Lagging regions in the EU

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The Committee on Regional Development adopted an own-initiative report by Michela GIUFFRIDA (S&D, IT) on lagging regions in the EU.

According to a Commission report on lagging regions, 47 regions in eight Member States are lagging behind. There are two types of lagging regions:

- low-growth regions: regions with a GDP that is close to the EU average but with no growth, this being the case of Italy, Spain, Greece and Portugal;
- low-income regions: regions with a GDP that is still very low but with a very encouraging upward curve. In those regions (in Bulgaria, Hungary, Poland and Romania), which were seriously lagging behind at the outset, cohesion policy is working extremely successfully though.

Members noted that the Commission report proposes a number of positive solutions to support economic growth, sustainable development and job creation in these regions. They considered that the EU as a whole, in order to promote its overall harmonious development, should carry out actions which strengthen its economic, social and territorial cohesion and reduce disparities between the levels of development of the various regions and the backwardness of lagging regions.

The Commission is called on to:

- define lagging regions at NUTS III level, on the basis of general economic and social conditions, and to better target the financing of these areas in line with ESI fund programming cycles;
- create tailor-made strategies, programmes and actions for the different lagging regions.

The report stressed that unemployment remains drastically high, particularly among young people, and represents one of the most serious and pressing problems in the vast majority of lagging regions. The role of secondary and higher education, of professional, on-the-job training should be enhanced.

Members hoped that the implementation of the EU 2020 Strategy in the area of employment, education and training, as well as the forthcoming EU long-term strategy and its objectives, will continue to take due account of the specific needs of lagging regions. In this regard, Members called on the Commission to look into the impact of a possible **increase in the ESF co-financing** rate for the next financing period. They highlighted the adverse effects of the economic and financial crisis, especially for low-growth regions, which have reduced the margins of budgetary policies, leading to public investment cuts.

The report stressed the need to apply the agreed position on the Stability and Growth Pact regarding flexibility for cyclical conditions, structural reforms and government investments aimed at implementing major structural reforms and similar projects, with a view to achieving the Europe 2020 goals.

Members also stressed the importance of ensuring easier access to **credit** in order to assist SMEs, to encourage new business models, and to promote growth in lagging regions. They also suggested that the Commission should look into the possibility of proposing the allocation of a larger share of support to **community-led local development** (CLLD).

The report stressed the importance of the partnership principle, and of **multilevel governance**, which needs to be strengthened without prejudice to the principle of subsidiarity and that the involvement of all levels of government and interested stakeholders in designing and implementing strategies and specific programmes and actions aimed at these regions is fundamental in order to create effective European added value for citizens.

Members are of opinion that the Commission should consider adjustments to how the European Semester and cohesion policy are linked. A system of positive incentives should be proposed, with margins to be created in the new multiannual financial framework (MFF), which could serve as an envelope to be used when Member States comply with the country-specific recommendations and other requirements under the **European Semester**. They called for cohesion policy to continue to be a priority for the Union and to be backed by **ambitious funding** accordingly, even in the light of pressures on the EU budget, and for the synergies with other EU funds to be increased and complementary financial support via financial instruments in the post-2020 multiannual programming framework to be attracted.