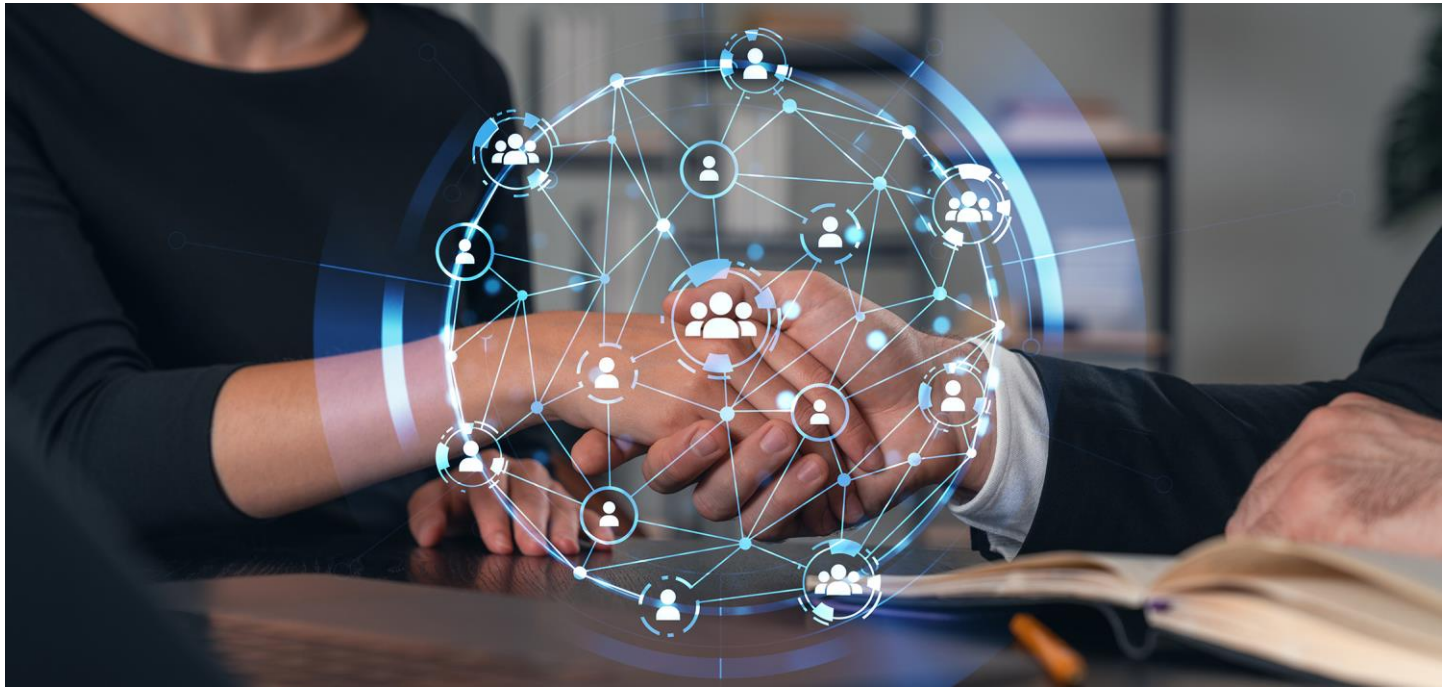




Cohesion Policy in National Envelopes: How to integrate Partnership

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Future EU Cohesion Policy is likely to hand more decision-making over to member states with the European Commission's plans of merging multiple funds delivered to member states by national envelopes. Such a delivery model for Cohesion Policy will curtail the involvement of subnational and civil society actors. This, in turn, can disrupt the flow of information and expertise provided by these actors. As a result, effective and impactful Cohesion Policy is at risk.

In this Policy Brief we argue that maintaining the partnership principle can ensure better policymaking and implementation in this revised system. We provide two options on how to integrate partnership in a delivery model of national envelopes: establishing National Partnership Committees with subnational and civil society actors as well as upgrading the European Code of Conduct on Partnership into a truly binding precondition for funding.

Cohesion Policy to be delivered in national, performance-based envelopes

The European Commission is set to propose a far-reaching change in the way Cohesion Policy is implemented. It is modelled on the Recovery and Resilience Facility (RRF) that was the main tool to spend the debt-financed #NextGenerationEU funds agreed on during the COVID-19 pandemic.

So far, the Commission has agreed with individual member states on how it should spend its allocations in each fund under shared management (i.e. funds that are not directly administered by the Commission, which includes all cohesion funds). In future, the Commission plans the introduction of a single “national envelope” that would encompass all country allocations for a number of funds including cohesion, agriculture, climate, migration and security (Leino-Sandberg 2025).

The Commission would henceforth agree with each member state on a national plan that would fix milestones to be reached – investments to be financed but also, critically, reforms. After the completion of these milestones, the funds would be paid out. So, instead of the current system where payment only occurs once every receipt has been handed in, payments would become “performance based”.

If the EU follows the same functional logic as the RRF, such plans would be bilaterally negotiated between member states and the Commission. This in turn would be a departure from one particular feature of Cohesion Policy, namely deep involvement of regional and local governments as well as a whole range of other stakeholders in the design and implementation of the policy.

Currently, Cohesion Policy is co-managed by the Commission and member states in accordance with the partnership principle. This means that the strategic funding objectives are negotiated between the Commission, member states, subnational authorities and civil society, resulting in Partnership Agreements for each member state and multiple concrete Operational Programmes. Regional and local governments decide together with social partners and civil society actors on projects to be funded in line with the agreed strategic objectives. The member states' authorities and the Commission oversee the process.

The current partnership model has proven useful in reducing information gaps as well as responding to anti-democratic tendencies in member states. The European and the member state levels of governance lack the information on the local context required for tailor-made and successful implementation of regional development measures on the ground. This localised info is essential to overcome the ‘spatial blindness’ in policymaking.

Decentralised decision-making for Cohesion Policy has also proved crucial in exposing attempts by member states' authorities to undermine the rule of law, as in Poland during the period of PiS government, or to re-prioritize and misuse the funds, as in Hungary and Slovakia. The involvement of partners in monitoring and oversight of how EU funds are used serves as an important counterbalance to such behaviour (Batory and Cartwright, 2012).

The lack of stakeholder participation in the RRF model has been recognized as a visible shortcoming by scholars and stakeholders (e.g. Zeitlin et al. 2023, European Commission 2024b, Committee of the Regions 2024). Ursula von der Leyen is tasking the new Commissioner for Cohesion Policy Raffaele

Fitto to “pay particular attention to dialogue with stakeholders and the involvement of regional and local authorities” (European Commission 2024c) in a clear response to these concerns. This is taken seriously in communications on modernising Cohesion Policy (European Commission 2025). However, there is no recipe available yet on how to squeeze partnership, decentralised by its very nature, into a more centralised funding delivery system. Given the expected shift to continuous performance monitoring, the future role of partnership participation in Cohesion Policy is even murkier.

Partnership can ensure the flow of information for Cohesion Policy

The idea behind partnership is to let regional and local authorities as well as stakeholders from civil society such as social partners (associations of employers and employees), NGOs, citizens’ associations and scientific institutions participate in policymaking and, in particular, in implementation. All these stakeholders, commonly referred to as ‘partners’, have contributed to effective policymaking besides the Commission and national governments.

Involving partners in the planning and delivery of Cohesion Policy offers clear advantages. Partners hold valuable information on their regions and the citizens they represent. Much of this information is implicit and cannot be directly found and obtained in datasets. Examples are attitudes of the local population towards wind turbines, retraining needs for the unemployed in a specific community, or expansion of digital infrastructure in the municipalities. Systematic collection of such information takes time and resources but is indispensable for the optimal allocation of scarce funds.

Leveraging the resources of partners also helps tailor policy measures to meet the interests and actual needs of stakeholders. This ensures not only better alignment with existing institutions but also creates better incentives for stakeholders for a higher buy-in ending up in better and faster execution. If implemented properly, such a collaborative approach establishes a shared vision and improves public sector accountability, inclusivity and legitimacy (Ansell, Sorensen and Torfing, 2021, Dupuy and Defascqz, 2021).

Giving partners a proper say in strategic decisions also helps to channel different views and perspectives in policymaking. Their function as gateway into different parts and areas of society is valuable and useful for ensuring acceptance of European policy measures. This also goes beyond the scope of Cohesion Policy as the information gained there is important to shape EU flagship policies like the competitiveness agenda and security plans in a more equitable form. Knowledge of the specific capacities and deficits of different places in Europe is key to optimal policy design.

The flow of information from and to partners is important at all stages of Cohesion Policy: design, implementation, monitoring and evaluation. Decisions on Cohesion Policy allocations are regularly subject to readjustments and recalibration: priorities are often redefined and funding redirected where it is most needed or is believed to be more impactful. Most probably, adjustments in allocation will increase in future with a more flexible, performance-based approach. Partners can contribute to a timely, realistic and proper revision of benchmarks, impact indicators and recalibration of measures. Cohesion Policy’s Monitoring Committees are the fora where actors agree on selection or evaluation criteria for projects,

budget reallocations and the issuing of new calls.

Existing studies show that member states relying on a more decentralised and partnership-based approach to Cohesion Policy absorb funds better and faster while misallocations occur less frequent (Tosun, 2014). Partnership results in better definition of calls for projects and better use of partners' resources during implementation.

The challenges of partnership are in its implementation and execution

Successful implementation of the partnership principle depends on multiple factors. For instance, implementation is particularly challenging in more centralised member states which often lack structures for stakeholder engagement.

However, making partnership work can also be challenging in member states with collaborative policymaking. Low administrative capacities of public authorities, time constraints, and complex EU funding procedures hinder meaningful participation of partners. Public authorities often struggle to identify and engage with the right partners in a timely manner or to establish a fully functioning institutional setting for collaboration. Partners often have scant access to policy documents and relevant information and little time to familiarize themselves with policy issues and proposed allocation solutions. This results in dissatisfaction of partners, clashes, and contested partnership implementation.

The EU requirement for partnership remains open-ended and loosely defined in terms of formats, procedures, and stakeholder rights. The Commission has encouraged partnership in line with national practices and has always

refrained from strict prescription or enforcement. This flexibility allows member states discretion in choosing better-functioning formats and types of partnership. But it has also frequently led to minimal 'following the letter' of the EU regulations and, thus, purely formalistic implementation while sidelining partners (Demidov, 2016, European Commission, 2016).

Public authorities in member states often treat partnership as an exercise in gathering inputs via loose formats like townhall meetings, nation-wide consultations or online commentary (Demidov, 2017). Partner selection is frequently limited, input ignored and key rights, such as voting rights in Monitoring Committees, withheld. Many authorities see partnership as a way of prolonging coordination, fueling unnecessary disputes over thematic and spending priorities, and delaying fund allocation procedurally.

The EU sought to address these issues in 2014 with the European Code of Conduct on Partnership, yet challenges of selecting relevant partners, quality of collaboration, partners' capacities, effective formats and general enforceability persist. If left unresolved, these defects of partnership implementation will persist and could indeed become even more severe in a revised system of Cohesion Policy delivery. This is especially true when partner roles are poorly defined, leading to delays rather than meaningful participation.

The major defect - vague definition of 'stakeholder involvement' - will simply encourage national authorities to either engage half-heartedly with stakeholders in a purely formalistic manner or opt for a biased selection, thus, effectively under-exploring partners' valuable expertise when it comes to funds allocation.

The ongoing discussion of modernising Cohesion Policy is a unique opportunity to adapt *and* improve the partnership principle. By updating relevant stakeholder participation beneficial for policymaking and implementation, democratic decision-making in the distribution of funds can be safeguarded. The focus on conditionalities in performance-based budgeting can be used for improvement.

National Partnership Committees in more centralised Cohesion Policy

Delivering the EU budget through national envelopes aims to streamline an otherwise complex process. The current disbursement mode of Cohesion funds involves multiple actors and levels of governance, making it difficult for the Commission to implement a performance-based approach with conditionality while, at the same time, coordinating with numerous stakeholders.

The existing system is ill-suited to deliver on such a framework. Regular reviews of milestones, necessary (re)adjustments, and performance assessments would require continuous communication between the Commission and multiple partners. Such coordination meetings in the current system would be time-consuming and, ultimately, counterproductive – especially in light of existing low absorption rates. To address this challenge, it would be beneficial to consolidate partner involvement at member state level. This would involve aligning the various perspectives and priorities within a member state before presenting a unified position to the Commission – essentially, establishing a single point of contact for negotiations and milestone setting. Partners can come with the information needed for optimal Cohesion Policy strategies and show a bigger buy-in when it comes to implementation.

This requires a different institutional setting. The solution could be introducing National Partnership Committees where all relevant stakeholders come together with national government representatives. Such bodies could offer room for coordination and exchange of information but would also be responsible for outlining a common strategy and shared points of view among clearly defined contacts for the Commission in all aspects of Cohesion Policy. Existing Monitoring Committees could be expanded or adapted to fulfil this role.

Efficient National Partnership Committees require a standardised structure, well-defined participants with dedicated roles and democratic decision-making processes. A key challenge will be identifying suitable partners, particularly in member states currently facing rule of law issues. An umbrella structure could be instrumental in guiding and advising on selecting relevant partners. The expertise of the European Economic and Social Committee and the Committee of the Regions, as EU-level bodies representing diverse European stakeholders, can play a valuable role in this process. These bodies could be consulted and tasked to assess the diversity, representativeness and impartiality of how partners are chosen for National Partnership Committees as well as independently evaluate the quality of deliberations within these Committees.

Austria provides a strong example. Despite its federal structure and long-standing tradition of social partnership, regions there chose to coordinate their representation through ÖROK – a unified body that brings together all national partners in interactions with the European Commission. This centralised partnership model has proven effective. Similarly, the Finnish National Commission for Sustainable

Development serves as a successful example of a nationwide, multi-stakeholder policy coordination forum. This commission oversees, reviews, and monitors the implementation of national sustainable development policies, sets targets, and integrates goals into societal practice. Although focused on sustainability, its structure and working methods can be a model for a reformed Cohesion Policy.

A national coordination mechanism is especially important in the context of conditionality and ex-ante performance tasks, which require clear allocation of responsibilities. Reforms differ in scope and nature—some necessitate nation-level action, others subnational, and many involve both. Given the diversity of governance structures across member states, a well-coordinated strategy is vital for coherence and effectiveness.

Ultimately, centralising aspects of budget coordination calls for a new institutional approach. Integrating performance-based budgeting into Cohesion Policy will require continuous negotiation and adaption. If the partnership principle should be maintained, this requires more efficiency in forming opinions and organisation.

The European Code of Conduct on Partnership needs an update

The European Code of Conduct on Partnership serves as the rulebook for implementing the partnership principle in EU member states. Designed to promote common standards and compliance across all member states, the Code responded to long-standing demands from civil society and has played a key role in advancing and protecting the rights of partners. By establishing clear legal standards, it effectively transformed the partnership into a binding EU norm.

The Code defines who qualifies as a ‘partner’ and outlines when and how they should be involved – during the preparation of Partnership Agreements, calls for proposals, progress reporting, and monitoring and evaluation. It also includes provisions for capacity-building measures to support partner participation. While the Code allows for flexibility to reflect national governance and administrative traditions, its binding nature ensures that partner involvement is legally guaranteed.

The Code’s role becomes even more critical for a more Centralised Cohesion Policy. Especially the proper functioning of the above-mentioned newly-to-be-established *National Partnership Committees* would require adjustments. Their role as a forum for national coordination should be clearly defined in the Code’s provisions. Their objectives, rights and responsibilities should be explicitly outlined, including procedures for reform negotiations, the definition of milestones, and the review of achievements. Emphasis should be placed on efficient and standardised procedures between the Commission and the National Partnership Committees which serve as the single point of contact for Cohesion Policy in each member state. This will not only provide a clear procedural framework and accelerate negotiations but also reduce information asymmetry among all actors.

To combat the concerns of stakeholders in civil society and regional policymakers in a more centralised structure, the Code should clearly and precisely define who is to participate, the roles of different types of partners, their rights and the stages of the process at which they should be involved (starting from the earliest possible). National discretion in applying the Code should be minimised to prevent undermining the partnership principle.

The Code's enforceability should be strengthened. Although it is a Delegated Act and therefore legally binding, breaches carry no legal or political consequences. As a result, implementation largely relies on the goodwill of member states. The shift to the national envelopes model presents an opportunity to ensure compliance: the Commission could make fund disbursement conditional on the full application of the Code's provisions – particularly the partnership principle. The potential legal path for this could be amendments to the Cohesion Policy Common Provisions Regulations, in particular Art. 9 (Partnership principle) and Art 97 (Interruption and suspension of payments).

Within the national envelopes system, it is essential that the Code serves as a stronger European legal safeguard for the participation of all traditional partners in Cohesion Policy – regional and local authorities, civil society, social partners, and others. This also places greater responsibility on the Commission to monitor the state of partnership within each member state and to intervene when necessary – for example, by buttressing performance-based milestones by adding in measures to make good deficits.

Conclusion

As the European Union considers a shift towards a more centralised, performance-based delivery of Cohesion Policy through national envelopes, preserving and strengthening the partnership principle becomes both more challenging and more essential. The involvement of regional and local authorities, civil society, and social partners not only provides democratic legitimacy but serves as a proven

factor in delivering effective policy design, implementation, and oversight.

To maintain the benefits of partnership in this new delivery model, robust institutional innovations are needed – most notably, the establishment of National Partnership Committees. Such bodies can serve as efficient coordination platforms, enabling structured engagement, reducing information asymmetries, and ensuring that national strategies reflect a wide range of perspectives. For these committees to work effectively, however, their composition, roles, and procedures should be clearly defined and legally anchored in a revised European Code of Conduct on Partnership.

The revised Code should move from being a non-enforceable guideline to a binding and operational instrument. Its provisions should limit national discretion, standardise engagement across member states, and link the disbursement of EU funds to the full and genuine application of the partnership principle. This shift not only ensures accountability but enhances the credibility and responsiveness of Cohesion Policy in addressing regional disparities and supporting EU-wide objectives.

The reform of Cohesion Policy presents a unique opportunity: to modernise how the EU works with its component territories while reaffirming its foundational commitment to inclusive governance. If partnership is properly institutionalised and enforced, it can thrive – even within a more centralised delivery system – and continue to serve as a pillar of democratic, effective, and equitable policymaking in the EU.

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