



European Committee
of the Regions

The state of regions and cities

EU annual report 2025

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State of regions and cities 2025



Zooming in on local stories for cohesion, resilience and proximity



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Foreword

Every year, the State of Regions and Cities report invites us to pause, zoom in, and take stock of where we stand. Europe is often spoken of in broad strokes — the Union, the market, the continent. But the real pulse of Europe is felt locally: in our cities, towns, and regions, where daily life unfolds and where resilience is tested in very concrete ways.

This annual exercise matters because orientation starts with observation. Just as a navigator must know their position before plotting a course, Europe needs to see clearly its regional realities before deciding how to move forward. Only if we understand the challenges and strengths across our territories — the disparities as well as the opportunities — can we choose a path that is both fair and effective.

What the report shows, above all, is the richness and diversity of Europe's local realities. It highlights not only the pressures regions face — from housing shortages to climate impacts, from energy and industrial transitions to demographic shifts — but also the leadership shown by local communities in addressing them. It is this capacity to adapt and innovate that keeps Europe strong.

The task ahead is not to deny difficulties, but to build on this energy. By listening to our regions and cities, we can turn Europe's diversity into direction, and its challenges into shared solutions. The report is therefore more than an account of where we are. It is a compass, reminding us that the strength of the Union depends on how well it reflects, includes, and empowers its territories.

In this sense, the State of Regions and Cities is not simply an annual publication. It is part of Europe's democratic fabric — a yearly mirror that allows us to see ourselves more clearly, so that we may find together the path forward.

Kata TÜTTŐ,
President of the European
Committee of the Regions

Juanma MORENO,
First Vice-President of the European
Committee of the Regions



Trust in levels of government (*)

61%

Local & regional government



Best level of decision for regional policy projects (**)

54%

Local & regional



EU should continue to invest (**)

63%

In all regions



52%

European Union



21%

European Union



33%

Only in poorer regions



36%

National governments



21%

National



Figure 1 — The citizens' voice - views on local and regional authorities and cohesion policy

Source: CoR compilation based on European Commission, "(*) Standard Eurobarometer 103", Spring 2025, multiple-choice question; "(**) Flash Eurobarometer 563 - Citizens' awareness and perception of EU regional policy", July 2025, missing percentage points equal "I don't know" replies

Highlights

- 1 Regions and cities, together with the European Union, are the levels of government most trusted by citizens. They are responsible for two thirds of public investment and play a key role in implementing 70% of EU legislation on the ground. The next Multiannual Financial Framework (MFF) will be about the kind of Europe we want, and it shall reflect the importance of this level of government, which operates the closest to local communities.
- 2 Europe's regions are pivotal for industrial transformation. Revamping the EU single market and implementing the Clean Industrial Deal requires a place-based approach and decentralised strategies for energy and innovation.
- 3 The current Just Transition Fund mobilises EUR 27 billion across 96 territories. It allows regions to deliver reskilling, economic diversification and social cohesion. However, the new MFF proposal would discontinue the just transition objective, whereas instead there is a need to enlarge the current scope to include regions that have emission- and energy-intensive industries.
- 4 The EU faces a housing gap of 2.3 million units per year. 10.6% of urban and 6.6% of rural Europeans are overburdened by housing costs, while 1.2 million are completely homeless. To close the housing investment gap, estimated at EUR 270 billion per year, regions and cities urgently need stronger EU support.
- 5 Regions are facing mounting pressure from climate extremes, such as the 40–80% increase in severe droughts expected in southern Europe by 2050. At the same time, floods caused an estimated EUR 18 billion worth of damage in 2024 alone. At a time when the LIFE programme risks being discontinued, cities and rural areas need stronger EU investment in nature-based solutions and circular water systems.
- 6 47 million Europeans are nowadays unable to heat their homes adequately. This figure has dramatically increased since 2020. At the same time, more and more regions also struggle with high cooling costs in the summer. Cohesion Policy needs to continue allocating funds to energy efficiency and renewables to mitigate the impact of the energy crisis on the most vulnerable populations.
- 7 60% of Europeans feel unprepared for emergencies or disasters. On the other hand, preparing the general public is essential for increasing Europe's civilian and military readiness. The new EU security and defence agenda needs to invest more in regions and cities, both as first responders to crises and as hosts of defence-related industry clusters and security eco-systems.
- 8 Two out of three EU regions (at NUTS level 3) will see their population shrinking by 2050. The population decrease will hit four out of five rural regions, but only two out of five urban regions. At a time when a question mark is hanging over the European Social Fund+, the EU needs to strengthen its socio-economic policies to help regions in their demographic transition.
- 9 Spending on public services in the EU dropped from 9.5% of GDP in 1995 to 5.9% in 2023. Access to basic public services has become a key concern for Europeans, especially in rural and remote areas. With depopulation and ageing, regions need tailored EU support to maintain services of general interest and essential infrastructure.
- 10 The employment rate for women remains 10 percentage points lower than that for men. In less developed regions, the differences exceed 20 points. This highlights the need for targeted funding, care infrastructure and inclusive governance. Closing the gender employment gap could boost EU GDP by EUR 3.15 trillion by 2050.

The MFF – much more than a budget!

A European Union budget without regions?

Much more than a budget. The proposal on the next multiannual financial framework (MFF) put on the table by the European Commission on 16 July 2025 raises questions about the kind of Europe we want. More than at any previous time, the preparation of the EU's next MFF represents a defining moment in history.

For the scope and scale of the changes envisaged, it is essential to guarantee a truly democratic process, with all EU institutions agreeing which long-term objectives of the EU should be financed, how they should be funded and which governance models should be applied. The requirement for unanimous decision-making in the Council, followed by the assent of an absolute majority in the European Parliament, forces all parties to jointly come to terms with what the EU stands for and what it wants to achieve together.

Since the Maastricht Treaty, decisions on the successive MFFs have been based on the premise that the European Union could only achieve its objectives if all levels of government worked together. EU investment was strongly focused on improving the well-being of people across all EU regions and cities, based on the principle of unity in diversity and the narrative of a Europe of regions and cities.

This narrative was reflected not only in the development and further strengthening of the policy for economic, social and territorial cohesion, but also in the promotion of the concepts of partnership and multi-level governance throughout the EU.

For more than 30 years, regions and cities were seen as key actors in setting EU objectives for local development and mobilising participation for delivery on the ground.

EU cohesion policy and its unique delivery model, based on trust across all levels of government, became a worldwide benchmark as an effective convergence machine.

This bond between the European Union and its regions and cities is changing. The share of Cohesion Policy as a percentage of the EU budget is steadily decreasing.¹

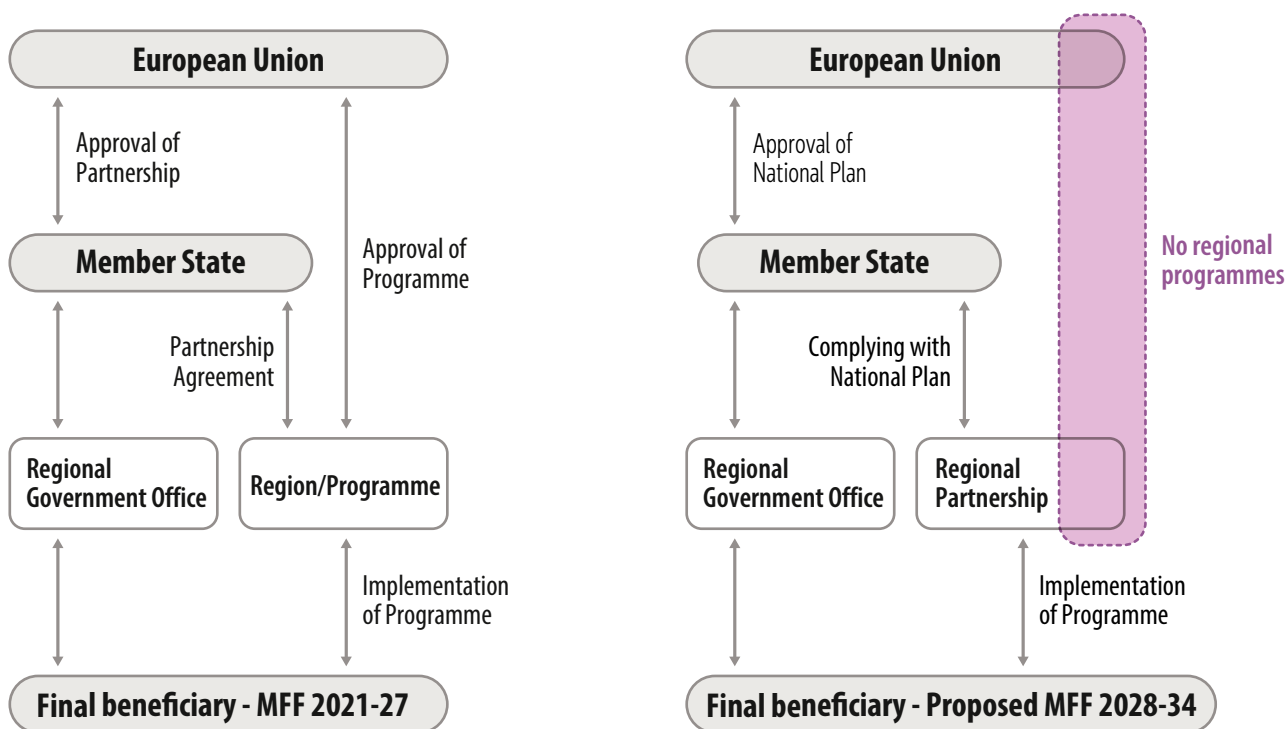


Figure 2 — National/regional plans - what is the main difference?
Source: CoR compilation

The European Commission's recent proposal for the MFF 2028-2034 no longer provides for a direct link between the EU and its regions and cities when it comes to designing and implementing development strategies on the ground. So far, nearly 200 programmes have been developed in close partnership between the European Commission and the regions. However, according to the European Commission's proposals for the next MFF, these days appear to be over.

The future approach to implementing the EU budget is very much built on the idea of one plan per Member State. There may be regional chapters in the plan, if a Member State opted to have them, but the fundamental change would be that the regions would have to comply with the national plan and negotiate their share of support with the national government without any guarantee that it would be fair or fact-based. EU funding would be nationalised and the European dimension, the shared responsibility for the delivery of EU objectives on the ground, would be lost.

Simplification should not mean centralisation. The reasons cited for this shift include reducing complexity, increasing flexibility and improving the focus on (evolving) EU objectives.

There is a major danger in promoting 'one-size-fits-all' solutions that mainly focus on national reform requirements and national averages, with the further alignment of the EU budget with the European Semester.

Regional thermometer of socio-economic development

With this edition of the EU annual report 2025 on the state of regions and cities, the European Committee of the Regions is launching the first edition of the **Regional Thermometer** as a compilation of key regional statistics linked to the European Semester, focusing on the sub-national level.

The overall pattern emerging from this analysis highlights the need to maintain strong efforts towards regional development in ALL regions of the EU as well as within every Member State.

Even if 95% of all regions register an improvement in GDP per capita (2023 vs 2022) and have reduced their level of greenhouse gas emissions, the underlying socio-economic development remains much weaker.



Figure 3 — Regional thermometer of socio-economic development: changes in recent years

Analysis based on the following indicators : Regional gross domestic product (PPS per inhabitant) (2023 vs 2022); Unemployment rate (2024 vs 2023); Persons at risk of poverty or social exclusion (2024 vs 2023); Inability to face unexpected financial expenses (2024 vs 2023); Emissions by sectors (2023 vs 2022); Vulnerability Index (2023 vs 2022); and RCI 2.0 (2022 vs 2019). The comparison between indicators has been made based on the two latest available sets of data.

Source: CoR compilation based on indicators listed above. A full set of data is appended to the report.

Although regions keep struggling to overcome their development traps and avoid falling behind, the new MFF proposal fails to guarantee support from Cohesion Policy to all regions. The very concept of a long-term, decentralised EU policy supporting all regions right across Europe, regardless of their economic strength or geographical location, is being deconstructed. It will be left to Member

States' national governments to decide whether Cohesion Policy should indeed support all their regions and cities, including those considered more developed or in transition.

The debate about the future MFF is therefore much more than a debate about figures; it is first and foremost a debate about the effective role of all regions and cities in EU decision-making and policy implementation. Some might think that the future governance of the EU budget is only a technical detail that could be settled quickly between the European Commission and the Member States, sidelining those who know our communities and their needs the best, our local and regional authorities.

The many limits and contradictions of such a policy drift by the EU towards the central, national level can be assessed in light of this year's annual report. The current report clearly demonstrates that regions and cities play a vital role in allowing the European Union to deliver its key objectives of cohesion, resilience and proximity. Regions and cities offer place-based solutions to tackle challenges ranging from climate change to industrial transformation, from affordable housing to balanced rural and urban development, and from security to energy resilience.

To achieve the 'power of together' envisioned in the new EU budget, the European Union cannot afford to sideline its regions and cities. They must not be treated merely as one among many stakeholders. On the contrary, regions and cities are highly trusted by citizens – a trust that is even more vital in these times of disruptive transformation. They are responsible for two-thirds of public investment and play a key role in implementing 70% of EU legislation on the ground, thanks to their legislative and regulatory powers, combined with their capacity for local implementation and communication.

Finally, the local level is often where Europe connects the dots when it comes to global challenges. This is particularly true in the case of climate policies, with 70% of climate mitigation and 90% of climate adaptation actions being carried out by regions and cities.

The MFF is therefore more than a budget. It is a political choice about the kind of Europe we want. Let us make sure it is one that empowers every region and every city to shape our common future. Let us leverage local and regional democracy to boost Europe's bold policy ambitions.



CHAPTER 1

COHESION

CHAPTER 1

COHESION

1 Competitiveness



Local story

Limerick (Ireland) - Manufacturing semiconductors

In Limerick, a city in western Ireland, an Important Project of Common European Interest (IPCEI) investment of EUR 630 million was awarded to develop a semiconductor R&D and manufacturing facility, which is expected to create 600 new jobs. The project will be hosted in the European regional headquarters of Analog Devices, which is a global semiconductor manufacturer specialising in the development of next-generation signal processing innovations designed to accelerate the digital transformation of industry, the automotive sector, healthcare and other sectors.

1.1 Why regions and cities matter

At a time of global change and rising competition, Europe's regions and cities are vital to the EU's competitiveness. They implement EU policies and drive innovation, productivity and inclusive growth. When crises affect our economy, regions and cities are often the first responders. Strengthening their resilience means strengthening Europe as a whole.

With the support of cohesion policy, regional innovation ecosystems drive home-grown innovation through smart specialisation strategies. They use public investment, procurement and infrastructure to support the green and digital transitions. These ecosystems are key to building resilient regional value chains, thereby reducing strategic dependencies – especially in critical sectors like energy and raw materials, where Europe faces major disadvantages (see the figure on page 14).

Regional disparities are a key feature of economic development across the EU. While income and employment have generally improved, growth remains uneven. Economic performance diverges within and between regions due to structural factors like industrial mix, energy use, innovation and education.

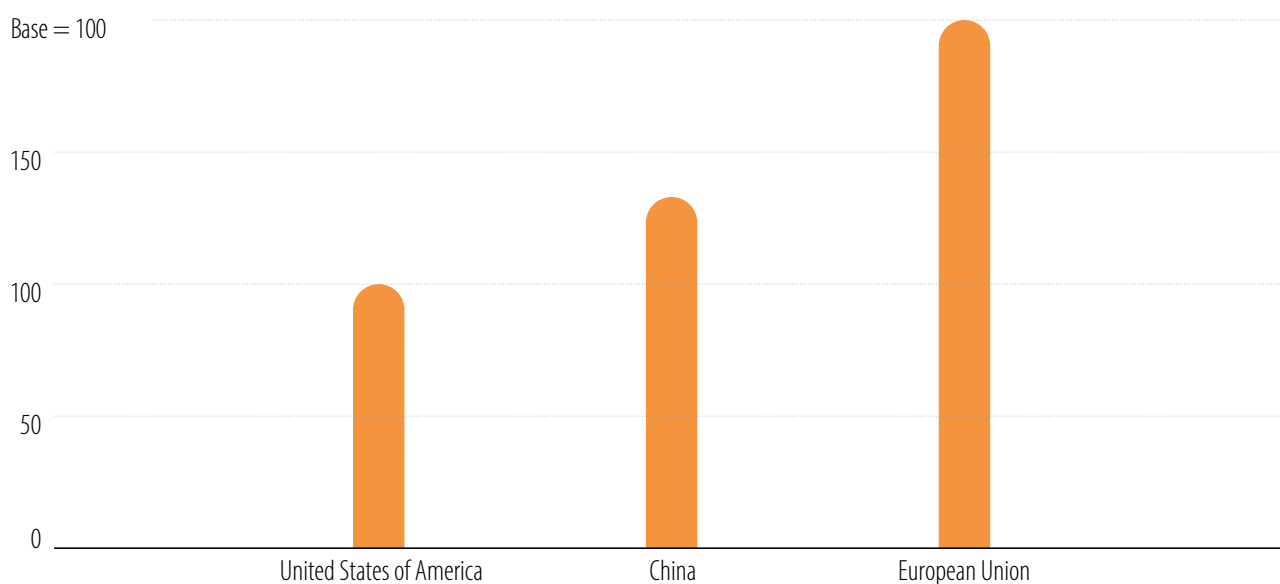


Figure 4 — Relative industrial electricity prices

The energy price gap between EU, China and USA.

Source: CoR compilation based on European Commission "The future of European competitiveness", 2024

Regions and cities manage over half of EU public investment and can tailor spending to local needs, making it a key tool for competitiveness.² Their closeness to citizens and knowledge of local contexts allow them to deliver infrastructure – from transport and energy to schools and hospitals – that supports inclusive growth and structural competitiveness.

As reported in the European Commission's 'Citizens' awareness and perception of EU regional policy' Eurobarometer,³ about eight in ten respondents (79%) who had heard about EU co-financed projects in their region also reported that the impact of these projects had been positive for the development of their city or region.

Regions and cities play a key role in Europe's shift to renewable energy, boosting competitiveness by involving local businesses and communities. They control major tools like public procurement and infrastructure planning. By aligning these with local innovation and sustainability goals, they can drive greener growth and enhance regional resilience.

1.2 Future challenges for regions and cities

Many European regional industrial clusters are facing an existential competitiveness challenge. Europe has always been a continent of industry, but it has begun to fall behind its competitors. Geopolitical tensions, global overcapacities – particularly in the steel and metals sector – labour and green skills shortages, lower production and energy costs are putting Europe's industry under pressure. On top of that, Europe's competitors have taken huge leaps forward thanks to their innovations in the digital sector as well as their development and use of artificial intelligence.

Investment is another weakness that will have to be addressed: entrepreneurs in the USA and China have much easier access to public and private funding than their European counterparts, making it easier for them to scale up their activities. This includes those that have the ambition to market innovative products and services.

A continuation of recent downward trends would not hit all regions alike and would be felt most strongly by a group of 67 regions.⁴ Setting aside construction, the bulk of the regions most affected are located in the geographic centre of Europe. Germany, Slovakia and Estonia stand out as having most to lose from industrial decline. In Germany, as many as 26 of 38 regions are strongly impacted, with twelve of them suffering as a result of the decline of several sectors at once. This emphasises the need for a place-based approach to industrial policy, including targeted support measures for specific industries and regions. With the exception of the recent Action Plan for the Chemicals Industry, this regional dimension is largely missing in the EU's industrial policy, which largely follows sectorial lines.

EU policy-makers need to be reminded that a place-based approach, with regions and cities as partners, is the only effective answer to future competitiveness challenges. Competitiveness will only be achieved if current industrial and energy policies are thoroughly assessed and properly implemented in regions and cities.⁵

Implementing the Green Deal and the Clean Industrial Deal will also be crucial and requires detailed knowledge of the variation in regional competitiveness. This is particularly true for the impact of both aggregate and region-specific policies on regional outcomes.

Enrico Letta acknowledged the importance of a territorial dimension in his report on the future of the EU single market.⁶ For him, the single market and Cohesion Policy are two sides of the same coin and the competitiveness of the EU depends on both. Cohesion Policy funding has contributed to the long-term, structural improvement of the competitiveness of the EU, as was emphasised in the 9th Cohesion Report.⁷ Cohesion Policy ensures that all regions can reap the benefits of the single market by providing funds to invest in infrastructure, innovation and education.

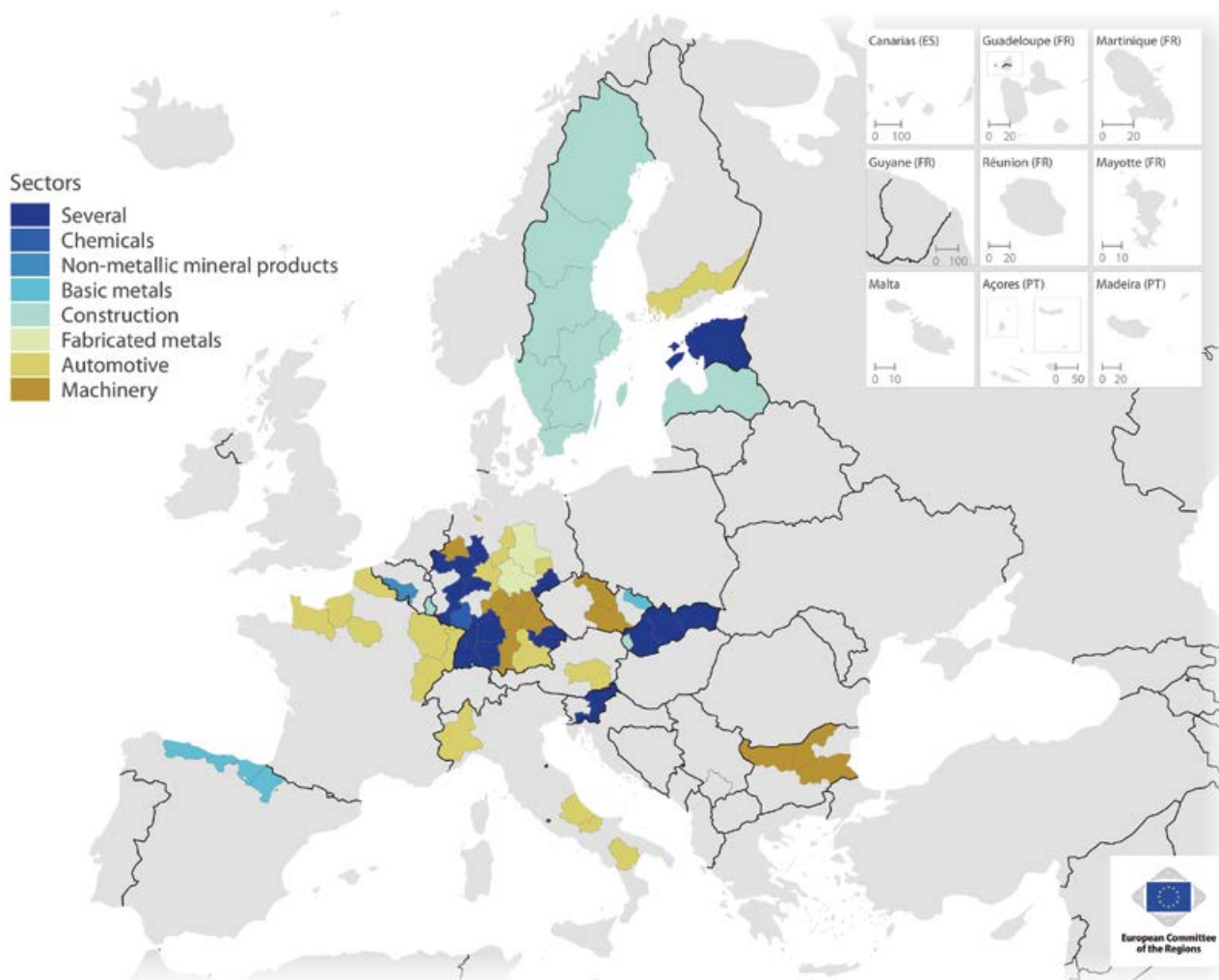


Figure 5 — Regions most affected by industrial decline

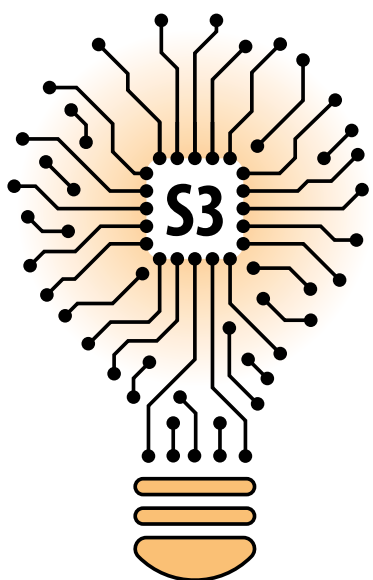
Source: Data retrieved from European Commission, "Mapping the transition of industrial decline on European Regions", 2024

Administrative boundaries: ©EuroGeographics ©OpenStreetMap *Cartography:* Eurostat - IMAGE, 08/2025

Cohesion therefore goes hand in hand with the broader objective of promoting a competitive, resilient and climate neutral Europe by 2050. The report of the High-level Group on the Future of Cohesion Policy offers strong evidence that improving Europe's overall competitiveness is not only about the potential of developed regions, but also depends on unleashing the potential of its less developed areas. Being a territorially sensitive instrument and allowing for the full use of the potential of interregional cooperation, Cohesion Policy represents an opportunity of paramount importance to address the root causes of competitiveness gaps in the EU and must therefore be strengthened.

The scale of the transition challenges ahead is immense, making it essential that every euro of funding is invested with precision and purpose. Properly decentralised cohesion funding has a proven track record – the progress of central

and eastern Europe in catching up with the rest of the continent stands as a clear example of its success.⁸ Therefore, rather than retreating from this approach, the EU should step up Cohesion Policy funding and further tailor it to the specific challenges and needs of regions and cities. Unless the EU's future funding policies have a proper local and regional dimension, territorial gaps will broaden and become ever more difficult to bridge.



Over **170 smart specialisation strategies** have been implemented, thanks to Cohesion Policy⁹

1.3 What regions and cities are asking Europe for

- **Applying a place-based approach in the upcoming Competitiveness Fund** to reflect regional realities and tailor funding to local and regional strengths and future challenges.
- **Using strategically ERDF resources to implement smart specialisation strategies and support interregional investment projects.** This will strengthen industrial value chains, help regions overcome development traps and foster long-term partnerships that boost competitiveness and innovation.
- **Simplifying and accelerating permitting for critical infrastructure** by introducing a harmonised EU-wide digital permitting system, and for this to be complemented by one-stop shops and regional energy agencies to enhance administrative capacity and reduce delays in local approvals.

- › **Mobilising public and private investment in clean energy** by updating public procurement rules in order to enable local action, applying flexible State aid for industrial regions and leveraging the European Investment Bank and the Industrial Decarbonisation Bank to unlock large-scale sustainable energy solutions.
- › **Modernising electricity grids and expand energy storage infrastructure**, especially in rural, outermost and less-developed regions, as well as on islands. Prioritise smart grids, sector coupling, renewable energy communities, and decentralised systems to overcome grid constraints and support the integration of renewables.



VIDEO

Cluj-Napoca (Romania) - Where innovation thrives

Cluj-Napoca is emerging as Europe's Silicon Valley, blending innovation, EU-backed growth and inclusive tech solutions for visually impaired people.

2 Just transition



Local story

Silesia (Poland) – The biggest Just Transition Fund beneficiary

Silesia is the biggest Just Transition Fund (JTF) beneficiary, with 15 active coal mines and more than 74 000 miners, representing 43% of all miners in the EU. In addition, approximately 400 000 people work in the supply chains linked to the mining sector. The JTF contributes to diversifying the local economy by supporting the growth of existing businesses and fostering the development of new ones to fill in the gap left by the mining sector. The strategic projects focus on new technologies, higher education and research and innovation, with examples including a gaming and technology hub in Katowice, a green economy hub in Tychy, a centre for biotechnology and biodiversity, and an interdisciplinary chemistry centre.

2.1 Why regions and cities matter

Regions and cities play a central role in driving green, digital and industrial transitions through policy implementation and innovation. Ensuring that these transitions are just requires careful consideration of their socio-economic impacts from the outset, addressing them through targeted financial support that focuses on reskilling and upskilling, social cohesion, job creation and economic diversification. Assessing the costs of inaction and continuing current practices is also essential. Success relies heavily on local knowledge and insight, alongside long-term strategic foresight.

Each region and city has its own economic, industrial and social value chains. Regions and cities face distinct challenges, have different advantages and starting points, and are at different stages in their transitions. The economic and social impacts of the transition to climate neutrality vary widely and are asymmetric: while some areas are facing shifts in industrial activities, others are dealing with the negative effects of climate change. Regions and cities uniquely possess detailed knowledge of local strengths and needs, enabling place-based, holistic transition strategies rather than isolated, sector-specific interventions. Their proximity to citizens facilitates inclusive stakeholder participation, promoting fairness and acceptance while also protecting vulnerable groups.

Furthermore, regions and cities build bridges between diverse stakeholders and have control over relevant sectors like housing, transportation, waste management and energy infrastructure. By prioritising green infrastructure, digital solutions, renewable energy and sustainable mobility, regions and cities directly improve quality of life and significantly accelerate the various transitions.

2.2 Future challenges for regions and cities

The European Union faces a growing risk of de-industrialisation in key sectors, with significant repercussions at local and regional level. While Europe has long been an industrial powerhouse, it now contends with challenges such as the need to reduce emissions, rising production costs, global competition – especially in AI and digital technologies – resource and labour shortages, and geopolitical tensions.

In response, the EU has launched the European Green Deal and a new wave of industrial policies. These initiatives aim to support a just transition by helping regions adapt, including by addressing job losses across broader supply chains.

Just transition policies will impact regions differently. Economically strong, urbanised areas with advanced innovation and green technology capabilities are better placed to adapt. In contrast, without targeted support, coal-dependent and industrial regions face greater risks of economic disruption. If these disparities are not addressed, they may lead to transition fatigue and growing public resistance.¹⁰

Regions and cities play a pivotal role in advancing innovation across the EU. By ensuring the responsible deployment of AI and digital technologies in sectors like energy, transport and public services, regions help enhance EU productivity and uphold the public sector's role in serving the common good. Tackling digital divides with territorial awareness is key to achieving digital cohesion. At the same time, the high energy and water demands of AI – especially from data centres and large language models – must be managed to ensure a sustainable digital transition.

Energy costs in general remain a central concern. Energy competitiveness and affordability can only be achieved if the current energy policies are properly assessed and implemented in regions and cities. EU energy policies can therefore support the green, digital and industrial transformation while meeting climate targets. These policies should also aim at protecting vulnerable people by eradicating energy poverty and addressing health issues linked to climate change and environmental degradation.

A place-based industrial policy is essential in order to strengthen EU competitiveness and build a resilient, sustainable Europe. While current transition pathways focus mainly on sectors, they often overlook the territorial realities closest to citizens and workers. To ensure a just green transition –

especially in energy-intensive industries – policies must better integrate local and regional dimensions and address their specific challenges.

An example of place-based policy can be found in the Just Transition Fund (JTF), the first of the three connected pillars of the Just Transition Mechanism (JTM).

The JTF, established in June 2021, represents a key example of place-based policy in action. Designed to cushion the socio-economic effects of the green transition, the JTF targets those regions that are most reliant on coal and carbon-intensive industries. Through 70 Territorial Just Transition Plans (TJTPs) approved by the European Commission and the Member States, the fund channels EUR 26.67 billion in combined EU and national financing into 96 designated territories.¹¹ Its support focuses on reskilling and upskilling local workforces, fostering social cohesion, generating employment and promoting economic diversification – ensuring that no region is left behind in the shift towards climate neutrality.¹² A breakdown per Member State of the EU allocation and co-financing for the JTF can be found in the figure below.

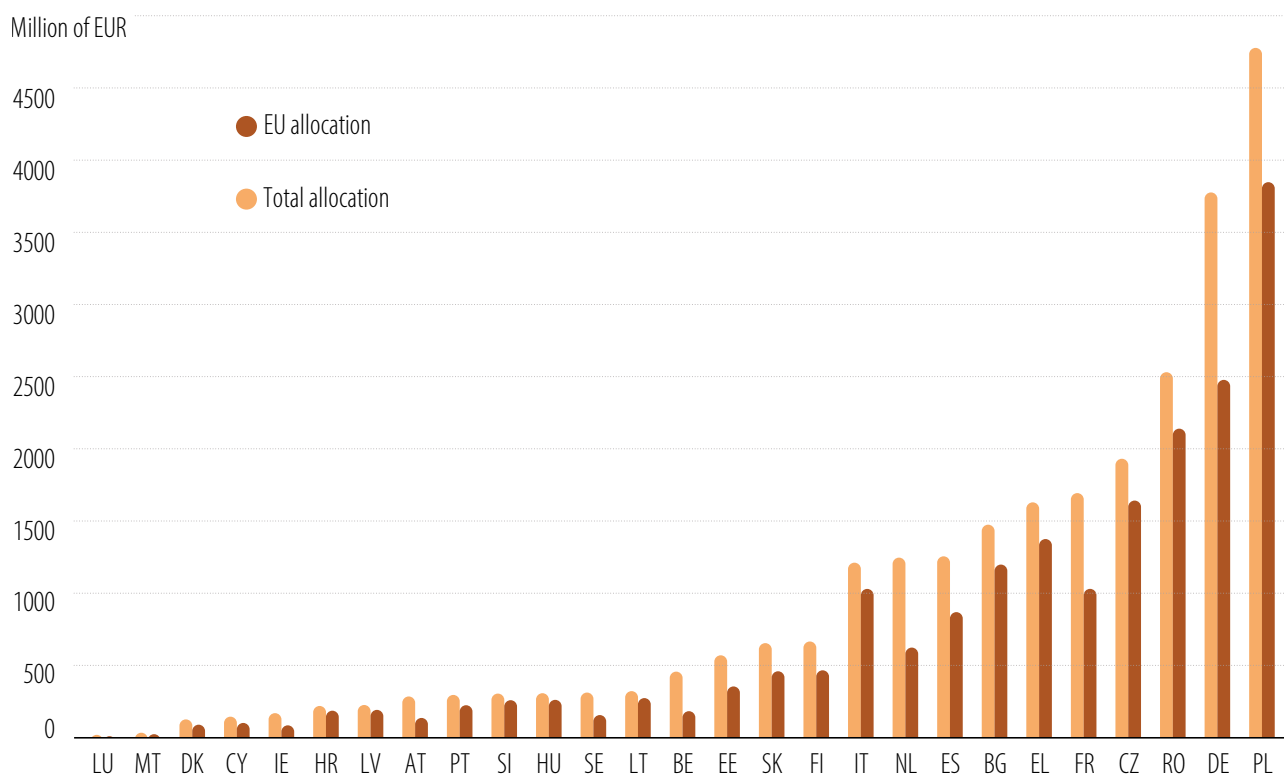


Figure 6 — Just Transition Fund planned by Member States

Source: CoR, "Implementation of the Just Transition Mechanism and synergies with other EU funds", 2025

A wide variety of projects can be funded under the JTF. This allows regions to tailor project calls and funding lines to the specific socio-economic needs and value chains present in their region, taking on board stakeholder input, while still aligning with overarching EU goals.

After its late regulatory approval, initial implementation of the JTF seemed slow; however, in recent times, implementation has accelerated significantly thanks to approved TJTPs, strengthened administrative capacities, improved coordination and streamlined procedures.

However, since 2021, many other EU laws have been adopted to decarbonise a far wider range of economic activities. Regions with a high share of emission-intensive manufacturing (EIM) are an example showing the importance of widening the scope of support for the just transition. This regards sectors such as paper, coke and refined petroleum, chemicals and chemical products, basic metals, non-metallic mineral products, and motor vehicles.

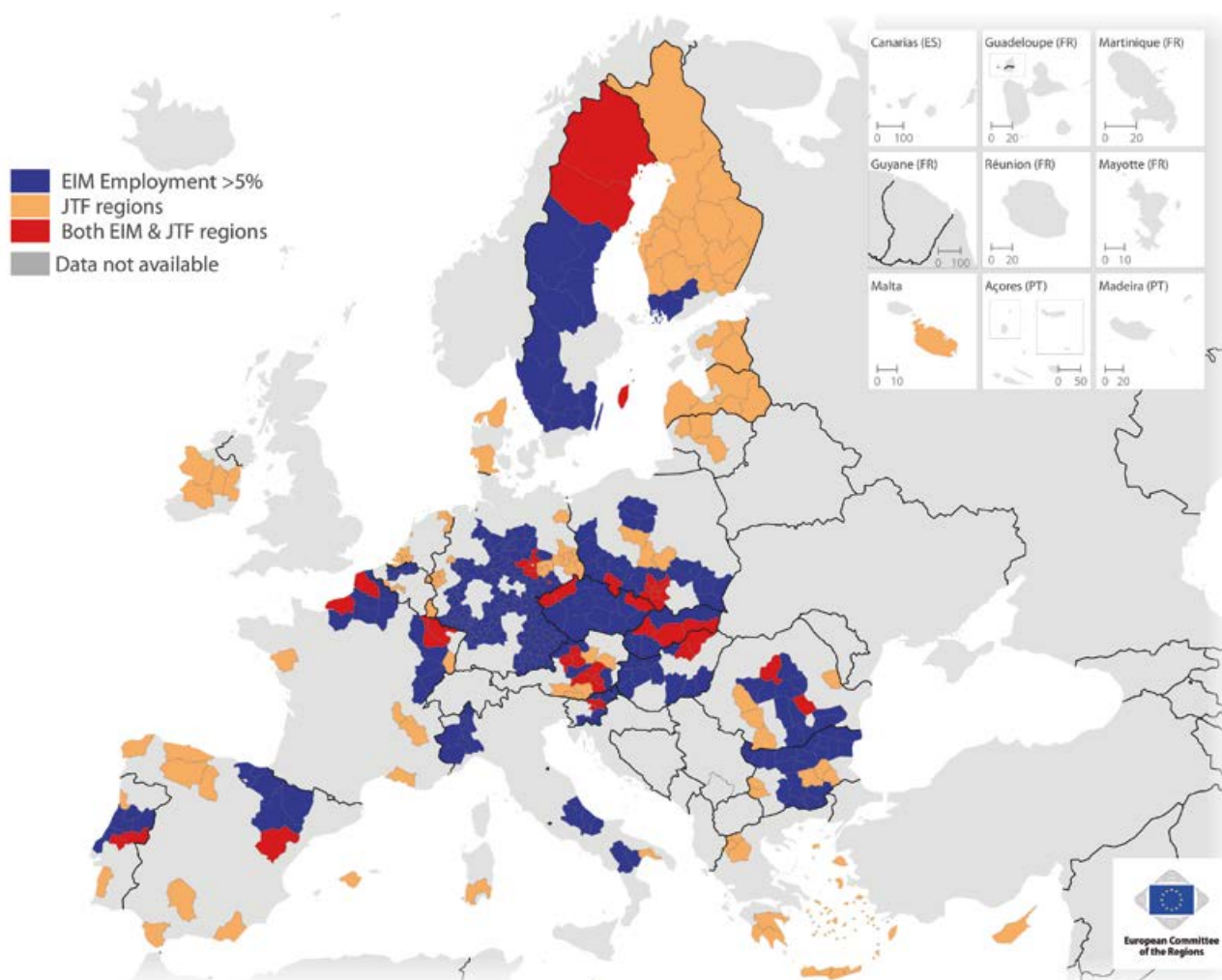


Figure 7 — Mapping JTF and Emission Intensive Manufacturing regions (EIM)

By NUTS3 regions

JTF territories in some cases only cover parts of NUTS3 regions.

Source: Data for JTF regions retrieved from the Directorate-General for Regional and Urban Policy.

Data for EIM regions retrieved from Jacques Delors Centre "Navigating emission-intensive sectors through the green transition."

Administrative boundaries: ©EuroGeographics ©OpenStreetMap

Cartography: Eurostat - IMAGE, 08/2025

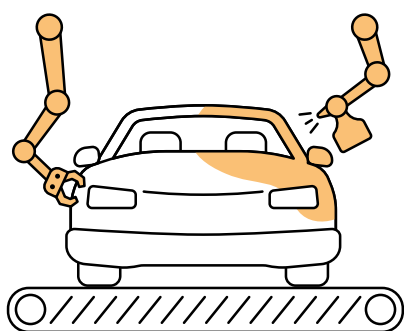
While EIM sector industries employ 4.3% of the EU-27 workforce directly, they contribute disproportionately to the EU's total emissions, accounting for 18.6%.¹³ As a result, these regions could experience negative impacts comparable to those in coal-dependent areas but without equivalent support. While certain high-EIM regions do receive JTF assistance, most regions with significant EIM employment are not covered by the JTF (see the figure on page 22).

Building on the achievements of and lessons learned from the JTF, tailored place-based transition plans, set up in close cooperation with local and regional stakeholders, could prove useful not only for former fossil fuel regions, but for all regions that are vulnerable to transition challenges. This would need to be accompanied by a commensurate increase in the financing available.

A practical example of ongoing policy work by regions aiming for a just and multi-level governance approach to the green, digital and industrial transition is the Automotive Regions Alliance (ARA).¹⁴ Founded in June 2022 as an initiative of the European Committee of the Regions, the ARA is a political network of regions committed to the successful transition of the European automotive and supply industry, offering regions a platform on which to share practical tools, challenges and progress, with a particular focus on employment, skills and innovation.

The network emphasises the need for transition funding, underlining the support that regions provide for industrial transformation – particularly through innovation ecosystems – and for the development of industrial and mobility policies. A place-based and differentiated approach that considers the specific challenges of regional value chains, with regions and cities as strategic partners, will be key for a successful and just transition.

It is very concerning that, in the recent Commission proposals for the next MFF, the reference to 'just transition' is largely missing, often being replaced by the term 'clean transition', which sees the transition merely as a technological challenge, completely overlooking the fact that this transition happens in, and very much affects, places, namely regions and cities and their population.



46%
Automotive production
decline from January
2019 to December 2024

2.3 What regions and cities are asking Europe for

- › **Delivering the EU's strategic transition agenda on the ground**, as regions and cities possess detailed knowledge of local strengths and needs, enabling place-based, technologically neutral, holistic transition strategies rather than isolated, sector-specific interventions.
- › **Delivering a robust future Cohesion Policy including a strong just transition component to support regions undergoing challenging transitions.** Using territorial impact assessments when designing EU policies, with the aim of making Europe more competitive and greener.
- › **Ensuring that support for transition regions consistently follows a place-based approach** and is managed by the competent authorities based on the principles of partnership and multi-level governance, while incentivising the interregional and transnational approach as part of cross-border cooperation between transition regions.
- › **Extending the scope of just transition support to all regions that face significant transition challenges.** This would need to be accompanied by a commensurate increase in the financing available.
- › **Unlocking the potential of the green, digital and industrial transition** by addressing issues such as skills development, lifelong learning, high-quality jobs, ageing workforce and brain drain, and implementing the 'freedom to stay' principle, in a context where technological change, the constant growth of AI and other digital solutions are felt in ever more employment sectors.



VIDEO

Avilés (Spain) - Greening the steel industry

In recent years, Avilés has transformed polluting industrial areas into spaces for renewable energy companies.

3 Social and affordable housing



Local story

Prague (Czechia) - Affordable housing scheme for public sector workers, in cooperation with the EIB

The European Investment Bank (EIB) is teaming up with Czech bank Česká spořitelna in a pioneering initiative to provide over 700 affordable rental apartments in Prague for essential public-sector workers such as teachers, nurses and police officers. With a total investment of EUR 187.5 million – EUR 60 million of which is financed by the EIB – the project aims to deliver energy-efficient, sustainable housing by early 2026. These homes will feature green roofs and water-saving systems, helping reduce utility costs and environmental impact. As a pilot for a broader national strategy, the project promotes social inclusion and urban renewal and is supported by the InvestEU Advisory Hub.

3.1 Why regions and cities matter

The widespread shortage of affordable and sustainable housing is fast evolving into a European crisis affecting regions and cities across the EU. While the crisis affects all categories of residents and all population groups, it is affecting the most vulnerable most severely and is also impacting particularly on the young and the elderly, as well as on women. The right to adequate and affordable housing is recognised as a right of all EU citizens under both the EU's Pillar of Social Rights and the Charter of Fundamental Rights and is a cornerstone of thriving regional economies, as a basic building block on which citizens base their education, work and career development.

Regions and cities have an essential role to play in ensuring the availability of affordable housing and, where appropriate, social housing, as they have direct responsibility for managing public buildings and spaces, spatial planning and land use, permitting and building regulations, the provision of mobility and other essential services, and urban and rural development strategies. Moreover,

the housing crisis takes different forms in different territories and requires local knowledge and understanding to address it, making subsidiarity paramount.

It is therefore essential that any measures adopted at EU level to help alleviate the crisis provide for the full involvement of the local and regional levels, as well as the national level, at both the design and the implementation stages. To deliver the tangible change in this area called for by EU citizens, it will be vital to combine the keys held by the EU level – notably in its ability to shape the regulatory framework – with the experience, knowledge and technical know-how of the national and subnational levels.

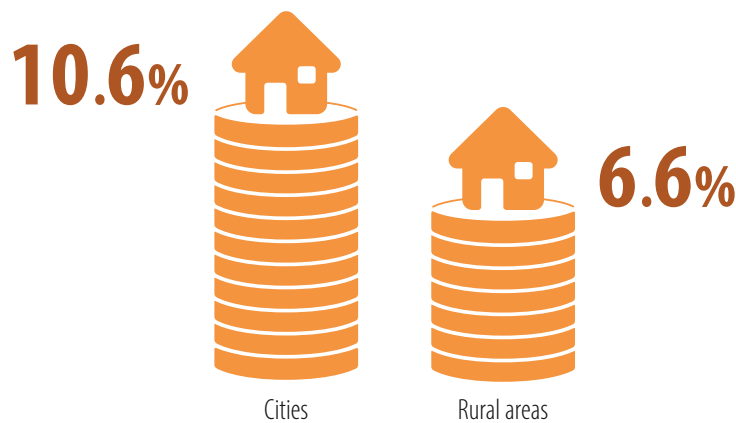


Figure 8 — Share of EU population overburdened by housing costs

Source: CoR compilation based on Eurostat webpage "Housing in Europe - 2023 edition".

3.2 Future challenges for regions and cities

The housing crisis across the EU is the outcome of a complex interplay between demographic shifts in our regions and cities, evolving industrial, economic and financial dynamics, and changing policy frameworks at EU, national, regional and local level. It is unfolding in both visible and more nuanced ways: rising overburden rates; citizens, including essential workers, being priced out of urban areas; energy-efficiency renovations leading to renovictions; a growing number of ghost dwellings in both urban and rural settings; and housing increasingly being treated as a high-stakes investment asset.

The housing gap in the EU today is estimated at some 2.3 million units per year, or an annual investment gap of EUR 270 billion,¹⁵ with the highest levels of demand occurring in regions where economic activity is strongest. To address this gap, we need both short- and long-term measures.

In the short term, it is essential to address the housing shortfall in urban and peri-urban areas by ensuring framework conditions that are more conducive to smart, innovative new builds, conversion and renovation of disused buildings and re-use of vacant dwellings, as well as to develop integrated approaches to spatial planning in both urban and rural areas.

Over the medium to long term, policy measures should encourage a more even spread of economic investment by fostering the potential of less densely populated regions and promoting regional innovation, thus evening out the pressure on housing and land use across the EU's territories.

Incentivising private capital buy-in will be essential to plug the gap in affordable housing which the EU is set to face for some time to come. Using the capacity of the EU budget to leverage such investment will provide the opportunity to steer projects in the direction of the EU's overarching policy objectives, notably supporting the green and digital transitions as well as territorially balanced development.

This is especially urgent to help bridge the gap between the EU's overall decarbonisation and energy-efficiency ambitions relating to its building stock and the investment potential on the ground. Many regions and cities have demonstrated their strong commitment to these objectives to date – but many are now facing a dramatic shortfall in their capacity to ensure fair access to sustainable housing for all societal groups.

Moreover, as the effects of climate change become increasingly visible, summer energy poverty, rising insurance costs for climate-exposed regions and the inability to maintain comfortable indoor temperatures are also becoming key challenges. Smart approaches are required to address the challenge of vacant dwellings, for example by addressing the barriers faced by some property owners in terms of the up-front costs of renovation, and to ensure affordability downstream and prevent renovictions.

Taking account of the diversity of European regulatory frameworks will also be critical when it comes to future financing and investment support from the EU level. All Member States and, critically, all types of subnational authorities must have similar access conditions and eligibility prospects for such opportunities. Capacity-building and technical assistance will also be important to support regions and cities in developing robust investment plans to mobilise private investment.

The role that limited-profit and social housing can play within a housing ecosystem should also be reiterated, as these act as a safety net underpinning the private rental market and serve to slow the overall rate of rent increases. While the diversity of housing models in place across the EU demonstrates that a range of different approaches are possible when it comes to delivering affordable housing on a sustained basis, approaches such as non- or limited-profit housing, as well as social housing, have demonstrated a stabilising effect on the rate of rent increases over time.

To optimise territorial cohesion, regions and cities are increasingly implementing integrated urban and rural development approaches when planning housing projects and associated services (transport and other essential public services, leisure and retail facilities, etc). Housing is at the heart of the policy-mix that can help to mitigate demographic decline and turn shrinking territories

into thriving regional centres. Tools such as sustainable urban mobility plans (SUMP) and their territorial equivalents outside urban areas provide flexibility by increasing catchment areas.

Today, young professionals are leaving certain rural and peripheral regions because of the extreme imbalance between average salaries and average rents or mortgages, and not necessarily due to a lack of employment opportunities.

As shown by its integrated Talent Booster Mechanism, Cohesion Policy offers regions and cities the potential to implement tailored measures in many of the policy areas that can help to mitigate demographic decline and drive regional innovation.

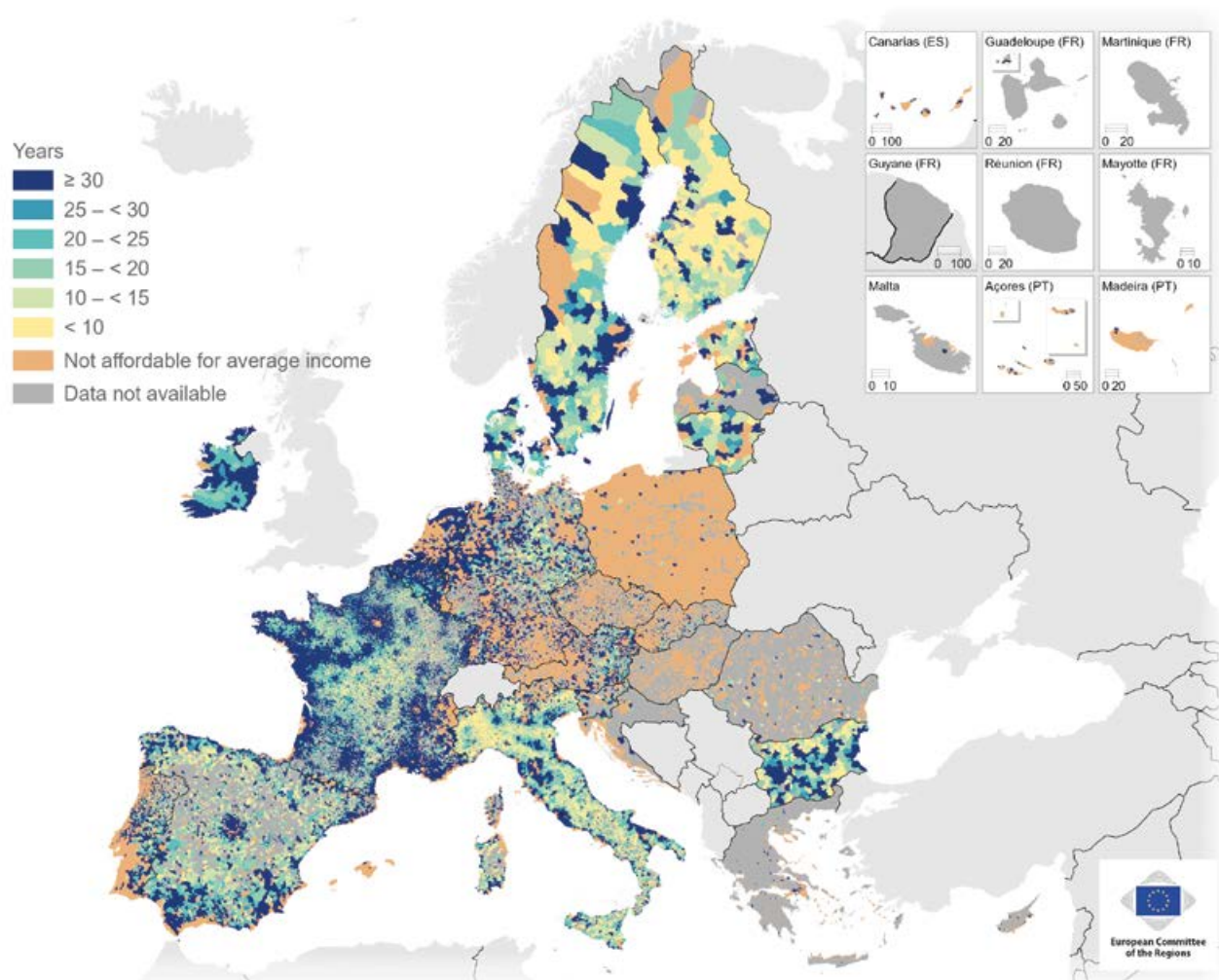


Figure 9 — Number of years required to pay off the mortgage for 75m² dwelling

Number of years needed to pay off the mortgage using 1/3 of disposable income for 75m² dwelling by Local Administrative Unit for the period March 2024 - March 2025.

Source: Data retrieved from ESPON EGTC, HOUSEFORAL project - TUWien, InAtlas, MCRIT – 2025.

Based on scrapings: March 2024-March 2025

Administrative boundaries: ©EuroGeographics ©OpenStreetMap

Cartography: Eurostat - GISCO, 08/2025"

To support regions and cities in providing access to affordable housing for all, including the most vulnerable, it will be essential to replicate and complement the place-based approach of the EU's Cohesion Policy, in terms of both future private sector resources and other sources of EU funding and financing.



1.2 million
people are homeless in
the EU (equivalent to
the population of a city
the size of Amsterdam)

3.3 What regions and cities are asking Europe for

- › **Ensuring territorial diversity in EU housing responses** by actively involving regions and cities in designing and delivering tailored approaches that reflect local realities and needs.
- › **Integrating homelessness prevention and poverty reduction into the EU's affordable housing strategy**, adopting a people-centred and socially just approach aligned with the EU's Pillar of Social Rights and the Charter of Fundamental Rights.
- › **Supporting energy-poor households through energy efficiency renovations**, and promoting structural investments to eradicate energy and transport poverty via close cooperation with regions and cities in the Social Climate Fund's national plans. Reinforcing Cohesion Policy post-2027 to leverage its multi-level
- › **Empowering national and subnational authorities by broadening the EU State aid framework to include affordable housing**, facilitating increased national investment while respecting Member States' competences. Prioritising EU actions with real added value through targeted regulation in areas like short-term rentals, energy renovations, and construction sector innovation, and enhancing oversight to combat housing speculation, including through an EU-wide real estate transaction transparency registry.

- **Intensifying oversight of market regulation to combat financial speculation in the housing market at EU level.** To this end, establishing an EU-wide real estate transaction transparency registry, which includes the beneficial owner of each property, is essential.
- **Ensuring new housing financing mechanisms complement existing EU funding,** with safeguards to promote balanced territorial access (e.g. revolving funds, resale conditionalities, land retention by local authorities). Considering off-balance sheet treatment of public investments in social and affordable housing in order to avoid borrowing constraints, especially for smaller municipalities



VIDEO

Łódź (Poland) - Social housing and urban regeneration

Łódź has renovated 6 000 townhouses with EU funds, aided by social workers and inspiring private businesses.



CHAPTER 2

RESILIENCE

CHAPTER 2

RESILIENCE

1 Natural resources



Local story

Andalucía (Spain) - Revitalising biodiversity in olive groves

In the province of Jaén, 54 municipalities have joined the Olivares Vivos LIFE Project, which transforms conventional olive farming in order to combat biodiversity loss, soil degradation and water scarcity. It restores olive groves by reintroducing native vegetation, improves ground cover, creates wildlife habitats and reduces the use of agrochemicals. Biodiversity has increased by 30%, with hundreds of species identified, including a newly discovered plant. By linking sustainable practices to marketable products, the project offers Mediterranean farmers a replicable model for balancing agricultural productivity and ecosystem health.

1.1 Why regions and cities matter

Regions and cities are at the forefront of Europe's climate response. In May 2025, Europe recorded its second-hottest spring month ever,¹⁶ triggering drought warnings across the continent. In 2024 alone, floods caused an estimated EUR 18 billion in damage across Europe;¹⁷ the October 2024 floods in the region of Valencia broke national rainfall records and claimed over 228 lives.

Faced with such extremes, regions and cities are restoring wetlands, redesigning cities for water retention, reforesting degraded natural and rural areas, managing water reuse and investing in early warning systems. Their proximity to citizens allows them to act fast and tailor solutions to local needs.

Regions and cities are essential to achieving the EU's climate and water resilience goals, as many EU strategies rely on subnational implementation. Coordinated planning with regions and cities is vital in order to manage land use, deploy nature-based solutions and improve disaster preparedness.

Climate-resilient agriculture also starts locally. Rural areas are facing climate change through droughts, biodiversity loss and soil degradation. Local governments help farmers with agroecology, buffer zone rewilding and drought-resilient crops, despite limited resources and capacity gaps.

Water quality is also at risk. Alongside historical pollutants, emerging contaminants like nano plastics and ‘forever chemicals’ such as per- and polyfluoroalkyls are appearing in water systems. Tackling this requires local-level infrastructure upgrades, land use regulation, public awareness and emergency response planning.

Local leadership is not optional – it lays the foundation for Europe’s long-term resilience.

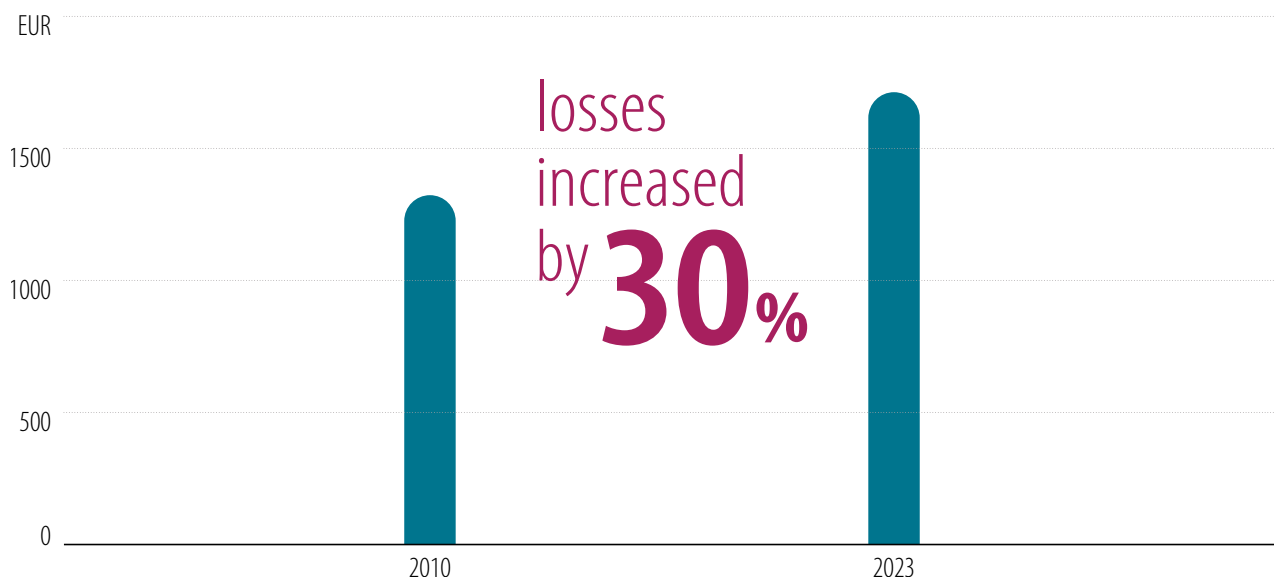


Figure 10 — Total economic loss (per capita) in EU 27, 2010-2023 from weather-and climate-related extremes

Source: CoR compilation based on European Environmental Agency, “Economic losses from weather-and climate- related extremes in Europe”, 2024

1.2 Future challenges for regions and cities

As Europe advances toward climate neutrality and greater resilience, regions and cities will increasingly face interconnected challenges where climate change, water stress, biodiversity loss, land use pressures and declining water quality collide. By 2030, and increasingly towards 2040, regions and cities will face overlapping risks: more frequent extreme-heat events, prolonged droughts and flash flooding triggered by intense rainfall. Southern Europe is projected to see a 40-80% increase in severe droughts by 2050, while northern and central regions will contend with saturated soils, flood-prone infrastructure and shifting rainfall patterns.

These risks will compound existing social and environmental vulnerabilities. Urban heat islands will exacerbate health inequalities in cities. Agricultural

productivity may decline in water-scarce regions unless adaptive practices are scaled up. Water availability and quality – already under pressure – will increasingly become political and cross-border issues, requiring transregional coordination. By 2050, water scarcity and water restrictions will lead to changes in behaviour and business models.¹⁸

At the same time, many rural regions are experiencing population ageing, labour shortages and service loss. As the transformation of agriculture and the green transition advances, regions and cities will need to balance land-uses, finding solutions and synergies for rewilding, nature restoration, farming and energy production. The expansion of renewable energy infrastructure – especially solar and wind – could intensify tensions between climate goals and local land needs, particularly in those agricultural regions reliant on livestock and intensive farming.¹⁹

By 2030, the Common Agricultural Policy (CAP) and other EU policies may push for a stronger alignment between agriculture and biodiversity. Agricultural productivity growth is challenged by pressures from climate change and impacts on key natural resources,²⁰ notably water and soil, which are limiting the potential for yield growth and inducing a shift in agroclimatic zones northwards, affecting crop cultivation patterns. Regional authorities will need better tools and data to balance these objectives locally. Without inclusive planning, the transition could widen the rural divide – socially, economically and politically.

Water resilience adds another layer of urgency. Scarcity may impact sectors from agriculture to power generation.²¹ Increasing flood frequency poses a threat to human lives, often displacing communities and inflicting billions in economic damage worldwide. Yet, many regions and cities still rely on ageing infrastructure, fragmented water competences and reactive crisis management. Future resilience will require decentralised, anticipatory governance, collaboration and more attention to science.

By 2040, rising demand from agriculture, industry and households – combined with more erratic rainfall – will necessitate investment in nature-based solutions, circular water systems (reuse, infiltration and retention) and digital monitoring. Regions and cities will be expected to lead these efforts, but many lack the engineering capacity or financial autonomy to do so.

Transboundary watersheds – such as the Danube and Ebro basins – will also test cooperation between regions and Member States. Climate-proof planning will require integrated catchment-based approaches that transcend political boundaries, something few current institutional frameworks can guarantee.

Administrative and financial capacity pose additional hurdles. Despite their central role, many regions and cities struggle with limited human resources, technical expertise and predictable funding. These bottlenecks hinder the full exploitation of all the potentialities of EU funding available, such as those under Cohesion Policy funding, LIFE projects and CAP eco-schemes. These gaps are likely to deepen even further as the proposed centralisation of funding will complicate access for the most rural and remote areas.

Looking ahead to 2030 and beyond, the challenge is not only access to funding, but absorptive capacity.²² New EU frameworks risk being underutilised if regions and cities cannot develop, manage and scale up projects in time.

Digitalisation offers new tools, such as climate dashboards, remote sensing, water-smart metering and predictive modelling; however, many local governments still lack interoperable systems or skilled personnel to use these effectively. Regional digital divides could limit smart climate adaptation.

Public trust and citizen participation remain cornerstones of successful transitions. From irrigation cooperatives to urban greening projects, local acceptance and engagement are essential for successful long-term transitions.²³

However, misinformation, political polarisation and fatigue with top-down policies could erode support. While young generations demand more ambitious environmental action and transparency, others may resist the transition due to perceived losses (e.g. land access, economic restructuring). Regions and cities will have to navigate this evolving social contract. Strengthening participatory governance – through climate assemblies, water user forums or territorial alliances – will be key.

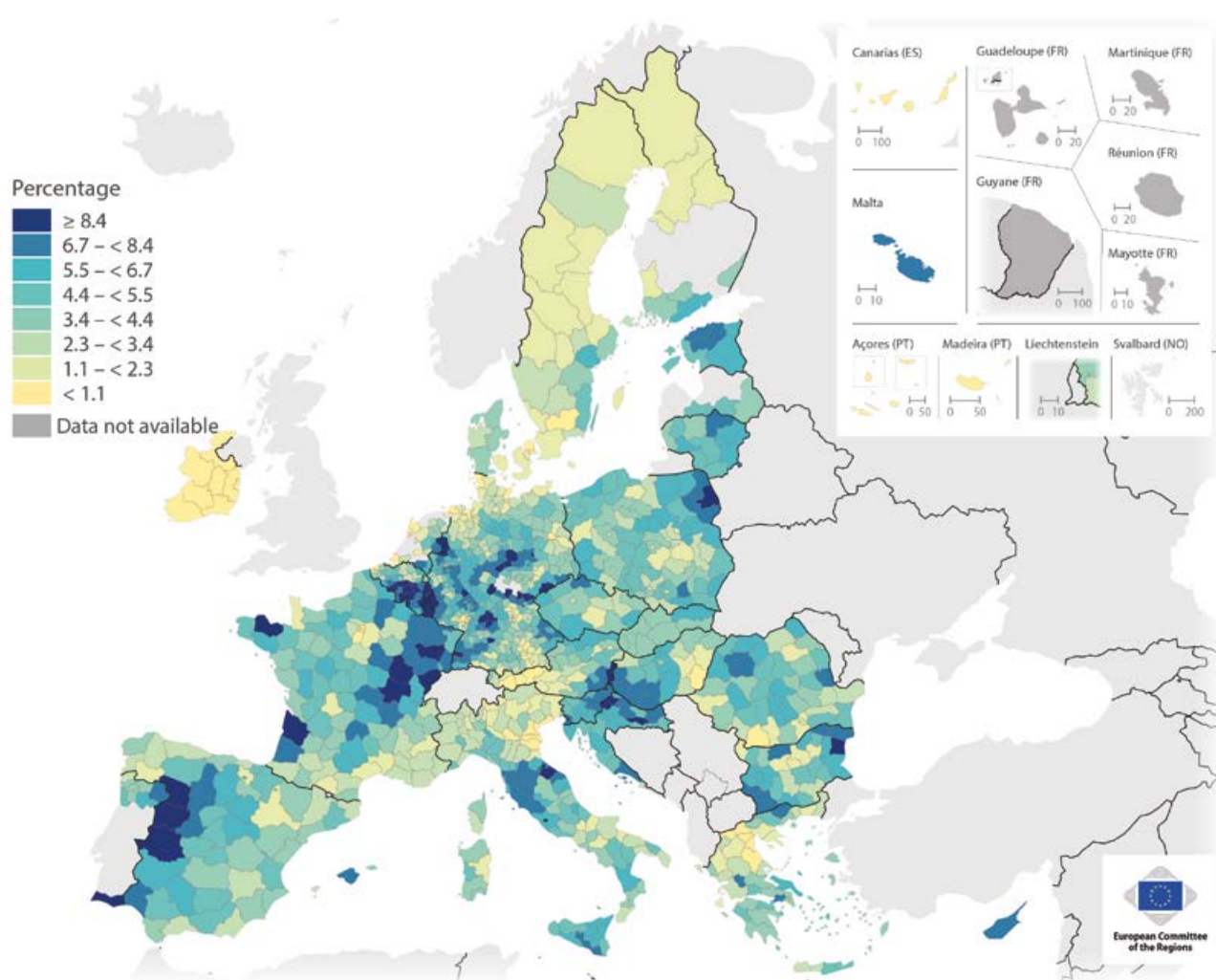


Figure 11 — Area impacted by drought, % average 2000-22

By NUTS3 regions.

Source: Data retrieved from European Commission, "Eurostat regional yearbook", 2024

Administrative boundaries: ©EuroGeographics ©UN-FAO ©Turkstat

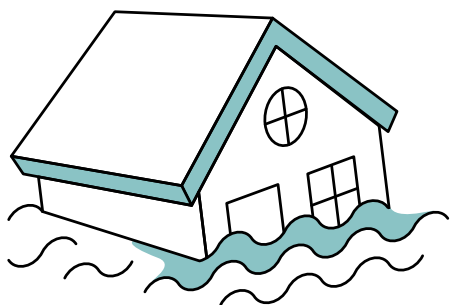
©Cartography: Eurostat - IMAGE, 08/2025

Moreover, global disruptions – e.g. supply chain shocks, migration, wars and food price volatility – may further strain local systems. Future-proofing resilience means planning not just for climate extremes, but for socioeconomic stressors as well.

Ultimately, the EU's climate and environmental ambitions increasingly depend on effective implementation at the regional and local level. Yet, multi-level governance remains uneven across the Member States. Clearer mandates, funding streams, and vertical and horizontal coordination mechanisms will be critical in achieving the objectives.

The risk is not inaction – but fragmentation. Without better alignment, pilot projects will remain isolated and climate policies may produce unintended trade-offs. The future calls for a more systemic approach, linking energy, water, biodiversity, land, health and spatial planning through coherent regional frameworks.

The EU institutions should move toward recognising regions and cities not only as implementers, but as co-creators of policy – bringing territorial intelligence into all stages of decision-making. This is essential in order to reach Europe's 2040 climate goals and build societal resilience.



In 2024 alone, floods caused an estimated **€18 billion** in damages across Europe

1.3 What regions and cities are asking Europe for

- **Applying the European Partnership Pact principles across all territorially relevant EU funds to eliminate gaps and improve coordination.** The proposed National and Regional Partnership Plans in the 2028-2034 EU budget could reduce administrative burdens and support integrated investments in climate adaptation, biodiversity and water resilience. However, their broad scope and competitive nature risk prioritising fast-return projects over long-term ecosystem restoration. Nature-based solutions like green infrastructure may be sidelined in favour of grey alternatives. The discontinuation of the LIFE programme further threatens support for high-

impact environmental initiatives, especially in managing instruments like CAP eco-schemes, Cohesion Policy and the Solidarity Fund. The CoR also urges adequate support for farmers transitioning to sustainable practices.²⁴

- **Ensuring multi-level governance in climate and water planning.** Regions and cities are urging the EU to institutionalise their role as co-creators – not just implementers – of environmental and climate policy. Clearer mandates, vertical and horizontal coordination platforms, and cross-sector alignment are needed to overcome fragmentation and ensure coherent local responses. EU policy design should include structured co-decision with regions and cities to ensure coherent, place-based responses to the green transition.
- **Ensuring just transitions for rural and vulnerable areas.** The EU must help regions balance climate and biodiversity goals with rural development by supporting climate-resilient agriculture, avoiding land-use conflicts and tackling digital and funding divides that risk widening the rural-urban gap. Regions and cities are calling for integrated rural-urban cooperation on food systems, ecosystem restoration and circular water use, fostering balanced development and climate resilience across functional territories.
- **Empowering citizen engagement and pollution prevention.** Regions and cities are calling for EU support to scale up participatory governance ensuring transparency and ownership amid growing environmental pressures and misinformation. They also urge stricter EU action to reduce water pollution – via pesticide limits, source prevention and infrastructure upgrades. This implies enhancing tools, funding and data to implement nature-based and circular water systems.



VIDEO

Budapest (Hungary) - Protecting biodiversity

The city of Budapest has created a unique space for urban biodiversity: the Pünkösdfürdői Park. The park allows the protection of, and an increase in, biodiversity on the one hand, and education for visitors on the other.



VIDEO

Andalusia (Spain) - Water regeneration to combat droughts

Since 2021, Andalusia has invested EUR 500 million in water infrastructure and services. In Malaga Province, half of farming irrigation needs are met using recycled wastewater.

2 Energy



Local story

Occitania (France) – Creating a hydrogen corridor

As part of its 'Positive energy' strategy, the region of Occitania is rolling out a renewable hydrogen development plan aimed at limiting greenhouse gas emissions and atmospheric pollution. The objective is to accelerate the large-scale deployment of competitive hydrogen solutions and thus ensure that the region plays a leading role nationally and in Europe.

The regional plan has a budget of EUR 150 million for 2019-2030 and will allow EUR 1 billion in investment to be generated for the initial deployment of hydrogen in industry. One of the flagship activities of the plan is the 'H2 for Europe' hydrogen corridor project, which promotes the use of renewable hydrogen for heavy vehicles and hard-to-abate industries.

2.1 Why regions and cities matter

Regions and cities have been leading the response on the ground to the energy crisis that emerged in 2022. Through one-stop shops and local and regional energy agencies, they are providing funding, disseminating information, raising awareness and encouraging residents and local businesses to embark on building renovation plans as well as renewables projects, in a timely and cost-efficient way. This is one of the key findings of a recent study commissioned by the CoR's ENVE commission.²⁵

Local administrations are also using the renovation of buildings to minimise the impact on the most vulnerable groups, while also reaching climate targets. Long-term solutions to mitigate the consequences of energy poverty (due to both heating and cooling needs) include promoting energy-efficient buildings, ensuring citizen participation in renovation projects and switching to more sustainable energy systems.

Regions and cities are making long-term investments and are therefore key to achieving climate neutrality. However, these local investments require a strong

boost to green hydrogen infrastructure at the EU level in order to unlock Europe's renewable potential, ensure energy security and reduce costs – as emphasised by Enrico Letta in his report on the future of the EU single market.²⁶

The blackout in the Iberian Peninsula in April 2025 illustrates the critical need for regions and cities to integrate resilient disaster risk reduction strategies into their energy policies, ensuring that grid infrastructure is resilient to future risks. When faced with the crisis, Spanish and Portuguese regions and cities actively contributed to emergency and crisis management in areas such as mobility, healthcare and access to information.

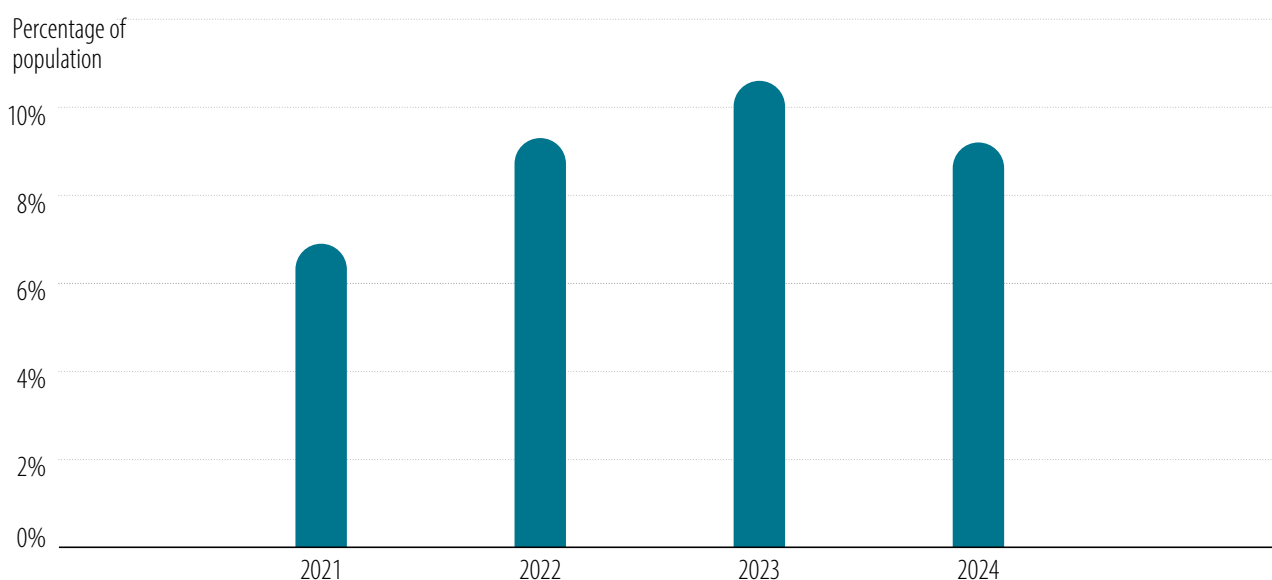


Figure 12 — Evolution of energy poverty in the EU

Source: CoR compilation based on Eurostat webpage "Energy poverty", 2024

2.2 Future challenges for regions and cities

The global energy landscape is set to be reshaped by the accelerating deployment of renewables, which are advancing rapidly at local level. This momentum is no longer driven solely by climate or energy security concerns; it is increasingly a result of the fact that renewables now represent the most cost-effective option for new energy generation.

The coming decade will see a transformative shift in electricity systems, with renewable energy, led by solar, playing a central role, and, according to the

International Energy Agency, by 2030, global renewable power capacity is projected to expand by over 5500 GW.²⁷

Russia's full-scale invasion of Ukraine has fundamentally reshaped the energy landscape of Europe, exposing vulnerabilities, accelerating the transition to renewables and prompting a strategic rethinking of energy security across the continent. The consequences are profound not only for the immediate crisis, but also for the future resilience and sustainability of European energy systems.

Local and regional efforts to address future energy security challenges are already underway. Across Europe, the role of regions and cities in driving the energy transition is steadily increasing.

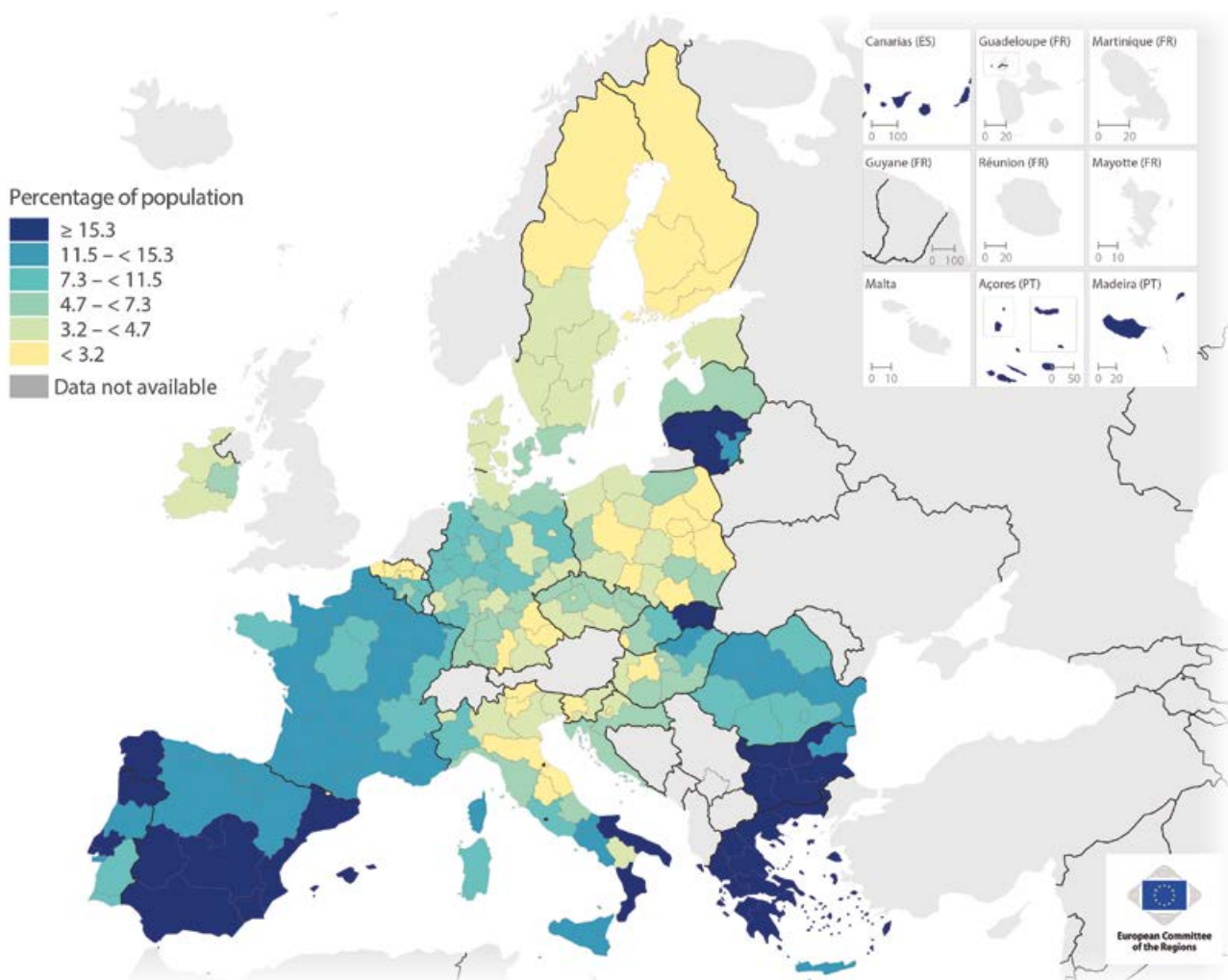


Figure 13 — Inability to keep home adequately warm

By NUTS2 regions. No data for NL and AT regions.

Source: Data retrieved from Eurostat (dataset code *ilc_mdcs01_r*)

Administrative boundaries: ©EuroGeographics ©OpenStreetMap

Cartography: Eurostat - IMAGE, 08/2025

The recent energy shocks highlight the crucial responsibility of regions and cities in building Europe's long-term energy resilience. As centralised energy systems face increasing challenges from climate-driven disruptions, cyber threats and grid vulnerabilities, the need for a more decentralised approach has become evident. Empowering local authorities to lead in local energy generation, storage and distribution will not only strengthen the security of supply, but also enable faster emergency responses and crisis management.

Cohesion Policy funds play a vital role in supporting regions through the energy transition and will remain essential in the next financial period. Under the 'Greener Europe' objective, the European Regional Development Fund and the Cohesion Fund collectively invest EUR 93 billion in key areas such as energy efficiency and renewable energy. In addition, the Just Transition Fund allocates around 20% of its resources to green projects, including clean energy technologies. However, to meet rising demand and ambitious climate goals in the coming decades, funding levels and implementation efforts will need to scale up significantly, particularly in areas heavily dependent on fossil fuels.

As prices rise, more households, especially in low-income or rural areas, will struggle to afford sufficient energy for heating and cooling. Regions and cities are responsible for ensuring that no one is left behind, particularly those facing energy poverty or other forms of vulnerability.

As highlighted in the chapter on housing, the central issue at local level remains the inefficiency of the EU's building stock, with 75% categorised as energy inefficient. This contributes significantly to energy consumption and emissions, exacerbating energy poverty for around 47 million Europeans unable to heat their homes properly, with over 10% spending more than 40% of their income on housing. Vulnerable populations, especially those in rural areas and low-income urban neighbourhoods, face challenges such as rising energy costs and risks of displacement due to so-called 'renovictions', after energy upgrades increase rents.

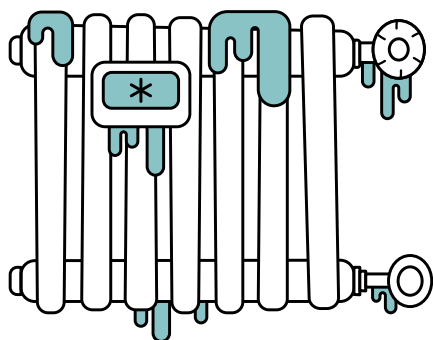
Facing limited resources, local and regional administrations will need to proactively chart a path toward securing affordable, stable and clean energy, navigating an increasingly fragmented, dynamic and complex legislative framework. Municipalities face significant challenges in building the human capacity necessary to drive the energy transition. Workforce shortages will become a critical bottleneck, with many local governments struggling to recruit and retain skilled professionals such as energy analysts, project managers and urban developers.

The success of the energy transition depends on initiatives on the ground that align the EU's climate ambition with policy implementation and community engagement. Regions and cities are strategically positioned to boost local energy sharing projects and build integrated planning to balance key economic, social and environmental priorities. This transformative approach can bring together local expertise, EU strategies and tailored solutions.

Meeting the challenges in implementing energy legislation requires a systemic transformation that includes innovative solutions, strategic investments and inclusive multi-level governance. Among the key instruments for achieving these goals are one-stop shops, local and regional energy agencies and energy communities, which will serve as bridges between legislation and local-level implementation in order to transform ambitious targets into practical results.

Moreover, the European Commission's assessment²⁸ of the updated National Energy and Climate Plans (NECPs) reveals minimal engagement with local authorities. Article 11 of the Governance Regulation mandates Member States to create multi-level dialogues with local authorities and stakeholders in order to integrate energy and climate policies into NECPs. These dialogues should establish a structural framework for ongoing national-local engagement.

One of the key future challenges in achieving a resilient energy transition is building and maintaining strong public support. Without this, even the most technically sound or well-funded projects are likely to be delayed or fail. Opposition often arises from limited early engagement and a lack of trust. To address this, it is essential to tackle local concerns like landscape impact, noise and economic benefits through meaningful cooperation, ensuring that citizens and local authorities are actively involved in developing solutions that reflect their specific regional needs and priorities.



47 million people in Europe were unable to heat their homes sufficiently last winter

2.3 What regions and cities are asking Europe for

- **Engaging local authorities in the design and implementation of Social Climate Fund plans.** This is essential to address the specific needs of energy-vulnerable households and businesses. Without local ownership, the fund risks missing the opportunity to support long-term, community-led energy projects.
- **Setting up an EU Action Plan supporting regions and cities to create new local energy agencies and one-stop shops with initial funding and technical assistance.** Such an initiative should be designed to better coordinate energy and climate policies in order to maximise synergies with the Covenant of Mayors.

- **Facilitating effective access to the European Competitiveness Fund and the Connecting Europe Facility is critical to advancing the clean energy transition at the local level.** Building local capacities in governance, financing, and technical implementation is crucial for accelerating clean energy projects, modernising energy infrastructure, and fostering cross-border cooperation in line with the objectives of the proposed framework.
- **Tackling regulatory bottlenecks, grid congestion and underinvestment in the scaling up of electrification to reduce fossil fuel dependency.** Prioritising grid modernisation and energy storage, especially in rural, outermost and less-developed areas will enable greater renewable integration and energy resilience.
- **Accelerating the permitting process for renewable energy projects, as administrative delays remain one of the main obstacles to timely deployment.** Regions and cities are calling for the swift implementation of Renewables Acceleration Areas, as provided for in the revised Renewable Energy Directive, alongside the development of a harmonised EU-wide digital permitting system, in order to reduce bureaucracy and support faster local approvals.



VIDEO

Kyiv (Ukraine) - Sustainable and safe energy in times of war

In Kyiv, power outages are a reality of daily life. To avoid being affected by them, some buildings are putting sustainable energy solutions in place.

3 Security



Local story

Region of Podkarpackie (Poland) – A Drone Valley where industry meets research

The region of Podkarpackie has established a Polish Centre for the Certification and Development of Unmanned Systems, strengthening the region's role in Europe's rapidly expanding drone sector. Initially backed by around EUR 10 million from the European Funds for Podkarpackie 2021–2027, the centre will have a long-term financing path, ensuring stability and growth and contributing to the establishment of a European drone ecosystem. Its infrastructure will include certification and R&D facilities, training areas and business incubation zones, as well as dedicated runways, hangars and control systems. The initiative is set to support the creation of a "Drone Valley" in Podkarpackie, already home to the country's "Aviation Valley," integrating industry, research and innovation in cooperation with the Rzeszów University of Technology and located in the immediate vicinity with Ukraine. It represents a significant step towards implementing Europe's drone strategy and enhancing regional competitiveness in advanced technologies.

3.1 Why regions and cities matter

Regions and cities in Europe are exposed to a multi-hazard and polycrisis environment. As recommended in the Niinistö report, 'Safer together',²⁹ the strengthening of Europe's civilian and military preparedness and readiness demands a true effort to both understand the different regional vulnerabilities and to invest in the multiple regional assets which can improve our overall security and defence ecosystem.

Indeed, regions and cities play an indispensable role in ensuring preparedness, security and resilience at EU level by acting at the grassroots level to encourage new habits among citizens and spur innovative business ventures. It is only by triggering this vast and dense mobilisation that the EU can weather the cumulative impact of geopolitical instability, from Russia's war against Ukraine to the conflict in the Middle-East; from rising cyber and hybrid threats to the increasing frequency of natural and technological disasters.

Building up the EU's new security capacity will rely heavily on several EU regions hosting key defence and defence-related industry clusters. These regions already provide essential military equipment and intelligence technologies at national level. However, in order to create a true EU single market for defence and security, it is essential to allow these regional ecosystems to grow through the cross-border circulation of skilled professionals, technological know-how, intelligence and financial investments.

With the sheer increase in national and European budgets for defence and security, these regions must ensure that financial resources are effectively targeted towards strengthening existing clusters and building up others. These clusters provide high-quality jobs for people and have a key role to play in maintaining or increasing the cohesion of territories. In this light, regions and cities serve as foundational pillars in Europe's broader strategy for security, defence and resilience, playing indispensable roles in the coordinated effort to protect communities.

Regions and cities also play a key role as first responders, coordinating local police, civil protection and emergency services, managing critical infrastructure and overseeing public spaces. Their territorial knowledge and proximity to citizens make them essential for early warning, rapid response and community mobilisation.

Crucially, regions and cities are key to strengthening social cohesion. Through inclusive urban planning, education, social services and community-based initiatives, they can help reduce marginalisation and address the root causes of insecurity. This social dimension is vital in countering polarisation and reinforcing societal trust, especially in vulnerable or high-risk areas.

The differentiated exposure of regions to risks – urban centres facing organised crime and cyberattacks, rural areas grappling with geographic isolation – underscores the need for territorially tailored strategies. Russia's war against Ukraine has further demonstrated how regions and cities maintain societal stability and support populations in times of crisis.

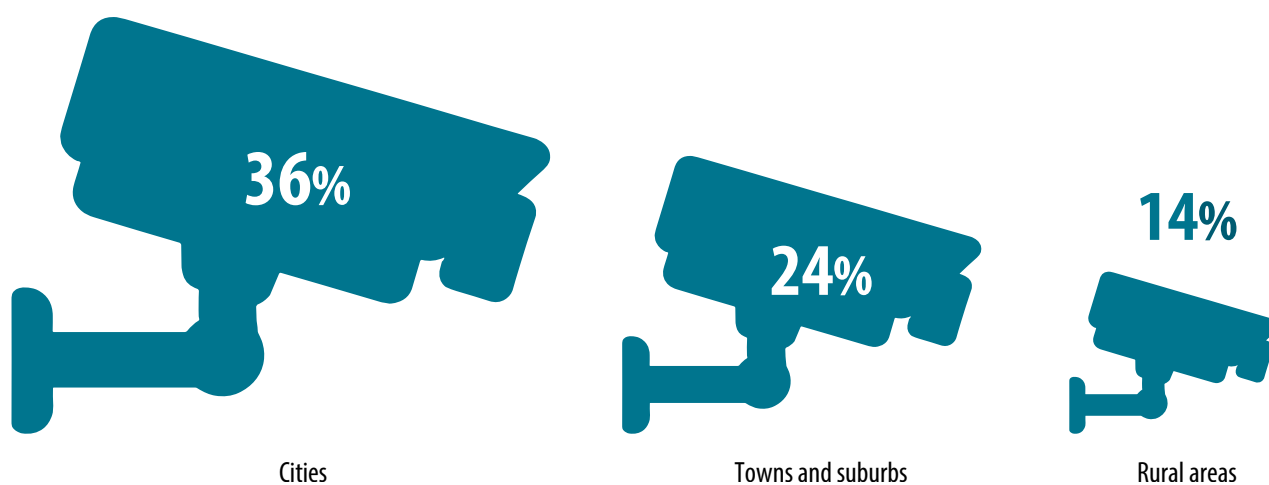


Figure 14 — People asking for more safety and security in public spaces (% of population)

Source: CoR compilation based on European Commission, "Flash Eurobarometer 561", March-April 2025

3.2 Future challenges for regions and cities

As Europe navigates an increasingly complex risk landscape, regions and cities are increasingly confronting challenges that extend far beyond traditional administrative roles. The future of regional and urban governance is being shaped by the convergence of multiple, overlapping disruptions. These demand that regions and cities remain adaptive and agile in the face of expanding responsibilities.

A new unified EU approach to security introduces a more agile and responsive policy framework. It addresses the realities of a polycrisis era by tackling evolving threats – such as terrorism, organised crime, cyberattacks and foreign interference – while upholding democracy, the rule of law and fundamental rights. This approach is anchored in three core priorities: promoting a whole-of-society approach, integrating security considerations across all EU policies and programmes, and ensuring robust investment from the EU, the Member States and private actors. However, a significant gap remains in fully incorporating the local and regional perspective into this framework.

Preparedness and resilience are increasingly shaped by localised conditions. Exposure and vulnerability to various pressures differ widely between communities, highlighting the need for context-sensitive approaches that reflect local socio-economic and infrastructural realities. Notably, 21.4% of European local administrative units are exposed to multiple natural hazards, affecting approximately 87 million people (18.8% of the European population).³⁰ Hazard types include floods, landslides, wildfires, coastal inundation, earthquakes and subsidence. Yet, local decision-makers often lack the specialised training and support needed to manage complex emergencies or embed resilience into long-term planning. The proliferation of risk management policies has led to fragmentation, with overlapping mandates and limited coordination undermining overall effectiveness.

Moreover, specific threats coming from Russia have put eastern border regions at risk and changed their socio-economic landscape. The multi-country project 'Shield East'³¹ aims at better protecting the eastern border. With fewer inhabitants and businesses but more military infrastructure, the attractiveness of these regions for investment has sharply decreased. Their environment has also been impacted by the building of military infrastructure. These regions need to receive specific support to adapt to these sudden changes impacting all sectors and tiers of society, as well as all dimensions of sustainable development.

Fragmentation is also evident in the governance of security. Although safety is foundational to democracy, prosperity and social cohesion, local and regional actors are frequently sidelined in strategic planning and response coordination. They are tasked with implementing a growing array of measures – from protecting public spaces to countering radicalisation – without the corresponding authority, funding or access to essential resources. This mismatch is exacerbated by uneven investment in local capacities and by disparities in EU and national support.

Regions' support for their industrial clusters is also vital and requires that they be well integrated into the communication channels on defence planning, with the possibility to relay future needs and financial opportunities. Until now, defence and security planning have been very much handled between Member States, with efforts from the European Commission to foster cooperation between Member States and dialogue with industry. The European Network of Defence-related Regions³² is the only voice of regions at EU level on defence close to the European Commission; however, it is not included in the planned EU strategic dialogue with the defence industry.

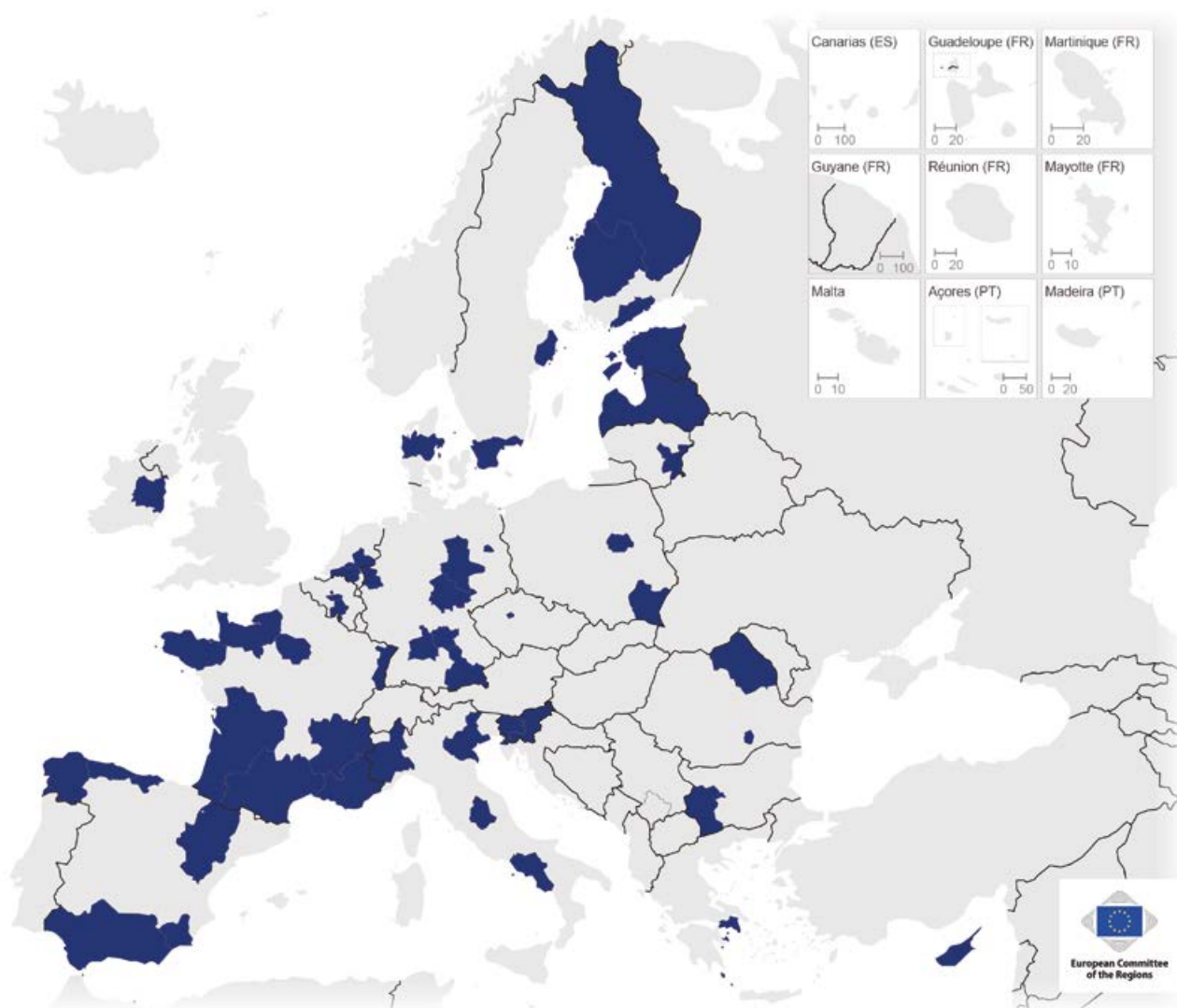


Figure 15 — Regions in the European network of defence

Source: Data retrieved from European Network of Defence Related Regions website
 Administrative boundaries: ©EuroGeographics ©OpenStreetMap
 Cartography: Eurostat - IMAGE, 07/2025

Moreover, regions and cities are often excluded from critical information-sharing systems and intelligence frameworks. Despite their proximity to citizens and their potential for early detection, they lack access to the data needed for proactive prevention and targeted responses. This disconnect between

responsibility and capacity creates operational gaps, while the expectation to integrate security across sectors such as urban planning, education and public services adds further complexity.

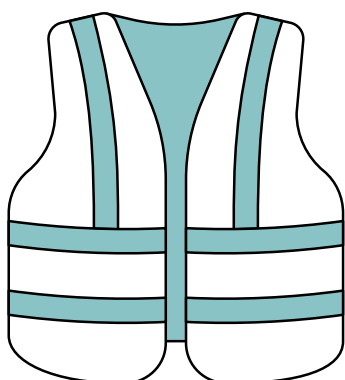
Cross-border cooperation presents additional challenges. Organised crime in the EU is increasingly transnational, with 65% of criminal groups comprising members from multiple nationalities and 76% of the most threatening networks operating across multiple countries.³³ While regional cooperation mechanisms exist, operational coordination remains inconsistent – particularly in border areas where jurisdictions and mandates often overlap or conflict.

The sharp rise in cyberattacks – doubling in 2024 alone³⁴ – has placed immense pressure on local digital infrastructure. Critical sectors such as healthcare, transport and public administration are increasingly targeted by sophisticated threat actors. This surge underscores the urgent need for reinforced cybersecurity frameworks and coordinated threat responses. Yet, many regions and cities lack the tools, expertise or funding to build resilient digital systems.

The EU's support for Ukraine and the enlargement candidate countries adds another layer of demanding tasks. Instruments such as the pre-accession assistance³⁵ and the Ukraine, Moldova and Western Balkans Facilities³⁶ aim to integrate candidate countries into the EU's security framework and enhance their threat response capacities. While this strengthens regional cooperation, it also increases the burden on neighbouring EU regions to coordinate more effectively and extend their support networks across borders.

At the heart of these challenges lies the need to preserve social cohesion. Rising inequality, public distrust and social fragmentation heighten vulnerability to destabilising forces and weaken community resilience. Regions and cities must navigate these dynamics while fostering trust and inclusion. The social fabric is both a line of defence and a target of disruption; without cohesive communities, resilience strategies are unlikely to succeed. Building security, therefore, also means reinforcing the civic and institutional bonds that hold communities together.

The interplay between governance complexity, resource constraints, societal pressures and transnational risks forms a dense web of future challenges for Europe's regions and cities. Bridging the gap between national strategies and local implementation will require renewed efforts to clarify roles, enhance coordination and ensure adequate financial and technical support. As demands on regions and cities continue to grow, their empowerment and integration into broader policy frameworks will be essential in delivering effective and inclusive responses.



6 out of 10
Europeans feel
unprepared for an
emergency or disaster

3.3 What regions and cities are asking Europe for

- **Being systematically involved in prevention, preparedness and relief efforts.** These responsibilities, often managed at the subnational level, require clear legal mandates and sufficient funding. Sustained structural investment is needed to support civil and climate resilience, internal security and defence readiness, in line with active subsidiarity.
- **Being included in initiatives that raise public awareness, educate young people and households, train young people in first response and promote voluntary civic engagement.** These efforts must be locally adapted and inclusive, reflecting the specific needs and vulnerabilities of each territory.
- **Setting up a European risk and crisis school to provide training pathways for policymakers and those in charge of operations.** This school would develop professional frameworks and accreditation schemes to facilitate mobility and mutual recognition, ensuring that all involved are well-prepared to handle crises effectively.
- **Promoting inclusive local policies** to protect vulnerable groups, foster civic participation and strengthen democratic institutions. This is vital to counter disinformation, rising violence against politicians and declining trust, which threaten democratic engagement and hinder public service delivery.
- **Integrating defence-related regions into EU defence planning for timely communication on orders and funding.** A two-way dialogue would help align regional capacities with EU needs. Enhancing dual-use infrastructure can strengthen resilience and innovation, while border regions require targeted support due to growing geopolitical pressures.
- **Revitalising defence clusters within external border regions** to help to deter aggression and strengthen military mobility corridors across the EU to ensure a swift reaction in the event of aggression.



VIDEO

Bucha (Ukraine) - Female volunteer unit protecting the skies above Ukraine

The Witches of Bucha is an air defense and civil protection unit made up of 350 volunteers, 90% of whom are women. They work night shifts so that they can keep up their day jobs as teachers, shop managers and doctors.



CHAPTER 3

PROXIMITY

CHAPTER 3

PROXIMITY

1 Demographic change



Local story

Catalonia (Spain) - Work and training programme for migrants

The ACOL programme is a grant of the Work and Training Programme of the Employment Service of Catalonia, with the collaboration of the Secretariat for Equality, Migration and Citizenship, aimed helping non-profit organisations based in Catalonia facilitate access, through them, to a residence visa for migrants in an irregular situation facing vulnerability. To achieve its objectives, the ACOL programme subsidises NGOs to enable them to hire and provide training to migrants in an irregular situation. The target group of the programme may be foreigners who, on the date of the submission of the grant application by the NGO, meet the requirements to obtain a residence and work authorisation in Spain by social rooting ('arraigo social'). Employment agreements must be for a minimum of 12 months, full-time and for non-structural tasks inside the applicant NGO. The mandatory training actions can be carried out through professional certificate training modules (between 80 and 200 hours) or cross-cutting training modules (between 60 and 80 hours).

1.1 Why regions and cities matter

Their proximity to citizens gives regions and cities unique insights and tools to tackle demographic challenges. They are often the first to feel the impact of ageing populations, youth outmigration and uneven population distribution, yet they are also best positioned to implement targeted, place-based solutions that foster resilient communities and thriving local economies. For instance, regions and cities manage health services in 19 of the 27 Member States, and health care provision frequently constitutes the largest share of local and regional budgets, as seen in the regions of Sweden and the counties of Romania.

Demographic trends vary significantly across regions, even within Member States, with rural areas experiencing a more pronounced population decline compared to urban centres. The EU faces a general decline in natural population change, with urban areas expected to maintain population growth due to positive net migration rates. In contrast, rural areas, particularly those far away from urban centres, are projected to experience significant population declines.³⁷

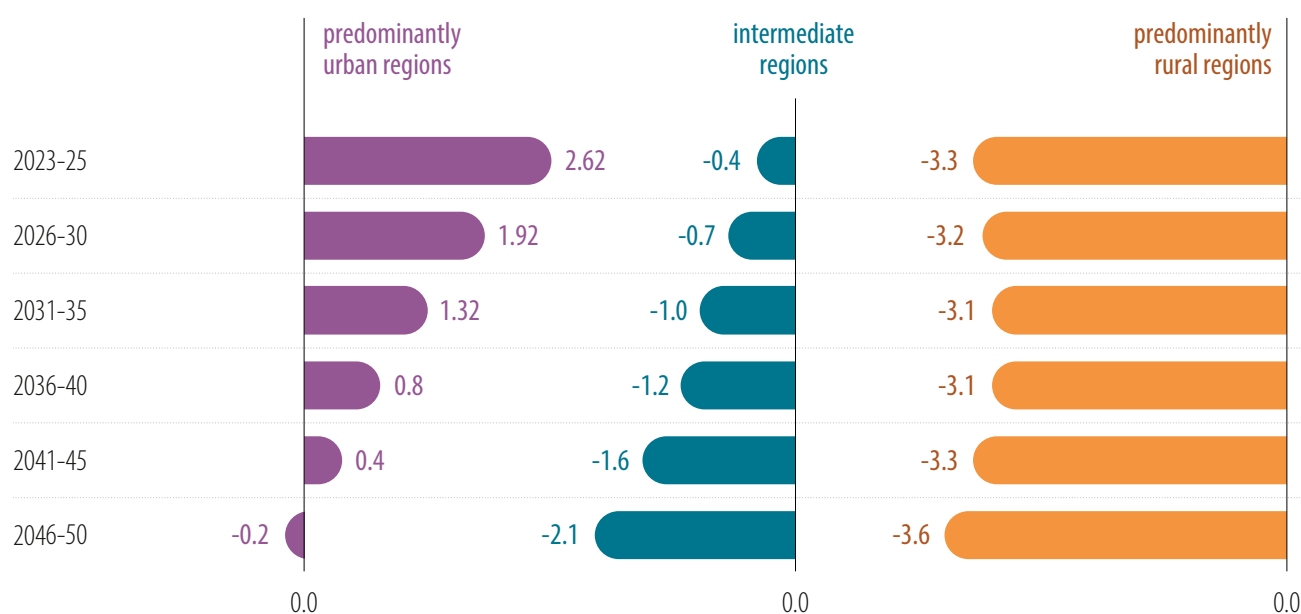


Figure 16 — Projected population change by rural-urban typology, annual average (%) 2023-50

Source: CoR compilation based on Eurostat webpage "Urban-rural Europe - population projections", 2024

According to a 2023 Eurobarometer survey, most EU citizens identify population ageing (42%), a shrinking working-age population and labour shortages (40%) as key concerns in their countries. Other issues include migration and integration (34%), depopulation and brain drain (26%), and a declining fertility rate (21%), while only 9% of the respondents view the decline in the EU's share of the global population as a critical demographic challenge in their Member State.³⁸

Consequently, it is important to shift the focus of policies from ageing to longevity. By 2050, pensioners are projected to make up a third of the EU population, which will have significant social and economic impacts. The need for housing and infrastructure, as well as the demand for healthcare and social services will increase, while productivity and innovation rates will decline. As a result, public spending will increase, affecting government budgets and policies.

1.2 Future challenges for regions and cities

Europe is undergoing a profound demographic transformation. Declining birth rates, ageing populations and migration patterns are reshaping the continent's social and economic landscape.

Migration can no longer offset the decrease in the EU's population, which is due to fewer births and increased mortality. Eurostat estimates predict a 6%

decrease in the EU population by 2100 (baseline scenario). Reducing or stopping immigration would lead to an even more drastic population decline by 2100 (17% or 33%, respectively).³⁹

Across Europe, regions and cities are already experiencing the effects of population ageing, low birth rates and youth outmigration – trends that are expected to intensify in the coming decades. Even though the average fertility rate in the EU may rise slightly from 1.5 in 2022 to 1.6 by 2070, it will remain below the replacement level of 2.1 in all Member States.⁴⁰ This means that regions and cities will increasingly face the challenge of maintaining essential services and economic vitality with a shrinking working-age population and growing numbers of older residents.

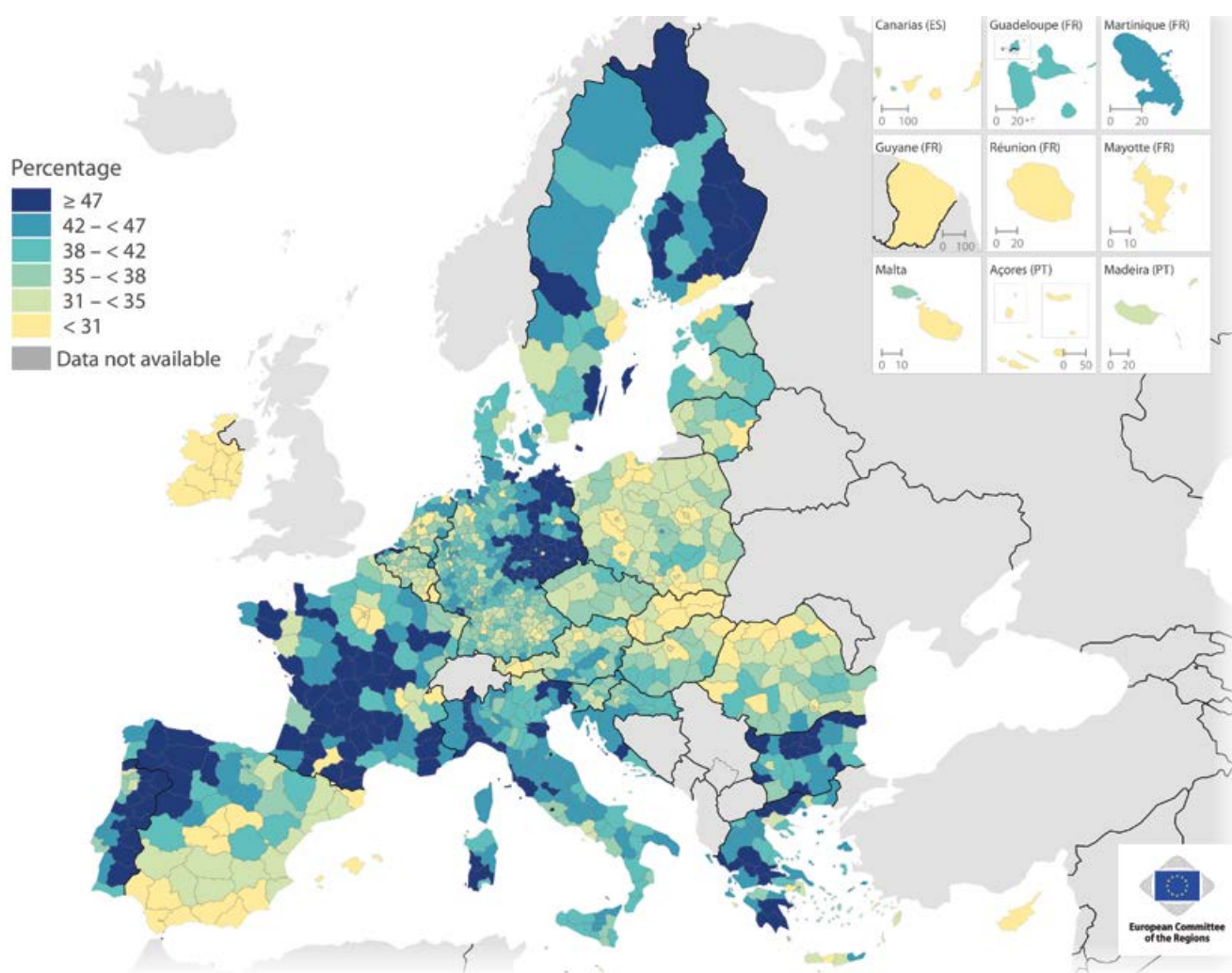


Figure 17 — Old age dependency ratio in 2023

By NUTS3 regions.

Source: Data retrieved from Bundesinstitut für Bau-, Stadt- und Raumforschung (BBSR), BBSR-Online-Publikation 31/2025, "Europa in 10 Karten", June 2025

Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat

Cartography: Eurostat – IMAGE, 08/2025

These pressures are especially acute in rural and less-developed areas, where depopulation and brain drain are already undermining social and territorial cohesion. Younger generations are typically more attracted to urban regions with higher GDP per capita and greater economic and social opportunities, while older age groups are less attracted by metropolitan regions and may prioritise lower levels of congestion.

The population decrease will not be evenly distributed: between 2030 and 2050, eastern and southern EU regions will face sharp declines because of both natural population decrease and limited net migration, while northern and western regions could see population growth, driven by higher migration.⁴¹

It is projected that, by 2050, the share of people over 65 will account for 30% of the population, compared to around 20% nowadays. By 2050, working-age populations are projected to decline in 22 out of the 27 EU countries, while the share of those aged 85+ in the EU as whole will more than double.⁴² More precisely, two out of three EU regions that are at NUTS level 3 will see their population shrinking by 2050. The population decrease will hit four out of five rural regions, but only two out of five urban regions.⁴³

Figure 17 illustrates the old-age dependency ratio across EU regions, highlighting the growing demographic pressures that are reshaping Europe's territorial landscape.

Furthermore, the increase in the number of people living in the EU's predominantly urban regions will slow down and turn negative by the end of this period, while the decline in the population of intermediate regions will accelerate. The number of people living in predominantly rural regions of the EU is projected to fall during each 5-year period, by an average of 3.1–3.6% each year.⁴⁴

Eastern and southern EU countries will face more severe ageing and workforce shrinkages, undermining their competitiveness and potentially contributing to increased inequality. Western and northern countries will also age, but slower natural population decline and larger migration inflows will give them more time to adjust.

The EU employment rate is projected to increase from 75% in 2022 to 79% in 2070, with a six-percentage-point rise for women and a two-percentage-point rise for men. Employment rates for older workers (those aged 55–64) are expected to grow significantly, but total hours worked will decline by 9 percent because of population ageing.⁴⁵

To respond effectively, regions and cities must be empowered to act. Yet, in 2023, fewer than half of young people aged 15–29 were employed, and a significant share – 12.5% of women and 10.1% of men – were not in education, employment or training.⁴⁶ Gender gaps in employment persist across all Member States, with wide regional disparities. Legal migration and the successful integration of third-country nationals can also help fill labour shortages, particularly in sectors where local demand is high. Without targeted support and investment, many regions risk falling further behind, threatening the EU's broader goals of balanced development and social resilience.

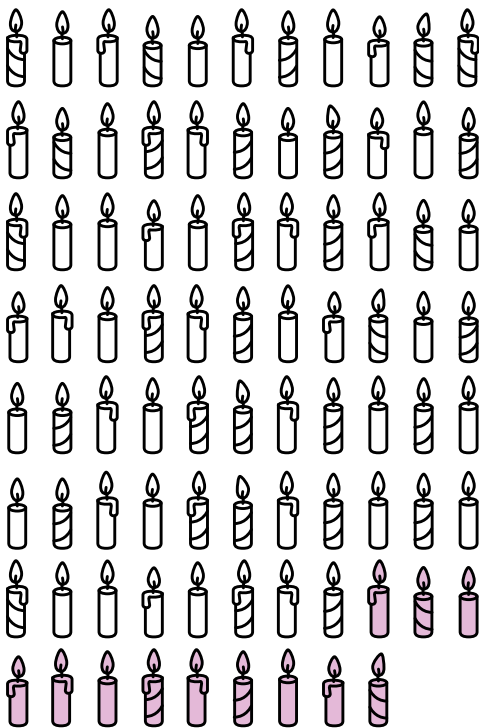
These demographic pressures directly influence the capacity of regions to engage with and benefit from the EU's green and digital ambitions. While the

twin transitions promise innovation, sustainability and competitiveness, they also risk deepening territorial disparities if demographic realities are not adequately addressed.

Not all regions are starting from the same point. Many face ageing populations, youth outmigration and falling birth rates, particularly in rural, peripheral and post-industrial areas. These demographic shifts reduce the available workforce, strain public services and erode the tax base – factors that directly undermine the capacity of regions to invest in and benefit from green and digital innovation.

Regions with energy-intensive industries or limited digital infrastructure face steeper adaptation curves. Indeed, the twin transitions are inherently asymmetric in their territorial impacts. When these structural vulnerabilities coincide with demographic fragility, the risk of economic stagnation and social exclusion intensifies.⁴⁷

To ensure a fair and inclusive future, the EU must empower its regions with targeted, place-based policies that address both demographic and structural challenges. In sum, demographic resilience is a prerequisite for a successful twin transition. Without targeted, place-based policies that address both the human and infrastructural dimensions of change, the EU risks entrenching a two-speed Europe. A fair and inclusive transition must therefore be as much about people and places as it is about technology and carbon.



12 years of shorter life

A child born in Severozapaden (BG) can expect to live 73.9 years, while a child born in the region of Madrid (ES) has a life expectancy of 86.1 years⁴⁸

1.3 What regions and cities are asking Europe for

- › **Strengthening Cohesion Policy and EU programmes** to promote economic opportunities, job creation, education, training, quality of life, social inclusion, urban and rural development, innovation and digital transformation. These efforts form part of an integrated response to demographic change and aim to uphold citizens' 'freedom to stay'.⁴⁹
- › **Defining and supporting 'regions in demographic transition' through targeted State aid, tax incentives and increased cross-cutting investments.** This includes mechanisms like the Talent Booster under Cohesion Policy, as well as enhanced support for ageing populations, healthcare systems, age-friendly infrastructure and active ageing to ensure lifelong participation in society and the workforce.
- › **Creating a platform or observatory for regions in demographic transition, supported by the European Commission,** to facilitate peer-to-peer exchange, best practice sharing and awareness raising, thereby empowering regions to respond effectively to demographic shifts.
- › **Making regions and cities more attractive and resilient, not only to retain residents, but also to welcome migrants.** Key demands include boosting labour-force participation – especially among women and older cohorts – enhancing productivity and prioritising healthcare systems as essential pillars of EU societal resilience, in line with Sauli Niinistö's report 'Safer Together'.⁵⁰



VIDEO

Rural areas (Spain) - Supporting entrepreneurship

Cohesion policy invests EUR 17 billion annually to support rural entrepreneurship, infrastructure and skilled workforce retention, thus mitigating the impact of demographic change.

2 Services of general interest



Local story

Lahti (Finland) - App for residents for greener transport choices

As part of an EU-funded project, the city of Lahti has developed the world's first public carbon-trading scheme and digital application for its residents. The app, for smartphones and mobile devices, will allow people to earn credits by using environmentally friendly forms of transport, while offering to exchange credits earned for discounts on certain services and products.

2.1 Why regions and cities matter

Modern public services, or services of general interest (SGIs), serve the fundamental goals of the EU, supporting business, social and territorial cohesion, economic and social solidarity and a better quality of life for all.

A comprehensive action plan to invest in SGIs is essential to strengthen the European social model and support the 'freedom to stay' – a vision strongly advocated by Enrico Letta in his report on the future of the EU single market.⁵¹ SGIs – ranging from healthcare and education to transport and digital infrastructure – are not only essential for the functioning of a social market economy, but also serve as a key operational arm of the European Pillar of Social Rights. Strengthening SGIs is therefore instrumental in reducing territorial and social inequalities, ensuring universal access to quality services and reinforcing the EU's commitment to upward social convergence and inclusive territorial development.

Due to their specific nature, SGIs are often referred to as proximity services, being in many cases provided by regions and cities across the EU. They include areas such as public transport, healthcare services, social services, education and culture.

The majority of these services rely on regional and local public funding and have been suffering from severe underinvestment in recent decades. Private funding for the provision of key services remains limited mostly to the transport sector, and usually only in densely populated urban areas. The same is usually

not possible in peri-urban, rural and remote regions, where there is less potential for services to be profit-making. Yet, such services are essential for ensuring that those living in these territories can access the opportunities of the single market, notably education and employment, healthcare and leisure facilities.

The quality of public services matters for the European citizens surveyed by the European Commission,⁵² being one of the top three problems cited by residents of different types of territories and the most pressing problem among residents in rural areas.



Figure 18 — Urban vs rural priorities: addressing the lack of quality services in communities today

Source: CoR compilation based on European Commission, "Flash Eurobarometer 561", March-April 2025

2.2 Future challenges for regions and cities

Ensuring territorial connectivity and the affordability of SGIs will be a major challenge for the EU's cohesion and competitiveness in the years ahead.

Addressing this challenge will require a multi-level governance approach that supports the solutions already developed by regions and cities, as highlighted in Enrico Letta's report on the future of the EU single market.⁵³

A better understanding of the geography of the provision of SGIs across the European Union is integral to developing effective regional strategies and policy solutions.

Spatial access to SGIs is set to become an increasingly critical issue in the long term, as demographic trends reshape the EU's territorial landscape. Patterns and challenges in service provision vary widely across regions, influenced by factors such as population size, density and growth.⁵⁴ With metropolitan areas projected to grow and rural and remote areas facing population decline, ensuring equitable access to SGIs will require targeted and place-based policy responses.

The changes will certainly increase the burden on public authorities of all levels, with increasing pressure on local and regional budgets, which are often not prepared to cover a surge in demand for services, additional investments in physical infrastructure (such as transport) and digital infrastructure, and rising labour costs.

In addition, current EU State aid and public procurement law restricts how SGIs can be organised and financed. Both State aid rules and public procurement need to be reviewed, with the main focus being on simplification and further incentivisation of social and sustainability criteria and enhanced access to public procurement contracts for SMEs.⁵⁵

Concerning the challenges ahead, the EU needs a new social contract fit for the 21st century,⁵⁶ re-defining the scope and funding basis for essential services. It will require public authorities of different levels to work hand-in-hand to safeguard universal access to SGIs. In order to identify the needs and design, and to implement solutions across European regions and cities, improved access to territorialised data and statistics at EU level will be key.

Regions and cities face a range of challenges in delivering SGIs equitably across all territories and societal groups. Public procurement plays a pivotal role in this process, serving not only as a mechanism for service delivery, but also as a strategic tool to promote inclusive and sustainable development. To ensure that SGIs effectively reach and benefit diverse communities, it is essential to embed robust social and environmental conditionalities into procurement procedures – such as gender equality measures, fair labour standards and climate resilience criteria. These conditionalities help align procurement practices with broader policy goals, reinforcing the commitment to territorial cohesion and social justice.

Public transport is an essential service for the economy, social inclusion, health and the environment, and a significant modal shift to public transport will be required to meet the EU's decarbonisation objectives. Yet, public transport operators are facing funding and capacity bottlenecks, while increasing numbers of citizens are experiencing transport poverty, either in terms of the non-availability or the non-affordability of the transport services required to access places of work and study, as well as essential public services such as healthcare, with the most vulnerable groups being the most severely affected.

Access to quality healthcare is a basic right for EU citizens; however, it is still not a reality for many people. Multiple obstacles undermine the provision of equal and fair access to healthcare services against the challenge of ageing populations, workforce shortages and increasing demand for new advanced treatments.

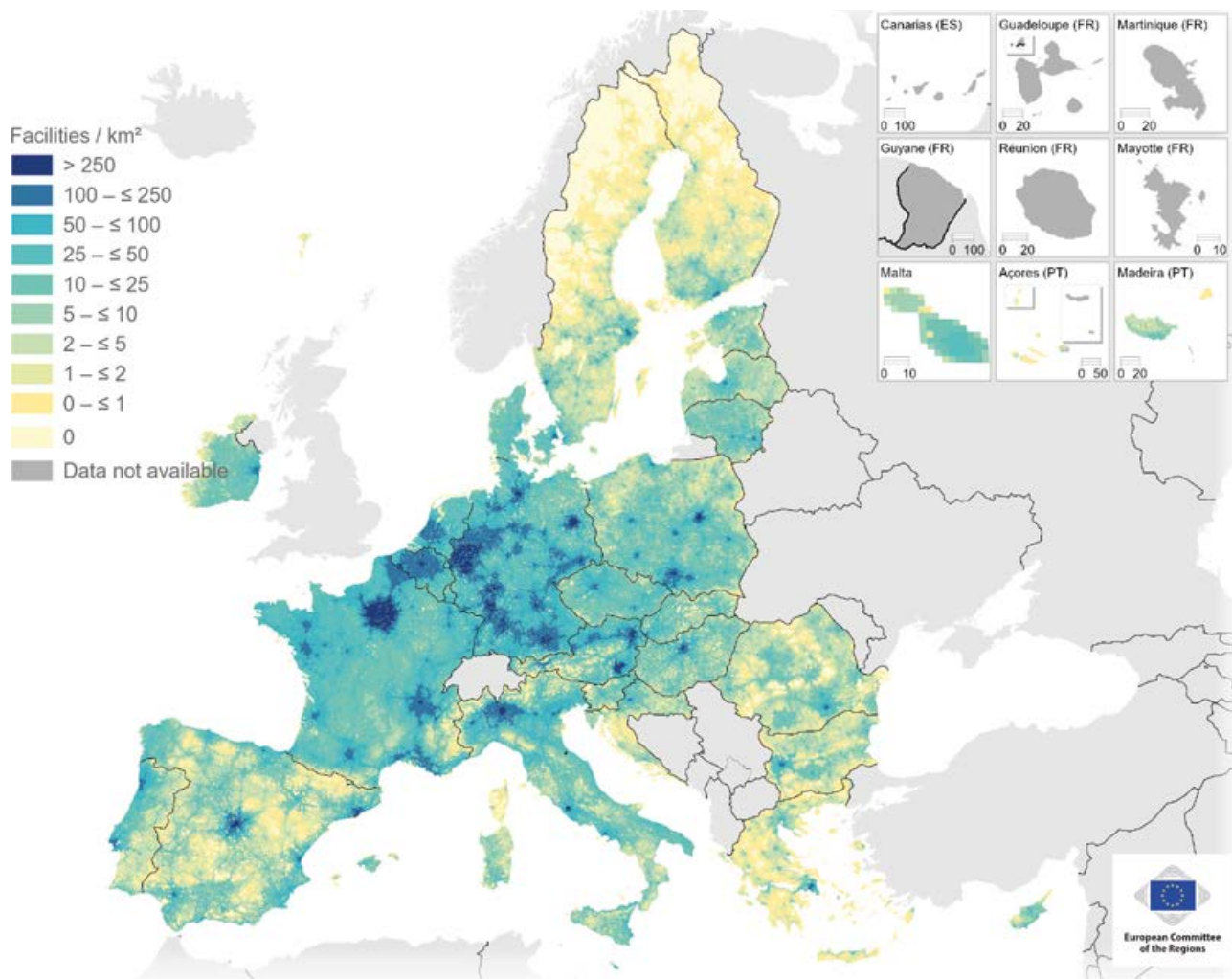


Figure 19 — Density of facilities of eight service types that can be reached from each point in reasonable distance

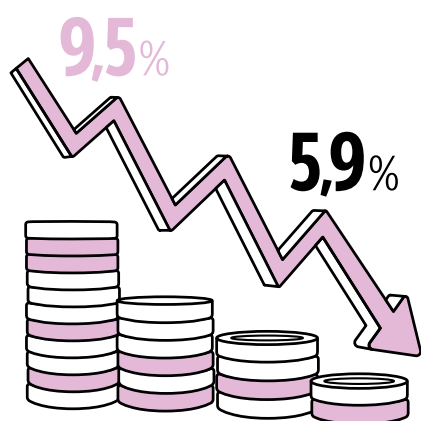
Following travel time thresholds are applied for different service types, reflecting the different service needs: childcare 15 min, elderly care 30 min, doctors 30 min, hospitals 60 min, retail 15 min, stations 20 min, primary schools 15 min, secondary school 60 min. French outermost regions not part of the study.

Source: Data retrieved from ESPON⁵⁷ (2024). *Delivery of Essential Services in lagging Regions (DESIRE)*. Pan-European data analysis, <https://www.espon.eu/projects/desire-analysis-provision-public-services-lagging-regions-and-areas-special-needs>

Tackling structural weaknesses in the ‘care’ sectors will also be among the key challenges for the EU in the coming years, notably in the light of severe shortages of (skilled) staff, high inflation and energy costs eroding local budgets, and the risk of a widening ‘digital divide’ in accessing an increasing number of social services provided online.

Improving the accessibility and inclusiveness of digital education will be among the key challenges faced at local and regional level, requiring a tailored offer for skills development addressing different societal groups in order to bridge the emerging societal divisions related to digital transitions. Indeed, education is a key component of personal and societal development.

Smart regional adaptation policies are essential to address the growing challenges posed by depopulation and ageing, particularly in rural and peripheral regions. Without targeted measures – such as the Talent Booster Mechanism and other tools developed under Cohesion Policy – shifting population structures,⁵⁸ including a shrinking working-age population and a rising share of pensioners, will further strain public budgets and infrastructure. This could trigger a vicious cycle of accelerating depopulation and the withdrawal of public services from the most vulnerable areas.



At the level of the EU expenditure on general public services decreased from 9,5% of GDP in 1995 to **5,9%** of GDP in 2023

2.3 What regions and cities are asking Europe for

- › **Establishing an EU-wide definition and setting minimum standards for population thresholds and access to essential services within reasonable travel times.** This would help reduce urban-rural inequalities and guide targeted interventions.
- › **Introducing tailored financial and regulatory measures for regions facing severe demographic decline,** including applying similar State aid provisions as those for outermost regions and offering tax incentives to offset disadvantages in accessing essential goods and services.
- › **Mobilising private and public funding to develop local infrastructure and essential services in regions undergoing demographic transition.** This should build on existing Cohesion Policy initiatives and enhance the connection between long-distance transport networks – particularly the TEN-T – and regional/local systems, leveraging urban nodes as integration points.

- **Using national social climate plans strategically to implement structural measures addressing transport poverty**, especially in remote, less densely populated and border regions. Regions and cities should be more prominently involved in designing and implementing these plans to ensure place-based solutions.
- **Establishing EU-level frameworks for social and health services**, including standards for accessible, integrated social services backed by structural and financial support. These frameworks should empower local actions to reduce poverty, promote inclusion and foster lifelong digital learning. Additionally, health inequalities across Europe should be mapped and responses to emerging challenges such as rising pharmaceutical costs, stockpiling inefficiencies, health workforce shortages and cybercrime coordinated.



VIDEO

Europe and its rural areas - Digital solutions in healthcare

HealthChain EU drives digital innovation to improve healthcare access in rural areas, aligning tech solutions with local needs to shape inclusive territorial policies.

3 Gender-sensitive territorial policies



Local story

Brussels (Belgium) - equal.brussels

equal.brussels organises annual project calls and provides subsidies to associations running projects with a positive impact on equal opportunities for people in the Brussels-Capital Region. It supports local projects that strive to improve gender equality and fall under regional competencies: town and country planning; housing; environment, water policy and nature protection; economy and employment policy; transport and mobility; public works; energy policy; animal welfare; prevention and safety; and scientific research. equal.brussels also supports projects carried out in partnership with various actors to foster and develop an intersectional perspective and mutual benefit drawing on the expertise of the various partners.

3.1 Why regions and cities matter

Gender equality is a fundamental right that reduces regional disparities and supports sustainable development. Gender-sensitive territorial policies apply a gender lens to planning and decision-making, addressing the needs of women, men and the LGBTQ+ community. These policies promote inclusive design in areas like public space, mobility, housing and services – especially in urban, rural and disadvantaged regions – through gender mainstreaming.⁵⁹

Regions and cities play a key role in advancing gender-sensitive policies. Local leaders can promote equality, safety and participation through inclusive measures – in line with the EU's commitment to non-discrimination based on sexual orientation and gender identity.

When women fully participate in local development and the labour market, communities become more resilient, economies grow stronger and future generations benefit from more just and inclusive societies. Empowering women is a key driver of progress, especially in less developed regions, and local leaders can lead this change by removing barriers and promoting education, skills and leadership.

Women's presence in regional and local assemblies is vital for inclusive governance and effective gender-sensitive policies. Their leadership brings diverse perspectives, strengthens democratic legitimacy and drives progress towards equality across all areas of public life. Yet, in 2025 74 regions in the EU managed to have regional assemblies made up of between 40 and 50% women; while only 26 had assemblies made up of 50% or more women.⁶⁰

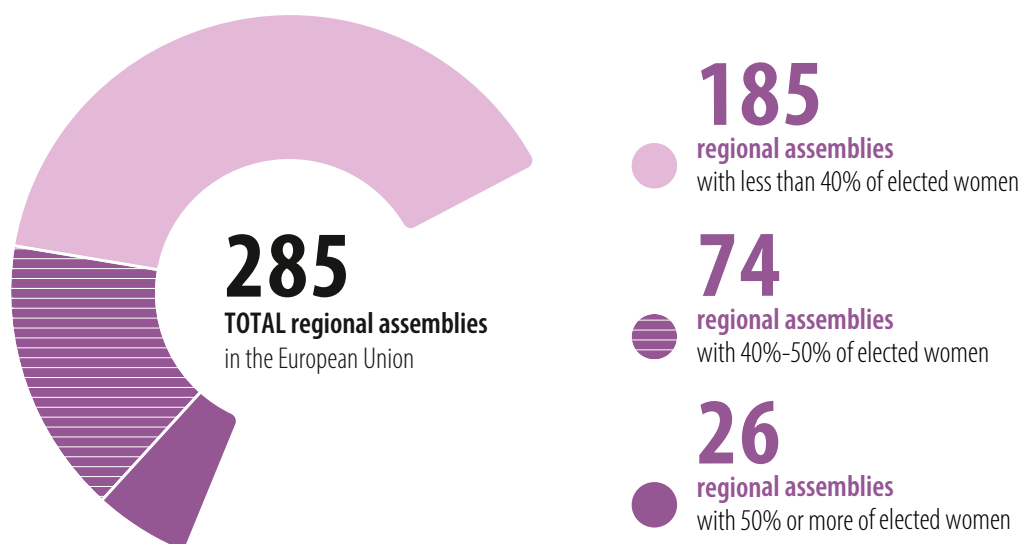


Figure 20 — Gender balance in regional assemblies

Member States without regional assemblies (BG, EE, IE, CY, LT, LU, MT, SI) and regions without assemblies (ES63, ES64, PT1): women in national assemblies.

Source: CoR compilation based on European Commission, “9th Cohesion report”, 2024

3.2 Future challenges for regions and cities

To address the shrinking labour force, boosting women's participation in the labour market – including through self-employment and entrepreneurship – is urgent. While men's employment rate stands at 80%, women's lags behind at 70%. Closing this gap could unlock up to EUR 3.15 trillion in EU GDP by 2050, while the current shortfall costs an estimated EUR 370 billion annually. Empowering women in the workforce and leadership is not just fair; it's an economic imperative.⁶¹

Gender employment gaps vary significantly across regions, with wider gaps often found in areas with lower per capita GDP and fertility rates. Economic disparities between NUTS1 regions also affect their ability to close these gaps. In 2022, the gender employment gap was 16 percentage points in less developed

regions – double that of more developed regions (8 points) and transition regions (9 points). The gap exceeded 20 points in all regions of Greece, southern Italy and eastern Romania.

To prevent weaker regions from falling further behind, policymakers must promote the value of gender equality, challenge stereotypes and close skills gaps. More effective regional policies and strategic use of ESI Funds can boost women's employment and entrepreneurship. In rural areas, improving access to loans and land for female farmers is key, while investing in higher education and reskilling can attract investment and spark sustainable development – especially in the most disadvantaged regions.⁶²

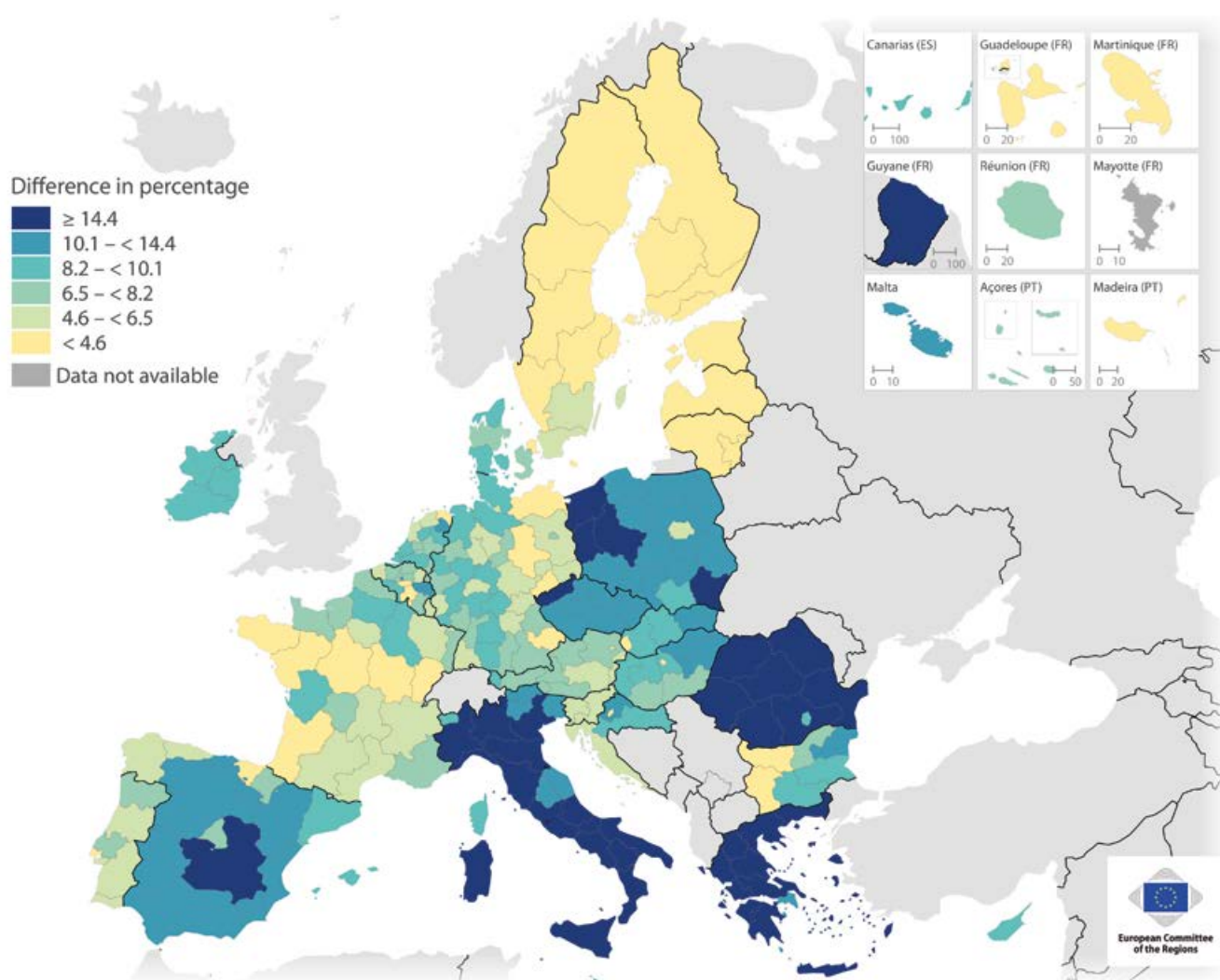


Figure 21 — Mapping the gender employment gap across EU regions

By NUTS2 regions.

Source: Data retrieved from Eurostat (dataset code *tepsr_lm220*)

Administrative boundaries: ©EuroGeographics ©OpenStreetMap

Cartography: Eurostat - IMAGE, 08/2025

In this context, it is important to ensure that regional labour markets are as open, inclusive and resilient as possible. Addressing the gender pay, employment and pension gaps and improving care infrastructure and sharing of care responsibilities (women with childcare responsibilities tend to work more frequently part-time (38%) than men (19%))⁶³ can help bolster the employment rate, resulting in stronger economic outcomes and local resilience.

Social progress is a key driver of gender equality in the labour market and, where social progress is stronger, women are more empowered to participate fully in economic life, leading to a fairer and more resilient society. Regions with higher levels of social progress show smaller gender gaps in employment and lower rates of poverty or social exclusion, according to the 2024 EU Regional Social Progress Index.⁶⁴ For women, social progress means more than just economic opportunity; it reflects their ability to enter and thrive in the workforce, supported by access to quality education, childcare services and inclusive policies.

It is urgent to tackle the gender divide between the EU's more and less developed regions. The EU Gender Equality Monitor highlights the impact of the level of regional development on female achievement and disadvantage:⁶⁵ women in capital regions and more developed regions in general tend to achieve more and be at less of a disadvantage (compared to men), while women in regions with low incomes and low employment rates, are not only far less likely to work, but also have less free time and remain at a disadvantage in terms of education and training (compared to men).

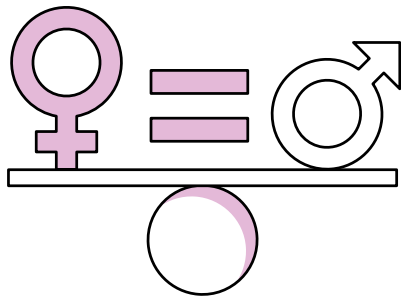
According to the monitor, regions with higher gender equality tend to perform better overall. Where women achieve more, GDP per capita and human development are higher, benefiting both women and men. These regions also show better quality of government. Nearly half of the EU population lives in top-performing regions – such as La Rioja, Galicia and Helsinki-Uusimaa – where women face fewer disadvantages. In contrast, over a third live in regions with low female achievement and high disadvantage, particularly in eastern and southern EU countries. The highest levels of achievement are found in Nordic regions, while the lowest are in south-eastern areas like the region of Sud-Est in Romania.

In less developed regions, political positions are largely held by men, risking the exclusion of women's perspectives in policymaking.⁶⁶ Gender balance remains a challenge at regional and local levels, with women making up just 36% of regional and 35% of municipal assembly members. Only five Member States have regions that meet or exceed the 40% threshold in both. Some regions achieve balance at the regional level but still fall short locally. Across the EU, just 19% of mayoral and municipal leadership roles are held by women.⁶⁷

Finally, it is worth noting that women pursuing political careers still face major barriers, including unsupportive environments, care responsibilities, conservative mindsets and threats of violence. Yet, measures like legislative quotas, zip-lists and voluntary party quotas have proven effective in increasing women's representation in local and regional governments. Targeted funding, training, mentoring and support – especially for young women and those from underrepresented groups – can further improve gender balance in politics.

As the first point of contact between citizens and political institutions, and a gateway to public office, regions and cities play a vital role in empowering

women. Ensuring gender-balanced local and regional decision-making is essential in order to reflect the experiences of all citizens – making equal representation a democratic imperative.



Closing the gender gap could unlock up to
€3.15 trillion
in EU GDP by 2050

3.3 What regions and cities are asking Europe for

- › **Ensuring that gender equality is a cross-cutting priority in all major funding programmes under the next MFF**, including the European Social Fund, Horizon Europe, Erasmus+ and the European Competitiveness Fund, mainstreaming gender considerations in programme design and delivery, boosting female participation in STEM fields, ensuring balanced representation in decision-making bodies and mobilising EU funds to drive targeted initiatives that tackle structural gender disparities.
- › **Dismantling systemic barriers to gender equality at all levels of governance**, supported by targeted EU measures, sustained funding and rigorous monitoring, in order to address persistent discrimination, unlock equal opportunities and enable full participation in the single market, in line with Enrico Letta's report on the future of the EU single market.⁶⁸
- › **Keeping gender equality, a cross-cutting principle** and including and promoting the gender perspective throughout all stages of the process of preparing, implementing, monitoring and evaluating cohesion programmes. To enhance the positive impacts of the EU's Cohesion Policy on gender equality, it is important that a strong Cohesion Policy, including funds such as the ESF+, is maintained, and will continue to be gender sensitive, with impacts on gender equality systematically monitored.

- › **Tackling the gender divide between the EU's more and less developed regions, and between capital and more rural regions**, in order to ensure equal opportunities and alleviate regional disparities. More support is needed for women to thrive in rural areas, through a decentralised and place-based Cohesion Policy with simplified access to funding.
- › **Supporting capacity building** as regards the implementation of gender mainstreaming, gender budgeting, gender impact assessments and other means of increasing gender equality across the EU.
- › **Reinforcing EU funding and better monitoring EU funding** in support of active labour market policies to close the gender gap and to increase co-funding for care infrastructure to allow more women to enter the labour market across the EU's regions.



VIDEO

Europe and its cities - Making mobility inclusive, equitable and adapted to women

Urban mobility planning needs to consider gender perspectives addressing women's needs and safety concerns.

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Regional thermometer of socio-economic development

Each year, the European Commission releases the Spring Package of the European Semester. This package is accompanied by country reports, which include an Annex on socio-economic development at the regional level (Annex 17). The Annex features a selection of indicators at the NUTS2 level for each country, aimed at illustrating the socio-economic landscape and supporting targeted recommendations for improvement.⁶⁹ The set of indicators used differs between countries. The analysis below shows some of the most frequently used indicators and their evolution over time, highlighting and comparing the socio-economic conditions of European regions based on these metrics.

The choice of indicators is based on: 1) their use in the European Semester country reports, and 2) the availability of data sets, and 3) their usefulness in portraying challenges and opportunities at the regional level.

The analysis is based on seven indicators. Five of these are also used in the majority of the European Semester country reports: **Regional gross domestic product (PPS per inhabitant); Unemployment rate; Persons at risk of poverty or social exclusion; Inability to face unexpected financial expenses;** and the **Regional Competitiveness Index (RCI)**. To complement these, two additional indicators have been included: the **Vulnerability Index** developed by the Joint Research Centre, and **Emissions by sectors**, sourced from the EDGAR database. Both RCI and Vulnerability Index are composite indicators.⁷⁰

For all indicators, the analysis compares the two latest available years for each indicator and marks the regions' progress (in green), or lack thereof (in red), based on the comparison between the two years. For matters of simplicity, changes are labelled as positive/progress or negative/regression at any magnitude of change in a given indicator. This means that both a small and a large negative change from one year to the next are labelled as negative.

The analysis provides a comparative overview of 244 EU regions using the NUTS2 classification, based on the 2024 update where available. Some changes in regional codes have been considered to ensure consistency. These are summarised in the table below:

Country	Region name	2024 NUTS2 Code	Corresponds to 2021 NUTS2 Code(s)
Netherlands	Utrecht	NL35	Ex-NL31
Netherlands	Zuid-Holland	NL36	Ex-NL33
Portugal	Área Metropolitana de Lisboa	PT1A	Part of ex-PT17
Portugal	Península de Setúbal	PT1B	Part of ex-PT17
Portugal	Alentejo	PT1C	Remaining part of ex-PT18
Portugal	Oeste e Vale de Tejo	PT1D	Parts of ex-PT16 and ex-PT18
Portugal	Centro	PT19	Remaining part of ex-PT16

Where data is not available for a specific region or indicator, the corresponding field shows "NA". This ensures transparency and avoids the use of estimates that could distort the analysis.

Progress is assessed from two perspectives, allowing for both regional and thematic insights: first, the number of indicators showing improvement is calculated for each region. This is presented as a column on the right-hand side of the dataset. Second, the number of regions showing improvement for each indicator is calculated and displayed as a row at the bottom.

The number of indicators improved across all NUTS2 regions is calculated based on the total of 244 regions, including those with missing data. As the number of gaps is moderate, this approach is considered to provide a sufficiently accurate picture.

To ensure accuracy at the individual level, the total number of improved indicators per NUTS2 region is calculated based on actual data availability. As a result, individual totals may not fully reflect overall progress. For instance, FI20 (Åland, Finland) has data for only four of seven indicators and shows improvement in three—resulting in 75% progress.

Figure 22 — Draft analysis of European regions based on 7 specific indicators
(Methodological notes includes information about NUTS classification changes and indicators)

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)×100	Unemployment rate 2024vs2023 (V2024/V2023)×100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)×100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)×100	Emissions by sectors 2023vs2022 (V2023/V2022)×100	Vulnerability Index 2023vs2022 (V2023/V2022)×100	RCI 2.0 2022vs2019 (V2022/V2019)×100	Positive indicators per region
Région de Bruxelles-Capitale/ Brussels Hoofdstedelijk Gewest	BE10	104,45	109,44	98,94	99,74	96,22	97,92	100,8	6
Prov, Antwerpen	BE21	103,54	129,60	106,04	101,11	97,26	98,53	100,6	4
Prov, Limburg (BE)	BE22	104,34	119,55	101,75	106,32	94,40	97,66	99,9	3
Prov, Oost-Vlaanderen	BE23	103,70	118,89	113,91	126,09	92,87	99,48	103,8	4
Prov, Vlaams-Brabant	BE24	107,04	100,88	93,52	101,08	94,12	100,26	100,8	4
Prov, West-Vlaanderen	BE25	105,77	97,48	105,66	105,32	95,44	99,54	101,3	5
Prov, Brabant Wallon	BE31	108,22	119,09	80,86	89,92	95,02	97,71	100,8	6
Prov, Hainaut	BE32	104,98	95,85	95,71	98,79	94,25	96,47	101,3	7
Prov, Liège	BE33	104,85	76,68	90,71	97,14	94,10	98,08	102,6	7
Prov, Luxembourg (BE)	BE34	105,26	83,91	86,41	89,32	96,17	96,60	100,1	7
Prov, Namur	BE35	107,69	106,99	85,99	86,43	95,11	110,32	103,1	5
Северозападен	BG31	108,72	129,30	96,76	92,20	93,95	101,34	98,4	4
Северен централен	BG32	111,33	86,56	95,81	92,67	85,26	101,95	106,8	6

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Североизточен	BG33	109,83	92,18	91,96	104,68	93,46	101,78	94,1	4
Югоизточен	BG34	100,00	106,97	109,15	100,58	72,13	101,10	96,9	1
Югозападен	BG41	111,43	79,05	99,01	94,96	85,24	102,05	103,1	6
Южен централен	BG42	102,61	93,48	106,98	98,12	96,74	103,44	101,0	5
Praha	CZ01	102,65	90,78	114,71	103,57	94,43	96,89	97,6	4
Střední Čechy	CZ02	107,32	80,17	107,84	106,82	94,43	99,29	97,6	4
Jihozápad	CZ03	109,70	129,20	88,00	108,88	96,10	96,92	96,3	4
Severozápad	CZ04	108,52	100,46	79,11	99,62	88,14	95,84	96,7	5
Severovýchod	CZ05	109,38	104,98	92,23	90,00	91,95	103,66	96,3	4
Jihovýchod	CZ06	108,36	111,96	84,03	89,83	96,79	101,80	95,6	4
Střední Morava	CZ07	108,98	103,40	101,74	88,37	95,77	104,74	97,6	3
Moravskoslezsko	CZ08	107,97	105,43	92,61	98,76	90,56	103,26	98,6	4
Hovedstaden	DK01	92,75	130,78	95,53	87,04	99,13	95,08	99,5	4
Sjælland	DK02	106,37	128,14	90,42	99,56	100,16	97,84	96,5	4
Syddanmark	DK03	105,74	119,44	110,78	88,76	94,69	98,53	99,0	4
Midtjylland	DK04	100,25	116,84	105,35	96,05	97,19	97,32	99,3	4
Nordjylland	DK05	103,88	128,87	98,07	85,88	95,48	99,17	101,3	6
Stuttgart	DE11	104,72	104,11	116,37	102,03	87,34	96,91	94,4	3
Karlsruhe	DE12	104,59	111,09	94,63	90,03	83,84	96,36	96,0	5
Freiburg	DE13	104,31	122,38	89,69	97,77	89,97	96,30	93,0	5
Tübingen	DE14	104,23	134,05	108,92	93,77	93,81	95,93	92,5	4
Oberbayern	DE21	104,85	117,28	100,67	84,38	92,49	96,93	94,9	4
Niederbayern	DE22	105,59	NA	88,44	117,07	95,10	98,05	95,3	4
Oberpfalz	DE23	105,39	118,40	100,78	69,74	95,34	96,80	93,1	4
Oberfranken	DE24	105,34	102,65	83,43	93,22	94,63	96,64	95,4	5
Mittelfranken	DE25	104,98	113,15	98,98	86,99	95,00	96,35	96,4	5
Unterfranken	DE26	105,57	131,97	93,63	77,78	94,92	95,98	96,1	5
Schwaben	DE27	105,28	140,30	85,63	76,35	97,52	96,82	93,9	5

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Berlin	DE30	105,64	107,91	100,00	86,61	89,76	98,07	97,2	4
Brandenburg	DE40	108,57	96,67	96,50	93,99	85,06	98,97	97,2	6
Bremen	DE50	103,39	109,68	108,05	100,19	86,68	96,35	91,6	3
Hamburg	DE60	99,17	121,00	95,70	77,27	90,94	97,05	96,5	4
Darmstadt	DE71	105,69	104,48	94,55	92,98	92,35	95,15	94,2	5
Gießen	DE72	105,63	147,17	103,20	102,20	93,16	95,30	93,8	3
Kassel	DE73	105,70	94,16	105,39	91,49	94,03	94,65	91,8	5
Mecklenburg-Vorpommern	DE80	106,75	88,83	93,72	80,14	92,74	97,76	95,6	6
Braunschweig	DE91	105,30	107,26	93,48	91,82	86,76	97,73	93,4	5
Hannover	DE92	105,08	109,41	95,51	86,31	93,25	97,37	94,0	5
Lüneburg	DE93	104,59	100,85	104,52	102,93	94,69	98,19	94,6	3
Weser-Ems	DE94	105,15	121,25	114,91	88,14	91,97	97,73	93,6	4
Düsseldorf	DEA1	103,96	103,48	85,88	88,73	83,74	95,69	95,6	5
Köln	DEA2	104,11	114,42	92,37	87,31	83,89	95,98	94,3	5
Münster	DEA3	103,65	113,66	99,64	94,43	88,46	96,81	95,3	5
Detmold	DEA4	103,79	148,29	105,83	98,88	88,92	95,44	95,3	4
Arnsberg	DEA5	104,10	101,71	105,46	97,06	88,50	95,35	94,7	4
Koblenz	DEB1	102,57	154,55	103,03	100,00	94,64	96,47	95,9	3
Trier	DEB2	102,56	NA	161,48	146,22	95,39	96,38	92,6	3
Rheinessen-Pfalz	DEB3	96,93	92,98	106,91	97,50	94,98	97,27	96,6	4
Saarland	DECO	104,71	100,61	105,29	104,75	81,94	98,22	94,0	3
Dresden	DED2	105,33	135,96	108,02	96,48	83,80	97,21	95,3	4
Chemnitz	DED4	105,65	91,39	84,98	87,81	91,58	98,31	95,3	6
Leipzig	DED5	105,16	108,99	115,92	117,76	84,70	97,75	95,9	3
Sachsen-Anhalt	DEEO	104,15	112,85	91,84	99,38	92,96	98,68	93,9	5
Schleswig-Holstein	DEF0	102,82	109,59	102,06	85,79	93,70	97,87	92,6	4
Thüringen	DEG0	105,52	109,72	100,45	90,31	94,31	97,66	95,9	4
Eesti	EE00	100,66	119,71	NA	NA	92,25	99,46	108,7	4

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vsV2019 (V2022/V2019)x100	Positive indicators per region
Northern and Western	IE04	103,79	113,33	105,47	82,20	97,18	97,71	100,1	5
Southern	IE05	88,62	101,31	90,96	94,25	94,52	98,62	96,6	4
Eastern and Midland	IE06	97,80	99,84	78,28	92,81	96,82	98,35	104,0	6
Αττική	EL30	110,88	97,60	100,00	96,79	96,35	104,91	105,8	5
Βόρειο Αιγαίο	EL41	109,52	70,24	109,21	90,41	97,64	99,45	99,3	5
Νότιο Αιγαίο	EL42	112,71	146,53	99,02	92,06	96,80	100,76	93,9	4
Κρήτη	EL43	110,29	79,48	111,89	87,71	97,63	100,39	101,9	5
Ανατολική Μακεδονία, Θράκη	EL51	106,88	96,72	105,96	101,14	94,18	101,42	102,6	4
Κεντρική Μακεδονία	EL52	107,22	92,45	104,73	112,01	96,85	101,55	106,7	4
Δυτική Μακεδονία	EL53	104,95	74,60	111,01	120,81	89,11	101,33	106,8	4
Ήπειρος	EL54	109,68	75,51	97,51	94,96	98,97	100,75	103,0	6
Θεσσαλία	EL61	107,65	74,29	104,45	114,95	97,73	101,48	111,9	4
Ιόνια Νησιά	EL62	112,56	116,15	149,46	107,80	97,64	100,52	97,1	2
Δυτική Ελλάδα	EL63	108,00	105,07	100,00	82,96	97,61	100,55	106,3	4
Στερεά Ελλάδα	EL64	106,22	84,75	112,72	99,11	99,54	99,60	92,5	5
Πελοπόννησος	EL65	105,61	79,57	90,48	90,40	82,99	100,57	106,2	6
Galicia	ES11	109,62	97,45	73,73	91,78	85,83	102,09	109,1	6
Principado de Asturias	ES12	107,93	85,79	83,60	104,00	88,24	106,71	109,0	5
Cantabria	ES13	108,56	99,12	100,91	101,16	95,26	101,16	104,7	4
País Vasco	ES21	109,98	104,44	95,48	109,22	90,85	102,81	104,2	4
Comunidad Foral de Navarra	ES22	108,12	78,18	106,40	96,68	92,16	102,78	103,7	5
La Rioja	ES23	109,91	103,95	103,67	91,24	89,93	102,93	104,6	4
Aragón	ES24	107,82	95,99	102,94	98,03	94,02	100,44	101,0	5
Comunidad de Madrid	ES30	109,05	92,17	107,73	96,77	95,29	101,01	103,6	5
Castilla y León	ES41	109,97	98,15	107,14	105,70	96,64	102,77	102,3	4
Castilla-La Mancha	ES42	108,71	101,54	107,89	100,80	95,85	101,04	102,2	3
Extremadura	ES43	109,13	87,86	98,78	93,12	97,23	104,81	101,3	6

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Cataluña	ES51	108,24	97,19	96,70	97,78	94,58	102,15	108,0	6
Comunitat Valenciana	ES52	108,46	100,21	101,01	100,00	93,29	102,03	110,7	3
Illes Balears	ES53	112,32	92,33	78,64	84,66	92,47	101,69	109,6	6
Andalucía	ES61	109,28	90,37	94,93	95,70	92,14	101,80	104,5	6
Región de Murcia	ES62	107,46	101,22	106,23	90,73	90,85	100,92	110,2	4
Ciudad de Ceuta	ES63	108,55	91,67	100,96	89,29	98,79	104,42	91,0	4
Ciudad de Melilla	ES64	106,05	113,27	121,25	77,02	96,72	101,93	109,4	4
Canarias	ES70	111,52	86,52	92,31	91,74	96,03	101,52	108,6	6
Ile-de-France	FR10	110,84	106,20	103,65	99,63	91,36	100,17	98,8	3
Centre — Val de Loire	FRB0	111,54	98,80	104,58	97,10	96,95	99,36	97,2	5
Bourgogne	FRC1	106,08	91,25	103,83	99,65	96,76	99,86	98,6	5
Franche-Comté	FRC2	104,12	93,85	113,21	104,80	95,77	98,37	96,3	4
Basse-Normandie	FRD1	111,35	127,76	109,94	99,29	96,86	99,36	98,7	4
Haute-Normandie	FRD2	104,89	106,19	112,72	104,71	93,75	100,77	97,7	2
Nord-Pas de Calais	FRE1	107,53	97,92	100,00	97,55	82,08	104,20	100,0	4
Picardie	FRE2	100,37	83,90	112,38	100,60	93,50	100,47	100,0	3
Alsace	FRF1	104,97	101,11	96,05	92,36	93,96	99,03	98,5	5
Champagne-Ardenne	FRF2	106,90	101,26	105,83	103,72	92,51	99,71	98,9	3
Lorraine	FRF3	106,30	117,13	106,31	100,00	85,67	100,23	95,3	2
Pays de la Loire	FRG0	107,35	105,68	104,27	105,42	91,40	100,36	98,6	2
Bretagne	FRH0	107,09	109,78	95,42	101,16	97,36	100,49	95,7	3
Aquitaine	FRI1	107,84	98,51	95,34	98,59	95,43	100,05	98,5	5
Limousin	FRI2	106,11	86,77	92,44	92,56	97,05	99,61	98,5	6
Poitou-Charentes	FRI3	109,06	71,40	103,89	103,99	97,21	100,74	96,5	3
Languedoc-Roussillon	FRJ1	110,86	101,69	114,59	99,68	96,54	100,35	101,2	4
Midi-Pyrénées	FRJ2	110,03	103,48	100,00	93,36	97,08	100,37	98,0	3
Auvergne	FRK1	105,42	107,00	125,97	108,93	95,40	99,84	94,7	3
Rhône-Alpes	FRK2	109,80	107,12	95,68	97,78	95,19	98,52	97,8	5

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Provence-Alpes-Côte d'Azur	FRL0	92,51	98,07	101,40	101,72	86,47	100,32	101,5	3
Corse	FRM0	101,47	105,77	106,87	111,18	90,14	100,62	81,3	2
Guadeloupe	FRY1	105,49	94,51	109,44	103,67	103,47	NA	98,6	2
Martinique	FRY2	106,07	119,35	98,69	100,26	104,08	NA	103,0	3
Guyane	FRY3	98,78	118,64	98,67	96,76	103,24	NA	107,2	3
La Réunion	FRY4	106,19	93,67	96,57	99,37	100,14	NA	96,3	4
Mayotte	FRY5	107,14	NA	99,04	NA	102,47	NA	98,2	2
Panonska Hrvatska	HR02	114,61	70,98	121,16	84,93	100,93	99,43	NA	4
Jadranska Hrvatska	HR03	110,84	112,87	NA	90,91	98,78	97,88	105,2	5
Grad Zagreb	HR05	111,19	70,34	93,28	69,25	101,26	97,16	NA	5
Sjeverna Hrvatska	HR06	112,32	71,70	98,39	86,19	100,82	98,22	NA	5
Piemonte	ITC1	106,13	89,83	97,83	117,77	92,87	99,04	99,9	5
Valle d'Aosta/ Vallée d'Aoste	ITC2	105,24	95,83	77,54	309,76	96,49	98,37	103,4	6
Liguria	ITC3	107,34	88,05	77,97	137,04	92,16	97,91	96,2	5
Lombardia	ITC4	106,69	91,71	111,02	79,34	92,84	99,04	102,1	6
Abruzzo	ITF1	108,05	87,93	87,76	112,53	93,23	99,03	97,6	5
Molise	ITF2	106,92	81,42	110,89	100,00	91,08	99,07	94,8	4
Campania	ITF3	106,61	89,40	97,97	104,11	97,54	99,10	95,5	5
Puglia	ITF4	106,55	78,65	117,08	130,42	89,13	99,27	97,8	4
Basilicata	ITF5	106,32	90,45	93,04	102,12	92,93	98,94	97,1	5
Calabria	ITF6	107,32	79,78	100,41	99,02	90,88	99,24	94,1	5
Sicilia	ITG1	107,69	83,33	98,79	96,91	92,61	100,71	94,6	5
Sardegna	ITG2	107,45	83,36	89,97	98,30	92,04	98,29	97,8	6
Provincia Autonoma di Bolzano/Bozen	ITH1	106,52	100,00	113,79	80,95	95,28	98,97	98,7	4
Provincia Autonoma di Trento	ITH2	105,47	73,68	103,77	55,72	95,19	98,65	97,5	5
Veneto	ITH3	107,09	69,81	87,94	96,86	94,97	99,84	99,9	6

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Friuli-Venezia Giulia	ITH4	105,09	96,37	88,57	87,14	93,48	99,03	99,1	6
Emilia-Romagna	ITH5	106,37	86,77	136,49	103,31	93,19	101,92	99,6	3
Toscana	ITI1	105,39	77,64	115,15	124,40	93,35	99,87	99,7	4
Umbria	ITI2	105,67	82,10	107,69	93,50	94,40	101,40	99,4	4
Marche	ITI3	106,48	99,42	86,76	118,58	94,58	99,45	102,0	6
Lazio	ITI4	104,58	88,19	98,10	111,06	89,80	99,90	97,2	5
Κύπρος	CY00	105,70	83,84	NA	NA	102,48	97,34	98,3	3
Latvija	LV00	107,63	106,18	NA	NA	98,86	100,76	106,4	3
Sostinės regionas	LT01	107,02	123,97	86,19	99,70	98,88	97,57	121,1	6
Vidurio ir vakarų Lietuvos regionas	LT02	101,98	100,25	111,48	102,76	99,54	99,53	106,0	4
Luxembourg	LU00	99,78	126,14	NA	NA	96,74	100,27	91,7	1
Budapest	HU11	109,57	115,71	104,96	100,00	92,18	98,79	107,3	4
Pest	HU12	104,62	96,86	112,15	84,38	96,27	99,50	107,3	6
Közép-Dunántúl	HU21	101,19	126,89	105,45	75,10	95,06	98,71	102,6	5
Nyugat-Dunántúl	HU22	102,79	122,79	112,61	95,11	95,97	99,86	104,7	5
Dél-Dunántúl	HU23	102,66	120,00	84,73	84,92	95,49	99,90	105,1	6
Észak-Magyarország	HU31	103,95	106,25	94,03	99,50	88,09	99,26	99,1	5
Észak-Alföld	HU32	106,18	104,46	102,29	93,05	96,29	99,45	104,1	5
Dél-Alföld	HU33	103,54	104,80	112,22	93,95	100,09	99,93	103,5	4
Malta	MT00	107,94	94,50	NA	NA	96,32	97,73	97,5	4
Groningen	NL11	93,65	114,39	102,94	NA	87,07	98,51	98,0	2
Friesland (NL)	NL12	106,61	98,60	98,77	NA	96,89	99,05	100,7	6
Drenthe	NL13	107,72	102,27	110,56	NA	98,36	100,48	100,5	3
Overijssel	NL21	105,58	114,14	104,29	NA	99,18	99,67	101,5	4
Gelderland	NL22	106,65	106,52	88,97	NA	96,34	99,47	101,1	5
Flevoland	NL23	109,02	90,09	81,76	NA	96,37	99,18	100,2	6
Noord-Holland	NL32	105,89	101,37	100,00	NA	93,63	99,50	100,2	4

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Zeeland	NL34	104,56	100,00	88,96	NA	97,24	100,20	98,2	3
Utrecht	NL35 (31 in NUTS2 2021)	105,76	113,19	91,49	NA	97,91	98,80	98,7	4
Zuid-Holland	NL36 (33 in NUTS2 2021)	104,09	103,39	97,25	NA	91,52	98,74	100,8	5
Noord-Brabant	NL41	106,95	101,68	102,13	NA	94,60	99,81	102,2	4
Limburg (NL)	NL42	105,00	98,04	99,39	NA	93,26	100,25	100,2	5
Burgenland	AT11	104,55	93,51	81,30	68,26	97,99	99,15	93,3	6
Niederösterreich	AT12	102,74	98,14	93,94	93,53	98,43	99,25	94,5	6
Wien	AT13	103,96	98,27	95,59	90,54	93,25	99,17	94,5	6
Kärnten	AT21	104,29	95,97	91,28	96,00	97,48	98,86	95,7	6
Steiermark	AT22	104,16	102,51	94,74	83,16	95,85	98,43	95,9	5
Oberösterreich	AT31	103,50	109,61	102,74	88,77	95,90	100,12	99,0	3
Salzburg	AT32	105,05	114,44	91,74	97,27	96,68	98,73	99,3	5
Tirol	AT33	104,36	103,15	93,71	103,08	97,59	98,35	97,2	4
Vorarlberg	AT34	91,46	121,92	96,24	105,19	96,98	98,21	98,0	3
Małopolskie	PL21	104,80	109,37	114,86	74,02	92,14	101,28	109,5	4
Śląskie	PL22	103,39	93,60	96,26	83,14	86,86	101,91	111,4	6
Wielkopolskie	PL41	104,76	80,98	89,63	90,12	94,00	99,84	105,5	7
Zachodniopomorskie	PL42	104,33	121,76	107,14	82,55	92,10	99,60	107,9	5
Lubuskie	PL43	102,62	NA	86,25	101,88	95,04	101,17	111,9	4
Dolnośląskie	PL51	104,29	110,51	115,28	79,85	91,06	102,41	107,0	4
Opolskie	PL52	103,49	88,79	116,81	86,55	88,54	101,17	104,1	5
Kujawsko-pomorskie	PL61	101,28	108,91	85,06	82,13	96,97	100,41	108,2	5
Warmińsko-mazurskie	PL62	102,99	149,67	95,55	98,33	98,38	100,02	105,3	5
Pomorskie	PL63	101,44	111,42	100,00	82,27	96,06	99,72	106,7	5
Łódzkie	PL71	105,28	86,96	125,47	87,05	85,98	99,85	109,8	6
Świętokrzyskie	PL72	106,80	96,50	75,00	101,64	90,79	101,49	105,8	5
Lubelskie	PL81	103,05	81,59	83,26	85,83	97,52	99,68	106,9	7

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vs2019 (V2022/V2019)x100	Positive indicators per region
Podkarpackie	PL82	105,50	84,86	93,60	97,53	99,04	99,31	110,1	7
Podlaskie	PL84	104,13	120,33	97,78	119,82	97,25	100,14	104,2	4
Warszawski stołeczny	PL91	108,81	133,83	100,00	112,95	99,06	99,42	112,5	4
Mazowiecki regionalny	PL92	100,75	110,91	88,33	91,51	88,96	100,40	98,3	4
Norte	PT11	109,21	94,58	95,45	93,24	93,42	99,97	118,1	7
Algarve	PT15	109,93	102,14	82,74	102,38	97,58	99,69	112,8	5
Centro (PT)	PT19 (PT16 in NUTS2 2021)	108,20	108,31	105,59	92,14	94,57	100,38	110,8	4
Área Metropolitana de Lisboa	PT1A (PT17 in NUTS2 2021)	112,01	98,54	90,16	89,74	94,96	99,88	109,8	7
Península de Setúbal	PT1B	107,81	97,99	NA	NA	93,88	NA	NA	3
Alentejo	PT1C (PT18 in NUTS 2021)	109,43	100,00	114,02	109,09	95,45	99,42	109,7	4
Oeste e Vale de Tejo	PT1D	111,21	127,03	NA	NA	92,07	NA	NA	2
Região Autónoma dos Açores	PT20	111,98	96,20	90,45	93,48	96,16	97,79	101,5	7
Região Autónoma da Madeira	PT30	112,88	90,91	81,49	89,25	94,61	98,73	119,5	7
Nord-Vest	RO11	111,57	153,53	103,64	95,34	99,77	98,72	98,1	4
Centru	RO12	111,30	98,10	77,43	82,68	98,31	99,28	94,9	6
Nord-Est	RO21	112,03	81,43	87,34	81,80	101,34	98,31	97,3	5
Sud-Est	RO22	112,02	110,05	87,64	94,51	96,71	99,69	93,1	5
Sud-Muntenia	RO31	111,76	95,25	87,54	85,55	97,97	98,25	95,2	6
București-Ilfov	RO32	112,91	81,65	97,56	82,12	97,41	98,23	54,7	6
Sud-Vest Oltenia	RO41	111,37	86,17	86,67	84,36	85,15	97,55	96,7	6
Vest	RO42	111,28	121,35	77,17	84,82	95,23	98,45	82,7	5
Vzhodna Slovenija	SI03	107,31	107,50	106,88	101,40	92,51	100,50	53,7	2
Zahodna Slovenija	SI04	110,59	96,00	102,65	104,85	94,46	101,08	48,6	3
Bratislavský kraj	SK01	104,63	98,91	NA	68,94	97,92	99,44	44,9	5
Západné Slovensko	SK02	116,16	90,96	NA	102,91	98,86	100,94	59,5	3

Name of the region	NUTS 2 code classification (2024)	Regional gross domestic product (PPS per inhabitant) (V2023/V2022)x100	Unemployment rate 2024vs2023 (V2024/V2023)x100	Persons at risk of poverty or social exclusion 2024vs2023 (V2024/V2023)x100	Inability to face unexpected financial expenses 2024vs2023 (V2024/V2023)x100	Emissions by sectors 2023vs2022 (V2023/V2022)x100	Vulnerability Index 2023vs2022 (V2023/V2022)x100	RCI 2.0 2022vs2019 V2022vsV2019 (V2022/V2019)x100	Positive indicators per region
Stredné Slovensko	SK03	106,88	85,68	NA	92,28	98,95	99,69	63,5	5
Východné Slovensko	SK04	109,52	93,11	NA	108,77	98,00	99,78	67,3	4
Länsi-Suomi	FI19	107,87	117,17	NA	NA	86,55	98,75	98,6	3
Helsinki-Uusimaa	FI1B	103,09	118,66	105,63	103,68	90,30	101,30	99,6	2
Etelä-Suomi	FI1C	103,82	117,10	103,09	99,62	92,55	98,26	96,6	4
Pohjois- ja Itä-Suomi	FI1D	101,80	113,59	103,13	114,59	91,25	98,43	97,5	3
Åland	FI20	113,74	NA	NA	NA	93,48	102,01	98,1	2
Stockholm	SE11	104,48	120,43	102,67	112,12	98,36	100,09	36,8	2
Östra Mellansverige	SE12	106,16	107,07	92,15	91,86	97,81	100,45	42,3	4
Småland med öarna	SE21	104,78	104,10	92,13	114,55	98,19	100,46	47,2	3
Sydsverige	SE22	107,37	102,10	94,74	93,07	98,47	101,15	41,4	4
Västsverige	SE23	105,76	112,44	91,67	106,19	97,58	101,13	42,6	3
Norra Mellansverige	SE31	96,76	100,63	90,13	107,86	97,80	98,94	46,6	3
Mellersta Norrland	SE32	103,19	115,87	116,95	118,39	97,89	98,62	47,4	3
Övre Norrland	SE33	98,18	93,63	93,01	96,32	97,67	98,65	44,7	5
Total number of regions with progress in specific indicator		231	109	127	151	232	85	94	

Number of improved indicators	Number of regions at NUTS level 2024
7	10
6	39
5	66
4	76
3	38
2	13
1	2

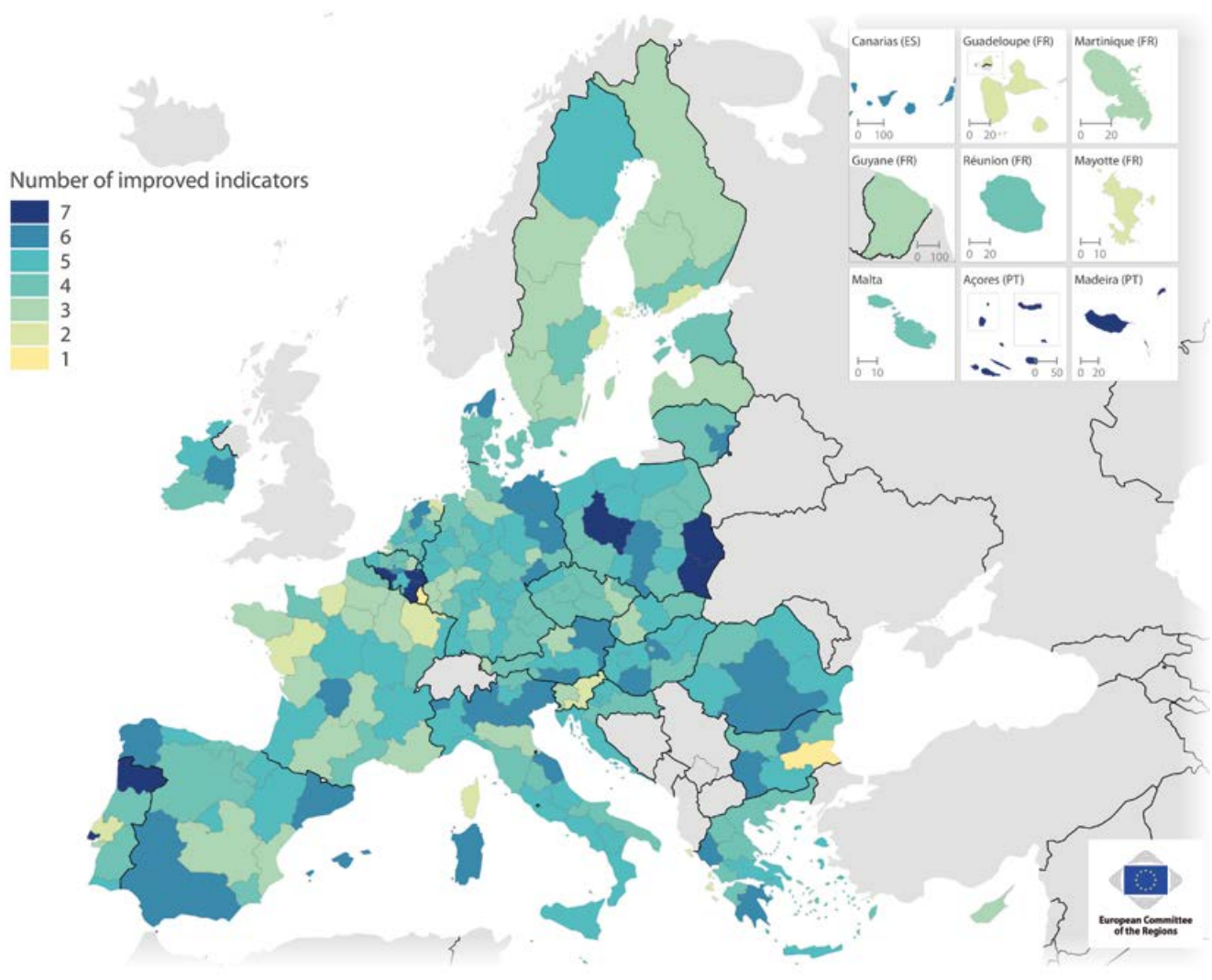


Figure 23 — Regional Thermometer

Regional improvements in the selected indicators

Source: Administrative boundaries: © EuroGeographies © OpenStreetMap

Cartography: Eurostat - IMAGE, 08/2025

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