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A Seat at the Table, But No Fork?

Regions in the Revised NRPP Framework

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Abstract

This policy paper provides a short analysis of the European Commission's suggested amends to the National and Regional Partnership Plans (NRPPs) proposed regulation, assessing their impact on regional governance, innovation policy, and territorial and thematic allocations. Initially framed as a simplification drive, the NRPPs proposed regulation triggered strong concerns over recentralisation and the weakening of the partnership principle, prompting the Commission to propose amendments in autumn 2025 to strengthen multi-level governance and territorial safeguards. The paper argues that, despite these improvements, the balance of power in the future framework would remain largely national, making the effective role of regions and regional innovation policy contingent on how the new rules are implemented in practice. Moreover, the actual volume of funding allocated to specific territorial and thematic objectives related to cohesion, including interregional cooperation in the field of innovation, remains unclear and might shrink significantly in comparison to the previous period.

Introduction

When the European Commission first unveiled the National and Regional Partnership Plans (NRPPs), the message was simple: a single plan, fewer funds and more impact. In practice, the proposal triggered one of the sharpest debates in years on the future of cohesion policy, with regional authorities and the European Parliament warning that the mega-fund model risked recentralising decisions, generating more trade-offs between critical priorities and hollowing out the partnership principle.

Therefore, the European Commission put forward in Autumn 2025 a 'non-paper' with the view to suggest the co-legislators a number of clarifications and amendments meant to alleviate those fears. This revision provides for stronger safeguards for multi-level governance and territorial ring-fencing: i.e., by reinforcing the role of regions and clarifying that they can directly liaise with the European Commission in the context NRPPs', particularly over territorial and regional chapters, , and by establishing a fresh rural investment target and minimum thresholds for funds allocated to transition and more developed regions.

In theory, the NRPPs now look more inclusive and more sensitive to different territorial realities than the original version. Yet the core architecture remains largely unchanged. National governments still write the plans, hold the pen on territorial and thematic allocations and decide how far partnership provisions are translated into practice. While in the past national governments already had significant leeway on all these three areas, the new model reinforces these powers. What has been suggested by the Commission is a more elaborate set of procedures, regional checks, requirements, steering mechanisms, that can either empower subnational actors or remain a sophisticated box-ticking exercise, depending on how they are used.

This paper unpacks three fault lines that will determine which way the system leans: governance and power-sharing in the NRPPs, the uncertain place of regional innovation policy (S3 and I3), and the thematic and territorial allocation of the funds.

1. Governance on paper, power in practice

The revisions suggested by the Commission still merge cohesion, agricultural and rural funds under single national plans, but now wrap them in stronger legal language on partnership and multi-level governance as well as introducing more territorial ringfencing requirements. The question is whether these updates may actually improve the role of regions and territories in the governance and curb the risk that funds are driven by sectoral rather than territorial considerations.

Partnership in law: The revisions would require each NRPP to be drawn up "in partnership" with all authorities (national, regional, local and sectoral). For example, Article 21 would explicitly mandate that regional and local bodies "shall be fully involved in the preparation, implementation and evaluation" of the plan. Member States would be also required to detail which regional actors were consulted and how their input was incorporated ("regional check"). This is a stronger codification of the existing CPR "partnership principle". But, as in the case of partnership principle's requirements in past periods, it may still lack teeth and it may be difficult to enforce. Past experiences show that a simple and general requirement, such that of the regional check, may well be interpreted in very different (and very minimalistic!) fashion by Member States and ultimately turning in many instances into a tick-boxing exercise. Much in the vein of the mandatory consultation for the National Recovery Plans.

Regional representation: Amendments propose that all relevant authorities, including managing authorities for regional chapters, have formal access to the Commission. Suggested amendments to Article 49 state that regional managing authorities "shall be able to interact directly with the Commission" on the relevant plan's chapters. Annual review meetings with the Commission must involve "relevant regional authorities" where they are managing authorities. Crucially, monitoring committees for NRPPs would require balanced representation of national and subnational bodies, each with a vote, and their voting outcomes must be published. These provisions aim to prevent situations where national ministries dominate programming without genuine subnational input: they partially replicate aspects of the past governance model. It remains to be seen, however, whether and how in practice regional managing authorities will be actually able to liaise with the Commission without the involvement (or interference) of national governments.

Coordination authority: The non-paper also addresses the role of the coordination body, clarifying that it could be taken over by a managing authority (thus also including a regional one). However, it remains unclear whether more than one managing authority within a single Member State can hold a coordinating function (it seems this will not be the case). This is not a trivial issue. The coordinating function is responsible for submitting payment claims, which gives it a critical gatekeeping role and significant informal influence over the managing authorities. If this function is to be concentrated in the hands of a single entity, it would still grant that body considerable power amounting to a centralisation of the key functions.

For regional development agencies and subnational authorities, these changes offer improved consultation but limited power. Formal requirements now obligate Member States to involve regions at every stage, and regions can directly flag issues to the Commission.

2. Smart Specialisation and I3 didn't make it to the amendments

The non-paper of the Commission does not propose any meaningful change in reference to Smart Specialisation Strategies (S3). In the original proposal, the S3 is mentioned only as one of the various territorial tools to be employed by Member States. There is no specific legal basis nor obligation to set up S3s, unlike the past two programming periods.

Furthermore, the Interregional Innovation Investments instrument (I3), one of the few instruments explicitly designed to turn S3 roadmaps into cross-border value chains, are also no longer visible as a standalone programme. In the current period, I3 operates as a distinct ERDF-funded instrument with its own work programme and budget (around €570 million in 2021–2027, with calls running through 2025–2027). In the post-2027 proposal, the term "interregional innovation investments" reappears, but only as one of several actions that may be supported under the new EU Facility, alongside, for example, Important Projects of Common European Interest (IPCEIs).

Stakeholder analyses have picked up on this nuance: they note that while interregional innovation investments are mentioned in the NRPP regulation, there is no dedicated, ring-fenced budget line, and the Facility's main mandate is flexibility and crisis response. Other observers go further and complain that I3 "is not mentioned" as a distinct initiative under the ERDF in the new MFF, underlining the perception that the instrument is at risk of being diluted or absorbed. Bottom line: the instrument is very likely to be set up. However, it remains unclear at this stage how the programme would be structured (under the EU facility) and how much funding will be channelled to it

For now, the I3 looks moving from a guaranteed, if modest, ERDF instrument to a discretionary line in a highly flexible pot.

3. Ring-Fence or Hunger Games? What is actually left and for whom?

The revised architecture would combine fixed envelopes, national ring-fencing and three horizontal spending targets with a single flexible pot. A useful starting point could therefore be the distinction between fixed envelopes and ring-fenced minimum shares. Only the EU Facility, INTERREG and the Social Climate Fund appear to have fixed, pre-determined amounts at EU level. Everything else in the NRPP is currently defined as a minimum share at national level, meaning that Member States must dedicate at least that amount to a given objective, but can always top it up from the flexible envelope

Based on the Commission Proposal, the NRPP fund (excluding loans and the Social Climate Fund) is structured roughly as follows:

- €218 billion ring-fenced for Less Developed Regions (LDRs) – but without regional pre-allocation within countries.
- €296 billion ring-fenced for CAP direct income support (essentially today's Pillar I), which includes a minimum of €2 billion ring-fenced for the Common Fisheries Policy (CFP).
- Around €34 billion for Home Affairs Funds (migration, borders, internal security).
- A flexible envelope of around €235 billion, which would have to cover everything else: rural development (today's CAP Pillar II), Transition and More Developed Regions, Cohesion Fund-type investments, Just Transition-type measures, outermost and sparsely populated regions, plus new priorities such as defence, housing, industrial competitiveness and areas in industrial transition.

If one were to take the allocations in the current 2021–2027 period for rural development, TRs, MDRs, the Cohesion Fund, the Just Transition Fund and outermost/northern sparsely populated regions and use them as a reference point to estimate what might be required to preserve the same proportional balance inside the NRPP, the result would be uncomfortable. In today's prices, those legacy cohesion-type components would be roughly €257 billion[1]. By comparison, the flexible amount in the new NRPP would be about

[1] **Methodology note – extrapolating the "legacy shares" to the NRPP flexible envelope.**

The calculation begins from the official 2021–2027 financial framework. Cohesion policy resources amount to €392 billion in current prices, of which ERDF and ESF+ together represent €313.1 billion, the Cohesion Fund €36.6 billion, and the Just Transition Fund €19.2 billion. Rural development under the CAP (EAFRD) adds a further €95.5 billion, resulting in a combined "cohesion-plus-rural" reference envelope of approximately €487.5 billion. The

€235 billion. In other words, to keep the current proportions between these policies, the flexible pot would have to be around €22 billion larger or, put differently, the legacy cohesion mix corresponds to about 109% of the available flexible envelope.

Once inflation is factored in, even this hypothetical "unchanged" distribution could translate into an even deeper cut in real terms for cohesion-type spending. This would be the case even before considering additional demands related to defence, housing or new industrial policies, as well as the cost for reforms, all of which are expected to compete for the same pot.

The political reality may therefore be that almost every priority that is not LDRs, CAP direct payments, Home Affairs, the EU Facility or INTERREG could end up competing over a single flexible envelope that **may already be insufficient to preserve the status quo on paper**. Traditional cohesion players (TRs, MDRs, rural development, Just Transition-type territories) would not only competing with each other, but also with ministries of defence, industry and home affairs inside the same national envelope.

3.1 What about the spending targets?

On top of this, three EU-level spending targets are expected to be layered across different parts of the NRPP, but they apply to different bases:

<u>The environmental spending target</u> (43% of NRPP spending, ~€459 billion) would apply broadly across the NRPP, with the possibility for the Commission to adjust it per Member State.

Commission's mid-term evaluation reports that, within the €378 billion allocated to ERDF, the Cohesion Fund and the JTF, around 72 % supports less-developed regions, 18 % transition regions, 9 % more-developed regions and about 1 % outermost or northern sparsely populated territories. Applying these proportions to the 2021–2027 allocations yield indicative amounts of roughly €68 billion for transition regions, €34 billion for more-developed regions and €4 billion for outermost/sparsely populated regions.

To approximate the pressures on the NRPP flexible envelope, the analysis aggregates the components that, under the new architecture, would no longer benefit from EU-level ring-fencing: rural development (€95.5 billion), the derived amounts for TRs (€68 billion) and MDRs (€34 billion), the full Cohesion Fund (€36.6 billion), the Just Transition Fund (€19.2 billion) and outermost/sparsely populated territories (€3.8 billion). Together these correspond to approximately €257 billion in today's system. The amended NRPP proposal, however, provides a flexible envelope of only about €235 billion. If the proportional balance of current cohesion-type interventions were simply carried over, the "legacy mix" would therefore exceed the available flexible amount by roughly €22 billion, around 8–9 %. This implies that the flexible pot is structurally insufficient even to maintain the existing territorial balance before inflation or new policy priorities (such as defence, housing or industrial transition) are factored in.

Sources:
European Commission, *Cohesion Policy 2021–2027 allocations* (ERDF, ESF+, CF, JTF); European Commission, *CAP 2021–2027 – EAFRD financial allocations*; European Commission, *Mid-term evaluation of ERDF, CF and JTF* (territorial distribution data)

<u>The social spending target</u> (14%, ~€101 billion) would be horizontal but excludes the CAP ring-fenced envelope and the Social Climate Fund, even though the latter is explicitly intended to support a socially fair transition.

<u>The rural target</u> (10%, ~€64 billion) would be limited to parts of the NRPP: LDR ring-fenced amounts, Home Affairs Funds, Catalyst Europe Loans and whatever remains in the flexible envelope, and would not apply to CAP direct payments.

However, there is a structural oddity, the three targets do not share the same denominator. As a result, hitting all three simultaneously could partly depend on accounting choices. Because a single measure can, if eligible, count up to 100% against each target, one well-designed rural social-green project can fill several boxes at once. In theory, a Member State could reach or exceed 100% performance against all three targets and still have flexible funds left for other priorities. Whether this becomes a smart incentive for integrated projects or a creative bookkeeping exercise would depend on how robustly milestones and performance indicators are defined.

From a regional perspective, this layering of mismatched targets may have two implications. First, the Social Climate Fund – the one instrument explicitly created to cushion vulnerable households from ETS2-related costs, does not count towards the social target, which risks pushing social spending back into already overstretched envelopes. Second, the rural target's narrow base may mean that genuinely remote or shrinking areas could still find themselves in competition with peri-urban "rural" zones that are better placed to generate multifaceted projects ticking all three boxes.

Regarding the regional safety nets mentioned in the amendments, funds reserved for LDRs, for instance, would continue to be distributed through a formula across Member States, but there is no explicit obligation to ensure balanced coverage of individual LDR regions within a country.

The NRPP amendments partially acknowledge Europe's demographic crisis, but important gaps may remain. Until now, rural depopulation has tended to be under-addressed. Recent analysis note that the NRPP's rigid GDP criterion "overlooks regional vulnerabilities arising from demographic change". Under the original proposal, eleven Member States had no regions below 75% of EU GDP, meaning they would face no "convergence" conditions at all. In those cases, governments could concentrate investment in affluent areas without any EU-level steering, clearly at odds with the "Right to Stay" ethos.

The much quoted 75% "safety nets" for Transition Regions (TR) and More Developed Regions (MDR) illustrate this. They are often presented as safeguards against sharp losses, but in practice they are national aggregates that can still be reduced with justification. Transfers between TRs and MDRs, and between different territories within those categories, remain possible as long as the national floors are respected.

For a region that is demographically shrinking or industrially fragile, being located in a richer Member State could therefore mean losing out twice: less convergence-linked money overall, and no regional ring-fence to protect its share inside the national envelope.

3.2 So who really gets what?

Once the rings and targets are provisionally stripped back, the NRPP amendments boil down to a simple and uncomfortable truth:

- Farmers' direct payments and LDR envelopes would keep their dedicated spaces in the diagram, albeit with more national discretion on internal distribution.
- Fisheries and coastal communities would retain a modest but clearly ring-fenced CFP allocation.
- Home Affairs would receive a sizeable, clearly labelled block, plus political momentum.
- The EU Facility, INTERREG and the Social Climate Fund would maintain fixed envelopes with clearly defined purposes, but without an automatic link to territorial balance.
- Everyone else: rural development, TRs, MDRs, Just Transition-type areas, outermost and sparsely populated regions, new industrial and defence priorities, could end up queueing at the door of the flexible amount.

For regions and their development agencies, the question may therefore be not only how big the NRPP is, but **how much of it is genuinely contestable** for cohesion-type priorities. The answer, after ring-fencing and targets would be applied, may be less than the headline figures suggest, and subject to intense national bargaining.

If regional actors do not assert themselves in those negotiations, armed with data on demographic trends, S3 priorities, industrial strengths and social needs, the risk is clear. The NRPPs will have sophisticated diagrams, ambitious spending targets and carefully worded partnership clauses, but the actual distribution of money will drift towards the actors best placed to navigate national politics, not necessarily the territories most in need.

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