INNOVATIVE ACTIONS

Islands of Innovation

Edited by
CHRISTOS BEZIRTZOGLOU

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Foreword

Today Europe's challenge is to strive for effectiveness and efficiency in a globalised economy without forgetting its fundamental European values of solidarity and welfare. Innovation is a solution, since it is now well known that innovation is a central element of economic performance. Its growing importance makes it a core feature of the knowledge-based economy in addition to facilitating its development.

The Lisbon summit in 2000 set the critical strategic goal that ***"the EU should, by 2010, become the most competitive and dynamic knowledge based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"***. However Member States have been slow to respond to the rapid technological, economic and social change that we face as a society. As a result, the European Commission launched on 2005 a new partnership for "Jobs and Growth" to reinvigorate the Lisbon strategy.

Following the success of the regional policy experiment of the regional programmes of innovative actions in the 2000-2006 programming period, the guiding principle of innovation is to be transferred both in the relevant operating programmes of the current and the forthcoming 2007-2013 programming period embedded in all three proposed objectives.

This publication takes a closer look at the island communities' regional programmes of innovative actions. Built on the preliminary experiences of their implementation, it describes their programmes vis-à-vis their socio-economic environment.

Most of the people in the developed world are tourists in one way or another, either for business or leisure. It is this fact that makes the tourist industry one of the world's biggest, where Europe is the leading player. However, despite the big potential customer base, the competition among service provider is constantly increasing. Developing new types of holidays, new facilities and more efficient ways to manage them are some of the many facets of innovation in this most service-oriented of industries. The tourism industry is one of Europe's leading employers, and in particular for many island regions that are highly dependent of tourists' spending, innovation could make the difference between growth and stagnation.

Building on its unique physical resources and intangible assets, each island region needs to promote its "exclusive myth". I believe that this publication will help policy makers as well as regional innovation policy practitioners to find elements of knowledge and best practices in constructing their myths.

Charalambos Kokkinos
General Secretary of the Region of South Aegean

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Editorial

'Regional policy is already making a substantial contribution to achieving the aims of the Lisbon strategy, especially in the area of research and innovation. The EU's structural funds finance investments in research infrastructure and networks in regions where the potential for world-class research is there to be developed, while strengthening innovative capacity and technology transfer throughout the Union', stated Commissioner for Regional Policy, Danuta Hübner.

The geographic location of the islands regions and their functions as natural boundaries between Europe and third countries makes them strategic territories for the EU. Islands represent an area of around 110.000 kmÇ and are home to about 14 million people. Their structural handicaps, such as scarce resources and a small-scale market, makes their "periphery economy" more fragile than the bigger and better connected "mainland economies".

Taking into account these problems, the Structural Funds encourage islands to adopt innovative technologies suited to their particularities. Developing in a sustainable way and integrating in the new information society economy without endangering their regional identity is a way of taking advantage of the islands' potential.

In particular, the objectives of the Regional Programmes of Innovative Actions are to strengthen the regional knowledge and skills base in selected areas and to speed up exploitation of innovations. It is particularly important for the least-developed regions, such as, among others, the islands, that they have the chance to experiment in fields outside the norm of their structural funds programmes and develop greater co-operation and networking with more developed regions.

The two features of these programmes that are particularly pleasing to the regions are: first the fact that the entire region is considered eligible for co-funding, in contrast to the detailed Objective 1 and Objective 2 zoning, and second the fact of giving a chance to the regions for the first ever time deal directly with the European Commission, thus building local administrative capacity. Both features helped the regions to better learn and grow sustainably in the knowledge based economy.

This publication, entitled **Islands of Innovation**, highlights the regional programmes of innovative actions of the "PRAI island regions". The experiences of these island regions provide an example to others of how regions, remote and with less favourable conditions, could thrive.

In conclusion we should restate the goals of the Community regional policy which is to protect the fragile nature of these ecosystems while at the same time empowering their inhabitants to live a prosperous and productive life carrying out their activities in the most effective way.

Christos Bezirtzoglou

Invited Article on Innovation in Tourism

From theory to implementation

Innovation can be defined in a multiplicity of ways. The leading theoretician of innovation, Joseph Schumpeter (1883-1950), already had a broad vision of the concept, encompassing products, new production processes, new markets, new raw materials and new forms of organisation.

For Schumpeter, the common thread between all these changes is that they involve "carrying out new combinations" which are qualitatively important and introduced by dynamic business leaders, or "entrepreneurs".

Innovation and creativity are two very closely connected and "cooperating" terms. Creativity refers to the production of new ideas, new approaches and inventions, whereas innovation corresponds to the application of new and creative ideas and the implementation of inventions. From this it follows that people and organisations may be creators without being innovators.

The importance of innovation was long underestimated in service activities. In contrast to the radical innovations vital to growth in manufacturing sectors, innovations in services and tourism were secondary and capital-scarce, and for this reason they were excluded from the scope of government interest and action.

However, innovation is at the heart of any successful company's agenda as well as any economy as a whole, so it is very worthy of discussion on the role that innovation plays in securing competitiveness.

Identifying the nature of innovation in tourism entails looking for features that are either shared with or distinct from those of innovations in other service industries, but it also entails comparisons with the more general models found in manufacturing.

The "public good" nature of tourism innovation prompts SMEs in the sector to adopt a "free rider" attitude, particularly since much of the effort to make territories more attractive (destination marketing) is borne by public bodies. Many people do not understand the point of adopting co-operative types of behaviour, yet they are crucial to the effectiveness of the tourism cluster.

Travel and tourism influence everyday lifestyles. They have left their mark on our modern leisure society. The biggest innovations in tourism occur at the level of applications. Basic innovations in the transport field opened up new horizons for tourism. The inventions of the railway, of the automobile and of the plane revolutionised the industry, rolling back distances and making travel affordable for many.

These innovations in transportation have made the creation of tourism growth poles possible and have allowed the development of new markets. The same is true with New Information Technologies (NIT) which have been extensively used by the tourism industries at a relatively early stage; NIT have contributed to a badly needed increase in productivity.

Innovations in the supply chain management and in promotion mechanisms are very important tools for tourism.

In the large tourism industry firms, innovations are a matter of routine. They are no longer a question of a happy accident or a sudden stroke of genius. In general, innovations are programmed by the enterprise. In modern enterprises, innovation is a standard component of corporate decision-making at the level of resource allocation. To make sure that they will not be caught off guard by unexpected innovations, today's companies have made the innovation process part of everyday planning.

However, innovation also has a macroeconomic aspect. It is closely connected to the economic welfare and competitiveness of economies, among which tourism destinations.

In a rather competitive global environment destinations must find ways to produce and promote their uniqueness. The purpose is twofold: On the one hand is the attraction of tourism, with all the socioeconomic benefits that this may entail, while on the other in the safeguard and protection of the destination and resources on which tourism is based.

ISTOS, the "Innovation for Sustainable Tourism and Services Project" is a public – private initiative inspired and implemented in South Aegean Region, one of the major tourism destinations of Greece.

It constitutes a best practice collaboration between public and private entities for the promotion of innovation and sustainability in the tourism, and generally the service sector, providing tools and know-how for the effective planning and implementation of tourism on a long term basis.

Dimitrios Stagos
Business Architects Consultancy S.A.
President

chapter 1

THE INNOVATION LABORATORIES

There is nothing impossible to him who will try.

Alexander the Great
356BC-323BC
"The Conqueror of the World" forged the largest western empire of ancient world, from Greece to North India.

The offer of an ERDF Regional Programme of Innovative Actions (PRAI)[1] elicited a very positive response from the regions: by February 2005, 144 of the 156 eligible regions were participating including all regions of Austria, Belgium, Greece, Italy, Ireland, Netherlands, Portugal, Spain, Sweden, United Kingdom as well as Denmark and Luxembourg.

The synergy between the three strategic themes (regional economies based on knowledge and technological innovation, e-EuropeRegio: the information society at the service of regional development & regional identity and sustainable development) has been well exploited by most regions that have opted to include a number of actions covering at least two of the three eligible themes.

The regional programmes of innovative actions have succeeded in acting as catalysts giving the regions a chance to experiment with new actions to promote innovation. Most programmes have taken a comprehensive approach to innovation, designing new products, processes or services and in some cases, new forms of co-operation between the public and the private sectors. This has helped the regions develop a coherent approach to innovation and sustainable development in order to secure their long-term competitiveness.

The programmes contain adventurous actions that otherwise might have been postponed or been ignored in the mainstream Structural Funds programmes in spite of their potentially strong impact on regional competitiveness. For the least-developed regions it has been particularly important to have the opportunity to experiment in the three strategic themes on offer which are traditionally under-funded by comparison with other types of needs such as those concerned with infrastructure.

A further value of the innovative actions lies in the way these programmes have been designed and implemented directly by regional stakeholders working together in partnership. Successful regions understand how to link local and regional enterprises, universities, research institutions, associations, and public administration to collect the know-how and distribute it amongst individuals and business so that it can be transformed into new products, processes and services.

Each region has been encouraged to find its own solutions, based on regional needs and potential, to fully incorporate innovation in its regional development planning. The regional programmes have been designed and managed directly by the regions without any national implication in the decision-making process. Regional governments have taken full responsibility for improving conditions crucial for their future competitiveness in cooperation with their local stakeholders. This has been done in partnership with the private sector which was involved in the drawing up and the implementation of the programmes.

YEAR	PROGRAMMES SUBMITTED	PROGRAMMES APPROVED	TOTAL ERDF INTERVENTION	TOTAL AMOUNT FOR APPROVED PROGRAMMES	TOTAL AMOUNT FROM PRIVATE SECTOR
2001	103	81	€206.000.000	€393.000.000	€59.000.000
2002	51	45	€109.000.000	€204.000.000	€25.000.000
2003	16	10	€31.000.000	€65.000.000	€7.000.000
2004	16	9	€23.000.000	€41.000.000	€6.000.000
2005	48	29	€55.000.000	€112.000.000	€19.000.000

[1] *Other less-often used acronyms are: RPIA and IAP.*

1.1 *PRAI island regions* per country

Eligibility for the Regional Programmes of Innovative Actions as well as for the Objective 1 areas is principally defined with reference to NUTS level 2 regions. In particular for the calculation for the 153 EU-15 eligible regions we have included the NUTS level 1 regions for Belgium, Denmark, Germany and UK, while the remaining countries are calculated with their NUTS level 2 regions.

An island, according to the five objective criteria of Eurostat, must:

- have an area of at least one sq. km;
- be at least one kilometre from the continent;
- have a permanent resident population of at least 50 people;
- have no permanent link with the continent;
- not house an EU capital.

In alignment with the above definition of islands areas as well as the definition of PRAI regions, only six out of the EU-15 Member States have "PRAI island regions" for a grand total of 15 regions.

The PRAI island regions include six of the seven "outermost regions"[2], notably the three out of the four French Overseas Departments (Guadeloupe, Martinique and Réunion), the Spanish Autonomous Community of the Canary Islands and the Portuguese Autonomous Regions of the Azores and Madeira.

Despite the aim of ensuring that regions of comparable size all appear at the same NUTS level, each level still contains regions which differ greatly in terms of area, population, economic strength or administrative powers. This heterogeneity at Community level is often only the reflection of the situation existing at Member State level.

The current nomenclature [Regulation (EC) No 1888/2005] laying down the rules for the NUTS EU-15 regional classification, including the PRAI Island regions, gives us the following table:

EU-15	NUTS LEVEL 1	NUTS LEVEL 2	NUTS LEVEL 3	PRAI ISLAND REGIONS
Belgium	3	11	43	-
Denmark	1	1	15	-
Germany	16	40	442	-
Greece	4	13	51	4
Spain	7	18	52	2
France	9	26	100	4
Ireland	1	2	8	-
Italy	11	20	103	2
Luxembourg	1	1	1	-
Netherlands	4	12	31	-
Austria	3	9	35	-
Portugal	3	7	30	2
Finland	2	6	20	1
Sweden	1	7	21	-
UK	12	35	133	-
TOTALS	78	208	1085	15

[2] *These regions are generally referred to by their French acronym 'RUPs' (Régions Ultra Périphériques).*

In example, in terms of populations (2000 data) at NUTS 2 level, the Île de France and Lombardia have 11 and 9 million inhabitants respectively, whereas there are 13 regions (most of them peripheral regions or islands) with fewer than 300.000: Åland, Burgenland, Guyane, Ceuta, Melilla, Valle d'Aosta/Vallée d'Aoste, Belgian Luxembourg, La Rioja, Corse, Açores, Madeira and two Greek regions (Ionia Nisia and Voreio Aigaio).

In administrative terms, the degree of autonomy of the PRAI island regions varies from a great degree of autonomy (i.e. Åland Islands, Azores, Madeira, Canary islands) to the other extreme of having no special administrative powers (i.e. Ionian Islands, North Aegean, Crete).

1.2 *PRAI island regions* structural handicaps

In addition to the specific problems caused by their peripheral location, the fact that a *PRAI island region* has more than one island – archipelago - and/or is often mountainous constitutes a permanent structural handicap.

The usual structural deficiencies linked with *PRAI island regions* are:

- Small Island Size equals small local markets, inefficient local production capabilities, seasonality problems for mono-sector industries and stagnating local economies
- Isolated Islands equals limited contacts with central governments, problematic access to export markets and transportation problems.
- Scarce Human & Natural Resources equals limited access to human / social capital, demographic and environmental problems

PRAI ISLAND REGION	OUTERMOST REGION	ARCHIPELAGO	MOUNTAIN AREAS	NUMBER OF ISLANDS	GEOGRAPHIC LOCATION
Ionian Islands		•	•	12	Mediterranean sea
North Aegean		•	•	10	Mediterranean sea
South Aegean		•	•	42	Mediterranean sea
Crete			•	2	Mediterranean sea
Canary Islands	•	•	•	7	Atlantic ocean
Balearic Islands		•	•	4	Mediterranean sea
Corsica			•	1	Mediterranean sea
Guadeloupe	•	•	•	8	Caribbean sea
Martinique	•		•	1	Caribbean sea
Réunion	•		•	1	Indian ocean
Sicily			•	15	Mediterranean sea
Sardinia			•	5	Mediterranean sea
Azores	•	•	•	9	Atlantic ocean
Madeira	•	•	•	2	Atlantic ocean
Åland Islands		•		11	Baltic sea
	6	9	14	130	

1.3 *PRAI island regions* during the 2000-2006 programming period

During the current programming period thirteen out of the fifteen regions are classified as Objective 1 areas, which show the vulnerabilities of the PRAI islands regions mostly caused due to their geographical position in the periphery of Europe.

COUNTRY / REGION	STATUS DURING THE 2000-06 PROGRAMMING PERIOD
ELLADA (GREECE)	
KRITI (CRETE)	OBJECTIVE 1
IONIA NISIA (IONIAN ISLANDS)	OBJECTIVE 1
VOREIO AIGAIO (NORTH AEGEAN)	OBJECTIVE 1
NOTIO AIGAIO (SOUTH AEGEAN)	OBJECTIVE 1
ESPAÑA (SPAIN)	
ISLAS CANARIAS (CANARY ISLANDS)	OBJECTIVE 1
ISLAS BALEARES (BALEARIC ISLANDS)	PARTIALLY OBJECTIVE 2
	PARTIALLY PHASING-OUT OBJECTIVE 2 (TILL 31/12/2005)
FRANCE	
GUADELOUPE	OBJECTIVE 1
MARTINIQUE	OBJECTIVE 1
RÉUNION	OBJECTIVE 1
CORSE (CORSICA)	PARTIALLY PHASING-OUT OBJECTIVE 1 (TILL 31/12/2006)
ITALIA (ITALY)	
SARDEGNA (SARDINIA)	OBJECTIVE 1
SICILIA (SICILY)	OBJECTIVE 1
PORTUGAL	
AÇORES (AZORES)	OBJECTIVE 1
MADEIRA	OBJECTIVE 1
SUOMI/FINLAND	
ÅLAND ISLANDS	PARTIALLY OBJECTIVE 2

1.4 New Island Regions: From EU-15 to EU-25

Following the enlargement of May 2004, 10 new Member States have joined the European Union including 2 island countries, Cyprus and Malta. However, according to the guidelines, these regions cannot apply for a PRAI.

It is important to note that both island countries have invested in regional innovation:

- Cyprus in the period 2001-2004 with the RISC[3] (Regional Innovation Strategy in Cyprus) programme
- Malta with the MARIS[4] (The MAlta Regional Innovation Strategy) project

[3] *For more information: www.talos-rtd.com/nqcontent.cfm?a_id=149*
[4] *For more information: www.maltaenterprise.com/page.asp?p=9306&l=1*

1.5 Impact and Added-value of the *PRAI Island regions*

The *PRAI Island regions* represent a small amount of the bigger structural and cohesion funds package to their respective countries, but several studies showed that some of the cumulative GDP growth could be attributed to EU funds, including the PRAIs.

In addition to economic growth, *PRAI Island regions* have allowed the regional governments to establish regional policy priorities taking into account the wider Member State and EU strategic priorities. These include such high added value areas as information society, R&D, business support services, environmental awareness, human and social capital development.

Finally the *PRAI Island regions* helped the enhancement of a regional innovation culture, the establishment of new partnerships inside and outside the regions as well as providing spillover benefits for the regional public administrations for the introduction of modern management and auditing methods.

Some of the projects financed within the programmes are indicated below:

- **Technological Innovation** clustering, incubators, spin-off, support to research and technological projects, new technological services to business;
- **Information Society** support for e-Business (e-commerce, web services, knowledge management tools), for e-Government (services and applications for local administration and citizens) and for e-Learning solutions (broadband tele-working, distance training);
- **Sustainable Development** development of new applications for energy and waste management, sustainable tourism and innovative technologies for enterprises in the environmental sector.

Of particular interest for the island communities are actions linked to the tourism sector. Tourism is a cross-cutting sector, involving a big diversity of services and professions and has a profound impact on the social, cultural and economic life of all Europeans. Almost everybody in the developed world is a tourist at one point or another, yet the huge customer base in no way reduces the competition among service providers for their custom. Developing new types of holidays, new facilities and more efficient ways to manage them are some of the many facets of innovation in this most service-oriented of industries.

The tourism industry is one of Europe's leading employers, and for many regions highly dependent on tourists' spending, innovation is the difference between growth and stagnation. Tourism generates approximately 9 million jobs in EU-25, while the European tourism industry crates more than 4% of GDP with about 2 million enterprises employing about 4% of the total labour force.

Finally it is interesting to note that only one PRAI island region is among the top 5 EU-25 regions for tourism, in terms of nights spent in hotels in 2003.

RANK	REGION	NIGHTS SPENT	SHARE IN % OF EU-25
1	Este (ES)	152,422	7.3
2	Nord Est (IT)	139,784	6.7
3	Canarias (ES)	83,764	4.0
4	Centro (IT)	79,702	3.8
5	Bayern (DE)	66,236	3.2

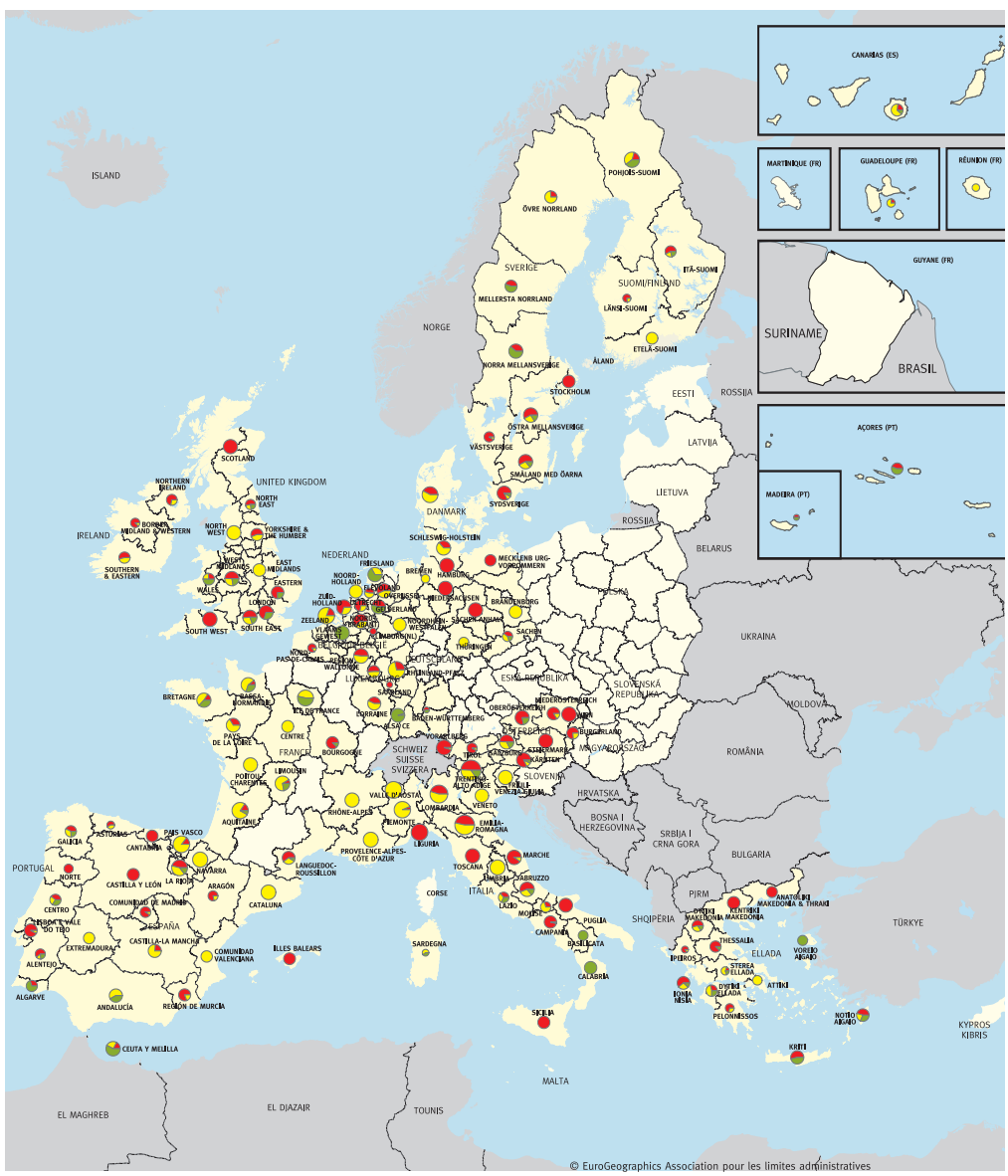
Chapter 2
SCHEMATISATION OF THE PRAI ISLAND REGIONS

Small opportunities are often the beginning of great enterprises.

Demosthenes
382BC-322BC
He was considered the greatest Greek orator.

COMMISSION EUROPEENNE
DIRECTION GENERALE
POLITIQUE REGIONALE
DGREGIO-SIG

European Union
ERDF: Regional Programmes of Innovative Actions 2001-2006



Legend

- 6800 K€: (ERDF + region) total investment
- Regional economies based on knowledge and technological innovation
- e-EuropeRegio: the information society at the service of regional development
- Regional identity and sustainable development

EU25, Régions = NUTS2 ; BE, DE, UK = NUTS1

Excluding accompanying measures and technical assistance, NUTS2 = Trentino-Alto Adige (Bolzano-Bozen [1 prg.] + Trento[1 prg.]) & Ceuta y Melilla (Ceuta [1 prg.] + Melilla [1 prg.]) & Ceuta y Melilla (Ceuta [1 prg.] + Melilla [1 prg.])

Source : DG-Regio (31/05/2004)

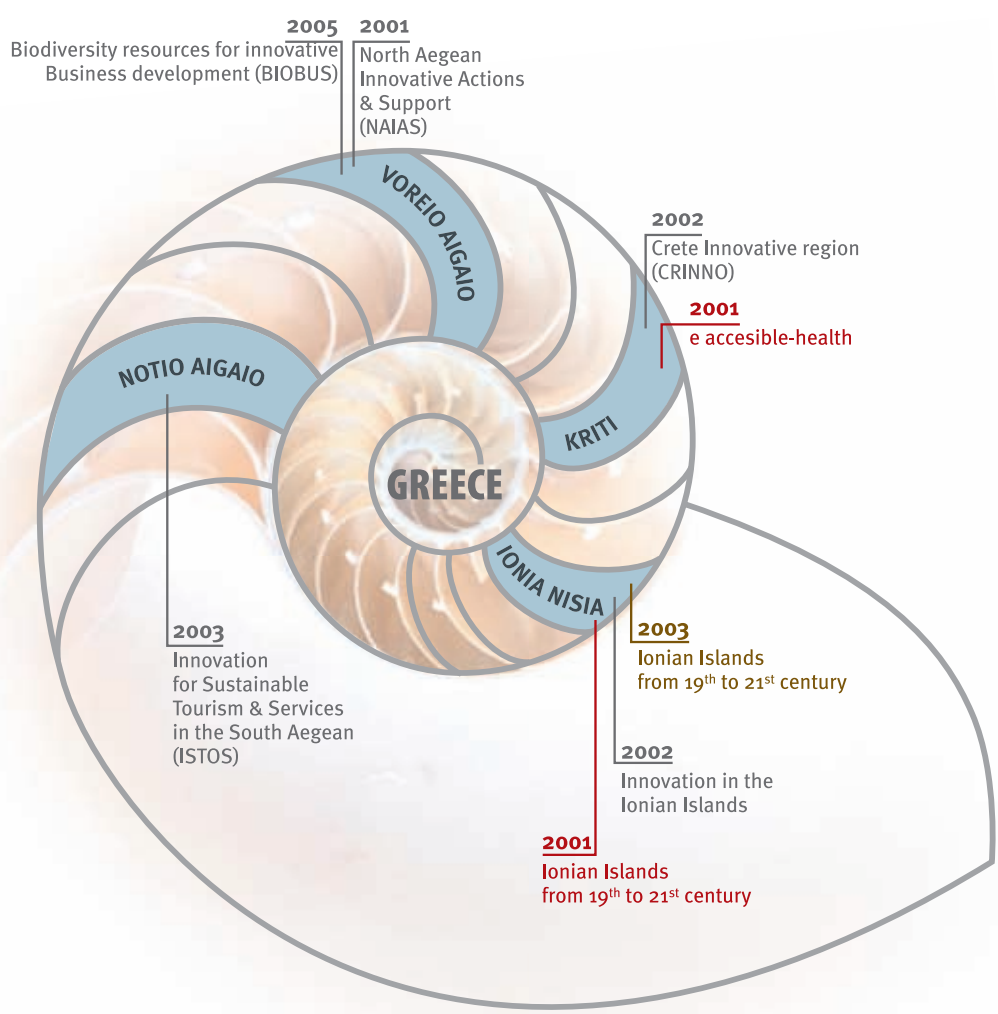
2.1 *PRAI Island regions* proposals per country

Following the publication of the *COM (2001) 60-005 Communication from the Commission to the Member States* all *PRAI Island regions* managed to apply for at least one Regional Programme of Innovative Actions.

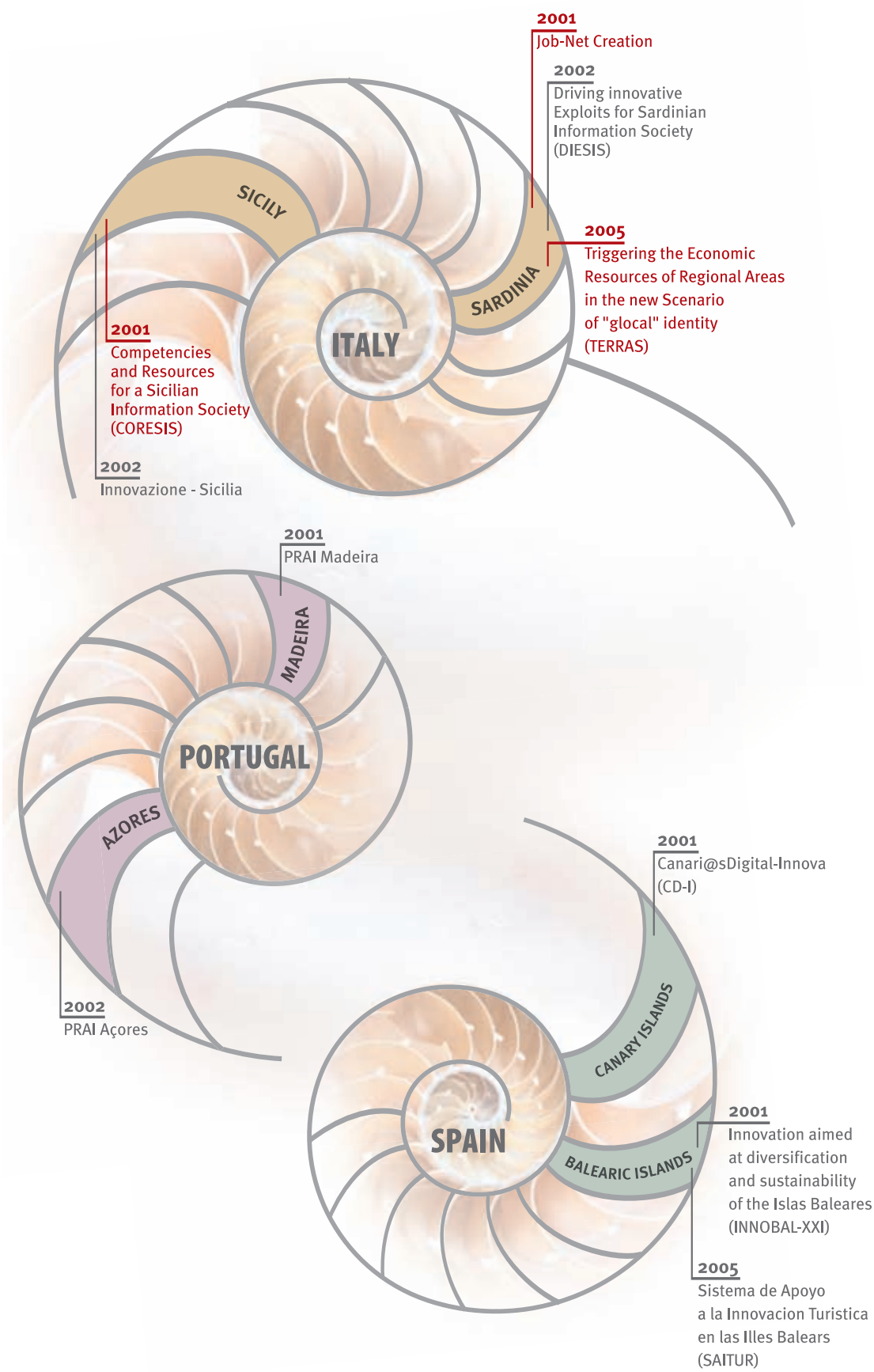
YEAR	No OF EU-15 REGIONS SUBMITTING A PRAI	No OF ISLAND REGIONS SUBMITTING A PRAI	No OF EU-15 REGIONS OBTAINING A PRAI	No OF PRAI ISLAND REGIONS OBTAINING A PRAI
2001	103	10	81	5
2002	51	6	45	6
2003	16	2	10	2
2004	16 (10)	-	9 (6)	-
2005	48 (43)	4 (3)	28 (23)	3 (2)
			173 (29)	16 (2)

It should be noted that during the last two periods (2004-2005), the regions who had successfully finish their first programme could apply for a second time (data concerning second applications are shown inside parenthesis).

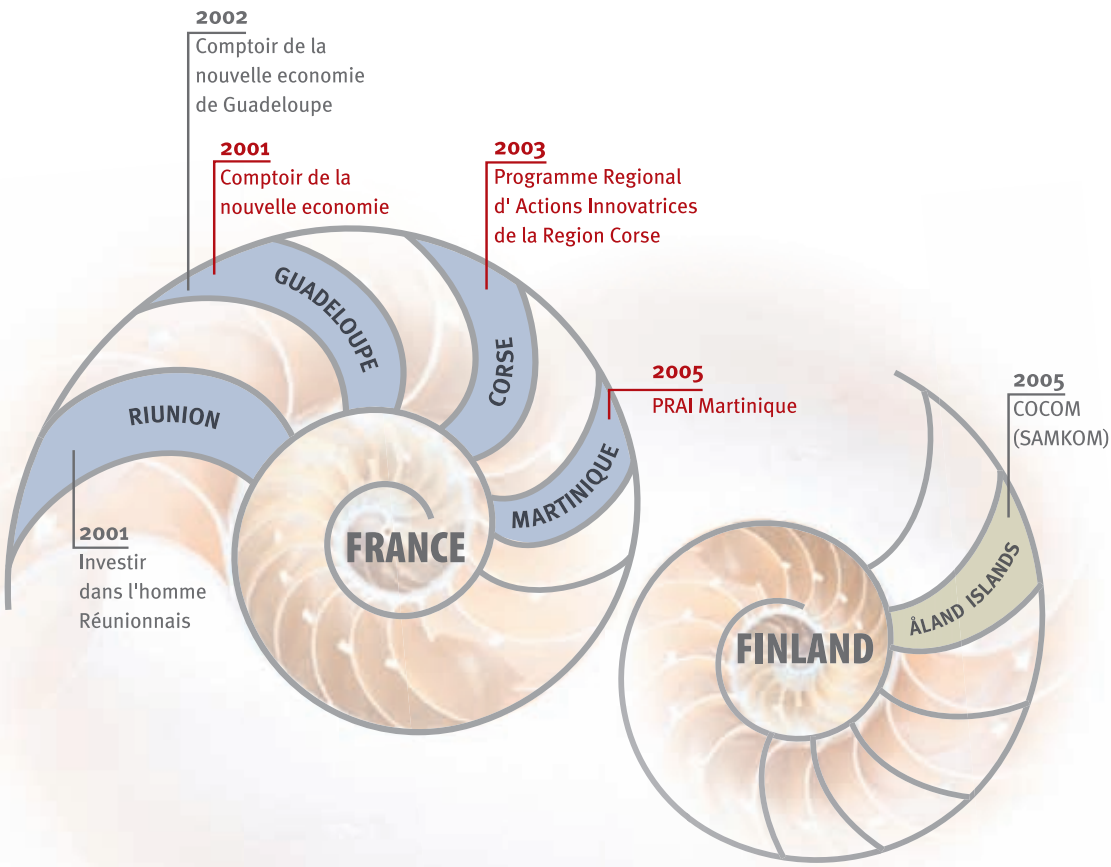
A representation of the *PRAI Island regions* efforts, codified by country as of December 2005, is shown in the following diagrams:



accepted *rejected* *non eligible*



accepted rejected non eligible



2.2 *PRAI Island regions* proposals per strategic theme

PRAI ISLAND REGION	TECHNOLOGICAL INNOVATION	INFORMATION SOCIETY	SUSTAINABLE DEVELOPMENT
Ionian Islands	•	•	•
North Aegean			•
South Aegean	•	•	•
Crete	•		•
Canary Islands	•	•	•
Balearic Islands	•		
Guadeloupe	•	•	
Réunion		•	
Sicily	•		
Sardinia		•	•
Azores	•		•
Madeira	•		•
	9	6	8

The above table includes all *PRAI Island regions* that have completed and/or are currently implementing a PRAI by May 2005.

2.3 *PRAI Island regions* participation to the Innovative Actions networks

In addition to the regional programmes of innovative actions, three networks, one per strategic theme, were launched to foster co-operation between regions and to share experiences and good practices:

- **ERIK** (European Regions Knowledge-based Innovation Network) for technological innovation, which is led by Toscana and Emilia-Romagna and includes 13 members and 23 associate members;
- **ERIK+** (European Regions Knowledge-based Innovation Network-Plus) for technological innovation, which is led by Toscana and Emilia-Romagna and includes 13 members and 27 associate members (ERIK successor);
- **IANIS** (Innovative Actions Network for the Information Society) for Information society at the service of regional development, which is led by Sachsen and includes 28 regions;
- **IANIS+** (Innovative Actions Network for the Information Society - Plus) for Information society at the service of regional development, which is led by Sachsen and includes 39 regions (IANIS successor);
- **Sustainable Regions** for Regional Identity and Sustainable Development, which is led by Wales and includes 11 regions.

The PRAI island regions, members of Innovative Actions networks, are:

Erik	2004-5	Ionian Islands, Crete, Balearic Islands
Erik +	2006-7	Ionian Islands, Crete, Balearic Islands
IANIS	2004-5	Canary Islands, Réunion, Madeira
IANIS+	2006-7	Réunion, Sardinia, Madeira
Sustainable European Regions Network	2004-5	Crete, Sardinia

2.4 *PRAI Island regions* participation to the Innovating Regions in Europe network

The network of Innovating Regions in Europe[5] (IRE) is a joint platform for collaboration and exchange of experiences in the development of regional innovation policies and schemes.

The network aims to enable regions to access new tools and schemes for innovation promotion and to create an inter-regional learning process. It also seeks to put innovation at the top of the regional policy agenda. It is open to all European regions that can demonstrate good practice in the promotion of innovation.

The PRAI island regions members of the IRE network are North Aegean & Crete (Greece), Madeira (Portugal), Sicilia (Italy) and Balearic Islands & Canary Islands (Spain), a total of 6 out of the 15 regions.

The two island countries of Cyprus and Malta are also members of IRE.

[5] *For more information: www.innovating-regions.org*

2.5 *PRAI Island regions* participation to the Conference of Peripheral Maritime Regions of Europe

The Conference of Peripheral Maritime Regions (CPMR) brings together 154 regions from 26 countries representing more than 170 million people.

Being located along Europe's shoreline brings both advantages and specific difficulties. The CPMR is working to promote more balanced development across the whole of Europe (territorial cohesion), and increased regional competitiveness through its action on policies which have a significant territorial impact: Transport, R&D, employment and training, competitiveness (balanced competitiveness). In parallel, it is striving to strengthen the participation of the regions in the design and delivery of EU policies (governance).

More broadly, it is working to enhance Europe's maritime dimension (maritime issues) and to promote sustainable development, giving particular attention to energy policies on the one hand, and agricultural and rural policies on the other hand (sustainable development). In the context of globalisation, the CPMR is helping to position the peripheral maritime regions with regard to their neighbouring areas and on the international stage (external cooperation and neighbourhood policy).

The Geographical Commissions aim to ensure that work is as decentralised and as close to the reality of each sea basin as possible. There are six in all: Atlantic Arc, Balkan and Black Sea, Islands, Intermediterranean, Baltic Sea and North Sea.

All 15 PRAI island regions as well as the two island countries of Cyprus and Malta are members of CPMR.

2.6 *PRAI Island regions* entries in the European Awards of Regional Innovation

During 2004, the Commission organised a competition[6] to identify the best, most innovative projects. It invited the regional authorities to recommend projects which were judged by a panel of high-level experts, presidented by Mr. Antonio Guterres (U.N. High Commissioner for Refugees and ex-prime minister of Portugal).

71 eligible entries were received from all EU-15 countries. 5 out of 15 PRAI Island regions participated in that competition. Their respective entries were:

Canary Islands (Spain) in the *Sustainable Development* theme with the project entitled *Gomer@Digital* **www.parcan.es/iniciativa.py?numero=5L/PO/C-0384**

Balearic Islands (Spain) in the *Technological Innovation* theme with the project entitled *AVANTHOTEL: Support for Innovation in the Hotel trade*

www.ibit.org/home/proyectos/proyecto.php?id=196

Guadeloupe (France) in the *Information Society* theme with the project entitled *Plateforme de commerce électronique* **www.planete-guadeloupe.com/**

Réunion (France) in the *Information Society* theme with the project entitled *PASARTIC: Preparation for Access to Further Education and Professional Qualification in Visual Arts and Information Technology* **http://tic.regionreunion.com/article.php3?id_article=84**

Azores (Portugal) in the *Sustainable Development* theme with the project entitled *H2RE: Bases for Research and Development in Renewable Hydrogen in Azores (ID-H2RE) and Interactive Centre for Renewable Energy and Renewable Hydrogen Technologies in Azores (Ptec-H2RE)*

www.drepa.raa.pt/prai-acores/lamtec1.html, www.drepa.raa.pt/prai-acores/lamtec2.html

[6] *For more information: http://europa.eu.int/comm/regional_policy/innovation/concours_en.htm*

The 1st European Awards for Regional Innovation were handed at a ceremony during the 54th plenary session of the Committee of the Regions, held in Brussels in April 2004. The nine awarded regions (three per strategic theme) come from:

- Technological Innovation
  1. Saarland (Germany)
  2. Centro (Portugal)
  3. Sachsen-Anhalt (Germany)
- Information Society
  1. Extremadura (Spain)
  2. Overijssel (The Netherlands)
  3. Schleswig-Holstein (Germany)
- Sustainable Development
  1. Eastern Styria (Austria)
  2. Östra-Mellansverige (Sweden)
  3. Limousin (France)

2.7 Participation of *PRAI Island regions* in past Regional Innovation actions

Some of the PRAI Island regions were pioneers in the early nineties when they start working with regional innovation projects (such as the Article 10 family of projects from DG Regional Policy or the RITTS project from DG Enterprise) as shown in the following table.

Country	Region	Projects								
		DG Regional Policy: Art. 10								DG Enterprise
		RTT	RTP	RIS	RIS+	IRISI	RISI 1	RISI 2	RISI+	RITTS
Greece	**Voreio Aigaio**									•
	Kriti	•						•		•
Total	**2/13**	1/2	0/1	0/4	0/4	0/1	0/1	1/4	0	2/4
Spain	**Baleares**							•		•
	Canarias	•			•					•
Total	**2/19**	1/8	0/1	0/7	1/6	0/1	0/2	1/5	0	2/8
Italy	**Sardegna**							•		
	Sicilia									•
Total	**2/21**	0/3	0	0/5	0/3	0/1	0	1/2	0	1/4
Portugal	**Madeira**	•								
Total	**1/7**	1/6	0	0/2	0/1	0	0	1/2	0	0/1
EU-15										
Total	**7/1393**	3	0	0	1	0	0	4	0	5

The second figure in the above table represent either the total number of regions in a specific MS or the total number of regional innovation projects by project type.

2.8 *PRAI Island regions* statistics

The principle socio-economic statistics for the PRAI Island regions as well as two of the main innovation-related indicators of the new "Lisbon partnership for growth and jobs" are available in the following table.

	POPULATION DENSITY	POPULATION GROWTH	UNEMPLOYMENT RATE	EMPLOYMENT IN AGRICULTURE	EMPLOYMENT IN INDUSTRY	EMPLOYMENT IN SERVICES	R&D EXPENDITURE	EPO PATENT APPLICATIONS
	inh./km²	Average annual % change	% of active population	% of total employment	% of total employment	% of total employment	% of GDP	per million inhabitants
	2002	1995-2002	2003	2003	2003	2003	2002	2000-2002
EU 15	**120,3**	**0,3**	**8,1**	**4,0**	**27,6**	**68,4**	**2,0**	**161,3**
Ellada	83,5	0,5	9,3	16,4	22,2	61,3	0,7	7,4
Ionia Nisia	93,1	0,8	11,0	19,3	12,8	67,9	0,1	0,0
Nisia Aigaiou	63,2	0,7	8,0	24,2	17,5	58,2	0,6	6,3
Voreio Aigaio	53,3	0,1	7,4	17,7	18,2	64,1	0,2	0,0
Notio Aigaio	56,9	1,0	10,9	8,9	21,9	69,1	0,1	3,3
Kriti	71,7	0,7	6,8	33,3	15,3	51,5	1,0	9,9
España	81,8	0,7	11,3	5,6	30,6	63,8	1,0	26,3
Illes Balears	177,4	2,5	9,3	2,0	23,3	74,7	0,3	15,1
Canarias	248,7	2,1	11,4	4,6	20,4	74,9	0,6	8,7
France	109,4	0,4	9,3	4,3	25,0	70,7	2,3	142,8
Corse	30,6	0,4	12,1	5,8	8,5	85,8	0,3	9,2
Overseas Departments	19,6	1,1	27,1	3,1	12,9	84,1	1,6	4,4
Guadeloupe	256,2	0,6	26,3	2,8	12,8	84,4	1,6	7,0
Martinique	345,3	0,1	21,0	5,7	12,5	81,9	1,6	5,9
Réunion	296,5	1,8	31,8	1,7	12,9	85,4	1,6	3,1
Italia	189,7	0,1	8,7	4,9	31,8	63,3	1,1	77,7
Sicilia	193,3	-0,1	20,1	8,3	20,9	70,7	0,9	14,1
Sardegna	67,8	-0,1	16,9	8,0	24,0	68,0	0,7	10,2
Portugal	112,8	0,5	6,3	12,5	32,3	55,2	0,9	4,9
Açores	102,2	0,0	2,9	12,8	28,2	59,0	0,5	0,0
Madeira	309,2	-0,5	3,4	9,5	26,6	63,8	0,3	3,2
Suomi/Finland	17,1	0,3	9,0	5,1	26,3	68,6	3,5	343,6
Åland	17,1	0,5	2,6	4,3	15,2	80,4	0,1	119,8

ANNEXES

It is in vain to expect our prayers to be heard,
if we do not strive as well as pray.

AESOP
620?BC-560BC

A semi-legendary author who wrote hundreds
of animal fables illustrating human follies and foibles.

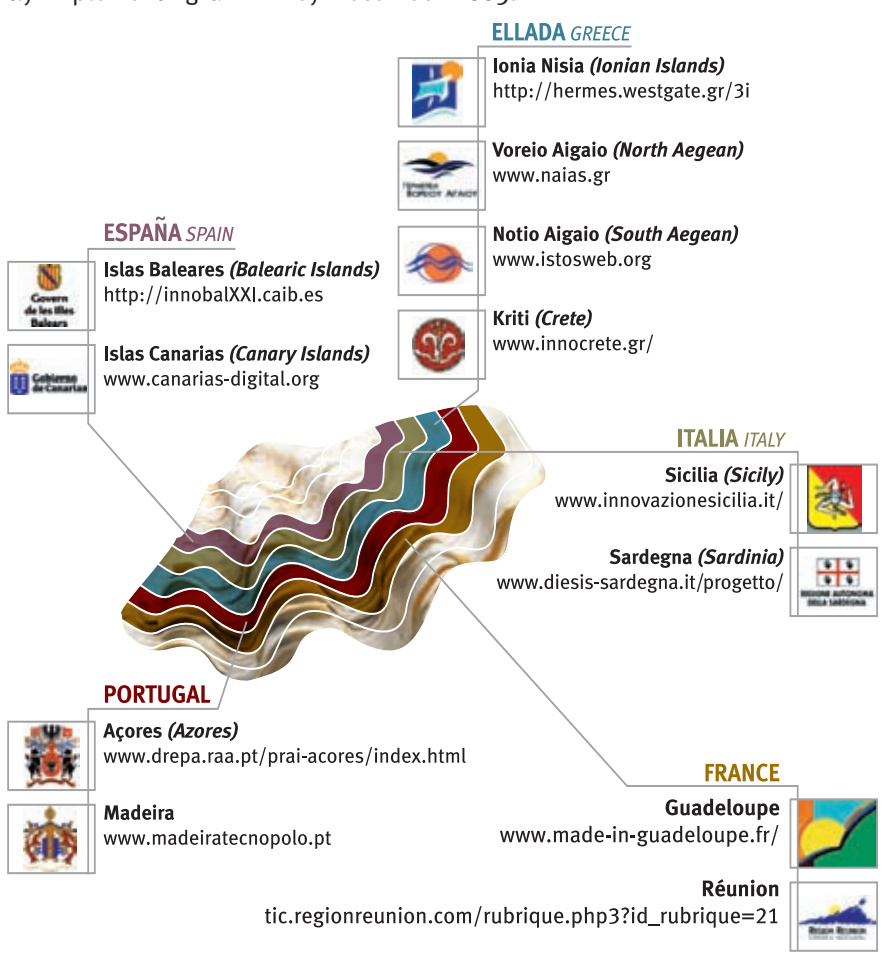
ANNEX 1
THE *PRAI ISLAND REGIONS* REGIONAL PROGRAMMES OF INNOVATIVE ACTIONS

Following the enlargement of May 2004, 10 new Member States have joined the European Union including 2 island countries/regions, Cyprus and Malta. However, according to the guidelines, these regions cannot apply for a PRAI.

It is important to note that Cyprus has already invested in regional innovation in the period 2001-4 via the RISC (Regional Innovation Strategy in Cyprus) programme.

The challenge for the *PRAI Island regions* is to capitalise on the emerging experiences in order to stimulate innovation on a wider scale. It is also expected that the lessons learned from the implementation of the regional programmes of innovative actions will be incorporated into the future Structural Funds programmes. This will help regions to view innovation as a crucial factor for regional development, and provide them with the basis to become in the knowledge society.

The above table includes all *PRAI Island regions* that have completed and/or are currently implementing a PRAI by December 2005.



It is expected that innovation will become a priority in the future generation of Structural Funds post-2006 and best practices from the regional programmes of innovative actions have been incorporated into the future objective of regional competitiveness and employment for the period 2007-2013[7].

[7] *For more information: http://ec.europa.eu/regional_policy/debate/forum_en.htm*

Programme Name (Acronym)

Innovation in the Ionian Islands (3I)

Programme Summary

For years the predominant sector of financial growth for the Ionian Islands has been the tourism sector. The innovation aspect puts another view into these improvement efforts by defining the methods for collectively defining new types of services, using technology and promoting the new ideas into successful business ventures. The strategy imposed by the **3I** PRAI is interconnected to the regional needs to include Ionian Islands into the new era of economy while protecting the traditional business practices and retain the strong region's identity and distinctive cultural characteristics. This strong social need drives the region into policies for inclusion of only "soft technologies" and the blending of digital services into traditional services providing information and context for the creation of innovative actions in the tourism sector.

Programme Themes

- Regional economies based on knowledge and technological innovation
- e-EuropeRegio: the information society at the service of regional development
- Regional identity and sustainable development

The main objectives and added-value of the **3I** PRAI are:

- To blend digital services into traditional services providing information and context for the creation of innovative actions in the tourism sector, deriving mechanisms that will produce the incorporation of technological innovation promoting the information capacity of the region. The digital platform will be the regional recourse that will be used for the creation of innovative services in the tourism sector (i.e. weekend traveling roadmap, hotel selection and booking, virtual cultural routes, senior citizen off-season traveling, cultural event traveling)
- To improve the current state of business reality by improving the quality levels of all traditional services. The devotion to sustainable development endorses the competitive spirit of the tourism industry of the region, combining the development of quality standards and the development of benchmarking in large tourist operations.
- To create new services and innovative start-ups capitalizing on the local resources of tourism, culture, local agricultural products and artefacts blending them with technology features, where appropriate. New forms of tourism such as cultural, archaeological, religious, athletic must be produced accelerating the impact of this sector in the regional economies. The action deals with environment issues related to protecting rural areas from illegal construction which is often the case in tourist areas and to provide on-line feedback on water conditions in the areas that receive a "blue flag" to ascertain that water in certified swimming areas is not polluted.
- To exercise foresight in order to raise awareness within regional actors, entrepreneurs, decision makers, researchers and opinion leaders.
- To provide regional support in the innovation cycle by assisting business planning and promoting the financing of innovative ideas from third party financing.
- To provide information about regional innovative status and to transfer best practices from relevant regions.

Programme Name (Acronym)

NORTH AEGEAN INNOVATIVE ACTIONS & SUPPORT (NAIAS)

Programme Summary

The **NAIAS** programme aimed at contributing to the transformation of an insular, boarder, and poor region to a dynamic, innovative region in the new knowledge based economy. The pilot actions proposed address the needs for innovative culture, competitiveness, e-business, green products, new, traditional products, and better environment. These are a) the use of innovation management techniques, b) the use of modern services on business planning, and internationalization, c) the use of portal e-commerce system, d) the provision of local eco-label, using integrated product schemes, e) the production of new products, from traditional resources, f) the use of an innovative olive oil waste water treatment system. These actions are part of the innovation action plan, already developed through a RITTS program. The adaptation of these actions into the mainstream 3rd CSF, requires prior pilot, small scale testing in order to access the effectiveness, the added value, and the best method for implementation.

Programme Themes

- REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- » REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **NAIAS** program aimed at contributing to the development of a new, innovative, regional identity in the region of North Aegean, and enhancing the usage of new technologies, methods, know how, by the professionals. Following the regional technology transfer plan of North Aegean, it was proposed the implementation of six pilot applications in the fields of innovative culture, competitiveness, e-business, green products, innovative, traditional products, and environment. The application of the proposed projects will contribute to the preparation of the North Aegean region for the transition to a knowledge-based economy, as well as the enhancement of the process of structural reformation for competitiveness and innovation.

The programme's objectives were placed within the overall objectives of the regional operational plan. More specifically, the aim of the program was to develop pilot applications to cover the needs of significant economic sectors for the region of North Aegean, improve the quality of life, experiment with innovative use of new technologies, and finally monitor the benefits of their application and identify how the results can be improved in order to provide high–quality applications for the whole activities of the region, following the end of the program.

Programme Name (Acronym)

INNOVATION FOR SUSTAINABLE TOURISM AND SERVICES IN THE SOUTH AEGEAN (ISTOS)

Programme Summary

The strategic objective of the **ISTOS** programme is to build the necessary environment for sustainable development through regional innovation in the South Aegean region. The programme is based on the planning of an integrated public-private-partnership among the stakeholders in the region. The region's stakeholders have agreed on a strategy based on the needs of the tourism and services sector that dominates the economic and social activity in the region. Thus sustainable tourism development identified as the main component of sustainability on the South Aegean region. The PRAI is based on a strategy that has three interconnected layers. The first layer concerns the innovation in services, the second the sustainability and the third the information and communication technologies.

Programme Themes

- REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

THE **ISTOS** PROGRAMME SPECIFIC OBJECTIVES ARE:

- To promote the regions competitiveness and its ability to adopt regional development strategies to meet the needs of the social, environmental and business stakeholders.
- To push an innovative and sustainable approach into the regional development strategies of the local authorities and SMEs participating in the programme.
- To make the best use of all available, regional, national and European resources in the region in platforms for development of innovative and sustainable structures both in the private and the public sector.
- To develop public-private- partnerships in order to facilitate innovative projects in the service and tourism sector.
- To blend digital services into traditional services providing information and context for the creation of innovative actions, deriving mechanisms that will produce the incorporation of technological innovation and thus promoting the information capacity of the region.

The above objectives are being succeeded through the following actions:

ACTION 1: INNOVATION, SUSTAINABILITY AND LOCAL AGENDA 21

The action regards the creation and the development of the necessary environment for the application of Local Agenda 21 in the South Aegean region. The action's components include the measurement of the sustainable performance of the region, the estimation of its social, economic and environmental footprint, as well as the promotion of regional and local innovative governance for the successful application of Local Agenda 21. It should be noted that it is the first time that governance is being studied for an insular area.

ACTION 2: REGIONAL FRAMEWORK FOR SUSTAINABLE TOURISM

The aim of the action is the development and pilot application of a comprehensive regional framework for sustainable tourism. Specifically, the action involves the development and pilot application of a standard for sustainable tourism, the monitoring of the quality level of the regional tourism product through enterprise benchmarking in the tourism sector, as well as the creation of two Centers of Innovation (one in the Dodecanese and one in the Cyclades Prefecture) for the provision of consultancy and technical assistance to the local SMEs on sustainable development and innovation issues.

ACTION 3: DRAWERS OF INNOVATION

The action involves the provision of support to 30 drawing-firms (or to 3-7 clusters of firms) from Dodecanese and Cyclades, for projects based on innovation in the production, organisation, operation and marketing functions in the tourism sector.

Action 4: Digital Aegean Island (DI.AG.I)
The overall objective of the action is to implement and demonstrate innovative telematic services to the tourism industry through the utilization of the most advanced telecommunication technologies and computer network applications developed in the Internet. The aim of this action is to produce the drives and mechanisms that will develop the incorporation of technological innovation promoting the information capacity of the region.

Action 5: Wireless Island Area Network
The action refers to the establishment and operation of a wireless local network in the island of Paros. The services will be geared to the tourism and visitor market as well as to other local enterprises. The network will facilitate direct access to Internet and the exploitation of the practical telematics applications.

Action 6: Networking with other regions
The action aims at the development of cooperation between the Region of South Aegean and other European Regions sharing common characteristics and development prospects. This cooperation will be primarily focused on the exchange of experience, knowledge and best practices in view of undertaking common action in fields of common interest.
Apart from project reporting and evaluation the action regards the planning and implementation of the publicity campaign of the programme as well as actions orientated towards the dissemination of its results.

Programme Name (Acronym)
Canari@sDigital-Innova (CD-I)

Programme Summary

The final goal of the programme of innovative actions **Canarias Digital-Innova** is closely linked to the central objective of the "Canarias' Information Society Strategy": *"This strategy aims to fully integrate Canarias into the Information Society, both in economic and social terms and to improve employment, competitiveness and territorial and social cohesion levels in the archipelago"*.

Building upon the existing Regional Development Innovation and Information Society Strategy Plans, **Canarias Digital-Innova** will feed and optimise the Canarias' Operational Programme funded by the European Regional Development Fund through a closer co-ordination of strategic planning and management bodies.

Programme Themes

REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION

» E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT

» REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

»

The **CD-I** programme specific objectives are:

- Establishment of an integrated platform for co-operation and knowledge management.
- Experimentation with the most innovative technologies for broadband access to networks and services and establishment of a network of public access points to networks and resources.
- Stimulating public-private partnership, for further generalisation throughout the archipelago.
- Use of information, communication and technology to contribute to a sustainable development of the islands transport system.
- Creation of small and medium-sized enterprises and citizens-oriented content, in particular aimed at exploiting the potential of local resources and e-tourism (i.e. broad band rural homes and service-related centres).

Programme Name (Acronym)

CRETE INNOVATIVE REGION (CRINNO)

Programme Summary

The strategic objectives of the **CRINNO** programme are:

- To create an environment accelerating introduction of private and public sectors to first class University and Research Institutes technological developments and know-how. It encourages the establishment of partnerships, which facilitate the development of innovative enterprises and innovative products in both high-tech and traditional sectors.
- To promote the regional cohesion and sustainability through an integrated approach to manage high risks that threatens the existence of insular and historical characteristics, which constitute high value components of the region's development capacity. Innovative methodologies and partnerships are adopted in order to provide scientific know-how and to establish the platform to promote innovative solutions.

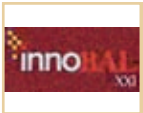
Programme Themes

- ›› REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- ›› REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The prime objectives of the **CRINNO** programme are to achieve a significant cultural change towards innovation and sustainability throughout the region and progressively develop an interactive regional innovation system capable to support the competitiveness of Cretan economy. Crucially, and to ensure that the regional innovative actions are much more than a research or academic exercise, the programme will give much emphasis to strengthen the partnerships which consolidate the social consensus and sustainability. The programme will also seek to mainstream the results and general approach of the programme to structural funds and other strategic programmes in Crete, identifying the means for transferring and sustaining the innovative approaches and knowledge generated to all relevant sectors. In order to ensure that the learning process is not insular, the PRAI will network with other regions in Europe, to ensure that current best practice is adopted by the pilot actions and that further best practice, developed by the programme is widely disseminated throughout the region and to other EU areas.

In the context of the overall **CRINNO** programme the key objectives are the following:

- Develop and strengthen the permanent regional structures and networks which:
  - › Support regional authorities in defining, monitoring and evaluating regional development policy based on innovation and sustainability
  - › Transfer of technology, knowledge and information from Universities and Research Institutes to firms, rural communities and public sector
  - › Motivate and support innovative entrepreneurship and product innovation
- Adoption of innovative practices and methodologies in managing rationally natural resources which are considered as vital elements for the island sustainable development in a rationale manner ensuring sustainability
- Make effective use of innovative methodologies and practices to manage unique cultural, environmental and traditional assets that define regional identity, which are in danger because of the increased demand, physical, social and human pressure with negative sustainability consequences.



Programme Name (Acronym)

INNOVATION AIMED AT DIVERSIFICATION AND SUSTAINABILITY OF THE ISLAS BALEARES (INNOBAL XXI)

Programme Summary

The **INNOBAL XXI** programme of innovative actions focuses on promoting economic sustainability in a small region suffering from the impact of mass tourism.

Developing the regional economy through knowledge and technological innovation is the priority in the programme.

Programme Themes

- ›› REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

THE **INNOBAL XXI** PROGRAMME SPECIFIC OBJECTIVES ARE:

- Adaptation of the programme to the regional situation
  Creation of three innovation centres (one on each of the three largest islands).
- Improvement of the technological level and innovation process in enterprises and in the whole region
  Creation of 15 e-enterprises and providing specialist support and technical assistance to 40 regional enterprises, which will implement 15 Innovation Plans.
- Economic diversification by making use of new knowledge-based activities
  Introduction of information and communication technologies in at least 40 hotel enterprises as well as creation of a tourist and hotel innovation cluster involving more than 30 regional businesses.
- Best practices transfer of the innovative actions to the whole region
  Definition of a set of new measures within the framework of the existing Regional Innovation Strategy (Pla BIT).

Programme Name (Acronym)

COMPTOIR DE LA NOUVELLE ECONOMIE DE GUADELOUPE

Programme Summary

One of the priorities of the programme is the implementation of strategies for technological innovation and information society, in order to allow the economic and cultural revalorisation of the territory.

The programme aims at making the region capable of entering the information society era, to equip her with the necessary instruments for its economic development, to enable her to reduce its insulation with respect to the remainder of European Union, to create a centre for the development of activities of company, and to create employment in the Caribbean area.

The regional strategic programme is built in two planned stages over the period 2003-2006. First a starting phase of 2-year duration (2003-2004), which is the object of this programme; and a second deployment phase with a 2-year duration (2005-2006).

Programme Themes

- ›› REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- ›› E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **Comptoir de la nouvelle économie** programme is built on a principal base: an electronic trading platform. It has as an aim to give the inhabitants a regional market place and local trade gallery, as well as a number of accompaniment services necessary for the awareness-raising, mobilisation of the companies and for their progressive entry in the new economy. These accompaniment services will be externalised during the 2nd phase of the programme.

Programme Name (Acronym)

INVESTIR DANS L'HOMME REUNIONNAIS

Programme Summary

The regional programme of innovative actions aims to give Réunion a coherent regional strategy and an action plan likely to help develop better its assets, while controlling the specific weaknesses and the constraints arising from its geographical environment.

The programme covers the topic of "the regional information society" by allowing:

- the qualification and adaptation of the competences of the population at the offer of the companies of the Information and Communication Technologies sector;
- the encouragement and the competitiveness of the local economy, by creating activities and jobs via the Information and Communication Technologies.

Programme Themes

- REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- >> E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **Investir dans l'homme Reunionnais** programme specific objectives are:

- Pilot projects for training of the population to the Information and Communication Technologies
- Access to the world wide web of the upper secondary education schools
- Distribution of know-how by the organisation of a seminar for the ultra peripheral European regions, as well as for the other less-favoured regions of Europe and the ACP (Africa-Carribbean-Pacific) area.

Programme Name (Acronym)
INNOVAZIONE-SICILIA

Programme Summary

The objective of the Programme is the implementation of diffusion processes for the distribution of innovation in the regional economy, through the creation of cooperation networks among companies, centres of research, universities, centres in the services of the companies, local authorities, financial organisations, training agencies and other similar structures to the service of companies.

These networks aim to assemble the technological and scientific know-how, of research and management of the interested areas with the aim of working out processes of diffusion of economic innovation realizable elsewhere, which could be applied within the framework of regional programming with/without the support of the Community funds.

Programme Themes

- ›› REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **INNOVAZIONE-SICILIA** programme foresees: a) the creation of three networks of cooperation in the sectors of the agriculture, particularly for the biological crops, of the agri-foodstuffs industry and of the craft industry; b) the implementation of a regional fund for innovation; c) experience sharing between regions in the field of economic innovation; and d) technical assistance for the implementation and the evaluation of the programme and for communication and information activities.

THE **INNOVAZIONE-SICILIA** PROGRAMME SPECIFIC OBJECTIVES ARE:

- The programme aims to create innovative processes which could help the companies to activate in the selected sectors the continuing training and permanent innovation.
- The innovation that one intends to stimulate includes all the production processes and management of the companies: management innovation as such, product innovation, processes (technological), market, finance; the innovation applied to products and the traditional companies as well as to products and to high technology companies.
- At short term, the cooperation networks connecting the companies to the centres of research, to the universities, to the official authorities and to the specialised experts represent instruments to acquire and exchange the knowledge which does not help only the companies, but also the other participants in the networks, to know better their needs and to make changes their working methods. Work in network raises the average level of the professional capacities of those involved and helps them to give relevant answers to the innovation requests.
- In the long run, the objective is to defer the techniques of innovation to other production sectors of the whole region to recycle gradually all the production system and that of services to companies.

Programme Name (Acronym)

DRIVING INNOVATIVE EXPLOITS FOR SARDINIAN INFORMATION SOCIETY (DIESIS)

Programme Summary

The main objectives of **DIESIS** are promoting discussion, a positive attitude towards innovation and intensive actions among the regional administration and the different stakeholders. On this basis, to prepare a mid-term financial plan with appropriate guidelines in order to exploit all available financial resources supporting innovation at regional, national and European level.

Programme Themes

- REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **DIESIS** programme specific objectives are:

- dissemination and fine tuning of the regional strategy, including consensus among the main stakeholders.
- preparation of mainstream projects in five key areas for sustainable development that will also contribute to improving the position of the region in the global market. These key areas regard e-tourism, e-government, e-learning, e-commerce and knowledge management (as a horizontal area crossing the other four).
- promotion of financial strategies and the diversification of the financial sources to duplicate the investment in infrastructure and Information Society products or services in the next two years.

Programme Name (Acronym)
PRAI AÇORES

Programme Summary

The regional programme of innovative actions of the autonomous Region of the Azores, outlines the regional strategic priorities for the sustainable development. It is structured on four actions, which contain fields of intervention like renewable energy, the information society and culture. On the preparation and the development of this programme, several public and private entities took part, in the spirit of an active partnership. The actions proposed, moreover to correspond to a strategy of development of innovation in the Azorean company, also aim to complement and improve the quality of the intervention of the current operational Community Support Framework programme.

Programme Themes

- REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION
- E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT
- REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **PRAI Açores** is positioned as one of the strategic priorities for regional development, particularly increasing competitiveness, within the framework of a horizontal policy of sustainable development, by developing and strengthening the role of the public and private partnerships.

THE **PRAI Açores** SPECIFIC OBJECTIVES ARE:

- Backing of renewable energies for the supply of the electric power
- Diffuse, even in the more isolated communities of the region, new information technologies
- Stimulate the use of Information and Communication Technologies in the Azores both by the companies and the private individuals
- Promote the disclosure of Azorean culture, in conjugation with the new Information Society technologies

Programme Name (Acronym)
PRAI MADEIRA

Programme Summary

The programme aims to equip the Madeira region with a coherent regional strategy and with a programme of actions likely to develop better the assets and the opportunities of its regional reality while taking into consideration specific weaknesses and constraints of its geographical environment.

The programme aims at carrying out the following actions:

- The definition of a regional strategy in the fields of the RTD & Innovation and of local & sustainable development (RDTI-SD);
- The definition of an integrated development programme articulated around emerging and pilot projects in the fields of the RDTI-SD);
- The development of know-how in territorial management with a view to perpetuating development dynamics generated by the implementation of the PRAI.

Programme Themes

» REGIONAL ECONOMIES BASED ON KNOWLEDGE AND TECHNOLOGICAL INNOVATION

E-EUROPEREGIO: THE INFORMATION SOCIETY AT THE SERVICE OF REGIONAL DEVELOPMENT

» REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

The **PRAI Madeira** specific objectives are:

- Strengthening of the strategic capacity of the Region in the field of the RTD-Innovation and Sustainable Development and promotion of an action plan and measures according to an integrated approach:
  - › Development of a regional Innovation and sustainable Development strategy (RDTI-SD) for the autonomous Region of Madeira;
  - › Development of an action plan and measures in RDTI-SD in the region which would give a coherent orientation to the policy of development of pilot projects in these strategic sectors of the region.
  - › Integration of the action plan in RDTI-SD in the operational programme and in the economic and social development plan of the region.

- Emerging project identification in conformity with the strategy and the action plan as well as project design which can influence the regional actions positively:
  - › Proposal for pilot projects for each of the two subjects of the innovative regional actions: knowledge and technological innovation and sustainable development;
  - › Feasibility analysis of pilot projects.
- Strengthening of the public-private regional partnership and stimulation of experience sharing and of the creation of networks and partnerships:
  - › Creation of a regional institutional system which, in a permanent way, would define and support the adoption of the regional strategy in RDTI-SD;
  - › Encourage stakeholders partnership in RDTI-SD of the proposed pilot projects.
- Development of administrative capacity for territorial management ensuring the strengthening of RDTI-SD projects:
  - › Improvement of methodologies and of the tools for programme management and the administrative capacity for project design;
  - › Creation of a system of promotion and evaluation of the RDTI-SD in the region;
  - › Staff training in the management aiming to improve cooperation between the actors and operators and to strengthen the efficiency of the interventions in the in the ROPs.

Annex 2
The socio-economic portrait of the PRAI Island regions

The five islands groupings of Sicily, Sardinia, the Balearic Islands, Crete and Corsica account for over 80% of the *PRAI islands regions* population.

PRAI Islands regions are almost radically different from their countries. National and global trends are not felt the same way in these regions. As a result, the disparities between *PRAI Islands regions* and the other regions are far greater than the differences between the respective Member States. Success will go to those *PRAI Islands regions* which are swift to adapt and open to change.

NUTS	COUNTRY - REGION	GDP [8]	ELIGIBILITY SIMULATION 2007-2013
	ELLADA (GREECE)		
GR22	IONIA NISIA (IONIAN ISLANDS)	65,53	BELOW 75% THRESHOLD
GR41	VOREIO AIGAIO (NORTH AEGEAN)	74,30	BELOW 75% THRESHOLD
GR42	NOTIO AIGAIO (SOUTH AEGEAN)	87,74	PHASING-IN
GR43	KRITI (CRETE)	72,27	BELOW 75% THRESHOLD
	ESPAÑA (SPAIN)		
ES53	ISLAS BALEARES (BALEARIC ISLANDS)	116	
ES70	ISLAS CANARIAS (CANARY ISLANDS)	87,79	PHASING-IN
	FRANCE		
FR83	CORSE (CORSICA)	86,80	
FR91	GUADELOUPE	67,32	BELOW 75% THRESHOLD
FR92	MARTINIQUE	74,88	BELOW 75% THRESHOLD
FR94	RÉUNION	60,63	BELOW 75% THRESHOLD
	ITALIA (ITALY)		
ITG1	SICILIA (SICILY)	71,98	BELOW 75% THRESHOLD
ITG2	SARDEGNA (SARDINIA)	82,65	PHASING-IN
	PORTUGAL		
PT20	AÇORES (AZORES)	61,61	BELOW 75% THRESHOLD
PT30	MADEIRA	87,84	PHASING-IN
	SUOMI/FINLAND		
FI20	ÅLAND ISLANDS	156	

By June 2005 there were no *PRAI Islands regions* classified as "Statistical effect" regions.

[8] *GDP/head index data : average of years 2000-2002 (EU-25=100)*

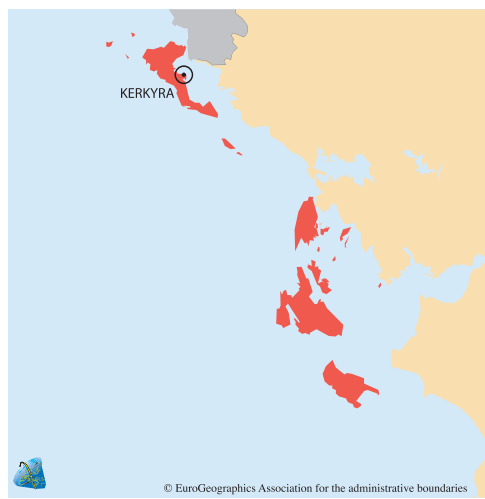
GR22 - Ionian Islands

The region of Ionian Islands includes several islands, of common historical and cultural history. The Islands have common social and financial characteristics, coming from the structure of the insular area in which they belong. The Region appoints also a very remarkable physical environment with many excellent landscapes, which presents the special characteristics of the insular area. The totally area of the region is 2.318 km², it covers the 1,8% of the totally area of the country. The region consists of Perfectures of Corfu, Lefkada, Kefalonia, Ithaka, and Zante and of 33 municipalities and 6 communities. The headquarters of the region is located in the city of Corfu.

Generally the Region of the Ionian Islands, because of its important development of the tourism sector, gives the impression that they deal with a developed region. But in the reality the region have to do with a insular marchland with in-regional differences at the level of the social and financial development and with important problems at the connection between the islands and the rest of the country.

The population of the region is up to 202.000 people (1998) and it is correlated to 2% of the total population of the country. The civil population is up to 26% of the totally population (1991) and since then it is increasing in connection to 1981, the agricultural population is up to 63% of the totally population and it shows a small increasing, the residential population is decreasing and it is 11% of the total population of the country.

The region produces the 1.74% of the total Production (GNP) of the country. The 17% of the regional GNP is produced by the primary section, the 14% in the secondary section and the 69% in the tertiary section. The corresponding numbers for all the country are (1994) 15% for the primary section, 25% for the secondary section and 60 for the tertiary. Diachronically there is a turn in regionally finance of the Ionian Islands to the tertiary section, the tertiary section has increased its participation to



the total of the regionally GNP, but in the other side the participation of the primary and secondary section has been decreased.

The GNP of the region (for every single person) is up to 90% to the average of the GNP of the country in the year 1994. If we compare the EU data with the correspondent data, we will find out that the regional GNP is 62 % of the European average GNP. The region is ranked in the twenty two place of the 25 poorest regions of the EU (in 1986 the rank was 15). According with newest statistical data, with GNP at 3.97 million drachmas for the year 2001, 98% of the total average of the country, it takes the 5th rank in all the region, the rank is for almost 10 years stabilized. The region had the lowest percentage of unemployment in the country for the year 2000 9% to 11,1% of the country unemployment.

The productivity of the region is low, corresponding to the country and the European committee. The productivity in the year 1996 was 63% of the EU average, (the corresponding percent of the country was 72%). However it showed a little improvement corresponding to the year 1993 in which the percent was 62%.

The region accumulates 2% of the population and produces 1,9 % of the GNP of the country. Between 1991 and 2001 the

population has been increased 11%, which was the 3rd biggest increase in the country after South Aegean and Creta.

The productivity of the region is up to 3% of all the agriculture production 0,5% of the manufacture productivity and 2% of services. According to Eurostat the working force of the region is going to get increased at 7,9% in the years 2000-2010, almost a double increase for Greece as total (4.3%).

The 3/4 of the products comes from the services, and at first from tourism, 12% (1999) the hosted tourists, it has also the 2nd highest hosted tourists.

In the 5 years 1995-1999 the region had 86 new licenses for industries, 2% of the total. The proportion of the industries who are in the area is only 0,3% of the manufacture and construction units of the country and 1,1% of the commercial .

After a research carried out on 2000 in relation of Information Technology and Internet diffusion in the Region of Ionian Islands private sector, the following results have produced:

- 20% of citizens have access on a Personal Computer. This amount was very lower before 1998.
- Among civilians not having access on a Personal Computer, only 10% has the intention to do so.
- Internet penetration is 14%. The majority of citizens not using Internet, believes that it is not useful, very difficult to learn and expensive.
- The most ordinary use of Internet is for Information Search and Retrieval, and for Entertainment.
- Only 2,5% off the people having Internet access, uses it for Electronic Commerce (to buy products). However 50% of them, are willing to do so (mostly to buy books, songs and e-games).

The basic outcome of this research is that Informatics and Internet penetration in the Region of Ionian Islands is very small. However there was a definite incremental tender.

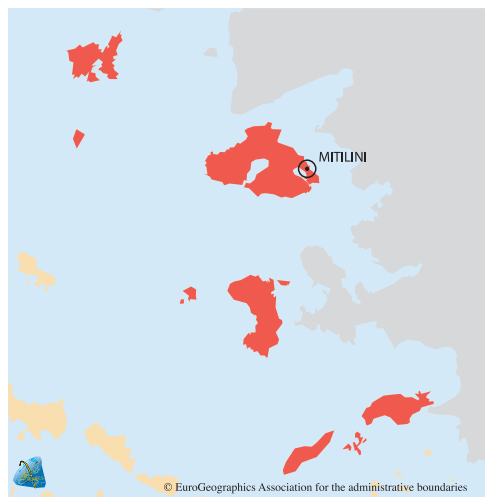
From another research targeted only in SMEs, the basic conclusion was that very few companies in Ionian Islands own up-to-date technological equipment in the area of Info ration technology (Personal Computers, Servers, Software etc). The majority of the ones having such equipment, continuously notify themselves concerning new tenders and they are willing to buy new useful products. As a result, among SMEs having Personal Computer, there is 50% Internet Penetration. However is lack of use of the Web for business purposes (web sites for promotion, Electronic Commerce etc). Companies are willing to do so but they don't know how to do it. This happens either because they don't have the specialized personnel or they can't pay to have it. Additionally there is lack of companies producing and supporting such application in the Region of Ionian Islands.

GR41 – North Aegean

The region of North Aegean is located in the northern part of the Aegean Sea. It comprises three administrative levels: the regional administration, which is part of central government; prefectural authorities and local authorities. There are three prefectural authorities: Samos, Chios, and Lesvos, which contain the islands of the same name and many smaller ones. The ensemble that is composed by these is characterized by the absence of geographical and economical cohesion.

The population of the region numbers 182.990 (1999) inhabitants. The small positive growth of the 1981 – 1991 decade (2,1%) was reversed in the 1991-1999 where a reduction of 8,8% of the population occurred.

The regional transportation infrastructures are of average condition, fact that may be largely explained by its insular and border area characteristic. The same situation prevails in what regards the technical and social infrastructures, while it appears to be a shortage in industrial infrustrures. The existence of the University of Aegean represents a great advantage.



Objective 1

For what regards the regional GDP, in 1998 it represented 1,6% of the total country's GDP. The major contribution to the regional GDP is made by the prefecture of Lesbos (55%), while the prefecture of Chios participates at a level of 22%, and the prefecture of Samos 23%. During the 1981-1991 period the average annula growth of the regional GDP was 1,4% while in the period 1991-1994 period it was of 1,6%. The primary sector produces 20%, the secondary sector 17%, and the tertiary sector 63% of the regional Gross Domestic Product (1994). In the primary sector the olive oil contributes 15% of the national product, and the chesse 4%. The regional economy is mainly based on the tertiary sector (Tourism, Public Administration, and Services), while the two other sector are on the declining course. In 1999, the regional GDP per head represented 52% of the average European Union's GDP per head, and North Aegean was one of the poorest regions of the Union. It ranks one of the poorest region of the EU, and of Greece (10th out of the 13 Greek regions).

The labor force is characterized by a continuous shrinkage. Its reduction rhythm was 3,8% during the 1981-1991 decade while for the 1991-1996 period it was even higher, reaching 5,9%. The same happens with employment, which reduces continuously. The greatest losses in employment positions appear in the secondary sector. In the primary sector the losses are smaller, while in the tertiary sector a growth in available positions is observed. The employment reduction during the 1991-1999 period was the main reason for the growth of unemployment during the same period. While in the 1992-1995 period a reduction was observed, in the period of 1995-2000, unemployment showed ups and downs, to finalize itself at a higher level in 2000, compared to 1993 (11% compared with 7,5%).

Between the region's prefectures a significant diversity in the structural production fabric exists, since each prefecture presents a different production physiognomy.

The main advantages of the region are:

- The scenic environments and beauties
- The possible use of renewable sources
- The operation of the Aegean University
- The traditional regional products

The main disadvantages are:

- The insular and boarder area character
- The unfavorable demographic conditions
- The low level of GDP
- The absence of dynamic and modern productions
- The lack of infrastructures
- The difficult linkages of the region's islands

The main opportunities are:

- The size of public investment
- The traditional products (mastic, oil, wine)
- The linkage between research and production
- The traditional and cultural heritage
- The unexplored areas of natural beauty
- The development of major infrastructures

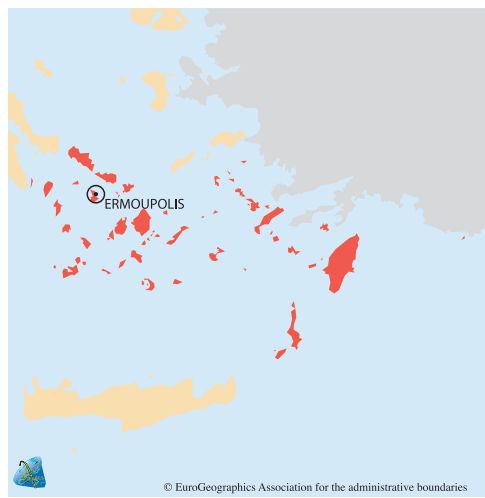
The main threats are:

- The adjustment of the locals to innovation
- The difficulties to create scale economies
- The insecure syndrome due to the border character
- The adjustment into the globalization

The social and economic analysis clearly indicates that the secondary sector is the weakest part of the economy.

GR42 – South Aegean

The South Aegean Region consist of the Prefectures of Cyclades and Dodecanese and extends in the Aegean Archipelagos from the coasts of Attica and Evia, where there is Makronisos and Andros, to the South coast of Turkey, where there is Kastelorizo or Megisti. The region consists of 80 islands from which only the 47 are inhabited. The total area of the region is 5.286 km² and covers the 4% of the area of the country. The relief of most of the islands is mountainous and rocky, the mineral resources are poor, apart from some rare exceptions, and there is severe scarcity regarding conventional energy resources. On the other hand, the rich natural and cultural resources represent the comparative advantage of the South Aegean Region.



The population of the region has increased in the late decades (1961-1991) and up to 1997. The increasing rate is about 24,17% placing the region of South Aegean first (concerning rates of population growth) between the thirteen regions of the country. The population of the region from 207.354 in 1961 became 268.643 in 1997. Analogically the growth is the same between the islands. The urban population has the major growth in the region, following the semi-urban population, except the agricultural population, which after the decreasing in 1981 is up to the same level of 1961. The general growth is not succeeded only from the increasing rate of births but also from internal and external emigration.

The GNP of the region is higher than the average GNP of the country. In particular arises up to 122% of the average GNP of the country, which is, also arises in 74% of the average GNP of the European Union. Statistically the region of the islands of South Aegean appears as prospering but it is known that this is ought to the financial development of specific islands, particularly Rhodes, Kos, Santorini, Mykonos, and Paros. Respectively the productivity of the region lies in a higher level from the country but in a lower lever from the average of the European Union. The growth is ought to the islands of Rhodes, Kos, Santorini, Mykonos and Syros. Assuming that these five islands are excluded from the statistics the South Aegean Region would drop dramatically to the last places of the country in terms of wealth. The geographical morphology of the South Aegean is keeping down the diffusion of the income and the known how, and creates different levels of development and serious internal inequalities.

The decrease of employment together with the decrease of productivity are the main facts that characterising the primary sector. The manufacturing sector also is facing dramatically decrease of employment. Manufacturing includes in the majority SMEs except the dockyard of Syros, which is considered as a big firm, but it is still an SME according to the EU classification. In the contrary, the sector of services and mainly tourism is continually rising, the employment in the sector accounts for up to 65%. Services and particularly tourism account also for almost 75% of the GNP of the region. The research activity is very low just the 1% of the total research industry and rank the region in the last of the 13 regions of the country.

According to the latest research concerning the Technology and Internet diffusion in the South Aegean Region, the following results have been reported:

- In 2001, only the 11% of the population have access on Personal Computer and Internet.
- In 2002 the percentage of citizens having access on Personal Computer and Internet rises to 14,9%.

Despite the increasing percentage through the years, the basic outcome of this specific research is that Informatics and Internet penetration in the region of South Aegean Islands is very small.

The majority of the enterprises in the region of the South Aegean islands are grouped in SMEs category and their master activity are in Services and especially in Tourism. A research that has been undertaken during 2001 by Eurobarometer shows that the rate of use of personal computers and internet is related to the size of the firms. Small firms (up to 10 people) are using less PCs and the internet than larger firms (more than 11 people).

The South Aegean region is endued with natural beauty and local culture and tradition. These are the reasons that make the specific area to have a strong advantage in the tourism development. A major percentage of the wholesale and retail commerce concerns the tourism activities and especially the business sectors of Hotels and Restaurants.

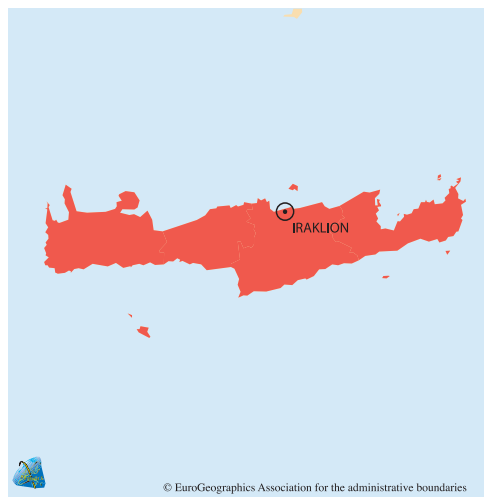
GR43 - Crete

The region of Crete is the southernmost region of European Union. The largest of the Greek islands covers an area of 8.335.880m² (6,3% of the country's overall extent). According to the 2001 census, Crete counts 601.000 inhabitants (5,9% of the country's total). Heraklio and Chania, the two biggest cities are the basic gateways of the island.

The excellent climate of the island, the sun and the sea, the historic monuments, the beautiful landscape and modern tourist resorts, attract more than 2.000.000 visitors every year. Crete is known worldwide for the quality of its agricultural products, which constitutes the basis of the Cretan diet.

The economy of Crete is being characterized by its intense dependence on the primary sector (38% of the labour force) and tourism (50% of the labour force), while the contribution of the combined primary and tertiary sector in the Gross Regional Product is approximately 87% (primary 31% and tertiary 56%). Crete is considered one of the most dynamic regions of Europe in terms of economic development yearly rates. The per capita Gross Regional Product corresponds approximately to 100% of the respective Greece average and 75% of the EU average. Unemployment remains at low level (4,6% of the total labour force the year 1997), significantly lower of the Greek average 10,3%.

New technologies are represented in Crete by a range of educational and research institutes. Crete boasts two dynamic universities, a college of technology, a major research foundation (FORTH), an institute of marine biology and three agricultural research institutes. These facilities, combined with high quality personnel, are transforming the island into a scientific centre in areas such as computing, biotechnology, lasers, polymers and marine technology.



Objective 1

The main advantages of the region are:

- Economic Issues
- The local economy dynamism is equally depended on two important activities (tourism and agriculture)
- In the tourism sector, economies of agglomeration have been achieved along with top quality
- Good quality and wide variety of local products
- Availability of internationally known educational and research Institutes with high quality human and entrepreneurial capacity, which can ensure the wide spread of innovative actions
- Social Issues
- The natural increase rate of the population is higher compared to the country's average
- Low unemployment rate. (Half price of the country's average)
- Population homogeneity
- Well defined and internationally known living and gastronomy standards
- Spatial Issues
- Availability of areas with natural beauty and biodiversity
- Existence and spatial spreading of areas with important elements of historical cultural interest
- The characteristics and optimum size of the island can serve as a very good background for applying methods of integrated development and spatial development strategies

The main disadvantages are:

- Economic Issues
- Highly dependent economy on massive tourism
- Agricultural sector characterized by unexploited capacity of innovation and inefficient trade and marketing networks
- Low level of productivity and human resources specialization
- Low level of intersectoral links within Cretan economy, basically between tourism and agriculture
- Social Issues
- High indexes of old, non-active population compared to the country's average
- The Educational level of the work force is lower than the country's average
- Underdeveloped and not efficient network of social infrastructures
- Limited participation of women in the workforce and a high trend of concentration of the female activities in the primary sector
- Spatial Issues
- Difficulties in the development of interregional cooperation due to the island constraints
- Environmental pressures due to the highly populated and tourism developed north side of the island
- Increased demand for the environmental and cultural protection
- Increased demand in basic infrastructure projects because of the population spread in numerous small residential areas

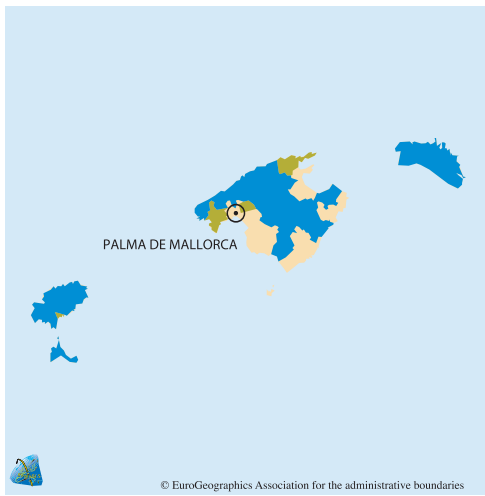
The main opportunities are:

- Economic Issues
- Innovation, quality stability, standardization and efficient marketing policy of selected local products
- Enrichment and differentiation of the tourist product
- Entrepreneurship reinforcement and organization of the production units in such a way that can facilitate innovation and technology upgrade
- Development of strong links between research-technology and local economy actors
- Social Issues
- Completion of the social infrastructure network especially for the children protection-guarding
- Fighting of social isolation
- Strengthening of cultural institutions
- Protection and valorization of traditional society assets
- Spatial Issues
- Strengthening spatial specialization
- Strengthening the links between the urban centers and the harbors and ports of the island
- Promotion of local into vest urban centers and secure of their business links with rural zones
- Integrated management interventions for the natural and cultural heritage valorization and protection

The main threats are:

- Economic Issues
- Limited private funds in R&D activities
- Bureaucracy
- Lack of skills prevents the public sector from supporting the development of a regional innovation system
- Social Issues
- Authentic and traditional society characteristics are progressively transformed to folklore, commercial products vulnerable to negative influences
- Spatial Issues
- Significant pressure to Nature 2000 eco-systems and bio-diversity. The necessary partnerships for their successful management and protection by local societies are not easily accepted
- Water resources management models are not easily adopted by decision makers, on regional level

ES53 – Balearic Islands



In 2003, the population of the Balearic Islands was 916.968, representing 2,2% of the Spanish population. The density of population is one of the highest with 183,69 inhab/km^2, with a tendency to expanding, this is especially influenced by migratory variations. The population is very badly distributed, with almost 40% of the population living in Palma de Mallorca, the capital, making it the 10th most populated city in Spain. From 1960, demographical growth has been spectacular, especially in the last five years where migratory influx has been extremely high. Both factors threaten insular sustainability.

Main economic activities are tourism, services and industry. More than 85% of the Balearic Gross Value Added (GVA) comes from the service sector with the highest contribution derived from the tourist sector. The industrial sector has minor contribution and is fragmented (lots of sectors, small companies and a low level of technology), representing only 7,11% of the Balearic GVA.

It is possible to summarize the islands' main features from a social-economic perspective by carrying-out a SWOT analysis:

The main advantages of the region are:

- The inhabitants have a culture of entrepreneurship and initiative.
- Historical tradition of exporting and trading
- Historical capacity to creatively adapt and to learn from new circumstances.
- "Quality" image associated with the Balearic Islands' businesses.
- Existence of a natural tourist cluster with a lot of potential for encouraging innovation.
- Favourable outside conditions susceptible of encouraging the information society.
- Progressive social awareness in matters of sustainable development.
- Presence of technological centers and laboratories, basis for the development of the business structure.

The main disadvantages are:

- Limited resources and growing demographic pressure.
- Minimal cooperation among the different agents of the regional innovation system.
- Insufficient presence of advanced services in companies.
- Non-existence of a clear and explicit business demand when considering technological services.
- Lack of methodological and practical references for the definition of an R+D+I policy focused on tourism and related sectors.

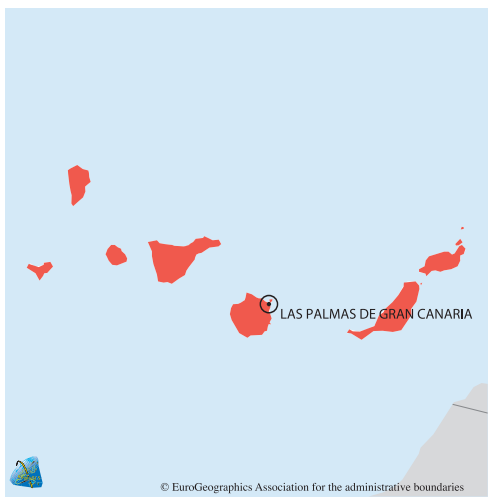
The main opportunities are:

- Stable growth of the tourist sector at international level.
- Existence of basic infrastructures and high public awareness.
- Global tendencies to insert ICT and innovation into the tourist sector.
- Political and social desire to focus the Balearic Islands' economic growth on technology and innovation as a way to insure sustainability.
- The possibility to sell appropriate services and technologies for tourist activities in emerging areas of the European and Worldwide economy.

The main threats are:

- The tendency to globalize and disperse production is a threat to traditional sectors (including tourism) unless we greatly entrust to innovation.
- The seasonal nature of our main regional economic activity (tourism).
- Geographical limitations (pressure that it can handle, particularly the coastline) to maintain the growth of tourist activity if the extensive model of sun and sand tourism is maintained.
- Cultural difficulties to take on the need of a systematic approach of the innovative process in a population used to tourism with pragmatic and short-term management.

ES70 - Canary Islands



Objective 1

The Canaries Archipelago comprises 7 islands located 1.000 km away from the European mainland and has a population of 1,6 million inhabitants.

Due to its location it is included in the group of "outermost peripheral regions", well recognised in the legal EU framework.

Due to its difficult geographic conditions, the Canary Islands have special needs of ICT in order to achieve a greater economic, social and territorial cohesion and ensure a sustainable development.

The main disadvantages are:

- Small and fragmented markets, due to the insular fact, with low dynamism and lack of equilibrium.
- Low ICT equipment both in the productive and social sectors.
- Lack of a culture of ICT, in economic and social sectors, but also in the territorial administration.
- Low diversification of the economic structure, mainly based on Tourism and agriculture.
- Scarce weight of the industrial and technological sectors in the territorial economy.
- Very small service enterprises (micro SMEs).
- Enterprises of small value added, more based on manpower than on intellectual capital.
- Low structured RDT system, with lack of orientation towards innovation.
- Low potentiality of University-Enterprise collaboration.
- Low level of technological culture and use of technology in private enterprises.
- Low coordination among ICT territorial players.

The main threats are:

- Danger of loss of competitiveness due to the disappearance of key local sectors, in particular those which are in a mature situation and economic wealth, but do not appreciate the need for innovation and the potential benefits of ICT.
- High cost of social services (lack of budgetary viability).
- Increasing differences between the islands in relation with their geo-strategic framework.
- Environmental impact of technologies.
- Loss of social cohesion and of cultural identity.
- Apparition of multi-sector monopolies.

The main advantages of the region are:

- REF (Canary Islands Economic and fiscal regime), allowing for the availability of local capital in the development of new economic sectors in the islands.
- ZEC (the Canaries Special Area), which can constitute an operational base for Canaries' firms, as well as for the localisation of foreign enterprises.
- Environmental and landscape conditions that can attract the localisation of new enterprises and the development of the visual industry.
- Potentiality of the tourism industry to attract the localisation of new enterprises.
- Availability of ICT agents within the territorial administration (persons and organisations)
- ICT agents in the University with experience in developing commercial projects.
- Existence of ICT experiences (telemedicine, attention to disabled persons, tele-training, etc.)
- Industrial ICT poles and enterprise incubators.

The main opportunities are:

- Innovation in traditional productive sectors (new selling channels and new ways of selling).
- Diversification of the Canaries' economy.
- Maintain, improve and reduce social services costs.
- Plan national: Info XXI (guidance and funding).
- eEurope Initiative (guidance and funding guideline).
- PDCAN (many of its guidelines and actions relate directly to ICT).
- Careful environmental and landscape management.
- Lowering distance between the islands and with Europe and America.
- Reducing transport needs professional for but administrative motivations, etc.

FR83 - Corsica

Phasing-out Obj. 1 (till 31/12/2006)

With its 260.000 inhabitants on surface of 8.700 km², Corsica posts the lowest density of metropolitan France.

The disabilities of the region are connected with the constraint of insularity and on its mountainous and partitioned relief, inducing difficulties of connection and of important equipment.

The local economy is strongly unbalanced and is crossed by numerous cleavages: the tertiary sector accounts for 78% of the jobs, almost non-existent industry, agriculture in change, a lack of project engineering.

This official report, such as the figures of the gross domestic product per capita and of the average income, testify to the development delay of the region.

It is to rectify this situation that the European Union committed itself, within the framework of the Structural Funds and within the framework of the other Community policies, to creating the conditions of harmonious development of the island, in order for it to make better use of the wealth which it has.

The diagnosis which of it is made present the Corsica Region as being at the same time carrying fragilities to dam up and source of potential to be optimised.

The development of the local potential represents an important development potential insofar as they constitute a strong attractiveness factor. This wealth layer has to serve as a levier to develop a sustainable development strategy for the island.

The local Authority of Corsica decided to encourage the development of innovative technologies and the use of new information and communication technology as tools which can be put at the service of the promotion of its identity, of its culture, of its environment and of its local productions.

THE MAIN ADVANTAGES OF THE REGION ARE:

- A location in the Mediterranean arc that places Corsica in the middle of the trade and passage network
- An exceptional environmental potential, of rich ecosystems, a preserved way of life, a renewable energy potential, an abundant and quality water resource
- A high and diversified tourist potential: a coast which kept its authenticity, sites registered by UNESCO as common inheritance of humanity
- Successes targeted in the sector of high quality agri-foodstuff productions

THE MAIN DISADVANTAGES ARE:

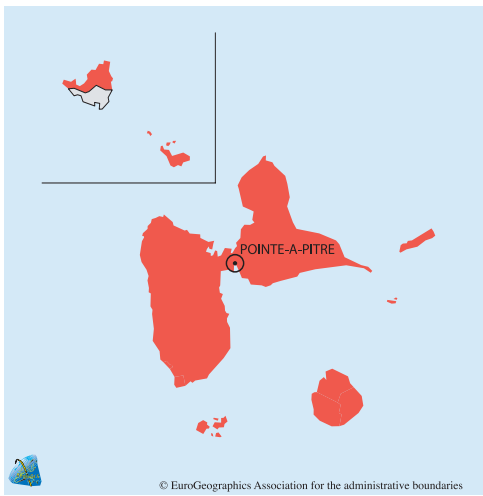
- The constraint of insularity, with its chain effects (discontinuity, increase in the price of the transport costs of life, partitioning of the markets)
- The weakness of the inland and urban transports which accentuates the partitioning of the island in about twenty micro-regions
- A too low demographic level, often underneath the critical point and marked by a strong opposition between the disillusionment of the rural and mountain areas and the attractiveness of the cities of the coast, and between the resident and "holiday period" people
- A development delay pointed by numerous symptoms:
  - › a GDP households income underneath 7% of the national average
  - › unbalanced economy (fragility of the SMEs, lack of project engineering, marked seasonal variation, tourism to be professionalised, almost non-existent industry, high weight of the public and semi-public sectors)
  - › high unemployment rate compared with the national average

THE MAIN OPPORTUNITIES & THREATS ARE:

Build an open relation of exchange and synergy with the continental regions of the Mediterranean arc vis-à-vis markets, companies and education institutions:

- Build up the development potential that the natural and cultural heritage of Corsica constitutes
- Encourage the development of the new technologies as a response to insularity in identity and exchange search
- Improve the employment situation
- Importance of tourism in the insular economic activity

FR91 - Guadeloupe



Objective 1

The region of Guadeloupe is a territory marked by a number of characteristics which constitute difficulties in its development.

It is an "archipelago" made up of eight islands. The island of Guadeloupe constitutes "continental Guadeloupe" and play the role of metropolis. Guadeloupe's bipolarity is between Pointe-à-Pitre (industrial with 50% of the jobs), and Basse-Terre (administrative with 15% of the jobs).

There are between 40.000 and 45.000 companies, of which 90% are very small enterprises.

Marked by the remoteness of the metropolis, the region is subject to vigorous commercial competition from the Caribbean islands under American influence, assembled within the CARICOM (Carribean Community).

The Guadeloupe economy is based on 2 main activities: tourism (380 MEuros) and agriculture (153 MEuros), which by themselves, will not be able to give a potential activity and employment to the working population, even if each one of them has development margins. In particular, the sector of cruising tourism is a sector with high potential, despite the hard competition from the other islands, subject to projects around nature and quality of service. For pleasure sailing in particular, the development of new services "from beginning to end" has to make it possible to propose to the customers' one-stop solution for all the professionals of the technico-economic chain: hiring, maintenance and maintenance (cold channels, composite materials, motorisation), fuelling, accommodation, restoration. There is a number of SMEs in the tourist sector, which should be able to emerge, structure themselfs, to coordinate and intervene in the shipping supply-chain with added-value activities. For its part, the agricultural activity should be able to benefit from alignment of the markets permitted by the ICT, to revitalise or diversify sectors, insufficiently attractive or

powerful, or to control the exchanges between firms in the region.

The land transport sector in Guadeloupe has a real need for structuring. It is a sector proposing a big but insufficiently organised offer (more than 500 craftsmen on this sector). There still, ICT are at the same time a factor making it possible to organise the market and to build new solutions based on minimum rationalisation by cooperation.

Similarly the harbour facilities are potentially carrying spaces of consolidation and of development of activities, on which ICT will have acceleration effects: in particular, the development of the Basse-Terre port constitutes a strategic issue for the region; similarly, the project of setting in place of the EDI (Electronic Data Interchange) that ADEMAR in Pointe-à-Pitre wants to contribute to the consolidation of the activities of grouping and distribution of assets and goods in the region.

The projects carried out in the programme of "numerical levelling" of the territory which concern the sector of teaching and of research have also to benefit from the acceleration effects of the ICT proposed in the current programme. In particular new competences will be developed by the companies which will enter the new economy. Training will accompany the movement started by the regional Comptoir de la Nouvelle Economie. Similarly the current competences, in the service sectors, of tourism and trade, will have to be enlarged to practices of ICTs. Solutions of the type "Unité mixte" or "école doctorale" will make it possible to carry out operational aspects, falling under the cycle of deployment of the regional project.

Generally, all the spheres of activities are sponsor development projects in which ICT represent a facilitation or acceleration factor: networking of cultural establishments, diversification of the tourism offer (integrated tourism, fisheries, thematic stays), inter-municipality and inter-regional cooperation, strengthening of the capacities for new companies (Dothémare area for example, intended to become the excellence pole gathering the best activities of the region).

ICT constitute an important development levier with which the region intends to be endowed to improve its action for regional integration, of the activity and of employment and to cause and accompany pilot operations.

FR92 - Martinique

Objective 1

The economy of Martinique is characterised by its very fragmented nature:

- Largely encouraged by preferential agreements dedicated to the primary products, the various agricultural specialisations which followed each other (sugar, pineapples, banana), developed without their processing being envisaged on the spot.
- Consequently, the embryonic industrial development that Martinique knows was done mainly from capital goods and from imported manufactured goods. The remoteness of the supply and a market cumulated in low internal demand resulted in the juxtaposition of small enterprises benefiting little from the effects of convergence and of relocation that integration in a single economic market involves.
- Similarly, even if tourism constitutes the privileged development axis of Martinique, it undergoes an economic crisis due in particular to the deterioration of the transport facilities, to the roughness of the competition from neighbouring countries and to the absence of articulation with the other sectors of the economy.

This situation results in the existence of a multiplicity of very small little structured enterprises, this characteristic coupling itself with the economic insulation of the territory. The remote character constitutes indeed a limiting factor to its insertion in the major Community networks (i.e. research, transport). The development of the capacity of technological innovation, recommended in the Lisbon strategy, is reduced despite a reasonable infrastructure and qualification level.

The result is an employment situation which, even if clearly improved in recent years (with an unemployment rate passing from 29% in 1998 to 22% in 2004), remains more deteriorated than in the other French regions. This context is an increasing source of marginalisation of certain population fringes.

The economic structure of Martinique also reflects the very heterogeneous spatial territory occupation, characterised by a high demographic and economic concentration around the capital, to the detriment of the rural areas of the territory.

In such a context, the development of the Information Society and the rational use of the ICT, constitute an opportunity for Martinique:

- owing to the capacity of reduction of space and of the distances, to break the insulation of the major international networks. The comparative advantage certain in terms of technological development in relation to the neighbours of the Caribbean constitutes an asset within the framework of this expansion strategy
- as an essential factor of adaptability of the manpower, like a powerful means to reduce the economic and social fracture of Martinique
- like an economic and spatial territory tool, thus mitigating the enclavement of numerous areas.

FR94 - Réunion

Réunion is a mountainous island located in the Indian Ocean, the most populated territory of the four overseas French regions with a surface of 2.500 km² and a population of around 710.000 inhabitants.

The main characteristic of the Réunion is its strong demographic growth who is 6,5 times higher than that of EU-15. The less than 19 years old account for almost 40% of the total population, thus the genuine challenge of the island is the future of its youth.

Despite an important economic dynamism and a constant rate of net job creation, the unemployment rate is high at 37,7% in 1998. The local productive economy remains insufficient and only the sectors of tourism and agri-foodstuff have a significant place in it.

The main strengths of the island lie in the youth of its population, in the existence of modern infrastructures, in an economy with strong growth and rich in employment as well as in the existence of family solidarity.

Under the main weaknesses, we can note the high demographic pressure on a reduced territory, the additional costs connected with its insulation and remoteness, the weight and the structure of unemployment and finally the development of precariousness.

The social disparities between women and men, young people and adults, unemployed and employed, leads to a very fragile social cohesion.

Objective 1

ITG1 - Sicily

Among the most developed economic sectors of the region is agriculture, the agri-foodstuff, the craft industry. The region has in addition human resources with high cultural level, rather flexible manpower and at low prices, several university/research structures present throughout the region and a regional Science park, and training structures in specialised sectors connected with industry.

However the Sicilian economy is characterised by structural deficiencies and an inveterate weakness of its scholastic, scientific and training system. Indeed, even if excellent examples exist in the sectors mentioned, they are not incorporated enough into the productive structure of the region.

According to the regional strategic Framework for the Development of the Information Society (2002), the Information Society developed in Sicily in an incoherent and fragmentary way through individual initiatives without a coordinated plan. The same phenomenon occurred in the field of companies development. With the exemption of some large-sized regional companies, the majority of them are not concerned with innovation and have no contact either with the experts or with the sources of innovation. In the same way, the organisations in the service of the companies in the field of research and technology transfer have only few contacts with the world of production, especially with small and very small enterprises.

Other weaknesses are the insufficient financial and human resources, the procedural obstacles, the insufficient computerisation level of the public offices. Almost non-existent are the contacts between the companies and the world of training and also between companies. The activity of the local public offices is not coordinated with that of the research structures and the entrepreneurs of the region are very defying with regard to the public offices.

Among the weaknesses of the companies, there is their insufficient tendency to horizontal cooperation, their predominant orientation towards the local market, their weak competitiveness, the structural incapacity of SMEs to develop a product able to penetrate the international markets, the limited systems of quality certifications. Any expansionary measure of the economy should also consider the insufficiency of the structures and of the networks and services for agriculture and the other productive sectors of the region.

The current technological training centres in Sicily are isolated and do not have connections with the companies.

ITG2 - Sardinia

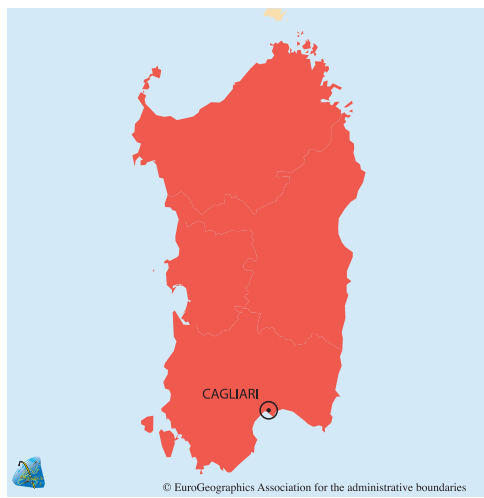
Located in the middle of the Mediterranean sea, Sardinia is an island with an area of 24.090 km² and a population of about 1.600.000 inhabitants.

Nowadays, tourism has become the most important economic development factor for the region, above all because of the wonderful white sand beaches and transparent sea water, integrated with its historical and cultural sites, which attract a great amount of tourists, especially during the summer.

Sardinia has many remains from ancient civilizations; in particular, the megalithic truncated-conic towers called "nuraghi" which were built in the 1.800 BC, and that are unique of Sardinia. There are also ancient Phoenician settlements (the best known are nora and Tharros) and many other interesting archeological and historical attractions as a result of the many dominations that the island has encountered through centuries (among others: the Punic, the roman, and the Spanish).

The distinctive features of the inland landscape vary from the mountains, with the typical Mediterranean flora (the "macchia mediterranea") and the wild fauna (there are also deer and boars), to the cultivated hills and plains (in particular there are vineyards, olive groves, fields of wheat, citrus orchards, cork-oakcork groves, etc.).

However, the most traditional activity of Sardinian people remains sheep-breeding. Some typical products are increasingly exported all over the world, like a few selected wines and the "pecorino" (sheep milk cheese).



After the second World War, industrialization absorbed a considerable amount of people that was engaged in the traditional rural activities, causing an impoverishment of the country and of villages with a small population, while the bigger towns became overcrowded. The industrial crisis experienced in the last decades, has contributed to worsen the economical situation.

At present, regional policies try to improve the infrastructure and services related to traditional activities. The objective is to stop people's migration to larger cities or to the continent and, when possible, to bring them back.

Another important policy aspect is the aim to make the inland part more attractive for tourism, in order to create new entrepreneurship and extend the tourism period beyond the summer months.

Insularity is a strong limitation to local economy development, as well as to a better exploitation of the historical, geographic and demographic peculiarities that the Region has.

The main advantages of the region are:

- Natural resources
  - › The beauty of the scenery, often uncontaminated
  - › Protected areas (both terrestial and marine)
- Human resources
  - › Increase of the educational level in new generations (much more women then in the past)
- Cultural resources
  - › Exploitation of cultural heritage (above all, of the important historical-archeological sites)
- Production system
  - › Tourism and biological agricultural productions
- Cities and organisation of the territory
  - › Better distribution of services in the territory (more new services in the mid-size cities than in the biggest ones)
- Telecommunications
  - › Several entrepreneurial initiatives
  - › Services development based on Digital Terrestial Television technologies

The main disadvantages are:

- Human resources
  - › High level of unemployment (above all of women)
  - › Difficulty in the implementation of a successful policy for new jobs
- Cultural resources
  - › Poor cultural services
- Production system
  - › The production system is based on small companies with endemic problems of organization, capitalization and marketing
  - › Tourism is “summer and coastal areas concentrated”
- Cities and organisation of the territory
  - › Loss of population in rural and inland areas
  - › Lack of information centers in small cities
- Telecommunications
  - › Inadequate tele-communication infrastructures

The main opportunities are:

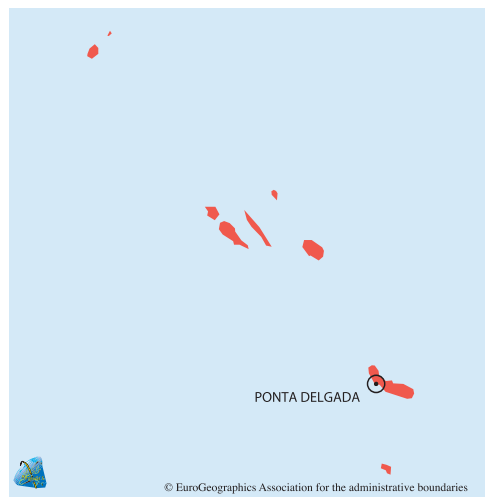
- Natural resources
  - › Tourism enhancement & differentiation of tourist’s target
- Human resources
  - › Reorganization of the centers for public employment and a new political approach to development
- Cultural resources
  - › Improvement of cultural services based on ICT solutions
- Production system
  - › The natural environment and biological productions could represent an attraction for foreign investment
- Telecommunications
  - › New regional policy for ICT development

The main threats are:

- Natural resources
  - › Resources’ impoverishment because of non sustainable utilisation
- Human resources
  - › Social isolation of weak categories
- Production system
  - › Competition with other attractive areas in the Mediterranean
- Cities and organisation of the territory
  - › Population decrease of the inland areas

PT20 - Azores

The Archipelago of the Azores, made up by nine populated islands, is located in the Atlantic Ocean and expands between 36° 55' and 39° 43' of northern latitude and 24° 46' and 31° 16' of Oest longitude. The distance from the coasts of the European continent is approximately 1.500 km, 3.900 km of the subcontinent north-american and approximately 3.500 km from Brussels. The total surface of the territory is 2.333 km², which corresponds to 2,5% of the total Portuguese national territory. The exclusive economic area of the Azores is of approximately 938.000 km².



Objective 1

The Azores constitute an autonomous Region of the Portuguese Republic, having a policy-administrative statute with clean organisations of government, such as the legislative Parliament and the regional Government.

The resident population in the Azores does not exceed the 242.000 inhabitants. The gross domestic product per capita accounts for approximately 53% of the European average (EU-15=100). The specific disabilities result mainly from its geographical insulation.

The main advantages of the region are:

- Geographical location / Territorial configuration
  - › Geostrategic position in the northern Atlantic
  - › Characteristic of the landscape
  - › Strong presence of the sea – great extension of the EEZ and potential of non-exploited resources
- Human resources
  - › Young population
  - › Increasing participation of women in the labour market
- Economy
  - › Earth and climate conditions favourable for agriculture
  - › Natural conditions for the development of the fisheries sector
  - › Potential for differentiated leisure activities
  - › Good origin image of the products (natural and ecological production)
- Structuring of the Territory
  - › Harbour and airport infrastructures throughout the islands
  - › Insertion (immediate future) in an intercontinental communication network through the underwater optical fiber cable
- Inheritance
  - › Wealth and variety of local historical and cultural assets
  - › Population desire for cultural expression and festivity manifestations (music, theatre, folklore)

The main disadvantages are:

- Geographical location / Territorial configuration
  - › Insulation - Additional cost in the supply and export functions
  - › Vulnerability to natural forces, such as atmospheric or seismic
  - › Territorial discontinuity
  - › Broken orography
  - › Reduced capacity of scientific accompaniment and economic use of maritime resources
- Human resources
  - › Weak qualifications of active population
  - › Reduced demographic potential
  - › Low education rate
- Economy
  - › High external dependence level
  - › High specialisation of the economic basis
  - › Exiguity, fragmentation and remoteness of the regional market (9 micro markets dispersed and moved away from the major producing and consuming centres)
  - › Debility of the foundation of entrepreneuriat
- Structuring of the Territory
  - › Insular and most remote condition prevents access to the main European and world networks which ensure internationalization
  - › Need for multiplication of basic infrastructures and equipment (effectiveness thresholds, capital expenditure and high handling / use costs)
  - › Difficulties and additional cost on the mobility of persons' and their assets
- Inheritance
  - › Difficulties on the consolidation and diffusion of initiatives and cultural events
  - › Some introduction of dissonant architectonic elements

The main opportunities are:

- Affirmation of the archipelago of the Azores as the Atlantic border of Europe
- Sea deposits a wide range of resources
- Possibility of insertion of the Azores to the science and technology networks, especially volcanology, oceanography, meteorology, inter alia
- Increasing tendency for the quality assurance and differentiation of products mainly those in which the natural and ecological component can be felt, such as touristic foodstuffs

The main threats are:

- Operation of the world economy as a network saving, which devalues the geographical position of the Region and gives priority to access to world networks
- Interregional inequality in terms of capacity of innovation, since the concentration of the centres of excellence are in the centre of Europe
- Concentration of the intercontinental connections on a small number of airport nodes, in the centre of Europe and in some more efficient ports, while marginalizing infrastructures and equipment in the peripheral regions
- Disappearance of the companies of the traditional sectors because of increasing difficulties of survival of the small agriculture

PT30 - Madeira

The main advantages of the region are:

- Existence of a nature and landscape of major value, diversified and protected inheritance.
- Importance of Madeira as an international tourist pole integrated into networks of large tourist operators.
- Existence of weather favourable to the practice of the horticultural crops, including floriculture, and fruit-bearing, moderate crops as well as subtropical.
- Specific regional product development (wine, embroideries, osier, subtropical fruit, flowers).
- Renewed and re-measured fisheries fleet according to the known fishery resources and existence of human resources with better qualifications.
- Important pole of reception and of scientific and technological information and technological transfer dissemination from the Madeira and Madeira Tecnopolo University.
- Demographic structure with a rate of youth higher than the average, both national and Community.
- Capacities of vocational training (in particular in the sectors of tourism and of agriculture) from training structures and the vocational schools, with progressive improvement of the intermediate qualifications and of the level of the workers' education.

- Progress recent at the level of the main roads, structuring of the territory.
- Airport infrastructures of quality.
- Strategic management of hydrous resources on the Madeira (contrasting with the scarcity of these resources in Oporto Santo).
- Privileged connections with the ex-emigrants' Communities (South Africa and the Americas).
- Self government which allows a better adequacy of the policies to regional and local realities.

The main disadvantages are:

- Insular situation, location moved away from the central regions and exiguity of the national market.
- Major dependence with respect to the Continent with regard to the connections with the European Union and the rest of the World and increased transport costs.
- High structural constraints of a permanent nature arising from characteristics of the physical structure of the territory.
- Major sensitivity and vulnerability at the environmental level.
- Small size of the territory making difficult obtaining effectiveness levels of certain equipment and services.
- Little diversified, weak productive very vulnerable and specialisation structure development of the value chain in a context of major opening on the outside but fields of the weak distribution chains.
- Agricultural structure of very small dimension.
- Inadequacy between demand and qualification supply and persistence of a major weakness of the qualitative manpower structure.
- Insufficiency of infrastructures and of training equipment, at the various levels, in particular in technological and professional teaching.
- Defective conditions of intra-regional accessibility, in particular at local level and between the islands.
- Insufficiency at the level of the harbour and of support infrastructures for the activities connected with the sea.
- Insufficiency of the infrastructures and of the services in the fields connected with production technologies, on quality and on certification.
- Settlement model very differentiated in the regional and, in parallel, standard space of very dispersed and split up settlement and excessive concentration on the southern coast and, in a more accentuated way, in the region of Funchal.
- Defective structuring of the urban network, with the existence of deteriorated urban areas and weaknesses in the urban-rural report.
- Activity of the fisheries centered on a number reduces of species and vulnerabilities vis-à-vis the fluctuations of the migratory species captures (in particular the tuna).
- Environmental cleansing infrastructure lack and costs increased for the respect of environmental quality standards (i.e. for solid waste).

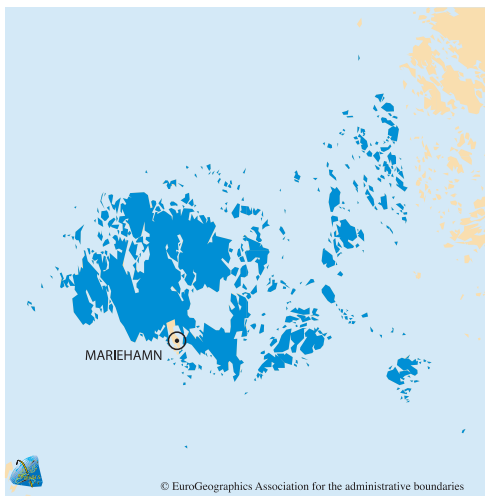
The main opportunities are:

- Development of the privileged position in Atlantic space and conditions for a participation in knowledge, exploration and the use of the oceans.
- The commercial opportunities facilitated by the opening of new ways for the traditional products and certified within a given geographical framework and by the existence of a request segment which develops healthy food.
- Potential of the reform of the CAP (strengthening of the importance of the agro-environmental measures) for a development of the role of agriculture in maintenance and the conservation of the characteristic human landscape of the Region and in ecological and social balance.
- Renewal of the competitive advantages of the tourism facility, by diversifying the offered tourist product (congresses and trips offered by the companies, sporting tourism, golf and water sports, active tourism, ecotourism, cruising and group tourism having scientific interests connected with the environment).
- Strengthening of the tourist request following the extension of the track of the Funchal airport.
- Improvement of the value chains in the economic activities: rationalisation of the distribution chains, production and advanced service integration.
- Comparative advantages, in relation to the continental regions, in the field of the use of renewable energy resources (in particular of hydrous, solar, wind origin and of the biomass) and of the rational use of energy by means of systems of management and of more effective equipment.
- Strengthening of the scientific and technological structures, created recently (Madeira and "Madeira University Tecnopolo"), of the interface with the economic activities and of the participation in Research and Development networks.
- Development of the channel of the building (housing segment, improvement of the urban inheritance and conservation/ restoration of infrastructures, in particular road).
- Privileged conditions (recognised by international organisations) for knowledge, the conservation and the development of the biodiversity.

The main threats are:

- Increase in the points of dissonance landscape owing to situations of intervention without rules and of pressures on the fragile natural environment.
- Loss of characterisation of the landscape and increase in the risks connected with factors of geological nature and with phenomena of erosion, by the difficulty of the maintenance of the agricultural activity vis-à-vis liberalisation and to the globalisation of trade.
- Deterioration of the conditions of feeding of the water tables.
- Loss of the competitiveness of the tourist product and of the destination if the traditional image of quality is not maintained.
- Loss of competitive advantages (vis-à-vis the changes which take place on the international scene) which could compromise the foreign investment collecting strategy and of development of international services.
- Risk of disappearance of companies, linked in particular to the traditional activities.

FI20 – Åland Islands



Objective 2

Åland is an autonomous region under the sovereignty of Finland since 1921.

Åland is well known for its traditional shipping industry and is a popular area for tourism.

Åland joined the Nordic council in 1972 and the European Union with the accession of Finland as a Member State in 1995.

Situated between Finland and Sweden, with 6.500 islands and islets rising from the Baltic Sea, three quarters of the total area of 7.000 km² is water.

A population of nearly 26.500 live either in the one town of Mariehamn, which has approximately 10.500 inhabitants, or in one of the 15 other municipalities, with about 65 of the islands being inhabited. The population density is very low compared to the rest of Europe, about 16 inhabitants per km².

The Treaty of accession for Finland to the EU included a special protocol relating to Åland. The protocol excludes Åland from the tax union and the obligation to harmonise indirect taxes with the aim preserving the local economy. It also allows tax-free sales in the transportation of passengers by air and sea to and from the Åland Islands. This has been of great importance for the shipping industry and for tourism in Åland.

Taxes in the Åland Islands are levied by the Finnish State, except for taxation in the municipalities and some special regional taxes. The 1991 Act of Autonomy expanded the public economy of Åland, which now receives 0,45 percent of the State revenue as a lump sum. In addition, tax express train exceeding 0,50 bore redistributed are. Income from the lump sum covers about 70 percent of total income in the budget government (2002).

The public sector covers almost 20 percent of the Gross Regional Product (GRP). Service public cuts a high share of employment (40 bore) and are expanding. This is also a measure of high living standards and a modern welfare sector in Åland. Health services and education up to university level are of a high quality. The GRP per capita is one of the highest in the Nordic region.

Traditionally, the Åland economy has been based on agriculture, fishing and forestry. These are still importing for regional settlements and ace has other for basis industries, even though employment in this area has reduced since accession to the EU.

As an island, trade has always been important for Åland and the international High Sea shipping has its roots in the late 19th century. The shipping industry is still an important employer both in the islands and in other regions in Finland. The total production value of shipping generated by Åland companies is over 30 percent of the total value generated in the Åland economy.

The number of people employed in the manufacturing industry is fairly small and individual companies are small aces well. Even if the business in Åland is low - rather than high-technology recent expansion in the technology sector is a promising trend for new employment, at a time when others sectors are in decline.

Tourism is strongly seasonal but recent efforts to expand sports, health-care, and cultural activities will hopefully serve to increase tourism in the low season.

Related to trade, shipping and tourism, banking, insurance and financial services play an important role in the economy of the Åland Islands.

All islands have as a common element the sea as their natural border and consequently a common problem of transport and communication. Most islands are also vulnerable to changes in the environment as they depend on maritime resources.

Still the Åland economy has good prospects for the future due to a stable labour market, a skilled work strength, with high standard and living-room of have single entrepreneurial spirit.

Cohesion policy is of great importance. On the one hand Åland has a fairly small natural resource base related to fishing, forestry, agriculture and tourism. On the other hand the welfare system, the social-economic and regional balance has constituted a platform for the development of social and human capital both in culture and business.

THE MAIN ADVANTAGES OF THE REGION ARE
welfare, autonomy and entrepreneurship

THE MAIN DISADVANTAGES ARE
small economic base, high prices, lack of internal competition

THE MAIN OPPORTUNITIES ARE
diversification, cooperation, learning in the knowledge society

THE MAIN THREATS ARE
weakening external links and lack of social and regional cohesion

Annex 3
Glossary of Terms & Abbreviations

EU-15 / EU-25

Euro-jargon acronyms referring respectively to the 15 and 25 European Union (EU) Member States (MS) before and after 01/05/2004. The EU-15 MS were: Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Denmark, Ireland, the United Kingdom, Greece, Spain, Portugal, Austria, Finland and Sweden.

European Regional Development Fund (ERDF)

The ERDF is intended to help reduce imbalances between regions of the EU. The Fund was set up in 1975 and grants financial assistance for development projects in the poorer regions. In terms of financial resources, the ERDF is by far the largest of the Structural Funds.

Objectives 1 and 2

Structural funds focus assistance available under the Community's regional policy on crucial development problems under priority objectives.

Objective 1 promotes the catching-up of the economies of regions whose development is lagging behind. It is "regionalised" in that it applies to statistically demarcated regions. Only those whose per capita Gross National Product (GDP) is less than 75% of the Community average are eligible. The seven "outermost" regions, the areas in Sweden and Finland with very low population density and Northern Ireland also receive assistance. In all, Objective 1 covers sixty or so regions in thirteen Member States. Transitional support is also available over a seven-year period for the regions previously eligible between 1994 and 1999 and a performance reserve for the most virtuous regions has been set up. Objective 1 receives 70% of the structural funds' budget (i.e. €137 billion over seven years), which is broken down between the four funds (ERDF, ESF, EAGGF Guidance Section and FIFG). Basic infrastructures, the development of human resources, investment in research and innovation, and the information society are the four main priority areas.

Objective 2 contributes to the economic and social conversion of regions in structural difficulties. It too is regionalised: the demarcation of eligible areas depends both on national and European population ceilings (18% of the Union's population) and on specific socio-economic criteria. Four categories of eligible area are defined: areas undergoing economic change in industry and the service sector, declining rural areas, urban areas in difficulty and depressed areas dependent on fisheries. Since all their territory is eligible under Objective 1, Greece, Ireland and Portugal do not qualify for assistance under Objective 2. Transitional support is also available for the regions previously eligible under Objectives 2 and 5(b) during the period 1994-1999. The Objective 2 budget amounts to €22,5 billion over seven years (11,5% of the total budget) and is financed by the ERDF and the ESF.

Structural Funds (SF)

The EU's Structural Funds are administered by the Commission to finance Community structural aid. They comprise the Guidance Section of the EAGGF for agriculture, the Regional Fund for structural aid under the regional policy (ERDF), the Social Fund for social policy measures (ESF), and the Financial Instrument for Fisheries (FIFG). Financial support from the Structural Funds mainly goes to the poorer regions to strengthen the Union's economic and social cohesion so that the challenges of the single market can be met right across the EU.

Operational Programme (OP)

It means the document approved by the Commission to implement a Community support framework and comprising a consistent set of priorities comprising multiannual measures and which may be implemented through recourse to one or more Funds, to one or more of the other existing financial instruments and to the EIB. An integrated operational programme means an operational programme financed by more than one Fund.

Community Support Frameworks (CSFs)

The Community Support Frameworks coordinate European Union regional activities, occasionally

involving the four Structural Funds (ERDF, ESF, EAGGF, FIFG) and the European Investment Bank (EIB). In each case, however, the projects must be incorporated into plans already developed by national authorities, regional authorities and their economic partners.

Sustainable development

The concept of sustainable development refers to a form of economic growth which satisfies society's needs in terms of well-being in the short, medium and - above all - long terms. It is founded on the assumption that development must meet today's needs without jeopardising the prospects of future generations. In practical terms, it means creating the conditions for long-term economic development with due respect for the environment. The Copenhagen world summit for sustainable development (March 1995) stressed the need to combat social exclusion and protect public health. Sustainable Development was explicitly referred for the first time to a recital in the Treaty of Amsterdam.

Managing Body (of a PRAI)

An organisation assigned to carry out the management and administration of a Regional Programme of Innovative Actions.

Managing Authority (of the ROP)

A decentralised national structure assigned to carry out the management and administration of a Regional Operating Programme.

Paying Body (of a PRAI)

An organisation assigned to carry out payments for a Regional Programme of Innovative Actions.

Paying Authority (of the ROP)

It is one or more national, regional or local authorities or bodies designated by the Member State for the purposes of drawing up and submitting payments applications and receiving payments from the Commission. The Member State shall determine all the modalities of its relationship with the paying authority and of the latter's relationship with the Commission.

NUTS classification

The Nomenclature of Territorial Units for Statistics (NUTS) was created by the European Office for Statistics in order to create a single and coherent structure of territorial distribution.

Small and Medium-sized Enterprises (SME)

An SME is defined by the European Union as an independent company with fewer than 250 employees and either an annual turnover not exceeding €40 million or a balance sheet not exceeding €27 million.

SWOT analysis

The SWOT analysis is a technique that compares internal Strengths and Weaknesses against external Opportunities and Threats.

European Commission (EC)

The European Commission (also known as the "Commission") is a politically independent collegial institution which embodies and defends the general interests of the European Union. Its virtually exclusive right of initiative in the field of legislation makes it the driving force of European integration. It prepares and then implements the legislative instruments adopted by the Council and the European Parliament in connection with Community policies.

The Commission also has powers of implementation, management and control. It is responsible for planning and implementing common policies, executing the budget and managing Community programmes. As "guardian of the Treaties", it also ensures that European law is applied.

The Commission is appointed for a five-year term by the Council acting by qualified majority in agreement with the Member States. It is subject to a vote of appointment by the European Parliament, to which it is answerable. The Commissioners are assisted by an administration made up of Directorates-General and specialised departments whose staff are divided mainly between Brussels and Luxembourg.

Outermost regions (RUP)

There are seven "outermost regions": Guadeloupe, French Guyane, Martinique and Réunion (the four French overseas departments), the Canaries (Spain), and the Azores and Madeira (Portugal). Those regions are distinguished by their low population density and considerable distance from mainland Europe. Their specific location makes them European bridgeheads for fostering trade relations with their non-EU neighbours, most of whom are less-developed countries. Above all, on account of those regions, the maritime territory of the European Union is the world's largest with an economic zone covering 25 million km^2.

The outermost regions are the subject of a Declaration annexed to the EC Treaty and may benefit from specific measures on the basis of Article 299 of that Treaty. This Declaration acknowledges their considerable structural backwardness. In addition, all the outermost regions are eligible for regional and social policy support measures under Objective 1 for the period from 2000 to 2006. The Declaration provides for the possibility of adopting specific measures to assist them as long as there is an objective need to promote their economic and social development. In addition, Article 299 of the Treaty authorises the Council to adopt specific measures laying down conditions for applying the Treaty and common policies to the outermost regions.

Directorate-General (DG)

The Commission's staff is organised into departments, known as "Directorates-General" (DGs) and "services" (such as the Legal Service). Each DG is responsible for a particular policy area and is headed by a Director-General who is answerable to one of the commissioners.

Euro-Drachma exchange rate
1 Euro = 340,750 Greek Drachmas

Annex 4
Contacts, Bibliography & Web resources

For more information on Regional Programmes of Innovative Actions at the EU level contact should be made with:

European Commission
Directorate General Regional Policy
Directorate Thematic development, impact, evaluation and innovative actions
Unit Innovative Actions
B-1049 Brussels, Belgium
http://ec.europa.eu/regional_policy/innovation/index_en.htm
E-mail: regio-innovative-actions@cec.eu.int
Fax: +32 (2) 2962473

INNOVATIVE ACTIONS

Guidelines for the Regional Programmes of Innovative Actions of the European Regional Development Fund 2000-06
http://ec.europa.eu/regional_policy/sources/docoffic/official/guidelines/innovac_en.htm

Map of the Regional Programmes of Innovative Actions
http://ec.europa.eu/regional_policy/innovation/cartes/iamap_prog.pdf

Map of the Networks of the Regional Programmes of Innovative Actions
http://ec.europa.eu/regional_policy/innovation/cartes/iamap_net.pdf

Library of Innovative Actions 1994-99
http://ec.europa.eu/regional_policy/innovation/innovating/guide.htm

TECHNOLOGICAL INNOVATION

Regional Innovation Strategies under the ERDF, Innovative actions 2000-2002, 30 projects RIS and RIS+ analysed and lessons drawn from 8 years of experience
http://ec.europa.eu/regional_policy/innovation/pdf/guide_ris_final.pdf

Creating smart systems, Guide to Cluster strategies in less favoured regions
http://ec.europa.eu/regional_policy/innovation/pdf/guide_rosenfeld_final.pdf

Related websites:
- *www.eriknetwork.net/*
- *www.rinno.com*
- *www.innovating-regions.org*
- *www.cordis.lu/innovation*
- *www.oecd.org*

INFORMATION SOCIETY

Concise guide to the regional initiatives for the information society
http://ec.europa.eu/regional_policy/innovation/pdf/library/strategy_sustdev_en.pdf

Final Report for the Thematic Evaluation of the Information Society
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/doc/information_society.pdf

Ex-post evaluation of the RIS, RTTs and RISI - innovative actions for the period 1994-99
http://ec.europa.eu/regional_policy/sourcesdocgener/evaluation/rado_en.htm

Related websites:
- *www.ianis.net/*
- *www.cordis.lu/ist/*
- *www.europa.eu.int/information_society/index_en.htm*

REGIONAL IDENTITY AND SUSTAINABLE DEVELOPMENT

Communication from the Commission: A sustainable Europe for a better World: A European Union Strategy for Sustainable Development (May 2001)
http://ec.europa.eu/regional_policy/innovation/pdf/library/strategy_sustdev_en.pdf

Communication from the Commission: Towards a global partnership for sustainable development (February 2002)
http://ec.europa.eu/regional_policy/innovation/pdf/library/globalpartner_sustaindev_en.pdf

Related websites:
- *www.sustainable-euregions.net/*
- *www.un.org/esa/sustdev/index.html*

Islands of Innovation

Innovation is not just based on research and development. Innovation depends also on organisational structures, social capital, economic theories, communication techniques and human knowledge. It is now widely accepted that the nature of innovation is changing in the knowledge-based era.

This ubiquitous nature of innovation policy is one of the obstacles to effective innovation policy. Public administrations are arguably too conservative in developing innovation policy, because they tend to stick too rigidly to orthodox definitions of departmental "territory". Dealing with innovation as a policy without a well-defined "territory" or an administrative home is a major challenge to policy makers in the Member States and at the Commission.

We cannot assume that established policies for encouraging innovation are adequate to the new conditions. Nor can we assume that the ways in which other policy areas have taken innovation into account are still adequate. Lessons can be drawn from experiences in different countries and different policy areas. There may well be synergies between and across policy areas, too, so that coordinated reforms could have more of an impact than one-off instances.

In parallel, we know that in terms of turnover, tourism is the biggest economic sector in the world. In the European Union, the industry employs directly around 10 million people and account for up to 6% of the Community GDP. The tourism industry is of particular interest for all islands communities.

Having the above in mind the region of South Aegean prepared an ambitious Regional Programme of Innovative Actions, entitled ISTOS: Innovation for Sustainable Tourism and Services. The philosophy of the programme is to create the right environment for sustainable development by embedding innovation in the local business culture.

Elias Kotiadis
President of the Chamber of Commerce of Dodecanese

Nota Bene

Every care has been taken in the preparation of the **Islands of Innovation** publication and the information is provided in good faith. Neither the European Commission and/or the Region of South Aegean nor any person acting on their behalf is responsible for the use which might be made of the information contained in this publication. Any information given does not necessarily reflect the official position of the European Commission and/or the Region of South Aegean. In this regard, it should be noted that the information provided is considered to be of a preliminary nature and users should contact the competent authorities and other public or private organisations for more detailed information or for advice on particular courses of action.

To improve the content of this document, programme managers and project coordinators are requested to inform Dimitra Tsarouxi (dt@baconsult.gr) of any update or modification of the information presented herein.

Acknowledgements

Our special gratitude goes towards the Region of South Aegean for accepting to produce this publication.

We would like to thank all Regional Programmes of Innovative Actions managers for their continuous submission of updated information concerning their respective projects.

Many thanks are also due to Colibri Ltd for the creative advice provided during the conception of this publication as well as the subsequent professional typesetting.

Finally least but not last, we could like to show our appreciation to everybody who has contribute to this endeavour.

A publication of

ISTOS
Regional Programme of Innovative Actions
Region of South Aegean

Printed in Greece - July 2006
ISBN: 960-89353-0-X

For additional copies, please email: dt@baconsult.gr

ISBN: 960-89353-0-X