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## THE IMPACT OF THE EUROPEAN GREEN DEAL STRATEGY ON THE EVOLUTION OF EU REGIONAL POLICY AFTER 2021

### ABSTRACT

The article's primary goal is to define how establishing the European Green Deal (EGD) development strategy has influenced changes in the European Union's (EU's) regional policy programming and implementation. The subject of the analysis is the objectives and financial instruments of the EU regional policy for the years 2021-2027, which have been programmed taking into account the priorities defined in the EGD strategy. The article will verify the hypothesis regarding the impact of the EU's strategic principles on the paradigm shift in the EU regional policy. European Union development priorities focused on climate neutrality, environmental protection, and biodiversity require implementing a regional policy centred on specific horizontal goals common to all EU regions. The author argues that as a result, the territorial aspect of implementing the EU regional policy weakens, reflected in the arrangement of its goals and the directions of intervention of structural funds in the Multiannual Financial Framework (MFF) 2021-2027.

**Keywords:** European Union, regional policy, place-based policy, climate protection, structural funds

## INTRODUCTION

The article aims to elucidate the impact of the priority goals of the latest EU development strategy, the European Green Deal (EGD), on the evolution of objectives and financial instruments in implementing EU regional policy. In the first part of the article, the basic assumptions of the current paradigm of regional policy will be presented, which is defined by researchers and development institutions as a 'place-based' or 'territorial' paradigm. It serves as a benchmark for reflections on changes in the current implementation of EU regional policy, which is evolving under the influence of new strategic development priorities defined in the EGD strategy. Its content was proposed by the European Commission (EC) in December 2019 as a response to the challenges that the EU economy, the natural environment, and the societies of member states were facing in the perspective of the upcoming decades.

The main strategic findings in the analysed document will be presented in the article, which will determine changes in the implementation scope of EU policy towards regions. The subject of the analysis presented in the text will be the EU regional policy and its changes in the context of utilising financial instruments to implement the strategic objectives of the EGD. The goals and financial instruments of the EU regional policy for 2021-2027 will be characterised, along with an indication of the nature and scope of their changes, compared to the previous Multiannual Financial Framework (MFF). The conclusions will include findings regarding the direction of the evolution of the paradigm of EU regional policy, considering its territorial nature. The hypothesis concerning the influence of the EGD strategy on the redefinition of the paradigm of EU regional policy will be verified. It will be demonstrated that the EU regional policy is losing its territorial character in favour of a thematic approach, focused on horizontal issues related to climate and the environment. These processes take place while maintaining the multi-level character of the EU regional policy, with the active involvement of regions and their resources in the implementation of pan-European development priorities.

The methodology of the developed article is based on a critical analysis of the literature on the subject and the examination of legal instruments and other documents related to strategic development priorities and EU regional policy.

## CHARACTERISTICS OF THE PLACE-BASED PARADIGM OF THE EUROPEAN UNION REGIONAL POLICY

The place-based paradigm of regional policy, referred to as a new paradigm in regional policy, has emerged as an alternative proposal to centralised, territorially-blind public intervention focused on addressing regional development disparities. The old paradigm of regional policy, which prevailed in Europe until the 1970s, was based on diverse financial incentives for companies, the creation of technical infrastructure, and

public sector investments at the regional level without considering interregional differences in the causes of regional inequalities and levels of development.<sup>1</sup> The above-mentioned traditional paradigm of regional policy was questioned in response to its low effectiveness in achieving interregional cohesion.<sup>2</sup>

Contemplation of a paradigm for regional policy suitable for the needs and developmental challenges of regions with diverse potential and levels of social, economic, and territorial development evolved in a united Europe with the implementation of the Single European Act. The establishment of structural funds as instruments for supporting the development of regions within the European Economic Community / European Union, coupled with their active involvement in the process of formulating regional development plans that consider the specificity of regional conditions and development needs, marked a pivotal moment in the implementation of the place-based paradigm of EU regional policy.<sup>3</sup>

The implementation of the new territorial paradigm in the execution of EU regional policy was revolutionary and encompassed conceptual, structural, and organisational dimensions. A preliminary assumption was adopted, according to which developmental resources are located at the regional level, and the goal of regional policy is to enhance their value by utilising the local institutional framework. Thus, public support was directed not only to lagging behind regions but to all regions, for which developmental challenges could encompass structural barriers and social or environmental ones. Therefore, within the Delors I and II Packages implemented in 1989-1999, financial support was provided to various categories of regions. This included not only those with low Gross National Income (GNI) but also rural areas, regions grappling with industrial decline, areas facing challenging natural and topographic conditions, and those entangled in political conflict.<sup>4</sup>

The objective of implementing regional policy within the territorial paradigm became the enhancement of regional attractiveness and competitiveness through investment in developing internal potential within regions. The uniqueness of the potential in each region allowed for investment in various thematic areas and fields of the regional economy, such as human capital, entrepreneurship development, information and

<sup>1</sup> J. Bachtler, D. Yuill, "Policies and Strategies for Regional Development: A Shift in Paradigm?," *Regional and Industrial Policy Research Paper*, no. 46 (2001), pp. 8-9, [online] [http://clementeruizduan.mx/regional/resources/Lecturas/Bachtler-&Yuill-\(2001\)---Policies\\_and\\_strategies\\_for\\_regional\\_development.pdf](http://clementeruizduan.mx/regional/resources/Lecturas/Bachtler-&Yuill-(2001)---Policies_and_strategies_for_regional_development.pdf), 21 November 2023.

<sup>2</sup> P. O'Brien, O. Sykes, D. Shaw, "The Evolving Context for Territorial Development Policy and Governance in Europe – from Shifting Paradigms to New Policy Approaches," *L'Information Géographique*, vol. 79, no. 1 (2015), p. 80.

<sup>3</sup> M. Michalewska-Pawlak, "Wielopoziomowy system zarządzania politykami regionalnymi państw członkowskich Unii Europejskiej jako rezultat procesów europeizacji na przykładzie Polski," in R. Riedel (ed.), *Europeizacja polityk publicznych w Polsce*, Opole 2016, p. 140, A. Elias, "Introduction: Whatever Happened to the Europe of the Regions? Revisiting the Regional Dimension of European Politics," *Regional & Federal Studies*, vol. 18, no. 5 (2008), pp. 485-486.

<sup>4</sup> Cf. J.A. Faiña, J. López-Rodríguez, "European Regional Policy and Backward Regions: Implications Towards EU Enlargement," *European Journal of Law and Economics*, vol. 18 (2004).

communication technologies, tourism, and services.<sup>5</sup> Implementing the territorial paradigm of regional policy emphasises the development of innovative economic, social, and environmental initiatives, utilising knowledge and highlighting that they enhance regional competitiveness.<sup>6</sup>

It is worth mentioning the institutional aspects of implementing the territorial paradigm of regional policy, as it negates centralisation and the dominance of public institutions in the development management process. Instead of a hierarchical top-down management model, it proposes a collective approach to policy implementation, which involves cross-sectoral collaboration between public authorities at various levels, social partners, and private entities. The subjects of regional policy become businesses, social organisations, research units, development agencies, and financial institutions that use their resources to maximise effectiveness through the development of network structures. Significant are also the relationships upon which cooperation networks are built and the exchange of resources takes place. A multilevel governance system for managing regional policy has been shaped within the EU framework based on the adopted assumption. It is built on negotiation and collaboration among actors at different levels of governance, oriented towards enhancing policy effectiveness.<sup>7</sup>

The place-based paradigm of regional policy is integrated in nature, combining various forms and types of public support and intervention. It leverages regional resources of economic, social, environmental, cultural, locational, and political nature to foster the development of a given region.

## THE REGIONAL CONTEXT OF IMPLEMENTING THE EUROPEAN GREEN DEAL STRATEGY

The EGD strategy presented by the European Commission in the communication on December 11, 2019, sets long-term environmental, economic, and social goals for the EU until 2050. The most crucial among them involves promoting a sustainable development model that is independent of natural resource use, is climate-neutral, and is beneficial for the natural environment and biodiversity. Critical importance will be given to innovations and environmentally friendly new technologies that will enable the construction of a green economy.<sup>8</sup>

On the one hand, the goals formulated above should be considered ambitious, as achieving environmental and climate priorities requires significant structural

<sup>5</sup> J. Bachtler, D. Yuill, "Policies and...", p. 11.

<sup>6</sup> J. Bachtler, "Place-Based Policy and Regional Development in Europe," *Horizons*, vol. 10, no. 44 (2010), p. 55.

<sup>7</sup> A. Pawłowska, "The Accomplishment of the New Paradigm of Regional Policy in the System of Regional Strategy Implementation," *Zarządzanie Publiczne*, vol. 4, no. 32 (2015), p. 421.

<sup>8</sup> *Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Green Deal*, European Commission, COM (2019) 640 final, Brussels, 11.12.2019, p. 2.

transformations in the European economy. They provide an opportunity to strengthen the EU's competitive position as a leader in sustainable development. On the other hand, they are associated with costs that will be borne by states, citizens, and regions to varying degrees, depending on their readiness to achieve climate and environmental goals. Their implementation will be closely linked to many sectors of regional economies, including energy, transportation, and agriculture, and will require profound changes. Therefore, the strategy text includes a promise of support, including for regions that may experience developmental challenges due to the introduced changes.<sup>9</sup>

To this end, the EC announced the establishment of the Just Transition Fund (JTF), which is intended to provide financial support for the economic and energy transformation of regions with high energy dependence on fossil fuels and high levels of CO<sub>2</sub> emissions into the atmosphere. These regions are expected to implement territorial transformation plans, and the assistance from the fund is intended not only for economic transformations but also for financing their social consequences.<sup>10</sup> It appears evident that some of these changes will involve regions giving up industries and sectors that pose burdens to the climate and the environment. For some residents, this may lead to job loss and the necessity to retrain and acquire new competencies and skills in line with the requirements of the transforming economy.

The executive aspect of the EGD strategy is based on the engagement of all EU policies, including regional policy, to achieve the strategic goals outlined in this document. Their layout is thematic and includes support for clean energy production, the creation of extensive infrastructure for producing and transmitting clean energy, changes in transportation, agriculture, food production, construction, the tax system, investment in scientific research, and the development of technological and economic innovations.<sup>11</sup> This implies an increase in the significance of sectoral policies, whose intervention is essential for achieving the goals above.<sup>12</sup>

Including a territorial perspective in implementing the European Green Deal goals is also expected through enhanced cooperation between the European Commission and cities and regions to protect the environment, climate, and energy.<sup>13</sup> It is worth adding, however, that this cooperation will take place in the form of a dialogue and exchange of best practices. This means that it will not entail any specific commitments, including financial ones, from both the EU and regional institutions.

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<sup>9</sup> *Ibid.*, p. 2.

<sup>10</sup> A. Nowakowska, A. Rzeńca, A. Sobol, "Place-Based Policy in the 'Just Transition' Process: The Case of Polish Coal Regions," *Land*, vol. 10, no. 1072 (2021), p. 5.

<sup>11</sup> W. Piontek, "The European Green Deal and its Impact on Regional Development Processes," *Rocznik Ochrona Środowiska*, no. 22 (2020), p. 738.

<sup>12</sup> F. Sielker, D. Rauhut, A. Humer, "EU Cohesion Policy and European spatial governance: an introduction to territorial, economic and social challenges," in D. Rauhut, F. Sielker, A. Humer (eds), *EU Cohesion Policy and European Spatial Governance Territorial, Economic and Social Challenges*, Cheltenham 2021, p. 8.

<sup>13</sup> *Communication from the Commission...*, p. 23.

The analysis of the content of the EGD strategy shows that there is not much space dedicated to the development of regions. On the other hand, the focus of interest and particular support from the EU is intended for regional economies and citizens who may experience the adverse effects of economic and social transformations associated with implementing the EU's climate and environmental development goals. The adopted assumption means that regions are prepared to implement a climate-neutral and green economic development model to varying degrees.

## IMPLEMENTATION OF EU REGIONAL POLICY IN THE 2021-2027 FINANCIAL PERSPECTIVE

Analysing the current EU agenda, it can be unequivocally stated that the significance of regional policy in achieving strategic goals and addressing critical issues is systematically decreasing. Some researchers posit the far-reaching thesis that a significant achievement is that this policy still exists.<sup>14</sup> Given the fact that the EU is grappling with a series of challenges related to rebuilding the economy after the pandemic crisis, the Russian-Ukrainian war, and energy and migration crises, the traditional goals of regional policy related to achieving interregional territorial cohesion are taking a back seat. Although the European Commission had published the EGD strategy before the onset of most of the challenges mentioned above, its implementation was intended to serve as a way to address some of these issues.

The implementation of EU regional policy in the years 2021-2027 is based on five thematic objectives:

1. A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity,
2. A greener, low-carbon transitioning towards a net-zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility,
3. A more connected Europe by enhancing mobility,
4. A more social and inclusive Europe implementing the European Pillar of Social Rights,
5. A Europe closer to citizens by fostering the sustainable and integrated development of all types of territories and local initiatives.<sup>15</sup>

The second objective is directly related to the climate and environmental priorities of the European Green Deal (EGD) strategy, while the connection of the others is indirect

<sup>14</sup> F. Sielker, D. Rauhut, A. Humer, "EU Cohesion Policy...", p. 11.

<sup>15</sup> *Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy*, Official Journal of the European Union, L 231, 30.6.2021, p. 184.

but still noticeable. Innovation and the development of new technologies are fundamental solutions enabling the achievement of aspirations related to a net-zero emission level. In the case of increased mobility, this objective is to be achieved through the development of electromobility, reducing road transport in favour of railway development, as a low-emission and environmentally safer solution. Inclusive Europe, as a goal, is linked to the anticipated costs of climate and energy transformation and involves support for regions particularly vulnerable to its negative consequences. The final objective of citizen participation in local and regional development initiatives emphasises their sustainable nature. Therefore, it can be stated that the selection of objectives for regional policy in the current MFF is an outcome of the implemented EU strategy. It also represents, in a way, a continuation of the trend initiated in the previous MFF, involving a shift from a regional orientation of interventions towards a thematic arrangement of objectives.

While in the years 2014-2020 there were 11 objectives, their thematic scope was similar to the objectives pursued in the current MFF. Four of them related to priorities later defined in the EGD, and these were: low-carbon economy, climate change adaptation, environmental protection, and sustainable transport.<sup>16</sup> The current re-education of the number of objectives does not concern climate and environmental topics; it mainly pertains to issues related to investments in human capital development and strengthening the institutional capacity of entities and public administration. The thematic focus means a narrowing of options for regions in choosing directions of intervention and spending structural funds for territorial development. This trend aligns with the principle of concentration and the orientation of regional policy towards increasing the effectiveness of interventions.

The principle of concentration is also implemented through the disbursement conditions of the European Regional Development Fund (ERDF) as the primary source of funding for EU regional policy. In 2021-2027, the previous division introduced in 2014 into three categories of regions receiving support from the ERDF has been maintained. This solution should be considered as taking into account territorial differences in the prosperity of regions because their individual groups, distinguished by the level of development, receive varying levels of financial support from the EU budget. Less developed regions are considered those whose GNI level is less than 75% of the average EU level. Transition regions are those where the GNI is higher than 75% but does not exceed 100% of the average EU value of the index. The last category of regions is the more developed regions that achieve a GNI value above 100% of the average EU level. EU regions, depending on their classification into one of the aforementioned groups, receive between 35% and 75% of external funding for implemented projects, following the principle that the co-financing level is higher in regions with lower development levels.<sup>17</sup>

<sup>16</sup> M. Michalewska-Pawlak, "Wpływ wieloletnich ram finansowych 2021–2027 Unii Europejskiej na zarządzanie rozwojem regionalnym w Polsce," *Polityka i Społeczeństwo*, vol. 3, no. 17 (2019), p. 71.

<sup>17</sup> *Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund*, Official Journal of the European Union L 231, 30.6.2021, p. 73.

What is crucial is that, in exchange for the received ERDF funds, regions have specific obligations regarding their use to achieve individual EU policy goals. While the ERDF funds all five of the aforementioned objectives of EU regional policy, the distribution of the fund among them is not uniform. Regardless of the level of development, each region is required to spend a minimum of 30% of the available ERDF resources on achieving objective 2, which includes investments related to the priorities of the EGD. The regulation concerning the ERDF defines a broad range of climate and ecology-related actions to be financed from this fund. The concentration principle is much more restrictive for the most developed regions, as it obliges them to spend 85% of the available ERDF resources on objectives 1 and 2 of EU regional policy. In the case of transition regions, this value is 40% for objective 1, and for less developed regions, it is 20%.<sup>18</sup> From the presented regulations, it follows that the regions with the greatest freedom in managing ERDF funds are the poorest regions, as they can spend 50% of the available funding according to their own needs. This means that the scope of freedom for regions in deciding on the directions of spending the available funds decreases, in favour of prioritising thematic areas crucial from the perspective of EU development priorities. The territorial dimension of regional policy takes a back seat to the goals and interests of the entire integration group.

While the European Social Fund+ (ESF+) as a financial instrument of EU regional policy has a different scope of interventions than the ERDF, its funds are also directed towards investments at the regional level. It finances projects dedicated to the development of human capital and the labour market, social integration, and poverty alleviation, which are significant from the perspective of the needs of EU regions and member states. The ESF+ funds are directed towards achieving Objective 4 related to social issues, and it also contributes to the accomplishment of Objectives 1 and 2. The first one refers to the development of skills and competencies in the fields of technology and entrepreneurship, while the second one encompasses preparing the workforce in Europe for employment in sectors related to the environment, climate, energy, circular economy, and bioeconomy.<sup>19</sup> From the provisions of the regulation, it can be inferred that ESF+ and its financial resources are utilised to support specific directions for the development of regional economies, particularly in the context of their ecological transition, in line with the priorities of the EGD. This is a new approach compared to the MFF 2014-2020, during which the priorities of ESF+ interventions had a thematic dimension related to skill development and increased employment, similar to the current framework. However, in the previous period, there was no specific indication of preferred sectors.

The European Agricultural Fund for Rural Development (EAFRD) was, until the end of 2020, one of the structural funds alongside ERDF and ESF. Its support was dedicated to investments in the sustainable and integrated development of rural areas

<sup>18</sup> *Ibid.*, p. 74.

<sup>19</sup> *Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing regulation (EU) No 1296/2013*, Official Journal of the European Union, L 231, 30.6.2021, p. 38.



as well as the modernisation of the agricultural sector. Since 2021, the EAFRD has lost its status as a structural fund and has been incorporated into the structure of the Common Agricultural Policy (CAP) of the EU. According to the new provisions, no less than 40% of the allocation of this fund is to be spent on objectives related to environmental protection and combating climate change in rural areas.<sup>20</sup> Furthermore, placing the fund within the framework of the CAP is intended to facilitate the implementation of strategic plans by Member States through the flexible transfer of up to 25% of financial resources between the agricultural and rural pillars of the CAP.<sup>21</sup> This means that countries can increase the EAFRD budget for rural development but also decrease it by reallocating available financial resources intended for territorial development towards investments in the agricultural sector. Such a solution seems quite likely, especially considering that one of the flagship EU initiatives related to emissions reduction and climate protection is the “From Farm to Fork” strategy. It encompasses actions such as creating a sustainable agricultural production system, promoting sustainable food consumption, facilitating the transition to a healthy, sustainable diet, reducing food waste, and its implementation will require significant financial investments in the modernisation of the EU agricultural sector.<sup>22</sup> This could occur at the expense of transferring financial resources originally dedicated to rural development as a territory in favour of agriculture as a chosen sector of the EU economy, particularly crucial for achieving climate and environmental goals.

The territorial orientation of the EAFRD has been maintained to some extent through the continuation of the Leader initiative. It involves the implementation of bottom-up development strategies developed and implemented by rural communities based on the principles of subsidiarity, territoriality, multi-sectoral cooperation, and integration. Like in the previous MFF, in 2021-2027, a minimum of 5% of the EAFRD is intended for the implementation of a bottom-up approach to development and support for rural communities.<sup>23</sup> Although scientific evaluations indicate low effectiveness in terms of enhancing local innovation or territorial cohesion in rural areas through its interventions<sup>24</sup>, the EC has decided to continue this approach in the current MFF as well. As rural communities themselves perceive numerous benefits for rural areas arising

<sup>20</sup> *Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013*, Official Journal of the European Union, L 435, 6.12.2021, p. 16.

<sup>21</sup> *Ibid.*, p. 86.

<sup>22</sup> J. Wesseler, “The EU’s Farm to Fork Strategy: An Assessment for the Perspective of Agriculture Economics,” *Applied Economic Perspectives and Policy*, vol. 44, no. 4 (2022), p. 1827.

<sup>23</sup> *Regulation EU 2021/2115...*, p. 80.

<sup>24</sup> Cf. E. Caraveli, “The LEADER Programme as a Vehicle in Promoting Social Capital in Rural Regions: A Critical Assessment and Examples From the Case of Greece,” *Rural Areas and Development*, vol. 14 (2017); M. Rodriguez et al., “Variety in Local Development Strategies and Employment: LEADER Programme in Andalusia,” *Agricultural Economics – Czech*, vol. 65, no. 1 (2019).

from the implementation of the Leader, they demand changes in the funding of rural programmes at the European Rural Parliament. They are advocating for a retransfer of these programmes into the structures of regional policy from 2028 onward.<sup>25</sup>

Taking into account the instruments for implementing EU regional policy, as previously mentioned, a new financing instrument for regional development was established in the form of the JTF, within the goals related to building a climate-neutral economy. It is dedicated to selected regions that may experience the negative effects of climate transformation. Although the funds are allocated to support local economies and enhance their endogenous potential, it is worth noting that they have a compensatory nature. They are focused on EU priorities related to combating energy poverty among citizens and supporting them in the process of vocational requalification if they are affected by the proposed changes in the areas of climate, energy, and environmental protection.<sup>26</sup> The territorial aspect of the fund is therefore limited to interventions in selected regions, especially those vulnerable to the social impacts of implementing the EGD strategy. However, a precise catalogue of possible interventions has been defined, limiting the decision-making freedom of local and regional entities. The JTF funds should be spent within regional programmes for a just transition, developed in collaboration with regional partners, enhancing their substantive role in regional management. Nevertheless, the catalogue of possible investments is confined to themes related to climate neutrality and clean energy. Crucially, the programme-related approaches regarding the utilisation of structural funds permit the option of transferring financial resources from the ERDF and the ESF+ as supplementary support in relation to JTF interventions.<sup>27</sup> This means creating an additional opportunity for regions interested in investments related to climate, clean energy, and ecology or those where climate and energy transformation proves to be particularly costly.

## CONCLUSIONS. TOWARD THE THEMATIC PARADIGM OF REGIONAL POLICY

The establishment of strategic objectives in 2019 within the European Green Deal (EGD) and their implementation led to a series of significant changes in the programming and realisation of the European regional policy under the currently pursued financial perspective. They encompassed all the packages of structural funds dedicated to various aspects of territorial regional development. The analysed objectives and financial instruments for implementing EU regional policy in the years 2021-2027 indicate that they have been subordinated to the implementation of strategic priorities of

<sup>25</sup> *Rural People's Declaration of Kielce 15th September 2022*, [online] [https://www.arc2020.eu/wp-content/uploads/2022/09/5\\_ERP\\_Declaration-2.pdf](https://www.arc2020.eu/wp-content/uploads/2022/09/5_ERP_Declaration-2.pdf).

<sup>26</sup> *Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund*, Official Journal of the European Union, L 231, 30.6.2021, p. 3.

<sup>27</sup> *Regulation (EU) 2021/1060...*, p. 161.

the EGD, particularly in terms of preferred intervention topics in various regions. As a result of the introduced changes, the current regional policy is evolving towards a new paradigm, elements of which were already implemented in the years 2014-2020. It is thematic and covers specific areas, recognised in the EGD strategy as crucial for achieving its goals, related to building a green and climate-neutral economy.

The strategy itself is an external determinant in relation to the internal development conditions of individual regions. This implies a significant limitation of funding from the EU regional policy budget for initiatives or projects whose goals or themes are not linked to climate neutrality and environmental protection. The above solutions, significant from the perspective of EU development goals, simultaneously weaken the territorial and bottom-up character of EU regional policy.

The currently implemented regional policy has retained certain elements of the territorial paradigm, considering the subjective involvement of regional authorities and cross-sectoral partnerships in achieving its goals. However, regional entities, obliged by specific requirements regarding access to and disbursement of structural funds, are compelled to pursue climate and environmental goals, disregarding regional specificity, resources, and ideas for a grassroots development path. In this sense, the dominance of climate and environmental goals weakens the territorial character of the currently implemented EU regional policy.

The establishment of a new fund in the form of the JTF and the possibility of reallocating financial resources from the ERDF and the ESF+ to cover costs related to climate and energy transformation in EU regions are in line with a territorial approach to reducing disparities in regional development levels. Its direction is thematic and pertains to the long-term strategic goals of the EU.

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