

Schuman Paper
n°835
19th May 2026

Medium towns: the blind spot in European cohesion

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When Jacques Delors launched the reform of the Structural Funds in 1988 – which led to the creation of the European cohesion policy as we know it today – the aim was clear: to reduce disparities in development between the Community's regions, an essential prerequisite for the success of the single market. The first 'Delors package' (1989–1993) established the founding principles of this policy: concentration of resources, partnership with local authorities, additional funding and multiannual programming. The scale chosen to measure disparities and allocate funds was the [NUTS 2](#) statistical region, a technical choice that seemed obvious at the time.

This choice has paid off. Over three decades, cohesion policy has made a decisive contribution to the economic catch-up of Ireland, Portugal, southern Spain, and subsequently the new Member States following the enlargements of 2004, 2007 and 2013. Per capita GDP in the least developed regions of the Union has risen from 60% of the European average in the early 1990s to nearly 70% today. Convergence between Member States is an undeniable success of European integration.

Yet a blind spot has gradually emerged. In the Treaty of Lisbon (2007), [Article 174 of the TFEU](#) added 'territorial cohesion' to the Union's objectives of economic and social cohesion, implicitly recognising that the regional level was insufficient to address all disparities. This recognition has remained largely theoretical. In practice, the Lisbon Strategy (2000), followed by the Europe 2020 Strategy, channelled funds towards the knowledge economy, innovation and competitiveness – objectives

that automatically favoured metropolitan areas with universities, research centres and industrial clusters. The 'Smart Specialisation Strategy' (S3), made a prerequisite for access to the ERDF in 2014, accelerated this trend by requiring regions to focus their investments on their comparative advantages, to the almost exclusive benefit of metropolitan ecosystems.

At the same time, political regionalisation has exacerbated the phenomenon. In France, the 2015 territorial reform created large regions whose capital cities have absorbed the bulk of planning and decision-making capacity. In Spain, the Autonomous Communities (*Comunidades Autónomas*) have concentrated investment on major coastal cities. In Italy, the North-South dichotomy has masked internal disparities within the North itself. Across Europe, regional authorities, designated as managing authorities for structural funds, have tended to prioritise metropolitan projects that offer better apparent cost-effectiveness ratios.

The result of this dual dynamic—the metropolisation of European strategy and the regionalisation of fund management—is now well documented by academic research. Andrés Rodríguez-Pose theorised the concept of 'places that don't matter' to describe these intermediate territories falling behind, too large for rural policies, too small for metropolitan policies. The [Cohesion Report](#) formalised the concept of "development traps" to describe those regions and cities that no longer converge, neither upwards nor downwards, but stagnate amidst a slow deterioration of their economic and demographic indicators.

In France, these territories largely correspond to the [235 sub-prefecture towns](#). But the reality they embody is profoundly European. The German [Kreisstädte](#) (particularly in Thuringia, Saxony-Anhalt and Mecklenburg), the Italian [capoluoghi di provincia](#) (from Umbria to Basilicata), the Spanish [cabeceras de comarca](#) (in inland Aragon or Extremadura), the British 'county towns' (from Lincolnshire to Wales) share the same profile: between 15,000 and 100,000 inhabitants, a historic role as an administrative and commercial hub for a wider catchment area, a crumbling network of public services, and a loss of population to regional metropolitan areas. These are the towns where one can still find a court, a hospital, a secondary school and a weekly market, but where each of these institutions is now under threat.

Within the current framework of cohesion policy, the problem can be seen on three levels. Firstly, the NUTS 2 classification masks internal disparities: a region classified as 'in transition' may contain both a dynamic metropolitan area and medium-sized towns that are falling behind, yet the eligibility criteria do not allow for a distinction between the two. Secondly, integrated urban development instruments (ITI, CLLD) are designed for conurbations with over 100,000 inhabitants and remain inaccessible to towns that lack the necessary expertise to implement them. Finally, funds dedicated to rural areas (EAFRD) effectively exclude medium-sized urban municipalities, which fall into neither the category of deep rurality nor that of metropolitanisation. The negotiations on the next Multiannual Financial Framework (MFF) for 2028–2034 and the announced reform of cohesion policy present a major window of opportunity to address this blind spot. This paper sets out ten concrete proposals, organised into four key areas, to give Europe's intermediate-sized cities the place they deserve within the Union's framework for territorial solidarity.

I. RECOGNISING: GIVING SMALL AND MEDIUM-SIZED TOWNS INSTITUTIONAL STATUS

1. Create a category for medium-sized towns in the classification of structural funds

The European classification system currently distinguishes between urban areas, rural areas and outermost regions, with no intermediate category identified. The forthcoming [Regulation on Common Provisions](#) (RCP) is expected to introduce a category of 'intermediate cities' (15,000 to 100,000 inhabitants), accompanied by a dedicated budget allocation within the ERDF and ESF+, similar to what already exists for outermost regions. The OECD has formalised an operational definition of [intermediary cities](#) which could serve as a legal basis. This categorical recognition determines the statistical visibility of these territories, and thus the Union's ability to measure the effects of its policies on this essential level of governance.

2. Refine the statistical breakdown by incorporating sub-regional data into the eligibility criteria

Eligibility for Structural Funds is based almost exclusively on per capita GDP at NUTS 2 level. This single criterion, inherited from the 1988 Delors reform, obscures the disparities within regions. Additional indicators measured at NUTS 3 or LAU level should be incorporated into the allocation criteria: demographic trends, commercial vacancy rates, medical provision density, and local unemployment. A district in Hauts-de-France, southern Saxony or Castile-La Mancha may have socio-economic indicators comparable to those of certain regions in Central Europe, yet not be eligible for the same funding, because the region to which it belongs has an average GDP inflated by its metropolitan area.

3. Establish a 'Small Cities Facility' to give small towns access to European engineering expertise

One of the most tangible barriers to medium-sized towns accessing European funds is a lack of project management expertise. Putting together an ERDF application requires technical, legal and administrative skills that municipalities with 20,000 inhabitants do not possess. A technical support desk run by the EIB, modelled on the [JASPERS](#) (*Joint Assistance to Support Projects in European Regions*) scheme, would offer free support for project development, application drafting and the pooling of technical expertise among towns within the same catchment area. The simplified global grant mechanism already exists in the current regulation, but remains virtually unused due to a lack of support. The *Small Cities Facility* would fill this gap.

II. FUNDING: REDIRECTING EUROPEAN FUNDS TOWARDS MEDIUM-SIZED TOWNS

1. Allocate 10% of the national ERDF budget to the regeneration of medium-sized town centres

Several Member States have already successfully trialled national policies specifically targeting medium-sized towns. In France, the 'Action Cœur de Ville' programme has invested over €5 billion in 234 towns since 2018. In Italy, the *Strategia Nazionale per le Aree Interne* (SNAI) has been targeting peripheral areas since 2014. In Spain, the "*España Vacía*" movement has led the government to adopt specific measures for low-density areas. These national experiences would benefit from being formalised at European level. The next ERDF regulation should include a specific objective on the "revitalisation of intermediate urban centres", with a minimum allocation of 10% of the national budget, covering the renovation of commercial and residential buildings, the regeneration of public spaces and the establishment of local services.

2. Create a section on 'medical deserts in medium-sized towns' within EU4Health or the ESF+

The exodus of doctors has become the primary concern for residents of medium-sized towns across the EU. This is a structural issue: young doctors, trained in metropolitan university hospitals, tend to set up practice where they were trained. A specific strand within [EU4Health](#) or the [ESF+](#) would fund the creation of multi-professional health centres, the roll-out of telemedicine systems and European settlement grants for healthcare professionals. Italy (Mezzogiorno), Spain (Inland Castile), Eastern Germany and Eastern Poland share this assessment and would be natural allies in bringing this proposal before the Council.

3. Set aside a portion of funds managed directly by the inter-municipal bodies of medium-sized towns

The management of structural funds is delegated to regional authorities which, by virtue of their political and technical structure, tend to prioritise metropolitan projects that appear to offer better value for money. The [Barca report](#) (2009), which inspired the reform of cohesion policy for 2014–2020, already advocated a '*place-based approach*' that has never been fully implemented. Between 5% and 8% of the national budget could be managed via simplified global grants, directly by inter-municipal groupings of medium-sized towns, bypassing the regional filter and bringing the funds closer to the concrete needs of the regions.

III. CONNECTING: OPENING UP MID-SIZED TOWNS

1. Integrating medium-sized cities into the European strategy for digital and rail connectivity

Improving connectivity for medium-sized towns relies on two key infrastructure sectors: digital and rail. The [Connecting Europe Facility](#) (CEF)

should include a criterion for the accessibility of medium-sized towns, with targets for the roll-out of fibre-optic broadband and 5G measured at the local authority level, rather than the regional level. On the rail front, the modernisation of local feeder lines across the region – whether France’s small lines, Germany’s *Nebenbahnen* or Italy’s *ferrovie secondarie* – must be eligible for CEF funding on the same basis as the major TEN-T corridors. We cannot expect the residents of Cahors, Wittenberg or Teruel to reduce their carbon footprint if we deprive them of the train that connects them to the regional hub.

2. Establish a European network of medium-sized towns to act as a point of contact for the Commission and the Committee of the Regions

Major European cities have a powerful representative body in Brussels through the [Eurocities](#) network, founded in 1986, which brings together more than 200 cities and directly influences the design of European programmes. Medium-sized cities have no equivalent representative structure. The creation of a dedicated European network, building on existing national associations (*Association Nationale des Villes de Sous-Préfectures* in France, the *Associazione Nazionale Piccoli Comuni* in Italy, the *Red de Áreas Escasamente Pobladas* in Spain, and the *Verband Deutscher Städtestatistiker* for German *Kreisstädte*), would give these areas a designated representative body to engage with European institutions and the capacity to exert influence in negotiations on the next European multiannual financial framework.

IV. BUILDING UNITY: INCLUDING MEDIUM-SIZED TOWNS IN THE EUROPEAN PROJECT

1. Launch an ERASMUS programme for elected representatives and staff from medium-sized towns

One of the strengths of the European project is its ability to facilitate the exchange of best practice between professionals and institutions. However, these schemes benefit almost exclusively universities,

large companies and major cities. A specific exchange programme for elected representatives and local government officials from medium-sized towns, funded by ERASMUS+ or Interreg grants, would help to disseminate local innovations, ranging from the commercial revitalisation of town centres to the energy transition of buildings, via models of inter-municipal governance. It would also help to rebuild a tangible link between these regions and the European project, at a time when abstention in European elections is reaching unprecedented levels.

2. Making medium-sized towns a priority for the next EU Council presidency

The upcoming changeover of the Council presidencies will offer an opportunity for a landmark initiative: the organisation of a European summit for medium-sized cities, bringing together local elected representatives, researchers, the European Commission and the Committee of the Regions, to lay the foundations for a European policy specifically tailored to these areas. This summit could symbolically be held in a medium-sized town – such as Cahors, Wittenberg, Teruel or Pistoia – rather than in a capital city. It would mark a powerful political statement: Europe is not built solely in its major cities. It must also be built in these towns, which possess the scale to foster social cohesion and the historical memory of the state.

These ten proposals do not constitute a list of sector-specific requests. They outline a strategic reorientation of European cohesion policy, based on an observation that the Commission now acknowledges in its own reports: convergence between Member States – a major success of the European project – has been matched by growing divergence within the Member States themselves. And it is the medium-sized towns that are paying the heaviest price for this silent divergence.

The issue goes beyond mere economics. It is a democratic one. Opinion polls and the results

of recent European elections point to the same conclusion: it is in these medium-sized towns, rather than in the deep countryside or metropolitan suburbs, that mistrust of European institutions is growing fastest. The vote in favour of *Brexit* in the United Kingdom, the rise of the *AfD* party in the *Kreisstädte* of Thuringia, the success of *Vox* in inland Spain: in each case, it is struggling medium-sized towns that are shifting allegiance. If the European Union wishes to regain the trust of its citizens, it must demonstrate that it knows how to

invest where people live and work, and not merely where innovation and exports take place. Territorial cohesion is set out in Article 174 of the TFEU. It is not listed there as a concession to local interests: it is one of the three dimensions of cohesion, on a par with economic and social cohesion. Almost twenty years after its inclusion in the Treaties, it is time to give it operational substance that matches the ambition on which it was founded. The Union's medium-sized towns are not asking for a privilege. They are simply calling for recognition.

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Directeur de la publication : Pascale JOANNIN
ISSN 2402-614X

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