10 Myths and Facts about EU Cohesion policy

1. Cohesion policy only helps poor regions

EU funding for regional and social development is an important source for key investment projects.

In some EU countries that have otherwise limited means, European funding finances up to 80% of public investment. However, EU regional spending does not just help poorer regions. It invests in every EU region and country, boosting the economy of the EU as a whole.

Cohesion policy is a 'win-win' policy for every region and country in the EU. All EU regions, not only the poorest, reap large benefits from it.

In whichever country you live, take a careful look around you and you will definitely notice a school, a bridge, a hospital, a port or any other project that benefitted from EU funding and has made a difference in your life. These are just a sample of what cohesion policy can do. Its effects are countless and growing over time.

2. Cohesion policy has no added value

An independent expert evaluation found that Cohesion policy investments in the period 2007-2013 had substantial and tangible results. These range from job creation, new products launched on the market, positive impact on reducing regional disparities and increase in Gross Domestic Product (GDP).

For example, the evaluation showed that the return on investment by 2023 will be EUR 2.74 for every euro invested between 2007 and 2013 — that's a 274% return. This indicates that Cohesion policy will be responsible for nearly EUR 1 trillion of additional GDP by 2023. The effect is of a similar scale to the entire EU budgets for 2007-13 (EUR 975.8 billion) and 2014-2020 (EUR 908.4 billion).

The figures speak for themselves. More than 1.200.000 jobs were created through cohesion policy investments up to end 2015. Close to 120.000 research and innovation projects were supported. 121.400 start-ups received financial support through the 2007-2013 programmes, as well as an estimated number of 400.000 small and medium enterprises.

3. Useless projects are funded with EU money

National and regional authorities in the EU countries select projects which they think meet their needs best in line with the strategies and priorities agreed with the Commission.

For 2014-20, the EU allocated over EUR 460 billion to regional spending. This should result in:

- help for over 800 000 companies
- better healthcare for 44 million Europeans
- flood and fire prevention for 27 million people
- nearly 17 million people connected to sewage plants
- broadband access for 14 million additional households
- over 420.000 new jobs
- training for 3.7 million Europeans
- new, modern schools and childcare for 6.7 million children.

4. Only less developed countries are benefitting from Cohesion policy, while rich ones are paying for it

How much each country contributes to the EU budget depends on the size of its economy. In 2017, 11 EU countries – the richest – paid more into the EU budget than what they received back in EU funding.

However, in return for their larger contribution, these countries also enjoy the many benefits that this money provides for *all* EU countries – peace and stability both within and around the EU, security, better infrastructure and the freedom to live, work, study and travel anywhere in the bloc.

Moreover, Cohesion policy invests in each and every country of the European Union, which means that the richest member states also get EU cohesion policy funding.

Besides direct investment, the richest countries also benefit from the positive effects ("spill-overs") of EU-funded projects implemented in less developed states.

The contracts for implementing projects in a less developed region are often awarded to firms from the so-called "net contributor" (or "net payer") countries (meaning countries which pay more to the EU budget than what they receive). For example, a number of construction companies from Germany and Austria have a significant presence in Hungary, Slovakia and Czechia.

Trade is also positively affected. Exports of goods and services are enhanced in richer member states thanks to the increase in economic activity in beneficiary countries triggered by Cohesion policy. It is estimated that for every euro spent in countries benefitting from the policy in the period 2007-2013, 9 euro cents flowed to countries that do not receive support from Cohesion Fund.

5. Cohesion policy does not contribute to defending the EU's fundamental values

EU values are at the core of projects financed by EU Cohesion policy. Principles such as gender equality or non-discrimination are even more prominent in the new legislative package proposed for the post-2020 period. For example, the respect of these principles is compulsory when it comes to project selection.

EU-funded projects themselves are a means of spreading EU values on the ground all over Europe –whether these values are specifically mentioned in the projects or not.

Moreover, by building a more prosperous Europe Cohesion policy contributes to strengthening freedom and democracy in our societies.

6. Cohesion policy is all about fraud

Errors in EU spending are usually administrative mistakes where spending rules have not been followed correctly, for example when documents are missing. This is not fraud, and these errors usually do not undermine the end result of a project.

The Commission and the European Court of Auditors report all suspicions of fraud with EU money to the European Anti-Fraud Office (OLAF). These are only very few cases per year, out of several hundreds that the European Court of Auditors looks at annually.

According to OLAF, irregularities in the management of Cohesion funding accounted for barely 1.8% of the payments between 2013 and 2017. Only a tiny fraction of these irregularities was found to be fraudulent.

The percentage of irregularities has been constantly decreasing over the past years. Regulatory provisions for the 2014-2020 period significantly strengthen the measures to prevent and protect the EU budget from irregular expenditure even more.

7. EU money is often mismanaged

Since almost 75% of EU spending is managed jointly by both the EU Commission and EU governments, those governments share the responsibility for minimising errors. The Commission is working closely with them to ensure money is spent effectively and efficiently.

For its part, if the Commission detects that EU money has been spent incorrectly, it takes action. In 2017, for example, on funds disbursed to recipients across the EU and beyond EUR 2.8 billion in funding was either recovered by the Commission or redirected to other projects.

8. Regional funds are inaccessible

Several organisations can benefit from regional funding. These include public bodies, some private sector organisations (especially small businesses), universities, associations, NGOs and voluntary organisations. Foreign firms with a base in the region covered by the relevant operational programme can also apply, provided that they meet European public procurement rules.

Contact your managing authority for more information on who can apply in your region and how.

Project promoters in countries that are candidates or potential candidates for EU membership should contact the Instrument for Pre-Accession Assistance (IPA).

In most cases, funding is granted to projects, so you need to develop a project to be eligible for funding, which you will then receive at different stages of the process.

9. Some countries have a very low rate of spending Cohesion policy funds

According to the Court of Auditors, the EU's independent external auditor, the so-called "absorption rate" for 2007-2013 stood at 97.2% in 2018. This is a better rate compared to the one of the 2000-2006 period (96%).

10. Cohesion policy funding will cause job losses in richer Member States by supporting companies' relocation to poorer countries

This cannot happen under the new regulations for the post-2020 period because:

- direct financial support to large enterprises – who relocate the most – is excluded;
- any EU contribution for relocation of economic activity from one Member State to another, when it results in a loss of jobs in the first Member State, is prohibited;
- in the context of state aid, the authorities that are responsible for programme implementation will be obliged to receive proof from the beneficiary that the EU contribution does not support relocation.