IQ-Net

Improving the quality of Structural Funds management

ONE DEADLINE AFTER ANOTHER

Cohesion Policy between closure, delivery and reprogramming

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PREFACE

The IQ-Net Network promotes exchange of experience on the management and implementation of Structural Funds programmes among Managing Authorities, Intermediate Bodies and coordinating authorities. The network is managed by the European Policies Research Centre Delft under the direction of Professor John Bachtler and Heidi Vironen. The research for this report was undertaken by EPRC in preparation for the 60th IQ-Net Conference on 18-20 May 2026. The report was written by Eléna Jabri and Virginia Arena.

The report is the product of desk research and fieldwork visits during Spring 2026 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). Interviews were also conducted with the geographical units of the European Commission's DG Regio. The field research team comprised:

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- ÖROK Secretariat - Austrian Conference on Spatial Planning

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- Flanders Innovation & Entrepreneurship

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- Ministry of Regional Development

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- Danish Business Authority

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- National Development Centre

Ireland

- Southern Regional Assembly, EU and Corporate Affairs Division
- Northern & Western Regional Assembly

Malta

- Ministry for European Funds and Implementation of the Electoral Programme

Netherlands

- Managing Authority Kansen voor West
- Managing Authority Noord, Northern Netherlands Alliance (SNN)
- Managing Authority Stimulus (OP Zuid)

Poland

- Marshal Office of the Warmińsko-Mazurskie Region
- Marshal Office of the the Pomorskie Region

Portugal

- Cohesion and Development Agency (ADC)

Spain

- Provincial Council of Bizkaia/ País Vasco (Basque Country)

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For further information about IQ-Net, and access to the full series of IQ-Net Papers, please visit the IQ-Net website at: https://eprc-strath.org/iq-net/login/

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Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.

LIST OF ABBREVIATIONS

CF	Cohesion Fund
CLLD	Community-led Local Development
CP	Cohesion Policy
CPR	Common Provisions Regulation
DG	Directorate General
DNSH	Do No Significant Harm
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
FNLC	Financing Not Linked to Costs
IB	Intermediate Body
IROP	Integrated Regional Operational Programme (Czechia)
ITI	Integrated Territorial Investment
JTF	Just Transition Fund
MA	Managing Authority
MTR	Mid-term Review
MS	Member State
PA	Partnership Agreement
PO	Policy Objective
R&I	Research and Innovation
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
ROP	Regional Operational Programme
RRF	Recovery and Resilience Facility
NRRP	National Recovery and Resilience Plan
SCO	Simplified Cost Options
SME	Small and medium sized enterprises
TA	Technical Assistance

COUNTRY/PROGRAMME ABBREVIATIONS

Country	Abbreviation
Austria	**AT**
Belgium (Vlaanderen)	**BE (Vla)**
Belgium (Wallonie)	**BE (Wal)**
Czechia	**CZ**
Denmark	**DK**
Finland	**FI**
Greece	**EL**
Hungary	**HU**
Ireland	**IE**
Ireland (Southern Regional Assembly)	**IE (SRA)**
Ireland (Northern and Western Regional Assembly)	**IE (NWRA)**
Malta	**MT**
Netherlands	**NL**
Netherlands (Managing Authority Kansen voor West)	**NL West**
Netherlands (Managing Authority Stimulus (OP Zuid))	**NL South**
Poland	**PL**
Poland (Warmińsko-Mazurskie)	**PL (W-M)**
Poland (Pomorskie)	**PL (Pom)**
Portugal	**PT**
Spain	**ES**
Spain (Bizkaia, País Vasco)	**ES (Biz)**

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EXECUTIVE SUMMARY

As the 2014-20 programmes move into their final stages, programme authorities are managing closure alongside the acceleration of the 2021-27 programmes and the implementation of the Mid-Term Review (MTR). **Most programmes submitted their closure documents by the February 2026 deadline.** However, audits, technical corrections and final exchanges with the Commission continue to delay final clearance in some programmes. While flexibility measures helped ease timing and financial pressures, they have not removed the underlying administrative and audit-related challenges.

Implementation of the 2021-27 programmes has accelerated significantly since late 2025, particularly in terms of commitments and project selection. Nevertheless, implementation remains uneven across countries, regions and sectors. Some programmes combine high commitment rates with relatively strong spending, while others continue to face a significant gap between commitments and expenditure. Fieldwork evidence points to several recurring factors shaping performance, including administrative capacity, project pipeline maturity, procurement complexity, enabling conditions and interaction with other EU instruments such as the RRF.

The MTR has become an increasingly important part of the current phase of the programme period. While the Commission's April 2025 Communication established a shared set of priorities across the EU, responses varied considerably across programmes. In some cases, the MTR resulted in only limited adjustments, particularly where programmes were already advanced or aligned with the new priorities. In others, it became a more substantial reprogramming exercise involving reallocations towards STEP, housing, water resilience, defence and dual-use investments.

Across the IQ-Net programmes, the MTR was generally seen as demonstrating the flexibility of Cohesion Policy but also exposing some of the limits of late-stage reprogramming. Authorities repeatedly pointed to tight timelines, evolving guidance, administrative burden and capacity constraints. While incentives such as additional pre-financing and extended eligibility periods were widely welcomed, they were often used more to ease implementation pressures and support N+3 compliance than to drive major strategic change. Discussions on the future direction of Cohesion Policy are increasingly shaped by these experiences. The challenge ahead will be to ensure that Cohesion Policy remains adaptable without undermining the stability and long-term perspective required for effective delivery and territorial development.

1 INTRODUCTION

As Cohesion Policy moves further into the 2021-27 period, programme authorities are continuing to manage several major processes at the same time. The closure of the 2014-20 programmes has entered its final phase, implementation of the 2021-27 programmes has started to accelerate after a slow and uneven start, and the Mid-term Review (MTR) has moved from reprogramming discussions towards early implementation. While these processes are distinct, they are taking place simultaneously and often involve the same administrative systems and institutions.

The overall picture has become clearer compared with the Autumn 2025 review. Most programmes submitted their 2014-20 closure documents by the February 2026 deadline, although audits, technical follow-up and final Commission assessment remain ongoing in several cases. At the same time, implementation of the 2021-27 programmes has progressed, particularly in terms of commitments and project selection, even if expenditure levels remain comparatively low in many programmes. The MTR has also begun to translate into programme amendments and, in some cases, new calls and investment priorities, although progress remains uneven across countries and regions.

This review paper draws on fieldwork and desk research conducted during Spring 2026 in all the IQ-Net countries and regions, covering Coordinating Authorities, Managing Authorities and Intermediate Bodies. Interviews were also conducted with the geographical units of the European Commission's Directorate-General for Regional and Urban Policy (DG Regio). The paper focuses on the period between Autumn 2025 and Spring 2026, providing the latest update in the sequence of six-monthly IQ-Net 'review papers'.[1]

The paper first examines the final stages of closure of the 2014-20 programmes, focusing on the remaining audit and technical issues, as well as the role played by flexibility measures in supporting closure. It then analyses implementation of the 2021-27 programmes, looking at recent progress in commitments and spending, continuing delivery constraints, programme amendments and the evolving role of STEP. Finally, the paper assesses the MTR, examining how programmes have responded to the Commission's new priorities and how this has interacted with implementation realities, incentives and administrative capacity.

Across the three sections, a common issue emerges: the increasing overlap between implementation, closure and reprogramming. The evidence presented in this review suggests that programme performance is shaped not only by funding levels or formal flexibility, but also by administrative capacity, project readiness, timing and the ability to manage multiple processes in parallel.

2 CLOSURE OF THE 2014-20 PROGRAMMES

The closure of the 2014-20 programmes has now entered its final phase. Six months ago, the main concern was whether programmes would be able to close on time. Most programmes have now completed the main closure tasks and submitted their documents by the February 2026 deadline. While the immediate timing pressures have eased, attention has shifted towards finalisation, audit follow-up, and the last stages of financial clearance.

2.1 From compressed timelines to near completion

Since the Autumn 2025 review, most closure work has been completed, and the process has moved into its final phase. Most programmes submitted their closure documents by the February 2026 deadline, and in several cases the process is effectively complete, pending only the Commission's formal assessment.

The timing risks identified six months ago intensified as the deadline approached, but most authorities managed to meet the formal requirements. In programmes working within compressed calendars, this often involved intensifying coordination and sequencing closure tasks more tightly than initially planned.

Closure has proceeded smoothly and without major outstanding issues in a number of programmes. This is the case where documentation was submitted on time and absorption targets were secured, sometimes exceeding 100 percent through overbooking (e.g. **ES**, **FI**, **PL (Pom)**, **CZ**). In these cases, closure is now largely procedural, with authorities awaiting the Commission's review and final financial settlement. In others, full absorption has also been achieved, but finalisation remains more complex due to ongoing audit and compliance issues (e.g. **PT**).

The process has also been completed on time elsewhere, although some follow-up is still required. In **Wallonia**, closure is progressing positively, but Commission observations, mainly concerning indicators, are still being addressed, and a small number of incomplete or not yet fully operational projects require continued monitoring. Similarly, in **Hungary**, while all documents were submitted, discrepancies between implementation reports and final accounts are expected to lead to further correspondence with the Commission.

Overall, the February 2026 deadline has largely been realised. The emphasis has now shifted to final validation and clearance.

2.2 Audits and technical issues: the remaining pressure points

Most closure work has been completed, but audits and technical adjustments continue to hold up finalisation in some programmes. These smaller number of issues were already identified as bottlenecks in the previous review and continue to define the pace of final closure.

Audit procedures are still ongoing or have led to ongoing discussions that may result in financial corrections in several programmes. In the **Netherlands**, both West and South programmes are still awaiting outcomes of audit-related procedures, including a dispute with the national audit authority that could have significant financial implications. In **Austria**, an audit linked to the use of Financing Not Linked to Costs (FNLC) has prompted an 'adversarial procedure', in which the Commission is assessing whether the approach was applied correctly. These cases demonstrate that audit findings can reopen substantive questions and prolong uncertainty even at a late stage.

In other programmes, the issues are more technical but still require resolution before closure can be formally completed. These include minor financial corrections or recoveries (e.g. **FI**), adjustments following Commission observations (e.g. **BE (Wal)**), or the need to clarify inconsistencies in reporting (e.g. **HU**). While generally limited in scale, these tasks require additional exchanges with the Commission and can delay final sign-off.

A further layer of work continues beyond formal submission. Durability checks, monitoring of non-functional projects and follow-up on irregularities remain ongoing in several programmes (e.g. **MT**, **PL (W-M)**). This underlines that closure is a phased process, extending beyond the formal deadline.

The audit pressures highlighted in the Autumn 2025 review have evolved rather than disappeared. In some programmes, where audit work was already well advanced, closure has proceeded smoothly with only minor outstanding issues (e.g. **BE (Vla)**, **DK**). In **Flanders**, all closure tasks were completed within the required deadlines and only a very limited number of unfinished projects require follow-up monitoring. In other programmes, however, audit findings, corrections or ongoing procedures continue to shape the final stages of closure (e.g. **AT**, **NL**, **PT**). Programmes where audit processes were well sequenced early have generally been better placed to finalise without disruption.

2.3 Managing closure under pressure: capacity, coordination and the role of flexibility

Although most programmes have reached the formal closure stage, the process has taken place under continued administrative strain. As previously noted, closure coincided with the implementation of the 2021-27 programmes and, more recently, with the MTR, which have placed sustained pressure on administrative systems.

In several countries and regions, this overlap has required careful coordination to avoid bottlenecks (e.g. **EL**, **PT**). In **Greece**, closure was completed alongside ongoing audit follow-up and risk assessments, supported by structured coordination and regular monitoring. In **Portugal**, intensive coordination has continued between the managing, auditing and certifying authorities, reflecting the complexity of finalising accounts in a system with high execution rates, as well as multiple outstanding audit and compliance issues. These experiences confirm

that closure is as much an organisational exercise as a technical one, requiring sustained coordination between institutions.

The flexibilities introduced through STEP have also played a significant practical role in supporting closure. The extension of deadlines and increased co-financing rates provided additional time and financial margin to complete documentation and secure full absorption (e.g. **AT**, **BE (Vla)**, **HU**, **MT**, **PL (Pom)**, **PT**, **CZ**). In **Portugal**, for instance, the use of 100 percent co-financing helped reinforce overbooking and manage final adjustments, reducing the risk of decommitment.

However, these flexibilities have not fundamentally altered the nature of closure. Their main effect has been to ease timing and financial pressure, rather than to resolve underlying issues such as audit exposure or administrative capacity constraints. In some cases, they have also extended the period during which programmes remain subject to audit scrutiny, prolonging uncertainty rather than eliminating it.

Closure of the 2014-20 programmes is generally on track and, in most cases, practically secured. The formal deadline has largely been met, and the remaining work now concerns audit outcomes, technical adjustments, Commission assessment and final assurance. The issue now is whether closure can be completed without further corrections, prolonged exchanges with the Commission or delays in final clearance.

3 IMPLEMENTATION OF THE 2021-27 PROGRAMMES

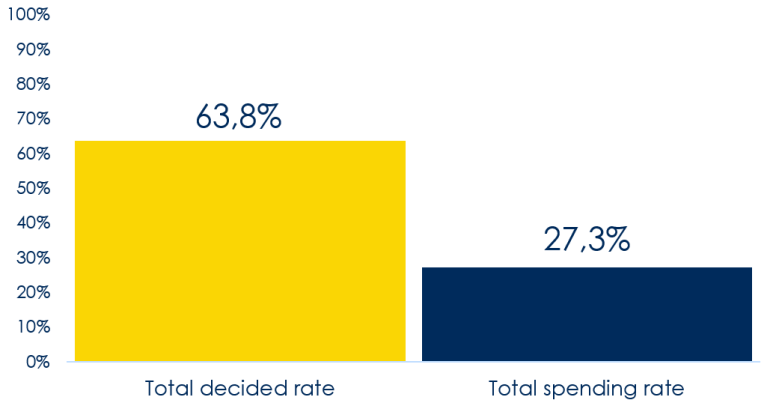
Following a delayed and uneven start, the 2021-27 programmes have now entered a more active phase of implementation. The latest data point to a clear shift from programme set-up and project selection towards delivery, although this transition remains uneven across programmes and policy objectives. This section examines recent progress in commitments and spending, the variation in implementation across countries and regions, and the main factors shaping performance on the ground. It also considers how programme amendments and STEP are interacting with evolving implementation.

3.1 How implementation progress is differentiated across the EU

Implementation has significantly accelerated since late 2025. According to Cohesion Open Data, around 64 percent of programme funding had been decided and 27 percent spent by December 2025 (see Figure 1). This represents a substantial improvement compared to Autumn 2025, when both commitment and, in particular, expenditure levels were significantly lower. The sharp increase in spending, which rose by around 20 percentage points in a few months, suggests that many programmes have now overcome initial bottlenecks related to call design and project selection, implementation and certification.

Spending levels remain relatively modest given the stage of the programme period. With the programmes now entering the latter half of their lifecycle, the gap between commitments and expenditure continues to point to sustained delivery pressure in the coming years. As in previous periods, expenditure is expected to accelerate further, but the current pace highlights the importance of maintaining momentum in project implementation and payment processing.

Figure 1: Overall implementation

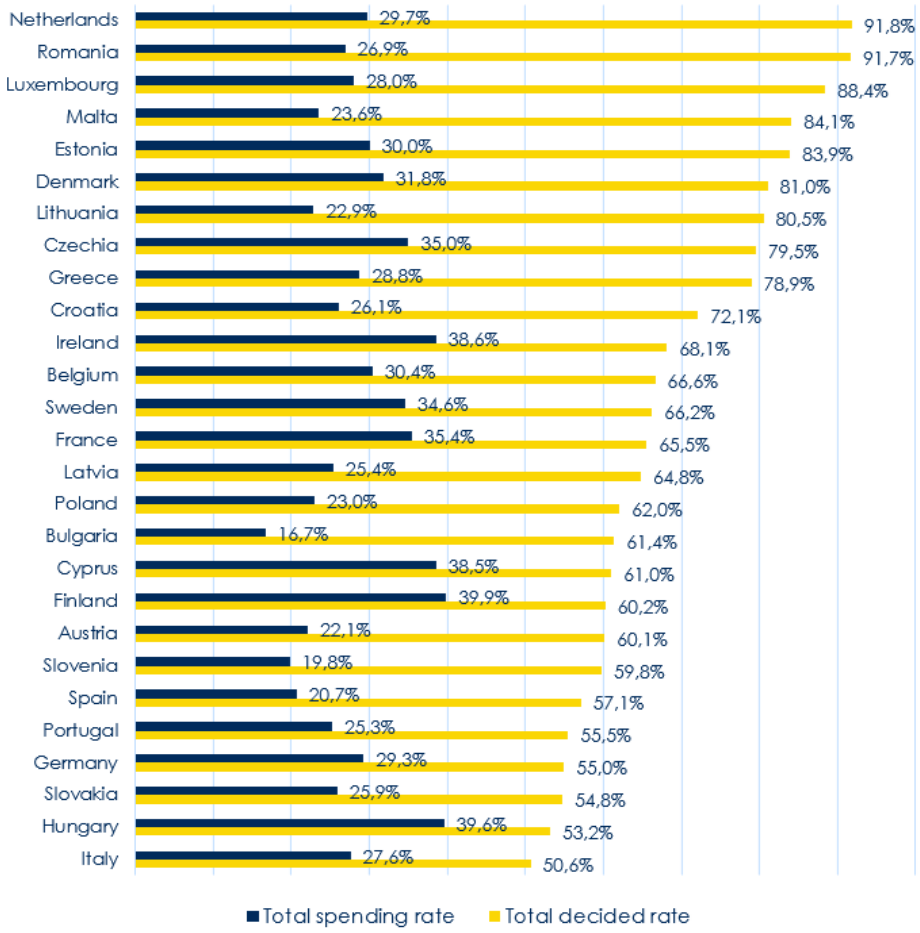


Source: European Commission. 2021-27 finances: Detailed planned vs. implemented. Cohesion Open Data. Retrieved April 2026.

Implementation performance continues to vary considerably across Member States (see Figure 2). A small group of countries, including **Cyprus**, **Finland**, **Hungary** and **Ireland**, already records comparatively high spending levels, in some cases approaching or exceeding 40 percent. Elsewhere, implementation is characterised by high commitment rates but more moderate expenditure, as seen for example in the **Netherlands**. At the lower end of the spectrum, countries such as **Bulgaria** continue to record comparatively limited spending levels, while **Italy** remains below the EU average in terms of commitments.

However, static comparisons provide only a partial picture. Recent data point to a broad-based acceleration across many Member States, with particularly strong increases in both commitments and spending in countries that had previously lagged behind. For example, **Spain** has moved from negligible expenditure levels to over 20 percent within a short period, while **Hungary**, **Cyprus** and **Finland** have all recorded significant increases in spending. This suggests that earlier delays were not necessarily indicative of structural weaknesses, but rather of slower programme start-up phases, with implementation now catching up.

Figure 2: Total decided and spending of the 2021-27 programmes by Member State

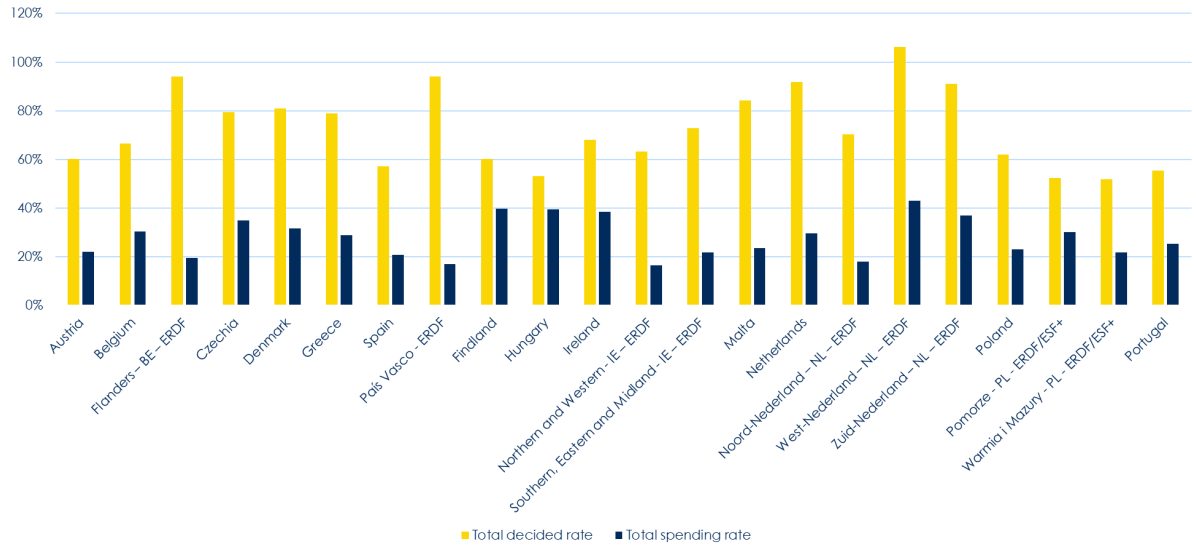


Source: European Commission. 2021-27 finances: Detailed planned vs. implemented. Cohesion Open Data. Retrieved April 2026.

Evidence from IQ-Net programmes supports this picture of accelerating implementation progress (see Figure 3). Some programmes, such as those in **Finland**, the **Netherlands (West)** and **Czechia**, combine high commitment rates with comparatively strong spending, indicating a more advanced stage of delivery. Others, including **Spain**, display high levels of commitment but more limited spending, reflecting a typical mid-cycle pattern where project pipelines are established but expenditure certification is still catching up.

A third group have more balanced levels of commitment and spending (e.g. **Austria**, **Denmark**, **Greece**, **Ireland**) suggesting steady, if less accelerated, progress. Finally, programmes in **Hungary** and certain Polish regions (such as **Pomorskie** and **Warmińsko-Mazurskie**) demonstrate a combination of lower commitment levels and moderate spending. This reflects the influence of programme scale, administrative complexity and uneven regional dynamics as well as partially withheld funding due to various implementation conditions in the case of Hungary. Furthermore, it should be noted that the data only reflects the situation up to December 2025. Therefore, it does not fully capture the recent acceleration in implementation, which may partly explain the lower levels of commitment and expenditure.

Figure 3: IQ-Net programme implementation rates, 2021-27



Source: European Commission. 2021-27 finances: Detailed planned vs. implemented. Cohesion Open Data. Retrieved April 2026.

These patterns highlight that, at this stage, implementation performance is influenced not only by the overall level of commitments and spending, but also by timing effects and programme-specific factors. The pace at which commitments are translated into expenditure is influenced by differences in administrative capacity, call sequencing, project types/themes, project pipeline maturity, and in some cases interactions with other EU instruments (particularly the Recovery and Resilience Facility). As a result, assessments of implementation progress need to move beyond simple comparisons of levels and take into account the dynamics of acceleration, the timing of delivery, and variation within countries and programmes.

3.1.1 Uneven implementation progress across countries and programmes

While considerable progress has been made over the last six months, as highlighted by the financial data, implementation remains uneven, including wide variations in the gap between commitment and expenditure. This is partly inherent to the programme cycle, but fieldwork evidence also suggests that structural factors are shaping this gap.

A number of programmes are now in a relatively advanced phase of delivery (e.g. **DK**, **FI**, **NL**). In **Finland**, around 60 percent of projects have been selected, and EU payments stand at around 30 percent, supported by the early and full use of Next Generation EU resources. Similarly, in **Denmark** and the **Netherlands**, most ERDF and ESF+ funding has already been allocated, with only a limited number of calls still open and 2026 expected to be the main implementation year. In these cases, the focus has shifted from launching calls to project management and ensuring compliance with N+3 targets. In the **Netherlands** in particular, implementation in both the South and West programmes is advancing steadily, with most commitments already in place.

In some cases, however, high levels of commitment have yet to be translated into comparable levels of expenditure (e.g. **ES**, **PT**)**. Italy** is a clear example of this pattern. Although project selection under ERDF and ESF+ exceeds 80 percent, implementation on the ground is estimated at around 40 percent, reflecting the scale and complexity of the programmes. Aggregate payment rates are also partly driven by pre-financing rather than actual expenditure. A similar pattern is observed in **Portugal**, where, by early 2026, just over half of programme funding had been approved while execution remained below 16 percent, despite relatively high levels of payments to beneficiaries. Overall implementation in **Spain** also remains comparatively weak, although more detailed regional-level evidence (e.g. in Bizkaia) shows that once project selection, verification and certification systems are fully operational, expenditure can begin to accelerate.

Another group includes programmes where progress is more moderate, but broadly consistent with expectations (e.g. **PL**). In **Poland**, implementation remains slightly below the EU average, largely due to the size and complexity of the programmes rather than poor performance. Steady progress is supported by relatively strong administrative structures and limited audit issues, although important differences remain across regions.

Fieldwork evidence also points to significant variation across sectors and programmes within countries and regions (e.g. **BE**, **CZ**, **EL**). In **Czechia**, nearly 80 percent of allocations had been committed by early 2026, and around a third reimbursed to beneficiaries. However, implementation differs substantially across programmes. The programme supporting research and education (OP JAK) and the transport programme have achieved relatively high reimbursement levels, whereas the programme supporting business competitiveness and innovation (OP TAC) is progressing more slowly, partly due to delays linked to financial instruments. National authorities are also continuing to monitor risks linked to administrative

capacity and the fulfilment of enabling conditions, particularly in areas such as social inclusion and energy efficiency. In **Greece**, implementation is relatively strong in terms of project selection and contracting, and there are currently no immediate concerns regarding N+3 compliance. However, expenditure levels remain comparatively low. Progress also varies significantly across sectors. Large transport projects, such as the Athens metro, are advancing steadily, as are investments in water and energy efficiency. By contrast, waste management and circular economy actions are progressing more slowly due to delays in establishing the necessary regulatory frameworks. The interaction with the RRF also affects the order in which investments are made, with some being financed outside Cohesion Policy and therefore delaying expenditure under the programmes. Similar internal differences are also visible elsewhere. In **France**, implementation is progressing steadily overall, but there are considerable differences between regions. While some are approaching full implementation, others have only recently entered more active delivery phases. These differences are closely linked to variations in administrative capacity, particularly staffing levels. Similar, though less pronounced, differences are also visible in **Belgium**, where implementation is generally progressing well but remains uneven across regions.

Lastly, some programmes combine strong planning with persistent delivery bottlenecks (e.g. **MT**). In **Malta**, project selection rates exceed the EU average, and a well-developed project pipeline supports steady progress. However, disbursement remains constrained by procurement delays, technical issues in tendering procedures and dependence on external infrastructure projects.

These patterns show that implementation performance cannot be assessed through a single indicator alone. High commitment rates do not necessarily translate into effective delivery, while lower spending levels may reflect the relatively recent transition from project selection to implementation rather than structural weaknesses. Across programmes, implementation progress is shaped less by funding availability than by a number of factors such as administrative capacity, project pipeline maturity, procurement complexity, call sequencing and the interaction with other EU instruments. As programmes move further into delivery, greater attention is being placed on the capacity to translate commitments into expenditure within increasingly tight timeframes. These implementation challenges are particularly visible in the case of the Just Transition Fund (JTF), which combines complex projects with significant time pressure (see Box 1).

Box 1: The Just Transition Fund, implementation under pressure

The Just Transition Fund (JTF) has now moved into the implementation phase across most countries, but it continues to present more pronounced delivery challenges than other Cohesion Policy instruments. As a new fund, it has required Managing Authorities to build pipelines and adapt to specific rules, often under tighter time constraints.

A key feature across programmes is the gap between high levels of commitments and more limited expenditure. This reflects both the front-loaded design of the instrument (particularly the NextGenerationEU component, which must be spent by the end of 2026) and the complexity of many JTF-supported projects. As a result, 2026 is widely seen as a decisive year, with growing pressure to meet N+3 targets.

Performance varies across contexts. In smaller programmes such as **Malta**, implementation is progressing smoothly, supported by a focused pipeline and a limited number of large projects. Elsewhere, delivery is more uneven. In **Czechia** and **Italy**, for example, high commitment levels are not yet matched by spending, reflecting delays linked to project preparation, procurement and administrative capacity.

The nature of JTF interventions also plays a role. The fund often supports complex transition processes, such as industrial restructuring or the transition to a green economy, which require coordination between different stakeholders and longer preparation times. In **Finland**, while uptake has been strong and new types of beneficiaries have been mobilised, some projects (notably in restoration and skills) have proven more demanding to deliver.

Time pressure is further exacerbated by regulatory and financial constraints. In several cases, support to large firms has been slowed by State aid requirements, while access to co-financing and private investment is emerging as a constraint, as noted in **Greece**. In parallel, the steep spending profile of the fund creates additional pressure even in otherwise well-performing systems (e.g. **Denmark** and **Poland**).

While implementation is progressing, the JTF remains more exposed to timing, capacity and regulatory risks than other funds. The coming period will be decisive in determining

3.1.2 Main factors shaping implementation performance

Fieldwork evidence identifies a set of recurring factors which can help to explain differences in implementation across countries and programmes.

Administrative capacity remains the most important factor (e.g. **CZ**, **EL**). This encompasses not only staffing levels, but also the capacity to manage complex programmes and coordinate multiple funding instruments. In **Italy** and **Czechia**, for instance, the Managing Authorities have had to deal with the simultaneous launch of the (multiple) 2021-27 programmes, the implementation of the RRF and the closure of the previous period, which has created significant pressure. In **Greece**, limited capacity among beneficiaries, particularly smaller

municipalities, continues to hinder implementation. In **France**, uneven staffing levels across regions directly affect programme performance, with some Managing Authorities employing more than 150 staff while others operate with only 10 to 15 employees. These differences are often linked to local financial constraints and have a direct impact on implementation capacity. In some sectors, particularly vocational training, co-financing is also becoming more difficult, as national budget cuts have weakened the traditional link between ESF+ support and state funding.

Project pipeline maturity is another important factor (e.g. **ES**, **HU**, **MT**). In **Hungary**, a large number of calls were launched early in the period, but without a sufficiently developed pipeline of mature projects proposals. This has had lasting effects on implementation, including delays, procurement problems and weaker project quality. Similar issues are reported **Spain**, where many projects are not yet sufficiently developed to proceed. By contrast, **Malta**'s relatively strong performance is supported by a well-prepared and centralised project pipeline.

Procurement and project complexity also play a major role (e.g. **ES (Biz)**, **IE (NWRA)**, **MT**)**.** In several countries, procurement procedures continue to generate delays, particularly for infrastructure projects. In **Malta**, tenders have had to be cancelled and relaunched due to technical non-compliance. **Ireland (NWRA)** has also identified procurement as a problem, leading to beneficiaries receiving specialised training targeted at improving capacity and tackling delays. In **Spain (Biz)**, the complexity of environmental requirements, including compliance with the Do No Significant Harm (DNSH) principle and climate-proofing obligations, are particularly time-consuming due to additional documentation and verification procedures, slowing down implementation compared to simpler interventions.

Audit and regulatory pressures affect implementation unevenly (e.g. **AT**, **HU**). In **Hungary**, audit intensity is particularly high, with concerns about error rates and compliance leading to delays in payments. In **Austria**, uncertainty about how environmental requirements should be applied at project level creates an additional administrative burden.

Regulatory and political factors can also play a direct role (e.g. **CZ**, **EL**, **HU**)**.** In **Hungary**, the suspension of certain funds and the non-fulfilment of enabling conditions have significantly slowed implementation. In **Czechia** and **Greece**, the fulfilment of enabling conditions continues to affect progress in specific sectors.

Lastly, the impact of external factors is becoming more apparent (e.g. **PT**). In **Portugal**, local elections have temporarily affected the implementation of projects at a municipal level, while extreme weather events in early 2026 have disrupted project timelines and required the reallocation of resources. More broadly, labour shortages and capacity constraints in the construction sector **have hindered** project delivery, despite funding and planning being in place.

Overall, these factors point to a shift in the nature of implementation challenges. The main issue is no longer launching programmes or generating demand but ensuring that projects can be delivered effectively within increasingly tight timeframes.

3.1.3 Programme amendments and evolving priorities

Programme amendments have become a central element of the current phase, reflecting both implementation experience and changing policy priorities. In practice, amendments are being used both to respond to uneven implementation dynamics and to integrate new priorities emerging from the MTR (for an overview, see Table 1).

Amendments respond directly to implementation realities in several cases (e.g. **AT**, **MT**, **PL**)**.** In **Austria**, new measures have been introduced to support investments in renewable energy in response to strong beneficiary demand and slower uptake in other themes. In **Malta**, significant reallocations have taken place as part of the MTR, with funding being shifted away from priorities experiencing low uptake or overlap with other instruments towards energy infrastructure and affordable housing. Similarly, in **Poland**'s Warmińsko-Mazurskie region, programme amendments following the MTR redirected resources towards new priorities such as security, housing and water resilience (see Section 4).

In other cases, amendments reflect interaction with other EU instruments (e.g. **ES (Biz)**). In **Spain (Bizkaia)**, funding adjustments were made within Policy Objective 2, where resources initially envisaged under ERDF specific objectives 2.4 and 2.7 were partially reallocated to specific objective 2.8, in order to avoid overlap with projects financed by the RRF.

Programme amendments are also being used to introduce new strategic priorities, particularly in relation to security and technological sovereignty (e.g. **EL**, **FI**, **NL**, **PL**). In **Finland**, funding has been reallocated towards dual-use technologies and infrastructure following the MTR, alongside the introduction of new governance arrangements involving national-level bodies. In the **Netherlands**, revisions adopted in late 2025 introduced new priorities linked to defence technologies and STEP-related clean, digital and bio-technologies. Similar developments are also visible in **Greece** and **Poland**.

Overall, programme amendments have become a routine part of mid-cycle management, allowing programmes to respond to implementation constraints and shifting priorities, but often within limited margins and under continued delivery pressure.

Table 1: Overview of programme amendments across IQ-Net programmes

Regular programme amendment	MTR-linked amendment	STEP-related amendment

Source: authors' own elaboration based on IQ-Net fieldwork

3.2 STEP in the 2021-27 programmes: from reprogramming to delivery

While STEP was one of the main drivers of programme amendments under the MTR (see Section 4), its transition into operational delivery remains uneven across countries and programmes. In some cases, STEP has moved beyond a strategic or reprogramming exercise and is beginning to support concrete projects and calls. In others, implementation remains limited or blocked by administrative, regulatory or project pipeline constraints.

In some countries, STEP is beginning to support concrete implementation (e.g. **CZ**, **EL**, **ES**, **IE (SRA)**)**.** In **Greece**, over €600 million has been allocated across programmes, and initial calls were launched in early 2026. In **Ireland (SRA)**, STEP has been integrated into new schemes supporting innovation, skills and SME development. In **Spain (Basque Country)**, STEP has enabled the implementation of a major quantum computing project, which benefits from full funding flexibility and has generated further project proposals. In **Czechia**, the OP Just Transition used STEP to help comply with N+3 criteria thanks to 30 percent prefinancing. STEP is expected to be used in the new OP TAC priority, which focuses on supporting investments in strategic technologies.

Portugal is making more ambitious use of STEP, with around €1.2 billion being allocated across national and regional programmes. Recently, calls have been launched, particularly in the areas of innovation and technological infrastructure. However, implementation is still in its early stages, and there are significant challenges, particularly with regard to operationalising the STEP Seal and coordinating funding across different instruments and countries.

In other cases, STEP has not yet moved on to the delivery stage. In **Hungary**, implementation is blocked due to unmet enabling conditions. In **Austria**, projects involving large firms, in particular, face difficulties related to State aid rules and have not progressed as expected. Several countries, including **Malta** and some **Polish** regions, report no active use of STEP to date.

A key issue that has emerged from the fieldwork relates to the practical use of the STEP Seal. While it signals project quality, it does not guarantee funding, and aligning projects across different funding instruments and national systems remains complex, particularly for international consortia.

Overall, STEP can be seen as a potentially important, yet still evolving, instrument. While the MTR accelerated its integration into programmes, implementation on the ground remains

uneven. Its effectiveness depends on the availability of mature project pipelines, administrative capacity and the ability to navigate regulatory and governance complexities. For now, it remains a selective tool, with tangible delivery effects only in a limited number of programmes.

4 MID-TERM REVIEW: FLEXIBILITY UNDER PRESSURE

The MTR has now moved from a largely political and procedural exercise into the early stages of implementation. While the Commission's April 2025 Communication established a shared set of priorities across the EU, the response varied considerably across IQ-Net programmes depending on the practical circumstances of each programme (see overview Table 3). The MTR became a significant reprogramming exercise involving substantial reallocations and new priorities for some authorities. It resulted only in limited adjustments or formalised directions that were already emerging within existing programmes for others. The following section examines these different patterns of engagement and their implications for delivery, incentives and administrative capacity.

4.1 Uneven engagement with the MTR: from minimal adjustment to large-scale reprogramming

The MTR has now largely moved from formal reprogramming into the early stages of implementation. In most IQ-Net countries and regions, revised programmes have either been approved or are close to approval. However, the degree to which the MTR changed programme priorities varies considerably. In practice, countries and regions did not respond to the Commission's April 2025 Communication in a uniform way. Instead, it depended largely on the practical room for manoeuvre within each programme. Three factors were particularly important: how advanced programme implementation already was, how much funding remained uncommitted, and whether the new priorities could realistically be integrated into existing project pipelines.

In several programmes, the MTR resulted in little or no substantive change (e.g. **AT**, **BE (Vla)**, **CZ**, **DK**). This was generally the case where funding was already largely committed, where programme priorities were already considered aligned with the new European agenda, or where new options could be accommodated within the existing framework. **Austria** represents one of the clearest examples of minimal engagement with the MTR, as no substantive programme changes were introduced through the review process. **Denmark** also did not undertake MTR-related revisions, as programme funding was already largely committed and new options, including defence-related activities, could be implemented within the existing programme framework. A similar logic applied in **Flanders**, where preparatory work had already been completed earlier in the year through a limited modification involving reallocations towards STEP, minor shifts between specific objectives and indicator changes. In **Czechia**, the scope for further adjustment was also limited, as the MTR had been prepared early under the initial MTR framework and several programmes were already at an advanced stage of implementation.

A second pattern involved using the MTR to make targeted or limited adjustments (e.g. **FI**, **HU**, **IE**, **MT**). In this case, the MTR was used to introduce or reinforce specific priorities, but without fundamentally changing the programme's direction. In **Malta**, the programme amendment

was approved in March 2026 and introduced two new strategic areas: critical energy infrastructure and affordable housing. The energy-related investment is already linked to an ongoing interconnector project, while the housing element is still at the preparatory stage, with an ex-ante study for a financial instrument underway. In **Ireland**, the MTR opened up new areas of intervention, but implementation is progressing at different speeds. The NWRA has launched a Decarbonising Zone Scheme, while other measures, including housing and green enterprise, are still awaiting approval. In the SRA, new actions include affordable rental housing, STEP-aligned Horizon Seal of Excellence projects and a Regional Innovation Valleys pilot, but several are still at design stage. **Finland** has added two new priorities linked to defence, security and industrial capacity, and the implementation of the theme (Safe Finland) is well under way with demand for funding. **Hungary** also completed its MTR modification, but the overall effect is considered to be limited, with adjustments mainly around STEP, research infrastructure, vocational education and water management.

A third group undertook more substantial reprogramming (e.g. **EL**, **ES**, **PL**, **PT**). This was the case where the MTR became a major financial and strategic exercise rather than a limited adjustment. Greece redirected around €2 billion across its programmes, with new priorities including housing, water, STEP, defence/security and energy transition. Most programmes met the reprogramming thresholds needed to access incentives, although some regional programmes did not. **Portugal** carried out reprogramming across almost all programmes, with the main reallocations focused on STEP, housing and water, and more limited changes for defence and energy. **Spain** also reprogrammed significant amounts, with STEP as the main priority, alongside mobility, defence, housing and water, although the Commission noted that some allocations were adjusted to reflect realistic delivery capacity. **Italy** represents one of the largest cases, with around €7 billion reallocated, mainly towards STEP/competitiveness, housing, water, energy and some defence-related areas. **Poland** stands out as the largest MTR case, with around €8 billion reallocated, most notably towards defence-related priorities, including roads, bridges, shelters and military mobility (see Box 2).

The MTR therefore did not produce a uniform European response (see Table 2). For some authorities, it was deemed unnecessary because programmes were already well-advanced or aligned with the new priorities. For others, it created a useful but targeted opportunity to redirect funding towards emerging needs. In cases involving large-scale reprogramming, it became a major exercise, often shaped by incentives, absorption pressures and the political objective of aligning Cohesion Policy with new EU priorities. The key dividing line lay not simply in political willingness to respond, but in the practical scope available within programmes.

Table 2: Patterns of engagement with the MTR

Minimal / no change	Targeted adjustments	Large-scale reprogramming
Limited use of MTR	Selective changes	Major reallocations
Programmes already committed or aligned	New priorities added without changing direction	Strategic and financial reshaping

Source: authors' own elaboration based on IQ-Net fieldwork

Table 3: Distribution of MTR reallocations across EU Priorities and Member States (€M)

MS	Total EU allocation (€M)	Reallocated MTR priorities (€M)/ Total MS allocation	Competitiveness (€M)	Defense (€M)	Water (€M)	Housing (€M)	Energy (€M)
BE	**0.7%**	**6.6%**	**72%**	**18%**	**1%**	**10%**	**0%**
BG	2.9%	4.9%	31%	34%	35%	0%	0%
CY	0.3%	6.6%	0%	0%	100%	0%	0%
CZ	**5.7%**	**0.9%**	**84%**	**0%**	**16%**	**0%**	**0%**
DE	5.4%	10.6%	91%	1%	6%	1%	1%
DK	**0.1%**	**14.3%**	**100%**	**0%**	**0%**	**0%**	**0%**
EE	0.9%	11.8%	0%	100%	0%	0%	0%
EL	**5.6%**	**9.3%**	**30%**	**33%**	**19%**	**12%**	**6%**
ES	**9.7%**	**9.0%**	**67%**	**14%**	**6%**	**8%**	**6%**
FI	**0.5%**	**9.3%**	**0%**	**100%**	**0%**	**0%**	**0%**
FR	4.6%	3.2%	43%	19%	5%	33%	0%
HR	2.4%	7.9%	29%	41%	22%	8%	0%
HU	**5.7%**	**4.4%**	**58%**	**42%**	**0%**	**0%**	**0%**
IE	**0.3%**	**6.2%**	**23%**	**0%**	**0%**	**77%**	**0%**
IT	11.5%	16.7%	66%	4%	9%	16%	6%
LT	1.7%	9.9%	10%	67%	8%	9%	7%
LV	1.2%	11.0%	12%	81%	0%	0%	7%
MT	**0.2%**	**11.1%**	**0%**	**0%**	**0%**	**12%**	**88%**
NL	**0.4%**	**4.9%**	**80%**	**20%**	**0%**	**0%**	**0%**
PL	**20.5%**	**10.7%**	**12%**	**78%**	**4%**	**3%**	**2%**
PT	**6.2%**	**11.2%**	**48%**	**4%**	**21%**	**26%**	**1%**
RO	8.4%	9.2%	54%	32%	7%	7%	0%
SE	0.5%	3.7%	0%	70%	30%	0%	0%
SI	0.9%	16.6%	29%	51%	0%	10%	10%
SK	3.4%	9.8%	26%	46%	15%	12%	2%
AT	**0.3%**	**0.0%**	**0%**	**0%**	**0%**	**0%**	**0%**
LU	0.01%	0.0%	0%	0%	0%	0%	0%
TOTAL	**100%**	**9.4%**	**44%**	**34%**	**9%**	**10%**	**3%**

Source: O. van der Valk (EPRC), based on MTR results (March 2026) [2]

Box 2: Poland, large-scale reprogramming and a shift towards security priorities

Poland represents the most extensive use of the MTR among the programmes covered, with around €8 billion reallocated across approximately 20 programmes. A large share of this funding, around €6 billion, has been directed towards defence-related priorities, including transport infrastructure, military mobility, shelters and broader civil preparedness.

At regional level, this translated into concrete changes in programme content. In Pomorskie, for example, the MTR introduced support for dual-use innovation (such as drone components), adaptation of regional transport infrastructure, and investments to strengthen the resilience of hospitals and public services. Entirely new areas were also opened up, including affordable housing. ESF+ interventions were also reshaped to support skills linked to defence, civil preparedness and crisis response, including training for businesses, healthcare workers and vocational students.

This reorientation did not come easily. Managing authorities described the process as particularly demanding, not least because it combined two distinct logics within a short period of time: an initial performance-based review, followed by a second phase driven by new EU strategic priorities. Identifying resources for reallocation led to difficult internal discussions, as departments were reluctant to give up funding from existing priorities, and previously agreed arrangements with beneficiaries had to be revisited. Negotiations with the Commission were also described as complex and evolving over time.

In this context, incentives played an important role in shaping decisions. In Pomorskie, the possibility of higher EU co-financing and faster certification contributed to the decision to allocate around 10% of funding to defence-related priorities, replacing previously planned interventions. More broadly, Poland made extensive use of all available MTR incentives, including pre-financing and the extension of the eligibility period, both to facilitate reprogramming and to manage implementation risks.

At the same time, the process raised broader questions about the direction of Cohesion Policy. The shift towards defence and infrastructure, partly reflecting Poland's geopolitical context, also involved moving resources away from longer-term development areas such as research and innovation. More generally, the experience

4.2 What changed in practice: common priorities, divergent responses

Across the IQ-Net countries and regions, the MTR brought programmes towards a common set of priorities: STEP and competitiveness, housing, water resilience, defence and dual-use investments, and, to a lesser extent, energy. However, this apparent convergence should not be interpreted as a shared strategic shift in practice. The same priorities appear across programmes, but their scale, meaning and practical implications differ considerably.

STEP and competitiveness emerged as one of the most widely used areas for reallocation. In some cases, this marked a major shift in funding (**ES**, **PT**). In **Italy**, competitiveness, including STEP, accounted for the largest part of the reallocation. In **Spain**, STEP was also the main element of the reprogramming, although allocations were adjusted to reflect delivery capacity. **Portugal** also made significant use of STEP, particularly alongside water and clean technologies. In other cases, however, STEP provided a framework for consolidating or formalising directions already present in the programme (e.g. **BE (Vla)**, **CZ**, **NL**). **Flanders** had already planned a reprogramming towards STEP before the April 2025 Communication. In the **Netherlands**, projects now falling under the STEP umbrella were seen as largely consistent with the existing innovation focus and would probably have gone ahead anyway. **Czechia**'s main MTR-related revision concerned STEP in its main competitiveness programme (OP TAC), alongside a reallocation towards water management. In many cases, STEP therefore acted more as a framework for organising or relabelling existing investments than as a driver of new ones.

Housing was one of the most visible new or expanded areas. In some programmes, it opened up policy space that had previously not been available under ERDF (e.g. **EL**, **IE**, **MT**). This was the case in **Ireland**, where both regional programmes are developing housing actions. In **Greece**, housing was described as a new area for Cohesion Policy, including a major initiative combining housing renovation with energy efficiency. **Malta** also introduced affordable and sustainable housing as a new specific objective. However, implementation is still at a preparatory stage, as the authorities are still carrying out the required ex ante assessment to design a financial instrument. This involves defining the delivery model, target beneficiaries and investment conditions before any funding can be deployed. **Portugal** made housing one of the main areas of reinforcement, complementing investment already pursued under the RRP. In **Spain**, housing was introduced but not to the extent initially envisaged. Housing therefore illustrates both how the MTR could expand the scope of programmes, but also how the scale of change depended on institutional readiness, project design and delivery capacity.

Water resilience was another recurring priority, but it did not always represent a new direction. In some cases, it reinforced long-standing needs (e.g. **CZ**, **EL**, **PT**). **Portugal** made water a major area of additional investment, particularly in relation to water efficiency and reducing losses in distribution systems. **Greece** also strengthened water management, which was already a significant priority before the MTR. **Czechia** used reallocations to support a new financial instrument for water management infrastructure. In other cases, water was less central to the

MTR adjustment (e.g. **MT**). **Malta** redirected funding towards energy and housing rather than making water the main focus of the MTR modification. This suggests that water resilience often served to deepen existing policy priorities rather than to introduce a completely new investment agenda.

Defence and dual-use investments show the sharpest contrast between countries. In some cases, they became central to reprogramming (e.g. **FI**, **PL**). **Poland** is the clearest example, with most of its MTR allocation directed towards defence-related priorities, including transport infrastructure, bridges, shelters and military mobility. **Finland** also introduced new priorities linked to defence, security and industrial capacity. The new Economic Development Centres (state's regional administration) are responsible for launching the calls and administering the theme rather than the Regional Councils. In other countries, defence was included more cautiously or required additional clarification (e.g. **EL**). **Greece** introduced defence and dual-use activities, but this required consultation with the Ministry of Defence to identify eligible interventions. In **Ireland**, by contrast, defence was deliberately not taken up by the SRA, partly because the programme is small and the MA wanted to maintain a regional development focus, and that defence is regarded as a national level issue. In **France**, defence-related priorities were less compatible with the regionalised nature of programmes, as defence remains primarily a national competence. Defence was therefore one of the most politically significant MTR themes, but also one of the most unevenly integrated.

Energy appears more selectively. **Malta** is the clearest case, with most of its MTR reallocation directed towards energy, particularly the electricity interconnector project. **Portugal** included some energy-related investments, but these were more limited and concentrated in specific programmes such as Madeira and Norte. **Greece** also included energy transition among the new priorities, while in other cases energy was either already part of programme logic or did not become a major focus of the MTR.

Across programmes, the MTR resulted in changes around a similar set of priorities, but not a common pattern of transformation (see Box 3). In some countries (e.g. **EL**, **PL**, **PT**) the scale of reprogramming was substantial. In others (e.g. **BE (Vla)**, **CZ**, **HU**, **NL**), changes were more limited, often adjusting existing priorities or formalising directions already present in the programme. In several cases, the practical effect of the MTR was to move existing or pipeline projects into new priorities rather than to create entirely new investment paths. The result is therefore a partial alignment with evolving EU strategic priorities, but with very different levels of financial, operational and strategic change beneath the surface.

Box 3: Main areas of reallocation under the MTR

Across programmes, five priorities dominated reprogramming:

- **STEP/competitiveness**: widely used, but often building on existing innovation agendas
- **Housing**: new or expanded area in several programmes
- **Water resilience**: often reinforcement of existing investments
- **Defence/dual-use**: uneven uptake, but significant in some countries
- **Energy**: more selective and programme-specific

4.3 From decisions to delivery: early evidence on implementation of MTR changes

While the reprogramming phase of the MTR is now largely complete, implementation is more uneven. Moving from amended programmes to concrete projects is proving slower and more complex than the formal reprogramming exercise. Early evidence suggests that delivery depends heavily on the maturity of project pipelines and the readiness of delivery schemes, meaning the concrete funding instruments or actions through which priorities are implemented, as well as on the administrative capacity to translate new priorities into successful calls and projects.

Some programmes have already moved into implementation, with calls launched or projects underway. This tends to be the case where projects or schemes could be defined relatively quickly (e.g. **BE (Wal)**, **FI**, **IE (NWRA)**, **MT**). In **Ireland (NWRA)**, the Decarbonising Zone Scheme was launched at the start of 2026, with an initial call attracting 19 applications and project approvals now progressing. In **Malta**, implementation has started following programme approval, with major energy investments already underway. In **Wallonia**, a call for proposals covering STEP, defence, water and housing was launched in March 2026. **Finland** is also progressing with delivery, with calls for new priorities linked to defence and industrial capacity under way (mid-April 2026) with project selection expected to follow soon afterwards.

Other programmes remain in design or preparation. This is particularly visible where the MTR introduced genuinely new areas of intervention (e.g. **EL**, **IE (SRA)**, **MT**). In **Ireland (SRA)**, affordable housing, STEP-aligned Horizon Seal of Excellence projects and Regional Innovation

Valley cooperation are still being designed, with calls planned but not yet launched. In **Greece**, although all revised programmes have been approved, no calls under the MTR had been launched at the time of fieldwork. Preparatory work is ongoing, with calls expected later in 2026 following the development of detailed specifications and selection criteria. In **Malta**, while energy investments are already progressing, the housing component remains at an early stage, pending completion of preparatory studies. These examples show that introducing new priorities often requires additional design work, stakeholder engagement and clarification of implementation modalities before funding can be allocated.

A third pattern is where MTR changes have been absorbed into existing project pipelines rather than generating entirely new ones. In **France**, project selection often takes place on a rolling basis, which allowed Managing Authorities to reallocate projects already in preparation or under assessment into the new MTR priorities, limiting the need to develop new pipelines. A similar logic is visible in programmes where reprogramming involved shifting or relabelling existing investments rather than launching entirely new types of projects (e.g. **NL**). In the **Netherlands**, projects aligned with STEP were seen as largely consistent with existing innovation activities and would likely have been implemented regardless of the MTR. This approach has facilitated quicker implementation but also suggests more limited substantive change.

A common pattern emerges across these different situations. While reprogramming decisions can be made relatively quickly, often driven by incentives and deadlines, implementation depends on more demanding conditions. The availability of mature project pipelines is a key factor: where projects already existed, delivery could proceed more rapidly. By contrast, new priorities such as housing or defence often require time to define eligible actions, develop schemes and prepare beneficiaries. Procurement and regulatory requirements also play a role, particularly for more complex investments. Lastly, administrative capacity remains a critical constraint, as authorities must manage new priorities alongside ongoing programme implementation and legacy tasks from the previous period. The MTR has therefore been more effective in redirecting financial allocations than in immediately accelerating delivery. The shift from decisions to implementation is underway, but in many cases it is still at an early stage.

4.4 The role of incentives: enabling change or easing pressure?

The incentives introduced through the MTR, including additional pre-financing, higher co-financing rates and the extension of the eligibility period, were widely used across countries and regions. However, their role in practice varied. They were designed to encourage reprogramming towards new priorities, but the fieldwork suggests that they often served a more pragmatic function: easing financial pressure, reducing implementation risk and helping programmes manage tight timelines.

Incentives played a direct role in supporting reprogramming decisions in several cases. This is most visible in countries where reallocations were significant (e.g. **PL**). In **Poland**, the incentives were an important factor in reallocating funds, particularly towards defence, and helped

justify moving resources away from previously planned interventions. Similarly, in **Malta**, the combination of higher co-financing rates, pre-financing and the eligibility extension made it possible to introduce new priorities and reallocate funding within a constrained timeframe. **Greece** also made full use of the incentives, with most programmes reprogramming at least 10 percent of their budgets in order to access the additional benefits, including extended eligibility and increased pre-financing.

Incentives were more about managing implementation pressures than enabling change in programme priorities in other cases (e.g. **IE (SRA)**, **PL (W-M)**, **PT**). In many programmes, incentives were primarily used in practice to support delivery under existing constraints, rather than to reallocate funding or introduce new priorities that might otherwise have been considered too risky or difficult to implement. This is particularly evident in relation to N+3 requirements and liquidity constraints. In **Portugal**, the flexibilities introduced through the MTR contributed to meeting N+3 targets, with pre-financing and Simplified Cost Options helping to accelerate certified expenditure. In **Poland (W-M)**, pre-financing was explicitly valued because it could be counted towards certification targets, easing pressure in the coming years. Similarly, in **Ireland (SRA)**, the additional pre-financing was welcomed, even though the programme was already on track to meet its targets, as it provided extra financial flexibility. The extension of the eligibility period was also widely seen as useful in reducing implementation risk, particularly for new priorities where project pipelines are not yet fully developed.

Some incentives had broader programme-level benefits even where they did not drive major change (e.g. **BE (Vla)**, **FI**, **HU**)**.** In **Finland**, the eligibility extension was seen as helpful across the entire programme, even though no major implementation difficulties were anticipated. In **Hungary**, in a context of limited reimbursements and implementation pressures, the flexibility offered by additional resources was particularly welcome. In **Flanders**, the combination of eligibility extension, pre-financing and eased N+3 requirements were used where relevant, but without fundamentally changing programme direction.

There are also examples where incentives played only a limited role. In the **Netherlands**, no MTR incentives were used in ERDF programmes, and pre-financing under the JTF was applied only selectively to ease financial pressure. More broadly, some authorities pointed out that the timing of the incentives reduced their practical value (e.g. **CZ**, **IE (SRA)**, **MT**, **NL**). Late introduction meant that, in certain cases, programmes had already committed most of their funding, leaving limited scope to make use of the additional flexibility.

The evidence from across countries and regions suggests that incentives were important, but not always in the way initially intended by the policy design (see Table 4). They did support reprogramming in some contexts, particularly where there was both political willingness to adjust programme priorities and financial room for manoeuvre. More often, however, they were used to facilitate implementation: easing liquidity constraints, supporting compliance with N+3, and reducing risks associated with delays or new priorities. Rather than driving a strategic reorientation on their own, incentives were typically absorbed into day-to-day

programme management, helping authorities to manage short-term delivery pressures as much as to support longer-term policy shifts.

Table 4: How MTR incentives were used in practice

Function of incentives	Typical use	Examples
Enabling change	Supporting reallocations to new priorities	
Managing pressure	Supporting N+3 compliance, liquidity	
Risk reduction	Extending timelines, reducing delivery risk	
Limited use	Little added value	

Source: authors' own elaboration based on IQ-Net fieldwork

4.5 Administrative capacity as a major dividing line in MTR implementation

Across the IQ-Net programmes, administrative capacity emerges as one of the clearest factors shaping how the MTR was experienced and implemented. While all programmes operated under the same EU regulatory framework and MTR requirements, the exercise placed very different demands on administrations depending on their resources, timing and internal organisation.

A first, widely shared issue concerns tight timelines. Many authorities emphasised that the MTR unfolded under significant time pressure, particularly given the two-stage process and evolving guidance. Requirements from the Commission arrived relatively late, limiting the scope for meaningful adjustments. Some programmes highlighted that late guidance constrained the possibility to respond to the Commission's new priorities (e.g. **CZ**), while others pointed to the difficulty of redesigning programme elements within short deadlines (e.g. **IE (SRA)**, **MT**). These timing pressures were compounded by other obligations. The MTR did not take place in isolation, but alongside ongoing 2021-27 implementation and the closure of the 2014-20 period. In **Malta**, the process was described as particularly demanding because it was carried out in parallel with N+3 targets and closure-related tasks. **Greece** also pointed to the burden of managing the MTR alongside other regulatory requirements. This stacking of obligations meant that even well-resourced administrations were operating at or beyond capacity.

A further challenge relates to the complex negotiations with the Commission. Several authorities described the process as iterative and resource-intensive. In **Hungary**, the lack of clarity and the evolving nature of expectations led to repeated exchanges with the Commission, increasing workload and making it difficult to anticipate the capacity needs.

Similar challenges were pointed out in **Czechia** where some difficulties were also perceived due to the use of the thematic concentration that are specified for the regional level, In **Poland (Pomorskie)**, reallocating funds required difficult negotiations not only with the Commission, but also with internal departments and beneficiaries, particularly where resources had to be shifted across priorities. In **Ireland (NWRA)**, the design of new schemes involved detailed discussions with the Commission, particularly on the performance framework and its alignment with other requirements such as including horizontal principles and smart specialisation.

The technical work required by the MTR was also demanding. Setting indicators for new priorities was a particular challenge where there was little previous implementation experience (e.g. **BE (Vla)**, **FI**). **Finland** highlighted the difficulty of defining evidence-based targets for new themes such as defence and industrial capacity, making it difficult to define appropriate, evidence-based targets. **Flanders** identified recalibration of indicators as one of the most capacity-intensive parts of the process. These issues underline that introducing new priorities is not only a political or financial decision, but also a technical exercise requiring robust monitoring and performance frameworks.

Another recurring issue concerns the limited ability to make use of simplification tools, despite their formal availability (e.g. **IE (SRA)**). In **Ireland (SRA)**, capacity constraints meant that it was not possible to introduce Financing Not Linked to Costs (FNLC) or Simplified Cost Options (SCOs) during the MTR, although these simplification tools may be introduced through later programme amendments. **Malta** similarly noted that the timeframes did not allow FNLC approaches to be integrated. More broadly, many programmes indicated that simplification tools were difficult to operationalise in practice within the constraints of the MTR timetable. This illustrates the gap between formal availability and practical usability.

Lastly, internal coordination challenges within administrations also played a role. Reallocating funding across priorities often involved sensitive internal negotiations, especially where existing allocations had already been politically or administratively committed (e.g. **PL (Pom)**). The introduction of new areas such as defence and dual-use investments also required coordination with ministries and additional procedures, including certification requirements (e.g. **EL**). These examples highlight the institutional complexity involved in reprogramming, particularly when new policy areas cut across existing administrative structures.

The degree to which these challenges translated into delays or constraints varied. Some authorities considered the process demanding but manageable. In some programmes with more limited scale or fewer changes (e.g. **BE (Vla)**, **NL**), the MTR was described as administratively intensive but not a major burden, with operational issues generally resolved without significant disruption (e.g. **FI**). In contrast, others experienced more significant strain, with capacity limitations affecting the scope of reprogramming, delaying implementation steps or limiting the ability to use available simplification tools (e.g. **EL**, **HU**, **IE (SRA)**, **MT**, **PL (Pom)**).

The overall evidence clearly suggests that the differences in how the MTR was used and implemented were more a reflection of administrative capacity than strategic choice. MTR outcomes were also shaped by what the authorities were able to achieve in practice. Those facing tighter resource constraints, more complex governance structures, or overlapping pressures had less scope to engage with new priorities or make full use of available flexibility. By contrast, where capacity was stronger or programmes were already aligned with the new priorities, the process was more easily absorbed. In this sense, capacity, not policy ambition alone, often explains the variation observed across countries and regions (see Box 4).

Box 4: What constrained implementation capacity?

Across programmes, common challenges included:

- Tight and evolving timelines
- Overlap with implementation and closure tasks
- Lengthy and iterative negotiations with the Commission
- Difficulty setting indicators for new priorities
- Limited ability to use simplification tools (FNLC, SCOs)
- Internal coordination challenges across departments

4.6 Effects of the MTR: strategic shift or limited adjustment?

Assessing the full effects of the MTR on programme outcomes is too early at this stage. In most countries and regions, implementation of the revised programmes has only recently begun, and in some cases, calls have not yet been launched. However, early evidence suggests that the extent of change varies considerably, pointing to a mixed and nuanced picture rather than a clear shift.

In some programmes, the MTR has led to a genuine reorientation of priorities. This is most evident where large-scale reallocations have taken place. **Poland** stands out as the clearest example, with a significant share of funding redirected towards defence-related investments, including infrastructure, civil preparedness and dual-use activities. This represents not only a financial shift but also a change in the underlying logic of the programme, moving resources away from areas such as research and innovation towards more immediate strategic and

security concerns. **Italy** also shows elements of a broader reorientation, with substantial reallocations towards competitiveness (including STEP), housing and water, alongside some defence-related investments. In these cases, the MTR has gone beyond adjustment and has reshaped the balance of programme priorities.

However, in many other programmes, the effect has been more limited or incremental. Adjustments were made, such as reallocations towards STEP or water, or changes in indicators. However, these did not fundamentally alter the programme direction. This was the case where the MTR mainly reinforced existing priorities, changed indicators, or formalised directions already present in the programme (e.g. **BE (Vla)**, **CZ**, **HU**, **NL**). In the **Netherlands**, for example, the introduction of STEP was not seen as fundamentally changing programme content, as projects under this heading were already consistent with the innovation focus of the programmes. Similarly, in **France**, the overall scale of reallocation was relatively small, and the MTR was not viewed as a major transformation of Cohesion Policy, but rather as an extension of existing approaches.

A third pattern concerns programmes where the MTR has opened up new areas of intervention, but where the impact is still at an early stage. Housing is the most prominent example. In several programmes, it represents a new or significantly expanded area of investment, with dedicated schemes now being developed (e.g. **EL**, **IE**). However, implementation is still ongoing, and it remains to be seen how these initiatives will perform in practice. Defence and dual-use investments also fall into this category in several countries, where they have triggered new debates and institutional arrangements but are not yet fully embedded in programme delivery. In **Finland**, for example, the introduction of defence-related priorities has reshaped the strategic framing of the programme, but practical implementation is only just beginning.

The timing of the MTR also limited its transformative potential. Several authorities noted that programmes only became fully operational in 2022, meaning that the review took place relatively early in the implementation cycle, with limited evidence on performance. In this context, the MTR was less about correcting course based on results, and more about aligning programmes with evolving political priorities. This has contributed to a perception in some countries that the exercise was relatively formal or administrative in nature.

In these different situations, an important question emerges: was the MTR a transformation or merely a repackaging? The answer depends on the context. In some countries and regions, the MTR has driven a significant shift in priorities. In many others, it has resulted in more modest adjustments, often building on existing approaches. In other cases, it has opened up new areas of intervention, the effects of which will only become clear over time. Depending on the context, the MTR can be seen both as a mechanism for adaptation and as a process of partial repackaging. The MTR has also clearly had strategic and political effects, even where operational changes are still limited. It has introduced new themes, particularly defence and housing, into Cohesion Policy programmes. It has also triggered debates about the role of Cohesion Policy, especially the balance between long-term regional development objectives and more immediate strategic priorities linked to security, resilience and competitiveness.

4.7 Lessons from the MTR: flexibility vs stability

Looking across programme experience, there is a broad consensus that the MTR demonstrated the flexibility of Cohesion Policy. At the same time, there is an equally strong message that flexibility, as applied in this case, came with significant trade-offs. The experience has highlighted a central tension between the ability to adapt to changing priorities and the need for stable, predictable frameworks for implementation.

Flexibility itself is not contested. Many authorities recognised the value of being able to adjust programmes in response to new geopolitical, economic and social priorities. In several IQ-Net programmes, the MTR was seen as a useful opportunity to reassess priorities and introduce new areas of investment (e.g. **IE**, **MT**). At EU level, the exercise also showed that Cohesion Policy can respond to emerging challenges, including security, housing and resilience.

However, across countries, this positive assessment is consistently tempered by concerns about timing, clarity and administrative burden. Flexibility introduced late in the programming period has limited practical value. By the time the revised framework was in place, many programmes had already committed a large share of their resources. This was a recurring issue in several programmes (e.g. **AT**, **CZ**, **DK**), where the practical scope for reprogramming was limited by the advanced stage of implementation. More broadly, late-stage changes can hinder rather than support the delivery process if they arrive after programme strategies and beneficiary expectations have already been established.

Closely linked to this is the issue of unclear or evolving rules. Several authorities emphasised that guidance from the Commission came relatively late and continued to develop over time. Several programmes stressed the importance of having clear rules from the outset, noting that changing requirements made planning more difficult and increased administrative effort (e.g. **CZ**, **PL**). Others highlighted the lack of a harmonised approach and the resulting uncertainty during negotiations (e.g. **HU**). In practice, flexibility was sometimes undermined by the need to clarify what was actually possible under the new framework, particularly in areas such as defence and dual-use investments.

The MTR also confirmed that flexibility has administrative costs. The process required significant effort, often under tight deadlines and alongside competing tasks. For some authorities, this raised questions about the proportionality of the exercise, particularly where the resulting changes were relatively limited. The complexity of financial tables, indicator setting and programme modifications was also highlighted, making the review technically demanding to manage in practice (e.g. **IE (SRA)**).

Against this background, several common lessons emerge (see Box 5). **First, there is a strong call for earlier and clearer guidance**. Authorities repeatedly stressed that receiving detailed information at an early stage would have made the process more manageable and allowed for more meaningful use of flexibility. **Second, there is a need for more predictable timelines**. The combination of evolving rules and tight deadlines created uncertainty and reduced the scope for strategic planning. **Third, simpler procedures are seen as essential.** While

simplification was formally part of the MTR package, in practice many of the proposed tools were difficult to implement within the available time and capacity. **A further lesson concerns the balance between flexibility and programme coherence**. Some authorities (e.g. **BE**, **NL**), pointed out that introducing new priorities late in the period can undermine the long-term design of programmes. Adding more priorities without increasing overall resources can reduce the real flexibility within each priority, making it harder to implement meaningful changes.

The key takeaway for the future is that flexibility needs to be built into the system in a way that allows authorities to plan, adapt and deliver without undermining the stability required for effective implementation. This means providing early guidance, clear and stable rules, realistic timelines, and simpler procedures, so that programmes can adjust without disrupting delivery. The MTR has demonstrated that Cohesion Policy can respond to changing circumstances, but it has also shown the limits of relying on late-stage adjustments. For flexibility to translate into results, it needs to be anticipated, understood and implementable in practice from the start.

Box 5: Key lessons from the MTR

The MTR showed that Cohesion Policy can adapt, but not uniformly.

- The same priorities were adopted, but with very different depth and scale.
- Reprogramming was often easier than implementation.
- Incentives supported delivery as much as strategic change.
- Administrative capacity strongly shaped outcomes.
- Flexibility works best when introduced early, clearly and predictably.

Notes

[1] See for example: Jabri E and van der Valk O (2025) *Mission possible? Managing closure, delivery and the Mid-Term Review*, IQ-Net Review Paper 59(1), European Policies Research Centre Delft, and Jabri E (2025) *Turning a new chapter: Closing 2014-20 and shaping the future of EU Cohesion*, IQ-Net Review Paper 58(1), European Policies Research Centre Delft.

[2] European Commission, *A modernised cohesion policy: Results of the Mid-term Review, one year on*, March 2026, https://ec.europa.eu/regional_policy/sources/policy/how/programming-and-implementation/mid-term-review/factsheet-mtr26.pdf