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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**on the implementation of the Communication "Putting people first, securing sustainable  
and inclusive growth, unlocking the potential of the EU's Outermost Regions"**

{SWD(2024) 227 final}

## INTRODUCTION

Five million EU citizens live in the outermost regions, the most remote parts of the European Union: French Guiana, Guadeloupe, Martinique, Mayotte, Réunion and Saint-Martin (France), the Azores and Madeira (Portugal), and the Canary Islands (Spain). These nine regions are an integral part of the EU, located in the Atlantic and Indian Oceans, the Caribbean basin, and South America.

The outermost regions represent **unique assets**, which benefit the EU as a whole: strategic location near third countries; exceptional geographical characteristics for space and astrophysics activities; renewable energy sources; rich biodiversity; and vast maritime zones. At the same time, these regions face **permanent constraints**, such as extreme remoteness, insularity, small size, vulnerability to climate change, and economic dependence on a few sectors. In this context, the Treaty on the Functioning of the EU (Article 349) provides for **specific measures** to support the outermost regions, including adapted EU law, policies and programmes. In this spirit, since 2004, the Commission has adopted dedicated strategies for these regions.

Since 2019, the Commission has **addressed the outermost regions' specificities in around a hundred EU policies, legislative acts and programmes**. In 2022, the Commission adopted a **Communication Putting people first, securing sustainable and inclusive growth, unlocking potential in the outermost regions**<sup>1</sup>, with a broader scope and higher ambition than previous strategies. This Communication puts forward close to 80 specific tailored actions to support the outermost regions. Furthermore, it presents recommendations to the regional and national administrations, which play a primary role in their development.

**Cohesion policy funds** play a key role in supporting the outermost regions. Under the **European Regional Development Fund (ERDF)**<sup>2</sup>, the **Cohesion Fund**<sup>3</sup> and the **European Social Fund Plus (ESF+)**<sup>4</sup>, these regions benefit from the highest co-financing rates, a specific additional allocation and exceptions for investments, such as those for ports, airports and treatment of residual waste. Under the **2021-2027 EU budget**, the Commission earmarked EUR 16 billion for the outermost regions – a major increase over the EUR 13 billion of 2014-2020 – under the **cohesion, agriculture and fisheries** policy funds.

However, **major challenges** persist in terms of living conditions, opportunities and development in the outermost regions. As highlighted in the **Ninth Cohesion Report**<sup>5</sup>, most of these regions still suffer from low GDP per capita<sup>6</sup> (below 75% of the EU average), economic disparities, higher unemployment (particularly for young people), and lower educational attainment. In particular Mayotte, which became the latest outermost region in 2014, is the EU's poorest region. Most of these regions also face demographic challenges, such as an ageing population and an outflow of young people. This is why the main focus of the 2022 Communication is to “put people first”.

**Implementation of the 2022 Communication is progressing steadily, delivering on many of the Commission's commitments.** The importance of its full implementation was stressed

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<sup>1</sup> COM(2022) 198 final.

<sup>2</sup> The ERDF allocation in 2014-2020 for the outermost regions was EUR 4.7 billion (without REACT-EU amounts); the ERDF allocation in 2021-2027 is EUR 5.3 billion.

<sup>3</sup> In the case of the Azores and Madeira; the total Cohesion Fund allocation in 2014-2020 was EUR 462 million; in 2021-2027 it is EUR 396 million.

<sup>4</sup> The ESF allocation in 2014-2020 for the outermost regions was close to EUR 2.1 billion (including the Youth Employment Initiative and without REACT-EU amounts); the ESF+ allocation in 2021-2027 is EUR 2.4 billion.

<sup>5</sup> COM(2024) 149 final.

<sup>6</sup> GDP measured in purchasing power standards per inhabitant as a percentage of the EU average in 2022 remains particularly low in outermost regions. It ranged from 30% in Mayotte and 40% in French Guiana to 64% in Réunion, 66% in Guadeloupe, 68% in the Canary Islands, 70% in Martinique, 71% in the Azores and 79% in Madeira (no available data for Saint-Martin) (*Source: Eurostat*).

by the European Parliament (2023 Resolution on the Communication)<sup>7</sup>, the Council (2022 Conclusions on the outermost regions)<sup>8</sup> and the Committee of the Regions (2023 Opinion)<sup>9</sup>.

**This report takes stock of the significant progress** made by the Commission in implementing the 2022 Communication under many EU policies, funds, programmes and tools, with around two-thirds of the actions implemented or ongoing. This report also highlights the initiatives undertaken by the outermost regions and their respective Member States along the recommendations made to them in the Communication. The **staff working document** accompanying this report focuses on the key support of cohesion policy in the outermost regions, putting the accent on selected sectors where the needs are the greatest and the impact most significant.

## RECOVERY

The COVID-19 crisis had a major impact in the outermost regions, in particular on transport, tourism, education, training and jobs, and access to services<sup>10</sup>. In addition, the outermost regions are exposed to higher energy prices as a result of the Russian invasion of Ukraine. These regions are struggling to recover, although to a lesser extent in the Azores, Madeira and the Canary Islands.

**Cohesion policy funds** played a key role in the recovery of these regions and continue to support their development. During the COVID-19 crisis, the outermost regions benefited from an additional EUR 2 billion, under cohesion policy, from the **Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)**<sup>11</sup>. The **Recovery and Resilience Facility (RRF)** supported public investments and reforms to build stronger and more resilient economies in these regions. Other EU funds are also contributing to their recovery, such as the **common agricultural policy** and the **European Maritime Fisheries and Aquaculture Fund (EMFAF)**.

The Commission proposed a single market emergency instrument addressing the outermost regions' vulnerability to shortages of crisis-relevant goods and services. Under the **Internal Market Emergency and Resilience Act**<sup>12</sup>, the Commission can recommend to Member States the distribution of crisis-relevant goods and services to areas particularly affected by supply chain disruptions, including the outermost regions.

## 1. SUSTAINABLE AND INCLUSIVE RECOVERY AND GROWTH

### 1.1. PUTTING PEOPLE FIRST: FAIR AND EQUITABLE OPPORTUNITIES FOR ALL

#### Addressing poverty, and fostering equality and inclusion

Most outermost regions suffer from low GDP per capita, low labour productivity and innovation performance, and higher rates of unemployment, poverty and early school-leaving when compared with the averages of their Member States and the EU. These challenges were consistently highlighted in the country reports published in the spring package of the European Semester<sup>13</sup>.

To help reduce poverty and social inequalities, the Commission supports the outermost regions in implementing the **European Pillar of Social Rights**, in particular through cohesion policy

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<sup>7</sup> C(2024) 480 final.

<sup>8</sup> Council conclusions (21 June 2022) 10513/22.

<sup>9</sup> COTER-VII/23, 153rd plenary session, 8-9 February 2023.

<sup>10</sup> The GDP per capita of the outermost regions fell by 3.8% between 2019 and 2021 (source: Ninth Cohesion Report, calculations based on Eurostat's data).

<sup>11</sup> The total REACT-EU allocated to the ERDF and the ESF 2021-2022 was EUR 2 billion.

<sup>12</sup> Following the political agreement in February 2024 (the final adoption is due in late 2024).

<sup>13</sup> Also in the staff working document *Regional Trends for Growth and Convergence in the EU*, SWD(2023) 173 final.

funds and the RRF. In some of these regions, the ESF+ supports services for active ageing, disease prevention, support for children and young people at risk of social exclusion (Madeira, Mayotte, French Guiana, Guadeloupe, Martinique, Réunion), long-term care (Azores), and the fight against energy poverty (Canary Islands)<sup>14</sup>.

The Commission is further supporting the outermost regions' participation in the **European Social Economy Regions initiative**. In 2023, the overseas section of the French chamber for social and solidarity economy (*ESS France Outre-mer*) and the Canary Islands joined this network. In addition, Mayotte, French Guiana, Réunion and Saint-Martin are dedicating cohesion policy funds to develop the social economy (e.g. business creation and training linked to the social economy).

The Commission is also monitoring measures to **reduce poverty, improve integration and equality, and prevent violence against women** in these regions. As recommended in the 2022 Communication, Member States and outermost regions have adopted initiatives. These include the French poverty reduction strategy for 2021-2030 with measures targeting the outermost regions, the disability strategies and equality plans of the Azores and Madeira, and the accessibility approach implemented in San Cristóbal de la Laguna (Canary Islands), which received the Commission's Access City Award in 2024.

Furthermore, the Commission is monitoring the outermost regions' dimension of the relevant national action plans implementing the **European Child Guarantee**. France and Portugal's action plans include measures for children's well-being and equal opportunities in these regions. Spain is collaborating with UNICEF to pilot the Guarantee in the Canary Islands.

#### **Access to adequate housing, water, internet and affordable transport and energy**

The Commission supports the outermost regions and their Member States in achieving synergies between national and EU funds to improve living conditions in the outermost regions, as most of them still need to bridge the gap in access to basic needs.

In 2024, the Commission published an independent **study on people's access to housing, drinking water and sanitation, electricity, and internet and telephone connections in the outermost regions**<sup>15</sup>. Despite the progress made, including through ERDF investments (2014-2020) and planned support (2021-2027), it concludes that there are still major needs, especially in some French outermost regions.

The study recommends investing further in **social housing** to provide everyone with decent lodgings in a context of high prices and demographic pressure. To address this issue, the Azores and Madeira dedicate ERDF and ESF+ support to rehabilitation of existing social housing stock and to address material deprivation. The RRF also supports efforts to address housing shortages, e.g. social housing for disadvantaged families in Madeira, and in Le Tampon in Réunion for sustainable housing.

The study on living conditions recommends dedicating additional resources to infrastructure to improve **access to drinking water** in the French outermost regions, and to invest in storage and technical solutions for reusing water. In Mayotte, which suffered a severe water crisis in 2023, the ERDF will more than double water infrastructure investments from EUR 20 million in 2014-2020 to EUR 47.5 million in 2021-2027. Moreover, the French *Plan Eau DOM* supports the French outermost regions in improving wastewater services and access to drinking water.

While the outermost regions are showing a clear upward trend in terms of **internet connection**, thanks in particular to ERDF support, most of them are faced with lower internet connection

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<sup>14</sup> Energy Poverty Advisory Hub.

<sup>15</sup> ISBN 978-92-68-11899-3.

speeds than their mainland and a lack of connection infrastructure in rural areas. Their specific additional allocation under the ERDF supports the costs of public service obligations in **transport**, strengthening the links between rural and urban areas and between the islands.

All the outermost regions face challenges arising from the **energy** crisis, compounded by their intrinsic vulnerabilities. In addition, in some regions, the average household income has risen less quickly than energy prices. The Supporting Affordable Energy measures (SAFE) amendment under the **REPowerEU** Regulation introduced flexibility in cohesion policy rules to support vulnerable households in addressing **energy poverty**. The French recovery and resilience plan (RRP) finances 70% of the initiative *MaPrimeRenov* to boost energy efficiency of private housing including in the outermost regions.

### **Access to healthcare**

The Commission complements Member States' efforts to render health systems more resilient and accessible and to reduce inequalities, including in the outermost regions which were hit particularly hard by the COVID-19 crisis<sup>16</sup>.

Outermost regions commit cohesion and RRF funds to strengthen their health systems, e.g. to extend the network of long-term care infrastructures and services (Madeira) or to develop a telemedicine platform for monitoring chronic wounds (Saint-Martin). Guadeloupe hosts one member within EuroBloodNet, one of the European Reference Networks for rare and complex diseases, working on haematological diseases. Some outermost regions and their neighbouring countries are developing **Interreg**<sup>17</sup> projects on prevention and treatment of diseases, such as the CUREMA project in the Amazonia basin and the MACbioIDi2 project in Macaronesia.

In 2023, the Commission fostered discussions between the outermost regions' health services and the national health authorities of France, Portugal and Spain to facilitate the outermost regions' participation and reflect their needs in the **EU4Health programme**. It also encouraged regional stakeholders to take part in public consultations<sup>18</sup> via the **Health Policy Platform**. The EU4Health 2023 and 2024 **work programmes** address the outermost regions' specific needs e.g. wastewater surveillance capacity and developing stockpiling strategies.

Moreover, the **Health Emergency Preparedness and Response Authority** aims to ensure the availability of medical countermeasures in pandemic preparedness across the EU, including in the outermost regions, which are exposed to cross-border health threats.

### **Youth opportunities: education, training, employment support and entrepreneurship**

Young people of outermost regions face additional challenges in education, training and finding jobs, compared with continental Europe. In particular, the outermost regions present some of the lowest youth employment rates in the EU and high levels of young people not in employment, education or training (NEET)<sup>19</sup>.

To address these issues, the Commission has taken several actions. In particular, in 2023, it created a **EUR 1 million grant** scheme under the ERDF to support small-scale projects led by **young people or youth organisations in the outermost regions** to become active players in their local communities and focusing on promoting equality and inclusion. Of the nearly 200 applications received by the Commission under this scheme, around 70 actions are expected to run from September 2024 to June 2025.

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<sup>16</sup> For example, between 2019 and 2020, GDP dropped by 11% in the Canary Islands and by 7% in Madeira, compared to a decrease of 7% in Spain and 3% in Portugal.

<sup>17</sup> European territorial cooperation goal (Interreg) supported by the ERDF and external financing instruments.

<sup>18</sup> The Conference of Presidents of Outermost Regions contributed to the 2024 EU4Health work programme consultation.

<sup>19</sup> As highlighted in the Commission's proposal for the 2024 joint employment report - COM(2023) 904 final.

Following a Commission proposal to address challenges in **education**, such as early school-leaving, the Council adopted in 2022 a **Recommendation on Pathways to School Success**<sup>20</sup>, which stressed the importance of developing policies tailored to the needs of the outermost regions. The ESF+ supports the fight against early school-leaving through counselling and academic support initiatives.

In the **Erasmus+** work programmes for 2023 and 2024<sup>21</sup>, the Commission included a special focus on young people in remote or outermost regions, providing higher financial support to participants from these regions<sup>22</sup>. A similar approach is applied with the **European Solidarity Corps**. The outermost regions are also involved in Erasmus+ flagship initiatives<sup>23</sup>. In 2023, under the **DiscoverEU** inclusion action, the Commission awarded grants to 11 organisations from these regions, allowing more than 180 young people to travel across Europe.

The Decision on a **European Year of Skills**<sup>24</sup>, which was built among others on the **Pact for Skills**<sup>25</sup>, highlights limitations in access to the **labour market and upskilling opportunities** in these regions. The outermost regions dedicate ESF+ funds to training (e.g. courses in internationalisation for graduates in the Canary Islands and traineeships in Madeira's Artificial Intelligence Centre) and to promote entrepreneurship for youth employment. The French overseas agency for mobility supports international training mobility in the outermost regions.

The **Talent Booster Mechanism**, under the **Communication on Harnessing talent in Europe's regions**<sup>26</sup>, can help outermost regions to address low tertiary education and outward migration of their skilled young people. One of the working groups under this mechanism includes Guadeloupe. In 2024, the Commission selected the Azores as a region at risk of falling into a 'talent development trap'<sup>27</sup>, and this region will receive tailored support under the mechanism. Under the **reinforced Youth Guarantee**, the ESF+ supports initiatives to promote youth employment, e.g. in the Canary Islands, with a specific training offer, identifying job options and opportunities (EUR 62 million). Young people in the French outermost regions were supported under the RRF in the framework of the youth plan '*1 jeune 1 solution*'. The Portuguese RRP supports the Azores in the skilling and upskilling through training and life-long learning in the Azores.

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<sup>20</sup> Council Recommendation C(2022) 469/01.

<sup>21</sup> C(2022) 6002 final; C(2023) 6157.

<sup>22</sup> In its 2024 conclusions on inclusive societies for young people, the Council invites Member States to facilitate the sustainable mobility of young people, including those living in rural, remote, peripheral, less-developed areas and the outermost regions (13 May 2024, 9849/24).

<sup>23</sup> Two higher education institutions in the Canary Islands have been selected to be part of European Universities in 2023. Three organisations from the Canary Islands participate in the Centre of Vocational Excellence for Tourism Industry.

<sup>24</sup> Decision (EU) 2023/936 of the European Parliament and of the Council of 10 May 2023.

<sup>25</sup> The Pact for Skills is the flagship initiative of the European Skills Agenda 2020. It promotes joint action to maximise the impact of investing in upskilling and reskilling. Some stakeholders in the Canary Islands, the Azores, Madeira and Guadeloupe have joined the Pact.

<sup>26</sup> COM(2023) 32 final.

<sup>27</sup> The talent development trap is defined for regions as being severely affected by the decline of the working age population, a low share of university and higher education graduates, or a negative mobility of their population aged 15-39. Martinique and Guadeloupe are in a talent development trap; Réunion, the Azores and Madeira are at risk of falling into it.

## 1.2. BUILDING ON ASSETS, ADDRESSING CONSTRAINTS, FOCUSING ON KEY SECTORS

### Research, innovation and smart specialisation

The unique assets of the outermost regions bring high potential for research and innovation. In the framework of the **Horizon Europe programme**<sup>28</sup>, topics relevant to the outermost regions are included in the thematic clusters. In addition, entities from these regions are eligible in the ‘**Widening participation and spreading excellence**’ actions<sup>29</sup>, which contribute to building research and innovation capacity in countries lagging behind. As a result, the participation of outermost regions has increased under Horizon Europe<sup>30</sup>. Furthermore, the outermost regions are benefiting from support under ‘Widening’ for 21 projects to enhance their innovation capacity and to network with leading EU research counterparts, e.g. the QCIRCLE centre of excellence in quantum science (Canary Islands, EUR 14.5 million EU funding), and the TwinSolar project to strengthen networking activities in energy (Réunion, EUR 1.5 million EU funding).

Some outermost regions are taking part in the ‘**Restore our Ocean and Waters by 2030**’ **Horizon Europe mission**, e.g. Madeira, the Azores, the Canary Islands and Réunion, which are involved in the BlueMissionAA project (EUR 3 million EU funding). The **European Institute of Innovation and Technology** (EIT) proposes activities for business creation, skills development, and innovation-driven research projects<sup>31</sup>. In 2024, the EIT published a **strategy for the EU outermost regions**<sup>32</sup> and, by 2025, aims to set up three ‘community hubs’ in the framework of its Regional Innovation Scheme to foster interactions between local innovation players in the outermost regions.

To further support innovation capacity and participation in EU value chains, the Commission pays special attention to the outermost regions under the **Interregional Innovation Investments (I3) Instrument**<sup>33</sup> (bonus points for projects with a participant from an outermost region), and these regions now participate in six projects. The Commission also financed a project led by the OECD, to support participation of these regions in **international value chains** (agri-food, bioeconomy, renewable energies, blue economy and creative industries)<sup>34</sup>.

The Commission is further supporting Réunion, the Azores and Madeira as part of the **Smart Specialisation Community of Practice** in designing and implementing their innovation strategies, known as smart specialisation strategies.

### Mobility, transport

Several EU funds support mobility in the outermost regions, taking into account their dependency on air and sea transport.

In 2021-2027, the **ERDF is due to invest EUR 559 million in mobility and transport, in particular EUR 338 million related to public transport in urban areas in the outermost regions**. In these regions, the ERDF exceptionally finances airport infrastructure, e.g. the extension of the Réunion Roland Garros airport, the first bioclimatic terminal. Investments in ports are also eligible and Guadeloupe amended its 2021-2027 ERDF-ESF+ programme to include its Grand Port Maritime. Beyond support to infrastructure, the ERDF specific additional allocation for outermost regions helps compensate for high transport operating costs.

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<sup>28</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021.

<sup>29</sup> C(2023) 2178 final.

<sup>30</sup> To date, Horizon Europe (2021-2027) projects involving the outermost regions already amount to more than EUR 84 million, compared with around EUR 89 million for the entire Horizon 2020 period (2014-2020).

<sup>31</sup> Examples of projects involving the outermost regions include the INCORE project of the EIT HEI initiative, InnoFinRES supported by EIT Climate-KIC, and Rethink Medical supported by EIT Health.

<sup>32</sup> EIT Strategy for the EU Outermost Regions.

<sup>33</sup> Article 13 of Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021.

<sup>34</sup> *Transforming economies in the EU outermost regions*, EU Delegation Agreement 2020CE160AT067.

The Portuguese RRP supports the purchase of new zero emission buses for public transport in Madeira and electric ferries in the Azores.

The **Connecting Europe Facility** (CEF) work programme and its calls for proposals specifically encourage applications from outermost regions – in particular for maritime port infrastructure – and with higher co-financing rates<sup>35</sup>. The 2024 call for proposals under the Alternative Fuel Infrastructure Facility provides a co-financing rate of 70% for these regions. The revised **Trans-European Transport Network (TEN-T) Regulation**<sup>36</sup>, adopted in 2024, increases the number of outermost regions' ports and airports. It also includes urban nodes in the comprehensive network, making them eligible for CEF funding, thus increasing opportunities in future CEF calls.

The Commission encouraged Members States and outermost regions to use EU tools such as the **joint assistance to support projects in European regions** (JASPERS) to support capacity for developing large projects, e.g. for transport. JASPERS is supporting French Guiana for road investments and is planning similar support for Saint-Martin. It also supports the development of a transport plan in the Canary Islands and the Azores for the reconstruction of the port<sup>37</sup> on Flores Island following the Lorenzo hurricane in 2019.

### **Tourism, culture**

The **Commission supports tourism in the outermost regions**, one of their key economic activities. For example, the ERDF supports sustainable tourism in the Canary Islands (EUR 40.5 million), tourism and cultural heritage in the Azores (EUR 7 million), and tourism and culture in Réunion (EUR 121 million) and French Guiana (EUR 10 million).

The Commission launched a call to support **sustainable maritime and coastal tourism** in the outermost regions under the EMFAF (EUR 2 million EU support). It resulted in two projects, one on blue tourism (Canary Islands, Madeira, the Azores and Martinique), and another on underwater archaeological heritage (Azores, Madeira, Guadeloupe and Martinique). The Spanish RRP allocates EUR 75 million for sustainable tourism in the Canary Islands.

The Commission is rolling out calls for commitments under the **Transition pathway for tourism**. Under this initiative, the Azores pledged to boost sustainable tourism and adopted a charter to foster a more sustainable business and governance model.

The **ERDF supports the unique cultural and creative sectors in all outermost regions**. The Commission also awarded grants for two projects, in the Azores and in the Canary Islands, under the **Creative Europe** programme. In 2021-2023, the EU co-financed the **Archipel.eu pilot project** (EUR 1 million)<sup>38</sup> supporting 51 projects for intangible cultural heritage from the outermost regions and overseas countries and territories (OCTs).

### **Biodiversity**

**Several national and regional strategies** aim to step up biodiversity protection, e.g. the Blue Azores programme or the French National Biodiversity Strategy 2030, which includes restoration roadmaps for each region.

To protect the exceptionally high biodiversity value of the outermost regions, some of these regions are receiving support under the **LIFE programme**, which gives special attention and bonus points to outermost regions applications. It is the case of the French outermost regions

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<sup>35</sup> For all outermost regions, studies 50%, works 70%; for the Portuguese ones, up to 85% under the cohesion envelope.

<sup>36</sup> COM(2021) 812 final.

<sup>37</sup> Together with EUR 168 million of ERDF support.

<sup>38</sup> The project was implemented by the Institut Français in partnership with OCTA (Overseas Countries and Territories Association) and APCA (Agência de Promoção da Cultura Atlântica).



with the ARTISAN project<sup>39</sup> (EUR 10 million EU funding) focused on nature-based solutions, or BIODIV'OM (EUR 5.6 million EU funding), aimed at protecting threatened species.

In 2023, the Commission launched the **BESTLIFE2030** grants scheme, under LIFE and with a 95% co-financing rate, to support biodiversity conservation in the outermost regions and OCTs. The Commission has proposed to step up support by including, in the LIFE work programme for 2025-2027, with the maximum co-financing rate (75%), projects protecting priority habitats or species and newly described species considered as threatened, including explicitly in the outermost regions due to their exceptionally high biodiversity value. It also extended the **MOVE-ON pilot project** for the mapping and assessment of ecosystems in the outermost regions and OCTs.

Other EU funds support biodiversity protection, for example the **Spanish RRP** supports technologies to monitor ecosystems or the study of biological invasions in the Canary Islands (EUR 23 million).

The **Nature Restoration Regulation**<sup>40</sup>, adopted in 2024, underlines the need to take into account the specific situation of outermost regions, in line with the EU Biodiversity Strategy for 2030<sup>41</sup>.

### **Blue economy**

The outermost regions have a unique blue economy potential thanks to their large exclusive economic zones. Most outermost regions have adopted comprehensive sustainable blue economy strategies to boost traditional and emerging blue value chains and are exploiting synergies in EU support to implement them.

In its revised **legal framework for State aid in the fishery and aquaculture sector**, the Commission took into account the specificities of these regions. In 2023, the Commission amended the **de minimis Regulation applicable to the fishery and aquaculture sector** to address the urgent safety concerns of the small coastal fishing fleet in the outermost regions<sup>42</sup>, allowing their Member States to support the purchase, modernisation or construction of fishing vessels less than 12 metres long. *De minimis* aid of up to EUR 40 000 per undertaking can be granted with no prior control by the Commission, provided that Member States set up a central register.

Since 2018, **the guidelines for State aid in the fishery and aquaculture sectors** have provided for the possibility to grant aid for fleet renewal in the outermost regions, under the condition that the relevant fleet segment is in balance with the fish stocks, as demonstrated by the latest national fleet report<sup>43</sup>. In 2023, the **revised State aid guidelines**<sup>44</sup> introduced the possibility to grant aid for investments in equipment that contributes to increasing the safety of small-scale vessels in these regions. Under these guidelines, **the Commission approved State aid schemes** to support the renewal of the fishing fleet in one Portuguese and five French outermost regions, provided that the Member States demonstrate that there is a balance between fish stocks and the fishing capacity of the fleet. In 2024, the Commission did not call into question the assessment of the balance in three fleet segments in Martinique, two in Réunion, one in Guadeloupe and one in Madeira, thus enabling aid to be granted in these regions under these schemes. In addition, and due to extraordinary circumstances related to safety and

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<sup>39</sup> Achieving Resiliency by Triggering Implementation of nature-based Solutions for climate Adaptation at a National scale.

<sup>40</sup> Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024. It requires that the Member States concerned include in their restoration plans a section setting out tailored measures in these regions, as applicable.

<sup>41</sup> COM(2020) 380 final.

<sup>42</sup> Commission Regulation (EU) 2023/2391 of 4 October 2023.

<sup>43</sup> The national reports are prepared based on the common guidelines for fleet assessment - COM(2014) 545 final.

<sup>44</sup> C(2023) 1598 final.

security, in 2024 the Commission has also exceptionally approved aid in Guiana for vessels of up to 24 meters.

The Commission actively supports Member States in **collecting fisheries-related data**, considering the specific needs of the outermost regions, as reflected in the national work plans for data collection, and based on a 2022 thematic study. The **Communication**<sup>45</sup> adopted in 2024 to **supplement the existing guidelines for assessing the fleet balance**, specifically for the outermost regions, takes into account their specificities. In 2024, the Commission also reactivated the expert working group on outermost regions issues, under the remit of the Scientific Technical and Economic Committee for Fisheries, to facilitate the provision of advice on these regions.

The Commission continues to consider the interests of outermost regions when negotiating bilateral **sustainable fisheries partnership agreements** with non-EU countries. This is to ensure that outermost regions (e.g. the Canary Islands, Réunion) benefit from the activity generated by such agreements, enabling their fleets to receive a fair share in the fishing opportunities obtained in the waters of other countries. The agreement between the EU and the Republic of Seychelles, renewed in 2022, supports the sustainability of fishing in Mayotte waters.

Under the **EMFAF 2021-2027**, the Commission supports sustainable fisheries and aquaculture, and the blue economy in the outermost regions, with a budget of nearly EUR 330 million. It also addresses these regions' specificities to compensate for their additional costs with a dedicated budget (EUR 183 million). The Commission approved a formal **action plan for each outermost region** to ensure that EU support is adapted to each region's needs. Moreover, the Commission included dedicated territorial analyses in the **EU Blue Economy Observatory and Blue Economy Report 2024**, and the **Sea Basin Strategy for the Atlantic** and its action plan foster a sustainable blue economy in the outermost regions, in the Macaronesia region and in the Caribbean. In line with the Maritime Spatial Planning Directive, the EMFAF has also supported the adoption of maritime spatial plans in the Azores, Madeira, the Canary Islands and French Guiana<sup>46</sup>.

Member States and outermost regions are deploying efforts in **data collection** to improve the knowledge of fisheries resources (e.g. the French EMFAF-funded project Accobiom). France strengthened cooperation with neighbouring states to combat **illegal, unreported and unregulated fishing** in French Guiana waters. To support decisions on spatial planning, project deployment and investment, the Commission's Joint Research Centre is currently **mapping the potential of offshore renewable energy in the outermost regions**.

### **Agriculture and rural development**

The agricultural sector in the outermost regions is key to ensure their food autonomy. The Commission has worked closely with the Member States to ensure that the **strategic plans of France, Portugal and Spain under the common agricultural policy** address the specific needs of their outermost regions. Adopted in 2022, these plans include a regional dimension. Furthermore, most French outermost regions have adopted food autonomy plans.

The **European Agricultural Fund for Rural Development (EAFRD)**<sup>47</sup> and the RRF support the green and digital transitions of agriculture in these regions. These funds support initiatives such as the modernisation of farms, support for agro-environmental initiatives and organic farming (e.g. irrigation infrastructures in the Canary Islands, Réunion and Madeira). The

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<sup>45</sup> COM(2024) 223 final.

<sup>46</sup> 'Advancing Maritime Spatial Planning in Outermost Regions' project (2021-2024, EUR 2 million).

<sup>47</sup> The EAFRD supports the outermost regions with close to EUR 1.3 billion (2023-2027): France (EUR 906 million), Spain (EUR 102.5 million) and Portugal (EUR 316 million).

EAFRD further supports research and development projects (e.g. variety of sugar cane resilient to drought) and projects to develop tourism, businesses and basic services.

The **programme of options specifically relating to remoteness and insularity (POSEI)**<sup>48</sup> is designed to support the agriculture in the outermost regions. In 2022, the Commission launched an evaluation of the POSEI to assess the effectiveness, efficiency and EU added value of its implementation in the 2014-2020 programming period. The evaluation – to be published in 2025 – will contribute to reflections on how to ensure a long-term future for the agricultural sector in the outermost regions<sup>49</sup>.

Through the EAFRD and the POSEI, the Commission also contributed to repairing the damage caused by the **eruption of the La Palma volcano**. The 2014-2022 **Rural Development Programme**<sup>50</sup> of the Canary Islands was amended in 2022 and 2023 to add a total national contribution of EUR 20 million from Spain to restore the affected farms and relaunch production. The POSEI programme of the Canary Islands was amended, allowing producers (mainly in the banana sector) to continue receiving income support. Spain received a further financial contribution of EUR 9.5 million from the **EU Solidarity Fund** to support essential emergency and recovery operations.

In 2022, the Commission adopted a revision of the **State aid guidelines for agriculture**<sup>51</sup> and the **Agriculture Block Exemption Regulation**<sup>52</sup>. The revised guidelines raise the aid intensity in outermost regions from 75% to 80% for several types of investments and maintains specific provisions, such as operating aid to compensate for additional transport costs of agricultural products produced in these regions. On a case-by-case basis, these specific rules allow the granting of aid also for other additional costs.

### **1.3. DOING IT RIGHT: FOSTERING THE GREEN AND DIGITAL TRANSITION**

#### ***1.3.1. Green transition: towards a sustainable economy***

##### **Climate action**

The outermost regions are particularly vulnerable to climate change and depend highly on transport connectivity. This is why the Commission gave special consideration to their connectivity needs in the **revised Emissions Trading System (ETS)**<sup>53</sup>.

To ensure territorial continuity, domestic flights and maritime journeys between an outermost region and any other airport or port in the same Member State – including flights and sea voyages within the same outermost region – are exempted from the ETS until 2030. Around EUR 1.6 billion has been set aside from ETS revenues to cover the price difference between the use of eligible sustainable aviation fuels and fossil kerosene until 2030. Special attention is paid to airports in outermost regions, where these funds can cover the full price difference with fossil kerosene. The Commission will report, in 2024 and then every two years, on implementation of the ETS extension to maritime transport, giving due consideration to outermost regions. In 2026, it will evaluate the air connectivity of islands and remote territories, such as the outermost regions.

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<sup>48</sup> The POSEI budget amounts to close to EUR 3.3 billion (2023-2027).

<sup>49</sup> In May 2024, the Commission published the study on the EU support schemes for agriculture in the outermost regions (POSEI) and smaller Aegean islands, which will feed into the Commission evaluation report.

<sup>50</sup> Rural development programmes are co-financed by the EAFRD and national budgets.

<sup>51</sup> C(2022) 9120 final.

<sup>52</sup> Commission Regulation (EU) 2022/2472 of 14 December 2022.

<sup>53</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003.

The Commission also paid special attention to the outermost regions under the **Social Climate Fund**<sup>54</sup>, which provides that Member States should consider geographic specificities, including the outermost regions, in their social climate plans.

As part of the **EU Adaptation Strategy**<sup>55</sup>, the Commission organised **10 workshops** in the various basins of the outermost regions. The aim was to encourage **exchanges on climate adaptation** solutions between these regions and their neighbouring countries, for example on coastal resilience, agriculture, biodiversity, water resource management and tourism. It published a **compendium presenting the most innovative good practices**<sup>56</sup> in this context.

The Commission highlighted the outermost regions' specific climate risks in its **Communication *Managing climate risks - protecting people and prosperity***<sup>57</sup> adopted in March 2024. The European Climate Risk Assessment<sup>58</sup> complementing the Communication includes a specific chapter on outermost regions, detailing the climate risks these regions face.

The **ERDF** supports investments on climate change adaptation and risk prevention in all the outermost regions (EUR 334 million in 2021-2027), e.g. Guadeloupe and Martinique for investment in seismic rehabilitation of schools, and Réunion for measures against erosion and flooding of riversides.

Some outermost regions are implementing projects to address climate change, such as the LIFE-funded Adapt'Island project on innovative and replicable techniques for restoring coastal and marine ecosystems throughout the Caribbean. Several regions have also adopted legislative initiatives, such as the climate change and energy transition act of the Canary Islands.

### **Renewable energy and energy efficiency**

The Commission supports the outermost regions' transition to a greener energy mix to unlock their renewable energy potential, such as their vast offshore wind and solar energy resources. It drew attention to their solar energy potential in the **EU solar energy strategy**<sup>59</sup>. The Commission supports **renewable energy generation** through various EU funds, e.g. the Canary Islands are dedicating EUR 42 million of ERDF funding to support renewable energy, and the Portuguese RRP supports many investments in renewable energy in the outermost regions, such as incentives for households and SMEs to purchase photovoltaic systems in the Azores (SOLENERGE project).

The ERDF supports the **energy efficiency of private and public buildings**. Martinique allocates EUR 5 million of ERDF funds to the renovation of residential and public buildings, while the Azores allocate ERDF funding to energy efficiency (EUR 16.3 million) and to developing smart energy systems, grids and storage (EUR 7.5 million). The Interreg programmes foster exchanges between the outermost regions and their neighbouring countries on energy management.

Through the **clean energy for EU islands** initiative, the Commission provided targeted support and fostered capacity building in the outermost regions, e.g. the Waste-To-Energy project (PI project) in Saint-Martin, a study on battery energy storage system in La Palma (Canary Islands) and the H2PortoSanto project to transform residual biomass into clean hydrogen in Madeira.

The Commission supports several regions in preparing decarbonisation plans for their energy systems<sup>60</sup> and is developing guidance on access of renewable energy sources to grids and grid

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<sup>54</sup> Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023.

<sup>55</sup> COM(2021) 82 final.

<sup>56</sup> Compendium of good practices and solutions for climate change adaptation in the outermost regions of the EU.

<sup>57</sup> COM(2024) 91 final.

<sup>58</sup> European Environment Agency, European Climate Assessment, EEA Report No 1/2024.

<sup>59</sup> COM(2022) 221 final.

<sup>60</sup> Madeira - Pico, Faial and São Jorge (Azores) - La Graciosa and La Palma (Canary Islands).

management in non-interconnected EU islands, covering four outermost regions<sup>61</sup>. In the context of the **New Energy Solutions Optimised for Islands** initiative, the Commission facilitated the transition to clean energy, through the Local Energy Community in La Palma (Canary Islands) and the H2 project in the Azores.

The outermost regions have started to explore the potential of **hydrogen**. For example, the European Investment Bank funded Guadeloupe's Hydrogen Roadmap (EUR 660 million), and the Hyguane project in French Guiana aims to generate 110 tonnes of green hydrogen as of 2027 to supply the Guiana Space Centre and the transport sector.

Several regions adopted **strategies** to step up renewable energy generation, promote energy efficiency and reduce dependency on fossil fuels. This includes the sugar energy strategy 2030 of the Azores, interconnection of electricity networks between islands of the Canary Islands, and the multiannual energy programmes of the French outermost regions.

### **Circular economy**

The outermost regions have a high potential to develop circular economy solutions. Cohesion policy supports circular economy development in the outermost regions. Both the **ERDF** and **Interreg** support waste management and waste recycling, e.g. in Réunion with EUR 18 million of ERDF funding dedicated to the circular economy, and in the Caribbean through the Interreg project SARGOOD (EUR 450 000) on collection and valorisation of sargassum. Outermost regions also benefit from support under the LIFE programme (e.g. the AgriLoop project aims to upgrade under-exploited residues into high added-value bioproducts to be reused).

To facilitate exchanges and promote circular economy good practices, collaboration is ongoing to organise a webinar on circularity in outermost regions under the European Circular Economy Stakeholder Platform, a one-stop shop for events, opportunities of funding, and best practices on circular economy.

Several outermost regions have designed strategies to promote waste prevention, improve waste valorisation and management, and manage hazardous waste. These include the regional waste prevention and management plan of French Guiana and the regional strategy for waste management in Madeira. Several outermost regions designed strategies catering to their regions' specificities such as the Circular Economy Conference of the Azores.

#### ***1.3.2. Fostering the digital transition: enabling new opportunities***

The Commission actively supports the outermost regions in addressing their digital connectivity needs due to their remoteness from continental Europe.

Under the digital stream of the **Connecting Europe Facility** (CEF), the Commission provides higher co-financing rates to projects involving the outermost regions and it approved funding for submarine cable infrastructure in these regions worth over EUR 125 million. One project jointly funded by the CEF (EUR 30 million) and the ERDF (EUR 10 million) will connect French Guiana to the EllaLink cable system connecting Latin America with Europe. Another project (EUR 40 million under CEF) supports new submarine cables connecting Lisbon to the Azores, and the Azores to Madeira. The CEF will also support submarine cable infrastructures in the Canary Islands (EUR 36 million) and the French outermost regions in the Caribbean (EUR 20.6 million)<sup>62</sup>.

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<sup>61</sup> Canary Islands, Azores, Madeira and Réunion.

<sup>62</sup> New submarine cables between the islands of El Hierro and Tenerife (EUR 13 million) and between Gran Canaria, Lanzarote and Fuerteventura (EUR 23 million) in the Canary Islands, and two cable projects involving the French outermost regions in the Caribbean - CELIA (EUR 17 million) and Caribbean Connect (EUR 3.6 million).

In its **Connectivity Package**<sup>63</sup>, the Commission highlighted the outermost regions' dependency on data carried through submarine cables. It recommended that Member States identify targeted actions connecting a Member State with its outermost regions as a 'cable project of European interest'.

The **Union Secure Connectivity Regulation**<sup>64</sup> highlights that in the absence of ground-based communication systems, spaced-based satellite communication services are the most viable option. The Union Secure Connectivity **Programme** should enable connectivity across the Union, including in the outermost regions, and around the globe.

Ground infrastructure in the outermost regions is crucial for space, security and defense given their strategic locations and unique capabilities, as stated in the **Joint Communication on EU Space Strategy for Security and Defence**<sup>65</sup>. In particular, the Guiana Space Centre in French Guiana and other spaceport projects emerging in the outermost regions contribute to strengthening the EU's autonomous access and resilience to space.

The Commission promotes digital tools in the outermost regions through the network of **European Digital Innovation Hubs** and the specific hubs in the outermost regions funded by the **Digital Europe Programme** (DIGITAL), which provide training and networking opportunities<sup>66</sup>. The RRF can provide complementary funding for hubs (Smart Island Hub in Madeira)<sup>67</sup> or invest in developing new sectors (eGames Lab to develop a video game industry in Madeira).

In its first report on the State of the **Digital Decade**<sup>68</sup>, the Commission recommended that Member States complement private investment to bridge their outermost regions' connectivity gaps and to foster digital skills. Several EU funding instruments are available for the digitalisation of education. The ERDF supports the Canary Islands in implementing their Plan for Digital Education. The Portuguese RRP supports digital equipment and teacher training in Madeira (EUR 22 million). Through its initiative *Guyane connectée, combler les écarts*, French Guiana aims to upgrade satellite connectivity and secure power supply in classrooms.

The Commission encouraged the participation of outermost regions in the **Broadband Competence Offices Network**'s webinars on smart submarine cables, on satellite connectivity, and on CEF Digital calls for proposals. This network produced videos on broadband development in Réunion and the Canary Islands. Two dedicated webinars on opportunities under the Connectivity Package took place in 2024.

## **2. COOPERATION WITH OTHER EUROPEAN REGIONS, NEIGHBOURING COUNTRIES AND BEYOND**

### **Interreg and cooperation with NDICI-Global Europe and overseas countries and territories' financing instruments**

The geographical location of the outermost regions is a key asset for the EU's global interests. Therefore, the Commission granted the outermost regions a particular attention in the revision of strategies and partnership agreements between the EU and parts of the world where outermost regions are located, encouraging cooperation with the OCTs.

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<sup>63</sup> COM(2024) 81 final; C(2024) 1181 final.

<sup>64</sup> Regulation (EU) 2023/588 of the European Parliament and of the Council of 15 March 2023.

<sup>65</sup> JOIN(2023) 9 European Union Space Strategy for Security and Defence of 10 March 2023.

<sup>66</sup> For example, the hub CIDIHUB in the Canary Islands on digitalisation of businesses, the EDIH of Réunion in cybersecurity with funding from the Digital Europe Programme, and the hub AzDIH in the Azores.

<sup>67</sup> Budget of EUR 598 886, co-financed by the RRF with 74%.

<sup>68</sup> European Commission, Directorate-General for Communications Networks, Content and Technology, 2030 Digital Decade – Report on the state of the Digital Decade 2023, Publications Office of the European Union, 2023.

The new **Agenda for relations between the EU and Latin America and the Caribbean** (LAC) highlights the presence of the EU in this region, through the outermost regions, as an asset for this partnership<sup>69</sup>, and envisages to strengthen cooperation between LAC, outermost regions and the OCTs<sup>70</sup>. Under the **Partnership Agreement between the EU and the Organisation of the African, Caribbean and Pacific States**<sup>71</sup>, signed in 2023, the protocols for Africa and the Caribbean encourage regional cooperation with outermost regions and OCTs.

The Commission upgraded the external dimension of the **Interreg programmes 2021-2027** for the outermost regions<sup>72</sup> by providing that projects should involve at least one neighbouring partner country<sup>73</sup> and/or OCT. In 2014-2020, the outermost regions developed several Interreg projects to address common challenges, e.g. the fight against sargassum or an emergency integrated response to regional disasters. This continues under the 2021-2027 programmes, which dedicate more than EUR 19 million to climate adaptation.

To allow the financing of joint actions by Interreg and the external funding instruments, the Interreg Regulation, the **NDICI-Global Europe** Regulation and the Decision on Overseas Association including Greenland (DOAG) provide the possibility to combine funding. In particular, Commission services are setting the conditions to include an estimated additional budget (EUR 15 million) from NDICI to the Interreg Madeira-Azores-Canary Islands (MAC) and Indian Ocean programmes. The project **ATLANTE**, adopted by the MAC programme partners<sup>74</sup>, will be crucial to achieve this objective. The Commission also approved a budget of EUR 15 million from the DOAG allocation to foster intra-regional cooperation between OCTs and their neighbours, including the outermost regions. The Commission has initiated discussions (e.g. at the 2024 OCTs-EU Forum) about common priority actions in (infrastructure) digital connectivity and the blue and green economy.

With the support of programmes such as **Horizon Europe** and **Interreg Atlantic**, the Azores, Madeira and the Canary Islands are cooperating with other EU Atlantic regions on marine litter management (Free LitterAT project) and decarbonisation of ports (ENEPORIS project).

## Trade

In line with Article 349 of the Treaty, given the economic dependence of the outermost regions on a small number of products, dedicated attention needs to be given to their trading relations with neighbouring countries or countries producing similar goods, in some cases with lower costs and health, safety, and environmental standards.

The Commission has continued to take into account the **interests of outermost regions in negotiations on trade agreements** and to consider any potential impact on them, in particular in the *ex-ante* sustainability impact assessments and *ex post* evaluations. The 2023 sustainability impact assessment supporting the deepening of the interim Economic Partnership Agreement (EPA) between the EU and Eastern and Southern Africa highlights the specific situation of outermost regions in relation to agricultural products and fisheries. The 2024 sustainability impact assessments supporting the EU-India negotiations recalled outermost regions' concerns on sugar and included a case study on this sector, taking into consideration Réunion's contribution to the public consultation. In 2023, the documents on the impact evaluation of the EU-Central America and the EU-Colombia, Ecuador and Peru Association

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<sup>69</sup> JOIN(2023) 17 final, 7.6.2023.

<sup>70</sup> Declaration of the EU-CELAC Summit 2023, Brussels, 18 July 2023.

<sup>71</sup> The Samoa agreement (OJ L, 2023/2862, 28.12.2023).

<sup>72</sup> Macaronesia, Mozambique Channel, Caribbean, Indian Ocean and Amazonia.

<sup>73</sup> A country or territory covered by any geographic area under NDICI and which receives support from the EU's external financing instruments (Article 2 of Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021).

<sup>74</sup> Azores, Madeira, Canary Islands, Cape Verde, Senegal, Mauritania, Ghana, Gambia, Ivory Coast, São Tomé and Príncipe.

Agreements could not exclude a potential negative impact for bananas and sugar in the outermost regions and that further assessment would be needed to ascertain such impact. The ongoing evaluation of the EPA between the EU and the Southern African Development Community (SADC) envisages an impact analysis of the agreement on these regions.

Most trade agreements provide for a **bilateral safeguard clause**, which usually covers all products. In addition, some agreements include specific provisions for agricultural products, and most agreements also include specific safeguard provisions for the outermost regions. Furthermore, preferential access to the EU market for **sensitive agricultural goods** (e.g. sugar) is granted only in the form of tariff rate quotas, except in the case of EPAs concluded with African, Caribbean and Pacific (ACP) countries. These products are sometimes even excluded from the liberalisation in bilateral agreements (e.g. sugar and bananas in the EU-Chile Advanced Framework Agreement and the interim trade agreement).

The **EU's banana trade and market** are regularly monitored by the Commission through publicly available market reports to increase market transparency, and relevant measures are taken to protect EU production (including that of outermost regions) and ensure fair competition, also regarding non-EU countries. In 2022, the Commission conducted a study on the banana market, the final report of which concluded that there is an overall balance between the interest of EU banana producers (including in the outermost regions), those of ACP countries (with historic duty-free access for their development), and the duty-reduction to exporters from Latin America. According to this assessment, these international obligations for the EU have not destabilised EU banana production in the outermost regions or the EU banana market. The POSEI and the rural development programmes were key to support banana producers in the outermost regions and to preserve EU production.

Finally, the Commission fostered the participation of outermost regions' stakeholders in civil society dialogues<sup>75</sup> and in Access2Markets workshops (in 2023 and 2024), to help trade with non-EU countries and to raise awareness on trade agreements.

## Migration

Some outermost regions face an intense migratory pressure, such as the Canary Islands, Mayotte and French Guiana. The Commission supports these regions with several EU funds that can increase and complement national funding. The Commission provided the possibility for **cohesion policy funds – Cohesion's Action for Refugees in Europe (CARE) and Flexible Assistance to Territories (FAST-CARE)** – to support actions aimed at integrating migrants, such as access to the labour market and other measures ensuring long-term social integration, e.g. in housing, healthcare, translation or training.

The three main EU funds designed to address migration, border management and security are the **Asylum, Migration and Integration Fund (AMIF)**, the **Border Management and Visa Instrument (BMVI)**, for the Schengen area) and the **Internal Security Fund (ISF)**. Member States should ensure that their national programmes under AMIF, BMVI and ISF address the specific challenges of the outermost regions. In addition, the thematic facilities under these funds allocate funding to emerging or unforeseen needs, including those faced by outermost regions. The Commission also encouraged Member States to involve regional authorities to address their concerns. The Interreg MAC Programme 2021-2027 (cohesion policy) will support mobility and migration management (contribution of EUR 8.5 million) to complement AMIF and ESF+ funds for unaccompanied minors, reception at the border and for awareness campaigns.

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<sup>75</sup> EU-India in 2023 and 2024, for the EU-SADC EPA *ex post* evaluation in 2023 and 2024, and for trade relations with Latin America in 2024.



**France's** programme under the AMIF emphasises the role of regional and local authorities, particularly in the field of integration of refugees and migrants, with a higher co-financing rate and a reduced financial threshold for eligible projects in the outermost regions (from EUR 500 000 to EUR 200 000). In **Portugal's** programme, the AMIF is financing the creation of temporary facility centres in the airports of Madeira and the Azores and plans to support migrant integration projects in both regions. Under BMVI, funds were allocated to refurbish border surveillance stations and to interconnect these with the national (continental) border surveillance system. In 2023 and 2024, **Spain** requested financial support under the emergency assistance of the thematic facilities to relieve the pressure on the Canary Islands' reception system (EUR 20 million, AMIF) and to strengthen the capacity of this region to assist and identify immigrants arriving on its coasts (EUR 17.5 million, BMVI). This was granted by the Commission.

The Commission is **monitoring the migration situation**, supporting awareness raising and encouraging the use of EU funds for migration. The Monitoring Committees for the migration funds of the three Member States with outermost regions include representatives from these regions. In 2022 and 2023, the Commission organised meetings with Spain and the Canary Islands to discuss the increase of arrivals in the archipelago, particularly the high number of unaccompanied minors.

With staff deployed in the Canary Islands, both **Frontex and the European Union Agency for Asylum (EUAA)** are supporting the Spanish authorities as regards external border management and reception of migrants. Since 2023, the EUAA assists Spain, including the Canary Islands, to strengthen the reception system for unaccompanied minors. In 2023, the Commission presented an action plan for the Western Mediterranean and Atlantic migratory routes with measures focusing on cooperation with countries of origin and transit of irregular migrants.

These efforts are increased at national and regional level. Spain signed an agreement of cooperation (EUR 50 million) with the Canary Islands under the 2022 national budget to address the increasing number of unaccompanied minors. The Canary Islands allocated funds of their own to complement EU funding for unaccompanied minors and have developed specific programmes for their transition to adulthood.

### **3. STRENGTHENED PARTNERSHIP, DIALOGUE AND SUPPORT**

The Commission has significantly strengthened dialogue with the outermost regions with **formal annual dialogues per region at Commissioner level**. These serve to discuss each region's development strategy, how the EU can support this, and to seek solutions to overcome regulatory or funding bottlenecks. The Commission also organises numerous meetings bringing together several Commission services and the relevant region and Member State to discuss concrete tailored action for each region.

The Commission has followed up on its commitment to help the outermost regions benefit from various EU support opportunities. It developed a series of **dedicated workshops on EU competitive programmes** (Connecting Europe Facility, Digital Europe, LIFE; Erasmus+, Horizon Europe, Creative Europe, and the Single Market Programme), provided information on all relevant calls for projects, and created an advisory tool<sup>76</sup> exclusively for these regions. The new **on-demand advisory tool** supported a broad range of public and private stakeholders on how to develop or implement regional development strategies, and to enable synergy between opportunities under EU funds and programmes. The Commission approved support for 23 requests for advisory services in a broad number of areas.

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<sup>76</sup> Advisory tool for the EU Outermost Regions on Inforegio webpage.

The outermost regions must continue to strengthen their **administrative capacity**<sup>77</sup>, including with regard to cohesion policy programmes, with the support of their Member States and by making full use of the technical assistance budget made available to them under these programmes. Administrative capacity is also key to be able to undertake the necessary reforms to make the most out of the investments.

The Commission encouraged the outermost regions to request support from the **Technical Support Instrument** and reached out to these regions in the 2023 and 2024 roll-outs of the instrument in France, Portugal and Spain. In 2023, the Commission provided technical support for the French outermost regions through a project supporting reforms strengthening the capacity of the outermost regions to access funding under EU horizontal programmes. It launched a flagship initiative on ‘Overcoming barriers to regional growth’, specifically encouraging applications from the outermost regions. In 2024, the Commission will support the French outermost regions in enhancing citizens’ knowledge of digital finance, including through the provision of educational content.

### State aid

The Commission continues to take into account the outermost regions’ specificities to support the small size of their economies and has reflected them in the revision of State aid regulations and guidelines across sectors. For example, in the 2023 revised Temporary Crisis and Transition Framework, the Commission made it possible to provide higher support to investments in the outermost regions. In the 2023 revision of the **General Block Exemption Regulation**, the Commission included a bonus of 15% of aid intensity for industrial research and experimental projects in the outermost regions in certain assisted areas, facilitating therefore increased support for R&D projects in these regions, and maintained favourable regional aid provisions allowing both the compensation of companies in these regions for additional operating costs and a higher aid intensity for investment aid. The Commission further adopted in 2023 a new **general de minimis Regulation**<sup>78</sup> and a new **de minimis Regulation for services of general economic interest**<sup>79</sup>, increasing the ceilings per undertaking respectively from EUR 200 000 to EUR 300 000 and from EUR 500 000 to EUR 750 000 over 3 years – which will benefit the companies in outermost regions. Moreover, the **Guidelines on Regional State Aid** have been amended to allow increased aid intensity up to 10% for projects within the scope of the Strategic Technologies for Europe Platform (STEP) Regulation<sup>80</sup>.

### CONCLUSIONS

Implementation of the Communication *Putting people first, securing sustainable and inclusive growth, unlocking the potential of the EU’s outermost regions* is on track. In just over two years, **the Commission has delivered on many of its commitments** by reflecting the specificities of outermost regions across numerous policies, legislative proposals, initiatives and projects. **The outermost regions and their Member States** are also contributing to implementing the 2022 Communication and its recommendations, by developing various national or regional initiatives, such as reforms, laws and plans, financial support schemes and projects.

**Cohesion policy-funded investments** have played and continue to play a key role in the outermost regions. **Other EU funds and programmes** such as the Recovery and Resilience Facility, Connecting Europe Facility, European Maritime Fisheries and Aquaculture Fund,

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<sup>77</sup> Governance indicators in the Ninth Cohesion Report.

<sup>78</sup> Commission Regulation (EU) 2023/2831 of 13 December 2023.

<sup>79</sup> Commission Regulation (EU) 2023/2832 of 13 December 2023.

<sup>80</sup> Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024.

POSEI and LIFE, have brought about significant positive impacts in these regions in the fields of transport, digitalisation, agriculture and environment.

Furthermore, the Commission has enshrined the outermost regions' specificities in many EU policies, such as **climate action** (Emissions Trading Scheme), **fisheries** (*de minimis* aid for small fishing fleet), **State aid** (General Block Exemption Regulation), **digitalisation** (Connectivity Package), **transport connectivity** (Trans-European Transport Network), and **trade** (sustainable impact assessments). The Commission has also created specific **tools and opportunities** (e.g. dedicated advisory tool and workshops, youth project) to help the outermost regions seize the various possibilities for EU support, from which they are increasingly benefiting.

These efforts need to be continued. As highlighted in the 9<sup>th</sup> Cohesion Report, most of the outermost regions have a GDP per capita below 75% of the EU average and some of these regions are (or at risk to be) in a regional development trap<sup>81</sup>. To bridge the gap in living conditions with continental Europe, it is essential to continue investing in the coverage of **basic needs**, e.g. water and housing, and addressing (energy) poverty.

In line with **Article 349 of the Treaty**, the Commission will continue providing special attention and measures adapted to the outermost regions' permanent constraints<sup>82</sup>. **EU tailored support** is essential for the outermost regions and their citizens to develop and benefit from being part of the single market. This includes addressing the challenges of the **green, digital and demographic transitions** and making the most of the opportunities they offer. This is particularly important for these regions, and for the EU as a whole which can benefit from their **potential in strategic sectors** such as space, renewable energies, biodiversity or the blue economy, as well as from the opportunities these regions offer to reach out to other continents and regions of the globe. To unlock this potential, the Commission will continue to support the outermost regions in areas such as transport, agriculture, fisheries, trade, migration, and social issues, among others.

The **effort of the EU** in supporting the outermost regions' development and in improving their economic and social situation must be **matched by the regions** themselves and their **Member States**. Appropriate development strategies, reforms and investments are still very much needed to reduce disparities with the rest of the EU. In particular, it is essential to support public services and the creation of jobs in these regions, including by strengthening administrative capacity using the opportunities available at EU and national level. In addition, EU and national support for cooperation with neighbouring countries is essential to ensure that the outermost regions are well integrated in regional and global value chains.

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<sup>81</sup> The regional development trap is defined as 'the state of a region unable to retain its economic dynamism in terms of income, productivity, and employment, while also underperforming its national and European peers on these same dimensions' (Diemer et al., 2022: 489). The Canary Islands are in a regional development trap and French Guiana is at risk of falling into it.

<sup>82</sup> In its 2024 conclusions on the 9th Cohesion Report, the Council recalled the structural social and economic situation of outermost regions, as recognised by Article 349 of the TFEU, and the role that cohesion policy has to play in supporting their development and regional integration (Council conclusions (18 June 2024) 11347/24).