

Cohesion Policy

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Regional differences do not only threaten the Community ideal but are also a main intimidation to the reliability of a single market and the trustworthiness of a monetary union. It is for this reason that the European Union's Cohesion Policy plays a pivotal role in achieving the community and solidarity principles – two fundamental EU objectives. Moreover, following the adoption of the Single European Act (SEA) in 1986, the Cohesion policy was also enshrined as part of the Treaties thus part of the 'rules package' that make up the European Union.

Although the Treaties of Rome in 1957 were the founders of the European Investment Bank and the European Social Fund (ESF), at that time they were simply financial mechanisms aimed at poorer states rather than the promoters of cohesion. But one should also note that at the time, with only six Member States, regional differences as stark. Successive EU enlargements increased regional differences, in fact, the main bulk of the EU's cohesion policy developed during the late 70s and 80s, with the single market programme acting as a catalyst for the introduction of a cohesion policy. This is because because a single market without the proper 'welfare support mechanisms' would have only widened further the difference between the regions.

This process led to the structural funds reforms leading to more resources available and also to a particular emphasis on those regions that had a GDP of less than 75% of the EU average. Furthermore, structural funds were to be supported by a series plan of action built on the principles of additionality, partnership, programming and concentration in order to effectively ensure that the structural funds are used as an effective tool to address regional disparities.

In the early 90s, the Maastricht Treaty went a step further and introduced the Cohesion Fund aimed at reducing social and economic differences, with the scope of stabilising the economy. The Cohesion Fund finances up to 85 % of eligible expenditure of projects involving the environment and transport infrastructure. This Fund is open to Member

States with a GDP per capita of less than 90% of the EU average and to those countries which have a programme that aims to achieve economic convergence. Between 2004-2006, Malta benefited from a total of €1.9 million from this fund and this money was invested into projects to upgrade Sant'Antnin waste treatment plant and material recycling, restoration and upgrading of sections of TEN-T (Trans-European Transport Networks) and also in the preparation of projects in the environment sector to be financed by the Cohesion fund 2007-2013.

Recent developments have also enhanced further the link between cohesion policy and the Lisbon Strategy. In fact, the Commission has just 'reorganised' the Cohesion policy objectives under three headings: - Convergence, Competitiveness and Cooperation. Convergence refers to growth support in those Member States whose GDP is less than 75% of the EU average. Competitiveness refers to improving employment prospects and the adaptability of regions identified as facing particular difficulties, while Cooperation refers to cross-border cooperation.

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