latvia	42,179,533,819	12,143,939,759	30,035,594,060	28.79%	71.21%
Lithuania	6,269,258,344	5,916,451,268	352,807,076	94.37%	5.63%
Luxembourg	38,925,839	29,661,356	9,264,483	76.20%	23.80%
Malta	4,434,286,919	4,242,680,100	191,606,819	95.68%	4.32%
Netherlands	772,750,345	749,484,622	23,265,723	96.99%	3.01%
Poland	1,543,110,183	413,757,776	1,129,352,407	26.81%	73.19%
Portugal	75,460,140,261	41,398,725,096	34,061,415,165	54.86%	45.14%
Romania	22,602,428,751	12,869,925,347	9,732,503,404	56.94%	43.06%
Slovakia	30,986,467,853	19,926,537,390	11,059,930,463	64.31%	35.69%
Slovenia	1,724,966,273	829,014,237	895,952,036	48.06%	51.94%
Spain	3,242,067,453	2,983,342,910	258,724,543	92.02%	7.98%
Sweden	12,593,734,933	12,134,715,932	459,019,001	96.36%	3.64%
Interreg	10,661,767,197		10,661,767,197	0.00%	100.00%
Grand Total	377,995,622,560	200,273,301,921	177,722,320,640	52.98%	47.02%

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Table 4.1.4: 2021-2027 cohesion policy contribution to EU horizontal objectives per Fund

Fund	EU allocation	EU contribution to climate objectives		EU contribution to environmental objectives		EU contribution to digital objectives	
		in billion EUR	in %	in billion EUR	in %	in billion EUR	in %
ERDF	214.34	69.04	32.2%	58.68	27.4%	28.32	13.2%
ESF+	94.18	0.82	0.9%	0.33	0.3%	8.04	8.5%
CF	39.18	21.90	55.9%	18.31	46.7%	1.03	2.6%
JTF	19.64	19.36	98.6%	4.31	21.9%	2.70	13.8%
Interreg Funds	10.66	2.63	24.7%	3.50	32.8%	0.67	6.2%
Grand Total	**378.00**	**113.75**	**30.1%**	**85.13**	**22.5%**	**40.75**	**10.8%**

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

4.1.1.2. Policy contribution to the EU horizontal objectives and thematic distribution of the funding

As part of the EU's green and digital transitions, the 2021-2027 cohesion policy contributes to the EU horizontal objectives on climate adaptation and mitigation, environmental protection and restoration, and the digital transition. through the ERDF (including Interreg), the CF and the JTF (see Table 4.1.4).

EU cohesion policy is structured around five main policy objectives: (i) smarter Europe, (ii) greener Europe, (iii) more connected Europe, (iv) social Europe, and (v) Europe closer to citizens, as well as two Interreg-specific policy objectives and one policy objective dedicated to the JTF.

Considering all cohesion policy funds together, the largest investments are directed towards the policy objective 'Social Europe', contributing to a more social and inclusive Europe and supporting Member States in their implementation of the European Pillar of Social Rights (Figure 4.1.2).

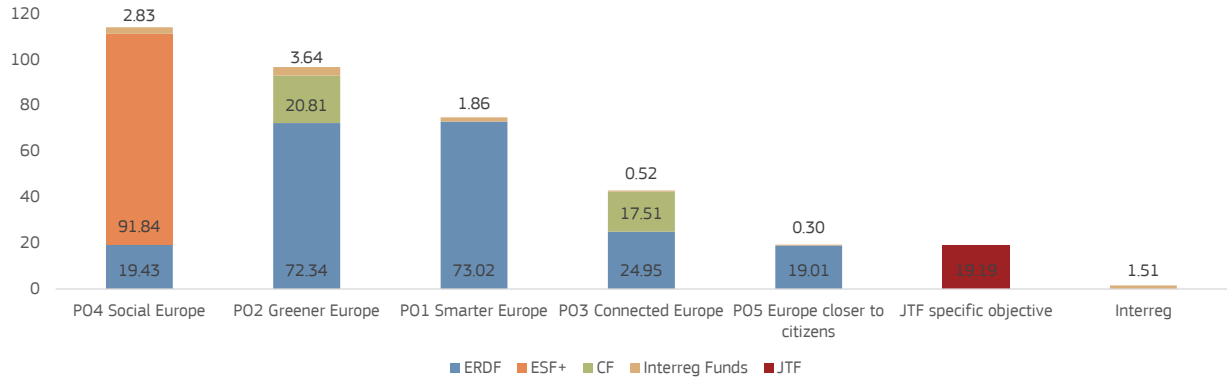
EU support for this policy objective amounts to over EUR 114.1 billion, of which EUR 91.8 billion come from the ESF+.

The second largest policy objective is 'Greener Europe', which benefits from close to EUR 97 billion in EU support, including over EUR 72 billion from ERDF and EUR 20 billion from the CF. Policy objective 'Smarter Europe' comes third with EUR 75 billion in EU support, mostly from the ERDF.

While 'Social Europe', 'Greener Europe' and 'Smarter Europe' account for the largest shares of funding in most Member States, there are large variations in terms of their relative allocations (Figure 4.1.3). Investments related to Connected Europe, typically transport and infrastructure, vary even more widely across Member States and are notably higher in those eligible for CF support.

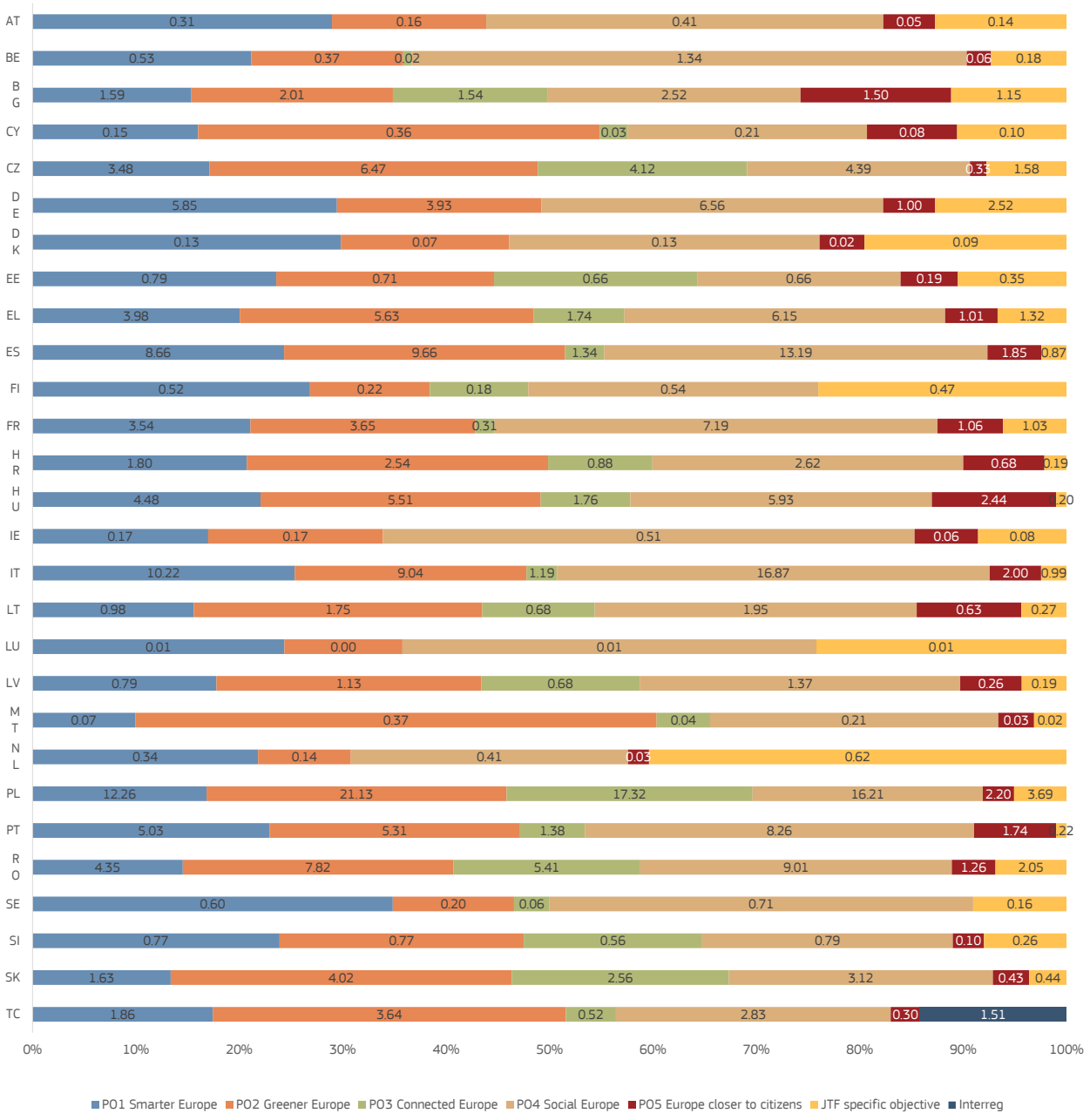
The Just Transition Fund (JTF) is a new fund introduced in the 2021-2027 programming period. It was established as part of the European Green Deal, which set an ambitious long-term objective to make Europe the first climate-neutral continent by 2050. The JTF specifically aims to help the people and places that are most affected by the transition to climate neutrality. It is therefore more targeted – both geographically and thematically – than other cohesion policy funds. The EU funding of EUR 19.6 billion is allocated to 96 specific territories across various Member States (Figure 4.1.4).

Figure 4.1.2: 2021-2027 EU cohesion policy allocation per policy objective and Fund (in billion EUR)



Source: Cohesion Open Data Platform, period covered up to data update: 02/08/2026.

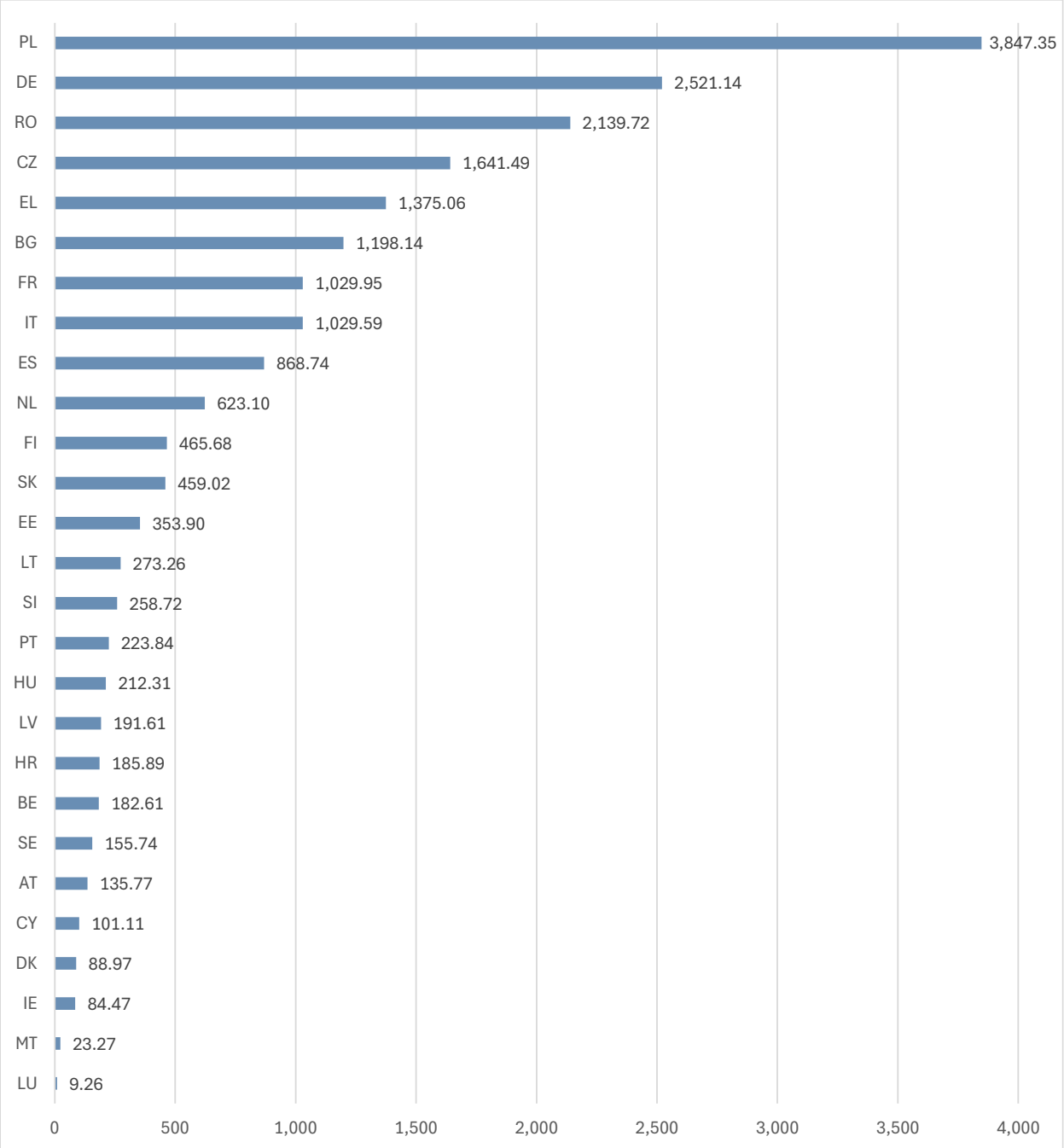
Figure 4.1.3: 2021-2027 EU cohesion policy planned allocation per Member State and policy objective (in billion EUR)



(1) The official abbreviations are used for Member States names. TC refers to territorial cooperation (Interreg programmes).

Source: Cohesion Open Data Platform, period covered up to data update: 02/08/2026.

Figure 4.1.4: Just Transition Fund - EU allocation 2021-2027 (in million EUR)



Source: Cohesion Open Data Platform, period covered up to data update: 02/08/2026.

4.1.1.3. Financial implementation

The financial implementation of cohesion policy funding has progressed steadily between 2023 and 2026 and is now catching up with the trends observed in previous programming periods, following a slower start to the 2021-2027 programming period. The initial slower pace of implementation was in great part due to exogenous factors, such as the COVID-19 crisis and Russia's war of aggression against Ukraine, as Member States prioritised other EU crisis-response instruments, notably the Recovery and Resilience Facility and the 2014-2020 REACT-EU.

By June 2026, the value of selected operations had reached 74.1% of the total planned investment, while the eligible costs declared by the beneficiaries for implemented operations stood at 22.6% of the total planned investment (Figure 4.1.5).

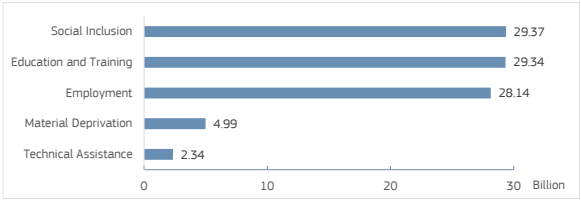
Figure 4.1.5: 2021-2027 cohesion funding financial implementation - total amount and EU allocation (in billion EUR)



Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

The EU allocation for ESF+ is well balanced across employment, education and social inclusion objectives. The investments in these three objectives are also similarly distributed across different types of regions. Special attention is dedicated to the most deprived, with an overall aim to invest at least 4% of the total EU allocation under the ESF+ specific objective (Figure 4.1.6).

Figure 4.1.6: 2021-2027 EU allocation under ESF+ per specific objective (in billion EUR)



Source: European Commission.

A detailed overview of the progress in financial implementation per fund and policy objective is provided in the Table 4.1.5.([189])

With a selection rate of 78% and an implementation rate of 33% as of 30 June 2026, PO3 'Connected Europe' is the policy objective with most advanced progress in financial implementation, followed by PO4 'Social Europe' with a selection rate of 75% and an implementation rate of 25% Policy objectives 'Smarter Europe' and 'Greener Europe' are progressing in their implementation at comparable pace, with selection rates of 73% and 74%, and implementation rates of 20% and 18% respectively.

Selection and implementation rates also show big discrepancies between Member States, with 12 Member States already committing over 80% of their EU cohesion funding allocation to selected operations (Figure 4.1.7). Additional 13 Member States have committed between 60% and 80% of their national EU allocation for the selected operations, while only 2 Member States have yet to reach the 60% threshold for selected operations.

In terms of expenditure declared, 9 Member States have implemented more than 30% of their EU allocation for cohesion, while for 14 Member States the implementation rate is between 20% to 30% of their EU allocation. In six Member States the implementation of EU allocation remains relatively low, between 10% and 20%.

([189]) For years 2021 to 2026, funding committed in year n can be spent and declared up to 31 December of year n+3, and overall 2021-2027 funding can be spent and declared up to 31 December 2029, or 31 December 2030 for those programmes benefitting from an extension of eligibility in the context of the mid-term review (see chapter 4.1.2). This explains why the selection and implementation rates as of June 2026 are still far from 100%. Similar trends were observed in 2007-2013 and 2014-2020.

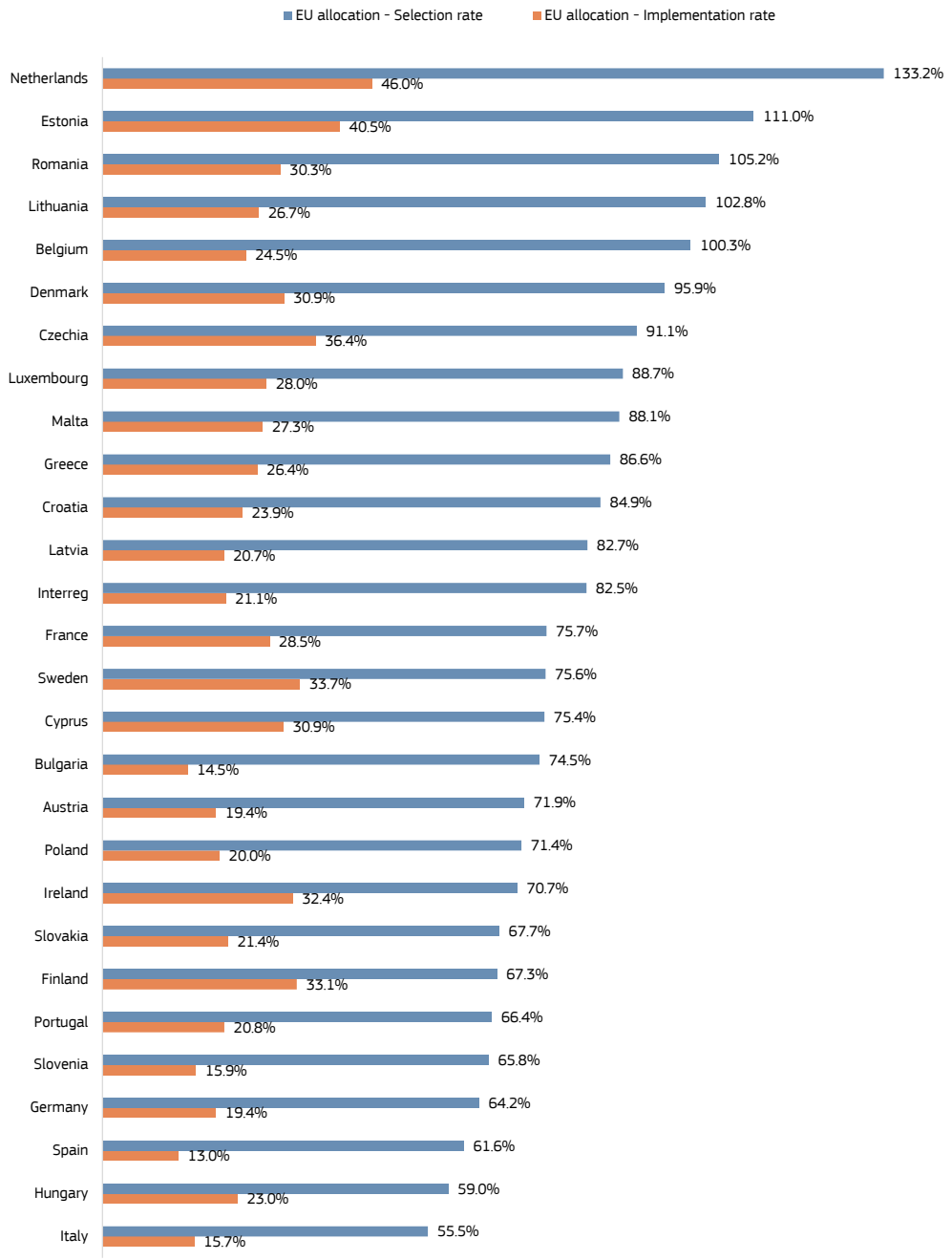
Table 4.1.5: Financial implementation of 2021-2027 EU cohesion allocation per fund and policy objective (in EUR)

Fund and Policy Objective	EU allocation - total	EU allocation - selected operations	EU allocation - expenditure declared by beneficiaries	Selection rate (1)	Implementation rate (2)
ERDF	214,336,138,145	154,271,808,834	40,612,443,095	72.0%	18.9%
PO1 Smarter Europe	73,028,608,680	52,981,774,017	14,635,183,316	72.5%	20.0%
PO2 Greener Europe	72,425,634,631	50,542,948,918	11,762,678,578	69.8%	16.2%
PO3 Connected Europe	24,934,510,516	17,672,006,506	7,012,869,674	70.9%	28.1%
PO4 Social Europe	19,373,422,475	15,992,023,298	3,141,935,802	82.5%	16.2%
PO5 Europe closer to citizens	19,024,446,300	12,754,528,407	2,290,647,838	67.0%	12.0%
POTA Technical Assistance	5,549,515,543	4,328,527,688	1,769,127,887	78.0%	31.9%
ESF+	94,179,184,588	69,131,383,820	26,113,396,219	73.4%	27.7%
PO4 Social Europe	91,839,447,652	67,479,120,504	25,398,388,980	73.5%	27.7%
POTA Technical Assistance	2,339,736,936	1,652,263,316	715,007,238	70.6%	30.6%
CF	39,182,296,284	34,281,238,815	12,018,783,567	87.5%	30.7%
PO2 Greener Europe	20,809,387,020	18,590,471,388	4,682,009,841	89.3%	22.5%
PO3 Connected Europe	17,509,403,674	15,222,332,205	7,142,946,975	86.9%	40.8%
POTA Technical Assistance	863,505,590	468,435,221	193,826,751	54.2%	22.4%
Interreg Funds	10,661,767,197	8,799,115,621	2,244,827,153	82.5%	21.1%
PO1 Smarter Europe	1,857,908,343	1,621,176,614	489,500,244	87.3%	26.3%
PO2 Greener Europe	3,643,078,300	2,996,752,009	798,937,768	82.3%	21.9%
PO3 Connected Europe	526,674,868	440,947,016	111,628,083	83.7%	21.2%
PO4 Social Europe	2,822,006,352	2,356,773,199	474,723,502	83.5%	16.8%
PO5 Europe closer to citizens	300,650,806	174,597,547	20,088,752	58.1%	6.7%
PO6 Interreg: Cooperation Governance	1,467,859,467	1,169,051,057	344,738,408	79.6%	23.5%
PO7 Interreg: Safer and more secure Europe	43,589,062	39,818,179	5,210,397	91.3%	12.0%
JTF	19,636,236,346	14,341,442,473	2,726,989,897	73.0%	13.9%
PO8 JTF specific objective	19,150,719,507	13,993,915,140	2,566,111,515	73.1%	13.4%
POTA Technical Assistance	485,516,839	347,527,334	160,878,382	71.6%	33.1%
Grand Total	377,995,622,560	280,824,989,563	83,716,439,930	74.3%	22.1%

(1) Selection rate is calculated as the ration between the value of all operations selected for support and the total funds allocated.
(2) Implementation rate is calculated as the ration between the eligible costs declared by the beneficiaries for implemented operations and the total funds allocated.

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Figure 4.1.7: 2021-2027 cohesion policy financial implementation (EU allocation) by Member State



Source: 2021-2027 cohesion policy financial implementation (EU allocation) by Member State.

4.1.1.4. 2021-2027 cohesion policy performance framework and policy achievements

The tracking of the achievements of cohesion policy through its monitoring system has been strengthened in 2021-2027 compared to previous periods. One key improvement is the wider coverage of cohesion investments by common indicators that can be aggregated for the purposes of monitoring and reporting at EU level. Although common output indicators measuring the specific deliverables of an intervention have been in use since 2007, in 2021-2027 their coverage has been extended and their methodological descriptions are provided in detail in the Commission Staff Working document for performance, monitoring and evaluation of the ERDF, Cohesion Fund and the JTF (SWD(2025)346 final).

This Commission guidance was updated most recently in 2025, integrating the changes brought by the Strategic Technologies for Europe Platform (STEP) Regulation and the mid-term review package, and increasing the overall number of common indicators to 170, of which 104 output indicators and 66 result indicators. These common indicators cover a greater range of frequently supported interventions, and enable Member States authorities to track ERDF, CF, JTF and Interreg achievements in a consistent way across programmes. This reduces the need to use programme-specific indicators and improves the coverage of the EU budget contribution by the common outputs (an estimated 70%-80% of 2021-2027 ERDF, CF and JTF investments are monitored through EU common output indicators).

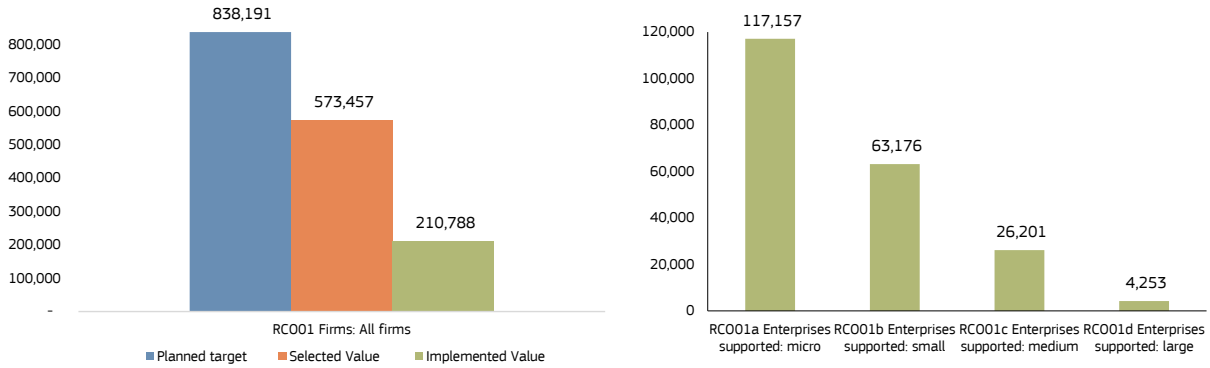
In addition, the result indicators for the ERDF, the CF and the JTF provide evidence of the effects that can be directly attributed to the actions supported.

For the ESF+, changes to the monitoring system consisted of the integration of the monitoring systems put in place for the Fund for European Aid to the Most Deprived (ex-FEAD) and the Youth Employment Initiative (YEI), which included streamlining of common indicators and the introduction of measures to reduce the use of programme-specific indicators. Overall, 64 common indicators are used for ESF+ monitoring, including specific indicators that apply only to activities addressing material deprivation.

In terms of **2021-2027 cohesion policy achievements,** support under the ERDF is planned to reach more than 786 600 enterprises across the EU, while the support through the JTF is planned to reach approximately 25 900 enterprises, and support through cross-border and transnational programmes funded by Interreg about 25 600 enterprises. This support provided is aimed to boost competitiveness, growth, innovation, digitalisation, energy efficiency and circular economy in enterprises.

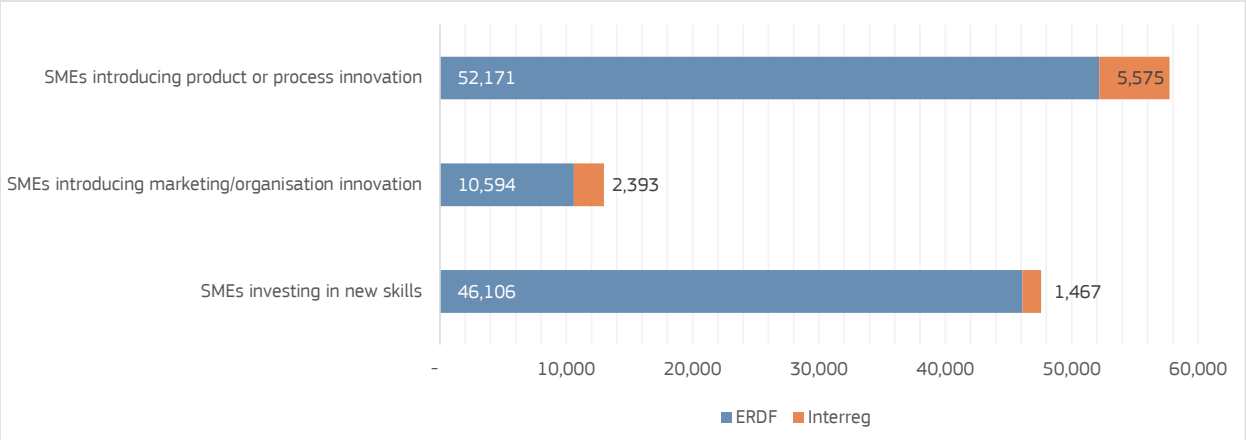
By end of June 2026, 68% of targeted beneficiaries had been selected to receive support and more than one quarter already received it. The size structure of the enterprises supported aligns with the cohesion policy objective to close the funding gap for micro, small and medium-sized enterprises to help them boost their productivity and competitiveness. (Figure 4.1.8).

Figure 4.1.8: 2021-2027 support to enterprises from ERDF (including Interreg), CF and JTF and the structure of enterprises supported by 30/06/2026 (preliminary data)



Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Figure 4.1.9: 2021-2027 planned achievements linked to ERDF support to business innovation



Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Under **Policy objective 1 'Smarter Europe',** EU cohesion policy extensively supports research and innovation. By the end of the 2021-2027 programming period, over 3,700 research organisations and over 69,000 researchers are expected to benefit from the improved research infrastructure funded through the ERDF (including Interreg). The estimated value of research and innovation equipment co-funded by the ERDF amounts to more than EUR 6.4 billion.

Projects representing more than half of this target value have been selected, and EUR 434.8 million worth of research and innovation equipment has already been purchased. By 30 June 2026, ERDF support under PO1 had contributed to the creation of over 1 000 new jobs in research, more than 3 800 research publications and 725 patent applications.

In addition, ERDF support is expected to reach around 670 000 enterprises (78% of the overall target for enterprises supported), of which more than 57 000 are to use the EU funding for product or process innovation and 13 000 for marketing or organisation innovation, while over 47 500 enterprises are planned to invest in developing new skills of their employees (see Figure 4.1.9).

PO1 'Smarter Europe' also includes EU cohesion policy investments in the digitalisation of public services, dwellings and enterprises.

More than 21 600 public institutions are to be supported in their digital transformation, and around 2.3 million dwellings and 241 000 enterprises are expected to gain access to broadband of very high capacity.

By 30 June 2026, more than 49 million users of digital services, products and processes provided by public institutions and enterprises had already benefitted from the outputs of investments co-funded by the ERDF.

Under **Policy objective 2 'Greener Europe'**, cohesion policy contributes to the EU green transition through investments in energy efficiency, renewable energy, climate and non-climate risk management, nature restoration and rehabilitation, water management and the circular economy.

Table 4.1.6: Overview of 2021-2027 key planned achievements under PO2 'Greener Europe'

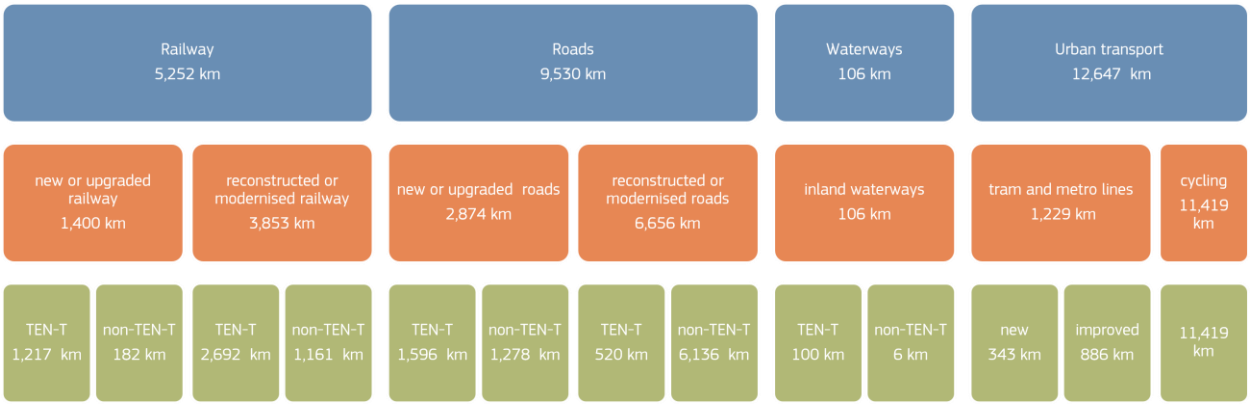
Investment area	Indicator Name	Measurement unit	Planned achievements
Energy efficiency	Affordable and sustainable dwellings with improved energy performance	dwellings	494,399
	Public buildings with improved energy performance	m^2	28,824,467
Renewable energy	Additional production capacity for renewable energy	MW	14,072
Climate	Area covered by protection measures against wildfires	hectares	92,907,858
	Coastal strip, riverbank and lakeshore flood protection newly built or consolidated	km	4,105
	Area covered by protection measures against climate related natural disasters (other than floods and wildfire)	hectares	11,679,394
Environment	Green infrastructure built or upgraded for adaptation to climate change	hectares	266,638
	Green infrastructure supported for other purposes than adaptation to climate change	hectares	144,962
Water management	New or upgraded pipes for the distribution systems of public water supply	km	24,308
	New or upgraded capacity for wastewater treatment	population equivalent	15,262,517
Circular economy	Additional capacity for waste recycling	tonnes/year	8,920,375
	Waste prepared for re-use	tonnes/year	240,916

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Under **Policy objective 3 'Connected Europe'**, the ERDF, the CF and JTF support investments in the transport sector, which are to deliver more than 27 000 km of new, upgraded, modernised or reconstructed road, rail, inland waterways and urban transport infrastructure (see Figure 4.1.10).

Moreover, the 2021-2027 cohesion policy contributes to the EU transition to more sustainable and greener modes of transport by providing support for the construction of more than 35 000 alternative fuel recharging points across the EU and supporting almost 1 000 EU cities and town in the digitalisation of their urban transport systems. Investments in more than 600 intermodal connections are expected to ensure faster and more efficient transport of passengers and freight, and investments in around 600 railway stations and stops are expected to motivate daily commuters and other travellers to opt for rail over other, less green modes of transport.

Figure 4.1.10: 2021-2027 cohesion funding planned achievements under PO3 'Connected Europe'



Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

Policy objective 4 'Social Europe' is primarily co-funded through contributions from the ESF+, the ERDF (including Interreg) and the JTF. For ERDF and JTF, the main achievements are linked to health and education infrastructure, followed by social housing and social care infrastructure, and finally cultural and tourism sites.

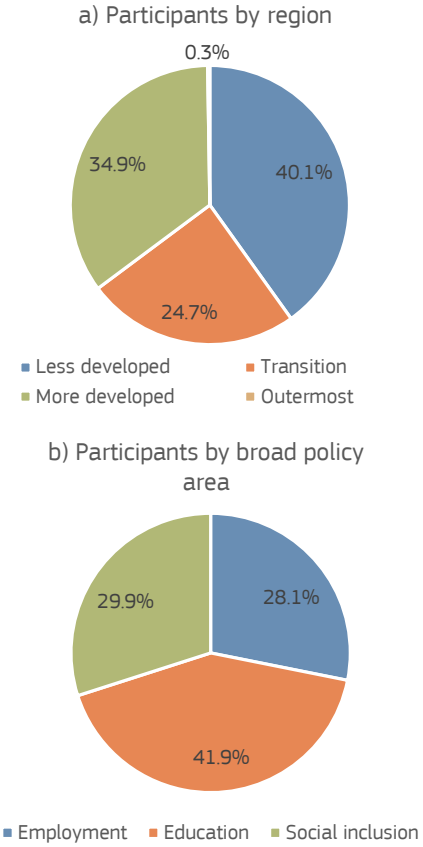
By mid-2026, implementation of the ESF+ on the ground had progressed significantly. A total of 23 million participations had been recorded, increasing from 16 million at the end of 2025. Given the substantial financial allocation to less developed regions, these regions accounted for the largest share of participants. By broad policy area, almost half of all participations are recorded in the area of education and training, followed by around one quarter each in the areas of employment and social inclusion.

An additional 151 000 persons categorised as 'most deprived' were reported by Germany, Denmark and Sweden under dedicated social inclusion priorities targeting the most deprived. In addition, ESF+ funded support for combatting material deprivation had reached more than 35 million end-recipients with food or goods by the end of 2025. Of these, 31.1 million had received food support, 1.6 million had received goods and 2.6 million had been supported via voucher schemes. In total, close to EUR 900 million in food and 50 million euro in goods had been distributed.

The ESF+ also supports public administrations implementing ESF+ specific objectives, particularly to improve the quality and inclusiveness of education and training systems.

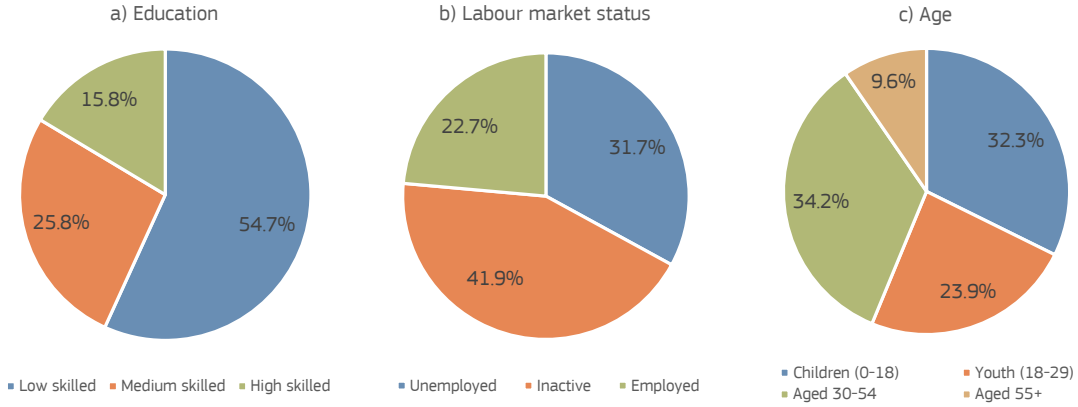
By mid-2026, a total of 90 000 public administrations had been reached by ESF+ funds, up from 65 000 at the end of 2025. Further support is provided to SMEs, predominantly to assist them in adapting to change. Overall, a total of 950 000 SMEs had been supported by mid-2026, up from 810 000 at the end of 2025.

Figure 4.1.11: Overview of participants in operations supported by ESF+ per category of region and policy area (% share in the total number of participants)



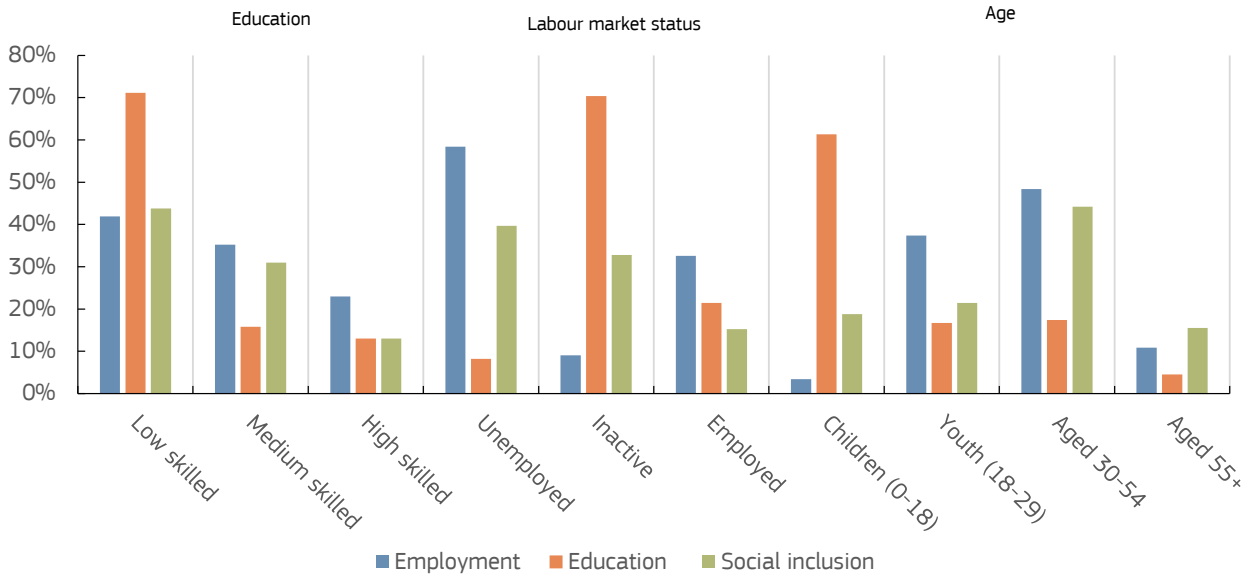
Source: European Commission.

Figure 4.1.12: Overview of participants in operations supported by ESF+ per level of education, labour market status and age group (in % of the total number of participants)



Source: European Commission.

Figure 4.1.13: Overview of participant characteristics by ESF+ broad policy areas

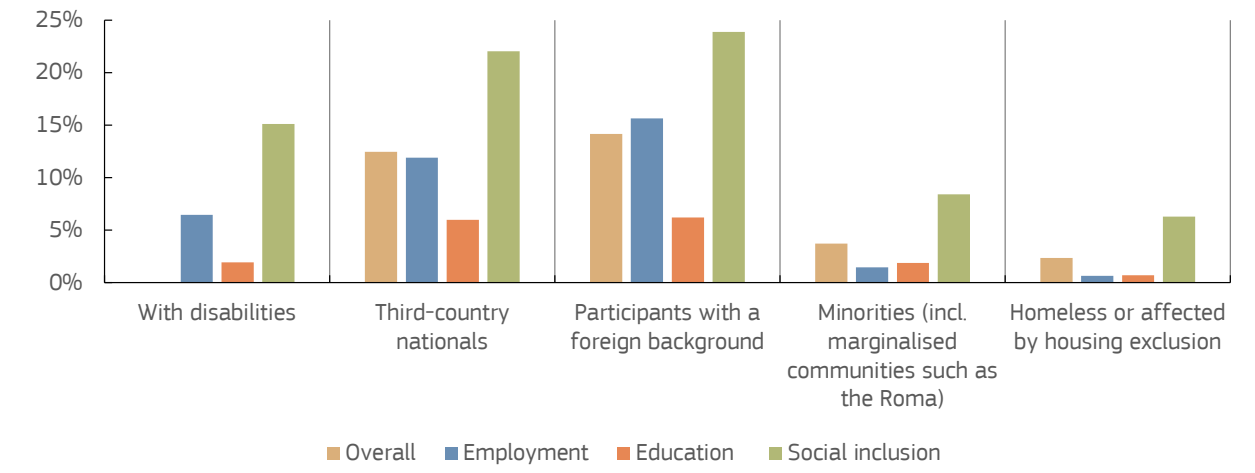


Source: European Commission.

On the aggregate level, ESF+ support reached a high number of children and young persons, inactive persons and persons with low educational attainment. Children and young people under 30 are a central target group of ESF+ support, making up more than half of all reported participations (56%). This is also reflected in the high share of inactive participants and of participants with low educational attainment, as children and young people are still completing their secondary or tertiary education and are thus inactive.

Looking at broad policy areas, investments in employment measures mostly support unemployed and employed participants, who are older and more highly educated than the overall average. In the area of education, the focus on children stands out, with a high share of persons under 18 with low educational attainment. When it comes to social inclusion activities, the background characteristics are more evenly distributed. In comparison with other policy areas, support in this area reaches all age groups in almost equal measure and stands out by the highest share of elderly participants among all policy areas.

Figure 4.1.14: Specific target groups by ESF+ broad policy area



Source: European Commission.

The ESF+ continues to channel support to those in need and aims to reach high shares of participants from vulnerable groups. Overall, participants with a foreign background make up 14%, those with disabilities 7% and minorities, including Roma, 4%. This targeting is especially visible in the area of social inclusion, where these shares are the highest. For instance, 15% of participants under social inclusion measures were persons with disabilities; while 24% had a foreign background, 8% came from minorities and 6% were homeless or affected by housing exclusion.

The specific target groups are highly represented in certain activities which speaks for the delivery of tailor-made support. Support to persons with disabilities is particularly pronounced not only in measures fostering active inclusion and employability, but also in activities supporting equal access to quality services and access to employment.

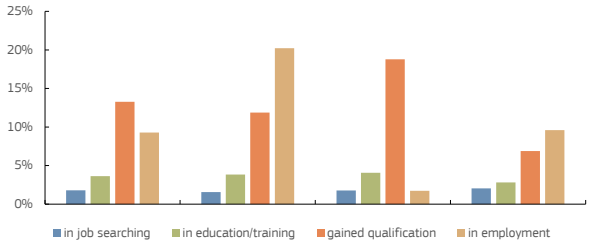
Third-country nationals, participants with a foreign background and minorities, including Roma, are strongly represented among participants in activities aimed at fostering their social integration, as well as in measures promoting access to employment and active inclusion.

Following their participation, approximately 6.5 million persons had achieved a positive result by mid-2026. This includes a total of 3.1 million participants gaining a qualification, 2.1 million entering employment, 0.8 million entering education or training and 0.4 million being engaged in job search. These results correspond to an overall success rate of around 28%.

Within the broad policy area of employment, the highest success rates are achieved for being in employment and gaining a qualification, whereas in the area of education, the highest shares of positive results are gaining a qualification.

In the area of social inclusion, immediate positive results are less frequent given the nature of the objectives in this area where support aims at positive social results that are not well captured by indicators that are focused on employment or education.

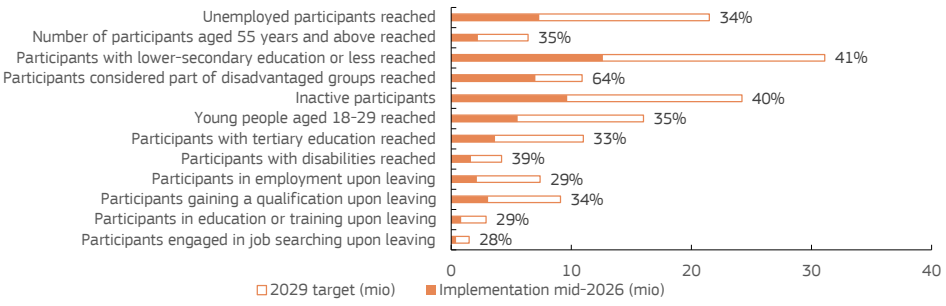
Figure 4.1.15: Success rates of all short-term results at EU level (in %)



Source: European Commission.

The continued improvement of **ESF+** implementation is reflected in the significant progress towards the fund's **core performance targets for 2029**, particularly in the area of social inclusion. In the current programming period, 12 performance targets were set for the specific objectives (excluding SO(m) on material deprivation), for which data are only updated on an annual basis. For this subset of targets, progress towards their achievement has further increased, with achievement rates ranging from 28% to 64% of the targets set for 2029. In terms of the key performance indicators, 7.3 million unemployed and 2.2 million persons aged 55 or older were reached, equivalent to 34% and 35% of the respective 2029 targets. Also 12.6 million persons with low education levels and 7.0 million persons considered part of disadvantaged groups (third-country nationals, participants with a foreign background, minorities, marginalised communities such as Roma) were reached, accounting for 41% and 64% of the 2029 target, respectively.

Figure 4.1.16: 2021-2027 ESF+ achievements: Progress to selected key performance targets



Source: European Commission.

Table 4.1.7: 2021-2027 ERDF (incl. Interreg) and JTF achievements under PO4 'Social Europe'

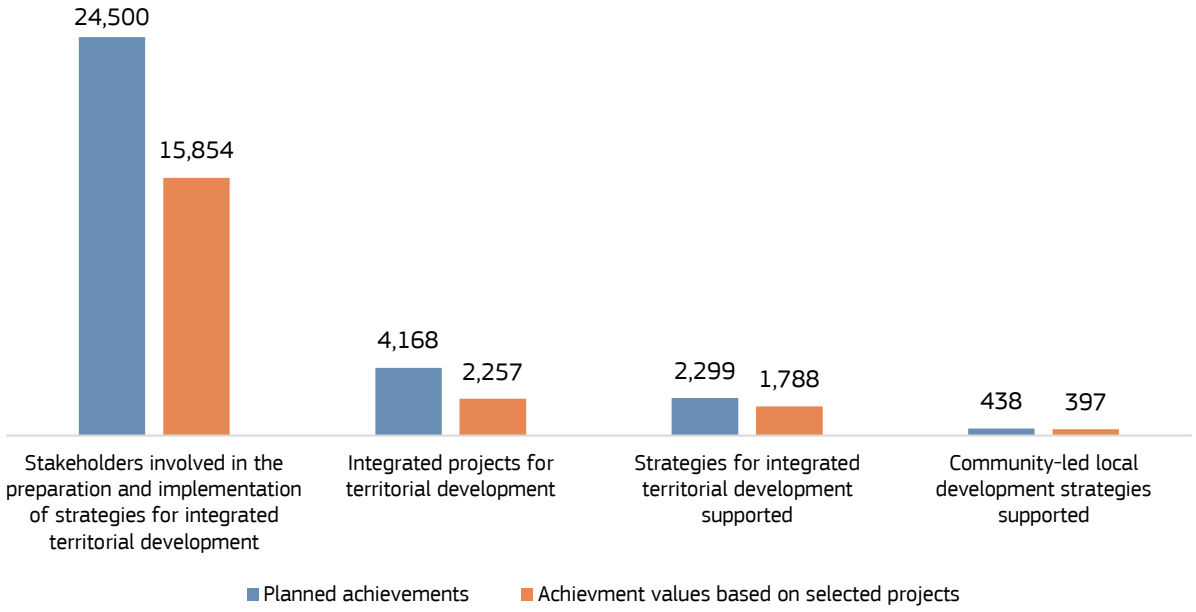
Indicator name	Measurement unit	Planned achievement	Selected value	Implemented value
Capacity of new or modernised health care facilities	persons/year	71,997,591	72,226,404	11,894,465
Classroom capacity of new or modernised childcare and education facilities	persons	4,154,321	2,362,396	474,864
Capacity of new or modernised social, affordable and sustainable housing	persons	200,519	33,320	1,810
Capacity of new or modernised social care facilities (other than housing)	persons/year	62,420	35,829	11,190
Number of cultural and tourism sites supported	cultural and tourism sites	25,449	25,232	1,284

Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

By the end of the 2021-2027 period, 125.5 million annual users are expected to benefit from ERDF investments in new or improved health infrastructure and 5.7 million annual users are expected to benefit from new or improved education infrastructure supported by ERDF and JTF.

Under **Policy objective 5 'Europe closer to its citizens'**, ERDF and Interreg funds foster sustainable and integrated development of all types of territories and support local initiatives. 24 500 stakeholders are expected to be involved in the preparation and implementation of roughly 2 300 strategies for integrated territorial development, leading to the implementation of more than 4 000 integrated projects for territorial development.

Figure 4.1.17: 2021-2027 cohesion policy achievements under PO5 'Europe closer to its citizens'



Source: Cohesion Open Data Platform, period covered: up to 30/06/2026, data update: 03/08/2026.

4.1.2. The mid-term review of the 2021-2027 period

This chapter provides a synthesis of the outcome of the mid-term review (MTR) of cohesion policy programmes as required by Article 18(6) of Regulation (EU) 2021/1060 (the Common Provisions Regulation, or CPR). The information and data therefore cover procedures taken into account in the context of the MTR, as stipulated by the CPR and fund-specific regulations, as of 31 December 2025.

4.1.2.1. The MTR objectives

Since the first programmes were adopted in 2022, the cohesion policy context has evolved considerably. Geopolitical tensions and economic shocks have been putting Europe's cohesion and solidarity to the test. Certain mega trends, such as climate change or digitalisation, are not new, but global pressures greatly increase their impact.

Staying relevant in such a dynamic environment characterised by evolving economic and social demands is both more challenging and more crucial. This also makes it essential for cohesion policy, as the EU's main long-term investment policy, to adapt to and accompany these major shifts.

Carried out in 2025 and mandatory for programmes funded by the ERDF, ESF+, JTF and CF, the MTR of cohesion policy programmes offered an opportunity to adapt investments to emerging needs. Proposed under Article 18 of the CPR, the MTR allowed Member States to assess the relevance of their programmes' objectives, the effectiveness of the means to achieve these objectives and the state of play on implementation.

To be able to adjust their programmes, Member States had been required to set aside around 15% of programme resources as a so-called 'flexibility amount' (FA). Unavailable for project selection, this FA would be released for the further use during the MTR through a Commission decision amending the programme or confirming its allocation without programme amendment.

The MTR exercise was based on an analysis of the new challenges identified in various strategic documents. These include the country-specific recommendations (CSRs), as well as progress in implementing, inter alia, the national energy and climate plans (NECPs) and the principles of the European Pillar of Social Rights. It began as a regulatory assessment but quickly turned into a forward-looking reprogramming exercise as the Commission pushed for a higher level of ambition in key policy areas, reflected in the major EU initiatives, including the European Defence – Readiness 2030 initiative, the Clean Industrial Deal, the EU Competitiveness Compass, the Water Resilience Strategy, the Union of Skills, the EU Affordable Housing Plan and the EU Agenda for Cities.

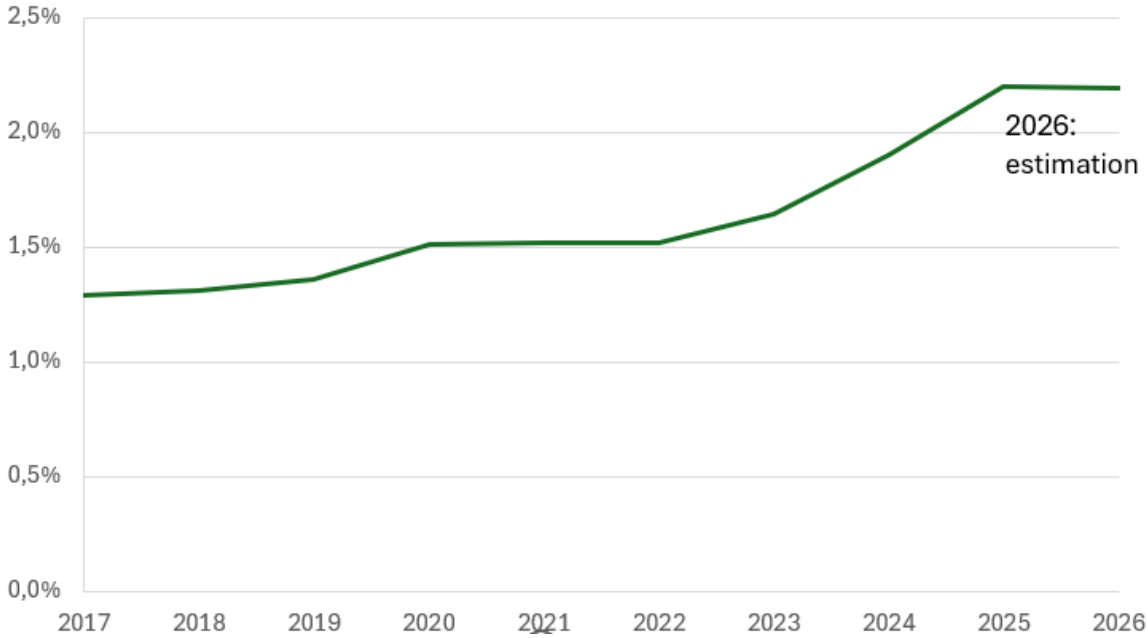
4.1.2.2. The MTR context and new policy priorities

The MTR was conducted at a time of profound structural change, with multiple simultaneous transitions underscoring the need to address the emerging priorities. Russia's war of aggression against Ukraine was one pivotal event in a series of many that exposed the fragility of peace, revealed years of chronic underinvestment in European defence and required greater agility under cohesion policy to mitigate its negative consequences. Defence expenditure decreased from 3% of EU GDP in 1995 to 1.5% in 2024 according to COFOG (Classification of the Functions of Government) data based on deliveries ([190]). According to the data gathered by the European Defence Agency, which reflect contract signatures, Member State's defence spending stood at 1.9% of the EU's combined GDP or EUR 326 billion in 2024. (Figure 4.1.18) ([191]). In March 2025, the White Paper for European Defence - Readiness 2030 highlighted the need to close investment gaps in military infrastructure and to strengthen the defence industrial base to enable it to deliver at the

([190]) General government total expenditure on defence (% of GDP), Eurostat, 2024, data source: gov_10a_exp

([191]) COFOG data captures actual government expenditure on defence and ensure consistency with national accounts data across Member States. However, as defence equipment may be delivered several years after procurement contracts are signed, COFOG data may reflect decisions taken in previous years. EDA/NATO data, which are based on contract signatures, may provide a timelier indication of recent developments in defence spending. The two sources therefore capture different stages of the defence spending process and serve complementary analytical purposes.

Figure 4.1.18: Total defence expenditure in the EU as of % GDP (EDA)



Source: European Defence Agency, Defence Data 2025-2026, 16 July 2026, link: https://eda.europa.eu/publications-and-data/latest-publications/eda-defence-data-2025-2026

necessary scale and speed while prioritising dual-use technologies. It also called for increasing military support for the frontline of European defence, i.e. Ukraine and EU Eastern border regions.

At the same time, Europe also needs to bridge the skills gap and foster new skills in the defence sector, which has been strongly impacted by the increasing pace of change in technology and military capability. To achieve these goals, the Readiness 2030 plan included in the White Paper, proposed to mobilise EUR 800 billion over the four next years, including through cohesion policy. In addition, the EU Preparedness Strategy reflected the necessity to anticipate and prevent security threats and enhance civil preparedness.

Increased digitalisation, recent energy price spikes and supply challenges, technological changes and strategic dependences have been weighing on the prosperity of EU regions. In 2021, the Commission Staff Working document 'Strategic dependencies and capacities' ([192]) identified around 140 products, where the EU remains highly dependent on imports, ranging from raw materials and active pharmaceutical ingredients to batteries, hydrogen, semiconductors, as well as cloud and digital components. For 34 of those products, vulnerability was considered extremely high.

As highlighted in the previous chapters, Europe's gap in innovation and frontier technologies, and the transformational imperatives required for the EU to boost its long-term competitiveness and strategic resilience. In this context, the key EU strategic documents, including the Draghi report ([193]), the EU Competitiveness Compass ([194]) and the Clean Industrial Deal ([195]), have consistently advocated for stronger coordination, a more integrated approach and a level playing field of investments in strategic technologies, affordable and clean energy, industrial decarbonisation, energy interconnections and circularity.

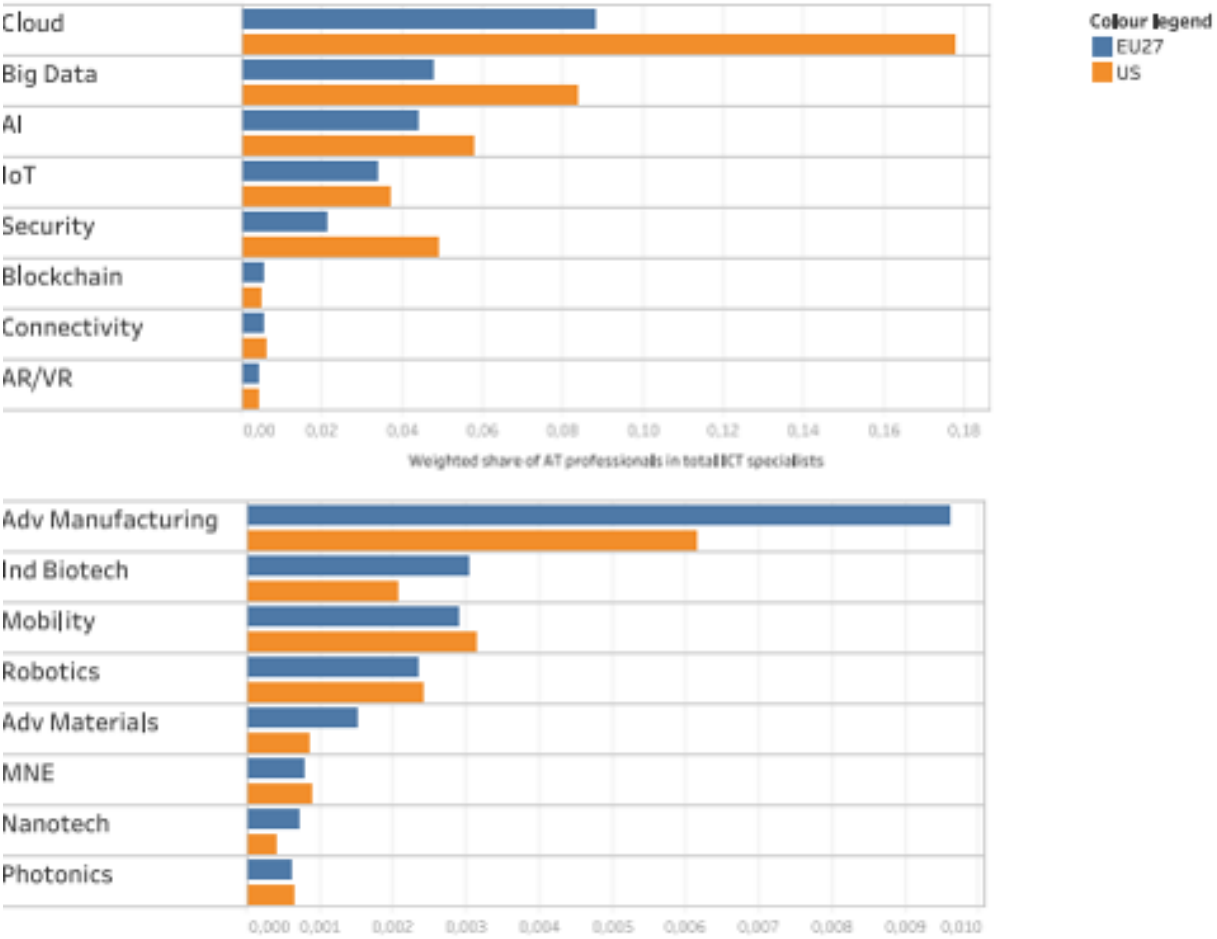
([192]) European Commission Staff Working Document (2021) 352 final, Brussels, May 2021.

([193]) The Draghi report: A competitiveness strategy for Europe, September 2024.

([194]) European Commission, A Competitiveness Compass for the EU, COM(2025) 30 final, 29 January 2025

([195]) Communication from the Commission: The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025)85 final.

Figure 4.1.19: Weighted share of professionals with advanced technology skills in the EU-27 and the US (proxy)



Source: The Commission Staff Working Document "Strategic dependencies and capacities', 2021 (based on the Advanced Technologies for Industry project. Note: Analysis relying on (online) self-reported skills by professionals)

The increase in annual investments needed for clean energy, industrial innovation and scale-up and transport systems in the EU is estimated at a substantial EUR 480 billion, compared to the previous decade. Strengthening these dimensions also requires people with the skills that are key to the EU's economic resilience and cohesion. Nearly 80% of companies list labour shortages and skills gaps as the second biggest obstacle to investment and growth, as many new jobs are created in these new strategic areas ([196]).

The STEP Regulation ([197]) was the first major attempt to streamline EU funding on critical sectors such as digitalisation, biotechnology and decarbonisation and their respective value chains and to address identified labour and skills shortages, especially in those areas where the EU still displays a structural weakness and which are pivotal to the green and digital transitions. A recent analysis identified 24 occupations relevant to the green transition in which there are labour shortages across the Member States. This challenge is set to intensify as a result of demographic shifts.

Climate resilience and crisis preparedness are key elements of EU competitiveness. Global warming is projected to result in a GDP loss of EUR 2.5 trillion between 2021 and 2050

([196]) The 2026 Annual Single Market and Competitiveness Report, COM(2026) 46 final, Brussels 2026

([197]) Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP).

([198]). Meanwhile, water resources are also becoming scarcer. Data presented across the previous chapters show that for many Europeans unfettered access to this vital resource is increasingly at risk. Industry – from electricity generation and district heating to tourism and agriculture – is also likely to bear the brunt of the growing pressure on water resources, requiring smart adaptations and more advanced technological input.

The latest EU water exploitation index values are worrying for several Member States ([199]), and regional differences remain acute. As highlighted in the previous chapters, southern and eastern regions are facing disproportionately high exposure and vulnerability to droughts compared with the rest of Europe. Cyprus is exposed to severe water availability and aridity risks and is the country with the highest index value (72%), followed by Malta and Romania (Table 4.1.8). Yet, household water use in Cyprus is the second highest in Europe, surpassed only by Greece.

The investments required to comply with the EU water acquis - estimated at EUR 255 billion by 2030 under the EU water resilience strategy.

Table 4.1.8: Water scarcity in the EU (% of renewable freshwater resources, water exploitation index plus)

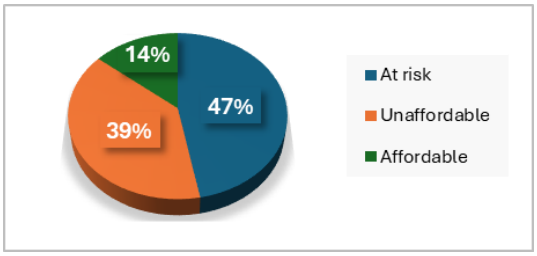
Index value	Member States		
0 - 20 %	0.2 % Latvia	1.0 % Bulgaria	4.0 % Germany
	0.3 % Croatia	1.1 % Hungary	4.3 % Belgium
	0.3 % Sweden	1.5 % Estonia	4.5 % Denmark
	0.3 % Slovakia	1.9 % Austria	5.5 % EU
	0.6 % Slovenia	2.1 % Luxembourg	5.7 % Poland
	0.6 % Lithuania	2.5 % Czechia	7.2 % Spain
	0.6 % Finland	3.0 % Netherlands	8.3 % Portugal
	1.0 % Ireland	3.5 % France	11.9 % Italy
			12.5 % Greece
20 - 40 %	27.9 % Romania		
	33.4 % Malta		
> 40 %	72.1 % Cyprus		

Source: European Environment Agency (EEA) 2023

Living in dignity is a fundamental right under the EU Charter of Fundamental Rights (Article 1). Yet, decent living standards are out of reach for many, who face challenges related to housing affordability and quality.

The earlier parts of the report highlighted that the financial stress on households remains concentrated in wealthier capital regions and some poorer regions, among others. According to the recent survey carried out by Eurocities, in every fourth major European city housing is considered unaffordable (Figure 4.1.20). Financial pressure can also induce overcrowded living conditions, a form of housing exclusion where households may need to accept shared and smaller living space. The EU Agenda for Cities notes that almost half of the population living in EU cities would need 20 years to repay a mortgage for a 25m^2 apartment ([200]). There is also a growing need for additional housing units across the EU (Map 4.1.1).

Figure 4.1.20: Housing affordability in European cities



Source: Eurocities monitor 2025, the state of housing affordability in European cities (based on answers collected from 86 mayors of major European cities).

There is also a direct link between housing affordability and quality and growing inequalities between socio-economic groups, as demonstrated in the previous parts. In particular, households with limited incomes, young Europeans and people of migrant origin struggle to find budget-friendly housing options. On average, 42% of those aged between 16-29 and at risk of poverty spend more than 40% of their income on accommodation while some 42 million Europeans cannot afford to heat their homes adequately ([201]). Approximately 1 million people are affected by homelessness across the EU, the most extreme form of poverty and social exclusion, as highlighted in the EU Anti-Poverty Strategy ([202]).

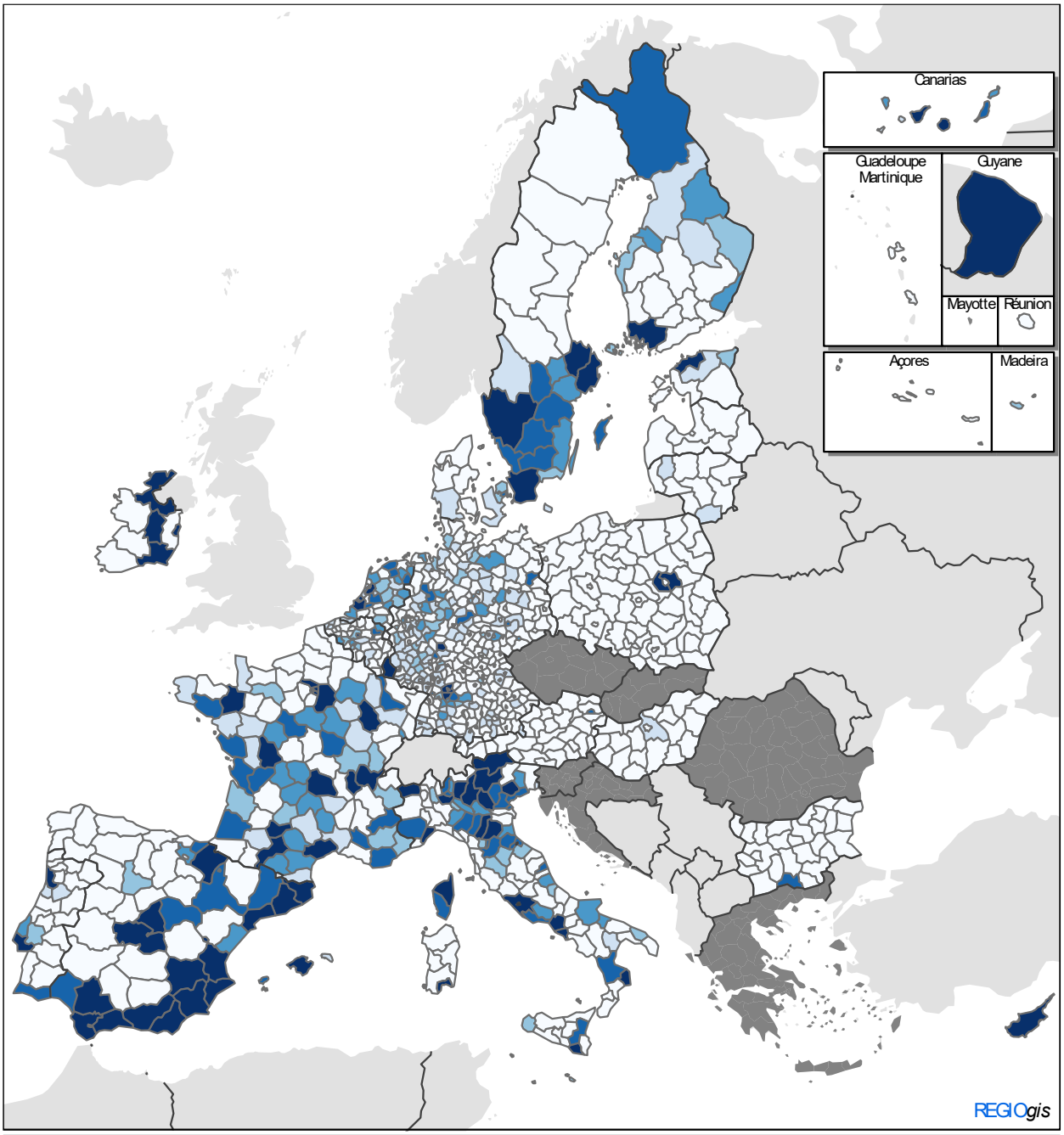
([198]) Regional economic climate risks in Europe, Directorate-General for Regional and Urban Policy (European Commission), 2025.

([199]) The water exploitation index plus (WEI+) measures total water consumption as a percentage of the renewable freshwater resources available for a given territory and period. Values above 20% indicate water scarcity, while values above 40% denote severe water scarcity.

([200]) European Commission Staff Working Document {SWD(2025) 389 final} 'An EU Agenda for Cities: Driving Growth and Prosperity', Brussels, December 2025.

([201]) The European Affordable Housing Plan, Commission Staff Working Document (2025)1053 final, Strasbourg, December 2025.

([202]) The European Union's Anti-Poverty Strategy, Addressing and preventing poverty from childhood to old age, European Commission, 6 May 2026.



Map 4.1.1: Total housing needs in NUTS 3 territories for the period 2025-2035 in absolute numbers

- ≥30 000
- 15 000 - 30 000
- 8 000 - 15 000
- 4 000 - 8 000
- 0 - 4 000
- no need
- No Data

Note : Map based on preliminary data as of December 2025 where the CZ, EL, HR, RO, SI, SK data was still under revision

Source : Balouktsi, D., Joossens, E., Le Blanc, J., Pagano, A. And Zeugner, S., Housing investment needs in the EU, Publications Office of the European Union, Luxembourg, 2026, JRC144419

0 500 km

Administrative boundaries: © EuroGeographics, © OpenStreetMap contributors – Eurostat/GISCO

4.1.2.3. The MTR regulatory package and its strategic implications for the MTR process

Recognising emerging challenges and the need for action, in April 2025 the Commission presented a proposal to amend the regulatory framework for cohesion policy. The MTR of Cohesion Policy package was adopted swiftly ([203]). New specific objectives and priorities were established within the following areas: (i) competitiveness, (ii) defence and civil preparedness prioritising dual use, (iii) sustainable and affordable housing, (iv) water resilience and (v) energy connectivity. Emphasis was placed on skills development in civil preparedness, in the defence industry and cybersecurity, and in relation to adaptation to change that contributes to the decarbonisation of production capacities.

To allow more time for adjustments, programme amendments were to be provided by the end of 2025. Targeted additional measures and incentives – in the form of additional pre-financing, increased co-financing or the extended eligibility period - were introduced, with access to these incentives conditional on achieving specific thresholds for the reallocation of funds to the strategic priorities. In parallel, greater flexibility in thematic concentration and climate contribution requirements freed up space for new investments, alongside even greater financial incentives for the Eastern border regions, neighbouring Russia, Belarus and Ukraine.

The MTR package also aimed to simplify cohesion policy rules. To this end, it removed the limit of the initial ERDF allocation for STEP funding and allowed for faster selection of Important Projects of Common European Interest (IPCEIs) ([204]) and the extension of the Seal of Excellence ([205]) to the JTF. These measures are designed to strengthen synergies between cohesion policy funding and EU horizontal instruments.

Small and medium-sized enterprises remain the key target of cohesion support to business. The MTR package has however created new paths under the ERDF to support large enterprises across all categories of regions ([206]) in strategic projects: STEP, IPCEIs or investments aiming to make industrial production cleaner and low carbon. These measures are expected to accelerate the design of new and the implementation of existing strategic projects and to speed up the green transition in energy-intensive industries in line with the EU's climate objectives.

Under the ESF+, special attention is paid to the role of micro, small and medium-sized enterprises, public employment services, and the social economy in the implementation of the priorities dedicated to the development of skills in civil preparedness and in the defence industry including for dual-use capabilities, in cybersecurity and adaptation linked to decarbonisation.

([203]) Regulation (EU) 2025/1913 amending the ESF+ Rand Regulation 2025/1914 amending the ERDF/CF and JTF Regulations.

([204]) Large-scale EU projects involving multiple Member States that promote innovation and growth in key strategic sectors and technologies with common European interest. Such projects are deemed to be compatible with the internal market under State aid rules as they enable cross-European cooperation for innovative technologies and pan-European infrastructures. For more information:https://competition-policy.ec.europa.eu/state-aid/ipcei_en.

([205]) A quality label awarded to high potential investment proposals which have been assessed in a call under a Union instrument as fully compliant with the necessary quality requirements, but which could not be funded under that instrument because of the lack of budgetary resources. The Seal aims to foster synergies across EU programmes and reward excellence. Thus, it also facilitates support for mature and top-notch projects under cohesion policy programmes.

([206]) Including in more developed regions of Member States whose average GDP per capita is below the EU-27 average as measured in purchasing power standards and calculated based on Union figures for the period 2015-2017 for projects contributing to the STEP objectives and industrial decarbonisation.

4.1.3. Outcome of the MTR

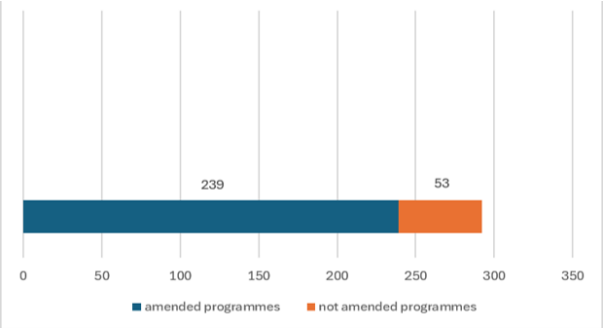
The data presented in this report reflects the state of play of the mid-term review process as of mid-October 2026 ([207]).

Procedures to confirm the FA without amendments and to amend programmes

72 programmes, of which 52 were ESF+ mono-fund programmes, confirmed the adopted financial allocations without any changes ([208]). In these cases, the investment strategies were considered fit for purpose, or the strategic priorities promoted by the MTR package adequately addressed. Room for reallocations was limited due to the fact that national resources under some programmes had been contracted beyond the initially planned amount ([209]).

A total of 239 programmes have been amended. This accounts for almost 82% of the 292 programmes subject to the MTR or exempted from the MTR due to the earlier STEP reallocations (Figure 4.1.21) ([210]).

Figure 4.1.21: Total number of amended programmes at the mid-term review reprogramming



Source: Directorate-General for Regional and Urban Policy

The uptake of the new priorities was voluntary. Member States could decide whether reallocations to these priorities were necessary and identify a credible way to deliver on them in the light of their unique investment needs, strengths and potentials, which had to be substantiated in their assessments of the MTR outcome. Such reallocations also remained subject to relevant regulatory requirements under the CPR and/or funds-specific regulations, e.g., rules on transfers, climate contribution or urban earmarking etc.

25 Member States ([211]) **proposed 186** ([212]) **amendments with financial reallocations to**

([207]) The MTR amendment process is still ongoing at the time of finalisation of this report. Therefore, the data remain subject to change. In Hungary, the amendment for the transport programme has not yet been finalised. Nevertheless, the reallocations proposed have been included in the reported amounts. In addition, the Hungarian environment programme was expected to send a revised version of the MTR amendment originally submitted in December 2025 with reallocations towards newly added water and housing priorities.

([208]) In total, 88 requests to confirm the FA were sent. However, 12 were withdrawn at the request of the Member States while the Commission requested an amendment in relation to 4 requests.

([209]) Member States could contract investments beyond the FA at their own risk. If the MTR led to a decision that the FA would need to be reallocated to other priorities, such projects would have to be financed through national resources.

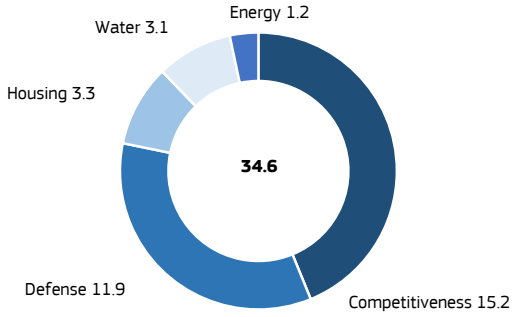
([210]) A total of 292 programmes included under the Investment for Jobs and Growth objective as Interreg programmes did not have to carry out the MTR assessment. This total reflects the two mergers in the context of the MTR: (i) the merger of the two Romanian programmes - the JTF and Sustainable Development programmes and (ii) the merger of the two French programmes - the national 'JTF Competences' programme and the national programme 'Employment, Inclusion, Youth and Skills'. The total also includes the programme amendments adopted before the MTR which reallocated resources to water under SO 2.5 and to the STEP objective even if they were not amended during the MTR. In accordance with the MTR package, such reallocations count towards the MTR reprogramming which allows certain benefits and incentives to be unlocked if a specific threshold has been reached. It is also noteworthy that 29 programmes were exempted from the MTR due to the earlier reallocation of the whole FA to STEP by end August 2024, in line with the STEP regulation (regulation (EU) 2024/795). However, some decided to submit an MTR amendment to benefit from related investment opportunities and flexibilities.

([211]) Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden

([212]) 171 of these amendments reallocated resources to strategic priorities during the MTR itself. Of these, 26 programmes submitted prior to adoption of the MTR package, i.e. by the original deadline of 31 March 2025, were interrupted to accommodate the new dedicated priorities, while 66 programmes underwent two rounds of MTR amendments, with complementary MTR assessments. A total of 19 programmes submitted a complementary assessment following the confirmation of the request for the FA. MTR amendments were also sent by 14 programmes exempted from the MTR due to

the strategic priorities ([213]). Two thirds of all such amendments were regional. In total, the strategic priorities have received additional funding of EUR 34.6 billion, which represents approximately 12% of the EU allocation under the amended programmes for which the financial reallocations were proposed and 9.4% of the EU's cohesion policy allocation of EUR 367.3 billion. (Figure 4.1.22). Furthermore, it is noteworthy that Member States continue redirecting resources to the strategic priorities beyond the formal mid-term review process, with a further EUR 2.3 billion reallocated, including ongoing amendments. This highlights their commitment to supporting these areas and the importance they attach to addressing the EU's evolving needs.

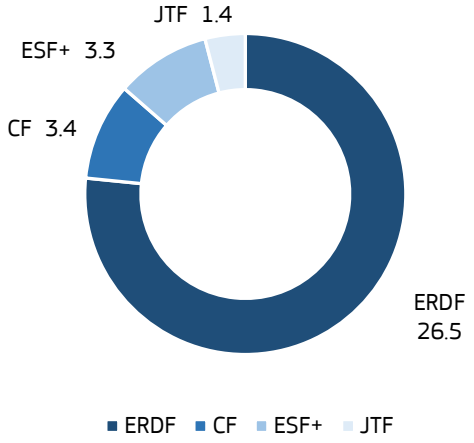
Figure 4.1.22: Reallocations by MTR priority (EUR billion)



Source: Directorate-General for Regional and Urban Policy

In the framework of the MTR process, the biggest volume of reallocations come from the ERDF (EUR 26.5 billion), followed by the CF (EUR 3.4 billion,) the ESF+ (EUR 3.3 billion), and finally the JTF (EUR 1.4 billion) (Figure 4.1.23)

Figure 4.1.23: Reallocations by Fund (EUR billion)



Source: Directorate-General for Regional and Urban Policy

EUR 15.2 billion reallocated to **competitiveness** under the dedicated priorities across 20 Member States ([214]) will support investments in critical technologies and industries under the STEP objective with a view to reducing technological dependencies on non-EU countries, including investments in skills, but also measures related to skills development linked to the decarbonisation of industrial production. In total, 13728 enterprises will be supported under the STEP objective. Based on the available reporting from Member States, 4805 enterprises will be supported in the digital sector, 4592 in the clean-tech sector and almost 1564 in the biotech sector, leading to the creation of more than 20 780 jobs (Box 4.1.1).

the earlier reallocation of the FA to the dedicated STEP priorities.

([213]) This includes resources shifted to the water sector and to STEP technologies prior to the MTR review which also count toward the minimum threshold under the MTR package.

([214]) Belgium, Bulgaria, Czechia, Denmark, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia – EUR 15.2 billion includes EUR 6.8 billion reallocated to STEP investments outside the framework of the MTR.

Box 4.1.1: Examples of operations supported under competitiveness priority

Injectpower's project supported by the ERDF in France has developed a rechargeable, high-energy-density, micro-battery with industrial scale-up capability. The battery can power a small pressure sensor used in glaucoma and neurology treatments.

The project HYFLEX financed by the JTF in Denmark aims to optimise pathways of electricity conversion, energy storage, and reconversion from surplus renewable energy ("Power-to-X"). It will demonstrate higher utilisation rates of power generation from the already existing photovoltaic park, Solar Park Kassø. At the same time, the project will ensure optimal balancing of the plant with the public electricity grid. HYFLEX will provide the basis for a partial decoupling of the operation from the immediate electricity generation, which contributes to reducing the energy costs of large-scale electrolysis in Denmark. HYFLEX will establish a hydrogen storage and expand a methanol plant with new electrolysis capacity.

The electricity grid in the Netherlands is becoming increasingly full. The NEStore heat battery offers a solution by efficiently storing sustainable energy as heat: only 1-2% loss per day, compared to 20–30% for boilers. This way, households get affordable hot water without extra pressure on the grid. Newton Energy Solutions and Lentink Metaalwarenfabriek make the system industrially scalable in Gelderland. Thanks to design optimisation, the cost price is reduced, and a semi-automated pilot production line is built. This strengthens the manufacturing industry, creates jobs and contributes to decarbonisation goals. For end users, it means lower energy costs, more use of solar power and a future-proof solution in times of grid congestion.

The aim of the ViTalent, the very first specialised training centre for the pharmaceutical and biotechnology sectors covering 1.500 m^2 at the Science Park in Niel (Belgium) is to invest in the didactic material that will enable to train the talent of Flanders and make the region the world player in the field of production of innovative cell, gene and tissue therapies. The project is supported by the ERDF.

The Veneto region (Italy) focuses on supporting the green transition through skills development, particularly for young people, including training, internships, and vocational and higher education. It also promotes the development of technical, managerial, and cultural skills to better align with evolving labour market needs.

In Alentejo (Portugal) the training offer aims to match the market demand and the region's transition investments toward decarbonization and ecological transition, by creating local internship/placement platforms with companies and public entities facilitating local recruitment.

The defence sector has received funding totalling EUR 11.9 billion across 20 Member States ([215]), including for defence industrial capacities and capabilities, defence infrastructure, military mobility and civil preparedness (all prioritising dual use), along with skills development in civil preparedness, cybersecurity and the defence industry.

More than 80% of planned investments will support resilient dual-use infrastructure under the new specific objective 3.3 (including military mobility), followed by support to the defence industry and skills development. These investments do not only strengthen security but also boost industrial ecosystems across European regions (Box 4.1.2).

Slightly more than 200 infrastructure projects will be adapted to meet military mobility standards, while 2263 enterprises developing dual-use and defence capabilities will contribute to the implementation of the ReArm Europe Plan/Readiness 2030.

([215]) Belgium, Bulgaria, Germany, Estonia, Greece, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden

Box 4.1.2: Examples of operations supported under defence and civil preparedness priorities

A defence innovation centre in one of the Member States will serve as a hub for testing new technologies and developing prototypes for drones, autonomous and advanced defence systems, and sensor networks. The support under cohesion policy also aims to strengthen crisis preparedness across the education system by improving knowledge and skills of students, teachers and staff. Measures include developing curricula, providing training and capacity-building (incl. socio-emotional skills) as well as practical learning in the form of simulations and exercises.

Although the global demand for defence and security technologies is high, in another Member State, the sector's annual export volume is far lower level compared to its neighbours and is dominated by a few large companies. Nevertheless, this country has a strong basis for technological know-how in defence. ERDF support will help develop the innovation network of companies, educational institutions, other communities and operators. The project aims to attract new companies to the region, strengthen ability of firms to participate in the development of dual-use technologies and increase their awareness of dual-use technologies and their market potential.

Investments in **affordable and sustainable housing** aim to increase the quantity and quality of supply and to improve access to it, supporting social inclusion and thereby contributing to the realisation of the 'right to stay' concept. These investments also aim to improve energy efficiency in housing and social housing, which has already been funded for many years. Following the MTR, the overall planned EU support for housing – through the ERDF, the CF and the JTF – has increased to EUR 10.5 billion (EUR 13.8 billion with national co-financing). Of this, EUR 3.3 billion has been mobilised for affordable and sustainable housing in 15 Member States ([216]) as part of the MTR (Box 4.1.3).

Over half of the amount mobilised for housing investments as a result of the MTR contribute to energy efficiency. Improvements in energy performance concern more than 51100 dwellings. Moreover, around 144000 people will benefit from new or modernised social, affordable and sustainable housing, which represents approximately 72% of the overall target for cohesion policy.

At the same time, the MTR has strengthened **the implementation of the New European Bauhaus (NEB) principles and values**, promoting sustainability, aesthetics and inclusiveness in the built environment, including in housing. For example, Saxony will integrate the NEB principles into a vocational centre for skills development in the strategic technologic sectors in Dresden. The Alexandra Avenue building complex in Athens and two 'Essential Services Buildings' in Tenerife and Gran Canaria will serve as NEB lighthouse demonstrators. Furthermore, some of the programmes in such Member States as, for example, France, Ireland, Italy, Malta, Poland, Portugal and Spain, refer explicitly to the promotion of the NEB principles under the new housing priorities and intend to integrate them directly into project design or/and prioritise in selection criteria where possible (Box 4.1.4).

([216]) Belgium, Germany, Ireland, Greece, Spain, France, Croatia, Italy, Lithuania, Malta, Poland, Portugal, Romania, Slovenia, Slovakia; at the time of finalisation of this report, the Hungarian environmental programme was planning to reallocate resources towards new MTR housing priorities.

Box 4.1.3: Examples of operations supported under housing priority

In two Italian JTF territories, Sulcis Iglesiente and Taranto, investments aim to restore abounded residential buildings, including in former mining areas, to reverse social marginalisation, attract young people and middle-income households, and prevent further urban decline.

The German state of Thuringia will create and modernise affordable student housing, while improving the attractiveness of living and studying conditions. Projects will be implemented primarily on already developed sites to minimize land use, taking into account sustainability, energy efficiency and accessibility aspects in planning and implementation.

In Grand-Couronne, Normandy, which is one of the identified sites for accelerated reindustrialisation in France ("*site clés en main France 2030*"), a JTF project is planned to deliver energy-efficient social housing units to attract workers and companies to this area, enabling development of new industrial activities linked to energy transition and decarbonisation as well as green large-scale logistics.

Box 4.1.4: Strengthened support to the new European Bauhaus under the MTR

To help deliver the New European Bauhaus principles in calls, selection criteria and participatory approaches relevant for housing investments, a call for expression of interest was launched between 13 February and 20 March 2026. The call received 34 applications, and 14 implementing authorities from 9 Member States – from Managing Authorities, Intermediate or Implementing Bodies – were selected to benefit from tailored expertise. The project pipelines will be reinforced, with innovative approaches focused on wider use of simplified cost options and financing not linked to cost models. Objectives and deliverables have been defined with each of the authorities and the work of the experts on the ground started since summer 2026.

Planned investments in **water resilience** support the implementation of the European water resilience strategy and compliance with EU water legislation. Some 16 Member States ([217]) have mobilised EUR 3.1 billion in this area. With the MTR contribution, the EU allocation to water - related projects now amounts to EUR 15.3 billion. These investments will be implemented under SO 2.5 whose scope has been extended to cover secure access to water, sustainable water management and water resilience.

Almost 40% of planned investments will boost the supply of drinking water, and around one third will support wastewater collection treatment, including to comply with energy efficiency criteria. Other planned investments include (i) water management and water resource conservation, (ii) prevention and management of floods and climate change measures, and (iii) protection of critical infrastructure (Box 4.1.5).

As a result of the MTR, the construction of almost 4900 kilometres of new or upgraded pipes for public water supply distribution systems is planned, representing around 20% of the overall target under cohesion policy. New or upgraded pipes for the public network for wastewater collection will be extended by more than 1100 kilometres, as a result of which 1800000 people will benefit from new or upgraded wastewater treatment. More than 11100000 people will be covered by water projects in the framework of strategies for integrated territorial development. Planned investments also include water management and water body restoration measures as well as nature-based solutions. Finally, the protection of critical infrastructure will be enhanced.

([217]) Belgium, Bulgaria, Czechia, Germany, Greece, Spain, France, Croatia, Italy, Cyprus, Lithuania, Poland, Portugal, Romania, Slovakia, Sweden, and, at the time of finalisation of this report, the Hungarian environmental programme was planning to reallocate resources towards MTR water priorities.

Box 4.1.5: Examples of operations supported under water priority and under energy priority

Examples of operations supported under water priority

In the French outermost region of Guiana, 15% of the population remains off the drinking water network. 8 out of the 22 communes have no drinking water management plans. Rapid demographic growth and droughts pose additional challenges. Maintenance of water supply infrastructure in remote areas remains difficult due to high upfront investment costs and limited tax base of local authorities (source: programme Guyane ERDF-ESF+ 2021-2027). The programme will contribute to improving access to and the supply of drinking water, for example, through the creation of new water abstraction points, the optimisation of existing ones, the development of public drinking water supply networks and the prevention of saltwater intrusion. These investments will help ensure that the supported infrastructure remains adaptable to climate change and population growth.

Examples of operations supported under energy priority

Malta will double electricity interconnection with Italy and develop a high-voltage link with Gozo, integrating more renewable energy into the grid. A robust public network of charging infrastructure for electric vehicles will be developed in Catalonia and Baleares, in the areas with a demonstrated market failure.

Under the new SO 2.12, EUR 1.1 billion has been mobilised by 11 Member States ([218]) for **energy connectivity**, with more than half of investments planned in interconnectors and related distribution, transmission and storage infrastructure. In addition, more than a quarter of investments are focused on developing alternative fuels infrastructure. The remaining funds are planned to support, inter alia, smart energy systems and the protection of critical infrastructure.

Thanks to the planned investments, more than 1550 kilometres of newly constructed or improved energy transmission or distribution network lines and interconnectors will be built. The more than 9700 fuelling or recharging points for clean vehicles that are scheduled to be built or upgraded correspond to more than one quarter of the overall target under cohesion policy (Box 4.1.5).

Support to Eastern border regions

The MTR has supported the Eastern border regions. 18 of 22 programmes supporting such regions reallocated resources to the new strategic priorities ([219]).

With support totalling approximately EUR 5.6 billion, including for military mobility, the development and manufacture of critical technologies and the defence industry, cohesion policy will contribute to increased stability, help attract investment and create future opportunities for local communities in these regions (Box 4.1.6).

The use of cohesion policy funds is expected to be speeded up, with 14 programmes benefitting from the extended eligibility periods. Pre-financing amounts to EUR 6.5 billion.

([218]) Germany, Greece, Spain, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Slovenia, Slovakia

([219]) These 18 Eastern border region programmes are: Programme for Cohesion Policy Funds (Estonia), Innovation and Skills (Finland), Economic Development and Innovation Operational Programme Plus, Integrated Transport Development Operational Programme Plus, Digital Renewal Operational Programme Plus (Hungary), Programme of EU Funds' Investments (Lithuania), European Union Cohesion Policy programme (Latvia), European Funds for Eastern Poland, European Funds for Lubelskie, European Funds for Podlaskie, European Funds for Podkarpackie, European Funds for Pomorze and European Funds for Warmia and Mazury (Poland), Education and Employment, North East, North West and South-East (Romania), and Programme Slovakia. The Hungarian programme 'Environmental and Energy Efficiency Operational Programme Plus' was envisaging to reallocate funds to some of the strategic priorities at the time of the finalisation of this report.

Box 4.1.6: Examples of operations supported in Eastern border regions

One of the Member States will adapt and equip selected public buildings as civil protection shelters based on the potential shelter locations identified in a survey by the fire and rescue services. Supported facilities will be compliant with the latest regulation for shelters under category III (reducing impact of explosion), as these are the most urgent and can cover the most population. Currently, only about 30 % of this country's population is covered with existing shelters. Relevant eastern border region will also benefit from this support.

Moreover, the Member State used the MTR to boost the funding for construction of new disaster risk management centres. The objective of this nation-wide infrastructure programme is to provide single premises for all institutions involved in civil protection and disaster risk management: the fire and rescue service, state police, border guard, office of citizenship and migration affairs as well as medical emergency services, to improve the coordination of response in situation of crises. Only 1.9% of new buildings hosting these institutions have been built or renovated since 2000. Out of total target of 34 new disaster risk management centres, 10 are planned to be financed with ERDF, in a complementary way to RRF funding.

An industry park specialised in production of ammunition, explosives and other defence-related manufacturing will be developed in another Eastern border region. This ERDF project aims to develop the core infrastructure, while selected companies will construct the production buildings and facilities needed for their activities.

Assessment of the outcome of the MTR by Member States (ref. Article 18(1) CPR)

The MTR has helped Member States address structural challenges identified in EU strategic documents, including the CSRs, the European Pillar of Social Rights and the NCEPs. These reference documents highlight the areas where major investment gaps persist, or where specific reforms may be needed. This section provides selected examples of how Member States have included these elements into their programmes during the MTR process.

In 2024, all Member States were invited to consider, in the context of the MTR, the opportunities provided under the STEP Regulation to **improve EU competitiveness** through innovative and high-tech projects. Some 20 Member States that addressed this recommendation will focus R&D and business measures under relevant cohesion policy programmes on the strategic technologies where scale and industrial sovereignty matter most.

For example, the Dutch region of Groningen-Emmen will support digitalisation and robotics in SMEs, with a large portfolio of flagship projects. A consortium of two innovative start-ups in the field of healthcare robotisation is developing and validating the second generation of an antimicrobial-coated compression ring device for colorectal surgery. The project focuses on improving the materials and redesigning the applicator to make it more cost-effective to manufacture. Building on an existing proof of concept, it will develop the technology into a clinically ready product. By enabling reuse, the device has the potential to reduce both the cost and the environmental impact of conventional surgical staplers.

One of the leading projects implemented under the JTF in Germany concerns the first silicon carbide factory in the world that will operate entirely according to circular economy principles ([220]). In Italy, the Sic Campus, a major investment in Catania, consists of an integrated plant for the production of silicon carbide power devices, with cohesion policy support worth EUR 300 million. The project aims to strengthen the semiconductor supply chain by boosting the EU's technological sovereignty in strategically important fields such as micro- and nanoelectronics. Spain introduced STEP priorities in several programmes, including investment in skills. Investments support in Greece will also contribute to strengthening of active labour market policies and reducing skill mismatches.

([220]) High purity silicon carbide obtained from production residues offers a greatly improved carbon balance. Due to its exceptional hardness, it can be used in high-tech industrial applications, including semiconductors, solar systems, technical ceramics and abrasives.

Some 20 Member States have addressed the **horizontal CSR to 'reinforce defence spending and readiness in line with the European Council conclusions of 6 March 2025'**. Funding contributions to defence investments have been substantive in many Member States, in some cases reaching more than 11% of their overall EU allocation.

For example, reallocations are intended to support the procurement of dual-use equipment and the deployment of systems that can serve both in peacetime crises and in defence operations, including mobile medical units, field hospitals and specially equipped ambulances, along with aerial platforms capable of firefighting, medical evacuation, rescue, and transport of personnel or materiel.

Critical energy, transportation or healthcare infrastructure have also been strengthened. Hospitals in some other Member States will now provide uninterrupted healthcare services in peacetime or during crises. These include specialised surgery and intensive care services, the most necessary laboratory tests and diagnostics (MRI, X-ray, ultrasound) and storage facilities for essential medicines and medical supplies reserves.

Member States have also proposed measures to improve military mobility in order to strengthen the EU's main military mobility corridors. Given their dual use purpose, these measures aim to improve road transport and logistics connections, the interoperability of different modes of transport and various transport services. All of this contributes in parallel to developing the business and operating environment of SMEs, as well as to improving general traffic safety.

Several Member States will improve the capacity of electricity networks, including cross-border connections. For example, Greece is planning to develop energy interconnection of the North Aegean islands with the mainland. Planned projects in Poland will address the 2025 CSR on the need to decarbonise the power systems faster and to facilitate public and private investment in cleaner modes of production that help industries reduce their carbon footprint while strengthening the circular economy.

Recommendations related to water scarcity have also been addressed. With the highest reallocation to water amongst Member States in relative terms - almost 6.6% of its EU allocation – Cyprus, as the Member State experiencing the most acute chronic water stress, exacerbated by climate change, will 'step up investments in water and wastewater infrastructure'. This includes improving infrastructure efficiency and operational readiness through the replacement of ageing water networks and the deployment of monitoring technologies to reduce water loss. These actions are included in the National Water Investment Plan 2021–2030 and contribute to aligning Cyprus with the EU Urban Wastewater Treatment Directive. This also includes enhancing water supply security and the reliability of the drinking water network through the construction of new aqueducts and storage reservoirs, ensuring sufficient capacity to meet peak demand periods. Czechia has redirected EUR 32 million to financial instruments in order to mobilise more private sector resources in the water sector.

The CSRs on housing have been taken forward, with measures aimed at supporting people in precarious housing situations and improving energy efficiency in buildings. To 'increase the supply of social and affordable housing', reallocations in Ireland support the new housing priority. The 2025 Country Report shows the growing demand for housing, with almost 59000 households on local authority waiting lists in 2023. Over 30% of those on the list are waiting five years or longer for social housing. Housing is one of the strategic priorities in the country's national planning framework ([221]).

Currently, only 1.6% of the total housing stock in Slovakia is dedicated to social housing, as per the 2025 Country Report. The 2025 CSR recommends "promoting social housing, taking into account regional disparities", and EUR 153 million mobilised through the MTR will be contributing to this objective. That includes EUR 30 million planned on inclusive housing for marginalised Roma communities.

Affordable housing in Croatia is not only an issue for the most vulnerable citizens, but also for the middle class, which has been affected by the exponential rise in property prices and rents, due in part to an increase in tourist short-term rentals. It is also a significant barrier to attracting the skilled workforce that is urgently needed,

([221]) Project Ireland 2040, National Planning Framework, https://www.npf.ie/

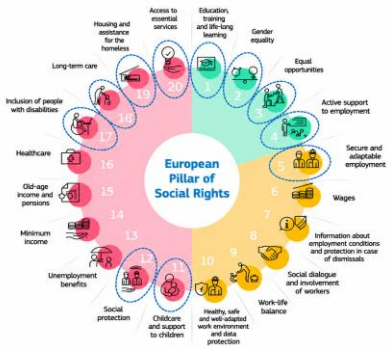
particularly in the education and healthcare sectors. Moreover, it affects young people who delay starting families due to high housing costs. Housing investments will be implemented in Croatia through two programmes in the areas experiencing an insufficient number of available housing units, i.e. in cities and their functional urban areas. This will be done using financial instruments under Integrated Territorial Investments. Support will also be provided in remote and rural areas, while also taking energy objectives into account.

Moreover, Member States have also strengthened skills and labour market measures more widely, including beyond skills related to STEP and other strategic priorities. Such measures included investments in education and training, upskilling and reskilling, active labour-market policies and targeted support to address labour shortages and skills mismatches, particularly in the context of the green and digital transitions. For example, Slovenia has promoted upskilling and reskilling, with an emphasis on entrepreneurial and digital skills in anticipation of changing labour market needs.

Finally, measures focusing on the integration of disadvantaged groups and measures providing support to childcare, long-term care and the integration of non-EU citizens have been reinforced. Poland, for example, has increased the allocation for training new staff in childcare institutions and developed mechanisms to support the social integration of third-country nationals deemed particularly vulnerable to exclusion. Poland also included actions to support the formal education of pupils from Ukraine in Polish schools and to address deinstitutionalisation and develop foster care.

These measures have further supported the implementation of the European Pillar of Social Rights, particularly Principle 1 (Education, training and lifelong learning), Principle 2 (Gender equality), Principle 3 (Equal opportunities), Principle 4 (Active support to employment), Principle 5 (Secure and adaptable employment), Principle 11 (Childcare and support to children), Principle 12 (Social protection), Principle 17 (Inclusion of people with disabilities),), Principle 18 (Long-term care), Principle 19 (Housing and assistance for the homeless) and Principle 20 (Access to essential services) (Figure 4.1.24).

Figure 4.1.24: European Pillar of Social Rights and MTR contribution



Source: Directorate-General for Employment, Social Affairs and Inclusion

The newly added strategic priorities will also steer investments towards the goals set out in the NECPs. For instance, Belgium, France, Ireland, Italy, Portugal and Slovakia have reallocated funds to renovate the stock of public and residential buildings, reducing the overall level of emissions, achieving relevant energy efficiency targets and/or tackling energy poverty. Several Polish regions have increased support for demonstration projects for zero net emissions buildings, with energy efficiency targets 20% higher than required. Skills development will complement these efforts through vocational training measures in strategic technologies which remain essential for the green transition.

In the Netherlands, Germany and Slovenia, part of the support under the STEP objective will accelerate the transition to a climate-neutral, circular industry and innovation-driven decarbonisation, while 6300 new charging points planned in Spain will incentivise the further roll-out of electric vehicles, addressing the Commission's recommendation to include more detailed plans for this sector.

The consequences of climate change for future water availability will be addressed in Portugal, with almost EUR 0.5 billion reallocated to water efficiency measures and regional programmes committing at least 70% of the resources under the new SO 2.5 to this area. Latvia's decision to finance biomethane entry points aims to address the infrastructure bottlenecks hindering the pace of sustainable biomethane deployment in the EU, with the potential to replace up to 15% of natural gas use in the country.

Use of new financial incentives, thematic flexibilities and simplification measures

Financial incentives have been important aspects of the reprogramming exercise. A total of EUR 21.3 billion in pre-financing has been paid ([222]), and it should be used by Member States to inject liquidity where it is needed, in particular into projects with high upfront capital requirements to help get them off ground. A total of 159 programmes will benefit from longer eligibility and decommitment periods, providing additional time for building project pipelines and implementation.

Several Member States have shown interest in financing STEP Seals of Excellence and ICPEIs. For example, Romania is supporting the AI-focused projects of the European Digital Innovation Hubs (EDIHs) with a STEP Seal from the EDIH 2.0 call under the Digital Europe Programme. EDIHs specifically aim to support public administration and SMEs in addressing challenges related to digital transformation, helping governments, businesses and workers remain competitive and resilient - within their own regions and globally, thereby contributing more broadly to the achievement of the Digital Decade targets. Six projects have received Digital Europe co-funding of up to 50%, with the remaining funding covered by cohesion policy trough the national Smart Growth Programme (ERDF). The seventh project is entirely financed by cohesion policy. An application for support to a direct partner in an IPCEI in Slovenia has been approved.

The MTR has maintained support for small and medium enterprises as a cohesion policy priority. Some 51% of the newly planned productive investments in defence and dual use technology are to be implemented by SMEs while the rest is planned to be implemented by large companies. However, the technological capacity of large companies remains a significant factor in driving rapid large-scale production in key sectors and strengthening the EU's capacity to reduce strategic dependencies. As regards productive investments under the STEP objective, more than 50% of support is planned in large firms, with 44% targets SMEs. Although the 20% ceiling for STEP investments under the ERDF initial allocation has now been lifted, such support still represents just 6% of overall ERDF funding, and it has nearly doubled following the MTR exercise.

The climate contribution remains broadly unchanged. The CF's contribution stands at 56%, as was the case before the MTR. The minimal decrease in the ERDF's contribution from 33% to 32% results from the nature of investments in the MTR priority areas such as military mobility or productive investments with low or zero climate co-efficient.

More detailed information about the MTR, the types of projects planned to be supported or already supported and the programmes benefitting from the longer eligibility deadlines can be found in the MTR Data Story on the Cohesion Policy Open Data Platform ([223]).

Use of financial transfers

Transfers between categories of regions were made possible for the first time during the MTR since the adoption of the Partnership Agreements. Totalling slightly more than EUR 1.2 billion, such transfers were used in nine Member States, mainly to support the strategic priorities. Around two thirds of this amount (approximately 813 million) has been redirected from more developed regions and transition regions to less developed regions in order to support such investments as railway projects and digitalisation and clean energy in companies. A bit less than one third, or approximately 380 million, has been transferred from less developed regions (amounting to just 0.17% of the initial total EU allocation for these regions in the adopted programmes), to boost defence industry and support IPCEIs in more developed regions and transition regions, alongside housing and water management investments in areas affected by floods. The remaining transfers between transition regions and more developed regions aim to address the impacts of climate-related crises and strengthen support for the most deprived persons.

Reallocations to the European Urban Initiative (EUI) have yet to be made. However, the option remains available, as do transfers to

([222]) Including pre-financing paid under the STEP Regulation

([223]) https://cohesiondata.ec.europa.eu/stories/s/21-27-Mid-term-review-reprogramming/m3fc-xfdy/

Interregional Innovation Investments Instrument. Under the EUI, innovative actions that meet the minimum quality standards in a call for proposals, but cannot be financed due to budgetary constraints, may be awarded a Seal of Excellence. The Seal may be granted to project proposals under the fourth EUI call with a provisional budget of EUR 60 million, aiming to test, inter alia, new housing solutions ([224]).

4.1.3.1. Conclusions

The MTR has shown flexibility and responsiveness. It has mobilised certain critical investments in the ERDF, CF and JTF. From defence and housing to energy and water, those investments make a difference by addressing structural challenges while also responding, to an extent, to fundamental societal needs such as safety, comfortable and fair living conditions and reliable access to energy for everyone.

The MTR also helped adjust the ESF+ skills development map. Where Member States amended programmes funded by the ESF+, they redirected funding towards skills development in sectors facing labour shortages and transformation pressures. At the same time, the ESF + preserved its social focus, with higher investments in poverty reduction and support for the most vulnerable when compared to the pre-MTR situation. For example, support to fight against poverty and support to the materially most deprived increased by EUR 211 million (3.5%) and the initial allocation to measures combatting child poverty increased by EUR 491 million (5.4%).

The continued application of the partnership principle enabled important investments at all territorial levels. It has demonstrated that the EU and sub-national levels can seamlessly co-exist: while the European institutions established the framework, the national and regional authorities were at the steering wheel, embracing the strategic priorities in ways that best take into account their territorial challenges, strengths and diversity while driving forward the EU's political agenda.

Furthermore, the MTR has promoted an integrated approach to and synergies between regional and local funding and horizontal instruments. This has been done, for example, by realigning cohesion policy investments with the STEP objectives or enabling direct support for IPCEIs, EU flagship investments in critical areas. It has also enabled new flexibilities to be tested while seeking to avoid major disruptions halfway through the programming cycle thanks to the extended eligibility periods.

Implementation remains crucial. With the MTR exercise now over, the established MTR priorities should operate swiftly to achieve their strategic objectives. Close cooperation with Member States and regions is being continued to ensure smooth implementation. Skills and administrative capacity that may present an additional challenge are being tackled by Member States, notably in new investment areas such as housing and defence, which involve new implementing bodies and beneficiaries from the Ministries of Defence to the smallest European municipalities.

Making further use of the new thematic flexibilities - direct support for projects awarded Seals of Excellence and for ICPEIs – and strategic priorities remain possible until the end of the programming period. This provides Member States and regions with continuous opportunities to adjust their programmes in a way that reflects their investment needs and evolving financing priorities ([225]). It also allows them to look for synergies across investments, particularly in strategic value chains, advanced manufacturing and clean technologies. A stronger uptake of simplified cost options could reduce complexity in the funding process and sharpen the focus on results in the strategic areas.

([224]) The list of shortlisted projects is expected early December 2026.

([225]) Member States have continued to redirect resources to the strategic priorities beyond the formal mid-term review process, with a further EUR 2.3 billion reallocated, including ongoing amendments. This reflects their sustained commitment to supporting these areas and the importance they attach to addressing the EU's evolving needs.