

The future of EU cohesion: Four scenarios and their impacts on regional inequalities

Synopsis of a cost of non-Europe study

Cohesion policy contributes significantly to the economic, social and territorial cohesion of the EU Member States' regions. However, perennial regional inequalities remain. Since cohesion policy does not operate in a vacuum, there is untapped potential for a coordinated policy approach to tackling regional inequalities. An EPRS cost of non-Europe study presents four policy scenarios for the future of EU cohesion and assesses their impacts on regional inequalities. The cost of non-Europe can be identified in the negative impacts of taking no additional action at the EU level, as well as in failing to address potential impacts on regions as a result of pursuing the narrow objectives of sectoral policies. The lack of adequate EU actions could result in negative economic, environmental, social and territorial impacts.

Challenges in addressing regional inequalities

Cohesion policy does not operate in isolation; other policies also affect regional inequalities. The EPRS study goes beyond cohesion policy to assess its interaction with policy areas such as those focused on industry, research and innovation, competitiveness, climate change and social rights. It identifies three main challenges when addressing regional inequalities. First, there is insufficient coordination and synergies between cohesion policy and other EU policies. Second, the positive impacts of cohesion policy are not evenly distributed, leading to increased inequalities within countries. Third, the growing number of tools and competing governance models add to administrative complexity.

Policy scenarios

This study presents four policy scenarios for the future of EU cohesion: one focusing on the status quo, another on continuity, a third examining an integrated approach, and a fourth applying a sectoral approach. Their potential impacts on regional inequalities are assessed in Table 1.

Table 1 - Overview of the key points of the policy scenarios

Scenario	Main elements	Expected impacts on regional inequalities
Status quo	Status quo, no policy change.	Regional inequalities are likely to persist.
Continuity	Continuation of the current policy setting where cohesion policy operates alongside other policies in silos, without optimal coordination or coherence.	Territorial and social fragmentation may increase, leading to certain regions being left behind and experiencing stagnation or loss of potential.
Integrated approach	Integration of various cohesion funds, along with increased coordination between EU and national policies, would ensure that all sectoral policies contribute to the reduction of regional inequalities.	Place-based policies may allow regions to capitalise on their own strengths, potentially leading to reduced regional inequalities.
Sectoral approach	Policies with the highest growth potential would be prioritised, leading to stronger competition for funding among regions.	Inequalities may increase within and across Member States. Uneven development may weaken EU cohesion.



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Cost of non-Europe in reducing regional inequalities

The cost of non-Europe in addressing regional inequalities refers to the negative impacts of not taking additional action at EU level to enhance cohesion, as well as failing to address potential impacts on regions arising from the pursuit of sectorial policies. The lack of adequate EU action could result in negative economic, environmental, social and territorial impacts (see Table 2).

Table 2 - Cost of non-Europe

Scenario	Cost of non-Europe in reducing regional inequalities
Scenario 0 Status quo	Regional inequalities are likely to persist due to a lack of territorial focus of policies other than cohesion policy.
Scenario 1 Continuity	Territorial and social fragmentation may increase, resulting in certain regions being left behind, stagnating or losing potential.
Scenario 2 Integrated approach	Balancing cohesion and competitiveness objectives may result in lower performance and competitiveness for stronger players, at least in the short run.
Scenario 3 Sectoral approach	Social and regional inequalities may increase within and across Member States. Uneven development may weaken EU cohesion.

Seeking synergies among policies to achieve cohesion objectives might lead to greater effectiveness in addressing regional inequalities. Furthermore, enhancing a place-based approach by assessing the territorial impacts of policies would promote further cohesion and EU integration. If the EU wants to continue pursuing its vision of an economy that works for people and leaves nobody behind, it should put cohesion at the centre to drive this process.

How the EU could act to reduce regional inequalities

To promote cohesion and minimise potential negative impacts on regions, future EU policy actions would need to be carefully designed to avoid a further deepening of the EU regional divide. The assessment of the four policy scenarios reveals that the effectiveness of actions in addressing regional inequalities will depend on the coordination of objectives between cohesion policy and other policies. Synergies could be pursued between EU policies, as well as between cohesion efforts at the EU level and the national level.

Including territorial impact assessment as an integral part of the policymaking process could help to better identify and address regional inequalities. Furthermore, using GDP as the only indicator limits the assessment of policy impact. Additional indicators could be used to measure the progress and impact of cohesion policy, as well as to shape its design and allocation mechanism.

Finally, since a plethora of funds and tools exist in the cohesion policy framework, simplification and harmonisation of available instruments could increase absorption rates by reducing administrative complexity.

The full study is available on the European Parliament [Think Tank](#) website.