

ANNEX III RATIONALE AND CONTEXT OF THE CALL

The cohesion policy¹ is the European Union’s primary investment policy. It benefits all regions and cities in the Union, fostering economic growth, job creation, business competitiveness, sustainable development, and environmental protection.

The European Union’s (EU) cohesion policy is a cornerstone of the European integration process and has been one of the main tools for promoting balanced development and reducing disparities among the various regions within the territories of EU Member States, both current and former. Over the years, the cohesion policy has evolved to address emerging economic, social, and territorial challenges, becoming a key instrument in the European integration process. This policy aims not only to drive economic development but also to foster greater social solidarity and cohesion, objectives that are essential for the stability and progress of European integration.

The roots of cohesion policy trace back to the early days of the European integration project. Following World War II, European countries recognised the need for economic cooperation to secure peace and development. The Treaty of Rome, signed in 1957, established the European Economic Community (EEC) and already contained references to economic and social cohesion, although the priority at that time was the creation of a common market. Article 158 of the Treaty of Rome highlighted the importance of promoting “harmonious development”, acknowledging the need to reduce the differences between more advanced and less advantaged regions.

However, territorial and social cohesion did not gain significant traction until the 1970s. During this period, regional disparities became more evident as economic integration policies, such as the customs union and the development of the Common Agricultural Policy (CAP), began to disproportionately benefit the more developed areas. In response, specific mechanisms were introduced to foster more balanced development.

The establishment of the European Regional Development Fund (ERDF) in 1975 marked a turning point in European cohesion policy. The ERDF was the EEC’s first instrument specifically dedicated to redistributing financial resources to support poorer regions. The creation of this fund reflected a recognition that regional disparities could jeopardise the European integration process by creating political and economic tensions among Member States.

Cohesion policy gained further prominence in the 1980s with the signing of the Single European Act in 1986. This treaty, the first major institutional change in the EEC since the Treaty of Rome, introduced significant reforms that expanded the Community’s competences, particularly in the areas of economic and social cohesion. Article 130A of the

¹ <https://www.europarl.europa.eu/factsheets/es/sheet/93/la-cohesion-economica-social-y-territorial>

Single Act stated that the Community's objective was to "reduce disparities between the levels of development of the various regions and the backwardness of the least-favoured regions". This mandate became the legal framework for a more active cohesion policy, accompanied by a significant increase in funding allocated to this purpose.

The momentum for cohesion policy continued with the Maastricht Treaty, signed in 1992, which transformed the EEC into the European Union. The treaty not only strengthened commitments to economic and social cohesion but also introduced a new focus on territorial cohesion. In Title XIV, the Maastricht Treaty set out the principles guiding cohesion policy, including the creation of a new cohesion fund to support Member States with a GDP per capita below 90% of the EU average, specifically to help these countries prepare for the adoption of the euro.

The Treaty of Lisbon, signed in 2007 and in force since 2009, further consolidated European cohesion policy as one of the EU's main priorities. The treaty introduced a more comprehensive approach to cohesion, bringing together the objectives of economic, social, and territorial cohesion under a single framework. Article 174 of the Treaty on the Functioning of the European Union (TFEU) states that the EU shall "aim at reducing disparities between the levels of development of the various regions and the backwardness of the least-favoured regions", with particular attention to rural, island, mountainous, and sparsely populated regions.

Throughout its history, European cohesion policy has undergone various phases of adaptation and expansion to address the challenges of a changing continent, remaining in constant evolution. With the accession of new Member States, especially after the 2004 enlargement, which brought Central and Eastern European countries into the EU, economic disparities widened significantly. Cohesion policy had to adjust to address the substantial differences in development between the wealthier regions of Western Europe and the poorer regions of Eastern Europe. This adjustment was accompanied by increased funding through the Multiannual Financial Framework (MFF), which sets the EU's long-term budget.

In the 2014-2020 period, cohesion policy was allocated over €350 billion, representing roughly one-third of the total EU budget. These funds were channelled through three main instruments: the ERDF, the European Social Fund (ESF), and the Cohesion Fund². Funding supported a wide range of projects, from infrastructure modernisation to workforce skills enhancement, aiming to promote inclusive and sustainable growth across all regions.

However, cohesion policy has faced significant challenges in recent decades. The 2008 economic crisis exacerbated regional disparities, especially in Southern European countries, which experienced high levels of unemployment and economic contraction. More recently, the COVID-19 pandemic and its economic fallout have placed additional strain on less-developed regions, highlighting the need for a robust and flexible cohesion policy. This was compounded by the significant impact of Russia's invasion of Ukraine on EU territory and globally, causing uncertainty and a sharp increase in prices due to disrupted supplies of

² <https://www.europarl.europa.eu/factsheets/es/sheet/96/el-fondo-de-cohesion>

essential raw materials in the food sector, as Ukraine is one of the EU's major suppliers of many of these products.

In addition to economic challenges, cohesion policy has had to adapt to new priorities, such as the transition towards a green and digital economy. The European Green Deal, launched in 2019, prioritises combating climate change and the ecological transformation of the economy at the heart of the EU agenda. Cohesion policy has been adjusted to support these objectives, directing resources towards the modernisation of energy infrastructure and the promotion of clean technologies in the most disadvantaged regions.

It should also be noted that in the 2021-2027 period³, EU funding comes from two sources: the “classic” Multiannual Financial Framework (MFF), which sets the Union’s annual spending limits, and the NextGenerationEU recovery plan, an extraordinary initiative designed to help Member States recover from the COVID-19 pandemic. Cohesion policy will also be financed by the MFF and, in certain cases, by NextGenerationEU⁴. During this period, resources allocated to the “Investment in Growth and Jobs” objective of cohesion policy will total €322.3 billion and will be directed towards less-developed regions, transition regions, more developed regions, Member States receiving Cohesion Fund support (with €10 billion earmarked for the “Connecting Europe Facility”), additional funding for outermost regions, and interregional innovation investments.

Furthermore, resources from the ERDF for the “European Territorial Cooperation” (Interreg) objective will be allocated to cross-border maritime and land cooperation, transnational cooperation, interregional cooperation, and cooperation with outermost regions. Additionally, the new Just Transition Fund, which supports areas most affected by the transition towards climate neutrality and aims to prevent increasing regional disparities, will have a budget of €17.5 billion, sourced from both the MFF and NextGenerationEU. In December 2020, another instrument, REACT-EU, was adopted to supplement cohesion programmes for 2014-2020, adding to the cohesion allocations for 2021-2027 to support key sectors essential for a robust recovery following the COVID-19 crisis.

In the 2021-2027 period, cohesion policy encompasses five political objectives for the ERDF, the ESF+, the Cohesion Fund, and the European Maritime and Fisheries Fund (EMFF):

- a smarter Europe: innovative and smart economic transformation;
- a greener, low-carbon Europe;
- a more connected Europe: regional mobility and connectivity within the scope of ICT;
- a more social Europe: implementation of the European pillar of social rights; and
- a Europe closer to its citizens: sustainable and integrated development of urban, rural, and coastal areas through local initiatives.

³ <https://www.miteco.gob.es/es/ministerio/servicios/red-de-autoridades-ambientales-raa/programacion-2021-2027.html>

⁴ https://ec.europa.eu/regional_policy/2021-2027_en

The Common Provisions Regulation sets the rules for the use of these funds. The Regulation was amended in October 2022 to enable Member States and regions to more easily and flexibly use cohesion policy funds allocated for the 2014-2020 and 2021-2027 programming periods to support measures aimed at addressing the migration challenges resulting from military aggression by the Russian Federation.

In summary, European cohesion policy has been and remains a fundamental pillar in the EU integration process. From its origins in the Treaty of Rome to its consolidation in the Treaty of Lisbon, this policy has evolved to address the challenges of a diverse and constantly changing continent. Through the redistribution of funds and support for less advantaged regions, cohesion policy has contributed not only to the economic development of these areas but also to the social stability and cohesion of the EU as a whole.

Students and researchers interested in exploring this policy should consider not only its economic impact but also its social and territorial dimensions. Cohesion policy is not merely a tool for reducing regional disparities; it is an essential component of the EU's political architecture, promoting solidarity, sustainability, and European integration. In this sense, cohesion policy remains a strategic priority for Europe's future⁵.

⁵ <https://cohesionlab.eu/conoce-la-politica-decohesion/>