



European Committee  
of the Regions

EU annual report on the state of regions and cities

Factsheet 2025

## A defining moment

The European Union is at a defining moment in its relationship with its regions and cities. This 2025 annual report by the European Committee of the Regions (CoR) explores key challenges that the EU faces at the regional level, alongside local solutions. An accompanying survey, commissioned by the CoR and conducted by IPSOS, identifies some of the core reasons why local and regional politicians value the EU's support, and how they believe cooperation should be shaped. For local and regional leaders, the post-2027 budget proposal from the European Commission – towards a centralised system of development – is not the way forward. The EU cannot afford to sideline its regions and cities – economically or politically.

## Cohesion and the MFF

### Report highlights

- **European Union funding for regional development has driven economic convergence within the Union for decades:** regions and cities have been key actors in this success, co-managing regional-development projects to tailor EU goals to local realities, implementing over 70% of EU policies on the ground and being responsible for two-thirds of public spending in the EU.
- **The Commission's proposal weakens the bond between the EU and its regions and cities:** the European Commission's recent proposal for the 2028-2034 multiannual financial framework (MFF) is much more than a budget. It challenges the role of regions and cities in EU decision-making and policy implementation. The new MFF proposes centralisation, with one plan per Member State.
- **This centralisation risks undermining strong efforts towards development across all EU regions:** a one-size-fits-all approach is ill-suited to addressing the specific local challenges of a clean and just transition, and ultimately will not restore Europe's competitiveness.
- **Only a place-based approach, relying on local solutions and decentralised strategies, will help the Union to deliver its key objectives of cohesion, resilience and proximity.**

## Regional and Local Barometer findings

- **Local and regional politicians firmly believe that the EU has a crucial role to play in shaping policies that directly impact their communities:** they want support to tackle the climate and energy transition (42%); respond to demographic change, particularly in rural areas (39%); and address the affordable housing crisis (36%).
- **Local and regional politicians, however, differ from the European Commission in their views on how cooperation should work:** a majority (57%) want the EU to give local and regional authorities more flexibility in how EU funds are used, and 51% want a greater role in designing and managing EU funds in areas such as cohesion policy.
- **Local and regional leaders place more emphasis on collaboration than on more money:** a significantly smaller number (41%) identify increased EU funding as a priority. Maintaining the current nature of collaboration and increasing its flexibility – to ensure coherent, place-based responses that advance a fair, green economic transition – matters more.

### Trust in levels of government (\*)

**61%**

Local & regional government



**52%**

European Union



**36%**

National governments



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

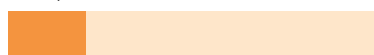
**54%**

Local & regional



**21%**

European Union



**21%**

National



### EU should continue to invest (\*\*)

**63%**

In all regions



**33%**

Only in poorer regions



Figure 1 — The citizens' voice.

Source: CoR compilation based on European Commission, (\*) Standard Eurobarometer 103, Spring 2025, (\*\*) Flash Eurobarometer 563 – Citizens' awareness and perception of EU regional policy, July 2025.

## Resilience

### Report highlights

- **Many communities are threatened by multiple types of natural and climate-related disasters:** one in five (21.4%) are exposed to multiple natural hazards. Six out of ten Europeans feel unprepared for an emergency or disaster. In 2024, floods caused an estimated EUR 18 billion in damages.

- **The proposed MFF would be a step backwards in terms of certain resilience-related policies:** nature-based solutions like green infrastructure could be sidelined. The LIFE programme might be discontinued. High-impact environmental initiatives, included in cohesion policy, are under threat.
- **47 million Europeans are unable to heat their home adequately:** this marks a steep increase in energy poverty since 2020, primarily due to the energy crisis. Cohesion policy needs to continue allocating funds to energy efficiency, renewables and support for vulnerable populations in all regions.
- **The resilience of local security is being tested:** critical local infrastructure is under immense pressure from cyberattacks, misinformation is affecting local politics, and regions now need to help develop civilian preparedness and security- and defence-related industrial clusters – a necessity reflected in the CoR’s recent launch of a Working Group on Defence.

## Regional and local Barometer findings

- **EU support in the climate and energy transition is the top priority for local and regional politicians:** 45% listed this in their top three priorities. Measures they identify as critical are: reducing energy consumption, including in buildings (49%); and promoting nature conservation and the greening of cities (41%).

**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.** Indeed, when compared to the EU average:



Figure 2 — Regional thermometer of socio-economic development: changes in recent years.  
Source: CoR compilation

## Proximity

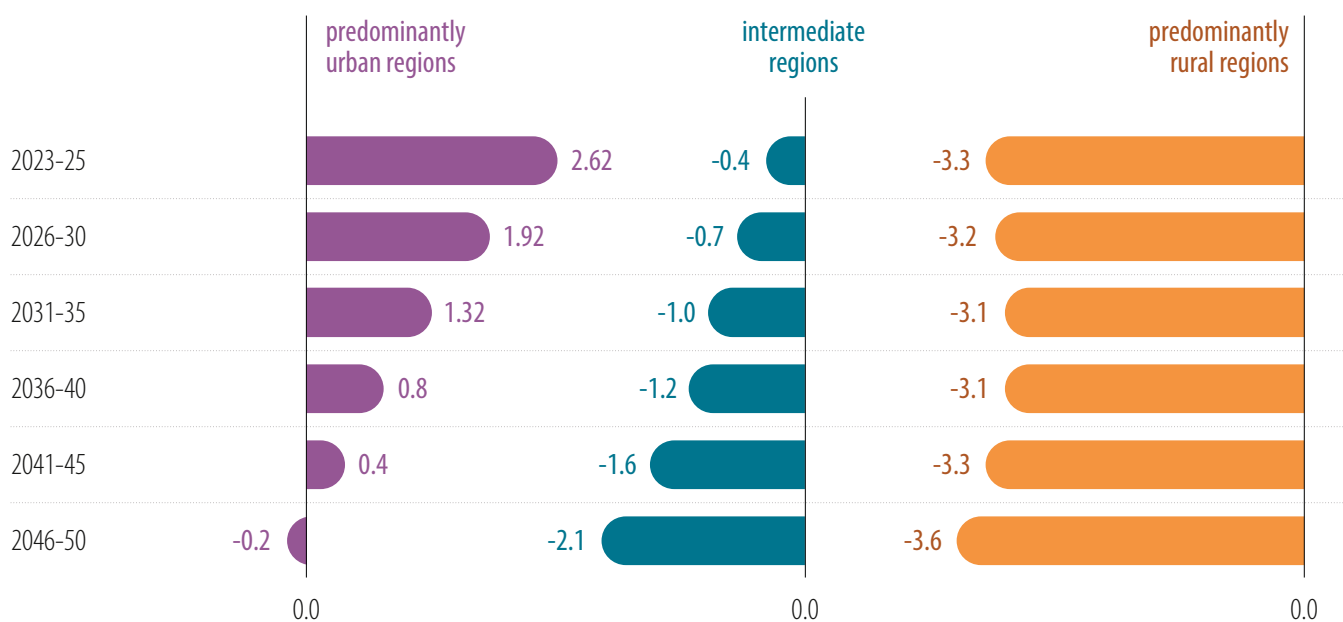
### Report highlights

- **The housing crisis is widespread and costly:** the EU faces a housing gap of 2.3 million units per year – a gap that would require an estimated EUR 270 billion per year to close. EU efforts are needed to ensure close cooperation with regions and cities, which are essential players in efforts to ensure the availability of affordable housing.

- **Two out of three regions will see their populations shrink by 2050:** the population decrease will hit four out of five rural regions, but only two out of five urban regions. The EU needs to strengthen its socio-economic policies to help regions in their demographic transition.
- **Public services in rural areas are vital and under strain:** the CoR has called for cross-cutting investments, tax incentives and targeted State aid to support regions in demographic transition. Rural inhabitants (36%) say that their most pressing problem is the quality of public services. But the long-term trend in EU countries is to cut spending on public services.
- **Gender disparities remain stubbornly wide:** gender gaps in employment persist in all Member States, with wide regional disparities. There is also a gap in representation: as of 2025, women were a majority in only 26 out of 286 regional assemblies.

## Regional and Local Barometer findings

- **Local leaders want the EU to ensure place-based issues are prioritised:** they primarily want EU support in three areas directly related to their localities: addressing the climate and energy transition (45%); the housing crisis (36%); and demographic change (36%).



**Figure 3 — Average annual projected population change, by urban-rural typology, EU, 2023-50 (%)**

Based on population projections for the period from 1 January 2023 to 1 January 2051.

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

