

Beyond Bureaucracy, Towards a Better Life

A Liberal Cohesion Policy
for Europe's Future

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About EPIC

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Foreword



Lubica Karvašová

*Vice-Chair, REGI Committee
Renew Europe Coordinator*

Cohesion policy is usually off the radar in EU-level discussions unless there is a crisis to address and we need money for it. Then, cohesion funding becomes a prominent and accessible source. This has to stop! Cohesion policy must not be transformed into an ad hoc crisis-response tool to intervene from floods to high energy prices. Don't take me wrong, of course; we need both solidarity and crisis-management tools within our Union's budget. But it is not the cohesion policy's *raison d'être*. I do not belong to those who defend the policy no matter what, being sentimental and fighting to safeguard the status quo.

Cohesion policy must not be transformed into an ad hoc crisis-response tool to intervene from floods to high energy prices. Don't take me wrong, of course.

I believe the cohesion policy must be reformed and able to adapt to new European challenges—in the same way as any other EU policy. The upcoming negotiations about the future multiannual financial framework post-2027 are the right moment for this. However, let us not lose sight of what its *raison d'être* enshrined in the Treaties — reducing regional disparities. Both Mario Draghi and Enrico Letta are very clear about the future role of the cohesion policy in competitiveness and the single market. And they complement each other well.

It is mainly through long-term investments in infrastructure (from education and transport to digital) that the cohesion funds can create the necessary foundations for growth and competitiveness, including innovation. This is about our economic performance. At the same time, we have another responsibility: to guarantee that no one is left behind. This means working on the 5th freedom of the single market: the freedom to stay. Wherever you are born and raised. To me, an essential role of the cohesion policy is to support communities. This is about solidarity and decreasing regional disparities.

Why is this important? Coming from a liberal political family that believes in both opportunity and fairness, I see the cohesion policy as the most tangible European policy that touches our citizens, even in a small village. It is how we invest in communities that are too often overlooked by capital. It is how we keep the ideas of a European project alive and thriving in people's lives.

However, with global challenges such as Russia's aggression in Ukraine bringing the war back onto European soil in the 21st century, the COVID-19 pandemic, economic volatility, and uncertainties in international trade expectations, it is right that we focus our attention on solving these issues. That is precisely the moment when we risk a growing disconnect between citizens and the EU, especially in regions where our support for their needs is most needed but often arrives too slowly, through overly complex channels, or not at all. There is a clear link between less developed regions and Eurosceptic voices, which populists and the extreme right often exploit.

Cohesion policy can do something essential: build resilience where it matters most if it can help regions thrive in the local economy and foster solidarity. However, it must do so not through priorities set top-down but by empowering local and regional leaders and communities who know best what strengths to build on and weaknesses to address. That is the reason why regions and cities should access funding directly, and the results will follow. So will trust. This is also the very essence of the subsidiarity principle, and cohesion policy offers an excellent opportunity to put it into practice by bringing EU decision-making closer to its citizens.

Cohesion policy is about the Union that grows stronger by lifting everyone, not by leaving people behind.

We must fix what isn't working. Focus on performance and impact rather than the process. Here, the Recovery and Resilience Facility offers some good practices. Uneven absorption rates, complex procedures, and overlapping instruments have limited its impact in too many places. More innovative, more

agile governance, closer to citizens, is essential. We need faster access, more explicit rules, and greater trust in regions and cities to lead the way.

Because cohesion policy is about the Union that grows stronger by lifting everyone, not by leaving people behind.

I hope this paper inspires that kind of thinking.



Executive summary

The prosperity of Europe's regions hinges on the EU's ability to turn cohesion policy into a strategic engine for transformation – not merely a tool for redistribution. In an era defined by geopolitical instability, climate urgency, and technological disruption, the EU's cohesion framework must evolve to support long-term resilience, competitiveness, and democratic renewal. Drawing on insights from the 2025 Innovation Policy Lab co-hosted by the European Liberal Forum and the Friedrich Naumann Foundation, this paper presents a forward-looking vision for comprehensive reform.

Four structural weaknesses currently undermine cohesion policy: excessive fragmentation, uneven administrative capacity, politicised fund allocation, and repeated crisis-driven reprogramming that dilutes strategic focus. These challenges limit the policy's effectiveness and its credibility with citizens and stakeholders.

To address these issues, the paper proposes a unified cohesion architecture anchored by a single, consolidated fund. This fund would integrate existing instruments (ERDF, ESF+, Cohesion Fund, Just Transition Fund) under one regulation with thematic windows, enabling streamlined access and more coherent investments across sectors such as infrastructure, skills, social development, and strategic autonomy.

The paper calls for embedding multi-level governance into the core of the policy. Regional authorities, civil society, and other local actors must play a role throughout the funding cycle to ensure cohesion investments reflect real needs on the ground. A pan-European territorial strategy would complement this approach, guiding investment towards European public goods, cross-border infrastructure, and integration of disconnected regions into EU value chains.

Extending the programming horizon to ten years would align funding with structural challenges that require continuity, such as climate adaptation, digital transformation, and demographic change. Midterm reviews and adaptive management would ensure flexibility without sacrificing strategic clarity.

Four investment priorities are outlined: (1) future-proof infrastructure, including dual-use, climate-resilient, digital, and energy systems; (2) human capital and social innovation, from housing to skills training; (3) territorial resilience and strategic autonomy, with investments in cybersecurity, defence ecosystems, and critical industries; and (4) external cohesion via a new Cohesion+ pillar supporting convergence with neighbouring countries and regions such as Ukraine and the Western Balkans.

To strengthen integrity and effectiveness, the paper proposes smart conditionality tied to democratic standards, a European funds office (EFO) to directly manage funds where needed, and the adoption of modern indicators – beyond GDP – to better capture inequality, exclusion, and environmental vulnerability. Performance-based funding models, combined with flexible milestones, would ensure that cohesion spending delivers measurable and lasting results, reduce corruption, and increase visibility of the EU in the regions.

Finally, visibility and public engagement must become central to cohesion strategy. Clear branding, decentralised communication through EFO regional hubs, storytelling campaigns such as ‘Thanks Europe’, and symbolic naming of national plans would help embed cohesion policy in the everyday experience of Europeans.

This is not a technical adjustment. It is a reframing of cohesion policy as Europe’s primary vehicle for building a more competitive, connected, secure, and inclusive Union. With the right reforms, cohesion can deliver not only prosperity but also a renewed sense of belonging and purpose for all regions and people across Europe.

Table 1. Key recommendations for a reimagined EU cohesion policy

Recommendation	Purpose	Key Measures
Single cohesion fund	Simplify architecture and increase strategic impact	Merge ERDF, ESF+, CF, and JTF into one fund with thematic windows for infrastructure, skills, social development, and strategic autonomy
Mandatory multi-level governance	Ensure place-based and people-based cohesion	Institutionalise participation of regional authorities, civil society, and local actors throughout the funding cycle
EU territorial strategy	Guide investments across borders and value chains	Define European public goods, connect disconnected regions, and integrate infrastructure and supply networks
Ten-year programming cycles	Align funding with long-term structural goals	Enable midterm reviews and adaptive planning for challenges such as climate, digitalisation, and demographics
Strategic investment priorities	Focus resources on high-impact areas	Target future-proof infrastructure, human capital, territorial resilience, and critical technologies
Cohesion+ external pillar	Extend cohesion logic beyond EU borders	Launch shared infrastructure and convergence projects with Ukraine, Moldova, Georgia, and the Western Balkans
Smart conditionality and EFO	Safeguard rule of law and fund integrity	Tie funding to democratic standards and enable direct EU fund management where necessary
Modern indicators beyond GDP	Better identify and address inequalities	Use metrics on exclusion, resilience, and human development to guide and evaluate investments
Performance-based and flexible funding	Maximise impact and responsiveness	Link disbursement to milestones; allow flexible adjustments based on local context
Visibility and engagement strategy	Build legitimacy and citizen support	Launch ‘Thanks Europe’ campaigns, create EFO communication hubs, and symbolically name national plans


Introduction

Cohesion policy is one of the EU's most powerful instruments for promoting solidarity, balanced territorial development, and integration. Since its formal inception in the late twentieth century, it has evolved into a significant financial and political mechanism aimed at reducing economic, social, and territorial disparities across the EU. Through structural and investment funds, the policy has helped build vital

infrastructure such as roads, upgrade digital networks, train workers, support small and medium-sized enterprises, and modernise public services in less developed regions. Cohesion policy has helped regions connect to the single market. However, as Europe faces a new era of complex and overlapping challenges, cohesion policy must undergo a profound transformation if it is to remain fit for purpose.



Cohesion policy is one of the EU's most powerful instruments for promoting solidarity, balanced territorial development, and integration.



Cohesion policy can no longer be viewed as simply a redistributive tool; it must be seen as a strategic lever for long-term transformation.

Events of the 2020s have underscored the need for a more agile and strategic approach. The COVID-19 pandemic exposed vulnerabilities in public health systems, employment structures, and digital infrastructure. Russia's war in Ukraine brought the issues of energy dependence, defence readiness, and geopolitical resilience to the forefront. Simultaneously, the green and digital transitions – while

necessary and urgent – risk deepening inequalities unless the benefits are broadly shared. The climate crisis continues to affect every corner of the continent, disproportionately impacting vulnerable regions with lower adaptive capacity. Against this backdrop, cohesion policy can no longer be viewed as simply a redistributive tool; it must be seen as a strategic lever for long-term transformation.

This paper draws on an Innovation Policy Lab session co-hosted by the European Liberal Forum and the Friedrich Naumann Foundation for Freedom on the future of cohesion policy that took place in 2025, bringing together policymakers, civil society actors, regional experts, and institutional stakeholders. Across multiple sessions, a common theme emerged: the current model of cohesion policy – fragmented, rigid, and overly technocratic – requires bold reform. Participants emphasised the need for simplification, transparency, performance, and inclusion, but also for greater strategic alignment with the EU's evolving priorities.

In response, this paper presents a comprehensive vision for the future of cohesion policy, structured around several key areas, including:

1. proposing a simplified and unified cohesion framework centred on a single fund with clear multi-level governance;
2. recommending strategic investment priorities, including connecting supply and value chains, climate-resilient infrastructure, social innovation, and hybrid security;
3. strengthening governance through smart conditionality and the possible creation of a European funds office (EFO) in every Member State;
4. introducing more inclusive indicators and metrics to better target investments based on real regional needs;
5. enhancing communication and public engagement through branding, visibility strategies, and local storytelling; and
6. advocating for flexibility and performance-based funding to increase impact and responsiveness.

Together, these proposals represent not a mere update, but a reframing of cohesion policy as a tool for a more resilient, just, and competitive Europe. In doing so, the EU can renew its social contract with citizens, strengthen its unity in diversity, and demonstrate that no region or community will be left behind in the transitions that lie ahead.



Chapter 1

Confronting Europe's hurdles to build a better future

Complexity and fragmentation

The architecture of the EU's cohesion policy remains overly complex and fragmented, consisting of multiple overlapping instruments such as the European Regional Development Fund (ERDF), European Social Fund Plus (ESF+), Cohesion Fund (CF), and Just Transition Fund (JTF), among others. Each fund comes with its own set of regulations, administrative procedures, eligibility criteria, and performance frameworks. While these instruments were created to serve distinct objectives, in practice they often address intersecting policy areas such as infrastructure, employment, climate resilience, and digital transformation.

This complexity was further compounded by the introduction of the Recovery and Resilience Facility (RRF), which overlaps with cohesion policy objectives in several areas. While the RRF was designed as a temporary crisis instrument, its tight spending deadlines led many Member States to prioritise it over traditional cohesion funds. This does not imply greater ease of use but rather reflects the urgency of its timeline. As a result, the perceived underutilisation of cohesion funds in the short term is more a matter of sequencing than of capacity or relevance.

This multiplicity has proven difficult for end users – particularly at the local and regional levels – to navigate. Municipalities and civil society organisations frequently report difficulties in identifying the appropriate funding stream for their project ideas. Even once the correct fund

is identified, applicants still must contend with differing timelines, reporting requirements, and compliance mechanisms that demand technical expertise often unavailable in smaller administrations.

Moreover, the separation of funds impedes integrated territorial development. Projects that inherently cut across sectors – such as an initiative to build climate-resilient schools in underserved communities – must stitch together disparate funding lines, creating administrative inefficiencies and sometimes discouraging implementation altogether. Fragmentation thus undermines both effectiveness and equity, as well-resourced regions are better equipped to overcome these bureaucratic hurdles than less developed areas.

This complexity is also mirrored at the governance level. Multiple managing authorities may coexist within a single country, each overseeing different funds with little coordination. The result is duplication of efforts, inconsistent monitoring standards, and a

missed opportunity to streamline strategic investments. Calls for a unified regulatory framework and the consolidation of funds into a single cohesive policy instrument have grown louder in response.

Fragmentation
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and equity.



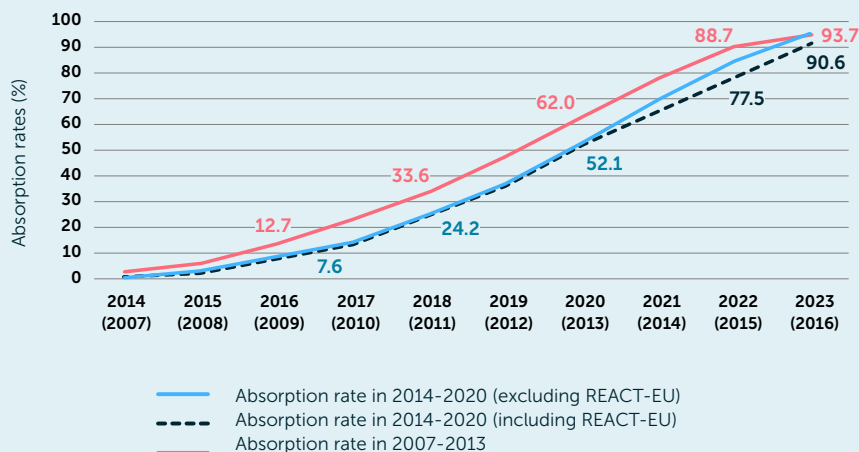
While structural funds are designed to reduce disparities across the EU, their success heavily depends on the capacity of regions and local actors to absorb and manage the allocated resources. Unfortunately, many regions, particularly in so-called transition regions, continue to lack the administrative muscle needed to do so effectively. The dual challenge of low technical expertise and insufficient human resources persists in municipalities, especially those in rural or economically disadvantaged areas.

Staff turnover, lack of specialised training, and an overreliance on expensive external consultants remain widespread. Without in-house knowledge of procurement procedures, financial management, and EU compliance standards, local authorities often struggle to prepare high-quality project proposals – let alone implement them on time and within budget. The result is chronic under-absorption of EU funds, which not only leads to missed developmental opportunities but also risks reputational damage and the potential reallocation of unspent resources to better-performing regions or Member States.

Despite various reforms, the 2014–2020 programming period saw a slower pace of absorption compared with 2007–2013. According to a 2023 European Parliament study, this delay was visible across most Member States and was especially pronounced in the first half of the cycle. While overall absorption eventually improved – helped by the ‘N+3’ rule and end-period acceleration – it revealed persistent capacity constraints in national and subnational administrations.¹ Countries with stronger institutional systems continued to perform well, while those with weaker governance structures struggled to fully utilise their allocations.

¹ Under the ‘N+3’ rule, Member States have three years from the year of commitment (N) to spend allocated EU funds, after which any unspent amounts are decommitted (i.e., returned to the EU budget). For example, funds committed in 2014 had to be spent by the end of 2017. This replaced the previous ‘N+2’ rule applied in the 2007–2013 period, which allowed only two years. The extension to N+3 was introduced in response to the 2008 financial crisis and aimed to provide Member States with more flexibility and time to absorb EU funding effectively.

Figure 1: Absorption rates of cohesion policy funds (ERDF, CF, and ESF) in 2007–2013 and 2014–2020



Source: Cohesion Open Data Platform, database on EU Payments for 2014–2020 and for 2007–2013.

These challenges were even more evident in the case of REACT-EU, the special recovery instrument introduced in the wake of COVID-19. Although designed to be fast and flexible, REACT-EU funds exhibited even lower absorption rates than traditional cohesion instruments – particularly in Member States with limited technical capacity. The lesson is clear: even simplified or emergency funding cannot substitute for the structural need for administrative readiness.

At the same time, the growing technical complexity of cohesion policy further aggravates this gap. The shift towards digitalisation, green infrastructure, and results-based programming demands a level of strategic planning, data integration, and performance monitoring that many local and regional authorities are still building. Administrative requirements such as indicator tracking, milestone achievement, and evaluation reporting have become additional hurdles, especially for under-resourced municipalities.

In response, there is growing recognition of the need to invest directly in institutional capacity. A promising shift is underway to allow cohesion funds to cover the salaries of qualified technical staff and support administrative operations. This reflects a broader transition – from focusing purely on infrastructure and service delivery to strengthening the governance systems that enable effective delivery. Such investment in capacity-building is increasingly seen as a core enabler of decentralisation and a necessary condition for convergence across the EU.

Politicisation and misuse

The politicisation of cohesion policy is not a new phenomenon, but recent developments in several Member States have intensified scrutiny of how cohesion funds are allocated and managed. In contexts where democratic institutions are weakening and checks on executive power are limited, cohesion funds have at times been weaponised for political gain. Funds may be directed to regions governed by allies of the ruling party, while opposition-led municipalities are sidelined or subjected to excessive bureaucratic obstacles.

This dynamic undermines both the legitimacy and the efficacy of EU investment. It creates unequal development trajectories within countries and erodes trust in European solidarity mechanisms. Moreover, it opens the door to mismanagement and, in some cases, outright corruption. The European Anti-Fraud Office has repeatedly investigated instances where cohesion funds have been misused for political patronage or diverted into non-transparent procurement contracts.

One proposed solution is the adoption of 'smart conditionality' – a flexible mechanism that ties access to cohesion funding to adherence to fundamental EU values, including rule of law, transparency, and good governance. While such mechanisms already exist to some extent, their enforcement remains politically fraught and administratively cumbersome. Another proposal gaining traction is to allow for direct

management of funds by the European Commission or its agencies in cases where national governments cannot be trusted to distribute them equitably.

This would represent a significant shift in the governance of cohesion policy, moving from shared management towards a hybrid model. It could be particularly relevant in Member States under Article 7 proceedings or other forms of democratic scrutiny. Additionally, expanding the role of regional and local authorities, non-governmental organisations (NGOs), and social partners in fund management could help decentralise power and reduce opportunities for misuse.

Crisis reprogramming and strategic drift

Cohesion policy is, by design, a long-term investment strategy aimed at correcting structural imbalances and promoting sustainable growth. However, recent global and regional crises – including the COVID-19 pandemic, energy shocks, and the war in Ukraine – have compelled the EU to reprogramme cohesion funds to meet short-term emergency needs or act as short-term stimulus packages. While this adaptability has allowed for rapid response, it has also led to strategic drift.

This ad hoc reallocation of resources risks diluting the original purpose of cohesion policy. Infrastructure projects, capacity-building, and long-term social investments have often been deferred or downsized to accommodate immediate fiscal relief measures or emergency health and security spending. This jeopardises the multi-annual investment logic that underpins cohesion funding and creates unpredictability for regional planners.

Furthermore, the introduction of the RRF as a crisis response tool has created competition with cohesion funds. Because RRF funds are easier to access and have a shorter implementation horizon, many national governments have prioritised them over more complex cohesion instruments. This has led to an artificial underspend in cohesion funding and a perception that cohesion policy is less agile and relevant in times of crisis.

Several experts and stakeholders advocate for ring-fencing a portion of cohesion funds – particularly those allocated to infrastructure and social development projects – to ensure continuity through periods of disruption. Others argue for better coordination between crisis response mechanisms and cohesion policy to avoid duplication and enhance synergies. A more coherent EU investment framework, integrating the agility of crisis tools with the strategic vision of cohesion policy, is increasingly seen as necessary.



Chapter 2

A blueprint for cohesion reform: Simpler, smarter, stronger

Proposal for a single cohesion fund

The call for a single cohesion fund has emerged as a pragmatic response to the persistent fragmentation and inefficiencies in the current funding architecture. Stakeholders across the EU agreed that a consolidated structure, encompassing infrastructure, economic and social development, and security-related investments, could streamline operations and increase the strategic impact of EU financial instruments.

The envisioned fund would replace the multitude of overlapping programmes – such as ERDF, ESF+, the Cohesion Fund, and sectoral funds addressing energy, transport, or social needs – with one comprehensive framework governed by a single regulation. This would eliminate the redundant bureaucratic processes that burden managing authorities and beneficiaries alike. The adoption of unified eligibility criteria, reporting standards, and evaluation procedures would simplify access and reduce transaction costs for applicants.

One compelling reference point for this model is the Neighbourhood, Development and International Cooperation Instrument (NDICI), which successfully consolidated various instruments into thematic windows under a unified legal framework in the EU's external action domain. Drawing from that experience, a future cohesion fund could feature sub-pillars or windows that allow thematic targeting (e.g., securing European supply and value chains that complete the single market, climate adaptation, skills development, digital transformation) without sacrificing coherence or operational simplicity.

In addition to regulatory alignment, a single fund could foster more integrated investment strategies. For example, a regional development plan that includes transport upgrades, digital connectivity, job training, and climate resilience could be funded holistically rather than through multiple, separately managed instruments. This would not only improve implementation efficiency but also enhance policy synergy, allowing for better outcomes at both the local and EU levels.

Moreover, consolidation would offer increased visibility for cohesion policy as a flagship European initiative. A simplified, high-profile fund with clear branding could help reinforce public awareness of EU contributions to regional development and counter the perception that Brussels is a distant and technocratic actor.

Multi-level governance and bottom-up planning

A simplified cohesion policy must also be a more democratic and inclusive one. Multi-level governance is essential to bridge the gap between EU-level strategic goals and local implementation realities. In this context, multi-level governance refers to the coordinated participation of European, national, regional, and local authorities, as well as civil society, the private sector, and academia, in every phase of the cohesion policy cycle – from programming and implementation to monitoring and evaluation. Maintaining multi-level governance ensures that cohesion policy remains not just place-based but also people-based.

Too often, national governments dominate the cohesion planning process, sidelining local actors who are closer to community needs and better positioned to identify relevant interventions. This top-down approach has led to projects that are misaligned with local priorities or fail to build sufficient local ownership for sustained impact. The Commission's recent proposal to unify the use of EU funds by Member States into one national plan would likely exacerbate this disconnect

and disempower local and regional actors while further empowering Member States in the midst of democratic backsliding. Establishing mandatory participatory planning mechanisms by strengthening the 'Partnership Principle' through the unified regulation would help remedy this imbalance.

Such mechanisms could include regional development forums, citizen assemblies, or local consultative panels that contribute directly to the drafting and revision of cohesion plans. By making participation a requirement – not an optional add-on – the EU could institutionalise democratic input and ensure that cohesion funding genuinely reflects the diversity of needs and aspirations across Europe's territories.

Multi-level governance also strengthens transparency and accountability. When a broader range of stakeholders is involved in monitoring implementation, there are more checks on the misuse of funds and a stronger incentive to deliver measurable results. In addition, inclusive governance processes promote learning and innovation, as different actors bring varied perspectives and experiences to the table.

To support this transition, the EU could offer capacity-building resources to municipalities, NGOs, and local partners to help them engage effectively in cohesion policy discussions. This would not only level the playing field for smaller or less experienced actors but also contribute to strengthening local democracy and civic participation across the Union.



A territorial policy for cohesion in Europe

Although multi-level governance is essential to a place- and people based cohesion policy, the overall strategic approach has not always succeeded in aligning national, regional, and European interests. One recurring challenge has been the prioritisation of investment absorption over strategic policy direction. This has left Europe without a coherent territorial strategy to guide how cohesion resources support broader European goals – be they economic, environmental, or social. As a result, the policy's potential contribution to resilience, competitiveness, and cross-border connectivity remains underdeveloped.

Cross-border and interregional initiatives, for instance, represent less than 3 per cent of total cohesion allocations under Interreg, limiting their scope to address shared challenges or support EU-wide infrastructure development. While the Trans-European Transport Network (TEN-T) is a step forward, its current design focuses primarily on technical efficiency rather than long-term coordination, redundancy, or regional development synergies.



A complementary comprehensive territorial strategy for Europe should be established and focused on achieving social, economic, and territorial cohesion.

Alongside the development of a single fund, a complementary comprehensive territorial strategy for Europe should be established and focused on achieving social, economic, and territorial cohesion. Crucially, this territorial strategy would be developed through an interinstitutional process but utilise the multi-level governance model of cohesion policy. It would also be connected to the Cohesion+ fund and would be used as a foresight exercise to create increasing levels

of connectivity with the EU's neighbours to foster greater territorial cohesion in the long term, increase security, improve mobility, and connect neighbouring countries to EU value chains. (Potential) candidate countries should be part of the consultation and governance of the strategy development.

Large-scale projects for European public goods could be defined in the territorial strategy, and spending for such projects of ten years' duration or more should be earmarked within the next cohesion fund. The majority of development funds would still be allocated to more place- or people-based infrastructure, social programmes, or defence needs but would be planned in a way that contributes to the overall territorial, social, and economic cohesion of the continent. A territorial strategy should answer some key questions:

- How can we increase investment for large-scale European public goods and cross-border initiatives through EU cohesion policy?
- How can we connect trapped regions with global supply and value chains to increase Europe's competitiveness?
- How can we connect trapped European regions through transport corridors that would make us more climate-resilient and prepared for future security and defence challenges?
- How can we connect Europe's digital infrastructure?
- How can we connect Europe's energy infrastructure and reduce fossil fuel and energy dependence?
- How can we integrate (potential) candidate countries and ensure territorial integrity?



Ten-year strategic planning cycles

Another key proposal is to shift from the current five- to seven-year programming cycles to ten-year strategic planning horizons. This change would align cohesion policy with the nature of the challenges it seeks to address – structural disparities, regional underdevelopment, demographic shifts, and environmental sustainability – all of which require long-term, sustained intervention.

Under the existing system, managing authorities and beneficiaries often face a time crunch as they approach the end of a funding cycle, leading to a surge in spending to meet deadlines rather than to maximise impact. This ‘use it or lose it’ mentality can result in rushed project selection, weak outcomes, and missed opportunities for value-added investments. By extending the strategic horizon, regions would have the flexibility to design and implement more complex, ambitious, and interlinked development strategies.

A ten-year cycle would also create more room for thorough project preparation, stakeholder consultation, and adaptive management. Multi-phase infrastructure projects, such as transnational rail networks or green urban regeneration initiatives, would benefit immensely from the predictability and continuity afforded by a longer-term planning framework. Moreover, a ten-year vision could allow for midterm reviews and course corrections based on performance and changing contexts, thus balancing stability with responsiveness.

From a governance perspective, a longer cycle would also facilitate better alignment with other major EU strategies and funding instruments, including the Clean Industrial Strategy, the European Semester, the European Green Deal, and the Digital Decade. Synchronising timelines would improve policy coherence and reduce the fragmentation that often characterises the EU investment landscape.

Importantly, the transition to a ten-year planning model would require robust monitoring and evaluation mechanisms. Annual or biannual reporting, combined with independent assessments and citizen feedback channels, could ensure that strategic plans remain relevant and results-driven throughout the decade.

Table 2. Towards a simplified and unified cohesion framework

Proposal	Objective	Key Actions
Single cohesion fund	Simplify EU funding architecture and increase strategic coherence	<ul style="list-style-type: none"> - Merge existing funds (ERDF, ESF+, CF, JTF) into one unified fund
Multi-level governance and bottom-up planning	Ensure place-based and people-based cohesion	<ul style="list-style-type: none"> - Use thematic windows within a single regulation - Enable integrated investments across infrastructure, social and economic development, and security - Improve visibility and reduce bureaucratic complexity
Territorial strategy for Europe	Guide investments across borders and value chains	<ul style="list-style-type: none"> - Develop an interinstitutionally agreed Territorial Strategy - Earmark part of cohesion funding for European public goods and cross-border projects - Address gaps in TEN-T and Interreg through strategic territorial planning - Focus on connecting trapped regions, improving energy and digital links, and integrating candidate countries
Ten-year strategic planning cycle	Align funding with long-term structural goals	<ul style="list-style-type: none"> - Extend cohesion programming cycles from seven to ten years - Allow for midterm reviews and adaptive management - Synchronise with EU flagship strategies (e.g., Green Deal, Digital Decade) - Shift focus from 'absorption pressure' to long-term impact

Chapter 3

Investing in Europe's future: Strategic priorities for cohesion

Infrastructure for the Europe of tomorrow

Infrastructure investment remains a cornerstone of cohesion policy, but the nature of what constitutes essential infrastructure is evolving rapidly. As highlighted in the joint publication by ELF and NEOS Lab on future-proofing the European budget, distinguishing between productive and unproductive spending is fundamental for designing fiscal policies that foster sustainable growth. The next generation of cohesion investments must prioritise investment in infrastructure and European public goods that are resilient, future-oriented, dual-purpose, and strategically autonomous.

By reallocating resources towards investments in infrastructure, education, and innovation, governments can create the conditions for long-term prosperity. However, achieving this requires addressing political, institutional, and fiscal challenges. As economies face mounting global pressures, adopting a strategic, future-oriented approach to fiscal policy is imperative for ensuring sustainable development and resilience. Tools such as the 'Zukunftsquote' can help measure the share of future-oriented spending in public budgets, improving accountability and guiding resource allocation. For Member States, accessing shared resources for pan-European public goods – such as cross-border infrastructure – can enhance fiscal efficiency and impact. This approach supports not only regional development and cohesion but also the EU's broader strategic goals, including

competitiveness, the European Green Deal, digital transformation, and enhanced security.

Digital connectivity is fundamental in a twenty-first-century economy. The expansion of digital networks – especially in rural and peripheral areas – is critical to bridge the digital divide that exists between urban and less developed regions. This includes extending high-speed broadband, expanding 5G coverage, and establishing robust data centres to support cloud services and artificial intelligence (AI) technologies. Investment in cybersecurity infrastructure is also essential to ensure the resilience of digital systems across public administration, healthcare, and education. As remote work, online education, and digital public services become more entrenched, digital connectivity is no longer a luxury – it is a basic development need.

Energy and climate-related infrastructure must also be at the forefront of the new cohesion strategy. Investment in renewable energy generation (such as wind, solar, and hydropower), smart energy grids, and hydrogen production will help reduce regional disparities in access to clean energy while supporting the EU's climate neutrality objectives. In some Member States, nuclear energy continues to play a role in the energy mix, and cohesion policy can support the safe modernisation and regulation of nuclear facilities. For those countries which do not have access to nuclear energy, improved cross-border energy grid infrastructure can connect them to nuclear powerhouses on the continent and offset intermittency and other disruption concerns. Equally important is investment in waste-to-energy systems, district heating, and other circular economy technologies that minimise environmental impact and improve resource efficiency. Infrastructure must also be climate-resilient, capable of withstanding floods, heatwaves, and other extreme weather events, especially in regions that are most vulnerable to climate change.

Transport and logistics networks are vital for economic competitiveness and territorial cohesion. Strategic investment in rail infrastructure, intermodal hubs, and port modernisation can reduce the EU's dependence on carbon-intensive road transport and improve the

connectivity of landlocked and peripheral regions. Cross-border logistics corridors are especially crucial for ensuring the free flow of goods and enhancing the Single Market. While the TEN-T provides a strong foundation, cohesion policy should go beyond this framework to address secondary links and regional and rural accessibility, particularly in Central and Eastern Europe and parts of Southern Europe.

Dual-use infrastructure is another emerging priority. This refers to infrastructure that serves both civilian and military needs – for example, roads and bridges designed to accommodate military vehicles or rail lines that can facilitate rapid troop and equipment movements in times of crisis. Investment in such infrastructure can simultaneously strengthen regional economies and contribute to collective European defence capabilities. Additionally, dual-use investments often have climate co-benefits, such as reinforced bridges that can also handle extreme weather events or multi-use emergency shelters integrated into schools and community centres.

Social innovation and human capital

Beyond physical infrastructure, the strength of the EU depends on its people. Social innovation and human capital development are increasingly recognised as essential components of regional competitiveness and resilience. In the past, a focus on place-based policies has meant that cohesion funds are not well utilised to target marginalised people who may live in more developed urban settings. People that lack opportunities due to inequality or discrimination are present in every region. Cohesion policy must invest more deeply in people-based initiatives that enhance quality of life, address inequality where it occurs, and equip citizens with the skills needed for the green and digital transitions.

Housing innovation is among the most urgent social needs. Many European cities face housing shortages, affordability crises, and deteriorating building stock. Cohesion policy should support pilot

projects that demonstrate sustainable, energy-efficient housing solutions, especially in urban and peri-urban areas where demand is greatest. Insulation upgrades, renewable energy integration, and the use of new construction technologies (such as 3D printing or prefabricated modular units) can reduce emissions while improving living conditions. These projects can also prioritise frontline workers, migrants, and low-income families, ensuring that housing innovation contributes to social equity.

Skills for the future are central to the EU's transition to a green and digital economy. Training programmes focused on clean technologies, AI, advanced manufacturing, and healthcare services can help prepare workers for jobs in emerging sectors. To be effective, these initiatives must be co-designed with employers, training providers, and local authorities to ensure alignment with labour market needs. Particular emphasis should be placed on retraining workers in declining industries and integrating marginalised groups into the workforce. By embedding skills development within regional cohesion strategies, the EU can foster inclusive growth and reduce socio-economic divides.

Social services are equally vital for community well-being. Access to affordable childcare, eldercare, healthcare, and mental health services varies widely across the EU, often correlating with regional underdevelopment. Cohesion policy should help close these gaps by funding social infrastructure and supporting innovative service delivery models. For example, mobile health clinics, telemedicine platforms, and integrated community centres can extend services to rural and underserved areas. A common European benchmark for minimum quality standards in social services, supported through cohesion funding, could ensure a baseline of dignity and support across all Member States.

Cohesion policy can also fund social innovation experiments – small-scale, high-potential projects that address complex challenges such as ageing, loneliness, or youth disconnection. Successful models can then be scaled up across regions using performance-based funding mechanisms, turning innovative ideas into replicable solutions.

Defence and hybrid security

Security has become an increasingly prominent concern in EU policymaking, especially in the light of recent geopolitical developments. While cohesion policy is not a defence instrument per se, it can play a critical supporting role in enhancing the resilience of European regions to both conventional and hybrid threats. Traditionally, policymakers have focused on the social and economic dimensions of cohesion, often at the expense of territorial cohesion. In times of peace, this has led to a neglect of the EU's spatial and geographic integration goals. Rebalancing this focus is now imperative: reinforcing territorial cohesion will strengthen Europe's capacity to respond to disruptions and underpins the Union's unity in times of crisis.

Support for local defence ecosystems is a strategic investment. Many regions, particularly in Central and Eastern Europe, host defence-related industries that contribute to both national security and regional employment. Cohesion funding can help modernise this industrial base, improve infrastructure in defence-relevant areas, and support research and development in dual-use technologies. This contributes to the EU's strategic autonomy while fostering economic development in less developed regions.

Enhancing hybrid resilience means preparing for a wide spectrum of non-traditional threats, including cyberattacks, misinformation campaigns, pandemics, and climate disasters. Investment in cybersecurity infrastructure, digital literacy, secure digital services, and early-warning systems can protect both citizens and institutions from disruption. In frontier and border regions, this also includes building capacity for migration management and cross-border cooperation in emergency response. Resilience must be embedded into physical infrastructure planning as well – ensuring that roads, bridges, and energy systems can withstand both man-made and natural shocks.

Promoting strategic autonomy is perhaps the most geopolitically sensitive priority. Reducing dependence on external actors – particularly

in strategic sectors such as telecommunications, pharmaceuticals, semiconductors, and clean energy – is now an EU imperative. Cohesion funds can support the localisation of critical supply chains, investment in strategic raw materials, and the creation of regional innovation hubs that enhance Europe’s technological sovereignty. Targeted investment in these areas will not only strengthen security but also reduce regional disparities by channelling high-value industries into trapped regions. For example, industrial workers in fossil fuel-intensive industries could be transitioned into defence industry jobs through training and investments into regions which make them more attractive for defence industry.

By embedding security considerations into cohesion policy – without militarising its core development mission – the EU can respond to the interconnected nature of today’s challenges. A well-designed strategy will ensure that cohesion policy remains a tool of peace, prosperity, and preparedness in an increasingly uncertain world.

Strategic neighbourhood integration through Cohesion+

Cohesion policy must not only bridge divides within the EU but also extend Europe’s stabilising and integrative power beyond its current borders. In an era defined by geopolitical uncertainty, the EU’s neighbourhood is central to its own security, competitiveness, and strategic resilience. A future-oriented cohesion policy should include a dedicated external pillar – Cohesion+ – that supports cross-border investment with neighbouring countries undergoing EU accession or alignment processes.

Cohesion+ would provide a structured mechanism for joint infrastructure, digital, energy, and institutional projects between Member States and countries such as Ukraine, Moldova, Georgia, and the Western Balkans. These countries are already deeply integrated into Europe’s political and economic space, but they lack consistent

access to the long-term, regionally targeted investment tools available to EU members. By opening cohesion policy to selected cross-border cooperation in these areas, the EU can accelerate convergence, support democratic transformation, and improve connectivity across the continent.

Strategically, this initiative would reduce vulnerabilities at the Union's external frontier by embedding neighbours into European value chains and regulatory frameworks. Practically, it would fund essential projects such as cross-border rail links, energy interconnectors, broadband expansion, and joint training centres – all of which benefit both the EU and its partners. Politically, it would foster alignment through investment, rather than conditionality alone, making the EU's enlargement and neighbourhood policies more tangible and impactful.

To ensure consistency with EU values and prevent politicisation, Cohesion+ could be managed by a dedicated team within the European Commission, in close cooperation with DG REGIO, DG NEAR, and the External Action Service. It would operate through multi-level partnerships with regional and local authorities, mirroring the participatory governance model of cohesion policy inside the EU. In high-risk contexts or regions affected by conflict, project oversight could be supported by the EFO model to guarantee transparency and impact.

The geopolitical logic of cohesion must evolve. Strategic autonomy begins with internal resilience but depends on external stability. Extending the principles of cohesion policy to the EU's immediate neighbourhood will support sustainable development, reduce inequality, and build durable ties that prepare both Member States and candidate countries for a more connected, secure, and democratic future.

Table 3. Strategic priorities for future cohesion policy

Priority	Objective	Key Actions
Smart conditionality and governance	Safeguard funds from misuse and promote the rule of law	<ul style="list-style-type: none"> - Apply democratic and capacity-based conditionality - Enable EFO in special cases - Encourage transparency and accountability mechanisms
Future-proof investment	Align cohesion funding with the EU's long-term strategic goals	<ul style="list-style-type: none"> - Prioritise resilient and dual-use infrastructure - Support green and digital transitions - Promote cross-sectoral and cross-border projects
Strategic autonomy and territorial resilience	Integrate security and sovereignty dimensions into cohesion policy	<ul style="list-style-type: none"> - Invest in critical infrastructure (e.g. cyber, energy) - Reduce external dependencies - Enhance regional resilience against hybrid threats
Strategic neighbourhood integration (Cohesion+)	Extend cohesion logic beyond EU borders	<ul style="list-style-type: none"> - Launch shared infrastructure with Ukraine, Moldova, Georgia, Western Balkans - Use cohesion to support pre-accession alignment - Anchor enlargement in EU strategic resilience



Chapter 4

Making cohesion work: Governance, accountability, and fairness

Smart conditionality

The future of cohesion policy must be firmly rooted in the EU's foundational values: democracy, the rule of law, human rights, and sound financial management. To uphold these principles while maintaining cohesion as a unifying policy instrument, a nuanced and flexible approach to conditionality is required – what many have termed 'smart conditionality'.

Smart conditionality aims to link access to cohesion funding with adherence to democratic norms and institutional quality, but without resorting to rigid or punitive mechanisms that might disproportionately harm citizens. Rather than a blunt tool that suspends funding altogether, smart conditionality would be based on performance, proportionality, and targeted interventions. For example, in regions or Member States where rule of law concerns or corruption risks are identified, funding might be temporarily redirected to entities with higher governance standards, such as municipalities, universities, or civil society organisations.

Importantly, smart conditionality must come with a support mechanism. When a region or authority fails to meet governance standards, the response should not be limited to financial withholding but should include offers of technical assistance, capacity-building, and reform roadmaps. This would turn conditionality into a constructive instrument for institutional improvement rather than a punitive one.

The application of conditionality should also account for varying administrative capacities. Less developed regions may face genuine difficulties in meeting complex EU requirements, not due to malfeasance but due to structural weaknesses. A one-size-fits-all model could exacerbate disparities and disempower local actors. Smart conditionality allows for differentiated responses, encouraging compliance while avoiding disproportionate sanctions.

Furthermore, conditionality could evolve to include additional criteria aligned with the EU's broader strategic goals – such as green transition benchmarks, gender equality metrics, and innovation outcomes. This would embed cohesion policy more deeply into the EU's long-term transformation agenda, turning it into a lever for systemic change.

Direct management and a European Funds Office

The increasing politicisation of EU funds in some Member States has led to calls for alternative delivery mechanisms to ensure that funding reaches its intended beneficiaries. One such proposal is the establishment of a European funds office – a decentralised but EU-managed institution that would directly oversee the distribution of cohesion funds in specific contexts.

The EFO would act as an implementing agency capable of administering funds to local and regional authorities, civil society organisations, and other non-state actors when national governments are unable or unwilling to do so fairly and transparently. This would be particularly relevant in cases where rule of law violations or centralised political control obstruct the equitable allocation of resources.

The office could operate similarly to existing EU structures for external action or humanitarian assistance, with dedicated country desks, regional offices, and technical teams. Its functions would include evaluating grant applications, managing disbursements, providing technical support, and monitoring project outcomes. By bypassing

politically compromised national structures, it would safeguard the integrity of EU investments and protect beneficiaries in vulnerable regions.

Beyond fund management, the EFO could serve a broader public engagement function. As a communication hub, it could coordinate storytelling campaigns, share best practices, and increase public awareness of the impact of EU funding. This would enhance the visibility of cohesion policy and counter narratives that paint EU support as opaque or ineffective.

The presence of an EFO would also create a new accountability layer. Regional stakeholders would have a direct line to the EU institutions, allowing for more responsive governance and reduced opportunities for state capture. Over time, the EFO model could evolve into a networked support system that coexists with national managing authorities, offering an alternative path for fund distribution when necessary.

Use of alternative indicators

Traditionally, eligibility for cohesion funding has been determined primarily by reference to regional GDP per capita, with regions below 75 per cent of the EU average classified as ‘less developed’ and therefore prioritised for support. While this approach has provided a clear and consistent baseline, it oversimplifies the complexity of regional development and can overlook critical dimensions of inequality and resilience. GDP is a useful economic metric, but it fails to capture the full spectrum of social and developmental disparities that exist within and across regions. Moving towards a more multidimensional assessment framework would ensure that cohesion funds are allocated based on a more accurate understanding of regional needs.

One alternative is the Human Development Index (HDI), which includes indicators on life expectancy, education, and income. Integrating



GDP is a useful economic metric, but it fails to capture the full spectrum of social and developmental disparities that exist within and across regions. Moving towards a more multidimensional assessment framework would ensure that cohesion funds are allocated based on a more accurate understanding of regional needs.

the HDI into cohesion assessments would shift the focus towards human well-being and capabilities, rather than purely economic output. This aligns with the EU's ambition to promote inclusive and sustainable development.

Social exclusion metrics are another critical dimension. The next generation of cohesion policy should not focus exclusively on 'less developed' regions but also identify and target so-called trapped regions and population pockets – areas with persistent inequality or economic stagnation that may be hidden within more prosperous Member States. These could include indicators such as access to healthcare and education, employment levels among marginalised groups, housing conditions, and digital inclusion. For instance, regions with high youth unemployment or significant Roma populations may not appear underdeveloped by GDP standards but still face profound social challenges that cohesion policy should address. The social priority of the fund should thus aim at enhancing equal opportunities for individuals lacking access to quality education, housing, mobility, or employment regardless of their broader regional classification.

This may also call for a reprioritisation of funding towards improved territorial connectivity. Linking rural or peripheral regions – including those trapped in structural underdevelopment – with more developed urban areas can help create networks of satellite cities and towns that benefit from the economic spillovers of metropolises. Strategic infrastructure, digital connectivity, value chain integration, and new patterns of working, such as teleworking and hybrid service delivery, can be leveraged to close spatial inequality gaps without inducing unsustainable urbanisation or depopulation elsewhere.

Environmental vulnerability could also be incorporated, especially in the context of climate adaptation. Regions prone to flooding, droughts, or other environmental risks might require more support to build resilience, regardless of their economic status.

The use of alternative indicators would not only improve targeting but also help justify EU investment to the public. Citizens are more likely to support cohesion policy when they see that it responds to concrete needs – such as improving health outcomes, reducing inequality, or supporting communities in transition. A dashboard of indicators, publicly available and regularly updated, could increase transparency and facilitate evidence-based policymaking.

Moreover, these indicators should be used not only for fund allocation but also for performance evaluation. Linking disbursements to outcomes in education, health, or environmental sustainability would further embed cohesion policy into the EU's social and ecological agendas.

Chapter 5

Funding what works: Performance, adaptability, and impact

Performance-based funding

Over the past two decades, cohesion policy has gradually shifted from a focus on inputs and spending compliance to one based on outputs and results. This trend should be accelerated and deepened in the next programming period. A truly performance-based funding model ensures that public money is not only spent but also spent well – achieving measurable social, economic, and environmental outcomes.

The development of the NextGenerationEU Recovery and Resilience Facility following the COVID-19 crisis and the linking of disbursement of the funds to national reforms and nationally developed plans with milestones has sparked much discussion regarding the need to move to a truly performance-based model for cohesion policy. While many actors have felt excluded by the RRF model, the failure to engage regional and local actors and civil society has much more to do with the governance of the RRF than it does with the performance-based model. Cohesion funds should learn from the positive aspects of the performance-based model used in the RRF while avoiding the governance failings by continuing the multi-level governance that has characterised cohesion policy since its inception.

In a performance-based model, funding disbursements are linked to the achievement of agreed milestones, such as reductions in unemployment, increases in digital literacy, improvements in air quality, or completion of key infrastructure segments. These milestones must be realistic, evidence-based, and adapted to regional contexts. Importantly, they should reflect not only quantitative outputs (e.g., kilometres of rail built) but also qualitative outcomes (e.g., time saved in commuting, reduction in emissions, user satisfaction).

To make this work, robust monitoring and evaluation systems are needed. Real-time data collection, third-party audits, and citizen feedback mechanisms should all be integrated into programme design. The use of open data platforms can further increase transparency and allow researchers, journalists, and civil society to track progress and raise questions when goals are not being met. A strengthening of the multi-level governance model at all stages of a project will be crucial to fully adopting a performance-based model.

Performance-based funding should also reward ambition and excellence. Regions that exceed their targets – whether by accelerating implementation, innovating effectively, or achieving especially impactful results – could be eligible for performance bonuses or preferential access to pilot schemes. Delivery against important milestones can also help promote the EU in the regions, and communication on performance would be a key role of the EFO. This competitive element would incentivise proactive governance and foster a culture of continuous improvement.

At the same time, safeguards are necessary to ensure that performance criteria do not unfairly penalise disadvantaged regions. A balanced model must recognise that some areas face structural barriers and may require more time or support to meet certain benchmarks. Conditional support, mentoring, and targeted technical assistance can help these regions catch up without being excluded from performance-based incentives. Additionally, innovation and novel approaches including pilot projects in social innovation should not be hampered by a purely performance-focused approach and could have less stringent milestones in early phases of development.

Finally, cohesion policy should foster peer learning around performance. By creating forums for regions to exchange best practices, case studies, and lessons learned, the EU can transform cohesion from a funding mechanism into a knowledge-sharing ecosystem. This would elevate the quality of projects across the Union and reinforce the idea that cohesion policy is not just about reducing gaps but also about raising standards for all.

Flexible milestones and targets

The effectiveness of cohesion policy hinges on its ability to adapt to the evolving realities on the ground while still delivering on long-term strategic objectives. The current system, though based on multi-annual financial frameworks and pre-agreed operational programmes, often lacks the agility to respond to sudden shifts – such as economic shocks, geopolitical crises, demographic changes, or environmental disasters. This rigidity can result in missed opportunities, inefficient spending, and even policy failure when circumstances outpace planning assumptions.

Introducing greater flexibility into milestones and targets would enhance the relevance and responsiveness of cohesion investments. Rather than locking Member States and regions into static benchmarks for a seven-year period, the system could allow for adaptive programming, in which targets are reviewed and potentially revised based on changing conditions.

Such a mechanism could resemble the midterm review process currently used in some EU programmes, but with clearer rules for initiating changes. For example, if a region is hit by a climate-related disaster, it could request an adjustment to its spending priorities – shifting resources from long-term infrastructure to immediate recovery needs – without losing eligibility or facing penalties. Similarly, if labour market dynamics change, training programmes can be realigned to new sectors or digital opportunities.

This flexibility should be rule-based to prevent abuse or manipulation. Criteria for approving revisions could include evidence of unforeseen events, updated statistical data, or documented feedback from stakeholders. The European Commission, in consultation with local actors, could play an oversight role to ensure that changes serve the public interest and contribute to overall cohesion objectives. The delays and inefficiencies observed during the implementation of CARE 1 and CARE 2 – introduced in response to the Ukraine war – highlight the pitfalls of ad hoc, poorly coordinated adjustments. Despite their good intentions, these amendments came too late and lacked the clarity needed for timely and effective implementation. This underscores the importance of building structured flexibility into the system from the outset while ensuring that any revisions remain aligned with the strategic goals of cohesion policy.



To remain effective in a fast-changing world, cohesion policy must also be adaptive – capable of adjusting targets and priorities in response to new data, unexpected crises, or emerging opportunities.

Flexible milestones can also foster innovation. By allowing room for experimentation and iteration, the policy could better support pilot projects or novel approaches to persistent challenges. For example, regions could test social innovations or digital tools, with the option to scale up successful models later. This 'fail fast, learn fast' model would make cohesion policy more future-oriented and capable of dealing with complexity.

A next-generation cohesion policy must combine strategic focus with operational flexibility. Performance-based funding offers a powerful mechanism to drive accountability, reward ambition, and ensure that EU investments generate tangible, measurable results. But performance alone is not enough. To remain effective in a fast-changing world, cohesion policy must also be adaptive – capable of adjusting targets and priorities in response to new data, unexpected crises, or emerging opportunities. By integrating clear performance incentives with rule-based flexibility, the EU can design a cohesion policy that is both disciplined and dynamic – one that delivers long-term impact while staying responsive to regional realities.



Chapter 6

Making Europe visible: Communicating impact and building trust

Unified branding strategy

For all its achievements, EU cohesion policy continues to suffer from a visibility deficit. Many citizens, particularly in beneficiary regions, are unaware that infrastructure improvements, social programmes, and innovation hubs in their communities are funded by the EU. This lack of recognition weakens public support for the EU and allows space for misinformation, nationalism, and external propaganda to dominate local narratives.

To counteract this, the next generation of cohesion policy must be accompanied by a unified, compelling branding strategy that makes EU investment visible, relatable, and emotionally resonant. Rather than presenting funding as a bureaucratic transaction, communication should frame it as a concrete expression of European solidarity and shared progress.

Branding could start with a name that reflects the purpose and values of the policy. In this regard, cohesion policy could take inspiration from NextGenerationEU, which was among the most visible investment funds adopted by the EU in its history. Alternatives such as 'A Better Life Fund', 'Euro Fund', 'European Prosperity Fund', or 'Unity and Growth Fund' offer a more intuitive and accessible identity than the technical 'Cohesion Policy', which should apply to the strategic Territorial Cohesion Policy rather than the funds themselves. A clearly named,

well-branded fund has greater potential to become a recognisable part of public discourse, similar to how the Erasmus programme is widely known and celebrated.

A coherent visual identity inspired by the EU flag – including a colour palette and slogan – should be mandated for use across all cohesion-funded projects, regardless of Member State or sector. Signage on construction sites, social programme facilities, and innovation centres should prominently display EU involvement. This standardisation would reinforce the idea that the EU is an active and beneficial presence in citizens' daily lives.

Furthermore, communication campaigns should not be limited to static signs or official documents. Digital storytelling, animated explainer videos, infographics, and social media content can bring the impacts of cohesion policy to life. By showcasing beneficiaries – be they local entrepreneurs, students, caregivers, or community leaders – the EU can humanise its role and build a more emotional connection with the public.



Regional EFO and storytelling campaigns

The regional branches of the EFO, beyond its role in direct fund management, could also take the lead in public engagement, visibility, and communication around EU cohesion policy. Rather than creating a second parallel structure, its regional offices would double as local communication hubs – bridging the gap between EU institutions and citizens.

These EFO branches would serve as information points where citizens could ask questions about funding opportunities, provide feedback, and access updates on local projects. In multilingual and multicultural regions, local staff would ensure that communication is culturally sensitive and linguistically accessible.

A flagship responsibility of these offices would be coordinating storytelling and awareness campaigns – bringing cohesion policy to life through real-world narratives. A model initiative could be the ‘Thanks Europe’ campaign: a cross-country storytelling project featuring documentaries, podcasts, blog posts, and interactive platforms that track how EU funds are improving lives. These campaigns could be synchronised with the new performance-based funding milestones, making success stories visible and shareable.

Where trust in EU institutions is fragile or Euroscepticism is prevalent, regional EFOs could play a defensive role, pushing back against disinformation and politicised narratives. By partnering with local media and civil society, they would help foster a fact-based, forward-looking narrative on European solidarity and investment.

In this way, the EFO becomes not only an administrative solution to politicised fund management, but also a platform for democratic visibility, responsive governance, and EU storytelling with a local accent.

Naming national plans

Another symbolic yet powerful idea is to use historically significant names for national or regional cohesion plans. Instead of generic programme titles, plans could be named after prominent European figures who championed integration, democracy, or social justice. For example, a 'Kundera Plan' in the Czech Republic, a 'Simone Veil Fund' in France, or a 'Walesa Partnership' in Poland could embed cohesion policy within a narrative of national pride and European unity.

Such names would serve multiple purposes. They would personalise the policy, giving it historical depth and emotional resonance. They would also allow for tailored branding that speaks to national contexts while remaining part of a broader European identity. Most importantly, they would help reframe EU investment not as a top-down imposition but as a co-created endeavour rooted in shared heritage and mutual respect.

This naming approach could be complemented by artistic and cultural initiatives. For example, launching each new programming period with an EU-wide contest for youth-designed logos or citizen-written slogans could increase engagement and foster a stronger connection to the policy. Similarly, local artists and writers could be commissioned to produce public works that interpret the impact of cohesion policy through a cultural lens.

Taken together, these communication reforms would not merely market cohesion policy – they would embed it in the cultural, political, and emotional life of Europe's regions. By turning cohesion from a technical term into a human story, the EU can build legitimacy, trust, and a shared vision for the future.

Table 4. Key enablers for the new cohesion framework

Enabler	Description
Performance-based funding	Link funding to outcome-based milestones across social, economic, and environmental dimensions
Flexible milestones and adaptive targets	Enable dynamic reallocation of funds in response to shocks, demographic shifts, or geopolitical developments
Modern indicators beyond GDP	Use the HDI, social exclusion metrics, and climate vulnerability to allocate and evaluate funding
Territorial and multi-level governance	Empower local actors, improve cross-border co-operation, and build a truly place-based European strategy
Strategic communication and storytelling	Implement 'Thanks Europe' campaigns, support EFO communication role, and enhance citizen engagement



Conclusion

Cohesion for a better life and a better Europe

As the EU confronts a rapidly evolving landscape – marked by economic uncertainty, geopolitical tensions, climate urgency, and digital disruption – its cohesion policy stands at a critical inflection point. Originally conceived to reduce regional disparities and support less developed areas in catching up economically, cohesion policy must now evolve into a more strategic, adaptive, and people-centred instrument. This transformation is not only necessary but also urgent if cohesion policy is to remain a cornerstone of European integration and solidarity.

The need for simplification and unification is clear. The current patchwork of overlapping funds, each with their own rules and application procedures, creates administrative burdens and strategic incoherence. A single, consolidated cohesion fund – structured around clearly defined pillars of increasing competitiveness, security and cohesion through infrastructure, social development, and strategic autonomy – would enable more integrated and impactful investment. It would reduce complexity for beneficiaries, allow for better planning, and support cross-sectoral synergies that reflect the interconnected nature of today's challenges.

Equally essential is a shift in governance. By embedding mandatory multi-level governance and participatory planning into the DNA of cohesion policy, the EU can ensure that funding decisions are made closer to the people they affect. Empowering regional and local actors, alongside civil society and academia, will lead to more

relevant, innovative, and inclusive projects. It will also strengthen democratic legitimacy at a time when citizen trust in EU institutions must be actively earned, not assumed.

To truly reduce fragmentation and foster integration, the EU must develop a territorial cohesion strategy that extends both within and across Member States. Such a strategy would not only deepen territorial integration inside the Union but also build greater alignment with candidate countries, fostering convergence before accession. This means strengthening cross-border cooperation, investing in transnational infrastructure, and addressing spatial inequalities that transcend national boundaries. Territorial cohesion must be understood as a European-wide objective, not only a national or regional one. Multi-level governance will be crucial here – not as a procedural add-on, but as a core operating principle. Empowering all levels of government, from local municipalities to cross-border alliances, can help align investments with long-term territorial development goals and ensure coherence across policies and geographies.

Strategic prioritisation is also key. Investment in future-ready infrastructure – digital, energy, transport, and dual-use – is indispensable for building a greener, more connected, and more resilient Europe. While cohesion policy must continue to be place-based, targeting trapped regions, it can also create more connections among regions throughout the EU that create new supply and value chains that spur prosperity. But infrastructure alone is not enough. Cohesion policy must also nurture Europe's human capital through investments in skills, housing, (health)care, and social innovation. A competitive Europe is a cohesive Europe – one that empowers all its people to participate in the green and digital transitions, not just those in the most advanced regions.



Security and sovereignty have emerged as new dimensions of territorial cohesion which must be developed in Europe's next cohesion policy. While defence procurement lies outside its scope, cohesion funds can support the ecosystems, infrastructure, development of skills, and resilience strategies necessary for European strategic autonomy. Cybersecurity, border infrastructure, and reduced dependence on authoritarian regimes for critical goods are no longer optional – they are essential for Europe's survival as a democratic and sovereign project.

Equally important is the extension of this logic beyond the EU's borders. A new mechanism – Cohesion+ – should be developed to include neighbouring states such as Ukraine, Moldova, Georgia, and the Western Balkans in shared infrastructure projects. This would not only enhance regional stability but also accelerate pre-accession alignment and foster political convergence through joint investment in transport, energy, and digital networks. Such an extension would anchor the EU's strategic neighbourhood in the same resilience framework as its Member States.

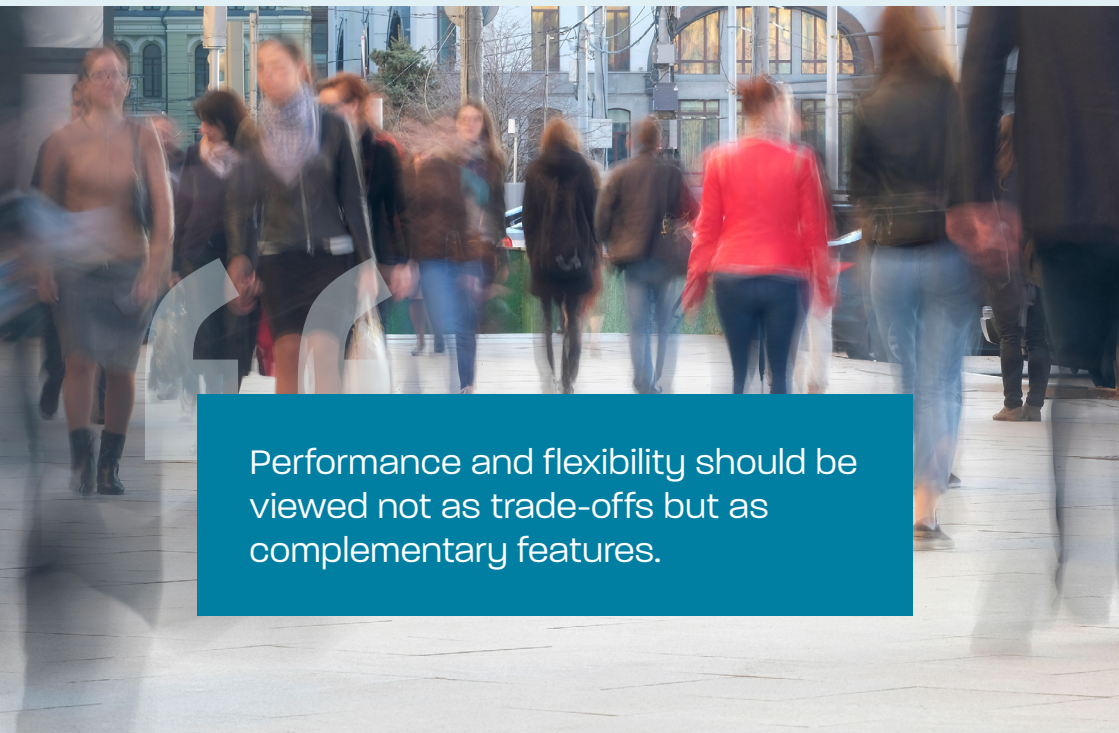
Good governance, transparency, and accountability must underpin everything. Smart conditionality, based on democratic values and technical capacity, will ensure that cohesion funds are used in ways that respect EU principles. The introduction of a European funds office could protect funds from politicisation and ensure fair access, particularly in contexts where rule of law is in question, and promote the achievements of EU funds so that citizens can understand the contribution Europe makes to their lives. At the same time, a modern system of indicators – going beyond GDP to capture human development and social exclusion – will allow more accurate targeting and impact measurement.

Performance and flexibility should be viewed not as trade-offs but as complementary features. A policy framework that rewards effectiveness while allowing room to adapt to shocks is both fairer and more efficient. Cohesion policy should incentivise excellence without punishing vulnerability. It should be capable of course correction without bureaucratic paralysis. This requires a deep investment in

data systems, monitoring tools, and evaluation capacity, alongside a cultural shift towards learning and improvement.

Finally, communication is not a luxury – it is a necessity. EU citizens must see and feel the benefits of cohesion policy. A unified branding strategy, supported by EFOs, digital storytelling campaigns, and symbolic naming of national plans, can bridge the gap between institutions and individuals. By making EU support visible and relatable, the policy can counter Euroscepticism and strengthen the emotional fabric of the European project.

The next generation of cohesion policy must be more than a redistribution mechanism. It must be a driver of transformation – uniting Europe's diverse regions in a shared journey towards sustainability, prosperity, and democracy. With the right reforms, cohesion policy can become not just a response to disparities, but a vision for Europe's collective future. It can show that in the face of fragmentation, solidarity remains the EU's most powerful tool. And it can prove, once again, that no matter where you live in Europe, your future matters equally.



Performance and flexibility should be viewed not as trade-offs but as complementary features.

What this publication is about

This book is about policy innovation, influencing change in a way that guarantees our fundamental liberal values while also delivering tangible results for people. It is about convincing the public that the EU is not only relevant in their everyday lives, but also capable of implementing policies that will significantly improve their quality of life. By presenting forward-thinking solutions and actionable strategies, this guide aims to demonstrate how liberal policies can address the pressing issues Europe faces today. Through effective governance, we can showcase the EU's potential to drive positive change, ensuring that our vision for a progressive and inclusive Europe becomes a reality. In answering the question of what kind of Europe we want, the answer is clear: we want a renewed Europe – a Europe with institutional reforms that make it fit for the current geopolitical circumstances, capable of responding swiftly and effectively to external pressures. We envision a renewed Europe that leads in technological progress and sustainability, setting global standards and driving innovation in a way that benefits all its citizens. Furthermore, we seek a Europe that can guarantee the safety of its citizens and uphold the European way of life, ensuring security and stability in an increasingly uncertain world. This vision of a renewed Europe is one that not only meets the challenges of today but is also prepared to seize the opportunities of tomorrow.

Outcome of the Innovation Policy Lab 3.0

This publication is the outcome of a joint undertaking between the European Liberal Forum (ELF) and the Friedrich Naumann Foundation for Freedom Europe (FNF Europe). Most of the ideas and proposals contained in this book were discussed and developed during a two-day conference of the ELF–FNF Innovation Policy Labs held in Brussels on 3–4 March 2025. The editor extends heartfelt thanks to Gréta Kiss from FNF Europe and Bálint Gyévai from ELF for organising the conference,

and to the participants for their invaluable contributions. Special gratitude goes to Benno Schulz, Dr Nele Fabian, Dr Antonios Nestoras and Ailbhe Finn, who served as moderators during the conference and captured the participants' discussions and policy recommendations that form the backbone of this publication. Without the dedication and expertise of all these persons, this work would not have been possible.

Methodology

This publication is the outcome of a joint undertaking between the European Liberal Forum (ELF) and the Friedrich Naumann Foundation for Freedom Europe (FNF Europe). It represents a culmination of collaborative efforts, discussions, and expert insights aimed at addressing the multifaceted challenges confronting Europe. The ELF–FNF Policy Labs brought together a diverse group of policymakers, academics, practitioners, and civil society representatives from across Europe. This dynamic gathering fostered an environment conducive to in-depth analysis, debate, and creative thinking. The participants, each bringing their unique perspectives and expertise, played a crucial role in shaping the discussions and formulating the policy recommendations presented in this book. The process was highly participatory, with structured sessions designed to maximise interaction and the exchange of ideas. Through a series of workshops, panel discussions, and breakout groups, participants delved into key topics, identified pressing issues, and proposed actionable solutions. These insights were rigorously analysed and synthesised by the editorial team, ensuring that the chapters reflect the collective wisdom and innovative thinking of the Policy Labs. It is important to note that not all chapters in this publication were developed solely through this conference. While the majority of the content is derived from the Policy Labs, some chapters were influenced by additional research, expert consultations, and policy discussions. These contributions were integrated to provide a comprehensive and well-rounded set of policy proposals.

About ELF

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 56 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks, and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

About Friedrich Naumann Foundation for Freedom Europe (FNF Europe)

The Friedrich Naumann Foundation for Freedom Europe (FNF Europe) is one of the regional offices of the Friedrich Naumann Foundation for Freedom (FNF), a German political foundation dedicated to promoting liberal values and policies. Headquartered in Potsdam, FNF operates offices across Germany and in numerous countries worldwide. FNF Europe maintains offices in Brussels, Prague, Vilnius, and Geneva, serving as a platform for connecting EU experts, civil society actors, and policymakers. Its mission is to foster open dialogue and advance liberal policy solutions to address Europe's key challenges. In close cooperation with liberal partners, FNF Europe organises innovative formats and campaigns to promote fundamental rights, the rule of law, geopolitics, and geoeconomics. It also coordinates EU co-funded projects focusing on areas such as the internal market, digitalisation, and innovation.

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