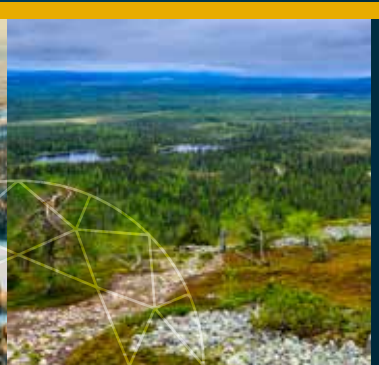


PACKED WITH POTENTIAL

EUROPE'S JEWELS

Mountains
Islands
Sparsely populated areas

Expert Analysis on Geographical Specificities





INTRODUCTION

Europe's jewels: mountains, islands and sparsely populated areas

Most Europeans have visited them during their vacations yet many also call them home. Important for the economy and future of Europe, they face challenges but also have huge potential.

Europe's mountains, islands and sparsely populated areas are world famous tourist destinations that create important income and jobs in several EU regions and countries. Endowed with considerable natural and cultural wealth, they produce renowned agricultural goods and handi-crafts and are rich in biodiversity and other resources.

However, they also face major hurdles. They may lack adequate transport links and be located far from markets since they are often in peripheral areas or constitute border regions. They may face significant growth limitations and have small markets that do not allow for economies of scale. Their ecosystems may be vulnerable to climate change and they may lack human capital and adequate health, social and education services. In addition, their research and innovation capacity may be weak.

Regardless, they are full of opportunities and untapped potential – not only in tourism but also in key future-focused sectors such as the low-carbon and circular economies.

The EU's Cohesion Policy pays particular attention to these areas, supporting and strengthening their development capacity through the European Structural Funds.

A new expert analysis¹ financed by the Directorate-General for Regional and Urban Policy (DG Regio) provides insight into how 15 EU countries are using available resources and possibilities such as increased co-financing rates to implement projects aimed at improving people's lives, promoting sustainable growth, creating jobs, protecting the environment – and more.

These countries include Austria, Bulgaria, Croatia, Cyprus, Denmark, Finland, France, Greece, Italy, Malta, Portugal, Slovenia, Spain, Sweden and the United Kingdom.

The analysis – which highlights the challenges and EU-supported solutions – covers both the programming and implementation phase for the 2014-2020 period and also looks to the future beyond 2020.

Specifically, it focuses on actions relating to jobs, growth and investment, as well as European Territorial Cooperation (ETC) co-financed by the European Regional Development Fund (ERDF) and the Cohesion Fund (CF).

Main findings of the expert analysis:

- Europe's mountains, islands and sparsely populated areas may vary greatly in terms of size and economic development and therefore **need approaches tailored to their specific situations**.
- Differences aside, these regions face **common challenges and needs**, such as remoteness, depopulation and ageing, poor digital connectivity, and difficulties in accessing quality public services, etc.
- Actions in one sector can have unintended consequences in another so **integrated strategies** are helpful. For example: steps to boost tourism should also consider potential environmental concerns.
- **Continuity and consistency** – from planning to programming to implementation – are important and should be stepped up.
- Sharing **good practices** bolsters both strategies and results and could be boosted.
- A **place-based integrated approach** – coupled with one that has multi-level governance – fosters **territorial cohesion** since it is rooted in local and regional needs.

The following sections highlight the challenges faced by Europe's mountains, islands and sparsely populated areas and illustrates how EU support is helping to sustainably harness their potential.

1) https://ec.europa.eu/regional_policy/en/policy/themes/sparsely-populated-areas/



MOUNTAINS

Common challenges and potential

Europe's mountainous regions can be remote and difficult to reach, creating challenges such as limited access to resources, services and markets. Balancing tourism and environmental protection can also be difficult.

With EU support, these can be turned into opportunities that create jobs, boost local economies and improve lives. There are numerous EU resources to help make this happen. Since many mountainous regions are located along borders, European Territorial Cooperation (ETC) can be used to create synergies and achieve better results.

■ ENVIRONMENTAL CONCERNS

The main challenge in mountainous regions is finding the right balance between promoting growth and protecting the environment. Extremely rich in terms of biodiversity and natural resources, such areas have great potential for development – especially in ecotourism and the production of quality agricultural and protected designation of origin (PDO) goods, etc.

Climate change is being felt in mountainous regions and is largely to blame for the retreat of glaciers, drought, erosion, flooding and soil salinity, among other adverse effects.

This provides opportunities for EU-funded projects focused on the management of natural resources, as well as efforts to minimise the impact of climate change on economic

Mountains stretch across Europe. They cover nearly 30 % of the EU and are home to almost 17 % of its population. Often located in border areas, they can straddle different countries.

activities in these regions – including agriculture and tourism. This could help safeguard the natural beauty and wealth of mountains and lead to innovative ways to adapt agricultural practices to changing climatic conditions.

■ AGEING POPULATIONS

Mountainous areas are often remote and face problems linked to depopulation, ageing and difficulties accessing healthcare, education and other public services.

With the support of EU-funded projects such as those focused on creating new businesses, upgrading health and social services and promoting the uptake of modern e-applications for residents, the EU makes such communities more attractive places to settle for all age groups – including younger people.

■ ECONOMIC ISSUES

Agriculture and tourism are among the main economic activities in mountainous communities that face challenges linked to climate and demographic change.

EU-funded projects focused on resource efficiency, soil protection and green infrastructure – as well as agricultural innovation and sustainable tourism that minimises the impact on the environment or natural resources – are important for the development of these areas.

■ SEASONAL AND MASS TOURISM

Mountain tourism is still mainly seasonal and therefore not a continuous source of income for many communities. However, some mountains experience mass tourism. This puts pressure on natural resources, leading to pollution and waste management concerns, among other issues.

This again provides opportunities for EU-funded projects focused on sustainable tourism, which could generate long-term jobs and economic growth while reducing environmental impacts.

EU-supported action – inspirational examples

The expert analysis found that common challenges faced by mountainous communities were not addressed in the same way across EU Member States. In some cases, projects targeted issues that are related and interlinked – reflecting the importance of adopting integrated, bigger-picture approaches such as through ETC programmes.

There are many good examples to be inspired by. EU-funded projects have mainly been implemented in the following areas, highlighting that hands-on, effective action is possible thanks to EU support and can make a big difference in people's lives:

■ BOOSTING ENVIRONMENTAL PROTECTION

This has been a priority for EU-funded projects in mountainous areas. While some regions and EU countries focused on environmental protection and preservation, others targeted the preservation and protection of natural and cultural heritage. Yet another focus was biodiversity and green infrastructure.

Project examples include a cross-border ETC effort to protect the lynx wildcat species in Central Europe.

■ PROMOTING SUSTAINABLE TOURISM

EU-funded efforts to promote sustainable tourism vary widely but play an important role supporting growth and development that keeps environmental stress to a minimum.

Some EU-funded projects are focused on seasonality and encouraging visitors to come to mountainous regions year-round. Examples include a cross-border mountain bike trail and an Alpine hiking trail – both involving Austria and Bavaria in Germany.

Other EU-funded projects focus on local traditions or heritage, such as a French-Italian endeavour aimed at promoting tourism linked to mountain mining heritage.

Tourism efforts more generally take other approaches, including supporting small and medium-sized enterprises (SMEs), as is the case with the development of a crystal museum in France.

■ IMPROVING CONNECTIVITY/ACCESSIBILITY

Many projects have focused on connectivity and better access to public services as a means of improving the quality of life of local residents.

Connectivity examples include a Greek effort to increase rural broadband coverage and an ETC project with an overlapping environmental focus aimed at cutting greenhouse gas emissions in the Alps by finding innovative ways to handle an increase in freight traffic, including a road-to-rail shift.

Examples of projects seeking to boost access to public services include one to improve paediatric care in the Pyrenees and another to make endoscopies more widely available in the Spanish town of Torrelavega.

■ TAPPING INTO LOCAL POTENTIAL

Examples of efforts in this area include a project that supported one of very few specialised French sawmills in a bid to improve its production chain and boost its competitiveness on the market.

Other examples include renewable energy projects and backing local research and innovation.



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ISLANDS

Common challenges and potential

Europe's island communities face a series of challenges, including limited access to resources and services, environmental threats and ageing populations. With EU support, these can be transformed into opportunities that create jobs, boost local economies and improve lives. Numerous EU tools and resources exist to help make this happen, including Integrated Territorial Investments (ITI), Community-Led Local Development (CLLD) and a series of financial instruments (FIs).

■ ECONOMIC ISSUES

Islands often specialise in one or just a few fields – such as tourism – or see limited economic activity due to their small size. In the absence of vibrant cities, they cannot benefit from urban financial spill-over. Developing economies of scale is also difficult. Research and innovation is limited, as is the use of new information and communications technologies (ICTs) and broadband coverage.

EU-funded projects provide the opportunity to invest in broadband infrastructure and other areas that could benefit business development. The expert analysis notes that, in the Mediterranean, tourism is one of the main economic activities and could be further expanded – if islands find ways to preserve their uniqueness and avoid mass tourism.

In a bid to strengthen the economic competitiveness of northern European islands, EU-funded projects have focused on supporting SMEs and promoting research and innovation.

The expert analysis focused on the islands of the Atlantic, Baltic Sea, Black Sea, North Sea and the Mediterranean. It showed how differences in size, population, development trends and location call for different approaches to tackle similar challenges.

One example is the backing in the Central Baltic region of so-called clusters, groups of specialised companies and others that cooperate closely in a particular location. Another involves helping workers learn new, marketable skills in Finland's autonomous Åland region.

■ ENVIRONMENTAL CONCERNS

Island ecosystems are fragile. Especially in the Mediterranean, islands are increasingly at risk from climate-change-related problems such as drought, rising sea levels and land erosion. Some islands have also seen an environmental impact from tourism. In addition, islands remain largely dependent on the mainland for expensive fossil fuels – despite the goal of becoming self-sustaining through wind, tidal and solar power.

Many opportunities arise when EU-funded projects focus on sustainable tourism, as well as the eco-friendly use of natural resources via the green energy sector and circular economy. Such efforts can help ensure energy and water security, as well as boost local economies while safeguarding the environment.

■ AGEING POPULATION

Population decline affects the least-developed islands since younger people often leave in search of better job prospects. However, islands with strong tourism have managed to reverse this trend.

Projects funded by EU Cohesion Policy provide the opportunity to improve access to health and social services and boost waste management. Ultimately, this improves the quality of life on islands and makes them more attractive places to live and work.

■ LIMITED ACCESSIBILITY

Limited accessibility linked to transport and lack of connections to the mainland and neighbouring areas ranks as the top challenge facing islands. Residents also often have few options when it comes to essential public services such as education and health. Businesses can be hit hard by the isolation and distance from large markets, as well as higher costs.

EU-funded projects can provide investment opportunities aimed at improving transportation and connectivity, as well as fostering business development that taps into local potential. Such efforts can boost both the living conditions of residents and the competitiveness of job-creating local companies.

EU-supported action – inspirational examples

The expert analysis found that EU-funded projects have mainly addressed the following areas, highlighting that targeted action results in positive outcomes that benefit both people and the environment

There are many good examples to be inspired by. In some cases, projects targeted issues that are related and interlinked – reflecting the importance of adopting integrated, bigger-picture approaches such as through European Territorial Cooperation (ETC) programmes.

■ BOOSTING ENVIRONMENTAL PROTECTION

Southern islands, in particular, have prioritised projects focused on the supply and management of resources – such as water, waste and energy – as well as sustainable tourism.

Examples include an earthquake preparedness project in Greece's Ionian Islands and, in northern Europe, a cross-border sewage project in the South Baltics. ETC programmes such as this have proved particularly suitable in this domain.

■ IMPROVING CONNECTIVITY/ACCESSIBILITY

Examples of projects in this area include the improvement of port infrastructure in Greece's Ionian Islands and a cross-border effort to develop safe, time-saving and fuel-efficient routes for the transportation of passengers and goods in Finland's Åland and Sweden's Stockholm archipelagos.

■ TAPPING INTO LOCAL POTENTIAL

Projects in northern Europe have been more focused on business growth and development, including supporting SMEs to unlock local potential. Such efforts include setting up business clusters as part of an ETC programme in the Baltics. A project aimed at supporting SMEs in southern Europe focuses on agri-food businesses in Italy and Greece.

Numerous renewable energy projects were also launched, such as one focused on solar power in Spain's Balearic Islands.

■ FACILITATING ACCESS TO PUBLIC SERVICES

Examples of projects in this area include the creation of a healthcare hub in Malta.



SPARSELY POPULATED AREAS

Common challenges and potential

The expert analysis commissioned by DG Regio noted that the Northern Sparsely Populated Areas have distinct characteristics and development conditions, which generate shared challenges and opportunities. They have a common set of characteristics related to their peripheral location and low population density and face income and productivity hurdles.

Within these regions, growth only occurs in a small number of places and is generally linked to services related to rural area activities such as energy production, fisheries and aquaculture, forestry, mining and tourism.

The Treaty of the EU makes an explicit reference (Art. 174) to the NSPA. However, in recent years, several parts of south and central-eastern Europe have become sparsely populated due to urbanisation and out-migration.

■ ECONOMIC ISSUES

NSPA sustainable development is dependent upon facilitating new forms of economic activity and jobs in areas such as ICT-related services, tourism, niche manufacturing and food production. Local SMEs offer the potential to provide alternative employment pathways for young people.

This provides opportunities for EU-funded projects that support local SMEs, foster smart specialisation and collaboration with the private sector, and facilitate access to external markets.

Europe's sparsely populated areas are mainly found in the northernmost regions and in the Mediterranean.

The Northern Sparsely Populated Areas (NSPA) include:

- the four northernmost counties of Sweden – Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland;
- the seven northernmost and eastern regions of Finland – Lapland, Northern Ostrobothnia, Central Ostrobothnia, Kainuu, North Karelia, Pohjois-Savo and South Savo;
- North Norway.

In the Mediterranean, many inland, mountainous and rural areas can be quite isolated and sparsely populated.

It should be noted that NSPA areas, unlike mountains and islands of the EU, benefit from specific measures and additional funding.

■ AGEING POPULATION

Population ageing will reduce the size of the future labour force, and structural problems in local labour markets – including higher levels of youth unemployment and welfare dependence – are prominent challenges for NSPA. Demographic change and fiscal consolidation place pressures on local infrastructure and services.

This provides opportunities for EU-funded projects promoting greater use of e-technologies and innovative partnerships with the private and community sectors.

■ LIMITED ACCESSIBILITY

The NSPA regions suffer from a set of disadvantages associated with their remoteness from markets and long distances between urban settlements, with these compounded by an often challenging topography and harsh climate.

This provides opportunities for EU-funded projects aimed at improving infrastructure and connectivity to help reduce travel times and boost the capacity of such regions to participate in national and international markets.

■ INDIGENOUS COMMUNITIES

The Sami people in parts of Scandinavia have an important role in regional economies due to their use of land, involvement in agriculture and food production, and connection with the regions' tourism offers. However, their connections with regional and rural development strategies are often inconsistent and weak.

This provides opportunities for EU-funded projects that better link indigenous communities such as the Sami with regional development.

EU-supported action – inspirational examples

The expert analysis found that EU-funded projects can help turn challenges faced by sparsely populated areas into opportunities, boosting development and promoting positive change. If regions and EU countries use EU support in a clever way, they can make a big difference in people's lives. There are many good examples to be inspired by.

■ BOOSTING ENVIRONMENTAL PROTECTION

Examples of projects in this area include preserving cultural heritage sites such as ancient castles, as well as the language, culture and traditions of the Sami community.

■ IMPROVING CONNECTIVITY/ACCESSIBILITY

Improving connectivity and accessibility is key on multiple fronts, including how this relates to production chains, markets and public services. EU-funded projects have focused on transport-sector projects, including those aimed at ensuring functional and sustainable transport routes. A Swedish project, for example, sought to strengthen a cross-border transport route and at the same time promote regional development.

■ TAPPING INTO LOCAL POTENTIAL

In a bid to boost cooperation between companies and universities and explore new ways of working, numerous EU-funded projects have focused on research and innovation.

An example of a project tapping into local potential is a Swedish-Norwegian effort to encourage individuals and municipalities to switch from petrol and diesel cars to those powered by green alternatives such as electricity, hydrogen and biofuels.

■ FACILITATING ACCESS TO PUBLIC SERVICES

Examples of efforts in this area are mainly in e-services and tele-solutions. A project in Finland, for example, created an e-service hub for the citizens of Lapland, increasing their access to social and health services.

EU-funded projects have also focused on the transport sector to maximise both mobility and access to services in regions affected by demographic change.

GOING FORWARD

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As we look to Cohesion Policy beyond 2020, the Commission remains fully committed to supporting Europe's mountains, islands and sparsely populated areas – but in a simpler and more flexible way.

The Commission has proposed² an enabling framework which, going forward, provides EU countries and regions with multiple ways to unlock the rich potential of such areas.

Under the **Europe closer to citizens** policy objective, EU countries and regions that face geographical specificities due to their insular, mountainous or sparsely populated nature will be able to use a wide range of tools. These include locally-led development strategies and integrated territorial investments, as well as tailor-made financial engineering instruments such as cross-border or transnational programmes that have been strengthened and simplified in the Commission's proposal for post 2020. Macro-regional strategies will also continue to play an important role.

Under the proposal, EU countries and regions have broad flexibility in terms of financial allocations and programming within their borders, enabling a full and tailored intervention for areas with geographical specificities. EU co-financing is calculated on a national level, allowing for increased rates for these areas if EU countries and regions deem it necessary. In addition, EU countries and regions may increase the overall volume of public investments in key sectors to help the development potential of these areas.

The allocation method for the funds is still largely based on GDP per capita but new criteria have been added – such as youth unemployment, low education levels, climate change, and receiving and integrating migrants – to better reflect the reality on the ground.

The new generation of interregional and cross-border cooperation – '**Interreg**' – programmes will help EU countries overcome cross-border obstacles and develop joint services. To that end, the Commission has proposed a new instrument for border regions and EU countries eager to harmonise their legal frameworks, known as the **European Cross-Border Mechanism**.

Building on successful pilot action from 2014-2020, the Commission also proposes to create **Interregional Innovative Investments**. This foresees that regions with matching 'smart specialisation' assets will be given more support to build pan-European clusters in priority sectors such as big data, the circular economy, advanced manufacturing or cybersecurity.

All these proposed efforts will help tap the potential of the EU's islands, mountains and sparsely populated areas, ensuring continued progress going forward.

For more on mountains, islands and sparsely populated areas, visit the DG Regio website at:
https://ec.europa.eu/regional_policy/EN/policy/themes/sparsely-populated-areas/

Read the 'Expert analysis on geographical specificities: Mountains, Islands and Sparsely Populated Areas' here:
https://ec.europa.eu/regional_policy/en/policy/themes/sparsely-populated-areas/

2) This is a Commission proposal subject to negotiations at the Council and European Parliament.



