



ISLANDS COMMISSION REFLECTIONS ON POST-2020 COHESION POLICY

(Approved by the General Assembly of the Islands Commission on 9 March 2017, Gozo, Malta)

INTRODUCTION

Regional Policy is the main EU investment policy and aims to deliver social, economic and territorial cohesion within the European Union.

The Lisbon Treaty establishes the principle of “territorial cohesion” and makes it an area of shared competence between the Union and the Member States, yet it does not define it. Territorial cohesion could be defined fairly simply as a Community objective, at the service of EU solidarity, whose purpose is to allow the inhabitants of the different territories of the Union to benefit in an equitable way from the basic freedoms set out in the Treaty and implemented through the Community’s policies.

European Union policies depend heavily on the regional level for successful implementation. Yet basic EU values are currently openly questioned and strong criticism in Cohesion Policy is threatening its shape or very existence in view of the post-2020 period.

In such a changing environment in Europe the Islands Commission is advocating that a strong Cohesion Policy is needed more than ever.

3.5% of the European Union’s population that lives on island and outermost regions know first-hand that in practice people’s ability to travel, their access to goods, services, capital or knowledge, or to put it simply their access to basic freedoms and the internal market, are influenced to a large extent by the geographic characteristics of these territories.

Having this in mind, the Islands Commission reiterates that a level playing field at EU level requires that all Europe’s citizens are treated equally irrespective of where they live. This is the spirit of Articles 174 and 349 of the Treaty for the Functioning of the European Union (TFEU) and must be reflected in a comprehensive way in Cohesion Policy as well.

1. PROVISIONS IN THE EU TREATY ARE THERE FOR A REASON

Islands and outermost regions are characterized by distance from the mainland and in many cases by remoteness as well.

The CPMR Islands Commission has always argued that the “discontinuity of land” and remoteness alone have a negative impact on island and outermost regions.

The reason is that these characteristics introduce a series of constraints that may vary from one territory to another, but the impact is the same making it harder to reach EU objectives, such as balanced economic growth, competitiveness, employment, social justice, social progress and sustainable development. This is due to inability to access the single market in equal terms, higher costs, difficulty to attract investments and extra needs for infrastructure.

As a result, around 3.5% of the EU population that lives on islands and in outermost regions don't have equal opportunities in comparison to citizens living on the mainland.

In some cases, this impact is reflected in the Gross Domestic Product per capita in Purchasing Power Standards (GDP). For instance, as shown in the table below, 94% of island and outermost regions have a regional GDP lower than the EU average. The 3 different colours correspond to the 3 categories of regions with regard to their level of development (more developed, transition, less developed).

Table 1: Regional GDP (2014) of island Member-States and NUTS 2 island regions compared to the EU average.

Region code	NUTS 2 island region	% of EU average
FI20	Åland (FI)	138
ES53	Illes Balears (ES)	96
FR83	Corse (FR)	89
MT00	Malta (MT)	86
CY00	Kypros (CY)	82
EL42	Notio Aigaio (GR)	80
ES70	Canarias (ES)	78
FR92	Martinique (FR)	77
FR91	Guadeloupe (FR)	73
PT30	Região Autónoma da Madeira (PT)	73
ITG2	Sardegna (IT)	72
PT20	Região Autónoma dos Açores (PT)	71
FR94	La Réunion (FR)	70
EL22	Ionía Nisia (GR)	67
EL43	Kriti (GR)	63
ITG1	Sicília (IT)	62
EL41	Voreio Aigaio (GR)	57

Furthermore, island and outermost regions' GDP is on average 20-25 percentage points lower compared to urban regions (see Appendix, Diagram 2).

However, GDP cannot reflect the difficulty that islands and outermost regions are facing in reaching the EU objectives.

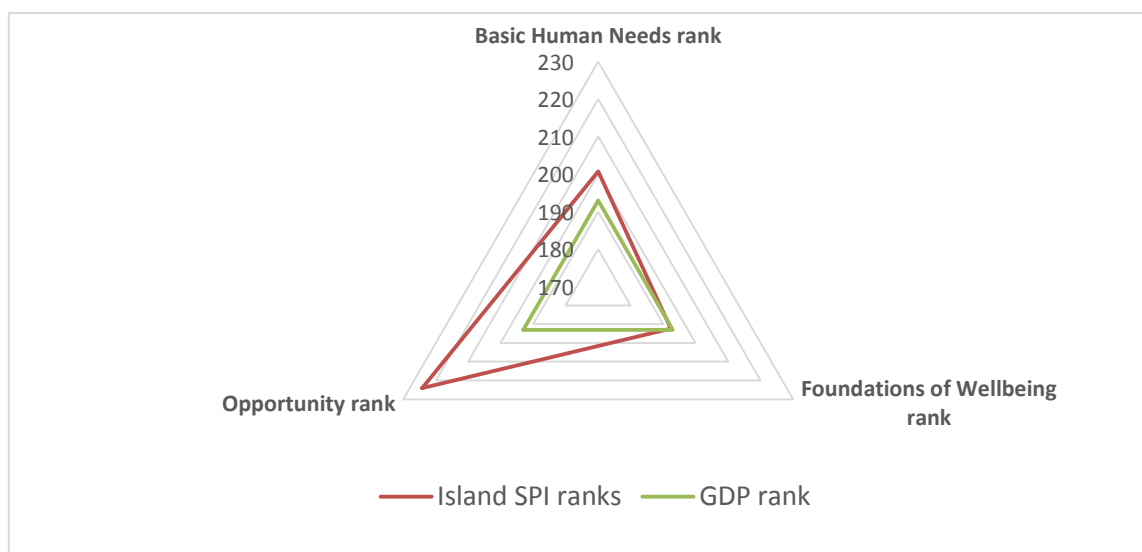
The Regional Competitiveness Index (RCI) (2013) for instance reveals clearly their lower competitiveness. Despite the impact of the financial crisis in their GDP, according to the RCI, island and outermost regions (NUTS 2) still rank up to 2.6 times lower compared to their GDP ranking.

Table 3: Difference of island regions ranking positions between regional GDP 2013 and RCI 2013 (NUTS 2 level)

		Ranking of the 271 EU NUTS level 2 regions by GDP (2013)	Ranking of the 271 EU NUTS level 2 regions By RCI (2013)	Difference in place of ranking	Difference (%)
CY00	Kypros	164	163	1	0.6%
EL41	Voreio Aigaio	242	243	-1	-0.4%
PT30	Região Autónoma da Madeira	205	210	-5	-2.4%
ITG1	Sicilia	229	235	-6	-2.6%
EL43	Kriti	230	240	-10	-4.3%
FRA2	Martinique	191	203	-12	-6.3%
ES70	Canarias	186	199	-13	-7.0%
PT20	Região Autónoma dos Açores	211	228	-17	-8.1%
FRA1	Guadeloupe	203	221	-18	-8.9%
ITG2	Sardegna	202	222	-20	-9.9%
EL62	Ionia Nisia	225	249	-24	-10.7%
FRA4	Réunion	211	239	-28	-13.3%
MT00	Malta	159	193	-34	-21.4%
EL42	Notio Aigaio	185	257	-72	-38.9%
FR83	Corse	138	195	-57	-41.3%
ES53	Illes Balears	122	188	-66	-54.1%
FI20	Åland	25	90	-65	-260.0%

Besides, the Social Progress Index (2016) reveals islands' reduced opportunities. Compared to their ranking by regional GDP, island and outermost regions (NUTS 2) rank 16% lower under the pillar "Opportunity", and also 4% lower under the pillar "Basic Human Needs".

Diagram 4: Radar chart comparing the Islands' GDP average ranking position and the 3 SPI sub-indicators: Basic Human Needs, Opportunity and Foundations of Well Being



In more detail, for example under the dimension “Personal Freedom and Choice” of the Opportunity pillar, more than 75% of island regions rank in the bottom 26% of EU NUTS 2 regions (see Appendix, Table 5).

Similarly, in terms of “Access to advanced education” 65% of NUTS 2 island and outermost regions rank in the bottom 18% of EU regions. (see Appendix, Table 6).

Furthermore, in cases of archipelagos with multiple insularity, there are additional difficulties. South Aegean, an insular region in Greece with 50 inhabited islands, is classified as a more developed region. However, because of the land discontinuity within its territory, it needs 5 times more hospitals, 21 times more power plants, 14 times more airports, 4.5 times more sanitary landfills, etc. compared to an equivalent area on the mainland with the same surface and population.

All in all, the general negative impact from insularity is independent from the territories’ geographical location, size or remoteness. **The traditional perception that islands are too different from one another to justify policy measures at EU level needs to finally come to an end.**

A strong Cohesion Policy with a strong territorial dimension should further recognize the disadvantages of island and outermost regions and provide further tailored assistance to help them overcome the barriers imposed by geography, and exploit their opportunities to achieve the EU objectives.

2. CURRENT PROVISIONS AND INDICATORS IN COHESION POLICY

2.1 CURRENT PROVISIONS

The Islands Commission has long argued for specific Cohesion Policy components targeted to island and outermost regions. It has welcomed the references to island regions, as per Articles 170 and 174 of the TFEU, and to outermost regions, as per Article 349 of the TFEU in the Common Provisions Regulation and in the ERDF, EMFF and EARDF Regulations. However, these references **are eventually translated into fragmented specific provisions in the Funds’ regulations.**

These are shown in the table below:

Table 7: Existing provisions for island and outermost regions

Provision in the regulations of 2014-2020		Reference to the regulations		Reduced coverage of island and outermost regions
		Island regions	Outermost regions	
Common Provisions	Special allocation corresponding to an aid intensity of EUR 30 per inhabitant per year		(EU) No 1303/2013 Annex VII (9)	
	Modulation of co-financing rates	(EU) No 1303/2013 Art. 121(4)(a)	(EU) No 1303/2013 Art. 121(4)(d)	
	Community-led local development	(EU) No 1303/2013		
	Integrated territorial investment	(EU) No 1303/2013		
European Regional Development Fund	Considered as less developed regions for the purpose of the thematic concentration in ERDF	(EU) No 1301/2013 Art. 4		Limited to the outermost regions and to Cyprus, Malta and the 4 island regions of Greece (North Aegean, South Aegean, Crete, Ionian Islands)
	Particular attention shall be paid to addressing the specific difficulties of areas with severe and permanent natural or demographic handicaps.	(EU) No 1301/2013 Art. 10		
European Territorial Cooperation	Exemption from the upper limit of 150km for maritime borders in cross-border cooperation programmes		(EU) No 1299/2013 Art. 3(1)	
European Maritime and Fisheries Fund	Possibility for increased State Aid intensity by 35%	(EU) No 508/2014 Art.95(4)	(EU) No 508/2014 Art.8(4)	Limited to outermost regions, remote Greek Islands and in the Croatian islands of Dugi, Otok, Vis, Mljet and Lastovo
European Agricultural Fund for Rural Development	Increase of maximum fund contribution up to 85% (and up to 90% for specific measures) for outermost regions, the smaller Aegean islands, and less developed regions	(EU) No 1305/2013 Art. 59(3)(a) Art. 59(4)(a)		Limited scope to outermost regions, smaller Aegean islands and Sicily.
	Support eligible to companies that are not SMEs	(EU) No 1305/2013 Art. 26(1)		Limited to Azores, Madeira, Canary Islands, the smaller Aegean islands and the French overseas departments
	Possibility for increase aid to investments to 75%	(EU) No 1305/2013 Annex II		Limited scope to outermost regions, and smaller Aegean islands

2.2 THE USE OF INDICATORS IN COHESION POLICY

Island and outermost regions at NUTS 2 are classified in the same way as mainland regions for the allocation methodology of structural funds. The constraints that insularity introduces in island and outermost regions' economies are not reflected adequately in the indicators currently used in Cohesion Policy. This is a constraint faced by islands at both NUTS 2 and NUTS 3 levels.

2.2.1 Indicators at NUTS 2 level used in the allocation methodology

With regard to the NUTS 2 level, the Gross Domestic Product per capita in Purchasing Power Standards (GDP) is used primarily by the EU to measure national or regional disparities and allocate Cohesion Policy resources. GDP is an indicator of economic productivity, which can be easily distorted by factors such as small scale, and which is “territorially blind” and thus inadequate to convey fully the economic and social vulnerability of territories.

The different difficulty and cost that regions face to achieve the EU objectives constitute significant disparities that exist among EU regions which are not currently reflected in Cohesion Policy. The Islands Commission argues that the Cohesion Policy allocation methodology needs to go **further “beyond GDP”**, even if other indicators such as unemployment are currently taken into account, in order to better assess the capacity of territories to reach the EU objectives. Below, examples are given demonstrating that neither GDP nor unemployment can capture the real conditions in island and outermost regions.

- Regional GDP

Firstly, the measurement of regional disparities in GDP ignores the cost and difficulties that different regions face to reach EU objectives, such as access to information and communication technologies (ICT), use and quality of ICT, competitiveness of SMEs, and shift to a low-carbon economy in all sectors.

For instance, the Regional Competitiveness Index clearly shows that in terms of competitiveness the starting point for all island and outermost regions is worse than depicted in their GDP ranking. All island and outermost regions rank by RCI (2010, 2013) lower than by GDP (table 3).

- Unemployment

Secondly, unemployment as well, can only partially reflect the reality in island and outermost regions.

For instance, an in-depth look into the Social Progress Index (2016) reveals that in terms of “Access to advanced education” 65% of NUTS 2 island and outermost regions rank in the bottom 18% of the 271 NUTS 2 EU regions (see Appendix, Table 6).

Similarly, in terms of “Young people that are not in education, employment or training” more than two thirds of NUTS 2 island and outermost regions rank in the bottom 14% of the 271 NUTS 2 EU regions (see Appendix, Table 8).

It goes without saying that by “Access of young people to high education and training” island and outermost regions rank among the 271 EU NUTS level 2 regions lower than by GDP.

These difficulties usually lead young people to flee to seek education, training and/or better job opportunities on the mainland. As a result, the registered unemployment rates on islands and outermost regions do not reflect the reality, which is that many young people were unable to stay on the island due to fewer opportunities, and have left.

2.2.2 Regional GDP at NUTS 3 level

With regard to NUTS 3 level islands, their regional GDP is not looked at separately, as NUTS 3 islands often form part of mainland NUTS 2 areas. Yet, islands at NUTS 3 level that are part of NUTS 2 areas on the mainland are from 5% up to 43% poorer compared to the GDP of their NUTS 2 area, and at the same time the poorest NUTS 3 within their NUTS 2, as shown in the table below.

Table 9: Difference in GDP between islands at NUTS 3 level and their NUTS 2 level areas

		GDP av. 2012, 2013 and 2014	
Region Code	Region name (NUTS 2)	NUTS2	NUTS3
DK01	Hovedstaden	157	
NUTS3	DK011 Byen København		177
	DK012 Københavns omegn		183
	DK013 Nordsjælland		98
	DK014 Bornholm		90
EE00	Eesti	75	
NUTS3	EE001 Põhja-Eesti		108
	EE004 Lääne-Eesti		48
	EE006 Kesk-Eesti		47
	EE007 Kirde-Eesti		52
	EE008 Lõuna-Eesti		52
MT00	Malta	85	
NUTS3	MT001 Malta		88
	MT002 Gozo and Comino / Ghawdex u Kemmuna		58
SE21	Småland med öarna	106	
NUTS3	SE211 Jönköpings län		109
	SE212 Kronobergs län		115
	SE213 Kalmar län		99
	SE214 Gotlands län		98
UKJ3	Hampshire and Isle of Wight	111	
NUTS3	UKJ31 Portsmouth		113
	UKJ32 Southampton		102
	UKJ34 Isle of Wight		95
	UKJ35 South Hampshire		108
	UKJ36 Central Hampshire		115
	UKJ37 North Hampshire		122
UKM6	Highlands and Islands	91	
NUTS3	UKM61 Caithness & Sutherland and Ross & Cromarty		72
	UKM62 Inverness & Nairn and Moray, Badenoch & Strathspey		104
	UKM63 Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute		87
	UKM64 Eilean Siar (Western Isles)		71
	UKM65 Orkney Islands		86
	UKM66 Shetland Islands		113

In addition, the evolution of GDP (2014) at NUTS 3 island regions is from 5-66% lower compared to their NUTS 2 areas, as shown in the following table.

Table 10: Evolution of GDP differences (in % points) between NUTS3 islands and their NUTS2 from 2007 to 2014

	2007	2008	2009	2010	2011	2012	2013	2014
DK014 Bornholm	-60	-67	-64	-71	-67	-66	-67	-66
EE004 Lääne-Eesti	-18	-19	-19	-17	-22	-25	-27	-28
SE214 Gotlands län	-13	-18	-9	-12	-11	-10	-8	
UKJ34 Isle of Wight	-27	-20	-24	-21	-17	-16	-16	-16
UKM64 Eilean Siar (Western Isles)	-12	-16	-15	-19	-18	-17	-21	-22
UKM65 Orkney Islands	-10	-12	-7	-2	-5	-4	-6	-5
UKM66 Shetland Islands	17	14	17	26	21	20	24	21

Similarly, NUTS 3 islands in NUTS 2 archipelagos face double or multiple insularity, which introduces further costs and difficulties for the poorer islands towards reaching the EU objectives.

The only exemption in the tables above is Shetland (NUTS 3), whose GDP statistics within the NUTS 2 region of Highlands and Islands, are abnormally high, due to the large commercial Sullom Voe oil terminal, whose ownership is outside Shetland.

In the following paragraphs, the Islands Commission presents ideas and proposals on how island and outermost regions at NUTS 2 and 3 levels could be further assisted by Cohesion Policy to reach EU objectives

3. INITIAL PROPOSALS FOR THE POST-2020 COHESION POLICY

Further to the initial ideas adopted at its Annual General Meeting in Rhodes in 2016, the CPMR Islands Commission hereby takes a step forward to suggest **initial proposals for post-2020 Cohesion Policy** that could further assist island and outermost regions to reach the EU objectives.

During the next months, the Islands Commission will be following the emerging discussion on future Cohesion Policy and it commits to **continue working on more proposals**, and if necessary further elaborate on the ones proposed at this point, in order to feed the views of island and outermost regions timely into the evolving debate.

The Islands Commission would very much welcome a constructive dialogue with the European Commission in the course of 2017, in view of the legislative proposals for post-2020 Cohesion Policy.

3.1. ALLOCATION OF COHESION POLICY

An Islands Commission analysis (see table 11 below) has demonstrated that the island and outermost regions in different Member States currently receive from Cohesion Policy amounts that vary considerably. The amounts, shown in the following table, depend on the classification of the island region (more developed, transition, less developed), on existing special allocations, e.g. for the outermost regions, as well as on the level of autonomy of regions and the constitutional provisions at national level.

For instance, 7% of the population in Spain lives in the NUTS 2 island regions of Balearic Islands and Canary Islands and 12% of the population in Greece lives in the NUTS 2 island regions of Ionian Islands, Crete, South Aegean and North Aegean, but only 7.2% and 4.9% respectively of ERDF and ESF is directed to these regions.

Table 11: Comparison of island and outermost regions' population with share of ERDF and ESF

		Population 2015	National population = 100%		ERDF + ESF		
Denmark		5 659 715			413 231 682 €	100%	
DK014	Bornholm	39 919	0,7%			0,4%	
France		66 415 161			14 453 007 278 €	100%	
FR83	Corse	326 898	0,5%	3,3%	123 654 391 €	0,9%	24,1 %
FRA4	Réunion	843 529	1,3%		1 676 200 000 €	11,6%	
FRA5	Mayotte	226 915	0,3%		218 972 908 €	1,5%	
FRA2	Martinique CR	378 243	0,6%		650 301 522 €	4,5%	
FRA1	Guadeloupe CR	434 691	0,7%		608 546 279 €	4,2%	
FRA1	Guadeloupe St Martin				212 614 896 €	1,5%	
Spain		46 449 565			26 998 452 915 €	100%	
ES53	Baleares	1 124 972	2,4%	7,0%	175 829 970 €	0,7%	4,9 %
ES70	Canarias	2 126 144	4,6%		1 160 118 600 €	4,3%	
Portugal		10 374 822			18 320 027 981 €	100%	
PT20	Azores	246 353	2,4%	4,9%	1 139 752 011 €	6%	8,4 %
PT30	Madeira	258 686	2,5%		403 347 728 €	2%	
Greece		10 858 018			11 868 485 914 €	100%	
EL22	Ionian Islands	207 059	1,9%	12,6%	181 539 758 €	2%	7,2 %
EL41	North Aegean	197 695	1,8%		241 335 599 €	2%	
EL42	South Aegean	334 865	3,1%		84 085 281 €	1%	
EL43	Kriti	631 513	5,8%		347 906 498 €	3%	
Italy		60 795 612			31 118 743 230 €	100%	
ITG1	Sicilia	5 092 080	8,4%	11,1%	4 033 503 339 €	13%	16,7 %
ITG2	Sardinia	1 663 286	2,7%		1 153 379 082 €	4%	
Estonia		1 313 271			774 403 149 €	100%	
EE004 (NUTS3)	Hiiumaa	n.a			n.a		
	Saaremaa	n.a			n.a		
Sweden		9 747 355			1 675 721 081 €	100%	
SE214	Gotland	57 255	0,6%		n.a		
Malta		429 344			490 247 445 €	100%	
MT002	Gozo	31 592	7,4%		n.a		
United Kingdom		64 875 165			10 768 177 980 €	100%	
UKM64	Western Isles	27 216	0,04%	0,3%	2 112 000 €	0,02%	
UKM66	Shetland Islands	23 357	0,04%		1 327 706 €	0,01%	
UKM65	Orkney Islands	21 607	0,03%		1 729 300 €	0,02%	
UKJ34	Isle of Wight	139 727	0,22%				

However, insularity and its subsequent impact on island and outermost regions' economies is always present, and traceable, when statistics are compared with statistics at the national level. For example, the growth of island and outermost regions' GDP (NUTS 2), is generally lower compared to the growth of the respective Member State's GDP, as shown in the table below.

Table 12: Difference between growth of Island regional GDP per inhabitant and growth of their Member State from 2009 to 2013 in €

Island or outermost regions	2009 to 2010	2009 to 2011	2009 to 2012	2009 to 2013
(EE) Lääne-Eesti	200	-1 100	-1 900	-2 500
(DK) Bornholm	-1 100	-1 200	-800	-1 000
(SE) Gotlands län	-800	-600	-600	0
(ES) Illes Balears	-100	0	200	100
(ES) Canarias	200	200	0	0
(PT) Região Autónoma da Madeira	-300	0	-900	-800
(PT) Região Autónoma dos Açores	100	0	0	-100
(IT) Sardegna	-400	-800	-400	-300
(IT) Sicilia	-500	-1 200	-900	-700
(EL) Kriti	-100	-300	-600	200
(EL) Voreio Aigaio	0	500	400	600
(EL) Ionia Nisia	100	-800	-500	-700
(EL) Notio Aigaio	-100	-400	-600	-400
(FR) Réunion	-800	-1 500	-600	-700
(FR) Guadeloupe	-300	-800	-700	-900
(FR) Corse	-400	-500	-600	-600
(FR) Martinique	-400	-900	-500	-600
(UK) Cornwall and Isles of Scilly	-300	-400	100	-500
(UK) Isle of Wight	800	1 500	2 200	1 800
(UK) Eilean Siar (Western Isles)	-2 000	-1 600	-1 800	-2 400
(UK) Orkney Islands	200	-400	-600	-600
(UK) Shetland Islands	1 600	600	0	1 500
(SE) Åland	-1 200	-1 700	800	1 200

A fairer Cohesion Policy could foresee an earmarking of funds within Cohesion Policy to the benefit of island and outermost regions. This earmarking could be done either at Member State level or at European level for NUTS 2 regions.

In addition, a special allocation should be foreseen for NUTS 3 regions.

3.1.1. Earmarking for NUTS 2 regions

At Member State level, earmarking is already the case. Currently, 5% of the ERDF resources under the Investment for Jobs and Growth goal are allocated to **sustainable urban development**. However, island and outermost regions' GDP is on average 20-25 percentage points lower compared to urban regions (see Appendix, Diagram 2). It would be reasonable to envisage a similar allocation to island and outermost regions.

PROPOSAL 1a

An earmarking at national level of the ERDF and ESF funds could be foreseen for island and outermost regions. The percentage of ERDF and ESF funds earmarked for NUTS 2 island and outermost regions per Member State should correspond at least to the percentage of the population living in the Member-State's island and outermost regions. This would be without prejudice to taking into account the effective accumulation of constraints affecting many islands, including population density, mountainous terrain, and travelling times that justify ERDF and ESF allocations adapted to the territories concerned.

Such a proposal could increase the allocation within Cohesion Policy for the following regions: Bornholm (DK), Balears (ES), Canarias (ES), South Aegean (GR), Crete (GR), Orkney (UK), Shetland (UK) and Western Isles (UK) and would cost approximately **EUR 1.24Bn** (see Appendix, table 13).

At European level, an earmarking would also make sense, especially if within the post-2020 Cohesion policy there is **one single category of regions**, a scenario that is currently being openly discussed at the European Commission. In this case, there would be no guarantee that Cohesion Policy, through a new allocation methodology that would be agreed among Member States, would provide enough support for all island and outermost regions.

PROPOSAL 1b

In case there is a one single category of regions within post-2020 Cohesion Policy, an earmarking of ERDF and ESF at European level should be foreseen as a **safety net** for island and outermost regions.

3.1.2. Special allocation for NUTS 3 regions

In addition to the proposals above, Cohesion Policy should foresee a **special allocation** for NUTS 3 island regions. This would be added to the allocation for their NUTS 2 level but it will be clearly marked for the NUTS 3 islands of the NUTS 2 region that are poorer.

PROPOSAL 2

Islands at NUTS 3 level with lower regional GDP compared to their NUTS 2 area could get a special allocation of EUR 20 per inhabitant per year. This should be without prejudice to the special allocation for outermost regions, which should be increased.

Such a proposal could increase the allocation within Cohesion Policy for the following regions: Bornholm (DK), Balears (ES), Canarias (ES), South Aegean (GR), Crete (GR), Orkney (UK), Shetland (UK) and Western Isles (UK) and would cost approximately **EUR 24Mi/year** (see Appendix, table 14).

3.2. MULTI-LEVEL GOVERNANCE AND PARTNERSHIP

Within the shared management of Cohesion Policy, between the European Commission and the Member States, the CPMR Islands Commission had argued for a strong role for regions in the governance of Cohesion Policy and in particular in the partnership.

Currently, Article 5 of the General Provisions Regulation suggests that the “competent urban and other public authorities” are included in the partnership, as well as the elements of the ‘Code of Conduct’. The Islands Commission welcomes this approach.

However, it recalls that Article 5 makes no reference to the provisions of Articles 174 and 349 of the TFEU. It also recalls the [CPMR study](#) on the governance of Cohesion Policy, which revealed that not all island and outermost regions have been sufficiently consulted and involved in the preparation of the 2014-2020 ESIF Operational programmes. The involvement of island and outermost regions in the partnership varied enormously from one Member State to another.

It is therefore clear that the current provisions have not led to an effective inclusion of island and outermost regions in the partnership, and they fall short to deliver on territorial Cohesion and the application of Articles 174 and 349 TFEU.

In the future Cohesion Policy, partnership provisions would need to be strengthened in a way that the formulation of the operational programmes is more inclusive in terms of stakeholders’ involvement and that regional authorities in particular have more ownership of the policy.

PROPOSAL 3

Provisions of the future regulation on Partnership and Multi-level Governance (Article 5) should make reference to territorial cohesion and Article 174 of the TFEU. The European Commission should have a more stringent role with regard to evaluating the level of involvement of stakeholders and the Code of Conduct.

3.3. THEMATIC CONCENTRATION IN COHESION POLICY

As demonstrated in section 1, insularity and remoteness increase the difficulties for island and outermost regions to reach the EU objectives. Often these increase the needs for infrastructure, as demonstrated by the example of South Aegean region. Another characteristic example of challenge is waste management, which becomes much costlier, as there are no economies of scale, often there are land restrictions, waste usually need to be transported to the mainland, etc.

The Islands Commission had argued in the past for flexibility in the thematic concentration for all island and outermost regions, to help them address their challenges, such as for instance infrastructure for transport and waste management.

In the current programming period, only 70% of NUTS 2 level island regions are given some flexibility in the concentration of ERDF in the thematic objectives; these are the island Member States Cyprus and Malta, the outermost regions and the islands in Member-States that benefit from the cohesion fund (South Aegean, North Aegean, Crete, and Ionian islands).

The Islands Commission welcomes this first attempt of the European Commission to recognise the need for flexibility in the concentration of ERDF and ESF in the thematic objectives. However, it reiterates its position that such provisions should be extended to all island and outermost regions, allowing them to define the most effective way for them to use ERDF and ESF towards the EU objectives.

PROPOSAL 4

Flexibility in the concentration of ERDF in the thematic objectives of Cohesion Policy should be allowed for all island Member States and all island-regions which form part of Member States, as well as for all outermost regions.

3.4. CO-FINANCING RATES IN COHESION POLICY

The CPMR Islands Commission welcomes the current provisions, which allow modulation of the co-financing rate of a priority axis to take account of the *“coverage of areas with severe and permanent natural or demographic handicaps”* and wants these to be maintained. This provision in the Common Provisions Regulation currently applies to all island and outermost regions, through the definition: *“Island Member States eligible under the Cohesion Fund, other islands except those on which the capital of a Member State is situated or which have a fixed link to the mainland, and outermost regions”*.

However, **it is alerted** by ideas that are currently openly discussed at the European Commission suggesting to lower the weight of post-2020 Cohesion Policy in the European budget by reducing the level of co-financing rates. This would have a major impact for the less developed regions, if the maximum co-financing rate drops significantly from the maximum 85% to maybe 60%.

According to the latest regional GDP statistics (2012-2014), for the allocation methodology of Cohesion Policy the NUTS 2 island regions of North Aegean (GR), Crete (GR), Sicily (IT), Sardinia (IT), Madeira (PT), Azores (PT), Guadeloupe (FR), La Réunion (FR) and Mayotte (FR) would be classified today as less developed regions, and would therefore be the most affected.

The Islands Commission considers it too early to come up with a specific proposal.

It wishes though to recall that current co-financing rates, especially for less developed regions, have allowed Cohesion Policy to support beneficial investments in island and outermost regions, with a significant impact on their economies, and which **would have not been possible** without Cohesion Policy.

The Islands Commission will closely follow the evolving debate on post-2020 Cohesion Policy and will timely make specific proposals on this topic.

3.5. COMMUNITY-LED LOCAL DEVELOPMENT and INTEGRATED TERRITORIAL INVESTMENT

The Islands Commission welcome the new instruments “Community-led local development” and “Integrated Territorial Investment” that were introduced for the first time in Cohesion Policy 2014-2020 in an effort to help regional and sub-regional actors and lower levels of decision-making develop investment projects suitable for their needs.

In this framework the Islands Commission is conducting a survey within its membership on whether and how these instruments have been used by island and outermost regions and whether they are tailored to their needs.

Some first conclusions that can be extracted indicate that the island and outermost regions’ experience of these two instruments is generally positive. In addition, their previous experience in the use of the LEADER programme has been valuable, but they lack information about good practices from the use of these instruments. In addition, further guidance and enhanced technical support to the regional authorities and beneficiaries, as well as simplification to reduce the administrative burden, would be welcome to further boost their use.

PROPOSAL 5

Community-led local development and Integrated Territorial Investment are useful instruments and should be maintained in post-2020 Cohesion Policy. Simplification of the rules, enhanced technical support to beneficiaries, and communication of good practices could further boost their use among island and outermost regions.

3.6. ISLANDS INNOVATIVE ACTIONS

Currently, article 8 of ERDF foresees the support in Innovative actions in the area of sustainable urban development, at the initiative of the European Commission. This has resulted in “Urban Innovative Actions”, which aim to help urban areas go beyond traditional policies and services and experiment the most innovative, creative yet unproven and risky solutions in order to address the increasingly complex challenges they face.

Compared to urban areas, European islands face a series of challenges, mainly due to their insularity: lower competitiveness, lower diversification of the economy and of the energy supply, grid constraints for high renewable energy penetration, seasonality, overlapping activities in a limited space putting pressure on the ecosystem, higher costs for investments and waste disposal, lower access to education and information technology, brain drain.

To address their challenges, European islands have already been experimenting with new forms of sustainable living for years. An “Islands Innovative Actions” initiative will allow island and outermost regions to successfully respond to pressing, real-life challenges, and produce best practices on smart and sustainable local development, providing inspiration and motivation to other areas in Europe and globally.

Such an initiative could focus on Innovation in sectors where island and outermost regions face challenges or difficulty to access the single market. Examples of such sectors are Energy Transition, Circular Economy, Climate Change, e-health, Digital Transition and Skills. This initiative would involve the adoption of a new way of thinking to go beyond traditional policies, through a transformation in Governance, Information and Communication Technologies, and of the Economy in general and would create Europe-wide state-of-the art best practices in terms of a change of paradigm towards a more balanced and sustainable development.

PROPOSAL 6

An “Islands Innovative Actions” initiative of the European Commission should be foreseen to enable island and outermost regions to address their challenges in an innovative way. It should be throughout the duration of the Multi-Annual Financial framework and managed by the European Commission.

3.7. TERRITORIAL and CROSS-BORDER COOPERATION

Transnational cooperation is strategic in achieving the territorial objectives of the Union, contributing to a better territorial integration. Within the framework of the European Territorial Cooperation objective, the essential question lies in the optimal delimitation of the areas of transnational cooperation, based fundamentally on geographical and/or political functional criteria.

Islands have a long history of exchange and cooperation among them, especially within their respective sea basins. In its resolution of 6 June 2016 on European Territorial Cooperation, the European Parliament points out the role of ETC in island regions, as an important tool for strengthening their regional cooperation and integration.

Within the same sea-basin, island regions usually face similar challenges but often have different means to address them. Yet they form a space in which common initiatives can be undertaken, as positive experiences of exclusive cooperation among islands, such as the Madeira-Azores-Canaries Operational Programme show.

Such programmes would constitute a more effective way of working with EU resources. They would provide the necessary means to carry out operations that could otherwise only be addressed using multiple and different funding programmes and instruments, avoiding duplication and redundancy.

PROPOSAL 7

European Territorial Cooperation programmes for islands sharing the same sea basin (e.g. Mediterranean, Baltic Sea, North Sea) could be foreseen. Such programmes would aim to enhance islands’ cooperation on the common priority areas per sea basin, such as the ones defined in their smart specialisation strategies. In addition, they would strengthen the existing ties among islands within each sea-basin and facilitate knowledge exchange in support of the least developed ones.

Last but not least, since 2007 maritime borders were accepted -for the first time- in cross-border cooperation programmes, and therefore many islands became eligible in the territorial cooperation strand where 75% of the budget of Interreg 2014-2020 is allocated.

Nevertheless, the introduction of a rule stipulating that there should be a maximum distance of 150 km between maritime border regions has meant that some islands have been excluded and cannot apply for cross-border cooperation projects with areas within their sea basin.

The Islands Commission had argued at the time and hereby reiterates that the 150Km limit is irrelevant to regions which are isolated by the sea, and within their sea basin area they have a long tradition of co-operation. If necessary to establish some kind of limit for island and outermost regions, it would be more appropriate to apply it at sea basin level.

PROPOSAL 8

In cross-border cooperation, islands within their respective sea basin, should be eligible for cooperation actions based on a common strategy within their functional area, independently of their distance to the other eligible areas.

Appendix

Diagram 2: Evolution of regional GDP in urban and island regions

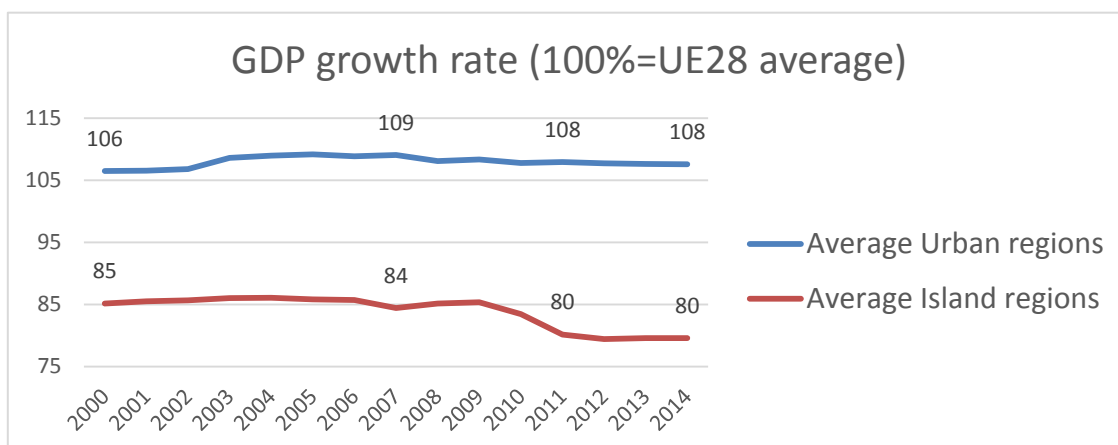


Table 5: Ranking of island regions by “Personal Freedom and Choice” among the 271 NUTS 2 in the EU

Region code	NUTS 2 island region	Ranking “Personal Freedom and Choice” Social Progress Index (2016)
FI20	Åland	1
MT00	Malta	123
FR83	Corse	139
CY00	Kýpros	181
PT30	Região Autónoma da Madeira	199
ES53	Illes Balears	203
PT20	Região Autónoma dos Açores	209
ES70	Canarias	212
FR92	Martinique	217
FR91	Guadeloupe	228
EL22	Ionía Nisia	232
EL43	Kriti	235
EL42	Notio Aigaio	236
FR94	Réunion	240
EL41	Voreio Aigaio	243
ITG2	Sardegna	256
ITG1	Sicília	266

Table 6: Ranking of island regions by “Access to Advanced Education” among the 271 NUTS 2 in the EU

Region code	NUTS 2 island region	Ranking of island regions by “Access to Advanced Education” Social Progress Index (2016)
ITG1	Sicilia	2
ITG2	Sardegna	11
ES70	Canarias	18
PT20	Região Autónoma dos Açores	20
PT30	Região Autónoma da Madeira	24
EL41	Voreio Aigaio	30
ES53	Illes Balears	30
EL42	Notio Aigaio	36
EL43	Kriti	44
CY00	Kýpros	58
EL22	Ionia Nisia	80
MT00	Malta	170
FR83	Corse	Data not available
FR92	Martinique	
FR91	Guadeloupe	
FR94	Réunion	
FI20	Åland	

Table 8: Ranking of island regions by “Young people NOT in education, employment or training” among the 271 NUTS 2 in the EU

Region code	NUTS 2 island region	Ranking of island regions by “Access to Advanced Education” Social Progress Index (2016)
FI20	Åland	90
CY00	Kýpros	104
ES70	Canarias	130
EL43	Kriti	155
EL41	Voreio Aigaio	172
ES53	Illes Balears	173
MT00	Malta	221
FR83	Corse	224
EL22	Ionia Nisia	226
ITG2	Sardegna	237
FR94	Réunion	245
ITG1	Sicilia	249
FR92	Martinique	251
FR91	Guadeloupe	254
PT30	Região Autónoma da Madeira	257
PT20	Região Autónoma dos Açores	261
EL42	Notio Aigaio	269

Table 13: Earmarking of ERDF + ESF for island and outermost regions as % of their population

		Population 2015	National population = 100%	ERDF + ESF 2014-2020		Allocation scenario: share of fund = at least to the share of population	Extra allocation
Denmark		5 659 715		413 231 682 €	100%		
DK014	Bornholm	39 919	0,7%		0,4%	2 914 598 €	1,474,000 €
France		66 415 161		14 453 007 278 €	100%		
FR83	Corse	326 898	0,5%	123 654 391 €	0,9%	24,1 %	
FRA4	Réunion	843 529	1,3%	1 676 200 000 €	11,6%		
FRA5	Mayotte	226 915	0,3%	218 972 908 €	1,5%		
FRA2	Martinique CR	378 243	0,6%	650 301 522 €	4,5%		
FRA1	Guadeloupe CR	434 691	0,7%	608 546 279 €	4,2%		
FRA1	Guadeloupe St Martin			212 614 896 €	1,5%		
Spain		46 449 565		26 998 452 915 €	100%		
ES53	Baleares	1 124 972	2,4%	175 829 970 €	0,7%	4,9 %	653 881 335 €
ES70	Canarias	2 126 144	4,6%	1 160 118 600 €	4,3%		1 235 804 871 €
Portugal		10 374 822		18 320 027 981 €	100%		
PT20	Azores	246 353	2,4%	1 139 752 011 €	6%	8,4 %	
PT30	Madeira	258 686	2,5%	403 347 728 €	2%		456 791 910 €
Greece		10 858 018		11 868 485 914 €	100%		
EL22	Ionian Islands	207 059	1,9%	181 539 758 €	2%	7,2 %	
EL41	North Aegean	197 695	1,8%	241 335 599 €	2%		
EL42	South Aegean	334 865	3,1%	84 085 281 €	1%		
EL43	Kriti	631 513	5,8%	347 906 498 €	3%		
Italy		60 795 612		31 118 743 230 €	100%		
ITG1	Sicilia	5 092 080	8,4%	4 033 503 339 €	13%	16,7 %	
ITG2	Sardinia	1 663 286	2,7%	1 153 379 082 €	4%		
Estonia		1 313 271		774 403 149 €	100%		
EE004 (NUTS3)	Hiiumaa	n.a		n.a			
	Saaremaa	n.a		n.a			
Sweden		9 747 355		1 675 721 081 €	100%		
SE214	Gotland	57 255	0,6%	n.a			
Malta		429 344		490 247 445 €	100%		
MT002	Gozo	31 592	7,4%	n.a			
United Kingdom		64 875 165		10 768 177 980 €	100%		
UKM64	Western Isles	27 216	0,04%	2 112 000 €	0,02%		4 517 395 €
UKM66	Shetland Islands	23 357	0,04%	1 327 706 €	0,01%		2,549,160 €
UKM65	Orkney Islands	21 607	0,03%	1 729 300 €	0,02%		1,857,096 €
UKJ34	Isle of Wight	139 727	0,22%	No data available			

Table 14: Special allocation for NUTS 3 islands

			GDP av. 2012, 2013 and 2014		Population 2015	20€ per inhabitant / year	Change of the regional allocation
Region Code	Region name (NUTS 2)		NUTS2	NUTS3	Population	Amount	(ERDF+ESF)
DK01	Hovedstaden				1 768 125		
NUTS3	DK011	Byen København	157	177	739 977		
	DK012	Københavns omegn		183	535 355		
	DK013	Nordsjælland		98	452 874		
	DK014	Bornholm		90	39 919	798 380 €	n.a
EE00	Eesti				1 313 271		
NUTS3	EE001	Põhja-Eesti	75	108	575 601		
	EE004	Lääne-Eesti		48	146 707	2 934 140 €	n.a
	EE006	Kesk-Eesti		47	123 584		
	EE007	Kirde-Eesti		52	147 597		
	EE008	Lõuna-Eesti		52	319 782		
EL62	Ionía Nísia				207 059		
NUTS3	EL621	Zakynthos	67	79	40 283		
	EL622	Kerkyra		64	103 630	2 072 600 €	1,1%
	EL623	Ithaki, Kefallinia		66	39 150	783 000 €	0,4%
	EL624	Lefkada		57	23 996	479 920 €	0,3%
EL41	Voreio Aigaio				197 695		
NUTS3	EL411	Lesvos, Limnos	57	58	102 007		
	EL412	Ikaria, Samos		57	42 356		
	EL413	Chios		58	53 332		
EL42	Notio Aigaio				334 865		
NUTS3	EL421	Kalymnos, Karpathos, Kos, Rodos	79	71	207 659	4 153 180 €	5%
	EL422	Andros, Thira, Kea, Milos, Mykonos, Naxos, Paros, Syros, Tinos		90	127 206		
ES53	Illes Balears				1 124 972		
NUTS3	ES531	Eivissa, Formentera	96	88	156 022	3 120 440 €	2%
	ES532	Mallorca		102	875 781		
	ES533	Menorca		76	93 169	1 863 380 €	1%
ES70	Canarias (ES)				2 126 144		
NUTS3	ES703	El Hierro	78	66	10 612	212 240 €	0,02%
	ES704	Fuerteventura		79	109 993		
	ES705	Gran Canaria		78	854 747		
	ES706	La Gomera		76	21 206	424 120 €	0,04%
	ES707	La Palma		72	83 376	1 667 520 €	0,14%
	ES708	Lanzarote		90	141 497		
	ES709	Tenerife		82	904 713		
MT00	Malta				429 344		
NUTS3	MT001	Malta	85	88	397 752		
	MT002	Gozo and Comino / Ghawdex u Kemmuna		58	31 592	631 840 €	n.a
SE21	Småland med öarna				826 243		
NUTS3	SE211	Jönköpings län	106	109	344 262		
	SE212	Kronobergs län		115	189 128		
	SE213	Kalmar län		99	235 598		
	SE214	Gotlands län		98	57 255	1 145 100 €	n.a
UKJ3	Hampshire and Isle of Wight				1 948 783		
NUTS3	UKJ31	Portsmouth	111	113	210 695		
	UKJ32	Southampton		102	245 661		
	UKJ34	Isle of Wight		95	139 727	2 794 540 €	n.a
	UKJ35	South Hampshire		108	451 544		
	UKJ36	Central Hampshire		115	536 873		

	UKJ37	North Hampshire		122	364 283		
	UKM6	Highlands and Islands			466 982		
NUTS3	UKM61	Caithness & Sutherland and Ross & Cromarty	91	72	94 690		
	UKM62	Inverness & Nairn and Moray, Badenoch & Strathspey		104	200 016		
	UKM63	Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute		87	100 096		
	UKM64	Eilean Siar (Western Isles)		71	27 216	544 320 €	n.a
	UKM65	Orkney Islands		86	21 607	432 140 €	n.a
	UKM66	Shetland Islands		113	23 357		
					Total: EUR 24,056,860/year		