Forging a sustainable future together: Cohesion Policy at its defining moment

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by

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Abstract:

This paper outlines a renewed vision for the EU's Cohesion Policy amid the growing political uncertainty threatening its very viability. Drawing on the High-Level Group on the Future of Cohesion Policy's findings, it advocates for a more dynamic, systemic approach emphasising institutional capacity, territorial sensitivity, global links, and performance-based delivery. These are areas where past reforms have underdelivered. It warns against marginalising cohesion in favour of top-down, centralised strategies, arguing it is more than a funding tool. Cohesion Policy is the EU's most democratic mechanism, fostering trust, participation, and unity. Revitalising it is essential for competitiveness, resilience, and the very future of Europe.

Keywords: EU Cohesion Policy, Regional development, Policy reform, EU enlargement

JEL codes: R11, R58, O18, D72

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1. Introduction

Cohesion Policy stands as the European Union's primary investment instrument. Since the landmark 1989 reform of the Structural Funds, it has channelled over €1 trillion into Europe's regions, with another €392 billion allocated for the 2021–2027 period. Guided by Article 174 of the EU Treaty —which commits the Union to reducing regional disparities and strengthening cohesion— the policy promotes balanced economic, social, and territorial development across the EU. Its core focus remains investment in less developed areas, positioning it as a cornerstone of European competitiveness.

Its achievements have been substantial. Over the past three and a half decades, Cohesion Policy has contributed meaningfully to development across recipient regions (Beugelsdijk & Eijffinger, 2005; Dall'erba, 2005; Ederveen et al., 2006; Ferrara et al., 2017). It has modernised infrastructure, fostered innovation, and contributed to sustainable employment. Investments in human capital and technology have helped shape a more dynamic and competitive Europe (Rodríguez-Pose & Fratesi, 2004; Ferrara et al., 2017). The policy has also underpinned social transformation, lifting millions out of poverty and driving catch-up growth, particularly in post-2004 Member States. The number of people living in "less developed" countries (with GDP per capita below 75% of the EU average) fell from 106 million (24.6% of the population) in 2000 to just 24 million (5.4%) by 2023. Moreover, it has fostered trust in EU institutions, strengthening social cohesion and a shared European identity (Rodríguez-Pose & Dijkstra, 2021). Its influence has extended beyond Europe, inspiring place-based development strategies in countries such as the United States (Muro et al., 2023) and China (Liu & Ma, 2019).

Yet paradoxically, these successes coincide with mounting uncertainty about the policy's future. Shifting EU priorities —ranging from competitiveness and security to the green and digital transitions— alongside changing European policy paradigms, are placing Cohesion Policy under considerable institutional strain. Too often, it is misconceived as a compensatory mechanism for the "losers" of integration or a flexible pot for emergency responses, obscuring its original mission of addressing structural and long-term development (Huguenot-Noël et al., 2017).

Part of the uncertainty currently surrounding the policy may come from the fact that the returns of cohesion investment have not been uniform across Europe. Studies suggest that Cohesion Policy's impact is often context-dependent, delivering significant gains only under certain conditions —particularly where institutional capacity is strong— while achieving less in regions lacking those conditions (Ederveen et al., 2006; Crescenzi et al., 2016). At times, the policy has also struggled with its own limitations. Prior to the adoption of Smart Specialisation Strategies (S3) in 2014, investments were often poorly tailored to regional strengths, relying on one-size-fits-all approaches that neglected local potential (Barca et al., 2012). Even after the shift, implementation has been uneven. In some cases S3 has failed to deliver because of weak institutions and poor innovation ecosystems (Barzotto et al., 2019). In others, S3 was treated by regions as a bureaucratic checklist, replicating others' plans rather than leveraging their own distinctive assets (Di Cataldo et al., 2022). The proliferation of ex ante conditionalities and administrative procedures has further reduced policy agility, transforming it into what some have described as a compliance labyrinth (Bachtler & Mendez, 2022). Weak institutional capacity, persistent coordination failures and —in certain contexts— corruption have further undermined the policy's effectiveness (Rodríguez-Pose & Ketterer, 2020).

However, now the policy is facing existential threat. And the threat is not external but from within. The European Commission budget review has signalled a turn towards streamlined investments through national programmes, reminiscent of the Recovery and Resilience Facility (RRF) model (European Commission, 2025a). This approach was formalised in the European Commission's proposal for the 2028–2034 Multiannual Financial Framework (European Commission, 2025b) on 16 July 2025. The proposed reform envisions a centralisation and nationalisation of EU investment programmes. Cohesion Policy thus risks being absorbed into centrally managed national plans, with minimal regard for regional disparities. The shift undermines the policy's foundational principles: its democratic roots, place-based approach, and partnerships with regional and local actors. Such a centralisation drive —as already seen in the rollout of National Recovery and Resilience Plans— could erode public trust in the EU and sideline the regional voices at the heart of Cohesion Policy. Fundamentally, governance becomes more centralised and opaque. Voice and participation are traded for compliance and control.

Overall, the policy is at risk of being sidelined and perceived as peripheral, rather than foundational, to Europe's future. In short, Cohesion Policy must reform —or risk irrelevance— at precisely the moment it is most needed.

But what form should reform take? I will argue that the EU needs a fundamentally reimagined Cohesion Policy: one that recognises cohesion not as a marginal aspiration but as a prerequisite for sustainable development and inclusive growth. Europe's underused human and economic capital —latent across the whole continent— must be fully activated. A renewed Cohesion Policy should channel this potential, align territorial assets with EU and global priorities, and serve as a platform for other initiatives to succeed.

This calls for a policy that is more adaptive, performance-based, and institutionally robust. In other words, one that addresses governance deficits, development traps and the fatigue that undermines stakeholder engagement. It also requires a reassertion of the territorial logic that defines Cohesion Policy, even as calls for centralisation grow louder.

To rethink and propose a Cohesion Policy more capable of tackling the EU's structural challenges while making it more central to the EU's architecture, the European Commission —under the auspices of Commissioners Elisa Ferreira and Nicolas Schmit— convened a High-Level Expert Group to reassess Cohesion Policy. This group —the second of its kind (after that which led to the 2009 Barca Report (Barca, 2009) in the policy's history)— brought together 18 experts from politics, academia and civil society. The group, chaired by myself, produced a report (European Commission, 2024a) containing a series of strategic recommendations to enhance the policy's capacity to meet the EU's complex challenges.

This paper builds on those discussions but goes beyond a summary of their conclusions. It is structured around the four core questions on which the group dwelt: Why is cohesion more vital today than ever?; What should a renewed policy aim to achieve?; How must it change to become more effective?; And with whom should it collaborate to generate lasting impact? The conclusion reflects on how can a revamped Cohesion Policy forge a sustainable future together at its most defining moment.

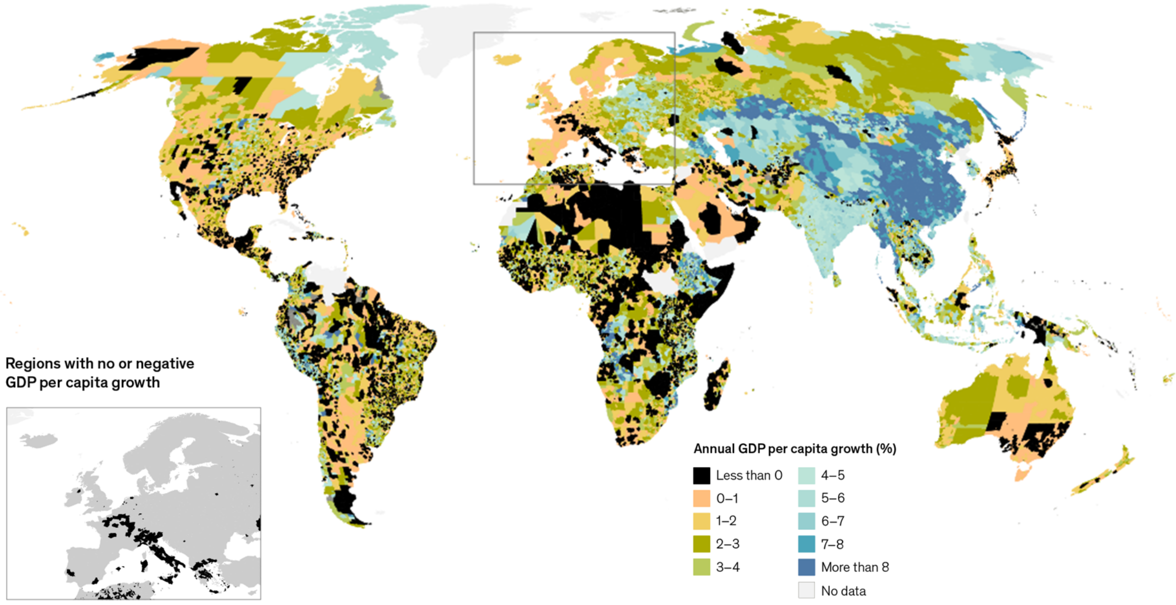
2. The why: Why do we need cohesion?

2.1. Europe's evolving challenges

The need for cohesion across the EU has become more pressing than ever due to a confluence of urgent challenges. From armed conflict on Europe's borders to profound geopolitical realignments, resurgent inflation, and the lasting scars of the Covid-19 pandemic, the EU has faced a relentless series of tests in recent years. These challenges demand cohesive action to ensure a resilient, dynamic and unified EU capable of thriving in a turbulent global environment. The High-Level Group identified four existential challenges:

a) ***Declining competitiveness:*** The global economic map has been redrawn over the past three decades. Asia has surged, while Europe's share of global GDP has shrunk from 25% in 1991 to less than 17% in 2022 (McKinsey Global Institute, 2023). But this decline has not been uniform across the continent. Some Central and Eastern European regions have witnessed rapid convergence, while swathes of Western and Southern Europe have faltered. In Greece, Italy and parts of France, real GDP per capita remains below 2000 levels. The pattern has upended traditional assumptions. Once-marginal Eastern regions now outperform the industrialised heartlands of the West. Figure 1 illustrates these shifts, showing many European regions —particularly in the South and parts of the West— enduring what can only be described as decades of economic stagnation.

Figure 1. Regional GDP per capita growth 2000-2019 at world level.

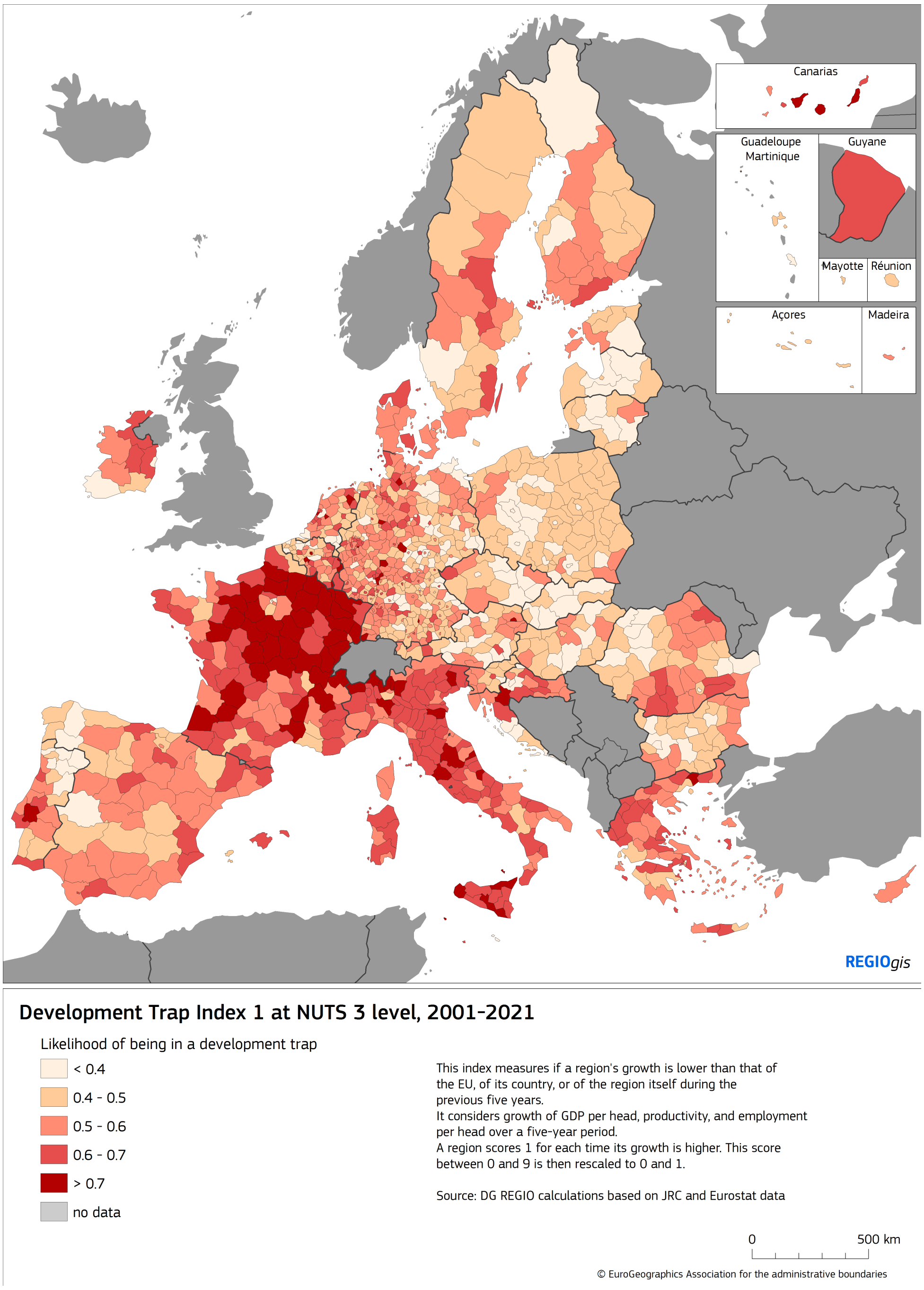


Data sources: World Bank PPP (2017 international dollars), McKinsey Global Institute (2023). Regional estimates derived from official statistics or, where unavailable, satellite imagery calibrated via Kummu et al. (2018).

Source: elaborated with data from McKinsey Global Institute (2023).

b) ***Regional polarisation:*** Like other advanced economies (Le Galès & Pierson, 2019; Kemeny & Storper, 2024), the EU is becoming increasingly dominated by a few booming urban centres. These cities attract capital and talent, magnifying productivity, but often at the expense of their hinterlands. The agglomeration model has deepened within-country divides, as intermediate, rural and former industrial areas fall behind (OECD, 2023). Development traps are emerging: regions once relatively prosperous now find themselves stuck in cycles of low growth, low innovation, and low hope (Diemer et al., 2022). Sixty million EU citizens live in places where GDP per capita is lower than it was in 2000; 75 million live in regions with near-zero growth. In total, one-third of the EU's population resides in areas steadily drifting behind. Figure 2 maps this phenomenon using a composite development trap index. Southern Italy, most of Greece and Croatia, northeast France, and even areas across Spain, Germany, Austria and many other EU countries face such a development trap.

Figure 2. The regional development trap at NUTS3 level in the EU (average 2001-2021).



Map reproducing the Development Trap index 1 (DT1), as per Diemer et al. (2022) as an average for the period between 2001 and 2021.
Source: Elaborated by DG REGIO based on JRC and Eurostat data.

c) ***Limited opportunities and barriers to inclusion:*** The EU's divides are not merely economic; they are also deeply social. In 2022, nearly a quarter (24.7%) of children in the EU were at risk of poverty or social exclusion (OECD, 2023). Regions marked by deindustrialisation or depopulation often lack access to quality education, healthcare, childcare and digital infrastructure. This is not a story of "poor" versus "rich" Europe. Deprivation exists in former mining towns in Poland as well as in the neglected suburbs of prosperous cities like Paris or Malmö. In both cases, the result is the same: stagnation, outflows of the young and skilled, and growing inequality. Women, low-educated workers, the elderly, migrants, Roma and other minorities are disproportionately affected. Without intervention, these fractures deepen and exclusion breeds more exclusion. A Europe that allows such “places without hope” to persist wastes human potential and invites disaffection, instability and long-term decline.

d) ***A changing global environment:*** External forces compound internal vulnerabilities. The global landscape is being reshaped by war, pandemics, climate change and rapid technological shifts. The Covid-19 crisis and Russia’s war of aggression in Ukraine exposed Europe’s dependency on global supply chains and its lack of strategic resilience (Crescenzi & Harman, 2023). Meanwhile, the green transition and the rise of automation and AI present a double-edged sword. Decarbonisation is imperative, but the benefits are uneven. Regions with strong technological bases stand to gain, while carbon-intensive or innovation-poor regions may lose out (Stevens & Kanie, 2016; Rodríguez-Pose & Bartalucci, 2024). Similarly, AI and robotics may boost overall productivity, but risk displacing workers in less-prepared, lower-skilled regions (Villasenor, 2018). The push for green supply chains may draw investment to tech-savvy hubs while bypassing peripheral areas; AI may amplify prosperity in innovation clusters while leaving others behind (Marques Santos et al., 2025). Without targeted cohesion efforts, these shifts threaten to harden existing divides. Europe could find itself not only with a digital divide, but with an innovation chasm layered atop an economic one.

In sum, the EU faces a profound structural challenge. Externally, its global economic weight is declining. Internally, it is increasingly a continent of booming capitals and stagnating margins, of innovation islands adrift in seas of exclusion. This brings about a series of important risks to the EU.

2.2. What’s at risk without cohesion?

The challenges described above are economic, social and political in nature. Together, they strike at the very foundations of the European Union.

From an economic standpoint, allowing large parts of the continent to stagnate undermines the EU’s collective competitiveness. Europe cannot hope to lead globally if only a few of its regions are steaming ahead, while the latent potential of many others is left idle. National policies have often, by design or by omission, concentrated resources in a small number of “superstar” cities (Barca et al., 2012; Kemeny & Storper, 2024).

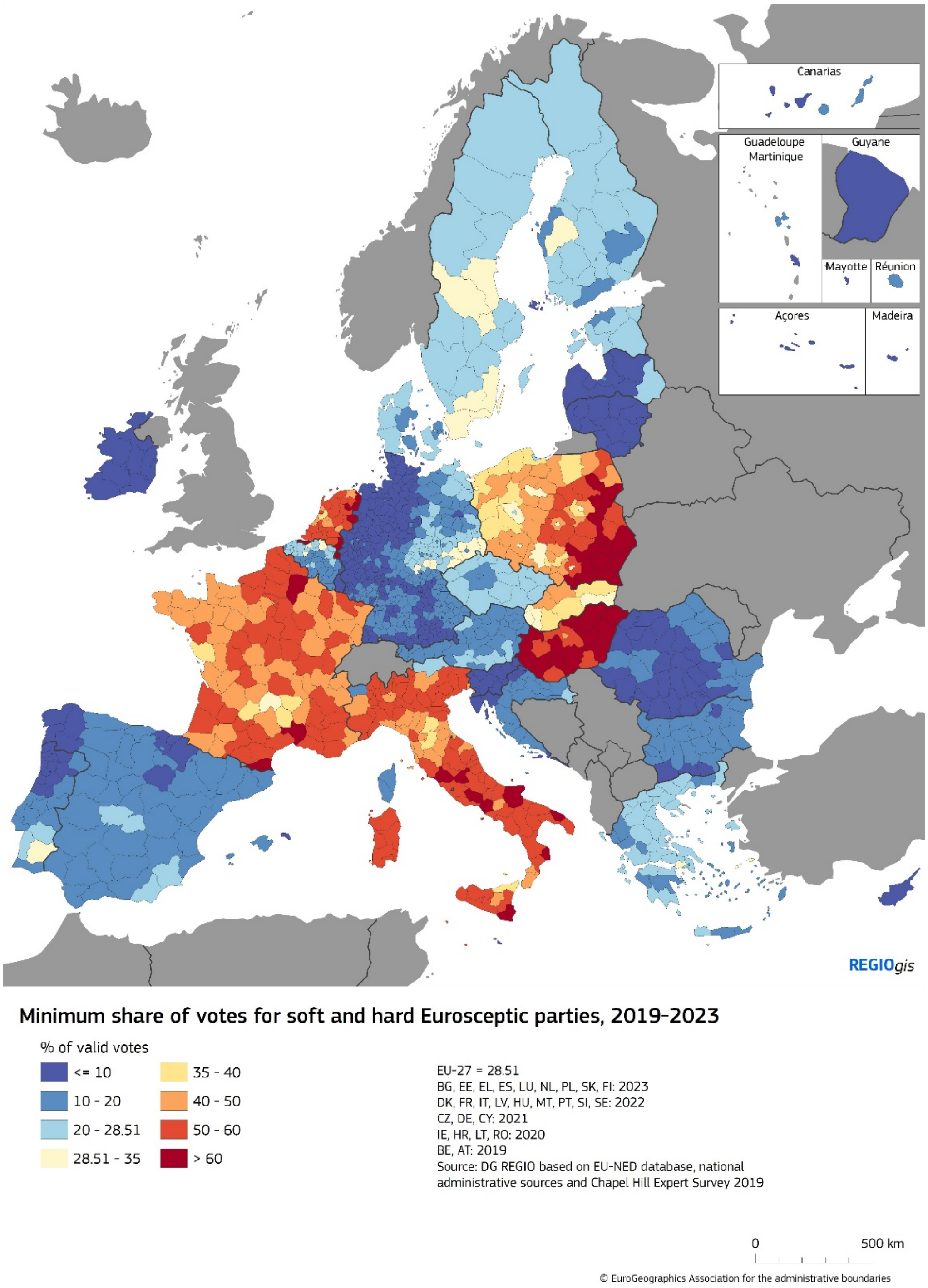
Policymakers assumed that success in Paris, Frankfurt, Milan or Madrid would eventually trickle outwards. That assumption has not aged well. The result has been persistent underinvestment in the rest. Intermediate cities, rural areas and former industrial zones have been sidelined, often seen as too marginal to Europe's growth story (Iammarino et al., 2019).

Yet, as evidence has shown, these regions hold untapped potential. Ireland's transformation and the strength of Germany's Mittelstand firms —thriving often far away from the main metropoles— make clear that innovation and enterprise are not the preserve of capital cities (Fritsch & Wyrwich, 2021). If these places are overlooked, it is not just a missed opportunity; it is a strategic mistake. The Draghi (2024) report, for all its urgency on competitiveness, makes no mention of territorial cohesion. The post-2027 budget proposals follow the same pattern, offering little recognition of place-based development (European Commission, 2025a). To put it plainly, Europe will not lead in this "new age of invention and ingenuity" if it writes off most of its territory as beyond economic redemption. The growth lost in left-behind or development-trapped regions is growth subtracted from Europe's potential. Cohesion, in this sense, is enlightened self-interest: investing outside the usual suspects can improve the functioning of the single market (Letta, 2024) and yield higher returns than equivalent spending in core areas (Sinnott et al., 2023). Neglecting these regions, conversely, is economically self-defeating.

From a social and political perspective, a lack of cohesion breeds discontent, alienation and instability. The joint experience of stagnation and of being ignored is now translating into electoral behaviour. Across the EU, this has fuelled support for anti-EU or anti-system parties in both national and European elections (Dijkstra et al., 2020; Díaz-Lanchas et al., 2021; MacKinnon et al., 2022). In places where citizens feel excluded from progress, Euroscepticism finds fertile ground (Rodríguez-Pose et al., 2024; Vasilopoulou & Talving, 2024). Brexit may have been the most visible example: the regions most severely affected by long-term decline were those that voted most decisively to leave. Many appeared to view the EU not as a source of opportunity but as a symbol of their marginalisation (Di Cataldo, 2017; Los et al., 2017; Carreras, 2019).

Similar patterns are visible across other member states. Anti-establishment parties often enjoy their strongest support in regions with weak growth or painful economic legacies (Rodríguez-Pose, 2018). Figure 3 makes this tangible, showing a clear geographic alignment between economic stagnation and the vote share of Eurosceptic parties. The message is difficult to ignore: regional inequality is a political fault line. It creates narratives of betrayal and neglect —of "winners" and "losers"— which populists are only too ready to exploit. The consequences can extend further, fuelling territorial tensions within countries, sharpening rural-urban divides and, in the worst cases, undermining social cohesion altogether. The longer such gaps are allowed to persist, the greater the risk of political, social and institutional fragmentation.

Figure 3. Votes for Eurosceptic parties in national parliamentary elections, 2018-2023.



Source: Elaborated by DG REGIO with data from EU-NED database and national administrative sources. Election data corresponds to the latest national legislative election in the 2018-2023 period. Degree of Euroscepticism as per Chapel Hill Expert Survey (2019).

Finally, cohesion reaches into the EU's foundational values. The European project was built not only on economic integration, but on principles of solidarity and convergence. These are legal and moral commitments. The Preamble to the Treaty on European Union calls for strengthening the unity of economies and reducing regional disparities. Article 3 enshrines harmonious development as a Union objective, while Article 174 TFEU mandates economic, social and territorial cohesion as an explicit priority.

Cohesion Policy gives this mandate practical form, as it represents the institutional embodiment of the idea that no region, and no citizen, should be left behind. An EU that retreats from this commitment weakens a treaty obligation and diminishes the meaning of Union itself. Cohesion expresses the belief that Europeans —regardless of geography— share a common future and care about one another's progress. Should that belief erode, so too may the trust and cooperation on which voluntary integration depends.

As Europe undertakes major transitions, it must ensure that the costs are not borne disproportionately by already-vulnerable people and places. This is not just a matter of economic balance. It is about preserving democratic legitimacy and social stability. Cohesion Policy remains the EU's principal mechanism for ensuring that transitions —whether green, digital or demographic— are fair, inclusive and broadly supported.

In short, the implications of weak cohesion are profound. Economically, it means underperformance and missed opportunity. Politically, it invites instability and polarisation. Morally, it signals a retreat from the Union's core values. Cohesion is the glue that binds the EU together. This is no overstatement. Without it, the promise of shared prosperity becomes conditional, uneven and, ultimately, unconvincing. As the EU confronts the pressures of the 21st century, investing in cohesion is not a luxury but a necessity. The following sections examine how, according to the High-Level Group on the Future of Cohesion Policy (European Commission, 2024a), the policy must be reformed to meet that necessity.

3. The what: Towards a new Cohesion Policy

3.1. What should Cohesion Policy do?

What shape should a reformed Cohesion Policy take? For the High-Level Group (European Commission, 2024a), Cohesion Policy must return to first principles. It should be recast not as a redistributive sidecar to EU integration, but as a forward-looking development engine. It must become dynamic and systemic, activating the EU's latent economic potential, particularly in struggling and less-developed areas. It should be used as a platform for growth, jobs, equality and opportunity across all regions, rather than a static mechanism aimed solely at compensating for structural lag.

This vision marks a clear break from past orthodoxy. Traditionally, the policy has targeted the poorest regions on the justifiable assumption that they needed the most investment. That principle remains sound but insufficient. Over time, this narrow lens ignored many “intermediate” regions —old industrial centres or remote rural areas in richer states— which slipped into stagnation. Their average income levels kept them above the cut-off line for serious cohesion support, leading policymakers to assume national programmes would suffice. They did not. Many of these places slid into development traps, giving rise to a new geography of distress that slices through the old rich–poor divide.

The next Cohesion Policy must widen its gaze. Investment should continue for lagging regions with persistently low development (the static dimension) but also adopt a dynamic perspective and extend to stagnant areas caught in structural decline, regardless of headline income. It must reach into the pockets of poverty and exclusion that persist within otherwise affluent territories. In short, no place should be left behind; whether a rural community in Bulgaria, a deindustrialised Belgian city, or marginalised groups at the edge of prosperous Paris.

This shift demands a redefinition of the policy’s core challenges. At least three distinct yet overlapping issues can be identified, each mapped to different regional contexts (see Table 1). First, low development continues to afflict many mostly peripheral regions, where basic investment in infrastructure, education and institutional capacity remains essential. Second, lack of economic dynamism afflicts regions trapped in structural stagnation, often due to long-term industrial decline and weak governance. Third, limited opportunity persists in areas marked by high poverty or social exclusion, where economic growth fails to lift all boats.

These challenges do not conform to the EU’s existing typologies. They cut across categories and defy neat classification. The goal, therefore, is not to replace one system of labels with another, but to make policy more responsive to real, on-the-ground conditions. Nor is this about inventing new objectives. It is about correcting for past implementation failures and ensuring that Cohesion Policy finally does what it was meant to: help every region realise its potential.

Table 1. Development challenges and cohesion intervention.

Challenges	Type of region	Proposed interventions
Low Development	***Lagging-behind***	• Invest in basic infrastructure and productive capital (transport, broadband, energy). • Enhance education systems and workforce skills. • Bolster institutional quality and local governance. • Develop local ecosystems capable of leveraging trade, FDI and global value chains (GVCs).
Lack of Economic Dynamism	***Development trap***	• Invest in basic infrastructure and productive capital (transport, broadband, energy). • Enhance education systems and workforce skills. • Bolster institutional quality and local governance. • Develop local ecosystems capable of leveraging trade, FDI and global value chains (GVCs). • Strengthen institutions and address governance bottlenecks (anti-corruption, efficient public services). • Target interventions to diversify the economic base and foster structural change toward sustainable industries. • Mitigate the disadvantages of peripherality (improve connectivity, address internal/external border frictions). • Help these regions prepare for shocks from automation, AI and shifts in value chains (e.g. retraining workers, attracting new investment).
Lack of Opportunities	***Regions at risk of poverty & social exclusion***	• Invest in inclusive education and upskilling, with particular focus on disadvantaged groups. • Provide quality early childhood education and care to break the cycle of intergenerational disadvantage. • Implement active labour market policies to help people (re)enter jobs, including in the digital era and under automation pressures. • Promote work-life balance and support for youth, women, seniors to increase participation. • Strengthen social safety nets, community services and social inclusion programmes to directly tackle poverty.

Source: Own elaboration, building on the High-Level Group's analysis.

Cohesion Policy must be tailored to the severity —and often the overlap— of challenges within each region. A single region may simultaneously require infrastructure in its rural fringes (to tackle underdevelopment), innovation support for its stagnant industrial base (to spark dynamism), and social interventions in its disadvantaged neighbourhoods (to combat exclusion). A rigid formula will thus not suffice. What is needed is a flexible, place-sensitive strategy guided by thorough diagnostics and grounded in local realities. As Iammarino et al. (2019) argue, policy should fit each region's economic and social fabric, not presume one-size-fits-all solutions.

This demands serious investment in understanding. Diagnostic research and granular data must underpin decision-making, clarifying regional strengths, systemic weaknesses and the actual roots of underperformance. Cohesion funds should respond to real needs, not statistical artefacts or historic assumptions.

At its best, Cohesion Policy is a lever for turning Europe's regional diversity into a shared advantage. When each region moves closer to its full potential, the collective gains multiply. Local growth feeds continental strength. This is not charity for lagging areas but a pact of mutual benefit. All regions contribute; all reap the rewards. This is the virtuous cycle of cohesion: strong local economies support a stronger EU economy, which in turn opens up more opportunity for all.

Reframing the policy in this light also exposes the false dichotomy between cohesion and competitiveness. The two are not in conflict; they are complementary. A Europe where growth is geographically broader is more globally competitive, drawing on a wider pool of talent, ideas and innovation. Conversely, doubling down on already-prosperous hubs risks diminishing returns (Sinnott et al., 2023) and political restlessness (Rodríguez-Pose et al., 2024). A place-sensitive strategy —one that adapts to each region's unique strengths and is solidly grounded in theory and empirical evidence (Iammarino et al., 2019)— is not an obstacle to excellence but the enabler of it.

Indeed, research suggests that when regions focus on their comparative advantages, the aggregate growth effect is higher (Asheim et al., 2011; Balland et al., 2015). By tailoring investments and catalysing local dynamism, Cohesion Policy can lift both regional and EU-wide competitiveness.

3.2. A policy that knows no borders

Europe's political map may be settled —for now— but economic development ought not to stop at borders, even if many still do. Despite decades of integration, borders within the EU continue to act as economic speed bumps. Whether between Schengen and non-Schengen states, or EU and non-EU countries, national frontiers too often mark a fall-off in economic activity, interaction and opportunity. The price is steep: border-related frictions are estimated to cost the EU €458 billion annually —around 3% of GDP— and over six million jobs (Capello et al., 2018). For the millions living in border regions, these barriers entrench their peripheral status and cut them off from growth next door.

A renewed Cohesion Policy must tackle this head-on. Its aim should be to shrink the penalty of distance and division by supporting initiatives that make borders administratively invisible, if not literally erased. Strengthening programmes like *Interreg* and other European Territorial Cooperation schemes is essential. These initiatives have long served as laboratories of bottom-up collaboration, engaging communities on both sides of a line that exists only on a map. Their value lies not just in economics, but in trust-building and institutional linkage.

Still, cross-border cohesion is no easy feat. Old divisions die hard. In many parts of Central and Eastern Europe, a legacy of political separation has left weak traditions of cooperation. Add in language barriers, incompatible bureaucracies, and sheer lack of awareness, and cross-border efforts can falter before they begin. Here, Cohesion Policy can play an active role: funding technical assistance, convening stakeholders and nudging hesitant regions into collaboration.

Crucially, cooperation need not stop at contiguous borders. A region in Portugal might share economic challenges with one in Poland more than with its immediate Portuguese or Spanish neighbour. Cohesion Policy should foster such non-contiguous partnerships, facilitating idea-sharing and joint ventures across the map, wherever mutual interest exists.

But the real test of a borderless mindset lies at the EU's external edges. These are precisely the places where Cohesion Policy meets geopolitics. Migration pressure is acute in certain southern and eastern Mediterranean regions, which bear disproportionate responsibility for hosting asylum seekers and refugees. War and instability —most recently in Ukraine— have spilled into the EU's eastern frontier, with regions in Poland, Romania, Hungary, Slovakia and the Baltics absorbing shocks to their populations, economies and infrastructures. Future enlargement will further raise the stakes. Should countries like Ukraine, Moldova or those in the Western Balkans join the EU, today's border regions will become tomorrow's frontlines of integration. Experience shows this creates both opportunities (new markets) and challenges (costly adjustments). Strategic, forward-looking investment will be essential to prepare these regions.

In all these cases, the logic is the same: the cost of disconnection is shared, so the effort to overcome it must be too. A "cohesion without borders" approach embodies European solidarity at its most practical. It acknowledges that divisions —geographic or socio-economic— encumber everyone, and that reconnecting fragmented regions is both fair and smart.

No EU policy is better placed than Cohesion Policy to take on this task. It has the tools, the mandate, and a track record of knitting together disparate places. A truly borderless Europe may remain a vision, but Cohesion Policy can make it feel less like a fantasy and more like an emerging fact.

4. The how: How should Cohesion Policy change?

To deliver on its objectives, Cohesion Policy must evolve into a more place-based, innovative and transformative instrument. That is, a policy fit not only for today's challenges but for tomorrow's.

But how should this be done? This section sets out the High-Level Group's vision of five interlinked priorities for reform: (4.1) making the policy genuinely place-based and forward-looking; (4.2) strengthening institutions and governance; (4.3) connecting regions to global opportunities; (4.4) improving delivery via performance incentives and simplification; and (4.5) ensuring the policy is crisis-ready and resilient.

These are not standalone tweaks, but interconnected building blocks of a comprehensive overhaul.

4.1. Building a genuinely place-based, people-based, and future-oriented Cohesion Policy

Cohesion Policy's greatest strength has always been its territorial logic. Unlike top-down sectoral programmes, it involves local and regional actors in design and delivery, enabling a more grounded understanding of needs and opportunities (Barca, 2009). Over time, it has pioneered integrated approaches to regional development. But to fully realise a genuinely place-based, people-centred and future-proof agenda, reforms are needed.

First, the policy must more decisively drive transformation by unlocking each region's unique strengths. Too often, regions have chased someone else's model —the ubiquitous ambition to become the "next Silicon Valley"— only to fall short. The Draghi (2024) report proposes a similar chase in areas where Europe is already lagging behind the US and China. But pursuing pipe dreams often does not work and could lead to greater territorial polarisation. Cohesion Policy should therefore steer regions away from mimicry and towards harnessing local potential (Morgan, 2017). The aim is not to continue doing exactly the same things, but to use the existing local springboard to innovate and transform local economies. That might mean scaling up existing industrial clusters or leveraging a local university's specialism. The goal is inclusive innovation and growth (Lee, 2024), led from within and built on collaboration between businesses, researchers and communities. EU support should enable creativity, not impose a template.

Second, the policy must support innovation and diversification in all forms, not just high-tech R&D. Rural areas can pioneer new digital links for farmers; manufacturing hubs might adopt circular economy models. Cohesion Policy should back such "related variety" —industries adjacent to existing specialisations— as the most promising route to new growth paths (Neffke et al., 2011; Balland et al., 2015; Boschma et al., 2023; Asheim et al., 2011). Funding experimentation, skills and partnerships is essential.

Third, regions must be empowered to reinvent themselves when legacy sectors decline. Cohesion Policy should embrace its catalytic role, helping regions make bold bets on new directions. This may involve attracting investment aligned with local strengths, luring back skilled diaspora, or embedding firms into global production networks (Pinheiro et al., 2022). Transitions from agriculture to industry, or industry to services, are daunting. However, they have been done before, with vision and the right support.

Fourth, inter-regional collaboration must improve. Smaller or peripheral regions often need links to larger ecosystems (Fitjar & Rodríguez-Pose, 2013; Grillitsch & Nilsson, 2015). Cohesion Policy should foster innovation diffusion and investment flows. This could imply, for example, pairing a lagging region with a stronger one for technology exchange, or ensuring multinationals setting up shop also build local supplier networks (Hernández-Rodríguez et al., 2025). Bridging Europe's internal divide means bridging its networks.

Fifth, alignment with EU-wide priorities is vital. Regional projects should cumulatively advance broader objectives such as competitiveness, climate neutrality, and the Sustainable Development Goals. This does not, however, mean copy-pasting the same projects across the map, but ensuring coherence with the bigger picture. The European Commission can help shape this through strategic dialogue, analytics and evaluations (Barca & McCann, 2011).

Finally, sound implementation depends on better data, monitoring and learning. A place-based approach is only as strong as its understanding of place. That means granular statistics, real-time performance tracking, and a culture of continuous evaluation. Good practices should be shared; failures should inform redesign. An EU-wide repository of tested projects could guide policy decisions. Learning must become embedded, raising both impact and accountability.

In sum, a truly place-based, people-centred and future-ready Cohesion Policy empowers regions to shape their own paths, while connecting them to wider European and global engines of progress. This is not about decentralisation for its own sake but about unleashing development where it lives, on the ground, among those who know their place best.

4.2. Developing strong institutions and improving governance

Institutions are the best-kept secret of development. The evidence backs this up: regions with competent governance consistently deliver better returns on investment

(Gertler, 2010; Rodríguez-Pose, 2013). Good institutions ensure money is spent well, projects are delivered and synergies realised. Weak ones lead to the squandering of resources, missed targets and stalling progress. In Europe, institutional quality — covering the rule of law, administrative capacity and control of corruption— varies widely, with clear links to regional performance (Crescenzi et al., 2016). If Cohesion Policy is to succeed, institutional capacity must move from the policy's margins to its centre.

This means Cohesion Policy cannot just focus on *what* is funded. It must also prioritise *how* it is implemented and by *whom*. Strengthening administrative and governance capacity must be a strategic goal.

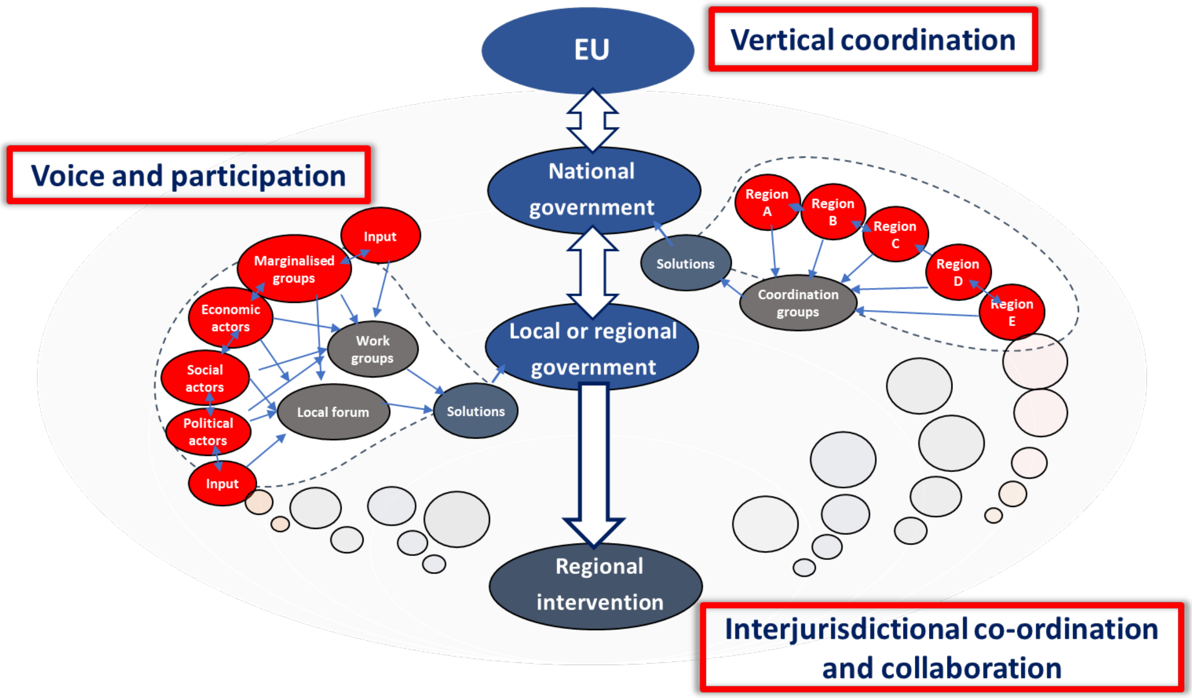
Concretely, this involves several shifts. First, invest in people. Many local administrations suffer from short staffing, high turnover and skills gaps, especially in project management, budgeting and data analysis. Cohesion Policy should fund training programmes, secondments, exchanges and technical assistance (Bachtler & Mendez, 2007). Less-developed regions could benefit from on-site advisory teams to improve proposal design or evaluation systems.

Second, empower local actors. The most innovative ideas often emerge locally, yet cities and municipalities are too often buried under top-down procedures. Cohesion Policy should decentralise some responsibilities, streamline approvals for local projects, and equip regional actors with technical and professional support (Pike et al., 2017). The aim: bottom-up initiative, backed by top-level support.

Third, embed transparency and participation. Open governance is both democratic and effective. Involving the private sector, academia and civil society generates better ideas and broader accountability. Public consultations and accessible data on project decisions boost legitimacy and help root out corruption. When citizens know where money is going, and have a say in how it is spent, institutions and outcomes improve.

Fourth, clarify roles across the governance chain. Cohesion Policy spans EU, national, regional and local tiers. Too often, these overlap or contradict. Responsibilities should be streamlined: national governments focusing on oversight, regional bodies on implementation. Clear protocols for coordination and dispute resolution are essential. Multi-level governance has long been discussed (Hooghe & Marks, 2001); now it must be operationalised (see Figure 4).

Figure 4. The multilevel governance ecosystem of Cohesion Policy.



Source: Own elaboration

Fifth, lighten excessive controls. In some Member States, audit fears have led to bureaucratic overload and too much red tape. Reform should promote a more proportionate approach. The "single audit" principle and proportional controls, already being tested via the Common Provisions Regulation, could cut duplication. Where regional bodies show competence, they should earn more autonomy. Trust, after all, is a two-way street.

Building institutional capacity is a long game. Institutions do not change overnight. But with seven-year cycles, Cohesion Policy has the time —and tools— to build capabilities incrementally. It is, at its best, a democratic project: it amplifies local voices, encourages ownership, and strengthens governance from within. However, some improvements could be swift. For instance, an EU-wide "capacity scoreboard" rating regions on planning, absorption and evaluation would spotlight where support is needed and might even spark a little healthy competition.

4.3. Harnessing global opportunities

Global forces increasingly shape local fortunes. While globalisation may be changing pace and even reversing, the flows of capital, goods, knowledge and technology remain decisive for regional success. For the EU's less-developed and vulnerable regions, the strategic choice is stark: compete on cost —low wages, low standards— or move up the value chain through innovation, quality and distinctiveness. The latter is not only preferable but essential. Cohesion Policy must help all regions, including those on the margins, access this higher road to development.

Doing so requires a dual strategy: strengthening internal capacities and forging external linkages. Internally, regions must upgrade skills and foster partnerships between education and industry. Skilled workforces attract investment and open doors to better jobs. Supporting entrepreneurship and scaling up local firms is also key. Cohesion funds can back incubators, accelerators and seed funding to help promising businesses grow and connect to global markets. Externally, less-connected regions often need a bridge to the world. One option is to establish dedicated agencies that act as matchmakers between local assets and global investors (Crescenzi et al., 2022). Staffed with local knowledge and international fluency, these agencies can put overlooked regions on the global map.

Connectivity —physical, digital and institutional— is equally crucial. Cohesion Policy can fund better digital infrastructure so remote regions can tap into e-commerce or online services. It can also support cluster networks linked to international hubs for knowledge exchange. Regional branding and tools like geographical indications (GIs) can also boost global visibility. Protected designations —think Parma ham or Champagne— have helped local specialities become global exports (Castaldi & Mendonça, 2022). More regions could use such tools to carve out unique market niches and stem depopulation by generating local jobs in tradable sectors.

Another priority is mapping where each region sits within global value chains (GVCs). Many regions underperform not because they are absent from global production, but because they occupy low-value stages. Smart policymaking can identify opportunities to move up, say, from basic assembly to design, or from raw agriculture to processed food. Once the gaps are clear, training, investment and tech support can follow. Cohesion funds can also help integrate lagging regions into international R&D ecosystems. Programmes like Horizon Europe often concentrate resources in a few centres; co-financing participation from weaker regions would ensure knowledge flows home.

Importantly, this agenda is not about chasing footloose capital or abandoning place-based development. It is about helping regions plug into global flows in ways that reinforce their own strengths. Isolation guarantees decline. Strategic connection opens new paths to prosperity. Better coordination with EU trade and external action policy could support this effort. Global engagement fosters resilience. Diverse markets and international partners can buffer regions against domestic downturns.

4.4. Improving policy delivery through performance-based mechanisms and meaningful simplification

If Cohesion Policy is to meet its lofty ambitions, it must first get its own delivery system in order. Over time, the drive for accountability has spawned complexity. However, this has backfired, deterring participation and entangling funds in red tape. Despite layers of rules, the actual focus on results has often been weak. It is high time to rebalance. Procedures need to be simplified, and performance sharpened. The two go hand in hand. Simpler rules mean authorities can spend more time delivering outcomes and less time box-ticking.

There is growing agreement that performance-based models should play a bigger role, so long as they remain true to the policy's territorial cohesion mission (Bachtler & Ferry, 2013; Bachtler & Mendez, 2023). In practice, this could mean tying funding more directly to progress on agreed targets. Some steps in this direction —like the 2014–2020 performance reserve— were modest. A bolder move would be to expand outcome-based financing, as piloted by the Commission and used in the Recovery Facility. But caution is needed: top-down incentives must not override place-based needs.

Conditionalities have become a flashpoint. The 2021–2027 period introduced "enabling conditions" (e.g. requiring smart specialisation strategies) and macroeconomic ties to fiscal performance. Critics argue these turn Cohesion Policy into a bargaining chip, eroding solidarity (Bachtler & Mendez, 2022). If overused, conditions can spark resentment, especially when regions are penalised for national-level decisions. That said, some conditions are common sense. Anti-corruption frameworks, for example, are essential safeguards. The key is balance: use conditionalities sparingly, to reinforce strategic alignment, not to micromanage.

Simplification, meanwhile, is the perennial promise that rarely materialises. Most beneficiaries still find cohesion funds daunting to access. Real simplification requires concrete steps (Mendez & Bachtler, 2017): wider use of flat rates, lump sums and unit costs can reduce audit overload and refocus attention on delivery. User-friendly IT systems —for example, a single and easy-to-use portal to apply, track and report— would help. So would clearer guidance and standardised templates for common project types.

But administrative tweaks are not enough. The High-Level Group signalled the need for deeper reform. Some EU funds could be merged or aligned to cut overlap. Where national systems work well —e.g. in procurement— EU funds could use them rather than adding extra layers. Member States could also get more leeway in setting eligibility rules, in exchange for assuming greater responsibility for results. In short, Brussels need not control every nut and bolt, provided outcomes are clear and accountability upheld.

Monitoring and evaluation should also evolve. There may be a need for fewer indicators, but ones that matter, as well as for more real-time evaluation and adaptive learning. If a programme is on track, why micromanage inputs? Results should guide course corrections during implementation, not just post-mortems after failure.

In brief, improving delivery means making Cohesion Policy leaner and smarter. Leaner, by trimming the bureaucratic fat. Smarter, by focusing on what works. A simpler, performance-oriented approach would attract higher-quality projects, be easier to defend politically, and ultimately have greater impact on the ground.

4.5. Make Cohesion Policy crisis proof

In recent years, Cohesion Policy has repeatedly been drafted into crisis response: from the financial crash and migration surges to the pandemic and energy shocks. Its flexibility has been commendable. Funds have been reprogrammed, rules loosened, resources redirected to urgent needs like healthcare and furlough schemes. But this adaptability raises a question: how much of a long-term development policy should be used for short-term firefighting?

The answer lies in balance. Cohesion Policy must remain focused on long-term development and cohesion, but it needs built-in tools to respond quickly when emergencies strike, without veering off course. To avoid the scramble seen in previous crises, predefined crisis protocols should be standard. Clear ex ante rules, templates and procedures would let local authorities act immediately, rather than wait for new legislation (European Commission, 2024b). One practical step would be a dedicated contingency reserve within the cohesion budget.

At the same time, resilience should be embedded in everyday investments. Projects should be designed to weather shocks, be it flood-resistant infrastructure or training for future-facing industries. This aligns with the EU's wider resilience agenda. Diversified economies, strong healthcare and robust digital infrastructure make regions less fragile when crises hit. Yet some shocks —such as war-induced refugee flows— demand faster, more flexible responses than traditional programming allows.

Still, cohesion funds must not become the EU's default emergency pot. If national governments start counting on cohesion to cover fiscal shortfalls, they can neglect structural development and long-term resilience. Dedicated crisis instruments should remain the first responders. Cohesion's role should be supportive, not substitutional. But recent history (notably the pandemic) shows the value of having multiple tools in the box.

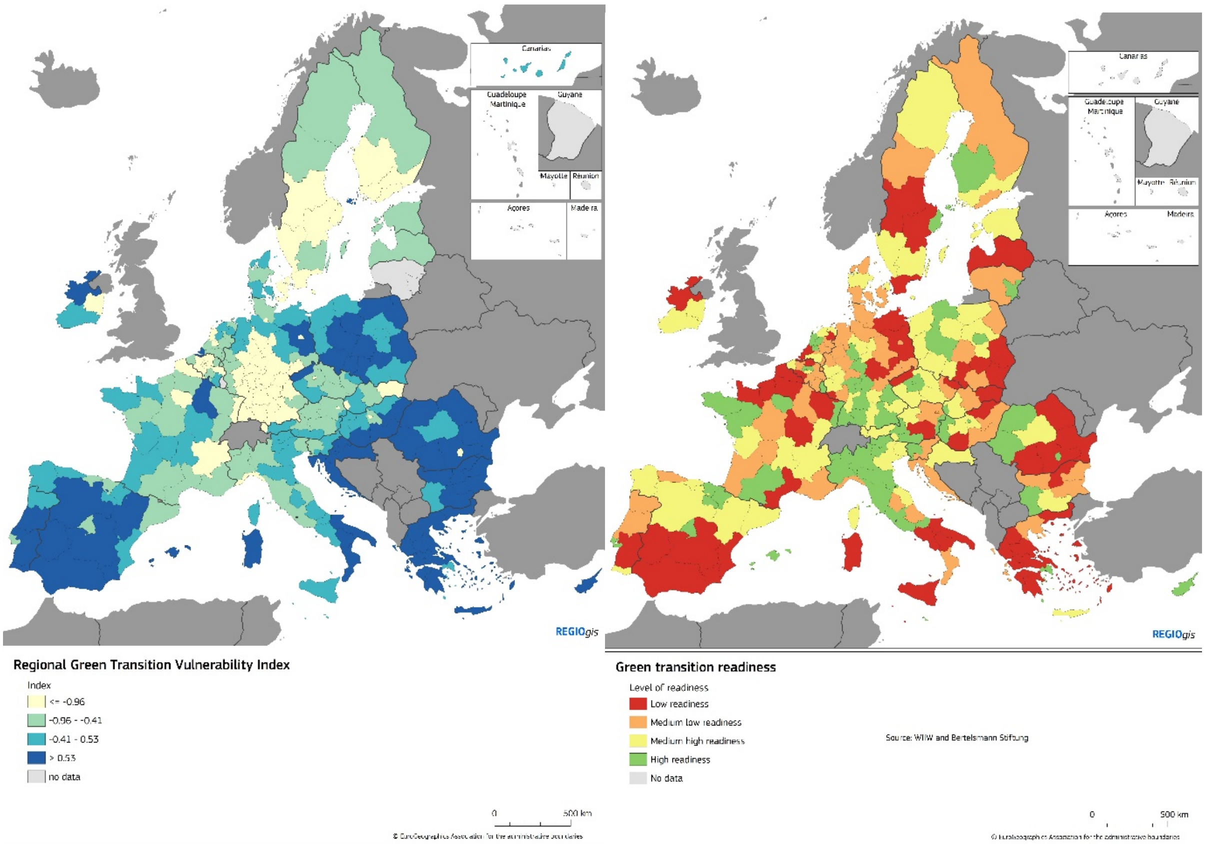
Making the policy future-proof also means getting ahead of foreseeable disruptions, such as climate change, ageing and job displacement from AI. Scenario planning and strategic foresight can help regions prepare, with EU support for developing contingency plans.

5. The with whom: Creating synergies with other policies.

Cohesion is far too important to be left to Cohesion Policy alone. The EU operates a vast ecosystem of policies and funds —research, transport, digital, environmental, agriculture— all with their own objectives. National governments have their regional agendas, too. When these efforts operate in silos or at cross-purposes, opportunities are missed and money is wasted (Mendez, 2013). Cohesion Policy must forge synergies with other EU and national initiatives, and vice versa. However, three major obstacles stand in the way of this ambition.

First, many EU and national strategies lack a territorial dimension. The RRF, launched in 2021, allocates investment nationally, paying little heed to where it lands. Other major frameworks —the Green Deal, Digital Strategy and the European Semester— also overlook geography. The assumption is that benefits will trickle down everywhere. Reality is, however, less cooperative. High-tech cities may thrive on the green transition, but carbon-dependent regions face existential threats (Maucorps et al., 2022; Rodríguez-Pose & Bartalucci, 2024) (Figure 5). Without territorial awareness, transitions risk backlash and failure. Cohesion is not just compatible with the Green and Digital agendas; it is essential to their success.

Figure 5. Indicators of regional readiness and vulnerability to the green transition



Sources: based on Regional Green Transition Vulnerability Index (Rodríguez-Pose and Bartalucci, 2024) and Green Transition Readiness (Maucorps et al., 2022).

Second, EU instruments remain fragmented. Funds like Cohesion Policy, the Common Agricultural Policy (CAP), Horizon Europe and NextGenerationEU all have separate rules, calendars and governance. This leads to bizarre scenarios: a single region might run multiple EU-funded programmes, each addressing overlapping issues, none coordinated. Some regions get bombarded by programmes; others fall through the cracks. Administrative burdens pile up and strategic coherence evaporates. Attempts at coordination —common frameworks, complementarity plans— exist, but progress has been slow. Without integration, the EU risks becoming a policy machine where the left hand does not know what the right is funding.

Third, EU–national coordination is patchy at best. Member States make their own investments in infrastructure, education and social services. Ideally, these should complement EU spending. But in practice, planning cycles clash and incentives diverge. National governments sometimes neglect poorer regions, assuming cohesion funds will fill the gap (violating additionality). Reforms —like centralising health systems— can inadvertently sabotage regional programmes. The European Semester could be a bridge but remains mostly macroeconomic and disconnected from cohesion delivery.

Ultimately, synergy means recognising interdependence. Cohesion is essential to make sure that other EU goals —digital, climate, competitiveness, security— can be achieved by ensuring they reach every corner of the Union. Likewise, other EU strategies can reinforce cohesion if designed with geography in mind. Overall, ignoring cohesion may make flagship EU initiatives falter. Equally, Cohesion Policy risks irrelevance if spent in isolation from wider policy trajectories.

In a joined-up system, every euro delivers multiple wins. Breaking silos is no small task —it means overcoming institutional turf wars— but the EU can no longer afford fragmentation. The challenges faced by the EU demand integration. So does policy credibility. Synergies pay political dividends, too. They allow citizens to see the EU as one coherent project and not as a confusing jumble of unconnected schemes. When regions get more value for less complexity, both trust and impact rise.

The High-Level Group put it plainly: Europe will succeed "united or not at all." Without territorial cohesion, the Single Market, green and digital transitions, and even Europe's competitiveness may falter. Cohesion Policy must act as the policy glue connecting strategies, just as cohesion itself binds regions.

6. Enlargement and the future of Cohesion Policy

As a critical test of this integrative approach, the EU's decision to expand eastward and into the Western Balkans poses both significant challenges and opportunities for Cohesion Policy. The candidate countries have markedly lower GDP per capita than any current Member State. Montenegro, the most advanced, stood at just 50% of the EU-27 average in 2022 (PPP-adjusted). Internal disparities are also severe. Pre-2014 Ukraine, for instance, had greater regional inequalities than the EU as a whole (Mykhnenko, 2020). Most candidates also struggle with weak institutions, economic underdevelopment and poor infrastructure.

Cohesion Policy has played a key role in past enlargements, helping to integrate new members while delivering mutual benefit for both the entrants and the Union (Baun & Marek, 2013; Berès, 2024). Its importance in the eighth enlargement will be no less critical.

Given the scale of the challenge, Cohesion Policy must become more robust and adaptable. It needs to be tailored to each country's specific context. Beyond basic investment, it must tackle institutional fragility, support post-conflict recovery and lay the foundations for economic and social integration (Grabbe, 2006). Institution- and capacity-building must also be front and centre. Twinning programmes, support for civil society and training initiatives will be crucial. The Baltic States' experience postaccession shows how stronger institutions can unlock more effective use of cohesion funds and accelerate convergence.

A bespoke, place-based strategy will be essential, aligning investment with each country's development priorities. Done well, Cohesion Policy can foster growth, social cohesion and competitiveness. More than that, it could act as a stabilising force in a historically volatile part of Europe (Sasse, 2008). That said, the sheer scale of challenges —especially in Ukraine— will likely require additional, targeted mechanisms beyond Cohesion Policy. Reconstruction needs alone may overwhelm the standard framework. Cohesion must remain central, but not the only instrument.

Crucially, enlargement must not come at the expense of existing Member States. Regions in countries bordering the candidates —especially those exposed to shifts in European and global value chains— should continue receiving sustained investment. Cohesion must help integrate the new without neglecting the old.

7. Conclusion: Reclaiming cohesion: Policy implications and the political imperative

The High-Level Report on the Future of Cohesion Policy laid out a robust roadmap: a policy focused squarely on sustainable development, resilience, and inclusion. It called for a decisive shift towards stronger institutions, enhanced territorial sensitivity, and more effective, place-based strategies. It also urged greater alignment across EU and national policies, recognising that cohesion is central —not peripheral— to the Union's broader agenda.

But since the report's publication, the political ground has shifted dramatically. Cohesion Policy now faces its most serious existential threat. And it comes not from external crises, but from inside the Union itself. A growing chorus of voices in Brussels and across Member States sees cohesion funding not as a tool for territorial development, but as a pot to be raided for other priorities: industrial competitiveness, defence, border security, trade retaliation, and the green and digital transitions. And all of these to be delivered top-down. The European Commission's recent proposal for the 2028–2034 Multiannual Financial Framework (European Commission, 2025b) signals what could effectively mark the end of Cohesion Policy as we know it. Behind reassuring rhetoric —e.g. "Cohesion policy will be strengthened and modernised, with regions at its core" (European Commission, 2025b: 5)— lies a harsher reality: cohesion funding risks disappearing into broader, centrally-steered National & Regional Partnership Plans. There proposal is to bundle it alongside CAP, migration, defence, and climate objectives (European Commission, 2025b).

This move is not merely an administrative or budgetary adjustment. It is a fundamental restructuring of how the EU governs development, shifting away from transparent, bottom-up multiannual programmes towards more opaque, top-down mechanisms. Under the new framework, funding will increasingly become conditional, tied tightly to results-based metrics, reform milestones, and compliance benchmarks. Such centralisation and conditionality threaten to stifle regional voices, undermining the policy's critical role as the EU's most democratic and participatory tool. Diluting Cohesion Policy into centralised national plans would be, in my opinion, a historic mistake a mistake of historic proportions.

It is true that the current model of Cohesion Policy requires reform. The High-Level Group made that clear (European Commission, 2024a). But let us not forget this is a policy that, for all its flaws, has been one of the EU's most consistently successful instruments. By folding Cohesion Policy into broad partnership envelopes that blur regional priorities with geopolitical or national agendas, Europe risks losing precisely what has made Cohesion Policy effective: its responsiveness to local conditions, needs, and potentials. Rather than serving as a vehicle to mobilise Europe's untapped assets and foster inclusive growth, the revised approach risks deepening the continent's economic polarisation and political volatility. Europe's entrenched regional divides —marked by stagnation, brain drain, and exclusion— will likely worsen, accelerating the geography of discontent already fuelling Euroscepticism and populism.

At a time when one-third of Europeans vote for Eurosceptic parties in national elections (Rodríguez-Pose et al., 2024), abating Cohesion Policy's participatory essence is perilous. Indeed, the Commission's new budget proposal unintentionally echoes demands from right-wing anti-system parties across Europe. These parties have long championed a shift toward a more confederal EU where policies are repatriated nationally. Such a move by the EU risks empowering the very political forces most hostile to the European project.

Europe's global economic weight has steadily eroded as the US and parts of Asia surge forward. Cohesion Policy is not a luxury but a strategic necessity. It serves as Europe's principal democratic tool to promote shared prosperity, stability, and a common sense of purpose. It acts as a vital economic shock absorber and catalyst, enhancing Europe's resilience in the face of global turbulence, technological disruption, and climate challenges. Weakening this policy threatens to deepen internal fractures, weakening Europe economically, socially and politically.

Europe urgently needs a Cohesion Policy that genuinely listens, includes, and empowers. It needs a policy that mobilises human and economic potential wherever it exists —urban or rural, wealthy or marginalised— not one that centralises power, sidelines regional voices, and exacerbates political disaffection. Cohesion Policy is not just about GDP gaps. It is about giving every region —and every citizen— a stake in Europe's future. Without that glue, there will be no truly competitive, secure, greener or more innovative Union. The Single Market will fracture. The political centre will hollow out. And the EU may become unrecognisable from the collaborative, democratic vision it still claims to represent.

A revamped Cohesion Policy is therefore not optional. It is essential for the very survival of the EU; a fundamental bulwark against the deep social and political divides threatening European unity. It must remain the cornerstone of a more inclusive, resilient, responsive, and democratic Europe. In this respect, cohesion is not merely a treaty aspiration. It is the fundamental investment keeping Europe united, competitive, and democratic. The EU must reclaim this vision —clearly, forcefully, and urgently— before it is lost.

Disclosure of interest

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Data availability

No new data were created or analysed in this study. All quantitative information discussed derives from publicly available sources that are fully cited in the manuscript (e.g. World Bank data, Eurostat, DG REGIO databases).

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Research ethics and consent

This article does not report research involving human participants or personal data; therefore, ethical approval and informed consent were not required.

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