



The cohesion policy of the European Union (EU) aims to strengthen the EU's economic, social and territorial cohesion, to reduce disparities between regions with different levels of development and to help disadvantaged regions to catch up ([TFEU](#), Article 174). As a market correction mechanism, it is designed to adjust territorial disparities that naturally arise from market competition. Following the 2004 enlargement, its focus increasingly shifted towards competitiveness and the efficient use of available funds, rather than towards territorial cohesion (Medve-Bálint [2024](#)). Cohesion policy, as the EU's main investment policy, encourages investment projects in support of economic, social and territorial cohesion, which could not be implemented without subsidy. In addition to its efforts to mitigate inequalities, the policy also contributes to the achievement of wider EU objectives (Nyikos [2024](#)). The agreed budget allocated to cohesion policy for the period 2021–2027 is €392 billion (European Commission [2021a](#)), representing 30.5 per cent of the total EU budget (European Commission [2021b](#)).

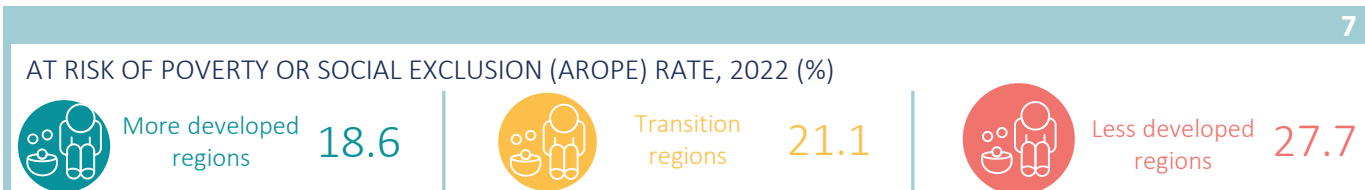
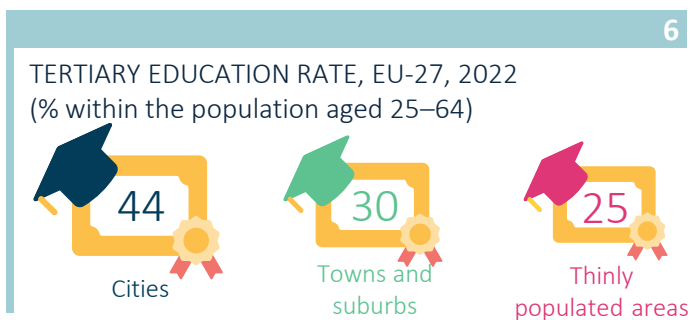
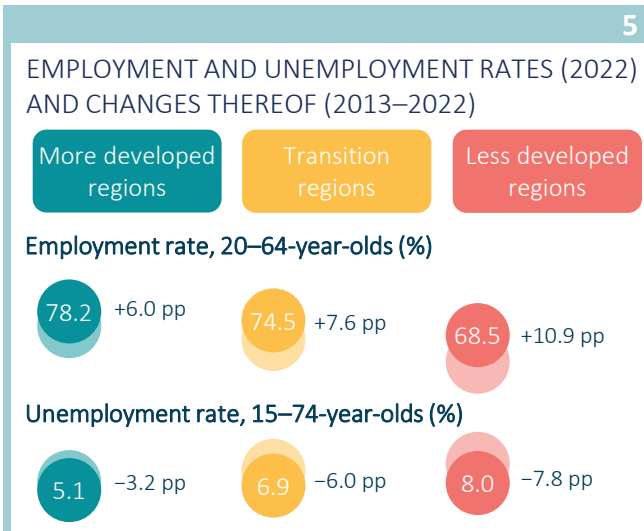
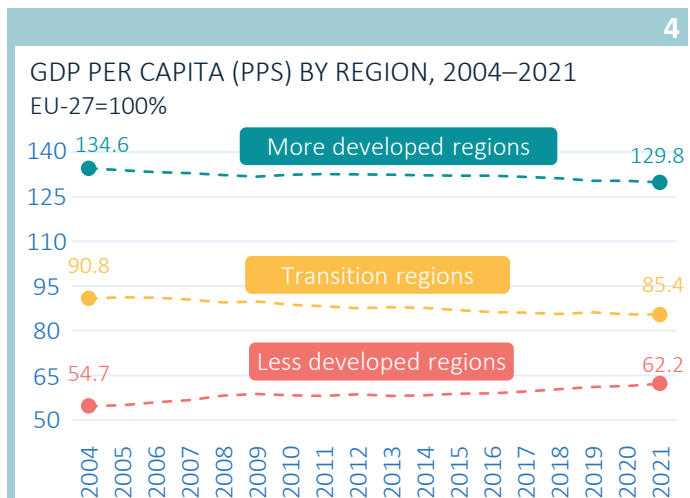
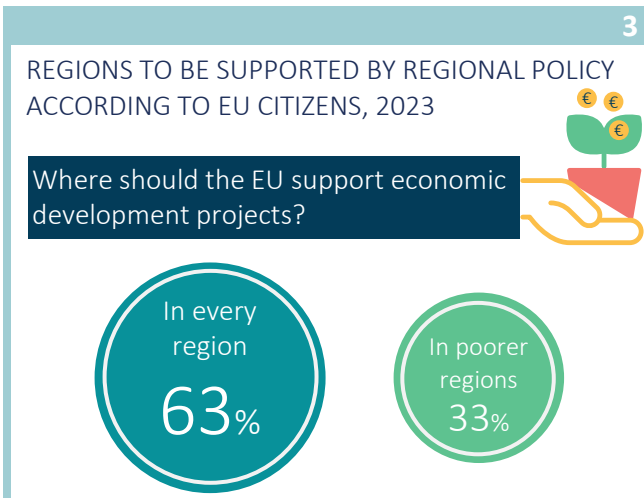
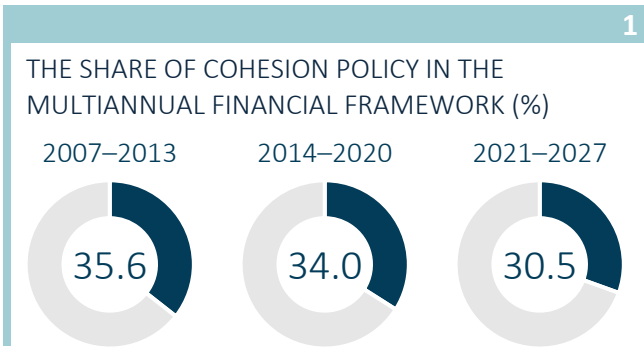
The [Report on the Future of Cohesion Policy](#) was published in February 2024 by the High-Level Group on Cohesion initiated by Elisa Ferreira, Commissioner for Cohesion and Reforms. Following the identification of current policy challenges (e.g. the EU's declining global influence, territorial polarisation) and risks, the document concludes, among others, that a future cohesion policy needs to support future-oriented investments, taking into account the specificities and challenges of the regions, and it needs to combine a performance-based approach with the territorial dimension in order to improve efficiency. It also proposes to increase the amount allocated to cohesion policy in the next multiannual financial framework.

In March 2024, the European Commission published the [9th Cohesion Report](#) on the current state of play and progress of economic, social and territorial cohesion and its accompanying Communication [[COM\(2024\) 149 final](#)]. One of the main findings of the report is that, although the EU has made progress in many areas, convergence is uneven and there are still significant socioeconomic disparities between the

regions, as reflected, for example, in the higher GDP per capita and growth rates in metropolitan regions, the trends in employment rates and the spatial distribution of tertiary education attainment. According to the report, many regions are facing economic stagnation or decline for different reasons, with the risk of getting in a development trap. 28 per cent of the EU's population lives in less developed regions where the GDP per capita (PPS) is below 75 per cent of the EU average.

The demographic changes we are experiencing – the EU's population decline and the territorial disparities in this respect – are also working against cohesion. Today, 40 per cent of the population lives in regions, typically in rural areas, where the number of inhabitants declined over the past decade. The current crises affecting the EU and its neighbourhood (the COVID-19 pandemic, the war between Russia and Ukraine) have had different impacts on the regions, with peripheral and less developed regions typically being the most vulnerable; therefore, their resilience needs to be increased. The report also points out that the effects of climate change are exacerbating disparities between the regions, with the EU's coastal, Mediterranean and South-Eastern regions being the most exposed, and also highlights the risks to cohesion that both the green transition and the digital transition may pose, given the different capacities and characteristics of the regions.

On 14 May 2024, the parties attending the Prague informal meeting of ministers responsible for cohesion policy of the Visegrad Group and seven other EU Member States reaffirmed in a [Joint Declaration](#) among others the need for post-2027 cohesion policy to continue to actively support the achievement of European objectives, to take better account of territorial specificities and needs and to address demographic challenges as one of its future objectives. At its meeting held on [18 June 2024](#) on the relationship between cohesion policy and the [Strategic Agenda 2024–2029](#), the General Affairs Council partly confirmed the same, underlining that, in addition to contributing to the strategic objectives, the primary task of cohesion policy is to reduce territorial disparities. ♦



SOURCES

- Medve-Bálint, Gergő – Martin, József Péter – Nagy, Gabriella (2022): [Counterproductive Consequences? Use of EU Funds in Hungary](#)
- [Regulation \(EU\) 2021/1060 of the European Parliament and of the Council](#)
- European Commission (2023): [Flash Eurobarometer 531](#)
- [4](#)
- [5](#)
- [6](#)
- European Commission (2024): [Ninth report on economic, social and territorial cohesion](#)