1. European Cohesion Policy and Insular Entrepreneurship

Irene Mikelis
INSULEUR Expert
SMEs: The backbone of European Economy

They employ around 100 million people

They represent some 99% of all EU enterprises

They account for more than half of Europe’s GDP

They account for 2/3 of private jobs

They are part of every value chain in EU economy

Cohesion Policy is the largest source of EU support for SMEs
COHESION and insular SMEs

Cohesion Policy is the largest source of EU support for SMEs but.. The report points out the need for a new development paradigm for less developed regions and peripheral regions. However, it does not address in a comprehensive manner the situation of territories beset by permanent geographical handicaps mentioned in article 174 TFEU.

WHY IS THIS OF OUTERMOST IMPORTANCE FOR INSULAR SMEs?

Because most, if not all, insular regions score way under the EU average and their respective national average competitiveness indexes.
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WHY IS THIS OF OUTERMOST IMPORTANCE FOR INSULAR SMEs?

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Because SMEs are fundamental to insular territories’ economies, for competitiveness, growth and jobs especially amongst young people.

Because disparities between islands and mainland are further and constantly deepened by emerging trends (climate change, technological transformations, demographic changes..) and the effects of the pandemic.
The CAUSES of the COMPETITIVE DISADVANTAGE

SMEs on islands face constraints and extra costs resulting from the characteristics of insularity.

- Small size
- Distance / Remoteness
- Vulnerability

Parameters that create territorial, economic and social handicaps, as recognised in Article 174 TFEU, which hinder among other the fair integration of islands in the single market:

- Local market that is limited, fragmented and remote with low demand;
- High transport costs for logistics, freight and insurance, on account of distance as well as instances of imperfect competition (oligopolies or even monopolies);
- High energy costs which plays a crucial role in competitiveness and entrepreneurship;
- Inability to achieve economies of scale due to the small size of the market, which results in high unit costs for both businesses and public services;
- Poorly developed inter-industrial relations due to a strong tendency to specialise in exploiting one resource, to produce one type of good or to provide one type of service;
- Lack of qualified workers; or a tendency for qualified workers to leave islands in order to find adequate employment elsewhere;
- Lack of entrepreneurial expertise, as entrepreneurs tend to leave islands to invest in more profitable markets;
- Lack of infrastructure and services for businesses at a comparable level to mainland regions, e.g. in the field of connectivity / telecommunications, training or risk capital;
- Islands economy can have considerable damage from external factors.
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Islands: lands of opportunity and laboratories for innovation and technologies, upheld by their SMEs

- Test-beds for the deployment of innovative technologies addressing real-life challenges
- Excellent laboratories for technological innovation particularly in the fields of energy (RES, EE), transport, mobility, and sustainable tourism etc.
- Export of niche products guaranteeing the islands’ place in markets with high added value
- Inclusion of specific actions for islands in the latest version of the 2021-2027 Interreg Euro-MED programme and the acknowledgment that "Islands are a prominent example of how circular economy models can be successful in achieving green transition, by responding to their specific territorial challenges" while it is also reminded that "the management of natural resources, the economic and social ecosystems and local constraints and opportunities linked to the insular dimension make islands the prime location to test and implement new circular approaches; therefore, they naturally are one of the most important target territories of the tools and practices developed by projects".
The gap can’t be breached without measures and a specific strategy targeted to islands.

- Add Islands to Tercet
- “Island desk”
- Include Regional Data in annual report on European SMEs
- Partnership Principle
- Digital connectivity
- Per capita GDP indicator broaden
- “Do not harm to cohesion policy” principle
- State Aid exemptions for key sectors (energy, transport)
- TA programs tailored to islands
- Additional points

Long-term vision: Pact of Islands / Action Plan
2. Focus on Interreg MED – Best Practices / Lessons learned

Irene Mikelis – Marina Maniati, PhD
INSULEUR Experts
Entrepreneurship & Cohesion Policy in Islands through the lens of the BlueCrowdfunding Project
1. Overview

BLUECROWDFUNDING GENERAL OBJECTIVE

IMPROVE INNOVATION CAPACITIES IN BLUE GROWTH SECTOR BY MAINSTREAMING USE OF CROWDFUNDING

PROJECT BUDGET
2,4 mio €

PROJECT DURATION
32 months
11.2019-06.2022

PARTNERSHIP
4 clusters
3 CF experts
2 academia
4 regions
*12 Associated Partners
2. How is this relevant?

**TARGET GROUP**
- SMEs

**TARGET SECTOR**
- Blue Economy
  - Sector with vital challenges for islands (climate change, ecosystems, tourism)
  - Sector with huge potential / opportunities for islands economies (energy, tourism)

**TARGET AREA**
- MED
  - Close to 200/362* EU inhabited islands (GR, IT, FR, ES, CY, MT, HR)
  - Total population close to 12M/20M

*pop >50 inhabitants
3. Achievements & Lessons learned

**USE OF ALTERNATIVE FINANCE**
- Still limited knowledge on alternative finance (South vs North EU).
- Lack of maturity of crowdfunding in South Europe.
- The majority of the campaigns failed to reach their target amounts.
- Adequate to small size of many island projects and SMEs/VSEs/start ups unable to access EU funding.

**CAPACITY BUILDING**
- 17 capacity building workshops
  - 600 participants (302 SMEs)
  - 6 countries with insular territories (GR, MT, ES, PT, HR, CY)
- Diversified regulatory system & legal framework for Crowdfunding among EU countries
- BlueCF Cluster for Business support institutions across the MED (wich will be trained to train SMEs and startups)

**NETWORKING**

**POLICY CHANGE**
- TRANSNATIONAL POSITION PAPER ON COMPLEMENTARITY OF CIVIC CROWDFUNDING WITH ESI FUNDS
- Lack of a pan-European common set of rules and licensing requirements hindering the development of cross-border platforms and projects

**Feedback questionnaires demonstrate a positive feeling towards the experience due to the lessons learnt during implementation**

**Adequate to small size of many island projects and SMEs/VSEs/start ups unable to access EU funding**

**POLICY CHANGE**

**NETWORKING**

**CAPACITY BUILDING**

**USE OF ALTERNATIVE FINANCE**

**ARTICLE 109**

**EUROPEAN INSTITUTE FOR TRANSPORT AND SHELL**

**EUROPEAN COMMISSION**
Thanks!

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European Cohesion Policy and Insular Entrepreneurship: Lessons learned from Med Projects

The case of COMPOSE PLUS Project

Marina Maniati, PhD
INSULEUR Expert
PROJECT BUDGET
0,5 mio €

PROJECT DURATION
16 months
03.01.2021 - 06.30.22

PARTNERSHIP
7 MED Countries with Disparities
12 highly motivated Partners

GENERAL OBJECTIVE
Increase the share of RES in the energy mix of rural & insular areas

GDP per capita in PPS
Expressed in relation to the European Union average set to equal 100.

INTRODUCTION

IT:94  SI: 89  HR: 64  BiH: 33  EL: 62  PT:76

GDP per capita in PPS
Expressed in relation to the European Union average set to equal 100.

Legend
≥ 33 to 62
≥ 62 to 64
≥ 64 to 75
≥ 75 to 89
≥ 89 to 94
≥ 94 to 97

eurostat
PROJECT ACTIVITIES

EVALUATION OF THE INSTITUTIONAL/ADMINISTRATIVE NEEDS
Fine tuned methodology
*Socioeconomic, cultural micro location characteristics*

TRAINING AND CAPACITY BUILDING
For Experts
For Decision Makers
Train the trainers

EXCHANGING INFORMATION
General Project Communication
Visibility Actions
*Extending the project impact*
*Improving sustainability*
*Justifying the EU added value*

Updating & Finetuning COMPOSE TOOL for Green Deal era
Enrich the toolbox content (by © RESEL TUC)
Promoting the toolbox added value to stakeholders
https://reselplan-toolbox.eu

Project co-financed by the European Regional Development Fund
Lessons LEARNED

INSULEUR acting as a CATALYST sets an example on system level on how SMEs can benefit from COMPOSE approach in terms of using RES and EE.

Why an EU Cohesion Policy in COMPOSE PLUS Project?

How COMPOSE PLUS delivers results to Europe 2020?

Which are the Thematic Priorities that connects COMPOSE PLUS with Cohesion Policy?

How COMPOSE PLUS has supported SMEs?

How COMPOSE PLUS has improved SMEs skills?

How COMPOSE PLUS has contributed to access to finance issues?
THE ANSWERS...(1/2)

Smart, Sustainable Growth

COMPOSE PLUS Toolbox supporting policymakers and SMEs to mature projects towards the clean energy transition

Disparities
Through COMPOSE PLUS project disparities between partners are reduced, while economic, social & territorial development with respect to energy transition is balanced for both Public & SMEs

How COMPOSE PLUS delivers results to Europe 2020?

Which are the Thematic Priorities that connects COMPOSE PLUS with Cohesion Policy?

Concentration on 4 thematic priorities

Research and Innovation.
Information & Communication
Technology
Competitiveness of SMEs
Transition to a low CO₂ emissions economy

Project co-financed by the European Regional Development Fund
Helpful frame
COMPOSE TOOL for Green Transition available to SMEs (mainly depending on expensive fossil fuel for their energy supply). Links with research centres

How COMPOSE PLUS has supported SMEs?
How COMPOSE PLUS has improved SMEs skills?
How COMPOSE PLUS has contributed to access to finance issues?

Key challenges
Through COMPOSE PLUS surveys, key challenges were highlighted: Lack of information on financing opportunities being the most important of all topics. Improvements should simplify the territorial financing tools for island regions and better link them to islands specificities.

Capacity building
Upon SMEs needs & funding opportunities, thus empowering them for maturing projects and for absorption of EU and cohesion funds in energy sector.
INSULEUR AS A CATALYST

ENERGY EFFICIENCY IN TOURISM SECTOR
04.08.2022

Workshops co-organized with RESEL TUC (Activity Leader)

ENERGY EFFICIENCY OF CHAMBERS
03.30.2022

ENERGY EFFICIENCY OF INSULEUR MEMBERS, LOCAL COMMUNITIES
Malta, 05.27.2022

ENERGY EFFICIENCY IN PORTS
June 2022

Project co-financed by the European Regional Development Fund
WHAT’S NEXT?

COHESION POLICY

2021-2027

Approach towards islands seems to be consistent with the previous programming periods.

Cohesion Policy pays particular attention to European regions that face severe and permanent geographical or demographic challenges such as mountains, islands and sparsely populated areas.

A European Green Deal

e.g. Clean energy for EU islands: Technical Assistance

A Europe fit for the digital age

An economy that works for the people

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WHAT’S NEXT on Sustainable energy projects?

Types of sustainable energy projects

**ALREADY INVOLVED**

- Biomass: 11.0%
- Energy efficiency in buildings: 39.8%
- Wind Energy: 7.2%
- Solar Energy: 29.3%
- Biofuels: 5.0%
- Other: 7.7%

**PLANNED TO BE INVOLVED**

- Biomass: 10.5%
- Energy efficiency in buildings: 38.1%
- Wind Energy: 5.0%
- Solar Energy: 32.2%
- Biofuels: 6.3%
- Other: 7.9%

Source: Evaluation of the institutional/administrative needs in COMPOSE PLUS receiving territories, Activity 3.3 Internal Report. Authors: Renewable and Sustainable Systems Lab - Technical University of Crete, INSULEUR.
WHAT’S NEXT on Sustainable energy projects?

Types of sustainable energy projects that organisations have been involved:
- Other
- Geothermal energy
- Public lighting
- Biofuels
- Energy efficiency in buildings
- Biomass
- Wind Energy
- Solar Energy

Types of sustainable energy projects that organisations are planning:
- Other
- Energy community
- Storage Systems
- Biofuels
- Energy efficiency in buildings
- Biomass
- Wind Energy
- Solar Energy

Source: Evaluation of the institutional/administrative needs in COMPOSE PLUS receiving territories, Activity 3.3 Internal Report. Authors: Renewable and Sustainable Systems Lab—Technical University of Crete, INSULEUR.

45 stakeholders

Project co-financed by the European Regional Development Fund
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