



ECONOMIC, SOCIAL AND TERRITORIAL COHESION

In order to promote its overall harmonious development, the European Union is strengthening its economic, social and territorial cohesion. In particular, the EU aims to reduce disparities between the levels of development of its various regions. Among the regions concerned, special attention is paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density, as well as island, cross-border and mountain regions.

LEGAL BASIS

Articles 174 to 178 of the Treaty on the Functioning of the European Union (TFEU).

CONTEXT

Cohesion policy is the European Union's main investment policy. It provides benefits for all regions and cities in the EU and supports economic growth, the creation of jobs, business competitiveness, sustainable development and protection of the environment.

From its very beginning, there have been large territorial and demographic disparities in the European Community (now the European Union) which could constitute obstacles to integration and development in Europe. The Treaty of Rome (1957) established solidarity mechanisms in the form of two funds: the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF, Guidance Section). In 1975, regional aspects were introduced with the creation of the European Regional Development Fund (ERDF). In 1994, the Cohesion Fund was also created.

With the Single European Act of 1986, economic and social cohesion became a competence of the European Community. In 2008, the Treaty of Lisbon introduced a third dimension of EU cohesion: territorial cohesion. These three aspects of cohesion are supported through cohesion policy and the Structural Funds.

OBJECTIVES

Strengthening its economic, social and territorial cohesion is one of the EU's main objectives. It dedicates a significant proportion of its activities and budget to reducing the disparities among regions, with particular reference to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps.



The EU supports the achievement of these objectives through the use of the European Structural and Investment Funds (the ESF, ERDF, Cohesion Fund, European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF)) and other sources such as the European Investment Bank.

In 2014, the European Agricultural Fund for Rural Development replaced the Guidance Section of the European Agricultural Guidance and Guarantee Fund. Within the framework of the Union's cohesion policy, the EAFRD supports rural development and the improvement of agricultural infrastructure.

The European Social Fund is the Union's main instrument supporting measures which aim to prevent and combat unemployment, develop human resources and foster social integration in the labour market. It finances initiatives that promote a high level of employment, equal opportunities for men and women, sustainable development and economic and social cohesion.

The European Regional Development Fund is intended to help redress the main regional imbalances in the EU. It supports regions whose development is lagging behind, along with the conversion of declining industrial regions.

The Cohesion Fund provides a financial contribution to projects relating to the environment and to trans-European networks in the area of transport infrastructure. This fund may only be accessed by those Member States whose gross national income per inhabitant is lower than 90% of the EU average.

To guarantee efficient use of the Structural Funds, the following principles have to be upheld:

- Organisation of the funds by objectives and regions;
- Partnership between the Commission, Member States and regional authorities in planning, implementing and monitoring their use;
- Programming of assistance;
- Additionality of EU and national contributions.

The allocation of the Union's financial resources devoted to cohesion policy is focused on two main goals:

- Investment for growth and jobs — aiming to strengthen the labour market and regional economies;
- European Territorial Cooperation — supporting EU cohesion through cooperation at cross-border, transnational and interregional level.

Since 1988, the Union's cohesion policy has seen a massive increase in its budget and has become, alongside the common agricultural policy, one of the most quantitatively significant Union policies. During the 2014-2020 programming period, the EU is allocating over EUR 350 billion to its cohesion policy, i.e. 32.5% of the overall EU budget. These funds will be spent on such varied activities as road-building, environmental protection, investment in innovative enterprises, job creation and vocational training. Almost EUR 200 billion will be allocated to the ERDF (including EUR 10.2 billion for European Territorial Cooperation and EUR 1.5 billion as a special



allocation for the outermost and sparsely populated regions). Over EUR 83 billion will be allocated to the ESF and EUR 63 billion to the Cohesion Fund.

PROPOSAL FOR THE POST-2020 EU COHESION POLICY

In May 2018, the Commission proposed regulations for the EU's cohesion policy after 2020. One of the major goals of this reform is to simplify the procedures and to increase the effectiveness of EU investments. The eleven thematic objectives used in the 2014-2020 cohesion policy have been replaced by five policy objectives for the ERDF, ESF+, the Cohesion Fund and the EMFF:

- A smarter Europe — innovative and smart economic transformation;
- A greener, low-carbon Europe;
- A more connected Europe — mobility and regional ICT connectivity;
- A more social Europe — implementing the European Pillar of Social Rights;
- Europe closer to citizens — sustainable and integrated development of urban, rural and coastal areas through local initiatives.

The proposed budget of the future cohesion policy is EUR 330.6 billion. Around EUR 200.6 billion will be allocated to the ERDF (including EUR 8.4 billion for ETC and EUR 1.5 billion as a special allocation for outermost regions). Over EUR 41 billion will be allocated to the Cohesion Fund (of which EUR 10 billion will be spent on the Connecting Europe Facility instrument) and EUR 88.6 billion for ESF+.

The proposed regulations are subject to the ordinary legislative procedure, in which Parliament is on an equal footing with the Council. This means that the two institutions will have to reach a consensus on the rules for the future cohesion policy before the end of 2020.

By April 2019, Parliament had completed first reading of the Commission's proposals.

ROLE OF THE EUROPEAN PARLIAMENT

Parliament plays a very active role in supporting the strengthening of the EU's economic, social and territorial cohesion. The legislation relating to cohesion policy and the Structural Funds is prepared under the ordinary legislative procedure, in which Parliament has an equal say with the Council.

Parliament has been actively involved in the negotiations for the reform of cohesion policy for the 2014-2020 period. This reform defines the priorities and instruments of future EU action aimed at strengthening economic, social and territorial cohesion. Parliament has strongly supported the proposals for a wide-ranging and efficient cohesion policy, which also necessitate sufficient financial resources.

Jacques Lecarte / Marek Kołodziejcki
04/2019

