

Cross-Border Cooperation in the Mediterranean area



This document sets out key characteristics of the Mediterranean region and outlines options and orientations for the programming of future Interreg cross-border interventions in the area.

The paper should be considered alongside the Mediterranean orientation paper that has been produced by DG Regional and Urban Policy to prepare the future transnational Interreg programme that will be active in the same sea-basin.

For the period 2021-2027, the European Commission has sought to promote a more territorial approach to future Interreg programmes, particularly when it comes to cross-border cooperation. In this context, there is compelling evidence to show that cooperation around sea-basins needs to reflect the specific territorial features of these areas and their overwhelming maritime dimension.

Many of the important challenges faced by Member States and regions around the Mediterranean call for action at sea-basin level. In particular, environmental challenges at sea and in coastal areas, accessibility and connectivity should not be tackled in a fragmented way. A similar approach needs to be taken to socio-economic development.

At the same time, these major challenges also require local actions that will underpin measures taken at European and national levels. In this context, there is room to support cross-border cooperation, provided it is planned and implemented in full complementarity with measures decided transnationally.

This document contains the following main sections:

1. A general analysis of the challenges and opportunities around the Mediterranean region which affect socio-economic and territorial cohesion;
2. Key elements of future governance for territorial cooperation in the Mediterranean area
3. Possible scenarios to maximise the impact of future Interreg cross-border interventions in the area
4. Orientations for the current cross-border areas covered by an Interreg 2014-2020 programme.

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1. THE MEDITERRANEAN AREA – KEY CHALLENGES AND OPPORTUNITIES

1.1. TOP CHARACTERISTICS

A large sea-basin, with a complex geography

The Mediterranean Sea covers an extremely large geographical area, stretching from the Strait of Gibraltar to the West, to the Suez Canal to the East. It is surrounded by over 20 countries and contains numerous islands, including two island nations (Cyprus and Malta). The EU Member States make up a minority of these countries. This has several implications, but most importantly it means that cooperation programmes or interventions involving only EU Member States will have limited impact on tackling macro-regional issues at the sea-basin level.

Unlike other semi-enclosed seas such as the Baltic Sea or the Black Sea, much of the Mediterranean Sea is made up of international (High Seas) waters, outside the national jurisdictions of the coastal states bordering the Sea. A key implication of this is that a more substantial part of the marine environmental and maritime ‘space’ is outside the direct control or influence of coastal states at the national level, let alone at the sub-national level of coastal regions.

A strong identity...

More than a purely topographic coherence, the Mediterranean area is rather the collation of regions that strongly identify with the Sea (Mare Nostrum) and consider that cooperation with neighbouring regions based on a shared Mediterranean identity is particularly relevant. This process has taken political shape following the launch of the Barcelona Process in 1995. The Union for the Mediterranean which started in 2008 is a testimony of the continued importance given by many stakeholders to their shared identity.

A unique ecosystem... facing serious threats

All areas of the Mediterranean Sea face many common threats to their unique ecosystems and biodiversity, and multiple environmental pressures (arising from issues such as poor waste management practices, pollution and growing issues of marine litter). It is recognised that action in these areas must involve coordinated interventions, since no single country, acting alone, will be able to successfully address all the problems.

Blue Growth potential, including in sustainable tourism development

Blue Growth is essential to addressing the environmental issues of the area, as well as being a key response to the challenges of relatively low levels of competitiveness and socio-economic development in the region. Blue Growth also incorporates a clear commitment to addressing the wider issues of energy production/generation in the area and is part of the response to the risks and pressures arising from climate change.

Tourism can be considered as a sub-category of the ‘Blue Growth’ agenda, as coastal tourism is an important theme within the Blue Economy. Tourism has particular significance for the region and yet faces a number of major challenges if it is to develop sustainably around the sea basin. Priority actions must address issues such as

seasonality, greater diversification of tourist offers, protection of natural and cultural heritage and the potential environmental pressures and impacts arising from tourism development.

A challenging accessibility and maritime transport framework

Relatively poor accessibility and connectivity represent important challenges. Many island communities have poor accessibility, and where connections do exist, often local transport networks are not appropriately linked to the core transport routes that connect the islands and coastal areas of the Mediterranean Sea to other parts of mainland Europe.

Moreover, maritime safety and prevention of maritime disasters in the Mediterranean Sea have been identified as important strategic challenges to be addressed.

1.2. FUNCTIONAL AREAS

When it comes to maritime cooperation, or cooperation between maritime/coastal areas, the sea basin itself is a functional area, in particular when it comes to natural assets and environmental questions, including climate change. One can say that the sea is the “territorial glue” that brings these regions closer together.

Within sea basins it is possible to identify further functional areas based on distinctive, intensive levels of cross-border interaction or interdependencies. For maritime functional areas this could be made visible on e.g. the basis of number and intensity of ferry connections which impact on key sectors of socio-economic life such as for instance labour mobility and access to public services.

When it comes to the Mediterranean Sea, functionality based on socio-economic factors is very limited. At best, one can say that the sub-Mediterranean basins such as the Adriatic, Ionian, Aegean or Tyrrhenian seas can be considered as functional areas, although evidence tends to highlight very limited socio-economic interdependencies and interactions.

At a more political level, one can identify sub-areas such as that covered by the WestMED Initiative or the EU Strategy for the Adriatic-Ionian Region. But again, there is little evidence of interdependencies in terms of socio-economic factors.

The geographical coverage of the three existing 2014-2020 CBC programmes in the Mediterranean Sea only covers a very small part of the sea basin. Moreover, the three maritime CBC programme areas are not recognised, distinct ‘sub-areas’ of the Mediterranean Sea. Thus, whilst the three programme areas are considered within a broader Mediterranean Sea perspective and face challenges and issues that are addressed in the wider framework, collectively they are not treated as a coherent, functional area within the Mediterranean region.

Having said this, the general functional approach described above also means that any future cross-border cooperation area should not be strictly limited to the administrative borders of an Interreg programme, but should have a flexible geography depending on the topic concerned. For some topics, a better or more effective solution can be found by involving partners from outside the programme area (e.g. to have a good applied research project on the blue economy, you may need to involve a university which outside the programme area).

2. POSSIBLE SCENARIOS FOR FUTURE CROSS-BORDER COOPERATION PROGRAMMES

The preparation for the new programming period 2021-2027 is a good moment for reflection on the current set up of the different Interreg programmes around the Mediterranean Sea. For this purpose, DG Regional and Urban Policy organised a roundtable discussion on 20 September 2019 with the Member States around the Mediterranean Sea for an open discussion. Taking into account a probably smaller budget for the future and the need for a stronger strategic focus, the question is if the current set up is the most efficient one and if certain changes are required.

There was general agreement in the meeting that stronger coordination is required between the different strands of the Interreg programmes not only during implementation but especially during preparation of the programmes to avoid negative overlaps in the design of investment priorities and to identify optimal complementarities (“positive overlaps”). This requires appropriate coordination structures and early exchanges on the design of future programmes.

2.1. ARCHITECTURE

Under the current architecture, the Mediterranean Sea region is covered by:

- 3 Transnational programmes: MED (9 Member States and 3 candidate countries), BalkanMed (Greece, Cyprus, Bulgaria, Albania, North Macedonia), and SUDOE (South West Europe: Spain, Portugal, France)
- **3 CBC maritime programmes: Italy-France, Italy-Malta and Greece-Cyprus** and land border programmes in the area (France-Spain, France-Italy)

Therefore, the three cross- border maritime programmes do not operate in isolation but are part of a larger complex set of programmes and strategies in the Mediterranean region. This larger framework should be taken into account when designing the maritime CBC programmes.

The geographical area of the three existing CBC programmes in the Mediterranean Sea maritime border area only covers a small part of the Mediterranean Sea region. With regard to the principal sub-division of the Mediterranean Sea region, they are located in different sub-areas: Western Mediterranean (Italy-France), Central Mediterranean (Italy-Malta) and Eastern Mediterranean (Greece-Cyprus).

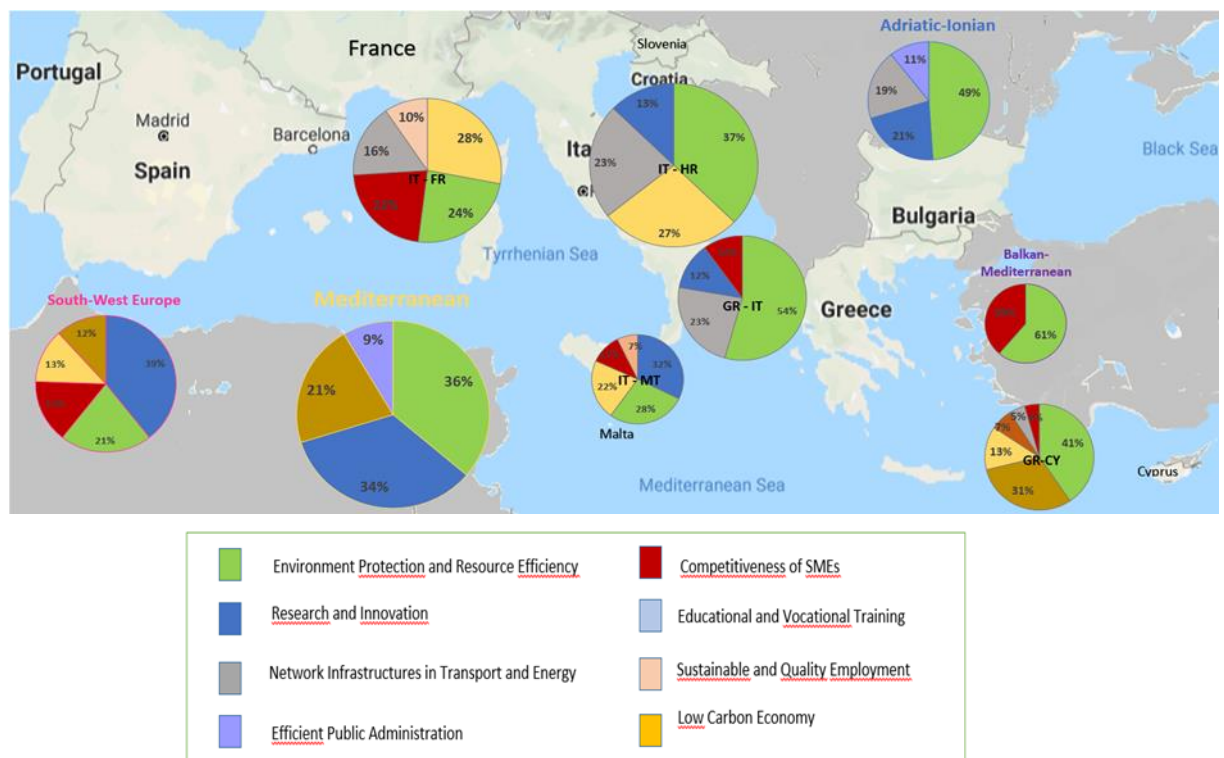
Possibilities for alternative geographical architecture of the 3 CBC (Interreg strand A) programmes Italy-France, Italy-Malta and Greece-Cyprus are limited. The Commission does therefore not propose any alternative scenarios at this moment.

– No alternative scenarios for geographical architecture are envisaged for the three CBC Mediterranean programmes concerned.

2.2. THEMATIC CONCENTRATION

A more strategic focus for the future programmes will imply as well a stronger thematic concentration of investments under the next generation of maritime CBC programmes. This cannot be done in isolation but should be done in close coordination with the investment priorities under the future transnational MED programme. The Commission proposes for this transnational programme to focus mainly on Policy Objective 2 (i.a. actions addressing challenges linked to climate change such as desertification (water reservoir empty, decreasing biodiversity, soil erosion and other extreme weather events and natural hazards (droughts, forest fires) as well promotion of circular economy). Also promotion of RDI activities around the Mediterranean (innovation in climate change, green economy and blue economy; identify joint challenges and common solutions) (Policy Objective 1) is proposed. Finally, also actions are proposed under Policy Objective 5 (i.a. increase services of general interest in remote areas as islands, mountainous regions) and the new specific objective for better Interreg governance (cooperation between regions, across borders and between programmes).

This proposal for the transnational MED programme will also have consequences for the choice of investment priorities under the three cross border programmes in the Mediterranean region. Investments under the same Policy Objectives will need to show clear complementarity with the transnational programme.



For the current period, CBC Greece-Cyprus (as well as the transnational MED programmes) have their highest allocations in environment protection and resource efficiency (TO 6), whereas CBC Italy-France puts most of its budget in low carbon economy (TO 4) and CBC Italy-Malta in research and innovation (TO 1). CBC Italy-France allocates also an important share to competitiveness of SMEs (the two other programmes much less) and is the only programme with allocations for TO 8 (sustainable and quality employment). None of the CBC programmes invests in

efficient public administration (TO 11), whereas this is one of the priorities in the transnational MED programme.

Specific comments on thematic priorities for the three CBC programmes together is not easy due to their different geographical locations in the Mediterranean region and different characteristics.

The two smallest of the three maritime CBC programmes (Italy-Malta and Greece-Cyprus) have spread their budget across a relatively large number of thematic objectives (see map). In view of the need for a stronger strategic focus for the future, it is recommended to make clear choices and allocate the budget to a limited number of strategic intervention areas in the next programme.

The following thematic areas would seem to be of particular importance for all three cross-border cooperation programmes:

Measures to improve environmental conditions and safety in the Mediterranean Sea. A clean, healthy, safe Mediterranean Sea, with reduced levels of pollutants, reduced marine litter, healthy habitats to support sustainable marine biodiversity, and green and safe shipping would appear to be central to developing a successful, sustainable Mediterranean Sea maritime border area.

Addressing Island-specific challenges. Within the area there is a need for measures that address the specific and common challenges facing the island communities as distinct from the mainland coastal regions.

There are clear differences and divergences between the regions of the Mediterranean Sea maritime border area. Yet amongst this heterogeneity in the area, it is noticeable that for many indicators there is a principal ‘split’ between the mainland regions and the island regions (and island-nations). This divergence is shown across multiple indicators, with the island communities performing less well on many indicators. For example all of the regions in the area that have been categorised as the least competitive in terms of knowledge-economies (‘less competitive with low incidence of KE’) were islands and on the Regional Innovation Scoreboard only Crete (EL) of the island regions is categorised as better than ‘moderate’. International patent applications are extremely low in Cyprus, Malta and all island-regions in the area. On ‘Regional Competitiveness’ the islands also tend to perform less well. The only region rated above the EU average on this indicator was the mainland region of PACA (FR). The area has five regions at below 75% of the EU average GDP per capita; all of these are island regions (Crete, Sicily, Sardinia and South Aegean). The islands of Malta, Cyprus and Corsica are also below the EU average on this indicator. All islands, with the exception of Corsica, have labour productivity below the EU average, whilst all mainland regions were equal to or higher than the EU average.

Promoting Blue Growth. There is widespread consensus that the Blue Economy is of great importance for the area, and yet in recent years the evidence indicates that progress has been slow. The data would indicate justification for actions in several themes within the Blue Economy, including the promotion of ‘blue’ innovation/RTD, blue biotechnology, sustainable/clean maritime transport, renewable energy, coastal tourism, etc.

Sustainable Tourism. Within the context of a wider initiative on Blue Growth, it appears clear that action to develop sustainable tourism, a sub-theme within the Blue Economy agenda, must be a strong priority. Tourism is a significant element in the area’s economy. Various indicators confirm that tourism, and particularly foreign

tourism, is an extremely important part of the economies of the Mediterranean maritime border area. Tourism density is high, with some locations (notably Malta) having density levels substantially higher than EU averages, and there are several ports with substantial levels of cruise tourism. The sector faces a number of challenges that are common across the area (e.g. seasonality, cultural heritage protection) and it is recognised as a key sector impacting on the current and future status of the shared environment in the area. Support could focus on innovative cross border types of sustainable tourism linked to e.g. marine environment and cultural heritage.

Improving accessibility and connectivity. The Mediterranean Sea itself is a very significant barrier and accessibility is perceived as a problem for cooperation, particularly in the Greece-Cyprus and Italy-France programmes. Improving accessibility has several dimensions but should include measures to both improve maritime connections where these are less developed and are feasible, and also to increase the hinterland accessibility of key connection-points (ports) so that land-sea interactions are improved and current and planned land-based networks and connections (including particularly links to core land-based TEN-T networks where appropriate) are linked effectively to maritime connections.). Taking into account the limited budget under Interreg CBC programmes, this implies mainly soft measures or small scale infrastructure. Larger scale infrastructure would have to be financed by national or regional programmes.

Protection of natural and protected cultural heritage areas. The area contains many important natural and protected areas as well as an extensive number of protected sites of cultural heritage and has common challenges in ensuring that such areas and sites are preserved. This could function as a distinct theme or as a sub-priority within an environmental theme and/or a sustainable tourism theme.

Support for Innovation, Knowledge Economy (KE) and Digital Economy. Although the area has relatively low innovation capabilities there is some capacity to engage in innovation/KE/digital developments. Moreover, there are substantial common needs for new developments in relation to challenges in the environment, sustainable transport, sustainable tourism products, Blue Growth, etc. More value may be gained by focusing innovation-support in thematic areas of priority such as blue growth, sustainable tourism, maritime environment, maritime safety and island-specific challenges, and not in innovation programmes per se.

Quality of Government. The data does indicate a real need in some parts of the Mediterranean area to improve the quality of government and this dimension should be included, clearly and explicitly, in the design and development of interventions. It should be noted, though, that cross-border interventions can only have a limited role in addressing core issues of governance and administration. Possible actions can be supported under the specific objective for better Interreg governance.

Orientations

In summary, thematic concentration in the CBC programmes of the Mediterranean Sea area should focus on:

- Measures to improve environmental conditions and safety in their parts of the Mediterranean Sea.
- Island specific challenges linked to insularity (the three CBC programmes cover mainly islands)

- Promoting Blue Growth as a horizontal cross cutting theme
- Sustainable Tourism
- Protection of natural and protected cultural heritage areas
- Improving accessibility and connectivity: mainly soft measures or small scale infrastructure
- Support for Innovation, Knowledge Economy and Digital Economy closely linked to maritime issues
- Quality of Government
- Close coordination with the transnational programme MED, where relevant, as well as the national and regional EU funded programmes needs to be guaranteed both during programming and implementation.

3. GOVERNANCE

3.1. MACRO-REGIONAL STRATEGY

Unlike for the Baltic Sea region, the Adriatic & Ionian region or the Western Mediterranean region, there is no single document setting out the EU strategy for the Mediterranean Sea region as a whole. The strategic framework is provided via a combination of policy and strategy documents such as the Integrated Maritime Policy, the Maritime Spatial Planning and Marine Strategy Framework Directives, the Blue Growth Strategy, the sub-regional strategies for the Adriatic and Ionian region and the Western Mediterranean sub-sea basin, the BLUEMED Strategic Research and Innovation Agenda, the strategy of the Mediterranean Sea Basin Programme 2014-20 and the strategic context included in the three Maritime CBC programmes for 2014-20.

3.2. COORDINATION/DEMARICATION

Within the Mediterranean area, several Interreg and Investment for Growth and Jobs programmes overlap, both geographically and thematically (for this paper especially the MED and BalkanMed transnational programmes, and three maritime cross-border cooperation programmes). In cases where overlaps exist between programmes, competition for reaching out to the same groups of beneficiaries can lead to suboptimal situations and reduced efficiency.

While not every overlap is necessarily negative, it is important to put in place early coordination mechanisms to ensure that only “positive overlaps” survive. For instance, when it comes to protecting the seas, there is clear scope for acting both at transnational and at regional level. However, the nature and scope of the actions need to be fully coordinated and need to be implemented within the most appropriate geographical scale. Fighting plastic litter in the marine environment requires that Member States take measures that are then complemented by more regional or local actions such as awareness-raising or sorted waste collections.

Therefore, the 2021-2027 Interreg programmes around the Mediterranean area need to coordinate their actions at an early stage, including during the programming period. Clear demarcation lines need to be agreed between the different programmes before implementation starts. During implementation, the results of projects active in the same thematic objective need to be combined. Partners in those projects need to have access to each others’ outputs and results.

The future programmes around the Mediterranean area should establish effective platforms to capitalise on the results of their respective projects. The Panoramed¹ initiative currently implemented under the MED transnational programme could serve as a good practice.

Finally, the proposed Common Provisions Regulation stipulates that “each programme shall set out, for each specific objective the interregional and transnational actions with beneficiaries located in at least one other Member State”. This means that the Commission now proposes to make compulsory for the mainstream programmes to

¹ <https://governance.interreg-med.eu/>

describe the possibilities for cooperation for each specific objective. They could also explore opportunities to contribute together with other programmes to a larger macro-regional project, where appropriate.

It means that if mainstream programmes do not plan such cooperation actions, they will have to justify the reason. Cooperation actions planned under mainstream programmes may have many benefits for cross-border areas: more ambitious projects (e.g. development of new value chains), involvement of new players (e.g. the national authorities such as ministries) and overall more ambitious policies (e.g. cooperation in innovation in prioritised fields).

Therefore, the 2021-2027 Interreg programmes should establish or participate in an already existing coordination mechanism with the authorities responsible for mainstream programmes. This coordination implies exchange of information and cooperation and should happen at all stages: planning (e.g. designing complementary actions, including identifying smart specialisation areas on the basis of national and regional needs and potential), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region).

3.3. "INTERREG GOVERNANCE" SPECIFIC OBJECTIVE

Cross-border cooperation is not limited to Interreg programmes. It also builds on policies (e.g. cross-border mobility), on legal instruments (e.g. bi-lateral agreements, treaties, European Groupings of Territorial Cooperation) and on funding (including but not limited to Interreg). Actions and orientations set out in this section may be supported by using programme budgets as proposed in the draft ETC (Interreg) Regulation for improving governance issues.

1. Working on border obstacles and potential

As illustrated in the Commission Communication "Boosting Growth and Cohesion in EU Border Regions"², there are many different types of obstacles to cross-border cooperation. There is also scope for greater sharing of services and resources in cross-border regions and for intensifying the cooperation between citizens and institutions. Among the obstacles, legal, administrative and institutional differences are a major source of bottlenecks. Other issues include the use of different languages. As the Interreg programmes are instrumental to effective cross-border cooperation, they should seek to address these particular obstacles and tap the common potential to facilitate cooperation in this wider context.

Therefore, the 2021-2027 maritime CBC Interreg programmes in the Mediterranean area should aim to:

- identify precisely concrete key obstacles and unused potential (e.g. cooperation between SMEs, transport connections, use of languages, etc.),
- bring the relevant actors together (e.g. authorities at national/ regional/ local levels, enterprises, users, etc),
- and facilitate the process of finding ways to reduce these concrete obstacles or exploit the potential (e.g. by funding meetings, experts, pilot projects, etc).

² https://ec.europa.eu/regional_policy/en/information/publications/communications/2017/boosting-growth-and-cohesion-in-eu-border-regions

2. Role of existing cross-border organisations

Several regions have cross-border entities which can be established under EU law (e.g. European Groupings of Territorial Cooperation – EGTC), national law (e.g. private law associations or public law bodies) or international law (e.g. under bilateral agreements). One example of this are the euroregions under national law, which cover many of the borders in the EU. Many of these entities have a legitimacy (established by public authorities), an experience (many exist for years) and expertise (through their past work and staff) that should be put to good use. In the Mediterranean region there are several cooperation bodies such as the “Pyrenees-Mediterranean Euroregion” or the EGTC “Parc Marin International des Bouches de Bonifacio” for example (non-exhaustive list).

Therefore, where available and possible, the 2021-2027 maritime Interreg CBC programmes could build on the legitimacy, experience and expertise of these cross-border organisations. Where they are legal bodies, they could play a role e.g. by managing a Small Projects Fund or by managing strategic projects (as sole beneficiary).

3. Cross-border data

In order to have good public policies (e.g. innovation, management of natural resources, transport, etc), these should be based on evidence (i.e. data, studies, mapping). Whilst such evidence is generally available at national level, it is not always the case at regional/local level and even less at cross-border local level. Some of this evidence is particularly important: economic flows, transport flows and trends, labour mobility, mapping of important infrastructures and services (such as energy, waste treatment universities), mapping of risky areas (to floods, etc.).

Therefore, the 2021-2027 Interreg cross-border cooperation programmes should identify the areas where important cross-border data is missing and support projects that would fill the gap at the latest by 2027 (e.g. in cooperation with national statistical offices, by supporting regional data portals etc.).

3.4. PROGRAMME GOVERNANCE

1. Partnership principle

The principle of partnership is a key feature covering the whole programme cycle (including preparation, implementation and participation in monitoring committees), building on the multi-level governance approach and ensuring the involvement of economic, social and environmental partners. Examples of good practice include involving representatives of different interests in the programming process; involving them in programme evaluation or other strategic long-term tasks; consulting all members on key documents also between meetings. Technical Assistance can be made available to facilitate their full involvement in the process.

Another way to involve partners more widely, and to ensure the programme funding is accessible to a maximum number of beneficiaries (thereby removing obstacles linked to financial standing or administrative capacity) is to envisage the use of Small Project Funds under the various thematic objectives selected by programmes.

2. Role of the monitoring committee:

The monitoring committee (MC) is the strategic decision-making body of the programme. In 2021-2027 the monitoring committee will be given a more prominent role in supervising programme performance.

The **composition of the monitoring committee** must be representative for the respective cross-border area which includes key stakeholders for successful work on alleviating border obstacles. The three maritime CBC programmes are also relevant for the development of the MED transnational programme: relevant key stakeholders should be invited to attend the monitoring committee of the programme.

Project selection shall take place in the monitoring committee or in steering committee(s) established under the monitoring committee in full respect of the partnership principle. Larger strategic projects / flagship projects (i.e. designed and implemented by public authorities without a call) may be pre-defined in the programme document or selected via a transparent and agreed procedure. It is up to each programme partnership to decide on the optimal balance between different types of projects required to achieve the overall programme objectives, such as flagship projects, regular projects, projects selected through bottom-up or top-down procedures, small projects, etc.

Decision-making must also be non-discriminatory and transparent. The procedure should also be inclusive. Each monitoring (or steering) committee member shall have a vote. Voting by delegation should not be encouraged unless it is transparent and puts weaker partners at equal footing with "institutional" partners.

- Role of the Managing Authority

The managing authority (MA) shall ensure effective implementation of the programme. The managing authority is also at the service of the programme and its monitoring committee. It acts as the programme authority representing *all* countries participating in the programme.

- Role of the Joint Secretariat

The Joint Secretariat (JS) should ideally be the cross-border executive body of the programme at the service of the managing authority. It should consist of professional and independent staff from the participating countries. The JS should possess representative linguistic competence and relevant border country knowledge. Its procedures should be efficient and transparent. Communication with beneficiaries, potential applicants and the general public should be ensured mainly by the JS. **Regional contact points/antennas** operating directly under the JS' responsibility may be useful in border areas characterised by large distances and/or difficult accessibility.

3. Trust-building measures

Effective cross-border cooperation requires a good level of trust between partners. Trust needs to be built and maintained. This is a long-term investment which aims at fostering cooperation-minded future generations. The Interreg programmes can make a substantial contribution by providing financial support for trust-building activities such as linking up schools, sports clubs, cultural organisations, etc. The beneficiaries of such activities are often not fully equipped to manage full-blown Interreg projects. Therefore, the use of Small Projects Funds or of specific simplified calls managed by the Managing Authority itself could be considered.

4. Conflict of interest

Conflict of interest between decision-making bodies and applicants and beneficiaries shall be avoided at any moment, including project generation, project preparation, project selection and project implementation. One way to avoid this is to ensure a proper segregation of duties between institutions and persons.

5. Communication and publicity

Appropriate actions and measures in line with the Communication Guidelines need to be taken by all involved authorities and beneficiaries, such as the identification of a communication officer per programme, the establishment of a website per programme and use of the term ‘Interreg’ next to the emblem of the EU. Responsible authorities are encouraged to explore the possibilities to receive targeted funding under the Interreg Volunteers Youth Initiative, by which budget has been made available for citizens engagement activities. In case the programme is financing the implementation of a macro-regional project, the logo of the respective macro-region should be added. Thereby, opportunities will be created for further promotion of the project through the macro-regional platforms and networks, where relevant.

6. Cooperation with the “cooperation world”

There are many initiatives to support cooperation: the Interreg Volunteer Youth (IVY) is an action to offer the possibility to young EU citizens aged 18-30 to serve as volunteers in Interreg programmes and related projects; the B-solutions are pilot projects to collect concrete and replicable actions which aim at identifying and testing solutions to cross-border obstacles of a legal and administrative nature in 5 fields: employment, health, public passenger transport, multi-lingualism and institutional cooperation; ESPON which carries out studies on territorial development.

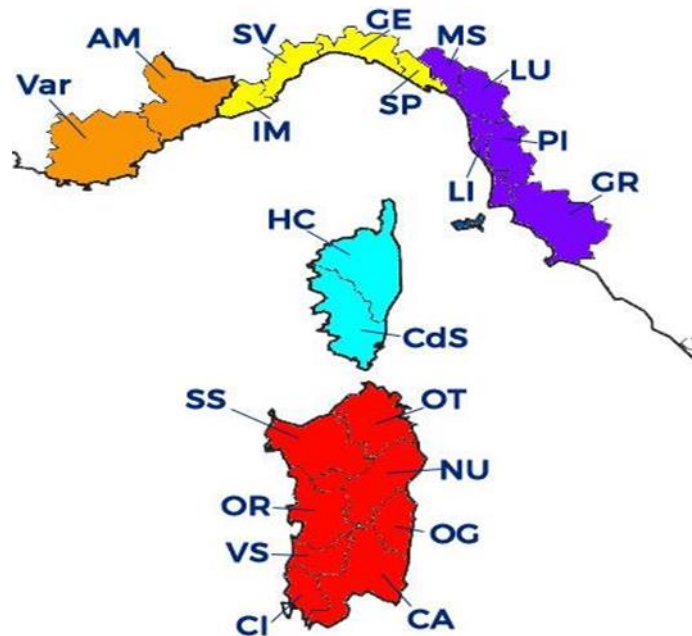
ORIENTATIONS:

- Involve all relevant actors at national, regional and local level in a dialogue to better integrate policy objectives in development strategies and action plans.
- Consider setting up one or several small project funds so as to be as inclusive as possible with project beneficiaries, including when seeking to support trust-building measures or increased cooperation between micro-enterprises and SMEs.
- Develop a sustainable way to finance cross-border data collection. The Interreg specific objective could be used for this purpose to set up a structure.

4. ORIENTATIONS FOR FUTURE CBC PROGRAMMES

4.1. ITALY-FRANCE

4.1.1. ANALYSIS OF THE BORDER AREA



- The current 2014-20 Italy-France Maritime programme encompasses the coastal NUTS III regions of Var and Alpes Maritimes (part of the broader region of PACA-NUTS II), the Nuts II region of Liguria (containing the NUTS III of Imperia, Savona, Genova, La Spezia), the coastal NUTS III regions which are part of the NUTS II region of Tuscany (i.e. Massa-Carrara, Lucca, Livorno, Pisa and Grossetto) as well as the NUTS II island of Corsica (containing the NUTS III South Corsica and North Corsica) and the NUTS II island of Sardinia (which is composed of the NUTS III of Sassari, Nuoro, Cagliari, Oristano, Olbia-Tempio, Ogliastra, Medio Campidano, Carbonia-Iglesias). In the border area there are also some smaller islands (among them, Elba and Montecristo which belong to Tuscany).
- In total, approx. **7 million inhabitants** live in the maritime cross-border area (2,2 million in France and 4,8 million in Italy). Over a ten year period (2007-2017), the population increased on both sides of the border by an average of 3% (Corsica 12%). The cross-border area has, in total, a small net migration³.
- The median **age of the population** is higher (48,2 years) than the EU average (43,8 years). The highest median age is on the Italian side (Savona 51 years, Imperia, La Spezia and Carbonia-Iglesias 50 years) Also, in PACA, Liguria and Tuscany age dependency is higher (40%) than the EU average (30%)
- The cross-border area covers a **surface** of 59,660km² and has an average

³ This increase is close to the EU average of 2.7%. In terms of the most recent year for which data was available at NUTS 3 level, 2016, the border area had a very small increase in total population (0.03%) and a small net migration 22.663 or 0,31%).

population density of 144 inhabitants per km², i.e. much higher of the EU-average of 117,5. However, while the density in PACA, Liguria and Tuscany is more than the double of the EU average, in Sardinia and Corsica the population density is far below (69,3 and 38,6 respectively).

Socio-economic disparities: The **GDP/Capita** is at 93% of the EU. Generally speaking and without minimising differentiations between regions, the maritime border area Italy-France definitively cannot be considered as a “poor” region. In fact, in the period 2014-2020, PACA, Liguria and Tuscany are categorised as “more developed regions” and Corsica and Sardinia as “transition” regions. Despite the decline of unemployment, a “divide” between the continental and insular parts of the region persists, in particular Sardinia, while Corsica shows positive signs of growth (productivity, GDP and employment). As regards the **population at risk of poverty or social exclusion**, with an EU average of 22,4%, in Sardinia population at risk is at 38,1%, in Liguria at 23% and in Tuscany at 20,8%.

Accessibility is an issue, in particular regarding the connectivity of the two main islands with the mainland coastal zone. There is a strong will of the local actors to establish air connections between the islands and the mainland.

- In the maritime cross-border area the **languages** spoken are mainly French and Italian.

Territorial characteristics

The maritime cross-border area is mainly composed of a mix of rural (10), urban (4) and intermediate (7) NUTS III regions. There are four metropolitan areas: Nice, Genova, Toulon and Cagliari.

The cross-border maritime region Italy-France is partly overlapping with the CBC France-Italy (ALCOTRA) programme. It is also covered by the Transnational Mediterranean programme. The maritime programme Italy-France actively participates to the WEST MED initiative and its investment priorities are largely aligned to the priorities of the latter. There are no macro-regional strategies which apply to the maritime cross-border area. However, there is an important number of cross-border commuters (44.600) who –arguably- are travelling from Nice to Monaco and vice versa.

The border area is endowed with many assets. Its location, the variety of landscapes, the climate conditions, the natural sites, its historical heritage, as well as the quality of services, make it a high tourist destination. On the other hand the territory is extremely vulnerable to climate change and exposed to natural risks, on land as well as on sea. Tourist pressure does not help to mitigate the environmental risks.

ORIENTATIONS:

- For a number of reasons, including the reduced ERDF allocation and the interconnection of interventions- close coordination between the CBC maritime programme and the mainstream programmes could bring positive results: Among them, better use of the financial resources and a more integrated planning and implementation. In order to make coordination happen, the maritime CBC Italy- France programme authorities should start discussing with the mainstream regional programmes with the objective to put in place, before the adoption of the programmes, an appropriate and permanent coordination mechanism.

- Coordination - if not cooperation- with the other CBC and transnational programmes in the Mediterranean should be promoted, including with the land CBC programme “France-Italy” (ALCOTRA) and amongst maritime borders through the WestMED Steering Committee (the relevant CBC Managing Authorities are already invited as observers).

4.1.2. OBSTACLES AND BARRIERS

Physical obstacles/transport

The physical obstacles in the border maritime area are perceived as “more than average as difficult”. In the mainland area, regions are connected by rail and road. With regard to Corsica, Sardinia and the smaller islands of the region, insularity is by itself is a barrier. Despite the existence of infrastructures and connections, accessibility to the islands is not always optimal.

Between France and Italy accessibility *is perceived* as a “problem for cooperation” by 40% of respondents. This percentage is one of the highest in the EU. In fact, the crossing of borders is rather limited: With an EU average of 11%, only 9% of the respondents indicated that they have crossed the border for work or business purposes.

Cultural obstacles

The Border Needs Study assessed that cultural obstacles are “less than average” in the France-Italy maritime border and bilateral trust is higher than the EU average (79%). Actually, 86% of the respondents feel comfortable about having a citizen from the other side of the border as neighbour, work colleague or member of the family or manager. However, 57 % perceive language as a problem. Although this is close to the EU average (58%), given that the two languages belong to the same family, with the appropriate learning measures, the language obstacle can be overcome.

Institutional obstacles

Legal/administrative differences between the two sides of the border *are perceived* as a problem. The Border needs study assessed that, in the Italy-France maritime border area there are “more than average” normative and institutional obstacles. Moreover, the evaluation of the programme pointed out the diversity of the legal and institutional framework for risk management in the maritime and coastal zones.

In terms of **quality of government (QGI)**, PACA is at +0,21, Corsica at +0,07, Tuscany at -0,85, Sardinia at -0,1,23 and Liguria -1,25.

ORIENTATIONS:

- Focusing on the mapping of the legal and administrative obstacles and considering possible solutions should be seen as a priority. Possible solutions could be supported in the framework of the Interreg priority for better governance.
- The systematic learning of the language of the neighbour should be seen as a priority.

4.1.3. GROWTH, COMPETITIVENESS AND CONNECTIVITY

Overall economic performance

Currently, in terms of GDP/capita, with an EU index at 100, in Sardinia GDP/Capita is 70%, in Corsica 84%, PACA at 96%, Tuscany 104% and Liguria 108%. PACA accounts for 43% of the area’s GDP, Tuscany for 31%, Liguria for 14%, Sardinia for 9% and Corsica for 3%. In the period 2015-2017, GDP has grown in the regions of the

maritime cross-border area but at different paces: the highest level of growth can be noticed in Corsica (5,3%) and the lowest in Sardinia (0,7%). In **terms of productivity**, with an EU-average at 100, Liguria is at 115,3%, Tuscany at 107%, PACA is at 106,8%, Corsica at 101% and Sardinia at 88,7%. In the Italian regions, over the period 2010-2017, a relative decline can be noticed.

Innovation

Based on the ESPON “**Knowledge-economy**”(KE) analysis and categorisation of the NUTS II regions in four categories (i.e. “highly competitive and KE-based economies”, “competitive and KE-related economies”, “less competitive with potential in KE economy”, and “less competitive economy with low incidence of KE”) PACA, Corsica, Liguria and Toscana are categorised in the third category and Sardinia in the fourth.

As regards the **regional innovation scoreboard**, PACA is a “strong innovator”, Corsica, Liguria, Tuscany and Sardinia are seen as “moderate innovators”. In the period 2011-2019 **changes in innovation** led to improvements in Corsica, PACA, Tuscany and Liguria while Sardinia had a decline in innovation.

The 1,28% of GDP of the France-Italy border area is dedicated to R&D (**R&D intensity**). This is lower than the EU average (2,04%), but it is the highest in the Mediterranean sea maritime border area. The R&D intensity is at 2,49% in PACA, in the Italian regions between 0,85% and 1,45% and in Corsica at 0,29%.

Digitisation

With regard to the **regional digital economy**, the EU average of households with *broadband access* is 85%. PACA, Sardinia, Tuscany and Liguria are at 79% and 82%, while Corsica has 64%. The EU average of households with *access to internet at home* is 97%. The Italian regions have similar or even higher shares and the French regions have shares of 91-92%, i.e. below the EU average.

The use of *e-commerce* and *e-banking* also varies between regions. For e-commerce, the EU average is 57% (used by people aged 16-74). Italian regions are well below this share (33%-38%) while the French regions are above (70%). For e-banking, the EU average is 51%. In the Italian regions shares range between 30% and 34% and in the French regions between 61% and 63%.

In terms of **digitisation and government**, only national level information is available. Italy is qualified as “non-consolidated eGovernment” and with “low” rating on most eGovernment relative indicators. France is qualified as “unexploited eGovernment” and with (mainly) “medium”, “low” and “high” ratings depending on the indicator.

The **digitisation in business and commerce** data is available only at national level. On the Digital Economy and Society Index (DESI) indices on “Digital Technology Integration” and “Digital Transformation Enablers” the EU average is 46,5 and 49,2 respectively. For the former index France scores 56,8 and Italy 43,1. For the latter index France scores 61,6 and Italy 40,6. Both countries score below the EU average on the DESI e-commerce index.

Enterprises/entrepreneurship

The ‘**Regional Competitiveness Index**’ (RCI), which is constituted by a cluster of indicators, indicates that the border area performs below the EU average, with PACA being 5% more competitive than the EU average and Sardinia with 37% below the EU

average. Out of the eleven indicators, the maritime region is below the EU average in nine. However, in “health” the maritime region is very slightly above the EU average. In terms of the shares of **employment in knowledge-intensive services**, the border area performs slightly above the EU average.

Transport (passenger transport, maritime shipping)

There are ferry lines between Sardinia and Corsica and with the ports of Savona, Livorno, Genova, Toulon and Nice. There is a strong demand for improved air connections.

The border area has a substantial number of **ports for freight and passengers**. As regards freight, Genova is the most important container port. As for the destinations, Italian and French ports handle freight mainly with ports outside the EU, including the ones in the Mediterranean Sea. Genova and Livorno are the most important ports for trade within the Mediterranean. 79% of freight from ports in Italy (Short Sea Shipping) is directed to other Mediterranean ports. From ports in France, the respective share is 32%. As regards the seaborne passenger traffic, the level is very high in Italy (over 70 million passengers) and much lower in France. The majority of passengers (95%) are non-cruise passengers. Passenger ports are in Sardinia (6), Liguria (2), Tuscany (7), PACA (3) and Corsica (4).

There were substantial numbers of **marine casualties and incidents** in the areas covered by the maritime CBC programme Italy- France (among them, the sadly known “Costa Concordia”).

Tourism

The volume of tourism is very high throughout the entire maritime CBC area. The tourist density is particularly high in Liguria, Tuscany and PACA and lower in Sardinia. Unlike other regions of the Mediterranean, domestic tourism is particularly important in most regions.

It is beyond any doubt that tourism is a strong point for the economy of the border area. However, in many cases, this activity is in clear conflict with the carrying capacity of the places (especially the small ones) and with the protection of the environment and of the natural resources. It can undermine also other local productive activities. Although it is difficult to reverse the “invasive” forms of tourism, especially in the Mediterranean, sustainable forms of tourism all year round and at affordable costs are being developed. Moreover, through well-targeted support, the geographical distribution of tourism could be re-balanced between seasons and places.

Blue economy

Blue Economy in Italy and France is a sector representing respectively 1% and 1,3% of GVA (which corresponds to a contribution of EUR17-20 bn). In both Member States coastal tourism made the greatest contribution (with EUR 7,1 bn in Italy and EUR 8,8 bn in France) to blue economy. The contribution of the other sectors presents as follows: port activities represent a share in GVA of EUR 2,2 bn in Italy EUR 4 bn in France, marine living resources EUR 2,7 bn in Italy and 2,9 bn in France, marine transport EUR 3,9 bn in Italy, port activities EUR 4 bn in France and EUR 2,2 bn in Italy. Shipbuilding & repair contribute with EUR 2,1 bn in France and Italy. In both countries there is a slight fall in employment in Blue economy in absolute terms and as a percentage of total employment. In France in 2009, 394.400 people were employed

and in 2017, 367.500 (in terms of share of the blue economy employment of the national employment from 1,5% to 1,4%). In Italy, there was a decline from 448.200 people (in 2009) to 413.100 (in 2017) (in terms of share of employment, from 2% to 1,8%).

ORIENTATIONS:

- Entrepreneurship could be supported if it responds to local needs and promotes cooperation between the neighbours. Blue economy activities should be promoted, possibly in cooperation with the mainstream programmes through regional smart specialisation strategies and maritime clusters (e.g. Pôle Mer Mediterranee and La Spezia technological district).
- Support of innovation should be aligned to smart specialisation strategies and interventions should correspond to common local needs. In any event, innovation is a theme that can be developed in a broader cooperation framework, together with other maritime CBC or transnational programmes in the Mediterranean Sea Basin.
- Sustainable tourism and culture interventions need to have a strong cross-border cooperation basis. Again, cooperation with mainstream programmes would be needed. For culture and tourism, local strategies need to be put in place, as soon as possible.
- It would be impossible for the CBC maritime programme to implement heavy infrastructure projects in the transport sector (e.g. ports). However, soft actions improving connectivity could be considered, in the CBC programme alone or in cooperation with the mainstream or other CBC programmes.
- The adoption of an electronic ticket for all available means of public transport in a broad cross-border area could increase the attractiveness of the territory. However, given the legal, administrative and financial complexities of such an intervention, the cooperation with other CBC Programmes in the area should be envisaged (and, mainly with the ALCOTRA programme).
- Maritime safety could be promoted in the border area, in close cooperation with the other CBC maritime programmes of the Mediterranean Sea.

4.1.4. GREENER, LOW CARBON ECONOMY

Pollution

The main source of information is the UN report on the state of the Mediterranean Sea (2012)⁴ which identified that the ecosystem degradation continues in the Mediterranean. This is due to coastal development and sprawl (urbanisation and tourism) leading to habitats loss and degradation, as well as to coastal erosion/shoreline destabilization; overfishing and destructive fishing, contamination of sediments, nutrient over-enrichments, disturbance and pollution caused by maritime industries, invasive species spread, degradation of transitional and estuarine areas. On a more positive tone, the report noted improvement in water quality in many places (due to strategic efforts to reduce pollutants) and decline of hazardous substances such as DDT and heavy metals. Yet, new issues are emerging which warrant attention as desalination and its effects, aquaculture and the cumulative risks due to reduced access and availability of space for multiple conflictive uses.

With particular regard to specific locations relevant to the Italy-France maritime border area, the reports identifies a concentration of trace metals (lead and mercury), a high mean concentration of persistent organic pollutants (HCBs, DDTs, PCBs). Moreover, **waste management⁵, maritime transport, and tourism** are at the source of significant environmental threats in the maritime border area.

Energy transition

There are rather limited possibilities for development in the maritime border area of **renewable energies** with the exception of solar energy, off-shore wind energy and wave power in Region Sur, Sardinia and Corsica and hydropower in PACA (Region Sur), Sardinia and Corsica.

The **current shares of renewables** within energy production and consumption, with an EU average share at 13,9%, are in Italy 18,1% and in France 10,4%.

Climate change (coastal areas)

Parts of the maritime border area have **medium-to-very high environmental sensitivity to climate change**, with the highest risk assessed to be in Corsica and PACA. In addition, most of the area is forecasted to have relatively significant increases in the frequency of drought in the medium- to long-term future⁶. Coastal erosion and floods are also threats linked to climate change.

⁴ The UN Environment Programme issued its most recent report on the state of the Mediterranean marine and coastal environment in 2012, this being part of the standard reporting process on trends in the Mediterranean environment to inform actions within the framework of the Mediterranean Action Plan and the Barcelona Convention (Convention for the Protection of the Marine Environment and Coastal Region of the Mediterranean). Datasource: State of the Mediterranean Marine and Coastal Environment album 2013, UN GRID-Arendal.

⁵ With an EU-average of 1.717 kg per capita, France produces 1.445 kg and Italy 1,772 kg. Recycling of municipal with an EU average of 45,8% : Italy is at 45,1% and France at 41,7% : In terms of resource productivity, the EU average is EUR 2,04/Kg, in Italy is EUR 3,04 and in France EUR 2,91. Both MS put slightly lower than the EU average share of waste into landfill.

⁶ Data source: European Environment Agency (EEA)

Natural areas and biodiversity, water bodies

The index of **natural and protected areas** in the maritime CBC area is moderate to high, particularly in coastal areas. There are large number of Natura 2000 sites and nationally designated areas of protection, several ‘Ramsar’ sites (wetland sites) and several areas that are rated “high” on the Wilderness Quality Index. The estimation of the level of invasion by invasive alien plant species is high (above 5%) in several locations throughout the area.

There are multiple rivers and water courses in the area, all of which flow into the Mediterranean Sea. In terms of water quality, data was only available at NUTS 1 level. It seems however that in the maritime cross-border area some areas with classified water bodies are affected by point and/or diffuse pressures in rivers and lakes, and have less than good ecological status or potential (i.e not having ‘good chemical status’). The water quality is assessed to be worst in parts of Tuscany and Liguria

ORIENTATIONS:

- Cooperate and coordinate with the other CBC maritime and transnational programmes of the Mediterranean Sea on issues of environmental and coastal protection, climate change, risk management and development of renewable energies.
- Continue interventions for the common management of natural risks.
- Promote common management of cross-border protected sites.
- In cooperation with the mainstream programmes, focus on common actions in waste management area, marine litter, notably plastic and recycling (exchange of data, awareness raising campaigns, etc).

4.1.5. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

Employment/ Labour market

The **employment rate** in the cross-border region varies: the EU average is 69%, in Corsica it is 68,7% and in Sardinia at 52,7%.

The average rate of **unemployment** in the EU is 6,9%. In Corsica it is at 5,6%, in Tuscany at 7,3%, in PACA at 9,3%, in Liguria at 9,9% and in Sardinia at 15,4%. In all regions, in the last years unemployment declined. The greatest rates of decline have been in Corsica (-4,2%) and Sardinia (-3,3%). In Sardinia also the share of the total **population aged less than 60 years and living in a household with very low work intensity** is 20,9% while the EU average is 10,8%. In Liguria, this share is at 9,6% and in Tuscany 6,1%.

The EU average **long-term unemployment** is 3%. The average rate in the cross-border region is at 4,5%, while in Sardinia is at 8,2%, in Liguria at 5,1% and in Corsica at 2,1%.

For **youth unemployment**, data are in Liguria 36,3%, in Sardinia 35,7%, in Tuscany 22,9% , in PACA 22,3% and in Corsica 15,8%.

On **wages**, data are available only at national level. With an EU average of EUR 20.300, France average wages are at EUR 24.200 and in Italy EUR 20.400. The absence of significant wage divergences between the two countries can to a certain extent be explain also the low crossing of the borders for work purposes.

Access to services of general interest, including health

Access to services is generally very good. However, there are certain locations where access to the “core” services (hospitals, primary schools and train stations) remains poor. This is noticeable mainly in Sardinia and Corsica.

- Education

The shares of the working population with low education, and the share of the “early school leavers” (ages 18-24) are higher than the respective EU average, with Sardinia and Corsica performing worse than the other regions. Adult participation in learning (2018 NUTS 2 level data): all regions the levels are well below the EU average of 11.1%.

- Health

Life expectancy at birth shows that the unweighted average for the maritime cross-border area Italy- France is at 83,6 years, i.e. above the EU average of 81. All regions in the area are above the EU average.

ORIENTATIONS:

- In the maritime border area, « education » and « health projects » can be developed if there is a strong CBC component. Based on well-identified common needs, actions as e.g. the development of skills, exchange of students can be supported.

4.2. ITALY-MALTA

4.2.1. ANALYSIS OF THE BORDER AREA

Top characteristics



- The **cross-border area** encompasses the islands of Malta and Sicily and some smaller islands. The total surface of the cross-border area (land) is 26.149 km², out of which Sicily covers 25.883km².
- Despite their vicinity , the landscapes differs: Malta is a small rocky island, lacking resources (in particular water) with dry vegetation, limestone and terraced fields, while Sicily, the biggest island in the Mediterranean, is mountainous in the north, with plains and hills in the south endowed with fertile soil.
- In total, approx. **5,5 million inhabitants** live in the cross-border area (approx.5 million in Sicily and 0,5 million in Malta). Over a ten year period (2007-2017), the population increased on both sides of the border and mainly in Malta. The **median age of the population** is 44,2 years, i.e. slightly above the EU average of 43,8 and old age dependency is generally low. The **population density** is 352 inhabitants by km², i.e. almost 3 times the EU average. Malta is the most densely populated Member State of the European Union and one of the most densely populated countries in the world. The maritime cross-border region is one of the main entrance to the EU of immigrants and refugees and both Malta and Sicily, initially from places of emigration have become places of immigration.
- **Socio-economic disparities:** The economy of Sicily is mainly based on services provided by the public administration, financial intermediation, real estate and business and commerce. Productive sectors as industry (manufacturing, agri-food, metal, petrochemicals, ICT), construction and agriculture contribute marginally to the local development. Malta's economy is driven by financial services, tourism, real estate, manufacturing (mainly, electronics) and commerce. Since 2012 Malta has been experiencing strong economic growth, with research and innovation but also with skills shortage. In Sicily the share of the total population aged less than 60

living in households with very low work intensity is very high, at 26.9%, compared with an EU average of 10.8% (2016 data).

- **Accessibility and transport connectivity** are ensured with flights and ferries operating between Malta and Sicily ⁷.
- The **languages** spoken in the area are, mainly, Italian, Maltese and English.

Cooperation

The relations between Malta and Italy and, in particular with Sicily, go a long way back in history. After the accession of Malta to the EU, Sicily and Malta cooperate also through CBC Interreg programmes. In the last programming period the small maritime CBC programme “Italy- Malta” focused on research and innovation, entrepreneurship, risk management, and environment, as well as on integration of the cross-border labour market. Both Italy and Malta participate in the Transnational Interreg “Mediterranean” programme and to the “WestMed Initiative”.

In terms of categorisation of the eleven NUTS III regions of the border Italy-Sicily area, one region -Enna in Sicily- is categorised as “predominantly rural”, six as “intermediate” and four as “urban”, namely Catania, Palermo, Malta and Gozo & Comino). There are four metropolitan regions (Palermo, Catania, Valetta and Messina).

ORIENTATIONS:

- Based on the experience of the previous programming period, the CBC programme Italy- Malta should focus on a limited number of objectives where cross-border cooperation can make the difference and be sustainable (eg environment, risk management).
- Given the small INTERREG allocation, in order to optimise the effect of the interventions in the maritime CBC Italy- Malta area, ensure the coordination with the mainstream programmes of Malta and Italy. For this, an appropriate mechanism would be needed.
- For Malta as well as for Sicily, the cooperation with the other maritime CBC programmes of the Mediterranean on common or parallel projects can bring better and more sustainable results, improve the transfer of knowledge, and increase the cross-border impact of cooperation. This could be also promoted through the WestMED Steering Committee (the relevant CBC Managing Authorities are already invited as observers).

4.2.2. OBSTACLES AND BARRIERS

Physical obstacles/transport

The Border Needs Study has classified the Italy – Malta maritime border area as having “more than average” **physical obstacles**. Accessibility between Malta and Italy *is perceived* as a problem for cooperation by only by 32% of respondents (Eurobarometer) which is the lowest compared to the other areas covered by CBC Mediterranean programmes.

⁷ « Territorial Dynamics in Europe- Regions integrating Land and Sea »- ESPON Territorial Observation n°8- August 2013

Cultural obstacles

The cultural obstacles are considered as “average” and the levels of trust are high. Cultural differences are perceived as a “problem for cross-border cooperation” by 33% of the respondents, placing the Italy – Malta maritime border area in the mid-range of all EU internal borders on this indicator. 78% of people feel comfortable about having a citizen from the neighbouring country as a neighbour/work colleague/family member or manager. This is just below the EU average of 79%). **Language differences** are considered as a “problem” by 57% of people (EU average 50%).

Institutional obstacles

Legal/administrative differences between Italy and Malta *are perceived* as a problem for cross-border cooperation by 42% of respondents (lower than the EU average), although according to the Border Needs Study, normative and institutional obstacles, compared to other border regions, are assessed to be more than average.

Quality of government

Sicily and Malta are both rated below the EU average. The rating is in Sicily at -1.54 of the Quality of Government Index, and in Malta at -0.08 having a negative rating, but much closer to the EU average.

ORIENTATIONS:

- Based on the experience of programming period 2014-2020 and on the types of planned interventions for 2021-2027 programming period, identify and map the actual legal and administrative obstacles and seek for possible solutions. Support for this type of actions is available under the new specific objective for better INTERREG governance.

4.2.3. GROWTH, COMPETITIVENESS AND CONNECTIVITY

Overall economic performance

In terms of **GDP per capita** with the EU index at 100, Malta is at 98% and Sicily at 60%. In terms of the overall size of the economies, based on the absolute GDP level, the Sicilian economy is almost 8 times larger than the economy of Malta. In 2015-2017 the GDP grew at 17% in Malta, a ten-times higher growth than in Sicily in the same period (at 1.8%).

Labour productivity, based on GVA per hour worked in the Italy-Malta cross-border area is overall 30% below the EU average. Levels of GVA per hour worked are at 82% of the EU average in Sicily but are much lower in Malta at just 60% of the EU average.

Innovation

According to the ESPON Territorial Review, which provided an analysis and categorisation (in 4 levels) of the NUTS II regions from a **Knowledge-Economy** perspective, Malta is a “less competitive economy with potential in KE” (3rd level), while Sicily is a “less competitive economy with low incidence of KE” (4th level).

According to the **Regional Innovation Scoreboard** for 2019¹, Malta and Sicily are seen as “moderate” innovators and “modest” in terms of innovation performance. In terms of *changes* in innovation performance in the period 2011-19, Sicily has seen a relative improvement in performance in this period. No data for the period is available for Malta. The percentage of the GDP dedicated to R&D (**R&D intensity**) is below the

EU average of 2,04%. The R&D intensity in the border area is 0,88%, with Sicily and Malta at similar levels (0,99% and 0,77% respectively).

The **share of human resources in science and technology** in the border area is on average at 32,5% with Malta at 37.9% and Sicily at 27.1% (EU average:46%). **Employment in knowledge-intensive services** in the border area is at 43.2%, above the EU average of 40%, with Malta at 47% and Sicily, at 39%.The **level of international patent applications** in the CBC area is low, with an unweighted average for the area of 4 applications per annum per million inhabitants. There is a certain critical mass to support cooperation in innovation. Catania has the largest scientific park in Sicily, the Etna Valley Cluster, with companies specialised in ICT, biotechnology, pharmaceuticals, chemicals rtc. There are also other technology districts in Palermo, Messina, Siracusa, Ragusa, Gela e Trapani with specialisation in nanotechnology, chemicals, agri-food and fisheries as well as shipbuilding. The CBC programme Italy-Malta 2014-2020 includes an axis dedicated to innovation, representing almost 1/3 of the total allocation.

Enterprises/entrepreneurship,

The ‘**Regional Competitiveness Index**’ (RCI), which is constituted by a cluster of several indicators, indicates that the border area performs below the EU, with Malta attaining 95% and Sicily 61% of the EU average. On this overall rating it should be noted that although Malta is below the EU average, it had a significant increase in competitiveness relative to the EU average in the most recent period (2016-19), increasing from 85% of the average in 2016 to 95% of the average in 2019.

On nine out of eleven indicators, the CBC area scores below the EU-average with ‘Institutions’, ‘Infrastructure’, ‘Higher Education & Lifelong Learning’, ‘Labour Market Efficiency’, ‘Market Size’ and ‘Technological Readiness’ having the lowest scores, all at less than 70% of the EU average. Globally, Malta performs better than Sicily, particularly in relation to ‘Institutions’, ‘Macroeconomic Stability’ and Labour Market Efficiency’, and to the three indicators of innovation potential (‘Technological Readiness’, ‘Business Sophistication’ and ‘Innovation’).

On ‘Macroeconomic Stability’ and ‘Health’ indicators the border area performs better than the EU average. On ‘Health’ both Sicily and Malta are above the EU average on ‘Health’ indicator.

Digitisation

With regard to the **regional digital economy**, Malta has a level of households with broadband access equal to the EU average of 85%, while Sicily is at 74%. The level of households with internet access at home is very high in both Malta and Sicily. The daily use of internet is higher in Malta (above the EU-average) than in Sicily (below the EU-average). There is a similar pattern for use of social media. As for e-commerce and e-banking, both Malta and Sicily are below the EU average.

Information regarding “**digitisation and government**” and “**digitisation in business and commerce**” is only available at national level. For **digitisation and government**, Italy and Malta are both categorised in the lowest general category as having “Non-consolidated eGovernment”. For the e-Government indicators, Italy is ranked “low” on most indicators with no “high” rankings. Malta is predominantly rated as “medium” but is rated “high” on “ICT usage” and “low” on “Openness”.

For **digitisation in business and commerce**, on the Digital Economy and Society Index (DESI) indices of “Digital Technology Integration” and “Digital Transformation Enablers” Malta scores above the EU average on both indices and Italy scores below the EU average on both indices. For e-commerce overall, both score below the EU-average on the DESI e-commerce index.

Transport (passenger transport, maritime shipping)

Given the insularity of the border area, the only ways of transport are by air or by sea . Maritime and air connections are quite good. There are frequent flights between Malta and Sicily. Two ferry lines are connecting the two islands. The crossing with the express ferry takes only 1 hour and 45 minutes.

The border area has a very large number of **ports** handling intensively freight and passenger traffic. The volume of freight handled in the ports of Malta and Italy (tonnes/national inhabitant) is close, for both, to the EU average of 8 tonnes. The bigger part of freight from the main Maltese ports is with EU ports (64%), while the main Italian ports have an important amount of trade with ports outside the EU (54%). Based on the destination by “sea-basin”, a majority of total short-sea shipping (SSS) of freight from ports in Malta (82%) and Italy (79%) was with other ports around the Mediterranean Sea.

There are several ports handling passenger traffic and two of them (Messina and Gozo/Cirkewwa) are among the top 20 passenger ports in Europe. In both countries, the majority of seaborne passengers (95%) are non-cruise passengers. There are several cruise destinations on excursions in the area. Valetta, Palermo and Messina are the main start/finish ports.

There were substantial numbers of **marine casualties and incidents** reported to the European Maritime Safety Agency in the period 2011-2017 in the waters of the Mediterranean Sea, including areas covered by the Italy-Malta maritime border area.

Tourism

Based on the total number of nights spent in tourist accommodation, both Sicily and Malta are high-tourist destinations. Sicily had 13,7 million while Malta had 9 million tourist nights in the year 2016. Foreign tourism is particularly important for Malta, with 96% of tourist accommodation nights being taken by foreign tourists, while in Sicily the share is almost equal between nights taken by foreign tourists and by domestic ones. In the period 2006-2016, Malta had an average annual increase of 1,9% in the total number of nights spent in tourist accommodation, while in Sicily there was an annual average decline of 0,6% .

Sicily is an attractive tourist destination with particularly important natural and cultural heritage. However, due to reasons related to infrastructures, the decrease of the domestic demand and the concentration of activities only during summer, so far, tourism has not gone beyond 4% of the regional GDP.

Blue economy

Blue Economy is a sector with a lot of development potential for this border area. The EU Blue economy Report (2019) published by the European Commission (DG MARE) shows that in Italy and Malta, compared to 2009, the total contribution in 2017 has risen (EUR19,8 billion and EUR 222 million, respectively). However, this is not fully reflected in the percentages of the national GVA (1,3% and 3,4%, respectively).

In Italy, the greatest contribution to the GVA is realised by coastal tourism followed by marine transport, marine living resources, port activities and shipbuilding/repair. In Malta, the largest -by far- contribution to the GVA is realised by coastal tourism, followed by marine living resources, marine transport and port activities and ship building repair. In both countries, Blue Economy registers a fall of employment, in absolute terms and as a share of the total employment.

ORIENTATIONS:

- **Research and innovation** can be supported provided that supported actions correspond to local needs, promote cooperation and are aligned to the national or regional Smart Specialisation Strategies. Coordination/cooperation with the mainstream programmes and with other maritime CBC/Transnational programmes should be ensured.
- Again in coordination/cooperation with the mainstream programmes, cross-border **entrepreneurship** schemes aimed at cooperation could be supported, especially linked with research and innovation and promoting blue economy. For entrepreneurship, the active participation of professional chambers would be needed.
- It is important to promote jointly **alternative forms of sustainable tourism**, respectful to the environment. For example tourism focusing on cultural heritage could be further developed in a way to spread visitors in all seasons of the year.
- **Maritime safety** should be promoted not only in the border area of the programme Italy-Malta but also in close cooperation with the other CBC maritime programmes in the Mediterranean Sea.

4.2.4. GREENER, LOW CARBON ECONOMY

Pollution

The main source of information is the UN report on the state of the Mediterranean Sea (2012)⁸ which identifies that the ecosystem degradation continues. This is due to a series of reasons: coastal development and urban sprawl (urbanisation and tourism) leading to habitats loss and degradation, as well as to coastal erosion/shoreline destabilization; overfishing and destructive fishing, contamination of sediments, nutrient over-enrichments, disturbance and pollution caused by maritime industries, invasive species spread and degradation of transitional and estuarine areas. On a more positive tone, the report notes improvement in water quality in many places (due to strategic efforts to reduce pollutants) and decline of hazardous substances such as DDT and heavy metals. Yet, new issues are emerging which warrant attention as desalination and its effects, aquaculture and the cumulative risks due to reduced access and availability of space for multiple conflictive uses.

With particular regard to specific locations relevant for the Italy-Malta maritime border area, the report identifies eutrophic hotspots, high concentration of lead and mercury in many areas of the seas off Sicily.

⁸ The UN Environment Programme issued its most recent report on the state of the Mediterranean marine and coastal environment in 2012, this being part of the standard reporting process on trends in the Mediterranean environment to inform actions within the framework of the Mediterranean Action Plan and the Barcelona Convention (Convention for the Protection of the Marine Environment and Coastal Region of the Mediterranean). Datasource: State of the Mediterranean Marine and Coastal Environment album 2013, UN GRID-Arendal.

Moreover, in the maritime border area Italy- Malta **waste management, transport environmental pressure and tourism** are a major concern. The poor **waste management**, with high shares of landfill and low level of recycling (especially, in Malta), creates significant pressure on coastal and marine environments, causes visual pollution and contributes to beach and marine litter. Hence, waste management should be regarded as a priority. **Maritime transport** adds environmental pressure, including rising CO₂ emissions, pollution, marine litter and collisions with large cetaceans, underwater noise and introduction of non-indigenous species. **Tourism**, and particularly coastal tourism, raises many problems for the environment of the Mediterranean Sea: water pollution, waste generation and marine littering, overconsumption of scarce resources (water, etc), particularly during seasonal periods (summer) and degradation, biodiversity losses and decrease of the aesthetic value of landscapes, greenhouse gas emissions due to energy mismanagement and inefficiencies.

Energy transition

Malta is one of the least connected Member States of the EU and relies on LNG imports and a single electricity cable linking it to Italy. A gas pipeline connecting Malta with Italy (about EUR 322 million) is in a preparatory phase.

In terms of **renewable energy potential**, there is some relative low offshore **wind energy** potential, and some moderate-high potential for onshore wind energy production. **Solar energy** has high potential across the Mediterranean Sea maritime border area. In terms of **biomass**, there is very limited potential (potential for energy from straw in Sicily). There is some **wave power** potential but, in comparison with other maritime areas of the EU, this is assessed to be relatively low.

The **current shares of renewable energy** within energy production and consumption, is above the EU average. The share in Italy is 18,1% and in Malta 5,3%. Biofuels and renewable waste are the biggest source for Italy. For Malta the largest source is solar energy (72% of total renewables, while for Italy 8%). Hydro-power represents 11% in Italy and 0% in Malta, wind power 5% in Italy and 0% in Malta. Geothermal and heat pumping represent respectively 19% and 9% in Italy and almost zero in Malta.

Climate change (coastal areas)

Parts of the maritime border area have **medium-to-very high environmental sensitivity to climate change**, with the highest risk assessed to be in Sicily. Sicily is threatened by desertification, while Malta is threatened by the scarcity of water and the risk of hydric erosion and salination of soil.

Natural areas and biodiversity, water bodies

The index of **natural and protected areas** in the Mediterranean Sea maritime border area is moderate to high, particularly in coastal areas. The border area of Italy- Malta has a large number of Natura 2000 sites and nationally designated areas of protection, several 'Ramsar' sites (internationally important wetland site) and several areas that are rated 'high' on the Wilderness Quality Index.

The estimated level of invasion by invasive alien plant species is high (greater than 5%) in several locations throughout the area.

Rivers and water courses in Sicily flow into the Mediterranean Sea, while water resources in Malta are scarce. In terms of water quality, data was only available at NUTS 1 level. It seems however that in the Italy-Malta maritime border area some

areas with classified **water bodies** are affected by point and/or diffuse pressures in rivers and lakes, and have less than good ecological status or potential (i.e not having ‘good chemical status’).

ORIENTATIONS:

- Cooperate and coordinate with the other CBC maritime programmes of the Mediterranean Sea on issues of environmental and coastal protection, marine litter, climate change, risk management and development of renewable energies.
- Support measures in the CBC programme context that help to reduce the sensitivity to climate change and reduce the negative impacts of waste, transport and tourism.
- Consider the possibility to support small renewable energy networks in order to reduce energy dependence.

4.2.5. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

Employment/labour market

With regard to labour market factors, data is principally at NUTS 2 level. The general picture is that in terms of employment rates, youth employment, the people living in a household with very low work intensity, unemployment, long-term unemployment, labour productivity and wage indicators, the border area is situated below the EU averages, with Malta performing better than Sicily.

The employment rate for 2018 for people aged 15-64 (with an EU average of 69%) is in the Italy-Malta maritime border area 56,05%. Malta has a rate of 71,4%%, and Sicily 40,7%.

In terms of the overall unemployment, with an EU average of 6,9% (2018), Sicily has a rate of 21,5% while Malta is at 3,7%. In terms of changes in unemployment rates, over the period 2014-17, both Italy and Malta have seen a decline. The youth unemployment rate (rates of those aged 15-34 years old not in education or training) in Malta is at 9,2% and in Sicily at 53,6%. Long-term unemployment rates (unemployed for 12 months as a percentage of active population) are at an unweighted average for the maritime border area at 8% (2018) more than double the EU average of 3%. The rate is particularly high in Sicily (14,8%) and low in Malta (1,1%).

Cross-border travel-to-work or for other reasons is very limited, just 4%, one of the lowest in the EU.

Access to services of general interest, including health

Only 3% of those surveyed in the Italy – Malta programme area travelled to the neighbouring country to use public services. This percentage is one of the lowest in the EU.

Education

In the maritime border area, the shares of the working population with low education, with tertiary education are lower than the EU average, while the share of the “early school leavers” (ages 18-24) are higher than the respective EU average. However, it should be stressed that Sicily has a particular high rate of people with low education (48,6%). Both Malta and Sicily have increased the share of those having tertiary education in period 2014-2018.

The situation with regard to adult participation in learning (2018) varies between Sicily and Malta but both regions are well below the EU average of 11.1%. The shares are in Sicily 5,2% and in Malta 10,8%.

ORIENTATIONS:

- Given the strong economic bonds between Malta and Sicily, common projects for professional skills could be developed. Mapping of required skills on both sides of the border and strategies for skills development could be supported under the specific objective for « Better INTERREG governance».

4.3. GREECE-CYPRUS

4.3.1. ANALYSIS OF THE BORDER AREA

Top characteristics



- The current 2014-20 “Greece-Cyprus” programme encompasses Cyprus (NUTS I- III) as well as the islands of North Aegean (NUTS II), the islands of South Aegean (NUTS II) and Crete (NUTS II).
- In total, approx. 2 million inhabitants live in the cross-border area out of which 800.000 in Cyprus. Over a ten year period (2007-2017), the population increased on both sides of the border by an average of 7% (Cyprus 13%)⁹. The cross-border area has, in total a small net migration, with the highest levels (5%) in South Aegean. In fact, certain islands (Lesvos, Samos, Kos) close to the Turkish border are the main entrance points for refugees and migrants.
- The **median age of the population** (41,5 years) is lower than the EU average (43,8 years). The higher median age is in Lasithi (Crete- 45,3 years). All other regions are below the EU average and the lowest median age is in Cyprus (37,6 years). Also, age dependency is generally low.
- The cross-border area covers a surface of 26.758 km² and an average **population density** of 67 inhabitants per km², i.e. much lower than the EU-average of 117,5 inhabitants par km². The only NUTS III region with a population density higher than the EU average is Irakleio, in Crete (118,2 inhabitants per km²).
- Socio-economic disparities: in terms of **GDP/capita**, the cross-border area average is at

⁹ Whilst Greece had a decline of national population of 2% over the same period, North Aegean, South Aegean and Crete all saw small increases in total population (3-4%). In terms of the most recent year for which data was available at NUTS 3 level, 2016, the border area had a very small increase (17,983 or 0.9%). Most regions had population increases, with only two NUTS III regions in the Greek side (Cyclades, in South Aegean and Lasithi, in Crete) having small population decreases.

66% of the EU. North Aegean is at 49%, South Aegean at 73%, Crete at 57% and Cyprus at 85%. Despite the positive evolution of **employment**, in the border regions crisis had a serious impact in the economy and there is a “divide” between Cyprus and the Greek regions which are “less developed”. As for **income inequalities**, Gini points are 36 in Greece and 34 in Cyprus (data available at national level), which are among the highest in the Eurozone¹⁰.

- Despite the fact that there are sufficient infrastructures, **accessibility** is the “weak link”. In fact, while connections (sea, air) are ensured between the islands and the Greek mainland (mainly Athens), there are no connections between Cyprus and the other islands. The cross-border area is outside the regional EU hubs and poor accessibility increases the transport costs¹¹.
- In the maritime cross-border the languages spoken are mainly Greek, Turkish and English.

Cooperation

Despite the fact that the historic development of the islands in the border region of Greece and Cyprus varies, cultural bonds are very strong and go beyond the community of language. Cross-border cooperation started before and continued after the accession of Cyprus to the EU.

The 2014-2020 INTERREG CBC programme “Greece-Cyprus” focuses on competitiveness and ICT, energy efficiency and accessibility as well as on environment, maritime planning and risk prevention, taking into account the geographical characteristics of the border area (distance between participant regions and geographic fragmentation) and despite the demands for inclusion of a broader range of interventions (e.g. social ones).

In parallel, Greece and Cyprus participate to the transnational MED and to the Balkan-MED programmes.

Territorial characteristics, functional areas, macro-regional strategies:

North Aegean is characterised by medium size islands, with agricultural, trade, and, in certain cases industrial activities (Lesvos and Chios) and a strong maritime tradition.

South Aegean encompasses medium, small and very small islands and the main activities are tourism and services, construction and to a lesser degree agriculture and activities in the secondary sector.

Crete is a big island, encompassing 4 NUTS III regions. Agriculture, tourism, services and manufacture are the main activities. Crete has also important R&D centres.

Cyprus is a State-island with agriculture, trade, tourism and other service activities (e.g. banking) as well as a developed construction sector.

The cross-border area hosts important Unesco and Natura 2000 sites, important historic cities with rich architecture. The area is mainly composed of rural regions, with seven regions on the Greek side of the border being predominantly rural.

¹⁰ <https://data.worldbank.org/indicator/SI.POV.GINI?end=2017&start=2017&view=map>

¹¹ « Territorial Dynamics in Europe- Regions integrating Land and Sea »- ESPON Territorial Observation n°8- August 2013

Given the distance between Cyprus and the Greek islands it is difficult to have any functional cross-border area. The border area is not covered by any macro-regional (MRS) or Sea basin strategy.

ORIENTATIONS:

- The coordination of the interventions under the mainstream programmes and the ones under the CBC programme is a priority. For this purpose, an appropriate coordination mechanism needs to be put in place before the adoption of the programmes. This coordination mechanism should remain active also during the implementation of the interventions
- The CBC programme could focus on objectives where cross border cooperation has a clear added-value as for instance maritime themes like e.g. maritime safety, coastal protection.
- Openness to the rest of the Union can compensate the insularity and remoteness handicaps: The cooperation with the other programmes of the Mediterranean on common or parallel projects can mitigate the remoteness of the maritime border area between Greece and Cyprus. In parallel, cooperation with other CBC programmes, MRS and Sea Basin Strategies could be promoted.
- It would be useful that cooperation involves not only the programme authorities but also other actors: the local authorities, as the technical and professional Chambers and trade Unions, the local universities as well as the NGOs.

4.3.2. OBSTACLES AND BARRIERS

Physical obstacles/transport

Accessibility between Cyprus and the Greek islands *is perceived* as a problem for cooperation by 40% of respondents which is one of the highest in the EU. Interactions, in terms of travelling for work or for other reasons are very limited¹². Insularity by itself is a barrier. Moreover, the distance between Cyprus and the Greek islands of the border area as well the remoteness of the border area from the rest of the Union is actually a very serious obstacle.

Despite the existence of infrastructures -at least but not only in the main bigger or the most touristic islands- due to weather conditions and other factors accessibility is not smooth especially outside tourist seasons.

Cultural obstacles

Although 86% of the respondents felt comfortable about having a citizen from the other side of the border as neighbour, work colleague or member of the family or manager, 33% of the respondents in Greece Cyprus border area perceive the cultural difference as a “problem.

¹² On the basis of the Eurobarometer survey the Greece-Cyprus maritime programme area was below the EU average in respect of the share of respondents indicating that they have travelled to their cross-border neighbours for work or business purposes. The figure for the Greece–Cyprus programme area was 10%

Institutional obstacles

Legal/administrative differences between Greece and Cyprus *are perceived* as a problem. Bureaucracy and public procurement feature among the obstacles. . In terms of **quality of government** (EU=0) Cyprus is with -0,11 below the EU average but performs better than Greece as a whole (-1,24) and than the three Greek regions of the border area (-1,46). It should also be noted that in both countries Interreg management is centralised.

ORIENTATIONS:

- Focusing on the identification and mapping of the legal and administrative obstacles and considering possible solutions should be seen as a priority. Support under the specific objective “Better Interreg governance³ is possible.
- Quality of government is an issue to be addressed in cooperation between the regions participating to the cross-border programme. In addition, cooperation with other border regions which perform better could bring added-value. Good use of the opportunities under the new specific objective on “better Interreg governance” is, therefore, recommended.

4.3.3. GROWTH, COMPETITIVENESS AND CONNECTIVITY

Overall economic performance

Both countries have seriously been affected by the financial crisis and both countries were under ESM support programmes. They adopted ambitious reforms across a wide range of policy areas in order to address structural weaknesses. Cyprus exited on 31 March 2016 and Greece on 21 August 2018. During the period of crisis, in both Member States as well as in the programme area, the ESIF played a decisive role in the maintenance of investments, jobs and cohesion.

In the period from 2007-2016 Cyprus and the three Greek regions all had extremely high levels of relative decline, with GDP per capita falling by more than 20% in all regions. The highest relative decline has been in South Aegean at -30%, followed by Crete at -24%, North Aegean at -23%, Cyprus at -21%.

From a regional policy perspective, the GDP decline led to the “downgrading” of the border regions. In the period 2014-2020 Cyprus was a “more developed” region, in 2021-2027 it will be a “transition” one; South Aegean was a “more developed” region, now it will be a “less developed” one. Crete and North Aegean, previously “transition” regions, in 2021-2027 will be “less developed” regions.

Currently, in terms of **GDP**, with an EU-27 index at 100, in Cyprus GDP/capita is at 83, in South Aegean at 73 in Crete at 57 and in North Aegean at 50. However, it should be noted that between as well as inside the regions the situation is uneven: Some islands, benefit of tourism (eg Rhodes, some Cycladic islands) while others are struggling with remoteness and insularity handicaps. During the period 2015-2017 Cyprus had a quick increase in its GDP, Crete also saw a small increase, while North and South Aegean a small decline.

Labour productivity in the programme area is very low (less than 50% of the EU average). Cyprus (with 67% of the EU average) has a higher labour productivity than the three Greek regions of the cross-border (which are in the range from 39% to 48%).

As regards the **regional competitiveness index**, the combined scoring for all indicators ranks the area as below 40% of the EU average. This low scoring is mainly due to the performance of the three Greek regions.

Innovation

The 2014-2020 CBC programme did not provide for « TO1 » interventions. Despite the presence of good academic institutions and in particular of the University of Crete, the overall innovation capacities of the area are rather limited.

According to the ESPON Territorial Review which provided a categorisation of the regions based on the type of **competitive knowledge economies (KE)** in the CBC programme area no regions are categorised as being either ‘highly competitive and KE-based economies’ or ‘competitive and KE-related economies’. Cyprus and South Aegean are categorised in the third of the four levels as ‘less competitive with potential in KE economy’, while North Aegean and Crete are categorised as ‘less competitive economies with low incidence of KE’, the lowest of the four levels.

As regards the **regional innovation scoreboard**, Crete is a “strong innovator”, Cyprus and North Aegean are seen as “moderate innovators” and South Aegean as a “modest” one. In the period 2011-2019 **changes in innovation performance** led to substantial improvements in North Aegean and Crete, while South Aegean declined. (No data available for the whole period for Cyprus).

As regards the percentage of the GDP dedicated to R&D (**R&D intensity**), all border regions are below the EU average of 2,04%. The R&D intensity in the border region is 0,74% but Crete has 1,53%, North Aegean 0,77%, Cyprus 0,48% and South Aegean 0,19%.

In this context, in terms of patent applications (4 applications per year) as well as of share of human resources in science and technology (with an EU average of 46% and 31,9%) the performance of the border region is rather weak. In addition, without important urban regions, the critical mass to support innovation is missing.

In terms of the shares of **employment in knowledge-intensive services** (2017 data), the border area performs below the EU average. With an EU average of 40%, the average for the border area 32.7%. Cyprus has the highest share in employment in knowledge intensive services, at 39%, whilst in the Greek side of the border area ranges from 28% (South Aegean) to 35% (North Aegean).

Digitisation

With regard to the **regional digital economy**, data suggest that in the programme area the level of households with internet access at home is very high, recorded as being 100% in both Cyprus and in the Aegean islands and Crete (2017 data). In terms of the levels of daily internet use, data on the percentage share of people aged 16-74 using the internet in a three-month period shows that the level of such use in Cyprus is at 74%, above the EU average of 72% and is much higher than in the Aegean islands and Crete, at 60% (2017 data). The share of people aged 16-74 participating in online social networks in Cyprus is high at 63%, above the EU average share of 54% and well above the share of 50% in the Aegean islands and Crete. (2017 data).

In comparison with EU averages, there are relatively low levels of households with broadband access, with all regions being below the EU average of 85%. Cyprus, at

79%, has a higher level of broadband access at home than the Aegean islands and Crete, at 69%. (2017 data).

In terms of the use of e-commerce by people aged 16-74, Cyprus with 32% and the Aegean islands and Crete with 38% are well below the EU average share of 57% (2017 data). The use of e-banking, with an EU average share of 51%, is in Cyprus at 28%, and in the Aegean islands and Crete at 22%. (2017 data).

In terms of **digitisation and government**, only national level information was available for most indicators. The eGovernment indicators are 'Digital Skills', 'ICT Usage', 'Quality', 'Openness', 'Connectivity' and 'Digital in the private sector'. Greece is ranked 'low' on most indicators with no 'high' rankings. Cyprus has also no 'high' ratings but is predominantly ranked as 'medium'.

In terms of **digitisation in business and commerce**, the available data is only available at national level. On the Digital Economy and Social Indicators (DESI) of "Digital Technology Integration" and "Digital Transformation Enablers", Cyprus scores above the EU average on the first one but below on the second one, while Greece scores below the EU average on both indices. Both countries score below EU average on the DESI - e-commerce index.

Enterprises/entrepreneurship

The 'Regional Competitiveness Index' (RCI), which is constituted by a cluster of indicators, suggests that the border area performs below the EU average, with Cyprus attaining 88% of the EU average (an increase of 13% since 2016 RCI) and the Greek regions 38-46% of the EU average. 'Macroeconomic Stability' (at 12% of the EU average), 'Technological readiness' (at 28% of the EU average), 'Market Size' (at 34% of the EU average) and 'Infrastructure' (at 39% of the EU average) are the indicators where the maritime border area is most behind the EU average. 'Health' is the only indicator where the border area performs better than the EU average and this positive rating applies in Cyprus and in the North Aegean (although the South Aegean and Crete are both slightly lower than the EU average on this indicator).

Transport (passenger transport, maritime shipping)

In the context of the cross-border cooperation, the issue of connectivity is pivotal but goes beyond a CBC programme capacities.

The only ways of transport are by air or by sea (interrupted when the weather or other factors do not allow). There are no maritime connections and no direct flights between Cyprus and the other islands of the border area. Connectivity is ensured through the Greek mainland (Athens or Lavrion). Another issue, concerning especially the small islands, is the poor road network which limits the accessibility. For certain islands, including Cyprus and Crete, **road safety** is also a serious problem.

The border area has many **ports** handling intensively freight and passenger traffic. However, with the exception of cruises with destination or stop-over in certain ports of the border area, these ports serve mainly intra-EU trade and trade with third countries, including countries of the Mediterranean Sea.

There were substantial numbers of **marine casualties and incidents** reported to the European Maritime Safety Agency in the period 2011-2017 in the waters of the Mediterranean Sea, including substantial numbers in the sea zone covered by the CBC Maritime Greece-Cyprus programme.

Tourism

The volume of tourism is extremely high especially in Crete, South Aegean and Cyprus. Based on the nights spent, these three regions are all rated in the highest of five categories in Europe. The highest volume is in Crete at 25.1 million nights spent in tourist accommodation in 2016, followed by South Aegean at 23.7 million nights and Cyprus at 15.3 million nights. The North Aegean region had much lower volumes, at just over 2 million nights. There are also other data confirming the weight and importance of the sector.

Tourism is a strong point for the economy of the border area. However, in many cases, this activity is in clear conflict with the capacity of the islands (especially the small ones) and the protection of the environment and natural resources. It can undermine also other local productive activities. Although it is extremely difficult to reverse the pattern of “sea and sun”, the mild Mediterranean climate and the rich natural and cultural heritage of the region could facilitate the development of more sustainable forms of tourism all year round and at affordable costs. Moreover, through well-targeted support, the geographical distribution of tourism could be re-balanced in favour of the less touristic destinations (eg islands hit by the migration flows).

It is true that in the tourist sector, cross-border cooperation can hardly be developed. Certain forms of –mainly- cultural tourism could possibly promote the existing complementarities between Cyprus and the Greek Islands. Therefore, if the programme opts for interventions in the area of tourism particular attention should be paid to the cooperation dimension of these interventions.

Blue economy

Blue economy in Greece and Cyprus is an emerging sector. For Greece it had also a positive impact in terms of GVA and employment during the period of crisis. In both countries blue economy can be further developed provided that it is fully aligned to the sustainable development requirements.

For Greece, there is an increase of the blue economy’s share in national GVA (from 2,2% in 2009 to 3.8% in 2017, EUR 6 bn). The biggest contributor is coastal tourism (EUR 3,34 bn), followed by maritime transport (EUR 1,02 bn), port activities (EUR 726m) and marine living resources (EUR 637m). There has also been a substantial increase in employment in the blue economy in the period from 2009-2017. In 2017 just over 347,000 were employed in the Blue Economy (whereas in 2009 less than 180,000 were employed), with the vast majority of these being in coastal tourism (266,300). There were also reasonable levels of employment in marine living resources (38,100), maritime transport (17,700) and port activities (15,500). The share of blue economy employment in total national employment has increased substantially from 4% in 2009 to 9.4% in 2017. It is notable that the positive impact of the blue economy on Greek GDP and employment has happened at a time that the Greek national economy faced substantial issues.

For Cyprus the blue economy’s share in national GVA is 3.7%, very slightly above the share of 3.5% in 2009, and the total contribution has risen to EUR 623m in 2017 (compared to a slightly lower total GVA contribution of EUR 569m in 2009). Coastal tourism made by far the biggest contribution to GVA in the blue economy in Cyprus, followed by port activities, marine non-living resources and shipbuilding/repair and marine living resources. There has also been a slight increase in both absolute levels of employment in the blue economy in Cyprus, and the share of blue economy

employment in national employment in the period from 2009-2017. In 2017 the blue economy employed 20,100, 5.4% of total employment, compared with 18,300 (4.9% of total) being employed in 2009. Around two-thirds of all blue economy employment, 14,800 jobs, was in coastal tourism in 2017, followed by 2,400 in marine living resources and 1,200 in shipbuilding/repair¹³.

ORIENTATIONS:

- Entrepreneurship could be supported as far as it responds to cross-border needs and strengthens cooperation between the two sides of the border. In this perspective, and taking on board also sustainable development concerns, blue economy activities could be promoted, in cooperation with the mainstream programmes and other Interreg programmes.
- Support to innovation could be envisaged possibly in sectors linked with maritime activities (e.g. environmental technologies for maritime transport). Projects bringing innovation or necessitating research could be supported regardless of the policy objective under which they are selected. Complementarities with other programmes, mainstream and Interreg, should be explored.
- Small scale digital projects, which somehow “fill the geographical gap”- could be supported provided that they are in line with national regional and local ICT strategies.
- Tourism could be supported provided that there is a strong cross-border cooperation dimension and interventions are socio-economically and environmental friendly. Tourism could be supported mainly when linked to natural and cultural heritage or another thematic objective. Again cooperation with mainstream programmes would be needed.
- In cooperation with the mainstream programmes, ways to improve connectivity between Cyprus and the Greek islands could be considered (e.g. electronic ticket for all transport means).
- Maritime safety could be promoted in the border area but also in close cooperation with the other CBC maritime programmes in the Mediterranean Sea.

4.3.4. GREENER, LOW CARBON ECONOMY

Pollution

The main source of information is the UN report on the state of the Mediterranean Sea (2012)¹⁴ which identifies that the ecosystem degradation continues. This is due to a series of reasons: coastal development and urban sprawl (urbanisation and tourism) leading to habitats loss and degradation, as well as to coastal erosion/shoreline destabilization; overfishing and destructive fishing, contamination of sediments, nutrient over-enrichments, disturbance and pollution caused by maritime industries, invasive species spread and degradation of transitional and estuarine areas. On a more

¹³ Datasource: European Commission (DG MARE) The EU Blue Economy Report 2019.

¹⁴ The UN Environment Programme issued its most recent report on the state of the Mediterranean marine and coastal environment in 2012, this being part of the standard reporting process on trends in the Mediterranean environment to inform actions within the framework of the Mediterranean Action Plan and the Barcelona Convention (Convention for the Protection of the Marine Environment and Coastal Region of the Mediterranean). Datasource: State of the Mediterranean Marine and Coastal Environment album 2013, UN GRID-Arendal.

positive tone, the report noted improvement in water quality in many places (due to strategic efforts to reduce pollutants) and decline of hazardous substances such as DDT and heavy metals. Yet, new issues are emerging which warrant attention as desalination and its effects, aquaculture and the cumulative risks due to reduced access and availability of space for multiple conflictive uses.

With particular regard to specific locations relevant to the Greece-Cyprus maritime border area, the reports identifies relatively high sea surface temperature increases as well as a high concentration of lead in many areas of the seas off the Aegean Islands and Crete and moderate concentrations of cadmium in the seas off the Aegean Islands and Crete. Moreover, a concentration of persistent organic pollutants (HCBs, DDTs, PCBs) in the Aegean has been identified.

Finally, the pollution in the maritime border area between Greece-Cyprus is aggravated due to poor waste management¹⁵, maritime transport and the tourist activities.

Energy transition

In terms of **renewable energy**¹⁶, there is a high potential for wind energy and solar energy, while potential for biomass and wave power is rather limited. The mix of renewables meeting gross inland energy consumption differs between the two Member States. Biofuels and renewable waste are the largest source in Greece, whereas in Cyprus the largest renewable source is solar energy. Hydro-power is 12% of renewables in Greece and 0% in Cyprus. Wind power is 16% of the total renewables in Greece and 11% in Cyprus. Solar energy is 51% of renewables in Cyprus and 21% in Greece. Geothermal energy is negligible or zero in both Member States. Ambient heat (heat pump) energy is 10% of renewables in Greece, and 0% in Cyprus¹⁷.

The **current shares of renewable** within energy production and consumption, is below the EU average share of 13,9% in both Greece (at 12%) and, at a much lower level, Cyprus (at 6.5%). (2017 data).¹⁸.

Climate change (coastal areas)

Parts of the maritime border area have **medium-to-very high environmental sensitivity to climate change**, with the highest risk assessed to be in the Aegean Islands and Crete. There are no data for Cyprus. Data showing trends in absolute sea level changes in the period 1993-2015 illustrate that most of the eastern Mediterranean have had high levels of increase in sea level, with the increases being particularly high in some areas, including the areas around the Aegean Islands, Crete and Cyprus. In addition, most of the area is forecasted to have relatively significant increases in the frequency of drought in the medium- to long-term future¹⁹.

15 Data (available only at national level) indicates that: Greece (at 81%) and Cyprus (59%) both put a significantly higher share of waste into landfill than the EU average of 25% (2014 data); Cyprus (792 kg per capita) generates far less waste per capita, excluding major mineral wastes, than the EU average of 1,717kg per capita. Greece at 1,928kg per capita is slightly above the EU average on this indicator (2014 data); in terms of recycling of municipal waste Greece and Cyprus, both at 17.2%, are substantially below the EU average. Finally, in terms of resource productivity (value generated from waste), the EU28 average is 2.04 Euro per kg (based on 2016 data). Greece at 1.48 Euro and Cyprus at 1.28 Euro are both below the EU average.

17 Datasource: Eurostat- Data (2017) is primarily at national level.

18 Datasource: Eurostat

19 Datasource: European Environment Agency (EEA)

Natural areas and biodiversity, water bodies

The index of **natural and protected areas** in the Mediterranean Sea maritime border area is moderate to high, particularly in coastal areas²⁰. The border area of Greece and Cyprus includes a large number of Natura 2000 sites and nationally designated areas of protection, several ‘Ramsar’ sites (internationally important wetland site) and several areas that are rated ‘high’ on the Wilderness Quality Index (notably the western parts of Crete). The estimation of the level of invasion by invasive alien plant species is high (greater than 5%) in several locations throughout the area, including parts of Crete.

There are multiple rivers and water courses in the area, all of which flow into the Mediterranean Sea. In terms of water quality, data was only available at NUTS 1 level. It seems however that in the Greece-Cyprus maritime border area some areas with classified **water bodies** are affected by point and/or diffuse pressures in rivers and lakes, and have less than good ecological status or potential (i.e not having ‘good chemical status’). The water quality is assessed to be worst in parts of Crete and Cyprus²¹.

ORIENTATIONS:

- Cooperate and coordinate with the other CBC maritime programmes of the Mediterranean Sea on issues of environmental and coastal protection, marine litter, climate change, risk management and development of renewable energies. Consider the possibility to support small renewable energy networks.
- In cooperation with the mainstream programmes and other Interreg programmes, focus on common actions in the area of waste management and its impact on the sea (exchange of data, awareness raising campaigns etc).
- Continue interventions on energy efficiency and on the use of renewable energy, especially in the area of solar and wind energy.
- Develop common risk management plans, especially in relation with maritime safety and environmental protection.

4.3.5. EMPLOYMENT, EDUCATION, HEALTH AND INCLUSION

Employment/labour market

With regard to **labour market** factors, data is principally available at NUTS 2 level. The general picture is that in terms of employment rates, youth employment, the people living in a household with very low work intensity, unemployment, long term unemployment and wage indicators, the border area is situated below the EU averages, with Cyprus performing better than Greece²².

Employment rates for 2018 for people aged 15-64, with an EU average of 69%, the Greece-Cyprus maritime border area is at 61%. The highest rate of employment is in Cyprus at 68.6%, while the Greek regions all have very low employment rates (in the range of 56.6% to 60.1%).

²⁰ Datasources: (EEA), Ramsar sites information service (RSIS)

²¹ Datasource: EEA

²² Datasource: Eurostat

Youth employment rates (i.e. rates of those aged 15-34 years old not in education or training) were above the EU average rate in Cyprus, at 74.6%. The lowest rate is in North Aegean at 36.4%, with the other Greek regions being higher but also below the EU average, South Aegean at 58.8% and Crete at 56.5%.

The share of the total population aged less than 60 **living in households with very low work intensity** is slightly above the EU average of 10.8%. In the Aegean Islands and Crete it is at 12.7%, and in Cyprus at 10.5%.

In terms of the **overall unemployment** (EU-average: 6,9%) the highest unemployment rate is in North Aegean at 22.3%, followed by South Aegean at 16.9% and Crete at 13.4%. The rate in Cyprus is 8.4%, substantially lower than the Greek regions although still above the EU average.

In terms of **changes in unemployment rates**, over the period 2014-17 all regions in the maritime border area have seen a decline in unemployment rates. The largest rates of decline have been in Crete at -10.6% over the period, followed by Cyprus at -7.7% and South Aegean at -3.2%.

Long-term unemployment rates (i.e. unemployed for 12 months as a percentage of active population) were in 2018 at an unweighted average for the maritime border area of 7.5%, more than double the EU average of 3%. The rate is particularly high in North Aegean (EL) at 15%. The lowest rate, below the EU average rate of 3%, is in Cyprus at 2.7%.

Data on **wage indicators** is only available at national level. This shows that in both Greece (EUR 10,800) and in Cyprus (EUR 13,300) the annual average wage levels are well below the EU average of 20,300 Euro.

Cross-border travel-to-work or for other reasons is limited (10% of the respondents).

Access to services of general interest, including health

Only 9% of those surveyed in the Greece – Cyprus programme area have travelled to the other side of the border in order to use public services, with far more residents from Cyprus travelling to Greece for public services than Greek residents travelling to Cyprus.

Education

For the maritime border area, the shares of the working population with low education, with tertiary education and the share of the “early school leavers” (ages 18-24) are higher than the respective EU average. However, Cyprus performs better than average, while the performance of the Greek regions of the border area is poor. With an EU average of 21,9% the shares of working population with **educational achievement less than primary or lower secondary level** (levels 0-2) are (2018 data) are for the Greece-Cyprus maritime border area overall 27.75%. Cyprus performs better than the EU average with a share of 17.8%, whilst the Greek regions all have higher shares in a range from 28.2% to 33.2%.

With an EU average of 32.3%, the share of the working population (aged 25-64) **having tertiary education** (levels 5-8) is in the maritime border area overall 29%: All of the Greek regions have shares well below the EU average (in the range of 20.8% to 26.6%) while Cyprus is a higher performing region on this indicator, above the EU average, at 44.1%. Moreover, all regions in the maritime border area, with the exception of North Aegean, have increased the share of those having tertiary education in the period 2014-

2018. The largest increases in this period, increasing at a greater rate than the EU average, were in Crete and Cyprus.

With an EU average of 10,6%, the share of ‘**early school leavers**’ amongst the population aged 18-24 years old in the maritime border area overall is 11.12%, with the lowest shares in Crete at 7.2% and Cyprus at 7.8%. The highest shares of early leavers were in North Aegean at 17.7% and South Aegean at 11.8%.

The situation with regard to adult participation in learning (2018 NUTS 2 level data) is in all regions well below the EU average of 11.1%. The shares are lowest in the Greek regions in the area, in a range from just 3.2% to 4%, with Cyprus at 6.7%.

Health

Life expectancy at birth shows that the unweighted average for the Greece-Cyprus maritime border area is at 82.25 years, above the EU average of 81. All regions in the area are above the EU average.

ORIENTATIONS:

- In the maritime border area, in principle, it would be difficult to develop « education » or « health projects » with a strong CBC component. Nevertheless, a joint development of “Blue economy” skills could be envisaged.

5. EXISTING SOURCES OF INFORMATION

- Border needs study (Commission, 2016) – [Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes - Regional Policy - European Commission](#)
- EC ex-post evaluation of ETC 2007-2013
http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#11
- European Territorial Cooperation - best practices and innovative measures, European Parliament, 2016 [REPORT on European Territorial Cooperation - best practices and innovative measures - A8-0202/2016](#)
- Flash Eurobarometer 422: Cross-border cooperation in the EU:
http://data.europa.eu/euodp/en/data/dataset/S1565_422_ENG
- DG SANTE's study on cross-border health care [Building Cooperation in Cross-border Healthcare: new study published! | FUTURIUM | European Commission](#)
- ESPON's Targeted Analysis on Cross-Border Public Services [CPS - Cross-border Public Services | ESPON](#)
- Smart Specialisation Strategies for all the NUTS2 regions in the Mediterranean basin - <http://s3platform.jrc.ec.europa.eu/>
- DG MARE – The EU Blue Economy Report 2019.
<https://publications.europa.eu/en/publication-detail/-/publication/676bbd4a-7dd9-11e9-9f05-01aa75ed71a1/language-en/>
- Strategy of the three 2014-2020 CBC programmes (ex-ante evaluation, SWOT, priorities, evaluations)
- Economic, social and territorial situation of Sicily, European Parliament, 2015
