

## Research for REGI Committee – The use of Cohesion Policy funds to support refugees from Ukraine

### Overview of Russia's war against Ukraine and the ensuing massive population displacement

The full-scale invasion of Ukraine by Russia is causing immense human suffering and economic hardship. Damage to Ukraine's infrastructure alone was estimated by end 2022 at 69% of the country's 2021 GDP. After a year of intense fighting, there were around 5 million displaced persons within Ukraine and 8 million Ukrainian refugees in Europe, of whom close to 5 million were registered under temporary protection or similar protection schemes. Moreover, as many Ukrainian regions remain in active war zones, more of the population is expected to flee within or outside the country.



With more than 1.5 million refugees recorded by the UNHCR as of the beginning of 2023, Poland is by far hosting the largest absolute number of Ukrainian refugees, followed by Germany and Czechia. However, Czechia has the most refugees relative to the country's population (at around 4.5%), followed by Poland and Estonia. The vast majority of refugees are women and children (even though the proportion of the latter is slowly decreasing), and highly educated. While this should facilitate labour market integration, this also makes access to childcare and material assistance crucial.

The present document is the executive summary of the study on 'The use of Cohesion Policy funds to support refugees from Ukraine'. The full study, which is available in English can be downloaded at: <https://bit.ly/3l6vssh>

## Outline of the EU's response to the migratory crisis

The response of the EU to Russia's war against Ukraine has been swift, far-reaching and unified. Indeed, EU institutions, Member States and regions have immediately condemned the Russian aggression and endeavoured to provide support to those at the forefront of the migratory crisis. In particular, the Cohesion's Action for Refugees in Europe (CARE), CARE+ and FAST (Flexible Assistance for Territories) – CARE regulations have introduced greater flexibility to EU Cohesion Policy.

This includes the extension of the possibility of 100% EU co-financing, retroactive eligibility for the operations that address the war-induced migratory challenges, flexibility in the use of the ERDF, ESF and CF, increased pre-financing and the introduction of a simplified cost option. These flexibility mechanisms were aimed at supporting short-, medium- and long-term measures such as the provision of food, basic material assistance, accommodation, transport, immediate and longer-term healthcare, childcare, social housing, access to the labour market, and education and training.

## Analysis of the implementation of the CARE, CARE+ and FAST-CARE regulations

The CARE, CARE+ and FAST-CARE regulations (collectively referred to as the 'CARE framework') provide a range of flexibility mechanisms that are highly relevant and timely in tackling the sudden, huge influx of refugees from Ukraine, and the challenges faced by national and regional authorities. Yet, it would seem that only a minority of Managing Authorities of Cohesion Policy programmes have used these flexibility mechanisms and that the resulting mobilisation of funds remains limited, in the range of less than 1% to 10% of the respective programmes' total EU funding allocation for those who did mobilise funding.

The increase in the co-financing rate for an additional accounting year appears to have been the mechanism most commonly used, followed by the application of retrospective eligibility for operations addressing the war-induced migratory challenges as of 24 February 2022. Still, the inclusion of Ukrainian refugees as a target group for business-as-usual operations combined with newly designed operations under the CARE framework have altogether allowed for a wide range of actions addressing the basic needs of refugees as well as their social, labour market and/or school integration.

## Case studies on EU countries, regions and cities supporting refugees from Ukraine

The case studies from six NUTS 2 regions located in different parts of Europe reveal that the sudden, big influx of refugees from Ukraine constituted a migratory crisis not only for those regions that served as initial entry points into the EU, but also for more distant (and often wealthier) ones. Indeed, many regions did not have the structural capacity to host that many refugees, and the role played by NGOs and the civil population, alongside the public authorities, proved crucial.

In less developed EU regions bordering Ukraine such as Lubelskie in Poland or Východné Slovensko in Slovakia, flexibility mechanisms introduced by the CARE framework were used or are planned to be used to finance refugee assistance and integration actions, but various obstacles hindered the smooth application of these actions. In transition and more developed EU regions, no or little Cohesion Policy funds could be effectively mobilised through the CARE framework, mostly because

all funds were already spent or committed. In this case, the main solution for Managing Authorities is to include Ukrainian refugees as a target group of their new or ongoing operational programmes.

## Assessment of Cohesion Policy as a tool to support refugees from Ukraine

While Managing Authorities tend to view positively the possibility to use EU funds, in particular under the CARE framework, to respond to the migratory crisis entailed by the war in Ukraine, they also report major administrative barriers in the way of doing so efficiently. In particular, the requirements and time frame linked to programme revisions and fund mobilisation are deemed inadequate to use Cohesion Policy as a suitable crisis response tool.

Risks to the achievement of the policy's long-term goal, namely that of structural improvements contributing to socio-economic convergence, have also been mentioned. Streamlining the flexibility mechanisms successively introduced as part of the CRII/CRII+ and CARE packages and at the same time strengthening the structural dimension of Cohesion Policy would appear to be more beneficial approaches, in the longer term, than adding further revisions to the policy.

## Policy recommendations

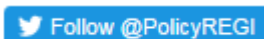
Anticipating the probability of future external shocks and crises, the rules and conditions for using Cohesion Policy funds as a crisis response tool should be laid out as soon as the beginning of the programming period, through e.g. a dedicated priority axis following the model of REACT-EU ('Fostering crisis repair and resilience'). Alternatively, and possibly for the post-2027 programming period, a separate territorial instrument could be created (similar to the Just Transition Fund in the period 2021-2027) specifically for the purpose of responding to crises.

## Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/3l6vssh>

More information on Policy Department research for REGI:

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