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COHESION FUND

The Cohesion Fund was set up in 1994 and provides funding for environmental and trans-European network projects in the Member States whose gross national income per capita is less than 90% of the EU average.

LEGAL BASIS

Article 177 (in particular the second paragraph thereof) of the <u>Treaty on the Functioning</u> of the <u>European Union</u> (TFEU).

OBJECTIVES

The Cohesion Fund was established for the purpose of strengthening the economic, social and territorial cohesion of the European Union in the interests of promoting sustainable development. In the 2021-2027 programming period it provides support to:

- Investment in the environment, including areas related to sustainable development and energy that present environmental benefits;
- Trans-European networks in the area of transport infrastructure (TEN-T);
- Technical assistance.

For projects serving the EU's environmental protection objectives, the Cohesion Fund may also contribute in fields relating to sustainable development, such as energy efficiency, renewable energy and – in the transport sector outside the trans-European networks – rail transport, inland waterway transport, sea transport, intermodal transport systems and their interoperability, management of road, maritime and air traffic, clean urban transport and public transport.

The Cohesion Fund finances <u>programmes</u> with <u>shared responsibility</u> between the European Commission and national and regional authorities in Member States. The Member States choose which <u>projects</u> to finance and take responsibility for day-to-day management. The rules on how to use the funds are laid out in the Common Provisions Regulation.

ELIGIBLE COUNTRIES

The Cohesion Fund is reserved for Member States whose gross national income (GNI) per capita is less than 90% of the EU average. During the 2021-2027 programming period, the Cohesion Fund is providing support for 15 Member States: Bulgaria, Croatia,



Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

BUDGET AND FINANCIAL RULES

The rules for the Cohesion Fund for the period 2021-2027 are established in the <u>regulation</u> on the European Regional Development Fund and on the Cohesion Fund. It will support projects under the 'Investment for growth and jobs' goal, mainly for environmental and transport infrastructure projects, including trans-European networks (TEN-T).

The regulation maintains the thematic concentration of the EU cohesion policy. The Cohesion Fund will support two specific objectives: a greener, low-carbon and circular economy (Policy Objective (PO2)); and a more connected Europe (PO3).

The cohesion policy sets out a list of activities that cannot be supported by the Cohesion Fund in the 2021-2027 period. It includes the decommissioning or the construction of nuclear power stations, airport infrastructure (except in the outermost regions) and some waste management operations (e.g. landfill). In addition, the Cohesion Fund is not allowed to support investment in housing unless related to the promotion of energy efficiency or renewable energy use.

In the period 2021-2027, the European Union will allocate EUR 42.6 billion (at 2018 prices, meaning in terms of the value of the currency in 2018) to the Cohesion Fund, including EUR 10 billion for the Connecting Europe Facility, which is an EU funding programme to support the development of trans-European infrastructure in areas like transport, energy, and digital services. The co-financing rate can reach up to 85 % of the value of the projects.

37 % of the Cohesion Fund's total financial allocations are expected to contribute to EU climate objectives.

Cohesion Fund allocations for 2021-2027 per Member State

Member State	Budget (in EUR million)
Bulgaria	1 467
Czechia	7 389
Estonia	952
Greece	3 508
Croatia	1 372
Cyprus	207
Latvia	1 204
Lithuania	1 645
Hungary	3 015
Malta	192
Poland	10 750
Portugal	3 946
Romania	4 094
Slovenia	834



Slovakia	1 868
Total	42 556*

^{*} Including technical assistance (EUR 114 million).

Source: European Commission, at 2018 prices.

ROLE OF THE EUROPEAN PARLIAMENT

The regulations establishing the new cohesion policy for the period 2021-2027 were subject to the ordinary legislative procedure, so Parliament had full rights to propose amendments. This enabled Parliament to make the proposed rules more flexible and better suited to the needs of the Member States.

In its <u>resolution of 6 April 2022 on the start of the implementation of the 2021-2027 cohesion policy</u>, Parliament noted COVID-19 as the main cause of delays in cohesion policy negotiations, leading to a subsequent holdup in adopting the legislative framework for 2021-2027 funding. Parliament urged the Commission to put forward a contingency plan to tackle possible under-implementation concerns due to the late start of the programme, fearing budget cuts in the upcoming programming period. The resolution highlights that delays in implementing the 2021-2027 cohesion policy hinder Member States' ability to respond to crises, including Russia's aggression against Ukraine.

For more information on this topic, please see the website of the <u>Committee on Regional Development</u>.

Kelly Schwarz 10/2023

