



Rethinking Regional Attractiveness in the Region of **Eastern Macedonia – Thrace** in Greece



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Supported by the European Commission, the OECD Rethinking Regional Attractiveness programme helps policy makers understand how their regions can better **attract talent, investors, and visitors in today's changing world.**

Across the OECD, climate change, geo-political instability, digitalisation and demographic transition are producing asymmetric impacts both between and within countries and regions. At the same time, a new era of industrial policies, combined with higher demands for more sustainable and green supply chains, are creating opportunities for more balanced regional attractiveness. This makes it an opportune moment to reflect on how to leverage these changes to support green and inclusive development.

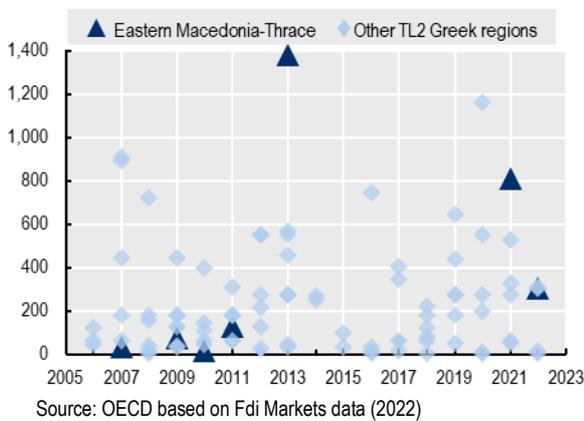
The programme's regional case studies provide a snapshot of participating regions' attractiveness profile, along with policy and governance considerations that strive to help participants build upon each other's best practices.

Eastern Macedonia-Thrace's location at the eastern border of Greece and the EU shapes both its present challenges and emerging opportunities. Its strategic geographic location presents significant opportunities for growth and internationalisation. To harness this attractiveness potential and steer the region out of its economic development trap, it will be essential to improve its transportation and digital infrastructure, to address talent gaps, as well as to foster social cohesion through tackling poverty and encouraging citizen engagement, to develop cultural assets, and to mitigate exposure to climate risks.

A snapshot of Eastern Macedonia-Thrace in the world

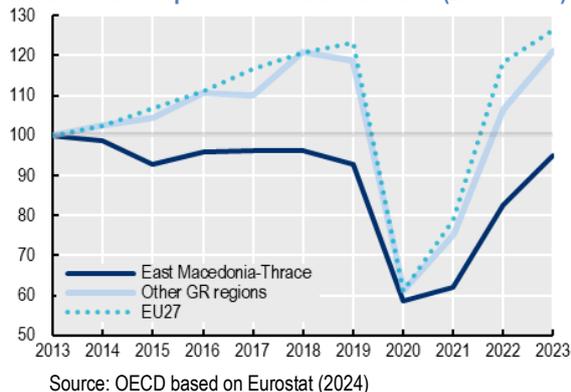
As an eastern border territory of both Greece and the EU, Eastern Macedonia-Thrace faces a geographical remoteness, compounded by limited infrastructure connections, which have constrained its competitive access to global trade, knowledge networks, and talent pools (Tolias and Arregui Pabollet, 2021^[1]). Like many Greek regions, it is caught in an economic development trap, meaning that its output, productivity and employment are underperforming compared to European peers, and not improving compared to its own past performance (Diemer et al., 2022^[2]). These characteristics provide essential context in examining Eastern Macedonia-Thrace’s attractiveness to the three international target groups of investors, talent, and visitors.

Figure 1 Greenfield FDI in Eastern Macedonia-Thrace and other Greek regions, 2004 to 2024 (million USD)



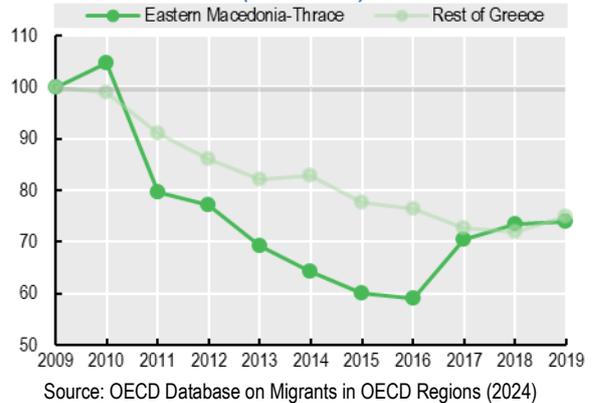
Talent. Like most of Greece, the region experienced substantial losses of international talent through the 2010s as a result of the country’s financial crisis (Figure 2). In 2009, 35,800 foreign-born residents of working age (aged 15 to 64 years old) lived in the region; they were only 21,100 in 2016 – a decrease of more than 40%, representing a heavy loss of productive capacity. This trend has since reversed, with the region recording faster growth in foreign-born residents than the Greek average.

Figure 3 Nights spent at tourist accommodation establishments per thousand inhabitants (2013 = 100)



Investors. Eastern Macedonia-Thrace has attracted nationally very significant levels of greenfield foreign direct investments (FDI) in renewable energy in the last decade – including USD 1.7 billion in solar electric power between 2013 and 2022 and USD 303 million in wind power in 2023 – contributing to regional green transition efforts (Figure 1). These large-scale investments represent a structural shift from an earlier wave of FDI-backed greenfield projects in the late 2000s and early 2010s, which focused on pipeline transport of fossil fuels (natural gas and crude oil), retail banking, and medical imaging centres.

Figure 2 Foreign-born residents aged 15-64 years (2009 = 100)



Visitors. While tourism grew steadily in other Greek regions and the European Union (EU) in the years leading up to the COVID-19 crisis, Eastern Macedonia-Thrace saw its visitor numbers sag in the same period (Figure 3). Characterised by a relatively large share of foreign visitors, the region’s tourism activity was slower to recover initially then caught up with the pace of global recovery in the sector, finally returning to pre-pandemic levels in 2023.

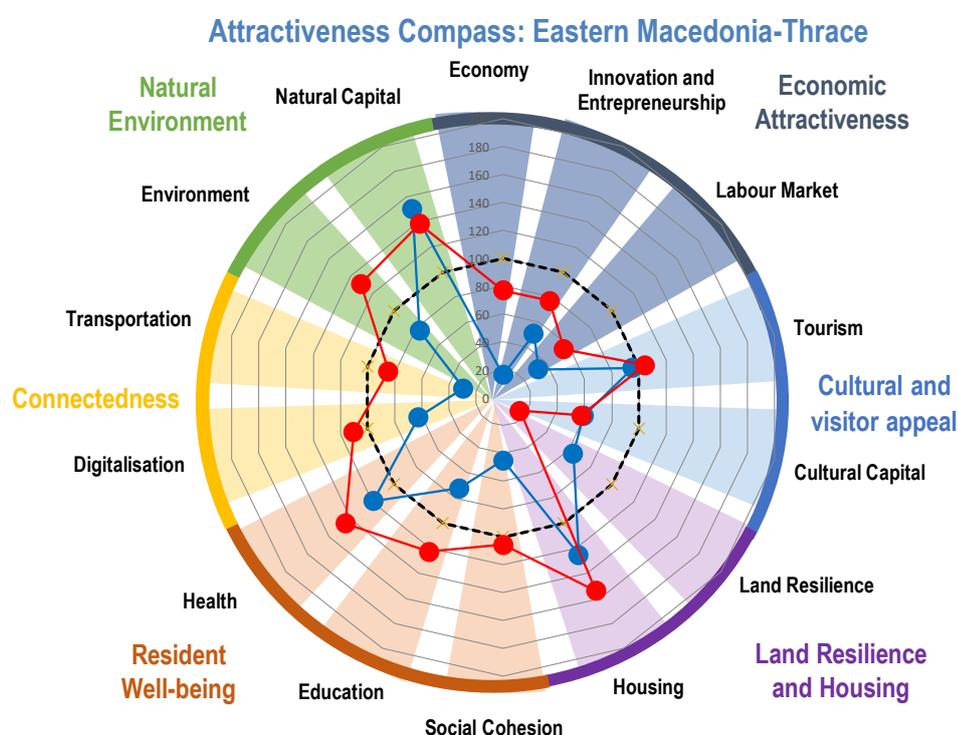
Eastern Macedonia-Thrace's Attractiveness Profile

Eastern Macedonia-Thrace's Regional Attractiveness Compass at TL2 level¹ highlights a regional economy that structurally lags other Greek and EU regions, with low rates of innovation and a struggling labour market contributing to maintaining the region in an economic development trap. Yet the region has much to offer to international investors, talent, and visitors – including outstanding natural capital, affordable housing, good accessibility to healthcare and schools, and a highly internationalised tertiary education sector. Steering the region out of its economic development trap will first require improving its transportation infrastructure and continue to bridge digitalisation gaps shortages. To fully harness its attractiveness potential, it will also be essential to foster social cohesion through tackling poverty and encouraging citizen engagement, to develop cultural assets, and to mitigate the region's exposure to climate risks.

The OECD Regional Attractiveness methodology² considers global engagement beyond international connections and economic factors alone. It encompasses more than 50 indicators, covering 14 dimensions across 6 domains (Economic attraction, Connectedness, Cultural and visitor appeal, Natural Environment, Resident well-being, Land risk and housing) to create a region's attractiveness compass.

The Compass guides regional policy makers to:

- Assess their region's comparative strengths and weaknesses in the new global environment.
- Identify priority attractiveness drivers to enhance their region's future competitiveness.
- Monitor and evaluate the impact of regional development policies.
- Learn from other regions' position in globalisation.



Interpreting the compass:

- A higher score (closer to 200) indicates better performance relative to the other regions for each dimension.
- The closer the point is to the centre, the lower the performance of the region compared with other regions.
- The closer the point is to the outer bound of the compass, the higher the performance compared with other regions.
- The **red dots** indicate how the region is performing relative to other regions in the **same country**.
- The **blue dots** indicate how the region is performing relative to other **EU regions**.
- The **black dotted line** represents the median value across regions (approximately 100).

Source: OECD (2024). Rethinking Regional Attractiveness. Available at: <https://www.oecd.org/en/about/programmes/rethinking-regional-attractiveness.html>. Compass results reflect the OECD TL2-level Regional Attractiveness Database as of February 2025.

¹ TL2 = 'Territorial Level 2' statistical region as defined by the OECD Territorial Grids (OECD, 2022^[110]), corresponding to the administrative Planning Region of Eastern Macedonia & Thrace.

² OECD (2023), *Rethinking Regional Attractiveness in the New Global Environment*. Available at <https://doi.org/10.1787/a9448db4-en>.

Economic Attractiveness – Despite recent progress, Eastern Macedonia-Thrace’s economy significantly lags other Greek and EU regions, with low rates of innovation and a struggling labour market contributing to maintaining the region in an economic development trap.

The region’s score on the Economy dimension remains low relative to Greece and among the lowest in the EU, due to structurally lagging economic output and productivity³. Eastern Macedonia-Thrace had Greece’s fourth lowest gross domestic product (GDP) per capita in 2020 at USD 21,950⁴ – just above half the EU average of USD 41,520. Its productivity was the second lowest in the country, with a USD 44,500 gross value added (GVA) per worker, around 40% less than the USD 75,312 EU average. And while the region’s economy is slightly more diversified⁵ than the Greek average, it is positioned in the lower quarter of EU regions. The region’s low productivity is mainly structural, with a large share of employment in the primary sector – 26%, the second highest in Greece (Foundation for Economic and Industrial Research, 2024^[3]) – and an industrial mix that comprises labour-intensive sectors like food, textiles and clothing, mining, paper and tobacco (Region of Eastern Macedonia-Thrace, 2021^[4]).

On the Innovation and Entrepreneurship⁶ front, Eastern Macedonia-Thrace’s strong R&D activity does not convert into patents, and there is room to improve its business creation environment.

Only 46.3% of residents think their city or region is a good place to start a business, below the EU average of 57.5% – Greek regions’ scores range from less than 20% to almost 80% on this indicator, further suggesting room to improve the operating environment for entrepreneurs. PCT patent applications⁷ in the region are very low at only 0.4 per million inhabitants, the lowest in Greece, while the EU average is 190 times this figure. This is a notable weakness given the region’s share of employment in R&D (1.7%) is near the EU average and just above the OECD average (1.9% and 1.6%, respectively). These innovation scores converge with the assessment of Eastern Macedonia-Thrace as an ‘emerging innovator’ by the EU Regional Innovation Scoreboard. The Scoreboard further identified relative strengths in scientific publications (including public-private co-publications) and in product and process innovation by businesses, as well as weakness in R&D private sector expenditure, knowledge-intensive and ICT employment, and lifelong learning (European Commission, 2023^[5]). The region is at risk of a backslide in innovation rankings: its higher education sector, typically the largest employer of R&D personnel, has seen researchers’ headcount decline by 38% since 2013 (Tolias and Arregui Pabollet, 2021^[1]).

The region’s Labour Market is a major weakness, with low employment rates that compound the issues of skills shortages and demographic decline. Despite recent improvements, the employment rate of Eastern Macedonia-Thrace’s working-age population is the third lowest in the country (42.3%), compared to an EU average of 53.8%. Its youth unemployment rate, at 34.6%, is nearly double the EU average (18.4%), though mid-range nationally – youth unemployment being a Greece-wide problem. This entrenched labour underutilisation compounds the skills shortages and population decline reported in the region, with youth seeking opportunities elsewhere. Finally, the employment rate of migrants in the region is also 5.6 percentage points (pp) lower than that of natives, indicating a somewhat lesser economic integration of the migrant population than the Greek and EU average (with 2.3pp and 3.7pp difference, respectively), likely reflecting in part that the region primarily serves as a transit zone rather than a destination for migrants.

³ All statistics from the OECD Regional Attractiveness Database (2015-2024) unless otherwise noted.

⁴ Constant PPP, constant prices, base year 2015.

⁵ Distribution of employment according to 10 economic branches (inverse of the Herfindhal index).

⁶ Internationally comparable data is missing for all Greek regions for the ‘Employer firms creation rate’ indicator used to calculate the Innovation and Entrepreneurship dimension score of the compass.

⁷ The Patent Cooperation Treaty (PCT) is an international treaty allowing to seek patent protection simultaneously in many countries by filing a single “international” patent application instead of several separate national or regional ones.

Cultural and Visitor Appeal – Weaknesses in cultural capital detract from Eastern Macedonia-Thrace’s attractiveness to tourists and talent amid strong competition at the national and EU levels.

Eastern Macedonia-Thrace, which sees comparatively less tourism activity than most Greek regions but more than most EU regions, is highly attractive to international visitors. Eastern Macedonia-Thrace recorded 5,570 tourist overnight stays per 1,000 inhabitants in 2022, significantly fewer than the Greek median (8,689) but more than the EU’s (4,638). Similarly, it offers fewer tourist accommodation beds by Greek standards (77 per 1,000 inhabitants vs. 97 Greek median) but more than the EU (53). In contrast, its prevalence of tourism information centres, with 0.2 centres per 1,000 inhabitants is on par nationally but well below EU and OECD benchmarks. Occupancy rates suggest some degree of underutilisation including due to seasonality; at 40.1%, these are comparable to the rest of Greece but a step lower than the EU average of 50.1%. Eastern Macedonia-Thrace, finally, attracts a large share of international visitors: its 71.3% of overnight stays by foreign tourists exceeds the national average (65.8%) and is almost double the EU average of 34.3%.

Despite notable assets, the region’s cultural capital⁸ lags Greek and EU benchmarks, with implications not only for tourism but also talent attraction and retention. In addition to hosting one UNESCO-listed site (the Archaeological Site of Philippi), Eastern Macedonia-Thrace offers a similar number of museums, galleries, and theatres per capita to the OECD average. However, the latter three are overshadowed among Greece and the EU’s rich cultural offering (with notably the fewest theatres per capita in Greece, detracting from the region’s overall attractiveness potential. Indeed, though cultural capital shows significant correlations with foreign visitor numbers, it has broader implications in promoting quality of life for existing and prospective residents (OECD, 2023^[6]). The region’s share of employment in culture and creative industries, at 1.4%, is the second lowest in the country and about half the Greek average, and 2.5 times less than the EU’s, likely reflecting the small scale of local creative businesses.

Land Resilience and Housing – While Eastern Macedonia-Thrace faces significant climate risks, residents are more satisfied with housing affordability than in most Greek and EU regions.

The region has been facing a heightened vulnerability to flooding compared to the rest of Greece and significant recent wildfire impacts. About 7% of its built-up area is at risk of river flooding, the second-highest share in the country where the median exposure faced by Greek regions is around 2%, and more comparable to the median risk profile across European regions (6.8%). Eastern Macedonia-Thrace is home to several large rivers, including Evros, Nestos, and Strymonas, which flow through low-lying plains, with land use patterns favouring urban and agricultural development along riverbanks that exacerbate vulnerability to flooding. This exposure is a weakness for attracting talent, visitors, and especially investors, noting that floods alone caused 44% of all extreme weather- and climate-related economic losses in EU countries between 1980 and 2023 (European Environment Agency, 2024^[7]). The region’s land soil moisture in 2019-2023 had decreased by 2% on average compared to 1981-2010 levels – the largest average decrease in the country, though on par with EU and OECD trends. It also had Greece’s second-highest share of land burned in 2019-2023, with a 1.5% annual average far exceeding the 0.6% averaged across Greek regions and the 0.1% across the EU (0.4% across the OECD). Notably, the 2023 Evros wildfire, which burnt 93,880 hectares and caused 20 deaths, was the second most widespread and the third most deadly wildfire in Greek history.

Eastern Macedonia-Thrace performs strongly on subjective measures of housing affordability⁹, a key factor to attract and retain international talent. It has the country’s second lowest share of population reporting lacking funds for housing at 6.4%, a step below the EU median of 8.2%. Nearly 50%

⁸ Internationally comparable data is missing for all Greek regions for the 'Employer firms creation rate in art, entertainment and recreation sector' indicator used to calculate the Cultural Capital dimension score of the compass.

⁹ Internationally comparable data is missing for all Greek regions for the 'Average House Price Per Sqm from 2018 to 2021', Housing price index (Base 100 = 2015)', and 'Housing expenses as a share of income' indicators used to calculate the Housing dimension score.

of its residents were satisfied with housing affordability in 2017-2021, better than the Greek median of 44.7% and on par with EU and OECD benchmarks. However, the rapid increase of military activities around the Port of Alexandroupoli is reported to have been driving up housing prices and rents in the city in recent years. Affordable, high-quality housing is a known lever for attracting international talent, with a 10 percentage points (pp) increase in the share of the population satisfied with housing affordability translating into a 1.8 pp increase in the share of foreign-born employed people in the working-age population (15–64-year-olds) (OECD, 2023^[6]).

Resident Well-Being – Eastern Macedonia-Thrace scores well among Greek peers on quality-of-life indicators, with notable strengths (access to healthcare and schools, attractiveness to foreign students, air quality, public services, and personal safety) but also entrenched weaknesses (high poverty rate, low voter engagement, and large gaps to bridge vis-à-vis EU benchmarks).

Eastern Macedonia-Thrace offers relatively good healthcare accessibility and air quality by Greek standards. More than 55% of its residents were satisfied with the availability and quality of healthcare in 2017-2021, well above Greece's 40% average satisfaction rate though below the EU's 66%. In terms of basic services, the region's 5 doctors per 1,000 inhabitants is on par with the Greek median and higher than the EU's regional average (3.9), as is its density of pharmacies. However, while the region's residents are on average closer to specialist hospital services¹⁰ than residents in other Greek regions, they must generally travel significantly longer distances than the average EU resident to access such services. Finally, Eastern Macedonia-Thrace offers some of the highest air quality among all Greek regions (second only to the North Aegean), with 11.9 µg pollutants per cubic metre – markedly below Greece's 13.5 µg/m³ median though again slightly above the EU's 11.1 µg/m³.

The region performs strongly in education accessibility and boasts a highly internationalised university by Greek benchmarks, but these assets do not translate into higher educational attainment for its population. Eastern Macedonia-Thrace residents are on average 2.3 and 4.4 km away from a primary and secondary school, slightly closer than the Greek averages of 2.6 and 5.3 km, and equivalent to the EU's. The region also has a similar number of higher education institutions per capita to the EU median (though only half the Greek median), including the Democritus University of Thrace, a Top 500 University – one of only five regions in Greece to host such a globally ranked institution. Reflecting this major asset, Eastern Macedonia-Thrace boasts the second-highest share of international students in Greece with 3.1% (vs. a country median of 2.2% though still lagging the EU median of 10.5%). Yet, despite these strengths the region ranks 10th in the country for the share of population with tertiary qualifications at just under 25%, below both the Greek and EU medians of 28% and 31% – and underlying the difficulty in retaining the skilled talent trained in the region.

In the social cohesion¹¹ dimension, Eastern Macedonia-Thrace performs relatively well on public services governance and subjective measures of quality of life, but a high poverty rate and low voter engagement pull down the overall score. The region's 29% poverty rate¹² is the highest of all Greek regions, placing it among the 10% poorest in the EU and the 15% poorest in the OECD. Its voter turnout, under 53%, is the fifth lowest in the country, markedly below the 58% and 70% approached by Greek and European peers. The region does better on the European Quality of Government Index (EQI)¹³, with a -0.771 EQI score that is the highest in Greece (where the minimum is -1.462) and places it near the 30th percentile among EU regions. Consistent with the known correlation of EQI scores with life satisfaction, residents on average report a life satisfaction of 5.8 out of 10, very slightly above median Greek levels

¹⁰ Based on simulated health service location for hospital cardiology and maternity and obstetric services (OECD/EC-JRC, 2021^[105]).

¹¹ Internationally comparable data for the 'Number of intentional homicides per 100,000' [inhabitants] indicator used to calculate the Social Cohesion score on the compass is missing for all Greek regions.

¹² Poverty rate after taxes and transfers (national poverty line 60% of national median income).

¹³ The European Quality of Government Index (EQI) captures average citizens' perceptions and experiences with corruption, quality and impartiality of three essential public services—health, education and policing—in their region of residence. (European Commission, 2021^[100])

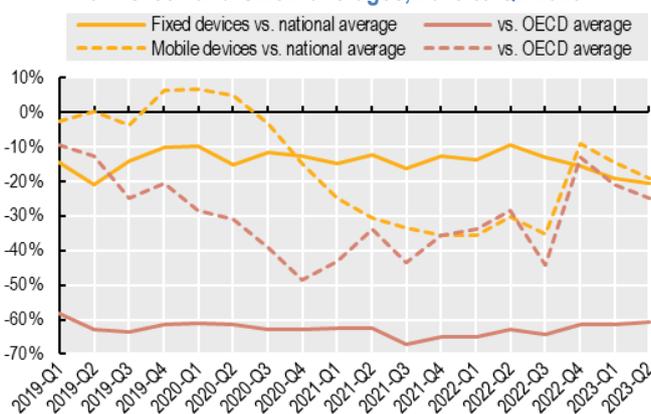
(5.7) and below the EU's (6.5). With 81% of the population feeling safe walking alone at night, Eastern Macedonia-Thrace leads the way in Greece in terms of perceived personal safety (second only to the Ionian Islands), placing it among the top quarter of all EU and OECD regions. Nearly 75% of residents are satisfied with their opportunities to meet people and make friends, slightly below the Greek average and again lower than the median of 81% satisfaction levels reported across the EU. Similarly, the region offers a comparable number of community centres¹⁴ per capita to the Greek average though fewer than international benchmarks.

Connectedness – As a peripheral and border region, Eastern Macedonia-Thrace's attractiveness suffers particularly from its insufficient transportation infrastructure, while recent improvements in internet speeds are not yet bridging legacy gaps on digitalisation.

Insufficient transportation¹⁵ infrastructure significantly hampers the region's competitiveness and amenity to its residents even as its key position in the Trans-European Network provides strong prospects for improving connections across transport modes. Despite benefiting from two international airports (Kavala and Alexandroupolis), its residents have the fifth fewest daily passenger flights accessible to them within 90 minutes by car of all Greek regions: 17 flights, magnitudes less than the 490 daily flights available to EU and OECD residents on average. In addition, these airports' freight capacity remains limited due to the small number of flights (Toskas-Tasios, Tsironis and Madas, 2019^[8]). Road accessibility¹⁶ is the fourth lowest in the country and well below EU benchmarks. And though Eastern Macedonia-Thrace scores better on rail accessibility at the national level (in the middle of the Greek scoreboard), Greece's underdeveloped rail network by EU standards is particularly detrimental to the region's competitiveness in European value chains. Around half of the population is satisfied with the quality of public transport, on par with the Greek average but lower than the EU's (around 60%). Furthermore, the region has the third lowest cycleway density in Greece. In addition to the lesser amenity for residents, poorer transport infrastructure reduces attractiveness to investors, with rail and air connections particularly important drivers of FDI (OECD, 2023^[6]). The lack of modern infrastructure in the region's two commercial ports¹⁷ of Alexandroupolis and Kavala, well documented (Region of Eastern Macedonia-Thrace, 2021^[4]) (Marghelis, 2024^[9]), reduces their reach and regional usefulness, ultimately further limiting the cost competitiveness of local exporting businesses and the attractiveness potential of these port cities and their hinterland.

Eastern Macedonia-Thrace faces legacy gaps on digitalisation¹⁸ – a crucial factor in attracting talent and investors and an enabler of regions' participation in globalised markets (OECD, 2023^[6]). While the region has the third-

Figure 4. Download speed from fixed and mobile devices in Eastern Macedonia-Thrace, % deviation from Greek and OECD averages, 2019 to Q2 2023



Source: OECD based on Ookla data (2023)

¹⁴ 'Community centres' are public locations where members of a community gather for group activities, social support, informal and formal meetings, public information, events and festivities, and other purposes, such as cultural centres, youth centres, community halls, among others.

¹⁵ Internationally comparable data is missing for all Greek regions for the 'Share of electric and hybrid vehicles in total road motor vehicles fleet' and the 'Road density (in km per km squared)' indicators used to calculate the Transportation dimension score on the compass.

¹⁶ Road/rail accessibility: population that can be reached by road or rail within 90 minutes per 100 nearby inhabitants (within 120km radius).

¹⁷ The OECD's Regional Attractiveness Database does not include data on ports and maritime connectedness.

¹⁸ Internationally comparable data is missing for all Greek regions for the 'Fiber optic coverage' indicator used to calculate the Digitalisation dimension score on the compass. For internet speeds, the score only considers the deviation in 'Average download speed from a fixed device' from the national average.

fastest average download speeds in the country from fixed devices, it still trails the national Greek average (skewed by the high internet speeds achieved in Attica and neighbouring Central Macedonia) and faces a large gap with OECD trends (Figure 4). It does better on mobile connectivity, showing signs of convergence with national and international benchmarks. Finally, like many Greek regions Eastern Macedonia-Thrace outperforms the EU and OECD averages on the Meta Social Connectedness Index¹⁹, suggesting deep international personal linkages though to a relatively lesser extent than elsewhere in Greece.

Natural Environment – Eastern Macedonia-Thrace is endowed with outstanding natural capital; like Greek peers, it is severely impacted by global warming and making strides in energy transition efforts, all the while facing population discontent on environmental preservation.

Natural capital is a regional strength and a significant attractiveness asset towards both talent and visitors (OECD, 2023^[6]). Eastern Macedonia-Thrace boasts the second highest tree coverage²⁰ in Greece at nearly 37% and the third largest share of protected areas, which encompass more than 45% of its land – placing it among the top 15% of all EU and OECD regions. Its protected areas notably include the Rhodope Mountains, the Nestos and Evros River Deltas and the national park of Dadia-Lefkimi-Soufli Forest. The region’s tree cover area increased by 5.9% from 2004 to 2019, below the Greek median growth rate but more than double the EU’s 2.8%.

While Eastern Macedonia-Thrace like most Greek regions falls short of meeting community expectations for environmental²¹ preservation, it is well placed on green transition efforts in the context of climate-change-induced, rising energy demand. About 33.5% of its population is satisfied with environmental preservation efforts, the fourth highest result in Greece where median satisfaction levels sit below 30%. However, this figure is in the bottom quarter of the EU scoreboard where the median approaches 50%. Eastern Macedonia-Thrace residents are directly experiencing the effects of global warming: they faced around 86 additional cooling degree days²² annually in the period 2019-2023 compared to 1981-2010 conditions. While this figure is below the national median of 96 days, it is in the top quarter of all EU and OECD regions, highlighting that Greece has been hit by some of the largest temperature increases among OECD member states, with energy poverty affecting a significant proportion of households in the country (Boemi, Samarentzi and Dimoudi, 2020^[10]). Eastern Macedonia-Thrace is making strides on the energy transition front: renewables accounted for 52.6% of the electricity it generated in 2019, positioning it at the Greek median²³ and significantly above the EU and OECD’s (around 43%). Large-scale, FDI-backed solar and wind projects announced in 2021 and 2022, as well as a domestic-owned pilot offshore wind farm announced in 2024, are set to further increase the role of renewables in the region’s energy landscape. Finally, with 1.9 tonnes of CO₂ equivalent per capita in 2018, the region’s transport industry is slightly less emissions-intensive than the Greek and EU averages (2.3 and 2.1 tonnes, respectively), likely reflecting its less dense infrastructure and lower passenger and freight traffic.

¹⁹ This index measures the strength of connectedness between geographic areas as represented by Facebook friendship ties (Meta, 2021^[101]).

²⁰ Tree cover rate data from 2019.

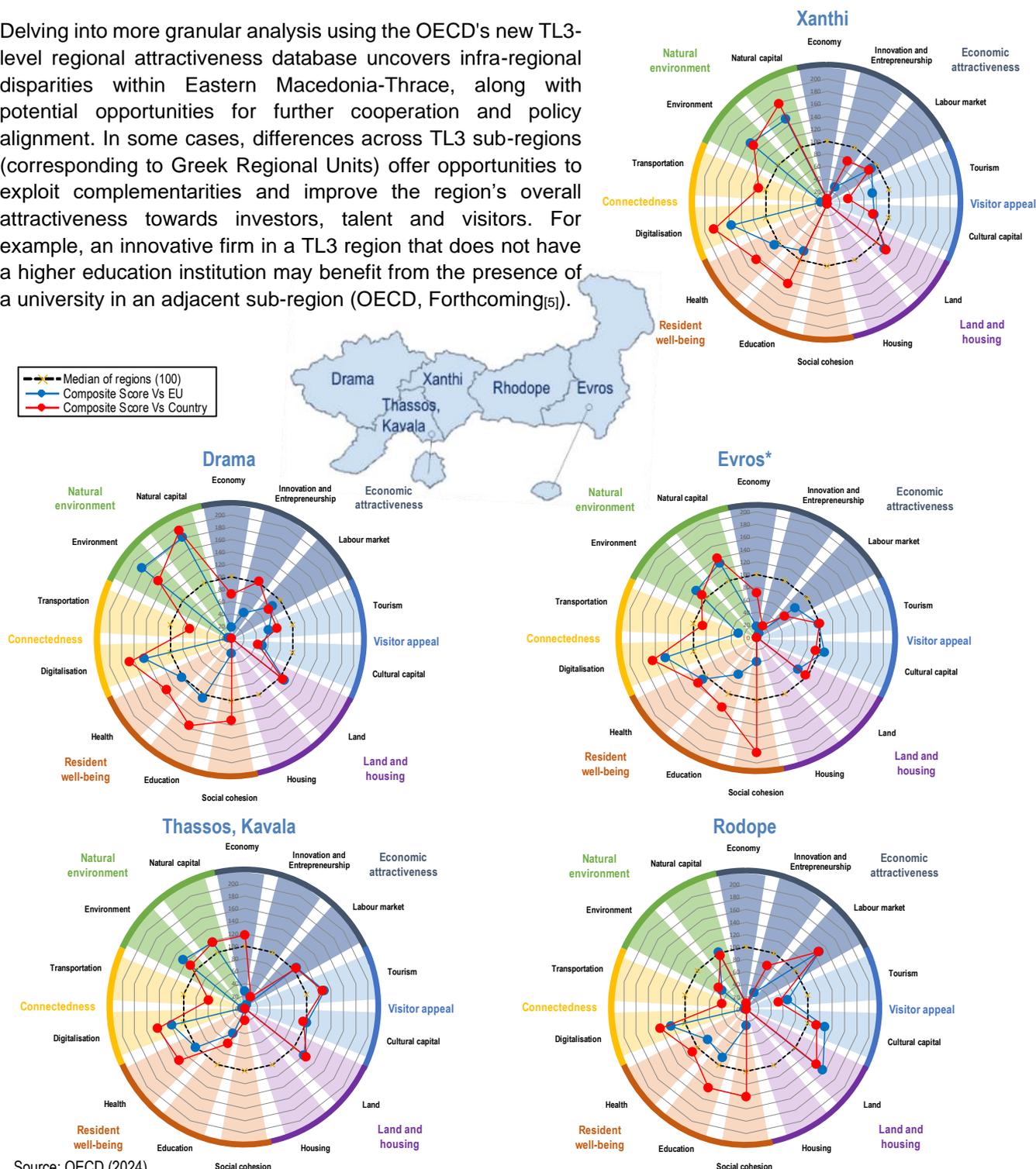
²¹ Internationally comparable data is missing for all Greek regions for the ‘Share of municipal waste recycled’ indicator used to calculate the Environment dimension score. Regional governments in Greece do not spend on environmental protection (OECD, 2024^[70]).

²² Cooling degree days measure the intensity (in °C) and the length (in days) of cooling needs. The additional cooling degree days variable represents the increase in cooling demand relative to the 1981-2010 baseline period (OECD, 2024^[109]). The Regional Attractiveness Database does not include heating demand, which is high in Eastern Macedonia-Thrace (Eurostat, 2024^[106]).

²³ Noting five out of Greece’s 13 TL2 regions had 100% renewable energy generation: Epirus, Ionian Islands, North Aegean, Thessaly, and Western Greece.

Going granular: territorial disparities and complementarities in East Macedonia-Thrace

Delving into more granular analysis using the OECD's new TL3-level regional attractiveness database uncovers infra-regional disparities within Eastern Macedonia-Thrace, along with potential opportunities for further cooperation and policy alignment. In some cases, differences across TL3 sub-regions (corresponding to Greek Regional Units) offer opportunities to exploit complementarities and improve the region's overall attractiveness towards investors, talent and visitors. For example, an innovative firm in a TL3 region that does not have a higher education institution may benefit from the presence of a university in an adjacent sub-region (OECD, Forthcoming^[5]).



Source: OECD (2024).

Note: Compass results reflect the OECD TL3-level Regional Attractiveness Database as of February 2025. **region's TL2 score may not be directly comparable to the scores of its TL3 sub-regions.** Zero scores on the **Housing** dimension denote missing data: as the Regional Attractiveness Database does not capture housing data for Greek TL3 regions, the scores on this dimension default to 0 (at the centre of the compass). Data availability for other dimensions is at times also limited in certain countries and regions, here most notably for the **Social Cohesion**, **Digitalisation**, and **Health** (esp. for *Evros) dimensions.

Shared economic challenges and potential value chain synergies

While Eastern Macedonia-Thrace's TL3 sub-regions shares persistent economic challenges, they exhibit different growth potentials. Sub-regions' GDP per capita ranges from USD 23,262 (Thassos, Kavala) to USD 16,046 (Xanthi), underscoring the region's systemic economic difficulties. Just two sub-regions, Evros and Thassos, Kavala account for almost 53% of the region's GDP (Region of Eastern Macedonia-Thrace, 2021^[4]). These two sub-regions, which have the most registered businesses and employees across the region (Hellenic Statistical Authority, 2023^[11]), also have a higher likelihood of being in a high-growth trajectory²⁴, whilst Rodope and Xanthi face higher exposure to falling into a development trap²⁵ (European Commission, 2024^[12]). However, the sub-region of Drama leads in terms of productivity, with USD 52,950 GVA per worker in 2020 that well surpassed the regional average of USD 42,920, likely due to the region's strengths in agri-food including wine production and in marble extraction and processing (Enterprise Greece, 2017^[13]).

Similarly, despite generally trailing OECD levels of patenting activity, localised strengths suggest opportunities for increased intra-regional knowledge transfers. Again, Drama stands out as a regional leader in EU trademark applications, with 71.8 applications per million population – far below the OECD average of 153.4 but among the top ten TL3 regions in Greece. As these results contrast with Eastern Macedonia-Thrace's generally very low levels of patenting activity, Drama's value-adding and trademarking capabilities could benefit neighbouring sub-regions by fostering collaboration through regional innovation clusters and knowledge-sharing platforms. The Democritus University of Thrace, based in Komotini (in Rodope sub-region) with a multi-campus structure across all TL3 territories, is well-positioned to support these efforts by offering research infrastructure to accelerate innovation projects, particularly in green innovation, which holds significant potential for development in the region.

Primary and secondary production models also provide an opportunity to strengthen cross-sectoral linkages and enhance regional value chains. The region offers significant potential for synergy between its primary sector – agriculture and raw material extraction – and its secondary sector, which focuses on processing and manufacturing. For example, its sub-region of Evros has the largest arable land area, while Drama's fertile plains, where 40% of arable land is irrigated, produce crops such as corn, grains, potatoes, and beans, and Xanthi's agricultural sector, which employs 45% of its population, notably produces asparagus and rice in the Nestos Delta (Enterprise Greece, 2017^[13]). These agricultural outputs can directly supply both Evros and Rodope's important food processing industries, adding value to the primary sector's production. Additionally, Kavala's fertiliser industry can support intensive farming in Drama and Xanthi, while Drama's marble quarries and Xanthi's granite and graphite resources could feed Rodope's construction materials industry (Enterprise Greece, 2017^[13]). Strengthening these cross-sectoral linkages could help enhance Eastern Macedonia-Thrace's attractiveness to investors thanks to a better regional economic integration.

However, limited transport and digital connectivity hinders potential intra-regional collaboration to leverage such complementarities. Despite slight variations, all Eastern Macedonia-Thrace sub-regions fall short of EU and OECD benchmarks for average internet download speeds, which are essential for both talent and investor attraction (OECD, 2023^[6]). The region's diverse topography, with around 40% mountainous terrain, complicates the deployment of digital networks that would be necessary to improve its digital connectivity (Region of Eastern Macedonia-Thrace, 2021^[4]). Transportation connectivity is also

²⁴ The EU economic development index (2001-2021) measures whether a region's growth is *higher* than that of the EU, of its country, or of the region itself during the previous five years. It considers growth of GDP per head, productivity, and employment per head over a five-year period. A region scores 1 for each time its growth is higher. This score between 0 and 9 is then rescaled to 0 and 1. Scores in Eastern Macedonia-Thrace: Evros (0.44), Xanthi (0.29), Rodope (0.35), Drama (0.33) and Thassos, Kavala (0.54).

²⁵ The EU development trap index (2001-2018) measures whether a region's growth is *lower* than that of the EU, of its country or of the same region during the previous five years. It is calculated on the same basis as the economic development index, with higher values indicating worse results. Scores in Eastern Macedonia-Thrace: Evros (0.57), Xanthi (0.72), Rodope (0.73), Drama (0.69) and Thassos, Kavala (0.49).

a shared weakness across the region, with a notably underdeveloped passenger railway network. Even in Evros, the best performing TL3 area, rail accessibility²⁶ is less than half as performant as the EU median. Limited transportation connectivity exacerbates income disparities in Eastern Macedonia-Thrace, particularly in Xanthi and Rodope, where inequality levels are among the highest in the region (Psycharis and Tselios, 2024^[14])

Looking beyond Eastern Macedonia-Thrace's borders, its strategic location creates a potential for more innovation collaboration with neighbouring regions, both within Greece (such as the North Aegean to the south and Central Macedonia to the west) and beyond (with Bulgaria to the north and Türkiye to the east). However, these cooperation opportunities may be again hindered by deficits in digital and transport connectivity. Nevertheless, Eastern Macedonia-Thrace has established strong collaborative ties with leading R&D regions in Greece, such as Attica and Central Macedonia, as indicated by their close connections in innovation networks (Tolias and Arregui Pabollet, 2021^[11]). These collaborations are primarily driven by SMEs from the region that seek to enhance their innovation capacity by accessing knowledge from external knowledge providers. Such strategy can help increase the number of international co-patents of the region (the 8th lowest amount of inter-country co-patent application in the EU with just 12 co-patents (European Commission, 2024^[12]), and better benefit from its strategic position as a border region to expand cross-border innovation cooperation.

Leveraging neighbouring regions' complementarities could support regional efforts to enhance value-chain positioning for investment attraction. On the Greek side and to the west, Central Macedonia's strong industrial base and logistics network (Foundation for Economic and Industrial Research, 2024^[3]) offer opportunities to integrate Eastern Macedonia-Thrace's agricultural production into broader value chains, particularly in agri-food sectors. Central Macedonia's expertise in processing and innovation can complement Eastern Macedonia-Thrace's agricultural strengths, boosting regional competitiveness. To the south, Eastern Macedonia-Thrace's continental position offers strategic advantages for linking the North Aegean's insular agricultural sector to mainland European markets (Greek Exporters Association, 2021^[15]). On the international side and to the north, Bulgaria's lower labour costs – the lowest in the EU (Eurostat, 2024^[16]) – and favourable tax regime (Milatovic and Szczurek, 2019^[17]) may tend to attract more cost-sensitive, lower value-added activities (Crescenzi and Harman, 2022^[12]), while Eastern Macedonia-Thrace may focus on complementary, higher-value-added activities that leverage local expertise and innovation. Bulgaria's growing ICT and financial services sectors (Milatovic and Szczurek, 2019^[17]) may also present opportunities for more integrated value chains across borders. To the east, Türkiye's vast market size and diversified economy may also offer potential for further cross-border, complementary production synergies, particularly in the textiles and automotive sectors (European Bank for Reconstruction and Development, 2024^[18]).

Climate change vulnerabilities and complementary potential for mitigation efforts

Low land resilience²⁷ scores are a critical shared weakness, underscoring climate vulnerabilities that may deter investors, talent and visitors. Evros is the sub-region most vulnerable to floods and wildfires in Eastern Macedonia-Thrace: 16% of its built-up area is exposed to river flooding and 4.5% of its land burned between 2019 and 2023, placing it among the most exposed TL3 sub-regions in the EU. More broadly, the entire population of the Xanthi, Rodope and Thasos, Kavala sub-regions is exposed to harmful climate impacts²⁸, as well as much of the resident population in Drama (63.9%) and Evros (41.7%) (European Commission, 2024^[12]). Under a 2°C global warming scenario by 2050, the human and economic

²⁶ Measured as the population that can be reached by rail within 90 minutes per 100 nearby inhabitants (within 120km radius).

²⁷ Data for the 'land burned as a share of total land' in the OECD Attractiveness Database is missing for Xanthi and Drama TL3 regions.

²⁸ Harmful climate impacts include river floods, windstorms, coastal flooding, river flooding, water shortage and wildfire danger (European Commission, 2024^[12]).

costs of climate change are projected to exceed the EU average in all TL3 sub-regions. Thassos, Kavala faces the greatest risks under such a scenario, with 223.7 deaths per 100,000 inhabitants projected annually from less-than optimal temperatures and 6.2% of GDP in economic losses,²⁹ while other sub-regions face GDP losses of 2-3% (European Commission, 2024_[12]).

With its strengths in renewable energy and significant potential for green innovation, Eastern Macedonia-Thrace is well-positioned to integrate into rising global green value chains. Four out of its five sub-regions generate 100% of their electricity from renewable sources, suggesting opportunities for technological transfer towards Rodope, whose renewables share is just 25.7%. Despite their 100% renewables profiles, the sub-regions of Drama and Thassos, Kavala both still have very significant untapped potential for solar, wind and hydro-power generation (each above 2,100 MWh/km²/year) (European Commission, 2024_[12]), which could be used as a lever for green investment attraction. The region possesses significant geothermal resources and potential, as for example demonstrated by recent investments to expand the greenhouse complex at the Eratino-Chrysoupoli geothermal field in Kavala and the installations at the Aristino field in Evros sub-region, which supplies a thermal spa, agricultural greenhouses, and Alexandroupolis' district heating network (Mendrinou et al., 2022_[19]). Finally, the carbon footprint of the region's transportation sector is relatively low, with all TL3 regions performing much better than the OECD average (19.1 tonnes of CO₂ per capita annually), with Xanthi the best performing (at 3.9 tonnes), followed by Drama (4.7 tonnes). These strengths provide an opportunity to better position the region's TL3 territories as a sustainable technological development ecosystem to attract investors interested in green solutions, leveraging existing research infrastructure to accelerate innovation projects while attracting and developing skilled talent in engineering, environmental sciences, and sustainable technologies.

Complementarities in tourism assets and opportunities to spatially re-distribute visitor flows

Eastern Macedonia-Thrace has significant potential to better balance visitor flows and better distribute the local economic benefits of tourism across the region. Currently, the sub-region of Kavala, Thassos dominates the regional tourism landscape with its established 'sun-sea-and-sand'³⁰ brand, recording by far the most overnight stays in tourist accommodation in the region (17,121 per 1,000 inhabitants annually, placing it among the top 8% most touristic TL3 regions in the EU) and the greatest share of foreign visitors (85.6%). In contrast, its neighbour to the west, the TL3 sub-region of Drama, records the lowest figures on these traditional tourism metrics in Eastern Macedonia-Thrace (812 overnight stays per 1,000 inhabitants – among the 8% *least* touristic EU regions – of which only 18.5% by foreign visitors) but offers the most museums and galleries per capita across the region. These complementary profiles suggest an untapped opportunity to promote Drama as an attractive destination for culturally inclined visitors alongside developing the significant wine and gastronomic tourism potential in the sub-region (Karampatea et al., 2024_[20]), while alleviating some of the pressures from over-tourism off the Thassos, Kavala area.

The region's rich natural assets provide an opportunity to diversify its tourism offering and position itself as a leader in sustainable and green tourism. Drama and Xanthi's exceptional natural assets add to the region's potential for more balanced and sustainable tourism, with high tree cover rates (59.5% and 39.5%, respectively) and vast protected areas (56.2% and 49.1% of their land) that well exceed EU and OECD averages. These natural assets provide a strategic opportunity to diversify the region's tourism offering by promoting tourism options that highlight its rich cultural and natural heritage.

²⁹ Compared to the present-day baseline.

³⁰ 'Sea, sun and sand' denotes a mass tourism model in coastal destinations that primarily attract visitors seeking beach leisure activities, warm weather, and seaside amenities, often with a low-cost preference and typically characterised by seasonal tourism patterns.

Addressing attractiveness trade-offs and disparities for green, inclusive globalisation

Three top attractiveness priorities were identified by Eastern Macedonia-Thrace in an initial survey completed by the region. First, assessing and improving the performance of regional attractiveness policies in enhancing the region's development. Second, better understanding Eastern Macedonia-Thrace's position in local and global value chains, improving its connections in terms of infrastructure, business, and knowledge, and tapping into opportunities for diversification. Third, assessing and ensuring the region's readiness to adapt to megatrends: demographic change, attracting and retaining (green) talent, and climate change and the green transition.

Repositioning the region in global value chains: a competitiveness challenge

The Programme Eastern Macedonia-Thrace 2021-2027 provides the region's comprehensive forward strategy, aiming to address the economic, health and social cohesion impacts of the 2009 economic crisis and the COVID-19 pandemic. The three Strategic Objectives of the Programme are: i) supporting and restarting the economy, ii) protection and exploitation of the rich natural environment and cultural resources and iii) upgrading human resources and strengthening social cohesion. These are implemented across five policy objectives:

1. Promotion of entrepreneurship and innovation
2. Sustainable management of resources and infrastructure
3. Improving connectivity of the region
4. Strengthening of social cohesion and social inclusion and poverty tackling
5. Integrated spatial development in the region.

The Programme serves as the instrument for the implementation of the region's development strategy under the EU National Strategic Reference Frameworks (NSRF) 2021-2027. The total programme budget of EUR 639 million includes EUR 473 million from the ERDF and EUR 166 million from the European Social Fund Plus (ESF+). (Region of Eastern Macedonia-Thrace, 2021^[4])

At present, Eastern Macedonia-Thrace exhibits low competitiveness, ranking 225th out of 234 EU regions in the 2022 European Regional Competitiveness Index (RCI) (European Commission, 2022^[21]), which corroborates the findings in the OECD Regional Attractiveness Compass above. The RCI notably highlights that low innovation levels and technological readiness hamper Eastern Macedonia-Thrace's significant specialisation and diversification potential³¹ and that, as a peripheral region facing poor transport connectivity, the region lacks access to the critical market size that could help bolster its competitiveness profile. Its low competitiveness and under-developed business ecosystem are interrelated (Vlados et al., 2019^[22]), with low levels of absorptive capacity for knowledge-based growth (Boden, 2017^[23]) and limited regional value chain integration that altogether hinder innovation- and export-boosting synergies, for example through industrial clusters. As a result of these competitive weaknesses, the region currently punches below its economic weight in terms of exports. Eastern Macedonia-Thrace accounted for approximately 3.9% of Greek GDP in 2021 (Hellenic Statistical Authority, 2024^[24]) but just 2.6% of

³¹ The 'business sophistication' pillar of the RCI aims to show the specialisation and diversification potential of a region (which can help regions respond to competition while specialisation in high value-adding sectors also contributes to competitiveness). This pillar includes indicators on the share of regional employment and GVA in knowledge-intensive sectors (financial and insurance activities; real estate activities; professional, scientific and technical activities; administrative and support services), innovative SMEs collaborating with others, and marketing or organisational business innovators (European Commission, 2022^[21]).

Greek exports (Greek Exporters Association, 2021_[15]). The region's main exports include food and beverages (24.5% in 2021), textiles and clothing (20.5%), non-metal minerals (17.7%), chemicals and plastic (11.3%), machinery and devices (8.2%). Türkiye is the most common destination for these exports (13%), followed by China and Germany (both around 9%) (ibid.). The dominant public sector, with a strong university and military presence, mechanically decreases the ratio of regional exports to GDP – though proved protective of the local economy during the Greek economic crisis (Petraikos and Psycharis, 2016_[25]).

Eastern Macedonia-Thrace's Smart Specialisation Strategy (S3) for Research and Innovation outlines a path towards increased competitiveness through targeted industrial transition. Three of the region's priority sectors under its Smart Specialisation Strategy overlap with national priority industries (agri-foods, pharmaceuticals, and tourism) and a further two partially overlap (plastics and rubber with materials; and electric and electronic equipment with ICT). The sixth regional priority sector, non-metal minerals (e.g. marble), is unique to the region. Regional initiatives to advance S3 objectives are structured around two pillars, supported by cross-cutting measures to strengthen regional value chains, enhance certification systems, and improve resource management efficiency:

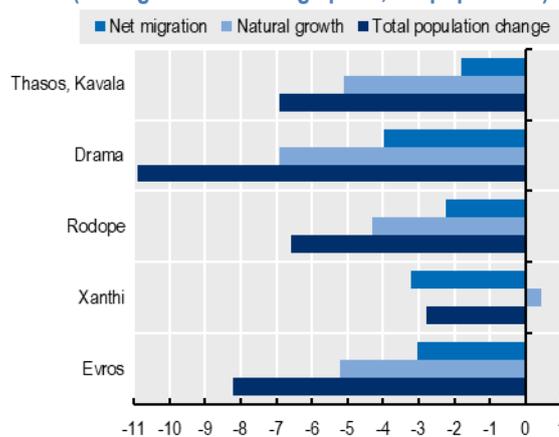
- Transform agri-food chains – a key sector of comparative advantage for Eastern Macedonia-Thrace and the one that has been providing the greatest regional economic multipliers (Giannakis and Bruggeman, 2015_[26]) – for example through developing new certified products and adopting modern production technologies to improve productivity and reduce distribution costs.
- Expand and consolidate priority sectors, including through promoting product and process innovation in emerging industries (plastics and rubber, pharmaceuticals, and electronic and electrical equipment) particularly using key enabling technologies³²; integrating natural and cultural products into the region's tourism offering; and developing specialised health services. (Region of Eastern Macedonia-Thrace, 2015_[27])

Attracting and retaining skilled talent amidst demographic decline

Developing strategic sectors and attracting and retaining talent go hand in hand. On this front Eastern Macedonia-Thrace faces a critical, multifaceted human capital challenge, as it is particularly affected by the general population decline and labour shortages common across Greek regions, while also exhibiting skills mismatches and some degree of underutilisation of its existing workforce.

The region faces significant population decline, with deepening territorial disparities that threaten regional cohesion. Its population overall decreased by 7.6% between the 2011 and 2021 Greek Censuses, more than double the national decline of -3.1% (Hellenic Statistical Authority, 2023_[11]). Within the region, average annual decreases ranged from -2.8 per 1,000 population in the TL3 sub-region of Xanthi to -10.9 in Drama, as negative natural growth (except in Xanthi) was compounded by outmigration (Figure 5) (European Commission, 2024_[12]). This includes significant youth outmigration, resulting in

Figure 5. Demographic change in Eastern Macedonia-Thrace's sub-regions, 2010 to 2021 (average annual change per 1,000 population)



Source: OECD based on European Commission (2024)

³² Key Enabling Technologies (KETs) are a group of six technologies (micro and nanoelectronics, nanotechnology, industrial biotechnology, advanced materials, photonics, and advanced manufacturing technologies) that “increase industrial innovation to address societal challenges and creating advanced and sustainable economies” (European Commission, 2018_[114]). As emerging technologies, they are characterised by rapid development and uncertainty in trajectory and impact (OECD, n.d._[111]).

the numbers of residents aged 0 to 19 to decrease across all sub-regions between 2014 and 2021, including a drastic -20.4% decline in Drama (ibid.), underscoring the urgency and criticality of attracting and retaining youth to sustain regional cohesion and development objectives. Retaining more families in the region is another priority, as households living in Eastern Macedonia-Thrace declined by 2.4% in the last census period compared to a national average *increase* of 4.8% (Hellenic Statistical Authority, 2023^[11]).

As a result of these demographic shifts, rapid ageing is emerging as another challenge for the region. Its ratio of residents aged 65 and over to those aged 0-14 has been steadily increasing in the past decade, reaching 164.3% in 2020 compared to 147.5% nationally (Region of Eastern Macedonia-Thrace, 2021^[4]) and signalling a growing demand for healthcare and public services to meet the needs of an older population. For instance, Xanthi has seen a significant 11.3% increase in residents aged 65 and over between 2014 and 2021 alone (European Commission, 2024^[12]), placing pressures upon the reportedly chronically understaffed local public hospital. Meanwhile, Evros recorded the steepest decline in its working-age population in that period at -13.9%.

Yet unemployment levels in Eastern Macedonia-Thrace remain high, notably youth unemployment – an apparent paradox that indicates skills mismatches. Its relative tertiary skills deficit in terms of population educational attainment despite the strong tertiary education offer in the region can in large part be traced to poorer schooling outcomes: only 70% of the region's labour force had at least completed secondary education, more than 15 percentage points lower than the capital region of Attica (86%) (Hellenic Statistical Authority, 2023^[11]). In addition to the high levels of youth unemployment highlighted above by the region's results on the Labour Market dimension of the Regional Attractiveness Compass, women are another group facing higher unemployment (at 20.4% in 2019), along with the Roma groups (the second largest concentration in Greece). The region also has the third-highest rates of long-term unemployed among the EU27 group of countries, reaching 7.2% in 2022 (Eurostat, 2022^[28]). The 2021-2027 Programme sets out a range of integrated actions to improve employment and education outcomes for these groups, mainly under the ESF+ instrument (Region of Eastern Macedonia-Thrace, 2021^[4]).

These skills mismatches and labour market underutilisation hamper Eastern Macedonia Thrace's transition towards higher value-added, more knowledge-intensive industries. Entrenched skills mismatches signal a need to better align training with employers' expectations and create suitable working conditions to help retain talent, including by providing clearer career pathways within and across industries in the region. At present, the region lacks a comprehensive strategy to address these challenges with coordinated approaches to attracting, training and retaining talent across its territory, industries, and different talent groups.

Institutional and capacity constraints notably limit the effectiveness of the higher education sector in supporting regional needs in terms of talent attraction, workforce upskilling, and knowledge spillovers. The region's remoteness is a reported barrier to attracting and retaining both students and staff to its university³³. The Democritus University of Thrace has the highest staff turnover rate among Greek universities and approximately half of its faculty members do not have permanent residence within the region, signalling challenges in maintaining durable linkages with the private sector (Tolias and Arregui Pabollet, 2021^[11]). At the institutional level, a review by the European Commission's Joint Research Centre project of the role of higher education institutions in the design and implementation of Eastern Macedonia-Thrace's Smart Specialisation Strategy found that the current national Greek legal framework "neither encourages nor rewards regional engagement activities" by higher education institutions despite their legislated 'third mission' to contribute to regional development (ibid.) Budget cuts and reduced researcher headcounts since the onset of the 2008 debt crisis and the COVID-19 pandemic have further constrained

³³ In 2024, the Democritus University of Thrace absorbed the departments and campuses of the International Hellenic University in Kavala (previously the second university in the region), creating one single academic entity.

the capacity of Greek higher education institutions to deliver on their ‘third mission’ in regional innovation (ibid.).

However, regional actors have seized the opportunity of recent national reforms pertaining to Vocational Education and Training (VET) and the internationalisation of universities (Box1). The 2022 Higher Education Reform Law (Greek Ministry of Education and Religious Affairs, 2022^[29]) has enabled rapidly progressing internationalisation efforts at the Democritus University of Thrace. This provides a lever for talent attraction and regional growth, as the presence of international students has been found to make a region more attractive to other foreign students and talent in a self-reinforcing way, increasing the potential for knowledge-sharing and co-creation while also being a major driver of FDI (OECD, 2023^[6]). In parallel, the Thematic Institute on the Primary Sector, Product Processing, and Sustainable Development located in Soufli is another recent initiative enabled by the 2020 VET Reform Law (Greek Ministry of Education and Religious Affairs, 2020^[30]) which benefits the region across various factors of attractiveness including education, cultural capital, innovation and entrepreneurship.

In this context, Eastern Macedonia-Thrace faces an imperative to better retain its increasing international students and foreign-born residents, whose numbers rose from 580 in 2022 to 1,408 in 2023 (Gemi and Feta, 2024^[31]). This influx presents an opportunity to address labour shortages, rejuvenate local communities, and contribute to the region's economic development. In addition to a lack of career pathways, low access to health and education services in some territories may be a barrier to the long-term retention of migrant families. For example, only 12% of Thassos, Kavala's population can reach a kindergarten within a 10-minute walk, compared to 30-35% in other TL3 sub-regions.

Box 1. Regional actors seizing the attractiveness opportunities of national higher education reforms

Internationalising higher education to attract talent at the Democritus University of Thrace (DUTH)

Eastern Macedonia-Thrace's Democritus University of Thrace (DUTH), which has 11 campuses across the region, is advancing its internationalisation strategy through new partnerships and initiatives unlocked by the 2022 Greek Higher Education Reform Law. The legislative changes enabled the university to expand its global reach, offer English-taught programmes, joint degrees with foreign universities, and summer schools hosting foreign students.

The reform notably allowed DUTH to accelerate collaborations as part of the EMERGE European university alliance. Launched in 2019, EMERGE ('Empowering the Margins through Global and Local Engagement') brings together nine universities in European peripheral regions from eight countries, aiming to establish long-term links in education and research with a focus on the needs of these regions and their inhabitants. Together, these universities have approximately 11,000 employees and 126,000 students, with a target for 14,000 students to participate in academic mobility schemes and for 20% of study to be covered by partner institutions using blended learning methods. EMERGE was granted 'European University' status in January 2025, along with a EUR 14.3 million Erasmus+ grant for 2025-2026 to support its collaboration activities.

DUTH's internationalisation efforts also build upon the United States' 'International Academic Partnership Program (IAPP) Greece', initiated in 2019 by the U.S. Institute of International Education in collaboration with the Greek Ministry of Education and Religious Affairs. IAPPs seek to connect U.S. higher education institutions with partners in a target country. In 2022, a delegation from 30 U.S. universities and colleges visited Greece to meet with representatives from all 24 Greek public universities, resulting in DUTH entering collaborations with Purdue University (between the Faculties of Electrical Engineering) and the University of Delaware (between their Law Schools). In addition, DUTH has also advanced collaborations with universities in China and Egypt.

Investments in quality student housing and facilities are integral to DUTH's internationalisation strategy, while industry collaboration is supported by its Innovation Hub, Startup Incubator, Technology Transfer Office, and Industrial PhDs.

VET Regional Councils: tailored vocational education to support traditional industries in Soufli

Greece's 2020 VET reform law strengthened vertical collaboration to ensure vocational education and training (VET) curricula better respond to labour market needs. Key elements of the reform included a central oversight body (the restructured General Secretariat for VET and Lifelong Learning), a national coordination council (the Central Council of VET), and Regional Councils that link VET with local labour markets. This new structure facilitates cooperation across government levels to incorporate national and regional priorities when designing VET curricula. Regional Councils (bringing

together many stakeholders such as VET institutions' Directors, regional authorities, and representatives of both employees and employers) report regional labour market needs to the Central Council, which then advises the General Secretariat.

In Eastern Macedonia-Thrace, the Thematic Institute on the Primary Sector, Product Processing, and Sustainable Development established in 2022 in Soufli is a direct product of this reform. Soufli, a small settlement of 3,200 residents at the Greek-Turkish border, has a rich tradition in silk production and hosts four active silk factories. Its silk industry remains a leader in Europe's textile sector, supplying renowned fashion houses, while new enterprises are exploring alternative uses for silk, including in skin care, jewellery, and art. The Regional Council identified the need for specialised VET training to harness Soufli's rich silk heritage, craftsmanship and cultural heritage and boost sustainable economic growth, leading to the establishment of the Thematic Institute to attract, train and retain local talent in silk-related industries.

The Institute complements tourism branding efforts: in 2017, Soufli joined the Silk Road, a cultural tourism route established by the United Nations' World Tourism Organization (WTO) that connects countries on the first East-West global trade route, offering a "transnational tourism adventure". Since 2021, Soufli is also part of WTO's 'Best Tourism Villages' network, an initiative which recognises "outstanding examples of rural tourism destinations with notable cultural and natural assets that preserve and promote traditional products and lifestyle", with a focus on committing to economic, social, and environmental sustainability in developing tourism as a driver of rural development and community well-being.

Source: (DUTH, 2024^[32]); (EMERGE, n.d.^[33]); (IIE, 2022^[34]); (Gouridis, 2023^[35]); (UNWTO, n.d.^[36]); (Best Tourism Villages [UNWTO], n.d.^[37])

Capitalising on a strategic location amid geopolitical shifts

Eastern Macedonia-Thrace's strategic geographic location presents significant opportunities for growth and internationalisation. These opportunities are amplified by the region's rising international profile as it has been playing an increasingly key role in both global geopolitics and European energy security – opening a critical window of opportunity for the region to reposition itself in a shifting global order, in line with its smart specialisation objectives. The annual East Macedonia and Thrace Forum, held in Alexandroupoli since 2023, aims at "showcasing the crucial economic and geostrategic role of the region and its future economic potential" in the context of these shifts – including the potential for Alexandroupoli to become a strategic "regional commercial, energy and transportation hub" (East Macedonia Thrace Forum, n.d.^[38]). Infrastructure improvements, notably rail connections, are key to realising this potential and to enabling the region to prosper in the long term (Marghelis, 2024^[9]).

Military activities in the region have provided the momentum for accelerating some multimodal infrastructure investments that will improve its international connections. As a key example, progress had been slow on the Sea2Sea project aiming to connect the two ports in the region (Alexandroupolis to the east and Kavala to the west) with the port of Thessaloniki in the Greek region of Central Macedonia and three Bulgarian ports (Burgas, Varna, and Ruse) since the memorandum of cooperation initially signed in September 2017 between Greece and Bulgaria (Marghelis, 2024^[9]), with only a strategic study completed (BTA, 2023^[39]) and the route yet to be built. However, at the July 2024 NATO Summit, Greek, Bulgarian and Romanian defence ministers signed a Letter of Intent to establish a Harmonized Military Mobility Corridor that will connect Thessaloniki, Alexandroupolis, Varna and Constanța (where Europe's largest NATO base is being built) to facilitate the rapid movement of NATO troops (Greek Ministry of National Defence, 2024^[40]).

While the Port of Alexandroupoli has seen a rapid expansion of military and logistics operations in recent years, these activities remain largely separate from the local and regional economy, limiting the opportunities for supply chain linkages and knowledge and innovation spillovers. American and NATO forces have been using the Port of Alexandroupolis since 2020 (as well as, to a lesser extent, British, Italian, Portuguese, and French forces). The Port has notably been instrumental in dispatching NATO military and other vital supplies to Ukraine. Its privatisation process was suspended in 2022 due to the port's "large strategic, geopolitical and energy importance to [Greece]" (Reuters, 2022^[41]), and the February 2024 Joint Statement on the United States-Greece Strategic Dialogue described the Port of Alexandroupolis, one of the two major ports in the region with Kavala, as "a vital logistics, energy, and

supplies chain hub” (US Department of State, 2024^[42]). However, the Port’s commercial accessibility for businesses installed in the region remains both institutionally constrained by its complex public governance³⁴ and operationally limited by its present lack of modern, at-scale, fit-for-purpose cargo storage and handling infrastructure.

Uncertain future geopolitical configurations bring a need for the region to shore up diversified opportunities that leverage its strategic location. For instance, the EU Recovery and Resilience Facility is supporting the acquisition of high-speed grain loading infrastructure at the Port of Alexandroupolis, which could be able start handling Ukrainian grain as early as 2025-2026 (as the shortest land route between Ukraine and the Mediterranean Sea and the shortest sea route between Europe, the Middle East and North Africa (MENA) region and Asian countries). opening broader specialisation opportunities for the region in this sector, along with opportunities to extend supply chain linkages with the involved countries.

In the meantime, major investments are already positioning the region as an emerging European energy gateway and logistical hub. The new liquefied natural gas (LNG) floating storage and regasification unit (FSRU) at the Port of Alexandroupoli commenced commercial operations in October 2024 (Gastrade, 2024^[43]) – it is the first FSRU in Greece and was declared EU Project of Common Interest in 2013, with the European approving the provision of Greek state aid to the project in 2021. (European Commission, 2021^[44]) The FSRU contributes to the security and diversification of energy supply in Greece and Europe. It is an integral part of the Vertical Gas Corridor project for Eastern Europe (the planned expansion of the interconnector between Greece and Bulgaria notably hinges on the FSRU), making it an energy gateway for at least nine countries. Dredging works and connection of a new commercial pier with Alexandroupolis’ new Ring Road are also under way (Alexandroupolis Port Organisation, 2024^[45]), included in the NextGenerationEU post-COVID-19 stimulus package (funded through the EU Recovery and Resilience Facility and the National Recovery and Resilience Plan “Greece 2.0”). (Greek Ministry of Finance, 2021^[46]) Meanwhile, expansion works at the privately-operated commercial Port of Kavala were completed in 2019. (Kavala Port Authority S.A., n.d.^[47]) The Port of Kavala, which benefits from a direct connection to the Egnatia Odos highway (part of the Trans-European Transport Network), is set to absorb bulk cargo tasks handled by the two other small ports in the TL3 sub-region of Kavala-Thassos, with the Port Authority emphasising the provision of value-added services, signing a memorandum of cooperation with the Port of Alexandria in Egypt, and seeking to increase cruise tourism at its passenger port (ibid.).

Eastern Macedonia-Thrace’s rail and energy connections are also set to benefit from Greece’s participation in the ‘Three Seas Initiative’, extending the region’s reach into international markets. Greece joined the Initiative in 2023, as the 13th member of this informal, political-level intergovernmental platform that brings together EU countries in Central and Eastern Europe between the Baltic, Black and Adriatic Seas, making up almost a third of the EU surface area and tending to have lower GDP per capita than the EU average but with faster economic growth (Three Seas Initiative, n.d.^[48]). There is a particular focus on the development of members’ energy, transport and digital infrastructure and the strengthening of the north-south axis in eastern Europe (ibid.) An investment fund finances the initiative’s projects, with six of the seven priority projects in Greece concerning railway lines across Eastern Macedonia-Thrace’s territories (ibid.). Again, complementary policies will be necessary to ensure that these projects contribute positively to territorial cohesion across the region, and do not inadvertently increase territorial disparities.

Balancing competitiveness improvements and territorial cohesion

Major EU-backed infrastructure developments like the Egnatia axis have been instrumental to improving the connectedness of Eastern Macedonia-Thrace – a key factor for attracting investors to the region. A priority project of the Trans-European Network, the Egnatia Odos highway connects the

³⁴ The Greek ministries of Transport and of Maritime Affairs and Insular Policy both have an oversight role over the operations and regulations at the Port of Alexandroupolis, while security matters fall under the remit of the Ministry of Defence.

EU with Türkiye, providing a 246 km-long, east-west axis developmental axis within Eastern Macedonia-Thrace while perpendicular axes to it connect the Greek mainland with the Balkans (Bulgaria and Romania) and Eastern Europe. The European Regional Development Fund (ERDF) provided most of the funding for the highway through the Common Strategic Framework (CSF II & III) Operational Programs and the Cohesion Fund, with the national contribution covered by European Investment Bank loans. EU funding has been instrumental to many regionally significant infrastructure projects (completed or under way), notably a direct rail-to-port connection at the Port of Alexandroupoli and the city of Alexandroupolis' ring road. Such major infrastructure investments are a critical condition to exploiting complementarities between neighbouring small regions (Seunga Ryu et al., 2024^[49]).

However, these major infrastructure projects cannot alone lift Eastern Macedonia-Thrace out of its development trap and its competitiveness gap. Large-scale infrastructure projects, digital transformations and large environmental projects usually promote a hub logic, with concentration in big cities through agglomeration effects and larger gains for larger firms and more educated workers, encouraging migration of the highly qualified to large cities and competitive sectors, therefore tending to reinforce territorial inequalities (Rodríguez-Pose, Terrero-Dávila and Lee, 2023^[50]) (Lang, Redeker and Bischof, 2022^[51]). Correspondingly, and while EU cohesion policy has been instrumental in levelling up economic and social conditions in lagging Greek regions, EU co-financed projects in Greece have been found to be associated with an increase in *intra-regional* income inequality, while spending on education and research, along with small-scale fiscal support to local communities, generated more egalitarian benefits (Psycharis and Tselios, 2024^[14]). These results highlight the need for complementary policies that focus on enhancing opportunities for lower-skilled workers, SMEs, and more rural territories – overall, the need for a “place-based and people-centred” approach to regional development public policy (ibid.).

Promoting spillovers to SMEs is key to maximising and distributing the region-wide competitiveness benefits of major infrastructure and foreign investments. The region's strengths in product and process innovation by businesses (including in innovative SMEs collaborating) (European Commission, 2023^[5]) provides an anchor for driving knowledge and innovation transfers across the region, gradually shifting its industrial activities along higher value-adding segments of global value chains. Unlocking this potential will require overcoming the generally low levels of social trust that Eastern Macedonia-Thrace shares with other Greek regions and which tends to impede more systemic local cooperation, noting that enterprise innovation is often the outcome of collaborative efforts in which businesses interact and exchange knowledge and information with other partners (Cusmano, 2018^[52]). The digital transition facilitates this shift towards ‘open innovation’, reducing the need for innovation-related capital investments which in turn makes business innovation more accessible to SMEs (ibid.) (OECD, 2010^[53]).

Improving digital connectivity is essential, not only for enabling local innovations and for attracting investors, talent, and visitors to Eastern Macedonia-Thrace, but also to address territorial disparities. Lagging digitalisation hampers business operations and competitiveness, limiting the potential for innovation and participation in increasingly globalised services markets, as digitalisation facilitates a more decentralised approach to certain modes of production and service delivery and enables remote working. In addition to impeding investor and talent attraction, the region's currently low digital connectivity is an obstacle in combating desertification and providing support to its growing elderly populations, especially in less densely populated areas – ultimately, it is a threat to territorial cohesion. The efficient rollout of digital infrastructure in the region is complicated by the region's relatively rural profile, as about a third of its population resides outside urban areas, above both the national and EU averages (OECD, 2020^[54]). The Region's 2021-2027 operational Programme includes a key goal of improving digital connectivity and digital skills, with targeted measures to develop and upgrade public digital infrastructures and services at both a regional and local scale (Region of Eastern Macedonia-Thrace, 2021^[4]).

The Region's upcoming Strategic Plan for Tourism Development under way provides another lever for driving sustainable, inclusive growth and enhancing territorial cohesion. The Plan, coordinated

by the Thematic Vice-Governor of Tourism and supported by public consultations with stakeholders from all Regional Units, involves mapping regional tourism assets to develop thematic tourist routes across the region, with a vision to develop year-round thematic tourism (Giaouri, 2024^[55]). In addition to the imbalanced spatial distribution of visitor flows discussed above and the high seasonality of these flows, region-wide economic benefits from tourism activity are reported to be currently limited by a lack of local supply chain linkages (for example, involving local agricultural produce and crafts). This lack of linkages notably contributes to the limited positive impacts of all-inclusive resorts, where staying tourists tend not to spend amounts in other local businesses (Velissariou, Belias and Raptopoulos, 2020^[56]). Improving the local economic multipliers of increased tourism activity and investments around the mapped assets and existing local comparative advantages (while preserving these cultural and natural assets) will require targeted initiatives to be organised collaboratively between regional and local authorities, businesses, and civil society, for example to develop an ecosystem around wine tourism in the Drama-sub-region (Karampatea et al., 2024^[20]). Such tourism initiatives can build upon existing cross-border collaboration mechanisms, for example the ‘Borderless Culture’ project conducted between 2017 and 2021 as part of the EU Interreg Greece-Bulgaria Programme on joint tourism investment and marketing. With a total budget of EUR 1.3 million, the project sought to integrate significant, cross-border “historical and archeological assets into one sustainable thematic tourist destination”, through small infrastructure interventions, documentation of good practices, and the development of training material for business actors (Interreg Greece-Bulgaria, n.d.^[57])

Preparing for climate change and the green transition

Eastern Macedonia-Thrace is well placed to play a competitive role in the green transition, building upon its energy assets and the green credentials of its innovative businesses. The exploitation of regional comparative advantages in renewable energy sources, particularly geothermal, is a Project of Strategic Importance³⁵ for the Region (Greek Ministry of National Economy and Finance, n.d.^[58]), aligned with the broader priority actions set out in Greece’s 2019-2030 National Energy and Climate Plan (Greek Ministry of the Environment and Energy, 2019^[59]). In addition to the significant FDI in renewable energy it has received in recent years, the region can build upon significant ‘green’ industrial assets as well as private sector-led sustainability initiatives and innovations. As a notable example, the Industrial Area of Komotini in the TL3 sub-region of Rodope hosts, amongst others, a new combined cycle gas turbine power plant (expected to be fully operational in early 2025) and an advanced battery recycling facility promoting better recycling practices across Greece (Box 2). In developing greener economic activities and renewable energy sources, there is an important trade-off for Eastern Macedonia-Thrace in maintaining and preserving its natural capital – one of its strongest attractiveness assets – requiring comprehensive spatial planning to manage potential land conflicts.

Box 2. Sunlight Recycling’s Green Mission: improving battery recycling across Greece

Sunlight Recycling, one of Europe’s most advanced lead acid battery recycling facilities, was established in the Industrial Area of Komotini in 2014 following a EUR 31 million investment by parent multinational Sunlight Group, which also operates the Sunlight battery manufacturing plant located in Xanthi. The recycling plant employed nearly 100 people in 2023 and is now developing in a complementary lithium-ion recycling pilot line to fill an identified gap in the national battery recycling market.

In 2016, Sunlight Group launched the Green Mission to increase public and business awareness and practices regarding the proper recycling of lead-acid batteries and the circular economy. These batteries are used daily by industry and publics and come mainly from vehicles (cars, trucks, motorcycles), as well as from forklifts, machinery, UPS, alarm systems and backup lighting. Only 50% of Greece’s used lead-acid batteries are estimated to be collected and recycled (compared to 95% achieved across the EU), with a large percentage recycled illegally and causing negative environmental impacts. To date, the Green

³⁵ Projects of Strategic Importance are defined by managing authorities of the regional and sectoral 2021-2027 Programmes, considering the project’s contribution to “specific objectives of the Program, its importance at national/local level, its uniqueness, its innovative character and its financial size” (Greek Ministry of National Economy and Finance, n.d.^[58]).

Mission has built nearly 100 'Green Spots' across Greece where old batteries can be disposed of for recycling and provided information to 14,000 Greek companies which produce or manage significant quantities of industrial waste materials through targeted communications campaigns and workshops.

Sources: (Sunlight Group, n.d.^[60]); (Group Olympia, n.d.^[61])

The 2023 wildfires have brought to the fore concerns about climate change adaptation in the region, with reports of residents and firms leaving the Evros sub-region after the fires, highlighting the confidence impacts of natural disasters in addition to their economic costs. Across Greece, only 5% of economic losses caused by weather-and climate-related extreme events are insured on average (European Environment Agency, 2024^[3]), increasing the financial risks for residents and investors in more exposed areas. Mitigation of climate risks is considered a domestic and infrastructure security issue, with parts of Greece's railway network paralysed for months in 2023 due to the fire, resulting in the increased involvement of armed forces in dealing with such disasters in north-eastern Greece (Marghelis, 2024^[9]), and in the establishment of a national Construction and Management of Natural Disasters Command the following year (Greek Ministry of National Defence, 2024^[62]).

Eastern Macedonia-Thrace's *Regional Plan for Adapting to Climate Change*, launched in 2022, envisions adaptation interventions in the immediate term (2022-2025) and until 2030. The Plan is structured around three axes: (1) leadership and enhancement of administrative capacity, (2) promotion and dissemination of knowledge and skills and (3) strengthening resilience in priority sectors (Region of Eastern Macedonia-Thrace, 2022^[63]) – all closely linked to EU priorities (particularly the Green Deal and the Just Transition Fund) and ultimately seeking to promote sustainable, inclusive growth and innovation. Adaptation expertise and governance in the region are also set to benefit from its participation in the RESIST interregional cooperation project, a five-year project funded under the EU Mission Adaptation to Climate Change that brings together 12 European regions. (RESIST, n.d.^[64]). The four more experienced regions will first test adaptation solutions, with the know-how and adaptation pathways then transferred to the eight less experienced 'twinning' regions (ibid.). In Eastern Macedonia-Thrace, activities will focus on implementing the know-how from Southwest Finland on using nature-based solutions in flood retention, water quality pollution protection and management of irrigation water scarcity. Implementation will also aim to increase stakeholder engagement, collect costs-benefits data, and develop an application for flood warning systems and water quality status (ibid.).

Getting results: better multi-level governance for better regional attractiveness policies

Greece has deployed significant efforts to decentralise decision-making and improve coordination between national, regional, and local governments in recent years. The implementation of relevant reforms has fostered political momentum for local and regional engagement in policymaking, in alignment with EU trends. However, important governance gaps and overlaps remain that are relevant to matters of regional attractiveness of Eastern Macedonia-Thrace and request clarification in the myriad of programmes, funding source and decision-making.

Despite two decentralisation reforms in the past 15 years, Greece’s government structure remains highly centralised. In 2010, the Kallikratis reform turned the country’s 13 administrative regions³⁶ into self-governed regions with directly elected governors and councils. Competencies transferred included regional planning, transport, employment and education. The reform conferred more responsibilities to municipalities (mainly over urban planning and environmental affairs), which were reduced from 1,033 to 325 through mandatory mergers to facilitate economies of scale. Seven new deconcentrated authorities, headed by a general secretary appointed by the Ministry of the Interior, were created to oversee regional governments and municipalities, with responsibilities in regional and urban planning, environmental protection, migration, and energy policies. Some elements of the Kallikratis reform were never fully implemented, such as a Developmental Program for Local Government (Skiadas and Ftaklaki, 2020_[65]). The 2018 Kleisthenis reform sought to address overlaps and unclear assignments of responsibilities, with a focus on municipalities. It included measures to simplify financial allocations, reform the oversight system, increase civil participation and public consultation, and strengthen strategic planning and inter-municipal collaboration. Later amendments shifted responsibilities from municipal councils to the Economic and Quality of Life Committees, after the introduction of simple proportional representation in the 2019 local government elections brought governance challenges, as many municipal authorities lacked a majority.

Greece’s 13 administrative regions each have a multi-year EU Regional Operational Programme which outlines projects and regional-scale actions, funded by the European Regional Development Fund (ERDF) and the European Social Fund (ESF+) (General Secretariat of National Strategic Reference Framework, 2021_[66]). Regions also benefit from the sectoral Cohesion Policy programmes and manage components of the Rural Development Programme (RDP) for Greece. Notably, 5.4% of the total national RDP allocation for the 2014–2022 cycle is earmarked for CommunityLed- Local Development (CLLD), which is the most bottomup- territorial instrument within the multi-fund context (European Commission, 2024_[67]). Each region’s Planning Authority is responsible for implementing its Programme under the leadership of an elected Governor. However, most policy instruments available to the regions remain designed and managed at the national level (Tolias and Arregui Pabollet, 2021_[11]).

As the high degree of centralisation extends to public finances, Greek subnational authorities face significant financial and capacity constraints, which have been deepened by austerity measures. Sub-national governments accounted for only 6.5% of Greece’s public expenditure in 2020, magnitudes lower than the 34% and 40% averaged across the EU and OECD, respectively (SNG-WOFI, 2022_[68]). Subnational direct investment³⁷, a key lever for regional sustainable development, growth and attractiveness (OECD, 2014_[69]) meanwhile amounted to just 31.2% of general government investment

³⁶ Greece’s 13 administrative regions are aligned with the TL 2 statistical regions as defined by the OECD Territorial Grids (OECD, 2022_[110])

³⁷ Subnational direct investment includes gross capital formation and acquisitions, less disposals of non-financial non-produced assets in subnational government(s). Gross fixed capital formation (or fixed investment) is the main component of investments (SNG-WOFI, 2022_[68]).

(ibid.). Greek regions on average have the third-lowest revenue per capita in the OECD at just USD PPP 242 (compared to an EU average of USD PPP 4,101), while Greek municipalities have the second-lowest revenue ratios to GDP (OECD, 2024^[70]). Regional authorities in Greece also do not receive any tax revenue (ibid.). The memoranda of understanding signed by Greece with the European Commission, the European Central Bank and the International Monetary Fund in 2010, 2012 and 2015, which set out to cut public spending in response to the Greek debt crisis, have had direct impacts on both national and subnational governments – specifying across-the-board reductions in operational expenditure, staffing levels and wages.

In the case of Eastern Macedonia-Thrace, oversight of foreign investments and EU programmes is administratively more fragmented than in most Greek regions. Regions' Directorates of Development Planning are responsible for assessing investment plans under EUR 1 million, while the national Ministry of Development assesses FDI proposals over EUR 1 million in most cases (Greek Ministry of Development, 2022^[71]). However, the Greek Ministry of Interior's Macedonia-Thrace Sector, which has authority over the three TL2 regions of Western Macedonia, Central Macedonia, and Eastern Macedonia-Thrace, is responsible for assessing investment proposals in these regions of EUR 1 to 3 million and is involved in managing and coordinating some European funding programmes (Interreg - IPA CBC, n.d.^[72]). The Sector's stated mission is to promote model regional development, protect natural and cultural heritage, and foster cooperation with Balkan and Black Sea countries on environmental management, infrastructure, and tourism. Its current responsibilities are a remnant of a previously much broader remit: first established in 1974 as the Ministry of Northern Greece, the portfolio became a general secretariat in 2009, was re-established as a ministry in 2012, then reclassified again to its current sub-ministry status in 2015.

Previous territorial and governance reviews of Greece have highlighted participation and co-ordination gaps among subnational actors, related to a lack of bottom-up approach to regional policymaking, particularly in terms of funding allocation. (OECD, 2018^[73]) (OECD, 2020^[54]). For example, there is room to improve the co-ordination between regions and municipalities, whose participation in Regional Operational Programmes' Municipal Councils has been reported as fragmented. The COVID-19 pandemic has also reportedly contributed to reducing citizens' and civil society participation in municipal and regional consultation committees (Falanga, 2020^[74]). Trust deficits contribute to these gaps: less than a quarter of Greek respondents to a 2017 Eurobarometer survey agreed that "most people in the country could be trusted", among the lowest scores in the EU (Kantar, 2018^[75]). Yet for stakeholders to converge in adopting shared objectives and strategies for the attractiveness of their region, dialogue and trust between the actors are essential (OECD, 2023^[6]).

Coordination on Eastern-Macedonia's *Smart Specialisation Strategy* has benefited from technical assistance from the European Commission's Joint Research Centre (JRC) under the 'Higher Education for Smart Specialisation' (HESS) project (Tolias and Arregui Pabollet, 2021^[1]). The JRC partnered with the Region to organise 'Entrepreneurial Discovery Process Focus Groups' for each S3 priority, bringing together regional stakeholders from the business, public and research sectors to identify innovative project ideas. Subsequently, 'Project Development Labs' refined the ideas from the focus groups and sought to bring them closer to implementation, identifying funding opportunities and action plans. Notable benefits of the project included an improved coordination of the regional and national level plans and the establishment of a working group to develop an enduring governance system for the Strategy (ibid.).

Greece's new Regional Development Plans improve transparency on regional development policies, with Evros' special plan paving the way for place-based approaches at TL3 level (Box 3). In 2024, the Greek Government launched Regional Development Plans that detail the projects and actions implemented by all levels of government for each region except Attica (Hellenic Government, 2024^[76]), in line with a 2020 OECD recommendation for better cross-sectoral and vertical coordination of regional development policies (OECD, 2020^[54]). A public platform enables citizens to view information about projects over EUR 1 million euros in every region, regional unit and municipality (around 6,000 projects in

total), increasing transparency on their funding and progress. The initiative includes a monitoring mechanism which consolidates the until-then fragmented monitoring and evaluation of different programmes and projects across the local, regional and national levels. It also includes provisions for more targeted, supplementary regional plans for select TL3 sub-regions – initially for territories which have faced severe natural disasters or are included in the Just Development Transition (“delignitisation”) strategy – with Evros in Eastern Macedonia-Thrace one of the pilot cases.

Box 3. Evros’ Special Reconstruction Plan for disaster recovery, economic development, and enhanced attractiveness at TL3 level

In addition to Eastern Macedonia-Thrace’s overall Regional Development Plan, its TL3 Regional Unit of Evros benefits from a special plan for its economic recovery and development, leveraging targeted reallocations from the 2021–2027 Regional Operational Programme alongside additional dedicated funds. Following the devastating fires of August 2023, a special committee was established in December 2023 to draw up a development programme for Evros, seeking to regenerate the burnt forest area, build flood protection infrastructure, support businesses, and promote local tourism.

Evros’ Special Development Programme, announced in October 2024, includes projects and measures totalling EUR 2.83 billion, namely:

- Addressing urgent needs caused by the wildfires (EUR 90 million allocated over 2023-2025).
- Funding 136 infrastructure projects (EUR 2.5 billion over 2021-2030).
- Implementing 19 policy measures aiming to “prioritise job creation, promote entrepreneurship, and encourage people to settle in the area” (EUR 60 million over 2025-2027).
- Funding “Evros After” initiative for its further development (EUR 180 million over 2025-2030)

Notable attractiveness-related measures include EUR 1 million to support existing tourism businesses in Soufli, Orestiada, and Didymoteicho, along with relocation incentives to attract new residents to these municipalities (EUR 10,000 payment available for the first 1,000 newcomers) and incentives to encourage entrepreneurship by unemployed people (EUR 14,800 incentive available for up to 200 applicants). A new music school and veterinary school in Orestiada will also augment the region’s education offer.

Source: (Hellenic Government, 2024^[77]); (gtp Headlines, 2024^[78]); (ekathimerini.com, 2024^[79])

Policy considerations for Eastern Macedonia – Thrace

The following policy considerations are intended to help policy makers enhance the impact of attractiveness strategies in Eastern Macedonia-Thrace across the three international target groups of investors, talent and visitors, drawing from concrete examples deployed in other regions facing similar challenges.

1. Unlock the commercial potential of the Port of Alexandroupoli by ensuring locally relevant infrastructure development, promoting dual-use technology, and increasing local linkages.

Eastern Macedonia-Thrace's growth potential would benefit from more closely and deliberately aligning investments in security and defence operations in the region with regional needs and development objectives, particularly at the Port of Alexandroupoli. Such an alignment would first involve ensuring that strategically motivated infrastructure investments can play a dual role in delivering long-term value to the region. Considering how infrastructure networks connect military places with regional centres could help ensure these investments benefit local and regional development outside major centres, likely requiring complementary policies like education programmes to avoid reinforcing territorial disparities. NATO activities at and around the Port of Alexandroupoli provide an untapped opportunity to bring an innovation and R&D boost to the region through increased supply chain linkages with local SMEs and services. Local content agreements, among other options, could help tap into this potential. Explicitly setting out in regional strategic and planning documents a pathway for the development of dual-use goods, technologies, and infrastructure³⁸ (including roads, rail, housing, schools) could assist in bringing these elements together into a comprehensive, regionally integrated approach.

Noting the port's current status and governance severely constrain its operational flexibility, its ability to meet the logistics needs of the region, and ultimately its smart specialisation objectives, the national and regional governments could explore the development of an alternative commercial/military port cohabitation model, to improve visibility and certainty for investors and regional public and private actors while maintaining strategic oversight. In the shorter term, to address the underutilisation of the port and improve the efficiency of cargo handling, priority investments could be directed toward enhancing port-side equipment and completing the intermodal transport facilities.

International examples | Nexus: transforming transport and logistics around the Port of Sines in Alentejo (Portugal)

The Nexus Agenda is a large-scale innovation strategy for the port, multimodal and transport sector in Algarve, with a focus on supporting and accelerating the sector's digital and ecological transition. Led by the Ports of Sines Authority in Portugal, the Agenda coordinates a consortium of 35 national and international representatives from the transport and logistics sector, academia, research institutions and technology companies. It is estimated that by 2030, products created under the agenda will generate 1,000 jobs and reduce the carbon footprint of the Port of Sines by 55%.

Polish Investment & Trade Agency's (PAIH) Promotion Plan for High-Tech Security and Dual-Use Goods

This initiative, one of 15 sectoral promotion plans showcasing Poland's economic strengths globally, aims to position it as a leading producer of innovative military and dual-use technologies, such as the advanced "FlyEye" drone system. From 2024 to 2029, PAIH is implementing, on behalf of the Ministry of Development and Technology, a programme to promote Poland's sectoral capability through the "Internationalisation of SMEs – BRAND HUB" project, part of the European Funds for a Modern Economy 2021-2027 (FENG). Activities include participation in major international trade fairs, promotional campaigns, and inbound trade missions, supporting Polish companies in expanding their global reach and fostering international partnerships.

Sources: (Nexus, n.d.^[80]) (PAIH, 2023^[81])

³⁸ 'Dual use' refers to goods, software and technology, and infrastructure that can be used for both civilian and military applications.

2. Better leverage Eastern Macedonia-Thrace's industrial zones and incubators, seeking to deepen their regional linkages through targeted policies and partnerships.

Infrastructure upgrades and the provision of tailored business services could better position the region's industrial zones for attracting and durably retaining investors in priority, high value-adding industries. The Greek national strategic investments framework and the new Regional Development Plans together provide a robust basis for maximising agglomeration benefits and spillovers to SMEs, ensuring long-term contribution to the regional economic fabric. Improving positive spillovers of FDI on local SMEs could in turn improve SMEs' access to foreign market and adoption of innovative production processes, requiring incentivising local cooperation for both incoming and local firms.

As global investors increasingly consider non-financial factors such as Environment, Social and Governance (ESG) criteria in their investment decisions, Enterprise Greece could more actively promote the green credentials of key industrial zones like the Industrial Area of Komotini to potential investors and talent. The regional incubators could also seek to incentivise ESG-competitive enterprises through tailored business support programmes and grants. More broadly, encouraging local businesses to demonstrate such credentials could help them access this type of financing and position Eastern Macedonia-Thrace as a place for responsible investment. National government actors could assist efforts to raise awareness in the business community about the benefits and requirements of sustainable finance and to promote the adoption of internationally recognised standards such as the EU Taxonomy to classify, monitor, and disclose ESG activities.

International examples | Kilkenny Business Park: upgrading local and regional infrastructure in Ireland's South-East

The development of Kilkenny Business Park, which hosts SMEs and larger businesses in sectors like pharmaceuticals, ICT, and logistics, has resulted in important infrastructure overlays that are attractive to foreign firms while also benefitting local producers in this economically lagging region. For example, the construction of advanced water treatment and waste management systems has been crucial for pharmaceutical industries, while new high-speed fibre-optic networks meet the demands of IT and tech firms. Upgrades to public transport and roadways to enable commuting and freight logistics around the park have also significantly improved regional connectivity, in turn enabling Kilkenny to compete as a hub for clean and high-tech industries.

An industrial zone fostering regional skills and growth in Łódzkie (Poland)

The Łódz Special Economic Zone (SEZ) is ranked 10th globally and second in Europe, with judges of the 2023 fDi Intelligence Global Free Zones of the Year awards noting that its "combination of business support services, infrastructure advances and a forward-thinking approach to technology and sustainability means it has much more to offer beyond financial incentives."

- *Business services tailored to help local entrepreneurs and entrepreneurs succeed.* The SEZ offers an array of manufacturing-focused programmes targeting specific foreign countries, sectors, and themes. These include a programme tailored for SMEs in the home appliances manufacturing industry and the Re_Open UK programme helping entrepreneurs adapt to new trade conditions after Brexit. A 2,000 sqm collaboration space in the city centre provides working areas and a showroom. In 2023, the SEZ start-up accelerator programme supported 65 domestically owned companies (including 59 SMEs), along with 38 foreign tech projects, a fifth of which come from Ukraine. The accelerator offers also dedicated financial incentives and services for ESG solutions.
- *Local partnerships to align education and skill needs.* The SEZ Vocational School of Automation and Robotics, led by the Łódz SEZ in partnership with the Łódz University of Technology and three local investors, addresses the region's growing skills demand in automation and robotics while equipping students with practical, job-ready skills. The Vocational School bridges the gap between the theoretical knowledge taught in schools and the specific expertise required by local industries, ensuring that students are well-prepared to enter the workforce upon graduation. This programme not only enhances students' employment prospects but also strengthens the local economy by providing businesses with a skilled workforce meeting their operational needs, while supporting innovation, competitiveness and long-term growth in the region's manufacturing and technology sectors.

Sardinia's regional FDI attraction strategy guideline: promoting the adoption of ESG principles (Italy)

In January 2024, the Region of Sardinia presented a guideline document to inform an upcoming regional FDI attraction strategy, promoting the adoption of ESG principles throughout the investment value chain to attract more private investment. The guidelines (though not yet finalised or approved) aim to ensure the generation of long-term value for businesses and the

region more broadly while pro-actively positioning Sardinia as a key player in advancing green globalisation, by explicitly prioritising sustainability and demonstrating alignment with Sustainable Development Goals (SDGs).

Sources: (OECD, 2023^[82]); (OECD, forthcoming^[83]); (Łódź SEZ, 2024^[84]) (fDi intelligence, 2023^[85]); (OECD, forthcoming^[86])

3. Develop a comprehensive regional strategy for attracting, training, and retaining talent in Eastern Macedonia-Thrace, adapting initiatives to relevant groups and territorial levels.

Efforts to address the region’s human capital challenges – from youth outmigration to unemployment and labour shortages – would benefit from a more joined-up, coordinated approach among regional authorities, employers, and educational institutions. The Region could for instance pilot retention-focused initiatives for international talent in identified priority industries. Targeted financial and non-financial incentives could be explored to assist employers (including in the public sector) in recruiting and retaining skilled professionals and their families from outside the region, with opportunities for co-funding arrangements to ensure the financial viability of such schemes and promote the accountability of involved parties. Financial incentives could for example include relocation assistance, housing support or tax benefits, while non-financial incentives could take the form of job-matching services for family members, assistance with finding schooling and childcare, or programmes proactively linking newcomers with community groups of like sporting clubs. There are also opportunities for targeted initiatives to re-attract people who have left the region and are looking to return (for example, when starting a family) and re-attract the Greek diaspora more generally.

Fostering stronger connections between schools, universities, and private industries could help address skills mismatches while deepening research-industry linkages and encouraging local businesses (especially SMEs) to adopt product and process innovations. Final-year internships, apprenticeships, or mentorship schemes could better connect university, vocational, and secondary students with firms in high-demand sectors and help more young graduates envision their future in the region. Local partnerships could also contribute to the upskilling and employment integration of underutilised groups, including youth, women, Roma and other minorities. Finally, promoting lifelong learning and retraining initiatives could help equip workers with skills for the green transition, with the potential to develop public-private reskilling programmes, particularly for workers transitioning from traditional sectors to emerging industries.

Establishing formal partnerships between industrial zones or clusters with regional education providers could help address skills and innovation gaps in the region (notably in terms of green skills and technologies), while providing clearer career pathways across and between industries to better retain talent in the region. Such partnerships could include, for instance, research collaborations, industrial PhDs, internships and apprenticeships, or mentoring programmes.

International examples | The “Youth in Łódź” programme of the Łódź City Office (in Łódźkie, Poland)

The City of Łódź’s Economic Development and International Cooperation Office launched the “Youth in Łódź” programme in 2008 to address the city’s net migration losses as much of its highly educated and younger inhabitants leave to Warsaw. The programme’s nationally unique scholarship scheme is funded by 300 local employers in high-demand sectors. To date, 10,000 applications have been submitted, with 530 students awarded scholarships. The programme facilitates access to professional experience through a dedicated portal for internships and placements, with its summer initiative enabling 710 companies to employ and train 2,400 interns, of which more than 80% received job offers afterwards. The programme’s discount card also supports everyday student life, offering discounts on many products and services, including fitness centres, language schools, and restaurants. The programme is now a widely recognised and trusted brand: 83% of students and 74% of high school graduates in Łódź are aware of it, with many identifying it spontaneously as a leading youth-focused initiative. Its digital presence is equally strong, comprising more than 53,000 registered users.

Tailored initiatives to improve talent attraction, training and retention in Dalarna (Sweden)

As the Central Sweden region of Dalarna faces the lowest working-age share of population in the country, it has developed innovative interventions to increase the likelihood of talent choosing to move to the region and staying longer:

‘Rekryteringslots Dalarna’. Dalarna set up an association to help newcomers’ family members to find a job (with an 80%

match rate since 2003) and supporting the household in looking for accommodation, schools, and childcare. Employers can mention on their job ads the possibility to receive this support.

'Contact 1'. This successful talent attraction initiative engages directly with residents' connections, with an initial campaign of high-profile advertisements, asking, "Do you miss someone? Your daughter, grandpa, friend?" and inviting them to refer loved ones they wished to see return, collecting 2,500 names. Over one evening, the main event at a call centre assembled 150 influential community members from the public and private sectors to make 1,000 calls, with follow-up calls afterwards. Out of the 800 households who expressed interest in relocating, 400 have since moved to the region. The cost of attracting each household was estimated at SEK 24,000 (EUR 2,574, with 50% covered by EU funds and 50% by national public funds), while each household contributes around SEK 128,000 (EUR 13,730) annually in regional tax revenue.

Knowledge Transfer Partnerships. Inspired by an Innovate UK programme, these partnerships launched by Dalarna University in 2012 help recent graduates obtain 1 to 2-year contracts with participating SMEs to carry out strategic development projects, for example in market or product development. Past sustainability-related projects include reducing manufacturing waste or studying the feasibility for a whole residential area to go 'off grid'. Most partnerships lead to full-time recruitments for both domestic and international students. The partnerships benefit local firms in terms of profit and innovation, as well as the university through academic coaches who ensure knowledge and experience are transferred back to the university.

ReturnAs: a comprehensive programme to re-attract the diaspora to Asturias (Spain)

The ReturnAs programme represents a major shift in Asturias' migration policies, targeting individuals who previously left the region in pursuit of new opportunities and now seek to return. Beyond providing financial assistance, the initiative offers a comprehensive framework of support, including advisory services and resources, designed to ensure a seamless and successful reintegration of returning migrants. Through a virtual office available to all former Asturians, support officers help facilitate the logistics of return and settlement in the region, including in outlining the different incentives available to young people, families and those returning to rural areas. A budget of EUR 400,000 was also allocated to establish physical 'Return Offices' in Buenos Aires and Mar de Plata in Argentina, two population hubs for the Asturian diaspora.

Sources: (OECD, forthcoming^[83]); (OECD, 2023^[87]); (OECD, forthcoming^[88])

4. Use the new thematic routes to promote sustainable, year-round tourism and more balanced regional development, leveraging the region's under-tapped natural and cultural assets.

The development of thematic routes, together with the relatively low visibility of Eastern Macedonia-Thrace in international tourist guides, provide an opportunity for the region to place itself 'on the map' on its own terms. Promoting 'slow tourism' practices (such as eco-tourism, agritourism, and experiential tourism) which attract visitors year-round and encourage exploration of more rural territories could help better balance visitor flows, both geographically and across seasons, while preserving environmental and cultural resources. For example, this could involve developing cycling and hiking trails that connect historical, cultural, and natural sites across rural areas. Developing interconnected routes could generate economies of scale by pooling resources for shared infrastructure, signage, and marketing, thereby reducing costs for individual destinations while creating a cohesive tourism experience. The routes could also provide a useful framework for identifying and prioritising options to foster entrepreneurship and sustainable job growth in cultural and creative industries.

More generally, incentivising more local tourism supply chains could help deliver greater regional economic benefits from existing visitor flows – not only in areas experiencing 'over-tourism' like Kavala or hosting a larger share of 'all-inclusive' resorts, but also in rural territories that are relatively cut off from these nearby markets. Promoting digital uptake among tourism businesses could also help improve the productivity and economic sustainability of the sector.

As engaging stakeholders across sectors and involving local communities would be essential to realise the transformative potential of such approaches, streamlining tourism governance in the region through enhanced collaboration among related municipalities could help support these efforts (notably to strengthen its tourism brands and territorial marketing). For example, existing municipal initiatives like mobile apps could be more joined-up to reduce management costs while increasing the visibility of the regional tourism offer for visitors.

International examples | Increasing the international recognition of Sardinia's cultural assets (Italy)

Since their discovery in 1974, Sardinia's Giants of Mont'e Prama (colossal statues dating from 900-750 BCE) have fuelled efforts to leverage this cultural asset to stimulate growth in surrounding rural areas. The Mont'e Prama Foundation, central to these efforts, is currently implementing a comprehensive territorial strategy to integrate the archaeological site into the region's development plans, envisioning a "museo diffuso" that connects Mont'e Prama with other sites, overall aiming to enhance cultural tourism and diversify the local economy.

The "Sardinia Cultural Heritage Project" has largely driven Mont'e Prama's growing global recognition. This partnership between the Region and Columbia University, funded by a EUR 300,000 regional grant, aims to deepen the understanding of Sardinia's archaeological assets and spotlight their historical significance. It facilitated the exhibition of the statues at the Metropolitan Museum in New York, with previous international displays in Berlin, St. Petersburg, and Thessaloniki. The project also published a book (*A Lost Mediterranean Culture*) on the importance of the Giants' discovery. The expanded global awareness of Mont'e Prama enriches the academic and cultural narrative of Sardinia while also enhancing the region's appeal to tourists, investors, and scholars, positioning it as a significant cultural and historical destination.

Place-based branding and thematic tourism routes for rural development in Lubelskie, Eastern Poland

In the EU border region of Lubelskie, local authorities and tourism actors are using territorial branding to improve the region's attractiveness to Polish and international visitors, better balance the spatial distribution of tourists, and support sustainable and inclusive development in rural areas. The Land of Loess Gorges is one of 12 national tourist brands recognised by the Polish Government, uniting 60 actors (including various ministries, the regional government, and 11 municipalities) to maintain a database of agri-tourism enterprises and promote agri-tourism and holidays in smaller villages. Lubelskie also benefits from another tourist brand promoting medical health tourism and spa resorts in the region. For businesses, association with the brand comes with training, visits abroad for brand managers to study examples of development (for instance how local cuisine is promoted in Spain), sharing knowledge, education, building links between the regions that manage their brands.

Source: (OECD, forthcoming^[86]); (OECD, forthcoming^[85])

- 5. Address administrative gaps in the assessment of investment proposals, incorporating a regional lens across the board.** Oversight of FDI into Eastern Macedonia-Thrace would benefit from being aligned with arrangements for other Greek regions, and from the Regional Authority being formally and consistently involved in assessing all FDI proposals in the region, regardless of project value. In addition to increasing the efficiency and transparency of decision-making processes for investors, and to improving procedural consistency across Greek regions, the Region's participation in evaluating all FDI projects could also help better align decisions with regional infrastructure plans and broader regional development objectives. The national criteria defining 'strategic Investments' and 'Emblematic Investments of Great Significance' (Greek Ministry of Development, 2021^[90]) could also be revised to explicitly include regionally significant or 'region-shaping' projects, while the incentives framework could be reviewed to ensure that appropriate incentives are provided for such a category of projects. More broadly, Greece's new Regional Development Plans Assessments provide an opportunity to consider and communicate more explicitly and comprehensively the potential linkages of investment proposals with place-based policies and industrial clusters.

International example | Territoires d'Industrie: regionalising trade and investment strategies (France)

Launched in 2018, the French 'Territoires d'industrie' (Industrial Territories) programme aims to boost industrial development in target regions by mobilising national, regional and local stakeholders alongside private sector actors – for example, rebuilding flax spinning capacity in Alsace and developing offshore wind energy infrastructure in Le Havre. The programme's governance model pairs local elected officials with industry leaders, with strategic oversight provided by the regions and continuous support from the central government. In 2020, the central government and regional authorities signed an agreement to co-finance the reshoring of specific production value chains within French territories. The 2023-2027 phase builds on this framework, focusing on enhanced cooperation across 183 industrial clusters spanning 630 inter-municipalities across France's 18 regions. These areas, primarily rural, peri-urban, and small to medium-sized urban centres, are characterised by their robust industrial identity and expertise. Key objectives include accelerating industrial investment and job creation in regional labour markets, developing specific industrial sectors and skillsets, supporting the green industrial transition and creating favourable conditions for industrial growth by engaging multiple stakeholders.

Sources: (OECD, 2023^[8]); (National Agency for Territorial Cohesion (ANCT), 2024^[91])

6. Strengthen the capacities of regional and local authorities to conduct consultation processes, monitor and evaluate attractiveness policies and programmes, and develop regional strategies at different time horizons.

Building upon the Higher Education for Smart Specialisation (HESS) project, Eastern Macedonia Thrace's Smart Specialisation Strategy, along with other key regional strategies like the new Regional Development Plan, could benefit from an ongoing public consultation framework to support their implementation and future updates. A more systemic consultation approach could help build trust through transparent decision-making and improve territorial cohesion outcomes, notably by identifying synergies in spending. Public engagement mechanisms could build on the "OECD Guidelines for Citizen Participation Processes" (OECD, 2022^[92]), which provide relevant guidance for designing inclusive and effective participatory processes. Strengthening civic programmes, including youth volunteering initiatives, could also help foster social cohesion and trust.

Sharing policy performance evaluation frameworks across levels of government that include regional attractiveness indicators, such as the ones proposed by the OECD, with a key role for subnational authorities in holding actors accountable at the local and national level, could support evidence-based policymaking and continuous improvement. Evaluation indicators covering all stages of the policy cycle (input, outcome, and impact) could particularly help to assign accountability and monitoring to the relevant actors. Such an approach could help transforming basic monitoring processes such as the ones supported by the European Commission into more efficient and regionally relevant policy impact evaluation, in time building credibility and institutional trust among governmental stakeholders. While it will take time before the impact of the Regional Development Plans reform on territorial development and on bridging related coordination gaps can be fully evaluated, the dissemination of early lessons from Evros' Special Reconstruction Plan could benefit similar place-based natural disaster recovery plans, both in the Greek context and in other European countries

In addition to building general skills like policy and program development, implementation and evaluation, using foresight and participatory methods could help equip regional and local actors anticipate future pathways for the region's economy (for example, to establish a long-term strategy for dual-use infrastructure, in terms of its potential role in the reconstruction of Ukraine, or to imagine which existing and emerging industrial specialisations could define Eastern Macedonia-Thrace's future). As mega-trends and geopolitical uncertainties have operational implications at the regional level for attracting and retaining investors, talent and visitors, building a regional capacity to plan for, and respond to these implications could help develop 'no-regret' options and plan for internal skills resourcing in the context of scarce human resources. Collaboration with the recently established Greek Government's Special Secretariat on Foresight could help facilitate such capacity building and the integration of foresight tools into regional planning and consultation processes, which could also build upon existing OECD programmes and tools³⁹.

International examples | Network of Municipalities for Citizen Participation in Murcia, Spain

The Network of Municipalities for Citizen Participation in Murcia, led by the regional government's Department of Transparency, Participation, and Communication, aims to boost citizen engagement across the region. It supports municipalities in adopting practices that encourage active citizen participation in local decision-making, making policies more inclusive. Municipalities join through agreements with the regional government, committing to promote participatory processes. In return, the regional government offers technical support, advisory services, and training.

1000 Experts Programme in Italy and Umbria's taskforce to address administrative backlogs and inefficiencies

The 1000 Experts Programme bolsters the ability of local administrations in Italy to effectively implement projects under the National Recovery and Resilience Plan. A taskforce of 1,000 experts – including engineers, architects, lawyers, and environmental consultants – temporarily join regional and municipal administrations to assist them in streamlining bureaucracy, securing permits, and efficiently utilising approximately EUR 200 billion in EU funds for essential infrastructure projects like

³⁹ Resources include, amongst others, the OECD Government Foresight Community (OECD, n.d^[112]), toolkits for policymakers (OECD, 2025^[103]), and country and regional case studies, for example on Flanders in Belgium (OECD, 2024^[104])

railways, green technology, and childcare facilities. By addressing underutilisation – with only 48% of EU funds spent from 2014 to 2020 – this initiative equips local administrations with vital expertise and manpower to deliver services and programmes benefiting residents and businesses in the regions. The taskforce will also establish 7,000 digital hubs to support residents (particularly seniors), enhance public service delivery, and improve governance efficiency and transparency.

For instance, In Umbria, the programme initially allocated EUR 7.4 million to recruit 22 external experts to support regional and local public authorities in managing complex administrative procedures and reducing backlogs. The regional taskforce was expanded in 2024 to respond to emerging needs, bringing the total budget to EUR 8.1 million. As of September 2024, the regional taskforce comprised 30 members, with specialists addressing major local backlogs like in municipal construction permits. The programme's latest monitoring and evaluation report, published in the first half of 2024, finds tangible results, including reductions in backlogs and shorter processing times for 18 complex procedures.

Action Plan for Economic Growth and Security Strengthening of Latvia's Eastern Borderlands

Latvia's Action Plan for Economic Growth and Security Strengthening in the Eastern Borderlands takes a comprehensive approach to enhancing the socio-economic and security landscape in the eastern EU border region of Latgale.

This targeted, two-year strategy (2025–27) integrates the efforts of multiple ministries, national agencies, and subnational actors to address the region's unique challenges given recent geopolitical pressures. By focusing on strategic investments to improve the business climate and expand the role of the Latgale SEZ, the plan aims to create a more resilient and attractive environment for local and international businesses. The initiative also seeks to build the region's strategic foresight and planning capacity by establishing frameworks for data-driven decision-making and performance monitoring using attractiveness indicators. This combined approach enhances the region's ability to anticipate future challenges and opportunities and cultivates a collaborative governance model to reinforce long-term stability and prosperity in border areas.

Sources: (OECD, forthcoming^[93]); (OECD, forthcoming^[94]) (Regione Umbria, 2023^[95]); (Regione Umbria, 2024^[96]); (Italian Government, 2024^[97]); (OECD, forthcoming^[98])

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