



DRAFT

COHESION POLICY AS A TOOL TO BOOST AND SUPPORT ENTREPRENEURSHIP IN ISLANDS

A Hybrid workshop organized by the
Network of the Insular Chambers of Commerce and Industry of the EU
(INSULEUR)
in partnership with the European Economic and Social Committee
(EESC) and with the cooperation of the CPMR Islands Commission and
the European Small Islands Federation (ESIN)

Monday, May 23, 2022, 10.30 - 13.00 CET

European Economic and Social Committee

Address: rue Belliard 99, 1040 Brussels, **Room:** JDE62

A preparatory internal technical meeting of INSULEUR will be organized from 09.30 to 10.30 CET.

Interpretation in English, Spanish and Greek



Background document

1. The successive reports on Cohesion Policy

INSULEUR has remained attentive and extremely preoccupied over the past years of the previous reports on economic, social and territorial cohesion. It has voiced its surprise when the 5th Cohesion Report failed to propose a clear identification at EU level of specific measures for different types of territories other than urban territories. In contrast, on several occasions, the 5th Cohesion Report described the specific issues of territories with permanent handicaps and these references lead to the affirmation that, beyond cohesion policy alone, targeted provisions will need to be developed to reflect their specific characteristics. However, the 6th report assumed that Cohesion Policy intervention has moved beyond the need to invest in regions which suffer from specific geographical handicaps such as islands and ignoring geographical characteristics triggered an alarming claim which contrasts strongly with INSULEUR positions on the subject. In the 7th report, INSULEUR welcomed the fact that specific needs of outermost regions were highlighted several times in the report but could not help noticing that, regretfully so, there was still no consideration of islands territories at all throughout the whole report. Regarding the 8th Cohesion Report, INSULEUR adopted a more offensive stance by shaping the debate instead of merely reacting to it.

2. Regional impact of Covid-19 in EU islands

Now, more than ever due to the pandemic, the economic, environmental and social impact in international tourism is likely to be disproportionate for islands, which economies are mostly dependent on it. Due to the COVID-19 crisis, traditional tour operators, which in fact played a crucial role for the development of insular tourism, (offering organized travel and all-inclusive packages) have cancelled all their contracts (guaranteed and non-guaranteed) signed with hotels in islands. The same applies for independent travelers who had booked their holidays through online platforms, and who have cancelled their reservations. The cruise Industry, which for several islands represented a significant source of income, was also adversely affected. Cruise operators have cancelled their planned schedules without any clear date when their activities are going to resume.

While the Covid-19 pandemic was in general well contained in islands due to their relative isolation, they are nevertheless the ones suffering some of the major economic setbacks. This is due to several reasons. Often, islands face, albeit to varying degrees, several permanent natural or demographic handicaps compared to their mainland counterparts, including:

- limited accessibility.
- isolation
- Ageing population
- high dependence on a narrow range of economic activities – in some cases reliant solely on tourism
- inexistent or inadequate healthcare facilities
- the availability of few resources due to their small size.
- insignificant internal markets.

- prioritization in bridging the gap between insular and mainland territories even for basin infrastructure downgrading environmental and/ or digitalization issues that should be considered important.
- limited accessibility in financial resources, especially for greening and digitalizing.

All these factors have left islands particularly exposed during this pandemic. This has led to an even more significant reduction in their economic activity and Gross Domestic Product (GDP), and a substantial increase in unemployment. While the effect on the mainland was also significant, the economic, environmental and social impact on islands due to the factors listed above, was greater and should not be ignored.

This alone adds to the obvious necessity that INSULEUR never stopped voicing, of the need for integration of insularity in all national and community policies in terms of their impact on the islands.

The pandemic adventure therefore significantly also highlighted the importance of resilience for insular small and medium-sized enterprises.

3. Where Insular Small and Medium Enterprises Stand?

Small and medium-sized enterprises are the key to the growth of Insular Economies. Employing two out of three employees, micro, small and medium-sized enterprises should be a driver of innovation and a critical link in value chains.

The response of European economies to the dual challenge of the "green" and "digital" transition will depend to a large extent on the ability of small and medium-sized enterprises to adapt effectively to the demands, but also the opportunities, of the rapidly changing economic and technological environment.

The gradual return to normalcy focuses on medium-term productivity growth. It is a key hallmark that only 17% of small and medium enterprises digitize their basic functions, in contrast to 54% of large enterprises.

Community funding is the main financial instrument to support the sustainable transition of small and medium-sized insular enterprises, their digital and green upgrade, the strengthening of their synergies (clustering), their enlargement (scaling up), the introduction of innovation upgrading the skills of their employees (in-company training), the effective utilization of financial tools (guarantee, co-investment funds, factoring, etc.).

Taking the above into consideration, can we state that, in the coming years, Insular small and medium will have at their disposal the necessary financial tools which, in combination with the promoted interventions could create a more favorable business environment and contribute to their development?

4. Reflections on key areas for improvement

INSULEUR, based on its members' experience, as well as the experience got from its participation in European projects, would like to trigger a reflection on several key areas where Cohesion Policy support to insular enterprises could be improved in order to achieve

a greater and significant impact of EU and national policies on economic, social and territorial cohesion. The workshop should be a good basis to start this discussion and focus on the following topics of great interest for Insular SMEs:

- Access to finance (grants, loans, loan guarantees, venture capital, etc).
- Business support (e.g. know-how and advice, information and networking opportunities, cross-border partnerships),
- Access to global markets and international value chains,
- Exploit new sources of growth (Green economy, sustainable tourism, health and social services including the “silver economy” and cultural and creative industries)
- Improve skills,
- Establish links with research centers and universities to promote innovation,
- Create and scale-up start-ups,
- Achieve the dual challenge of the "green" and “digital” transition.

5. Illustration of cohesion policy implementation through EU funds

Presentation of EU funded projects supporting the exchange and transfer of experience, innovative approaches and capacity building among insular businesses, public authorities and other policy relevant organisations with a view to improving their regional development and related policy instruments:

- **Interreg MED “Blue Crowdfunding”**: Crowdfunding is one possible solution that could significantly improve blue economy innovation in the Mediterranean, but knowledge and capacities remain low in comparison to North EU. The project’s ambition is therefore to build the capacity of blue-economy SMEs, test and validate innovative blue economy products and services, and allow them to get better access to funding for delivering better and more innovative solutions.
- **Interreg MED “Compose+”**: The project tackles the challenge of how to increase the share of RES in the energy mix of islands and rural areas in the Mediterranean region, thus empowering them through the Compose Plus tool to absorb EU and cohesion funds in the energy sector.
- **Interreg ADRION “Innovagro+”**: Increased awareness on the role of European Territorial Cooperation to increase cohesion is one of the main goals of the project and of the transnational innovative network / Virtual Transnational Business Innovation & Entrepreneurship Center (VIBIEC) which were set up in its framework for the promotion of extroversion of agro-food companies in the Adriatic-Ionian Area.

Program

10.30-10.50 Introductory Session, Moderator: George Assonitis

- **Stefano Mallia**, President of the Employers' Group, EESC
- **Eleftherios Kechagioglou**, President, Greek Small Islands Network
- **Joseph Borg**, President of INSULEUR and the Gozo Business Chamber

10.50 – 11.05 Claudia GUZZON, Executive Secretary of the CPMR Islands Commission:

European Cohesion Policy, Recent developments

11.05 – 11.30 Irene Mikelis, Marina Maniati, Experts: *European Cohesion Policy and Insular Entrepreneurship: Lessons learned from Med Projects Crowdfunding, COMPOSE+ and INNOVAGRO+ (ADRION)*

11.30-13.00 *European Institutions responses*

Moderator and Conclusions: Lina Konstantinopoulou, Policy Director, EUROCHAMBRES

- **Josianne Coutajar**, REGI Committee, European Parliament
- **Representative**, DG REGIO, European Commission
- **Antoinette Maupertuis**, CoR (tbc)
- **Ioannis Vardakatsanis**, EESC

Discussion with the audience