

STUDY

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Improving Essential Services in the EU regions: The role of Cohesion Policy



Policy Department for Regional Development, Agriculture and Fisheries
Directorate-General for Cohesion, Agriculture and Social Policies (CASP)

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PE 776.003 – January 2026

EN

Improving Essential Services in the EU regions: The role of Cohesion Policy

Abstract

This study analyses the role of EU instruments, in particular Cohesion Policy, in supporting the quality of essential services in remote, rural and depopulated areas. The study focuses on essential services tied to the provision of healthcare, childcare and services to people. Challenges and drivers of loss of service provision are identified. The contribution of EU instruments is assessed, including case studies illustrating their contribution to mitigating depopulation dynamics and improving access to essential services.

This document was requested by the European Parliament's Committee on Regional Development.

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Original: EN

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Manuscript completed in January 2026

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LIST OF ABBREVIATIONS

AUSL	Local Health Unit Authority (Italy)
CAP	Common Agricultural Policy
CF	Cohesion Fund
CGM	Juvenile Justice Center (Centri per la Giustizia Minorile)
CLLD	Community-Led Local Development
EAFRD	European Agricultural Fund for Rural Development
EPSR	European Pillar of Social Rights
ERDF	European Regional Development Fund
ES	Spain
ESF	European Social Fund
ESF+	European Social Fund Plus
EU	European Union
FNLC	Financing Not Linked to Costs
FR	France
IT	Italy
ITI	Integrated Territorial Investments
JTF	Just Transition Fund
LAG	Local Action Group
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale
MFF	Multiannual Financial Framework
NRPP	National and Regional Partnership Plan
PL	Poland
PO	Policy Objective
RO	Romania
RRF	Recovery and Resilience Facility
SCO	Simplified Cost Options
SI	Slovenia

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EXECUTIVE SUMMARY

The study on **"Improving Essential Services in the EU regions: The role of Cohesion Policy"** analyses the role of EU instruments, and in particular Cohesion Policy, in supporting the quality of essential services in remote, rural and depopulated areas. A specific focus is placed on essential services tied to the provision of **healthcare (including hospitals), childcare and services to people**.

Demographic change will continue to shape Europe in the coming decades. Ageing and depopulation are pressing demographic trends, driven by declining fertility levels, mortality and migration. With life expectancy in the EU averaging around 81 years, the implications for social and economic systems are substantial. Population ageing and decline particularly affect rural and remote regions already facing economic stagnation. Out-migration and youth drain, spurred by the greater attractiveness of urban areas in terms of opportunities for education, employment and leisure, exacerbate these challenges.

The resulting demographic imbalance contributes to low investment, labour shortages and declining living standards, posing significant challenges to regional development and vitality.

Population decline and out-migration raise the costs of service provision, shrink the local tax base and deepen skill shortages. These patterns are expected to persist, potentially widening existing service deficits in remote, rural and sparsely populated regions.

In this context, Cohesion Policy plays a central role in addressing the territorial and social disparities resulting from demographic change and depopulation. In the 2021-2027 programming period, the regulatory framework, most notably Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund, explicitly recognises the need to support rural areas and those with significant natural and demographic handicaps. This reflects the recognition of demographic challenges as a phenomenon having strong territorial implications.

The EU supports essential services in terms of healthcare, childcare and other services to individuals with Cohesion Policy, the Recovery and Resilience Facility (RRF) and the Common Agricultural Policy (CAP) in the Multiannual Financial Framework (MFF) 2021-2027. Both Cohesion Policy and the RRF have contributed substantially to maintaining and improving service provision. Cohesion Policy has dedicated around **EUR 15.2 billion** in EU funding (or EUR 22.6 billion in total planned expenditure) to support investments and service provision tied to healthcare, childcare and long-term care – **with most support from the ERDF and ESF+**. Of that amount, **EUR 12.4 billion** (or EUR 16.7 billion in total expenditure) are targeted at such investments in less developed and outermost or northern and sparsely populated regions. However, only Cohesion Policy uses territorial ring-fencing mechanisms that specifically direct support to disadvantaged regions, through higher co-financing rates for less-developed regions and specific flexibility and funding for outermost regions. While RRF funding also supports essential services, it is often not explicitly targeted at rural or remote regions.

However, this dependence raises concerns about financial sustainability of the supported investments. **Beyond the initial infrastructure and equipment costs, operating and staffing tied to service provision require recurrent expenditure that may exceed local fiscal capacities once the project and associated EU funding ends.** This risk highlights the need for long-term financial planning and national or regional mechanisms to secure the continued delivery of services initiated with EU funding.

The analysis of Cohesion Policy investments and interventions undertaken as part of this project highlights that Member States have applied specific and place-based interventions via Cohesion Policy to counterbalance the effects of demographic decline and outmigration on essential service provision in remote, sparsely populated and rural areas. **The involvement of local and regional actors in the development and implementation of these interventions improves their relevance by linking them to local and regional needs and strategies.**

The use of **integrated and territorialised delivery modes, such as Integrated Territorial Investments (ITI) and Community-Led Local Development (CLLD), can improve coherence between investments in essential services and other regional interventions.** By tailoring measures to local specificities and combining them within territorial strategies, such approaches can enhance regional vitality and attractiveness while strengthening the local implementation capacity.

In the context of the new MFF 2028-2034, a greater use of performance-based financing can reduce administrative burdens and increase efficiency and implementation speed. However, milestones and indicators must account for the particularities of remote, rural and sparsely populated regions, where low population density and geographic constraints make service delivery costlier. Targets based solely on population coverage risk discouraging investment in these areas and should be adapted to reflect regional realities.

Several recommendations are proposed to enhance the effectiveness of EU support for essential services in disadvantaged territories:

- **Recommendation 1: Pre-allocation and higher funding intensities for rural, remote, sparsely populated and demographically declining regions**
- **Recommendation 2: Strengthen result-oriented monitoring for services to people, healthcare, childcare and other essential services**
- **Recommendation 3: Use Cohesion Policy to support a minimum catalogue of essential services**
- **Recommendation 4: Investments into essential services should be accompanied by investments into the broader economic fabric of the area to improve regional vitality and attractiveness**
- **Recommendation 5: Investments into physical assets in essential services should be complemented by adequate investments in training and recruiting qualified personnel, notably in healthcare, childcare and services to people**
- **Recommendation 6: Broaden the use of CLLD, ITI and other place-based instruments to improve the territorial relevance and coherence of investments in essential services with wider regional policies**
- **Recommendation 7: Mitigate accessibility gaps in essential service provision for rural and remote regions**
- **Recommendation 8: Strengthen the role of local and regional authorities in the programming and implementation of Cohesion Policy funding, including for essential services**
- **Recommendation 9: Promote long-term financial and institutional sustainability of essential services supported by Cohesion Policy**
- **Recommendation 10: Enable targeted technical assistance for regions facing demographic decline and out-migration**
- **Recommendation 11: Develop long-term strategic frameworks for demographic change accounting for the specific role essential services in healthcare, childcare and elderly care can play in maintain regional attractiveness and vitality**
- **Recommendation 12: Strengthen the role of regions in the National and Regional Partnership Plans, particularly in relation to the targeting of structural needs – including essential services – in remote and vulnerable regions**
- **Recommendation 13: Balance flexibility with long-term territorial development needs**
- **Recommendation 14: Maintain Cohesion Policy's funding structure while exploring streamlining options**

INTRODUCTION

Context of the study

The study on **“Improving Essential Services in the EU regions: The role of Cohesion Policy”** seeks to support the Members of the REGI committee with information on the role of EU instruments, and in particular Cohesion Policy, in supporting the quality of essential services in remote, rural and depopulated areas. A specific focus is placed on essential services tied to the provision of **healthcare (including hospitals), childcare and services to people**.

Demographic change will continue to affect the European Union in the next decades, with population ageing and depopulation of economically vulnerable regions among its main aspects. Ageing results from the combined effects of fertility, mortality and migration. With life expectancy in the EU averaging around 81 years, nine years more than the global average, the impact of demographic change on economic and social systems is substantial (European Committee of the Regions, 2020). Population ageing, combined with depopulation represents a long-term challenge, especially for remote and rural areas, as well as those with persistent economic stagnation. Out-migration and youth drain are driven by the relatively greater attractiveness of urban areas in relation to education, employment opportunities and access to leisure and cultural activities. In the context of demographic change and persistent out-migration of younger and well-educated workers, many regions face disinvestment (a reduction, but also shift, in public and private spending), the risk of declining living standards and rising unemployment, as well as a shortage of skilled labour.

In this context, Cohesion Policy plays a central role in addressing the territorial and social disparities resulting from demographic change and depopulation. In the 2021-2027 programming period, the regulatory framework, most notably Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund, explicitly recognises the need to support rural areas and those with significant natural and demographic handicaps¹. Furthermore, going beyond the traditional definition of depopulation as low density (below 12,5 inhabitants per km²) enshrined in state aid legislation, the ERDF Regulation introduced a new concept of depopulation as demographic decline, referring to areas that have suffered an interannual demographic decline of more than 1% during 2007–2017; this definition is currently in force but is not applied (Pazos-Vidal, 2023). More recently, the Harnessing Talent Communication (European Commission, 2023a) followed by the 9th Cohesion Report (European Commission: Directorate General for Regional and Urban Policy, 2024) introduced a new definition whereby depopulation is defined by population decrease greater than -7.5 per 1,000 inhabitants during at least five years. However, neither the 2021–2027 ERDF definition nor the new one have been taken up in the 2028–2034 Cohesion Policy proposals.

Under the 2021–2027 framework, Policy Objective 5 (PO5), “a Europe closer to citizens” provides a dedicated framework for supporting the sustainable and integrated development of all types of territories. The objective is implemented through instruments such as Integrated Territorial Investments (ITI), community-led local development (CLLD) and other territorial tools supporting initiatives designed by the Member State to strengthen essential services and improve living conditions in rural and remote areas. This does not exclude that support to essential services may also be supported through other policy measures under other policy objectives, such as via PO4 “a more social and inclusive Europe”.

¹ As per the regulation, this includes regions with demographic handicaps, such as persistent demographic decline (an average annual decline of 1% between 2007 and 2017) and very low population density (below 12.5 inhabitants per km²). Member States were invited to develop voluntary actions plans at local level for regions affected by such challenges (Art. 10)

Cohesion Policy can intervene in removing barriers to essential services (European Commission, 2024), notably the availability and accessibility of such services. These barriers can take multiple forms: geographical, infrastructural, digital, or socio-economic. For instance, the lack of adequate infrastructure can limit access to water and sanitation for specific territories and marginalised communities, such as Roma. Similarly, transport and digital communications remain critical challenges for many rural and peripheral regions, where limited public transport services and insufficient broadband coverage exacerbate social isolation and economic marginalisation. The European Commission (2024) introduced a new concept, transport poverty, which is linked to the funding of the Social Climate Fund starting in January 2026. This concept has been given legal footing through the Commission Recommendation (EU) 2025/1021 of 22 May 2025, and can be directly applied to Cohesion policy post 2027. Accessibility barriers are particularly pronounced for persons with disabilities and older people. Furthermore, low digital skills constrain access to digital and financial services.

Furthermore, the second Von der Leyen term saw the coinage of a new concept directly relevant to this study. Initially coined as "freedom to stay" by the Letta Report (Letta, 2024) – whereby the EU Internal Market and associated EU policies must ensure, or at least not undermine, people's ability to remain in their home regions and communities rather than being forced to move due to economic, social or demographic pressures – it was later redefined as "right to stay" in the 2024–2029 European Commission political guidelines (Von der Leyen, 2024). This principle was subsequently included as a guiding principle (enunciated, not defined) of the 2028–2034 Multiannual Financial Framework (MFF) legislation.

Reflecting on how EU instruments, and in particular Cohesion Policy, contribute to improving access to essential services, is relevant at this stage of the design of the MFF. In its May 2025 resolutions on the next MFF and on the Ninth Cohesion Report, the European Parliament reaffirmed the central role of Cohesion Policy in addressing demographic change, depopulation, and access to essential services, and called for stronger investment in social and territorial cohesion². On 16 July 2025, the European Commission presented its proposal for the MFF 2028–2034 (COM(2025) 571)³, setting the direction for the Union's future investment priorities. The proposal is currently under negotiation with the Council and the European Parliament, whose REGI Committee plays a key role in shaping the Parliament's position on the future of Cohesion Policy.

The proposal (COM(2025) 571) introduces new governance instruments such as the National and Regional Partnership Plans (NRPPs). These aim to give Member States greater responsibility for identifying investment priorities that align with common EU objectives, while adopting a more tailored approach to addressing identified needs. The Commission's proposal foresees a substantial reconfiguration of the EU budget architecture, with a stronger emphasis on flexibility, simplification, and strategic alignment with long-term challenges such as demographic decline, social cohesion, and territorial disparities. On 10 November, the proposal was adapted due to discussions between the Parliament and the Commission. As part of these changes, a 10% ringfencing of Cohesion Policy means for rural areas was introduced, as well as several changes strengthening the role of subnational authorities in the design and implementation of the NRPPs.

² In its May resolutions on the next MFF (2024/2051(INI)) and on the Ninth Cohesion Report (2024/2107(INI)) the European Parliament reaffirmed the crucial role of Cohesion Policy in tackling key challenges such as demographic change and depopulation and access to essential services. It called for stronger involvement of local and regional authorities, higher co-financing rates for projects aimed at strengthening essential services, and targeted interventions to counter depopulation, ageing, brain drain and skills shortages. Further reports on strengthening rural areas (2024/2105(INI)) and on the role of Cohesion Policy investment in resolving the housing crisis (2024/2120(INI)) reinforced this orientation, underlining the contribution of Cohesion Policy to ensuring access to essential services.

³ The proposal foresees a total budget of almost EUR 2 trillion, approximately EUR 900 billion more than the current period. On 3 September 2025, the Commission adopted a second package of sectoral proposals, completing the framework for the next MFF.

The coming months will be decisive in shaping one of the EU's most important policy instruments before the expected final approval of the next MFF in late 2026. How Cohesion Policy is positioned within this evolving framework will be crucial in ensuring continued support for remote, rural and depopulating territories, especially regarding access essential services.

Approach of the study

The study explores the role of Cohesion Policy in supporting essential services in the EU around a series of research objectives.

- The study should provide an overview of main EU policy instruments, including Cohesion Policy funds, that are used to prevent depopulation in economically vulnerable regions
- In addition, the study explores the extent to which these instruments contribute to increasing availability, accessibility and quality of essential services in remote or rural areas that may face additional challenges due to their geographic isolation
- With the help of examples of Cohesion Policy initiatives, the study illustrates reasons of the local loss of some services and the main barriers to the provision of essential services needed to make regions more attractive in terms of quality of life
- Provision of recommendations on how Cohesion Policy can be improved to support the attractiveness of EU regions and to guarantee the long run provision of healthcare, childcare, education and other human services, while easing their accessibility to vulnerable groups

A main source of evidence for the stocktaking of EU instruments and their contributions to the provision of essential services in vulnerable regions involved the analysis of regulatory documents and studies. In addition, the project team analysed available expenditure and programme data to identify the contribution of EU instruments to such services. Building on this stocktaking exercise, the project team collected socio-economic data to further characterise loss of essential services in vulnerable regions. To complement EU level findings from data and literature, the project team identified 13 Cohesion Policy initiatives supporting essential services in remote or vulnerable regions and analysed them as case studies. These cases were analysed further by a review of strategic, programme and project documentation, as well as stakeholder interviews where evidence gaps were identified. The collected evidence provided the basis for the development of conclusions and recommendations.

1. DEPOPULATED AND ECONOMICALLY VULNERABLE REGIONS IN THE EU

KEY FINDINGS

The study focuses on the provision of three types of essential services: healthcare, services to individuals (such as elderly people and people with disabilities) and childcare.

Demographic dynamics and geographic characteristics deepen territorial imbalances. Rural and mountainous regions face persistent depopulation driven by out-migration and population ageing, undermining their economic vitality and attractiveness, while islands and outermost regions struggle primarily with remoteness, limited accessibility and high costs of service provision.

Rural and remote areas face growing difficulties in maintaining and delivering essential services, which are important to retain quality of life, vitality and attractiveness of regions.

The loss or deterioration of essential services in European regions is driven by a combination of geographical, demographic, economic, and institutional factors. Physical accessibility remains the most critical determinant of service provision, in interaction with demographic and economic pressure. These factors undermine the delivery and sustainability of healthcare, childcare and social care in rural, mountainous and peripheral regions.

1.1. State of vulnerable and depopulated regions in the EU

Based on the urban-rural typology (Eurostat, 2025a), predominantly rural regions account for almost half (45%) of the EU's area. However, according to population data as of 1 January 2024, over the period 2021-2024, the share of population living in predominantly rural regions fell from representing 20.7% of the total EU population to 19.2% (Eurostat, 2025b). Based on recent projections, the EU is expected to decrease by an average of 0.04% per year between 2023 and 2040, with population losses in rural (-0.35% in areas close to cities and -0.46% in remote areas) and intermediate regions more than offsetting the moderate growth (+0.18%) projected for urban regions (Curtale et al., 2025).

Strong demographic decline and depopulation (rural to urban migration) undermine the vitality and attractiveness of regions and contribute to widening territorial disparities. Such shrinkage reflects a broader structural crisis of economic and labour market decline, peripheralization and a deepening urban-rural divide, which further intensifies the inherent disadvantages of rural areas (Núñez Ferrer et al., 2023). The combination of population ageing and depopulation leads to a shrinking labour force, which limits the capacity of affected territories to build sustainable and competitive economies and exacerbates territorial disparities. These issues are also highlighted in the EU's long-term vision for rural areas (COM(2021) 345 final), which calls for rural regions to become stronger, better connected, resilient and more prosperous by 2040.

Box 1: Welcoming new inhabitants in Creuse Grand Sud – France (ERDF)

Member State: France

Fund: ERDF

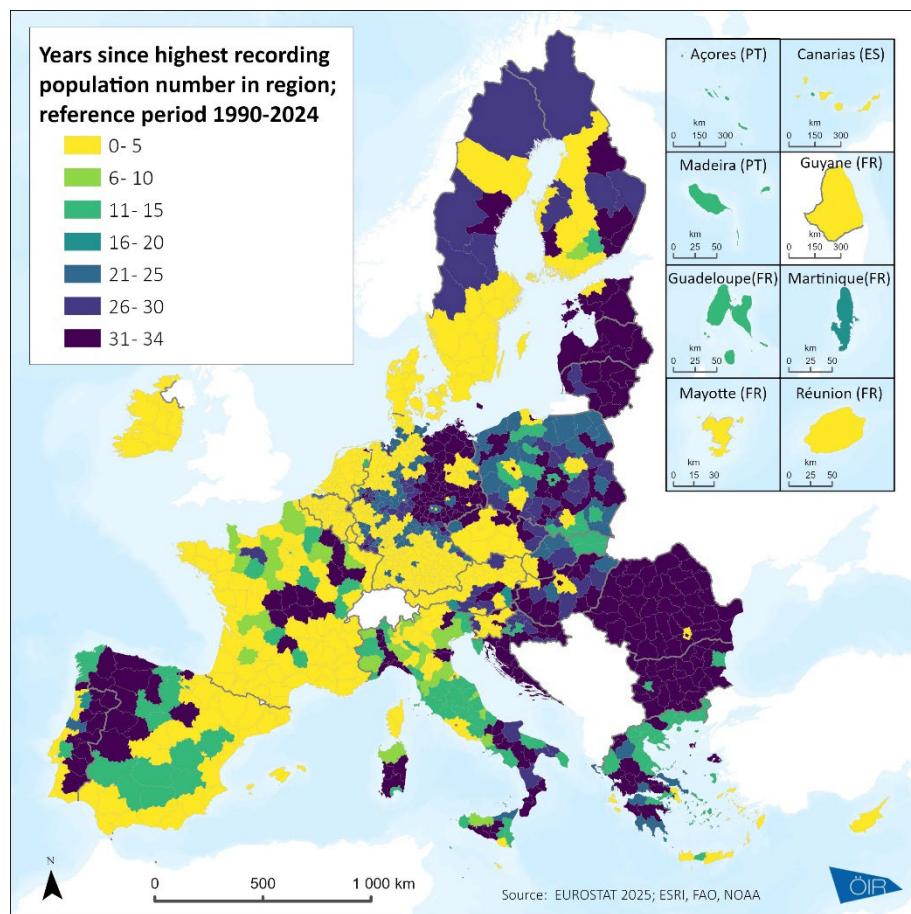
The project carried out by the Community of Communes Creuse Grand Sud to welcome and attract new inhabitants to reverse declining demographic developments. The overall objective is to maintain a social and economic life for the territory, its inhabitants and those who arrive. Thus, the *Communauté de Communes Creuse Grand Sud*, in conjunction with the *Conseil départemental de la Creuse*, has put in place a proactive policy of welcome and attractiveness, based on a four-pronged action plan over the three-year period of implementation of the operation (2023 to 2026). To carry out this project, a reception-attractiveness officer is dedicated to the animation of the action plan. This ERDF project is strategically embedded in the Creuse Grand Sud Territory Project Horizon 2030, for which the reception of new populations is one of the major challenges.

The project is supported via the Programme Auvergne-Rhône-Alpes and Rhône Saône and Massif Central territories ERDF-ESF+-JTF 2021-2027. The region of Massif Central and especially the department of Creuse have a long-standing experience with depopulation in the Massif Central. Since 2009, welcoming and other rural revitalisation campaigns and services have been supported by ERDF programmes. The department of Creuse is engaged as the coordinating beneficiary of the ERDF umbrella project "*Let's reinvent the reception in Creuse together*". With a duration of three years and based on a common action plan, the supported projects created a network that the department coordinated. The network provided a website gathering policy and communication tools for the municipalities and the intercommunalities to attract newcomers and counteract depopulation.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

As Figure 1 shows, a high number of regions in the EU has faced long-term population decline since 1990, particularly in parts of eastern, southern, and northern Europe, where many regions last recorded their population peak over 20 or even 30 years ago. In contrast, regions in much of France, Ireland, Belgium, the Netherlands, Austria and parts of Spain and Sweden have relatively stable demographic patterns (highlighted in yellow). However, several factors must be taken into consideration when interpreting population decline patterns. Demographic dynamics differ widely between regions: population loss may result from out-migration, low birth rates, or ageing, while some regions maintain temporary stability or moderate growth due to foreign in-migration or suburbanisation processes.

Figure 1: Years since highest recording population number in regions (1990–2024)



Source: ÖIR GmbH based on Eurostat

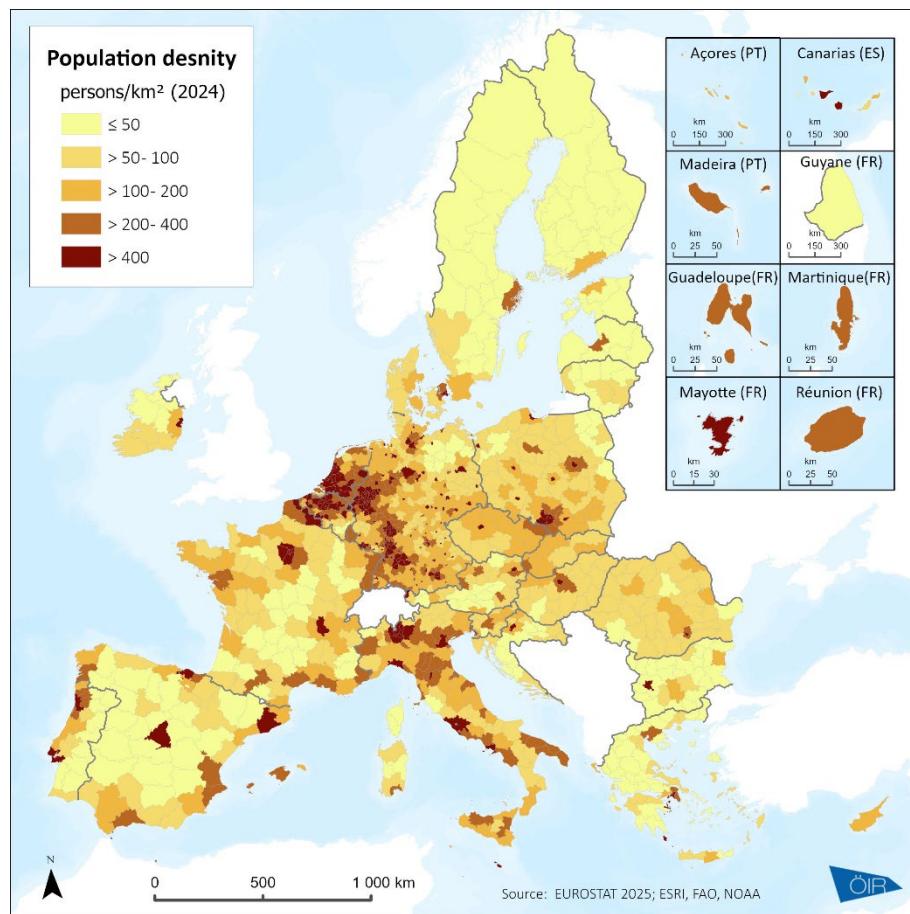
For instance, in Poland, suburbanisation has become a nationwide phenomenon, first concentrated around major metropolitan areas and later extended to medium-sized towns and even smaller cities. This process is closely linked to the political and social transformations that have occurred since 1989 and is characterised by the rapid expansion of housing estates near urban centres, which often form a mosaic of modern houses, apartment blocks and rural buildings, blending urban and rural features. Polish suburbanisation is marked by dispersed urban fabric, resulting in accelerated urban sprawl and measurable interdependence between suburban growth and the depopulation of city centres (Dawid et al., 2023). In Romania, demographic decline is widespread, affecting almost the entire territory. This trend is driven by a combination of natural population decrease and large-scale emigration to western European countries following the fall of the communist regime, particularly among young and working-age people (Andrei et al., 2022). The map illustrates this trend, with almost all regions appearing in dark blue to indicate long-term and persistent population decline. The surrounding area of Bucharest is the only area that stands out as having relative demographic stability or growth. A further example of rural outmigration is represented by Spain, where many rural municipalities are experiencing strong population loss as people move from rural zones to urban centres for employment and better services. According to recent estimations, around 75% of Spanish municipalities lost population in the last 10 years, and 50% of rural municipalities are at risk of becoming fully depopulated, especially in remote, mountainous or inland areas (Salarichs & Ernest, 2023).

Another key challenge for depopulated and remote areas relates to population density. The typically low population density of those regions is closely associated with limited access to services of general interest and related infrastructure and amenities. The resulting high maintenance costs of such services

places additional budget burdens onto local and regional authorities. Access to essential services is one of the contributors to rural vitality and a central factor in ensuring the resilience of remote or hard to access areas.

Figure 2 illustrates population density across the EU in 2024, revealing an uneven population distribution, with a clear concentration of people in metropolitan areas, coastal zones and highly industrialized areas, contrasted with large scale sparsely populated rural and peripheral regions. High-density areas are mainly found in and around major metropolitan centres such as Paris, Madrid and Barcelona, as well as parts of northern Italy, western Germany, Belgium and the Netherlands. These dense clusters represent the core urban and industrial zones of the European Union. Regions with very low density dominate in northern Europe (Scandinavian and Baltic countries) and in large parts of southern and eastern Europe, notably in inland Spain and large parts of Portugal, Bulgaria and Greece. Overall, the map highlights Europe's clear core-periphery divide. Dense urban and industrial areas dominate the centre and coastal regions, in stark contrast to the sparsely populated interior and peripheral areas. This spatial pattern reflects long-term demographic trends, such as urbanisation, ageing and migration, as well as structural economic factors like labour market concentration, accessibility and service availability.

Figure 2: Population density (2024)



Source: ÖIR GmbH based on Eurostat

In addition to remote regions and regions affected by persistent demographic decline, increasing attention is also paid towards the needs of regions in development traps. Regions caught in development traps are not necessarily less developed or remote regions in the overall EU context, rather these often constitute middle-income regions (Diemer et al., 2022) which are characterised by a lack of economic

dynamism and long-term economic stagnation. Long periods of entrapment lead to a progressive deterioration of living conditions, opportunities, and access to essential services. In regions that have remained trapped for decades, the quality of education, healthcare, infrastructure, transport, or public services has deteriorated over time, leaving residents with the perception of being "stuck in places that don't matter" (Rodríguez-Pose et al., 2023). The geography of development traps shows distinct patterns: the highest levels of entrapment are found in France and Italy, where many middle-income regions have experienced prolonged economic stagnation despite their proximity to dynamic urban centres. This contrasts with metropolitan areas such as Paris, Toulouse, Lyon and Milan, which have managed to maintain growth. The development trap is generally more pronounced in southern Europe, such as in parts of Italy, France, Greece and Croatia, where structural weaknesses in productivity, innovation and institutional capacity have reinforced long-term stagnation (Rodríguez-Pose et al., 2023).

Beyond rural and demographically declining territories, islands and outermost regions face structural challenges linked to remoteness and accessibility. Their geographical isolation often results in higher transport and energy costs, limited market access and restricted labour mobility. This constrains economic diversification and competitiveness. For islands and outermost regions, these issues are exacerbated by their small size, insularity, and reliance on a limited number of economic activities, such as tourism, agriculture, and public administration (European Commission, 2022b). Despite their distinct geographies, these territories share common vulnerabilities that increase their exposure to demographic and economic shocks. On average, the outermost regions suffer from the highest levels of poverty, illiteracy, unemployment and young people not in employment, education or training, as well as the lowest levels of educational attainment in the EU. Access to essential services remains a pressing challenge in several outermost regions. In Mayotte, for example, much of the population still lacks access to safe drinking water and adequate sanitation. In French Guiana and Réunion, hospital capacity and healthcare infrastructure are insufficient to meet the needs of the population, while rural schools in Guadeloupe and Martinique suffer from staff shortages and have outdated facilities. The Canary Islands continue to experience high transport and energy costs, while many islands in the Azores and Madeira still have poor digital connectivity (European Commission, 2022a). These deficits illustrate how geographical isolation and structural constraints can hinder access to basic services and reinforce socio-economic vulnerability.

Similar patterns of vulnerability can be observed in mountain regions, where the local population faces comparable challenges due to topography, climate and declining accessibility (Muensch, A; Dwyer, Mantino, F; Gorny, H et al., 2024). These regions are primarily located in southern France, northern Spain and Portugal, the Italian Apennines, the Alps, Greece and Austria, as well as parts of Romania and Slovakia. The combination of steep terrain and sparse settlement patterns significantly increases the cost of providing and maintaining transport, digital and health infrastructure. Beyond physical isolation, these regions face demographic decline, ageing populations, and the closure of essential services such as schools, healthcare facilities, and local transport links. Ageing is one of the main challenges faced by mountain areas: 63% of the municipalities located in mountain areas are expected to experience an average increase of more than 57% of their elderly population (Aurambout et al., 2021). As the population decreases, investments in public services tend to fall, reinforcing cycles of depopulation and territorial inequality. At the same time, an ageing population increases demand for accessible healthcare, mobility services and social care, which are often the most challenging and expensive to provide in remote mountainous areas.

Box 2: Improving the capacity for intervention in medical emergencies – Centre Region, Romania (ERDF)

Member State: Romania

Fund: ERDF

The project aims to increase the quality of pre-hospital medical services by improving the level of equipment for transport and other specific equipment for providing emergency medical assistance and qualified first aid and by operationalising new response crews to medical emergencies, equipping them with new equipment. It also aims to ensure the efficiency of the interventions at search-rescue missions in the mountain area by supplying with equipment for the transport of patients from the mountain area. The project's total implementation period was 63 months, from October 2018 to December 2023.

Overall, around EUR 17.6 million in funding were invested, with more than EUR 12.3 million from ERDF means in mountainous regions in Romania. These areas face significant health service gaps, including fewer doctors per capita, half the density of medical facilities compared to lowland regions, and lower public health spending. Due to difficult terrain, fragmented settlement, and low population density, emergency services are often delayed or unavailable in remote communities. At the same time, the Centre Region is experiencing deep demographic decline, ageing, and rural depopulation – weakening local capacity to provide essential services.

The primary motivation behind the project was to improve the capacity, efficiency, and territorial coverage of emergency medical services in Romania's Centre Region. The area includes significant mountainous and rural territories with limited accessibility. The project addresses the need to reduce ambulance downtime, improve response times, and extend coverage to hard-to-reach populations by supplying specialised equipment and vehicles. This is especially relevant for mountainous counties, where terrain poses an ongoing challenge to emergency interventions.

Source: Project team, 2025, based on programme documents and stakeholder consultation

Territorial vulnerabilities across the EU, whether rooted in demographic decline, economic stagnation or geographical remoteness, translate into disparities in access to essential services. Rural, insular, outermost and mountainous regions face the challenge of ensuring comparable living standards and service provision for their citizens, regardless of their location. These disparities have long-term implications for regional cohesion, population retention and social inclusion.

1.2. Loss of service provision and drivers

The provision of essential services is important to maintain quality of life, vitality and attractiveness of regions in Europe. However, many regions, particularly rural and remote areas experiencing demographic decline, face growing challenges in maintaining and delivering essential services. These difficulties stem from demographic ageing, out-migration, financial constraints, shortages of skilled workers, and the resulting decline in service quality and availability.

The European Pillar of Social Rights (EPSR) recognises the central role of essential services in social participation and inclusion. Principle 20 states that everyone has the right to access essential services of good quality, including water, sanitation, energy, transport, financial services and digital communications. These are complemented by other services that support inclusion and equality, such as childcare and support to children (principle 11), healthcare (principle 16), inclusion of people with disabilities (principle 17) and long-term care (principle 18).

While the term “essential services” does not formally exist in the *EU acquis*, it is closely related to the concept of services of general interest, defined in Protocol 26 of the Treaty on European Union. These are services that public authorities classify as being of general interest, to which specific public service obligations apply. They can be provided by either public or private organisations and cover both economic and non-economic activities (European Commission, 2024).

This study focuses on three types of essential services:

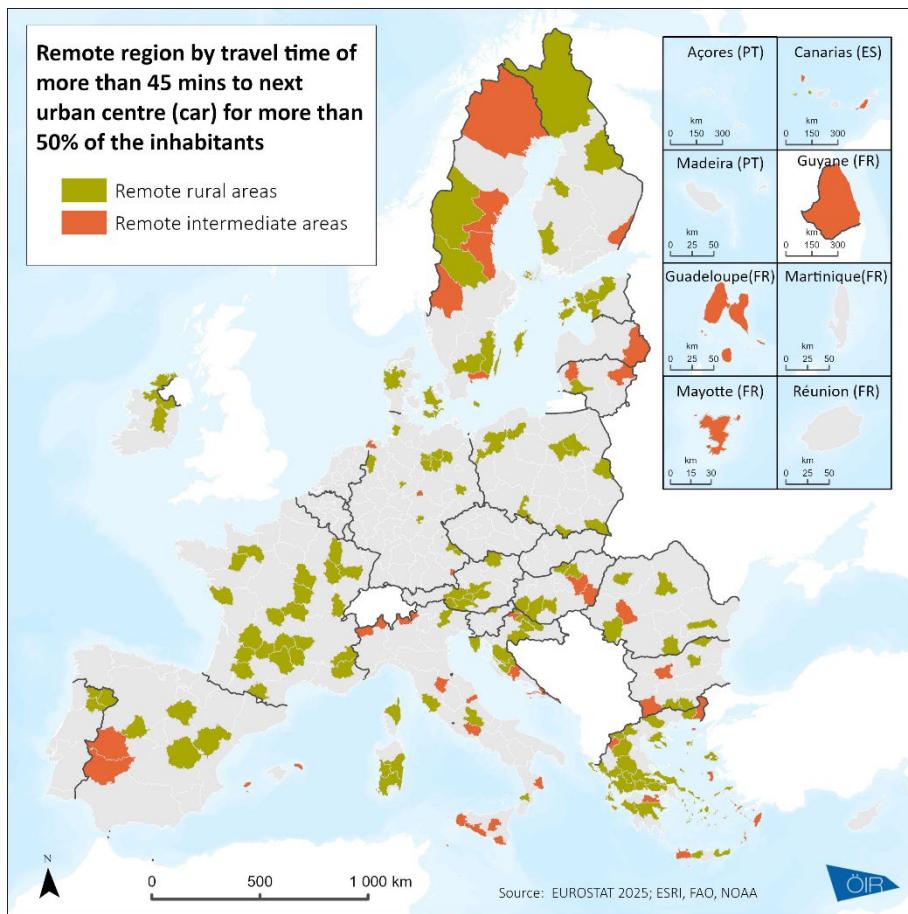
- **Health services**, which refer to affordable, preventive and curative health care of good quality (principle 16 of the EPSR).
- **Services to individuals**, encompassing the set of services designed to support individuals, families and communities in their social functioning, well-being, inclusion and participation. They include services for elderly people (home care, day-care, residential care), people with disabilities, families, children, community support, social inclusion, and long-term care.
- **Child-care services** (including early childhood education and care) cover services that support the care, development, education, protection and well-being of young children (from birth through pre-school and sometimes early primary levels) and also support families’ ability to work. They include daycare centres, pre-school programmes, after-school care, parental support services and early intervention services for children with special needs.

Access to these services varies widely across the EU. Accessibility to facilities such as hospitals, childcare centres, and elderly care homes is fundamental to effective service provision. Geographical isolation, settlement patterns and infrastructure determine how far people must travel to reach essential services, and consequently the extent to which they can benefit from them. The following figures illustrate the disparities in accessibility across the EU⁴.

Figure 3 highlights rural and intermediate regions in the EU where more than half of the population needs over 45 minutes by car to reach the nearest urban centre. Such remoteness has direct implications for access to essential services, as longer travel times translate into higher travel costs and greater difficulty in reaching facilities typically located in urban areas, such as hospitals, schools, shops and administrative offices. The map shows a concentration of remote areas in southern and northern Europe, particularly in Spain, Greece, Finland and Sweden, as well as extensive parts of central France. These regions generally correspond to low population-density territories (see Figure 2) experiencing demographic decline (see Figure 1), where accessibility challenges and population loss often reinforce one another (Perpiña Castillo et al., 2024).

⁴ Furthermore there is an increase body of work by the EU institutions (such as the Functional Rural Areas developed by the EU Joint Research Centre as in Dijkstra et al. 2023) or supported by the EU (e.g. various projects such as ESPON DESIRE, RUSTIK or GRANULAR) that seek to map out and define a minimum catalogue of public services available across the EU territory in defined and predictable timescales of access.

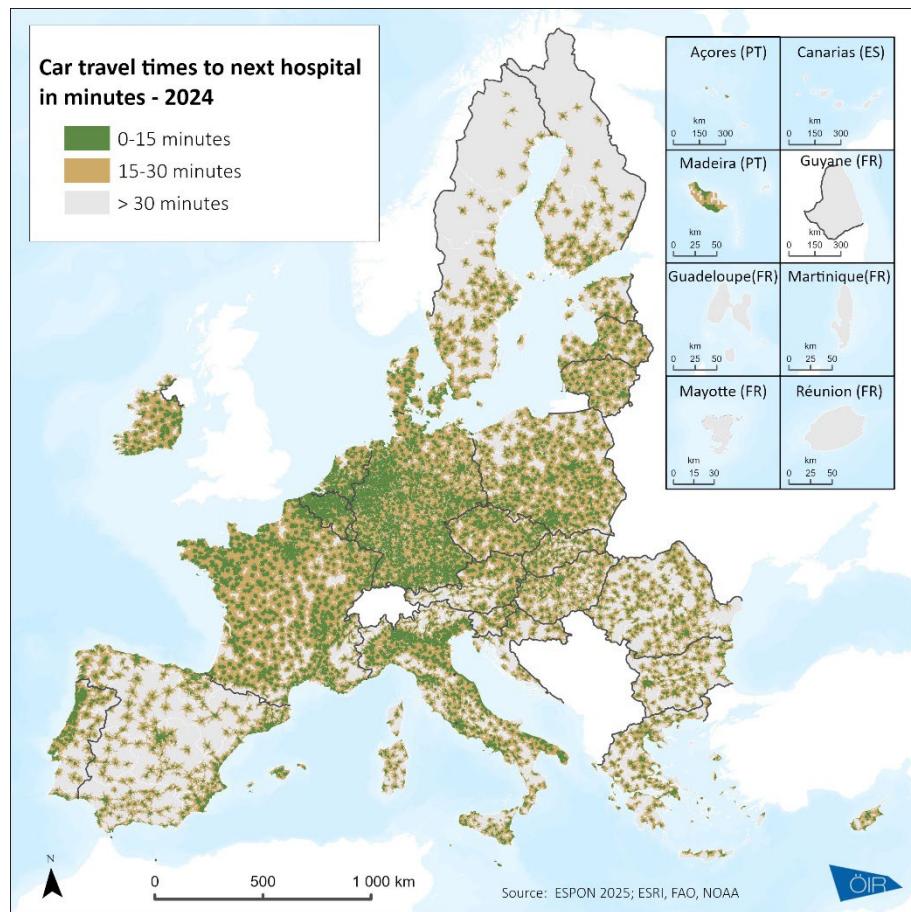
Figure 3: Remote rural and intermediate regions by travel time to the closest urban centre



Source: ÖIR GmbH based on Eurostat

Figure 4 shows the average car travel time to the nearest hospital. Most regions in central and western Europe have relatively good accessibility, with many inhabitants able to reach a hospital within 15 minutes. By contrast, significant accessibility gaps remain in southern and eastern Europe, as well as in northern and peripheral areas, where travel times often exceed 30 minutes. Many of those regions are rural, mountainous and outermost regions, where long distances, sparse settlement and a decline in health infrastructure hinder equal access to medical care. Market failures often occur in lagging regions in sectors requiring costly infrastructure and long-term investment, such as healthcare in sparsely populated areas. In Finland, for example, the high cost of maintaining healthcare facilities in remote regions, coupled with low population density, limits private-sector involvement. The introduction of a reform addresses this issue by centralising healthcare provision at county level, ensuring equal access regardless of location. A similar approach can be seen in Hungary, where publicly funded mobile health and social care units travel to villages without permanent infrastructure. These examples can provide indications of how public intervention can compensate for market inefficiencies and ensure access to essential services in areas where provision would not be economically viable (Kahila, 2024).

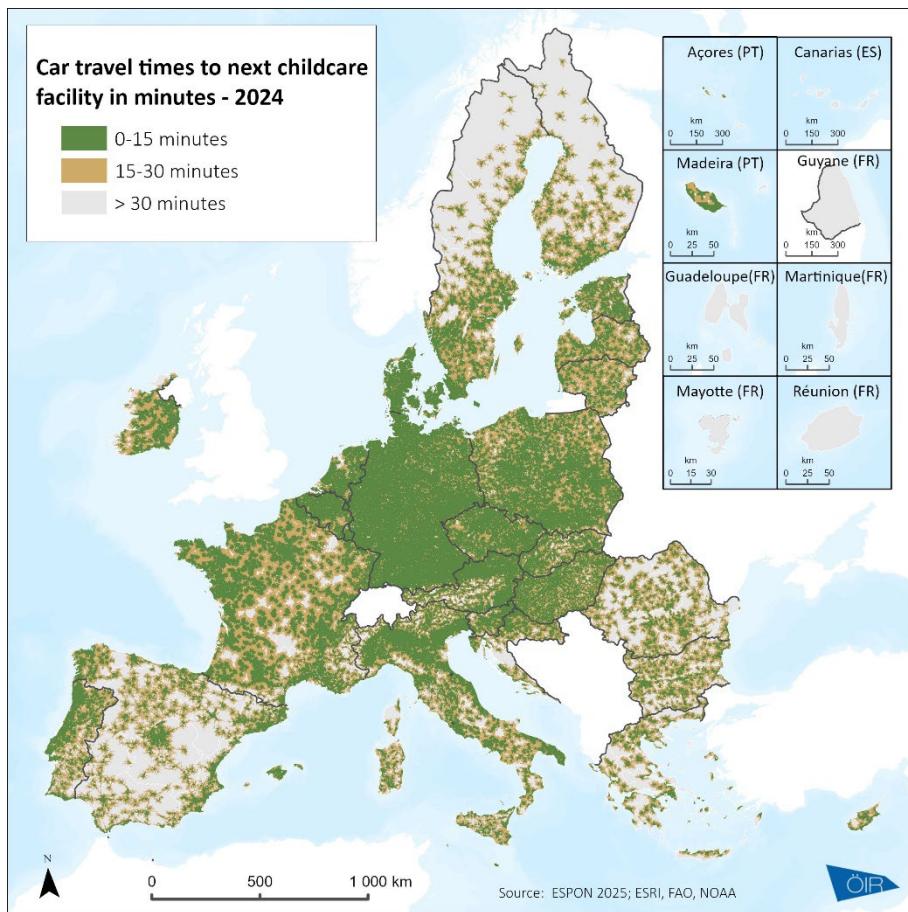
Figure 4: Car travel time to the next hospital



Source: Project team, 2025, based on ESPON. Note: no data is available for the French outermost regions

Figure 5 illustrates travel times by car to the nearest childcare facility. Similar to the pattern observed for healthcare, most inhabitants of central and western Europe can reach a childcare facility within 15 minutes by car. However, accessibility gaps persist in southern and eastern Europe and northern peripheral regions, where distances often exceed 30 minutes. These disparities reflect lower service density in rural and remote areas. Limited access to childcare negatively impacts young families and women's participation in the labour market, as access to flexible schooling and childcare solutions is often crucial for balancing parenting responsibilities with work, especially for parents of young children and single parents. Long travel times exacerbate demographic challenges and hinder social inclusion in sparsely populated areas. Moreover, the availability and quality of childcare and early education influence families' residential choices and local labour supply, making them decisive factors for regional attractiveness and demographic renewal (Almeida, V. et al., 2024).

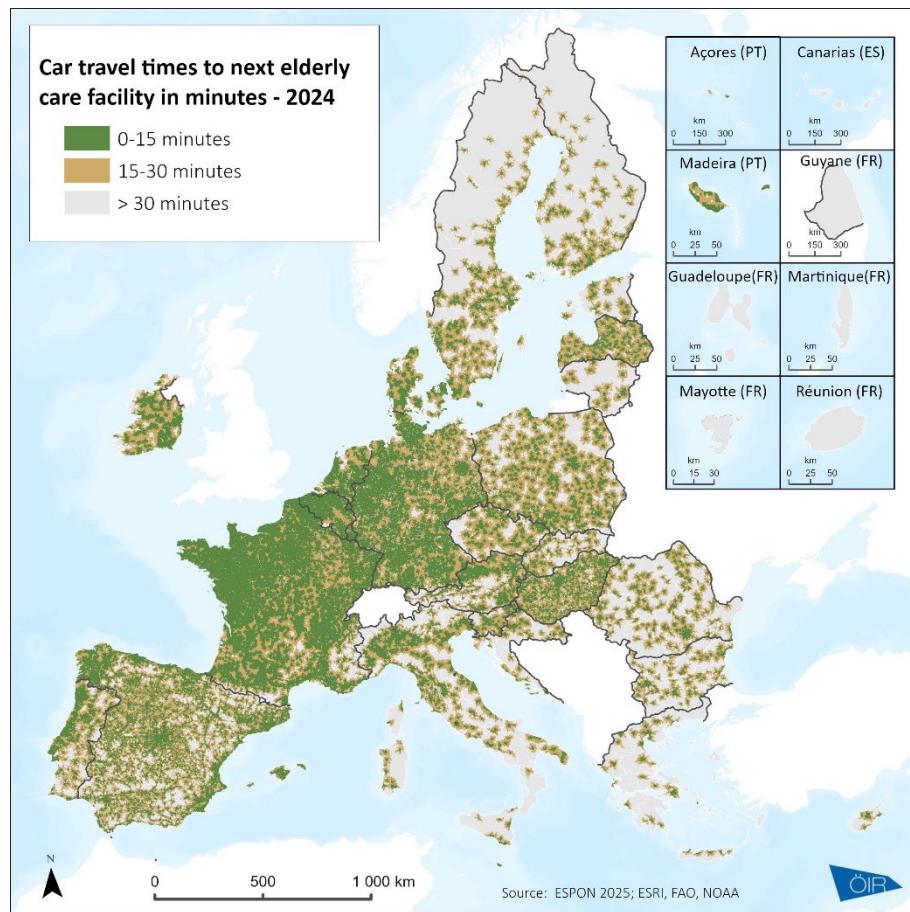
Figure 5: Car travel time to the next childcare facility



Source: Project team, 2025, based on ESPON. Note: no data is available for the French outermost regions

Figure 6 illustrates car travel times to the nearest elderly care facility. As for the other maps, although most urban and densely populated regions in central and western Europe have travel times of under 15 minutes, accessibility gaps persist in southern, eastern and northern Europe. These gaps are particularly evident in mountainous and peripheral rural areas. These disparities are of particular concern given Europe's ageing population and the higher prevalence of older people in more remote areas. In many such areas, the reorganisation and centralisation of care facilities has reduced the availability of local services, while persistent staff shortages and fiscal constraints have limited the development of community-based solutions. Consequently, older residents are facing increasing disparities in access to quality care and support, which exacerbates territorial inequalities between urban and rural or mountainous regions (Augère-Granier & McEldowney, 2020, Dejonghe & Laban, 2024).

Figure 6: Car travel time to the next elderly care facility



Source: Project team, 2025, based on ESPON. Note: no data is available for the French outermost regions

The loss or deterioration of essential services across European regions is driven by a **combination of geographical, demographic, economic and institutional factors**. For the services taken into consideration, physical accessibility remains a decisive factor influencing both access to and the quality of their provision. Services such as education, healthcare, childcare and social care depend on proximity and regular physical interaction, aspects that digital tools can support but cannot replace. Longer travel distances or limited local availability translate into higher costs, reduced use, and lower well-being, particularly in rural and remote regions (Almeida, V. et al., 2024). An example of service loss and a mitigation initiative for remote regions in Italy is provided in Box 3.

Remoteness interacts with broader demographic and economic pressures, including population ageing, out-migration, and declining local demand, which reduce the financial and human resources available to maintain local infrastructure and service networks. These pressures are compounded by inflation, rising energy prices, and the ongoing green and digital transitions, all of which increase operating costs and exacerbate affordability gaps, particularly for vulnerable households (European Commission: Directorate-General for Employment, Social Affairs and Inclusion, 2024). The concept of transport poverty adds an additional dimension to these challenges. It refers to situations in which individuals or households do not have access to suitable public or private transport options, or when the transport system limits access to essential services due to a lack of options, unreliability or unaffordability (European Commission, 2024d). In territories with sparse settlement patterns, limited public transport, or high dependence on private vehicles, these mobility constraints further reduce effective access to essential services and intensify existing territorial disparities. In many shrinking regions, institutional and governance factors such as centralisation reforms, fiscal constraints and shortages of qualified

personnel have led to the consolidation or closure of schools, hospitals and long-term care facilities, further eroding local accessibility. Moreover, affordability and social barriers, including higher transport costs, lower incomes, and limited digital skills, restrict effective access even where services formally exist.

Box 3: Community nursing programme, Inner area Appennino Piacentino-Parmense, Italy (National Development Fund and Italian Cohesion Fund)

Member State: Italy

Fund: National Development Fund and Italian Cohesion Fund

The project area is a mountain area in Northern Apennines in Emilia-Romagna region. According to the national classification it is defined as Inner Area, which is a remote area suffering from the distance from essential services like school infrastructures of second order, highway stations and healthcare infrastructures. Demographic decline and population ageing have an impact on the local healthcare and social assistance system. More specifically, the territory of the Project Area is characterized by two sources of stress for the system: the high proportion of elderly people and the widespread dispersion of the population.

The project aims to experimenting the introduction of the community nurse, whose role is to provide information and guidance to users in their interactions with the local service system (such as services for the elderly, home care for chronic patients, in collaboration with Family Counseling Centers). The new community nurses, planned for the Levante District of the Local Health Authority (AUSL) of Piacenza and for the Valli Taro and Ceno District of the AUSL of Parma, work in network with the entire system of local health and social services, which are themselves being strengthened by the Strategy's interventions (such as the expansion of respite care, social housing, social taxi services, etc.), in order to respond to people's specific needs in a flexible and targeted way.

The project is included in a broader package of interventions called "Proactive Primary Care" and is linked to another initiative called Solidarity Mountain, which targets elderly people over 74 years old living in mountain hamlets and aims to identify, through the assessment of a multidisciplinary home-based team (composed of a nurse, physiotherapist, social worker, and general practitioner), individuals with health and social care needs who are not yet receiving services.

The intervention is also integrated with the regional project "Telemedicine Services in Areas with Exceptional Access Difficulties" promoted by the Emilia-Romagna Region. This initiative aims to deliver telemedicine services to patients residing in mountainous areas and affected by chronic conditions (such as diabetes, COPD, and heart failure), with priority given to delivery through the Case della Salute (Community Health Centres). These centres serve as privileged settings for patient care, following the principles of proactive medicine and continuity of care.

Source: Project team, 2025, based on programme documents and stakeholder consultation

2. CONTRIBUTION OF EU INSTRUMENTS TO IMPROVING ESSENTIAL SERVICES IN REMOTE, RURAL AND DEPOPULATED AREAS

KEY FINDINGS

Main instruments of the Multiannual Financial Framework 2021-2027 to support essential services in remote and rural areas are Cohesion Policy (primarily ERDF and ESF+) and the Recovery and Resilience Facility.

Cohesion Policy has foreseen around EUR 15.7 billion in EU funding (or EUR 22.6 billion in total expenditure) to support essential services for healthcare, childcare and other services to individuals. Of that amount, EUR 12.4 billion (or EUR 16.7 billion in total expenditure) will be spent in less developed and outermost or northern and sparsely populated regions.

Cohesion Policy programmes make use of territorial tools to specifically target funding at sparsely populated, rural, mountain and island regions. Together, the use of tools such as integrated territorial investments or community-led local development accounts for EUR 983 million in EU funding (or EUR 1.3 billion in total expenditure) to support essential services in constrained areas, the majority of which in rural and coastal/island areas.

The Recovery and Resilience Facility provides significant spending to support essential services for healthcare, childcare and other services to people over the 2021-2027 period, however, generally with limited means of territorial targeting of the funding to remote or rural, or sparsely populated regions.

The Common Agricultural Policy foresees specific provisions via investment support and LEADER to support essential services in rural regions. However, uptake of these interventions to support investments to support healthcare, childcare or other services to individuals remains limited in the 2023-2027 funding period.

2.1. Cohesion Policy 2021-2027 and its support to essential services

As part of the shared management instruments, Cohesion Policy contains the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF+) and the Just Transition Fund (JTF). Both the ERDF and the ESF+ employ territorially targeted means of funding allocation, differentiating available funding and types of supported interventions (including thematic concentration requirements) by broad regional typologies.⁵

2.1.1. Cohesion Policy funding 2021-2027 to essential services

The ERDF specifically targets areas with constraints, including demographic constraints, as well as rural areas. Furthermore, the ERDF foresees specific support to northernmost and sparsely populated regions as well as outermost regions (Regulation (EU) 2021/1058). Interreg, as part of the ERDF, supports cross-border regions which are often more peripheral and less accessible. However, essential

⁵ Namely less developed regions, transition regions and more developed regions.

services and living conditions are not always in the funding focus of Interreg programmes. The two other Cohesion Policy funds (CF, JTF) can support investments in remote and depopulated regions, but they do not have a specific focus on such areas at the regulatory level, as they are both targeting defined subsets of Member States or regions.⁶

Beyond its territorial targeting of remote, rural or otherwise vulnerable regions, the Cohesion Policy funds include dedicated support under Policy Objective 4 "social Europe" to essential services, including healthcare, social care and other services for individuals, as well as Policy Objective 5 "bringing Europe closer to its citizens". Cohesion Policy supports bottom-up regional development by opening the use of territorially targeted approaches and tools (such as via integrated territorial instruments or community-led local development) to local and regional actors, as well as tied to territorial strategies when used under Policy Objective 5. The use of these tools can introduce targeted and integrated support to remote and shrinking regions, also in the context of essential services.

Cohesion Policy support to essential services tied to the provision of healthcare typically ranges from infrastructure and equipment investments to e-health systems and digitalisation. Based on a review of programme documents, examples of such investments are:

- Modernisation, refurbishment or new construction of hospitals, clinics, and community health centres. Typical actions include building works, energy upgrades, expansion of emergency or specialised wards, accessibility improvements, civil-protection and infection-control upgrades.
- Acquisition and installation of diagnostic, therapeutic and laboratory equipment for hospitals and ambulatory units (e.g., imaging devices, operating-room technology, rehabilitation equipment).
- Procurement of mobile health units (vans, boats, temporary modular facilities) equipped for screening, vaccination or minor treatment. Includes related logistical assets (transport vehicles, trailers, medical containers) and communication systems.
- Development and deployment of e-health infrastructure include tele-medicine platforms, interoperability solutions, hospital-information systems and others.
- System-level investments improving organisation and efficiency of health services include workforce training and retention, primary-care integration, prevention and screening programmes, governance and data systems and health-promotion actions.

An example of Cohesion Policy support tied to the provision of healthcare is provided in Box 4.

Support to childcare via Cohesion Policy programmes can include infrastructure investments and support to the maintenance of service. Programmes may also support investments which improve the accessibility of such services. Examples include:

- Construction, renovation or extension of early-childhood facilities (crèches, kindergartens, day-care centres). Works may include energy-efficient buildings, accessibility adaptations, outdoor play areas, and small-scale supporting infrastructure.
- Interventions supporting equal participation of women and men in employment, such as development of care services (child-, elder-, dependent-care), promotion of flexible work arrangements, service-vouchers or subsidies or similar.

⁶ The Cohesion Fund is targeted at Member States with a gross national income of less than 90% of EU average without a clear mechanism of territorial targeting at sub-national level. The JTF supports regions affected by pronounced green transition dynamics, as outlined in the territorial just transition plans for each Member State.

- Non-investment measures improving quality and accessibility of early childhood education, including staff training and qualification, support to disadvantaged families, pilot models for flexible or part-time childcare and support for parental engagement.

Box 5 shows an example of a project targeting women while at the same time providing care for their children.

Box 4: Improving the efficiency and availability of health care in Mońki – Podlaskie Voivodeship, Poland (ERDF)

Member State: Poland

Fund: ERDF

ERDF support was used to improve the efficiency and availability of health care in Mońki at the level of fixed and outpatient treatment by supporting the acquisition of new medical equipment and improving the hospital infrastructure. Mońki is a small, rural county town in eastern Poland that serves as the main service hub for a wide, sparsely populated area. Structural weaknesses in service provision arise due to demographic decline (aging, outmigration of youth), a low local tax base and limited budgets, and dispersed rural settlements.

A total of EUR 846,000 in public funding was provided to improve the quality, efficiency and availability of medical services (imaging laboratory, endoscopy laboratory, daily centre and rehabilitation department) and to improve health care and service delivery in the region. The main target group of the project are adults of the Moniecki county and neighbouring districts benefiting from endoscopic diagnostics, imaging services and therapeutic rehabilitation in both stationary as well as outpatient and daily conditions, in particular patients in the field of musculoskeletal diseases, cancer and respiratory diseases.

Source: Project team, 2025, based on programme and project documents

Box 5: Construction and equipment of the therapeutic community for women of Awala Yalimapo – French Guiana (ERDF)

Member State: France

Fund: ERDF

This project finances the construction of buildings and equipment in the municipality of Awala Yalimapo to provide social services to women with addition, as well as places of family therapeutic coordination apartments in Awal-Yalimapo in French Guiana. The project accompanies women with addictions and accompanies them towards social and professional reinsertion, with the possibility of providing childcare. ERDF support enabled the construction of the site, as well as the furnishing of apartments for the treated women and their children.

Awala Yalimapo is a rural, coastal municipality with very low population density (1,549 inhabitants in 2022 for 187,4 km²) The vast majority of the population comes from the Kali'na community, a native American community. The municipality has been facing increased problems tied to the consumption of illicit drugs and psychoactive substances.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

Services to people, with a focus on elderly care and long-term care, in Cohesion Policy include a mix of measures promoting active and healthy ageing, the delivery of community-based and family care services, as well as measures to improve access to such services.

- Programmes promoting physical, social and digital participation of older persons, including community-based sport and cultural activities, health-promotion campaigns, life-long learning, home-adaptation support, and local service networks.
- Actions facilitating transition from institutional to home- and community-based care, such as setting up integrated home-care teams, respite and day-care services, training of (informal) carers and others.
- Support for service models ensuring affordable, quality long-term care, including establishing homecare and community-care networks, developing case-management systems, digital solutions, training and others.

Example of Cohesion Policy support tied to the provision of services targeting elderly care are provided in Box 6.

Box 6: Free transport for the elderly and the disabled, Slovenia (ERDF)

Member State: Slovenia

Fund: ERDF

This ERDF project provides free transport for elderly and physically disabled citizens and was delivered via community-led local development in region Koroška (Carinthia) in eastern Slovenia. The aim to enhance the mobility of older individuals and those with physical disabilities. At the same time, it also aims to prevent or reduce the isolation of elderly and physically handicapped residents from smaller, more remote places that, due to their remoteness, the absence of a car or poor public transport connections, cannot actively engage in social life.

The service targeted by the project is the inclusion of elderly and disabled inhabitants, especially those from smaller, more remote areas. In general, Slovenia ranks third among European countries with the fastest aging population. The inhabitants of Ravne na Koroškem features a large share of elderly people. Furthermore, the landscape is highly diverse geographically. The municipality of Ravne na Koroškem lies in a valley in the eastern part of the Karavanke Mountains, surrounded by hills with isolated farms.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

A total of around **EUR 15.7 billion in EU funding are foreseen to be invested in essential services** (healthcare, childcare and services to people) in the MFF 2021-2027 via **Cohesion Policy programmes**. In total, around EUR 22.6 billion (total planned expenditure) will be invested, including national cofinancing. These figures were estimated based on planned programme expenditure dedicated to intervention fields tied to essential service investments or provision. This includes healthcare⁷, childcare⁸ and long-term care services to people⁹.

⁷ Accounting for intervention fields 128-131 (health infrastructure, equipment, mobile assets and digitalisation) and 160 (accessibility, effectiveness and resilience of services).

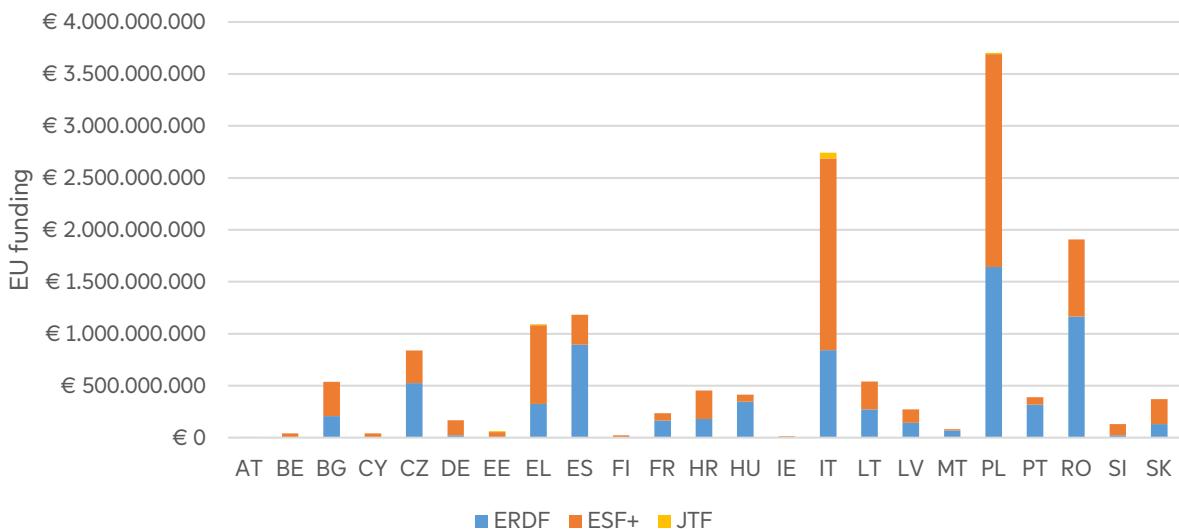
⁸ This includes intervention fields 121 (Infrastructure for early childhood education and care), 143 (Measures promoting work-life balance, including access to childcare and care for dependent persons) and 148 (Support for early childhood education and care).

⁹ Covering intervention fields 147 (active and healthy ageing), 159 (delivery of family and community care services) and 161 (access to long term care).

Most support is spent through the ERDF, accounting for approximately EUR 7.2 billion in EU support, followed by the ESF+, which amounts to around EUR 6.5 billion. In total, 23 Member States support essential services via either ERDF or ESF+ means in the 2021-2027 period (see Figure 7). While most Member States support essential services via Cohesion Policy, uptake and volume of dedicated funding varies. The ESF+ is an important source of funding for such services in 23 Member States; the ERDF is used in 17 Member States. Only Denmark, Luxembourg, Netherlands and Sweden use other means of funding to support essential services: these Member States generally feature highly developed regions and place Cohesion Policy funding focusses on other needs. Funding from the ERDF is typically used to support investment heavy operations, such as facilities, equipment, mobile units, or digital infrastructure. ESF+ support is typically used to enhance accessibility of services, including aspects related to the training of staff, outreach, affordability and care practices.

Some Member States (Germany, Spain, Italy and Poland) also foresee support to essential services via the JTF. However, JTF allocations remain small in comparison to mainstream Cohesion Policy, with around EUR 68.5 million in dedicated EU-means in specific actions targeted at the JTF territories. Interreg funding also contributes to the development and maintenance of essential services in cross-border areas, with approximately EUR 456.7 million in EU funding foreseen. Interreg is conventionally used for cross-border service access (telemedicine pilots, patient referral protocols, shared ambulances or mobile assets) and knowledge transfer, not large capital items or investments (such as facilities and similar).

Figure 7: Cohesion Policy planned expenditure in essential services (health, social and people)



Source: Project team based on Cohesion Data (31.12.2024)

Of the EUR 15.2 billion in EU means foreseen to support essential services via Cohesion Policy in the MFF 2021-2027, the majority will be spent in less developed and outermost or northern sparsely populated regions (Figure 8). In total, these two types of regions account for EUR 11.2 billion in EU funding. Box 7 shows an example of an ERDF programme targeting essential services in outermost regions.

Box 7: Financing of operating expenses in the provision of services to citizens – Canary Islands, Spain (ERDF)

Member State: Spain

Fund: ERDF

The provision of health services in the Canary Islands has an additional cost compared to the average cost of providing the service in the mainland, in many cases the units providing services have to be installed, for a potential beneficiary population less than that of continental territories. These events entail cost overruns for almost all the costs incurred in providing these health services. These operations are intended to offset the cost overruns in the provision of health services. The costs to be certified relate to payroll overruns received by staff of care centres in the seven Islands, Transfer of patients between the smaller islands and the capital and to the peninsula, which consists of financing aid corresponding to the additional costs of mobility for non-constructed non-sanitary transport, away from the place of residence of patients of the Canary Islands health service.

The Canary Islands are an ultraperipheral region and are affected by both geographical constraints due to insularity and ultra peripherality resulting in additional costs in essential service provision. The archipelago's territorial fragmentation in seven main islands necessitates greater infrastructure provision and higher levels of public investment. It is also affected by overpopulation in the main islands (Tenerife, Gran Canaria principally but also Lanzarote and Fuerteventura) due to population growth connected to floating population derived as Canary Islands status as a primary all year round tourist destination, whereas the smaller, western, more remote islands (La Palma, La Gomera, El Hierro) are facing demographic decline.

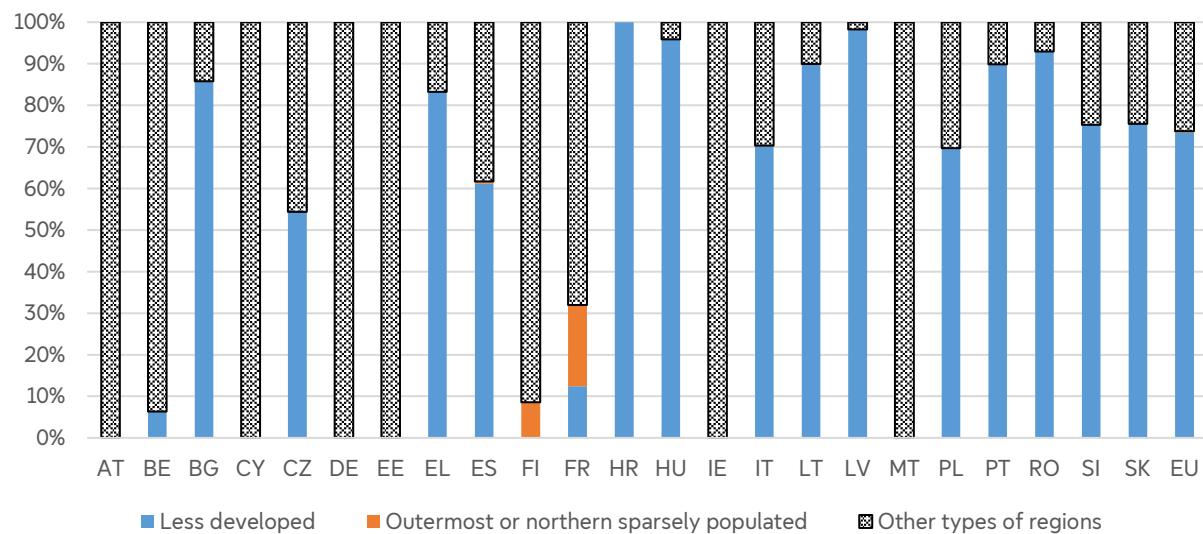
To address structural disadvantages caused by the Canary Islands' status as an outermost region, the Autonomous Community of the Canary Islands receives financial support from the ERDF. This funding aims to compensate for the higher costs associated with the region's remoteness, fragmentation, and limited economies of scale. The ERDF ensures that geographical isolation does not hinder residents' access to the national health system. Annual funding figures for these services range from EUR 30 million to nearly EUR 39 million for healthcare staffing, and several million euros annually for patient transport services.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

Less developed regions amount to the bulk of planned EU expenditure for essential services in healthcare, childcare or other services to people, with around EUR 12.3 billion in planned EU funding, with a relatively even split between ERDF and ESF+ funding. Many structurally weaker regions use ERDF means to target infrastructure gaps (e.g. in primary care, diagnostics or for childcare places). Funding for service provision in less developed regions focusses, typically, on workforce shortages, access barriers, inclusion, and service quality – especially in remote or rural areas where staffing is the constraint.

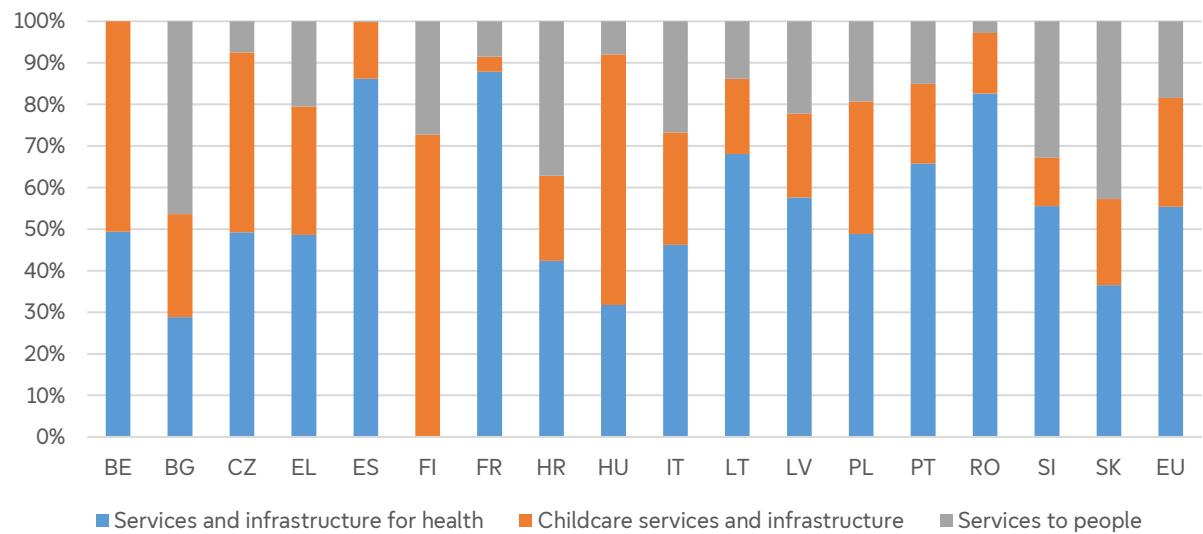
Support to essential services in outermost or northern sparsely populated areas amounts to approximately EUR 54 million in EU means over the 2021–2027 programme period. Spanish and French programmes provide around EUR 52 million in EU funding in support to outermost regions. Finnish programmes support essential services to the tune of EUR 1.8 million.

Figure 8: Cohesion Policy planned expenditure (EU-means) in essential services (health, social and people) by type of region



Source: Project team based on Cohesion Data (31.12.2024)

Figure 9: Cohesion Policy planned expenditure in essential services by type of investments in less developed and outermost regions (% of overall allocation to essential services)



Source: Project team based on Cohesion Data (31.12.2024); Note services are grouped by intervention field. Health services correspond to 128-131 and 160; childcare to 121, 143 and 148 and services to people to 147, 159 and 161.

A further differentiation of funding by type of service¹⁰ provides insights into the thematic focusses of Member States when supporting essential services via Cohesion Policy. Health infrastructure and related services represent the majority of planned funding in respect to essential service provision (see Figure 9) for less developed and outermost regions. Around EUR 6.9 billion in EU funding are planned to support health services in such regions, accounting for more than half of planned EU funding to

¹⁰ This grouping of follows the clustering of intervention fields presented above. Health services correspond to 128-131 and 160; childcare to 121, 143 and 148 and services to people to 147, 159 and 161.

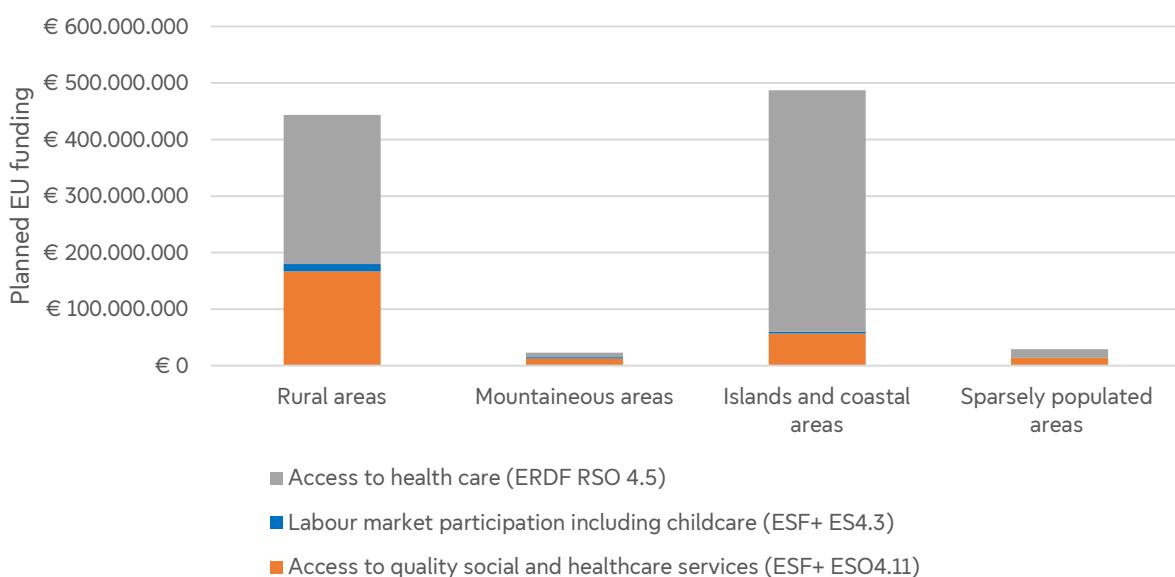
essential services. Support to childcare services and infrastructure in less developed and outermost/northern regions accounts for approximately EUR 3.3 billion in EU funding. Services to people, such as elderly care or community care and other long-term care services, amounts to around EUR 2.3 billion.

2.1.2. Support to essential services via territorially targeted approaches to rural and remote areas as well as otherwise constrained areas

Cohesion Policy funding is used to support essential services using territorial approaches, including community-led local development, integrated territorial investments or other territorial approaches.¹¹ These approaches apply targeted instruments to support specific types of regions and tailor funding to regional needs.

- Community led local development refer to the decentralised management of EU funding by local actors, backed by a local development strategy. Such tools are used in rural, but also coastal and urban areas.
- Integrated territorial investments is an implementation tool to deliver Cohesion Policy funding in a territorially integrated manner, allowing funding from multiple political objectives or programmes (including also the EAFRD). These investments are implemented with an underlying strategy, outlining the territory and types of supported investments.
- Other tools and approaches can be used by programmes to target investments to specific regions.

Figure 10: Use of territorial tools to support essential services by specific objectives



Source: Project team based on Cohesion Data (31.12.2024)

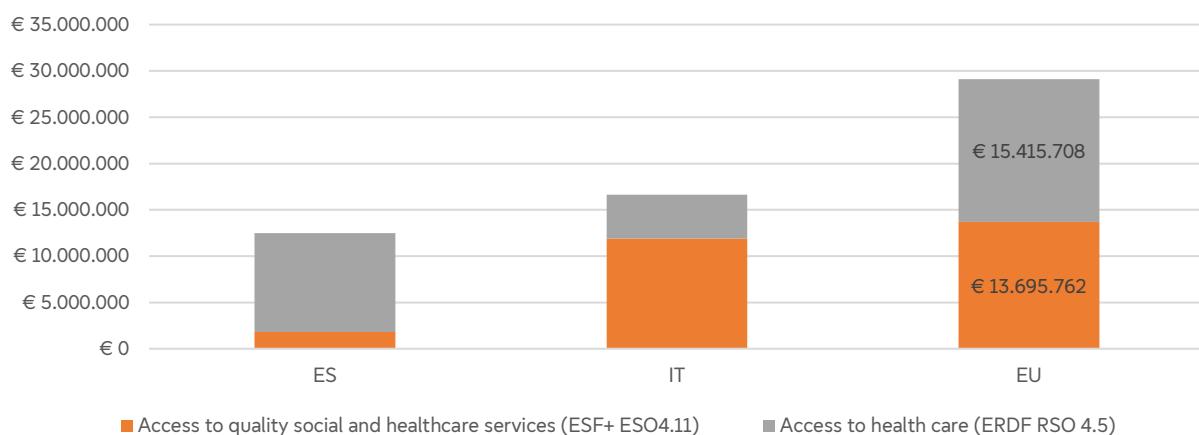
Overall, around EUR 983 million in EU funding – or approx. EUR 1.3 billion in total financing – are foreseen to support essential service provision in the 2021-2027 period via the use of territorial tools. Territorial tools are particularly used in this context to support such investments in rural areas, as well

¹¹ Due to data limitations, planned Cohesion Policy expenditure for rural, sparsely populated, mountainous or island regions is only available at the level of specific objectives, not at the level of intervention fields.

as islands and coastal areas. Programmes tend to make use of their own instruments and tools: non-ITI and non-CLLD approaches account for around EUR 880 million in planned EU funding.

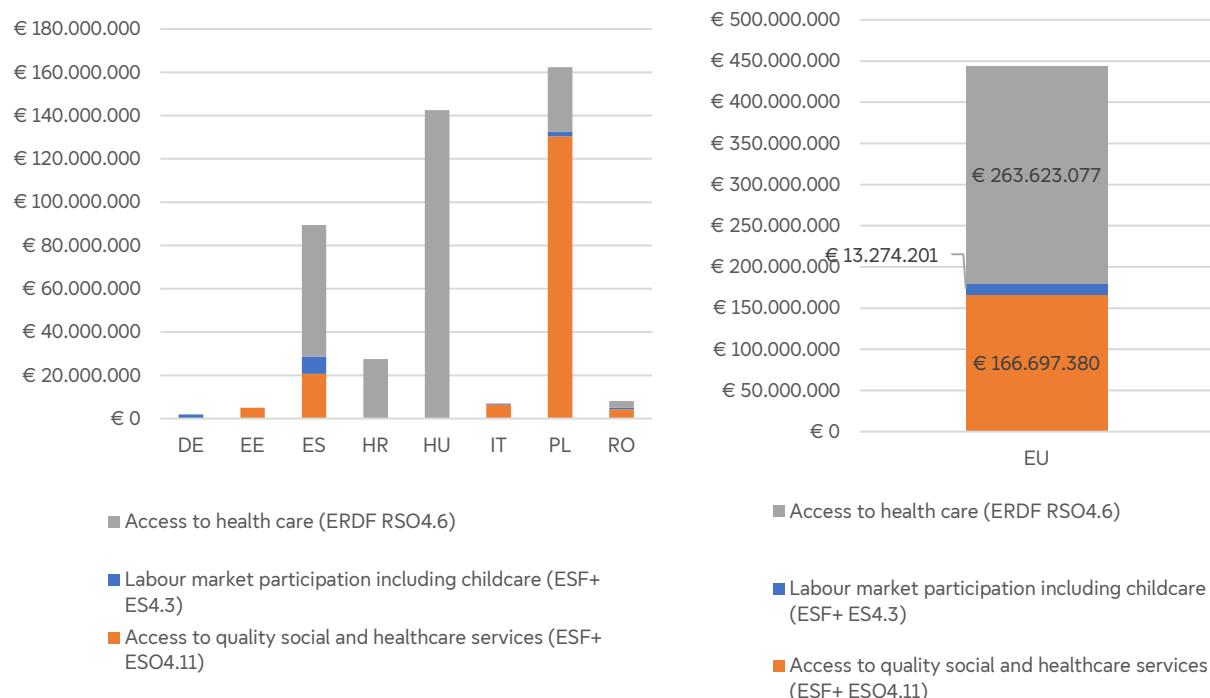
Essential services in sparsely populated areas are supported via territorially targeted approaches in Italy and Spain by ERDF and ESF+ means the 2021-2027 period. A total of around EUR 29.1 million in EU funds is planned to be spent via integrated territorial investments and other tools in Italy and Spain. Support to healthcare services is primarily delivered via specific objective 4.5. ESF+ support to improve the accessibility of healthcare or social services is delivered via specific objectives 4.11, respectively in conjunction with territorial tools.

Figure 11: Support to essential services in sparsely populated areas via territorial tools



Source: Project team based on Cohesion Data (31.12.2024)

Figure 12: Support to essential services in rural areas via territorial tools (EU-funding)



Source: Project team based on Cohesion Data (31.12.2024)

The use of territorial tools to support essential services in rural areas is relatively more widespread, with around EUR 443.6 million in EU-funding planned at EU level and eight Member States (Germany, Estonia, Spain, Croatia, Hungary, Italy, Poland and Romania) applying integrated territorial investments, community-led local development or other tools. Particularly Poland, Hungary and Spain make prominent use of territorial tools to support essential services in rural areas. Access to healthcare and associated infrastructure and equipment investments represent around EUR 263.6 million in the EU, with significant expenditure foreseen in Spain, Croatia and Hungary. Labour market activation (including childcare) investments are generally funded by the ESF+ in terms of territorial approaches for rural areas, with no dedicated funding from the ERDF.

Box 8 displays an example of the use of ITI in the Spanish rural region of Castilla-La Mancha.

Box 8: Integrated territorial investments in Castilla-La Mancha, Spain (ERDF, ESF, EAFRD)

Member State: Spain

Fund: ERDF, ESF, EAFRD

The use of Integrated Territorial Instruments in Castilla La Mancha (2014-2020) was a novel approach to deliver Cohesion Policy funding through a combination of ERDF, ESF and EAFRD by spatially targeting demographically declining subregional areas, going beyond infra-regional boundaries (provinces and municipalities). From this template a much wider regional strategy against demographic decline was developed.

The ITI area in Castilla-La Mancha covers 50% of the region's territory and includes 66% of its municipalities, yet it accounts for only 17% of the population. The municipalities covered by the instrument are predominantly small, with an average population of 562 residents. This region is among the most depopulated in Spain and even Europe, with population densities below 10 inhabitants per km² in all areas except Talavera. The situation is particularly severe in Cuenca (5 inhabitants per km²) and Guadalajara (4 inhabitants per km²).

In terms of essential and public services, the instrument provided territorially targeted support to enhance digital infrastructure and improve the quality of local public services, as well as improving health and social care infrastructure. This included:

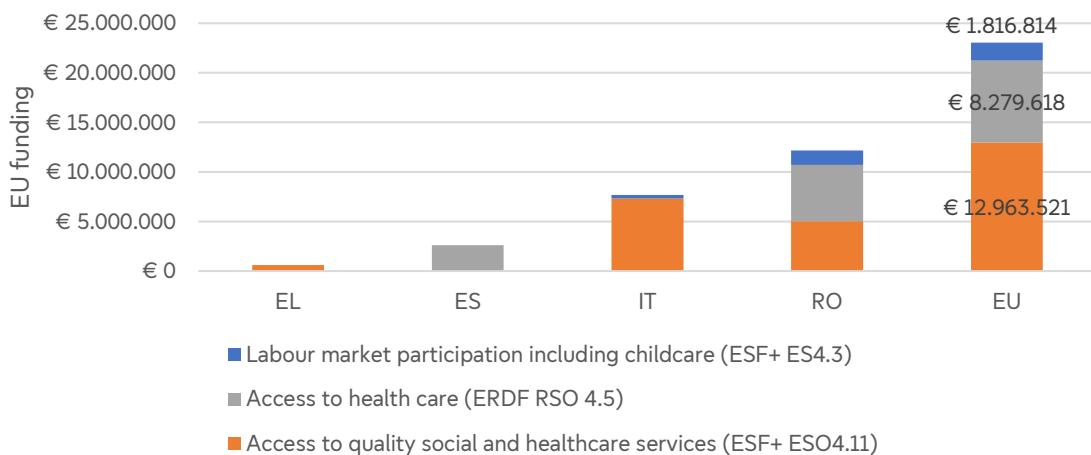
- e-health portal of Castilla-La Mancha – The eSalud portal enhances access to healthcare services through digital platforms. It allows residents to manage appointments, view medical records, and receive remote consultations – especially valuable in areas with limited physical healthcare facilities.
- energy efficiency in care infrastructure – This programme improves the energy performance of social care facilities, such as elderly homes and community centres. It ensures sustainable operations while enhancing comfort and service quality for users.
- energy efficiency in healthcare infrastructure – Targeting hospitals and clinics, this initiative reduces energy consumption and operational costs, contributing to environmental sustainability and better resource allocation in the health sector.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

Support to essential services in mountain areas using territorial tools amounts to around EUR 23.1 million in EU funding for the 2021-2027 period. Greece, Spain, Italy and Romania apply territorial instruments for service provision in mountain areas. This includes integrated territorial

investments which are applied in Greece, Italy and Romania. Spain and Italy apply such funding via other territorial tools, such as dedicated strategies.

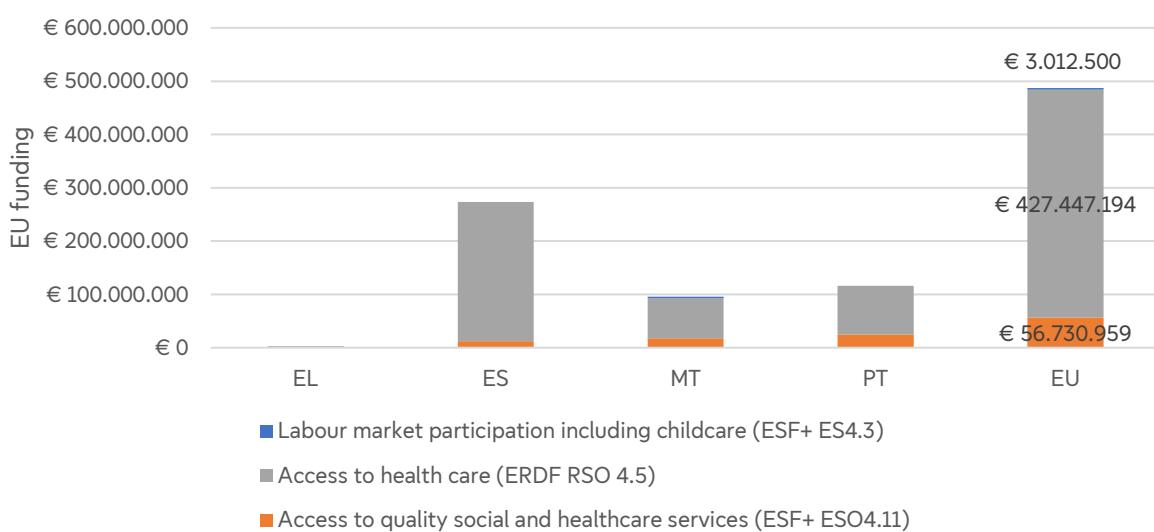
Figure 13: Support to essential services in mountain areas via territorial tools (EU-funding)



Source: Project team based on Cohesion Data (31.12.2024)

Support to essential services in islands using territorial tools in the 2021–2027 period amounts to around EUR 487.2 million in EU funding. This includes investments into health services and facilities from the ERDF (approximately EUR 427.5 million), as well as ESF+ support to the accessibility of health and social services (EUR 56.7 million) and to labour market participation and childcare (EUR 3 million). Integrated territorial investments are used by Greece and Malta to support such investments. Additionally, Greece also makes use of community-led local development.

Figure 14: Support to essential services in islands via territorial tools (EU-funding)



Source: Project team based on Cohesion Data (31.12.2024)

2.2. The Recovery and Resilience Facility 2021–2027 and its support to essential services

The Recovery and Resilience Facility (RRF) is a directly managed instrument which seeks to disburse around EUR 650 billion in grants and loans to Member States. The instrument came into force in early 2021 to mitigate the impacts of the COVID pandemic as one of the main tools to implement NextGenerationEU. The RRF supports a combination of investments and reforms in the Member States, as outlined in their National Recovery and Resilience Plans (NRRP). In contrast to Cohesion Policy, the RRF implementation is characterised by a stronger degree of performance-based measures and a significantly stronger centralised governance model: programming and implementation is generally centralised at national level with a comparatively lower involvement of local and regional actors both for the programming and implementation of the national recovery and resilience plans. (Zeiltin et al., 2023). The disbursement of funding to Member States is based on the achievement of milestones and targets, and not on the reimbursement of incurred costs.¹²

The RRF supports investments and reforms tied to the provision of essential services in health, childcare and other services to people in one of its six policy pillars (pillar 5 "health, and economic, social and institutional resilience"). However, the facility does not rely on specific territorial earmarking or ringfencing mechanisms (such as those used in Cohesion Policy via the funding allocation by type of region) to target funding towards vulnerable regions within a Member State. In practice, many Member States, e.g. Italy, Spain, Portugal, Greece, Poland, have used the RRF to target rural, island, or depopulating regions. Territorial targeting is voluntary and nationally defined, not prescribed by the underlying regulatory framework (Regulation (EU) 2021/241).

The RRF supports investments into healthcare with around 96 planned reforms and 205 supported investments in the National Recovery and Resilience Plans. This amounts to approximately EUR 42 billion or 6.2% of overall RRF expenditure in terms of investment volumes (European Commission, 2024a). However, these reforms and investments are largely not territorially targeted and largely implemented at national level. According to an analysis of health reforms and investments supported, several National Recovery and Resilience Plans include reforms and investments aimed at reducing territorial disparities in access to care and strengthening local healthcare provision (see Table 1 for an overview).

Table 1: Examples of RRF support to healthcare services

Country	Allocation to healthcare	Description of measure or reform
Austria	EUR 254.2 million	Reform and investments to promote the attractiveness of working conditions for primary healthcare professionals, particularly in rural areas; establishment of community nurse network for local, low-threshold care.
Bulgaria	EUR 287.5 million	Investments to address shortages and unbalanced geographical distribution of healthcare professionals and modernise hospitals in underserved areas; creation of air ambulance system for better regional access.

¹² It should be noted that at the level of individual operations or investments, i.e. the final beneficiaries of the funding, actual cost reimbursement is possible.

Country	Allocation to healthcare	Description of measure or reform
Estonia	EUR 72 million	Integration of health and social services, including a new health centre in a remote region (Viljandi), strengthening local access and addressing health workforce shortages.
Finland	EUR 372 million	Reforms improving access to care and prevention, including early identification of social and health needs as part of the care guarantee; person-centred digital system in a remote island (Åland).
Portugal	EUR 1.7 billion	Investments reinforce health service networks and digitalisation of the National Health Service, with specific measures for the outermost regions of Madeira and the Azores.
Romania	EUR 2.1 billion	Construction or rehabilitation of integrated community centres, outpatient units, and mobile medical units; aims to increase access for vulnerable groups and underserved communities.

Source: Project team, based on RRF scoreboard; Note: The allocation corresponds to the overall amount of funding dedicated to healthcare. It may also account for other non-listed reforms and measures.

Support to health services in more remote, shrinking, outermost or otherwise vulnerable regions is often implemented in a less targeted fashion, such as by comparatively broad target areas or groups (e.g. vulnerable groups, underserved communities or areas) and by a broad scope of sub-measures. The identified investments or reforms (and their associated funding) often include support to more vulnerable or remote, as well as other regions, such as in the case of Finland and Portugal, which includes specific support remote regions but also wider support to the health system.

Investments and reforms targeting the childcare facilities and related services are supported by the RRF, usually in conjunction with support promoting labour market activation. A total of 22 Member States foresee around 88 reforms and 91 investments supporting labour market activation, including job creation, participation of women and childcare, with around EUR 32 billion in funding dedicated to this range of activities. (European Commission, 2024b) Investments and reforms supporting childcare facilities and services, includes funding to construct or modernise childcare facilities, expand access to early childhood education.

Table 2: Examples of RRF support to labour market activation and childcare services

Country	Allocation to labour market activation	Description of measure or reform
Czechia	EUR 79.5 million	Set up of regional training centres, construction or adaptation of childcare facilities to improve access for women and vulnerable families, as part of a national labour market reform, however, without a clear territorial focus.
Italy	EUR 7.8 billion	Amongst other investments and reforms, expansion of childcare facilities for children under 6 to boost female labour market participation, but without a clear territorial focus.

Country	Allocation to labour market activation	Description of measure or reform
Hungary	EUR 36.5 million	Creation of 3,984 new crèche places for early childhood education in municipalities with over 3,000 inhabitants, targeting the 300 most disadvantaged municipalities to increase local employment and inclusion.
Poland	EUR 52 million	National reforms to increase access to childcare and improve long-term care systems, supporting parents and caregivers' participation in the workforce.
Slovakia	EUR 6.3 million	Reform introducing a legal entitlement to a place in pre-primary education from age 3, accompanied by construction of new kindergartens but without a clear territorial focus.

Source: Project team, based on RRF scoreboard; Note: The allocation corresponds to the overall amount of funding dedicated to labour market inclusion and activation. It may also account for other non-listed reforms and measures.

As can be seen in the overview of investments and reforms supporting childcare services in Table 2, most are not explicitly targeting remote, outermost or otherwise vulnerable regions. However, these investments will likely also stand to benefit more remote regions. In Hungary, for example, the support to increase availability of childcare facilities is aimed at disadvantaged municipalities, albeit those with more than 3,000 inhabitants.

The RRF supports long-term care services, including elderly care, with a total of around EUR 8.1 billion in 23 reforms and 33 investments (European Commission, 2025). A review of planned reforms and investments as part of the RRF points to 15 Member States supporting such activities. However, these investments are generally not territorially targeted and are implemented largely at national level.

Table 3: Examples of RRF support to long-term care services

Country	Allocation to long-term care	Description of measure or reform (examples)
Austria	-	Establishment of 150 community nurses providing <i>accessible and close-to-home support</i> for older people via reform.
Bulgaria	EUR 339.1 million	Reform and investment to improve the provision of social and long-term care services through construction and renovation of facilities for persons with disabilities and older people, enhancing regional coverage.
Italy	EUR 574.5 million	Non-geographically targeted reform to promote elderly autonomy, converting retirement homes into autonomous apartments equipped with telemedicine and home automation; expansion of home services for the elderly.
Latvia	EUR 39.8 million	Investment in new community-based long-term care facilities located close to the family environment for persons of retirement age.

Country	Allocation to long-term care	Description of measure or reform (examples)
Portugal	EUR 136.8 million	Upgrade and expansion of the social care network for <i>wider territorial coverage</i> , including the outermost regions of the Azores and Madeira.
Romania	EUR 89.5 million	Creation of 71 community day-care and rehabilitation centres to improve access to quality long-term care for the elderly.
Spain	EUR 2.4 billion	Reform to introduce a rights-based, community-centred long-term care model, reducing territorial disparities and improving family support.

Source: Project team, based on RRF scoreboard; Note: The allocation corresponds to the overall amount of funding dedicated to services to people. It may also account for other non-listed reforms and measures.

Investments and reforms actively incorporating a territorial perspective or focus can be found for care investments in the Spanish and Portuguese Recovery and Resilience Plans. In the Portuguese case specific support is foreseen for the expansion and renovation of elderly care facilities the Azores and Madeira. In the Spanish case, the RRF means are used to reduce territorial disparities in the access to care. Many other plans address underserved regions implicit, but often without explicit targeting, such as with the Italian case which seeks to improve access to services with digitalisation or by means of improved service provision in the Austrian case with the establishment of 150 community nurses.

2.3. The Common Agricultural Policy 2023–2027 and its support to essential services

The Common Agricultural Policy (CAP) is a significant source of EU funding for rural, including for remote and vulnerable regions. The CAP contributes to sustainable and resilient agricultural sector across the EU, food security, environmental protection, and rural development via its specific objectives in the 2023–2027 period. Funding from the CAP provides substantial support to on-farm rural development, with support for activities beyond the farming sector (e.g. essential services, rural innovation, SME support and similar) being relatively limited. Studies assessing the amount of CAP funding targeting rural development beyond farming estimating this amount to around 8 to 9% of CAP means in terms of EU funding in the 2014–2022 period (Muench, A; Dwyer, Mantino, F; Gorny, H et al., 2024, Kah et al., 2020). Support to rural development beyond farming in the 2023–2027 period remained relatively constant at around 8% of CAP means – or around EUR 24.1 billion in total public financing. (European Commission, 2024c)

The CAP 2023–2027 specific objective 8 “vibrant rural areas” specifically foresees support to address rural poverty through support for employment, growth, social inclusion and local development in rural areas, as well as broadband. The support of investments¹³ related to the provision of essential services in healthcare (including hospitals), childcare and services to people is possible via the CAP.

However, most of the funding under the investment intervention focusses on agricultural needs (Ecorys, Metis, and Agrosynergy, 2023). Examples of essential service provision in rural areas by CAP means were identified in the Austrian Strategic Plan (“Investment in social services”, with around EUR 28 million in EU means allocated) and in the Belgian (Walloon) Strategic Plan (“Aid for investment in health infrastructure in rural areas”, with approx. EUR 740,000 in EU means dedicated to that

¹³ Under investments (Article 73 – INVEST).

measure). Other Member States are supporting wider quality of life investments in rural areas, which also include support to service provision, but without an explicit focus on healthcare infrastructure, childcare or similar services to people.

LEADER ("Liaison Entre Actions de Développement de l'Économie Rurale") is a decentralised funding approach under which local actors design and implement area-based and bottom-up local development strategies. Support to LEADER can contribute to the provision of essential services in remote or vulnerable regions, with its support to territorially targeted and small-scale investments and emphasis on social inclusion in rural areas.¹⁴ As identified in a review of the CAP interventions, LEADER support to essential services in the 2023-2027 period can be identified for Czechia, Ireland, Latvia and Romania. In the case of Romania, LEADER foresees specific investment support to also social and health infrastructure and community services (Ecorys, Metis, and Agrosynergy, 2023). It is also possible to employ integrated approaches with the Cohesion Policy funds (in practice often the ERDF or the ESF+) via the use of ITI or CLLD at local and regional level to support investments in essential services, also for more remote and shrinking regions.

¹⁴ LEADER is applied under the cooperation intervention (Article 77 – COOP).

3. THE ROLE OF COHESION POLICY IN SUPPORTING NATIONAL AND REGIONAL INVESTMENTS INTO ESSENTIAL SERVICES

KEY FINDINGS

The analysis of investments and interventions for service provision in remote, sparsely populated and rural areas showed that regional and national funding is smaller in the overall funding mix. This highlights the importance of Cohesion Policy as a source of funding to support such investments in constrained regions.

The use of integrated and territorialised delivery modes such as ITI and CLLD in Cohesion Policy can improve the alignment of the supported investments in essential services with other support in a region.

A broader uptake of financing not linked to costs for EU funding in the MFF 2028-2034 can simplify EU support to essential services by reducing administrative burden tied to verifying cost expenditures.

While FNLC can contribute to speeding up the administrative implementation and to maintaining cash flow for the programme, it also carries the risk of non-payment, should the defined outputs or results not be achieved in the planned timeframe.

3.1. Governance and place-based delivery approaches to support essential services

To illustrate how Cohesion Policy supports the provision of essential services in remote and vulnerable regions, 13 initiatives have been analysed. These examples demonstrate how EU funds contribute to mitigating depopulation dynamics and improving access to healthcare, social care, and other key services. Table 4 summarises the selected investments, which are presented in this study as case boxes and form the empirical basis for the analyses in sections 3.2 and 3.3.

Table 4: Overview of analysed case studies

Country	Regional focus and number of cases
France	Outermost region (1) and remote areas (1)
Italy	Remote areas (3)
Spain	Outermost regions (1) and remote areas (2)
Slovenia	Mountainous areas (2)
Poland	Peripheral border areas (1)
Romania	Mountainous/remote areas (2)

Cohesion Funds aim to address the needs of disadvantaged territories and reduce territorial disparities. The case studies examined provide several examples of such interventions. These areas are predominantly rural and affected by long-term depopulation, population ageing, declining fertility rates, and outmigration. Demographic decline interacts with the erosion of essential services, creating a vicious cycle. In all cases, this depletion process concerns key services such as healthcare, mobility, and education. Digital connectivity has improved only slowly and at a pace misaligned with social and economic needs. Housing issues are mentioned in some cases, notably in southern regions of Spain and Creuse Grand Sud in France. In Eastern European countries, additional challenges include deepening poverty, persistently high long-term and youth unemployment, and elevated poverty rates among rural and Roma populations.

Specific population groups are targeted in several cases:

- (a) high school dropouts in peripheral areas of Emilia-Romagna (IT);
- (b) rehabilitation of minors charged with criminal offenses in Sicily (IT);
- (c) inclusion of elderly and physically disabled residents through free transport services in a Slovenian municipality;
- (d) cognitive care for residents with dementia in Jesenice (SI);
- (e) social and professional reintegration of women with addiction issues, with or without children, in Guyane (FR).

An example of a place-based initiative targeting the rehabilitation of minors is provided in Box 9.

Box 9: Project for the rehabilitation of minors through alternative activities in the social cooperative, Sicily, Italy (national funds)

Member State: Italy

Fund: national and private funds

The project area is a mountainous region on the island of Sicily. According to the national classification, it is defined as an Inner Area, meaning a remote area that suffers from limited access to essential services such as secondary school infrastructure, highway connections, and healthcare facilities. Today, the territory of the 21 municipalities within the Inner Area – 83% of which is classified as peripheral or ultra-peripheral – faces a serious challenge due to a progressive depopulation process.

The project involves placing minors charged with criminal offenses into alternative sentencing measures, specifically in rehabilitation communities managed by the social cooperative Primavera. To this end, funding is provided for the creation of additional accommodation spaces for minors, including a group apartment with six more places (rooms with beds and all necessary furnishings).

The cooperative currently has 55 worker-members, with a total staff of 66. It is a highly significant presence in the Upper Madonie area, focused on personal care services. About 15 years ago, the cooperative began experimenting with services for individuals leaving penal institutions. It signed an agreement with the Ministry of Justice, specifically with the Juvenile Justice Center (CGM) of Sicily, which over the years has enabled it to become a key player in the rehabilitation of minors. So far, it has been hosting around thirty minors from the penal system, coming from various CGMs across Italy (Calabria, Piedmont, Lombardy).

The minors are engaged in manual activities at the social farm, which are not aimed at producing agricultural goods for sale (milk, meat, eggs), but rather at teaching practical skills. The cooperative also manages a bakery that produces bread, fresh pasta, and other baked goods, always with the

goal of rehabilitating young people from Juvenile Penal Institutions and creating employment opportunities. This is considered the best way to offer these youths a chance for employment and a future after completing their judicially mandated rehabilitation path. It is a recovery and training initiative, carried out in collaboration with the Ministry of Justice.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

These groups have been supported by Cohesion Policy primarily through funding for social and community infrastructures and services, which remain part of the territorial capital of the areas concerned.

Healthcare deserves particular attention in these projects due to the declining efficiency and effectiveness of services. The most pressing needs that Cohesion Policy is expected to address include:

- **Insufficient number of doctors**, reducing the capacity to serve both the existing population and potential new residents (Creuse Grand Sud – FR);
- **Shortage of trained personnel** able to connect population needs with available healthcare services and reduce hospital admissions. This issue is especially acute in remote areas where residents cannot access decentralized healthcare facilities (Northern Apennines – IT and mountain municipalities in Slovenia);
- **Lack of medical equipment, low density of healthcare facilities, and limited emergency services**, problems that are particularly severe in regions facing demographic decline (Romanian case study).

Regarding governance mechanisms and place-based approaches, the case studies provide a comprehensive overview of intervention models for rural services supported by EU Funds. This analysis seeks to identify the most significant and innovative features of these approaches, highlighting similarities and differences across Europe.

Three variables allow us to cluster the case studies:

- **Programming and implementation instruments** (programme, integrated project, single operation)
- **Targeted territory**
- **Integrated strategy designed and implemented by local actors**

The first group includes the Spanish case (the multi-regional programme for southern regions and the Castilla-La Mancha ITI), three Italian cases funded by the National Strategy for Inner Areas (an example can be found in Box 10), and the Romanian case funded by a national programme. In all these examples, programming instruments are linked to multi-fund national or multi-regional programmes specifically targeting rural and depopulating areas. While these strategies are designed as integrated and territorially focused within the programming documents at the national or regional level, the way they are implemented at the local level varies significantly from case to case.

Box 10: Community educational pact: prevention and reduction of early school leaving, Inner area Basso Ferrarese, Emilia-Romagna, Italy (ESF)

Member state: Italy

Fund: ESF

The project area is characterized by the geographical sparsity of the territory, its isolation, population decline, and the absence of a widespread public transport network between municipalities, except for road-based connections.

The project aims to combat school dropout through a person-centered approach, implemented within both educational settings (12 schools) and local administrative structures (9 municipalities, Social Service Local Authority, Healthcare Service Local Authority, Adult Educational Centres). The project includes the following key components:

- The introduction of new educational services, such as listening centers offering counseling and guidance for students, teachers, and families, starting from lower secondary school;
- The establishment of a multidisciplinary institutional working table focused on school dropout;
- The development of innovative guidelines to address school dropout;
- The definition of new professional roles capable of bridging the gap between schools and families;
- The creation of coordination mechanisms between schools, businesses, and the local territory.

In this context, the Educational Pact represents a comprehensive strategy that acknowledges the significant dropout rates affecting the area, seeks to reverse this trend, and aims to trigger a broader socio-cultural transformation.

Source: Project team, 2025, based on programme documents and stakeholder consultation

In some cases, the provision of integrated services depends on the design capacity of institutional actors, who select the most appropriate measures from the programme menu and combine them within an ITI approach (Spanish cases). In other cases, the most effective interventions are designed at the national level and implemented locally by individual municipalities applying for funds (e.g., Centru Region – RO). In another situation, Italian cases provide examples of operational projects derived from an integrated strategy, conceived and implemented locally by municipalities collaborating to strengthen service provision in their territories.

The main innovation in this group lies in the attempt to combine a holistic approach at national/regional level with the empowerment of local actors to implement it through the design and delivery of integrated essential services. For this reason, the use of ITIs (in two Spanish cases) and integrated strategies (in the three Italian cases) is crucial to ensure the effectiveness of these instruments.

Box 11: Pilot project focused on combating the demographic challenge within the framework of integrated territorial strategies – pluri-regional programme, Spain (ERDF)

Member State: Spain

Fund: ERDF

Spain has seen increasing population concentration in urban areas. In 2019, 82.4% of the population lived in just 13.2% of municipalities, which cover 20.6% of the territory. This trend has led to depopulation in the northwest and interior regions, and a decline in intermediate cities and provincial capitals. Spain's population is also ageing rapidly, especially in rural areas. 19.77% are over 65 years old, and there are 120 people over 65 for every 100 under 16. Uneven population distribution, ageing, and tourism pressure create major challenges for access to public services in more remote areas. In many rural and shrinking areas of Spain the gradual loss of population has led to a significant reduction in essential services. This includes the closure or downsizing of schools, health centres, public transport routes, and banking services. The shrinking demand makes it economically unsustainable to maintain these services, which in turn accelerates depopulation by reducing quality of life and access to basic infrastructure.

A key objective of this Plurirregional ERDF Programme 2021-2027 managed by the Spanish Government under RSO 5.2, is to bring together key regions, their provincial councils (Diputaciones) and municipalities, organised for the first time in functional (rural areas) to pilot new multilevel but spatially target initiatives that puts in practice the national and regional demographic strategies to combat depopulation that have been approved in recent years. This pilot projects will supramunicipal (functional areas), or encompassing entire provinces, targeting less developed regions and Castilla y León, a region facing severe depopulation. These projects are anchored in territorial strategies. Key activities of those pilot projects include improving the delivery of basic services that are necessary to let people exercise their freedom to stay (health, education, housing and mobility). especially public services and promoting administrative efficiency.

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

Funding systems can be multi-fund, covering not only infrastructure and equipment investments (ERDF) but also the training of qualified and specialized personnel to deliver the required services (e.g., medical qualifications) through ESF. However, mono-fund programmes also play an effective role, as seen in initiatives addressing medical emergencies in Centru Region (RO) or in the Emilia-Romagna Apennines (IT).

Territorial concentration is a key factor in translating place-based approaches into concrete interventions and ensuring their effectiveness. The concept of territorial concentration varies across cases, ranging from a generic definition of small rural municipalities to functional rural areas at inter-municipal level (Spain), and finally to areas distant from essential services such as train stations, emergency healthcare facilities, and secondary schools (Italian Inner Areas). Beyond definitions, the requirement to delineate a precise project area by the coalition or municipalities applying for intervention helps to operationalize territorial concentration. This condition appears to be met only in Castilla-La Mancha (Spain) and the three Italian territories.

Table 5: Main characteristics of case studies – territorial approaches

Programme/ project name	Programme and Funds	Targeted territories	Integrated instruments
Pilot projects (ES)	Multi-regional (Castilla y León, Extremadura, Castilla-La Mancha, Andalusia) funded by ERDF	Functional rural areas in severe depopulation or at risk of it	Strategies submitted by local actors (associations, LAGs, intermunicipal bodies)
ITI Castilla La Mancha (ES)	Multi-fund (EAFRD, ERDF, ESF)	Territories within ITI	Integrated Territorial Instrument
Integrated services in rural communities (RO)	Multi-fund (ERDF-ESF) with integrated interventions at municipal level	Small rural municipalities, located in remote and disadvantaged areas	
Community Nursing Project (Emilia-Romagna-IT)	National Development and Cohesion Fund	Peripheral area with poor accessibility to essential services	Territorial strategy submitted and implemented by an association of municipalities
Rehabilitation of minors (Sicily-IT)	National Development and Cohesion Fund	Peripheral area with poor accessibility to essential services	Territorial strategy submitted and implemented by an association of municipalities
Community educational Pact (Emilia-Romagna-IT)	Mono-fund (ESF)	Peripheral area with poor accessibility to essential services	Territorial strategy submitted and implemented by an association of municipalities

The second group consists of projects implemented at the municipal scale through a single operation. These projects are submitted and approved following a standard procedure, typically responding to a national or regional call for proposals. Mostly supported by a single fund, these interventions target municipalities located in remote or disadvantaged areas. While some operations are relatively simple, others include a set of coordinated activities designed to enhance the effectiveness of interventions.

Table 6: Main characteristics of case studies – municipal level approaches

Programme/ project name	Programme and Funds	Targeted territories	Integrated instruments
New population in Creuse Grand Sud (FR)	Single mono-fund (ERDF) operation	Union of 26 municipalities	Single operation encompassing multiple activities to enhance territorial attractiveness
Healthcare project in Monki (PL)	Single mono-fund (ERDF) operation	Monky county and neighbouring districts	Single operation to improve medical services (imaging laboratory, endoscopy laboratory, daily centre and rehabilitation department)
Services for Canary Islands (ES)	Single mono-fund (ERDF) operation within programme for outermost regions	47 municipalities classified as "Demographic challenge" areas	Several operations aiming to mitigate the extra healthcare costs in island territories
Guyana Project (FR)	Single mono-fund (ERDF) operation	Municipality of Awala Yolimago	Single operation for buildings and equipment of a therapeutic community
Free transport (SI)	Single mono-fund (ERDF) operation	Municipality of Ravne na Koroskem	Single operation to ensure free transports to elderly and disabled residents in remote areas, within a CLLD framework
Cognitive abilities (SI)	Single mono-fund (ESF) operation	Municipality of Josenice and Kraniska Gora	Single operation of training students through practical experiences

3.2. Barriers and policy instruments to support essential services

The design and implementation of the projects examined have highlighted several barriers that can hinder the effectiveness of policy interventions. A first group of barriers relates to governance, both at national/regional and local levels. At national/regional level, the following issues were identified:

- Overlapping and poorly coordinated policies addressing depopulation (ES)
- Lack of collaboration among different national administrations in policy design (IT)
- Discontinuous policy efforts and insufficient dedicated staff to support service programmes (FR)

At local level, governance challenges include:

- Political disagreements regarding multilevel policy interventions (ES)
- Absence of local development agencies capable of fostering stakeholder participation (IT)
- Resistance to nationwide approaches (ES)
- Difficulties in explaining and communicating the importance and benefits of the project to the local population (IT)

Moving from governance issues to project content and implementation, the case studies reveal additional critical challenges at different governance levels. At **national/regional level**, the lack of appropriate and effective initiatives has led to two major limitations across all countries. One limitation is underdeveloped monitoring systems, which caused severe failures in catching the main outcomes and impacts of the projects. Another challenge relates to external factors. implementation delays caused by economic crises and procurement bottlenecks. In addition, the COVID-19 pandemic generated severe delays at both national and local levels, particularly affecting the deployment of medical personnel (e.g., nurses) in decentralised facilities created for local communities.

At **local project level**, several weaknesses have hampered the success of initiatives for essential services, including:

- Limited capacity of municipal and local authorities (ES, IT)
- Insufficient funding in local authority budgets (SI)
- Predominance of institutional actors and limited involvement of private stakeholders (e.g., families in educational projects) (IT)
- High costs and mobility challenges in delivering services to very remote areas (FR)
- Shortage of qualified staff willing to work in isolated rural communities, especially in healthcare and education (RO, FR, IT).

In light of these level challenges, several policy instruments and initiatives were identified from the case studies as good approaches to support local projects and operations aiming at the provision of essential services.

- (a) **Strengthening local capacity** through targeted learning, experience exchange, and technical support remains essential for both local authorities and private stakeholders. In this regard, community animation and advisory services should be considered priorities.
- (b) **Providing support throughout all stages of the project** is critical for these initiatives. For example, in the French project aimed at attracting new residents to Creuse Grand Sud, unions of municipalities received assistance from the initial settlement concept to the actual integration process, covering both private and professional relocation and ensuring connections with relevant services and actors.
- (c) **Reaching out to the most vulnerable populations** should be a core objective. In the Emilia-Romagna Apennines, patient care criteria include social isolation and loneliness, weak family networks, chronic illnesses, and difficulties in performing activities of daily living.
- (d) **Promoting Integrated Community Services** to combat poverty and social exclusion could represent an innovative model for addressing rural needs, especially among vulnerable groups. These services bring together social, educational, and medical support under one structure. For instance, in Romanian rural districts, local multidisciplinary teams, known as integrated community teams, include social workers, community health workers, school and health mediators, counsellors, and speech therapists. These teams operate directly within communities, providing personalized assistance to vulnerable individuals.
- (e) **Ensuring long-term sustainability of promising initiatives**, which often risk failure due to the high costs of service provision in remote areas. A notable example is the Basso Ferrarese project in Emilia-Romagna, which fostered stable collaboration among institutional stakeholders and developed advocacy capacity toward the regional government. After the pilot phase, the structures and competencies created were leveraged to secure new funding sources, including NRRP, ERASMUS+, and regular regional resources. Furthermore, thanks to the collective commitment of all participating municipalities, the Region established provincial-level hubs for experimental first-year vocational qualification pathways. One of these hubs includes a satellite branch located in the Inner Area, enabling the permanent decentralization of vocational training activities within the territory.

3.3. Performance-orientation and investments for essential services

The use of performance-oriented financing approaches for EU investments was mainstreamed by the Recovery and Resilience Facilities in the 2021–2027 period, where payments to the Member States were made based on the achievement of milestones and results. A shift to performance-based approaches in Cohesion Policy implies simplifying procedures, notably for beneficiaries. Under the 2021–2027 Common Provisions Regulation, Member States were encouraged to make use of delivery tools for administrative simplification, including simplified cost options (SCO) and financing not linked to costs (FNLC). The regulatory proposals of the MFF 2028–2034 encourage a wider uptake of such tools in the delivery of EU investments aiming at promoting territorial convergence. Further, the use of milestones and targets to trigger payments between the Commission and programmes is also proposed.

When applying FNLC in Cohesion Policy programmes, payments are disbursed by the achievement of predefined deliverables, such as outputs and results or the fulfilment of conditions. The use of FNLC can reduce administrative burden for both managing authorities and beneficiaries as the verification of costs is no longer necessary. Rather, programme bodies can focus on monitoring the achievement of the pre-defined targets and results. The first application of FNLC was for ERDF/CF investments energy efficiency and energy from renewable sources, with fundings reimbursed per kWh of energy savings or tonne of CO₂ emission reduction, in the Austrian ERDF 2014–2020 programme. While overall still limited, the number of FNLC schemes is increasing in the 2021–2027 period.

Table 7: Overview of regulatory characteristics of FNLC

Characteristics	Overview
Definition	FNLC is a form of reimbursement based on conditions or achievements and not as an optimal approximation of eligible costs incurred in the project.
Concept	Disbursement of funding is based on achievement of pre-defined results and/or fulfilment of conditions.
Methods for estimation of financial amount	The reserved financial resources employed must be adequate for the undertaken investments.
Adoption process	Proposals by programmes are assessed and approved by the European Commission.
Verification and audits	Verification and audit are limited to conditions and results triggering funding release. The underlying costs are not subject to audit.
Level of application	FNLC can be used for the financial relationship between Commission and programme and for the financial relationship between programme and beneficiary. In the case of the latter, FNLC must also be applied to the financial relationship between Commission and programme.

Source: Adapted from Santin, 2024 and Regulation (EU) 2021/1060

SCO have been applied relatively more widespread in comparison to FNLC, with relatively broad uptake in the 2021–2027 period, including under PO4 for health and social infrastructure in ERDF programmes and for related services in ESF+ programmes (Brignani et al., 2024; page 54 for ESF+, page 123 for ERDF). When using SCO, programmes can reimburse using pre-defined methods, based on process

outputs or results. Such payments can take the form of flat-rate financing, unit costs or lump sums. The use of SCO is mandatory for investments below EUR 200,000.

The use of performance-based financing, such as FNLC, can also lead to gains in efficiency in implementing programme bodies, as the disbursement of payments is linked to the achievement of underlying conditions and results within a set timeframe. It reduces the depth of the administrative effort required to track, verify and report project expenditure. Experience from RRF implementation shows also that this stronger emphasis on the achievement of conditions within a set timeframe can provide incentives for programme bodies to enhance their efficiency (PPMI, 2025). Furthermore, shifting the focus away from costs to the outputs and results of the supported operations may allow programme bodies to strengthen the impact orientation of the programme and its investments.

However, in comparison to cost-based reimbursement, FNLC schemes may require additional ex-ante work by programme authorities to define conditions and timelines in a robust manner. This can be the case when implementing infrastructure investments (such as hospitals), which require extensive preparatory steps – such as related to planning procedures and environmental proofing – and can face implementation complexities, especially related to public procurement, budget overruns or delays. While FNLC can contribute to speeding up the administrative implementation and to maintaining cash flow for the programme, it also carries the risk of non-payment, should the defined outputs or results not be achieved in the planned timeframe (PPMI, 2025).

An example of a FNLC scheme for the provision of social services in Romania is provided in Box 12. This scheme was launched in 2025 and represents one of the first applications of FNLC in Cohesion Policy programmes in the 2021-2027 for essential services.

Box 12: Provision of integrated services in rural communities – facilitating access for vulnerable people to efficient and high-quality basic services using FNLC

Member State: Romania

Fund: ESF+

The project is part of the Romanian programme *Inclusion and social dignity programme 2021-2027* and is delivered via financing not linked to costs using ESF+ (EUR 661.5 million) and ERDF (EUR 16.1 million) means. The objective of the project is to increase social inclusion and reduce poverty by developing integrated community services in 2,000 rural communities, through the achievement of three objectives:

- Improve the quality of community services provided in 2,000 rural communities by adapting them to local needs and increasing the capacity of local authorities to respond effectively to identified vulnerabilities.
- Increasing the number of people benefitting from integrated community services in the 2,000 rural communities to at least 450,000 people benefiting from integrated community services and improving their quality of life by creating integrated community teams and standardising the application of specific procedures, methodologies, and tools.
- Improving the skill level of specialists working in integrated community teams in the 2,000 communities or other relevant authorities, thus contributing to strengthening the network of public service providers by providing integrated community services tailored to the needs of the population

Romania is one of the few Member States with an approved FNLC scheme (both between the Commission and the Member State and at the level of the beneficiary) under PO4 as of autumn

2025. The scheme represents an innovation both at national and EU level. Payments are conditional on achieving the following (groups of) conditions:

- Establishment of a strategic framework for the intervention. According to the Managing Authority the framework has been transmitted to the European Commission. 2,000 integrated community teams set up and operational, with diagnoses and action plans developed by the relevant local authorities and approved by overseeing ministries.
- A total of 2,000 spaces fitted out and equipped to provide integrated community services
- 6,373 members of integrated community teams have obtained a qualification
- 450,000 vulnerable people benefit from the services provided by integrated community teams

Source: Project team, 2025, based on programme and project documents and stakeholder consultation

A successful shift to performance-oriented delivery in 2028–2034 for EU investments into essential services for remote or declining regions requires significant ex-ante preparation by programme authorities to safeguard implementation and realise efficiency gains.

Studies assessing the implementation of FNLC for investments in Cohesion Policy and the RRF in the 2021–2027 period highlight an entrenched preference for cost-based financing among programme bodies implementing the investments. This preference can arise due to national legislation (such as from anti-corruption concerns), from entrenched administrative practices or risk averse audit authorities (PPMI, 2025). While the combination of payments for the achievement of milestones and targets with the maintenance of cost-based reimbursement at the level of the (final) beneficiary is technically possible, implementation of performance approaches at the level of the (final) beneficiary is recommended as otherwise potential efficiency gains remain unrealised. However, such hybrid approaches – the application of FNLC between the Commission and the programme with cost-based reimbursement for the (final) beneficiaries – can be a pragmatic approach for less-experienced programme authorities to build experience and expertise in the delivery of performance-based approaches. This may especially be relevant for programme authorities in more constrained regions, which may also themselves be affected by constrained technical abilities and staff. In the long run, a shift to performance verification, rather than cost verification, is important for the efficient delivery of FNLC.

Rural, remote or otherwise constrained regions can have difficulties accessing EU support due to lacking local capacities, especially considering extensive application procedures at times necessary to access Cohesion Policy funding (Muench, A; Dwyer, Mantino, F et al., 2024). The specific needs and abilities of actors (such as municipalities and small towns) in constrained areas is also important to consider in the design of FNLC schemes to avoid those areas being underserved by financing tools if they are set up centrally at national level.

Choice of indicators for the definition of milestones and results

Prior experience with the implementation with FNLC in Cohesion Policy and the RRF has shown that the added value of applying such tools for investments with quantifiable outputs and results (PPMI, 2025). Investments in essential services are largely relatively standardised and reliable in their achievement of outcomes, especially when compared to other Cohesion Policy investments such as innovation or nature restoration – where results and impacts are more difficult to quantify. Support for essential services, such as renovation or energy upgrading of hospitals, care homes, or kindergartens, the creation of new childcare or health facilities (measured by the number of beds, rooms, or service

units) or the deployment of telemedicine or digital health systems (measured by the number of users, or consultations), largely feature quantifiable outcomes and results.

The choice of indicators for the definition of milestones and results is an important consideration for the implementation of FNLC schemes. The proposals for the performance framework of the MFF 2028-2034 (COM(2025) 545 final, annex I) include many potential output and result indicators covering investments into essential services. For example, in the context of *health system performance & services* (intervention field 453), the proposals outline the following indicators:

- Number of new or improved services providing affordable access to essential health services (output indicator)
- Number of equipment or mobile assets purchased (output indicator)
- Number of health staff trained (output indicator)
- Annual users of new/modernised healthcare services (result indicator)

These output and result indicators are closely tied to the supported investments, measuring the number of services provided, equipment purchased and the annual users arising from the investments. In other intervention fields closely tied to essential service provision and investments¹⁵ output and result indicators are similarly capturing the numbers of new users and similar metrics.

In the context of essential services in remote and sparsely populated regions specific considerations should be placed on the choice of indicators. Especially in performance-based schemes using output or result indicators measuring numbers of inhabitants served by an investment or annual users (or similar quantifications linked to local inhabitants) there can be an incentive to implement investments in more populated areas, as these areas will likely make greater contributions to milestones and results due to higher population density. The same investments in lower population density areas are more costly, in the sense that they make lower contributions to defined milestones and targets than the same investment in more populated areas. If not taken into consideration when developing the FNLC scheme, there can be a risk that less populated areas are underserved by investments, especially if implemented as a national scheme without territorial differentiation or targeting. This can be mitigated by means of territorialised milestones and targets or other forms of territorial earmarking in the design of FNLC schemes.

¹⁵ This includes, but is not limited to, 454 – digitalisation in health care, 111 – early childhood education, or 481 – Long-term care, including family and community-based services.

4. CONCLUSIONS AND POLICY RECOMMENDATIONS

Demographic decline and outmigration drive the loss of essential service provision in remote, rural and sparsely populated regions by increasing costs of service provision, reducing the local tax base and contributing to skilled labour shortages, needed for service provision. **Demographic decline and outmigration in such regions are likely to persist in the future, as Europe's population continues to age.** These persisting patterns will likely affect service provision in the future, especially for the most remote and sparsely populated regions, potentially exacerbating current deficits in service provision in those regions.

The EU supports essential services in terms of healthcare, childcare and other services to individuals with Cohesion Policy, the Recovery and Resilience Facility and the Common Agricultural Policy in the MFF 2021-2027. Both Cohesion Policy and the Recovery and Resilience Facility have dedicated significant support to maintaining and improving service provisions. However, only Cohesion Policy makes use of territorial ringfencing mechanisms to support disadvantaged regions. Cohesion Policy has dedicated around **EUR 15.2 billion** in EU funding (or EUR 22.6 billion in total planned expenditure) to support investments and service provision tied to healthcare, childcare and long-term care – **with most support from the ERDF and ESF+.** Of that amount, **EUR 12.4 billion** (or EUR 16.7 billion in total expenditure) are targeted at such investments in less developed and outermost or northern and sparsely populated regions. **Ringfencing mechanisms strengthening the contribution of Cohesion Policy to enhancing or maintaining essential services** include the higher funding rates for less developed regions, specific support and flexibility for outermost regions. Funding from the **Recovery and Resilience Facility** is also used to support essential services in remote, sparsely populated and rural areas. However, the support is often not explicitly targeted at remote, rural or sparsely populated regions in many Member States. Some Member States apply funding from the **Common Agricultural Policy** to support essential services in healthcare, childcare and other services to people in rural regions via the investment intervention and via LEADER in the 2023-2027 period, though uptake remains limited. However, support from the Common Agricultural Policy has traditionally focussed on-farm support, with funding for rural development beyond farming

With three major EU instruments supporting essential services in rural, remote and vulnerable regions regulatory complexity is high. This complexity comes from factors such as **regulatory differences** on delivery approaches, rules on eligible expenditure and numbers of individual funding programmes between the three instruments.

Cohesion Policy 2021-2027 plays an important role in the provision of essential services in remote, sparsely populated or rural areas by reserving EU funding for needs of regions facing economic and demographic challenges. Those regions tend to perform worse economically, with lower incomes and tax yields. Many are also affected by persistent patterns of outmigration and ageing. The analysis of Cohesion Policy investments and interventions undertaken as part of this project highlights that Member States have applied specific and place-based interventions via Cohesion Policy to counterbalance the effects of demographic decline and outmigration on essential service provision in remote, sparsely populated and rural areas: around **EUR 983 million of EU funding** (or EUR 1.3 billion in total expenditure) **from Cohesion Policy will be disbursed via the use of territorial tools to support essential services.** The involvement of local and regional actors in the development and implementation of these interventions improves their relevance.

The case studies of essential service investments showed that Cohesion Policy provides a major source of funding for investments into essential services. **Regional and national funding often plays a comparatively smaller role in the supported operations.** This highlights the importance of Cohesion

Policy as a source of funding to support such investments in constrained regions. Municipalities in such areas are constrained in their ability to finance such investments solely with their own funding.

The reliance on EU investments to support essential services in remote, rural or sparsely populated areas can affect the financial sustainability of the supported services. Besides costs tied to the infrastructure and equipment for the service, additional costs arise from providing the service. The continued operation of the service after conclusion of the project can result into additional pressure on municipal or regional public households, potentially detrimentally affecting service provision in absence of EU support.

The use of **integrated and territorialised delivery modes such as ITI and CLLD in Cohesion Policy can improve the alignment of the supported investments in essential services with other support**, such as to the economic competitiveness or digitalisation. A strong link between investments in essential services and other targeted support to the region by means of such approaches can contribute to improving the economic vitality of the region and its attractiveness for residents. It can also enable local and regional authorities to implement policy mixes specifically tailored to regional specificities.

A more widespread implementation of financing not linked to costs for EU funding in the MFF 2028-2034 can simplify EU support to essential services by reducing administrative burden tied to verifying cost expenditures. This increased efficiency can allow programme authorities to devote more time to plan operations and interventions and promote impact orientation of the supported investments. However, it is important to account for the specificities of remote, rural and sparsely populated regions when defining milestones and targets for investments into essential services. Supporting such investments may be more costly in constrained regions due to geographical factors and low population density. In addition, the choice of indicators defining the milestones and targets is important: individual operations may not make sizeable contributions to milestones if indicators linked to the number of people covered/supported by the services are used to define milestones and achievements of the scheme. Such factors may provide disincentives to support investments in more constrained regions if not carefully accounted for in ex-ante design of the schemes.

Recommendations

Based on the analysis of investments in essential service supported by EU instruments, the project developed recommendations to increase the EU average financial effort addressed to services and the effectiveness of Cohesion Policy and other EU instruments in supporting essential services in remote, rural and sparsely populated areas. The policy recommendations developed aim at providing relevant, feasible and appropriate recommendations at EU level.

- **Recommendation 1: Pre-allocation and higher funding intensities for rural, remote, sparsely populated and demographically declining regions**

To safeguard continued investment and support, a pre-allocation of funding or higher funding intensities in the MFF 2028-2034 should include pre-allocated funding or higher co-financing rates for rural, remote, sparsely and demographically declining regions. These regions rely on Cohesion Policy to maintain and upgrade essential services such as healthcare, childcare, education and other services to people. This support should be distinct from the allocation logic for less developed regions and reflect demographic vulnerabilities present in many rural regions today.

Any ringfencing of EU funding for rural territories, including the proposed 10% allocation under the NRPP, should consider the broad spectrum of needs in rural areas, not only those related to the farming sector. Current spending patterns illustrate this imbalance: of the EUR 301 billion directed to rural areas

through the CAP, only 8% (EUR 24.6 billion) supports rural development beyond farming – covering, among other areas, investments in essential services. Against this backdrop, Cohesion Policy plays a crucial role in financing essential services in rural regions, highlighting the need for rural ringfencing to be designed in a way that supports also diversified local development rather than predominantly agricultural development.

Recommendation 2: Strengthen result-oriented monitoring for services to people, healthcare, childcare and other essential services

EU funds support health through research, infrastructure, prevention and digitalisation, but indicators, included in the 2028-2034 performance framework (COM(2025) 545 final) focus on technical outputs (equipment, floor space, platforms) rather than outcomes for rural communities, such as service access, patient satisfaction and equity. In ageing, depopulating areas, these gaps risk deepening inequalities. Common indicators should include elements, such as:

- Place-based accessibility indicators (e.g. travel times to essential services, affordability of care, digital service uptake in low-density areas)
- Result-focused metrics, such as patient satisfaction, service continuity, quality of care and equity of access

This shift would help ensure that investments improve service provision for rural, remote and depopulated areas.

- **Recommendation 3: Use Cohesion Policy to support a minimum catalogue of essential services**

In line with the principle of right to stay and the emerging definition of essential services, the NRPPs and the structural reforms that will be supported by them should help Member States and regions use Cohesion Policy to define, plan and eventually support the provision of a minimum catalogue of essential services in healthcare, childcare and long-term care across the EU. This would allow EU citizens to exercise their right to stay and move across the EU in the awareness of services provision and travel times to those services in the area they choose to call home.

- **Recommendation 4: Investments into essential services should be accompanied by investments into the broader economic fabric of the area to improve regional vitality and attractiveness**

Investments in healthcare, childcare and services to people should be complemented by support for the broader economic fabric of regions facing demographic decline. Anchoring essential service projects within regional development frameworks, or operationalising them through CLLD and ITI, strengthens regional vitality and increases the long-term attractiveness of these territories.

- **Recommendation 5: Investments into physical assets in essential services should be complemented by adequate investments in training and recruiting qualified personnel, notably in healthcare, childcare and services to people**

Cohesion policies have traditionally focused on physical assets, which are considered a priority in eligible expenditures. This is particularly evident in ERDF interventions and NRPPs measures. While physical structures and equipment address important needs, in many cases the lack of adequate and qualified personnel (e.g., medical staff and nurses) has emerged as a crucial gap in the full development of effective essential services. Complementary actions aimed at training and recruiting qualified personnel should be at the core of policy interventions, at least during the initial phase of service creation in the most disadvantaged areas.

- **Recommendation 6: Expand the use of CLLD, ITI and territorial tools for essential services**

The use of CLLD, ITI and other territorial tools should be leveraged and expanded, especially for the remote, rural or sparsely populated regions in the context of essential service investments. These tools can improve the territorial relevance of investments for essential services by improving alignment with other regional needs and enhancing coherence with wider policy frameworks.

- **Recommendation 7: Mitigate accessibility gaps in essential service provision for rural and remote regions**

Transport funding remains supply-driven, with strong support for decarbonisation and multiple modes, but rural mobility is overlooked. Poor accessibility of services in rural and remote regions remains a major driver of declining essential service provision. Current and post 2027 performance indicators for mobility and accessibility track infrastructure and vehicle deployment, however not accounting for rural challenges such as low demand density, affordability and accessibility.

- **Recommendation 8: Strengthen the role of local and regional authorities in the programming and implementation of Cohesion Policy funding, including for essential services**

The active involvement of local and regional authorities in programming and implementation should be reinforced. The active involvement of local and regional authorities in the programming and implementation of EU funding is recommended also beyond the context of essential service provision. This can ensure that the needs of regions facing persistent demographic decline, especially of remote, rural and sparsely populated regions, are adequately considered in the design of funding programmes. Regions facing demographic decline, particularly remote, rural and sparsely populated areas, should have a meaningful role to ensure that EU funding programmes adequately reflect their needs.

- **Recommendation 9: Promote long-term financial and institutional sustainability of essential services supported by Cohesion Policy**

Promote long-term financial and institutional arrangements that guarantee the continued operation of essential services such as healthcare, childcare and elderly care beyond project completion. Investments in essential services should be accompanied by durable institutional and financing arrangements that enable continued operation of these services and staff retention after project completion, including mechanisms for recurrent cost coverage for services with limited revenue potential.

- **Recommendation 10: Enable targeted technical assistance for regions facing demographic decline and out-migration**

Dedicated funding should support capacity-building for municipalities and public service providers involved in Cohesion Policy implementation in rural, remote and sparsely populated regions. This is recommended especially in the context of technically more complex investments in essential services, such as healthcare infrastructure and services, which rely on locally available skilled labour and supply chains for medical products and associated services.

- **Recommendation 11: Develop long-term strategic frameworks for demographic change accounting for the specific role essential services in healthcare, childcare and elderly care can play in maintain regional attractiveness and vitality**

Demographic decline will likely continue to affect rural, remote and sparsely populated regions in Europe also beyond the MFF 2028-2034. The EU should support Member States and regions in developing long-term strategic frameworks that link EU funding to comprehensive approaches

addressing demographic challenges and the sustainability of essential services. The role of essential services in providing frameworks for regional vitality and attractiveness should be highlighted in the strategy, as well as targeted actions tied to deficits in service provision. This includes issues such as linked to accessibility, lack of skilled labour and affordability due to low population density.

- **Recommendation 12: Strengthen the role of regions in the NRPPs**, particularly in relation to the targeting of structural needs – including essential services – in remote and vulnerable regions

The governance system of the NRPPs should include an active role of regions in the planning and implementation of territorial investments. This is especially important in the context of essential services in remote and vulnerable regions to avoid national-level competition between more and less developed regions for access to centrally managed measures.

- **Recommendation 13: Balance flexibility with long-term territorial development needs**

Flexibility to amend programmes is relevant to enable Member States to respond to exceptional situations such as the COVID-19 pandemic. However, such flexibility can create a trade-off with long-term cohesion policy objectives and planned structural investments, particularly in less developed, remote and sparsely populated regions. Flexibility mechanisms should be targeted where needed, while safeguarding the continuity of long-term regional development strategies and maintaining strong alignment with the broader EU policy objective of reducing territorial disparities.

- **Recommendation 14: Maintain Cohesion Policy's funding structure while exploring streamlining options**

There is substantial overlap between the scope of the RRF and Cohesion Policy in their support to essential services. These overlaps suggest potential for streamlining and simplifying the EU's territorial funding landscape. Debates on merging funds should prioritise the continued visibility, stability and territorial logic of Cohesion Policy, including its brand recognition. Any streamlining effort of Cohesion Policy or its successor fund must preserve the capacity of EU funds to address territorially specific needs, including in essential services, and avoid diluting the place-based character of Cohesion Policy.

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This study analyses the role of EU instruments, in particular Cohesion Policy, in supporting the quality of essential services in remote, rural and depopulated areas. The study focuses on essential services tied to the provision of healthcare, childcare and services to people. Challenges and drivers of loss of service provision are identified. The contribution of EU instruments is assessed, including case studies illustrating their contribution to mitigating depopulation dynamics and improving access to essential services.

PE 776.003
CASP/REGI/2025-03

Print ISBN 978-92-848-3315-3 | doi:10.2861/6074229 | QA-01-25-301-EN-C
PDF ISBN 978-92-848-3314-6 | doi: 10.2861/0121571 | QA-01-25-301-EN-N