



## Press Release

Luxembourg, 2 February 2023

### Auditors reflect on Cohesion policy as a crisis response tool

- o *The EU introduced flexibility to make unspent cohesion funds available*
- o *€50.4 billion were provided as a top up to the cohesion policy funding*
- o *Use of cohesion policy to address crises may impact its primary strategic objective*

The EU swiftly adapted its rules to provide greater flexibility to member states in using cohesion policy funds in response to the COVID-19 pandemic. It also brought in significant new resources to fund additional investments. But these measures also added to the pressure to spend EU funds quickly and well, according to a new report by the European Court of Auditors. Repeatedly using cohesion policy to address crises may also divert it from its primary strategic goal of reducing disparities in development between regions, the auditors note.

From early 2020, the EU took a wide range of actions to address the challenges arising from the COVID-19 pandemic. Cohesion policy played its part, with a quick three-stage response amending the rules of the 2014-2020 programme period. In less than two months after the outbreak of the pandemic in Europe, the EU adopted legislative measures to mobilise unspent funds through the Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative Plus (CRII+). In less than a year, it adopted the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), to serve as a short- and medium-term instrument for crisis repair and recovery action.

*“The EU’s reaction facilitated the use of Cohesion funds to help member states face the COVID-19-related economic distress, even though some existing challenges might consequently be exacerbated,”* said Iliana Ivanova, the ECA member who led the audit. *“In any case, we still need to assess very carefully whether EU cohesion policy is the right budgetary tool for crisis response”*

Both Coronavirus response initiatives introduced targeted adaptations of some cohesion policy rules that provided liquidity, flexibility and simplification. A further €50.4 billion (of which over half went to Spain and Italy) came from REACT-EU, to be spent at countries’ discretion in a very short period of time (by the end of 2023). As a result, REACT-EU has had the effect of providing 'bridge funding' between 2021 and 2023, which contributed to significant delays at the start of 2021-2027 cohesion policy programmes. The auditors also warn that, on top of adding to

*The purpose of this press release is to convey the main messages of the European Court of Auditors’ special report. The full report is available at [eca.europa.eu](https://eca.europa.eu).*

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recurrent difficulties of spending EU money, REACT-EU may lead to a rush to spend available resources before the end of the period, with value for money potentially being overlooked.

Increased transfer flexibilities resulted in a substantial movement of funds: €35 billion up to 31 December 2021. The auditors found that funding moved between investment areas, primarily to healthcare (+80 %) and business support (+16 %), while it decreased for information and communications technologies, energy and environment, inclusion, research and innovation. Funding also moved towards more developed and transition regions (+€1.8 bn. The auditors also note that although REACT-EU is expected to contribute 25 % of its overall financial envelope to climate objectives, it is unlikely that this will be fulfilled.

Cohesion policy has often been used to provide short-term responses to crises, and a number of the modifications introduced to that end have become regular features of the policy. But the long-term impact of this use has not been formally assessed, the auditors note. New rules for 2021-2027 cohesion policy, largely drawing on the flexibilities just introduced, will make it easier to use cohesion funds to respond to unexpected events. As a result, the auditors point to a risk: the repeated use of cohesion policy to address crises may have an impact on its primary strategic goal of reducing disparities between European regions.

### Background information

Cohesion policy is one of the biggest policy areas of the EU budget, with an allocation of €355 billion for the 2014-2020 period. Its main aim is to strengthen economic, social and territorial cohesion between regions.

Special report 02/2023, “Adapting cohesion policy rules to respond to COVID-19: Funds used more flexibly, but reflection needed on cohesion policy as a crisis response tool”, is available on the [ECA website](#).

This audit follows two opinions on [CRII+](#) and [REACT-EU](#), as well as a review on the [risks, challenges and opportunities in the EU’s economic policy response to the COVID-19 crisis](#). It also draws on recently published special report on [performance-based financing in Cohesion policy](#) and recently published comparative analysis of [‘EU financing through cohesion policy and the Recovery and Resilience Facility’](#).

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