

# Study on the relevance and effectiveness of ERDF and Cohesion Fund (CF) support to regions with specific geographical features – islands, mountainous and sparsely populated areas

## **NSPA Forum**

Presentation of the Study findings  
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***This document is designed as support to the oral presentation  
and is not intended to be used separately***

# Agenda

- 1) Study overview**
- 2) Key messages from the four main Tasks**
- 3) Main policy conclusions**
- 4) Q&A**

# 1) Study overview

*12 months from Dec 2010 to Dec 2011*

## Four main tasks:

- **Task 1:**      **Literature review:** definitions, different challenges and respective policy approaches;
- **Task 2:**      **Analysis of ERDF interventions within 15 selected regions (Objectives 1 and 2 covering 2000-06 and 2007-13 periods):** desk-based research drawing on programme data and related documents;
- **Task 3:**      **Six case studies (NUTS3 regions):** face-to-face (and some telephone) interviews with the main stakeholders in each of the selected regions [*CORE element of the study*]
- **Task 4:**      **Policy conclusions**

# 2.1) Findings from the Literature Review

## *“Geography matters”*

### ■ Definitions

- 3 categories are also sociological or cultural constructs as geographical or territorial;
- Significant territorial and socio-economic differences exist both *between* as well as *within* each of the three categories;
- Nordic vs ‘continental’ approach to dealing with sparsity issues;

### ■ BUT there are certain common geographic characteristics and challenges

- **Remoteness:** from major markets, services or industrial ‘poles’ or clusters, scattered;
- **Territorial (small) size:** in terms of population, density and/or GDP, scattered communities;
- **Physical constraints:** in terms of insularity, slopes, boundaries, poor quality of soils etc;
- **Extreme climate conditions:** i.e. hot/cold, dry/wet, windy;
- **Outstanding and/or preserved environment, habitats and cultural heritage:** in terms of the biodiversity of flora and fauna; traditions and specific cultural identities;

### ■ The demographic challenge is common to all

### ■ No ‘one size fits all policy’ approach to tackling these challenges

## 2.2) ERDF commitments in three types of region

### *Commitments distribution, 2000-06 (Sweco Study)*

#### ■ Higher relative ERDF & CF commitments compared to their population size:

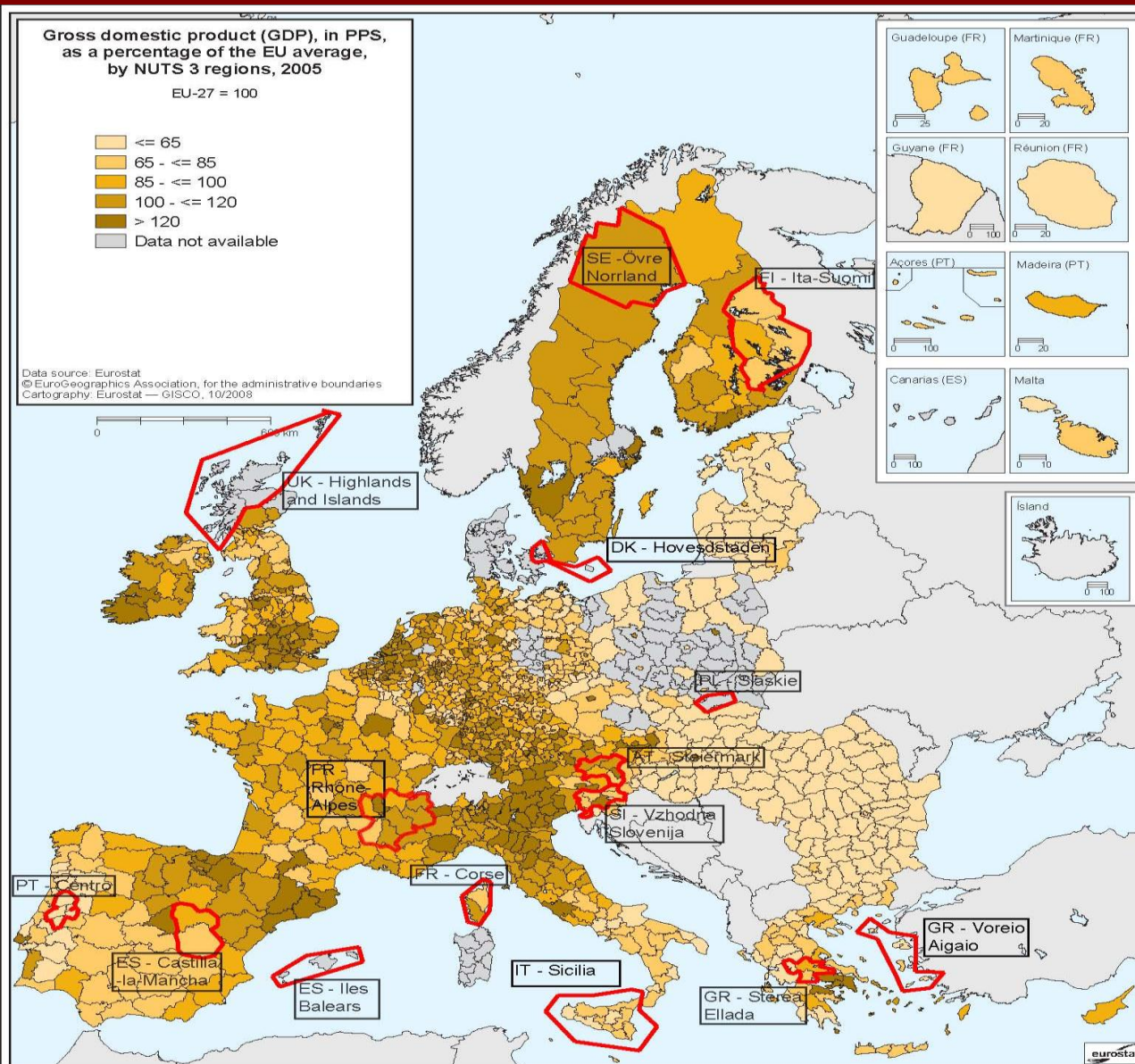
Mountainous (M)	14% of spending for 8% of EU population
Sparsely populated (SP)	1% of spending for 0.6% of EU population;
Islands (I)	6% of spending for 3% of EU population

#### ■ Higher proportion of Objective 1 regions:

2000-06 ERDF & CF commitments	All EU regions	M	SP	I
Cohesion Fund	20%	16%	21%	8%
Objective 1	66%	75%	72%	90%
Objective 2	14%	9%	7%	2%

## 2.3) Findings from the 15 NUTS2 regions' study

### *Location of the 15 regions and main characteristics*



#### Some characteristics:

- 5 island, 5 mountainous and 5 sparsely populated regions;
- 6 convergence, 6 regional competitiveness and employment, 1 Phasing-out and 2 Phasing-in regions;
- Regions from 12 Member States are represented, including 2 from 'new' Member States;
- A range of socio-economic performances is observed at the NUTS2 level in terms of GDP per capita, growth rate, employment rate and size of population;
- Seven regions benefitted from the Cohesion Fund during the two programming periods.

## 2.4) Findings from the 15 NUTS2 regions' study

### *Key points*

- ERDF and CF have played, and continue to play, a crucial role in funding and shaping socio-economic trajectories in ALL of the 15 regions analysed;
- Strong focus on *basic and productive infrastructure, transport and environment* in line with Objective 1 and Cohesion Fund priorities;
- Spending levels are highest in these main FOIs;
- The majority of OPs developed at the NUTS 2 so much less focus on the NUTS 3 level (or below);
- Strategies and funding priorities do vary per region according to ERDF Objective, domestic policy and national economic context;
- There are some examples of good practice turning 'handicaps' into 'opportunities' but more could be done;
- A case by case approach is required to drill down to the local level (Task 3);

## 2.5) Findings from the 6 NUTS3 regions' study

### *Overview of the six NUTS3 case study regions*

REGION CODE	REGION (NUTS2) NAME	NUTS 3 selected (code)	Territory type
Spain (ES42)	Castilla la Mancha	<b>Cuenca (ES 423)</b>	Mountainous and sparsely populated
Sweden (SE33)	Övre Norrland	<b>Norrbottn (SE332)</b>	Sparsely populated
Greece (GR41)	Voreio Aigaio	<b>Lesbos (GR411)</b>	Islands
Denmark (DK01)	Hovedstaden	<b>Bornholm (DK014)</b>	Islands
France (FR71)	Rhône-Alpes	<b>Ardèche (FR712)</b>	Mountainous
UK (UKM6)	Highlands and Islands	<b>Western Isles (UKM64)</b>	Sparsely populated & islands



## 2.6) Findings from the 6 NUTS3 regions' study

### *Geographical context*

#### 1) Geographical specificities do *indeed* matter

- Islandness and sparsity seem to pose most severe challenges;
- Remoteness (*peripherality*) AND 'scattered small communities' emerged as important elements;

#### 2) Demographic challenges are common to all

- Negative natural growth rate, out-migration and ageing;
- A *vicious circle* that is very difficult to tackle;

#### 3) Fragile economic situations, made worse by the economic crisis

- Some of the regions are wealthier than others but ALL face serious longer term socio-economic vulnerability issues;
- Key role played by ERDF is stressed;

#### 4) Specific features viewed as 'handicaps' rather than 'opportunities'

- The two Nordic cases (Norrbotten and Bornholm) have turned the corner;

## 2.7) Findings from the 6 NUTS3 regions' study

### *Policy responses*

#### 1) How the geographical features are perceived has a direct impact on the policy responses developed



#### 2) Alignment to domestic policy is crucial

- *Multi-level* responses BUT the NATIONAL scale is dominant;
- 'No one-size fits all' approach to dealing with geographical specificities;
- ERDF is clearly a key policy 'driver' and source of funding;

## 2.8) Findings from the 6 NUTS3 regions' study

### *Relevance of ERDF and CF*

#### 1) ERDF tailored to NUTS3 level?

- Main strategic focus is at NUTS2 so much less focus on the NUTS 3 level (or below) but there is a mixed scenario;

#### 2) Continuity in approach between the two periods

- Lesbos is the exception due to national ERDF governance issues;

#### 3) Strong focus on 'hard' infrastructure

- Transport, Environment and ICT focus. CF is important in this regard;
- 'Key gaps' still remain in certain areas e.g. in broadband and ICT;

#### 4) Continued need for infrastructure as well as 'softer' measures

- Difficulty in making the transition to productive business, innovation and 'green' technology projects;

#### 5) (Multi-)Sectoral approaches

- Strong focus on specific niches: tourism, culture and natural resources;
- Renewable energy is emerging thanks to ERDF but innovation and RTD projects and investment remain limited;
- Further and Higher education institutions play a key role e.g. Lesbos, UHI, Umea and Lulea

## 2.9) Findings from the 6 NUTS3 regions' study

### *Effectiveness of ERDF and CF*

#### 1) Relatively successful in meeting targets

- Evidence is positive in terms of targets and spend. Similar issues to other regions in terms of match funding;
- Key role played by ERDF e.g in Cuenca, villages would have disappeared without the financial support;

#### 2) Improvements in accessibility but less in innovation

- Significant improvements in basic infrastructure;
- Less success encouraging innovation and supporting business innovation (except in the Nordic cases);

#### 3) Impact on territorial cohesion

- i) Remoteness from and integration into EU wide city-region system; ii) strong intra-regional differences remain; iii) all have fragile economic situations and are still dependent on financial transfers;
- Demographic challenge remains even more crucial and raises serious questions about future public service provision in these regions;

## **2.10) Findings from the 6 NUTS3 regions' study**

### ***Governance and implementation***

#### **1) Relatively good programme implementation**

- Evidence of very good administration and implementation. Track record of local networking and close-knit policy communities seems to help;

#### **2) Clear disjuncture between NUTS2 and 3**

- A lack of strategy at the NUTS3 level, especially in Cuenca and Lesbos;

#### **3) Contrasting governance examples**

- Best cases were Bornholm and WI due to the flexibilities in the respective national/regional systems. Other cases were too rigid e.g. Cuenca and Lesbos. Ardèche has an interesting multi-level approach;

#### **4) Some issues with programme management**

- Need for less bureaucracy and more flexibility at the local level ('Leader' rural development approach);

#### **5) Complementarity with other EU funds**

- The role of a multi-fund approach at the local level was raised;

#### **6) Limited use of special legal provisions**

### 3) Policy Conclusions I

**The regions with specific geographical features** are diverse and individually distinctive BUT they all face similar challenges:

- Combination of features which play out in different ways, especially remoteness, ‘scattered settlement patterns’ and demography;
- Clear dependence upon specific ‘asset-based’ sectors (e.g. tourism, culture and natural resources);
- Reliance upon public transfers to reduce socio-economic vulnerability, especially ERDF which is crucial in all regions and has considerable added value;
- The existing ERDF framework provides the necessary *funding*, *flexibilities* and *focus* but some improvements are needed...

### 3) Policy Conclusions II

- Explicit recognition of specific geographical features at each stage in the ERDF programming process;
- Stronger encouragement for programmes to move on from perceiving geographical characteristics as ‘problems’;
- The demographic challenge needs to be tackled in a holistic way;
- Stronger encouragement for programmes to move on from ‘infrastructure fixation’;
- A strategy to develop specific ‘asset based’ growth sectors – e.g. tourism, culture, natural resources etc;
- A focus on renewable energy as a potential growth sector;
- A more explicit territorial cohesion dimension – tackle both intra-regional and the broader external territorial cohesion issues;
- More flexible multi-governance arrangements;
- A more integrated ‘bottom-up’ approach to ERDF in the regions;

## 4) Questions and discussion

- Final Report, Volume 1:

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/geographical\\_final1.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/geographical_final1.pdf)

- Final Report, Volume 2 (Six case studies):

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/eval2007/geographical\\_final2.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/geographical_final2.pdf)

**Thank you for your attention!**

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