



Report on the outcome of 2021-2027 Cohesion Policy programming, 02 May 2023

On 2 May 2023, the European Commission published a Staff Working Document titled “Cohesion 2021-2027: Forging an Ever-Stronger Union - Report on the Outcome of 2021-2027 Cohesion Policy Programming”. Being imbued by the spatial planning disciplines of tracking, evaluation, and feedback, this report communicates how the Policy is set to mobilize investments worth a total of €545 billion, with nearly 70% funded by the EU. These funds aim to foster lasting socio-economic convergence; territorial cohesion; a social and inclusive Europe; and a smooth and fair green and digital transition; in an attempt to stimulate inclusion and convergence.

The European Commission’s unequivocal objective is to lead the way for the transition to a healthy planet and a new digital world. Employing a territorial approach and emphasizing the green and digital transitions, the Cohesion Policy seeks social and regional inclusion, aligning with the principles of the European Pillar of Social Rights Cohesion Policy. To this end, it will provide targeted assistance including addressing inefficiencies in the labor market, education, training, and adult learning systems; improving innovation and public governance performances, the business environment; and increasing the level of and access to services.

Despite that negotiations were delayed by the COVID-19 crisis, the war in Ukraine, and new counter-cyclical emergency instruments, the flexibility and adaptability of cohesion policy have been evident in the past three years. Towards a re-focus on its core long-term mission, the Cohesion Policy aims to enhance the quality of life by promoting sustainable growth and development, reducing regional disparities, supporting business competitiveness, fostering skill development, creating quality jobs, and aiding vulnerable groups. Simultaneously, it will continue to adapt to socio-economic changes, tackle the outcomes of the energy crisis and price increases, and help address the needs of the significant number of war refugees, as well as enhance the competitiveness of Europe’s industry and support the fast transition to climate neutrality. By ensuring the involvement and engagement of different partners and stakeholders, the implementation of investments and reforms on the ground can effectively and efficiently target the key challenges.

Cohesion Policy is expected to have a significant impact and spill-over effects on the EU’s economies and regions, as it is expected to increase the EU’s GDP by 0.5% by the end of the implementation period; and 1.3 million additional jobs are expected to be supported by 2027. According to the RHOMOLO model, each euro spent on the policy will have generated EUR 2.8 of additional GDP in the EU 25 years after the beginning of the programming period. Further, the Policy will help the less developed regions to catch up with the more developed ones and close the gap between the 10% most developed and the 10% least developed regions of the EU by up to 3.6%, while also promoting aggregate growth for the EU as a whole and in all regions.

■ A smarter and more competitive Europe

A primary policy objective under this goal is to develop and enhance research and innovation capacities and uptake the adoption of advanced technologies. Smart specialization strategies that underpin investments in all Member States will enable a targeted allocation of funding to strengthen innovation. A second objective involves Support to Small and Medium-sized Enterprises (SMEs), which remains essential, especially in the current context of supply constraints, high energy prices, and inflation. Towards the EU’s digital transition, vital modernization measures build on developing digital infrastructure; modernization of public services; digital skills and infrastructure; digitization of public services, and the digital transformation of businesses. Synergies between the Digital Europe and ERDF programs, aiming to support the digital transformation of businesses and public sector organizations. The Digital Europe program (DIGITAL) further supports the establishment of a network of European Digital Innovation Hubs (EDIHs) spanning the entire territory of the EU.

■ A greener, low-carbon transitioning towards a net zero-carbon economy and resilient Europe

Cohesion Policy is poised to make a substantial contribution to the European Green Deal, supporting investments in all regions in energy; climate change adaptation and mitigation; environment; and sustainable urban mobility. Unprecedented support from Cohesion Policy is dedicated to the energy transition and the achievement of the EU’s mid- and long-term energy and climate goals. Sizeable support will be provided to projects in the fields of energy efficiency, renewable energy, urban transport infrastructure, and railway investments. These investments are expected to directly contribute to reducing EU emissions in the EU by at least 55% by 2030 compared to 1990 levels and to reaching EU climate neutrality by 2050. Further, they are expected to provide essential support to tackling the current energy crisis by boosting energy savings (including significant financing in building renovation) and increasing energy security for the future via the further deployment of renewable energy production. Cohesion Policy will also help Member States, regions, cities, and towns to green their energy supply to renewable energy development, which will be largely focused on solar energy. Support for smart energy systems will contribute to building the necessary power infrastructure (grids, storage, etc.) so that it can cope with the increase in renewable energy generation and the overall electrification of the energy system, including e-mobility. Investments dedicated to protecting and preserving nature and biodiversity and tackling all sorts of pollution will be supported with a 50% increase on the 4% allocation in the 2014-2020 period. In this context, the Cohesion Policy will provide significant support to climate change adaptation and disaster risk management to deal with the unavoidable consequences of climate change. This agenda includes investments in water services and improved wastewater collection and treatment; support for waste prevention, recycling, and reuse of municipal waste; circular production and consumption practices; improving resource efficiency; water reuse and reducing plastics pollution; recycling systems as well as alternative consumption and production patterns; sustainable urban mobility.

■ A more connected Europe

A primary policy objective is centered on shifting transferring more passengers and freight toward low-carbon (public) transport, and to increase investment in the digital and green transition of the transport sector. At the same time, efforts will

persist in enhancing connectivity and traffic safety. Support in non-fossil fuel rolling-stock trains and investing in the European Rail Traffic Management System within the Trans-European Transport Network are anticipated to result in faster and safer rail connections. The focus for road transport investments remains on improving Trans-European Transport Network connectivity and completing it by 2030, prioritizing investments that facilitate public transport. While port and airport infrastructure will receive limited support, this assistance will encompass decarbonization measures and integration into multimodal networks.

■ A more social and inclusive Europe

Social and inclusive growth is a priority for Cohesion Policy in the 2021-2027 period with a dedicated policy objective for a more social and inclusive Europe, accounting for almost 20% of the total program's budget. Through the European Social Fund Plus (ESF+), a focal point is given to investments that address the adaptability of workers and the acquisition of new skills, and an emphasis on attracting as many inactive people as possible into the labor force. The ESF+ prioritizes strengthening the resilience of social systems; fostering skills; increasing employability; improving the quality; labor market relevance; and inclusiveness of education and training; and enhancing access to affordable social and health services. These efforts contribute to realizing the European Pillar of Social Rights and aid in achieving its targets. Employment remains a key area supported by the ESF+, particular focus on vital youth employment to secure the EU's future prosperity. Investments in youth employment have been strategically programmed across all ESF(+)-specific objectives by 23 Member States. The investment in skills development stands out as a major objective, aiming to upskill and reskill 4.5 million employed people in the EU throughout their working lives by 2029. A significant portion, more than 80% of the investment assigned to social inclusion will be allocated to measures for active inclusion and access to services. This allocation aims to enhance the social integration of individuals at risk of social exclusion, offering support to marginalized groups such as the Roma community; integration efforts for marginalized communities and third-country nationals; support for health infrastructure and equipment; assistance for the most deprived individuals; and initiatives to tackle child poverty.

■ A Europe closer to citizens

The Cohesion Policy aims to bring Europe into closer proximity to its citizens and bridge the gap between local development needs and the broader objectives of the EU and the global community. This is achieved through a focused approach to supporting place-based investments via integrated territorial development strategies, fostering enhanced ownership, and encouraging the active participation of local stakeholders and communities. Investments are addressed towards initiatives that promote integrated and inclusive development, spanning social, economic, and environmental dimensions. These efforts also extend to encompass culture, natural heritage, sustainable tourism, and security. The Cohesion Policy further emphasizes integrated territorial investments, executed through either national territorial tools, or community-led local development, and other tools as defined at the national level. These investments are strategically deployed in rural and mountainous areas, islands, and other territories, thereby reinforcing a holistic and community-driven approach to regional development.

■ Towards a just transition

, leading to job losses and other negative impacts, and territories that depend on carbon-intensive industries such as steel, cement, and chemicals, which need to change fundamentally, including changes in skills and job profiles. This scope is programmed through investment planning to phase out coal from production chains; develop skills and economic diversification; promote clean energy; and support the regeneration of sites and the circular economy.

The primary objective of this goal is to assist people and places expected to be most affected by the transition to climate neutrality, ensuring that no region is left behind. The geographical scope of this initiative includes territories that depend on the extraction or production of coal, lignite, peat, and oil shale, which are expected to decline with the shift towards a climate-neutral EU economy. This transition may result in job losses and other adverse impacts. Additionally, it includes territories dependent on carbon-intensive industries (steel, cement, and chemicals), necessitating fundamental changes, including changes to skills and job profiles. This scope is programmed through strategic investment planning, focusing on the phase-out of coal from production chains; skills development and economic diversification; promotion of clean energy; and regeneration of sites and circular economy.

■ Interreg

Defined to support territorial cooperation across the EU and its neighbors via 86 cooperation programs, the primary focus of Interreg lies in supporting the governance of cooperation in jointly/shared territories that span across borders. Additionally, it emphasizes collaboration between the outermost regions and their neighboring countries, motivating the participation of youth entrepreneurship.

Overall, the report concludes that according to the levels of investments addressed to the 2021-2027 program period, the Cohesion Policy remains the main long-term investment instrument in the EU. The monitoring provided by the Report on the outcome of 2021-2027 Cohesion Policy programming, 02 May 2023, brings into light positive indications that the Cohesion Policy will suffice to meet the standards for achieving the goals that have been set.

For more details, the interested reader should refer to the following link: https://ec.europa.eu/regional_policy/information-sources/publications/reports/2023/report-on-the-outcome-of-2021-2027-cohesion-policy-programming_en

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