



Potential impact of the economic crisis in Southern convergence regions

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Indicative common risk elements

- Peripherality (national & EU)
- External borders
- High SME presence in traditional economic sectors
- Limited propensity for innovation
- Digital divide
- High bureaucracy & limited accountability
- High unemployment & informal economy
- Insufficient service provision
- Vulnerable social groups

Impact of crisis on convergence regions

- Worsening unemployment & underemployment
- Further impediment access to credit
- Deep crisis in manufacturing & tourism
- Risk of recession effects magnified & longer-lasting
- Slowdown in bridging digital divide & technology adoption
- Less SME investment in R&D and innovation
- Structural Funds programmes designed for growth forecasts – need for readjustment
- Increased pressure on welfare system & income disparity
- Reduced potential of Euro-Med policies
- Increased illegal immigration in border regions

Challenges for Southern Convergence Regions

- Spend available Structural Funds effectively
- Balanced response to immediate social needs
- Support SMEs, micro-enterprises & family firms at risk
- Find support mechanisms for business start-up or innovation and investment attraction
- Prevent migration of high-skilled workforce
- Modernise traditional manufacturing & tourism industries
- Enhance accessibility & infrastructure for regional polycentric development and intra-regional/external corridors
- Foster sustainable energy/renewable energy

Opportunities for Southern Convergence Regions

- Introduce necessary structural reforms
- SMEs adaptation support measures
- Increased impetus for clustering, quality labelling & certification
- Potential increase in endogenous market
- Strategic repositioning of small & medium towns
- Potential increased competitiveness of tourism
- Impact from strong investment in major infrastructure
- Impact from investment in eco-innovation/energy sectors

Recovery plans: common themes and examples

- Need to coordinate national/regional measures
- Unblocking regional Structural Funds – easing bureaucracy & speeding processes
- Providing social relief – ad-hoc protection measures
- Investing in training/back-to-work schemes
- Investing in social services
- SME Risk Capital Schemes
- Infrastructure
- Investment in value-added industries
- Debt consolidation schemes