

SOCIAL COHESION

- EU labour markets have shown resilience in the face of the COVID-19 pandemic and Russian aggression towards Ukraine. With both national government and EU support, employment in most regions rebounded from the reduction in 2020 in just one year. In 2022, the employment rate of those aged 20 to 64 in the EU reached a record high of nearly 75 %.
- Nevertheless, challenges persist and need to be addressed. Despite a reduction in regional disparities, labour markets remain more robust and social conditions better in north-western EU regions than in southern and eastern ones.
- Increased labour market participation of under-represented groups played a key role in reducing employment disparities and tackling labour shortages. The employment rate of women in the EU increased from 61 % in 2013 to 69 % in 2022, helped by improved access to childcare and long-term care and more flexible working arrangements. Nevertheless, the employment gap between men and women still averaged 11 pp in 2022 in the EU and 15 pp in southern Member States.
- Labour and skill shortages pose potential challenges to cohesion. Recent communications from the Commission highlight the need to tackle these shortages. This has become crucial to ensuring that all individuals are equipped with the right skills to take up opportunities and tackle the challenges the green and digital transitions bring about in such a way that no-one is left behind.
- There has been a continuing increase in education levels across all regions, with the tertiary rate in the EU for those aged 25 to 64 reaching 34 % in 2022. But regional disparities persist, notably because of a concentration of graduates in large cities, and rates remain higher in more developed and transition regions (36–38 %) than in less developed ones (26 %).
- The at-risk-of-poverty-or-social-exclusion rate declined from 35 % to 28 % in less developed regions between 2013 and 2019, while it remained unchanged at 19 % in more developed regions. Some 95 million Europeans were still affected in 2022 and achieving the 2030 goal of reducing the number by at least 15 million may prove difficult if stagnation persists.

Chapter 2

Social cohesion

1. Introduction

This chapter examines progress towards a more social EU. It focuses on cohesion across the main areas covered by the European Pillar of Social Rights action plan, namely employment, skill development, and poverty reduction (Box 2.1). A separate section considers gender equality and equal opportunities and attitudes towards migrants and other minorities.

The analysis indicates that while the EU is advancing towards a more inclusive and fairer society, in some areas progress has stalled. Labour markets have shown resilience and regional disparities in employment have narrowed. Increased labour market participation of under-represented groups has been important in furthering convergence and reducing labour shortages. There has been a general increase in education levels and participation in adult education and training, especially in less developed regions. However, disparities persist, notably because of a marked concentration of graduates in large cities. A tendency for the at-risk-of-poverty-or-social-exclusion (AROPE) rate to decline till 2019 was evident especially in eastern EU regions and rural areas in the southern EU. Nevertheless, some 95 million Europeans remain AROPE, including 20 million children and people in disadvantaged situations, such as people with disabilities.

Any analysis of labour market and social developments in the EU needs to start from one dimension of change in particular, the shrinking population of working age, which is projected to be some 7 % smaller by 2040, a reduction of 15 million. This has a potential macro-economic impact and affects regions and cities differentially. It emphasises the importance of increases in labour productivity for growth, closely tied to education attainment lev-

els and the skills needed by the labour market. In addition, while capital accumulation was a major driver for growth up to the 1990s, now ideas or innovation that lead to new services and products have become more important. Education and training together with creativity are pivotal in this evolving landscape, especially with regard to the skills needed to support workers and businesses in the context of the green and digital transitions.

Labour shortages linked to a limited supply of certain skills, poor working conditions and human resource management, the ageing of the workforce and gender segregation, together with skill shortages and mismatches, continue to hold back growth, competitiveness and cohesion.

2. Impact of COVID-19 and post-COVID years on social situation in the EU

EU labour markets remained resilient in the aftermath of the COVID-19 pandemic, despite the uncertainty created by the Russian war of aggression against Ukraine and significant inflationary pressures. Overall, more people than ever are employed in the EU, and fewer people are unemployed or looking to work longer hours.

The upward trend in employment from 2013 to 2019 resumed after a dip (of 1 pp) in 2020 when the COVID-19 pandemic hit. The employment rate of those aged 20 to 64 reached 74.6 % in 2022, 1.9 pp higher than in 2019¹, while overall unemployment of those aged 15 to 74 went down to 6.2 % in 2022 from 7.2 % in 2020. The response of regional labour markets during the pandemic and the subsequent recovery saw narrowing differences in employment rates between

1 In 2021, due to the introduction of new legislation, there was a break in the EU labour force survey (LFS) time series, which involved, among other revisions, a change in the definition of employment. Selected series of main indicators were retroactively corrected for the break. However, regional series were not included in these adjustments. For this report, regional employment rates from 2008 to 2020 are extrapolated to be consistent with the country-level break-corrected time series.

Box 2.1 European Pillar of Social Rights and its action plan

The European Pillar of Social Rights was proclaimed by the European Parliament, the Council and the European Commission at the Social Summit for fair jobs and growth in Gothenburg on 17 November 2017. Then the President-elect of the European Commission, Ursula von der Leyen, committed to the Pillar in her speech before the European Parliament in Strasbourg in July 2019 and in her political guidelines for the mandate of the next European Commission, announcing further action to implement the associated principles and rights.

The Pillar sets out key principles and rights to support fair and well functioning labour markets and welfare systems. It supports the convergence towards better working and living conditions among participating Member States. The principles are grouped into three broad categories:

- equal opportunities and access to the labour market, which includes equal access to education and training, gender equality and active support for employment;
- fair working conditions, namely the right to secure and adaptable employment, fair wages, information on working conditions and protection in case of dismissal, consultation with social partners, support in achieving a suitable work-life balance, and a healthy and safe working environment;
- social protection and inclusion, which includes access to childcare and support for children's education, unemployment benefits and access to activation measures, minimum-income support, old-age pensions, affordable healthcare, support for people with disabilities, affordable long-term care, housing and assistance for the homeless and access to essential services.

The Pillar reaffirms rights already present in the EU but complements them by taking account of new realities arising from societal, technological and economic developments. As such, it does not affect

principles and rights already contained in the binding provisions of EU legislation. By putting together rights and principles set at different times, in different ways and in different forms, it aims to make them more visible, understandable and explicit. On 4 March 2021, the European Commission adopted the European Pillar of Social Rights action plan¹, and proposed three headline targets for the EU to reach by 2030, welcomed by EU leaders at the Porto Social Summit in May 2021 and at the European Council of June 2021:

1. at least 78 % of the population aged 20 to 64 to be in employment, supported by halving the gender employment gap;
2. at least 60 % of all adults aged 25 to 64 to participate in training every year; and
3. a reduction of at least 15 million in the number of people identified as AROPE, including at least 5 million children.

Member States have set national targets for each of the targets, and progress towards both the EU-level and national targets is monitored through the European Semester.

The action plan establishes principles and rights to foster a fairer and more just society within the EU. It encompasses initiatives to combat poverty and social exclusion, which include increasing the adequacy and coverage of minimum wage protection, support for social benefits, policies aiming at labour market activation, active inclusion for minimum income recipients, adequate social protection, long-term care and pensions, the child guarantee and investment in education and training.

The action plan also includes a proposal for a revised social scoreboard, to track progress towards the Pillar principles more comprehensively. The yearly joint employment report² provides regional breakdowns (at NUTS 2 level) of the social scoreboard headline indicators for which data are available.

1 European Commission (2021b).

2 European Commission (2023h).

more and less developed regions and between north-western and eastern and southern Member States. Given the exogenous nature of the shock and with support from national and EU measures, it took just one year, after the decline in 2020, for the employment rate in nearly all regions to return to, or surpass, the 2019 level. By contrast, during the previous economic crisis, reductions in employment, which began in 2009, persisted until 2013, and the employment rate returned to pre-crisis levels only by 2015–2017 and only by 2019 in southern countries.

After a small fall (of 0.8 pp) in 2020, the proportion of women in employment continued to expand, helped by improved access to childcare, more flexible working arrangements and increasing education levels. Despite this, progress in closing the gender employment gap has slowed down in recent years in most regions (except those in eastern countries) and in the EU as a whole still stood at 11 pp in 2022. The employment rate of migrants (i.e. those born outside the EU), after a significant fall (of 2.5 pp) in 2020, increased faster than for other groups between 2020 and 2022 (by 4.0 pp), confirming their adaptability to changing economic conditions and their contribution to meeting labour shortages in particular sectors and regions.

The positive trend in tertiary education continued across all regions during the pandemic. The proportion of people aged 25 to 64 with tertiary education in the EU even increased in 2020 (by 1.2 pp), reaching 34.3 % in 2022. By contrast, adult participation in education and training (in the previous four weeks) decreased (by 1.7 pp) when COVID-19 hit, but rebounded the following year, especially in less developed regions and eastern Member States. Almost 12 % of those aged 25–64 partici-

pated in education and training (in the four weeks preceding the survey) in the EU in 2022, 1.1 pp more than in 2019².

After two decades of low inflation, the COVID-19 pandemic was followed by a surge in inflation as reduced supply chains struggled to keep up with increasing demand and as the Russian war in Ukraine in early 2022 reduced energy and food supplies³. As a result, inflationary pressures accentuated concerns about the effects on lower-income households that spend a larger share of their income on energy, food and transport, on which price increases were especially large⁴. Accordingly, the proportion of households reporting financial distress increased from 12.5 % in December 2021 to 15.8 % in December 2022⁵.

The proportion of the population experiencing severe material and social deprivation (see Box 2.4 for the definition) increased marginally in the EU from 6.3 % in 2021 to 6.7 % in 2022, but by more (by 1.2 pp) in Latvia, Estonia, Romania, Germany and France. There were also large increases (from 6.8 % in 2019 to 8.3 % in 2022) in those reporting an inability to afford a decent meal (with meat, chicken, fish or a vegetarian equivalent) every second day and an inability to keep their home adequately warm (from 6.9 % to 9.3 %) – an indicator of energy poverty reversing the reduction between 2016 and 2019.

Overall, perhaps partly as a result of the policy responses at EU and Member State level, the AROPE rate, which declined consistently between 2016 and 2019 in most types of regions, has remained unchanged since 2019. Also in 2022, relative poverty and income inequality, as measured by the ratio of the income of the top 20 % of households to that of the bottom 20 %, remained unchanged⁶.

2 Note that the EU target of achieving at least 60 % of adults participating in training each year by 2030 is based on a different indicator, covering the last 12 months rather than just the previous four weeks.

3 European Commission (2023a) and Fulvimari et al. (2023).

4 OECD (2023).

5 European Commission (2023a). The financial distress indicator is based on the business and consumer survey and is composed of the share of adults reporting the need to draw on savings and the share of adults reporting the need to run into debt.

6 Eurostat's flash estimate for 2022. The EU-SILC (EU statistics on income and living conditions) AROPE and at-risk-of-poverty (AROP) rates for year N are based on the accrual income from the previous year, N-1. Eurostat's flash estimates complement EU-SILC indicators with estimates for the latest income changes and are based on modelling and micro-simulation techniques that consider the interaction between labour market developments, economic and monetary policies, and the implementation of social reforms for income year N.

3. Labour market developments

The EU is well on track to meeting its headline target of at least 78 % of people aged 20–64 being in employment by 2030⁷ (Box 2.2). Overall, the rate increased by around 8 pp from the end of the recession in 2013 to 74.6 % in 2022⁸. Notably, in the Netherlands, Sweden, Estonia, Czechia, Germany, Malta, Hungary and Denmark, the rate was 80 % or more, with increases of 15 pp or more in Malta and Hungary. In Greece, Croatia, Spain and Romania, countries with less robust labour markets, the increase was also large (over 10 pp). In Italy, the increase was more modest (5 pp) to 65 % in 2022, the lowest in the EU. At the same time, the unemployment rate in the EU fell from 11.4 % in 2013 to 6.2 % in 2022.

Despite these positive trends, regional disparities persist, especially among some population groups⁹. Untapped labour potential includes young people not in employment, education or training ('NEETs') (11.7 % of those aged 15 to 29 in 2022), the long-term unemployed (2.4 %), large numbers of women (the labour market participation rate of women as a whole being 74 %, almost 11 pp less than for men), and people with disabilities (with a participation rate of just 55.8 %).

3.1 Narrowing disparities in EU labour markets continue

The response of regional labour markets during the COVID-19 pandemic and the subsequent recovery was marked by some convergence of less developed regions. Between 2019 and 2020, employment rates declined more in more developed regions than in transition and less developed ones (by 1.5 pp as against 0.8 pp and 0.6 pp). The regional variations reflect the severity of the measures implemented to restrict economic activity, which varied between countries, and the nature of these measures – such as to preserve jobs as against supporting those losing their jobs. The economy was disrupted in each region differently,

and losses in some sectors (such as wholesaling and retailing; arts, entertainment, and recreation activities) in transition and less developed regions were offset to some extent by an expansion in ICT. Subsequently, over the two years of post-COVID recovery, employment increased faster than in the pre-crisis period in all three types of region (by around 1.5 pp a year on average).

Southern Member States, as a group, suffered the biggest fall in the employment rate (by 1.9 pp) in 2020, almost twice as much as in north-western ones (1.0 pp), while in eastern ones the reduction was negligible (0.2 pp). However, the rate also rebounded more quickly in southern Member States (Table 2.1, upper part).

In part, perhaps because of national and EU support measures and due to the exogenous nature of the pandemic, developments since 2020 contrast with those experienced during the earlier financial and economic crisis. From 2009, employment rates declined over a five-year period, with the largest falls in less developed regions. It took six to eight years for rates to return to pre-crisis levels (Figure 2.1). The biggest fall was in southern countries (of 7 pp), with the rate recovering to the pre-crisis level only after 10 years (Figure 2.2).

The developments since 2013 have seen a reduction in disparities between less developed regions and others, the difference in the employment rate narrowing from 15 pp to 10 pp in 2022. The gap between north-western countries and southern ones narrowed by the same amount, while between the former and eastern countries, the gap was reduced from 10 pp to only 2 pp.





















































































Narrowing disparities are also evident across NUTS 2 regions. In several regions in Poland (5), Hungary (5), Portugal (3), Greece (Attiki), Bulgaria (Severoiztochen) and Romania (București-Ilfov), the employment rate increased by 15 pp or more between 2013 and 2022, to over 78 % in some cases. Nevertheless, marked regional disparities

7 European Commission (2023h). Progress towards the target is measured through the Joint Employment Report and the Employment Committee monitoring tools.

8 The reference year for time series comparison in further analysis of the labour market is limited to 2013, marking the end of the previous recession. 2013 represents the lows, not the start, as depicted in Figure 2.1 and Figure 2.2.

9 European Commission (2022a).

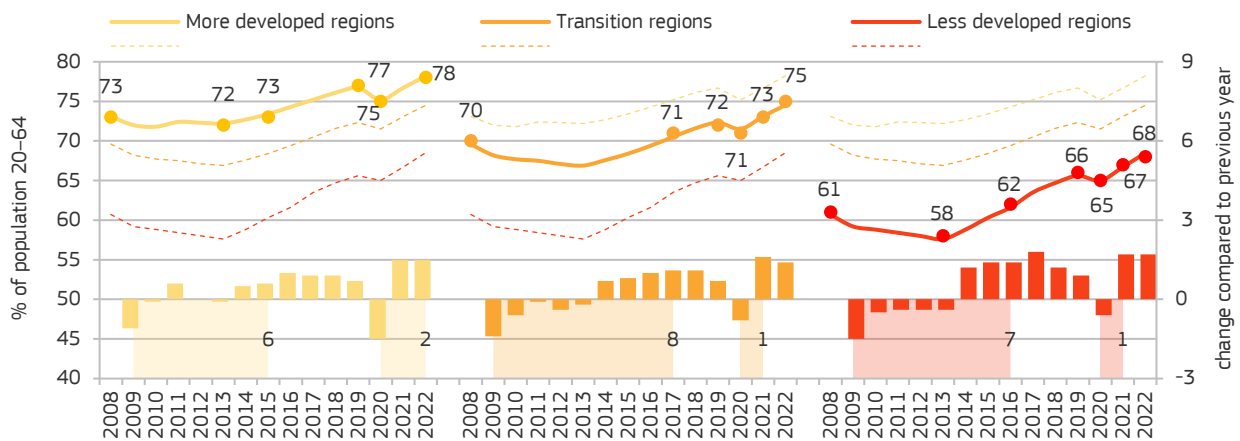
Table 2.1 Employment and unemployment rates and changes by level of development and by geographical area, 2008–2022

	2022 %	Change 2013–2022 pp	Average annual change							
			2008–2013 pp years to return to 2008		2013–2019 pp		2019–2020 pp years to return to 2019		2020–2022 pp	
Employment rates, 20–64										
EU-27	 74.6	 +7.8	 -0.4	7	 +1.0	 -1.0	1	 +1.5		
More developed regions	 78.2	 +6.0	 -0.2	6	 +0.8	 -1.5	2	 +1.5		
Transition regions	 74.5	 +7.6	 -0.5	8	 +0.9	 -0.8	1	 +1.5		
Less developed regions	 68.5	 +10.9	 -0.6	7	 +1.3	 -0.6	1	 +1.7		
North-western EU	 78.2	 +4.8	 +0.1	2	 +0.5	 -1.0	1	 +1.3		
Southern EU	 67.9	 +9.2	 -1.4	10	 +1.2	 -1.9	1	 +2.0		
Eastern EU	 75.8	 +12.2	 -0.1	5	 +1.5	 -0.2	1	 +1.6		
Unemployment rates, 15–74										
EU-27	 6.2	 -5.4	 +0.8	10	 -0.8	 +0.4	2	 -0.5		
More developed regions	 5.1	 -3.2	 +0.5	9	 -0.5	 +0.9	2	 -0.4		
Transition regions	 6.9	 -6.0	 +0.9	10	 -0.8	 +0.2	2	 -0.6		
Less developed regions	 8.0	 -7.8	 +1.3	10	 -1.2	 +0.2	1	 -0.4		
North-western EU	 5.1	 -2.4	 +0.1	7	 -0.4	 +0.7	2	 -0.4		
Southern EU	 10.2	 -9.1	 +2.1	still higher	 -1.2	 +0.2	1	 -0.9		
Eastern EU	 4.2	 -5.9	 +0.7	7	 -1.0	 +0.7	3	 -0.2		

Note: Total change 2013–2022 in second column. Average changes to compare different length periods (5, 6, 1, 2) in other columns.

Source: Eurostat [lfst_r_lfsd2pwc], DG REGIO calculations (employment 2008–2020 extrapolated to be consistent with country-level break-corrected data).

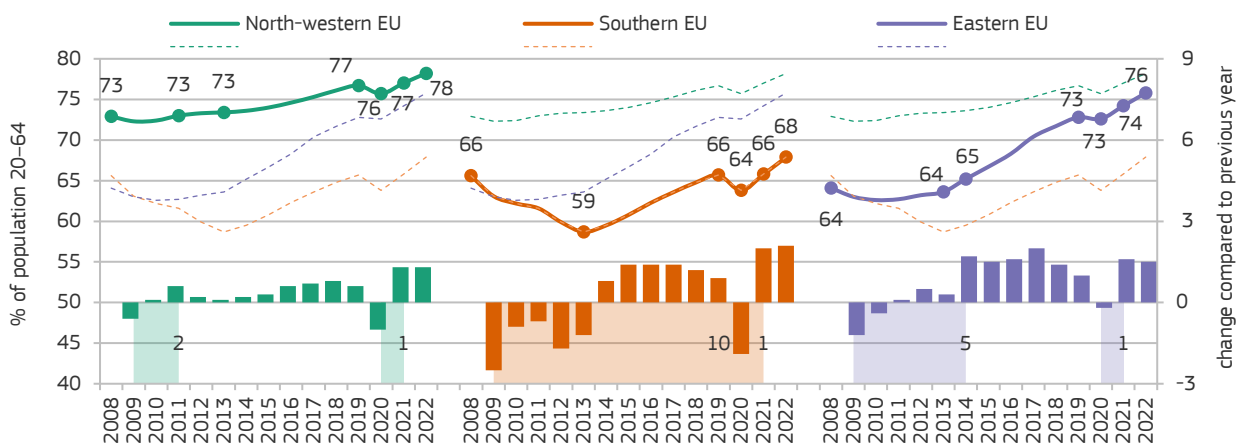
Figure 2.1 Employment rates and changes by level of development, 2008–2022



How to read the chart: In 2008, the employment rate in less developed regions was 61 % (red line). As a result of the economic recession, it started to decline in 2009 (red bars - RHS), hitting a low of 58 % in 2013 and surpassed the 2009 level in 2016, reaching 62 % - after 7 years. By contrast, as a result of COVID-19, the rate fell to 65 % in 2020, and returned to the 2019 level of 67 % in 2021 – just one year later. It continued to rise in 2022, reaching 68 %.

Source: Eurostat [lfst_r_lfsd2pwc] and DG REGIO calculations (employment 2008-2020 extrapolated to be consistent with country-level break-corrected data).

Figure 2.2 Employment rates and changes by geographical area, 2008–2022



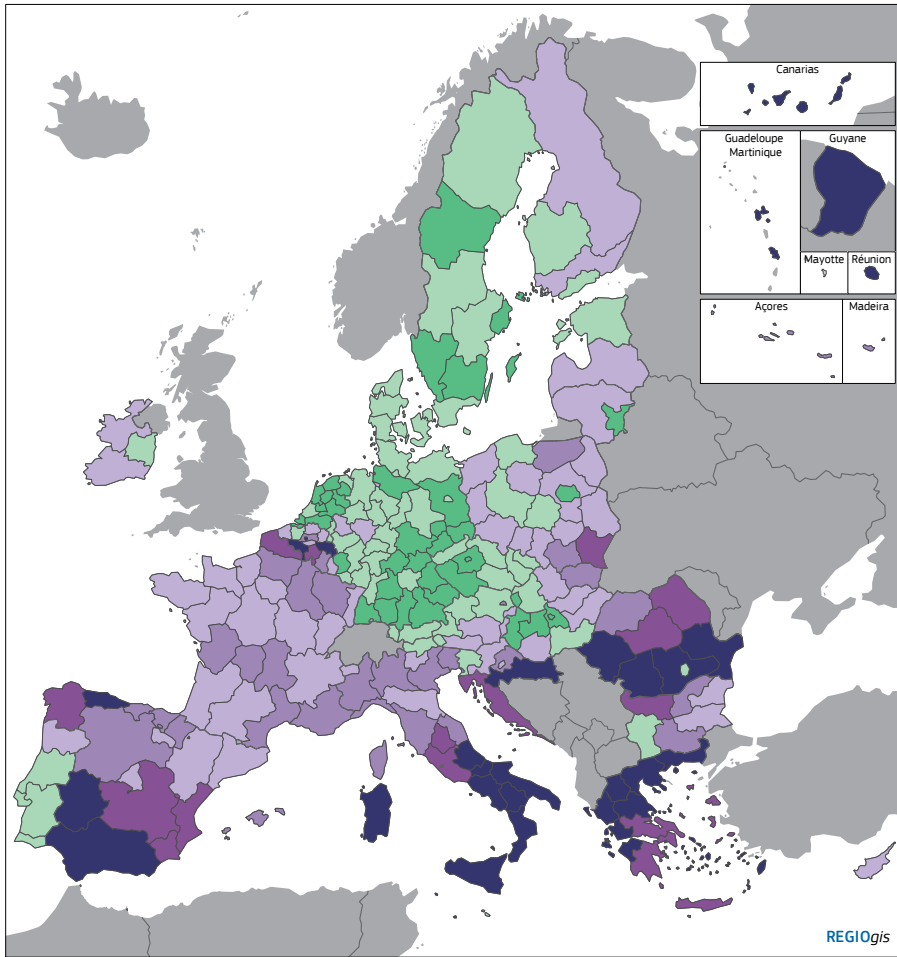
How to read the chart: In 2008, the employment rate in southern EU countries was 66 % (brown line). As a result of the economic recession, it started to decline in 2009 (brown bars - RHS), hitting a low of 59 % in 2013 and surpassed the 2009 level only in 2019, reaching 66 %. As a result of COVID-19, the rate fell to 64 % in 2020 and returned to the 2019 level of 66 % in 2021 – just one year later. It continued to rise in 2022, reaching 68 %.

Source: Eurostat [lfst_r_lfsd2pwc] and DG REGIO calculations (employment 2008-2020 extrapolated to be consistent with country-level break-corrected data).

remain within Member States. In many regions in Greece (8), Romania (4), Italy (8), Spain (6), the outermost regions in France, Belgium (3) and Croatia (Panonska Hrvatska), the rate was still below 66 % in 2022 (Map 2.1 and Map 2.2). Some of the lowest employment rates in the EU are in the outermost regions with some having rates below 50 %.

3.2 Unemployment at record lows in many regions

Mirroring employment developments, the decline in overall unemployment, youth unemployment and NEETs resumed in 2021 and 2022 after increasing in 2020. The overall unemployment rate of those aged 20 to 64 fell to 6.2 % in 2022 0.4 pp lower than in 2019 and a substantial 5.4 pp lower than in 2013 (Table 2.1, lower part). After the recession in 2009, unemployment took until 2017–2018 to



Map 2.1 Employment rate (20–64), 2022

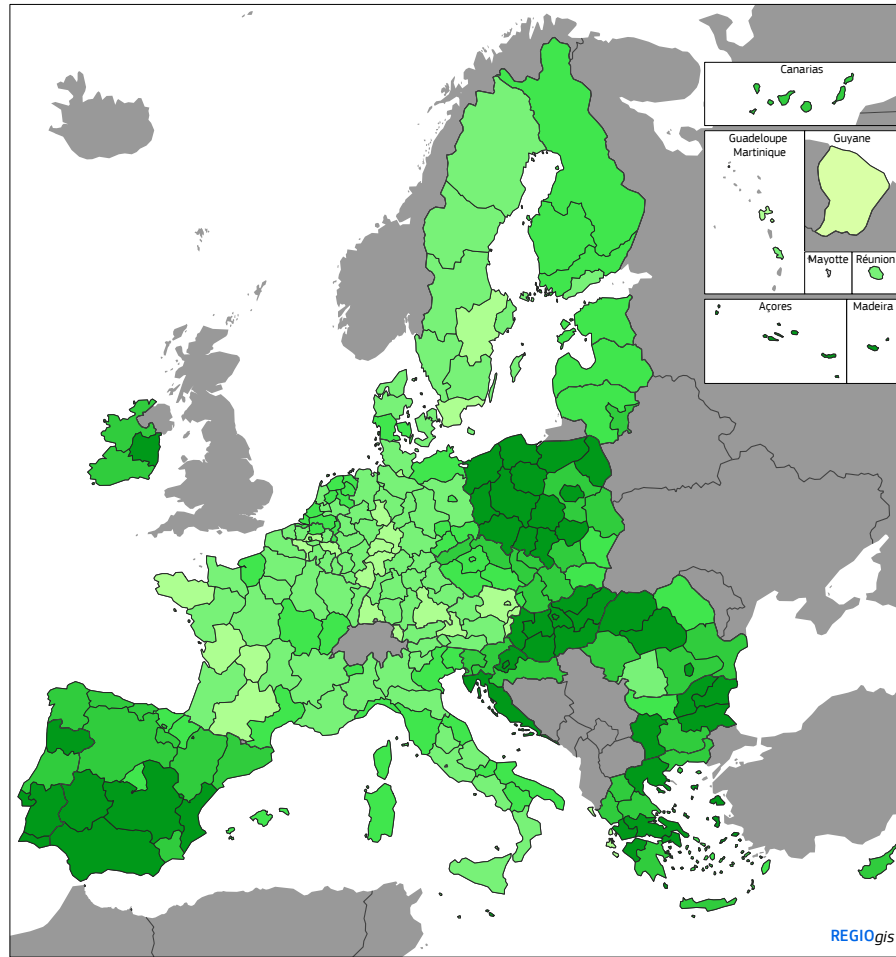
% of population aged 20–64

- < 66
- 66 – 70
- 70 – 74
- 74 – 78
- 78 – 82
- >= 82
- no data

EU-27 = 74.6
 The employment rate target is 78 % by 2030.
 Source: Eurostat (ifsd_r_lfe2emprt).

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Map 2.2 Changes in employment rate (20–64), 2013–2022

percentage point change

- < 0
- 0 – 3
- 3 – 6
- 6 – 9
- 9 – 12
- >= 12
- no data

EU-27 = + 7.8
 Based on 2013 values adjusted to be consistent with national
 main indicators (corrected for break in series in 2021).
 Source: Eurostat (ifst_r_lfe2emprt) and DG REGIO estimates.

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return to pre-recession levels in north-western and eastern Member States and it was still above its 2008 level in southern ones in 2022.

The youth unemployment rate for those aged 15 to 24 declined from 25.7 % in 2013 to 14.4 % in 2022, while the NEET rate for those aged 15 to 29 fell from 16.1 % to 11.7 %. Regional disparities diminished between 2013 and 2022, primarily because of larger reductions than elsewhere in less developed regions and in southern countries. While, however, the youth unemployment rate remains lower in more developed regions than in others, it was still the case till 2022 that 5–6 % of young people aged 15–24 (the youth unemployment ratio in Table 2.2) were unemployed, the same as in other types of regions (Table 2.2). Youth unemployment remains particularly high in the outermost regions¹⁰.

Reductions in unemployment are evident across almost all NUTS 2 regions. In a number of regions, many in Greece and Spain, both the overall and youth unemployment rates declined by more than 10 pp between 2013 and 2022. Nevertheless, many of these regions, as well as some (the outermost ones) in France¹¹ and Italy, still have both overall and youth unemployment rates that are more than double the EU average (Map 2.3 and Map 2.4).

The downward trend in labour market slack¹² has also resumed after the increase in 2020. In 2022, the rate of slack in the EU fell to 12 % of the extended labour force, 2.6 pp lower than in 2019 and 7.3 pp lower than in 2013.

3.3 Labour market challenges include skill shortages

The unemployment rate fell to record lows in the EU in 2022, while the number of job vacancies reached record highs. In north-western Member States, job vacancy rates have been consistently high in the recent past in ‘professional, scientific and technical activities; administrative and support service activities’ (5.5 %), ‘construction’ (5 %) and ‘ICT’ (4.7 %). Rates have also been higher in these sectors than others in eastern countries (2.3 %, 2.4 % and 2.1 %, respectively) and they have been increasing in southern countries. There is a consistent pattern of high job vacancies, along with a substantial wage premium, in the ‘ICT’ sector in all three groups of regions, suggesting a shortage of supply of the relevant skills. The high job vacancy rate in the ‘professionals’ and ‘construction’ sectors might imply a need to adjust wages to attract and retain workers (Figure 2.3).

Although there are signs of some cooling down, with job vacancy rates declining in north-western and eastern countries¹³, skill shortages and a mismatch between available jobs and available workers have become a major issue for labour markets across EU regions. This might intensify with ongoing demographic trends (see Chapter 6), and the effects of the green and digital transitions¹⁴ (see Chapters 4 and 5) on selected occupations and across all skills levels¹⁵. The 2023 demography toolbox¹⁶ (Box 2.2) outlines a comprehensive approach that empowers all generations to realise their talents and personal aspirations, also with a view to filling labour shortages. This Communication on Skills and Talent Mobility enhance the EU’s

10 Youth unemployment reached levels as high as 55.4 % in Mayotte in 2020, and 43.9 % in Canarias, 41.9 % in La Reunion, 38.7 % in Martinique and 37.8 % in Guadeloupe (all 2022). Source: Eurostat.

11 Mayotte has one of the highest unemployment rates in the EU (27.8 % in 2020, the latest year for which there are data).

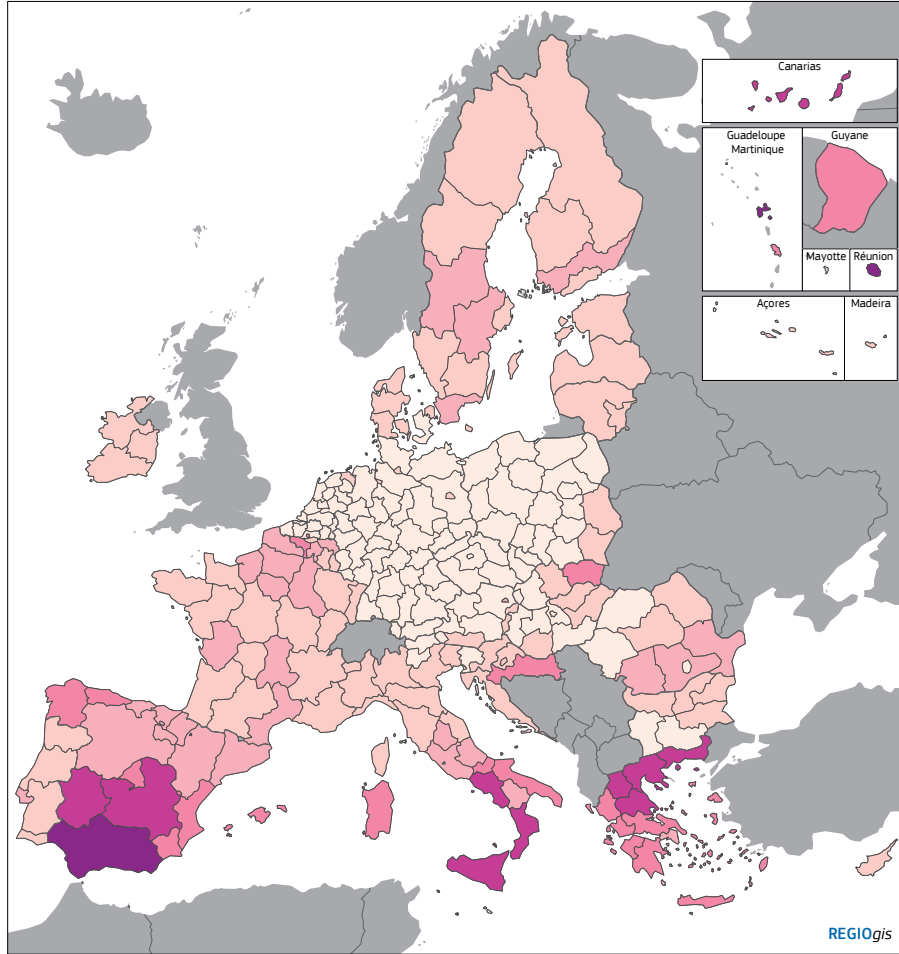
12 Eurostat refers to four groups of individuals as labour market slack: unemployed people according to the International Labour Organization definition, those actively seeking a job but not immediately available for work, those available for work but not seeking it, and under-employed part-time workers. The extended labour force includes the labour force (unemployed and employed) and the potential additional labour force (the two categories outside the labour force, i.e. those available but not seeking, and those seeking but not available). Eurostat (2023).

13 European Commission (2023b). The share of recent job starters fell significantly in summer 2022 and remained unchanged to the first half of 2023, implying that employers were less active in recruiting new personnel.

14 European Commission (2023b). Growing demand for skilled workers and occupational mismatches could affect the efficient functioning of the labour market and lead to simultaneous increases in vacancies and unemployment.

15 European Commission (2023a).

16 European Commission (2023c).



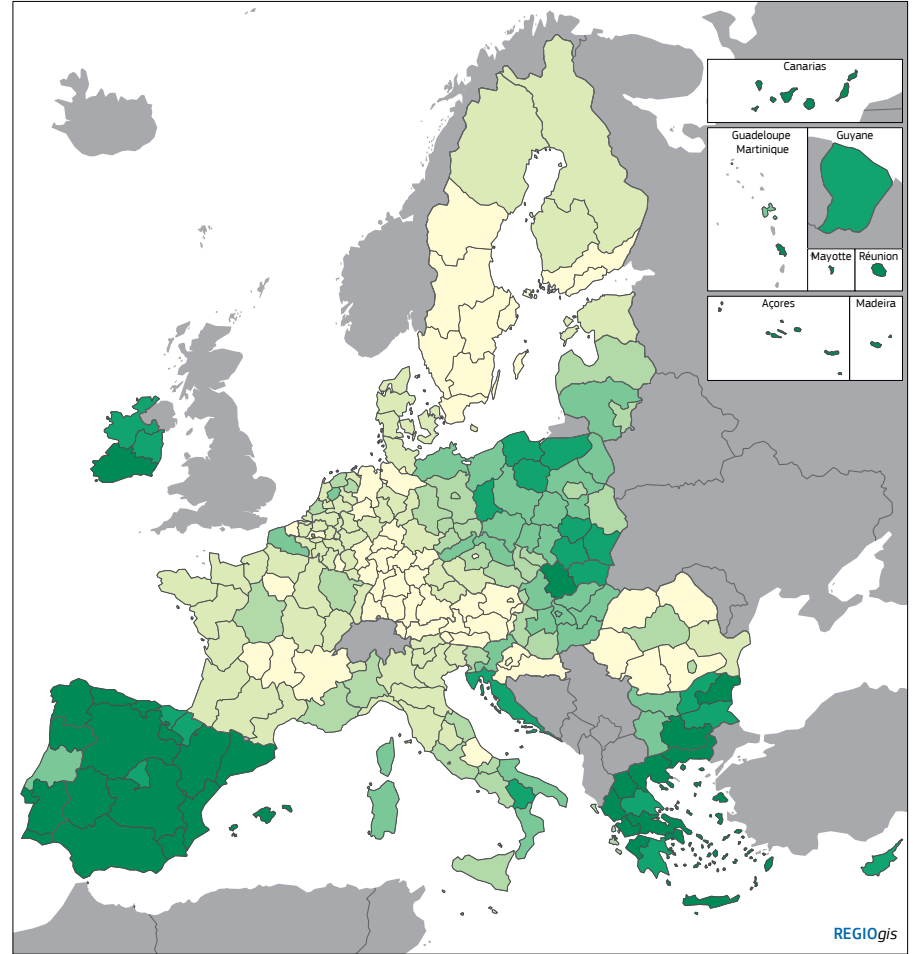
Map 2.3 Unemployment rate (15–74), 2022

- % of labour force
- <= 4
 - 4 – 7
 - 7 – 10
 - 10 – 14
 - 14 – 18
 - > 18
 - no data

EU-27 = 6.2
Source: Eurostat (lfst_r_lfu3rt).

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Map 2.4 Change in unemployment rate (15–74), 2013–2022

- percentage point change
- <= -10
 - 10 – -8
 - 8 – -6
 - 6 – -4
 - 4 – -2
 - > -2
 - no data

EU-27 = -5.4
Darker shades mean a larger decrease in unemployment rate.
Source: DG REGIO based on Eurostat data (lfst_r_lfu3rt).

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Box 2.2 Demography toolbox, and addressing labour shortages

In October 2023, the Commission put forward a Communication outlining a comprehensive set of policy tools available at the EU level to support Member States in managing demographic change and its impacts. The toolbox encompasses notably regulatory instruments, policy frameworks, and funding, which can be combined with national and regional policies. It stresses that gender equality, non-discrimination and inter-generational fairness must be at the heart of policy choices.

The toolbox draws on the practices and experience of Member States and sets out a comprehensive approach with four pillars:

- 1) better reconciling family aspirations and paid work, notably by ensuring access to high-quality childcare and work-life balance, with a view to fostering gender equality.
- 2) supporting and empowering younger generations to thrive, develop their skills, and facilitate their access to the labour market and to affordable housing;
- 3) empowering older generations and sustaining their welfare, through reforms combined with appropriate labour market and workplace policies;
- 4) where necessary, helping to fill labour shortages through managed legal migration in full com-

plementarity to harnessing talents from within the Union.

The toolbox acknowledges the need to consider the territorial aspect of demographic shifts, particularly in regions facing population decline and a 'brain drain' of young workers.

The fourth pillar of the toolbox highlights the fact that demographic change, if unaddressed, could increase labour shortages, leading to economic bottlenecks. The EU is already experiencing record labour shortages, particularly in ICT, construction, care, and transport. As 'baby boomers' retire by the mid-2030s, shortages in both high- and low-skilled jobs are expected to increase unless countered by increased labour force participation and wage adjustments. However, without productivity increases, higher labour costs could affect the competitiveness of EU firms in global markets.

The toolbox emphasises that to fill skill gaps, legal migration from non-EU countries is crucial, especially for skills that are critical to the green and digital transitions. Despite its large labour market, the EU has relatively low inward labour migration, especially of high-skilled workers, compared with other destinations, such as the US.

attractiveness to talent across occupations where skill shortages may exist and boost intra-EU mobility¹⁷. The annual sustainable growth survey for 2024 also stresses that skill shortages, namely in healthcare and long-term care, STEM¹⁸ (particularly ICT, see Maps 2.5 and 2.6), green and certain service occupations, are major bottlenecks for innovation and competitiveness and, so, for sustainable growth.

As regards the future of work, major trends, specifically in platform and tele-working and artificial intelligence (AI)¹⁹, are likely to affect labour markets in all regions. They both offer opportunities (access to flexible employment, participation in the labour market irrespective of location) and pose risks (exacerbating existing regional disparities in the necessary infrastructure). In this regard, the challenge is to respond to current regional labour and skills shortages and anticipate future ones, making use of reliable intelligence on skills, including that provided by public services.

17 European Commission (2023d).

18 Science, technology, engineering, and mathematics.

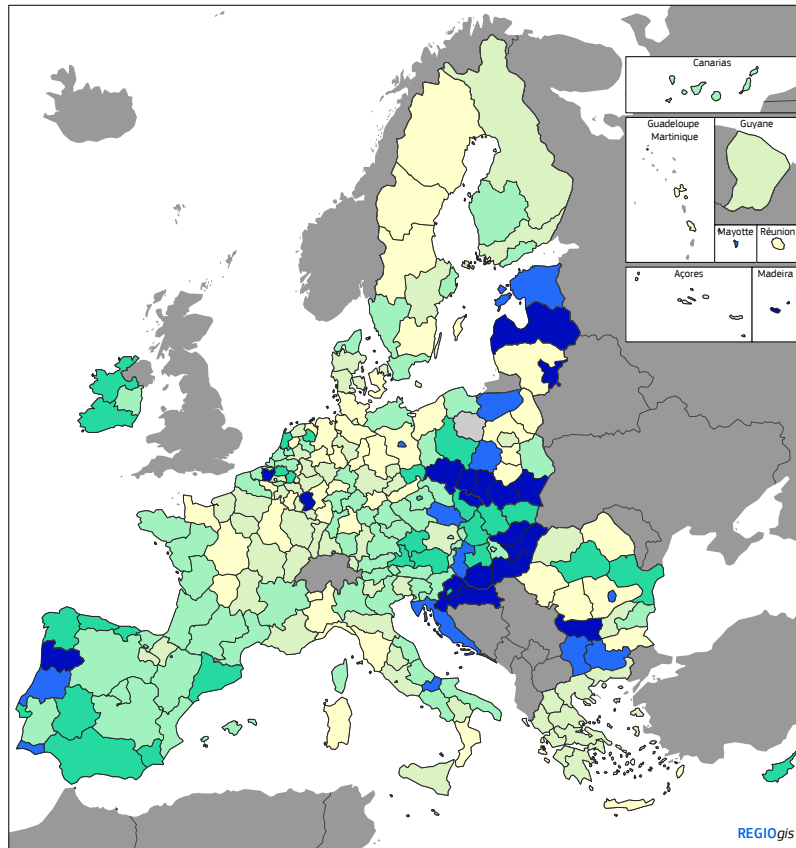
19 European Commission (2021c). The European Commission has been working on several initiatives on the future of work. The proposed directive on platform work aims to classify digital platform workers more meaningfully and establish the first set of EU rules governing the use of AI in the workplace. The Commission is examining the implications of teleworking and the right to disconnect within the broader digitalisation of the workplace and is currently assessing the next steps in light of the European Parliament's legislative resolution on these issues. The EU's approach to AI centres on excellence and trust, with a focus on enhancing research and industrial capacity while ensuring safety and fundamental rights.

Table 2.2 The labour market situation of young people by level of development and by geographical area EU regions, 2013 and 2022

	Employment rate, 15–24			Unemployment rate, 15–24			Unemployment ratio, 15–24			NEET 15–29		
	2013	2022	2013–2022	2013	2022	2013–2022	2013	2022	2013–2022	2013	2022	2013–2022
	% of pop		pp	% of labour force		pp	% of pop		pp	% of pop		pp
EU-27	29.6	34.8	5.2	24.7	14.4	-10.3	9.7	5.9	-3.8	16.1	11.7	-4.4
More developed	37.5	42.1	4.6	17.3	11.5	-5.8	7.8	5.5	-2.3	11.9	9.2	-2.7
Transition	28.4	34.3	5.9	27.8	16.2	-11.6	10.9	6.6	-4.3	15.7	11.4	-4.3
Less developed	19.3	21.9	2.6	37.3	21.7	-15.6	11.5	6.1	-5.4	22.5	16.3	-6.2
North-western EU	40.2	45.8	5.6	15.5	11.2	-4.3	7.4	5.8	-1.6	10.8	9.1	-1.7
Southern EU	16.7	21.4	4.7	47.5	26.2	-21.3	15.1	7.6	-7.5	24.0	15.4	-8.6
Eastern EU	23.2	25.4	2.2	26.6	13.7	-12.9	8.4	4.0	-4.4	17.5	12.9	-4.6

Note: 2021 break in LFS series.

Source: Eurostat [lfst_r_lfsd2pwc, edat_lfse_22], DG REGIO calculations.



Map 2.5 Employment in ICT, excess growth 2013–2020

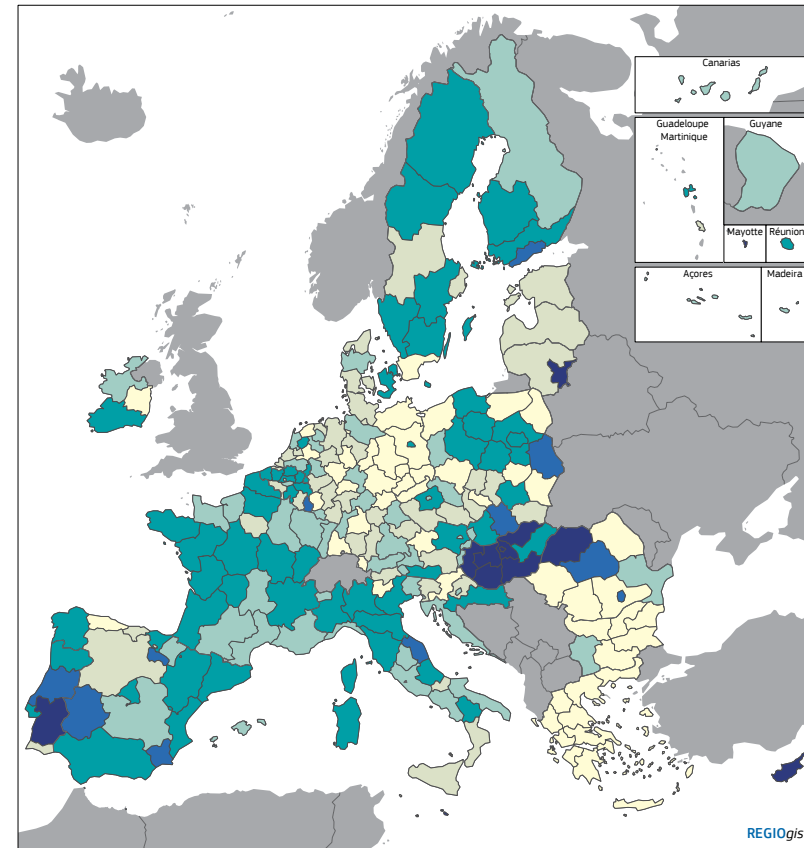
Excess growth - percentage point difference

- light yellow: lower than employment growth in the region
- light green: 0 – 10
- medium green: 10 – 20
- dark green: 20 – 35
- blue-green: 35 – 50
- dark blue: >= 50
- grey: no data

EU-27 = 14
 Excess growth is calculated as difference between sector's growth and total employment growth (excluding agriculture) in the region. If total employment growth (excluding agriculture) is less than 0, excess growth is set to sector's growth.
 Source: Eurostat (nama_10r_3empers) and DG REGIO estimates.

0 500 km

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Map 2.6 Employment in professional, scientific, technical, administrative and support service activities, 2013–2020

Excess growth - percentage point difference

- light yellow: lower than employment growth in the region
- light teal: 0 – 5
- medium teal: 5 – 10
- dark teal: 10 – 17.5
- blue-teal: 17.5 – 25
- dark blue: >= 50
- grey: no data

EU-27 = 8
 Excess growth is calculated as difference between sector's growth and total employment growth (excluding agriculture) in the region. If total employment growth (excluding agriculture) is less than 0, excess growth is set to sector's growth.
 Source: Eurostat (nama_10r_3empers) and DG REGIO estimates.

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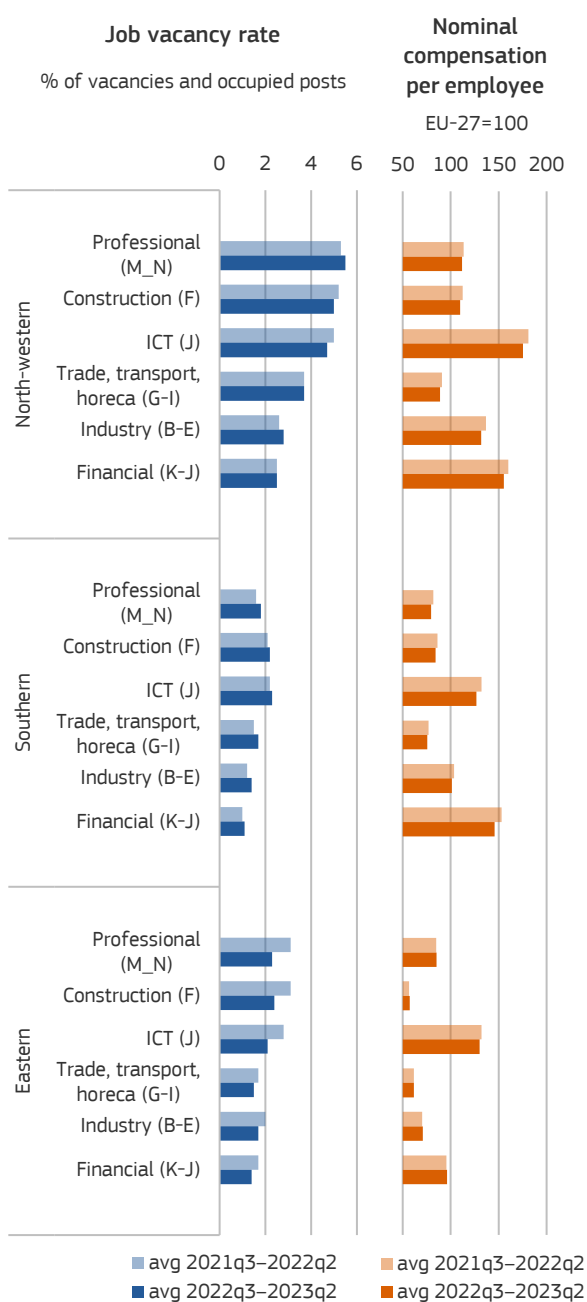
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How to read the maps: Two sectors – information and communication (J), and professional, scientific & technical activities and administrative & support service activities (M_N) – registered double-digit employment growth in the EU (22 % and 15 %) between 2013 and 2020.

Excess growth is the difference between growth in the selected sector (J or M_N) and total employment growth (excluding agriculture, which broadly declined). For instance, in southern regions of Poland employment growth in sector (J) was 50 % higher than total employment growth in these regions. In all regions of Greece, employment growth in sector (M_N) was either negative or lower than total employment growth in these regions.

In cases where total employment growth (excluding agriculture) is negative, the excess growth is set to growth in the selected sector (J, M_N).

Figure 2.3 Job vacancy rates and nominal compensation per employee by geographical area, average 2021q3–2022q2 and average 2022q3–2023q2



Note: hotels= hotels, restaurants and catering.
 Source: Eurostat [jvs_q_nace2, namq_10_a10, namq_10_a10_e] and DG REGIO calculations.

4. Empowering through education and skills

The importance of investing in human capital to ensure that skills are available to meet expanding needs, especially those arising from the green and digital transitions, will increase in the coming years. Tertiary education, by providing the high-level skills required, together with vocational education and training (VET) will play a pivotal role in this²⁰. The aim of policy should be to ease the integration of young graduates into the labour market, facilitate mobility, maintaining high-quality standards, and promote lifelong learning.²¹ In addition, there is an equally important need to upskill and reskill workers in line with the opportunities the twin transitions bring. Digital skills, extensively present in policy initiatives, are particularly relevant here (see Chapter 5). Equally a shrinking population of young people highlights the importance of strengthening skills in regions with net outward migration and/or with a small and declining share of tertiary-educated people (see Chapter 6).

4.1 Tertiary education and VET are complementary across EU regions

A skilled workforce is key to economic development and prosperity. Both tertiary education and VET play a major role in ‘smart specialisation’ strategies by helping to retain and attract talent, generating absorptive capacity in the societies and economies in which they are located, and helping to build sustainable and more equitable communities²². University education can boost upward social mobility and improve employment prospects. While there is an upward trend in high skills endowment in the EU, disparities between regions have widened. Tertiary education rates for those aged 25 to 64 remain higher in more developed regions and transition regions (38 % and 36 %, respectively, in 2022) than in less developed ones (26 %, and in north-western Member States (39 %) than in southern and eastern ones (Table 2.3, left columns). Tertiary education rates exceeded 50 %

20 The term ‘tertiary education’ refers to international standard classification of education (ISCED) tertiary education (levels 5–8). The term ‘vocational education and training’ refers to vocational upper-secondary and post-secondary non-tertiary education (vocational ISCED levels 3 and 4).

21 European Union (2020).

22 Hazelkorn and Edwards (2019).

Table 2.3 Tertiary and vocational education and training (VET) attainment rates by level of development and by geographical area, 2013, 2021 and 2022

	Tertiary education attainment, 25–64				Upper-secondary and post-secondary non-tertiary VET attainment, 25–64		
	2013	2022	2013–2022	2021–2022	2021	2022	2021–2022
	%		pp		%		pp
EU-27	27.1	34.3	+7.2	+0.7	35.3	35.3	+0.0
More developed regions	30.7	38.4	+7.7	+0.6	33.0	32.5	-0.5
Transition regions	29.0	35.8	+6.8	+0.4	34.8	35.3	+0.5
Less developed regions	19.7	25.7	+6.0	+0.7	39.8	40.3	+0.5
North-western EU	31.3	38.8	+7.5	+0.7	37.7	37.2	-0.5
Southern EU	24.1	30.5	+6.4	+0.4	21.0	20.8	-0.2
Eastern EU	22.9	29.8	+6.9	+0.6	48.8	50.2	+1.4

Note: No data on vocational education until 2021. 2021 break in LFS series.
Source: Eurostat [edat_lfs_9915], DG REGIO calculations.

in nearly 20 EU regions in half the Member States in 2022. However, over 80 % of regions in Italy, Romania, Czechia, Portugal and Bulgaria had rates below 30 % (Map 2.7). These regions lacking a qualified labour force capable of enhancing productivity, when coupled with a declining working-age population, are prone to fall into a talent development trap (see Section 3 in Chapter 6).

Differences within Member States are pronounced. The concentration of universities in capital city regions in all countries attracts students, while the high demand for highly qualified workers, with an added wage premium²³, attracts the tertiary-educated and makes it easy for them to find a job matching their skills. At the same time, firms are also more likely to find the skills they need in such areas. The difference in the share of the tertiary-educated between the capital city regions and others is pronounced in the countries noted above, but also in Hungary, France and Portugal (over 30 pp, Figure 2.4)²⁴.

It is important to recognise that VET provides skills that complement those resulting from tertiary education. The significance of VET is growing in

eastern Member States and in rural areas. The VET attainment rates exceeded 50 % in around 50 EU regions concentrated in just eight Member States. In contrast to tertiary education, capital city regions consistently have the smallest proportion of people with VET qualifications. The difference between these regions and others is especially pronounced in Romania, Germany and Czechia (more than 30 pp, Figure 2.5).

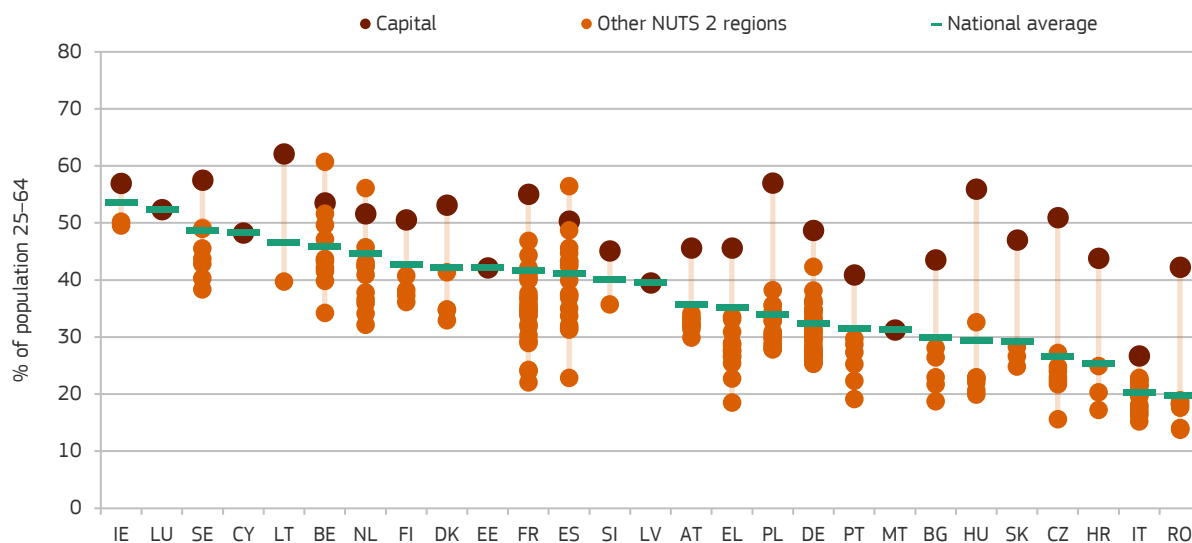
VET provides the technical and practical skills crucial for emerging activities, such as assembling renewable energy-infrastructure, renovating buildings for energy efficiency and digital connectivity, and manufacturing and repairing electric vehicles²⁵. Equipped with such skills, young people aged 20 to 34 with VET qualifications achieve rates of employment comparable to those with tertiary qualifications in many EU regions. In 43 regions, employment rates for those with VET qualifications were higher than those with tertiary education, over 5 pp higher in many regions in Greece, Czechia and Spain, reflecting their economic structure.

23 European Commission (2023b).

24 Differences are particularly marked between outermost regions and the capital region. In France 55 % of the population of Ile de France has tertiary education in 2022 compared with 22 % in French Guiana, 24 % in La Reunion and 24.2 % in Guadeloupe. Similar differences can be found between Lisbon and Azores or Madeira.

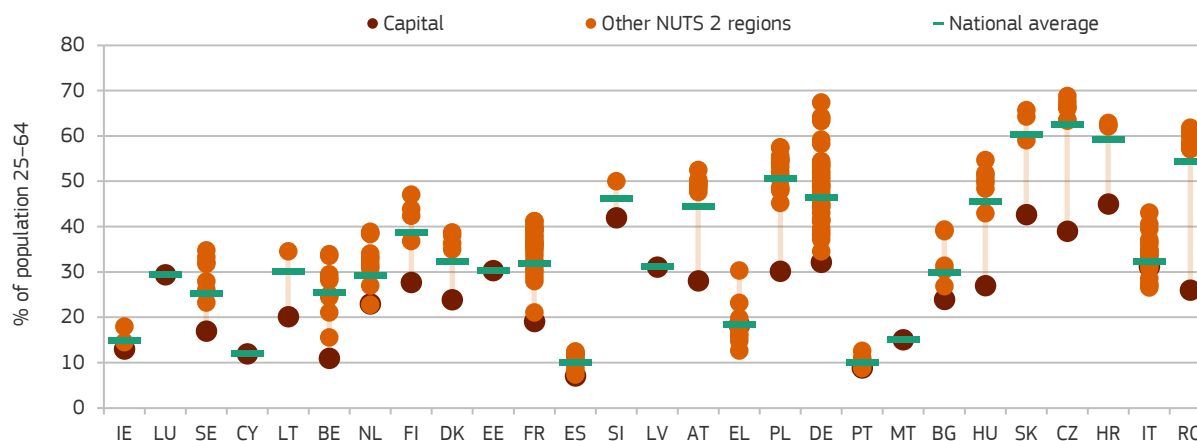
25 European Labour Authority (2023); European Commission (2023a); Cedefop (2021).

Figure 2.4 Regional variations in tertiary education rates, 2022



Note: Countries are ranked by national averages in tertiary education.
Source: Eurostat [edat_lfse_04] and DG REGIO calculations.

Figure 2.5 Regional variations in VET attainment rates, 2022



Note: Countries are ranked by national averages in tertiary education.
How to read the chart: The capital city regions of HR, CZ, SK and SI, have more than 40 % of those aged 25-64 with VET qualification and over 85 % with either tertiary or vocational upper secondary education. By contrast, the share of those with VET qualifications is less than 20 % in capital city regions in CY, MT and PT, and there are a smaller proportion with tertiary or VET qualifications than in other EU capital city regions.
Source: Eurostat [edat_lfse_04] and DG REGIO calculations.

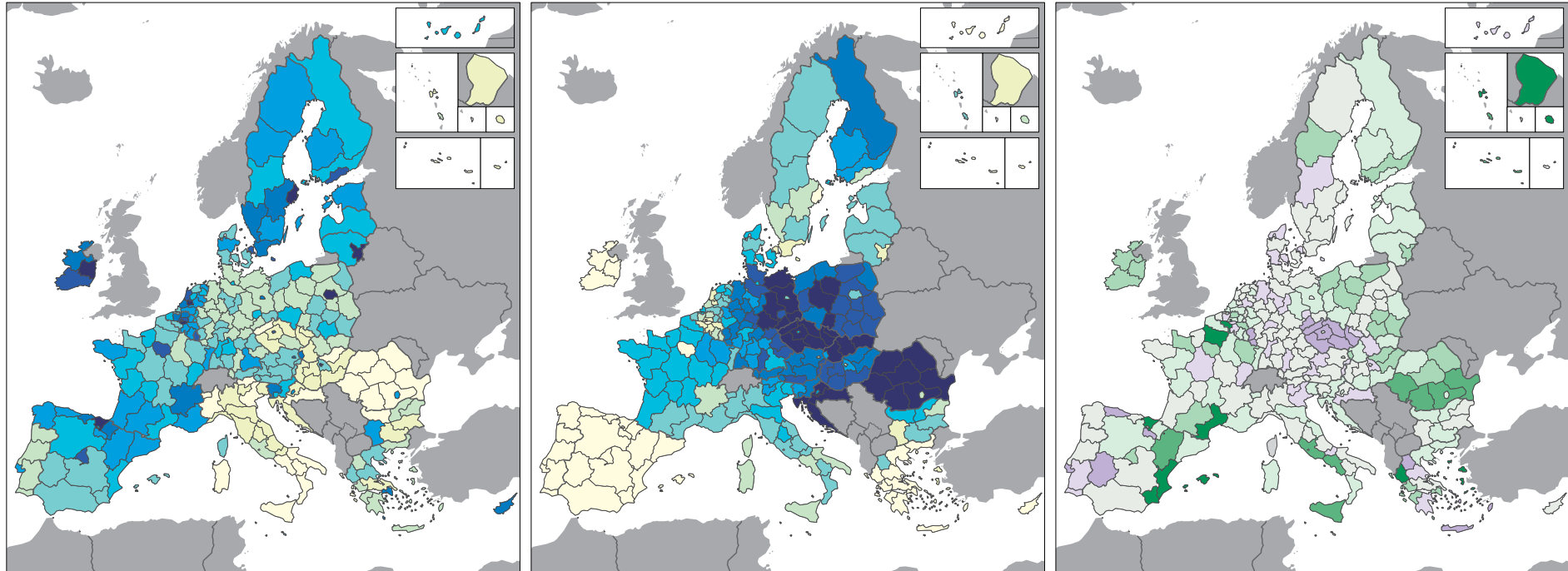
4.2 Higher adult participation in education and training in more developed regions

It is clear that, throughout people's working lives, upskilling and reskilling will be increasingly necessary to enable them to take advantage of emerging opportunities. They will be equally important for ensuring regional competitiveness as the green and digital transitions proceed.

After several years of slow increases, adult participation in education and training (those aged 25 to 64 participating in the four weeks preceding the LFS) declined sharply (by 1.7 pp) in 2020 because of the COVID-19 measures. It quickly rebounded the following year as labour markets recovered, especially in eastern countries.

In more developed regions, participation declined by 1.6 pp in 2020 but increased by 14 % in 2022, to 1 pp above its level in 2019. In transition regions,

Map 2.7 Regional indicators of educational attainment, 2022

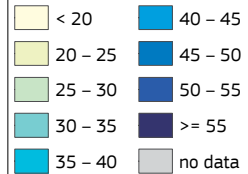


Tertiary education rate

Vocational education and training rate

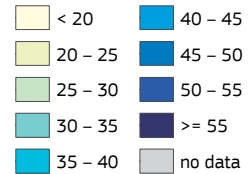
Difference in employment rate (20–34) between those with tertiary and with VET attainment

% of population aged 25–64



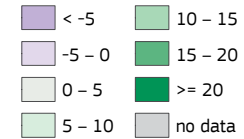
EU-27 = 34.3
Source: Eurostat [edat_lfse_04].

% of population aged 25–64



EU-27 = 35.3
Source: Eurostat [edat_lfse_04].

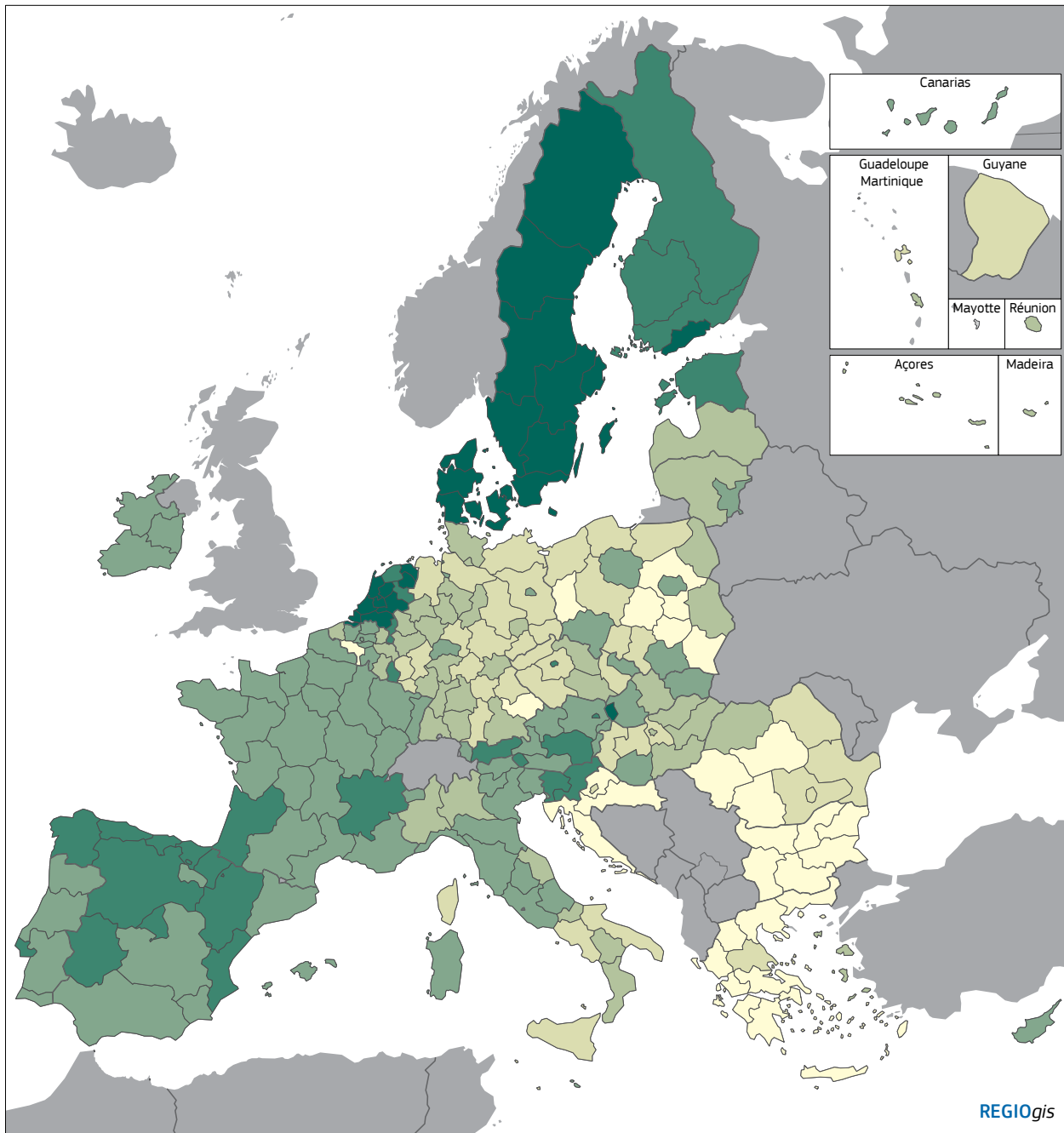
percentage point difference



EU-27 = 6.4
Source: DG REGIO based on Eurostat [edat_lfse_33].

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Map 2.8 Participation of adults (25–64) in education and training in the past four weeks, 2022

% of population aged 25-64 years

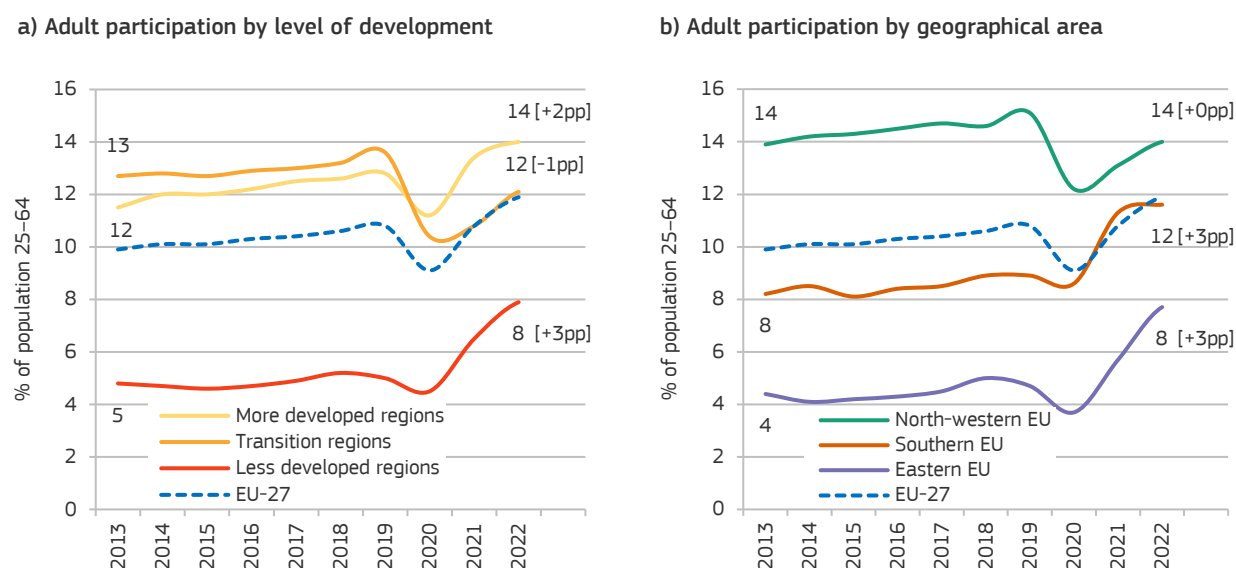
- < 5
- 5 – 7.5
- 7.5 – 10
- 10 – 15
- 15 – 25
- > 25
- no data

EU-27 = 11.9
Source: Eurostat (trng_lfse_04).

0 500 km

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Figure 2.6 Participation of adults (25–64) in education and training in the past 4 weeks by level of development and by geographical area, 2013–2022



Note: 2021 break in LFS series.

Source: Eurostat [trng_lfse_04] and DG REGIO calculations.

it fell by 3.2 pp in 2020 and while it rebounded to 12 %, it was almost 2 pp lower than before the pandemic. Conversely, in less developed regions, where there was not much reduction in 2020, participation increased to 8 % in 2022, some 2.5 pp above its 2019 level (Figure 2.6 and Map 2.8).

Despite the increase in participation in 2022, targeted, region-specific investments are needed to address particular needs and challenges, especially in less developed regions, and especially in eastern and southern countries. Meeting the 2030 skills target²⁶, proposed in the European Pillar of Social Rights action plan, of 60 % of adults participating in training every year²⁷ also requires significant progress across all regions, which is likely to need more affordable education and training, flexible learning opportunities, the development of a culture of life-long learning, and the recognition of the benefits by both employers and employees (Box 2.3).

4.3 Access to childcare and education is improving, though with regional differences

The EU has recently revised the Barcelona targets²⁸ of having at least 45 % of children below the age of 3, and the EU-level target of at least 96 % of children aged 3 to compulsory primary school age, enrolled in early childhood education and care (ECEC) by 2030. In 2021, 57.4 % of children under 3 in the EU were in ECEC and 92.5 % of those between 3 and primary school age. As regards the latter, France, Belgium, Denmark, Ireland, Sweden and Spain, and most of their regions, have already met the 95 % target. The participation rate remained low in 2021 (below 85 %) in all regions in Greece, Croatia, Romania and Bulgaria and it has been declining in the latter two. It is also on average much lower in less developed regions (87.0 %) than in transition (94.9 %) or more developed (93.2 %) ones (Map 2.9)²⁹.

26 The target is set based on adult participation in learning activities in the past 12 months.

27 European Commission (2021b).

28 European Union (2022b).

29 European Commission (2023a).

Reducing early school-leavers (those aged 18 to 24 with at most lower-secondary education and not involved in further education or training) should help to improve labour market outcomes and eliminate pockets of socio-economic deprivation. The proportion of early school-leavers in the EU declined

from 11.8 % in 2013 to 9.6 % in 2022, gradually approaching the EU target of 9 % or less by 2030. This decline was more pronounced in less developed regions (by 2.9 pp to 12.0 %) and transition regions (by 2.2 pp to 9.1 %) than in more developed ones (by 1.3 pp to 9.8 %) (Map 2.10).

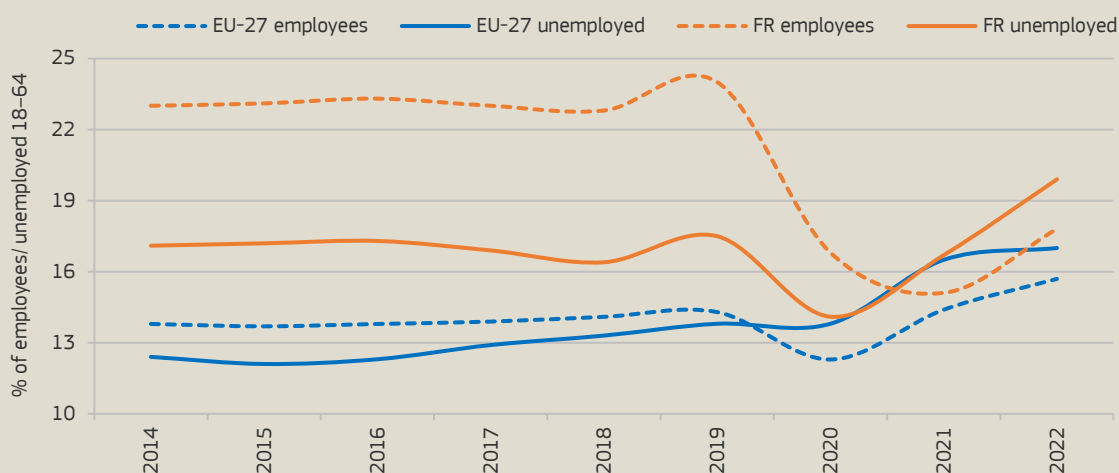
Box 2.3 Initiatives for skills under the European skills agenda

The European skills agenda¹ aims to strengthen sustainable competitiveness, social fairness, and resilience in the EU. It covers several initiatives that are linked to the European Pillar of Social Rights and its action plan with the goal of having 60 % of people participating in training each year by 2030. The ‘pact for skills’ programme² is designed to support public and private organisations in upskilling and reskilling their workforce, so they can thrive through the green and digital transitions. The implementation of individual learning accounts (ILAs)³ (at a more advanced stage in France, Belgium, Croatia, Lithuania and Greece) along with the expansion of micro-credentials⁴ will play a significant role in achieving the EU-level 2030 goal. The ‘year of skills 2023’ gave a

fresh impetus to lifelong learning, promoting innovation and competitiveness, participation and empowering people and companies to play an active role in the green and digital transition, while addressing current and anticipated skills and labour shortages.

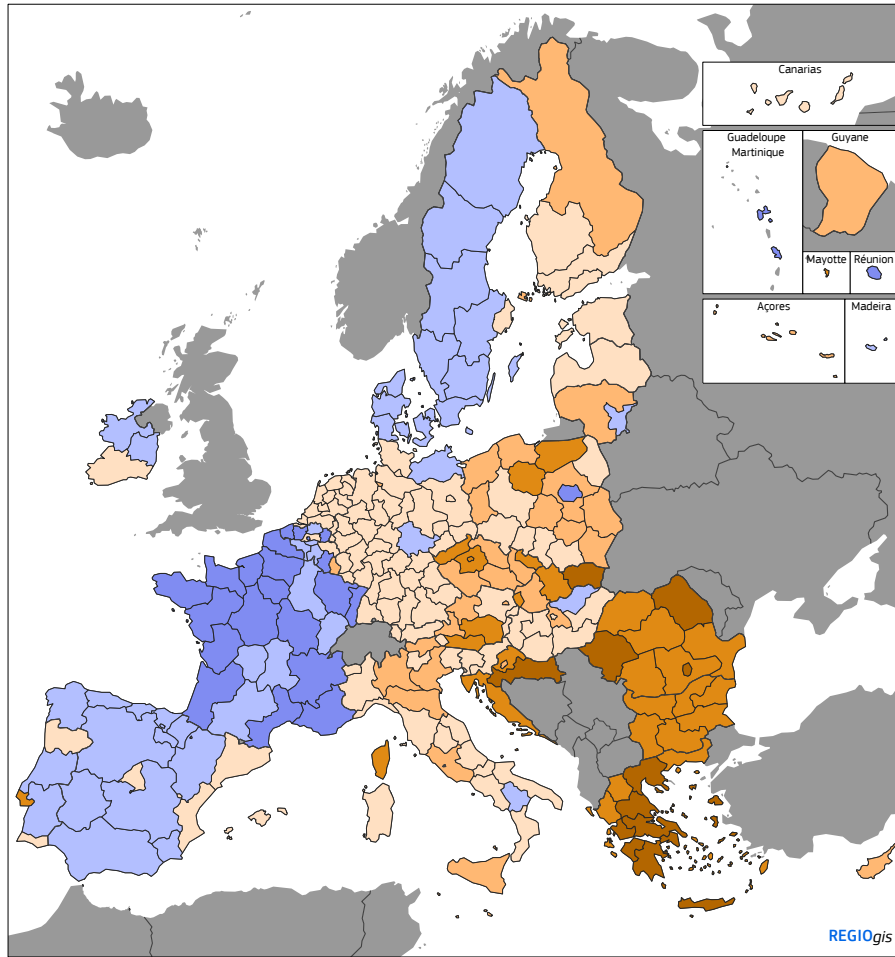
As an example, the impact of an ILA implemented in France (the CPF *compte personnel de formation*, designed to support all employees and job-seekers in acquiring new skills), benefits in particular job-seekers whose participation in training over the preceding four weeks recovered from a low of 14 % in 2020 to an unprecedented high of 20 % two years later, the increase being spread across most French regions (Figure 2.7).

Figure 2.7 Participation of employees and the unemployed in education and training in the past four weeks for the EU-27 and France, 2014–2022



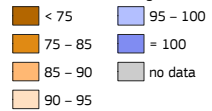
Note: Break in LFS series in 2021.
Source: Eurostat [trng_lfs_03].

- 1 European Commission (2020a).
- 2 https://pact-for-skills.ec.europa.eu/index_en.
- 3 European Commission (2021a).
- 4 European Union (2022a).



Map 2.9 Participation rates in early childhood education, 2021

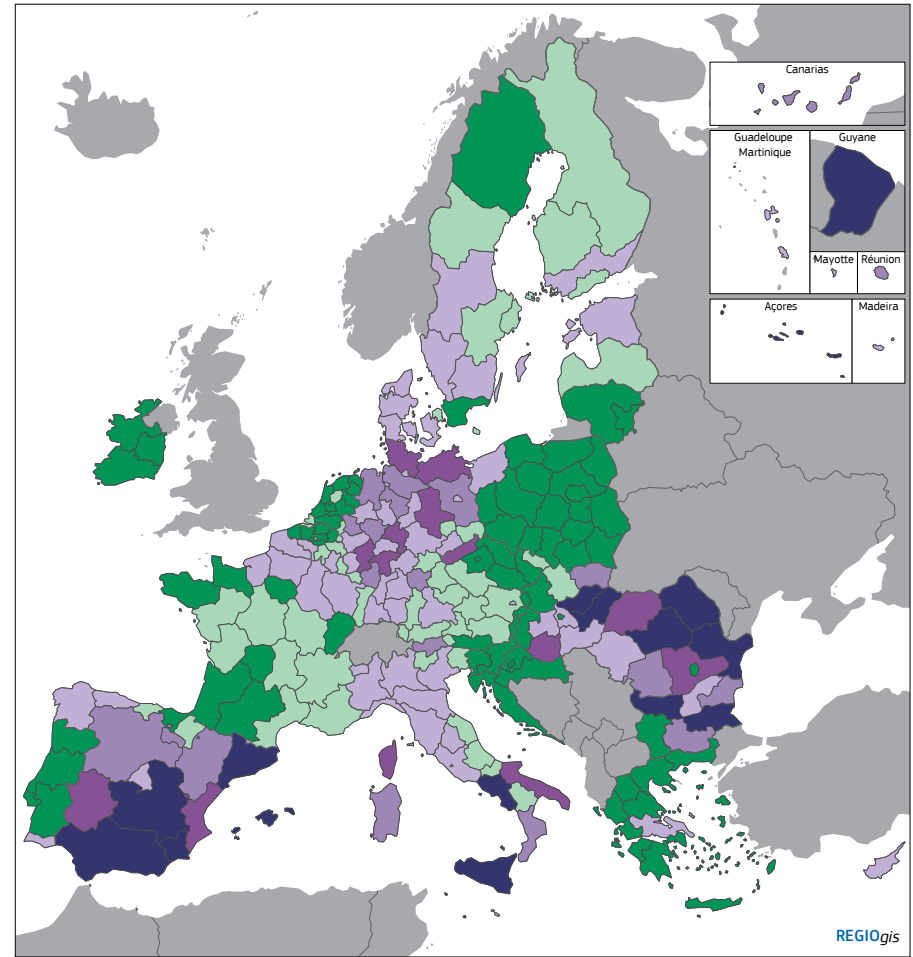
% of children from age 3 to the starting age of compulsory education at primary level



EU-27 = 92.5
 Participation in ECEC rate target: 96 % in 2030.
 EL 2019, DE NUTS 1, NL NUTS 0.
 Source: Eurostat [educ_oe_enra22] and DG REGIO estimates.



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Map 2.10 Early leavers from education and training, average 2020–2022

% of population aged 18–24



EU-27 = 9.8
 Early leavers are people aged 18 to 24 who have completed at most lower-secondary education and are not involved in further education or training.
 The target is less than 9 % by 2030.
 Source: Eurostat (edat_ifse_16) and DG REGIO estimates.



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Access to primary school for children varies considerably across regions. The proportion of the population living within a 15-minute walk of a primary school is above 80 % in a number of regions in the south and east of Spain, south and north-west of Italy, the Netherlands, and north of France. It also tends to be higher in capital city regions than in others. The smallest proportion (below 20 %) are in southern and eastern regions in Germany, Croatia, Latvia and Lithuania (see Section 4 in Chapter 3).

5. Reducing poverty and social exclusion

Increasing employment opportunities through improving skills and productivity tends to lead to higher wages and increased household income, so reducing the number of people AROPE. At the same time, there needs to be support by a tax-benefit

system that alleviates the risk of poverty and exclusion for those unable to work and ensures access to essential services.

The AROPE rate is a multi-faceted concept, encompassing three distinct components relative monetary poverty, severe material or social deprivation, and living in a quasi-jobless household. The rate covers all those falling into any of these categories (Box 2.4).

The AROPE rate declined from 2016 to 2019 (by 2.6 pp) but remained unchanged at 21.6 % from then until 2022 (the latest year for which data are available), when around 95 million people were affected. Certain groups are particularly disadvantaged, such as those with low education, for whom the AROPE rate was 34.5 % in 2022, as opposed to 19.8 % for those with upper-secondary education and 10.5 % for those with tertiary qualifications³⁰.

Box 2.4 AROPE and the ‘new’ severe material and social deprivation indicator

Individuals identified as being AROPE are those who meet at least one of the following criteria.

- Being at risk of poverty (or relative monetary poverty) – defined as living in a household with equivalised disposable income in the previous year below 60 % of the national median income.
- Being severely materially or socially deprived – defined as unable to afford at least seven of 13 specified items.
- Living in a household with very low work intensity (or being in a quasi-jobless household) – defined as people aged from 0 to 64 living in households where adults* worked less than 20 % of their total combined working potential during the previous 12 months.

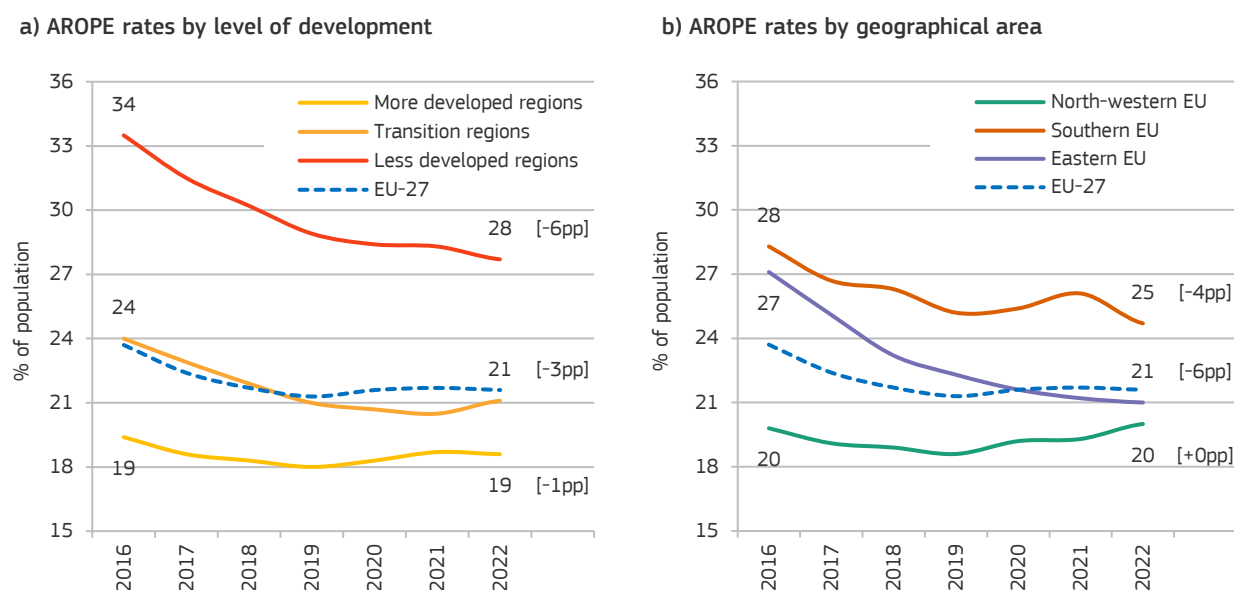
In 2021, the AROPE indicator was modified when a new EU 2030 target was set to better measure deprivation, based on a revised list of items, and to better account for social exclusion.

The revised list of deprivation items covers the following.

- At household level: the capacity to face unexpected expenses; to afford one week of annual holiday away from home; to meet payment arrears (on mortgage or rental payments, utility bills, hire purchase instalments or other loan payments); to have a meal with meat, chicken, fish or vegetarian equivalent every second day; to keep the home adequately warm; to access a car/van for personal use; and to replace worn-out furniture.
- At individual level: the ability to afford an internet connection; to replace worn-out clothes by new ones; to have two pairs of properly fitting shoes (including a pair of all-weather ones); to spend a small amount of money each week on themselves; to have regular leisure activities; and to get together with friends/family for a drink/meal at least once a month.

* Note: Those aged 18–64, but excluding students aged 18–24 and people who are retired according to their self-defined current economic status or who receive any pension (except survivor’s pension), as well as people in the age bracket 60–64 who are inactive and living in a household where the main income is pensions.

Figure 2.8 AROPE rates by level of development and by geographical area, 2016–2022



Note: The charts are for illustrative purposes, and data have been smoothed by DG REGIO. They need to be interpreted with caution. First, there are no regional data available for BE, AT and DE before 2021 and for FR before 2022. Secondly there is a break in the series for DE, DK, FR, IE, LU, north-western EU and EU-27 in 2020.

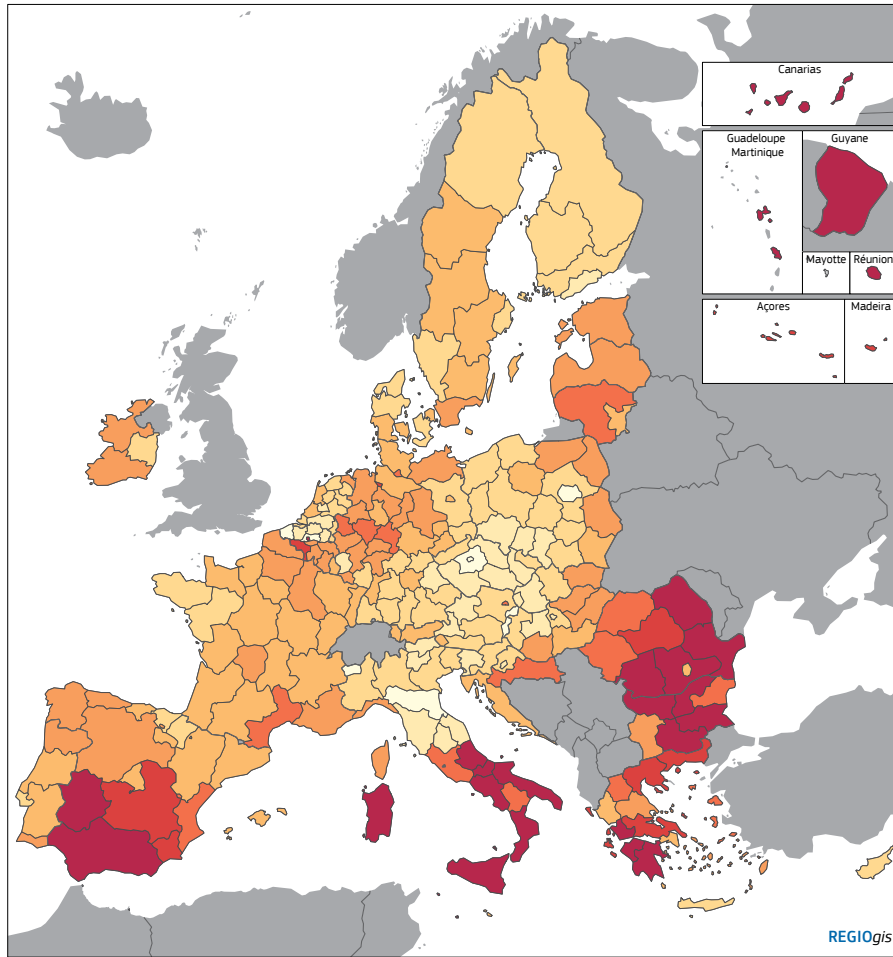
Source: Eurostat [ilc_peps13n] and DG REGIO calculations.

Table 2.4 AROPE rates by category of regions and by level of development and degree of urbanisation, 2016 and 2022

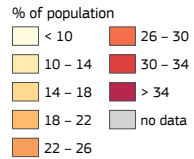
	2016	2022	2016–2022	Gap to EU in 2022
	% of population		pp	pp
EU-27	23.7	21.6	-2.1	
More developed regions	19.4	18.6	-0.8	-3.0
Transition regions	24.0	21.1	-2.9	-0.5
Less developed regions	33.5	27.7	-5.8	6.1
North-western EU	19.8	20.0	+0.2	-1.6
Southern EU	28.3	24.7	-3.5	3.1
Eastern EU	27.1	21.0	-6.1	-0.6
North-western EU – Cities	21.7	23.2	+1.5	1.6
North-western EU – Town and suburbs	17.8	19.2	+1.4	-2.4
North-western EU – Rural areas	16.8	15.9	-0.9	-5.7
Southern EU – Cities	27.3	23.6	-3.7	2.0
Southern EU – Town and suburbs	26.9	25.0	-1.9	3.4
Southern EU – Rural areas	31.6	26.7	-4.9	5.1
Eastern EU – Cities	20.1	14.6	-5.4	-7.0
Eastern EU – Town and suburbs	24.2	19.3	-4.9	-2.3
Eastern EU – Rural areas	34.5	27.9	-6.5	6.3

Note: 2020 break in EU-SILC series.

Source: Eurostat [ilc_peps13n], DG REGIO calculations.



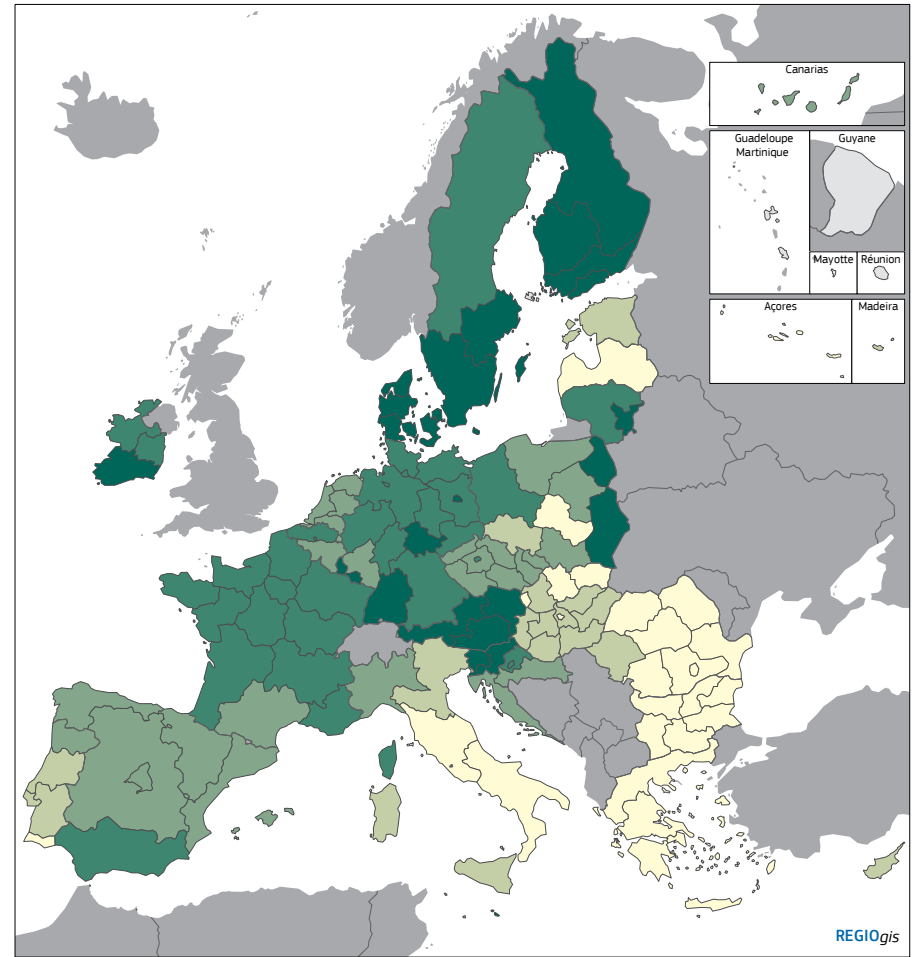
Map 2.11 Population at risk of poverty or social exclusion, 2022 (%)



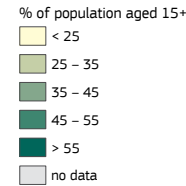
EU-27 = 21.7
 Source: Eurostat (ilc_peps11n and ilc_peps01n).



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Map 2.12 Population satisfied with efforts to reduce poverty, 2022



Percentages are based on all respondents excluding don't know and refused to answer.
 Question: Are you satisfied or dissatisfied with efforts to deal with the poor?
 Source: Gallup World Poll (WP131).



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Equally, the rate was relatively high for people with disabilities (28.8 %), though 2 pp lower than in 2016; and for people born outside the EU, it was more than double than for native-born people. The rate was also higher for children (24.7 %) than for adults, and higher for young people aged 18–24 (26.5 %) than for older age groups.

While the AROPE rate has not risen in the recent past despite surging energy and food prices and declining real wages, the lack of progress since 2019 is a cause for concern. Achieving the 2030 goal of reducing poverty by at least 15 million people may face difficulties if effective measures are not taken to safeguard standards of living, particularly of the most vulnerable households.

5.1 The risk of poverty and social exclusion in the EU is lower than a decade ago in all regions, but continues to be higher in eastern and southern rural areas

Progress in reducing the AROPE rate was evident across most types of regions in the EU between 2016 and 2019 but remained unchanged from then until 2022³¹. The difference in the rate between more developed and less developed regions narrowed, from 14 pp in 2016 to 9 pp in 2022,

because of a significant reduction in the latter, the rate remaining unchanged in the former. There was a marked reduction in eastern countries, particularly after 2020, while in southern countries, the rate was much the same in 2022 as in 2019 (Figure 2.8 and Table 2.4).

The reduction in the AROPE rate between 2016 and 2022 occurred mostly in eastern countries and rural areas in the south (by 5 pp to 7 pp) (Table 2.4). Nevertheless, the highest rates persist in rural eastern and southern regions. Marked differences are evident between parts of the EU, with a large share of the population being at risk (above 30 %) in many regions of Italy, Spain, Greece, Romania and Bulgaria. There are also marked regional variations within those five countries, notably between northern and southern regions in Spain and Italy, between parts of Belgium and between the outermost regions and mainland regions in Portugal (Map 2.11).

There are equally regional differences in satisfaction with government efforts to combat poverty (Map 2.12). According to the Gallup world poll in 2022, the proportion reporting being satisfied ranged from over 70 % of respondents in Luxembourg, Malta and some regions in Denmark to less than 10 % in some regions of Bulgaria and Greece.

Table 2.5 Food poverty by geographical area and by level of development, 2019 and 2022

	Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day		
	2019	2022	2019–2022
	%		pp
EU-27	6.7	8.3	+1.5
North-western EU	5.2	8.2	+3.0
Southern EU	7.1	6.5	-0.6
Eastern EU	9.5	10.6	+1.2
Highly developed countries	5.9	7.7	+1.8
Moderately developed countries	5.2	5.9	+0.7
Less developed countries	10.3	11.2	+1.0

Source: Eurostat [ilc_mdcs03], DG REGIO calculations.

31 The result must be interpreted with caution. First, there are no regional data available for BE, AT and DE before 2021 and for FR before 2022. Second, there was a break in series in DE, DK, FR, IE, LU, north-western EU and EU-27.

The regions with the highest AROPE rates have high rates for the different elements as well (Map 2.13).

- Most people included in the AROPE rate are AROP, 16.5 % of the total population in the EU in 2022. There are high AROP rates (of over 30 %) in numerous regions in Italy and Spain, the outermost regions of France as well as in parts of Romania and Bulgaria.
- Some 6.7 % of people in the EU experienced severe material and social deprivation in 2022, but as many as 30 % in many regions in Romania, Greece and Bulgaria.
- A slightly larger share, 8.3 %, lived in households with very low work intensity, this rising to over 18 % in a number of regions in Spain and Italy and in Brussels in Belgium.

5.2 Reducing material and social deprivation is jeopardised by recent events

This section focuses on the different aspects of material and social deprivation (Box 2.4). These failed to show any improvement in the EU over the period 2019 to 2022 and in some cases showed a worsening, with the lack of reduction in the AROP rate resulting in no reduction in the overall AROPE rate.

As a result of inflation and the failure of earnings to keep up with price increases, many people in eastern Member States, in particular, experienced an increase in material and social deprivation, especially among disadvantaged and/or vulnerable groups³². In 2022, around 30 % of people in the EU were unable to afford an annual holiday away from home, much the same as in 2019, though for the other social deprivation items³³ there was some reduction in the number of people affected.

32 Menyhert (2022).

33 For instance: having regular leisure activities, spending a small amount of money each week on oneself, getting together with friends or family for a drink or meal at least once a month.

34 On 16 June 2022 Member States unanimously adopted the Council Recommendation on ensuring a fair transition towards climate neutrality (2022/C 243/04). The Recommendation invites Member States to adopt measures that address the employment and social aspects of climate, energy and environmental policies. The Commission proposal was accompanied by a Staff Working Document (<https://ec.europa.eu/social/BlobServlet?docId=25029&langId=en>) that provides an overview and discussion of the available analytical evidence underpinning the recommended policy interventions, building on the analysis presented in relevant impact assessment reports accompanying the 2030 climate target plan and the various initiatives of the 'Fit for 55' package.

35 Menyhert (2023).

There was, however, an increase in the proportion of people experiencing several aspects of material deprivation. The proportion affected by food poverty (the inability to afford a meal with meat, chicken, fish or the vegetarian equivalent every second day), increased from 6.7 % in 2019 to 8.3 % in 2022 (Table 2.5), including an increase from 17.5 % to 19.7 % for people AROP. The increase was especially large in Romania (8 pp), whereas there was a significant reduction in Bulgaria (by 6 pp). Nevertheless, over 20 % of the population in all regions in Bulgaria, as well as northern regions in Romania, reported experiencing food poverty in 2021, while the proportions were also large (16 % or more) in Slovakia, most of Hungary, southern Italy and parts of Germany (Map 2.14).

5.3 Energy poverty is an increasing challenge

Taking the necessary measures to ensure the green transition is fair and inclusive and leaves no one behind is at the core of the European Green Deal³⁴. As part of this, it is important to prevent and address energy poverty, the risk of which has risen because of the higher prices of energy, resulting from increased demand in the recovery from the COVID-19 pandemic and restrictions on supply following the Russian war of aggression against Ukraine.

Energy poverty is a multi-dimensional phenomenon that results from a mix of low levels of income, expenditure on energy and other factors related to energy efficiency, such as poor building efficiency-standards (see Chapter 4). To determine accurately the incidence and extent of energy poverty is challenging, and the population identified as being affected differs according to whether subjective assessment or expenditure-based methods are used³⁵.

Table 2.6 Energy poverty by geographical area and by level of development, 2021 and 2022

	Inability to keep home adequately warm			Arrears on utility bills		
	2021	2022	2021–2022	2019	2022	2019–2022
	%		pp	%		pp
EU-27	6.8	9.3	+2.4	6.1	6.9	+0.8
North-western EU	3.9	7.3	+3.4	3.7	4.9	+1.3
Southern EU	11.9	13.4	+1.6	7.6	8.9	+1.3
Eastern EU	6.8	8.3	+1.6	9.5	8.6	-0.9
Highly developed countries	6.2	9.0	+2.8	4.2	5.6	+1.3
Moderately developed countries	8.1	9.0	+1.0	5.0	4.2	-0.8
Less developed countries	8.7	10.4	+1.7	13.1	12.6	-0.5

Source: Eurostat ilc_mdcs01, ilc_mdcs07], DG REGIO calculations.

The proportion of people unable to afford to keep the home adequately warm (one of the main indicators of energy poverty) increased from 6.8 % in 2021 to 9.3 % in 2022 (and to 20 % for those AROPE), reversing the reduction over the preceding six years (Table 2.6). The biggest increases were in Romania, France, Ireland, Germany and Spain (over 3 pp). In 2021³⁶, over 20 % of people in Cyprus, Lithuania, Bulgaria and southern regions of Greece reported being unable to keep their homes warm, while the proportions were almost as large (over 16 %) in southern Spain and parts of Portugal (Map 2.14)³⁷.

Although there was also an increase in the proportion of people in arrears on utility bills (covering heating, electricity, gas, water, etc.) in the EU, it was smaller (up from 6.2 % in 2019 to 6.8 % in 2022) than the increase in the share of people unable to afford to keep the home adequately warm. However, there were wide regional differences, over 20 % of people in 2021 reporting being in arrears in Greece and northern Bulgaria (Map 2.14).

The proportion of people being overburdened by housing costs (those for whom these represent over 40 % of household disposable income) has also increased since 2020, though with marked differences between cities and rural areas. In 2022,

11.3 % of people in the EU population living in cities had housing costs of over 40 % of income as opposed to 6.7 % in rural areas.

5.4 Access to healthcare and long-term care varies widely across EU regions

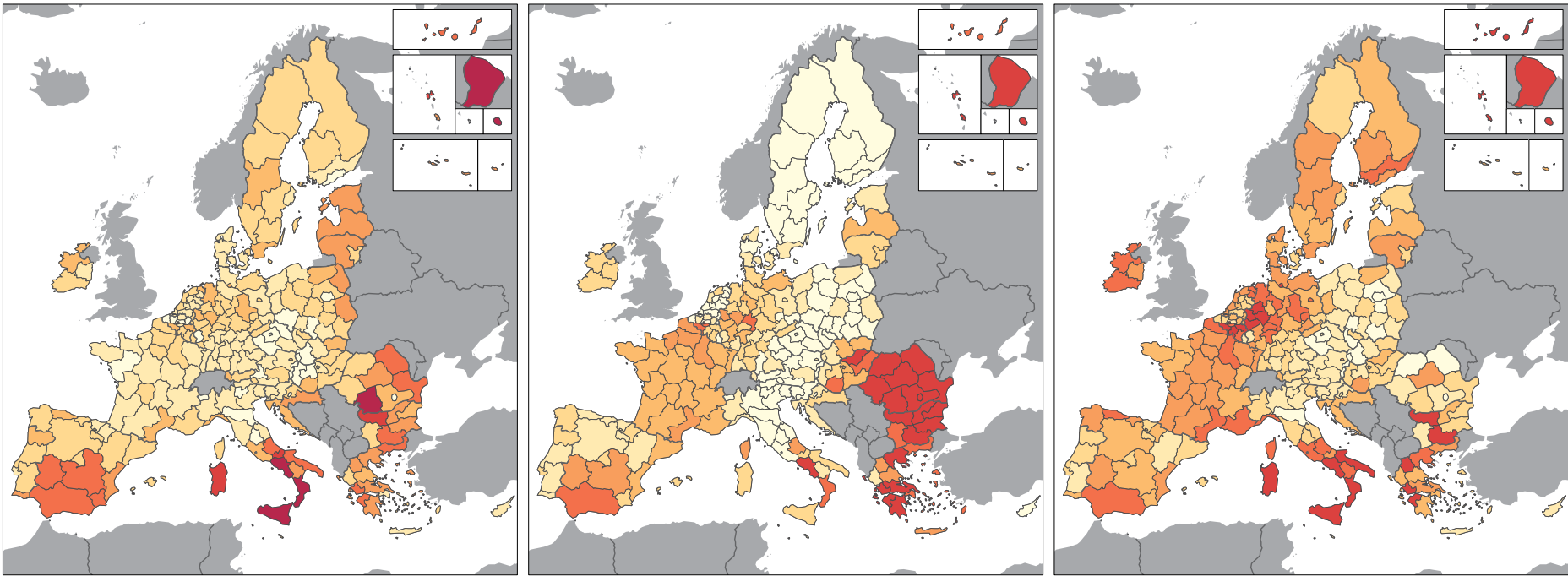
Access to healthcare in the EU, which improved between 2013 and 2019, worsened slightly between 2019 and 2022, while health inequalities grew³⁸. The proportion of people in the EU reporting an unmet need for medical examination, whether because of the costs involved, transport difficulties or being on a waiting list, was 2.2 % in 2022, up 0.5 pp from 2019. The figure was above 6 % in all regions of Finland and Greece as well as in Estonia and the east of Romania, though for different reasons. By contrast, the proportion was below 0.5 % in the Flemish part of Belgium, Yugoiztochen and Yugozapaden in Bulgaria, and Nyugat-Dunántúl in Hungary. It was also very small in Germany, the Netherlands, Czechia, Malta and Cyprus, where no regional breakdown is available. Significant differences are evident in Italy, where only 0.5 % of people reported unmet needs in the North-East, but 2.5 % in Isole (the islands) and 2.8 % in Sud (other parts of the south).

36 The EU-SILC microdata were not available for 2022.

37 It should be noted that the EU-SILC does not include a question on inability to keep houses adequately cool in the summer, which would be another element of energy poverty.

38 European Commission (2023f).

Map 2.13 Regional indicators of poverty and social exclusion, 2022



Population at risk of poverty

Severe material and social deprivation

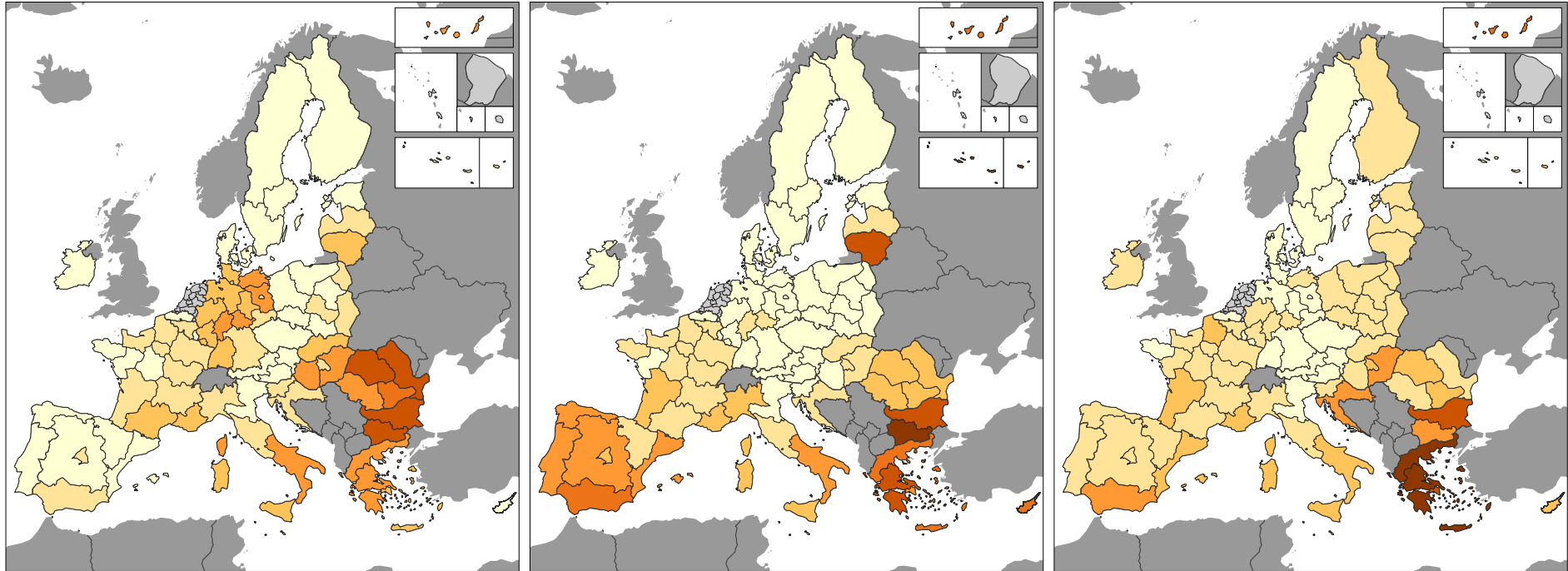
Population in households with very low work intensity

<p>% of population</p> <ul style="list-style-type: none"> < 10 10 – 14 14 – 18 18 – 22 22 – 26 26 – 30 30 – 34 >= 34 no data 		<p>EU-27 = 16.5</p> <p>Source: Eurostat (ilc_li41 and ilc_li02).</p>
<p>% of population</p> <ul style="list-style-type: none"> < 3 3 – 5 5 – 7 7 – 9 9 – 11 11 – 13 >= 13 no data 		<p>EU-27 = 6.7</p> <p>Source: Eurostat (ilc_mdspd18 and ilc_mdspd11).</p>
<p>% of population aged less than 65</p> <ul style="list-style-type: none"> < 3 3 – 5 5 – 7 7 – 9 9 – 11 11 – 13 >= 13 no data 		<p>EU-27 = 8.3</p> <p>Source: Eurostat (ilc_vhl21n and lvhl11n). People aged less than 65 living in households where adults worked less than 20 % of their total combined work-time potential during the previous 12 months.</p>

0 1 000 km

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Map 2.14 Food, heating and utilities poverty, 2021



Food poverty

Heating poverty

Arrears on utility bills

% of population

- < 4
- 4 – 8
- 8 – 12
- 12 – 16
- 16 – 20
- 20 – 24
- > 24
- no data

EU-27 = 7.3
Inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day.

EU-27 = 6.9
Inability to keep home adequately warm.

EU-27 = 6.4
Source: DG EMPL estimates based on Eurostat (EU-SILC microdata) SK: 2020.

0 1,000 km

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In 2021, the number of hospital beds per 100 000 people declined slightly in the EU to 524.8, continuing the trend of previous years³⁹. The highest concentration of hospitals beds per inhabitant was in Bulgaria, Germany, Romania and Austria. Significant differences within Member States are evident between small regions with the capital and surrounding regions, as in Hungary (992 beds per 100 000 inhabitants in the Budapest region and 220 in the Pest region), Belgium (702 in the Région de Bruxelles-Capitale and 228 in Brabant Wallon), Czechia (845 in Praha and 487 in Stredny Chechy) and Romania (1 048 in Bucuresti and 535 in Sud-Muntania). In comparison with 2019, before the outbreak of the COVID-19 pandemic, the number of hospital beds per inhabitant increased in 77 of the 181 NUTS 2 regions for which data are available, and declined in the remaining 104 regions.

The COVID-19 pandemic highlighted healthcare workforce shortages, an ongoing challenge in the EU. In 2021, the EU averaged 4.1 doctors and 7.8 nurses per 1 000 people, with significant variation between countries. For example, doctor numbers range from 2.9 (Luxembourg) to 5.4 (Austria) per 1 000, and nurse numbers from 0.9 (Romania) to 18.9 (Finland) per 1 000. Disparities persist at the NUTS 2 level, particularly in regions facing rapid ageing and depopulation, resulting in areas of limited healthcare access, known as medical deserts.

As regards older people, in 2019, 46.6 % of those aged 65 or older, with difficulties in respect of personal care or in carrying out household tasks, reported an unmet need for assistance. Residential care infrastructure varies widely across the EU. In 2019, the number of long-term care beds per 100 000 residents ranged from 27.4 in Bulgaria to 1 378.4 in the Netherlands, highlighting significant differences among Member States.

6. Gender equality

Gender equality is a fundamental principle of the EU. It features prominently in the European Pillar of Social Rights – in line with the UN sustainable development goals (SDGs) of achieving gender equality by 2030. SDG5 – and the EU gender equality strategy for 2020–2025⁴⁰ – strive to ensure that all EU policy areas contribute to advancing equality (Box 2.5). The European Pillar of Social Rights action plan also includes the target of at least halving the gender employment gap by 2030. While progress towards achieving gender equality in the EU is visible, women still face barriers, as reflected in the gender pay gap, the many fewer women than men in leadership positions and the many more women than men who carry the burden of unpaid care work.

Gender inequality also hampers economic and social development. Increasing the number of women in employment tends to raise productivity as well as further innovation and diversity in the workplace. Increasing the participation of women is crucial to tackling skill shortages in the context of a shrinking population of working age (see Chapter 6).

While women's participation in the labour market has continued to expand over recent years, in 2022, 69 % of women aged 20 to 64 in the EU were employed, 11 pp less than for men, meaning that the gender employment gap has remained virtually unchanged for a decade. Regional differences have also widened.

6.1 Regional labour markets for women

The employment rate of women increased relative to that of men in more developed and transition regions between 2013 and 2022, as well as in north-western Member States. Conversely, it declined in less developed regions and in southern countries where employment rates are lower and high-quality and affordable childcare is lacking (Figure 2.9).

39 Eurostat, Healthcare statistics [hlth_rs_bdsrg2 and hlth_rs_bds1].

40 European Commission (2020b).

In less developed regions, the gender employment gap in 2022 (16 pp) was around double that in more developed (8 pp) and transition regions (9 pp). The gap was also much wider in southern Member States (15 pp) than in north-western (7 pp) and eastern ones (12 pp). It was over 20 pp in all regions in Greece, southern Italy and the eastern regions in Romania (Map 2.15).

Many factors play a role in shaping women's participation in the work-force and in affecting the size of the gender gap⁴¹. Among these, working conditions and a lack of high-quality and afforda-

ble childcare and long-term care have a direct impact on their work-life balance.

6.2 More women than men have tertiary education in almost all regions

Women tend to have higher education attainment than men. In 2022, 37 % of women aged 25 to 64 in the EU had a tertiary degree as against 31 % of men. More women than men had this level of education in all regions except several in Germany, Austria and Noord-Brabant in the Netherlands (Map 2.16). Tertiary-educated women, like men, tend to be concentrated in large cities, though the

Box 2.5 Gender equality

The gender equality strategy 2020–2025 sets out a comprehensive framework for promoting gender equality. It includes goals such as reducing gender-based violence; challenging gender stereotypes; closing gender gaps in the labour market; achieving equal participation across different sectors of the economy; addressing the gender pay and pension gaps; closing the gender care gap; and achieving gender balance in decision-making and in politics. The implementation of the strategy is based on a dual approach of targeting measures to achieving gender equality and strengthening gender mainstreaming at all stages of policy design in all EU policy areas, internal and external.

The EU has taken initiatives covering a wide range of policy areas to promote gender equality. In particular, the Pay Transparency Directive¹ requires Member States to ensure that men and women are paid equally for equal work; the Gender Balance on Boards Directive² sets targets for large listed companies in the EU to accelerate progress towards gender balance in their boards; and the Work-Life

Balance Directive³ promotes work-life balance for both male and female workers with care responsibilities through rights to paternity and parental carer's leave, as well as the right to request flexible working time arrangements for care reasons, thus fostering gender equality in meeting care responsibilities. The EU Directive on Preventing and Combating Violence Against Women and Domestic Violence⁴ requires EU Member States to take measures to prevent and combat violence against women and domestic violence and provide support to victims.

Gender equality is mainstreamed in the multiannual financial framework for 2021–2027 and is integrated in many EU funding programmes and budget guarantee instruments, including the ESF+, ERDF, Cohesion Fund, CERV (citizens, equality, rights and values), Creative Europe, the European Maritime and Fisheries Fund, Horizon Europe and Invest EU. These programmes all support goals set in the gender equality strategy, with a specific focus on support for female entrepreneurship.

1 European Union (2023).






































































2 European Union (2022c).

3 European Union (2019).

4 European Commission (2021d).

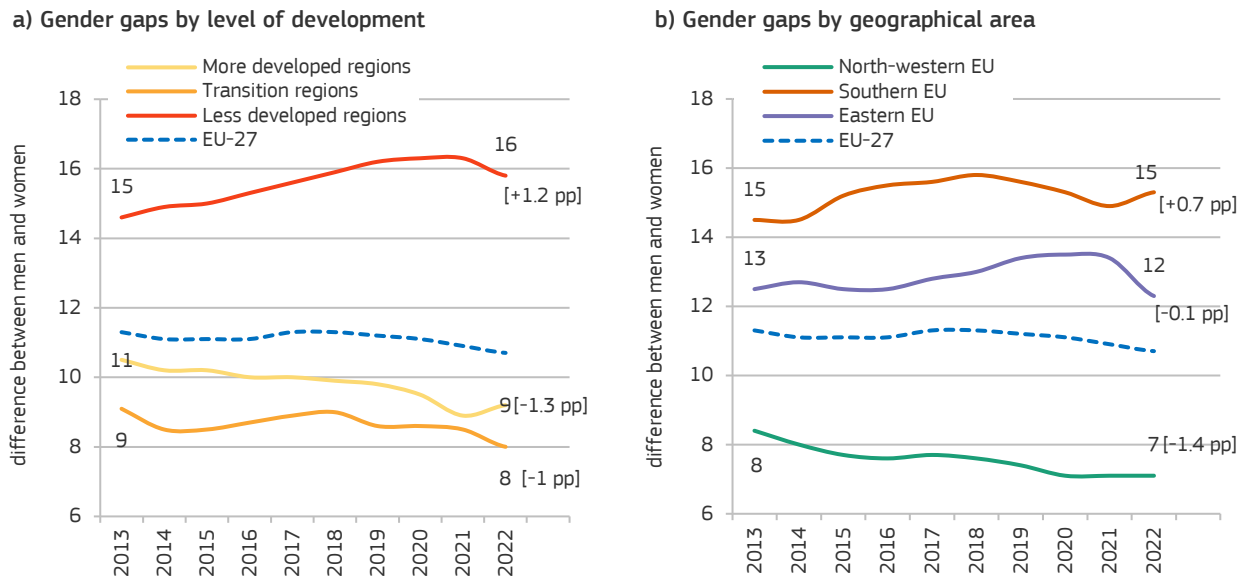
41 European Commission (2023g).

Table 2.7 Gender gap indicators by education level, level of development and geographical area, 2022

	Distribution of population 25–64		Tertiary rate 25–64		Gap in education level of population			Gap in employment rate			
	Women with tertiary	Men with tertiary	Women	Men	Tertiary education	Medium education	Low education	Tertiary education	Medium education	Low education	Total
EU-27			 37.1	 31.4	 6	 -4	 -2	 -5	 -12	 -23	 -11
More developed regions	 19 18		 39.8	 36.8	 3	 -1	 -2	 -6	 -10	 -21	 -9
Transition regions	 10 8		 39.4	 32.0	 7	 -6	 -2	 -4	 -10	 -18	 -8
Less developed regions	 8 6		 30.0	 21.4	 9	 -7	 -2	 -6	 -18	 -29	 -16
North-western EU	 19 18		 40.0	 37.3	 3	 -2	 -1	 -5	 -7	 -17	 -8
Southern EU	 10 8		 33.9	 27.0	 7	 -1	 -6	 -6	 -19	 -27	 -16
Eastern EU	 8 6		 35.0	 24.7	 10	 -11	 0	 -5	 -16	 -24	 -12

Note: The gap is the value for women minus the value for men. 2021 break in LFS series.
Source: Eurostat [lfst_r_lfe2eedu, lfst_r_lfsd2pop], DG REGIO calculations.

Figure 2.9 Gender gaps in employment rate by level of development and by geographical area, 2013–2022



Note: Gap = value for men minus value for women. 2021 break in LFS series.
Source: Eurostat [lfst_r_lfsd2pwc], DG REGIO calculations.

recent spread of teleworking in office-based jobs may create more prospects for women throughout the EU, in all regions⁴².

Women with tertiary education represent a potentially valuable resource and an opportunity in less developed regions. In 2022, some 8 % of all women aged 25 to 64 in the EU had tertiary education and lived in less developed regions, while the figure for men was only 6 % (Table 2.7, part a). Indeed, the larger proportion of women than men in the EU with this level of education largely reflects the difference in less developed regions (9 pp) and transition ones (7 pp) compared with more developed ones (3 pp), as well as in eastern Member States (10 pp) and southern ones (7 pp) as compared with north-western ones (Table 2.7, part b).

A higher level of education is also associated with a narrower gender employment gap, this being only 5 pp for those with tertiary education in the EU, as against 12 pp for those with upper-secondary education and 23 pp for those with only basic education (Table 2.7, parts c and d).

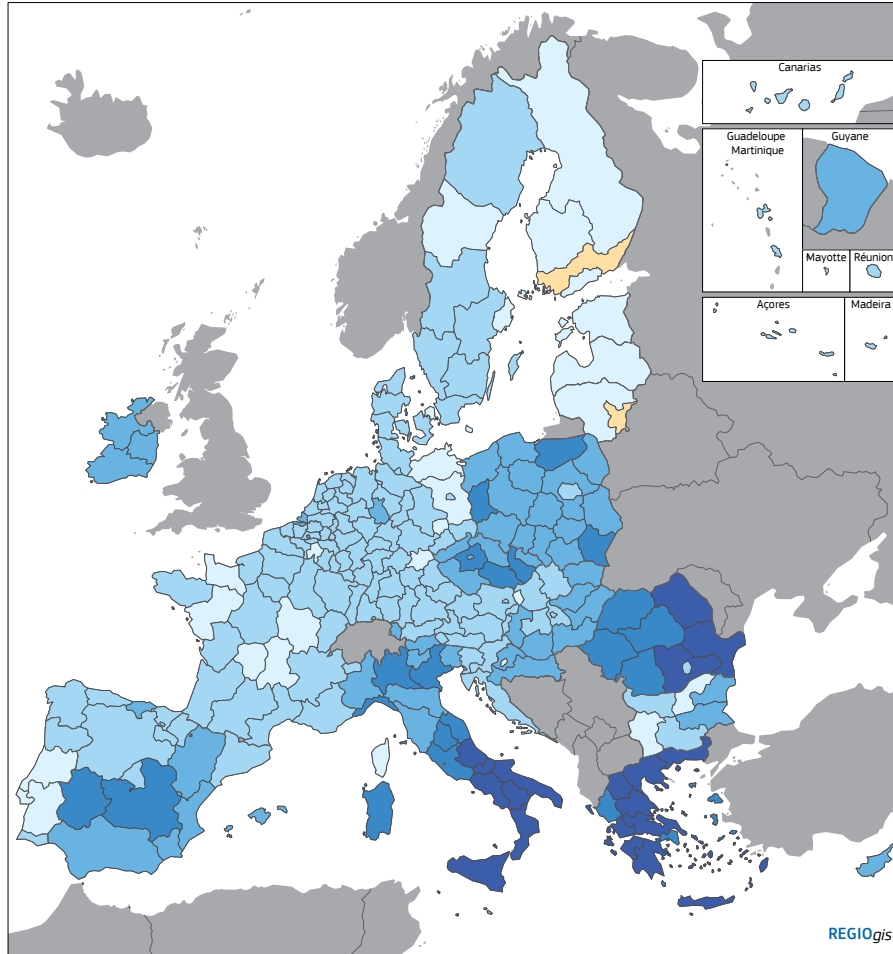
6.3 Women in political power

Women are also less represented than men in government and leadership positions. The 8th Cohesion Report concluded that balanced representation of women (i.e. holding at least 40 % of positions) in all decision-making bodies in political and public life, as recommended in 2003 by the Council of Europe, is not quickly reachable. Indeed, in 2023, women made up half or more of regional assemblies in only 16 out of 285 cases (Map 2.17), with no change from 2021. In some EU regions, not only was the share of women in regional assemblies low in 2023, it had also become smaller over the preceding decade (Map 2.18).

The gender equality index for 2023⁴³ confirms that gender inequalities in the EU are most pronounced in respect of positions of power (59.1 points out of 100 denoting full equality), despite advances since 2010 (by 17.2 points). The overall index in 2023 exceeded 70 points for the first time, driven by progress in respect of time (+3.6) and work (+2.1) from 2020. This increase in equality

⁴² The share of women able to telework during the COVID-19 restrictions was larger than for men in the EU, the difference ranging from 3.0 pp in Finland to 17.4 pp in Malta, and it was 10 pp or more in seven out of the 14 EU Member States for which data are available from the EU-SILC.

⁴³ EIGE (2023).



Map 2.15 Differences between female and male employment rates, 2022

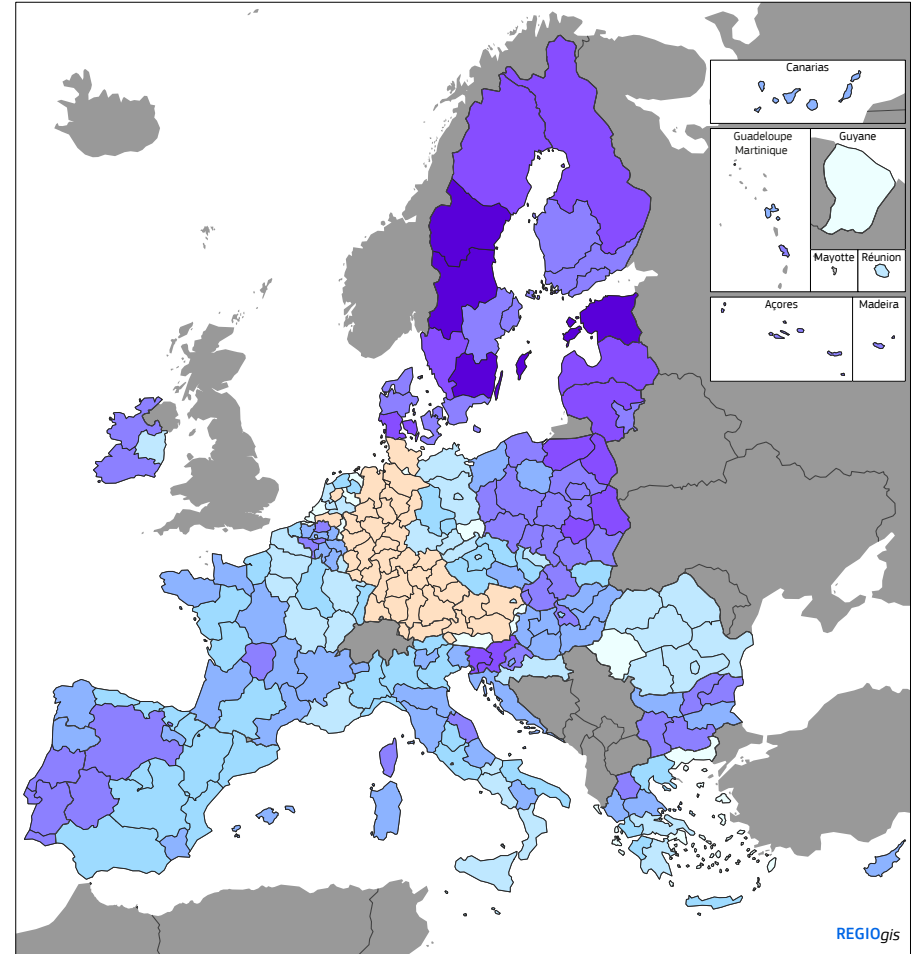
Percentage point difference

- < -20
- 20 to -15
- 15 to -10
- 10 to -5
- 5 to 0
- > 0
- no data

EU-27 = -10.7
Source: Eurostat (fst_r_lfe2emprt).

0 500 km

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Map 2.16 Differences between female and male tertiary education rates, 2022

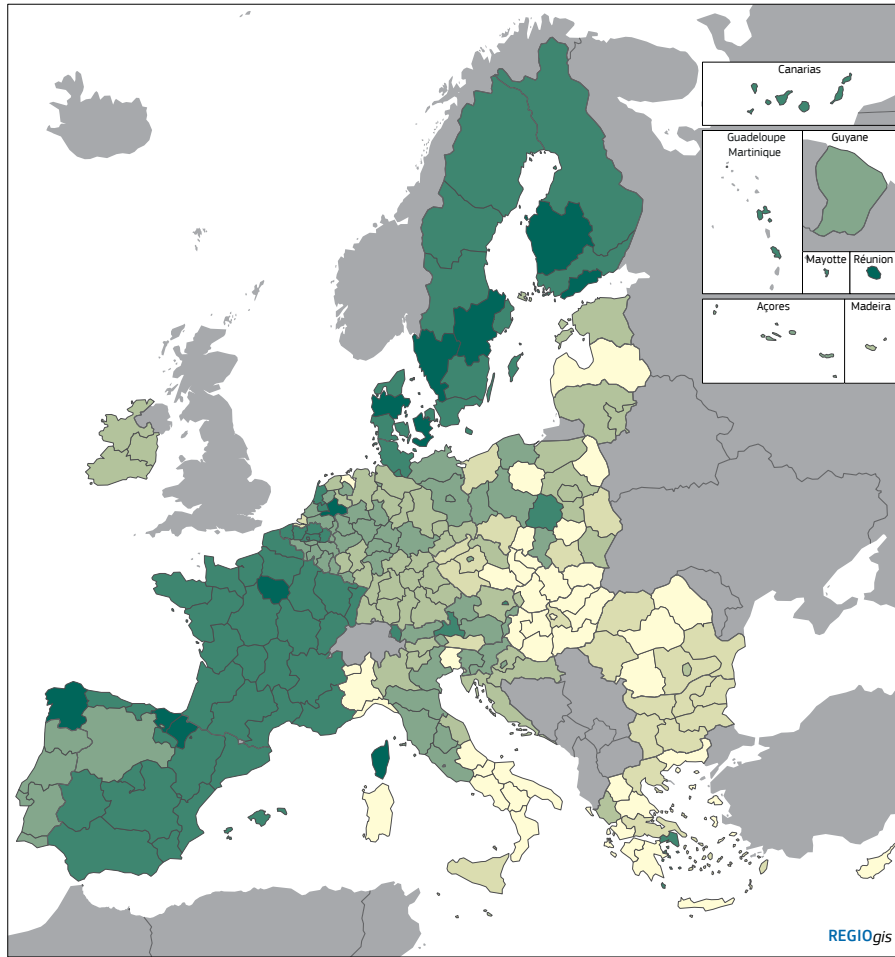
Percentage point difference

- < 0
- 0 – 2.5
- 2.5 – 5
- 5 – 7.5
- 7.5 – 10
- 10 – 15
- 15 – 20
- > 20
- no data

EU-27 = 5.7
Source: DG REGIO based on Eurostat [edat_lfse_04].

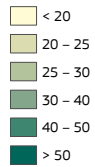
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Map 2.17 Women in regional assemblies, 2023

% of members

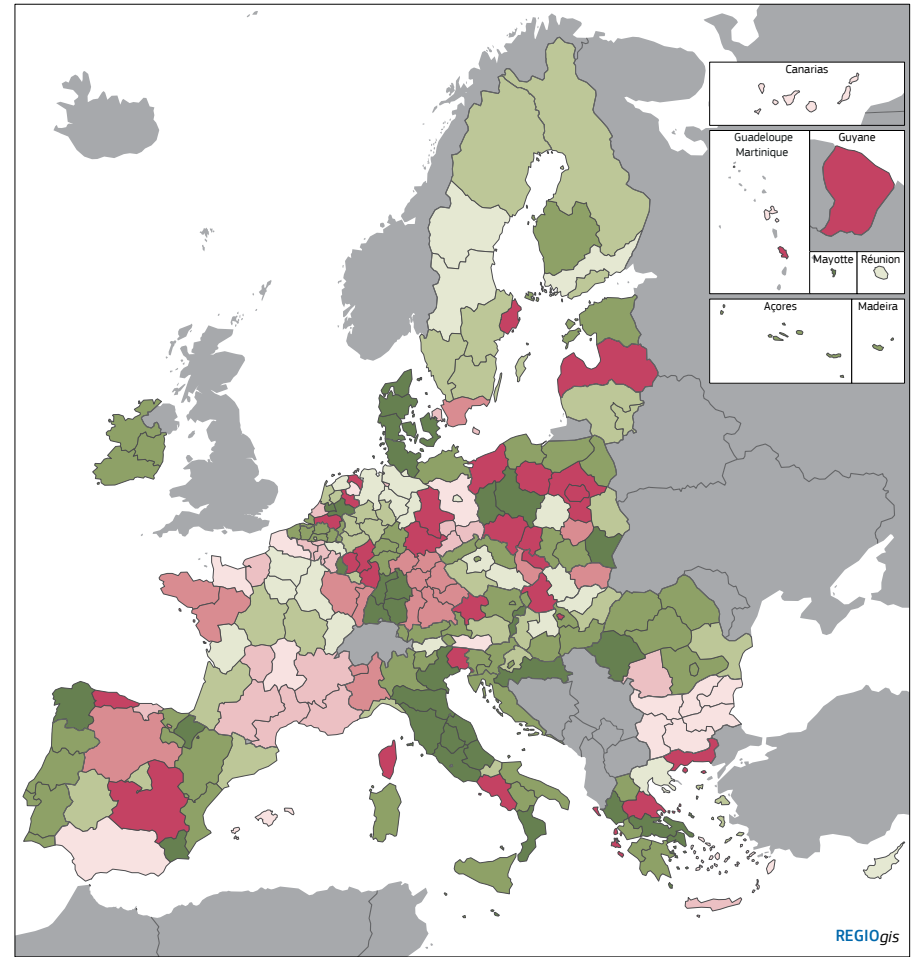


Countries without regional assemblies (BG, EE, IE, CY, LT, LU, MT and SI) and regions without an assembly (ES63, ES64, PT1): women in national assemblies.

Source: DG REGIO based on EIGE data.

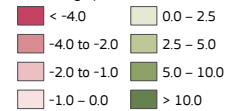


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Map 2.18 Change in the share of women in regional assemblies, 2013–2023

Percentage point difference



Countries without regional assemblies (BG, EE, IE, CY, LT, LU, MT and SI) and regions without an assembly (ES63, ES64, PT1): women in national assemblies. FRY5 (Mayotte): 2014–2023.

Source: DG REGIO based on EIGE data.



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between women and men has been accompanied by a reduction in differences between Member States. The highest values of the index are in Sweden, the Netherlands and Denmark (78–82), while the lowest are in Czechia, Hungary and Romania (under 58).

7. Advancing equality for migrants and minorities

Migrants, Roma and other minority groups face specific challenges such as discrimination and barriers to accessing the labour market and quality education. Improving their inclusion in the labour market can help to address labour and skill shortages in the context of a declining working-age population (see Chapter 6). The EU values of equality and non-discrimination highlight the importance of having inclusive policies and practices in place so that all members of society can thrive.

7.1 Migrants support regional labour markets, while facing challenges to integrate

Migrants (in this report defined in terms of the country of birth rather than nationality), including people moving within the EU, tend to settle in regions of north-western Member States, especially in larger cities where there are more economic opportunities and support networks are well established (Maps 2.19 and 2.20).

The employment of migrants, especially non-EU migrants, increased markedly between 2015 and 2019. The ‘demography toolbox’⁴⁴ and the E (Employment) and social developments in Europe (ESDE) 2023 report underline the role of migrants in meeting labour shortages, particularly in low- and medium-skilled occupations⁴⁵. In addition, the COVID-19 pandemic has highlighted the adaptability of migrant employment to changing economic conditions. The employment rate of migrants in the

EU fell substantially in 2020 (by 2.5 pp), by much more than for native-born people (just 0.6 pp), but also recovered more over the next two years to 2022 (by 4.0 pp), increasing by almost twice as much as for native-born people (2.1 pp). The extent of the fall in employment in 2020 and the subsequent rebound was particularly large in southern Member States and in less developed regions.

People born in another Member State are mostly mobile EU citizens who benefit from the rights guaranteed by the free movement of workers⁴⁶. As a result, they have similar, or even slightly higher, employment rates in most types of regions (Figure 2.10a), particularly in eastern Member States. Their risk of poverty or social exclusion is also much the same as for native-born people.

In contrast, migrants from outside the EU tend to have significantly lower employment rates, some 10 pp lower than the native-born in north-western and southern Member States (Figure 2.10b). The disparity partly arises from a more substantial employment gap for women (15 pp) than for men (4 pp). A complex set of factors influences where non-EU migrants go and where they perform well in the labour market. They are most numerous in the more robust labour markets in north-western countries. Their employment rates are lowest in the less developed regions, though they appear to play an important role in meeting labour shortages, and the difference in the average rate compared with the native-born is less than in transition and more developed regions (8 pp lower as against 13–14 pp lower).

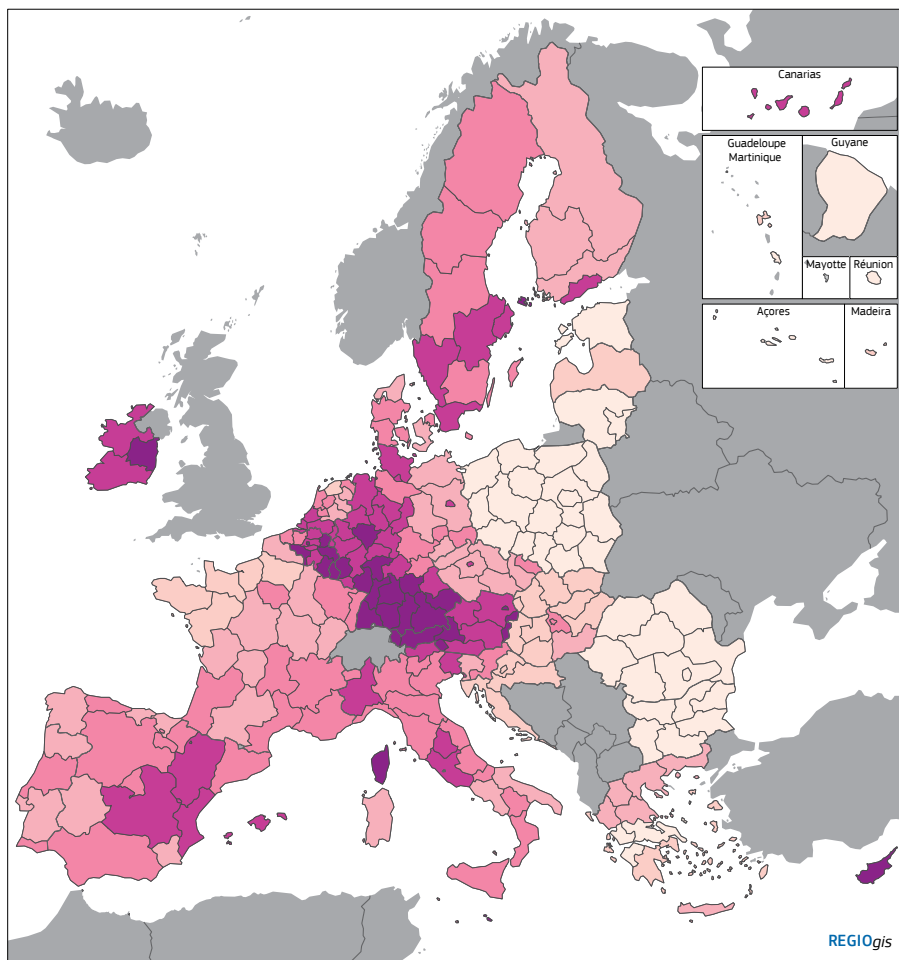
Despite the growth in their employment, migrants face social challenges⁴⁷. Their AROPE rate in 2022 was more than double that of the native-born (40 % against 19 %), as was their rate of material and social deprivation (24 % against 11 % and reaching half of the Roma population).

44 European Commission (2023c).

45 The ESDE report 2023 highlighted that workers born outside the EU are more often employed in occupations facing persistent labour shortages, in particular in low-skilled occupations.

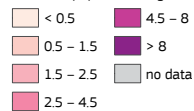
46 European Union (2011).

47 European Commission (2022b).



Map 2.19 People born in another EU country, 2022

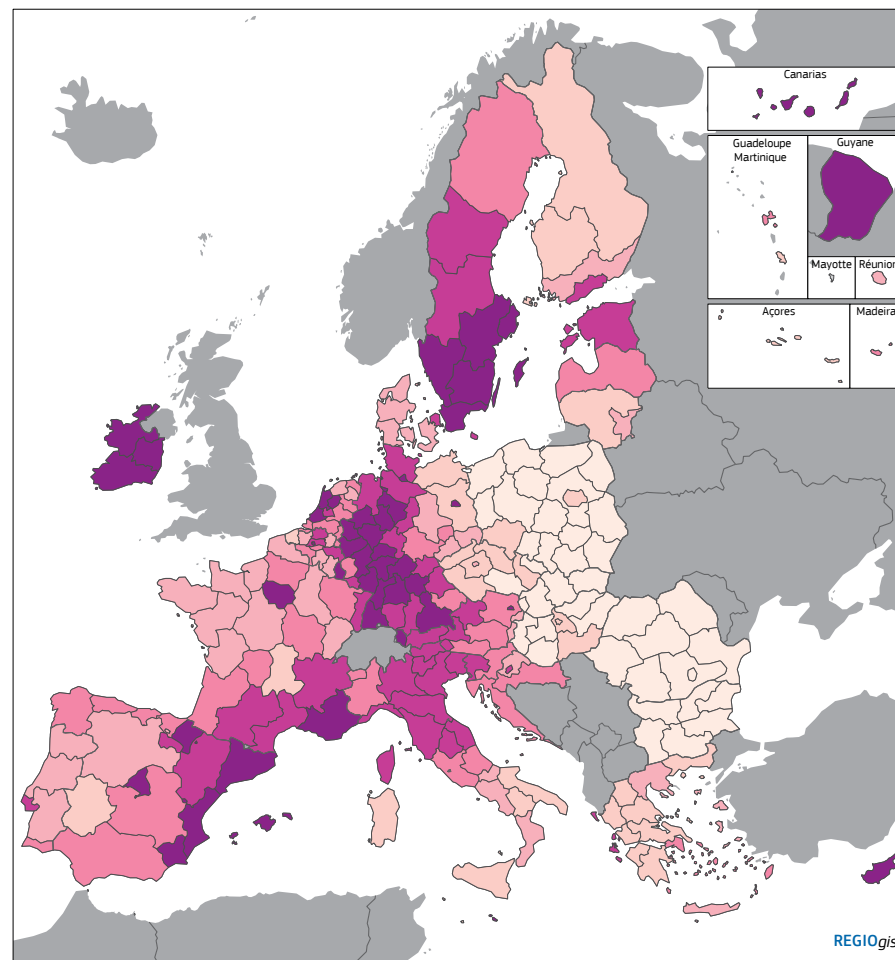
% of the population (ages 15–74)



EU-27 = 3.8
Source: Eurostat data (fst_r_ifsd2pwc) and DG REGIO estimates.



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Map 2.20 People born outside the EU, 2022

% of the population (ages 15–74)

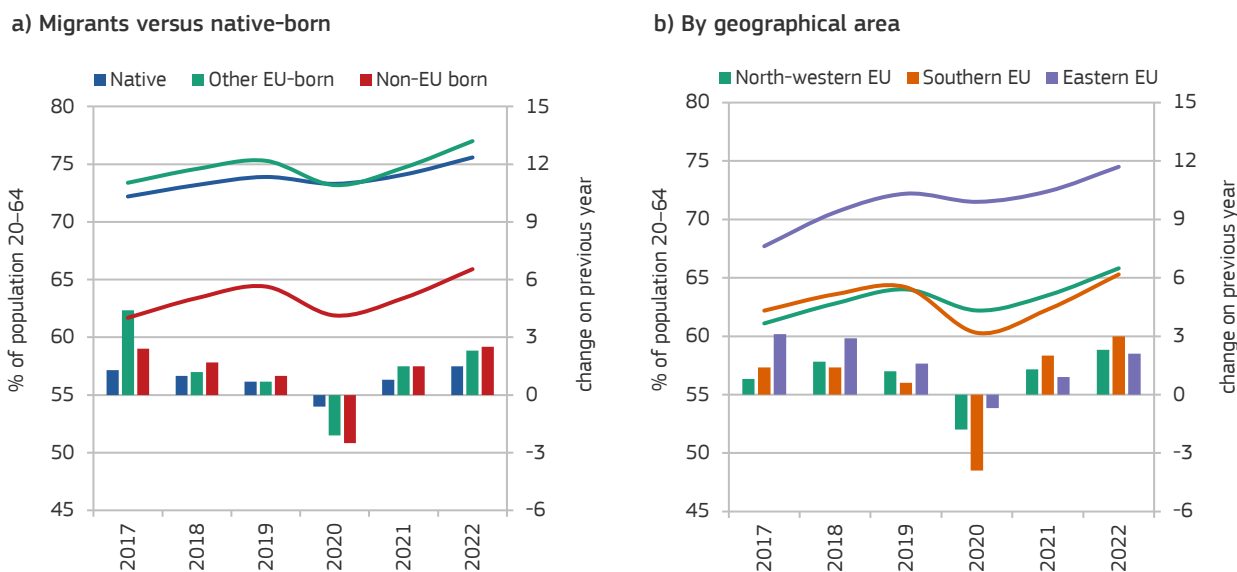


EU-27 = 9.6
Source: Eurostat data (fst_r_ifsd2pwc) and DG REGIO estimates.



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Figure 2.10 Employment rates and changes for migrants as against native-born, and by geographical area, 2017–2022



Note: 2021 break in LFS series.
Source: Eurostat [lfst_r_lfsd2pwc], DG REGIO calculation.

A recent OECD report⁴⁸ has assessed the uneven impact of migrants on regions and cities, pointing to their positive impact on regional development through innovation, international trade, reducing labour and skill shortages and boosting economic growth. The ‘migration outlook 2023’ of the International Centre for Migration Policy Development (ICMPD)⁴⁹ and the recent Frontex report⁵⁰ highlighted the pressure of a significant rise in irregular migration in 2022 and 2023, the highest since 2016. As regards Ukrainian refugees, the statistical evidence on their impact is not yet clear or consistent across EU regions. As of December 2023, more than 4.2 million displaced people from Ukraine had received protection under the Temporary Protection Directive, which provides the right to enter the EU labour market. Cohesion funds have provided support to Member States to ensure Ukrainian refugees can access their rights under temporary protection, for example through lan-

guage teaching, childcare, the certification of skills and on-the-job training.

7.2 Most EU regions are friendly places for minorities to live in, though progress is needed in eastern and southern parts

Several factors can affect the labour market prospects of different groups and create a more inclusive environment for them to contribute to the economy and society. These include the extent of discrimination, ease of access to education and training, and social attitudes.

Though carried out some time ago, the EU LGBT survey⁵¹ showed that lesbians, gays, bisexual and transgender people (LGBTQ+) face obstacles to enjoying their fundamental rights, particularly in employment and education.

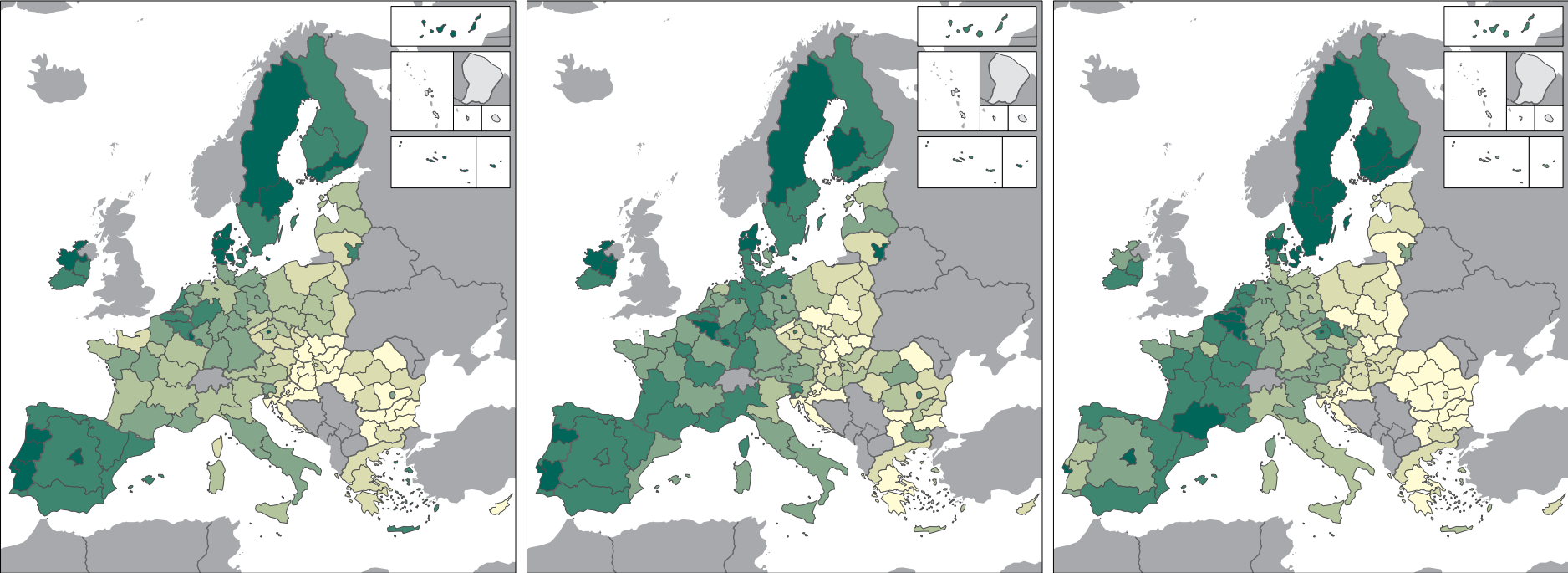
48 OECD (2022).

49 ICMPD (2023).

50 Frontex, the European Border and Coast Guard Agency (2023).

51 European Agency for Fundamental Rights (2014).

Map 2.21 Living conditions for minorities, 2022



Immigrants from outside the EU

Racial and ethnic minorities

Gay and lesbian people

<p>% population aged 15+ responding 'a good place to live'</p> <ul style="list-style-type: none"> < 57 57 – 72 72 – 77 77 – 82 82 – 89 > 89 no data <p>Percentages are based on all respondents excluding don't know and refused to answer. Question: Is the city or area where you live a good place or not a good place to live for immigrants from other countries? Source: Gallup World Poll (WP106).</p>	<p>% population aged 15+ responding 'a good place to live'</p> <ul style="list-style-type: none"> < 65 65 – 75 75 – 80 80 – 85 85 – 90 > 90 no data <p>Percentages are based on all respondents excluding don't know and refused to answer. Question: Is the city or area where you live a good place or not a good place to live for racial and ethnic minorities? Source: Gallup World Poll (WP103).</p>	<p>% population aged 15+ responding 'a good place to live'</p> <ul style="list-style-type: none"> < 43 43 – 69 69 – 79 79 – 86 86 – 91 > 91 no data <p>Percentages are based on all respondents excluding don't know and refused to answer. Question: Is the city or area where you live a good place or not a good place to live for gay or lesbian people? Source: Gallup World Poll (WP105).</p>
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The European Agency for Fundamental Rights 2021 Roma survey⁵² indicates that 25 % of Roma across the EU have experienced discrimination over the last 12 months.

The more recent Gallup survey in 2022 provided insights into attitudes towards migrants, ethnic and racial minorities and the LGBTQ+ community in 140 EU regions (Map 2.21). It revealed that regions in north-western Member States are generally seen, by all respondents and not only migrants or minorities, as more friendly places for minority groups than those in eastern and southern countries.

- A significant majority of all respondents reported that their city or area was a ‘good place’ for racial and ethnic minorities to live, the proportion varying (from 50 % to 95 % across regions and being over 80 % in 80 regions). On the other hand, it was less than 60 % in 10 regions in southern and eastern countries.
- Around two thirds of all respondents believed their city or area was a ‘good place’ for migrants to live, the proportion varying from 30 % to 97 % across regions. The figure was over 80 % in nearly 50 regions, though under 50 % in 15 regions, mainly in Hungary and Bulgaria.
- The smallest proportion of respondents considered their city or area was a ‘good place’ for gay and lesbian people to live, though again the figure varied widely across EU regions, from 10 % to 95 %. It was over 80 % in around 60 regions, but under 40 % in 20 regions, primarily in Bulgaria and Romania.

Generally, regional differences were less pronounced (less than 10 pp) in countries where the overall perception of minority groups was positive, and more pronounced where the reverse was the case, with capital city regions showing the widest differences with the rest of the country.

The Gallup results are in line with the distribution of migrants across regions, most concentrating in the north-western parts of the EU, where economic conditions and social support, but also atti-

tudes to migrants, are more favourable. Attitudes to migrants, therefore, tend to be most favourable where they are most numerous.

8. Summary of spatial developments

More developed regions

As indicated above, there has been a continuing increase in employment rates in more developed regions over the past decade, although less than in other parts of the EU. The average employment rate exceeded 78 % in 2022, with unemployment of only 5 %. Though youth unemployment was still 12 % and 9 % of 15–29 year-olds were classified as NEETs, these figures remained less than in other regions. Several factors have contributed to this relatively favourable situation. Many 25–64 year-olds have tertiary education (38 %) or upper-secondary or post-secondary vocational education (32 %). There seems to have been progress in upskilling and reskilling, essential for the green and digital transitions, with increased participation of adults in training. The situation of women has been constantly improving, while more women have tertiary education than men (40 % against 37 %), the gap in employment rates persists (74 % against 83 %). Continuing improvements in access to childcare (93 % of children aged 3 to compulsory school age being in ECEC) has helped to narrow this.

Transition regions

The employment rate in transition regions increased markedly over the period 2013 to 2022, from 67 % to 75 %, while the unemployment rate almost halved to 7 %. Nevertheless, youth unemployment still stood at 16 % in 2022, and 11 % of 15–29 year-olds were classified as NEETs. The factors underlying the general improvement over the past decade include the relatively large proportion of 25–64 year-olds with either tertiary education (36 %) or with upper-secondary vocational qualifications (35 %). There has been some rise in adult participation in education and training after the significant fall in 2020 and the situation of women has constantly improved. However, although even more women than men have tertiary education

52 European Agency for Fundamental Rights (2022).

as compared with more developed regions (40 % against 32 %), the gap in the employment rate remains almost as large (71 % against 79 %), despite 95 % of children between 3 and compulsory school age attending pre-school education.

Less developed regions

Employment rates in less developed regions (NUTS 2) increased more than in others between 2013 and 2022, from 58 % to 69 %, and the average difference with more developed regions narrowed from 15 pp to 10 pp. The unemployment rate halved to 8 % over the period, still higher than in other regions, and though the youth unemployment rate fell by 16 pp, it remained at 22 %; and while the proportion of those aged 15–29 who were NEET also declined, it was still 16 % in 2022. Several factors underlie the worse labour market situation than elsewhere. Tertiary education rates for those aged 25 to 64 remain relatively low (26 % in 2022), though the proportion with upper-secondary vocational education is slightly higher (40 %). While adult participation in education and training has increased lately, it was still only 8 % in 2022. The situation of women improved consistently, but although the gap in tertiary education rates with men is wide (30 % against 21 %), the employment rate of women remains much lower than for men (61 % against 76 %). While some 87 % of children between 3 and compulsory school age attend pre-school education, this is less than in other regions. A larger proportion of people were also AROPE than in other regions (28 % in 2022 as against 19 % in more developed regions and 22 % in transition ones), though this is less than in 2016 (34 %) and the gap with more developed regions narrowed appreciably over these six years (from 14 pp to 9 pp).

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