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Cohesion Policy under Redesign: What Will the European Union Fund in the Future?

The European Union can only be strong if the individual nations working together are strong. The effective functioning of the European Union's regional development – also known as cohesion policy – is a strategic issue for the integration process as a whole. Strengthening territorial cohesion and reducing disparities in development between Member States and regions is one of the key objectives of integration. Preparatory work on the reform of EU cohesion policy post 2027 is currently underway, creating a unique opportunity for regional and local stakeholders to influence the position of the European institutions at an early stage, well before the actual start of the legislative process. In their recent discussions, the ministers responsible for cohesion in the Member States have identified demography and migration, preventing the depopulation of certain regions, tackling the climate crisis and the energy crisis caused by the war between Russia and Ukraine, and preventing the decline of regions that are lagging behind as the most important challenges for the future. The debate on the future of cohesion is characterised by the conflict between the principles of personal and territorial cohesion. The new proposal for a multi-speed Europe is particularly risky in this respect, as it dismantles the essential approach of catching up, while institutionalising the asymmetry that has existed within the European Union for decades between core and periphery, old and new Member States.

Definition and challenges of cohesion policy

The issue of regional disparities between European Union (EU) Member States has long been at the heart of European economic policy. From the very beginning, there were significant territorial and demographic disparities within the European Community (now the European Union). For this reason, the Treaty of Rome (1957) established solidarity mechanisms, the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF, Guidance Section).[1] These two instruments were complemented by the European Regional Development Fund (ERDF), which was set up in 1975 and which incorporated the territorial principle into the cohesion approach.[2] The enlargement to the south, with the accession of Greece and then Portugal and Spain, gave birth to the single policy framework.

In 1985, Jacques Delors, then President of the European Commission, already identified the widening of regional disparities within the European Community as one of the main challenges of European integration in his 1985 progress report.[3] Since the Single European Act of 1986, achieving economic and social cohesion has been both an

1 European Parliament s. a.a.
2 European Parliament s. a.b.
3 Manzella–Mendez 2009: 13.

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objective and a task for the European Community. In 2008, the Lisbon Treaty introduced a third dimension of EU cohesion, territorial cohesion. The European Union supports these three aspects of cohesion primarily through cohesion policy and the Structural Funds. The policy aims to promote economic and social cohesion, which means reducing disparities between regions. To achieve this, the EU adopts a regional approach, based on taking into account the specific needs and potential of different regions.[4]

The Torremolinos Charter can be considered the first document to formally introduce the importance of a common European territorial planning approach and, consequently, of territorial cohesion. The document was approved in 1983 at the 6th European Conference of Ministers responsible for the Treaties of Torremos, held in the framework of the Spanish EU Presidency. The document defines the use of coordinated regional planning within Europe as a tool to promote harmonised territorial development in Europe.[5]

Territorial cohesion, however, only became much more prominent years later, in the late 1990s and early 2000s, and its concept was first mentioned at EU level in the European Spatial Development Perspective adopted in 1999.[6] The document, which was drafted under the German Presidency and presented in Potsdam, was drawn up primarily in response to the concerns of the old Member States about the enlargement to the east, which would have a negative impact on growth following the accession of the new countries, due to territorial disparities and differences in economic performance within the EU. According to the concept's motto, the aim of territorial development policies is to work towards a balanced and sustainable development of the European Union territory. The key is to ensure that the three basic objectives of European policy are achieved in all regions of the EU: economic and social cohesion; the conservation and management of natural resources and cultural heritage; and a more balanced competitiveness of the European territory.[7]

Subsequently, the Lisbon Treaty formally integrated territorial cohesion into the provisions of the European Union Treaties in 2007. Accordingly, Article 174 of the Treaty on the Functioning of the European Union (TFEU) emphasises the importance of economic, social and territorial cohesion, highlighting the need to address the disparities between countries.[8]

In the years following the Lisbon Treaty, the territorial principle has become increasingly important. In October 2008, the European Commission published a Green

4 J. Nagy 2005.
5 Schön 2018.
6 European Commission 1999.
7 European Commission 1999: 3.
8 Article 174 (former Article 158 TEU): in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial conversion and regions with severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density, island, cross-border and mountain regions.

Paper on the future of territorial cohesion, entitled *Transforming Territorial Cohesion*.[9] The aim was to stimulate debate and gather feedback from stakeholders. The Green Paper acknowledged that territorial disparities remain a challenge within the European Union and stressed the need to put in place more effective policy solutions to address these disparities. The paper identified a number of key issues on which the Commission sought feedback, such as how territorial cohesion can complement economic and social cohesion policies, the role of cities and urban areas in promoting cohesion, how the EU can better support regions with specific geographical characteristics and how to measure the impact of territorial cohesion in closing regional gaps.

The difficulty of the principle of territorial cohesion is that it can be interpreted differently from country to country, with different ambitions, which results from the partly different territorial problems of the countries and the partly different territorial policies based on them, and from the reflection of the different territorial policy interests of the countries in the regional policy at EU level.

Cohesion policy achievements during the 2011 Hungarian EU Presidency

In 2011, the Hungarian Presidency of the EU achieved a number of successes in the field of EU regional and cohesion policy. The Hungarian Presidency of the Council of the European Union has set the goal of a "Strong Europe", building on the foundations and safeguarding the future. Cohesion Policy has been set as a goal and let us continue the debate on its future, as a more economically balanced European Union can be more competitive globally.[10]

Cohesion Policy has been given high priority in the overall strategy of the Hungarian Presidency and further stressing its importance, its continuation and discussions on its future has been established as a target. The aim was to create a more economically balanced European Union, more competitive on world markets.[11]

One highlight was the adoption of the Council Conclusions on the Fifth Cohesion Report. This was the first official high-level document in the field of Cohesion Policy to be endorsed by the General Affairs Council on 21 February 2011.[12] The aim of the document was to identify the issues on which there is consensus among Member States and at the same time to set out areas for further discussion. The Presidency has been successful in this area and has prepared the ground for further discussions. The Hungarian Presidency then organised a high-level meeting on the future of Cohesion Policy in Budapest. At the event, participants discussed thematic concentration, flexibility and a results-oriented approach. The Presidency prepared discussion papers to facilitate a substantive debate and a summary of the results was produced to help prepare the policy debate.[13]

[9] European Parliament 2009.
[10] Gazdag 2011: 1–17.
[11] Gazdag 2011: 3.
[12] Nyikos 2016: 26.
[13] Nyikos 2016: 28.

The debate on the future of Cohesion Policy continued in the Council Working Group on Structural Actions. Here, the focus was on the issues identified in advance and the questions and concerns raised by Member States were also assessed. Four main themes were highlighted: strategic programming, the delivery system and simplification possibilities for Cohesion Policy, the integrated approach to Cohesion Policy and the results-based approach.[14]

Ministers responsible for Cohesion Policy met on 20 May 2011 in Gödöllő to define the content of the legislative package on the future of Cohesion Policy and to set out strong political messages to safeguard the policy's achievements. The meeting discussed the role of thematic concentration and a results-oriented approach. The Hungarian Presidency issued summary conclusions on the results achieved.[15]

Current resources for cohesion policy

The financing of the EU budget for the period 2021–2027 is based on the "classical" Multiannual Financial Framework (MFF) and an exceptional recovery instrument, the "Next Generation EU" (NGEU). The resources for the "Investment for Jobs and Growth" objective amount to a total of EUR 322.3 billion and are distributed as follows: EUR 202.3 billion for less developed regions, EUR 47.8 billion for transition regions and EUR 27.2 billion for more developed regions. In addition, EUR 42.6 billion will be allocated to Member States benefiting from the Cohesion Fund (of which EUR 10 billion will be allocated to the Connecting Europe Facility). This will be complemented by almost EUR 2 billion for the outermost regions and half a billion for interregional investment in innovation. The European Regional Development Fund (ERDF) resources for the European territorial cooperation (Interreg) objective total EUR 8 050 million.[16]

A new feature of the EU budget is the Just Transition Fund, which will support the areas most affected by the transition to climate neutrality and aims to prevent regional disparities from increasing. ReactEU will support key sectors in the recovery from the Covid-19 crisis. The two instruments have a combined allocation of almost EUR 70 billion.

Cohesion policy has five policy objectives for the current financial framework 2021–2027: a smarter Europe for innovative and smart economic transformation, a greener, low-carbon Europe, a more connected Europe with a focus on mobility, a more social Europe implementing the European Pillar of Social Rights, and a Europe closer to the citizens with a promising voice, but with a focus on sustainable and integrated development of urban, rural and coastal areas through local initiatives rather than on the delivery of the target.[17]

[14] Government of Hungary 2011.
[15] European Commission 2011.
[16] Czeczeli–Kutasi 2020.
[17] European Commission s. a.a.

The challenges of the Eighth Cohesion Report

Cohesion policy is usually judged on its results. In terms of catching up, i.e. convergence, which is the goal of integration, cohesion policy has achieved significant results, as shown by the statistics showing that the GDP per capita of the Member States that joined in 2004 rose from 59% to 77% of the EU average. Despite this, the policy has been the subject of much criticism, which has focused on the fact that the catching-up process has been driven by the performance of metropolitan areas.[18]

This was confirmed most recently by the European Commission's Eighth Cohesion Report, published in early 2022. The report also points out that the process of territorial equalisation is mainly driven by competition between cities and capitals. It also shows positive and negative trends in EU regions, cities and rural areas. The report assesses economic, social and territorial cohesion in the EU. It shows that less developed regions have caught up, but many transition regions[19] are stuck in a development trap. It recognises that the growing innovation gap is making it more difficult for both types of regions to catch up. At EU level, employment rates are now higher than before the 2008 economic crisis, but regional disparities are still higher than before the crisis. Demographic changes will affect all regions in the coming decades. Regions will have to adapt to a shrinking labour force and student population, as well as a growing population aged over 65.[20]

Fiscal consolidation following the 2008 crisis reduced public investment, which has not yet reached pre-crisis levels. As a result, cohesion policy funding has become increasingly important and the share of public investment increased from 34% to 51% between 2007–2013 and 2014–2020. The report underlines that the green and digital transition will be a key driver of growth in the EU, but argues that without appropriate policy measures, new economic, social and territorial disparities could emerge and asks how cohesion policy should evolve to respond to these challenges.[21]

Strengthening local confidence is also an essential condition. The report highlights that recent surveys show that European citizens have more trust in regional and local authorities than in national or EU-level authorities. It concludes that structural policies at national level should therefore be complemented by locally-based policies and build on local assets to strengthen competitiveness and the innovation ecosystem.[22]

The strong support for personal cohesion goes against territorial cohesion, i.e. regional policy. The report underlines that in order to strengthen social cohesion and meet the needs of marginalised groups, Europe needs to invest in targeted activation and social inclusion measures, while continuing to support policy reforms for inclusive development.

18 Navracsics 2023.
19 Between 2007 and 2013, the Commission introduced the concepts of phasing-out and phasing-in regions, which are justified by a change in the level of development due to a statistical effect, i.e. a region exceeding the regional classification threshold of 75% of the EU average GDP per capita at purchasing power parity without real convergence. The system was replaced by the category of "transition region" from 2014.
20 European Commission 2022.
21 European Commission 2022.
22 European Commission 2022.

However, a promising feature of the report is the commitment to further develop and integrate the "do no harm to cohesion" principle into policy making, which means that no measure should hinder the process of convergence or exacerbate regional disparities.[23]

The dilemmas of the Future of Cohesion Task Force

In September 2022, cohesion ministers in Prague had already identified the main themes that will shape the future of social and regional cohesion. In January 2023, Elisa Ferreira and Nicolas Schmit, the Commissioners for Regional Policy and Social Cohesion respectively, convened an advisory board to work on the future of cohesion policy until 2024.

This reflection process is not only technical, but also highly political, as it addresses a number of challenges that the EU is facing and is faced with a choice of values. Key issues include the extent to which other EU policies support cohesion objectives. The Future of Cohesion Task Force will publish its strategic conclusions and recommendations in early 2024.[24] These will feed into the Ninth Report on Cohesion, a comprehensive document which is expected to set out the Commission's options for substantive reform of the future shape of cohesion policy.

The 2024 Hungarian EU Presidency will therefore once again be a crucial period for the future of cohesion from a strategic point of view. The Ninth Cohesion Report is expected to be presented by the Commission in early 2025, immediately after the end of the Hungarian Presidency, and the findings of the document will have a major impact on the future of the policy, and the Hungarian Presidency will have a major responsibility to protect territorial cohesion.[25]

The first EU institution to adopt a formal position on cohesion policy after 2027 will be the Committee of the Regions at its plenary session in November 2023. Based on the pace of past reforms, it is safe to assume that the legislative process to set the rules for post-2027 cohesion policy will start around 2 years before the end of the funding period, in the first half of 2025. Although interventions on the future design of cohesion policy could be implemented ex post, they would have much less influence as negotiations between co-legislators progress.

At the first meeting of the Working Group, Portugal Commissioner Ferreira asked a question around the basic concept of cohesion policy: Is cohesion policy a redistribution policy or a growth policy? Or both? A sharp contrast seems to be emerging between Commissioner Ferrieira and Commissioner Nicolas Schmit of Luxembourg, who has made it clear from the outset that he is prioritising social cohesion and equity over the elimination of territorial disparities. Experts at the Working Party meetings on 31 January

[23] European Commission 2022.

[24] Petri 2023.

[25] The reference to the expected date of presentation of the Ninth Cohesion Report was first made at the following public event: *Seminar on Challenges and Trends in Regional Policy and the Future of the EU Cohesion Policy,* Ministry of Development Funds and Regional Policy, Warsaw, 30 January 2023.

2023 confirmed the importance of this approach, with Nadim Ahmad, Director of the OECD Small Business Support Centre, saying that the focus should be on cohesion policy to reduce inequalities within countries. He cited the current phenomenon of the shift from a just-in-time economy to a just-in-case economy as a reason for this, which calls for highly skilled and social innovation, also taking into account shorter value chains. According to Ahmad, the green and digital transition should boost the EU's performance in the coming years, which should not mean increasing inequalities by concentrating new jobs in the most prosperous regions. However, the question is how we can make the transition work in all regions, while ageing and shrinking populations and a shrinking and spatially concentrated workforce challenge grows in much of the EU.[26]

At the Working Group meetings on 9 March, 27 April and 19 June 2023, several experts highlighted the link between migration policy and cohesion, underlining the importance of resettling and training migrants to reduce labour shortages in less developed regions, as this was seen as a way to reduce the risk of a "brain drain". Linking migration policy and cohesion is therefore a very risky direction for planning the future of cohesion.[27]

At one of the Working Group's autumn 2023 meetings, Dubravka Suica, Croatian Commissioner for Demography, also highlighted that the EU working age population is expected to fall by 35 million by 2050, with the vast majority of European regions affected by demographic change. Population decline tends to be more severe in less developed and rural regions, leading to increased inequalities. Population ageing increases the demand for health care and places greater financial burdens on pension systems. However, the Croatian Commissioner did not see the solution in supporting migration, saying that cohesion policy could better support investments that increase regional attractiveness, improve people's skills and retraining, and promote innovation.[28]

The issue of cohesion and the strengthening of Eurosceptic positions was also raised during the Working Group discussions. The 2020 study presented by the European Commission's Directorate General for Regional Policy in this field provides important input for the debate on the future of cohesion policy. According to the expert paper, economic and industrial decline was a key driver of the Brexit vote, with those living in areas with lower employment rates and a less skilled workforce more likely to vote against the EU. Following the 2008 economic and financial crisis, support for 'hard' and 'soft' Eurosceptic parties has increased significantly. The study highlights that Hungary, Italy and Poland have the highest share of votes for soft and hard Eurosceptic parties in national parliamentary elections.[29] According to the classical explanation, which includes individual, geographical and economic factors, Euroscepticism is reduced by higher regional employment levels, more highly educated citizens, better quality of government and a larger population. On the other hand, higher GDP per capita, more industrial jobs, higher net migration, ageing trends and a higher share of non-EU-born

[26] European Commission s. a.b.
[27] European Commission s. a.b.
[28] European Commission s. a.b.
[29] European Commission 2020.

residents are positively correlated with the Eurosceptic vote. All regions could be at risk of the development trap, but the risk is highest in transition regions, followed by more developed regions.

Conditionality mechanisms and the objective of cohesion

The EU uses a variety of instruments to ensure that cohesion funds are used efficiently and for their intended purpose. One such tool is conditionality, which takes three forms and is again much talked about in the context of planning for the future of cohesion policy.

In the 2014–2020 budget cycle, "ex ante" conditionality meant that the EU imposed some condition on a development programme, for example requiring a country to put in place a quality assurance system before money was paid out for vocational training programmes. Conditionality usually includes reform measures and can also be reflected in annual country-specific recommendations. If the ex ante conditionality is met, the money allocated to the programme can be disbursed. In total, 7 general ex ante conditionality and 29 thematic ex ante conditionality were established in the budgetary period of the previous financial framework. Where the conditions were not met, Member States were required to prepare an action plan, and if they were not implemented, suspension procedures were opened against them.[30]

In September 2011, macroeconomic conditionality was proposed as part of the 2014–2020 budget, which means that the EU institutions can suspend all or part of the Structural Funds if a country breaches the EU's financial stability rules, i.e. if it runs a persistently high budget deficit.[31] This rule already applied to the Cohesion Fund and was extended to the Regional Development Fund and the Social Fund during the previous seven-year budget cycle. Eligibility criteria replacing ex ante conditionality are an essential element of Cohesion Policy between 2021 and 2027. They can be divided into two types, 4 horizontal eligibility criteria which apply to all common funds and 16 thematic criteria for certain specific funds. In the event of non-compliance with an eligibility criterion, expenditure relating to the operations concerned may be included in payment claims, but the Commission will only reimburse this expenditure if it considers that the criterion has been met by the Member State.[32]

The essence of macroeconomic conditionality is that the EU can cut off funding that has already been launched in case of undesirable imbalances, so this is primarily a sanctioning consequence. When it was first introduced, there was much debate about whether this kind of negative consequence was permissible, as it could undermine the original mandate of the EU's financial instruments rather than helping to achieve the objectives of cohesion policy.

30 Nyikos 2016: 29.
31 Nyikos 2011: 38–51.
32 Nyikos 2016: 64.

The conditionality regulation, which made cohesion funding conditional on the rule of law, entered into force in January 2021.[33] Under the new regulation, EU payments can be withheld from countries where there is evidence of a breach of the rule of law in the management of EU funds. Under the regulation, once the Commission has established a breach, it will propose to open a conditionality procedure against the government of the Member State concerned and then propose to suspend all or part of the EU budget funds due to the Member State. The Council then has one month in principle, or three months in exceptional cases, to vote on the proposed measures by qualified majority, i.e. at least 55% of the Member States, representing 65% of the EU population. Under the provisions of the regulation, the launch of the procedure and the suspension of cohesion and other budgetary resources does not in theory mean that Member States are exempted from the programmes concerned, which they must implement even in the absence of resources.

Following the European Parliament's proposal, the European Commission launched the rule of law conditionality mechanism against Hungary in April 2022 and the Council decided to suspend EUR 6.3 billion in December 2022.[34] The programmes covered by the rule of law suspension against Hungary cover a wide range of economic and social objectives for cohesion: environmental and energy efficiency, biodiversity, circular economy, development of green and blue infrastructure, support for the creation of local energy communities. Job creation, sustainable and safe road mobility, urban and rural development, local economic development, human and social infrastructure. Provision is made for pre-financing of programmes from the national budget until the expenditure can be charged to the EU budget once the suspension is lifted.

European citizens are the ultimate beneficiaries of cohesion policy

"We did it! It is now the law, and no unilateral declaration will change that. The conditionality will now allow us to scrutinise dubious ambitions that would use EU funds for purposes that are contrary to the EU's values", said Finnish EPP co-rapporteur Petri Sarvamaa after the final vote on the legislation. "Parliament has ensured that all the essential elements are included in the regulation and that the text remains intact. We expect the Commission, as guardian of the Treaties, to start independent implementation of the regulation from 1 January 2021. This is what the citizens of Europe expect", he added.[35]

"The Union is not an à la carte restaurant where we can keep our rights even if we fail to do our duty. It is a community based on common values, and upholding these common values is the responsibility of Member States and citizens alike. The mechanism adopted today to link the EU budget to respect for the rule of law is an outstanding success for Parliament", said Spanish Socialist co-rapporteur Eider Gardiazabal Rubial.

33 Regulation (EU) 2020/2092 of the European Parliament and of the Council.
34 Council Implementing Decision (EU) 2022/2506.
35 European Parliament 2020.

"Parliament has ensured that the penalties that can be imposed under the regulation are imposed directly on governments and not on the final beneficiaries. Students, researchers, companies and NGOs are not affected by EU sanctions because we have a safety net to protect them", added the Socialist politician. However, the application of the regulation has shown that there is no safety net, as the impact of the decision on Hungarian university students, research institutes and businesses will not be offset by any procedure, nor will any measure be able to avert the consequences of the decision, which undermine the unity, innovation capacity and convergence of the EU's internal market. Yet, the academic case for growth is clear: the so-called endogenous growth model identifies human capital, entrepreneurship, innovation, the capacity to absorb new technologies, managerial and institutional capacity, and trust-based local relationships as the key drivers of growth.[36]

The European Economic and Social Committee, an advisory body to the EU institutions, has already drawn the attention of the European Commission during the negotiation of the rule of law regulation to the fact that the new legal framework does not address the interests of individual beneficiaries who may suffer negative consequences due to the suspension of funds. There has also been little mention of the fact that the Commission has simply ignored the mandatory impact assessment on subsidiarity and proportionality and the consultation of stakeholders in the adoption of the rule of law regulation. Instead of a substantive assessment, the EU's decision-making, executive, monitoring and representative body has settled the issue by saying that stakeholder involvement was not possible because no such instrument existed before and that the proposal "will certainly have a positive impact on fundamental rights and citizens' interests by increasing the current level of protection against rule of law deficiencies".[37]

It is doubtful that the Treaties would provide an objective legal basis for suspending EU funds on rule of law grounds. But the requirement of cohesion is the highest principle of integration and a specific legal obligation for the EU institutions. The expert opinions of the Future of Cohesion Task Force meeting in October 2023 highlighted the serious risks of the mechanism running counter to the fundamental principles of cohesion.[38]

Cohesion and European unity after twenty years of EU membership

Twenty years ago, the enlargement of the European Union to the East caught the West, which had adapted its own system to the Cold War over many decades, unprepared in economic terms. The EU Member States reacted with extreme caution to the sudden change in the situation, as the level of development of the new Member States was not only well below the EU average, but also below that of the less developed southern Member States. With the accession of ten new members, the EU's population increased by 20%,

[36] Kengyel 2012: 311–332.
[37] Opinion of the European Economic and Social Committee on "Proposal for a regulation of the European Parliament and of the Council on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States".
[38] European Commission s. a.a – meeting documents.

but its GDP grew by only 5%.[39] Europe's leaders at the time saw the introduction of a multi-speed Europe as a potential solution. In 1994, during the EU12 period, the German Christian Democrats Wolfgang Schäuble and Karl Lamers published a concept,[40] in which they called for the creation of a "Core Europe" (Kerneuropa) to marginalise the countries that joined the EU in the course of the eastern enlargement from EU decision-making.[41] This was rejected precisely on the grounds that it was not in line with the objectives of cohesion policy, which is an extension of the convergence principle. Today, thirty years after the original idea, the question arises once again that the Western countries do not see the project of "ever closer union" in terms of convergence and coordination of national interests, but rather as a way of continuing to adapt ever more closely to the interests of Core Europe.

The issue of future cohesion planning also includes the fact that two thirds of the current EU budget, almost EUR 400 billion, is made up of the EU direct funding scheme for the implementation of EU programmes. Through no fault of our own, neither Hungary nor the countries that have joined us have made any progress in accessing these funds during our 20 years of EU membership. Hungary accounts for 2.22% of the EU's territory, 2.14% of its population and 1.67% of its GDP in purchasing power parity (PPP) terms (2022). This compares to 1.06% of the currently available direct EU funding for 2021 in the first year of the new 2021–2027 budget cycle. For every Hungarian inhabitant, EUR 17 in direct EU funding has been allocated. This means that EU direct aid is significantly below all three of our headline country-specific indicators (area, population, GDP), but this is not specific to Hungary: in Slovakia, EUR 16 per inhabitant, in Poland EUR 14 and in the Czech Republic EUR 13 in the same period. By contrast, the EU direct aid per capita for Western EU members is EUR 38, while for the EU as a whole it is EUR 34, exactly double the Hungarian figure. In 2021, Western EU members received 86% of the EU's direct funds, compared to 14% for Eastern EU members. The principle of cohesion for catching up needs to be reflected by the EU institutions as soon as possible, as the lack of EU direct funding for Central and Eastern Europe, which is becoming increasingly important in budgetary planning, threatens to leave the EU behind without EU intervention, which will also have a negative impact on pan-European competitiveness.

In planning cohesion policy for the future, net contributor countries may have an interest in shifting the future focus of the policy towards personal cohesion. In this case, the EU would look at the need for catching-up in a pan-European rather than a local approach. It is clear that the countries of Central and Eastern Europe continue to have an interest in maintaining territorial cohesion. It is feared that if the EU were to decide for itself which groups it considers necessary to meet the needs of within the framework of cohesion policy: it would shift the policy focus to political priorities rather than addressing structural inequalities at local level. The consequences could be unforeseeable if, instead of cohesion, which was originally based on tackling economic

[39] Nyikos 2016: 17.

[40] Sjursen 2005.

[41] Schäuble 1994.

disparities between Member States and between territorial units within them, the basic thesis of European integration, the policy were to continue to operate subordinated to current policy objectives.

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