**Combining territory and competitiveness in EU Regional Policy? Analysing ERDF investment profiles in regions with specific geographical features**

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**Abstract**

The policy priorities of EU Regional Policy, particularly ERDF, shifted significantly between the 2000-2006 and 2007-2013 programming periods. The former was based on a redistributive mechanism favouring the least favoured regions; the latter was based mainly on growth-oriented objectives for *all* regions across the EU. Focusing upon islands, mountains and sparsely populated regions, this paper explores the extent to which the shift in policy focus towards promoting ‘growth’ influenced the way in which ERDF was utilised (or not) in these regions. The findings raise a number of policy insights related to addressing the inherent ‘territorial tensions’ in EU Regional Policy.

**Key words**

Specific geographical features; ERDF; Islands; Mountains; Sparsely populated regions.

**Introduction**

This paper compares the ways in which European Regional Development Fund (ERDF) was used in regions with specific geographical features, namely islands, mountains and sparsely populated regions, in the two recent programming periods, 2000-2006 and 2007-2013. These two periods are significant because of the distinctive policy focus that they each had respectively. The former was based on the original ‘paradigm’ of EU Regional Policy, i.e. as a redistributive mechanism favouring the least favoured regions of the EU (OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES, 1987). On the other hand, the 2007-2013 period heralded the beginning of a ‘new’ paradigm for EU Regional Policy, based mainly on ‘place-based’, growth-oriented objectives for *all* regions across the EU (BACHTLER et al, 2013; BARCA, 2009; EUROPEAN COMMISSION, 2008, 2010, 2013; McCANN and VARGA, 2015).

For mountains, islands and sparsely populated regions, this policy ‘turn’ was significant as it was accompanied by a major discursive shift in ERDF programming rhetoric towards ensuring that peripheral regions try to exploit their specific ‘assets’ (such as cultural, natural or environmental) to encourage growth, if harnessed effectively (EUROPEAN COMMISSION, 2008). Hitherto, for these regions the terminology embedded in ERDF programming had stressed the need for support to overcome the range of so-called ‘structural handicaps’ linked to their geographical specificities, which constrained socio-economic development (EUROPEAN COMMISSION, 2008; MONFORT, 2009). In fact, the ‘conventional wisdom’ in these territories is that ‘geographical specificities’ have often been viewed as ‘handicaps’ or ‘constraints’ to socio-economic development (GLØERSEN, 2012; MONFORT, 2009). Having said that, some regions have managed to utilise ERDF (and domestic support) to capitalise upon respective territorial specificities to perform economically better than others (ADE, 2012; GIORDANO, 2017; GLØERSEN, 2012; MONFORT, 2009). This is not the case though in all regions for a number of reasons, which are explored later in the paper. These include policy and governance constraints as well as the ‘fragility’ of the local territorial context due to a range of factors including remoteness, demographic and environmental challenges, which combine in distinct ways, in different places (ADE, 2012; GIORDANO, 2017; MONFORT, 2009). Consequently, the support of both domestic and European funds, particularly ERDF, is arguably crucial for these regions to try to promote socio-economic development (ADE, 2012; ARMSTONG, et al, 2015; GIORDANO, 2017; SPILANIS et al, 2016).

The key question which this paper explores, focusing upon the two recent programming periods, is to what extent did the shift in policy focus towards harnessing territorial ‘assets’ to promote ‘growth’ influence the way in which ERDF was utilised (or not) in these regions? Exploring the implications of this ‘evolution’ in EU Regional Policy from a ‘traditional’ redistributive to a ‘growth-oriented’ policy for regions with specific geographical features is of considerable interest to policy makers and academics alike. Moreover, the paper raises several broader policy questions about the role of ERDF in encouraging (or not) ‘competitiveness’ for *all* regions whilst, concurrently, being able to consider the role that ‘territoriality’ plays in diverse geographical realities, particularly in peripheral regions, across the EU.

The paper is organised into the following sections. First, there is a discussion of the notion of ‘territory’ in the context of EU Regional Policy. Second, after discussing some of the methodological challenges, the analysis focuses on how ERDF was utilised in regions with specific geographical features in the 2000-2006 and 2007-2013 programming periods. Lastly, by way of conclusion, the policy relevant lessons that emerge relating to combining territory and competitiveness in the context of ERDF are discussed.

**The ‘territorial tensions’ inherent in EU Regional Policy**

The aim of this paper is to make a novel academic contribution to the ongoing discussions about ERDF through focusing upon the notion of ‘territory’ and problematising its role as a key ‘unit’ in the design, delivery and implementation of the policy. This is relevant to the study of mountains, islands and sparsely populated regions because of the inherent and largely unresolved tension within ERDF policy that derives from the non-contiguous nature of territorial specificities with local or regional administrative boundaries (GLØERSEN, 2012; MONFORT, 2009). Put simply, translating the notion of ‘territory’ into the design and implementation of EU Regional Policy has proved a complex issue (GLØERSEN, 2012).

A key starting point is to pose the question of *‘what is territory’*? Notably, this has been the focus of much social science research, particularly in human geography, which has shed some light on the ways to conceptualise the linkages between ‘space’, ‘place’ and ‘territoriality’ (ELDEN, 2010; DAVOUDI, 2009; DAVOUDI and STRANGE, 2009). A key issue to emerge from those debates goes beyond the straightforward question of how to define territories and right to the core of the question about how ‘places’ are socially constructed, created and reproduced through the interaction of social relations over time and space (PAASI, 2013; SACK, 1986; SOJA, 1989). The theoretical notion of ‘territory’, therefore, is fundamentally dynamic as it aims at characterising the processes through which the constituents of the physical and human ‘spaces’ are almost indiscernible and thus perceived as a coherent geographical ‘unit’. Hence, ‘territory’ combines institutional, social and economic dimensions together with features of the natural or physical environment (PAASI, 2013; FILIPPI et al., 2011).

Another element of the concept of ‘territory’ relates to geographical proximity, i.e. actors located within relatively short physical distance, and organized proximity, i.e. actors sharing a high level of cognitive alignment, social kinship and economic interactions (BOSCHMA, 2005; FILIPPI et al., 2011). In other words, a ‘territory’ is not simply a physical space that is the receptacle of social and economic activities (FILIPPI et al., 2011), but rather it is a geographical entity that is constructed as an integrated system of inter-dependencies for which collective action, contractual relations and organizational trust are important elements for its governance (STORPER, 1995; TORRE, 2006). Thus, any particular ‘territory’ needs to be thought of in terms of a coherent set of local practices.

How this coupling between the ‘physical’ and the ‘human’ is undertaken has much to do with power relations (LUUKKONEN and MOILANEN, 2012). This idea was propounded in Sack’s seminal contribution in which he argued that a territory is constructed through the processes of influence and control that a group of actors may exert over a certain geographical area (SACK, 1986). The politics of an area in terms of the collective behaviours shaped by power, influence and control processes is instrumental in making a geographical area a territory (ELDEN, 2010:802). This issue of collective control and empowerment of a community over its resources distinguishes a territory from a mere ‘container’ region (PAASI, 2009; PAASI, 2013; LUUKONEN and MOILANEN, 2012).

The issue of whether a ‘territory’ is a bounded space has been widely debated in social sciences (ELDEN, 2010; PAASI, 2013). This boundedness is intrinsically related to the perception that the actors themselves have on what constitute the limits of the geographical area over which they deem to have power, control or influence over. However, the boundaries of a territory may be “moving” (TORRE and WALLET 2014:653) as the interactions between the actors evolve over time due to both internal changes as well as induced by adaptation to external processes of change, for instance globalisation, regionalisation or urbanisation (STORPER, 1995). Importantly then, territories are not “frozen frameworks” (PAASI, 2003:110) that can be delimitated and characterised once and for all.

Finally, the notion of territory may be useful as a heuristic tool that enables the actors to collectively develop a vision for their territory’s future based on the identification of common goals and shared interests (PAASI, 2013). In that respect, territory can be deemed as an interesting framework for designing and implementing more coherent spatial policymaking and invent more pertinent and functional perimeters for public action (FALUDI, 2013). However, using territory as an object of policymaking is not a benign matter as it can be argued that external policy stimuli will change the internal power balance amongst actors, and thus affect how the territory is perceived and constructed. Moreover, a territory does not necessarily match the geometry of political, administrative or statistical regions and its boundaries are set by the actors’ collective perception of the contours of the area that they have control or influence over (FALUDI, 2013; PAASI, 2013).

Moving from a conception of ‘territory’, therefore, as the outcome of a set of inherent socially constructed practices and processes to operationalising it into EU Regional Policy through sub-national statistical ‘building blocks’ (essentially NUTS 2 and 3) is not an easy task (GLØERSEN, 2012). Pragmatically, however, it is not conceivable to use alternative geographical units to those pre-existing administrative boundaries, which are intrinsic in the policy design of ERDF. Inevitably, this gives rise, therefore, to what we call ‘territorial tensions’ which are inherent in the implementation of ERDF by which administrative boundaries and structures function as *proxies* for delineating, characterising, and ultimately targeting, territorial diversity across the EU. This point is particularly pertinent for regions with specific geographical features.

As FALUDI (2013:1307) argues, “the empirical problem which geography thus faces is to select a geometry which can deal with the complexities of such fields and forces.” We extend this point further and argue that the main ‘tension’ in the case of the regions with specific geographical features is to give the most optimal ‘territorial meaning’ to pre-selected geographical units (NUTS 2 or 3) by approximating the spatial coverage of the socio-economic and institutional phenomena inherent to such territorialities. This is not a trivial task. At one level, ‘territorial meaning’ is derived from a legal standpoint. For example, Article 158 (and the annexed Declaration 30) of the Amsterdam Treaty, which came into force in 1999, recognised that island regions suffer from structural handicaps due to their island status which permanently hamper their socio-economic development. In 2008, Article 174 of the Treaty on the Functioning of the European Union made explicit reference to the needs of regions with very low population density, islands and mountain regions (OFFICIAL JOURNAL OF THE EUROPEAN UNION, 2007, 2008).

Having said that, there are other levels to such legal ‘meanings’ as there is heterogeneity both *within* and *between* the three types of regions. For example, there are large islands (such as Sicily, southern Italy) and small islands (such as Bornholm, Denmark); some regions belong to more than one “category” i.e. islands that are also mountainous, such as Corsica (France) or the Highlands and Islands (UK) or sparsely populated regions that are also mountainous such as Cuenca in central Spain (ADE, 2012). Moreover, even though these territories are strongly defined by their respective “physical realities” (GLØERSEN, 2012:445), such as topography, high altitude, insularity, or the availability of vast open landscapes, which *a priori* seem rather ‘unproblematic’ and objectively observable. Translating these, however, into sound policy mechanisms and measurable indicators is much more subjective and intricate (ADE, 2012; GLØERSEN, 2012; MONFORT, 2009).

The reality, however, as (GLØERSEN, 2012:451) argues, is that predominant quantitative approaches of geographical specific territories are based on several misunderstandings, notably, “that mountain, islands or sparsely populated areas are physical, rather than mentally constructed, objects that would be objectively identifiable and measurable.” We argue, in line with GLØERSEN (2012), that such ‘labels’ are, in fact, as much sociological or cultural constructs as geographical ones, as often definitions and perceptions change depending on local, regional or national context (ADE, 2012; PAASI, 2013). Moreover, the three types of territory appear to be a defining feature of the collective imaginary that “structure the perception of European space” (GLØERSEN, 2012:451). These territories are as much defined, therefore, through *local* collective identity as through *European* collective identity and public action. Indeed, MONFORT (2009:3) maintains “there is no formal definition of a territory with specific geographical features.” Instead, there are actually several definitions that are used to classify islands, mountains and sparely populated regions at local, national and European levels (ADE, 2012; DEBARBIEUX et al, 2015; DIJKSTRA and POELMAN, 2011) (see *Appendix:* Table A1).

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The challenge, therefore, resulting from such ‘territorial tensions’ is to come up with feasible organising principles for geographically delineating mountainous, insular and sparsely populated regions in the context of EU Regional Policy. Focusing on mountainous areas, for example, DIJKSTRA and POELMAN (2011) argue that the definition of an area with geographic specificity depends relatively more on the subject of analysis. In other words, the aim of such an approach is less about finding a ‘universal’ definition of such territories and more focused upon developing reasonably representative *proxies* at the regional level that can be used as a basis for analysis and as a vector for improving the design and implementation of EU Regional Policy.

In contrast, GLØERSEN (2012) acknowledges the shortcomings of what he terms the ‘rationalistic’ approach undertaken by DG Regional Policy for the delineation of such regions. The major hurdle is being able to translate “perceived and constructed categories of territories into quantitative criteria” (GLØERSEN 2012:452). Moreover, the construction of such *proxies* is weakened by regional statistics which tend to hide relevant territorial issues rather than revealing them. Furthermore, GLØERSEN (2012) also criticises the choice of the geographical scale at which such delineations are undertaken as well as the selection of indicators and criteria that are used to characterise the areas either belonging to (or not) such territorial categorisations.

Following GLØERSEN (2012), therefore, we argue that it is crucial to explore the cognitive tools necessary for critically assessing this inherent ‘territorial tension’ in EU Regional Policy. This leads to a potential ‘decoupling’ between, on the one hand, how regions with geographical specificities are ‘officially’ delineated, and on the other hand, their respective territorialities at the local level (GLØERSEN, 2012). Put simply, it is difficult to compare ‘similar’ types of territories (i.e. *within* the same delineated category) as they tend not to be a “coherent group of territories for policy-making” (GLØERSEN, 2012:451). Moreover, it is also not straightforward to compare regions *between* the different categories as the constituting phenomena are very diverse (MONFORT, 2009). The difficulties and flaws, therefore, in such ‘overarching’ territorial classifications mean that geographical specificities are often ‘viewed’ differently by policy makers in diverse parts of Europe (ADE, 2012). Building on such insights, the rest of the paper explores the ways in which ERDF policy responses have evolved (or not) in the respective territories.

**Methods**

The aim of the research is to explore the ways in which ERDF was utilised, during the 2000-2006 and 2007-2013 programming periods respectively, in regions with specific geographical features. To do this, a detailed analysis of the ERDF intervention profiles of fifteen NUTS 2 case study regions was carried out, from a total of 90 such regions[[1]](#endnote-1), which are defined as islands, mountainous and sparsely populated compiled by DG Regional Policy (see MONFORT, 2009).[[2]](#endnote-2) We recognise that the sample of fifteen regions is not ‘representative’ of the whole, bearing in mind that there is actually no ‘typical type’ of island, mountainous or sparsely populated region. Having said that, a robust selection process[[3]](#endnote-3) was used to choose the fifteen case studies, which include regions with a range of socio-economic performance (including GDP per capita, growth rate, employment rate), population size and regional ERDF eligibilities (including six Convergence; six Regional Competitiveness and Employment; one Phasing-Out; and two Phasing-In regions). Overall, the case study regions include five regions from each of the three territorial types (islands, mountains and sparsely populated regions) covering twelve Member States located in different geographical zones of the EU (ADE, 2012) (*see Appendix:* Table A2).

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For each of the fifteen case studies, a range of quantitative data from two ERDF databases was collected: SWECO (2008) for 2000-2006 and DG Regional Policy’s SFC2007[[4]](#endnote-4) for the 2007-2013[[5]](#endnote-5) programming period. In addition, to complement the quantitative ERDF data collection, for each of the fifteen case study regions, in-depth analysis of relevant secondary documents was undertaken including Operational Programmes (OPs) and *Ex-Ante, Interim and Ex-Post*[[6]](#endnote-6) evaluations from the two respective periods. The aim was to compare and contrast the extent to which the respective ERDF regional strategies at the NUTS 2 level, in each of the regions, changed (or not) between the two programming periods.

Operationally, it is important to note that exploring the shift in ERDF policy focus between the two programming periods is not trivial, for several reasons. First, in terms of the territorial dimension, there are several key differences in the objectives and priorities between the two periods (BACHTLER et al, 2013). For the 2000-2006 programme, outside of the Objective 1 regions (i.e. those with a GDP below 75 per cent of the EU average), eligibility was based on a system of ‘geographical zoning’ to identify Objective 2 eligible areas which resulted in a detailed map for each EU Member State. This form of ‘spatial targeting’ was considered to be effective in focusing support in those areas most in need. In contrast, for the 2007-2013 period, ERDF focused much more on promoting competitiveness and innovation, in line with the EU’s Growth and Jobs Agenda (EUROPEAN COMMISSION, 2010). The territorial ‘zoning’ of eligible areas in the so-called Regional Competitiveness and Employment regions (formerly Objective 2) was stopped.

Second, the two respective programming periods had different ERDF Fields of Intervention (FOIs), which makes it more complicated to directly compare the way in which the funding was spent (ADE, 2012). Third, as discussed earlier, territorial specificities are rarely contiguous with administrative boundaries at the NUTS 2 level (and below). These are, however, the ‘building blocks’ upon which ERDF is organised and implemented. Most ERDF OPs are drafted at the NUTS 2 level and consequently data on spending is collected at that level. This poses a challenge because territorial specificities are (often) only apparent in localised areas at NUTS 3 level (or below) within the larger NUTS 2 administrative units (ADE, 2012; GLØERSEN, 2012).

Bearing in mind some of the challenges in comparing the two recent ERDF programming periods, the methodology was tailored to serve the core aim of the research to explore the extent to which (if at all) the shift in policy focus and rhetoric towards harnessing territorial ‘assets’ to promote ‘growth’ influenced the approach to promoting socio-economic development, in the selected case study regions. There were three specific research questions; the first two are linked to the quantitative analysis of ERDF intervention profiles and the third is linked to the documentary analysis. First, overall in what ways was ERDF utilised in the three types of territories? Second, focusing upon the fifteen case study regions, in what ways was ERDF utilised differently (or not) between the two ERDF programming periods, in the three types of territory? Third, to what extent has the change in policy focus, away from ‘redistribution’ towards ‘competitiveness’ influenced ERDF strategies to tackling territorial specificities in these regions?”

The next section discusses the main findings from the empirical analysis of ERDF in the fifteen case study regions with specific geographical features.

**The contours of the ERDF investment profiles in the fifteen case study regions**

Initially, it is useful to get an overview of the ways in which ERDF was utilised in islands, mountains and sparsely populated regions, in the two recent programming periods. In the 2000-06 period, just over €31bn were committed to the three types of territory, which was roughly a fifth of the overall ERDF and (Cohesion Fund (CF)) total spend (ADE, 2012). Significantly, the three types of territory combined, received just over a quarter of all ERDF Objective 1 commitments. This illustrates clearly the relative socio-economic need of these territories, at least at the NUTS 2 level, compared to all other EU regions. Furthermore, whilst Objective 1 accounted for just over two-thirds of overall ERDF (and CF) commitments in the 2000-2006 period; it represented almost 75 per cent in mountains; 71 per cent in sparsely populated regions; and a very significant, 91 per cent in the island regions (*see Appendix*: Table A3).

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Analysing the specific Fields of Intervention (FOIs) in the 2000-06 programme from the SWECO (2008) database (*see Appendix*: Table A4), several interesting points emerge.

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First, of total funding committed to *all* EU regions in the 2000-06 period, investments in *basic infrastructure* were the most important significant FOI for Objective 1 regions amounting to just over 40 per cent of the total compared to just over 20 per cent for *productive environment.* For both mountain and island regions proportionately more was invested in *basic infrastructure* - 48 per cent for mountains compared to 24 per cent *productive environment* and just over 57 per cent in islands compared to 31 per cent in *productive environment*. Conversely, for sparsely populated regions, *basic infrastructure* and *productive environment* had similar proportions (just over 34 per cent each respectively). For *all* Objective 2 regions, the FOI with the largest proportion was *productive environment* with just over 8 per cent of the total respectively compared to just under 5 per cent for *basic infrastructure*.

Turning to the 2007-13 period, using the SFC2007 database, although it is difficult to generalise between the two programming periods due to data availability and the difficulties in comparing respective FOIs, there are some similarities in the ways in which ERDF was used in the regions with specific geographical features. Notably, allocations to transport and environmental infrastructure remained significant in all three territories whilst there was increased investment in innovation, RTD and entrepreneurship in line with the priorities of the 2007-13 period (see ADE, 2012). The main aim of the research, therefore, is to ‘drill down’ to analyse the extent to which there was a shift (or not) in the ERDF investment profiles of the fifteen case study regions selected, for the 2007-13 period.

To overcome the difficulty in comparing FOIs between the two respective programming periods, an innovative method to compare the ERDF investment profiles in the fifteen case study regions was developed. This involved classifying each of the respective FOIs into eleven socio-economic ‘domains’ in order to compare and contrast the differences in how ERDF was used between the two periods (*see Appendix:* Table A5). For each of the fifteen regions, the four main FOIs (in terms of percentage of total commitments) were identified and then classified into a specific domain to allow comparison between the two periods (*see* *Appendix:* Table A6).

***\*\*\* Tables A5 and A6 here \*\*\****

Several points are noteworthy about the comparison of these respective ‘domains’. First, in spite of the shift in policy focus, there is considerable continuity between the two periods in terms of the specific areas in which ERDF can be invested. For example, *Innovation and RTD*, *SMEs and entrepreneurship* domains were prevalent in both periods. The key difference is that for the 2007-13 period, a wider range of activities could be supported in line with the shift in focus of ERDF to encourage growth and competitiveness for *all* regions in the 2007-2013 period. Second, the infrastructure domains (*Transport, Energy and Environmental*) are significant in *both* periods, not just for the 2000-2006 period when ERDF policy focused more on tackling ‘handicaps’ via investments in ‘hard’ infrastructure. In other words, such investments also contribute to encouraging economic development and the competitiveness of these territories even though the shift in policy focus for the 2007-2013 stressed the need to invest in innovation, RTD and entrepreneurship. Third, exploring the relative importance of the domains in each of the three types of territories does reveal some interesting points of comparison between the two periods, which are explored further here.

Starting with the Objective 1 mountainous case study regions, the main domains of ERDF spending, in both periods, were improving *Transport* and *Environmental infrastructure*. For example, in Silesia and Eastern Slovenia, the Objective 1 regions in the two newer Member States, over 35 per cent of their respective ERDF commitments were in these two fields of intervention. This clearly highlights the need to develop basic infrastructure in these regions. In contrast, in the Objective 2 mountainous case study regions, the focus of ERDF spending was different, reflecting their relative wealth. For example, Rhône-Alpes committed a quarter of its ERDF allocation to the *Tourism* domain and Steiermark focused over half of its ERDF funding to the two domains of *Innovation and RTD*. Interestingly, for the 2007-2013 period, the ERDF intervention profile for the 5 mountainous regions shifted to increased spending in the domains of *Innovation, RTD* *and helping large firms* and *SMEs and entrepreneurship*, which were the largest in all five regions, even in the relatively poorer regions of Centro (in Portugal) and Silesia (Poland). Investment in *Transport* remained important, however, in Eastern Slovenia and Silesia.

For the five island case study regions, both *Transport* and *Environmental infrastructure* were the most significant socio-economic domains for the 2000-2006 period, the latter priority being particularly high in the Balearic Islands (70 per cent). In contrast, for the Copenhagen Capital Region (which includes the island of Bornholm) the main domain was *SMEs* *and entrepreneurship* as well as *ICT infrastructure*. This relates to the fact that administratively, and for the management of economic development and ERDF, Bornholm is included with Copenhagen Capital region, which is the wealthiest and most dynamic region of Denmark. Notably, for the 2007-2013 period the ERDF intervention profiles for all the 5 island regions, shifted to an increased focus on the domains of *Innovation and RTD* and *Entrepreneurship*. As with the 5 mountainous regions, this reflects the shift in high-level focus of ERDF towards promoting ‘growth’ and ‘competitiveness’ for this period. The notable exception in the islands is the Greek Northern Aegean region in which the focus was still mainly on infrastructure improvements of various kinds (SPILANIS et al, 2016).

Turning to the five sparsely populated regions, for 2000-06, the most common domain was, once again, *Transport Infrastructure*. For example, the Greek region of Sterea Ellada committed over 60 per cent of its ERDF allocation to this domain. In addition, *Assisting SMEs and Entrepreneurship* was significant in three of the five regions; both East Finland and Övre Norrland invested over 40 per cent in this domain. The two Nordic regions both had rather similar ERDF intervention profiles for both the 2000-2006 and 2007-2013. For the latter period, *Innovation and RTD* and *Entrepreneurship* were the largest intervention categories. On the other hand, the Spanish and Greek Convergence regions (Castilla la Mancha and Sterea Ellada) continued to focus their interventions on developing infrastructure in both programming periods. This clearly highlights the different policy approaches to tackling ‘sparsity’ between the Nordic cases, which tend to focus relatively more of their ERDF (and domestic) resources on encouraging competitiveness and innovation. Conversely, the other sparsely populated regions in Spain, Greece and the UK focus ERDF investment on tackling ‘handicaps’ (ADE, 2012).

Significantly, from the analysis of the ERDF intervention domains it is apparent that there was a shift in the investment profiles in the majority of the fifteen NUTS 2 case study regions, from the 2000-2006 to 2007-2013 programming periods. For those regions that were Objective 2 in the former, relatively more investment was made in the ‘competitiveness’ domains of innovation, entrepreneurship and ICT in the latter period. Moreover, this trend was also apparent in the Objective 1 regions although comparatively less was invested in the three ‘competitiveness’ domains in the 2007-2013 period. Thus, whilst some of the fifteen case study regions continued to invest ERDF in improving basic infrastructure (e.g. transport, environment), there was a general shift in the ERDF spending profiles between the two programmes, towards investing in promoting the ‘competitiveness’ of the regions with specific geographical features.

The next section discusses the main findings from the evaluation of the range of documentary evidence (e.g. ERDF Operational Programmes (OPs)) for each of the fifteen case study regions to complement the quantitative analysis of the ERDF spending profiles.

**Exploring ERDF strategies to tackling territorial specificities**

The analysis focused upon the ways in which economic development strategies were articulated in the respective ERDF programme documents and strategies, at the NUTS2 level, in each of the fifteen case study regions. Several key findings emerged. Firstly, the focus on territorial specificities within ERDF OPs (and related documents) was relatively stronger in the sparsely populated regions and the islands compared to the mountainous regions (ADE, 2012). The documentary analysis showed that the sparsely populated regions’ ERDF strategies remained broadly the same between the two periods, focusing on addressing challenges related to long distances, remoteness, ageing and demographic changes (ADE, 2012). Similarly, for the islands, the issues of insularity and accessibility to markets remained the dominant strategic focus to be tackled via the ERDF programmes. On the other hand, the analysis showed that for the mountainous regions, the strategies between the two periods were based on a mix of priorities including tackling rural issues, sectoral economic issues and demographic challenges (ADE, 2012).

Secondly, the assessment of the socio-economic challenges in each of the OPs of the fifteen regions, for both programming periods, tended to view geographical specificities as ‘handicaps’ or ‘obstacles’ to overcome and rather less in terms of opportunities to be harnessed for enhancing regional economic growth (ADE, 2012; GIORDANO, 2016). Having said that, for the 2007-2013 period, there were some interesting examples, particularly in the Nordic case study regions, in which ERDF was used to harness territorial specificities and transform them into ‘opportunities’ for economic development (ADE, 2012; DANSON and De SOUZA, 2012; GIORDANO, 2016). For example, the case of Övre Norrland (Sweden) with its strategic use of ERDF to invest in utilising its location in the far north of Europe, with its harsh climate and relative remoteness, to develop new growth industries such as the automotive testing industry and data storage for technology companies including Google and Facebook (ADE, 2012; GIORDANO, 2017). In addition, the case of Bornholm, the small Danish island, which used ERDF to promote itself as a ‘green test island’ for electric vehicles and related smart grid technology (ADE, 2012; GIORDANO, 2017).

Thirdly, a key finding that emerged from the documentary analysis was that the case study regions that contain a small number of constituent NUTS 3 territories that are either islands, mountainous or sparsely populated territories tend to focus less on tackling territorial specificities in their respective ERDF OPs. For example, the region of Castilla-la-Mancha in central Spain contains five provinces at the NUTS 3 level, including Cuenca, which is classified as sparsely populated. However, Castilla-la-Mancha’s ERDF strategy is designed at the NUTS 2 level and as such does not directly take into account the specific economic challenges linked to Cuenca’s sparsity (ADE, 2012; GIORDANO, 2017). Conversely, the northern Swedish NUTS 2 case study region of Övre Norrland is made up of the NUTS 3 provinces of Norrbotten and Västerbotten, both of which have very low population densities. Dealing with the issue of sparsity is embedded into their respective ERDF strategies, which are tailored towards transforming ‘handicaps’ into ‘opportunities’ for growth (ADE, 2012; GIORDANO, 2017).

Fourthly, linked to the previous point, the documentary analysis highlighted the very significant role that national domestic context plays in determining the ERDF intervention strategy adopted. For example, in some Member States, including Greece, Poland and Portugal the focus on geographical specificity did not emerge as a main priority in either programming period (ADE, 2012). In Greece, ERDF programme management changed considerably between 2000-2006 and 2007-2013, when a form of ‘macro-regional’ approach was adopted, which meant that the focus on territorial specificities, especially in the Greek islands, was somewhat reduced (SPILANIS, et al, 2016). Conversely, in both programming periods, the Nordic countries focused their respective ERDF (and domestic) strategies on harnessing new opportunities linked to exploiting respective territorial specificities to promote economic development (ADE, 2012; DANSON and De SOUZA, 2012; GIORDANO, 2017).

Lastly, the issue of governance and the level of local autonomy emerges as a key element in the documentary analysis. Those regions that have greater autonomy with regards to ERDF place a greater focus on adapting their respective programmes, at NUTS 2 (and 3) level to addressing geographical specificities (ADE, 2012; SPILANIS, et al, 2016). For example, the island of Bornholm, which is administratively part of the NUTS 2 Copenhagen Capital City region, has considerable autonomy and control over the management of ERDF on the island. This ensures that policy makers can address geographical specificities as a strategic issue in the Bornholm ERDF programme (ADE, 2012; GIORDANO, 2017). Another example is the Highlands and Islands of Scotland where greater local autonomy has meant that a particularly interesting approach to engaging with stakeholders, in both ERDF programming periods, to develop a specific focus and methodology for identifying support to ‘fragile areas’ at the NUTS 3 level (ADE, 2012; ARMSTRONG, et al, 2015). In contrast, those regions which have less autonomy over the management of ERDF, such as the North Aegean Greek island, the structure of governance means that the implementation of the funding is carried out largely in line with central government priorities (ADE, 2012; SPILANIS et al, 2016).

**Conclusion**

Exploring the ways in which territory and competitiveness combine in the context of ERDF is particularly pertinent for the regions with specific geographical features. Several matters arise. First, whilst the regions are territorially distinct, there are considerable similarities in the combination of socio-economic challenges that arguably constrain competitiveness (ADE, 2012). Examining how ERDF has been utilised in the two most recent programming periods to tackle these challenges, therefore, provides a ‘lens’ through which to examine the ways in ‘territory’ is used to promote competitiveness (or not). The key point is that policy makers perceive these respective territorial specificities in different ways, across Europe (GIORDANO, 2017). Put simply, there is ‘no one-size-fits-all’ approach that has been used to try to promote economic development, using public funds, especially ERDF, in these regions (ADE, 2012).

Notably, the ways in which the geographical specificities are tackled depends on the extent to which they are ‘viewed’ by regional policy makers as impeding economic development at the local level (ADE, 2012). This reinforces the point about the ways in which the notion of ‘territory’ is dynamic, spatially contingent and essentially a socially constructed process (PAASI, 2013). Moreover, it also echoes the points about the power and influence that key actors, such as policy makers, can exert in a particular territory (Sack (1986), as well as the role of politics in shaping the collective processes of control and influence over a geographical area (ELDEN, 2010; PAASI, 2009; PAASI, 2013; LUUKONEN and MOILANEN, 2012). A pertinent example of this is the way in which the strategy to tackle ‘sparsity’ in the Nordic countries differs from those employed in similar regions in Spain, UK, Greece and elsewhere in Europe (GLØERSEN, 2012; DUBOIS and ROTO, 2012; ESCALONA-ORCAO and DÍEZ-CORNAGO, 2007). In other words, whilst these regions are classified as ‘sparsely populated’, the ERDF (and domestic) policy responses developed in such regions contrast depending on several factors, one of which is how ‘sparsity’ is ‘viewed’ at the local level.

Second, in line with GLØERSEN (2012), overcoming the ‘territorial tensions’ inherent in EU Regional Policy to deal with territorial specificities at a local level is not straightforward. As regional OPs tend to be developed at NUTS 2 (or above), this means that the majority of ERDF programmes are designed at too aggregated a level for specific territorial characteristics to be properly recognised and addressed. In this regard, GLØERSEN (2012:454) argues that it is necessary:

“...to construct a general framework of analysis of social and economic processes in areas with geographic specificities, making it possible to compile available information and compare situations. The underlying hypothesis would in this regard be that there are series of causal relationships between the geographical specificities of each territory, on the one hand, and development limitations and opportunities, on the other hand.”

An improvement, therefore, would be more flexible governance systems to manage ERDF, which would facilitate geographical specificities being better identified, analysed and addressed within regional OPs at the NUTS 2 level (ADE, 2012). On the one hand, the case study regions examined offered contrasting examples ranging from regions with a more rigid ‘top-down’ ERDF OP design and structure in the more centralised Member States such as Greece or Portugal. On the other hand, the case of the island of Bornholm is a good example of tailoring ERDF interventions to meet the territorial specificities of the ‘small’ island. Significantly, Bornholm has relative autonomy from the Copenhagen Capital region (NUTS 2) to manage ERDF strategy and implementation on the island (GIORDANO, 2017).

Third, whilst there is an increasing recognition that territorial specificities do offer economic development opportunities rather than simply being a drag on competitiveness (MONFORT, 2009), there was rather less evidence of such thinking permeating into ERDF (or domestic) strategies in each of the respective case study regions. The analysis of the ERDF intervention profiles, particularly in the 2000-06 period, illustrates the fact that the principal tendency for these regions has traditionally been to invest relatively more in ‘hard’ infrastructure. Evidently, such investments were much needed in certain regions to try to ameliorate the territorial realities that they face (ADE, 2012). Moreover, whilst the rhetoric of EU Regional Policy has shifted towards encouraging ‘growth’ and ‘competitiveness’ in *all* territories, it is important to note that such investments in infrastructure *do* contribute to economic development, in a number of ways. Critically, for some islands, mountains or sparsely populated regions, ERDF (and domestic) funding has been crucial to develop a range of key infrastructures. Crucially, investments to encourage innovation and entrepreneurship in these territories can then build upon the infrastructure already in place.

Having said that, however, the research indicates that the shift in high level policy priorities between the 2000-2006 and 2007-2013 programming periods did encourage a shift away from ‘hard infrastructure’. The comparison of the ERDF spending profiles in fifteen NUTS 2 case study regions illustrates the nature of this transition away from investing ERDF mainly in basic infrastructure towards increased investment in ‘competitiveness’ domains including innovation, entrepreneurship and encouraging ICT, for the 2007-2013 period. Whilst this shift is, in part, because investment in these domains was stipulated by the European Commission’s Strategic Guidelines for ERDF and the need to align OPs with the *Europe 2020* targets (EUROPEAN COMMISSION (2013), it arguably does signal the start of a potentially important trend (McCANN and VARGA, 2015).

Moving away from the ‘infrastructure fixation’, however, is not a straight-forward transition for many mountainous, island or sparsely populated regions as for other peripheral regions across the EU (ADE, 2012; GIORDANO, 2017). This is primarily because they often face vulnerable economic situations and hence require continued support from ERDF as well as other EU and domestic funds. Moreover, these regions have more experience in implementing large scale infrastructure projects compared to the ‘softer’ interventions, which in regions with specific geographical features (and other peripheral regions) are arguably more problematic due to the fragile economic realities (linked to low population density, remoteness, distance to main markets etc) (ADE, 2012). Also, it must be said that meeting ERDF spending targets is a key priority and in the past, this has tended to encourage the disbursement of larger scale projects in a number of (peripheral) regions (SPILANIS et al, 2016).

Lastly, in the current programming period, 2014-2020, ERDF policy priorities are even more closely tied to encouraging ‘competitiveness’ in *all* regions, in line with delivering the *Europe 2020* strategy (OFFICIAL JOURNAL OF THE EUROPEAN UNION, 2013; McCANN and VARGA, 2015). Several innovations, however, have been introduced which (theoretically) provide greater flexibility to tackle inherent ‘territorial tensions’ in the implementation of ERDF (GIORDANO, 2017; OFFICIAL JOURNAL OF THE EUROPEAN UNION, 2013). For example, a new tool called Integrated Territorial Investments (ITIs) allows the pooling of funding from various OPs and the option of developing specific governance arrangements to tackle specific territorial issues or features. Whilst more research needs to be done on such initiatives to evaluate their impact, the key point is that ‘territory’ matters and not all (peripheral) regions with specific geographical features are the same. Thus, whilst some peripheral regions may make the transition to investing ERDF (and domestic funds) in encouraging ‘competitiveness’ more effectively, others may struggle to do so due to their specific territorial circumstances. These regions should not be left behind.

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1. Full details of the research methodology are available in the ADE (2012) Study, see: <http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/eval2007/geographical_final1.pdf> [↑](#endnote-ref-1)
2. This list does not include any territories outside Europe such as the outer-most regions, which are beyond the scope of this research. [↑](#endnote-ref-2)
3. See the First Intermediate Report of the ADE (2012) Study for the detailed methodology used to select the fifteen NUTS 2 case study regions:

   <http://ec.europa.eu/regional_policy/information/evaluations/index_en.cfm#4> [↑](#endnote-ref-3)
4. For the 2007-2013 period, this database was managed directly by DG Regional Policy. ERDF managers provide updates on the implementation of their respective programmes. Access was kindly provided by the EC for this research. [↑](#endnote-ref-4)
5. The programme had not closed when the research was carried out. [↑](#endnote-ref-5)
6. Most documents were reviewed in the respective national languages. [↑](#endnote-ref-6)