

EXPERT ANALYSIS ON GEOGRAPHICAL SPECIFICITIES

Mountains, Islands and Sparsely Populated Areas

Cohesion Policy 2014-2020

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Disclaimer

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ABSTRACT

Cohesion Policy pays particular attention to regions which suffer from severe and permanent natural or demographic handicaps such as mountains, islands and sparsely populated areas.

The expert analysis allows to gain an in-depth knowledge on how the Member States are using the possibilities for supporting and strengthening the development of islands, mountains and sparsely populated areas through EU Cohesion Policy in the 2014-2020 programming period.

There is scope to improve how geographical specificities of territories are addressed both at programming level and at implementation level.

For the next programming period post-2020 the regulatory framework should continue paying special attention to territories with geographical specificities and envisage provisions to improve, where appropriate, how it is followed up.

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EXECUTIVE SUMMARY

Cohesion Policy pays particular attention to regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and islands, cross-border and mountain regions (Art.174 TFEU).

The ESIF regulatory framework (in particular: Common Provisions Regulation, ERDF Regulation, ETC Regulation) lays down provisions that could be applied to tackle the geographical specificities of these areas, such as the derogation to thematic concentration or the adjustment to co-financing rate.

2014-2020 ESIF regulations lay down that the Partnership Agreement and the Operational Programmes, where appropriate and relevant, include dedicated sections to address the challenges and specific needs of areas with geographical specificities.

This expert work, is aiming to provide in-depth knowledge on how the geographical specificities of mountains, islands and sparsely populated areas have been identified and addressed in the programming documents of the concerned Member States and which type of tools and projects have been put in place on the ground. In addition the analysis aims to draw some lessons with regard to post 2020 period.

The analysis for 2014-2020 identified 15 Member States¹ that highlighted in their Partnership Agreements specific territorial challenges due to the insular, mountainous and or sparsely populated character of their territories or parts of them.

Territories with geographical specificities – in particular: mountains, islands and sparsely populated areas - cannot be treated as one single block: each category presents diversity and variables which allow to make some distinctions. In addition, differences can also be encountered within each category and areas with different geographical specificities could coexist in the same geographical space (e.g. some mountain areas or islands could present a very low population density etc). At the same time, there are some common challenges and needs in relation to territories with geographical specificities - e.g. concerning remoteness and

¹Austria (AT), Bulgaria (BG), Croatia (HR), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Greece (EL), Italy (IT), Malta (MT), Portugal (PT), Slovenia (SI), Spain (ES), Sweden (SE), United Kingdom (UK).

problems in connectivity, environment preservation and protection, better access to public services - because of which these territories deserve special attention comparing to other territories when programming and implementing interventions to achieve Cohesion Policy objectives and the goals of the Treaty for balanced economic, social and territorial cohesion.

The specific needs of mountains, islands and sparsely populated areas, have been generally considered and addressed in the programming documents, albeit not always expressly mentioned in the dedicated section of the Partnership Agreement and of the Operational Programmes concerned.

Continuity and consistency from planning in the Partnership Agreement, to programming in the Operational Programmes, to concrete implementation were generally identified. However, there is scope to improve such continuity and consistency in order to turn challenges into plans and plans into targeted calls of proposals and projects and to ensure that the latter specifically meet the needs and challenges of territories with geographical specificities.

As part of the analysis a survey was launched to collect data and expert opinion from the relevant Managing Authorities. As it was reported by the Managing Authorities, there was a low take up of the possibilities offered by the 2014-2020 ESIF Regulations (i.e. derogation to thematic concentration, adjustments to co-financing rate, etc.). In addition to regulatory provisions, the attention to territories with geographical specificities was also ensured, in the implementation phase, with the use of other means, such as attributing additional points to projects for these areas in the selection phase (e.g. Italy, OP Friuli Venezia Giulia).

Managing Authorities were also asked to report regarding the use of integrated territorial tools and financial instruments (FIs) as part of their efforts to address the geographical specificities. Based on the replies received in some cases integrated territorial tools such as ITI and CLLD² were used to set up tailor made local strategies and there were cases of financial instruments (FIs)³ that were used to address the geographical specificities. The exchange of good practices and knowledge among countries could facilitate and increase the set-up of such tailor made integrated territorial strategies and Financial Instruments.

General difficulties were encountered in defining the precise financial allocation reserved to mountains, islands and sparsely populated areas and the corresponding co-financing from ESIF: this is because the financial allocation is generally not specifically earmarked to address the specific needs of the territories

² Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD)

³ e.g. a national FI was set up for Bornholm island in Denmark; a FI managed by Almi Invest in Sweden.

with geographical specificities and calls are normally open to the entire programme area and not targeting the specific territories.

The current reporting system in 2014-2020 does not link an investment to the typologies of territories (islands, mountains, sparsely populated areas) where it takes place. Specific calls for projects could be envisaged for post-2020 via national sectoral operational programmes and a reinforced reporting could also be considered in order to better monitor implementation in the territories with geographical specificities.

When it comes to thematic objectives the analysis shows that especially in territories with geographical specificities, interventions may have impact on different but inter-linked sectors. More precisely, the preservation and protection of the environment is a key priority for areas with geographical specificities. One of the main challenges of programming and implementing Cohesion Policy in these territories which applies in 2014-2020 and could be useful to keep in mind also for post 2020 is how to find the good balance between environmental and resource efficiency priority, on one hand, and socio-economic factors for growth and development, on the other hand.

Other sectors of interventions in 2014-2020 in areas with geographic specificities mainly concern connectivity, both physical and digital, better access to public services, and promotion of renewable energy.

Another interesting finding of the analysis is that based on the replies to the survey, the European territorial cooperation programmes, in addition to the national and regional programmes, play an important role to address the specific challenges of territories with geographical specificities. Some territories with geographical specificities are shared between countries and, therefore, a coordinated approach is needed to address common challenges and needs. In the context of the European territorial cooperation post-2020 this aspect should be taken in consideration and reinforced.

With regard to the next programming period post-2020, the surveyed Managing Authorities suggested that the new regulatory framework should continue paying special attention to territories with geographical specificities and, to that aim, envisage provisions to meet the needs of these territories.

In this regard, in particular Managing Authorities made some proposals such as: to reserve specific attention to the needs of these territories in the identification of the priorities of interventions and in the financial allocation; more flexibility of rules, including State aid rules; more synergies and complementarities among programmes and funds; increase the role of the European territorial cooperation wherever appropriate.

Finally, as part of the expert work, examples of good practice projects tackling challenges linked to insular, mountainous or sparsely populated areas have been identified which prove the added value of Cohesion Policy for these areas but also the potential of these areas to contribute to EU goals for growth and jobs.

Many of these projects leverage on the specific assets and factors of the territory concerned and receive the support of the local community. The place-based approach definitely contributes to achieve the territorial cohesion of territories with geographical specificities as it is based on local and regional needs, builds on the specific strengths of these territories and aims to disclose the related potential. The place based approach, the integrated approach and the multilevel governance ensure proximity to citizens and territories as well as maximize the effectiveness of Cohesion Policy.

PART I

OBJECTIVES, METHODOLOGY, MAIN ACHIEVEMENTS AND OUTCOMES OF THE EXPERT ANALYSIS

I.1 INTRODUCTION AND LEGAL BACKGROUND

Cohesion Policy pays particular attention to regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions (TFEU, Art.174).

Furthermore, specific measures, included conditions of access to structural funds, are recognized to the Outermost Regions (ORs) due to the fact that these regions are compounded by their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, and the permanence and combination of these factors severely restrain their development (TFEU, Art.349).

2014-2020 ESIF regulations provide for that the Partnership Agreements and the Operational Programmes, where appropriate and relevant, include dedicated sections to address the challenges and specific needs of areas with geographical specificities, namely areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU.

The ESIF regulatory framework (in particular: Common Provision Regulation, ERDF Regulation, ETC Regulation) also lays down provisions that could be applied to tackle the geographical specificities of these areas, such as the derogation to thematic concentration or the modulation to the co-financing rate.⁴

I.2 AIM AND OBJECTIVES OF THE EXPERT ANALYSIS

The aim of the expert analysis is to provide the Commission with better understanding on how the Member States are using the possibilities for supporting and strengthening the development of islands, mountains and sparsely populated areas through EU Cohesion Policy in the 2014-2020 programming period and in addition provide opinion and advice with regard to lessons learned for post 2020 period.

To this aim, the objectives of the work were to gather basic information of relevant programming documents (Partnership Agreements, national and regional Operational Programmes, ETC programmes, etc.); to understand the main characteristics and trends, articulated per concerned country for each category of geographical specificity (i.e. insular, mountainous, sparsely populated areas); to gather basic information regarding the different ways that each Member State

⁴ Thematic concentration: CPR, Article 18; ERDF Regulation, Article 4 and Article 11; ETC Regulation, Article 6. Modulation of the co-financing rate: CPR, Article 121; ERDF Regulation, Article 10.

decided to deal with geographical specificities; to gather information on implementation; to gather information on financial instruments and integrated territorial tools used to tackle the needs of areas with geographical specificities; to identify good practise projects and in which specific sector.

Thus, the scope of the expert analysis covers both the programming and the implementation phase for 2014-2020 period and provides some forward thinking for post 2020.

Furthermore, it focuses on interventions co-financed by ERDF and/or CF under both the two goals: "Investment for growth and jobs in Member States and regions" and "European territorial cooperation".

I.3 RATIONALE AND METHODOLOGY OF THE EXPERT ANALYSIS

The rationale on the basis of which the expert analysis was carried out is the assumption that in principle, the objective to address the geographical specificities is better achieved by: (i) identifying the needs of the territories concerned and defining the appropriate strategy in the Partnership Agreement, (ii) specifying the priorities and the interventions in the programmes, (iii) implementing the planned interventions through targeted calls of proposals and projects on the ground.

Therefore, the work aimed at analysing and assessing the consistency and continuity in planning, programming and implementation of interventions in relation to territories with geographical specificities (mountains, islands and sparsely populated areas).

To do so, the work was carried out with the most comprehensive approach possible, including both the analysis of the relevant documents and empirical research, based on data and information directly collected by the Managing Authorities.

In carrying out the work, great attention was paid to ensure a meaningful coverage of the concerned Member States and Operational Programmes as well as a satisfactory response from the relevant Managing Authorities.

Selected Member States' Partnership Agreements and Operational Programmes - under both goals "Investment for growth and jobs in Member States and regions" and "European territorial cooperation" - have been screened⁵.

⁵The selection of the Member States was based on the outcomes of the Study "The use of new provisions during the programming phase of the European Structural and Investment Funds", European Commission, May 2016,

In particular, it was analysed and assessed how, in the programming documents, geographical specificities in relation to mountains, islands and sparsely populated areas have been identified, which specific needs were highlighted for these territories, which challenges and opportunities have been stressed, which interventions have been envisaged to address the geographical specificities.

15 Member States⁶ highlighted in their Partnership Agreements specific territorial challenges due to their insular, mountainous and or sparsely populated character of their territories or parts of them⁷.

Data and information on the state of implementation of the programme as well as on projects in place were collected directly from Managing Authorities.

These data and information have, then, been analysed and put in relation to the planning and programming. On the basis of the analysis of the documents (Partnership Agreements and Operational Programmes), the collection and analysis of data and information as well as the related matching exercise, the following main achievements, outcomes and findings have been identified.

I.4 MAIN ACHIEVEMENTS, OUTCOMES AND FINDINGS OF THE EXPERT ANALYSIS

The expert analysis allows to gain an in-depth knowledge on how the geographical specificities of mountains, islands and sparsely populated areas have been identified by Member States and regions and addressed in the programming documents and which type of projects have been put in place on the ground.

The expert analysis enables to identify, on one hand, similarities and differences among MS and OPs and on the other hand, challenges and strengths within and among the three types of territories with geographical specificities (i.e. mountains, islands and sparsely populated areas). More detailed analysis is provided in each of the 3 dedicated sections on the geographical specificities on mountains, islands and sparsely populated areas in Part II.

Having as a starting point the 15 Member States' Partnership Agreements the expert analysis looked into how the geographical challenges were identified and addressed in related Operational Programmes. In this respect, 136 Operational

figure 93. The 15 Member States' Partnership Agreements screened were: Austria (AT), Bulgaria (BG), Croatia (HR), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Greece (EL), Italy (IT), Malta (MT), Portugal (PT), Slovenia (SI), Spain (ES), Sweden (SE), United Kingdom (UK).

⁶Austria (AT), Bulgaria (BG), Croatia (HR), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Greece (EL), Italy (IT), Malta (MT), Portugal (PT), Slovenia (SI), Spain (ES), Sweden (SE), United Kingdom (UK).

⁷ See details in each specific section in Part II.

Programmes (93 national and regional OPs and 43 ETC OPs) have been preliminary identified, out of which 46 OPs (28 national and regional OPs and 18 ETC OPs) have been assessed in depth on the basis of information and data collected from the Managing Authorities⁸.

Gathering data and information from Managing Authorities permitted to establish in addition an important database of 117 projects reported as good examples of projects addressing the geographical specificities of mountains, islands and sparsely populated areas.

The first finding of the study is that territories with geographical specificities is that **mountains, islands and sparsely populated areas cannot be treated as one single block**. Each category presents diversity and variables which allow to make some distinctions. In addition, even within each category of the three geographical specificities, territories may differ and vary in terms of size, population, economy, etc. and therefore specific peculiarities should be taken into account (e.g. Southern Europe islands differ from Northern Europe islands)⁹.

At the same time, there are some common challenges and needs in relation to territories with geographical specificities - e.g. concerning remoteness and problems in connectivity, environment preservation and protection, better access to public services- because of which **these territories deserve special attention comparing to other territories when programming and implementing interventions to achieve Cohesion Policy objectives**.

~~The present expert analysis focuses on the consistency and continuity as well as on divergences in planning, programming and implementation of interventions in relation to territories with geographical specificities.~~

When addressing the geographical specificities, **it is desirable to have a close continuity and consistency from planning in the Partnership Agreement, to programming of interventions in the Operational Programmes, to concrete implementation via targeted calls and projects carried out**.

It is worth highlighting that **there are different approaches among the Member States as well as a different perception of the geographical specificities related to specific areas** (islands, mountains and sparsely populated areas) and whether these specificities deserved special attention in the Partnership Agreement.

⁸The expert analysis was limited to the OPs for which the Managing Authorities provided complete information and data.

⁹See specific section on each geographical specificities (mountains, islands and sparsely populated areas) in Part II.

These differences are reflected, *in primis*, in whether the Partnership Agreement reserves or not special attention to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU.

There are cases where the geographical specificities are expressly addressed in the dedicated section of the Partnership Agreement (section 3.1.6 or similar)¹⁰.

In other Partnership Agreements¹¹, the geographical specificities, albeit not mentioned in the dedicated section, are addressed in other parts of the document, i.e. when defining the territorial assessment.

Likewise, in the Operational Programmes, the geographical specificities are not always addressed in the *ad-hoc* section (generally section 6) but in some cases are, anyhow, mentioned in other parts of the document (e.g. setting up the Priority Axis).

In addition, it is worth noticing that during the survey some Managing Authorities reported on geographical specificities not specifically addressed in the related programme/s.

The **European territorial cooperation programmes, in addition to the national and regional programmes, play an important role also to address the specific challenges of territories with geographical specificities** because some territories with geographical specificities are shared between countries and, therefore, a coordinated approach is useful to address common challenges and needs (e.g. many mountain territories are placed in border areas or are “shared” by different countries).

There was a low take up the possibilities offered by the 2014-2020 ESIF Regulations (i.e. derogation to thematic concentration, modulation of the co-financing rate, etc.). The surveyed Managing Authorities did not provide explanations on why they considered not useful or not appropriate to use these provisions. A possible reason could be, for instance, that a higher co-financing rate would lead to less overall public investment in the area.

In addition to regulatory provisions, the **attention to territories with geographical specificities was also assured, in the implementation phase, with the use of other means**, such as attributing additional points to projects for these areas in the selection phase (e.g. e.g. Italy, OP Friuli Venezia Giulia).

¹⁰See specific section on each geographical specificities (mountains, islands and sparsely populated areas) in Part II.

¹¹See specific section on each geographical specificities (mountains, islands and sparsely populated areas) in Part II.

With regard to integrated territorial strategies, several good examples were reported by the Managing Authorities (such as the “Provere” strategy in Portugal or the “Inner Areas” strategy in Italy).¹²

With regard to financial aspects, **it was not possible to provide precise information with regard to financial allocation reserved to territories with geographical specificities and the corresponding co-financing from ESIF.** As reported by the Managing Authorities, this is because the financial allocation is generally not specifically earmarked to address the specific needs of the territories with geographical specificities and calls are normally open to the entire programme area and not targeting specific territories. As a matter of fact, according to the Cohesion Policy 2014-2020 regulatory framework, investments are not reported on the basis of the typology of territories. Therefore, investments in territories with geographical specificities can be easily tracked only in cases where the entire programme territory falls under a geographical specificity (e.g. OP Ionian Islands in Greece).

In addition, **few financial instruments (FIs) were set up in order to address the needs of territories with geographical specificities**¹³.

The detailed outcomes and findings of the expert analysis are reported in Part II, under 3 dedicated sections: on mountain, islands and sparsely populated areas.

It should be noted that although this report looks separately on each category of geographical specificities (mountains, islands and sparsely populated areas), there are cases where areas with different geographical specificities could coexist in the same geographical space (e.g. some mountain areas on islands or mountains and islands with a very low population density etc).

Therefore, territories and projects have been classified and included in the 3 dedicated sections of this report on the basis of the main relevance and main features acknowledged both in the programmes and by the Managing Authorities.

The development potential of areas with geographic specificities is important as examples of good practice projects show. In each of the 3 sections mentioned above good practice projects have been selected from those reported by the Managing Authorities of the selected OPs. These examples have been chosen with a view to ensure: adequate geographical coverage; balanced

¹²Additional information in the Study “Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020?”, European Commission, December 2017. In this Study it is highlighted that several non-SUD ITI strategies (approx.. 150) cover areas with specific geographical features.

¹³ E.g. a national FI was set up for Bornholm island in Denmark; a FI managed by Almi Invest in Sweden. See also specific sections in Part II.

reporting on both the two Cohesion Policy goals (national and regional OPs and ETC OPs); reasonable coverage of sectors (especially in considerations of the specificities of the Funds concerned); possibility of replicability.

Among the projects reported, there are good examples of projects which particularly leverage on the potential of the territory. This is the case, for instance, of the project "Alpfoodway" in ETC OP Alpine Space, which valorises and enhances the protection of Alpine food cultural heritage.

For post 2020, reserving specific attention to the needs of these territories in the identification of the priorities of interventions and in the financial allocation; more flexibility of rules, including State aid rules; more synergies and complementarities among programmes and funds; increasing the role of territorial cooperation wherever appropriate¹⁴ are among the measures suggested by the Managing Authorities of the selected OPs with regard to the next programming period post-2020 in order to better address the geographical specificities of mountains, islands and sparsely populated areas.

I.5 MAIN GENERAL CONCLUSIONS

The main general conclusions as result of the expert analysis are as follows. Further specific considerations are included in Part II.

Territories with geographical specificities, such as mountains, islands and sparsely populated areas, cannot be treated as one single block because these territories may vary and differ greatly.

There are some common challenges and needs in relation to these territories, which requires that special attention is paid when programming and implementing Cohesion Policy interventions.

Continuity and consistency from planning in the Partnership Agreement, to programming in the Operational Programmes, to concrete implementation and targeted calls of projects for territories with geographical specificities in order to meet their needs and challenges is important.

The periodic stocktaking exercise between the European Commission and the relevant Member States and regions on the implementation of the programmes could envisage, wherever appropriate, a reinforced focus on how geographical specificities are addressed in the implementation phase and which interventions and projects are put in place. It could be also an issue to be reflected during the midterm review for 2014-2020

¹⁴See specific sections in Part II.

A targeted reporting is important in order to better monitor implementation in the territories with geographical specificities for the programming period post-2020. After all this would enable Commission to provide more accurate information to stakeholders from these areas and reply to concerns from the Committee of the Regions and the European Parliament.

Furthermore, in addition to other means already in use - such as attributing additional points to projects in areas with geographical specificities in the selection phase in case of calls open to the entire programme area - specific calls could be envisaged precisely targeting these territories.

Especially in territories with geographical specificities, interventions may have impact on different but inter-linked sectors. e.g. a measure to boost tourism should also consider the impact on the environment and on natural resources. Therefore the role of integrated strategies is important and in this respect the use of tools like ITI and CLLD.

Maintaining and ensuring a place-based approach, together with an integrated approach and a multi-level governance, definitely contributes to achieve the territorial cohesion of territories with geographical specificities as it is based on local and regional needs, builds on the specific strengths of these territories and aims to disclose the related potential.

Measures to facilitate and increase the set-up of integrated territorial strategies could be considered, such as knowledge transfer and exchange of good practices. Facilitating the exchange of good practices also of use of targeted Financial Instruments in these areas is also important.

The specificity of these territories, enshrined in Article 174 TFUE, has been recognised by the current programming period 2014-2020 by offering possibilities such as derogation to thematic concentration and modulation of the co-financing rate. Also for the next programming period post-2020 the regulatory framework should continue paying special attention to territories with geographical specificities and, to that aim, envisage provisions, even new and different from the current ones, to meet the needs of these territories.

PART II

GEOGRAPHICAL SPECIFICITIES OF MOUNTAINS, ISLANDS AND SPARSELY POPULATED AREAS

II.1 GEOGRAPHICAL SPECIFICITIES OF MOUNTAINS

II.1.1 INTRODUCTION

Mountains cover nearly 30% of the EU territory and are home to roughly 17% of the EU population.¹⁵

Mountains stretch throughout Europe and therefore many Member States and Operational Programmes are concerned.

Many mountain territories are placed in border areas and are spread in different countries. This feature has an impact on how the specific needs of mountains could be more efficiently and effectively addressed.

Mountains areas are often rural areas and they are generally treated under the Rural Development Plan (RDP). However, the specificities of mountain areas are also addressed in the context of ERDF/CF co-financed programmes.

II.1.2 GEOGRAPHICAL SPECIFICITIES OF MOUNTAINS ADDRESSED IN THE PARTNERSHIP AGREEMENTS

13 Member States' Partnership Agreements (AT, BG, HR, CY, FI, FR, EL, IT, PT, SI, ES, SE, UK) mention mountains' related challenges and were analysed and assessed as part of this expert analysis.

According to Article 15.2 a), iv) of the CPR, the Partnership Agreement contains a specific section dedicated to describe, where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (section 3.1.6)¹⁶.

¹⁵<https://www.euromontana.org/en/events/cohesion-policy-in-mountain-areas-how-to-increase-the-contribution-from-mountains-and-benefits-for-mountain-territories/>

¹⁶See "Draft template and guidelines on the content of the Partnership Agreement", http://ec.europa.eu/regional_policy/en/information/legislation/guidance/

However, not all the Member States having mountains in their territories have explicitly mentioned the mountain challenges in the section of the Partnership Agreement dedicated to areas with specific needs.

6 Member States addressed mountain areas in the context of rural sector and Rural Development Plan (AT, BG, CY, HR, SE, SI).

The Partnership Agreement for Finland refers to mountains only when describing the impact of climate changes (especially on tourism development).

Only 5 Partnership Agreements address in-depth the geographical specificities of mountains (EL, ES, FR, IT, PT).

In particular, these 5 Member States do not refer to mountains in section 3.1.6 but in other parts of the Partnership Agreement and the related challenges and specificities of mountain areas are taken into account in the overall strategy of the country.

This is, for instance, the case of Portugal: section 3.6 of the Partnership Agreement which addresses the geographical specificities of territories with handicaps only refers to the Outermost Regions (Azores and Madeira) and mountain areas are mentioned in other parts of the Partnership Agreement when addressing the environmental challenges.

Other Member States have not filled-in the dedicated section of the Partnership Agreement however the specific needs and challenges of mountain areas are addressed in the territorial assessment included in the document.

This is, for instance, the case of France Partnership Agreement that focuses on mountains and, especially, Massifs.

Likewise, the Spanish Partnership Agreement focuses on "other territories with specific features", included islands and mountains, in section 1.1.4.3, in addition to the Outermost Regions (Canary Islands).

The Partnership Agreement for UK in section 3.1.6 of the UK Chapter refers to Highlands and Islands of Scotland as the only region of UK that falls within the scope of the EU definition of severe and permanent demographic handicap.

II.1.3 SPECIFIC CHALLENGES AND STRENGTHS FOR MOUNTAINS ADDRESSED IN THE OPERATIONAL PROGRAMMES

The expert analysis looked into how the geographical specificities of mountains have been addressed in 15 relevant Operational Programmes: 6 OPs under the

goal "Investment for growth and jobs in Member States and regions" and 9 OPs under the goal "European territorial cooperation".¹⁷

Many mountain territories are placed in border areas or are spread in different countries. Because of this, the European territorial cooperation programmes are particularly relevant and necessary to tackle the challenges of these territories, in addition to the national and regional programmes.

The territorial assessment in the selected programmes identified the strengths of the mountain areas.

In primis, mountain territories are extremely rich in terms of natural and cultural heritage: many areas are classified in the UNESCO World Heritage List (e.g. some parts of the Alps, Mont Perdu/Perdido) and the majority are protected areas.

Mountain areas also host a great valuable biodiversity and are full of natural resources.

Because of these factors, and the attractiveness of their heritage, mountains have been identified as having great potential in development, especially in tourism sector.

However, mountain areas are exposed to severe threats and big challenges due to natural, demographic, economic factors.

Natural threats and challenges are mainly linked to climate changes and consequent risks for the environment (glacier retreat, drought, water erosion, flooding, soil salinity, soil erosion, steep terrains, etc.).

The natural threats may undermine the availability of natural resources and, therefore, a sound management of the natural resources should be ensured.

In relation to demographic aspects, mountain areas are often remote areas with problems linked to depopulation, aging and difficulties in access to public services and, especially, to health and social welfare.

As far as the economy in mountain areas is concerned, agriculture sector and tourism are among the economic activities carried out.

However these economic activities are negatively affected by climate changes, negative demographic trend (especially for agricultural sector) as well as urbanization and land coverage.

¹⁷See the list of the OPs in Annex.

Tourism is still a mainly seasonal activity, thus insufficient to ensure continuity in income and in the cases of mountains that receive mass tourism this could undermine the environmental sustainability because it entails pressure on natural resources exploitation (air and soil pollution, water resource, waste management, etc.).

The above factors and challenges, albeit mainly common to all mountain areas examined for the expert analysis, have not been addressed in the same way. Each selected Operational Programme has envisaged different interventions, targeting these challenges according to identified priorities.

The first and more horizontal priority of intervention in mountain areas is the preservation and protection of the environment and the promotion of resource efficiency, corresponding to Thematic Objective 6 (e.g. France OP Lorraine and Vosges Massif). Under this Thematic Objective, many interventions were envisaged within Investment priorities 6, c) and d), respectively:

- conserving, protecting, promoting and developing natural and cultural heritage;
- protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure.

Other Thematic Objectives also relevant to address challenges in mountain area, and interventions that have been put in place in the respective domains, such as:

- TO.2 "Enhancing access to, and use and quality of information and communication technologies (ICT)" (e.g. Greece OP Competitiveness, Entrepreneurship and Innovation);
- TO.3 "Enhancing the competitiveness of small and medium-sized enterprises (SMEs)" (e.g. France OP Provence Alpes Côte d'Azur - PACA);
- TO.7 "Promoting sustainable transport and removing bottlenecks in key network infrastructures" (e.g. ETC OP Greece-Bulgaria) and
- TO.9 "Promoting social inclusion, combating poverty and any discrimination" (e.g. Spain OP Cantabria).

Interventions to increase the attractiveness of the territories and to boost tourism also play an important role for growth and development of the mountainous territories.

Furthermore, interventions to improve quality of life for inhabitants and ensure better connectivity and better access to public services are necessary and have been put in place.

II.1.4 INFORMATION ABOUT THE STATE OF IMPLEMENTATION IN MOUNTAIN AREAS

There are difficulties in defining the precise financial allocation to address the geographical specificities of mountain areas, and thus the corresponding co-financing from ESIF.

The reporting system of 2014-2020 does not link an investment to the typology of the territories where it takes place.

Data reported from Managing Authorities in response to a survey in the framework of this analysis were not always homogeneous, complete, comparable and converging and therefore were difficult to aggregate.

Based on the survey, it was difficult to report the financial allocation specifically earmarked to address the specific needs of the mountains since the calls launched were mainly open to the entire programme area and not specifically targeting mountains.

Only in the case of Operational Programmes that are almost entirely dedicated to mountains (e.g. Alpine Space OP, France-Italy "Alcotra" OP, etc.) it is possible to retrieve data and financial information.

There are difficulties in defining the precise number of calls related to mountain areas as calls from sectoral programmes (e.g. OP Transport etc) were mainly open to the entire programme area and there were no specific calls for mountains reported by the Managing Authorities surveyed. Calls referring to Thematic Objectives on environment are more related to the specificities of mountain areas and therefore are functional to address the related challenges.

Based on the state of implementation of the projects reported by the related Managing Authorities, they are generally at a good and advanced implementation stage.

Out of a total of 32 projects reported for mountain areas by the MAs (of which 11 national and regional OP projects and 21 ETC projects), 25 projects are on-going and many of them are almost completed and 7 projects are completed.

The majority of projects reported as good practices to address geographical specificities of mountain areas concern the environment preservation and protection, and in particular the preservation and protection of natural and cultural heritage (examples: promoting mountain mining heritage – ETC OP France-Italy Alcotra; cross-border pilgrim path – ETC OP Italy-Austria, etc.).

Some projects are strictly related to the preservation and protection of biodiversity (examples: protection of grouse and sensitive habitats – France OP Lorraine and Vosges Massif; protection of lynx-wild cat species- ETC OP Central Europe).

Some projects in the tourism sector aimed at a sustainable and less seasonal tourism and therefore are related to environmental aspects (examples: cross-border mountain bike trail – ETC OP Austria-Germany/Bavaria, Alpine hiking trail - ETC OP Austria-Germany/Bavaria); Other projects in tourism sector are rather flagged as support to SMEs (examples: Crystal Museum - France OP Lorraine and Vosges Massif).

In some cases projects to boost tourism with a sustainable perspective leverage on a sound exploitation and enhancement of the existing resources and traditions, with an innovative approach. That is the case, for instance, of “Mi.Mo” project from ETC OP France-Italy (Alcotra) for safeguarding and promoting tourism of mountain mining heritage.¹⁸

In addition, many projects reported by the MAs as part of this expert analysis concern better life conditions for population in mountains. Especially projects on connectivity and better access to public services are most frequent. Good examples of projects to improve connectivity are: increasing rural broadband coverage – Greece OP Competitiveness; combined transport for freight traffic – ETC OP Alpine Space; cross-border accessibility– ETC OP Greece-Bulgaria.

With regards to projects for better access to public sectors, good examples are: enlargement of a pediatric pole– ETC Spain, France, Andorra (POCTEFA); construction of a digestive endoscopy area– Spain OP Cantabria; construction of a secondary high school and vocational training- Spain OP Cantabria.

Interesting projects were also reported in the following fields:

- Support to SMEs (examples: modernization of the production tool for sawmill – France OP Provence Alps Cote d’Azur, PACA);
- Local potential in renewable energies (examples: energy related renovation of State property– ETC OP Italy-Austria);
- Support to research and innovation (examples: innovation in horticultural sector-edible flowers- ETC OP France-Italy Alcotra).

¹⁸ See related fiche in paragraph II.1.9 Good practice projects in mountain areas.

In some cases, projects concerned matters which are somehow related and inter-linked (example: cross-border pilgrim mountain path - ETC OP Italy-Austria, which contributes to improve connectivity and sustainable tourism).

II.1.5 USE OF INTEGRATED TOOLS (ITI, CLLD, ETC..)

In some cases of the selected Operational Programmes, the programme itself considered ITI and CLLD not applicable¹⁹.

The use integrated territorial tools was reported in the following cases: the cooperation programme Italy-Austria envisaged one specific Priority Axis dedicated to CLLD; for the cooperation programme France-Italy (ALCOTRA), two specific tools have been developed similar to ITI (Thematic Action Plans-PITEM, Territorial Action Plans-PIITER).

II.1.6 FINANCIAL INSTRUMENTS

As far as financial instruments (FIs) are concerned (i.e. guarantee fund to support SMEs in mountainous areas, etc.), no FI has been reported targeting the geographical specificities of mountains.

Among the selected Operational Programmes, for the Cantabria OP it was reported that the programme financially contributes to the SME Initiative and related financial instruments, but does not envisage any FI for the specificities of mountain areas.

II.1.7 POSSIBILITY OFFERED BY 2014-2020 REGULATIONS AND PROPOSALS MADE BY MAS FOR POST-2020

The possibilities offered by the 2014-2020 ESIF Regulations (i.e. derogation to thematic concentration, adjustments to co-financing rate, etc..) have been used to tackle specificities related to mountains by few Operational Programmes. More particularly:.

The adjustments to co-financing rate was used in the case of the Lorraine and Vosges Massif OP (France). In particular, the territory involved falls under two categories of region: "region in transition" and "more developed region", the latter with the average rate of 50% co-financing. In order to propose the same ceiling rate for all OP schemes, a maximum rate of 60% was set up.

¹⁹ETC OP Austria-Germany/Bavaria; ETC OP Slovenia-Austria; ETC OP Spain-France-Andorra (POCTEFA); ETC Central Europe.

In Croatia, to tackle the geographical specificities of mountains, the adjustment of co-financing rate was applied - where relevant and possible - to the projects located in mountain areas, in accordance with applicable national legislation.

For post-2020 programming period, the surveyed Managing Authorities submitted the following proposal to better address the geographical specificities of mountain areas:

- allocate specific amounts to mountain areas;
- allocate significant amount to services of general interest;
- more flexibility of State aid rules;
- encourage and increase cooperation;
- test new actions for innovation, also with the support of financial instruments;
- set-up specific thematic objectives and investment priorities, including reasonable indicators;
- strengthen the link and complementarities with EARDF;
- maintain the possibility to award additional points for projects in mountain areas.

II.1.8 MAIN SPECIFIC CONCLUSIONS

The following specific conclusions for mountains reflect the main general conclusions in Part I.

Albeit not always expressly mentioned in the dedicated section of the Partnership Agreement, mountains' specific challenges and needs have been generally considered and addressed in the Partnership Agreements of 13 MS (AT, BG, HR, CY, FI, FR, EL, IT, PT, SI, ES, SE, UK), especially when outlining the territorial assessment and defining the overall strategy for the country.

The main challenge of programming and implementing Cohesion Policy in mountain areas is to find the good balance between environmental and resource efficiency priority, on one hand, and socio-economic factors for growth, on the other hand.

In many cases, the priorities and domains of intervention are inter-linked and an integrated approach is advisable, in order to take into account all the impacts and

consequences of the intervention in question (e.g. a measure to boost tourism should also consider the impact on the environment and on natural resources).

Environmental protection and preservation, enhancement of natural and cultural heritage, sound management of resources, sustainable tourism are the sectors where the majority of projects are put in place to address the geographical specificities of mountain areas and are sectors in many ways related and inter-linked. Therefore, it is advisable that projects for growth and development take into due account the impact on the environment and on the natural and cultural resources.

Considering that many mountain territories are placed in border areas or are spread in several countries the role of the European territorial cooperation, in addition to the national and regional programmes, could be reinforced to better address common challenges.

It is advisable that the regulatory framework for the next programming period could allow for interventions to address the specific challenges and needs of mountain areas.

II.1.9 GOOD PRACTICE PROJECTS IN MOUNTAIN AREAS

The following projects have been identified as good practices of projects addressing the geographical specificities of mountain areas.

These projects have been selected among several projects reported by the Managing Authorities of the selected Operational Programmes, according to the criteria indicated in Part I.

GREECE

COMPETITIVENESS, ENTREPRENEURSHIP, INNOVATION OP

CCI 2014GR16M2OP001

PROJECT – RURAL BROADBAND

Sector(s): Connectivity

The RURAL BROADBAND project (phasing project) concerns the development of a broadband network in white rural areas of Greece, as well as the network's operation for a period of 15 years. Through the network's operation a number of wholesale broadband services will be available to retail electronic communications service providers (or ISPs), while the latter will provide retail services to end-users.

The project is being implemented following the model of Public-Private Partnerships.

The proposed project intends to close the 'broadband gap' between remote/ most disadvantageous 'traditional white' rural areas of Greece and the rest of the country, where broadband services are already being offered. Due to certain technical, geographical and socio-economic reasons that are directly related to white rural areas' profile, there is an obvious market failure concerning broadband service provision in these areas.

The project is funded through the European Regional Development Fund (ERDF).

The project gained an international distinction, as it was awarded by the European Commission at the European Broadband Awards 2017 the prize in the category "Promotion of Cohesion Policy in rural and remote areas".

As far as the Programming Period 2014-2020 is concerned, the total eligible cost is about 100,9 MEUR, with the total public expenditure of 63,7 MEUR to be funded through Operational Programme "Competitiveness, Entrepreneurship and Innovation" 2014-2020 (and the total public expenditure of 37,2 MEUR to be funded through Rural Development Programme 2014-2020).

Information available on the following website:

https://www.oteruralsouth.gr/wps/portal/home!/ut/p/z1/04_Sj9CPykssy0xPLMnMz0vMAfIj_o8zigw0MTJycDB0N3J0MDA08LQ393PxMfQ1Ngsz0wwkpiAJKG-AAjgZA_VGEIBTkRhikOyoqAgDTiNm7/dz/d5/L2dBISEvZ0FBIS9nQSEh/

**EUROPEAN TERRITORIAL COOPERATION
TRANSNATIONAL OPERATIONAL PROGRAMME
ALPINE SPACE
CCI 2014TC16RFTN001**

PROJECT – AlpInnoCT (Combined Transport for freight traffic)

Sector(s): Connectivity and Environmental protection

The Alps are a sensitive ecosystem that needs to be protected from greenhouse gas emissions and climate change.

The project Alpine Innovation for Combined Transport (AlpInnoCT) aims at tackling environmental problems due to the increased growth in recent years of the freight traffic volume on the basis of innovative approaches capable of protecting the area covered by the programme.

The expected result is a sustainable system with an easier access to Combined Transport (CT) and an increased use of low-carbon transport. The objective of the project is threefold: (1) improve processes and cooperation in CT networks, (2) integrate innovative approaches by fostering modal shift from road to rail, and (3) enhance knowledge and reinforce participation for stakeholders in low carbon freight transport.

Logistics service providers will benefit from improved processes and an easier CT access. Wagon and semitrailer producers will obtain insights into CT innovations. NGOs and institutions will get a dialogue platform to state their interests and awareness about CT innovations. Politicians and decision makers will be better prepared to set the future CT framework with regards to environment.

On April 2018, the project has conducted a review of existing Combined Transport strategies, with a special focus on the description of the process design from a forwarding agency's point of view, i.e. the customer of the process. In addition, a first overview of CT trans-shipment technologies was carried out as well as a methodology for evaluating CT corridor processes and an analysis on trends in industry production. The project also includes the preparation of at least four dialogue events in the partner countries on topics addressing technical innovation in CT.

Total budget: 3,088 MEUR; ERDF co-financing: 2,548 MEUR.

The project started in November 2016 and has a duration of 36 months.

Information available on the following website:

<http://www.alpine-space.eu/projects/alpinnoct/en/home>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
SPAIN-FRANCE-ANDORRA (POCTEFA)
CCI 2014TC16RFCB006**

PROJECT – Pediatric Pole of Cerdanya

Sector(s): Better access to public services

The project of Pediatric Pole Cerdanya aims at restructuring activities on pediatric's care and rehabilitation in Cerdan mountain area.

The project will address the needs of both Catalan and French cross-border population in accordance with the public health targets identified by health Ministries of both countries. The Pole is an extension of the cross-border Hospital of Cerdanya for hosting young patients.

The project's objective is to improve pediatric health offer on both sides of the border by rethinking the model of care and establishing a team of French-Catalan professionals focusing:

- in accommodation of inpatient in the hospital Cerdanya and pediatric pole.
- in outpatient optimal care throughout the territory.

This project is meant to put together resources and experiences among health actors in the Cerdan plateau and facilitate the pooling of specialized technical platforms with other structures and related technical equipment. Partnerships will also be established to streamline costs such as internal use pharmacy.

Total cost: 2,769 MEUR, ERDF co-financing: 1,2 MEUR.

The Pediatric Pole project is nearly completed and the infrastructure will be available by the end of 2018.

Information available on the following website:

<http://pediatrie-occitanie.alefpa.asso.fr/>

FRANCE

PROVENCE ALPES CÔTE D'AZUR (PACA) OP

CCI 2014FR16M00P013

PROJECT – Modernization of the production tool

Sector(s): Support to SMEs

The project supported a company which is one of the 12 sawmills certified "Bois des Alpes" to date.

Positioned on the market "wood planed" and "dried" certified "Bois des Alpes" which recorded a strong growth, the project is part of a strategy for strengthening the competitiveness of the company.

The aim is to improve the performance of the production chain, which is necessary to meet changing demand such as higher quality of finishes, widening of the range of products.

Concretely, it is to finance the acquisition of hardware equipment: 4-sided planer moulder, brushing machine with automation, etc.

These investments will also make it possible to avoid the use of subcontracting (for planning functions), which causes delays in the production and additional costs (especially transport related costs) and thus to reinforce the company's competitive positioning in this market.

Total cost: EUR 218 000; ERDF co-financing: EUR 108 000.

The project is completed.

Information available on the following website:

<http://europe.regionpaca.fr/leurope-sengage-en-provence-alpes-cote-dazur-accueil/>

SPAIN

CANTABRIA

CCI 2014ES16RFOP008

PROJECT – Construction of a Digestive Endoscopy Area

Sector(s): Better access to public services

The project consists in the construction of a Digestive Endoscopy Area as well as the supply of necessary medical equipment in Torrelavega 's Sierrallana Hospital.

This is an investment that contributes to national, regional and local development, and to the reduction of health inequalities.

Part of the population that is covered is considered "Mountain Area", as established in article 32 of Regulation (EU) N° 1305/2013, which designates areas with natural limitations or other specific limitations.

The total investment is EUR 1,009,443 and it has 50% ERDF support, that is EUR 504,722.

The project is completed.

Information available on the following website:

<http://www.scsalud.es/web/scs/feder-estructuras>

II.2 GEOGRAPHICAL SPECIFICITIES OF ISLANDS

II.2.1 INTRODUCTION

The analysis covers mainly European islands in the Atlantic Ocean, Baltic Sea, Black Sea, North Sea and the Mediterranean Sea.

The Outermost Regions (ORs) having insular nature were also considered in the scope of this expert analysis since Article 174 TFEU refers also to them and, in addition, Article 349 TFEU provides for specific measures for the Outermost Regions, taking account of the related structural social and economic situation, compounded – *inter alia* – by insularity. However, some Managing Authorities of programmes in ORs provided limited replies since they considered that this analysis commissioned by DG REGIO was not relevant for them arguing that the difficulties of these territories were due to the distance from Europe rather than to the insular nature.

Due to variety and difference among the islands in terms of economic and social development, population, size, administrative organisation, etc. different approaches are needed.

Despite the differences, the insularity and the related implications, allows to identify common specific challenges and needs to be addressed.

II.2.2 GEOGRAPHICAL SPECIFICITIES OF ISLANDS ADDRESSED IN THE PARTNERSHIP AGREEMENTS

Differently from the case of mountain areas, the geographical specificities of islands have been more systematically addressed in the dedicated sections of the Partnership Agreement of the Member States concerned. 8 Member States (DK, EL, ES, HR, FR, MT, PT, UK) refer and analyse geographical specificities related to islands, including the Outermost Regions, in the section of the Partnership

Agreement dedicated to the specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps²⁰.

France and Portugal only refer to the Outermost Regions while Spain refers to both the Outermost Regions and other islands (i.e. Balearic Islands).

The Partnership Agreement for Sweden mentions islands only when they are located in sparsely populated areas, while in the case of Finland the Aland Islands are not expressly considered in the Partnership Agreement as areas with specific needs due to natural or demographic handicaps.

II.2.3 SPECIFIC CHALLENGES AND STRENGTHS FOR ISLANDS ADDRESSED IN THE OPERATIONAL PROGRAMMES

Having as a starting point the above mentioned Partnership Agreements of the 8 MS²¹ the expert analysis looked into how the geographical specificities of islands, including the Outermost Regions with insular feature, have been addressed in 20 relevant Operational Programmes: 12 OPs under the goal "Investment for growth and jobs in Member States and regions" and 8 OPs under the goal "European territorial cooperation"²².

There is a general common convergence in the Operational Programmes that the first and main challenge of insularity is limited accessibility, both in terms of accessibility to market and accessibility to satisfactory living conditions.

With regard to accessibility to market, problems related to proper connection to and from the islands imply high transport costs of goods, which affect competitiveness of islands' undertakings and make more difficult to these enterprises the access to the main European markets.

Economy in islands is mainly based on local market and isolation and distance from large markets something that makes more difficult the development of business. Because of the insularity, the investment and production costs are higher and undertakings in islands can hardly compete with mainland undertakings.

²⁰According to the draft template (see footnote n.13), the Partnership Agreement presents a specific section dedicated to describe, where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (section 3.1.6).

²¹DK, EL, ES, HR, FR, MT, PT, UK.

²²See the list of the OPs in Annex.

Consequently, this situation leads to more challenges in terms of business growth and development.

Limited accessibility also has impact on living conditions, with regard to limited transportation, passengers transport costs as well as essential public services such as education and health.

This situation of dual limited accessibility is even worst in the case of the Outermost Regions.

The majority of islands present a remarkable richness in terms of natural and cultural heritage and many of them have the *status* of protected areas.

However, islands are often characterised by a sensitive and fragile ecosystem and the preservation and protection of the environment is among the main priorities.

In particular, especially in the case of Mediterranean islands, such a natural and cultural heritage is exposed to important risks due to climate change (e.g. drought, water erosion, flooding, soil salinity, etc.).

In those islands, two of the main important weaknesses concern water shortage and waste management. Where relevant, the Operational Programmes envisage interventions in these domains to ensure appropriate water supply, including quality drinking water. In addition, waste management is also an issue to be tackled in some islands considered their general limited surface. Those problems are particularly acute in the southern islands.

Especially in the Mediterranean islands, the attention on the impact on environment not only is drawn when envisaging interventions to preserve and protect the natural and cultural heritage but also when addressing the challenges of ensuring "green" energy resources, in order to guarantee a sustainable and efficient exploitation of the limited resources and ensure energy security and supply.

Furthermore, a sustainable approach is also necessary for interventions to boost tourism. As a matter of fact, especially for the Mediterranean islands, tourism is one of the main economic activities that could be further expanded given the attractiveness of the natural and cultural richness of islands.

However, the increase of tourism also entails more pressure on environment and natural resources exploitation (air and soil pollution, water resource, waste management, etc.). Therefore interventions to support and boost tourism should also take into account the impact on environment and resources.

In addition to natural handicaps, many islands (both Northern and Southern islands) present demographic challenges, mainly due to population loss and aging.

Difficulties are encountered in terms of access to public services, especially, for health and social welfare.

The above factors and challenges, albeit mainly common to all the islands analysed, have been addressed in different way in each selected Operational Programme according to the identified needs and priorities.

Interventions to tackle the specific needs of islands mainly concern:

- improving connectivity and accessibility;
- ensuring environment preservation and protection as well as sound management of resources and risk prevention;
- business growth and development, based on local potential;
- providing better access to public service, especially in health through establishing rapid sea emergency medical service.

Interventions in transport sector to improve accessibility and connectivity as well as in energy sector are horizontal to all islands concerned.

ITC interventions are also important to overcome the limitations imposed by insularity and the lower accessibility of the resident population to services.

In addition, while in Northern islands efforts are more focused on business growth and development and support to SMEs to unlock local potential, in Southern islands priority is given to resources supply and management (e.g. water, waste, energy) and sustainable tourism.

With regard to interventions to tackle the challenges of islands in the matter of preservation and protection of environment as well as those concerning resources supply, risk prevention and sustainable tourism -in addition to interventions envisaged in the national and regional OPs - the European territorial cooperation programmes proved to be particularly suitable.

Furthermore, island specificities have been addressed via maritime strategies (e.g. Mediterranean Sea Strategy, Baltic Sea Strategy).

II.2.4 INFORMATION ABOUT THE STATE OF IMPLEMENTATION IN ISLANDS

There are difficulties in defining the precise financial allocation to address the geographical specificities of islands, and thus the corresponding co-financing from ESIF.

Data reported from Managing Authorities in the framework of this survey were not always homogeneous, complete, comparable and converging and therefore were difficult to aggregate.

The reporting system of 2014-2020 does not link the investment to the typology of territories where it takes place.

As a result it was difficult, even with the survey, to establish a clear picture on the financial allocation specifically earmarked to address the specific needs of the islands since the calls launched via sectoral OPs of the relevant Member States were mainly open to the entire programme area and not specifically targeting islands.

Financial data are easier to retrieve in cases of Operational Programmes entirely dedicated to insular territories (e.g. Balearic islands OP in Spain, Ionian Islands OP in Greece, Maltese OPs, Azores OP for Portugal, etc.).

Apart from these cases, in the remaining majority of cases it was reported that there is no financial allocation specifically earmarked to address the specific needs of the islands.

With regards to the state of implementation of the selected Operational Programmes, the replies from the Managing Authorities to the survey regarding their island projects show that are generally at a good implementation stage.

Based on the state of implementation of 42 projects reported by the Managing Authorities surveyed (25 national and regional OP projects and 17 ETC projects), the majority of projects (24 projects) are on-going, 8 projects are completed, 10 projects are at the start-up or under tender procedure.

Connectivity and environment were the main sectors where projects have been reported as good practices to address geographical specificities of islands in the framework of the survey launched for this analysis.

In particular, as far as environment is concerned, projects have been put in place in the domain of water supply, waste management and risk management (examples: construction of external network and central water tank–Greece OP

Transport, Infrastructure, Environment and Sustainable Development; innovative system for seismic dangers – in Greece OP Ionian Islands).

Examples of projects for better connectivity are the enlargement of the Aerodrome in Portugal OP Azores, infrastructure interventions in ports (i.e. in Greece OP Ionian Islands).

In addition, many interventions were launched to disclose local potential in renewable energy (example: installation of photovoltaic solar energy in Spain OP Balearic Islands).

Tourism sector has been mainly addressed by projects implementing the European territorial cooperation programme (examples: geo-parks in ETC OP Greece-Cyprus, boating in ETC Central Baltic).

In the Northern European islands, projects mainly focused on supporting SMEs and research and innovation (examples: clusters in ETC Central Baltic and in Denmark OP Innovation and Sustainable Growth, in Business and Financial instrument in equity in Finland - Entrepreneurship and skills, Aland OP).

Few projects have been reported related to better access to public services (example: primary health care hub in Malta).

In some cases, projects concerned matters which are somehow related and inter-linked.

II.2.5 USE OF INTEGRATED TOOLS (ITI, CLLD, ETC..)

In some cases, the selected Operational Programmes considered ITI and CLLD not applicable (e.g. ETC OP Greece-Cyprus, ETC OP South Baltic).

As reported by the Managing Authorities surveyed, the use of ITI was mainly reserved to urban development strategies, while CLLD was mainly applied in the rural development context and co-financed by EAFRD.

One example of island CLLD, is the one reported by the Attica OP, where a strategy was approved covering all the islands of the region as well as the coastal area of Trizina and was financed by the European Agricultural Fund for Rural Development.

In the case of the Ionian Islands OP, 3 Integrated Territorial Investments Strategies and 1 Sustainable Urban Development Strategy have been approved.

In Denmark, in order to ensure territorial integration, the Innovation and Sustainable growth in Businesses OP is implemented through Growth Forum (with

the participation of officials for regions, municipalities, business organisations, knowledge and educational institutions, and social partners).

II.2.6 FINANCIAL INSTRUMENTS

As far as financial instruments (FIs) are concerned, some financial instruments have been set up targeting the geographical specificities of islands (national ones and/or co-financed ones).

Among the surveyed Operational Programmes, the Managing Authority of the Danish Programme for Innovation and Sustainable Growth in Businesses reported that a national FI was set up for Bornholm island.

Malta is carrying out an *ex-ante* evaluation with the European Investment Bank in order to assess the possibility of making use of a Financing Instrument under Priority Axis 4 "Shifting towards a low-carbon economy" of Operational Programme I.

In Finland, the Entrepreneurship and Skills OP for Aland Islands, a FI was set up with an ERDF co-financing to invest in equity in SMEs.

In the case of Croatia, the Managing Authority of OP Competitiveness and Cohesion OP reported that, although there is no specific Financial Instrument set up expressly targeting territories with geographical specificities, the development challenges and needs of such territories were considered while designing the FIs. In particular, 4 out of 8 launched FIs present preferential rates for projects to be implemented in territories with geographical specificities.

In the case of Guadeloupe and St. Martin OP, two FIs (a free loan offer and a warranty fund) financed by the ERDF are being implemented to reduce the lack of offer for enterprises in Saint-Martin in terms of financial flows.

II.2.7 POSSIBILITY OFFERED BY 2014-2020 REGULATIONS AND PROPOSALS MADE BY MAS FOR POST-2020

The possibilities offered by the 2014-2020 ESIF Regulations (i.e. derogation to thematic concentration, adjustments to co-financing rate, etc.) were not always used to tackle specificities related to islands.

Malta made use of the derogation to thematic concentration in favor of the Thematic Objective 4 to support the shift towards a low carbon economy.

In Croatia, the modulation of the co-financing rate was applied - where relevant and possible - to tackle geographical specificities to the projects located on the islands, in accordance with applicable national legislation.

For post-2020 programming period, the surveyed Managing Authorities submitted the following proposals to better address the geographical specificities of islands:

- maintain the possibility to adjust the co-financing rate and allow for more flexibility in thematic concentration;
- more flexibility in State aid rules, also considering islands as predetermined "c" zones;
- more favorable financing framework for SMEs in islands (also to minimize the higher transport costs);
- reduce administrative burdens;
- maintain the possibility to award additional points for projects on islands;
- consider a pre-defined allocation for islands to finance limited pre-defined areas/activities (e.g. high-speed internet for remote islands, water treatment plants/desalinization) and to set a limited, narrow set of priorities;
- more flexibility in certain rules to make investments affordable (e.g. revenue generation);
- consider insularity among the criteria for funds allocation;
- Increase the role of islands in European Territorial Cooperation and eliminate the limit of 150 km in order to allow them to participate in cross-border cooperation programmes.

II.2.8 MAIN SPECIFIC CONCLUSIONS

The following specific conclusions for islands integrate the main general conclusions in Part I.

In general, the geographical specificities of islands, including the Outermost Regions having insular feature, have been specifically addressed in the Partnership Agreements of the countries concerned.

The main challenges for islands are in the domain of better accessibility, better connectivity as well as environment, especially in terms of water supply, waste management, risk management, albeit these challenges vary among islands.

In many cases, the priorities of interventions are inter-linked and an integrated approach is advisable, in order to take into account all the impacts and

consequences of the intervention in question (e.g. a measure to boost tourism should also consider the impact on the environment and on natural resources).

Considering that FIs and ITIs and CLLD have been set up in some cases, measures to facilitate and increase the set-up of island targeted financial instruments and integrated strategies in other MS could be considered, such as – *in primis* – those aiming at knowledge transfer and exchange of good practices.

It is advisable that the regulatory framework for the next programming period could allow for interventions to address the specific challenges and needs of islands, as identified.

II.2.9 GOOD PRACTICE PROJECTS IN ISLANDS

The following projects have been identified as good practices of projects addressing the geographical specificities of islands.

These projects have been selected among projects indicated by the Managing Authorities of the selected Operational Programmes, according to the criteria indicated in Part I.

GREECE

**COMPETITIVENESS, ENTREPRENEURSHIP, INNOVATION
OP**

CCI 2014GR16M2OP001

PROJECT – Interconnection of the Cyclades

Sector(s): Connectivity/ Energy

The Interconnection of the Cyclades islands, which is a Major Project, aims to ensure the reliable and sufficient supply of electricity to the islands of Syros, Paros, Mykonos and Naxos.

Phase A includes the connection of Syros to Lavrio (port in mainland close to Athens) with a subsea cable of 150 kV AC, as well as the islands of Paros, Mykonos and Tinos with respective cables. The completion of the interconnection Phase B and its commissioning is scheduled in the year 2019 and includes the completion of the loop Cyclades with the connection of Paros with Naxos and Naxos with Mykonos. Phase C of the interconnection of the Cyclades is planned to be completed by the year 2022 and includes the second connection of Syros to Lavrio.

The implementation is advancing well. On 19 March 2018, the inauguration of the 1st Phase of the Cyclades Interconnection Project with the Mainland Hellenic Electricity Transmission System took place. Following the completion of this project, Syros and Paros are interconnected via a high voltage submarine cable to the continental system. The electricity needs of Paros, Antiparos, Naxos, Koufonissi, Schinoussa, Irakleia, Ios, Sikinos and Folegandros are now covered by the Mainland Electricity Transmission System, while Mykonos added on 9th of May 2018. This will lead to the closure of old oil generated electricity plants operating in the islands that were polluting due to their old state and poor maintenance and will open new possibilities for exploiting the potential of these islands in renewable energy since their connection to the grid will allow for the safety of the system and the transferring of excess RES production.

The 2nd Phase of the Interconnection of Cyclades will follow. Naxos island will be added to the islands complex that will be directly connected with the Hellenic Electricity Transmission System with a bronchus, since Naxos will connect with Paros and Mykonos. The invitation has been issued to international tenders and offers were submitted. The process of evaluation of the offers is under way and the contract award is expected to take place in the 2nd semester of 2018.

Total cost: 273,6 MEUR. Total public expenditure is up to 135,6 MEUR.

Information available on the following website:

<http://www.admie.gr/to-systima-metaforas/anaptyxi-systimatos/erga-eyropaikoy-tameioy-perifereiakis-anaptyxis/ergo/article/2825/>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
FINLAND-ESTONIA-LATVIA-SWEDEN
(CENTRAL BALTIC)
CCI 2014TC16RFCB014**

PROJECT - ADAPT (Assuring depth of fairways for Archipelago Public Transportation)

Sector(s): Connectivity

The project aims at contributing to a more well-connected region and in particular at improved transport flows of people and goods.

The project ADAPT addresses a cross-border challenge connected to attaining the joint and efficient public transportation system in the archipelagos. The project aims at developing safe, time-saving and fuel-efficient routes for the transportation of passengers and goods in the Åland and Stockholm archipelagos.

In practice the project improves maritime transport system as part of the intermodal system for public transportation along with reducing its environmental impacts and enabling safe and state of the art navigation. To reduce CO2 emissions, the project aims to develop more fuel efficient routes.

The main beneficiaries are passengers using public transport in the archipelago as well as communities and businesses on the islands depending on tourism and public transportation.

As a result of the project the overall travel times for passengers using public transportation in the Stockholm and Åland archipelagos is reduced by more than 10%. A number of traffic routes are adjusted, while others are under consideration for future adjustments. New tools and methods are in place for optimising vessel use and operation in case of shallow and narrow waters or severe weather conditions.

Duration: 01.03.2016 - 31.08.2019

Total budget: 2,182 MEUR. ERDF co-financing: 1,636 MEUR.

Information available on the following website:

<http://database.centralbaltic.eu/project/31>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
POLAND-DENMARK-GERMANY-LITHUANIA-SWEDEN
(SOUTH BALTIC)
CCI 2014TC16RFCB013**

PROJECT – STEP (Sludge Technological Ecological Progress)

Sector(s): Environment/Green technologies

The project is aimed at increasing the quality and reuse of sewage sludge.

The project involves 5 entities from 4 Member States counties (PL, DK, LT, SE). The partners represent academic/research sector, including university, as well as practitioners managing and operating the waste water treatment plants, including municipality. There is one project partner from an island area (Bornholm) within the project.

The overall idea of the project is to optimize the process of waste water treatment and reuse the by-products of the process. It aims at creating technology and methodology of efficient sludge treatment by small and medium size waste water plants (WWTP) and then reuse cleaned sludge for example for land fertilization.

The project's activities are grouped within three content related work packages (WP) and two general WP devoted to management and communication. Each content work package deal with separate issue: WP3-sludge pre-treatment, WP4- energy efficiency of the process, WP5- nutrient reuse. Additionally, WP6 is focused on the transfer of knowledge and exchange of experience aiming at reaching a wider public in the South Baltic area (with educational actions, seminars and staff secondment programme). There are two, separate pilots investments planned within the project: optimized compost production facility and pilot plant for external sludge handling, dewatering before pumping into waste water system and utilization. The conclusions on energy efficiency, sludge quality factors, optimized nutrient load and odor elimination techniques will be presented in the white book on best practices to treat sludge.

The main target groups are small and medium scale water treatment plants from the South Baltic Region, municipalities and private companies dealing with the problem of sludge handling and reuse, networks and associations of water treatment plants.

Total budget: 1,159 MEUR. ERDF co-financing: 0,945 MEUR.

The project has just started and is expected to be completed by December 2020.

Information available on the following website:

<http://step-interreg.eu/>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
GREECE-ITALY
CCI 2014TC16RFCB020**

PROJECT – InnoNets (Innovative Networks for the Agri-food sector)

Sector(s): Support to SMEs

The project is aimed at designing and developing a cross-border Innovation Brokering Centre to provide innovation support services to micro and small agri-food SMEs.

The project proposes the development of an eco-system for the cooperation of quadruple helix, aiming at the innovation transfer to agri-food SMEs.

The proposed methodology establishes on-going processes of Entrepreneurial Discovery Process (EDP), a "conceptual pillar" of Smart Specialisation, via three CB thematic Living Labs. Through the EDP process, the project aims at: networking among all social stakeholders and promotion of open innovation through smart specialisation. Moreover, the elaboration of the Innovation Brokering Centre in the form of an Electronic Node shall foster joint implementation of project activities and promote cross-border cooperation among stakeholders.

The project also meets the requirements of the two thematic objectives: promotion of education, skills and lifelong learning and enhancing institutional capacity of public authorities and stakeholders and efficient public administration. The requirements of the first objective are met since the Innovation Agri-Food Node shall provide a powerful platform to address entrepreneurship skills along with the SMEs thematic support. The requirements of the second are met even from the structure of this partnership, as two regions, one university, a chamber and an association have formed a concrete partnership promoting administrative cooperation.

The designed activities contribute to the cross cutting issues of the "Blow Growth" pillar of the "EU Strategy for the Adriatic- Ionian Region".

Total budget : EUR 899.473. ERDF co-financing: EUR 764.552.35.

The project is in the start-up phase.

Information available on the following website:

www.greece-italy.eu

PORTUGAL

AZORES (AUTONOMOUS REGION)

CCI 2014PT16M2OP004

PROJECT – Nonagon (Science & Technology Park)

Sector(s): Research and innovation

Nonagon is the first Science & Technology Park of the Autonomous Region of the Azores, situated in the city of Lagoa, S. Miguel Island.

Its purpose is to develop the technologies regarding Information, Communication and Monitoring.

Nonagon intends to be an international reference in the valuation of human, technological, corporate and social capital, focused on entrepreneurial skills and dynamics and sustained in knowledge, technology and innovation.

The project is completed.

Information available on the following website:

<https://nonagon.pt/>

II.3 GEOGRAPHICAL SPECIFICITIES OF SPARSELY POPULATED AREAS

II.3.1 INTRODUCTION

Cohesion Policy pays also special attention to Northern Sparsely Populated Areas (NSPA).

Northernmost regions with very low population density are expressly mentioned in the Treaty. Article 174 TFEU provides that particular attention shall be paid, among other areas, also to regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density.

These regions benefit also from specific measures and additional funding to offset the severe and natural or demographic handicaps referred to in Article 2 of Protocol No. 6 to the Act of Accession for Finland and Sweden in 1994.

The ERDF co-finances interventions to address the problems of accessibility to, and remoteness from, large markets, faced by areas with an extremely low population density.

In particular, ERDF regulation provides for specific provisions in the matter of thematic concentration with regard to Northernmost regions with very low population density (Art.11).

The Northern Sparsely Populated Areas include the four northernmost counties of Sweden (Norrbotten, Västerbotten, JämtlandHärjedalen, Västernorrland), the seven northernmost and eastern regions of Finland (Lapland, Northern Ostrobothnia, Central Ostrobothnia, Kainuu, North Karelia, Pohjois-Savo and South Savo) and North Norway. The region's population density is of only 4.9 inhabitants/km².

In addition to the specific reference to the NSPA, some provisions are set up for sparsely populated areas in general (not only limited to the NSPA).

The CPR - when defining the modulation of the co-financing rates applied to areas with severe and permanent natural or demographic handicaps - distinguishes between sparsely (i.e. less than 50 inhabitants/ km²) and very sparsely (less than 8 inhabitants/km²) populated areas (Art.121.4).

Furthermore, the ERDF regulation states that particular attention shall be paid to addressing the specific difficulties of the areas referred to in Art.121 CPR, including sparsely populated areas in general (Art.10).

Sparsely populated areas are not only located in the Northernmost part of Europe but also in the Mediterranean. Many inland, mountainous and rural areas can be quite isolated and characterized by low density population.

In the process of this expert analysis, some Managing Authorities from France, Greece, Italy and Portugal reported that they face challenges related to sparsely populated areas. This was also the case of the the ETC programmes AT-DE/Bavaria and North West Europe.

In conclusion, when addressing the issue of sparsely populated areas in Cohesion Policy, reference is made, *in primis* but not only, to northernmost regions (NSPA) of Finland and Sweden. However sparsely populated areas are also part of territories of other Member States and require special attention by the Cohesion Policy²³.

II.3.2 GEOGRAPHICAL SPECIFICITIES OF SPARSELY POPULATED AREAS ADDRESSED IN THE PARTNERSHIP AGREEMENTS

Specific reference is made to sparsely populated areas in the dedicated section of the Partnership Agreements²⁴ for Finland and Sweden. In particular, in those documents, the specific needs of the Northern Sparsely Populated Areas are addressed.

Other Member States also make reference in their Partnership Agreements to sparsely populated areas or to low population density areas, either in the section dedicated to geographical areas which suffer from severe and permanent natural or demographic handicaps or in other parts of the document.

²³ In this respect there is a new association of South Sparsely Populated Regions advocating for the case.

²⁴ According to the draft template (see footnote n.13), the Partnership Agreement presents a specific section dedicated to describe, where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 of the TFEU (section 3.1.6).

More precisely, the Partnership Agreement for Bulgaria (section 3.1.6) includes among the two types of areas which need a focused approach, the areas with extremely negative demographic trends (depopulation and aging).

Section 3.1.6 of the Partnership Agreement for Italy is dedicated to the so called "Inner Areas", which also cover sparsely populated areas.

The UK Partnership Agreement (section 3.1.6) refers that the only regions of the UK that falls within scope of the EU definition of severe and permanent demographic handicap is the Highlands and Islands of Scotland which has a population density of 11.2 people per km².

Other Member States refer to low population density areas in other parts of their Partnership Agreement.

This is the case of the Partnership Agreements for Croatia, France (where reference is made to low population density areas, mainly linked to depopulation in rural areas), Portugal (where low-density territories are mentioned for strategies to support economic recovery of their endogenous resources) and Spain (where sparsely populated regions are listed as "other territories with specific features", in addition to islands and mountains).

II.3.3 SPECIFIC CHALLENGES AND STRENGTHS FOR SPARSELY POPULATED AREAS ADDRESSED IN THE OPERATIONAL PROGRAMMES

The expert analysis looked into how the geographical specificities of sparsely populated areas have been addressed in 21 relevant Operational Programmes: 11 OPs under the goal "Investment for growth and jobs in Member States and regions" and in 10 OPs under the goal "European territorial cooperation".²⁵

The main characteristic of Northern Sparsely Populated Areas is remoteness, which negatively affects transport and accessibility of these areas, both in terms of economy and appropriate living conditions.

NSPA are the least accessible areas in Europe. The majority of remote lands are not accessible by common road transport and mainly rely on maritime and air transportation systems.

In addition, NSPA are located well far from the core European common market places and undertakings experience difficulties in competitiveness due to increasing costs and more difficult access. SMEs are the most affected by higher costs for transporting raw materials and finished products.

²⁵See the list of the OPs in Annex.

This situation is aggravated by demographic handicaps linked to aging and depopulation as well as severe climate conditions.

Therefore, improving accessibility, both in terms of physical and digital, is of paramount importance for these areas, to reduce isolation and increase competitiveness of the enterprises on the market.

The transport sector is among the main domains for intervention, especially within the European territorial cooperation programmes. The cooperation among countries is particularly important to ensure interoperability of different transportation systems and, consequently, the territorial continuity of the European northern regions.

The challenge of improving accessibility is not only addressed in terms of transportation but also in terms of ICT. Digital technology contributes to shorten distance in physical and economic and well as social terms.

The challenge to boost business growth and development is mainly addressed through diversification of business activities and interventions to create new business models or modernising the existing ones.

Interventions in this domain leverage on the main strengths of these areas mainly based on natural resources. Mining industry as well as raw materials and forestry industry are key sectors for business growth and development.

In addition, innovation and knowledge transfer are also crucial, especially for economic activity diversification. Innovation and knowledge transfer are ensured, *in primis*, by virtuous cooperation and linkage between undertakings and Universities.

The need for innovation and diversification by leveraging on the natural heritage as well as the peculiar geographical and extreme climate conditions entail to consider the NSPA as particularly relevant and suitable for testing activities.

As a matter of fact, the NSPA are large areas with extensive fields and stable winter climate conditions, such as snow, dark and cold where the testing activity has growing potential given that the region's natural and Arctic conditions, combined with the skills and technology, constitute a competitive advantage and can serve as a basis for many business ideas stemming from natural resources, cold climate and Arctic conditions.

The natural resources of the territories are also important to increase the use of renewable energy.

Finally, the NSPA present a valuable cultural heritage and related programmes envisage interventions to preserve and protect the cultural characteristic of these territories.

In particular, targeted actions are in place aiming at preserving and developing the culture, language and economic activities of the Sami population, the only indigenous population in Europe.

The Operational Programmes addressing the geographical specificities of sparsely populated areas in other parts of Europe mainly share the same challenges, weaknesses and needs of the programmes covering the NSPA, albeit these regions do not face the same severe climate conditions and remoteness and greatly differ and vary, especially in terms of natural and cultural features.

Nevertheless, better connectivity and accessibility, better access to public services, preservation and protection of the environment and natural and cultural heritage, support to SMEs and tourism are common issues to be addressed.

It is worth mentioning that in Italy a specific strategy has been developed for the so called "Inner Areas", defining these areas as territories substantially far from centres offering essential services and thus characterized by depopulation and degrade. Demographic trends, access to healthcare and adequate education provision are some of the essential criteria to define and classify the Inner Areas.

The strategy for "Inner Areas", is underpinned by the consideration that these territories present much untapped natural and human capital and that access to essential services such as education, mobility and healthcare is crucial to guarantee an adequate level of development, growth and wealth: interventions aim to safeguard, rehabilitate and revitalise inner territorial areas and improve service accessibility.

II.3.4 INFORMATION ABOUT THE STATE OF IMPLEMENTATION IN SPARSELY POPULATED AREAS

There are difficulties in defining the precise financial allocation to address the geographical specificities of sparsely populated areas, and thus the corresponding co-financing from ESIF.

Data reported by the Managing Authorities in the framework of the survey launched as part of this analysis were not always homogeneous, complete, comparable and converging and therefore were difficult to aggregate.

The reporting system of 2014-2020 does not link investment to the typology of the area that it takes place.

Only the selected Operational Programmes for Finland and Sweden present in their respective financial plan the specific allocation for sparsely populated areas.

Apart from these cases, in the majority of remaining cases it was reported that there is no financial allocation specifically earmarked to address the specific needs of sparsely populated areas.

With regard to the state of implementation of the selected Operational Programmes and taking in consideration the 43 projects that were reported for sparsely populated areas, of which 18 national and regional OP projects and 25 ETC projects we can say based on the fact that these projects are generally at a good implementation stage that the related OPs are also in a good state of implementation. In particular when it comes to the progress of projects the majority (27 projects) are on-going, 8 projects are completed, 5 projects are at a start-up phase, and for 3 projects information on the implementation status is not available.

There are difficulties in defining the precise number of calls related to sparsely populated areas as calls from sectoral OPs were mainly open to the entire programme area.

Calls launched refer to different sectors. Connectivity, better access to public services, support to SMEs, Research and Innovation, environment are the main sectors where projects have been reported by the Managing Authorities surveyed as good practices to address geographical specificities of sparsely populated areas.

In particular, as far as connectivity and better access to public services are concerned, examples of projects are mainly in the domain of e-services and tele-solutions.

There are examples of projects in transport sector to maximize mobility and accessibility of services in regions affected by demographic change as well as to ensure functional and sustainable transport route.

Research and Innovation is one of the most addressed sectors and many projects have been reported to enhance cooperation between enterprises and Universities as well as to explore innovation in traditional methodologies.

Projects have been also reported to preserve the cultural heritage. This is the case e.g. of projects to preserve and protect Sami communities language, culture and traditions, as well as those aimed at the preservation of ancient castles.

II.3.5 USE OF INTEGRATED TOOLS (ITI, CLLD, ETC..)

In some cases the selected Operational Programmes considered ITI and CLLD not applicable (e.g. Sweden- Central Norrland OP and Upper Norrland OP).

In other cases, the use of ITI is mainly reserved to urban development strategies and the CLLD is mainly applied in the rural development context and co-financed by EAFRD (e.g. Finland - Sustainable growth and jobs 2014-2020 OP, France - Basse-Normandie OP).

On the basis of the results from the survey of the Managing Authorities of the selected Operational Programmes, in most cases the use of specific integrated territorial tools (including ITI or CLLD or other national developed targeted strategies and tools) to address the geographical specificities of sparsely populated areas was either not envisaged or was limited.

II.3.6 FINANCIAL INSTRUMENTS

As far as financial instruments (FIs) are concerned, some financial instruments have been set up targeting the geographical specificities of sparsely populated areas.

This is the case, e.g. in Sweden, where a FI was set up (the fund manager is Almi Invest) which invests in companies with scalable business concepts and prospects for long-term capital growth. The companies must have the ability to compete nationally and internationally, and there must be a clear customer need.

II.3.7 POSSIBILITY OFFERED BY 2014-2020 REGULATIONS AND PROPOSALS MADE BY MAS FOR POST-2020

With regard to the possibilities offered by the 2014-2020 ESIF Regulations, the Managing Authorities reported that the derogation to thematic concentration was used in Sweden and Finland.

In particular, Upper Norrland and Central Norrland are the only programmes in Sweden which can invest in Thematic Objective 7 "promoting sustainable transport and removing bottlenecks in key network infrastructures" and Thematic Objective 2 for broadband infrastructure.

In Finland, the Sustainable growth and jobs OP allowed for small-scale investments on infrastructure supporting the accessibility of SMEs under the Thematic Objective 3 (Enhancing the competitiveness of SMEs) in Eastern and Northern Finland.

In addition, Finland also used higher co-financing rate due to lower average income level and, therefore, poorer opportunities for public or private money.

The increase of co-financing rate was also reported for sparsely populated areas in Portugal (OP Centro) and Italy (OP Friuli Venezia Giulia), in the latter case, in particular, to support the SMEs in the so called "Inner areas".

For post-2020 programming period, the following proposals were put forward by the surveyed Managing Authorities to address the geographical specificities of sparsely populated areas:

- ensures specific support to Northerly Sparsely Populated Areas, in consideration of the fact that the NSPA suffer from a permanent lack of competitiveness due to long distances and sparse population;
- ensure appropriate interventions for sustainable exploitation of natural resources and improvement of the accessibility (both physical and digital): crucial factors to strengthen the implementation of smart specialization strategies;
- continue ensuring targeted support and additional funding for investment in the two northernmost counties.

II.3.8 MAIN SPECIFIC CONCLUSIONS

The following specific conclusions integrate the main general conclusions in Part I.

Finland and Sweden make explicit reference to the Northern Sparsely Populated Areas in their Partnership Agreements, in the section dedicated to geographical areas which suffer from severe and permanent natural or demographic handicaps.

Many other MS also make reference in the dedicated section or in other parts of their Partnership Agreements to sparsely populated areas or to low population density areas and the specific needs and challenges of these territories are pointed out.

The issue of sparsely populated areas involves different parts of Europe. Albeit territories greatly differ and vary, there are some main common challenges and needs. The main challenges for sparsely populated areas are in the domain of better accessibility, better connectivity and environment.

Sparsely populated areas and low population density areas throughout Europe deserve special attention: the exchange of knowledge and good practices on specific strategies to rehabilitate and revitalise territories while leveraging on a

place-based approach could facilitate the dissemination of methods to address the challenges of these territories.

It is advisable to envisage an appropriate framework which allows to address the specific challenges and needs of sparsely populated areas, underpinned by synergies and complementarities among priorities, programmes and funds.

II.3.9 GOOD PRACTICE PROJECTS IN SPARSELY POPULATED AREAS

The following projects have been identified as good practices of projects addressing the geographical specificities of sparsely populated areas.

These projects have been selected among projects reported by the Managing Authorities of the selected Operational Programmes, according to the criteria indicated in Part I.

FINLAND

SUSTAINABLE GROWTH AND JOBS

CCI 2014FI16M2OP001

PROJECT – Virtu.fi – Social and Health E-service Hub

Sector(s): Better access to public services

Centralization of services poses a real challenge for the equal availability of social and healthcare services in sparsely populated Lapland.

Virtu.fi provides a social and health e-service hub to the citizens of Lapland. It increases their access to services, since e-services can be used wherever and whenever citizens need them. E-services have a number of advantages like less costs and are easily accessible.

Virtu.fi is an innovation platform that includes a service portal, a support structure, equipment, and applications for producing and marketing e-services. Service providers can produce new e-services or develop their services for cross-platform use through the innovation platform, which improves service process productivity. Expanding and establishing the use of the innovation platform during the project has improved welfare service professionals' expertise of using new technology in performing their own services and enabled providing these services regionally.

The possibilities for using the service have expanded, and technological services ensure that the services are accessible at the right time and place as readily as possible. This has promoted the equal opportunity of using the services regardless of location or the municipal resources. In addition, expanding the network of Virtu service points has increased the equal accessibility of e-services.

The project is completed.

Total public funding paid: EUR 573 081. ERDF co-financing at 50%.

Information available on the following website:

www.virtu.fi

<https://www.eura2014.fi/rctiepa/projekti.php?projektkoodi=A70176>

SWEDEN

CENTRAL NORRLAND

CCI 2014SE16RFOP007

PROJECT – Mittstråket (transport route)

Sector(s): Connectivity

Mittstråket is a collaborative project between the municipalities of Åre, Krokom, Östersund, Bräcke, Ånge, Sundsvall County Council, Region Västernorrland, Region JämtlandHärjedalen, Swedish Transport Administration and the County Administrative Board of Västernorrland.

The project aims to open up and connect people, businesses and communities.

The overall target is to strengthen Mittstråket as a functional and sustainable cross-border transport route that promotes the development of the Region.

The objective of the project is to strengthen the sustainability of Mittstråket through the following factors:

- Shorter travel time;
- Increased capacity for freight;
- Improving road safety;
- Increased collaboration.

ERDF co-financing with over 18 MEUR.

The project is on-going and will run from 2015 to 2019.

Information available on the following website:

<http://mittstraket.se/en>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
SWEDEN-FINLAND-NORWAY (NORD)
CCI 2014TC16RFCB032**

PROJECT - NorFaST (HTNordic Community for Fast Steel Heat Treatments)

Sector(s): Research and innovation

The project aims to update heat management technology from the traditional furnace and flame heating to more enhanced in efficiency and characteristics, for example induction and resistance heating.

Plenty of research is being conducted in Scandinavia with regards to steel and heat management systems in steel. NorFast(HT) project connects these researches by creating an attractive research environment catering to the industry needs.

Norfast-collaboration primary focus is to investigate the opportunities and problems with quicker heating managements in production and refining of steel under different phases, right from casting to the final product. This collaboration offers an exceptional research environment for casting, rolling, heat treatment and tailoring of products. Utilization of the result over the course of project is short-term (1-3 years).

The project is expected to have a variety of expansion opportunities. For wear-resistant steel producers for example, there is a possibility to build product machines with modern heat management lines based on induction heating. This makes production of harder steel types possible via comparatively more cost-effective and environmental friendly processes.

Project duration: May 2015 - May 2018.

NorFaST-HT project has been focusing on developing the research environments, processes and steels. In the end of the project, NorFaST-HT community has three different induction heating laboratories: one in Nivala, one in Luleå and one in Lund.

The community offers its services not only to large enterprises but even SMEs can begin their own research cases with state of art heating equipment and the project has already shown that induction heating can be used to produce stronger steel grades with high efficiency heating systems and easy controllability.

Total budget: 1,669 MEUR. ERDF co-financing: 1,084 MEUR.

Information available on the following website:

<https://www.ltu.se/research/subjects/Produktionsutveckling/Forskningsprojekt/NorFaST-HT/NorFaST-HT-Nordic-Community-for-Fast-Steel-Heat-Treatments-1.148468>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
SWEDEN-NORWAY
CCI 2014TC16RFCB016**

PROJECT – Green Drive Region

Sector(s): Local potential in renewable energies

The project is a step in the long-term goal of fossil-fuel independent road traffic by 2030.

To achieve this, the work will focus on creating an increased demand for alternatives to fossil fuels. This means a reduction in carbon emissions of around 150.000 tons.

Unique to this project is that it covers several technologies. It includes electric cars, fuel cell vehicles and biofuel vehicles.

The collaboration builds on the previous joint electric vehicle project Green Drive. The target audience is primarily the government and the private sector in the project area.

Green Drive Region is a project that contributes to achieving the goals that are already present for the environment, climate and transport at local, regional and national levels.

The regions should have the opportunity to learn from each other and collaborate on strategies towards new infrastructure and fossil-free transport.

By offering meeting places and supporting the industrial players, the project contributes to more and stronger enterprises while at the same time decreasing the dependency on fossil fuels, creating a stronger economy.

The project includes a number of activities that contribute to achieving the goal. Among other things, the project provides opportunities to test zero emission vehicles and exchange experiences that may foster increased demand for alternatives to fossil fuels.

With regard to the state of implementation, the project is in its ending phase.

Total Swedish budget: 1,8 MEUR. Total Norwegian budget: 1,1 MEUR. ERDF co-financing: EUR 916 000.

Information available on the following website:

<http://greendriveregion.com/english-summary-sv/>

**EUROPEAN TERRITORIAL COOPERATION
CROSS-BORDER OPERATIONAL PROGRAMME
SWEDEN-FINLAND-NORWAY (NORD)
CCI 2014TC16RFCB032**

PROJECT - Visit Arctic Europe (VAE)

Sector(s): Support to SMEs/Tourism

This project focuses on tourism marketing to strengthen networking and collaboration between tourism entrepreneurs within the area as well as to improve overall attractiveness of the destination for international tour operators. The expected result is that Northern Scandinavia becomes a collective and internationally recognized Arctic tourist destination possessing greater quality and competitive tourism opportunities in the industry.

The aim is to customize new tourism products to increase the total number of tourists, especially in low seasons, as well as to increase the tourists length of stay. The digital marketing techniques are used to contribute to create interest among target groups. Benefits and profitability are expected among regional SMEs.

Beneficiaries of the project are Finnish Lapland Tourist Board (Finland), Swedish Lapland Visitors Board (Sweden) and Nord Norsk Reiseliv AS (Norway).

As reported by the Managing Authority, in 2017 the project led to the cooperation with 12 European tour operators and resulted in 12 339 new guests over the past summer season. This adds up to more than 124.000 new overnight stays in VAE area during the project period. VAE Tour Operators have created 100 new packages of which 37 are cross border travel packages in this summer season. Tour Operators have committed to 3 years production and marketing in agreement with VAE partners. Results from winter 2017 42 new packages was produced, 26 of them were cross-border packages. 52 % had already bookings for new packages. The project's results are expected to have a wider impact in the VAE area than just on VAE companies.

VAE project has been mentioned several times in different publishing and was also mentioned in OECD report as a good example of Cross border partnerships in OECD Tourism Papers 2017/01. "A review of the policy framework for tourism marketing and promotion." (page 20).

Total budget: 6,491 MEUR. ERDF co-financing: 2,780 MEUR.

The project started in August 2015 and ended in March 2018.

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ACRONYMS

CF: Cohesion Fund

CLLD: Community-led local development

CPR: Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions

EAFRD: European Agricultural Fund for Rural Development

EMFF: European Maritime and Fisheries Fund

ERDF: European Regional Development Fund

ERDF Regulation: Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal

ESIF: European Structural and Investment Funds

ESF: European Social Fund

ETC: European Territorial Cooperation

ETC Regulation: Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal

FI(s): Financial Instrument(s)

IP: Investment Priority

ITI: Integrated Territorial Investment

MA(s): Managing Authority(ies)

MRS: Macro-regional strategies

MS: Member State(s)

NSPA: Northern sparsely populated areas

OP(s): Operational Programme(s)

OR(s): Outermost Region(s)

PA(s): Partnership Agreement(s)

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RDP: Rural Development Programme

SME(s): Small and Medium-sized Enterprise(s)

SUD: Sustainable Urban Development

TO(s): Thematic Objective(s)

ANNEX - LIST OF SELECTED OPERATIONAL PROGRAMMES

MOUNTAINS

MS National and Regional Operational Programmes

Greece	Competitiveness, Entrepreneurship And Innovation
Greece	Western Greece
France	Lorraine and Vosges Massif
France	Regional programme Provence Alpes Côte d'Azur (PACA)
Portugal	Regional OP Norte
Spain	Cantabria ERDF 2014-20

ETC Operational Programmes

Interreg V-A - Austria–Germany/Bavaria (Bayern–Österreich)
Interreg V-A - France-Italy (ALCOTRA)
Interreg V-A - Greece-Bulgaria
Interreg V-A - Italy-Austria
Interreg V-A - Slovenia-Austria
Interreg V-A - Spain-France-Andorra (POCTEFA)
Alpine Space
Central Europe
Mediterranean

ISLANDS

MS National and Regional Operational Programmes

Croatia	Competitiveness And Cohesion OP
Denmark	Innovation And Sustainable growth In Businesses. National Programme For The European Regional fund – 2014-2020
Finland	Entrepreneurship And Skills, Åland Structural Fund Programme 2014-2020

EXPERT ANALYSIS ON GEOGRAPHICAL SPECIFICITIES

Cohesion Policy 2014-2020

Dr. Gilda Carbone

France	Guadeloupe Et St Martin Etat
Greece	Attica Op
Greece	Ionian Islands Op
Greece	Transport Infrastructure, Environment and Sustainable Development OP
Greece	Competitiveness, Entrepreneurship And Innovation OP
Malta	Fostering a Competitive and Sustainable economy to meet our Challenges
Malta	Stimulate private sector investment For Economic growth
Portugal	Regional OP Azores (Autonomousregion)
Spain	Baleares ERDF 2014-20 OP

ETC Operational Programmes

Interreg V-A - Finland-Estonia-Latvia-Sweden (Central Baltic)

Interreg V-A - Greece-Bulgaria

Interreg V-A - Greece-Cyprus

Interreg V-A - Greece-Italy

Interreg V-A - Poland-Denmark-Germany-Lithuania-Sweden (South Baltic)

North West Europe

Mediterranean

Northern Periphery and Arctic

SPARSELY POPULATED AREAS

MS National and Regional Operational Programmes

Finland Sustainable growth and jobs 2014-2020 - Structural Funds Programme

France Regional programme Basse-Normandie

EXPERT ANALYSIS ON GEOGRAPHICAL SPECIFICITIES

Cohesion Policy 2014-2020

Dr. Gilda Carbone

Greece	Western Greece OP
Italy	Basilicata
Italy	Campania
Italy	Friuli Venezia Giulia
Italy	Umbria
Italy	Veneto
Portugal	Regional OP Centro
Sweden	Central Norrland
Sweden	Upper Norrland

ETC Operational Programmes

Interreg V-A - Austria-Germany/Bavaria (Bayern-Österreich)

Interreg V-A - Greece-Bulgaria

Interreg V-A - Greece-Italy

Interreg V-A - Sweden-Finland-Norway (Nord)

Interreg V-A - Sweden-Norway

Alpine Space

North West Europe

Baltic Sea

Mediterranean

Northern Periphery and Arctic