

EU Lagging Regions: State of Play and Future Challenges

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Objectives of the study

To analyse the existing categorisation of lagging regions and to suggest a better typology for identifying the EU's most vulnerable regions.

To explore how EU policies target and engage lagging regions, both directly and indirectly

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The existing definition of Lagging Regions is flawed

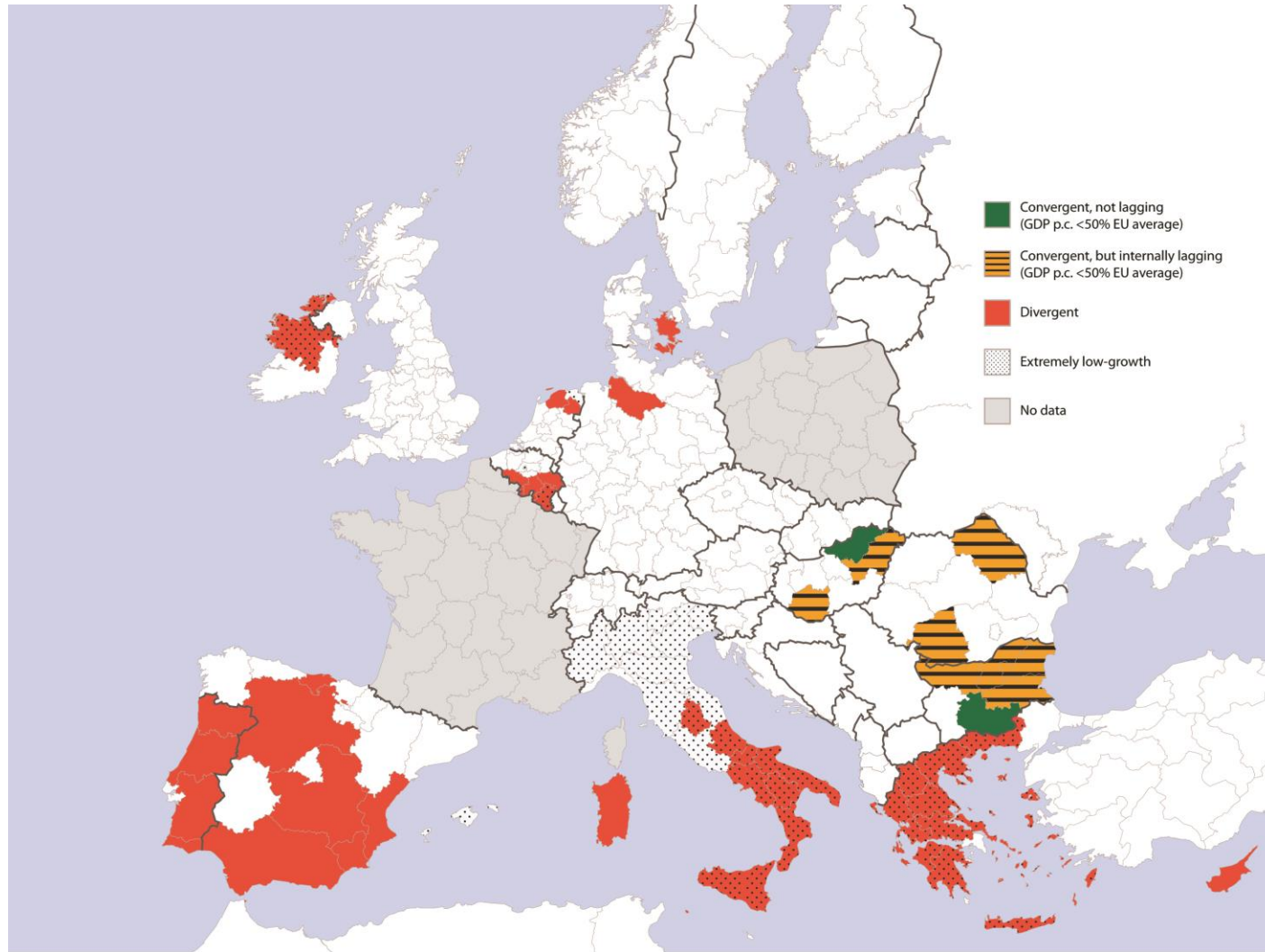
Two categories: low-income and low-growth

Limitations:

- Low-income regions classified as lagging even if they have been catching up
- Exclusion of low-growth regions located in rich countries
- Regions with extremely poor growth performance, regardless of their level of income, are not identified

A lagging region is a region with significantly below-average performance over time.

A revised typology based on GDP



The Lagging Regions Initiative / Catching-up Regions Initiative

**Initiative's predominant focus on catching-up regions
– a shift in the policy focus**

**Limited visibility and policy effectiveness (for
catching-up or low growth regions)**

**Some insightful and dedicated policy efforts aligned
to Smart Specialisation Strategies (S3) agenda**

Lagging Regions and other EU policies

Gap between EU's 'top-down' policy architecture and the territorially-specific needs of the most vulnerable regions

Report findings (pre-RRF) did not envisage a strong enough fit between the EU's Covid response agenda and needs of most vulnerable regions

Vulnerable regions and reform agenda:

- 1) Lack of capacity and dedicated support**
- 2) Complex and uncertain pathway towards 'green recovery'**

Recommendations

- A new typology of lagging regions
- A new initiative targeting low-growth regions
- Better data at regional level
- Comprehensive evaluation of the Lagging Regions Initiative
- Stronger focus on quality of governance in Cohesion Policy and European Semester
- Place-based sensitivity in structural reforms
- Comprehensive and targeted support to lagging regions for embracing the green and digital transition
- A regional focus in COVID-19 recovery measures to overcome the bias on the national level

Thank You!

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