

# EU regional policy: Facing the final curtain?

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# Executive summary

Europe's regional challenge is not one of ambition, but of delivery. The European Union (EU) has constructed an impressive policy architecture around competitiveness, resilience, security and the green and digital transitions. Yet the distance between these ambitions and socioeconomic realities across Europe's regions is widening – increasingly with political and democratic consequences. EUrope's policy responses today are shaping impacts that will be felt long into the future. This is no less the case for EU regional policy. The task of redesigning an effective response, fit for

an era of structural change, is unquestionably difficult. But no serious effort to tackle the future of EU regional policy has even emerged. A new architecture – designed in the image of the Recovery and Resilience Facility – is destined to fail unless it is reshaped to engage the sub-national delivery community and respond to local realities. Before its abandonment, it is not too late to improve the policy's design and confront the emerging delivery gap between the policy's new rhetoric and its capacity to deliver.

# A reformed post-2027 EU regional policy

There is no question that **EU regional policy can and must change for an era of radical structural upheaval**.<sup>1</sup> Energy and technological transitions, demographic change, security threats and geopolitical uncertainty demand more than preservation of the status quo.<sup>2</sup> In addition, many criticisms of the current regional policy are legitimate. There is a clear need to improve efficiency across EU funding instruments and programming has been shown to be far from perfect. The policy's architecture reflects a multilevel governance negotiation – often resulting in a compromise from all levels rather than a perfect solution. While giving regions a 'voice' and influence to support local visibility (at national and EU levels) and to target regional development investments in infrastructure, business support, energy transitions and institutional capacity, the process has proven difficult to coordinate and the outcomes and impacts are difficult to reconcile with the investments made.

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**The Commission's efficiency drive entails a significant step away from the regional focus of EU regional policy. But this logic is flawed.**

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The European Commission's simplification response to EU regional policy is underpinned by more sharply coordinated governance and better alignment of policies to confront complex administrative structures that carry unnecessary costs. Proposed National and Regional Partnership Plans (NRPPs) would replace previously separate regional, agricultural and fisheries policy frameworks. The NRPP design closely mirrors the Recovery and Resilience Facility (RRF), the EU's response to the global health pandemic.

However, the proposed design goes further than changes to improve sub-optimal efficiency. It assumes the (often administratively complex) process of regional engagement and local investment targeting is an optional feature for the future policy. Many regions without clear legislative powers for the management and delivery of EU regional policy funds are set to lose the agency that the current policy design confers. The Commission's efficiency drive entails a significant step away from the regional focus of EU regional policy.

But this logic is flawed. The NRPP's centralised governance structure comes with no guarantee of the efficiency gains that the Commission is seeking. Instead, new and complex structures are being created without greater clarity of value over the prevailing

system. Furthermore, the NRPP model has not found favour across the regional policy community<sup>3</sup> due to its questionable ability to deliver a genuinely regionally-driven policy and investment effort.

At the core of this concern is the question of whether the NRPP model can respond to the highly differentiated needs of different EU geographies in an era of significant structural change. **A trust and credibility gap exists between the NRPP model's rhetoric and its unfolding reality.** The 'acid test' question is whether its nationally-driven character is capable of understanding and managing the profoundly different territorial consequences of change.<sup>4</sup>

Signals of the NRPP's current design effectiveness are not encouraging. Instead of reforming regional policy governance and management for improved oversight and performance management, the **proposed reform is directed towards greater centralised power** – a simple 'fix', attractive to the Commission and member states, with a 'top-down' logic based on greater national control of finances once destined for territorial development.

Inspired by the RRF model, the post-2027 NRPP looks set to follow its direction. The warning bells of the RRF's delivery gap have not been heeded, despite evidence that its intended performance-driven orientation has not emerged.<sup>5</sup> **National commitment to involve sub-national governance in the planning and targeting of Covid-recovery reforms and investments was often not substantiated;** nor was this challenged by Commission services managing **the RRF's purse-strings. Instead, the RRF largely defaulted to an exercise masterminded and delivered by national capitals.** Regions often struggled<sup>6</sup> to 'see' or be engaged in the RRF's efforts to upgrade, support or transform their territories.

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**Without subnational trust in the NRPP's design or direction, the 'partnership contract' – a key enabler of the EU's multilevel effectiveness – is destined to fail.**

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**The Commission's gamble on – and the EU27's endorsement of – a new EU regional policy model, largely carved in the RRF's image, is therefore unwise.** Without subnational trust in the NRPP's design or direction, the **'partnership contract' – a key enabler of the EU's multilevel effectiveness – is destined to fail.** There is no surer way to expedite an EU policy

delivery gap<sup>7</sup> – in this case between regional policy's future intentions and its impact on the ground. **A sub-national delivery community that doubts the true intentions or delivery capacity of the NRPP model is unlikely to get behind it.**

Committing to an EU place-driven stance for regional policy does not, by itself, guarantee success. But dismantling those policy foundations directly undermines the policy's ethos. Minus this scaffolding, the unrest

that resides in “places left behind”<sup>8</sup> can more easily spill over across EU geographies. The Union has largely ignored the negative impacts from structural change that are increasingly prevalent in less resilient economies.<sup>9</sup> Confronting this **requires a better EU regional policy, not a reduced one.** The NRPP model – in its current design – represents a far cry from regional policy's longstanding commitment to bring proximity, visibility and democratic action from the EU to the local setting.

## A political football, kicked into the long grass

Regional policy's changing direction, outlined above, has a critical context. Why has support waxed and waned and what trajectory has been set for its future?

Firstly, **the contested performance of regional policy has driven a wedge between the ‘frugal’ countries and the ‘Friends of Cohesion’**, usually separated on the basis of their respective ‘net payer’ and ‘net recipient’ status for EU regional policy financing. These camps perpetually wrangle over the question of whether the policy delivers intended impacts, especially in the run-up to a new EU budget cycle.<sup>10</sup> In reality, establishing simple causal relationships between expenditure, interventions and territorial outcomes is inherently complex – whether the ask comes at EU, national or regional level. Regional development reflects multiple policies, investments and external shocks over long periods. However, **difficulty demonstrating causality between regional policy's investments and its impacts is not evidence that place-based policymaking has failed.**

Too often the political rhetoric about policies driven by territorial targeting is based on spurious assumptions – by both sides. The ‘for’ and ‘against’ regional policy communities often apply rhetorical claims about its impacts, which have prevented a credible space for genuine reflection on how to improve the policy. In turn, the purpose of regional policy is often poorly understood by those who attack its value while its impact is overplayed by those defending it. Successive EU budgets and debates have been characterised by this backdrop – an environment ill-suited for effective policymaking, which generates grudging compromises.

Secondly, the tensions related to constrained EU finances and competing demands for investment in competitiveness, transitions and security have intensified. Correspondingly, the political temptation increases – within the Commission and across member states – to propose simple solutions to complex policy choices. The Commission's simplification drive has become an efficiency argument for policy centralisation: fewer programmes, greater national coordination, stronger conditionality and more reform-driven performance frameworks. But **administrative efficiency is not the same as policy effectiveness**, not least where the policy in question necessarily demands a

multilevel coordination response. A system can become simpler in Brussels and national capitals while becoming less impactful and more distant from what happens in Europe's regions, towns and cities.

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Thirdly, **the Commission's shift to a stronger centralised policy machine<sup>11</sup> risks hollowing out real public policy expertise.** In turn, this weakens the longstanding wisdom and challenge function of Directorates-General that are now less favoured in the institution's higher echelons. Certainly, the regional policy sphere is subject to increasing marginalisation, with much speculation about its future existence.<sup>12</sup> This direction, and the choices it supports, demonstrate a lack of political and policy accountability for the long-term future of EU regional policy. Its multilevel constituency – EU sub-national governments, regional partners and ecosystems – has been given little to no consultation space in the process deciding the fate of the policy's future. This makes the community less likely to support wholesale policy change while encouraging their mistrust in future partnership working, which the policy depends upon, even under greater centralisation.

The task of redesigning an effective, place-based, EU regional policy, fit for a new era of structural change, is unquestionably difficult. But the efforts to reimagine its role and value have not even been attempted. Instead, a retreat towards nationally-driven governance has become the favoured option. This risks creating a policy delivery gap precisely when territorial intelligence and targeted investments are needed. **The EU's commitment to a genuine regional policy could be reaching its endgame**, with detrimental consequences for the Union's cohesion, and for European integration.

# A delivery gap – and an impending reckoning

**The muted ‘voice’ of the sub-national level conflicts with what is needed.** The EU is confronting a stark reality across many of its territories. Structural transformations are not landing evenly. But the capacity to cope is no longer confined to less developed regions. Industrial restructuring, decarbonisation, demographic decline, technological disruption and security vulnerabilities have fundamentally different territorial effects. But, increasingly, the pain of this change is reaching many more places previously assumed to have strong resilience.<sup>13</sup> An erosion of EU regionally-targeted investment in the future creates a support gap that will prevent these regions from confronting the challenges they face.

The space-blind direction of the NRPP model is not designed to respond to geographical distress. **The EU’s “places left behind” problem could become the norm rather than the exception.**

Against this backdrop, the Commission risks casting off its historic role as the guiding light of a ‘Europe of the regions’. For decades, regional policy provided more than funding: it offered policy leadership, helped sub-national authorities navigate structural change, built strategic capacity and provided a regional policy framework where national responses were sometimes weak or absent.

This matters even more now because the nature of structural change itself is changing. **Europe’s competitiveness and security agendas are increasingly intertwined.** The development of dual-use technologies<sup>14</sup> link defence and security with advanced

manufacturing, research, digital technologies, energy, infrastructure and skills. Not all EU territories are ready for the changes that lie ahead and not all will benefit. The opportunities – and adjustment costs – that come with a new era of structural change will be intensely territorial. The EU’s strongest geographies – characterised by the presence of resilient industrial clusters, universities, supply chains, infrastructure and skills – will be best placed to navigate the changes that lie ahead.

**A serious European regional policy should help regions develop new competitive strengths, connect local assets to European strategic priorities and mobilise investment.** Regional policy’s Smart Specialisation agenda was set up precisely for this purpose. Its future is uncertain under the NRPP model. Minus the EU support framework to connect and orient regions to the EU’s direction, Europe’s competitiveness potential is undermined, while places struggling with change lose faith in the Union’s direction.

**This turns a regional development problem into a democratic one: regional and municipal authorities are where European policies become tangible.** Weakening their agency increases citizens’ distance from decision-making and risks reinforcing perceptions of an EU that is remote from territorial realities. Disillusionment and disaffection are known to breed anti-EU sentiment. There is a real risk that this will extend to the EU’s sub-national community who once championed the value of EU regional policy but now fear that the Union has deserted its regions.

## A genuine EU regional policy: putting citizens and places first

It is not too late to rescue regional policy from an impending collapse. But this **requires a policy and governance design that guarantees meaningful local engagement.** A politically undersigned written commitment cannot and will not achieve this alone. Better coordination between regions and member states is necessary. But this must not come at the expense of territorial agency or through space-blind policy responses. Improved governance should be at the core of policy reform, respecting national governance systems but identifying where coordination failures exist.

Europe needs a **new regional policy settlement combining European strategic direction, stronger national coordination and genuine sub-national engagement.** That means restoring a strong European policy function capable of challenging, guiding and

supporting regions through structural change rather than facilitating retreat from an EU that is no longer recognisable on the ground.

By putting citizens and places first in policy design, the Union stands to benefit precisely because reforms, support and investments can deliver European ambitions and sub-national opportunity by binding the EU’s direction to local needs. **The NRPP architecture must contain safeguards that prevent a ‘free-hand’ for national capitals to determine solely regional reforms and investments.**

**Making regional participation an enforceable feature of the NRPP system,** rather than a discretionary choice by member states, would create the right conditions and incentives for regional transformation, while confronting

the delivery gap between the current NRPP policy design and the impact it seeks to generate. The **four areas outlined below would strengthen the post-2027 NRPP design** through matching its current efficiency logic (of improved coordination, alignment and scaling of investment efforts) with improved policy effectiveness:

**1. Direct territorially-driven reforms through the European Semester:** the 2026 Semester process did not go far enough in spelling out the extent and nature of sub-national territorial challenges. If, in the spirit of the RRF, the European Semester should guide the NRPP reform process, regions must be wholly engaged. They need to be involved in identifying and designing the reforms that affect them, even where the competence to enact them lies at the national level. There is a difference between national reforms with regional consequences and reforms requiring regional or multilevel delivery. But the role of regions is important to both. Without this, poor targeting and ownership ensues – a flaw identified in the functioning of the RRF.<sup>15</sup>

**Recommendation:** Guarantee regional participation in the European Semester, tying regions to NRPPs and their associated reforms, regardless of their specific powers.

**2. Strengthen NRPPs for regional resilience and preparedness:** the EU's security transition does not depend only on a military response at our external borders. Regions are adjusting regional development plans towards their comprehensive security needs. Some are more prepared than others, but all regions need to reform their approaches to regional development in a new security era.<sup>16</sup> This includes infrastructure upgrading that is driven by investment in innovation ecosystems, while engaging industry and civil society in wider preparedness efforts. The NRPP model can drive the scale and multilevel governance approach that this demands. It can also go further, supporting transnational, infrastructure networking, which was not always feasible under the previous cohesion policy, due to programme fragmentation.

**Recommendation:** Design territorially differentiated preparedness and resilience assessments in NRPPs, developed with regional authorities and translated into integrated reform and investment priorities.

**3. Make regional competitiveness a vector of EU performance:** NRPP reforms for regional innovation and competitiveness can better connect the Union's regional innovation pipeline to a new industrial policy era. Until now, a structural gulf has existed between EU-directed industrial initiatives and the regional/interregional innovation ecosystems

that could contribute to them.<sup>17</sup> This undermines collective capacity for innovation-driven investment and dilutes potential for better collaboration across the EU27. Faced with geopolitical trading and supply challenges, the EU can no longer afford to accommodate such inefficiency. However, a more connected EU competitiveness effort cannot be achieved by a centralised, top-down, industrial policy direction. Regional capabilities should inform national and European industrial strategies. Reforms must connect EU ambitions with strengthened, regional industrial capacity, through clusters and innovation ecosystems. Cohesion policy's smart specialisation agenda must be strengthened, as a regional driver of the competitiveness-focused reforms and investments underpinning each NRPP's growth ambitions.

**Recommendation:** Compel national capitals to detail how their NRPP competitiveness reforms and investments will mobilise regional innovation capabilities, address ecosystem bottlenecks and strengthen connections to European industrial value chains.

**4. Prioritise 'place' in a new era of EU territorial strategies:** A new generation of EU territorial strategies, including for islands, outermost regions and eastern border regions, signals growing recognition that specific geographies face distinct challenges and opportunities with implications for EU security, preparedness and climate resilience. While differing in scope and policy status, they share a stronger geopolitical rationale extending to the Arctic and beyond EU borders. However, the territorial ambition is not matched by a coherent EU delivery framework. Connections to NRPPs are uneven, place-based approaches vary and regional influence remains uncertain, placing doubt on their capacity for territorial transformation. NRPPs could prevent a delivery gap. A reform and investment approach to EU territorial strategies can create local ownership if regions play a decisive role in identifying priorities, capabilities and investment needs. Where strategic geographies cross national borders, NRPPs should enable coordinated investment pipelines, complementary reforms and shared delivery commitments.

**Recommendation:** position the EU's new territorial strategies within NRPPs, enabling stronger regional traction and scaling transnational collaboration.

# Conclusion

The final curtain need not fall on EU regional policy. A new energy is needed to revitalise the role of regions in the Union's future. This takes vision, leadership and commitment from all governance levels. Reform is necessary for the policy's ongoing value. But rebuilding it for a radically different era means retaining its fundamental proposition: where people live matters; structural change affects places differently; and Europe cannot succeed if its territories cease to believe they have a meaningful stake in its future.

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**Where people live matters; structural change affects places differently; and Europe cannot succeed if its territories cease to believe they have a meaningful stake in its future.**

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- <sup>1</sup> Ricardo Borges de Castro, Janis A. Emmanouilidis and Fabian Zuleeg, "Europe in the age of permacrisis", Commentary, European Policy Centre, 11 March 2021, <https://www.epc.eu/publication/Europe-in-the-age-of-permacrisis-3c8a0c/>.
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- <sup>4</sup> Andrés Rodríguez-Pose (2025), Strengthening the local heart of Europe. European Urban and Regional Studies, Vol. 33, No. 2, DOI: 10.1177/09697764251387091, <https://journals.sagepub.com/doi/full/10.1177/09697764251387091>.
- <sup>5</sup> European Court of Auditors, Performance-orientation, accountability and transparency – lessons to be learned from the weaknesses of the RRF, Review No. 02/2025, Luxembourg: European Court of Auditors, 2025, <https://www.eca.europa.eu/en/publications/rv-2025-02>.
- <sup>6</sup> European Committee of the Regions, Opinion of the European Committee of the Regions – Mid-term review of the post-COVID European recovery plan (Recovery and Resilience Facility), OJ C/2024/7057, 4 December 2024, <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52024IR1372>.
- <sup>7</sup> European Policy Centre, The Delivery Gap: Future-Proofing EU Policymaking (Project page), 2026, <https://www.epc.eu/projects/the-delivery-gap-future-proofing-eu-policymaking/>.
- <sup>8</sup> A term first used in the US in social policy and rural poverty research and popularised in Europe following the 2008 global financial crisis.
- <sup>9</sup> Andrés Rodríguez-Pose (2018), "The revenge of the places that don't matter (and what to do about it)", *Cambridge Journal of Regions, Economy and Society* Vol. 11, No. 1: 189-209, DOI: 10.1093/cjres/rsx024, [https://researchonline.lse.ac.uk/id/eprint/85888/1/Rodriguez-Pose\\_Revenge%20of%20Places.pdf](https://researchonline.lse.ac.uk/id/eprint/85888/1/Rodriguez-Pose_Revenge%20of%20Places.pdf).
- <sup>10</sup> Agence Europe, "MFF 2028-2034: Ministers debate polarised between friends of cohesion and frugalists", 27 May 2026, <https://agenceurope.eu/en/bulletin/article/13874/1/mff-2028-2034-ministers-debate-polarised-between-friends-of-cohesion-and-frugalists>.
- <sup>11</sup> Michael W. Bauer, Hussein Kassim and Sara Connolly (2023), "The quiet transformation of the EU Commission cabinet system," *Journal of European Public Policy* Vol. 30, No. 2: 354-374, <https://ueaeprints.uea.ac.uk/id/eprint/81943/>.
- <sup>12</sup> Emanuele Bonini, "EU mulls reform of the Directorate-General for Regional Policy, with Fitto's backing," *EUnews*, 13 May 2026, <https://www.eunews.it/en/2026/05/13/eu-mulls-reform-of-the-directorate-general-for-regional-policy-with-fittos-backing/>.
- <sup>13</sup> European Commission, *Country Report – Germany 2026*, Commission Staff Working Document, 3 June 2026, [https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages-including-country-reports/country-report-germany\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages-including-country-reports/country-report-germany_en).
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- <sup>15</sup> Jonathan Zeitlin, David Bokhorst and Edgars Eihmanis (2025), *Governing the European Union's recovery and resilience facility: National ownership and performance-based financing in theory and practice*, Regulation & Governance, Vol. 19: 864-884, DOI: 10.1111/rego.12619, <https://onlinelibrary.wiley.com/doi/10.1111/rego.12619>.
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- <sup>17</sup> Alison Hunter, *The Industrial Strategy refresh: A new opportunity to reboot the EU's industrial innovation performance*, Policy Brief, European Policy Centre, 13 April 2021, <https://epc.eu/publication/The-Industrial-Strategy-refresh-3da158/>.

NOTES

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## NOTES

The **European Policy Centre** is an independent, not-for-profit think tank dedicated to fostering European integration through analysis and debate, supporting and challenging European decision-makers at all levels to make informed decisions based on sound evidence and analysis, and providing a platform for engaging partners, stakeholders and citizens in EU policymaking and in the debate about the future of Europe.

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